



2015 BUDGET

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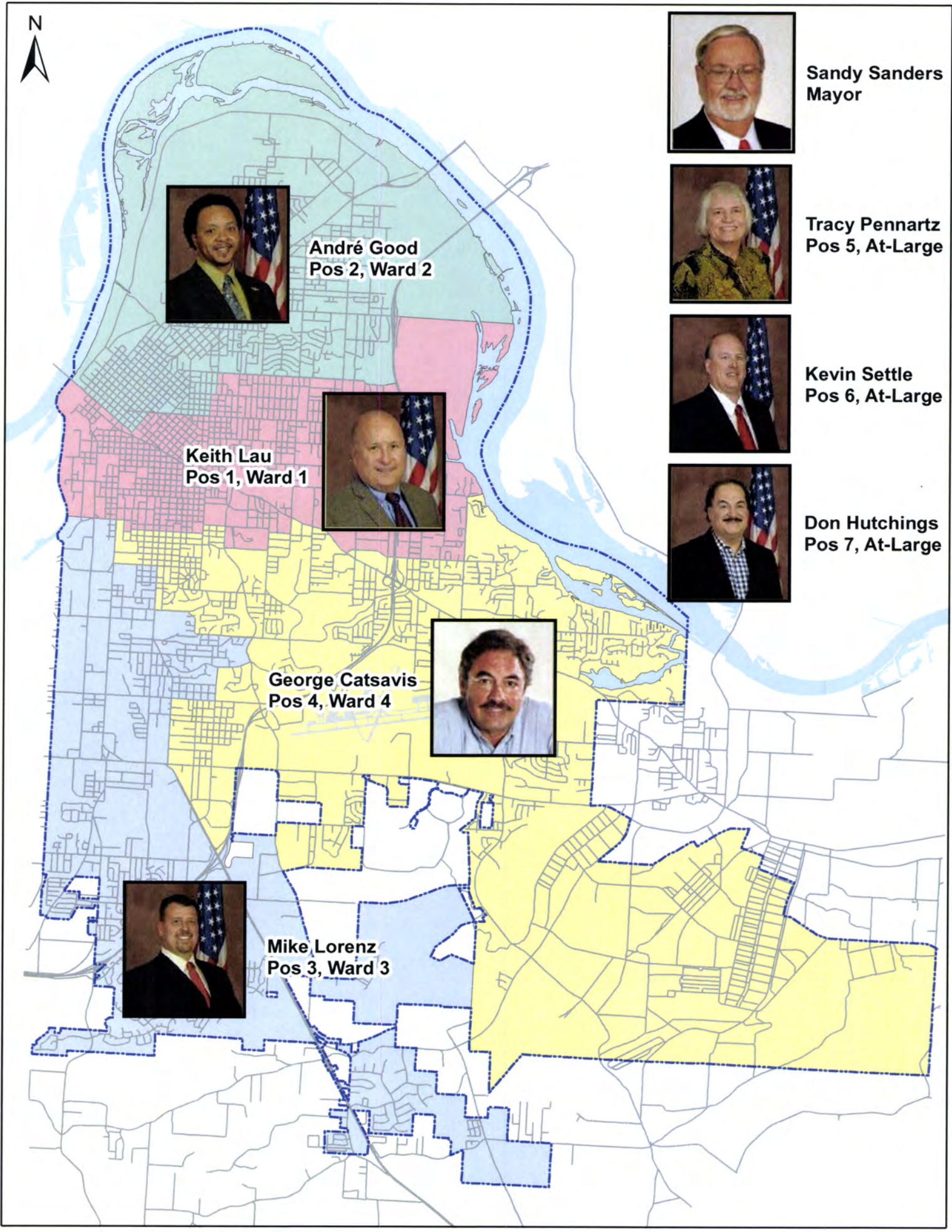
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André Good
Pos 2, Ward 2



Keith Lau
Pos 1, Ward 1



George Catsavis
Pos 4, Ward 4



Mike Lorenz
Pos 3, Ward 3



Sandy Sanders
Mayor



Tracy Pennartz
Pos 5, At-Large



Kevin Settle
Pos 6, At-Large



Don Hutchings
Pos 7, At-Large

MANAGEMENT TEAM

Ray Gosack	City Administrator
Jeff Dingman	Deputy City Administrator
Vacant	Director of Parks and Recreation
Wally Bailey	Director of Development
Ben Beland	District Court Judge
Claire Borengasser	District Court Judge
Kara Bushkuhl	Director of Finance
Sherrri Gard	City Clerk
Russell Gibson	Director of Information and Technology Services
Richard Jones	Director of Human Resources
Claude Legris	Executive Director-Advertising & Promotion Commission
Kevin Lindsey	Police Chief
Baridi Nkokheli	Director of Sanitation
Steve Parke	Director of Utilities
Mike Richards	Fire Chief
Greg Riley	Director of Streets and Traffic Control
Ken Savage	Director of Transit
David Saxon	District Court Judge
Tracey Shockley	Internal Auditor
Stan Snodgrass	Director of Engineering

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City of Fort Smith on the Internet at:
www.fortsmithar.gov/departments/finance/documents



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 !!!



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Fort Smith
Arkansas**

For the Fiscal Year Beginning

January 1, 2014

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, 2014. 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.

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 budgetary plan for the current fiscal year. City-wide goals are presented as well as the correlation of the city-wide goals to departmental goals. 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 2015 and Estimated 2014.

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 FY13 Actual, FY14 Budget, FY14 Estimated and FY15 Budget is included. A comparative summary for all funds with major revenue detail is presented for FY12 Actual, FY13 Actual, FY14 Budget, FY14 Estimated, and FY15 Budget. A combined summary of all funds for the FY15 Budget as well as individual fund statements by fund type for FY15 Budget is included. Major revenue analyses are included in this section to provide trend analyses for the City's major sources of revenue. 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 FY15 is also incorporated in this section. An early projection for FY16 is also presented for the departments. 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 service objectives, prior year service objectives, goals and results, key 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.

CITY ADMINISTRATOR'S BUDGET MESSAGE



I'm pleased to present the City of Fort Smith's 2015 operating and capital improvement budgets as required by Arkansas law. The balanced budgets reflect the staff's professional commitment to provide services and programs in alignment with the board of directors' goals and the community's needs.

The 2015 budget demonstrates another positive step forward in the city's continued financial success, despite economic challenges. All parts of the budget are balanced without any tax increase. A sewer service rate adjustment will be necessary to begin compliance with the federal consent decree for sanitary sewer wet weather improvements.

No cuts to community services are needed to balance the budget. The leadership of the mayor and board of directors, and the city's excellent employees have enabled this success.

The 2015 budget includes nearly \$89.1 million in capital investment. Most of this spending is the result of the March 2012 sales tax renewal election approved overwhelmingly by Fort Smith voters. In spring 2015, voters will be asked to renew a 1% sales tax for streets and drainage that's been in place since 1985. The capital projects further advance Fort Smith toward accomplishing strategic goals in the areas of neighborhood vitality, riverfront development, sanitary sewer system upgrades, water delivery system improvements, sidewalk improvements, and recreational offerings.

The important foundations outlined below are all critical to the City of Fort Smith achieving its strategic and budgeting goals.

STRONG CITY LEADERSHIP

The mayor and board of directors have established clear strategic goals, and the voters have supported those goals. The combination of clear goals and steadfast community support poise Fort Smith to be in a stronger position as the economy improves.

EXCELLENT CITY EMPLOYEES

Employees have gone 3 of the last 6 years without seeing a market adjustment to the pay plan. And, most employees didn't receive merit or step pay increases during that time. Despite the absence of pay adjustments, employees have performed admirably in their service to the citizens of Fort Smith. The 2015 budget provides resources for a 1% market adjustment and for merit/step pay increases for all eligible employees.

CITIZEN SERVICE

Our budget theme this year is *Citizens First!*, which reflects our commitment to provide top notch service to the citizens and businesses of Fort Smith. Many of our processes are being re-designed with an emphasis on the customer's needs. All employees are focused on meeting citizens' expectations.

TRANSPARENCY AND COMMUNITY ENGAGEMENT

The mayor, board of directors and staff have undertaken numerous efforts to engage the community, and to provide and improve accessibility to information and services. We've implemented an app for requesting services, expanded the use of social media, began live streaming of board meetings on the Internet, published an electronic newsletter, conducted focus group meetings, expanded citizens' access to electronic alerts and messages, held neighborhood board meetings throughout

the city, made a vast amount of documents available on the city's web site, and conducted citizens academies.

STRONG FINANCIAL MANAGEMENT

The city maintains strong bond ratings of AA on its sales tax bonds and A- on its water and sewer revenue bonds. The fund balances/contingencies in our major operating funds are healthy, and meet the board's goal in three of the four funds.

NO INCREASE IN TAXES

The 2015 budget doesn't rely on any increases in taxes. A sewer rate adjustment is expected so that the city will have the resources necessary to begin compliance with the federal consent decree for wet weather sanitary sewer system improvements. Cemetery fees and liquor licensing fees are being adjusted.

ECONOMIC RECOVERY

The 2015 budget is based on a mixed recovery from the Great Recession that began 7 years ago. Regional unemployment is at 5.7%, which is slightly better than the national unemployment rate. The significant increases in building permit activity during 2013 are being sustained in 2014. Inflation is 1.7%. Local retail sales are 2.2% above last year's.

Sales tax operating revenues are conservatively forecasted to be 1% higher during 2015. Although other areas of the economy, such as employment rates and construction activity, are more robust, the recovery of retail sales is lagging. Water and sewer revenues are budgeted to be 1.6% more in 2015 than 2014 due to normal growth. Sanitation revenues are budgeted to be 0.5% more in 2015 than 2014 due to normal growth.

ECONOMIC DEVELOPMENT

The city, working with the chamber of commerce and other economic development partners, supports the attraction and retention of new jobs to the community. In 2015, the city will forego approximately \$550,000 in property tax revenue to attain these economic development successes. These investments have led to the creation of approximately 600 new jobs in Fort Smith.

OVERVIEW OF THE 2015 BUDGET

The proposed budget focuses expenditures on core services and other critical areas identified by the board of directors. The 2015 budget totals \$196.8 million for operations and capital projects. The operating budget is \$107.7 million and the capital projects budget is \$89.1 million. Operating fund budgets are:

FUND	2015 BUDGET	% CHANGE FROM 2014
General	\$48.1 million	0.5%
Street Maint.	\$ 7.8 million	0.6%
Water & Sewer	\$39.2 million	-3.6%
Sanitation	\$12.6 million	-8.7%

The departmental service objectives and performance measures are in close alignment with the board's citywide budget goals. The performance measures are focused on outcomes and results rather than inputs and workload measures.

Funding is included for 9 priorities established by the board: opening of the aquatics center at Ben Geren Park, construction of tournament ballfields at Chaffee Crossing, development of two neighborhood parks, construction of a soccer complex on Riverfront Dr., planning and construction of trails,

neighborhood sidewalk construction, and replacement of 2 vehicles with CNG powered vehicles.

Costs for employee health benefits are rising 4.5% or \$359,000 across all operating funds in 2015.

General Fund – General Fund revenues for 2015 are 1.7% higher than 2014 (excluding the fire SAFER grant, fire FEMA grant and the police COPS grant).

Street Maintenance Fund – The street dept. will continue its in-house sidewalk construction program.

Water & Sewer Fund – The utilities dept. budget includes funding of \$450,000 for future equipment needs.

Sanitation Fund – The sanitation dept. maintains its sinking fund reserve requirements for future facility and equipment needs.

CONCLUSION

The 2015 balanced budget is another example of the strides the city has taken to weather the Great Recession. Our actions will make our financial condition more sustainable for the future. I thank the mayor and board of directors for their steadfast leadership in guiding the city through these tumultuous times. I also thank city employees for continuing to apply new innovations and efficiencies in city operations, and for their dedication to providing exceptional citizen service.

A handwritten signature in black ink that reads "Ray Gosack". The signature is written in a cursive, slightly slanted style.

Ray Gosack
City Administrator

2015 CITY-WIDE BUDGET GOALS

- Prepare for Fort Smith's future by implementing the comprehensive plan update and vision statement.
- Provide additional recreation opportunities by completing construction and opening an aquatics center at Ben Geren Park and a softball tournament complex at Chaffee Crossing; designing and beginning construction of a riverfront soccer complex; constructing two new neighborhood parks; and planning for future trail construction.
- Continue economic growth strategies to increase the job market with higher paying jobs as well as support the construction of Interstate 49, the regional intermodal freight facilities, and improvements/maintenance of the Arkansas River navigation system.
- Support riverfront development by completing construction of the 1.6 mile River West trail.
- Enhance neighborhood vitality with continued proactive code enforcement, creating gateway entrances to neighborhoods, improving public sidewalks, and planting parkway trees.
- Begin compliance with the consent decree for wet weather sanitary sewer system improvements to alleviate the occurrences of backups and overflows.
- Educate the community, legislators, and other stakeholders on the impending funding needs for police and fire pension obligations.
- Continue converting portions of the city's fleet to alternatively-fueled vehicles.

A few of the 2015 departmental service objectives that correlate to the 2015 city wide goals are listed as follows:

1. Prepare for Fort Smith's future by implementing the comprehensive plan update and vision statement.

Administration: Develop a system to effectively plan, monitor and report on implementation of projects and initiatives derived from the update to the city's comprehensive plan.

Development Services: Begin implementation of goals identified for the development services department through the comprehensive plan.

2. Provide additional recreational opportunities by completing construction and opening an aquatics center at Ben Geren Park and a softball tournament complex at Chaffee Crossing; designing and beginning construction of a riverfront soccer complex; and constructing two new neighborhood parks.

Parks: Provide additional recreation opportunities by completing construction and opening an aquatics center at Ben Geren Park.

Parks: Provide additional recreation opportunities by designing and beginning construction of a riverfront soccer complex.

Parks: Provide additional recreation opportunities by constructing two new neighborhood parks.

3. Continue economic growth strategies to increase the job market with higher paying jobs as well as support the construction of Interstate 49, the regional intermodal freight facilities, and deepening of the Arkansas River channel to 12'.

Mayor: Continue economic development efforts. Work with the Fort Smith Regional Chamber of Commerce and industries to retain existing jobs, and support efforts to attract new jobs.

Convention and Visitors Bureau: 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.

4. Support riverfront development by completing construction of the 1.6 mile River West Trail.

Parks: Promote riverfront development by completing construction of the 1.6 mile trail along the riverfront.

5. Enhance neighborhood vitality with continued proactive code enforcement, creating gateway entrances to neighborhoods, improving public sidewalks, and planting parkway trees.

Development Services: Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME, and other housing programs and creating a more proactive program in the neighborhood services division.

6. Begin compliance with the consent decree for wet weather sanitary sewer system improvements to alleviate the occurrences of backups and overflows:

Water and Wastewater: Cost effective execution of the Wastewater Management Plan to meet EPA required implementation schedule for wet weather wastewater treatment and collection system improvements.

7. Educate the community, legislators, and other stakeholders on the impending funding needs for police and fire pension obligations.

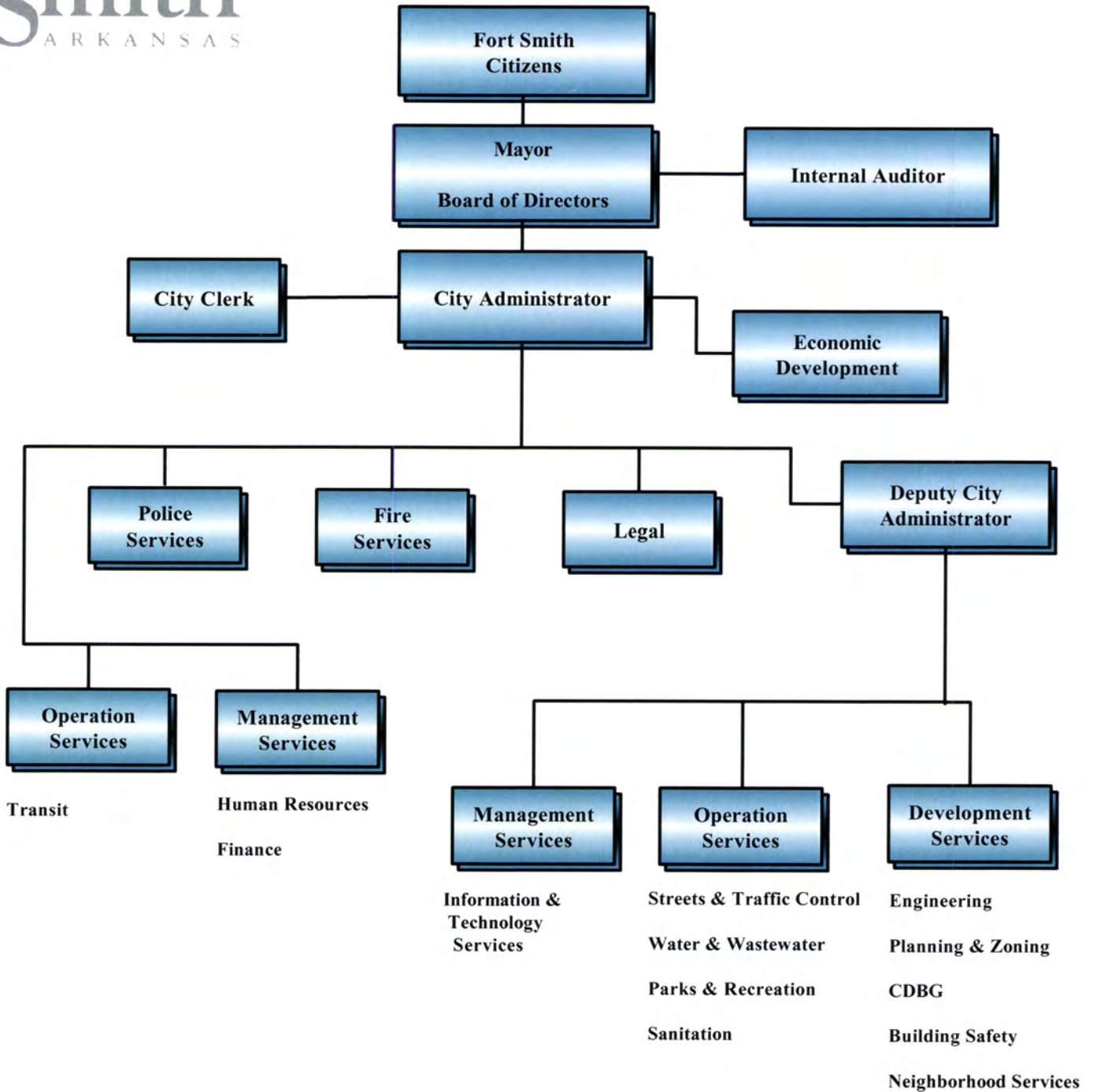
Finance: Analyze funding needs to meet police and fire pension obligations in the future.

Fire: Assist the Finance Department with analysis of police and fire pension funding, and help develop overall solutions.

8. Continue converting portions of the city's fleet to alternatively-fueled vehicles.

Appropriations are included in the 2015 Budget for a CNG vehicle for Development Services and a CNG bus for Transit.

Plan of Organization



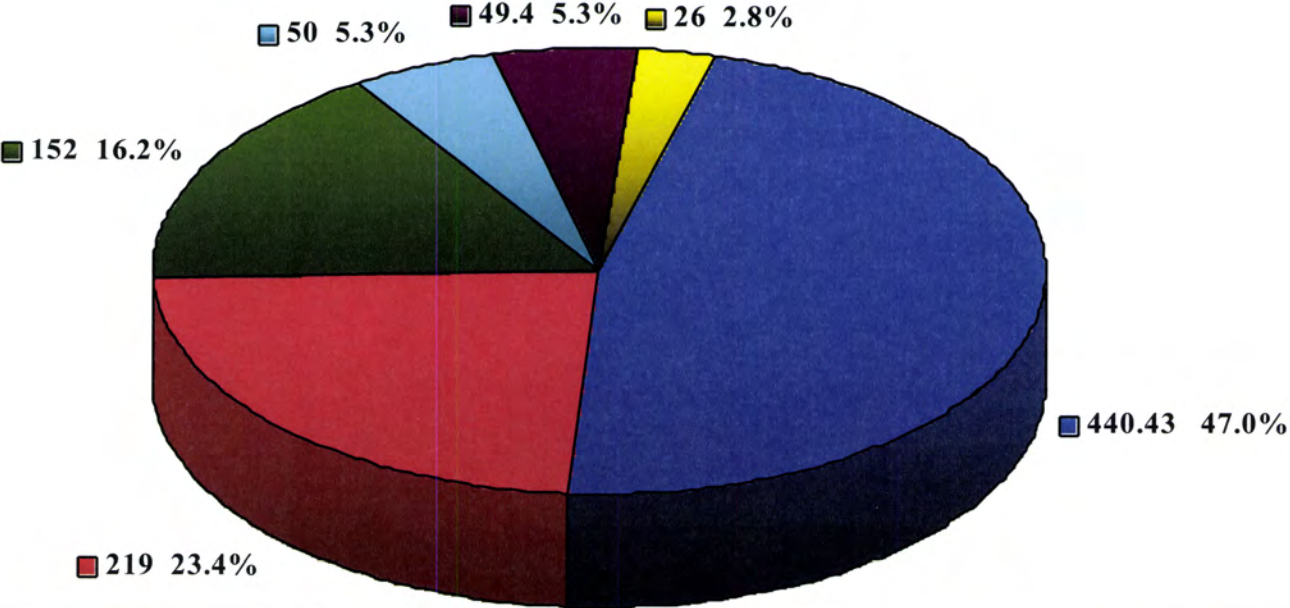
**CITY OF FORT SMITH
 AUTHORIZED LEVEL OF FULL-TIME EQUIVALENT (FTE) PERSONNEL
 BY EXPENDITURE CLASSIFICATION**

	<u>FY13 Actual</u>	<u>FY14 Estimated</u>	<u>FY15 Budget</u>
Policy and Administration Services			
(Note 1)			
Mayor's Office	1.00	0.00	0.00
City Administrator	4.00	4.00	4.00
Downtown Development	1.00	0.00	0.00
District Court	19.00	19.00	19.00
City Prosecutor	2.00	2.00	2.00
Internal Audit	1.00	1.00	1.00
Total	<u>28.00</u>	<u>26.00</u>	<u>26.00</u>
Management Services			
Human Resources	4.00	4.00	4.00
City Clerk/Citizen Action Center	3.00	3.00	3.00
Finance	33.00	34.00	34.00
Information & Technology Services	9.00	9.00	9.00
Total	<u>49.00</u>	<u>50.00</u>	<u>50.00</u>
Development Services			
Engineering	19.00	18.40	18.40
Planning and Zoning	7.75	7.75	7.75
Building Safety	11.00	11.00	11.00
Community Development	3.25	3.25	3.25
Neighborhood Services	8.00	9.00	9.00
Total	<u>49.00</u>	<u>49.40</u>	<u>49.40</u>
Police Services	<u>222.00</u>	<u>222.00</u>	<u>219.00</u>
Fire Services	<u>152.00</u>	<u>152.00</u>	<u>152.00</u>
Operation Services			
Streets and Traffic Control	72.52	71.64	71.64
Water and Sewer	192.19	196.19	195.19
Parks and Community Services	44.60	45.10	43.60
Convention Center	13.50	13.50	13.50
Sanitation	78.00	78.50	78.50
Transit	36.00	34.00	33.00
Total	<u>436.81</u>	<u>438.93</u>	<u>435.43</u>
Non-Departmental			
Convention & Visitors Bureau	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Total Authorized Level of Full-Time Equivalent Personnel	<u><u>941.81</u></u>	<u><u>943.33</u></u>	<u><u>936.83</u></u>

Note 1: Positions of Mayor (1) and Board of Directors (7) are excluded from this schedule.

Note 2: Of the 936.83FTE personnel authorized for 2015, 893 positions are full time and 43.83 positions are part-time or seasonal.

936.83 FTE PERSONNEL FOR 2015



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

BY EXPENDITURE/EXPENSE CLASSIFICATION

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BUDGET HIGHLIGHTS

This Section provides a narrative and graphical summary of the major components of the FY15 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.

In the comprehensive annual financial report (CAFR), the fund balance for governmental funds, that includes the General Fund and the Street Maintenance Fund, the fund balance is classified as nonspendable, restricted, committed, assigned and unassigned. For budget purposes, the General Fund balance presented is unassigned and for the Street Maintenance Fund is assigned for the specific purposes of the fund.

GAAP requires the Water and Sewer Operating Fund budgets to 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 2015 Budget:

July 10 2014	Departments submit status of 2014 service objectives for Board review.
July 17, 2014	Distribution of 2015 Budget package to all departments.
July 22, 2014	Board reviews 2014 Budget status & provides unput for city wide goals for 2015 at Study Session.
July 18, 2014 through August 15 or 22, 2014	Departments prepare budget worksheets and summaries for 2015 requests and 2016 projections. Finance refines 2014 revenue estimates and prepares 2015 revenue projections.
August 9, 2014	Departments submit service objectives and outcome/performance measures for 2015 to the Finance Department.
August 15, 2014	Local service agency application notification for OAF from 2015 Budget.
August 15, 2014	The following departments submit completed budget packages to Finance: Administration; Downtown Development; District Court; City Prosecutor; Finance; City Clerk; Human Resources; Internal Audit; Engineering; Planning, CDBG, Building Safety and Neighborhood Services; Information & Technology Services; Convention Center; Health; Streets and Traffic Control; and Transit.
August 22, 2014	The following departments submit completed budget packages to Finance: Police; Fire; Parks; Water and Sewer; Sanitation, and Convention and Visitor's Bureau (A&P).
August 26, 2014	Review departmental service objectives for 2015 and their correlation with city-wide goals for 2015 during the Board study session.
August 17, 2014 through September 12, 2014	Finance verifies the accuracy of amounts submitted by the departments and prepares a preliminary budget supplement.
September 15, 2014	Deadline for submittal of application packets by local service agencies for OAF.
September 14, 2014 through October 3, 2014	City Administrator, Deputy City Administrator and Director of Finance review budget requests and meet with department directors to discuss the 2015 requests.
September 23, 2014	Proposed five year streets and drainage CIP presented at Board study session. Also, 2015 Budget progress report.
October 6, 2014 through October 31, 2014	Preparation of draft budget by Finance.
November 4, 2014	Present proposed budget to Mayor and Board of Directors.
November 10, 2014	Review outside agency funding at Board study session.
November 13 and November 17, 2014	Review proposed budget with Mayor and Board of Directors, discussion with department directors.
December 2, 2014	Conduct 2015 Budget hearing and present 2015 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 re-appropriated 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, other than infrastructure, with a value equal to or greater than \$5,000 per unit and an estimated life greater than or equal to 3 years will be capitalized for financial reporting purposes. Infrastructure assets are those that are provided by the street Sales Tax Fund and include streets, bridges and drainage projects. All land and rights-of-way are capitalized for infrastructure projects. The project cost is capitalized for projects greater than or equal to \$250,000 and are grouped by project year. Individual infrastructure projects are capitalized separately if the project totals greater than or equal to \$5.9 million.
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. The City will also monitor bond issues by adhering to its Post-Issuance Compliance Manual required by the IRS. This manual includes the requirements for monitoring bond offering transactions by the underwriter.
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. If the contingency reserve balance falls below the fifteen percent (15%) level for a current year budget, then the following steps will be taken by the appropriate departments:
 - a. If the contingency reserve is between 10% and 14.99%, then operating and capital reductions will be required.
 - b. If the contingency reserve is between 5% and 10%, then personnel reductions, including service will be implemented.
 - c. If the contingency reserve is less than 5%, then personnel, operating and capital reductions will take place. Service levels may be significantly reduced if this scenario occurs.
4. 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 five (5) years to all qualified banks located within the City limits. Banking services may continue with a selected bank for more than five (5) years if the services provided are maintained at an acceptable level.
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), Government Accounting Office (GAO), 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 FY15 BUDGET

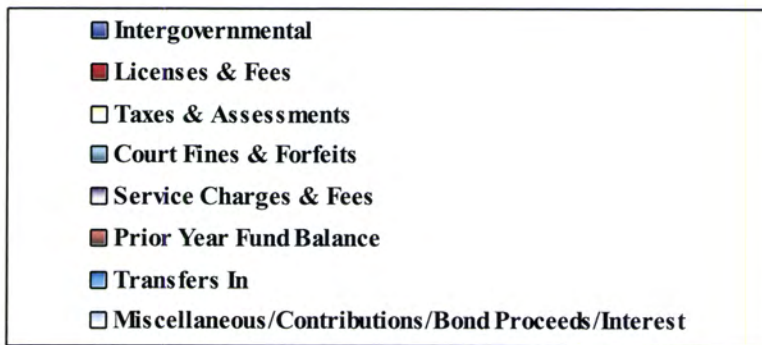
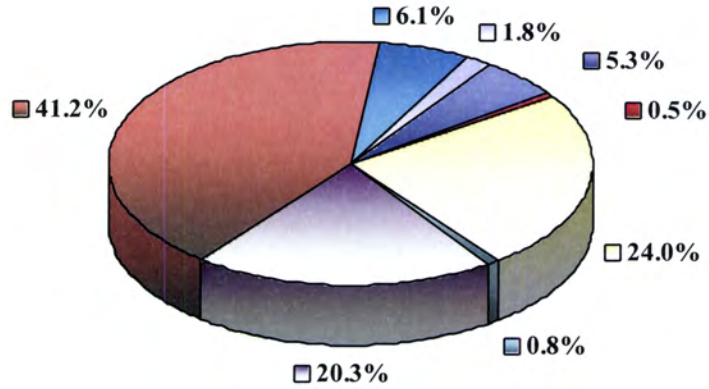
Total funding sources from all funds is estimated at \$312 million with expenditures/expenses totaling \$248.4 million for FY15. All funds for which revenues are received and expenditures/expenses are incurred are included in the Budget Summaries - All Funds section of this document.

The major sources of funding for FY15 are the prior year fund balance/working capital, taxes and assessments and service charges and fees. The prior year fund balance/working capital represents 41.2% 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 24% of total resources. The City assesses a 3% local sales tax (2.0% city-wide plus 1.0% county-wide), a 4% utility franchise fee, a 3% hotel/motel tax and imposes a millage rate of \$.70 per \$100 of assessed property value. Service charges and fees account for 20.3% 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 FY15 are operating expenditures/expenses, capital improvements and debt service. Operating expenditures/expenses comprise 43.4% of total uses and are primarily for personnel, day-to-day operating expenditures/expenses and equipment purchases. Capital improvements account for 35.8% of total uses. Capital improvements include the sales tax street program, the water and sewer projects and sanitary landfill projects. Debt service accounts for 11.5% of total uses and is comprised of the five water and sewer revenue bond issues and the two 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.

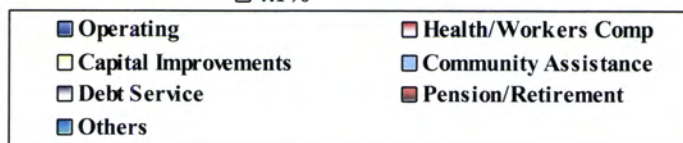
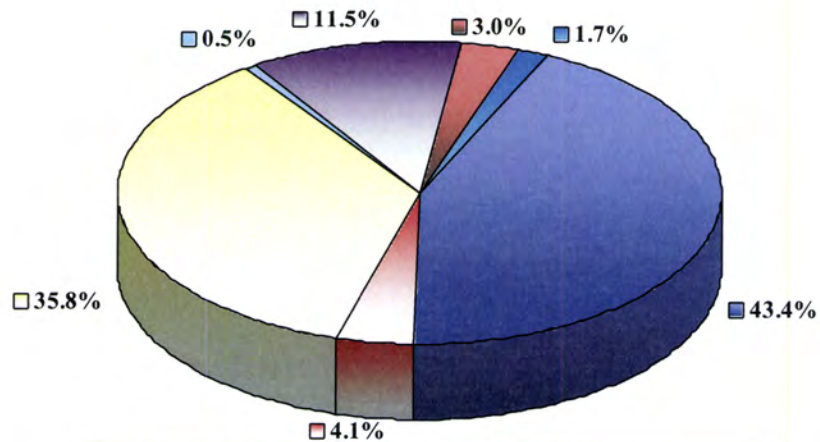
The two graphs which follow depict the allocation of total resources and total uses for 2015.

SUMMARY OF TOTAL RESOURCES FY 2015



Total Resources \$ 312,040,661

SUMMARY OF TOTAL USES FY 2015



Total Uses \$ 248,414,524

The following information provides highlights for various classifications of funds, capital improvements and debt service.

Operating Funds

The Board of Directors is legally required to adopt an annual budget for the four operating funds of the City which include the General Fund, the Street Maintenance Fund, the Water and Sewer Operating Fund and the Sanitation Operating Fund. A significant portion of the budget document is devoted to the operating funds budget.

The FY15 Operating Funds Budget totals \$107.7 million in appropriations which is \$2.4 million or 2.1% less than the FY14 Operating Funds Budget. Operation services account for 55% of operating appropriations. Operation services include: streets, traffic control, water and sewer services, parks and recreation, sanitation and transit services. The police and fire services combine to account for 27% of total appropriations.

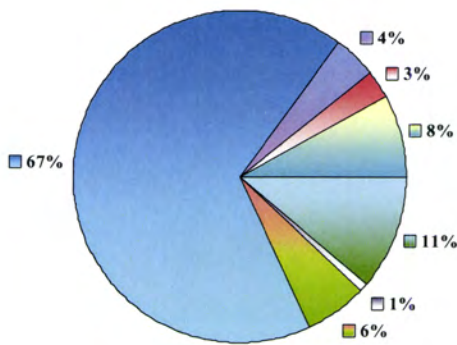
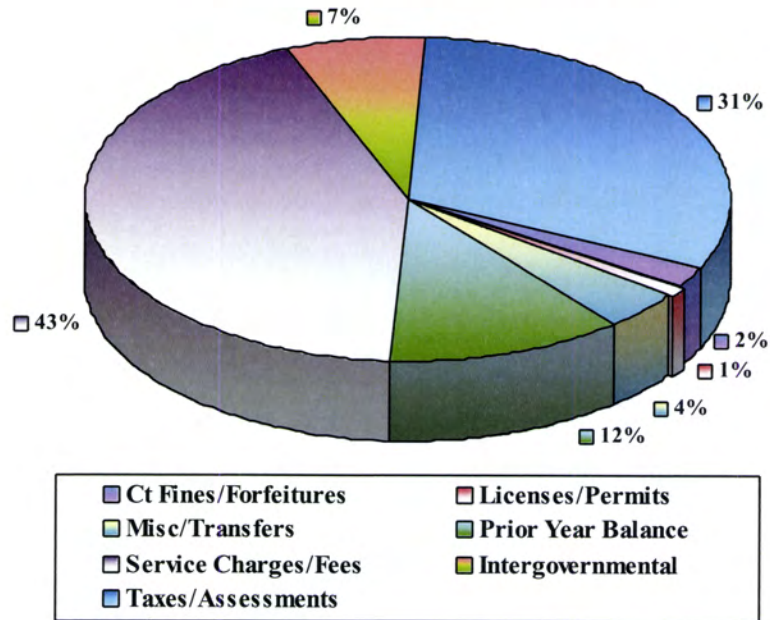
FY15 Operating Funds Sources total \$118.9 million, which is a \$9.3 million or 7.2% less than FY14 Operating Funds Sources due to lower actual prior year balances. Service charges and fees account for 43% of total resources. Service charges and fees include utility rate charges for water, sewer and sanitation services. Taxes and assessments comprise 31% of total sources. Taxes and assessments include utility franchise fees, the property tax, the City's share of the county-wide sales tax and 1/4% of a 1% local sales tax.

The graphs on the following two pages depict the funding sources and appropriations for the four operating funds. The graphs on page 36 illustrate funding sources combined and individually for the four operating funds. The graphs on page 37 illustrate appropriations in combined and individual format for the four operating funds.

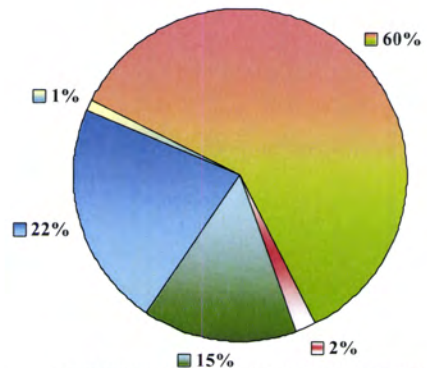
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2015

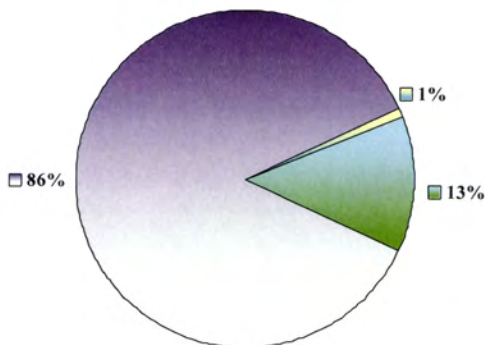
TOTAL FUNDING SOURCES \$118,925,099



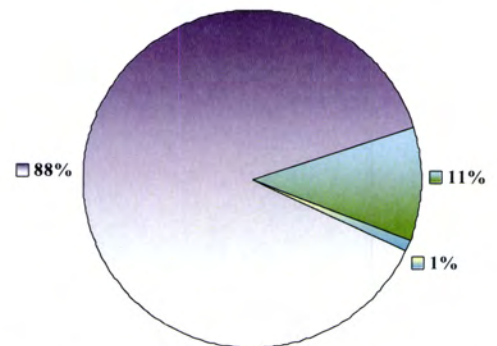
GENERAL FUND
\$51,578,326



STREET MAINTENANCE FUND
\$9,315,626



W/S OPERATING FUND
\$43,169,050

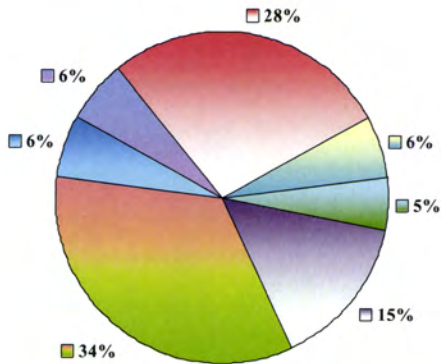
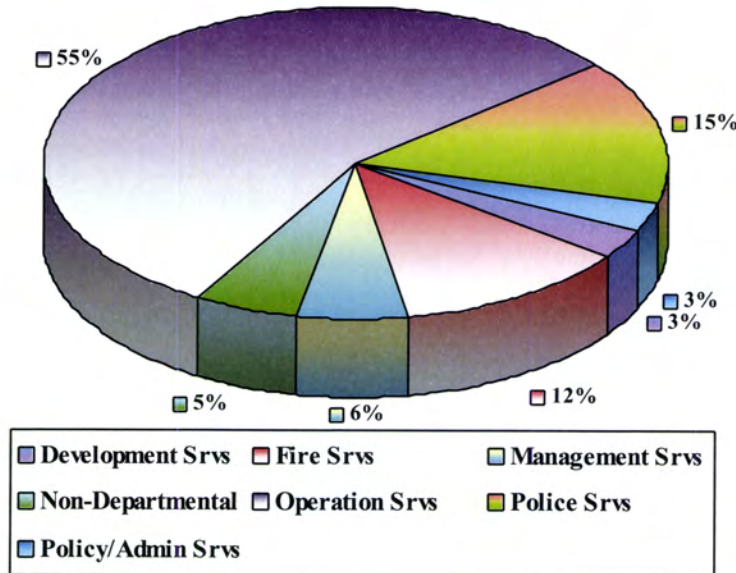


SANITATION OPERATION FUND
\$14,862,097

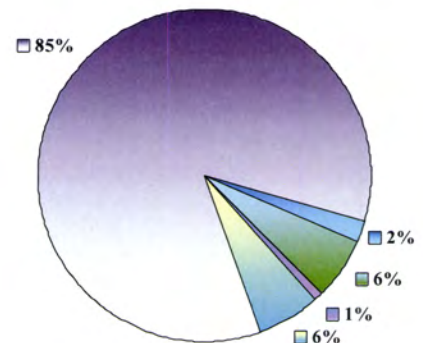
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2015

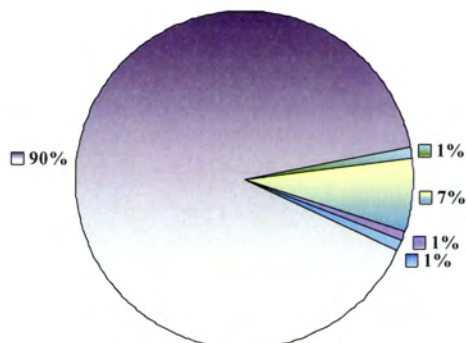
TOTAL APPROPRIATIONS \$107,720,161



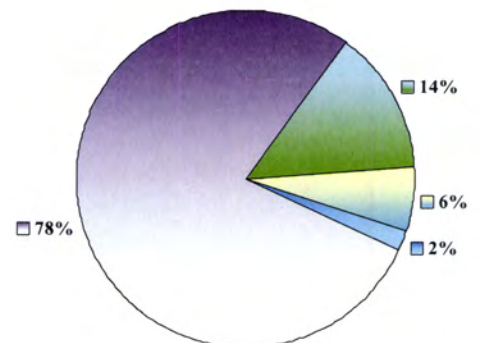
GENERAL FUND
\$48,114,882



STREET MAINTENANCE FUND
\$7,829,485



W/S OPERATING FUND
\$39,156,202



SANITATION OPERATION FUND
\$12,619,592

GENERAL FUND

Total funding sources for the General Fund in FY15 amount to \$51.6 million that is \$4.1 million less than the FY14 Budget funding sources. Funding sources include current year revenue plus the prior year balance brought forward. The decrease is due to the lower balance forward for FY15.

The major funding source for the General Fund is Taxes and Assessments which comprise 67% of total resources. Ad valorem taxes, franchise taxes, the county-wide sales tax and 1/4% of a 1% local 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 FY15 total \$7 million, which is an increase of 2% over the FY14 estimated amount of \$6.86 million. The tax rate for FY14 and FY15 remains constant at the maximum allowed by the state. The increase is a result of higher 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 FY15 are shown on page 215.

Franchise fees for FY15 are estimated at \$6.8 million, which is a 2% increase over the FY14 estimated revenue of \$6.7 million. A comparison of the franchise fee revenues between years is as follows:

	FY14 ESTIMATED <u>(Thousands)</u>	FY15 BUDGET <u>(Thousands)</u>
Electric	\$ 3,895	\$ 3,973
Gas	1,780	1,823
Cable	690	700
Telecommunications	299	301
	<u>\$ 6,664</u>	<u>\$ 6,797</u>

The increase between FY15 Budget and FY14 Estimated represents an expected increase in electric and natural gas consumption during FY15.

In June 1994, the citizens of Fort Smith and Sebastian County approved a 1% county-wide sales and use tax. The tax was reauthorized during 2003 for another 10 years and again in 2013 for another 10 years. Collection of the tax began August 1, 1994. The City receives approximately 67% 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 \$15.6 million for FY15. This tax accounts for 34% of the General Fund revenue.

Beginning October 1, 2012, the city began collecting 1/4% of a 1% city sales tax to provide funds for the Fire and Parks Departments operations. For FY15, this tax will generate \$5 million and it will be split equally between the two departments.

The General Fund appropriations for FY15 total \$48.1 million which is \$2 million or 4% less than the FY14 Budget. Due to financial constraints, all departments were asked to maintain their revised FY14 spending levels for FY15. Operating costs were trimmed to only basic levels of appropriations and capital was severely limited with the exception of the Fire and Parks programs funded by the 1/4% sales tax. The Police department will keep 5 patrol positions vacant for the year.

Personnel changes total to a net decrease of 5.5FTE for FY15. The changes include a reduction of 3 police patrol officers; a net decrease of 1.50FTE in parks; and the elimination of 1 transit driver.

The General Fund uses for the County Sales Tax in FY15 are as follows:

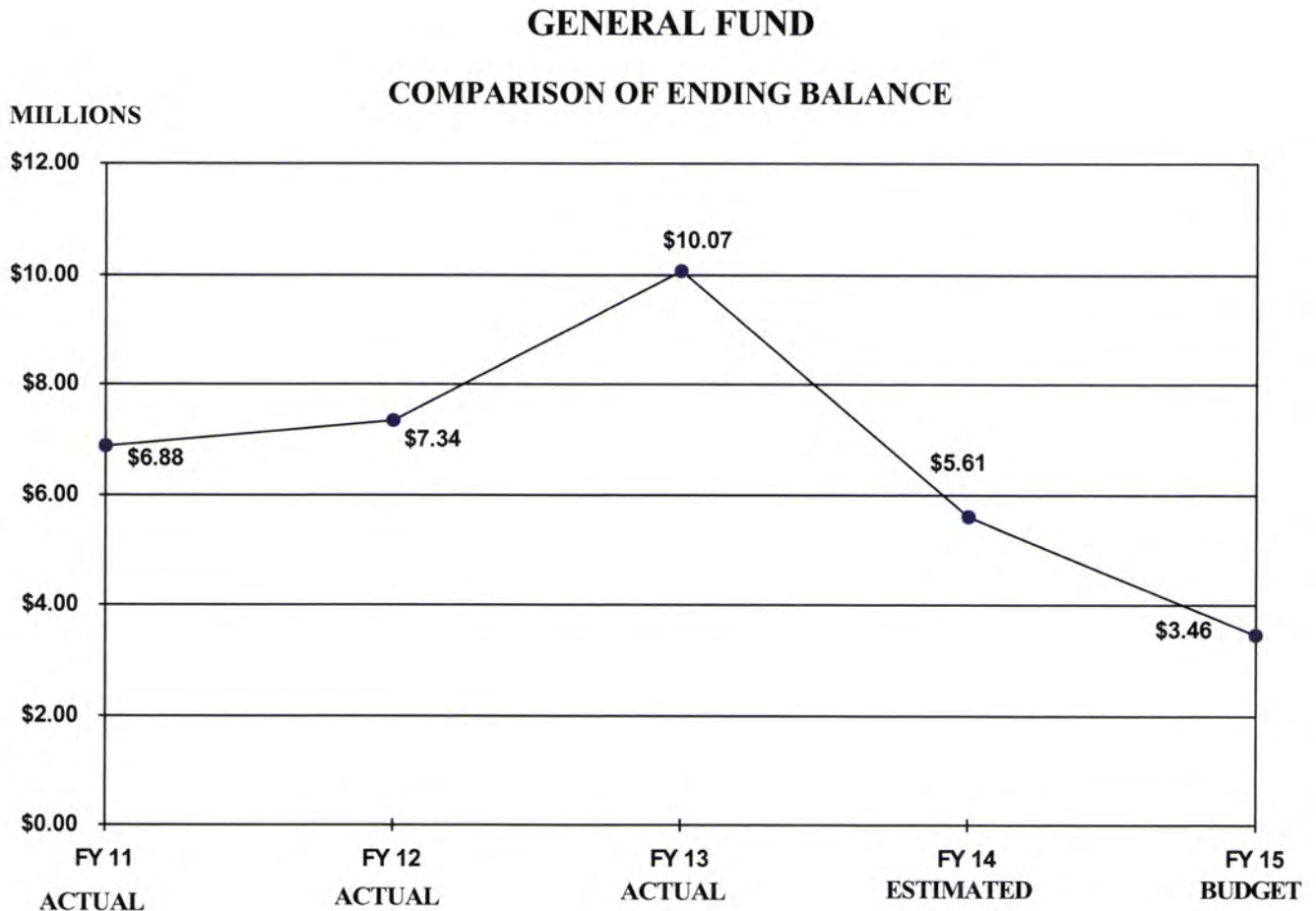
Public Safety	\$ 11,841,151
Public Library	934,828
Park Capital Maintenance	389,512
Senior Citizen Programs	233,707
Downtown Development & Maint.	467,414
Public Transit	467,414
Privilege License Replacement	1,246,436
	<u>\$ 15,580,462</u>

The projected fund balance of the General Fund at December 31, 2015 is \$3,463,444 which represents 7.5% of operating expenditures for 2015. 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 FY14 Budget document the estimated ending balance was 7.5% compared to the FY14 estimated ending balance of 11.6% as indicated below.

The level of ending fund balances for the past four years, and projected for FY15 is:

FY11	17.8%
FY12	19.7%
FY13	15.0%
FY14 Estimated	11.6%
FY15 Budget	7.5%

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



STREET MAINTENANCE FUND

Total funding sources of the Street Maintenance Fund for FY15 amount to \$9.3 million and is \$65,000 less than the FY14 Budget. The decrease is due to the lower fund balance at the beginning of the year.

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 FY15 is \$46.55 which is slightly more than the FY14 estimated amount of \$46.48. The actual turnback revenue was \$45.01 for FY13, and \$46.55 is estimated for FY16.

Beginning July 1, 2013, the Street Maintenance Fund began to receive a share of the 1/2% state sales tax allocated for highway improvements. This tax was approved by Arkansas voters on November 6, 2012. The revenue is to be received for a period of 10 years. This tax is also a state turnback revenue. The tax is allocated based upon the city's population. The per capita amount is estimated at \$18.52 for FY14. The estimate for FY15 and FY16 is \$18.55

This Fund also receives one-half of the 3.0 road millage levied by Sebastian County. Total estimate from this revenue for FY15 is \$2.1 million which reflects a 2% increase over FY14 estimated revenue.

Beginning in FY13, the permit assessments for sidewalk construction and repair generated by building permits have been deposited in the Street Maintenance Fund. This revenue is expected to be \$165,000 for FY15.

FY15 appropriations for the Street Maintenance Fund total \$7.8 million and are approximately \$141,000 less than FY14. The personnel count for the fund in FY15 remains the same as FY14.

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 \$1,486,141 which represents 20.2% of FY15 operating expenditures. This exceeds the 15% reserve requirement.

WATER AND SEWER OPERATING FUND

Total funding sources for the Water and Sewer Operating Fund amount to \$43.2 million for FY15. This is \$3.1 million less than FY14 due to the significant drop in beginning working capital between years.

Service charges and fees provide 86% of total resources for this fund.

Total Water and Sewer Operating Fund appropriations for FY15 are \$39.2 million compared to FY14 appropriations of \$39.1 million. The personnel count was reduced by 1FTE for FY15.

The projected working capital at December 31, 2015, is \$4,012,848, which represents 15.9% of FY15 operating expenses. This exceeds the fiscal policy of a 15% reserve requirement.

SANITATION OPERATING FUND

Total funding sources of the Sanitation Operating Fund amount to \$14.9 million for FY15 and is \$1.25 million less than FY14. The decrease is due to the lower working capital balance at the beginning of the year.

Service charges and fees are the major funding sources for the Sanitation Operating Fund reflecting 88% of this total.

Appropriations for the Sanitation Operating Fund in FY15 total \$12.6 million. This is a decrease of \$1.1 million from FY14. The most significant decreases include overtime pay, contract labor and repair of equipment costs.

The major appropriation of the Fund is operation services which comprise 78% of the total appropriations.

The projected year end working capital of the Sanitation Operating Fund is \$2,242,505 and reflects 20.7% of FY15 operating expenses. This exceeds the policy goal of 15%.

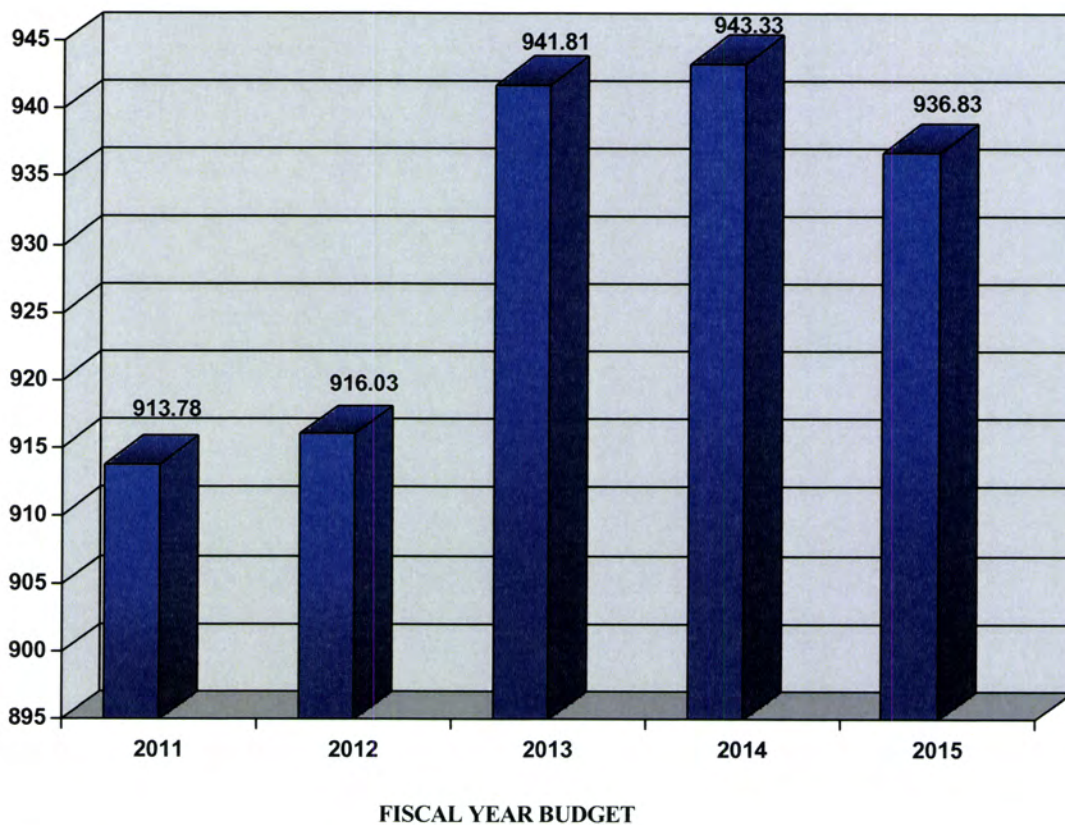
PERSONNEL AUTHORIZATIONS

Personnel costs for the City in FY15 represent 53.3% of total operating funds appropriations compared to 49.2% for FY14.

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

PERSONNEL AUTHORIZATIONS

EMPLOYEES



The net change in personnel between 2014 estimated and 2015 is a decrease of 6.5 FTE. The following chart reconciles the 2014 estimated positions to the total positions for 2015.

	Full Time	Part-Time/ Seasonal	Total FTE
2014 Estimated	897	46.33	943.33
Police	-3	-	-3.00
Water & Sewer	-1	-	-1.00
Parks & Recreation	1	-2.50	-1.50
Transit	-1	-	-1.00
2015 Budget	893	43.83	936.83

CAPITAL IMPROVEMENT PROGRAM

Total capital improvements other than capital outlay for the operating programs for FY15 total \$89 million. Capital Improvements for the current fiscal year are provided by the following funds as indicated:

	Amount (Thousands)
Sales Tax Fund	\$ 38,129
Water and Sewer Capital Improvement Projects Fund	5,411
Sales & Use Tax Bond Construction Fund	41,346
Sanitary Landfill Construction & Sinking Fund	4,045
Convention Center/CVB	41
CDBG	29
Parking Authority	50
	<hr/>
Total	<u>\$ 89,051</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 FY15 are 32.36% and 39.5% for police and fire personnel, respectively, as compared with FY14 rates of 31.36% and 38.94% for police and fire personnel, respectively. The contributions are high due to the amortization of the old police and fire pension funds. At the end of 2014, the remaining amortization period is 22 years. Approximately 49% to 56% of the contribution rates for police and fire personnel is allocated for the amortization of the old plans. A special revenue fund entitled Arkansas LOPFI Contribution Fund accounts for these members participation.

The City makes the actuarially required contribution (ARC) to LOPFI on a monthly basis. In addition, the employee contributions are remitted to LOPFI on a monthly basis.

Benefit payments and retirement contributions for LOPFI for FY15 are estimated at \$7.5 million as compared to \$7.3 million for FY14. These costs are currently paid for by state turnback, ad valorem taxes at one mill each for police and fire, and employee contributions. Beginning October 1, 2012, the city began making direct contributions to the Arkansas LOPFI fund for the personnel hired with the SAFER grant and the 1/8% sales tax revenue. For FY15, this totals \$521,160. If the General Fund had to make direct contributions for LOPFI members, the employer amounts would be:

<u>FY15</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Employer Cost	\$2,875,450	\$3,207,730	\$6,083,180
Actual Direct Contribution	<u>0</u>	<u>521,160</u>	<u>521,160</u>
Amount of Employer Contributions Paid by Special Revenues	<u>\$2,875,450</u>	<u>\$3,728,890</u>	<u>\$6,604,340</u>

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 became 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. All three (3) judges are state employees for FY15. The current employer contribution rate for the court clerk is 14.76%. The FY15 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 Management Association Retirement Corporation (ICMARC). The City contributes 10% of pay to each employee's account. The employer contribution is accounted for in each program.

BONDED INDEBTEDNESS

The City has seven bond issues outstanding in 2015. A brief explanation of how each issue relates to the budget is as follows:

1 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. The bonds were issued to provide financing for purchase of a portion of the South Sebastian 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 storage tank. The original issue was \$7.23 million. The FY15 appropriation of \$835,300 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 FY15.

2 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 original issue was \$24.47 million. The purposes of the bonds are to fund the 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 FY15 appropriation of \$1,889,100 will provide the required debt service during FY15. The Water and Sewer Operating Fund should have sufficient revenues to meet this requirement in FY15.

3 Water and Sewer Revenue Refunding and Construction Bonds- Series 2008-

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 the transfers to meet the debt service requirements of the bonds. These bonds were issued to provide financing for the advance refunding of the series 2002A Bonds, for sewer extensions in the growth areas of the city, the Mountainburg water treatment plant rehabilitation and expansion, neighborhood water line replacement, and the Howard Hill elevated water storage tank. The original principal issued was \$117.42 million. The FY15 appropriation of \$6,919,300 will cover the required debt service payments during 2015. The Water and Sewer Operating Fund is expected to have sufficient revenues to meet this required debt service for FY15.

4 Water and Sewer Revenue Refunding Bonds-Series 2011

These bonds are secured by the rates of the water and sewer system that are reflected in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides the transfers to meet the debt service requirements of the bonds. These bonds were issued to refund the series 2002B and 2002C water and sewer revenue bonds. The original principal issued was \$18.92 million. The FY15 appropriation of \$1,808,200 will cover the required debt service payments during 2015. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY15.

5 Water and Sewer Revenue Refunding Bonds-Series 2012

These bonds are secured by the rates of the water and sewer system that are reported in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides the transfers to meet the debt service requirements of the bonds. These bonds were issued to refund the Series 2005A water and sewer refunding revenue bonds. The original principal issued was \$13.25 million. The FY15 appropriation of \$2,148,950 will cover the required debt service payments during 2015. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY15.

6 Sales and Use Tax Refunding and Construction Bonds-Series 2012

These bonds are secured by a special 3/4% local sales and use tax. The 2012 Bonds were issued in the amount of \$110.66 million in May 2012. The bonds were issued to redeem the outstanding Sales and Use Tax Bonds, Series 2006, 2008 and 2009, to provide fire facilities and apparatus, to provide the city's share of funding a city/county water park, wastewater improvements, and water improvements. Sales tax revenue is estimated to be \$15 million for this purpose in FY14. Current year revenues and prior year carry over will be sufficient to pay the required debt service of \$8.9 million as well as call an additional \$2.5 million in bonds during FY15.

7 Sales and Use Tax Construction Bonds-Series 2014

These bonds are also secured by the special 3/4% local sales and use tax that also supports the Series 2012 Sales and Use Tax Bonds. The 2014 Bonds were issued in the amount of \$34.25 million in February 2014. The bonds were issued to provide wastewater and water improvements. Sales tax revenue is estimated to be \$15 million for this purpose and the 2012 Bonds in FY15. Current year revenue and prior year carry over will be sufficient to pay the required debt service of \$2.2 million as well as call an additional \$0.9 million in bonds during FY15.

Please refer to pages 199-205 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 FY13 Actual, FY14 Budget, FY14 Estimated and FY15 Budget is provided on a consolidated basis with interfund transfers included. A combined summary with more detailed revenue sources for FY12 Actual, FY13 Actual, FY14 Budget, FY14 Estimated and FY15 is included. A schedule of beginning and ending balances/working capital for all fund types for FY15 Budget is provided. Major revenue analyses are included in this section. Also included are individual fund statements for FY15 Budget.

**City of Fort Smith
FY15
Comparative Summary - All Funds**

	<u>Actual FY13</u>	<u>Budget FY14</u>	<u>Estimated FY14</u>	<u>Budget FY15</u>
Revenues				
Intergovernmental	\$ 12,634,785	\$ 15,300,849	\$ 13,736,745	\$ 16,592,155
Taxes and Assessments	72,898,290	74,174,440	73,973,006	74,968,381
Licenses and Permits	1,612,104	1,496,000	1,505,568	1,627,400
Court Fines and Forfeitures	2,570,173	2,362,000	2,407,000	2,362,000
Service Charges and Fees	64,000,999	63,038,989	62,434,506	63,249,283
Interest	460,701	357,250	257,186	270,599
Contributions	1,850,431	2,040,855	2,041,655	2,092,600
Bond Proceeds (Note 3)	0	0	33,208,929	0
Miscellaneous	2,443,292	1,587,962	1,524,855	3,156,569
Transfers In	25,048,657	19,373,879	19,154,552	19,168,696
Total	<u>\$ 183,519,432</u>	<u>\$ 179,732,224</u>	<u>\$ 210,244,002</u>	<u>\$ 183,487,683</u>
Expenditures/Expenses				
Operating	\$ 107,695,092	\$ 110,085,999	\$ 111,561,857	\$ 107,720,161
Capital Improvements	59,938,679	90,937,740	41,228,813	89,050,588
Community Assistance (Note 1)	1,421,876	1,357,200	2,271,000	1,198,514
Debt Service	30,237,071	27,994,156	27,695,646	28,596,931
Pension Benefits/Retirement				
Contributions	7,354,382	7,327,600	7,327,600	7,510,790
Health Insurance and Workers'				
Compensation Claims	10,643,129	10,200,000	9,902,264	10,067,080
Other (Note 2)	4,104,030	4,186,320	4,018,687	4,270,460
Total	<u>\$ 221,394,259</u>	<u>\$ 252,089,015</u>	<u>\$ 204,005,867</u>	<u>\$ 248,414,524</u>
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ (37,874,827)	\$ (72,356,791)	\$ 6,238,135	\$ (64,926,841)
Fund Balance/Working Capital Beginning of Year	<u>160,189,670</u>	<u>134,750,005</u>	<u>122,314,843</u>	<u>128,552,978</u>
Fund Balance/Working Capital End of Year	<u>\$ 122,314,843</u>	<u>\$ 62,393,214</u>	<u>\$ 128,552,978</u>	<u>\$ 63,626,137</u>

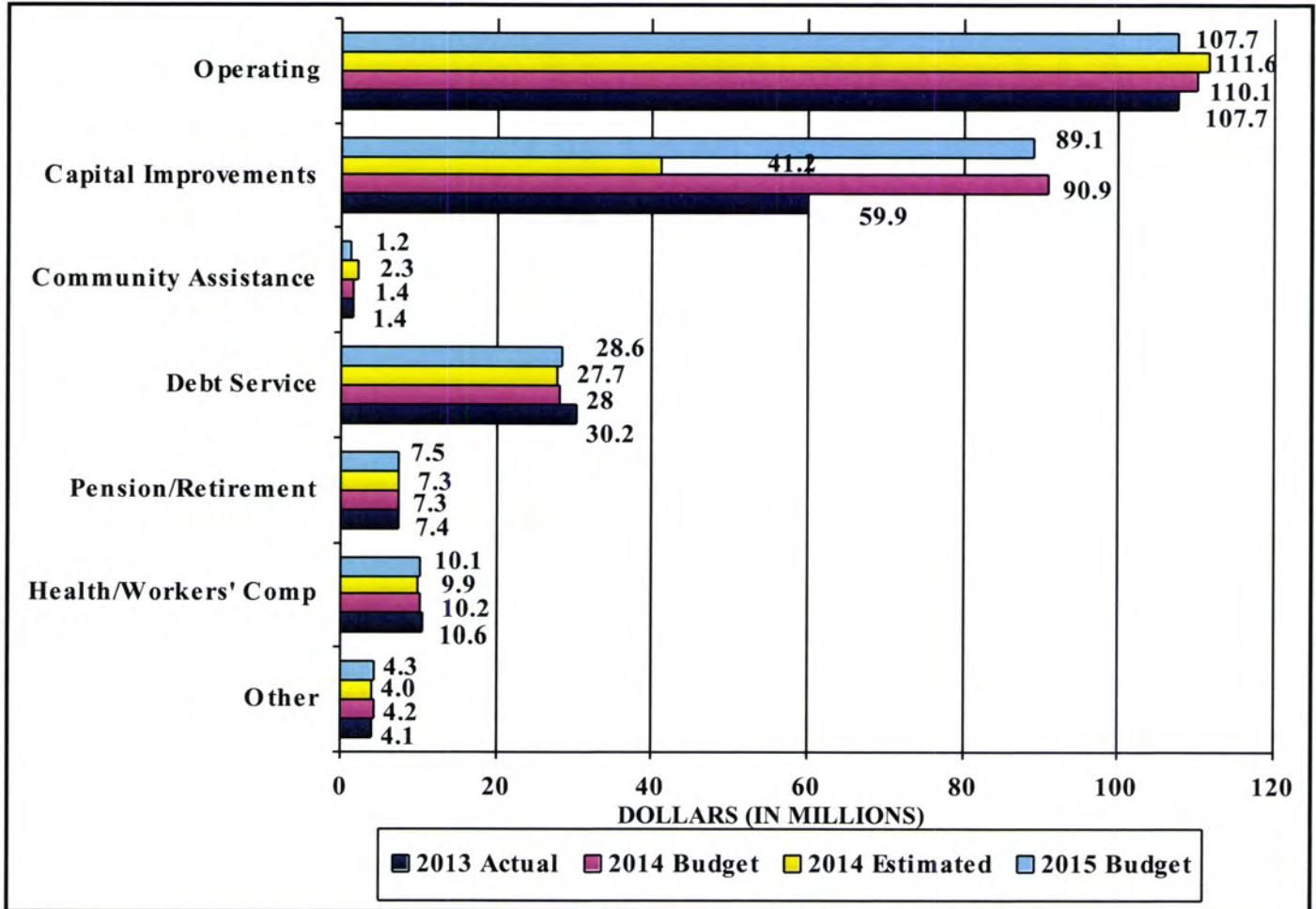
Note 1: Community Assistance includes the CDBG and HOME program as well as the historic preservation, federal transportation, and drug enforcement grant activity of the Special Grants Fund. Amounts for 2015 are: CDBG and HOME \$1,087,494; Special Grants \$111,020.

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

Note 3: The bond proceeds for FY14 estimated were 2014 Sales & Use Tax Construction Bonds issued February 2014.

Comparative Summary - All Funds

Expenditure/Expense



**City of Fort Smith
FY15
Fund List Summary**

	Beginning Fund Balance/ Working Capital	Revenues	Expenditures/ Expenses	Ending Fund Balance/ Working Capital
General	\$ 5,611,772	\$ 45,966,554	\$ 48,114,882	\$ 3,463,444
Special Revenue Funds:				
Street Maintenance	1,432,800	7,882,826	7,829,485	1,486,141
Sales Tax	24,939,731	25,211,363	38,129,248	12,021,846
Community Development				
Block Grant	4,031	801,700	801,700	4,031
HOME Investment Partnership Act	-	315,294	315,294	-
Special Grants	109,294	111,020	111,020	109,294
Tilles Park	11,116	450	-	11,566
Advertising and Promotion	173,253	852,350	840,580	185,023
Arkansas LOPFI Contribution	6,514,270	6,349,919	7,510,790	5,353,399
Convention Center	253,541	1,423,150	1,538,580	138,111
Sub-Total	<u>33,438,036</u>	<u>42,948,072</u>	<u>57,076,697</u>	<u>19,309,411</u>
Debt Service Fund:				
Sales & Use Tax Bonds	<u>15,712,247</u>	<u>15,000,411</u>	<u>14,976,081</u>	<u>15,736,577</u>
Capital Projects Funds:				
Sales & Use Tax Construction	<u>49,812,949</u>	<u>20,000</u>	<u>41,345,889</u>	<u>8,487,060</u>
Enterprise Funds:				
Water and Sewer	16,565,248	52,929,670	58,187,867	11,307,051
Sanitation	6,648,333	15,084,836	17,379,548	4,353,621
Parking Authority	300,194	166,000	258,480	207,714
Sub-Total	<u>23,513,775</u>	<u>68,180,506</u>	<u>75,825,895</u>	<u>15,868,386</u>
Internal Service Funds:				
Working Capital	63,284	1,015,000	1,008,000	70,284
Employee Health & Wellness	148,882	9,746,000	9,569,200	325,682
Workers' Compensation	252,033	611,140	497,880	365,293
Sub-Total	<u>464,199</u>	<u>11,372,140</u>	<u>11,075,080</u>	<u>761,259</u>
Total	128,552,978	183,487,683	248,414,524	63,626,137
Interfund Transfers	-	(19,168,696)	(19,168,696)	-
Adjusted Total	<u>\$ 128,552,978</u>	<u>\$ 164,318,987</u>	<u>\$ 229,245,828</u>	<u>\$ 63,626,137</u>

**City of Fort Smith
FY15**

Comparative Summary with Detail Revenue Categories - All Funds

	<u>Actual FY12</u>	<u>Actual FY13</u>	<u>Budget FY14</u>	<u>Estimated FY14</u>	<u>Budget FY15</u>
Revenues					
Intergovernmental					
Federal	\$ 4,377,201	\$ 4,590,470	\$ 7,203,506	\$ 5,021,812	\$ 6,176,435
State	6,402,609	8,031,364	8,095,343	8,684,617	10,400,720
Local	3,500	12,951	2,000	30,316	15,000
Taxes and Assessments					
Ad Valorem	11,292,108	11,383,501	11,796,266	11,613,268	11,845,539
Franchise	6,071,893	6,478,637	6,300,000	6,664,378	6,796,600
Sales Tax - City	39,210,246	38,937,950	39,886,974	39,488,104	39,884,980
Sales Tax - County	15,279,008	15,353,991	15,426,200	15,426,200	15,580,462
Hotel/Motel Tax	745,279	732,855	750,000	769,056	848,800
Other	15,474	11,356	15,000	12,000	12,000
Licenses and Permits	1,553,688	1,612,104	1,496,000	1,505,568	1,627,400
Court Fines and Forfeitures	2,408,231	2,570,173	2,362,000	2,407,000	2,362,000
Service Charges and Fees					
Water & Sewer	41,049,517	37,785,650	37,523,000	36,766,429	37,366,120
Sanitation	12,640,422	15,068,421	12,725,000	12,982,378	13,071,000
General Fund	691,059	680,158	641,900	639,851	638,623
Internal Service	8,453,330	9,615,397	11,371,089	11,236,137	11,363,540
Convention Center	600,359	663,669	580,000	623,000	645,000
Parking Operations	185,703	187,704	198,000	186,711	165,000
Interest	211,311	460,701	357,250	257,186	270,599
Contributions	1,399,228	1,850,431	2,040,855	2,041,655	2,092,600
Bond Proceeds	72,934,621	0	0	33,208,929	0
Miscellaneous	2,792,571	2,443,292	1,587,962	1,524,855	3,156,569
Transfers In	21,408,745	25,048,657	19,373,879	19,154,552	19,168,696
Total	\$ 249,726,103	\$ 183,519,432	\$ 179,732,224	\$ 210,244,002	\$ 183,487,683
Expenditures/Expenses					
Operating	\$ 96,651,858	\$ 107,695,092	\$ 110,085,999	\$ 111,561,857	\$ 107,720,161
Capital Improvements	42,246,579	59,938,679	90,937,740	41,228,813	89,050,588
Community Assistance	1,865,563	1,421,876	1,357,200	2,271,000	1,198,514
Debt Service	25,389,506	30,237,071	27,994,156	27,695,646	28,596,931
Pension Benefits/Retirement					
Contributions	6,577,042	7,354,382	7,327,600	7,327,600	7,510,790
Health Insurance and Workers'					
Compensation Claims	10,188,718	10,643,129	10,200,000	9,902,264	10,067,080
Other	4,110,559	4,104,030	4,186,320	4,018,687	4,270,460
Total	\$ 187,029,825	\$ 221,394,259	\$ 252,089,015	\$ 204,005,867	\$ 248,414,524
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ 62,696,278	\$ (37,874,827)	\$ (72,356,791)	\$ 6,238,135	\$ (64,926,841)
Fund Balance/Working Capital Beginning of Year	97,493,392	160,189,670	134,750,005	122,314,843	128,552,978
Fund Balance/Working Capital End of Year	\$ 160,189,670	\$ 122,314,843	\$ 62,393,214	\$ 128,552,978	\$ 63,626,137

Major Revenue Analyses-2015 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.

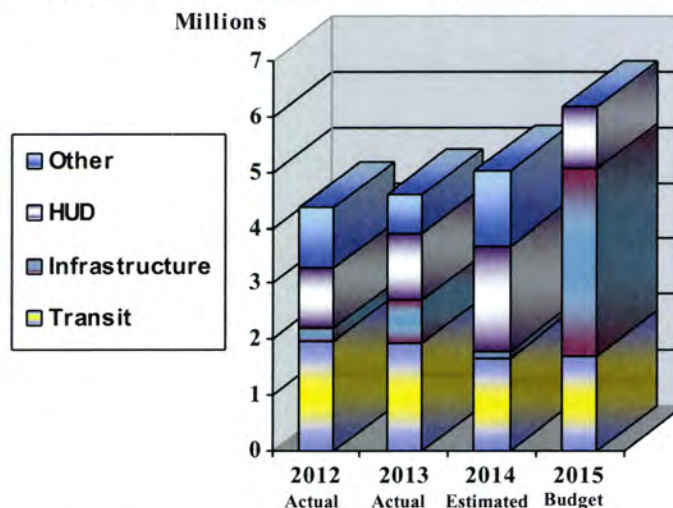
Intergovernmental

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 2.5% of total annual revenues. However, the transit funding is accounted for in the General Fund and represents an average of 3.3% 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
2012 Actual	1,967,040	223,092	1,102,094	1,084,975	4,377,201
2013 Actual	1,935,421	775,712	1,177,911	701,426	4,590,470
2013 Est.	1,665,434	118,608	1,902,244	1,335,526	5,021,812
2015 Budget	1,698,800	3,360,641	1,116,994	0	6,176,435



2015 Revenue Estimates- The increase in 2015 is due to the DOT funding of \$3 million for the Jenny Lind road project. A portion of this reimbursement was expected during FY14. However, the project has been delayed. The transit revenue is expected to remain stable between FY14 and FY15. The HUD grants are expected to decrease by 41% in FY15 from the prior year due to additional funding being made available during 2014. Other grants for police and fire personnel as well as fire equipment expired during FY14.

State-

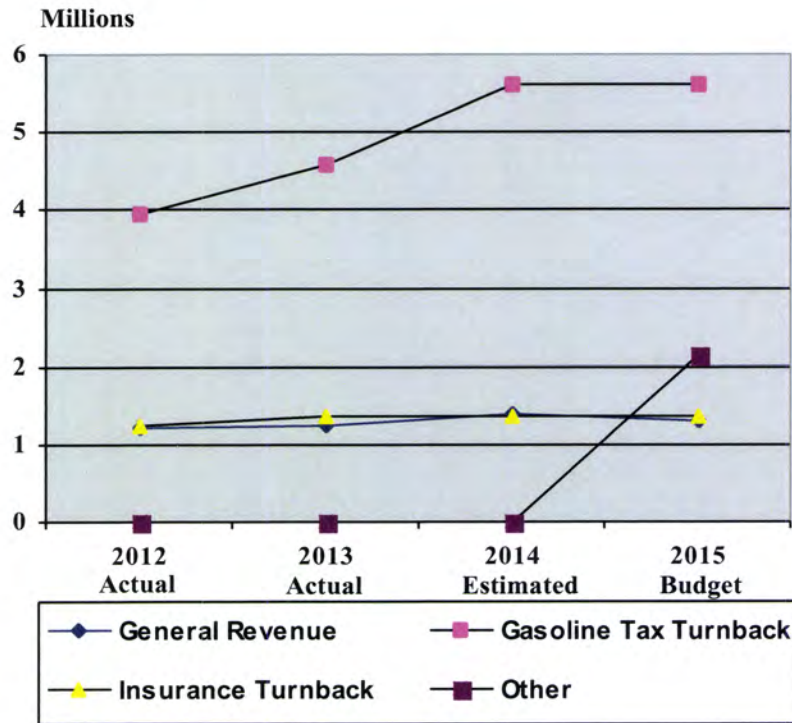
Revenue Description- state aid in the form of turnbacks from state tax levies, grants and special appropriations. The most significant state provided revenue is the gasoline tax turnback which is accounted for in the Street Maintenance Fund, the general revenue turnback, and the insurance turnback for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

State (continued)-

Beginning in July 2013, the City began receiving a share of the newly approved ½% state sales tax for highways that is in place for 10 years.

Revenue History- state funding represents an average of 4.2% of total revenues. However, the gasoline tax turnback plus the ½% highway sales tax turnback represent an average of 70% of the Street Maintenance Fund annual revenue and the insurance turnback represents 22% of the Arkansas LOPFI Contribution Fund revenue.

	General Revenue Turnback	Gasoline Tax/Hwy.Sales Tax Turnback	Insurance Turnback	Other	Total
2012 Actual	1,212,967	3,942,818	1,238,324	8,500	6,402,609
2013 Actual	1,224,953	4,586,768	1,366,857	852,786	8,031,364
2014 Est.	1,379,344	5,603,585	1,360,000	521,688	8,864,617
2015 Budget	1,284,514	5,612,206	1,360,000	2,144,000	10,400,720



2015 Revenue Estimates- the amount of general revenue turnback, gasoline tax turnback, and the highway sales tax turnback is allocated on a per capita basis with annual estimates provided by the Arkansas Municipal League (AML). Effective July 1, 2013, the City began receiving its share of the ½% state sales tax for highway improvements based upon population. The FY14 amount includes the first full year of this revenue for the Street Maintenance Fund. Other state revenue includes the recognition of Act 833 fire funds that are restricted for fire safety purposes and is estimated at \$99,000 for 2015. The other state grant include a \$1.8 million grant for purchase and installment for a flouride system at the water treatment plant during 2015.

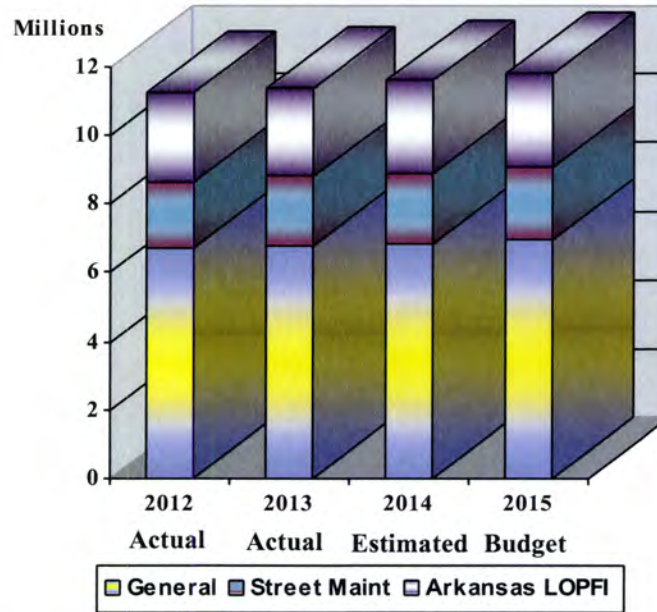
Ad Valorem-

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 215 in the Related Financial Information section of this document.

Ad valorem taxes represent an average of 5.7% of total City revenues. The revenue for the three funds which receive property tax revenue since 2012 is as follows:

	General	Street Maintenance	Arkansas LOPFI Contribution	Total
2012 Actual	6,720,195	1,959,310	2,612,603	11,292,108
2013 Actual	6,786,741	2,008,916	2,587,844	11,383,501
2014 Est.	6,854,602	2,056,000	2,702,666	11,613,268
2015 Budget	6,991,700	2,097,120	2,756,719	11,845,539



2015 Revenue Estimate-ad valorem taxes are expected to increase by approximately \$232,000 or 2% for 2015 due to expected growth in city property values.

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 3.2% of total City revenues and an average 14% of total General Fund revenue.

	2012	2013	2014	2015
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Budget</u>
Electric	3,833,960	3,912,535	3,895,405	3,953,100
Gas	1,281,452	1,604,965	1,777,993	1,823,000
Cable	658,685	668,656	690,110	700,000
Telephone	284,646	279,281	281,490	301,000
Other	13,150	13,200	19,380	19,500
	<u>6,071,893</u>	<u>6,478,637</u>	<u>6,664,378</u>	<u>6,796,600</u>

2015 Revenue Estimate- franchise fees are anticipated to increase by approximately \$132,000 or 2% over 2014 estimated revenue. The increase is due to a slight increase in natural gas usage in 2015.

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 split between redemption of the 2012 and 2014 sales and use tax bonds and for operating costs in the fire and parks departments in the General Fund. Beginning October 1, 2012, 3/4% of the tax is dedicated to the redemption of the 2012 Sales and Use Tax Bonds that were issued for a new fire station, existing fire station improvements and fire apparatus; an aquatic park facility in conjunction with Sebastian County; water improvements including the Lake Fort Smith 48" water transmission line; wastewater improvements including wet weather improvements in accordance with the EPA administrative order; and for refunding the remaining 2006, 2008 and 2009 Sales and Use Tax Bonds. The 2014 Sales and Use Tax Bonds were issued for additional water and wastewater improvements and are supported by the same 3/4% sales tax. The remaining 1/4% sales tax will be in place for 10 years to provide operations and capital purchases for the fire department and parks department. A form of this tax has been in place since 1997.

	<u>General Fund</u>	<u>Street Sales Tax Fund</u>	<u>Sales & Use Tax Bond Fund</u>	<u>Total</u>
2012 Actual	768,224	19,605,123	18,836,899	39,210,246
2013 Actual	4,867,244	19,468,975	14,601,731	38,937,950
2014 Estimated	4,915,916	19,744,052	14,828,136	38,488,104
2015 Budget	4,965,076	19,941,493	14,978,411	39,884,980

2015 Revenue Estimate- City sales and use tax revenue is projected to increase 1% between years. The state, as collection agent, provides minimal commodities information that is not reconciled to the tax revenue receipts, 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 originally approved by voters in 1994 and reaffirmed in 2013 for extension through 2024.

Actual 2012	15,279,008
Actual 2013	15,353,991
Estimated 2014	15,426,200
Budget 2015	15,580,462

2015 Estimated Revenue- the county sales tax is expected to increase 1% over 2014. As in the case of the City's sales tax levies, the state provides minimal commodities information for this revenue source.

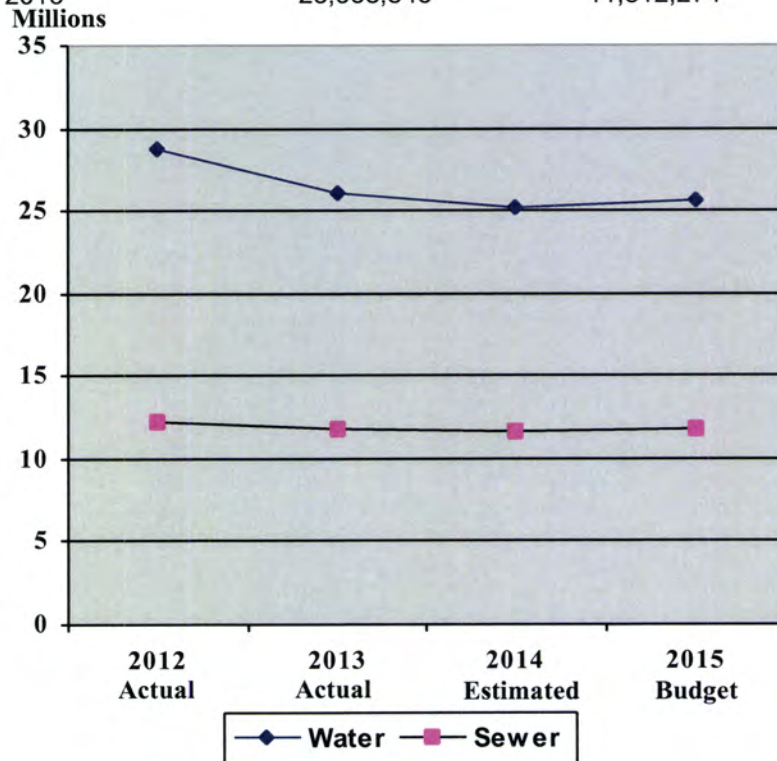
Service Charges and Fees:

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 January 1, 2011 to fund operating expenses, and maintain adequate debt service coverage. There is also a temporary sewer rate increase that became effective July 1, 2009 to provide interim funding for the 2009 Sales and Use Tax Bonds. This temporary sewer rate increase was removed in July 2012. Combined water and sewer service charges and fees represent an average 19% of total city revenue.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Actual 2012	28,808,520	12,240,997	41,049,517
Actual 2013	26,008,993	11,776,657	37,785,650
Estimated 2014	25,162,891	11,603,538	36,766,429
Budget 2015	25,553,846	11,812,274	37,366,120



2015 Revenue Estimate- Consumption in FY12 was slightly below the 2011 amount. However, a one time payment of \$581,000 from the city of Van Buren, the city's largest water user, during FY12 provided more water revenue for the year. The decrease in revenues for FY13 was due to the lower consumption at 8.34% due in part to a much milder weather pattern. The FY14 revenue is estimated at 2.7% less than FY13 due to a 5.53% drop in consumption. The 2015 revenue is expected to increase \$600,000 or 1.6% due to natural growth in the utilities.

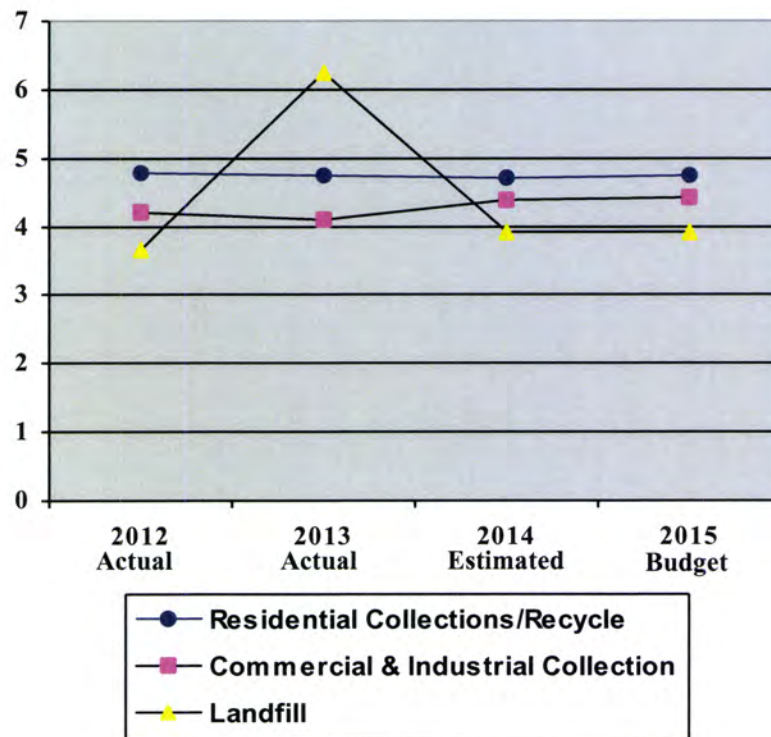
Sanitation-

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. During 2009, 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. In 2013, the Board of Directors enacted a rate decrease of 7.7% for residential sanitation customers. The current residential fees became effective July 1, 2013. The current 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 2012	4,789,270	4,187,005	3,664,147	12,640,422
Actual 2013	4,728,932	4,106,013	6,233,476	15,068,421
Estimated 2014	4,689,244	4,378,698	3,914,436	12,982,378
Budget 2015	4,721,000	4,425,000	3,925,000	13,071,000

Millions



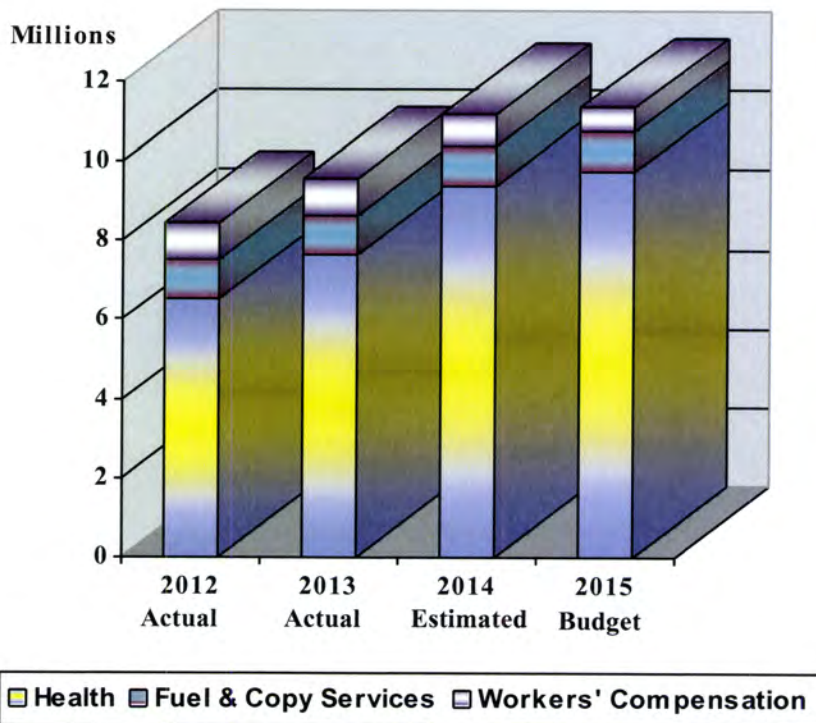
2015 Revenue Estimates- In FY15, residential collections are expected to increase for natural growth in the city. Commercial and industrial collections should also generate slightly higher revenue in 2015. Landfill revenue for FY15 is anticipated to remain fairly stable. The 2013 landfill revenue included a one time wastewater remediation payment of \$2.3 million.

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 and the Fort Smith Public Library are accounted for in three internal service funds.

Revenue History- the cost to provide employee life, medical, and dental insurance has fluctuated from 2012-2015. Catastrophic illnesses have caused the fluctuations among the first three years presented. There was a significant increase in claims costs during 2014. Fuel and copy costs are forecasted to remain fairly stable. The contributions to the workers' compensation account are expected to continue to decrease from the high in 2012.

	Health & Wellness	Fuel & Copy Services	Workers' Compensation	Total
Actual 2012	6,512,493	1,011,468	929,369	8,453,330
Actual 2013	7,649,248	1,030,868	935,281	9,615,397
Estimated 2014	9,405,472	1,013,665	817,000	11,236,137
Budget 2015	9,741,000	1,015,000	607,540	11,363,540



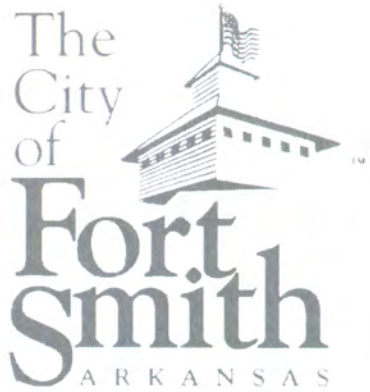
2015 Revenue Estimate- The contributions to the Employee Health and Wellness Fund are anticipated to increase by \$336,000 or 3.6%. The city contribution was increased by 4.5% for FY15. Rising medical costs and the federal Affordable Care Act will impact claims for the year. Workers' Compensation contributions from the city are expected to decrease by 26% between years due to lower claims and higher recovery costs. The fuel and copy services are expected to remain stable between years.

City of Fort Smith Financial Structure

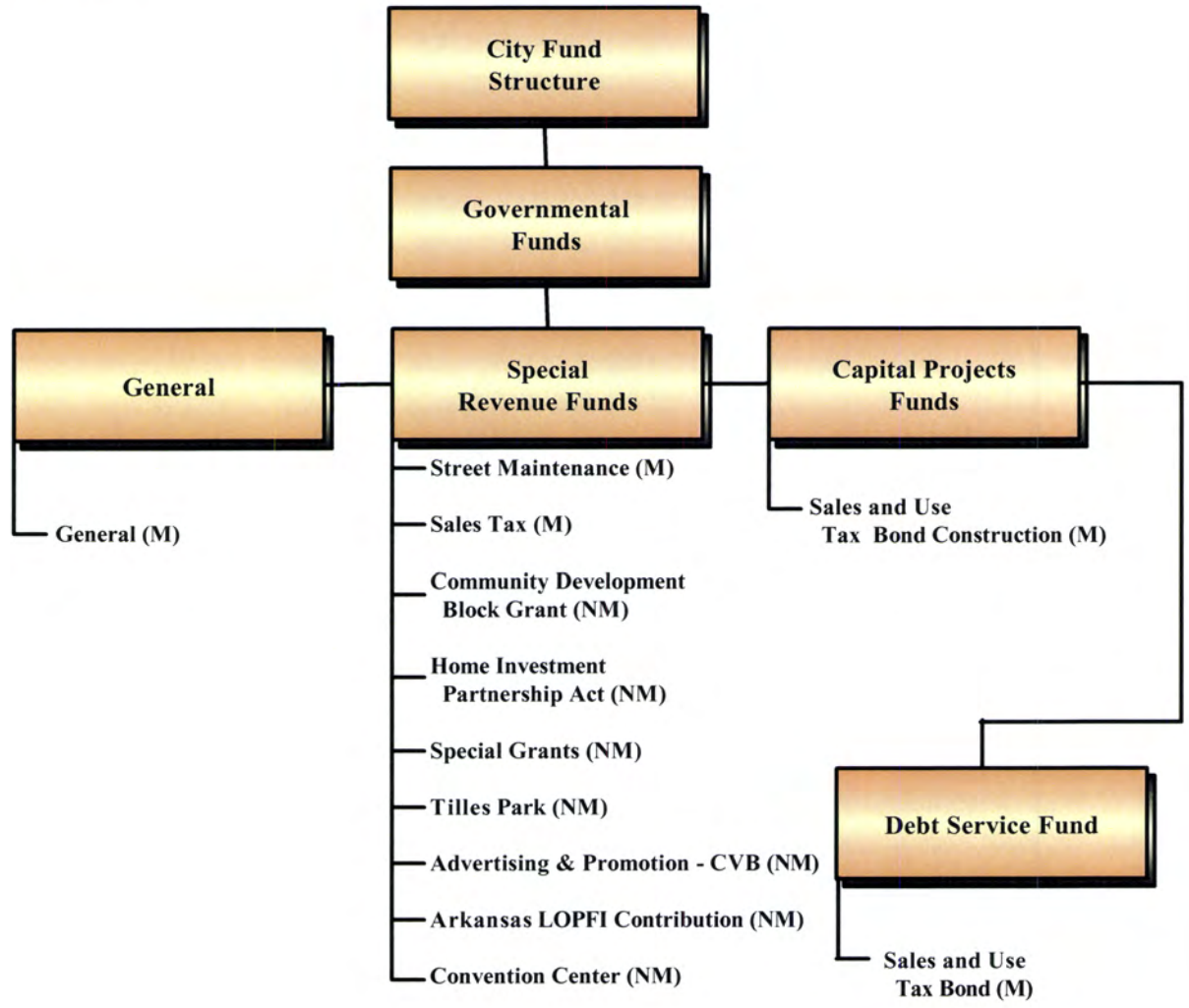
The City provides the full range of municipal services as provided by the City Charter. These include public safety, water, sewer, sanitation, public transportation, parking, public improvements, recreational and general administrative services.

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 61 and 62, illustrate the City's active fund structure. Following the charts, the fund types and individual funds are defined. After this, the 2015 Budget for each individual fund by fund type is presented.

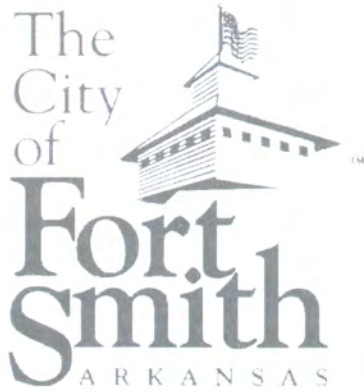


City of Fort Smith, Arkansas Chart of Fund Types

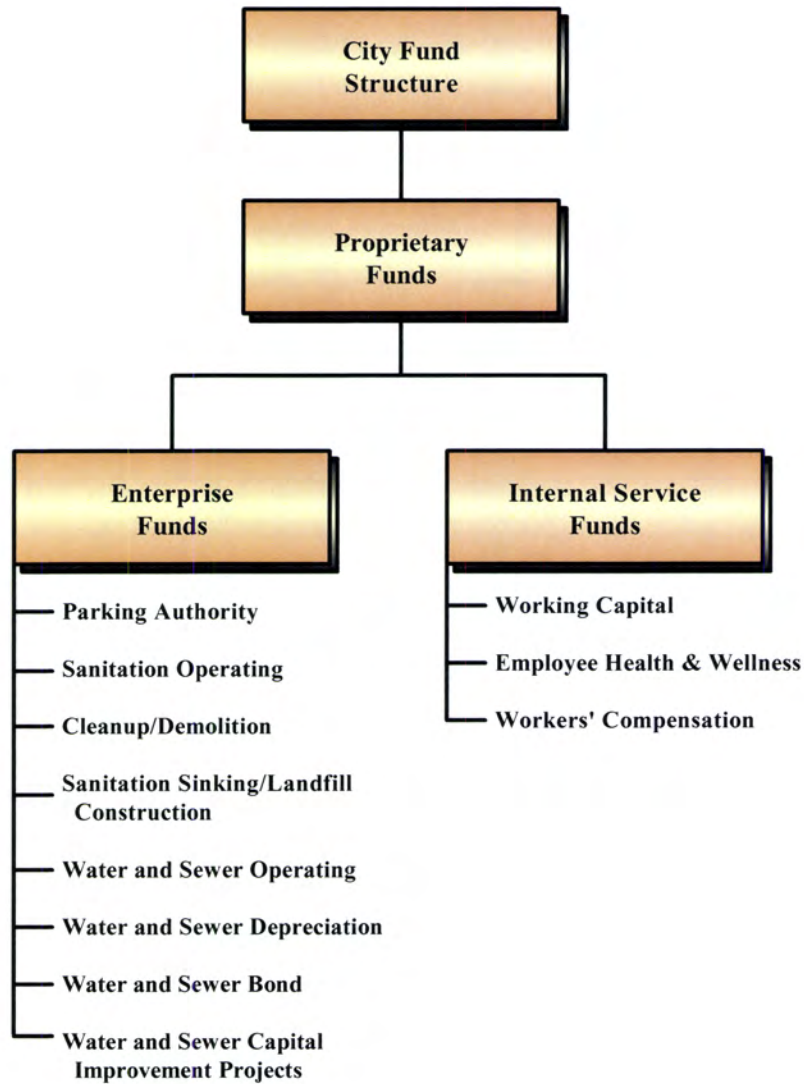


(M) - Major Fund

(NM) - Non-major Fund



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 for 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 by state statutes 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, 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- CVB - 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. The Advertising and Promotion Commission governs this fund and the operation of the convention and visitors bureau (CVB).

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 sworn 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. Revenue is provided by rental revenues from operations and a subsidy from the city's general fund. The City and the Advertising and Promotion Commission entered into an agreement whereby the A&P Commission manages the convention center.

Debt Service Fund-Funds used to account for the repayment of debt issued for general government purposes.

Sales and Use Tax Bond Fund- A debt service fund to account for the City's special assessment of a three quarters percent (3/4%) sales and use tax for the repayment of the 2012 and 2014 bonds. The 2012 bonds were issued to refund outstanding sales and use tax bonds 2006, 2008 and 2009 and provide construction funds for fire facilities and apparatus, a water park, wastewater improvements and water improvements. The 2014 bonds were issued for additional water and wastewater improvements.

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.

Sales and Use Tax Bond Construction Fund- A capital projects fund to account for the 2012 and 2014 bond proceeds. Projects funded by the bonds include the construction of Fire Station #11, purchase of fire apparatus, and improvements to existing fire stations; an aquatic park at Ben Geren in a joint venture with Sebastian County; wastewater improvements including wet weather improvements in accordance with the EPA administrative order as well as pump station improvements, collection and interceptor improvements and neighborhood improvements including the Lake Fort Smith 48" water transmission line and improvements in Chaffee Crossing. The 2014 bonds projects include additional water and wastewater improvements.

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 General Fund and 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 as well as fleet and equipment replacement.

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 and Sewer Revenue Construction Bonds, Series 2005B, Water and Sewer Revenue Construction Bonds, Series 2007, Water and Sewer Revenue Construction Bonds, Series 2008, Water and Sewer Refunding and Construction Bonds, Series 2011, and Water and Sewer Revenue Refunding Bonds, Series 2012.

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.

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**2015 Individual Fund Budgets-
General Fund**

Revenues

Intergovernmental	\$ 3,202,314
Taxes and Assessments	34,345,838
Court Fines and Forfeitures	1,462,400
Licenses and Permits	2,225,000
Service Charges and Fees	663,623
Miscellaneous	1,051,069
Interest	25,000
Transfers In	2,991,310
	<hr/>
Total	\$ 45,966,554

Expenditures

Operating:	
Policy and Administration Services	\$ 2,706,370
Management Services	2,775,376
Development Services	2,832,896
Police Services	16,443,600
Fire Services	13,457,850
Operation Services	7,501,930
Non-Departmental	2,396,860
	<hr/>
Total	\$ 48,114,882

Excess (Deficiency) Revenues Over Expenditures	\$ (2,148,328)
Fund Balance, Beginning of Year	<hr/> 5,611,772
Fund Balance, End of Year	<hr/><hr/>\$ 3,463,444

Special Revenue Fund

	Street	Sales Tax	Community Development Block Grant	Home Investment Partnership Act
Revenues				
Intergovernmental -				
State Turnback	\$ 5,612,206	\$ 0	\$ 0	\$ 0
Federal Grant	0	3,390,641	801,700	315,294
State Grant	0	0	0	0
Local Grant	0	0	0	0
Taxes and Assessments -				
Ad Valorem Tax	2,097,120	0	0	0
Sales Tax	0	19,941,493	0	0
Hotel/Motel Tax	0	0	0	0
Licenses and Permits	165,000	0	0	0
Court Fines and Forfeitures	0	0	0	0
Service Charges & Fees	0	0	0	0
Interest	3,500	79,229	0	0
Contributions	0	0	0	0
Miscellaneous	5,000	1,800,000	0	0
Transfers In	0	0	0	0
Total	\$ 7,882,826	\$ 25,211,363	\$ 801,700	\$ 315,294
Expenditures				
Operating	\$ 7,829,485	\$ 0	\$ 0	\$ 0
Capital Improvements	0	38,129,248	29,500	0
Community Assistance -				
Development Services	0	0	301,900	0
Police Services	0	0	0	0
Public Works and Community				
Service Projects	0	0	220,300	0
Housing Assistance	0	0	250,000	315,294
Pension Benefits/Retirement Cont.	0	0	0	0
Other (Note 1)	0	0	0	0
Total	\$ 7,829,485	\$ 38,129,248	\$ 801,700	\$ 315,294
Excess (Deficiency) Revenues Over				
(Under) Expenditures	\$ 53,341	\$ (12,917,885)	\$ 0	\$ 0
Fund Balance, Beginning of Year	1,432,800	24,939,731	4,031	0
Fund Balance, End of Year	\$ 1,486,141	\$ 12,021,846	\$ 4,031	\$ 0

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

Special Grants	Tilles Park	A&P CVB	Arkansas LOPFI Contribution	Convention Center	Total
\$ 0	\$ 0	\$ 0	\$ 1,360,000	\$ 0	\$ 6,972,206
75,000	0	0	0	0	4,582,635
20,000	0	0	0	0	20,000
15,000	0	0	0	0	15,000
0	0	0	2,756,719	0	4,853,839
0	0	0	0	0	19,941,493
0	0	848,800	0	0	848,800
0	0	0	0	0	165,000
0	0	0	137,000	0	137,000
0	0	0	0	645,000	645,000
1,020	50	350	6,000	1,150	91,299
0	400	3,200	2,089,000	0	2,092,600
0	0	0	1,200	0	1,806,200
0	0	0	0	777,000	777,000
<u>\$ 111,020</u>	<u>\$ 450</u>	<u>\$ 852,350</u>	<u>\$ 6,349,919</u>	<u>\$ 1,423,150</u>	<u>\$ 42,948,072</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,829,485
0	0	7,000	0	33,600	38,199,348
0	0	0	0	0	301,900
80,000	0	0	0	0	80,000
31,020	0	0	0	0	251,320
0	0	0	0	0	565,294
0	0	0	7,510,790	0	7,510,790
0	0	833,580	0	1,504,980	2,338,560
<u>\$ 111,020</u>	<u>\$ 0</u>	<u>\$ 840,580</u>	<u>\$ 7,510,790</u>	<u>\$ 1,538,580</u>	<u>\$ 57,076,697</u>
\$ 0	\$ 450	\$ 11,770	\$ (1,160,871)	\$ (115,430)	\$ (14,128,625)
109,294	11,116	173,253	6,514,270	253,541	33,438,036
<u>\$ 109,294</u>	<u>\$ 11,566</u>	<u>\$ 185,023</u>	<u>\$ 5,353,399</u>	<u>\$ 138,111</u>	<u>\$ 19,309,411</u>

Debt Service Fund

Revenues	Sales & Use Tax Bond
Taxes and Assessments- Sales Tax	\$ 14,978,411
Interest	<u>22,000</u>
Total	\$ 15,000,411
 Expenditures	
Debt Service- Current	<u>14,976,081</u>
Excess Revenues Over Expenditures	\$ 24,330
Fund Balance, Beginning of Year	<u>15,712,247</u>
 Fund Balance, End of Year	 <u><u>\$ 15,736,577</u></u>

Capital Projects Fund

	<u>Sales & Use Tax Bond Construction</u>
Revenues	
Interest	\$ 20,000
Total	\$ 20,000
Expenditures	
Capital Improvements	<u>41,345,889</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	\$ (41,325,889)
Fund Balance, Beginning of Year	<u>49,812,949</u>
Fund Balance, End of Year	<u><u>\$ 8,487,060</u></u>

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					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 1,800,000	\$ 1,800,000
Service Charges and Fees	37,366,120	0	0	0	37,366,120
Interest	15,000	0	700	45,000	60,700
Miscellaneous	102,000	0	0	0	102,000
Transfers In	0	0	13,600,850	0	13,600,850
Total	\$ 37,483,120	\$ 0	\$ 13,601,550	\$ 1,845,000	\$ 52,929,670
Expenses					
Operating	\$ 39,156,202	\$ 0	\$ 0	\$ 0	\$ 39,156,202
Capital Improvements	0	0	0	5,410,815	5,410,815
Debt Service:					
Current	0	0	13,620,850	0	13,620,850
Total	\$ 39,156,202	\$ 0	\$ 13,620,850	\$ 5,410,815	\$ 58,187,867
Excess (Deficiency) Revenues Over (Under) Expenses	\$ (1,673,082)	\$ 0	\$ (19,300)	\$ (3,565,815)	\$ (5,258,197)
Working Capital, Beginning of Year	5,685,930	1,400,000	564,188	8,915,130	16,565,248
Working Capital, End of Year	4,012,848	1,400,000	544,888	5,349,315	11,307,051
Adjustment for CIP Projects Transfers	(450,000)	450,000	0	0	0
Adjusted Working Capital, End of Year	<u>\$ 3,562,848</u>	<u>\$ 1,850,000</u>	<u>\$ 544,888</u>	<u>\$ 5,349,315</u>	<u>\$ 11,307,051</u>

Sanitation Funds

	<u>Sanitation Operating</u>	<u>Cleanup/ Demolition</u>	<u>Sanitation Sinking/ Landfill Construction</u>	<u>Total</u>
Revenues				
Service Charges and Fees	\$ 13,071,000	\$ 0	\$ 0	\$ 13,071,000
Interest	10,000	0	32,000	42,000
Miscellaneous	22,300	150,000	0	172,300
Transfers In	0	560,000	1,239,536	1,799,536
Total	<u>\$ 13,103,300</u>	<u>\$ 710,000</u>	<u>\$ 1,271,536</u>	<u>\$ 15,084,836</u>
Expenses				
Operating	\$ 12,619,592	\$ 0	\$ 0	\$ 12,619,592
Capital Improvements	0	0	4,044,536	4,044,536
Other	0	715,420	0	715,420
Total	<u>\$ 12,619,592</u>	<u>\$ 715,420</u>	<u>\$ 4,044,536</u>	<u>\$ 17,379,548</u>
Excess (Deficiency)				
Revenues Over (Under) Expenses	\$ 483,708	\$ (5,420)	\$ (2,773,000)	\$ (2,294,712)
Working Capital				
Beginning of Year	<u>1,758,797</u>	<u>123,650</u>	<u>4,765,886</u>	<u>6,648,333</u>
Working Capital, End of Year	2,242,505	118,230	1,992,886	4,353,621
Adjustment for CIP Transfers	<u>(700,000)</u>	<u>0</u>	<u>700,000</u>	<u>0</u>
Adjusted Working Capital, End of Year	<u><u>\$ 1,542,505</u></u>	<u><u>\$ 118,230</u></u>	<u><u>\$ 2,692,886</u></u>	<u><u>\$ 4,353,621</u></u>

Parking Authority Fund

	<u>Enforcement</u>	<u>Facilities</u>	<u>Total</u>
Revenues			
Service Charges and Fees	\$ 20,000	\$ 145,000	\$ 165,000
Interest	0	1,000	1,000
	<hr/>	<hr/>	<hr/>
Total	\$ 20,000	\$ 146,000	\$ 166,000
Expenses			
Capital Improvements	\$ 0	\$ 50,000	\$ 50,000
Other:			
Police Services	152,090	0	152,090
Finance	0	56,390	56,390
	<hr/>	<hr/>	<hr/>
Total	\$ 152,090	106,390	258,480
Excess (Deficiency) Revenues Over (Under) Expenses	\$ (132,090)	\$ 39,610	(92,480)
Working Capital, Beginning of Year	<hr/> 0	<hr/> 288,424	<hr/> 300,194
Working Capital, End of Year	<u><u>\$ (132,090)</u></u>	<u><u>\$ 328,034</u></u>	<u><u>\$ 207,714</u></u>

Internal Service Funds

	<u>Working Capital</u>	<u>Employee Health Wellness</u>	<u>Workers' Compensation</u>	<u>Total</u>
Revenues				
Service Charges and Fees	\$ 1,015,000	\$ 9,741,000	\$ 607,540	\$ 11,363,540
Interest	0	5,000	3,600	8,600
Total	<u>\$ 1,015,000</u>	<u>\$ 9,746,000</u>	<u>\$ 611,140</u>	<u>\$ 11,372,140</u>
Expenses				
Health Insurance and Workers' Compensation Claims	\$ 0	\$ 9,569,200	\$ 497,880	\$ 10,067,080
Other - Materials and Supplies	1,008,000	0	0	1,008,000
Total	<u>\$ 1,008,000</u>	<u>\$ 9,569,200</u>	<u>\$ 497,880</u>	<u>\$ 11,075,080</u>
Excess (Deficiency) Revenues Over (Under) Expenses	\$ 7,000	\$ 176,800	\$ 113,260	\$ 297,060
Working Capital, Beginning of Year	63,284	148,882	252,033	464,199
Working Capital, End of Year	<u>\$ 70,284</u>	<u>\$ 325,682</u>	<u>\$ 365,293</u>	<u>\$ 761,259</u>

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OPERATING FUNDS BUDGET SUMMARIES

This section provides summaries of the four operating fund 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 FY14 Estimated to FY15 Budget.

The Statement of Revenue Comparisons for the Operating Funds and individually for each fund compares revenues based on Actual FY13, Budget and Estimated FY14, and Budget FY15. Projections for FY16 are presented for preliminary review purposes.

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 four Operating Funds as per the City's cost allocation formula. Distributions are presented for FY15 and FY16.

**City of Fort Smith
 FY15
 Budget Comparison Summary-Operating Funds**

	Estimated FY14	Budget FY15	Increase (Decrease)	Projected FY16
Revenues				
Intergovernmental	\$ 9,958,237	\$ 8,814,520	\$ (1,143,717)	\$ 8,865,720
Taxes and Assessments	35,929,096	36,442,958	513,862	37,058,898
Court Fines and Forfeitures	2,270,000	2,225,000	(45,000)	2,225,000
Licenses and Permits	1,505,568	1,627,400	121,832	1,635,000
Service Charges and Fees	50,388,658	51,100,743	712,085	51,805,907
Miscellaneous	1,065,270	1,233,869	168,599	1,241,093
Transfers	2,918,633	2,991,310	72,677	3,064,600
Total	\$ 104,035,462	\$ 104,435,800	\$ 400,338	\$ 105,896,218
Expenditures/Expenses				
Policy and Administration Services	\$ 3,476,990	\$ 3,460,270	\$ (16,720)	\$ 3,516,300
Management Services	6,564,292	6,753,110	188,818	6,802,160
Development Services	3,237,335	3,180,510	(56,825)	3,212,350
Police Services	15,495,608	16,443,600	947,992	16,516,700
Fire Services	15,455,967	13,457,850	(1,998,117)	13,811,870
Operation Services	61,554,587	59,362,020	(2,192,567)	58,594,250
Non-Departmental	5,777,078	5,062,801	(714,277)	5,277,725
Total	\$ 111,561,857	\$ 107,720,161	\$ (3,841,696)	\$ 107,731,355
Excess (Deficiency)				
Revenues Over Expenditures/Expenses	\$ (7,526,395)	\$ (3,284,361)	\$ 4,242,034	\$ (1,835,137)
Fund Balance/Working Capital, Beginning of Year				
	<u>24,145,694</u>	<u>14,489,299</u>	<u>(9,656,395)</u>	<u>10,054,938</u>
Fund Balance/Working Capital, End of Year				
	\$ 16,619,299	\$ 11,204,938	\$ (5,414,361)	\$ 8,219,801
Adjustment for CIP Transfers				
	<u>(2,130,000)</u>	<u>(1,150,000)</u>	<u>980,000</u>	<u>(1,550,000)</u>
Adjusted Fund Balance/ Working Capital, End of Year				
	<u>\$ 14,489,299</u>	<u>\$ 10,054,938</u>	<u>\$ (4,434,361)</u>	<u>\$ 6,669,801</u>

**City of Fort Smith
 FY15
 Budget Comparison Summary-General Fund**

	Estimated FY14	Budget FY15	Increase (Decrease)	Projected FY16
Revenues				
Intergovernmental	\$ 4,354,652	\$ 3,202,314	\$ (1,152,338)	\$ 3,253,514
Taxes and Assessments	33,873,096	34,345,838	472,742	34,919,898
Court Fines and Forfeitures	2,270,000	2,225,000	(45,000)	2,225,000
Licenses and Permits	1,335,120	1,462,400	127,280	1,470,000
Service Charges and Fees	639,851	663,623	23,772	665,623
Miscellaneous	922,467	1,076,069	153,602	1,083,293
Transfers	2,918,633	2,991,310	72,677	3,064,600
Total	\$ 46,313,819	\$ 45,966,554	\$ (347,265)	\$ 46,681,928
Expenditures				
Policy and Administration Services	\$ 2,719,327	\$ 2,706,370	\$ (12,957)	\$ 2,737,674
Management Services	2,585,295	2,775,376	190,081	2,785,791
Development Services	2,879,953	2,832,896	(47,057)	2,863,161
Police Services	15,495,608	16,443,600	947,992	16,516,700
Fire Services	15,455,967	13,457,850	(1,998,117)	13,811,870
Operation Services	8,747,312	7,501,930	(1,245,382)	8,189,524
Non-Departmental	2,884,517	2,396,860	(487,657)	2,510,525
Total	\$ 50,767,979	\$ 48,114,882	\$ (2,653,097)	\$ 49,415,245
Excess (Deficiency) Revenues Over Expenditures	\$ (4,454,160)	\$ (2,148,328)	\$ 2,305,832	\$ (2,733,317)
Fund Balance, Beginning of Year	10,065,932	5,611,772	(4,454,160)	3,463,444
Fund Balance, End of Year	\$ 5,611,772	\$ 3,463,444	\$ (2,148,328)	\$ 730,127

**City of Fort Smith
 FY15
 Budget Comparison Summary-Street Maintenance Fund**

	Estimated FY14	Budget FY15	Increase (Decrease)	Projected FY16
Revenues				
Intergovernmental	\$ 5,603,585	\$ 5,612,206	\$ 8,621	\$ 5,612,206
Taxes and Assessments	2,056,000	2,097,120	41,120	2,139,000
Licenses and Permits	170,448	165,000	(5,448)	165,000
Miscellaneous	8,355	8,500	145	8,500
Total	\$ 7,838,388	\$ 7,882,826	\$ 44,438	\$ 7,924,706
Expenditures				
Policy and Administration Services	\$ 162,574	\$ 160,118	\$ (2,456)	\$ 165,214
Management Services	410,351	425,935	15,584	428,503
Development Services	75,164	77,807	2,643	77,877
Operation Services	6,589,748	6,673,440	83,692	6,641,806
Non-Departmental	739,982	492,185	(247,797)	577,400
Total	\$ 7,977,819	\$ 7,829,485	\$ (148,334)	\$ 7,890,800
Excess (Deficiency)				
Revenues Over Expenditures	\$ (139,431)	\$ 53,341	\$ 192,772	\$ 33,906
Fund Balance, Beginning of Year	1,572,231	1,432,800	(139,431)	1,486,141
Fund Balance, End of Year	\$ 1,432,800	\$ 1,486,141	\$ 53,341	\$ 1,520,047

City of Fort Smith
FY15
Budget Comparison Summary-Water and Sewer Operating Fund

	Estimated FY14	Budget FY15	Increase (Decrease)	Projected FY16
Revenues				
Services Charges and Fees	\$ 36,766,429	\$ 37,366,120	\$ 599,691	\$ 38,023,284
Miscellaneous	114,317	117,000	2,683	117,000
Total	<u>\$ 36,880,746</u>	<u>\$ 37,483,120</u>	<u>\$ 602,374</u>	<u>\$ 38,140,284</u>
Expenses				
Policy and Administration Services	\$ 390,318	\$ 391,356	\$ 1,038	\$ 404,472
Management Services	2,776,997	2,747,129	(29,868)	2,776,445
Development Services	282,218	269,807	(12,411)	271,312
Operation Services	35,363,124	35,384,300	21,176	34,464,920
Non-Departmental	337,100	363,610	26,510	367,400
Total	<u>\$ 39,149,757</u>	<u>\$ 39,156,202</u>	<u>\$ 6,445</u>	<u>\$ 38,284,549</u>
Excess (Deficiency)				
Revenues Over Expenditures	\$ (2,269,011)	\$ (1,673,082)	\$ 595,929	\$ (144,265)
Working Capital, Beginning of Year	<u>9,384,941</u>	<u>5,685,930</u>	<u>(3,699,011)</u>	<u>3,562,848</u>
Working Capital, End of Year	\$ 7,115,930	\$ 4,012,848	\$ (3,103,082)	\$ 3,418,583
Adjustment for CIP Transfers	<u>(1,430,000)</u>	<u>(450,000)</u>	<u>980,000</u>	<u>(850,000)</u>
Adjusted Working Capital, End of Year	<u><u>\$ 5,685,930</u></u>	<u><u>\$ 3,562,848</u></u>	<u><u>\$ 2,123,082</u></u>	<u><u>\$ 2,568,583</u></u>

City of Fort Smith
FY15
Budget Comparison Summary-Sanitation Operating Fund

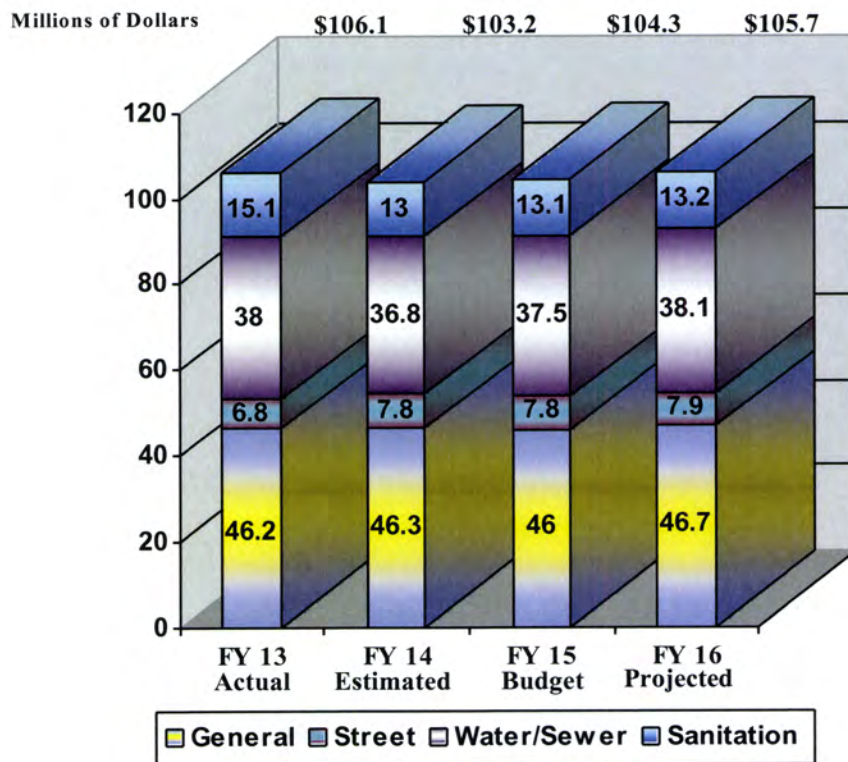
	Estimated FY14	Budget FY15	Increase (Decrease)	Projected FY16
Revenues				
Service Charges and Fees	\$ 12,982,378	\$ 13,071,000	\$ 88,622	\$ 13,117,000
Miscellaneous	20,131	32,300	12,169	32,300
Total	<u>\$ 13,002,509</u>	<u>\$ 13,103,300</u>	<u>\$ 100,791</u>	<u>\$ 13,149,300</u>
Expenses				
Policy and Administration				
Services	\$ 204,771	\$ 202,425	\$ (2,346)	\$ 208,940
Management Services	791,649	804,671	13,022	811,421
Operation Services	10,854,403	9,802,350	(1,052,053)	9,298,000
Non-Departmental	1,815,479	1,810,146	(5,333)	1,822,400
Total	<u>\$ 13,666,302</u>	<u>\$ 12,619,592</u>	<u>\$ (1,046,710)</u>	<u>\$ 12,140,761</u>
Excess (Deficiency)				
Revenues Over Expenditures	\$ (663,793)	\$ 483,708	\$ 1,147,501	\$ 1,008,539
Working Capital, Beginning of Year				
	<u>3,122,590</u>	<u>1,758,797</u>	<u>(1,363,793)</u>	<u>1,542,505</u>
Working Capital, End of Year				
	\$ 2,458,797	\$ 2,242,505	\$ (216,292)	\$ 2,551,044
Adjustment for CIP Transfers				
	<u>(700,000)</u>	<u>(700,000)</u>	<u>0</u>	<u>(700,000)</u>
Adjusted Working Capital, End of Year				
	<u>\$ 1,758,797</u>	<u>\$ 1,542,505</u>	<u>\$ (216,292)</u>	<u>\$ 1,851,044</u>

**Combined Operating Funds
Statement of Revenue Comparisons**

	Actual FY13	Budget FY14	Estimated FY14	Budget FY15	Projected FY16
Intergovernmental	\$ 8,906,616	\$ 9,093,849	\$ 9,958,237	\$ 8,814,520	\$ 8,865,720
Taxes and Assessments	35,506,885	35,820,672	35,929,096	36,442,958	37,058,898
Court Fines and Forfeitures	2,440,645	2,225,000	2,270,000	2,225,000	2,225,000
Licenses and Permits	1,612,104	1,496,000	1,505,568	1,627,400	1,635,000
Service Charges and Fees	53,534,229	50,889,900	50,388,658	51,100,743	51,805,907
Miscellaneous	1,238,168	1,196,662	1,065,270	1,233,869	1,241,093
Transfers	2,855,186	2,982,000	2,918,633	2,991,310	3,064,600
Total	\$ 106,093,833	\$ 103,704,083	\$ 104,035,462	\$ 104,435,800	\$ 105,896,218

Combined Operating Funds

Comparison of Total Revenue



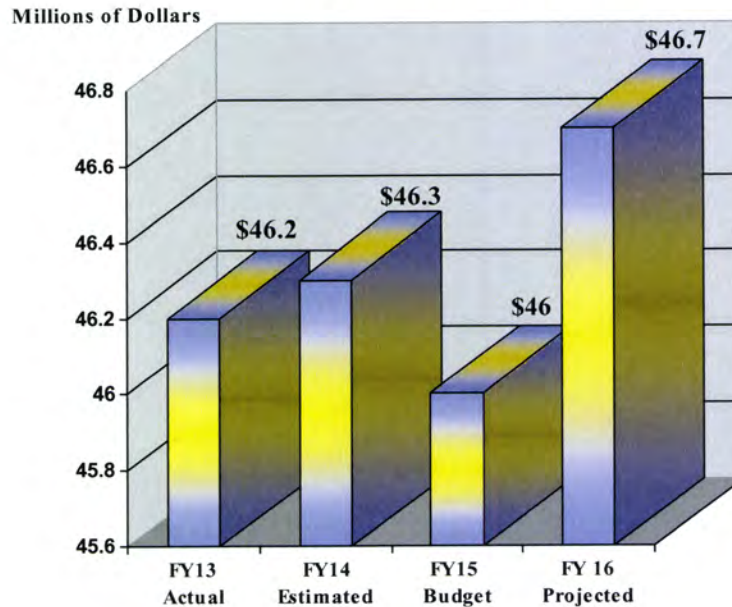
General Fund Statement of Revenue Comparisons

	Actual FY13	Budget FY14	Estimated FY14	Budget FY15	Projected FY16
Intergovernmental					
State Turnback - General	\$ 1,224,953	\$ 1,310,377	\$ 1,379,344	\$ 1,284,514	\$ 1,284,514
Transit Reimbursement	1,935,421	1,744,510	1,665,434	1,698,800	1,750,000
Airport Security Reimbursemen	105,850	120,000	120,000	120,000	120,000
State Act 833 Fire Funds	459,842	80,000	98,000	99,000	99,000
SAFER Grant	488,776	412,606	401,734	-	-
COPS Grant	105,006	81,390	81,390	-	-
FEMA Fire Grant	10,000	-	608,750	-	-
Taxes and Assessments					
Franchise	6,478,637	6,300,000	6,664,378	6,796,600	7,025,370
Ad Valorem	6,786,741	7,066,600	6,854,602	6,991,700	7,131,534
County Sales Tax	15,353,991	15,426,200	15,426,200	15,580,462	15,736,267
1/4% City Sales Tax-Fire & Par	4,867,244	4,985,872	4,915,916	4,965,076	5,014,727
Gasoline Tax Refund-Transit	11,356	15,000	12,000	12,000	12,000
Court Fines and Forfeitures	2,440,645	2,225,000	2,270,000	2,225,000	2,225,000
Licenses and Permits					
Privilege	17,551	16,000	18,503	18,000	18,000
Construction	763,091	680,000	665,065	690,000	695,000
Alcohol	575,684	550,000	564,533	668,050	670,000
Other	86,073	90,000	87,019	86,350	87,000
Service Charges and Fees					
Community Center	36,217	38,000	32,352	32,500	32,500
Fire Protection Contracts	60,462	72,400	60,843	60,843	60,843
Port Authority	10,600	12,000	25,320	25,000	25,000
Parks & Aquatics	204,279	180,000	184,924	185,000	185,000
Oak Cemetery	82,112	65,000	57,621	83,000	85,000
Animal Control	610	500	675	500	500
False Alarm Fees	28,078	25,000	20,311	20,000	20,000
Mobile Data Support Fees	44,480	44,000	49,280	49,280	49,280
Transit System	213,320	205,000	208,525	207,500	207,500
Miscellaneous					
Reimbursement from Airport	3,163	3,163	3,163	3,163	3,163
Interest Earned	13,959	12,000	23,501	25,000	25,000
Sebastian County Participation	502,302	573,999	501,192	584,706	588,130
Reimbursement from Enhanced 9-1-1 Fund	255,000	255,000	255,000	255,000	255,000
Reimbursement from FSPS for SRO Positions	44,662	45,000	44,491	116,000	117,000
Other	166,555	160,000	95,120	92,200	95,000
Transfers					
Sales Tax Fund	2,568,000	2,632,200	2,632,200	2,698,000	2,765,400
A&P Fund	21,986	22,800	19,433	21,480	22,000
Street Maintenance Fund	88,400	89,000	89,000	90,610	92,400
Water and Sewer Operating Fund	88,400	89,000	89,000	90,610	92,400
Sanitation Operating Fund	88,400	89,000	89,000	90,610	92,400
Total	\$ 46,231,846	\$ 45,716,617	\$ 46,313,819	\$ 45,966,554	\$ 46,681,928

See pages 193-195 for an explanation of each revenue source.

General Fund

Comparison of Total Revenue



Revenue Comment

Total revenue of the General Fund FY15 Budget is estimated to decrease by approximately \$347,000 or 0.75% from FY14 Estimated. This is primarily due to the expected decrease in grant funds in FY15.

The general turnback from the state was \$14.21 per capita for FY13. The estimate for FY14 is \$16.00, and is anticipated to be \$14.90 per capita for FY15 and FY16.

The transit reimbursement for FY15 is \$33,000 more than FY14 Estimated due to more capital projects.

The franchise tax rate is 4% assessed upon gross sales of franchised utilities within the corporate city limits. Franchise fee revenue is expected to increase by 2% in FY15 over FY14 fees. The increase is expected from higher electric and natural gas usage for FY15.

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 FY15 reflect a 2% increase over FY14 Estimated.

The city's share of the county sales tax is allocated to the General Fund. The estimated revenue for FY15 is 1% above the estimated FY14 revenue. The FY16 projection also reflects a 1% increase in sales tax revenue.

The city's 1/4% sales tax allocated for fire and parks programs is anticipated to increase by 1% for FY15 and by 1.25% in FY16.

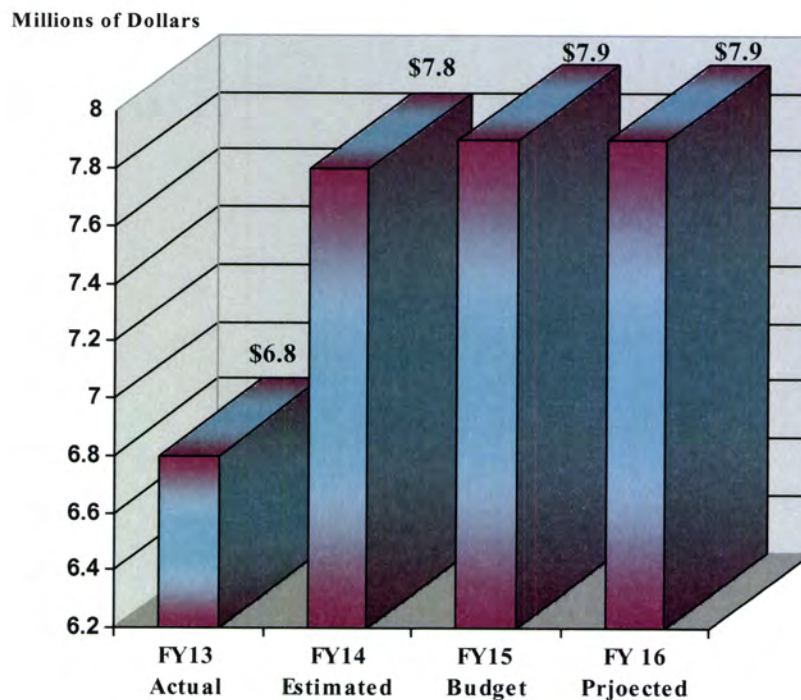
Street Maintenance Fund Statement of Revenue Comparisons

	Actual FY13	Budget FY14	Estimated FY14	Budget FY15	Projected FY16
Intergovernmental					
State Turnback -					
Gasoline Tax	\$ 3,879,963	\$ 3,809,404	\$ 4,006,994	\$ 4,013,029	\$ 4,013,029
Highway Sales Tax	706,805	1,535,562	1,596,591	1,599,177	1,599,177
Taxes and Assessments					
Ad Valorem	2,008,916	2,027,000	2,056,000	2,097,120	2,139,000
Licenses and Permits					
Sidewalk Permit Assessmer	169,705	160,000	170,448	165,000	165,000
Miscellaneous					
Interest Earned	3,143	5,000	3,355	3,500	3,500
Other	13,812	5,000	5,000	5,000	5,000
Transfers					
Water & Sewer Operating Fund	0	60,000	0	0	0
Total	\$ 6,782,344	\$ 7,601,966	\$ 7,838,388	\$ 7,882,826	\$ 7,924,706

See page 196 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 53% 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. The Arkansas Municipal League (AML) provides annual estimates for the per capita allocation to cities. The per capita turnback for the four years presented in the graph is \$45.01 for FY13, and \$46.48 for FY14 Estimated. The per capital for FY15 and FY16 is \$46.55.

Beginning July 1, 2013, the city began receiving a share of the 1/2% state sales tax dedicated to highway improvements. The FY15 revenue is estimated at \$1.6 million. This shared revenue is allocated on the basis of population that is currently 86,209 per the 2010 census. The per capita turnback for the highway sales tax is \$18.52 for FY14 Estimated and \$18.55 for FY15 and FY16. The AML provides estimates each year. This tax is in place until June 30, 2023.

Ad valorem tax revenue for the Street Maintenance Fund is anticipated to increase approximately 2% in FY15. Sebastian County levies a 3.0 mill county road tax and remits one-half of the tax to the city per state statutes. The increase is a result of increased property values.

The permit assessment fees applied to building permits are accounted for in the Street Maintenance Fund. This revenue is expected to generate \$165,000 in FY15 and FY16.

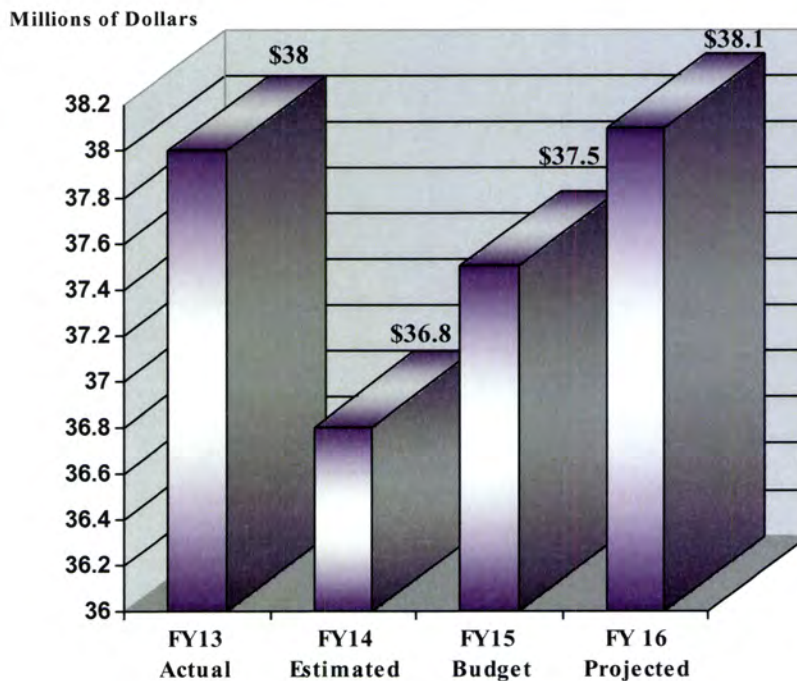
Water and Sewer Operating Fund Statement of Revenue Comparisons

	Actual FY13	Budget FY14	Estimated FY14	Budget FY15	Projected FY16
Service Charges and Fees					
Water Sales	\$ 18,654,736	\$ 18,125,000	\$ 17,826,088	\$ 18,146,958	\$ 18,473,603
Monthly Customer Charges	459,081	440,000	477,564	460,000	460,000
Contract Water Sales	6,620,622	6,725,000	6,593,210	6,711,888	6,832,702
Fire Protection	34,847	34,000	34,910	35,000	35,000
Installations - Water Service	239,707	180,000	231,119	200,000	200,000
Sewer Service Charges	11,622,766	11,874,000	11,444,277	11,650,274	11,859,979
Sewer Connection Charges	68,715	60,000	56,505	60,000	60,000
Industrial Waste Monitoring Fe	85,176	85,000	102,756	102,000	102,000
Miscellaneous					
Interest Earned	13,030	12,000	13,671	15,000	15,000
Other	157,735	70,000	100,646	102,000	102,000
Total	\$ 37,956,415	\$ 37,605,000	\$ 36,880,746	\$ 37,483,120	\$ 38,140,284

See pages 197 for an explanation of each revenue source.

Water and Sewer Operating Fund

Comparison of Total Revenue



Revenue Comment

Service charges and fees account for more than 99% of total revenue for this fund. Total revenue of the fund in FY15 is anticipated to be \$600,000, or 1.6% more than FY14. The increase is due to normal growth in the system. Consumption is expected to be level between FY14 and FY15.

Water sales from residential, commercial, and industrial users is expected to increase by 2% between FY14 and FY15. Water sales to Van Buren and the other contract users is also anticipated to increase by 2% between years. Sewer service charges for FY15 are expected to increase by 2%.

There are no water and sewer rate adjustments included in the FY15 budget.

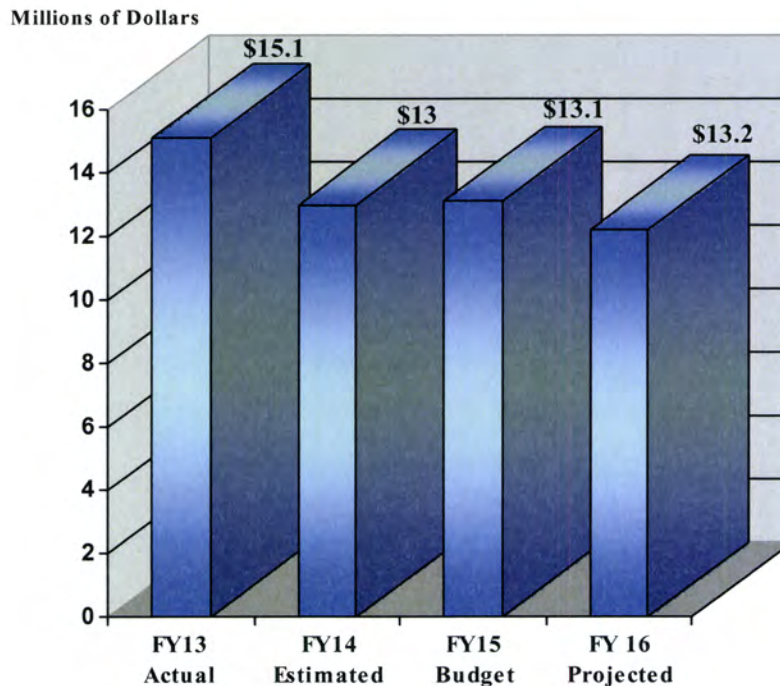
Sanitation Operating Fund Statement of Revenue Comparisons

	Actual FY13	Budget FY14	Estimated FY14	Budget FY15	Projected FY16
Service Charges and Fees					
Residential Collections	\$ 4,649,451	\$ 4,460,000	\$ 4,616,316	\$ 4,646,000	\$ 4,692,000
Commercial Collections	2,182,700	2,220,000	2,104,583	2,150,000	2,150,000
Sanitary Landfill Operations	5,988,541	3,850,000	3,669,444	3,680,000	3,680,000
Roll-Off Collections	1,923,313	1,900,000	2,274,115	2,275,000	2,275,000
Sale of Methane Gas	244,935	215,000	244,992	245,000	245,000
Recycling Operations	79,481	80,000	72,928	75,000	75,000
Miscellaneous					
Interest Earned	6,201	5,500	7,767	10,000	10,000
Other	58,606	50,000	12,364	22,300	22,300
Total	\$ 15,133,228	\$ 12,780,500	\$ 13,002,509	\$ 13,103,300	\$ 13,149,300

See page 198 for an explanation of each revenue source.

Sanitation Operating Fund

Comparison of Total Revenue



Revenue Comment

The revenue of the Sanitation Operating Fund is generated from refuse collection and solid waste disposal. The city owns the landfill that accepts waste from the region.

Revenues generated by residential, commercial, industrial and roll-off services are anticipated to remain stable between years.

Landfill operations are expected to remain stable between FY14 and FY15.

**Distribution of Appropriations to the Operating Funds
FY15 Budget**

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Policy and Administration Services Division					
4100 Mayor	\$ 156,500	\$ 67,295	\$ 12,520	\$ 57,905	\$ 18,780
4101 Board of Directors	132,420	56,941	10,594	48,995	15,890
4102 City Administrator	601,380	258,593	48,110	222,511	72,166
4111 Economic Development	213,180	213,180	0	0	0
4201 District Court	1,560,370	1,560,370	0	0	0
4202 Prosecutor	182,120	182,120	0	0	0
4203 Public Defender	91,500	91,500	0	0	0
4204 City Attorney	302,000	151,000	75,500	0	75,500
4206 District Court-Seb. Co.	53,380	53,380	0	0	0
4405 Internal Audit	167,420	71,991	13,394	61,945	20,090
Total Policy and Administration Services Division	\$ 3,460,270	\$ 2,706,370	\$ 160,118	\$ 391,356	\$ 202,426
Management Services Division					
4104 Human Resources	\$ 557,610	\$ 351,294	\$ 39,033	\$ 117,098	\$ 50,185
4105 City Clerk	343,630	147,761	27,490	127,143	41,236
4301 Finance	1,304,330	560,862	104,346	482,602	156,520
4303 Collections	395,820	170,203	31,666	146,453	47,498
4304 Utility Billing/Cust Service	1,727,790	86,389	86,389	1,295,843	259,169
4306 Purchasing	598,930	257,540	47,914	221,604	71,872
4401 Info. & Tech. Services	1,781,920	1,158,247	89,097	356,384	178,192
6912 Parking Deck-Personnel	43,080	43,080	0	0	0
Total Management Services Division	\$ 6,753,110	\$ 2,775,376	\$ 425,935	\$ 2,747,127	\$ 804,672
Development Services Division					
4103 Engineering	\$ 1,556,130	\$ 1,322,710	\$ 77,807	\$ 155,613	\$ 0
4106 Planning and Zoning	761,290	647,096	0	114,194	0
4108 Building Safety	863,090	863,090	0	0	0
Total Development Services Division	\$ 3,180,510	\$ 2,832,896	\$ 77,807	\$ 269,807	\$ 0
Police Services Division					
4701 Administration	\$ 894,070	\$ 894,070	\$ 0	\$ 0	\$ 0
4702 Support Services	4,389,150	4,389,150	0	0	0
4703 Criminal Investigations	3,005,750	3,005,750	0	0	0
4704 Patrol Operations	7,536,920	7,536,920	0	0	0
4705 Radio Communications	407,910	407,910	0	0	0
4706 Airport Security	209,800	209,800	0	0	0
Total Police Services Division	\$ 16,443,600	\$ 16,443,600	\$ 0	\$ 0	\$ 0

**Distribution of Appropriations to the Operating Funds
FY15 Budget (Continued)**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Fire Services Division					
4801 Administration	\$ 765,960	\$ 765,960	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	9,962,920	9,962,920	0	0	0
4803 1/8% SUT Operations	2,482,560	2,482,560			
4804 Training	246,410	246,410	0	0	0
Total Fire Services Division	\$ 13,457,850	\$ 13,457,850	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 515,550	\$ 0	\$ 515,550	\$ 0	\$ 0
5302 Street Construction	690,360	0	690,360	0	0
5303 Street Drainage	1,202,710	0	1,202,710	0	0
5304 Street Maintenance	999,420	0	999,420	0	0
5305 Sidewalk Construction	931,500	0	931,500	0	0
5401 Traffic Control Operations	1,093,440	0	1,093,440	0	0
5403 Street Lighting	1,000,000	0	1,000,000	0	0
Total Streets and Traffic Control	\$ 6,432,980	\$ 0	\$ 6,432,980	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 1,721,590	\$ 0	\$ 0	\$ 1,721,590	\$ 0
5601 Water and Wastewater Treatment Administration	240,000	0	0	240,000	0
5603 Sewer Treatment	3,507,190	0	0	3,507,190	0
5604 Water Treatment	4,523,340	0	0	4,523,340	0
5605 Laboratory Services	937,420	0	0	937,420	0
5606 Wastewater Equipment Maintenance	1,712,520	0	0	1,615,380	0
5609 Industrial Waste Monitoring	395,850	0	0	447,620	0
5610 Water Line Maintenance	2,468,880	0	0	2,527,980	0
5611 Sewer Line Maintenance	2,364,300	0	0	1,885,810	0
5613 Metering/Transmission Line Maintenance	1,806,750	0	0	1,806,750	0
5615 Water and Wastewater Line Maintenance Administration	1,183,780	0	0	1,183,780	0
5616 Water Stationary Equipment Maintenance	1,386,590	0	0	1,386,590	0
6700 Debt Service	13,600,850	0	0	13,600,850	0
Total Water and Sewer	\$ 35,384,300	\$ 0	\$ 0	\$ 35,384,300	\$ 0

**Distribution of Appropriations to the Operating Funds
FY15 Budget (Continued)**

	<u>TOTAL FUNDS</u>	<u>GENERAL FUND</u>	<u>STREET MAINTENANCE FUND</u>	<u>WATER AND SEWER OPERATING FUND</u>	<u>SANITATION OPERATING FUND</u>
Operation Services Division -					
Parks and Community Services					
6101 Health	\$ 126,430	\$ 126,430	\$ 0	\$ 0	\$ 0
6201 Parks Maintenance	1,628,060	1,387,600	240,460	0	0
6202 Oak Cemetery	211,170	211,170	0	0	0
6204 Community Centers	190,090	190,090	0	0	0
6205 Aquatics	172,520	172,520	0	0	0
6206 Riverfront	335,070	335,070	0	0	0
6207 The Park at West End	34,100	34,100	0	0	0
6208 1/8% SUT Operations	2,482,540	2,482,540	0	0	0
Total Parks and Community Services	\$ 5,179,980	\$ 4,939,520	\$ 240,460	\$ 0	\$ 0
Operation Services Division -					
Sanitation					
6301 Administration	\$ 585,730	\$ 0	\$ 0	\$ 0	\$ 585,730
6302 Residential Collection	2,420,200	0	0	0	2,420,200
6303 Commercial Collection	1,450,320	0	0	0	1,450,320
6304 Fleet & Grounds Maint.	903,280	0	0	0	903,280
6305 Sanitary Landfill	3,353,260	0	0	0	3,353,260
6307 Roll-Off Collection	1,089,560	0	0	0	1,089,560
Total Sanitation	\$ 9,802,350	\$ 0	\$ 0	\$ 0	\$ 9,802,350
Operation Services Division -					
Transit					
6550 Public Transit	\$ 2,562,410	\$ 2,562,410	\$ 0	\$ 0	\$ 0
Total Operation Services Division	\$ 59,362,020	\$ 7,501,930	\$ 6,673,440	\$ 35,384,300	\$ 9,802,350
Non-Departmental					
6600 Non-Departmental	\$ 5,062,801	\$ 2,396,860	\$ 492,185	\$ 363,610	\$ 1,810,146
Total Appropriations	\$ 107,720,161	\$ 48,114,882	\$ 7,829,485	\$ 39,156,200	\$ 12,619,594

Distribution of Appropriations to the Operating Funds FY16 Projected Budget

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Policy and Administration Services Division					
4100 Mayor	\$ 169,260	\$ 72,782	\$ 13,541	\$ 62,626	\$ 20,311
4101 Board of Directors	148,360	63,795	11,869	54,893	17,803
4102 City Administrator	609,590	262,124	48,767	225,548	73,151
4111 Economic Development	215,250	215,250	0	0	0
4201 District Court	1,571,150	1,571,150	0	0	0
4202 Prosecutor	179,740	179,740	0	0	0
4203 Public Defender	93,330	93,330	0	0	0
4204 City Attorney	311,040	155,520	77,760	0	77,760
4206 District Court-Seb. Co.	52,620	52,620	0	0	0
4405 Internal Audit	165,960	71,363	13,277	61,405	19,915
Total Policy and Administration Services Division	\$ 3,516,300	\$ 2,737,674	\$ 165,214	\$ 404,472	\$ 208,940
Management Services Division					
4104 Human Resources	\$ 556,650	\$ 350,689	\$ 38,966	\$ 116,896	\$ 50,099
4105 City Clerk	343,890	147,873	27,511	127,239	41,267
4301 Finance	1,301,640	559,705	104,131	481,607	156,197
4303 Collections	392,340	168,706	31,387	145,167	47,080
4304 Utility Billing/Cust Service	1,761,980	88,099	88,099	1,321,485	264,297
4306 Purchasing	608,370	261,599	48,670	225,097	73,004
4401 Info. & Tech. Services	1,794,770	1,166,600	89,739	358,954	179,477
6912 Parking Deck-Personnel	42,520	42,520	0	0	0
Total Management Services Division	\$ 6,802,160	\$ 2,785,791	\$ 428,503	\$ 2,776,445	\$ 811,421
Development Services Division					
4103 Engineering	\$ 1,557,510	\$ 1,323,884	\$ 77,877	\$ 155,749	\$ 0
4106 Planning and Zoning	770,420	654,857	0	115,563	0
4108 Building Safety	884,420	884,420	0	0	0
Total Development Services Division	\$ 3,212,350	\$ 2,863,161	\$ 77,877	\$ 271,312	\$ 0
Police Services Division					
4701 Administration	\$ 901,060	\$ 901,060	\$ 0	\$ 0	\$ 0
4702 Support Services	4,425,600	4,425,600	0	0	0
4703 Criminal Investigations	2,976,290	2,976,290	0	0	0
4704 Patrol Operations	7,696,470	7,696,470	0	0	0
4705 Radio Communications	310,120	310,120	0	0	0
4706 Airport Security	207,160	207,160	0	0	0
Total Police Services Division	\$ 16,516,700	\$ 16,516,700	\$ 0	\$ 0	\$ 0

**Distribution of Appropriations to the Operating Funds
FY16 Projected Budget (Continued)**

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Fire Services Division					
4801 Administration	\$ 800,740	\$ 800,740	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	9,932,730	9,932,730			
4803 1/8% SUT Operations		2,792,960			
4804 Training	285,440	285,440	0	0	0
Total Fire Services Division	\$ 13,811,870	\$ 13,811,870	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 512,940	\$ 0	\$ 512,940	\$ 0	\$ 0
5302 Street Construction	687,280	0	687,280	0	0
5303 Street Drainage	1,195,930	0	1,195,930	0	0
5304 Street Maintenance	995,610	0	995,610	0	0
5305 Sidewalk Construction	929,760	0	929,760	0	0
5401 Traffic Control Operations	1,059,260	0	1,059,260	0	0
5403 Street Lighting	1,015,000	0	1,015,000	0	0
Total Streets and Traffic Control	\$ 6,395,780	\$ 0	\$ 6,395,780	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 1,766,740	\$ 0	\$ 0	\$ 1,766,740	\$ 0
5601 Water and Wastewater Treatment Administration	237,700	0	0	237,700	0
5603 Sewer Treatment	3,411,660	0	0	3,411,660	0
5604 Water Treatment	4,331,930	0	0	4,331,930	0
5605 Laboratory Services	818,960	0	0	818,960	0
5606 Wastewater Equipment Maintenance	1,434,980	0	0	1,434,980	0
5609 Industrial Waste Monitoring	387,830	0	0	387,830	0
5610 Water Line Maintenance	2,335,420	0	0	2,335,420	0
5611 Sewer Line Maintenance	1,827,260	0	0	1,827,260	0
5613 Metering/Transmission Line Maintenance	1,828,670	0	0	1,828,670	0
5615 Water and Wastewater Line Maintenance Administration	1,144,150	0	0	1,144,150	0
5616 Water Stationary Equipment Maintenance	1,335,130	0	0	1,335,130	0
5618 Debt Service	13,604,490	0	0	13,604,490	0
Total Water and Sewer	\$ 34,464,920	\$ 0	\$ 0	\$ 34,464,920	\$ 0

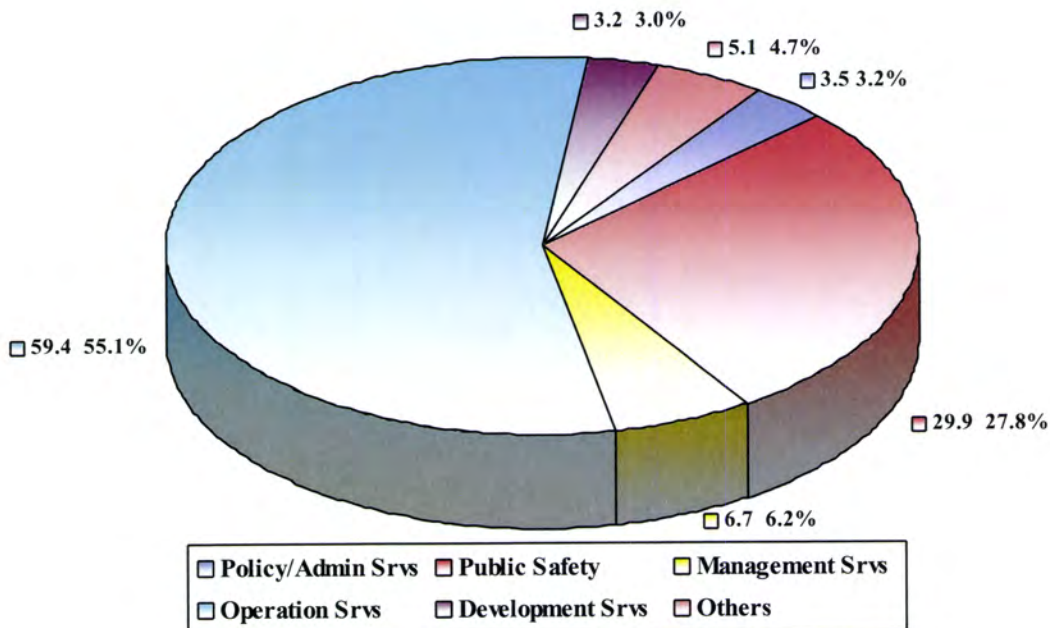
**Distribution of Appropriations to the Operating Funds
FY16 Projected Budget (Continued)**

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Operation Services Division - Parks and Community Services					
6101 Health	\$ 128,330	\$ 128,330	\$ 0	\$ 0	\$ 0
6201 Parks Maintenance	1,790,170	1,544,144	246,026	0	0
6202 Oak Cemetery	283,890	283,890	0	0	0
6204 Community Centers	192,940	192,940	0	0	0
6205 Aquatics	195,370	195,370	0	0	0
6206 Riverfront	400,510	400,510	0	0	0
6207 The Park at West End	34,610	34,610	0	0	0
6208 1/8% SUT Operations	2,701,740	2,701,740	0	0	0
Total Parks and Community Services	<u>\$ 5,727,560</u>	<u>\$ 5,481,534</u>	<u>\$ 246,026</u>	<u>\$ 0</u>	<u>\$ 0</u>
Operation Services Division - Sanitation					
6301 Administration	\$ 571,310	\$ 0	\$ 0	\$ 0	\$ 571,310
6302 Residential Collection	2,563,580	0	0	0	2,563,580
6303 Commercial Collection	972,940	0	0	0	972,940
6304 Fleet & Grounds Maintenance	863,940	0	0	0	863,940
6305 Sanitary Landfill	3,377,210	0	0	0	3,377,210
6307 Roll-Off Collection	949,020	0	0	0	949,020
Total Sanitation	<u>\$ 9,298,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,298,000</u>
Operation Services Division - Transit					
6550 Public Transit	\$ 2,707,990	\$ 2,707,990	\$ 0	\$ 0	\$ 0
Total Operation Services Division	<u>\$ 58,594,250</u>	<u>\$ 8,189,524</u>	<u>\$ 6,641,806</u>	<u>\$ 34,464,920</u>	<u>\$ 9,298,000</u>
Non-Departmental					
6600 Non-Departmental	\$ 5,277,725	\$ 2,510,525	\$ 577,400	\$ 367,400	\$ 1,822,400
Total Appropriations	<u>\$ 107,731,355</u>	<u>\$ 49,415,245</u>	<u>\$ 7,890,800</u>	<u>\$ 38,284,549</u>	<u>\$ 12,140,761</u>

Combined Division Summary Operating Funds

	Actual FY13	Amended Budget FY14	Estimated FY14	Budget FY15	Projected FY16
By Division Classification					
Policy and Administration					
Services	\$ 3,316,852	\$ 3,778,466	\$ 3,476,990	\$ 3,460,270	\$ 3,516,300
Management Services	6,088,234	6,877,162	6,564,292	6,753,110	6,802,160
Development Services	2,998,549	3,341,701	3,237,335	3,180,510	3,212,350
Police Services	15,412,445	16,281,578	15,495,608	16,443,600	16,516,700
Fire Services	12,221,279	16,006,075	15,455,967	13,457,850	13,811,870
Operation Services	55,207,568	65,303,962	61,554,587	59,362,020	58,594,250
Non-Departmental	10,730,497	5,862,969	5,777,078	5,062,801	5,277,725
Budget Appropriations	\$ 105,975,424	\$ 117,451,913	\$ 111,561,857	\$ 107,720,161	\$ 107,731,355

2015 Operating Budget Appropriations by Division Classification \$107,720,161

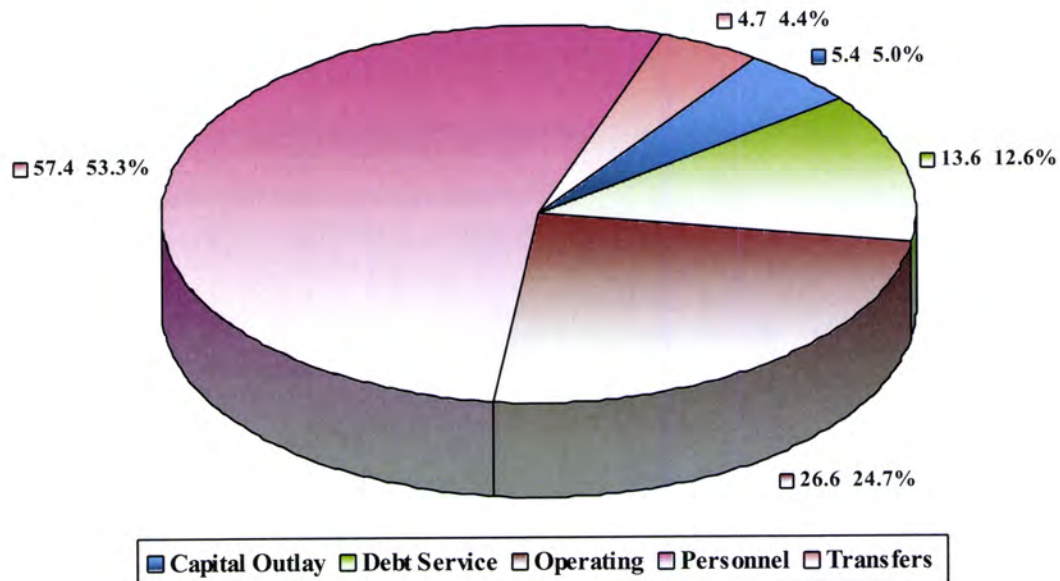


In Millions

Combined Division Summary Operating Funds

	Actual FY13	Amended Budget FY14	Estimated FY14	Budget FY15	Projected FY16
By Expenditure/Expense Classification					
Personnel	\$ 52,157,001	\$ 56,733,380	\$ 54,883,392	\$ 57,399,890	\$ 57,174,620
Operating	24,222,061	28,283,139	25,744,996	26,604,415	27,163,245
Operating Budget	\$ 76,379,062	\$ 85,016,519	\$ 80,628,388	\$ 84,004,305	\$ 84,337,865
Capital Outlay	6,049,603	14,086,893	12,441,867	5,423,530	4,892,300
Debt Service	13,600,260	13,598,400	13,598,400	13,600,850	13,604,490
Transfers	9,946,499	4,750,101	4,893,202	4,691,476	4,896,700
Budget Appropriations	\$ 105,975,424	\$ 117,451,913	\$ 111,561,857	\$ 107,720,161	\$ 107,731,355

2015 Operating Budget Appropriations by Expenditure/Expense Class \$107,720,161



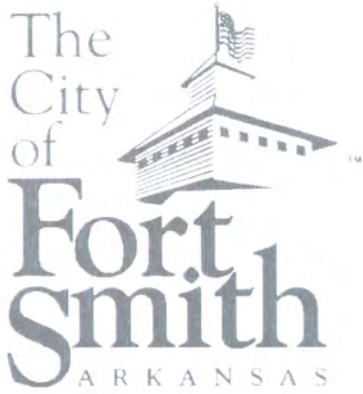
In Millions

DIVISION SUMMARIES

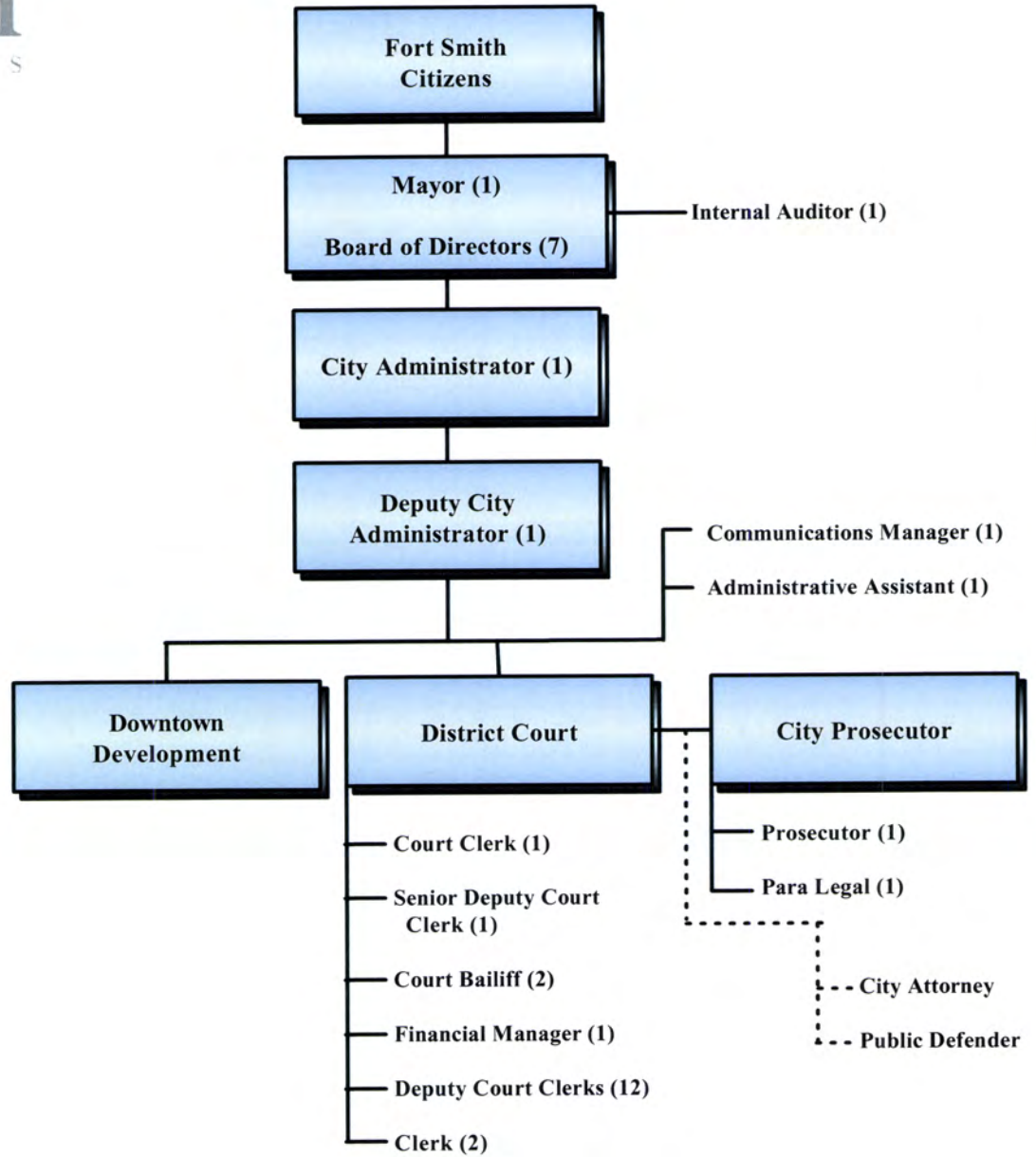
This section provides position and budget summaries for all divisions of the City. The position summaries are based on January 1 authorizations with the exception of Estimated FY14 which is based on September 30, 2014 authorizations. The dollar summaries reflect Actual FY13, Budget FY14, Estimated FY14, Budget FY15 and projected for Budget FY16.

Also, provided is a narrative of each division which reflects the purpose, overview, 2015 service objectives, 2014 service objectives and outcomes, service measures/key performance indicators, and workload/demand statistics.

A line-item budget detail for each program within each division is provided in the FY15 Budget Supplement, a separate document.



Policy and Administration Services



----- Independent Contractors

Purpose: To provide and exercise the City's policy-making leadership and to provide administrative, legal, and internal audit expertise to effectively manage the City government.

POLICY/ADMINISTRATION OVERVIEW:

Policy and Administration is comprised of four programs: 4100 Mayor, 4101 Board of Directors, 4102 City Administrator, and 4111 Downtown 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. Downtown Development is involved with promoting downtown development and the CBID.

The FY15 Budget is \$309,546 or 21.9% less than the FY14 Budget level due to the reduction of 2FTE during FY14 and a decrease in capital outlay. Major priorities planned for 2015 are those that follow the Budget Message and highlighted as: implement the comprehensive plan update; provide additional recreational opportunities; continue economic growth strategies; develop and improve citizen engagement and outreach initiatives; support riverfront development; enhance neighborhood vitality; support economic development; compliance with the federal consent decree; educate stakeholders regarding funding for police and fire pensions, continue converting some fleet to alternatively fueled vehicles; and conduct a strategic planning retreat.

Total personnel for these programs is 12FTE for FY15 which is the same as estimated FY14. The Mayor's secretary and the Downtown Coordinator position were eliminated during FY14.

POLICY & ADMINISTRATION	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 660,024	\$ 683,820	\$ 644,648	\$ 564,600	\$ 557,970
Operating Expenditures	477,892	629,206	465,554	463,880	509,490
Operating Budget	\$ 1,137,916	\$ 1,313,026	\$ 1,110,202	\$ 1,028,480	\$ 1,067,460
Capital Outlay	0	100,000	100,000	75,000	75,000
Budget Appropriation	\$ 1,137,916	\$ 1,413,026	\$ 1,210,202	\$ 1,103,480	\$ 1,142,460
Authorized Positions	14.00	14.00	12.00	12.00	12.00

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

POLICY/ADMINISTRATION 2015 SERVICE OBJECTIVES

Mayor:

1. Continue economic development efforts. Work with Fort Smith Regional Chamber of Commerce and the Arkansas Economic Development Commission to work with existing businesses and industries to retain existing jobs, and support efforts to attract new jobs.
2. Continue to encourage expansion of regional development by working with area city and county governments, and organizations such as Western Arkansas Planning & Development District (WAPDD), Frontier Metropolitan Planning Organization and Sebastian County Regional Solid Waste Management District.
3. Fully support tourism efforts through leadership of the Advertising and Promotion Commission.
4. Maintain close working relationships with local, state and federal elected officials and staff members.
5. Promote Fort Smith to residents, businesses and visitors, and professionally represent the City at appropriate events and activities.
6. Maintain effective working relationships with agencies impacting Fort Smith, including the U.S. Army Corps of Engineers, Federal Highway Administration, Federal Aviation Administration, the Arkansas Highway and Transportation Department and the Arkansas Waterways Commission.
7. Continue emphasis on City-wide cleanup and beautification.
8. Provide support for the initial Fort Smith Marathon and for the committee of citizens planning for the celebration of the 200th anniversary of the founding of Fort Smith.

Board of Directors:

1. Prepare for Fort Smith's future by implementing the comprehensive plan update and vision statement.
2. Provide additional recreation opportunities by planning and constructing an aquatics center at Ben Geren; a softball tournament complex at Chaffee Crossing; designing and beginning construction of a riverfront soccer complex; and constructing two new neighborhood parks.
3. Continue economic growth strategies to increase the job market with higher paying jobs as well as support the construction of Interstate 49, the regional intermodal freight facilities, and deepening of the Arkansas River channel to 12'.

4. Continue to develop and improve citizen engagement and outreach initiatives.
5. Support riverfront development by completing construction of the 1.6 mile River West Trail.
6. Enhance neighborhood vitality with more proactive code enforcement, creating gateway entrances to neighborhoods, improving public sidewalks, and planting parkway trees.
7. Support economic development with incentives and public infrastructure projects.
8. Begin compliance with the consent decree for wet weather sanitary sewer system improvements to alleviate the occurrences of backups and overflows.
9. Educate the community, legislators, and other stakeholders on the impending funding needs for police and fire pension obligations.
10. Continue converting portions of the city's fleet to alternatively fueled vehicles.
11. Conduct a strategic planning retreat.

Administration:

1. Continue to improve transparent communication with the public.
2. Develop a system to effectively plan, monitor and report on implementation of projects and initiatives derived from the update to the city's Comprehensive Plan.
3. Continue delivery and reporting of "Progress as Promised" projects.
4. Continue to identify and implement "green" initiatives.
5. Continue to refine performance measurement budgeting.
6. Communications: Utilize both non-traditional and traditional media outlets to engage citizens. Utilize targeted ads to increase social media numbers; promote departmental pages and the Citizen Action Center page. Strategic utilization of digital billboards to promote other city initiatives and SM efforts.
7. Implement social media training with other departments geared toward department heads. Three or four mini workshops and establish an internal group to facilitate self-assessment of various city initiatives and brainstorming.
8. Communications: Continue to direct the Citizens Academy program, provide staff support to the Citizens Academy Alumni Association, and act as a resource for all City departments in reaching out directly to citizens through traditional and social media.

BOARD OF DIRECTORS

2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Enhance communication with citizens through social media and other forms.*
Outcome: The city continues to embrace social media in all forms of community outreach. Several departments engage the public effectively with various social media applications, and the city launched the "myFortSmith" branded app for mobile devices that allows for service requests, and will be able to grow to allow residents to interact with the city on all types of city business. Since the launch in May, citizens have generated 158 total requests. Top service requests have been overgrown grass/weeds, potholes, trash/debris, downed trees/limbs and illegal parking. Through July 31, the City of Fort Smith-City Hall Facebook account has seen a 60% increase in total page likes, from 2,191 to 3,624. The City of Fort Smith-City Hall Twitter account has 2,655 followers, up from 1,592 a year ago, an increase of 60%. Using tracking methods provided by these social media outlets for the time period measured, these accounts combined for 24,100 interactions among 16,000 users for 7.3 million impressions.
2. **Service Objective:** *Improve citizen service by providing customer service training for all employees.*
Outcome: A third party was contracted to provide on going customer service training for all city employees. The training centered on controlling emotional responses, acknowledging citizen concerns, refocusing negative attention, and on facilitating solutions to problems or concerns.
3. **Service Objective:** *Enhance services for the homeless by supporting construction and operation of a homeless campus in Fort Smith.*
Outcome: A Homeless Services Coordinator position has been filled by the Fort Smith Housing Authority with funding from both the housing authority and the city. The Housing Authority continues to pursue grants that are necessary to supplement the city's designation of CDBG funding for this project.
4. **Service Objective:** *Provide additional recreation opportunities by planning and constructing two softball fields and an aquatics park center at Ben Geren Park; a softball tournament complex at Chaffee Crossing; and a riverfront soccer complex.*
Outcome: Construction of the two softball fields at Ben Geren Park is nearing completion and should be in use fall of 2014. The aquatics park construction is well underway and reportedly on schedule for a May 2015 opening. The Army Reserve is working to perform site work on the softball tournament complex at Chaffee Crossing and will be working throughout August. The riverfront soccer complex is included in the 2015 projects listed on the Parks Department's 5 year CIP.

5. **Service Objective:** *Improve the accountability and performance measurement of our budget by including key performance indicators for all departments.*
Outcome: All city departments now use key performance indicators and associated data in formulating their budget requests. This practice provides ongoing data accumulation that helps validate appropriate operating budgets for all departments.
6. **Service Objective:** *Continue advocacy of the Interstate 49 project by lobbying AHTD, federal and state legislators, and the Federal Highway Administration to develop time frames for its completion.*
Outcome: The section of I-49 between Highways 22 and 71 will be complete and open for traffic by the end of 2014. Contact with AHTD officials to discuss engineering work for the next phase of I-49 between Highways 22 and I-40 continues with support from the region's highway commissioner, the Fort Smith Regional Council, and the Frontier Metropolitan Planning Organization. The section of I-49 is vital to the continued economic growth of Fort Smith and the surrounding region and must remain an objective of the Board of Directors.
7. **Service Objective:** *Plan for Fort Smith's future by updating or preparing a new comprehensive plan-Vision 2025.*
Outcome: The city's planning staff, along with the planning consultant, conducted many public input meetings, forums, and meetings of the Comprehensive Plan Steering Committee in order to gather input for the update to the city's comprehensive plan. The process should be near completion by the end of 2014, we will deliver a new set of visions and goals for the city to use as a guide in future budget discussions.
8. **Service Objective:** *Initiate and develop economic growth strategies to improve the job market with higher paying jobs as well as support the construction of the regional intermodal freight facilities and Interstate 49.*
Outcome: The city works diligently with the Fort Smith Regional Chamber of Commerce, the Arkansas Economic Development Commission, and existing or potential businesses to ensure that every opportunity is made available for businesses to expand operations or locate to Fort Smith. Over 2,500 new jobs have been announced in the Fort Smith region in the past 18 months by virtue of the expansion of existing businesses or new businesses locating to Fort Smith. The city continues to support the Regional Intermodal Transportation Authority's initiatives on the Arkansas River.
9. **Service Objective:** *Enhance Fort Smith's appearance and curb appeal through beautification and other efforts to stimulate quality of place and community pride.*
Outcome: The city supported beautification efforts of local volunteers, specifically at the I-540 interchanges at Rogers Avenue and Old Greenwood Road. The city again supported successful city-wide cleanup events and continued efforts to ensure sign regulations are in keeping with beautification objectives.

CITY ADMINISTRATOR 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue to improve transparent communication with public.*
Outcome: Quarterly neighborhood meetings continued in 2014 through each of the city's four wards. Staff participates in periodic radio appearances to discuss city issues and/or projects. Staff continued to maintain an online report card, "Progress as Promised" in order to clearly report progress on the various projects approved by voters in March 2012.
2. **Service Objective:** *Identify and promote funding sources for ongoing operations and capital improvements both to the Board and to the public.*
Outcome: The March 2012 election and voter approval of the 1/4% sales and use tax for Fire and Parks & Recreation programs provides additional funding for operations in these two General Fund supported departments. Funds will be used for staffing, operations, and capital improvements and will emphasize the success of this funding periodically via the "Progress as Promised" updates and the Fast Focus newsletter. The dedicated funding sources for Parks and Fire Services allow for investment without taking away from other General Fund operations.
3. **Service Objective:** *Continue "green initiatives".*
Outcome: The Fire Department installed energy efficient lighting, air filters, new window glazing, insulation, and used Energy Efficiency Community Block Grant funding to replace the HVAC systems in ten stations. The 2014 budget process included consideration of alternative fuel vehicles (CNG or electric hybrid) in all instances where vehicle replacements were requested, and that will continue through 2015. The cost of CNG conversions is coming down, perhaps making it more feasible to do conversions without grant assistance. The Transit Department will convert two more busses to CNG fueling systems, and we will continue to evaluate the possibility of a CNG fueling station at a city facility.

4. **Service Objective:** *Continue to refine performance measurements budgeting.*
Outcome: Performance measurements initiatives were included in the FY2013 and FY2014 budgets for all departments. The data sets developed will assist in service delivery focus and budgeting in future years. All departments will reevaluate their key performance indicators for the FY2015 Budget and will continue to refine indicators for useful data to assist in sound decision making.
5. **Service Objective:** *Communications: Utilize both non-traditional and traditional media outlets, and utilize targeted ads to increase social media numbers, promote department pages and the Citizen Action Center page, and digital billboards to promote other city initiatives and SM efforts.*
Outcome: The Fast Focus e-newsletter is published monthly. Billboards have been used to promote litter awareness, the comprehensive plan's website and the city's branded app "myf-ortSmith". Social media outlets, Facebook and I witter are utilized and traffic data is tracked and is showing an increase in use by the citizens.
6. **Service Objective:** *Communications: Continue to direct the Citizen's Academy program, provide staff support to the Citizens Academy Alumni Association and act as a resource for all City departments in reaching out directly to citizens through traditional and social media.*
Outcome: Citizens Academy continued through 2014 with spring and fall sessions, bringing the total number of classes to 16. As the number of classes grows, the Alumni Association also grows, and this group continues to be active in support of Citizen Academy programming. Even though the Alumni Association is independent from the City organization, it is important for staff to maintain its relationship as a way to reinforce the lessons learned at the Citizens Academy and continue the experience for those involved. Communications is encouraging all departments to examine ways in which to communicate with the public, especially two-way communication (and the use of social media) related to service delivery and citizen satisfaction. Heavy emphasis will be placed on expanding the capabilities of the "myFortSmith" branded mobile application.

DOWNTOWN DEVELOPMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue to work with property owners to increase occupancy of Downtown properties whether through renovation, sale or lease.*
Outcome: Currently there are 12 properties under renovation and construction. At the end of June, approximately \$8 million dollars was invested in Downtown.
2. **Service Objective:** *Continue the relocation of the Pioneer Maintnace Yard. A new splash pad is planned for Compass Park.*
Outcome: Railroad officials have elected that the move is not in their best interest at this time. It is possible the topic will be revisited in the future. The splash pad project is ongoing and will hopefully be complete by the end of 2014.
3. **Service Objective:** *Introduce a new marketing package for the Downtown Riverfront, which will be available to the AEDC, site selectors and organizations throughout the United States. The package will also be made available online for easy referral to interested parties.*
Outcome: The new marketing package is in place. It is a priority to have a strong marketing effort for Downtown Fort Smith and the Riverfront. The plan includes outdoor advertising, engaging AEDC and our local Chamber. Through site selectors, local and national corporate headquarters will be sought out for location opportunities in the downtown area.
4. **Service Objective:** *Continue to use the historic infrastructure predominately located in Downtown as part of our marketing efforts.*
Outcome: Incentives in Historic Tax Credits allowed marketing efforts to continue to promote our Historic District. The Garrison Avenue Historic District remains one of the largest districts in the United States. As of June, 7 properties are being renovated and repurposed utilizing Historic Tax Credits. Several of these projects total \$2 million, with investors seeing a potential \$400,000 back in tax incentives. This incentive makes Downtown an attractive option for investors and marketing efforts will continue promoting this incentive program.
5. **Service Objective:** *Assist citizens and tourists by installing "location signage". These signs will help pedestrians locate places of interest to visit, increasing tourism dollars spent in our downtown area.*
Outcome: The costs associated with installing locator signs is currently being evaluated. In the interim, increased use of the Downtown brochures with hotels and restaurants is being utilized. The GoDowntownFS web site is being updated to provide maps and points of interest.

6. **Service Objective:** *Encourage both public and private investments in Downtown with a goal to increase residential numbers in downtown by 15%-20% and employment numbers 3%-5%.*

Outcome: Fourteen new residential units will be available by mid 2015, resulting in an 18% increase as of the end of June. Employment numbers in the Downtown area have seen a 3% increase bringing approximately 170 new employees to the district.

7. **Service Objective:** *Create a charting project to allow comparisons of the increase in dollars invested in Downtown from year to year.*

Outcome: Charting began in late 2013, allowing for a growth in dollars invested for 2014 and forward. Property values from the assessors office are used to ensure solid numbers to present to possible investors.

8. **Service Objective:** *Research the possibility of creating a large event to present to the Board for consideration.*

Outcome: We are working with our original City named event, the Fort Smith Riverfront Blues Festival to bring in a bigger artist for 2015.

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. The City staffs its own prosecutor's office with a Prosecutor and a paralegal.

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 2015 Budget represents the City's share of costs for the year.

The FY15 Budget is \$27,150 or 1.2% less than the FY14 Budget for these programs. The decrease is due to lower fringe benefit costs in FY15.

Total Legal Department personnel is 21FTE which is the same as last year.

LEGAL DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 1,764,192	\$ 1,889,410	\$ 1,880,335	\$ 1,899,760	\$ 1,900,630
Operating Expenditures	249,767	327,110	268,962	289,610	307,250
Operating Budget	\$ 2,013,959	\$ 2,216,520	\$ 2,149,297	\$ 2,189,370	\$ 2,207,880
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 2,013,959	\$ 2,216,520	\$ 2,149,297	\$ 2,189,370	\$ 2,207,880
Authorized Positions	21.00	21.00	21.00	21.00	21.00

LEGAL DEPARTMENT 2015 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 and the National Center for State Courts.
2. Increase court revenues by utilizing resources available to the Court to reduce expenditures and through aggressive collection procedures/programs.
3. Review and update the Court's Procedural Manual to implement legislative changes.
4. Increase technology and automation by implementing a new case management software program.
5. Continue to identify further measures to improve court services and performance by 1.) establishing data collection methods for reporting the court's administrative functions. 2.) case processing clearance rate-% set for trial; 3.) contempt warrant clearance rate-% of warrant for failing to pay fines; 4.) accounts receivable clearance rate-assess how much is owed to the court and what % is past due. 5). Conduct a Customer Service Satisfaction Survey.

City Prosecutor:

1. Establish a process by which pro se defendants (those not represented by counsel) are able to contact this office and discuss their case prior to trial.
2. Pro-actively review cases appealed to the Circuit Court from District Court.
3. Continue accessibility to other city agencies for consultation and advice.
4. Continue to provide legal training, advice, and assistance for law enforcement officers.

DISTRICT COURT 2014 SERVICE OBJECTIVE AND OUTCOMES

1. **Service Objective:** *Continue cross training of the Courts support personnel.*
Outcome: Cross Training: 5 employees were required to learn a new position. All employees are cross trained in each position within the department. Employees are required to rotate into a new position annually. Key positions within the department are Financial Administrator, Senior Deputy Clerk and the Court Clerk. The three employees holding these positions have been cross-trained in all 3 positions. Other employees were trained on various tasks that are assigned to these key positions. 3 newly hired employees have been trained. Rotations have been kept at a minimum to allow employees to be seasoned in their positions for testing of the new software program. Certification: 80% (12 of 15) of the Court's personnel have earned certification through the Arkansas District Court Clerks Association. Ten clerks received updates to their certifications during 2014. The Court Clerk is working on national certification from the National Center for State Courts, graduation expected in 2016.
2. **Service Objective:** *Increase revenue.*
Outcome: Utilization of the Court's on-line payment program continues to increase. In 2012 the Court received \$468,150; in 2013, the court received \$800,810 and January-June 2014 \$430,540. Auditing continues on the jail billing on both a daily and monthly basis. The Court also began holding a session of prisoner arrangements on Friday to assist with jail population prior to the weekend, but also helping to reduce the number of days an inmate stays in jail. Savings from these efforts are recognized in the Police Department's Support Services department.
20% of the Court's collections were derived from methods such as the State Tax Intercept Program, commissary account withholdings, credit card payments, bond forfeitures, card payments and the use of a collection agency. 54% of the warrants issued were administratively handled by the District Court Business Office without law enforcement involvement or use of the detention center. Court collections have declined in prior years, however, 2014 is expected to show a 4% increase over 2013/ Procedures have been introduced to reduce the number of prisoners and the number of days a prisoner serves in the detention center, i.e. reducing jail sentences, court ordered community service in lieu of jail time electronic monitoring, consideration of signature bonds, meritorious good time jail credits, etc. The City's share of revenue derived from collections the previous year exceeds expenditures by \$1,152,776. The County's share of revenues exceeds expenditures by \$733,402.
3. **Service Objective:** *Work toward the completion of Procedural Manual.*
Outcome: The court is implementing a new case management software program creating the need to rewrite procedures and processes for the court. Go live implementation is expected in early 2015.
4. **Service Objective:** *Increase court technology and automation.*
Outcome: Implementation of Case Management System is expected in early 2015. Once online, the Court will create a business rule and configure the program to best increase technology and automation.
5. **Service Objective:** *Identify further measures to improve court services.*
Outcome: Objective will begin when the new case management software has been implemented. Ongoing through 2014. Citizen Service Satisfaction Surveys were implemented in 2014 with a 95% satisfaction in areas of courtesy, knowledge, timeliness, communication and professionalism.

CITY PROSECUTOR 2014 SERVICE OBJECTIVE AND OUTCOMES

1. **Service Objective:** *Establish a pre-trial system for defendants and defense counsel in District Court.*
Outcome: On-going
2. **Service Objective:** *Continue to streamline the process of review for cases appealed from District Court to Circuit Court.*
Outcome: On-going and being met.
3. **Service Objective:** *Continue accessibility to City agencies by being available for consultation and advice.*
Outcome: On-going and being met.
4. **Service Objective:** *Continue to expand teaching and legal assistance to law enforcement.*
Outcome: Goal is on-going and being met.

DISTRICT COURT

Caseload Efficiency: The court strives to provide quality service to the patrons of the court, through prompt resolution of court related matters.

	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>	<u>ESTIMATED FY14</u>	<u>PROJECTED 2015</u>
Traffic Cases				
Workload	25,592	21,101	17,424	19,500
Completed	19,603	19,391	16,053	17,900
Completion Rate	77%	92%	93%	92%
Criminal Cases				
Workload	14,376	12,944	13,999	13,600
Completed	11,557	11,739	11,149	11,400
Completion Rate	81%	91%	80%	84%
Civil Cases				
Workload	1,537	1,362	1,440	1,400
Completed	1,543	1,200	1,125	1,275
Completion Rate	101%	89%	79%	91%
Caseload Total	79%	92%	87%	89%

Fines Assessed/Collected Efficiency: The court, through its aggressive collection procedures, strives to maximize its collections and enforcement of court ordered fines.

Assessed	\$5,691,348	\$6,118,310	\$5,746,027	\$5,859,300
Collected	\$5,712,752	\$5,691,348	\$4,879,790	\$5,469,500

Note: Collections include monetary payments as well as jail/community service credits on fines assessed in previous years, therefore, collections can at times appear to exceed assessments.

Both assessments and collections reflect a decrease. The decrease in assessments can be attributed to the number of traffic violations filed. Less assessments also result in less collections. Economic hardships have also influenced collections.

Warrant Efficiency: The court wishes to reduce the number of outstanding warrants by administratively resolving warrants in the District Court Business Office to assist law enforcement and to reduce incarceration costs.

	<u>ACTUAL FY13</u>	<u>ESTIMATED FY14</u>	<u>PROJECTED FY15</u>
Warrants Issued by the Court	10,475	10,740	10,560
Warrants Resolved by the Court	4,158	3,940	4,250
% Warrants Outstanding	15%	26%	20%
Warrants Served by			
Law Enforcement	4,674	3,943	4,200
% Warrants Resolved by Court	40%	37%	40%
% Warrants Served by Law			
Enforcement	45%	37%	40%

INTERNAL AUDIT OVERVIEW:

The purpose of this program, 4405, is to review internal control procedures and compliance procedures. Additionally, to assist with the annual external audit examination when deemed necessary, and to provide operating and compliance audits of various procedures and departments.

The FY15 Budget is \$18,500 or 12.4% more than the FY14 Budget. The increase is related to increased consultant assistance for the one person office.

INTERNAL AUDIT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 106,785	\$ 111,580	\$ 58,429	\$ 109,260	\$ 107,800
Operating Expenditures	58,192	37,340	59,062	58,160	58,160
Operating Budget	\$ 164,977	\$ 148,920	\$ 117,491	\$ 167,420	\$ 165,960
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 164,977	\$ 148,920	\$ 117,491	\$ 167,420	\$ 165,960
Authorized Positions	1.00	1.00	1.00	1.00	1.00

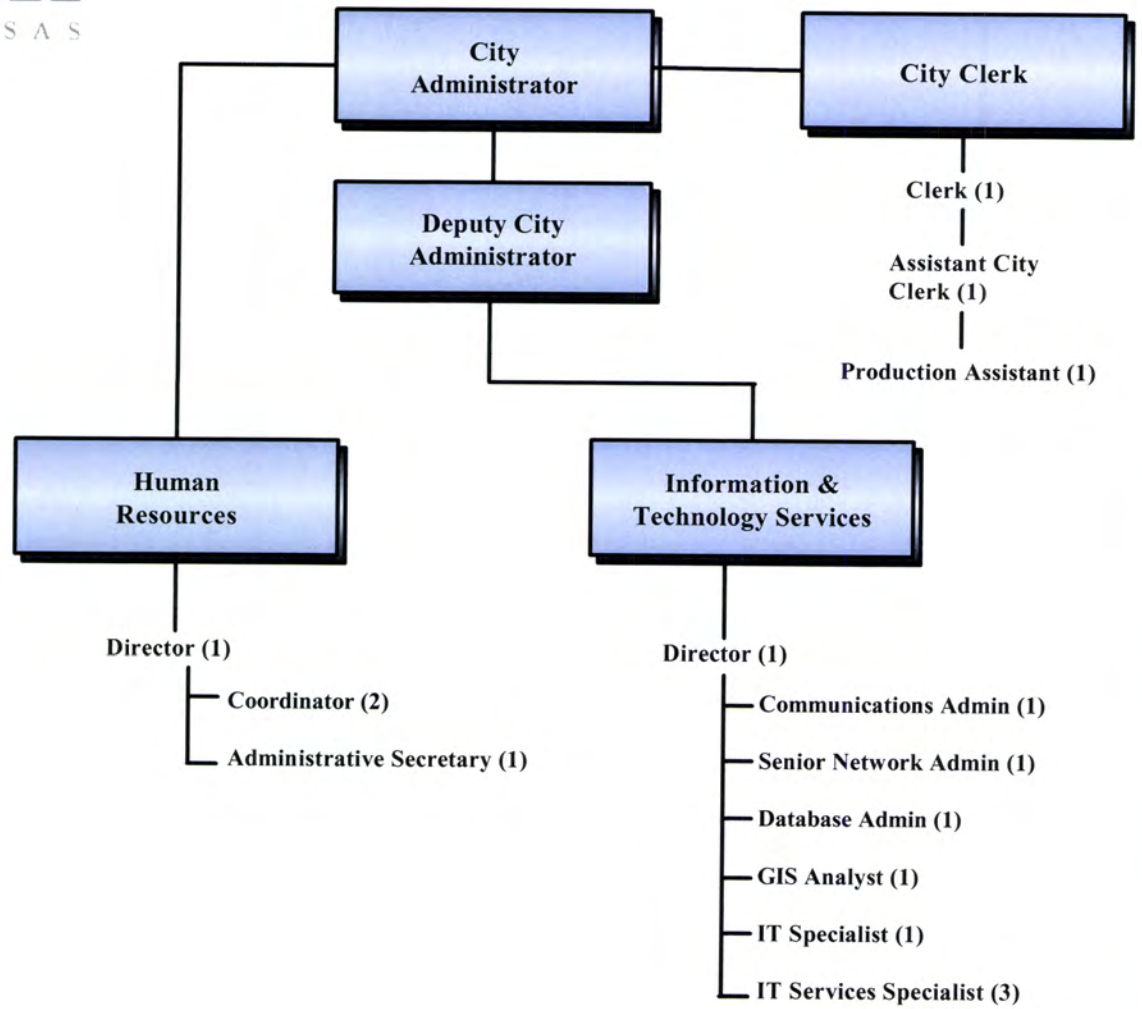
INTERNAL AUDIT 2015 SERVICE OBJECTIVES

1. Assist all city departments with internal processes to help be more effective and efficient.
2. Perform risk assessment with administration, department heads, audit committee members, and Board of Directors.
3. Prepare annual audit plan and submit to audit committee for approval and Board of Directors for adoption.
4. Conduct audits based on the audit plan, special request audits, surprise audits, and any audit deemed necessary during the course of the year.
5. Prepare an audit charter, audit department manual, and audit committee charter for approval and adoption.
6. Continue key performance indicators in the internal audit department.

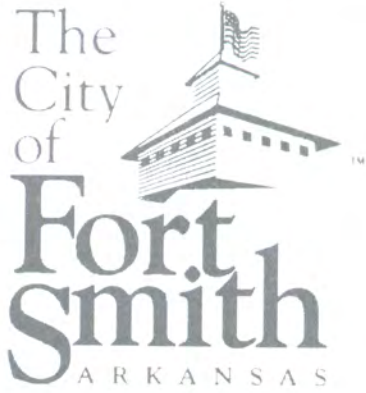
INTERNAL AUDIT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** Assist departments with required audit procedures for outside regulating entities.
Outcome: Goal achieved, this is an on-going process.
2. **Service Objective:** Perform performance audits as considered necessary.
Outcome: Goal achieved, this is an on-going process. Audits not complete by year end will be included in the 2015 plan.
3. **Service Objective:** Assist departments in establishing key performance indicators to enable Administration, Board and citizens to be able to see the continuous improvement in all departments.
Outcome: Goal achieved, this is an on-going process.
4. **Service Objective:** Implement key performance measures as outlined above. controls focusing on reducing the risk of highest fraud risk areas in the city.
Outcome: This is an on-going process.

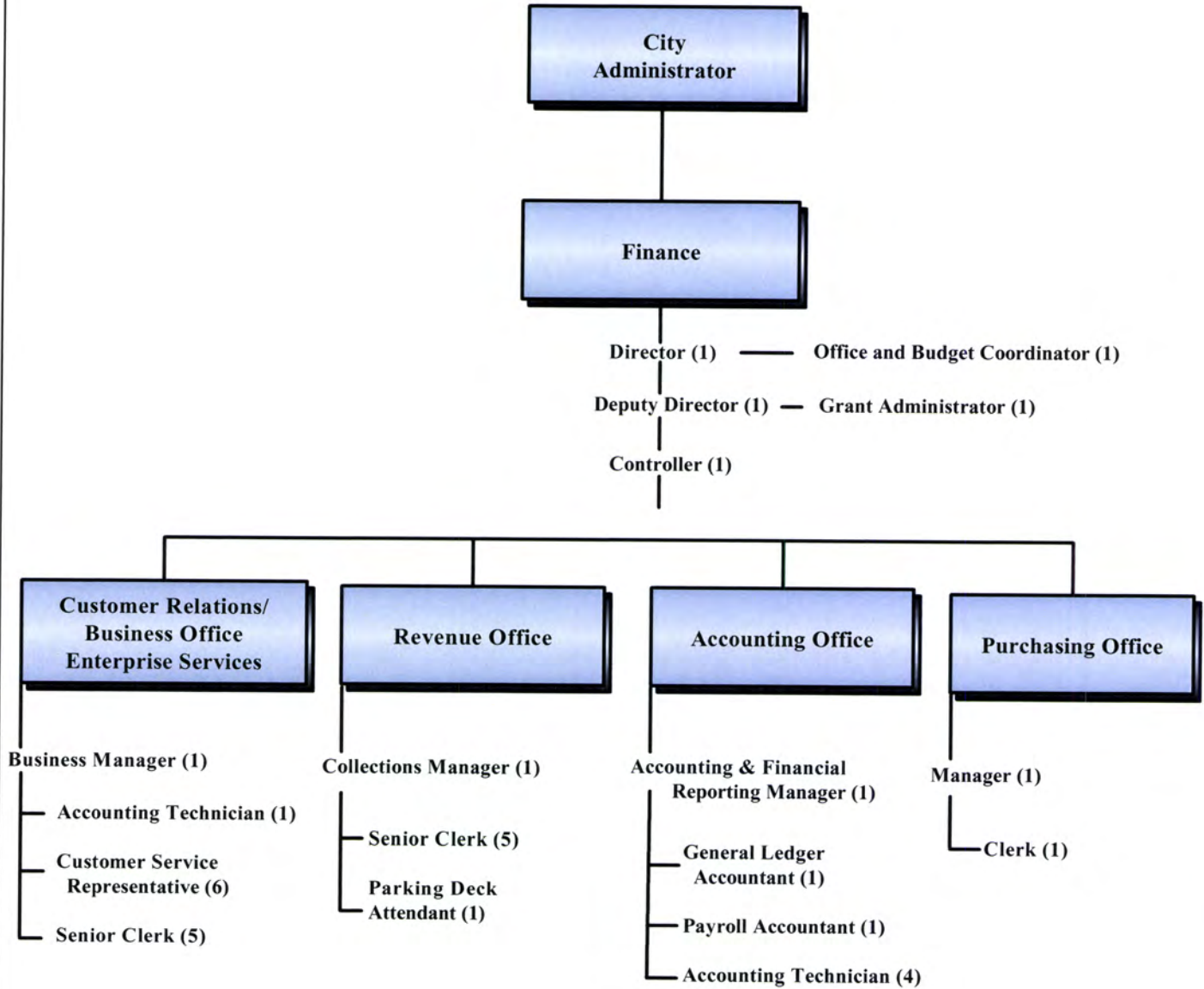
Management Services



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, Program 4104, 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 FY15 Budget is \$14,247 or 2.6% more than the 2014 Budget due to anticipated unemployment costs.

Total Human Resource Department personnel is 4.0FTE. There is no change in the level of positions for 2015.

HUMAN RESOURCES	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 382,689	\$ 422,010	\$ 432,208	\$ 445,110	\$ 441,240
Operating Expenditures	101,759	121,353	97,468	112,500	115,410
Operating Budget	\$ 484,448	\$ 543,363	\$ 529,676	\$ 557,610	\$ 556,650
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 484,448	\$ 543,363	\$ 529,676	\$ 557,610	\$ 556,650
Authorized Positions	4.00	4.00	4.00	4.00	4.00

HUMAN RESOURCES DEPARTMENT 2015 SERVICE OBJECTIVES

1. Maintain and administer a fair and competitive wage and compensation system.
2. Manage the medical insurance benefit program to provide quality health care at an affordable cost to City employees and their families.
3. Continue to manage a cost effective workers' compensation program.
4. Continue customer service training for targeted positions.
5. Review possible alternatives for implementing electronic performance appraisal system.
6. Work with ITS to set up an intranet for the City's employees.
7. Go paperless with all personnel status changes.

HUMAN RESOURCES 2014 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 maintaining good internal equality but is not maintaining external equity.
2. **Service Objective:** *Work with ITS to set up an intranet for city employees.*
Outcome: Plan to be included in the overall technology plan being completed by ITS.
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 current trend we are on budget for 2014.

4. **Service Objective:** *Manage a cost-effective workers' compensation program.*
Outcome: This is an on-going process. Current trend shows we are on target for 2014.
5. **Service Objective:** *Set up customer service training for targeted positions.*
Outcome: Continuous process covered with new employees in orientation. In addition, targeted trainings will be conducted in the fall for employees who generally have the first contact with citizens.
6. **Service Objective:** *Review the possible alternatives for implementing an electronic performance appraisal system*
Outcome: In review stage.
7. **Service Objective:** *Go paperless with all personnel status changes.*
Outcome: Process complete.

**HUMAN RESOURCES
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY12</u>	<u>BUDGET FY13</u>	<u>ESTIMATED FY14</u>	<u>BUDGET FY15</u>
Employees governed by personnel policies and procedures (FTE)	916.03	941.31	944.83	944.83
Civil Service Commission Meetings	5	4	3	3
Civil Service applicant tests administered	5	5	1	1
Employment Applications Received	2,500	2,500	1,500	1,500

CITY CLERK DEPARTMENT OVERVIEW:

The City Clerk, Program 4105, 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; and 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 FY15 Budget is \$50,770 or 12.9% less than the FY14 Budget for this program. The decrease is due to less city elections projected for FY15.

The department has 3FTE which is the same as FY14.

CITY CLERK	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 197,414	\$ 215,830	\$ 211,522	\$ 223,730	\$ 220,870
Operating Expenditures	107,801	163,570	83,523	119,900	123,020
Operating Budget	\$ 305,215	\$ 379,400	\$ 295,045	\$ 343,630	\$ 343,890
Capital Outlay	0	15,000	13,732	0	0
Budget Appropriation	\$ 305,215	\$ 394,400	\$ 308,777	\$ 343,630	\$ 343,891
Authorized Positions	3.00	3.00	3.00	3.00	3.00

CITY CLERK 2015 SERVICE OBJECTIVES

1. Provide various administrative services to the public, Mayor, Board of Directors, Administration and staff.
2. Prompt payment processing of official documents, legal publications, codification of ordinances.
3. Provide up to date information on the department's web page.
4. Provide training opportunities for staff to continually increase knowledge and skills for benefit of staff and citizen customers.
5. Provide quality programming on Government Access Channel 214.
6. Conduct municipal elections in compliance with city and state codes for continuation of the sales tax for streets, bridges and associated drainage.

CITY CLERK 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Render expeditious processing of official documents, legal publications, and codification of ordinances.*

Outcome: As required by law, all resolutions and ordinances are presented to the mayor for signature within 48 hours of the meeting at which they were adopted. Any agreements or contracts for the mayor's signature are presented on a daily basis as such are received from prospective departments. Ordinances requiring publication are submitted to the local newspaper within the same week they are adopted. If codification is required, ordinances are specifically identified for inclusion in the next code supplement.

2. **Service Objective:** *Provide various administrative services to the public, Mayor, Board of Directors, Administration and staff.*

Outcome: City Clerk staff is accessible at all times.

3. **Service Objective:** *Provide educational opportunities to staff to ensure knowledge and skills are increased to better benefit staff and citizens.*

Outcome: Staff attended multiple certification programs conducted by professional organizations and other educational/training opportunities.

4. **Service Objective:** *Furnish up to date information on departments' web page.*

Outcome: Packet information for the Board of Directors meetings, including agendas, staff briefings, minutes, meeting summary, audio and video recordings of Board of Directors regular meetings are made available on the website. A link to the board packet is now posted on the calendar of the City's main page. Information and services regarding the City Clerk's office and staff bios are also available. Ordinances adopted but not yet codified in the Fort Smith Municipal Code are also being posted to the web page to ensure the public maintains access to all code amendments.

5. **Service Objective:** *Provide quality programming on Government Access Channel 214 including televised regular meetings of the Board of Directors, and upgrade equipment/software to enhance existing channel capabilities.*

Outcome: An average of 300 announcements aired continually providing information on city services and events, and promoting activities of community organizations. The following videos aired through June 2014:

The Call/CASA PSA Video

The Moment Brought to You by Your Hometown (AR Municipal League factory/winter)

The Moment Brought to You by Your Hometown (AR Municipal League baseball/spring)

Meet the Locals (A&P Commission)

Regular meetings of the Board of Directors are televised live on the access channel and rebroadcast three (3) times daily, except Tuesday and Wednesday, until the next regular meeting. Board meeting agendas are also aired on the access channel each Friday preceding the meeting, and displayed five (5) times daily until the next meeting occurs.

6. **Service Objective:** *Conduct municipal elections in compliance with city and state codes for the positions of mayor and director's at large.*

Outcome: A special election was held in August regarding a proposed millage increase for the Fort Smith Public Library. No primary election is required due to no more than two (2) candidates filing for mayor or at large director positions; however, a municipal general election will be held November 4 for Director at Large Position 7.

CITY CLERK 2014 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 five (5) days.	98%
Meeting Agenda packets available to City officials within 4 days of meeting	100%
Meeting agenda packets and audio recordings posted on website	100%
Response to FOIA requests within 3 days	100%
Response to citizen requests within 7 days	100%
Government Access Channel 6 announcements received/airing	100%
Municipal Code of Ordinances semiannual updates	50%
Document imaging of records (a daily process)	100%
Issuance of Oak Cemetery Deeds (33 at 8/8/12)	100%

**CITY CLERK
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>ACTUAL FY13</u>	<u>BUDGET FY14</u>	<u>BUDGET FY15</u>	<u>TARGET FY16</u>
Sets of Board Minutes approved as written	27	30	30	30
Code of Ordinances Updates	1	2	2	2
Government Channel Announcements (average per week)	270	300	300	300

**CITY CLERK
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY13</u>	<u>BUDGET FY14</u>	<u>BUDGET FY15</u>	<u>TARGET FY16</u>
Board Meetings attended (voting sessions)	27	28	28	28
Agendas prepared	58	50	50	50
Ordinances and Resolutions Adopted	274	425	425	425
Minutes Prepared	27	30	30	30
Oak Cemetery Interments	71	65	65	65
Coordinate Elections	0	2	1	2
1. Government Channel Ads Staff Hours for Government Channel Productions	708 2,088	300 2,088	300 2,088	300 2,088
2. Government Channel Total Cablecast Hours	8,760	8,760	8,760	8,760

1- Advertisements increased in 2013 due to posting Board meeting agendas which was initiated in mid 2012.

2- Channel provided free of service as part of the franchise agreement with Cox Communications, Inc. The hours indicate 24 hours per day/365 days a year.

FINANCE DEPARTMENT OVERVIEW:

The Finance Department contains six programs: 4301 Finance Administration, 4303 Collections, 4304 Utility Billing/ Customer Service, 4306 Purchasing, 6912 Parking Deck Personnel, 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; hospitality tax 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 FY15 Budget is \$194,909 or 4.5% less than FY14 Budget. The decrease is due to the call of the parking facility bonds during FY14. The bonds were called three years early. There is no debt service payment due in FY15.

Total FY15 Finance Department personnel is 34FTE. This is the same level as FY14.

FINANCE	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 2,089,887	\$ 2,229,450	\$ 2,228,239	\$ 2,329,080	\$ 2,297,490
Operating Expenditures	1,714,698	2,090,999	2,156,242	1,797,260	1,846,600
Operating Budget	\$ 3,804,585	\$ 4,320,449	\$ 4,384,481	\$ 4,126,340	\$ 4,144,090
Capital Outlay	85,511	50,800	49,246	50,000	70,000
Budget Appropriation	\$ 3,890,096	\$ 4,371,249	\$ 4,433,727	\$ 4,176,340	\$ 4,214,090
Authorized Positions	33.00	34.00	34.00	34.00	34.00

FINANCE DEPARTMENT 2015 SERVICE OBJECTIVES

1. Begin the process of implementing a web based general ledger system. Participate in the city's technology plan during FY15.
2. Develop a strategic plan and continue transition the Finance Department for succession planning.
3. Analyze and monitor budget management for all departments.
4. Enhance financial data accessibility for all city management.
5. Enhance customer service for billing services by streamlining license application procedures.
6. Analyze funding needs to meet police and fire pension obligations in the future.

FINANCE DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Implement succession planning by hiring a Deputy Director of Finance in July 2014 for eventual promotion to director position over a three to four year time table.*
Outcome: The position of Deputy Director of Finance was filled in August 2014.
2. **Service Objective:** *Refine the web based system for the general ledger by preparing a strategic plan during 2014 and implementing in 2015.*
Outcome: The plan is currently being reviewed and will be prepared during 2015.
3. **Service Objective:** *Enhance online city payment options with more user friendly capabilities.*
Outcome: Phone payments are now securely accepted for utility bill payments.
4. **Service Objective:** *Provide budget monitoring for all city departments.*
Outcome: The payroll and vendor dashboards are updated monthly and are available for most departments for analytical reviews.

5. **Service Objective:** Continue to develop and monitor Finance's key performance indicators (KPI)

Outcome: KPI Updated though June 30, 2014 is as follows:

Finance Department-Key Performance Indicators

Name	Frequency	Purpose	Measurement
Number of days to close the year/month	Yearly/Monthly	Each month and yearly period requires that the accounting records be closed to complete the cycle of transactions. The duration of the close shows the efficiency of the entire process including the journal entries, reconciliations, and other required steps.	Manual measurement at the beginning of the closing period until the ending of the closing period. Target: for month & quarter end-10th day of the following month; for year-end-by February 5 of the following year. Monthly closings met 98% in FY13 and 95% in FY14 to date. Year-end for FY13 was closed 2/12/14.
Bond rating	Yearly	The Bond rating determines the interest rate the City is able to receive on long-term debt issuances. This rating is determined by a series of measurements including financial condition, internal controls, and other similar items. It relates to the financial health of the City.	Report from the appropriate bond rating agency. Target: S&P rating of A for senior bonds. Maintained ratings for 2014 SUT Bonds.
Average days outstanding - A/P	Yearly/Monthly	The average days outstanding for accounts payable transactions provides a good measurement for the efficiency and effectiveness of the process. If invoices are not smoothly moving from receipt to payment, the average days outstanding will likely increase.	Calculation on the average invoice date versus check date. Target: 30 days or less. Currently, 94% of all invoices are paid within 30 days.
Net collection ratio - A/R	Yearly/Monthly	The net collection ratio of accounts receivable measures the percentage average of collections against total accounts receivable. It is a good barometer of the effectiveness of the A/R collection process.	Calculation based on the total received versus outstanding receivables for the period. Target for Water-95% or higher Target-for others-80% or higher. For fiscal year 2013, W/S was 97%; cleanup of properties was 25%; and for all other funds was 97%.
Quick ratio	Quarterly	The quick ratio shows the basic liquidity of the City by taking the cash and short-term investments (nearly cash) and dividing it by the current liabilities. This ratio provides a good performance measurement of short-term cash availability for operations.	Calculation on a quarterly basis compared to prior quarter. Target: 85% liquidity. For fiscal year 2013, the average for all four operations funds was 376%. General Fund 460%; Street Maintenance Fund 431%; W/S Fund 134%; Sanitation Fund 480%.
Efficiency hours recognized	Yearly	Each employee will examine their day to day duties to determine any steps that may be eliminated or could be automated in order to take less time to perform. More efficient equals less expensive in the long-term.	Calculation performed on a yearly basis. Target: 5%-7% hours saved per department. For FY13, average of 7% hours saved or \$49,000 savings reported.

**FINANCE DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	ACTUAL FY13	BUDGET FY14	ACTUAL FY14	BUDGET FY15
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	7	7	7	7
Debt Management	\$385M	\$359M	\$359M	\$373M
Interim Reports	160	164	164	164
Investments Managed	\$110M	\$120M	\$134M	\$115M
Funds Maintained	34	34	34	34
Bank Accounts Managed	12	15	15	15
Revenue/Exp Accounts	5,700	6,000	6,000	6,000
A/P Checks Issued	15,500	15,500	12,820	14,000
1099 Forms Issued	200	205	175	200
Purchase Orders	291	400	400	400
Formal Bids Awarded	40	12	12	12
Payroll Checks Issued	1,788	1,640	1,769	1,640
Payroll Direct Deposits	23,123	23,623	23,367	23,680
W-2 Forms Issued	1,066	1,064	1,099	1,096
401(a) Loans Processed	276	279	361	280
Utility Accounts Billed/Month	33,700	33,500	33,500	33,747
Utility Deposits	4,900	4,900	4,900	4,950
Utility Payments	367,000	367,500	367,500	368,000
License Registration	5,442	5,181	5,181	5,200
Alcohol Licenses	240	233	233	200
Value of Fixed Assets	\$904M	\$925M	\$928M	\$935M

INFORMATION AND TECHNOLOGY SERVICES (ITS) DEPARTMENT OVERVIEW:

The ITS Department, Program 4401, provides network computer services and support to the City departments. ITS also maintains the City's GIS system.

The FY15 Budget is \$22,930 or 1.3% more than the FY14 Budget. The increase is due to 2015 pay increases.

The ITS Department continues with 9.0FTE.

INFORMATION & TECHNOLOGY/GIS	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 747,976	\$ 773,990	\$ 773,382	\$ 790,930	\$ 778,750
Operating Expenditures	916,347	985,000	861,361	990,990	1,016,020
Operating Budget	\$ 1,664,323	\$ 1,758,990	\$ 1,634,743	\$ 1,781,920	\$ 1,794,770
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 1,664,323	\$ 1,758,990	\$ 1,634,743	\$ 1,781,920	\$ 1,794,770
Authorized Positions	9	9	9	9	9

INFORMATION & TECHNOLOGY DEPARTMENT 2015 SERVICE OBJECTIVES

1. Begin implementation of the Strategic Development Plan developed in 2014 to implement IT Governance and meet Board of Directors technology-related priorities including: enhancing transparency, customer service, driving business process innovation and identifying cost saving opportunities.
2. Continue to provide timely and effective support of personal computers, related peripherals and communication technology to the Administration and staff of the City. New tools implemented in 2013 and 2014 have enhanced the efficiency of support requests submission and subsequent tracking. This implementation has led to better customer service with regards to time-to-completion and earlier recognition of problematic technical issues.
3. Provide technical assistance, leadership and project management services to departments wishing to implement new technologies to enhance their business practices.
4. In an effort to maximize ROI for the City's technology infrastructure, ITS will implement Session Initiated Protocol (SIP) Trunking technology to converge voice and data on a single network. This will eliminate the existing costs for up to five Primary Rate Interfaces (PRI) and result in lower, overall telephony cost. SIP Trunking provides the benefit of converged communications and will save substantial expense by eliminating the need to maintain existing PRI technologies. On going process from 2014.
5. Continue to provide GIS support to the Fort Chaffee Redevelopment Authority (FCRA) and the Fort Smith Regional Chamber of Commerce. This support will enhance the FCRA's and Chamber's ability to pursue their economic development and management goals using GIS and mapping technology. This goal includes the continued maintenance and support of the online Chaffee Crossing GIS Portal and preparation of maps and information for site selectors representing potential business development within the region.
6. Enhance the City's GIS to bring to City staff and the public a more diverse set of geospatial data, applications, and analysis tools for the purpose of enhancing transparency and decision-making which affects Fort Smith and its residents.
7. Continue to expand the existing private network to allow a greater number of users to access internal services for more locations.
8. Continue to expand the wireless network coverage to include more public sites. This will provide users conducting business with the City seamless access to business services in a variety of locations from a variety of devices.
9. Continue to convert numerous site links to wireless backhaul technology that will be managed internally. This will allow the City to move away from expensive monthly fees currently being assessed by third party providers. The goal is to continue to realize direct cost savings, as the city moves away from third-party providers.

10. Implement key performance indicators to measure the effectiveness of the Information and Technology Services (ITS) department as presented below:

NAME	FREQUENCY	PURPOSE	MEASUREMENT
Average number of days to resolve a help desk request and average number of outstanding requests.	Weekly/ Monthly	Tracking the average number of days required to resolve a help desk request will help determine response efficiency. The measurement will also help aid in determining the longevity of certain equipment.	We will measure the average number of active support requests in the help desk log on a weekly and monthly basis. The nature of call (e.g. equipment, user difficulty, etc.) will also be observed. This will help determine if a particular piece of equipment is troublesome and/or if there is a need for City-wide training for a particular software application or task.

INFORMATION & TECHNOLOGY DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

- Service Objective:** *Provide timely and effective support of personal computers, related peripherals and communication technology to the Administration and staff of the City.*

Outcome: Staff continues to provide support to city departments and external users. Use of chat, remote assistance and video/web conferencing has enhanced time-to-resolution of support issues.
- Service Objective:** *Provide technical assistance, leadership and when requested, project management services to those departments wishing to implement new technologies to enhance their business practices.*

Outcome: Staff is working with various departments to assist with implementing new technology related projects through the first half of 2014, including, Sanitation, Development Services, Finance, Engineering, Utilities and Operations.
- Service Objective:** *Develop a mobile friendly version of the City website. The new site will bring frequently accessed information from the main City website to a lightweight version designed to be accessed from smart devices.*

Outcome: In May 2014, ITS publicly announced the availability of a branded app version of the main website providing users with the ability to submit community issues and requests for service from a mobile device and/or City website.
- Service Objective:** *In an effort to maximize ROI for the City's technology infrastructure, ITS will implement Session Initiated Protocol (SIP) Trunking Technology to converge voice and data on a single network. This will eliminate the existing costs for up to five Primary Rate Interfaces (PRI) and result in lower, overall telephony cost. SIP Trunking provides the benefit of converged communications and will save substantial expense by eliminating the need to maintain existing PRI technologies.*

Outcome: ITS has given notice to AT&T to begin the contract process of implementing SIP Trunking technology throughout the City. Project completion is anticipated by the end of 2014.
- Service Objective:** *Develop a Citywide Technology Plan with the goal of identifying and implementing policies, infrastructure, applications, and technologies which facilitate departmental efforts to provide efficient and effective services to our community. The plan will outline an overall approach for the selection, use and support of technology that aligns City resources, business needs and processes.*

Outcome: In-progress.
- Service Objective:** *Continue to provide GIS support to the Fort Chaffee Redevelopment Authority. This support will enhance the FCRA's ability to pursue their economic development goals using GIS and mapping technology. This goal includes continued maintenance and support of the online Chaffee Crossing GIS portal.*

Outcome: GIS staff is working regularly with FCRA to provide graphics, maps and data in support of economic development efforts.
- Service Objective:** *Continue to refine the City's online GIS presence to accommodate the ever-growing use of mobile or smart devices by the public. In 2013 a substantial effort was undertaken and accomplished which saw most online mapping/GIS services re-written to ensure compatibility to mobile/smart devices. In 2014, efforts will continue with the development of technology to enhance transparency via e-Governance and promote a synergistic, bi-directional transfer of information between citizens and the City.*

Outcome: By the end of the first quarter of 2014, staff completed re-writing all web and mobile GIS applications to ensure mobile and smart device compatibility/ Existing applications were converted from Flash/Flex API to Javascript/HTML5.
- Service Objective:** *Continue to expand the existing private wireless network to allow a greater number of users to access internal services from more locations.*

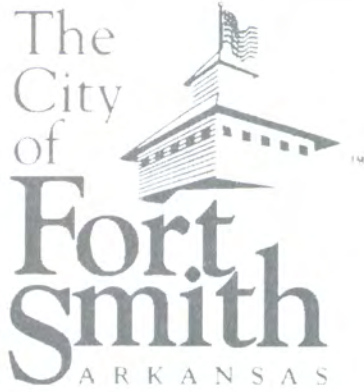
Outcome: By the end of the second quarter successfully implemented a publicly available WiFi presence for the Farmers Market held bi-weekly on Garrison Avenue in Downtown Fort Smith.

9. **Service Objective:** *Expand the wireless network coverage to include more public sites. This will provide users conducting business in the City with seamless access to business services in a variety of locations from a variety of devices.*

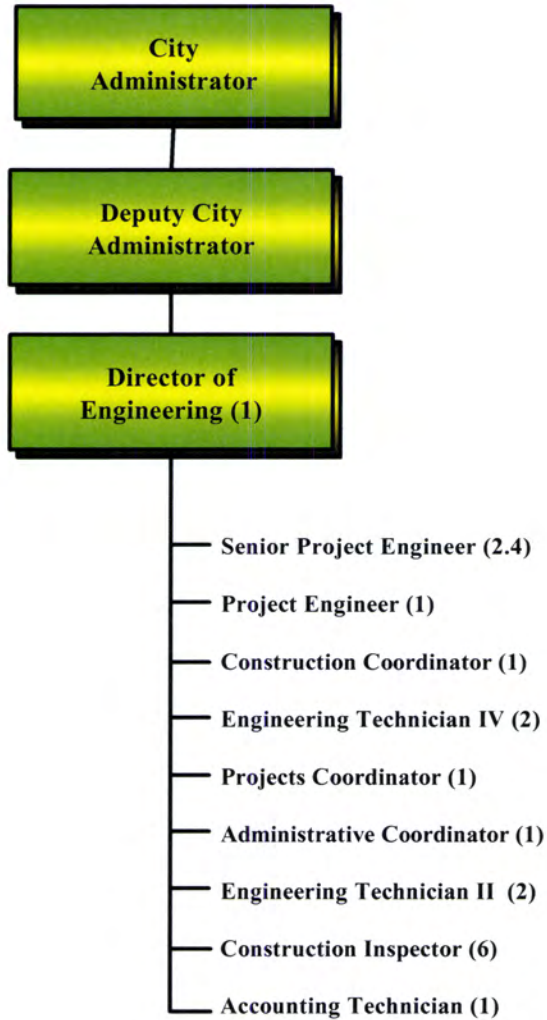
Outcome: In progress. Various locations have been enabled with WiFi and by the end of the third quarter of 2014, there will be WiFi available at the Farmer's Market downtown.

10. **Service Objective** *Convert numerous site links to wireless backhaul technology that will be managed internally. This will allow the City to move away from expensive monthly fees currently being assessed by third party providers. The goal is to realize direct cost savings within a 4-6 month period after deployment.*

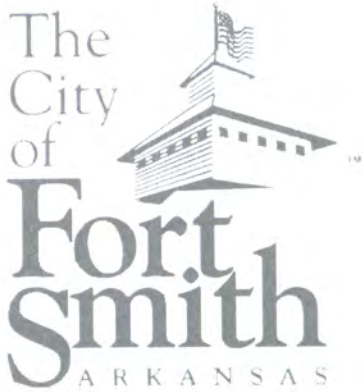
Outcome: In progress. Staff from ITS are working with staff from Street and Traffic Control to bring wireless data transmission between traffic signals.



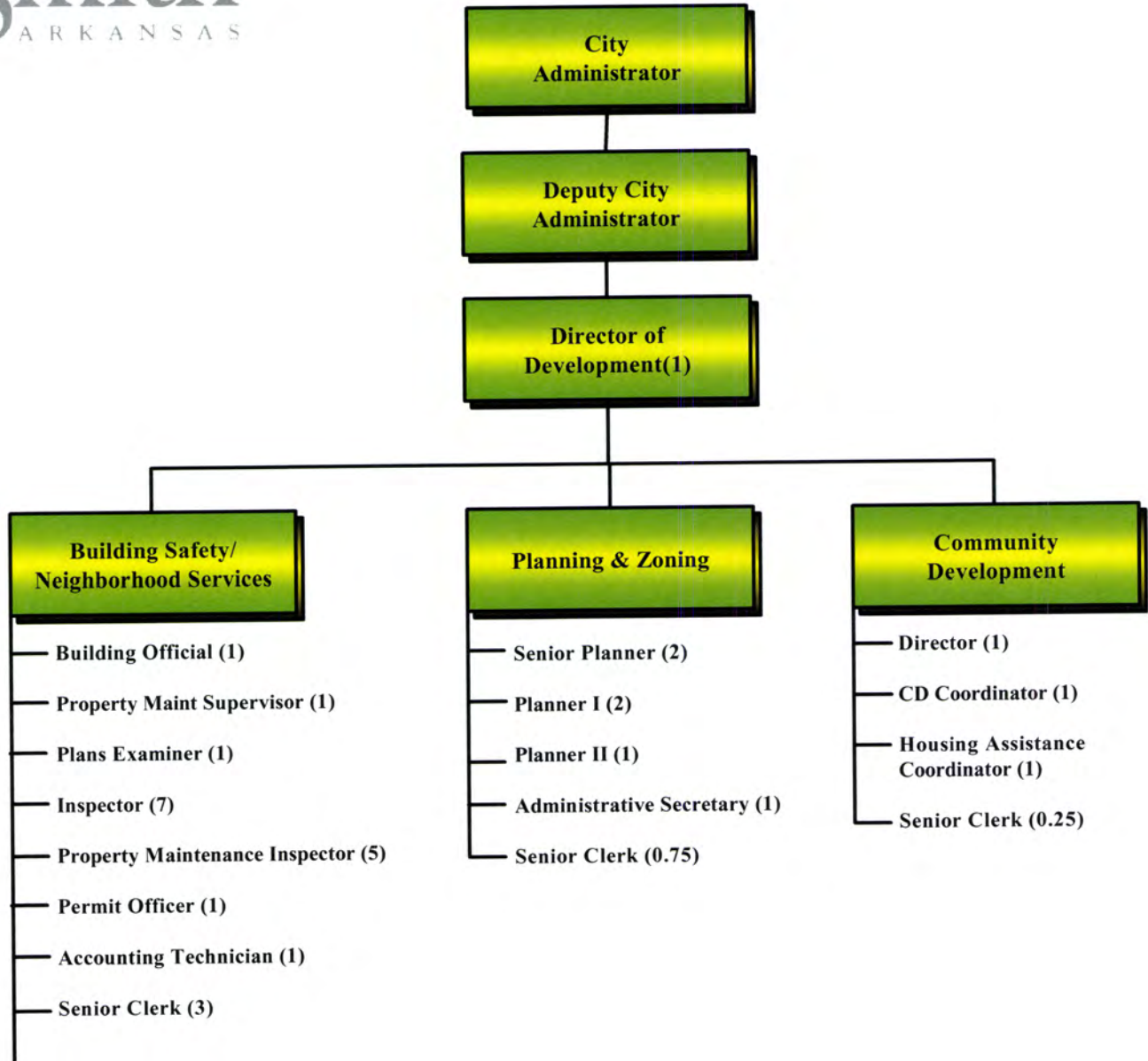
Development Services



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



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ENGINEERING DEPARTMENT OVERVIEW:

The Engineering Department, Program 4103, 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.

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 FY15 Budget is \$4,491 less than the FY14 Budget authorization. The decrease is due to small adjustments in operating costs.

The Engineering Department has 18.4FTE positions for FY15 which is the same as FY14.

ENGINEERING	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 1,360,904	\$ 1,409,020	\$ 1,376,896	\$ 1,432,440	\$ 1,412,370
Operating Expenditures	57,127	82,000	56,785	76,840	98,290
Operating Budget	\$ 1,418,031	\$ 1,491,020	\$ 1,433,681	\$ 1,509,280	\$ 1,510,660
Capital Outlay	0	69,601	69,601	46,850	46,850
Budget Appropriation	\$ 1,418,031	\$ 1,560,621	\$ 1,503,282	\$ 1,556,130	\$ 1,557,510
Authorized Positions	19.00	18.40	18.40	18.40	18.40

ENGINEERING DEPARTMENT 2015 SERVICE OBJECTIVES

1. Support the livability of neighborhoods by constructing street overlays/reconstruction projects, street improvement projects and by alleviating drainage problems, all as identified in the 2015 Capital Improvement Program.
2. Implement special projects which evolve during the year.
3. Implement key performance measures as outlined below:

KEY PERFORMANCE INDICATORS	
Activity	FY 2015
	Target
Prepare annual Street and Drainage Capital Improvement Program and present to the Board of Directors for approval by October 31.	10/31/2015
Prepare annual Municipal Separate Storm Sewer System Report and submit to the Arkansas Department of Environmental Quality by June 1.	6/1/2015
Manage construction contracts to maintain change orders to within 10 percent of the original contract amount.	100%
Complete development permit reviews (building permit site plans, subdivision plats, construction plans, grading permits and floodplain development permits) within scheduled allotted time.	100%

**ENGINEERING DEPARTMENT
2014 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Support the livability of neighborhoods by constructing street overlays/reconstruction projects, and by alleviating drainage problems as identified in the 2014 Capital Improvement Program.*

Outcome: The 2014 projects include four overlay/reconstruction projects, one traffic signal project, one street overlay/trolley project, one traffic project, two drainage projects and two Board priority evaluation projects. Construction contracts for the overlay/reconstruction projects and the street overlay/trolley project are underway. The two Board priority evaluation projects have also been completed. The design for the traffic signal project is complete and pending construction. The remaining construction projects are under design with construction scheduled to begin in 2015.

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

Outcome: Several projects have been added which include: Two new street projects for the ArcBest office site in the Chaffee Crossing area, evaluation of street surface crossings at railroads and evaluation of a traffic calming policy.

3. **Service Objective:** *Implement key performance indicators as outlined below:*

KEY PERFORMANCE INDICATORS			
Activity	FY 2013	FY 2014	FY 2014
	Actual	Target	Actual
Prepare annual Street and Drainage Capital Improvement Program and present to the Board of Directors for approval by October 31.	10/8/13	10/31/14	Approved 10/7/14
Prepare annual Municipal Separate Storm Sewer System Report and submit to the Arkansas Department of Environmental Quality by June 1.	5/28/13	6/1/14	5/20/14
Manage construction contracts to maintain change orders to within 10 percent of the original contract amount.	100%	100%	100%
Complete development permit reviews (building permit site plans, subdivision plats, construction plans, grading permits and floodplain development permits) within scheduled allotted time.	100%	100%	100%

DEVELOPMENT DEPARTMENT OVERVIEW:

The Development Department includes four programs: 4106 Planning and Zoning, 4107 Community Development Block Grant, 4108 Building Safety, 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 income households and other programs to help provide affordable housing. The program also seeks and administers grants for economic development, state, and federal grant programs.

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.

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 31FTE positions for FY15 that is the same as FY14.

The FY15 Budget is \$156,780 or 5.5% less than the FY14 Budget. The decrease is due to the completion of the city's comprehensive plan during 2014.

DEVELOPMENT DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 1,968,668	\$ 2,144,190	\$ 2,114,688	\$ 2,217,180	\$ 2,217,180
Operating Expenditures	528,337	603,170	550,066	444,900	470,250
Operating Budget	\$ 2,497,005	\$ 2,747,360	\$ 2,664,754	\$ 2,662,080	\$ 2,687,430
Capital Outlay	0	101,000	99,593	29,500	0
Budget Appropriation	\$ 2,497,005	\$ 2,848,360	\$ 2,764,347	\$ 2,691,580	\$ 2,687,430
Authorized Positions	30.00	31.00	31.00	31.00	31.00

DEVELOPMENT DEPARTMENT 2015 SERVICE OBJECTIVES

1. Improve the quality of place and life by strengthening customer services and communication with citizens. Continue to monitor department performance evaluations via electronic customer service surveys.
2. Begin implementation of the goals identified for the development services department through the Comprehensive Plan.
3. Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME, and other housing programs and creating a more proactive program in the neighborhood services division. The staff will continue to implement the described objectives contained within the Five Year Consolidated Program, staff anticipates level funding for both programs in FY2015.
4. Continue to review, revise and edit portions of the development codes and maps such as zoning map, Unified Development Ordinance, ETJ, planning area, riverfront overlay district, annexation plans and other development maps.
5. Continue to work with the Old Fort Homeless Coalition to implement the recommendations of the Homelessness Task Force and the Board of Directors.

DEVELOPMENT DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME, and other housing programs and creating a more proactive program in the neighborhood services division. The staff will continue to implement the described objectives contained within the Five Year Consolidated Program. Staff anticipates level funding for both programs in PY2014.*
Outcome: The 5 Year Consolidated Plan for Program Years 2011-2015 was approved by the Board of Directors by Resolution R-201-10 on November 16, 2010. Implementation of projects and activities recommended by CDAC and subsequently approved by the Board of Directors by Resolution R-24-14 for Program Year 2014 will begin once the US Department of Housing and Urban Development has transmitted the grant agreement to the City Administrator for execution. The CDBG program was awarded \$801,700 (a 3% decrease) and the HOME program award was \$315,294 which represents a 4% decrease. A detailed report which contains performance measures, objectives and outcomes is available online and titled as the Consolidated Annual Performance Evaluation Report (CAPER). The Community Development staff will begin the process of planning for and completing a new 5 Year Consolidated Plan for Program Years 2016-2020 beginning summer of 2015.
2. **Service Objective:** *Work towards the completion of the Comprehensive Plan update. Begin implementation of the goals identified for the development services department.*
Outcome: The Comprehensive Plan Steering Committee has been working with Wallace Roberts and Todd (WRT) and city staff on the completion of the Comprehensive Plan update. In 2014, the Steering Committee has hosted an open house, community forum, meetings in a box, and numerous committee meetings. This has resulted in the update plan being close to completion as well as excellent citizen participation.

3. **Service Objective:** Continue to work with the Old Fort Homeless Coalition to implement the recommendations of the Homelessness Task Force and the Board of Directors.

Outcome: Planning staff continues to participate in meetings with the Homeless Campus Development Study Ad Hoc Committee and the Old Fort Homeless Coalition. Work is continuing to obtain funds and purchase property at 301 South E as the site for the new homeless campus. The homeless coordinator has been hired. The city is paying one half the salary and benefits for this position.

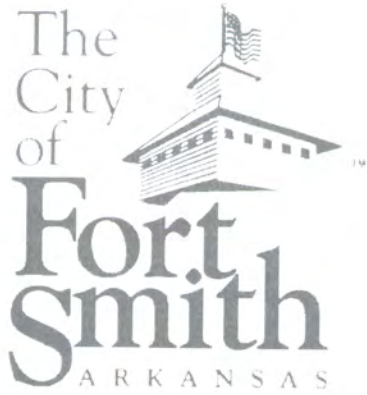
4. **Service Objective:** Continue to review and edit portions of the development codes and maps such as the Unified Development Ordinance, zoning map, coordinated planning area, ETJ and other development maps.

Outcome: We continue to review and edit portions of the Unified Development Ordinance. To date, the staff has worked with the Fort Smith Board of Realtors to discuss possible amendments to the regulations regarding signage within rights-of-ways. In late 2014, staff will be working with property owners along the I-49 corridor regarding annexation of their property.

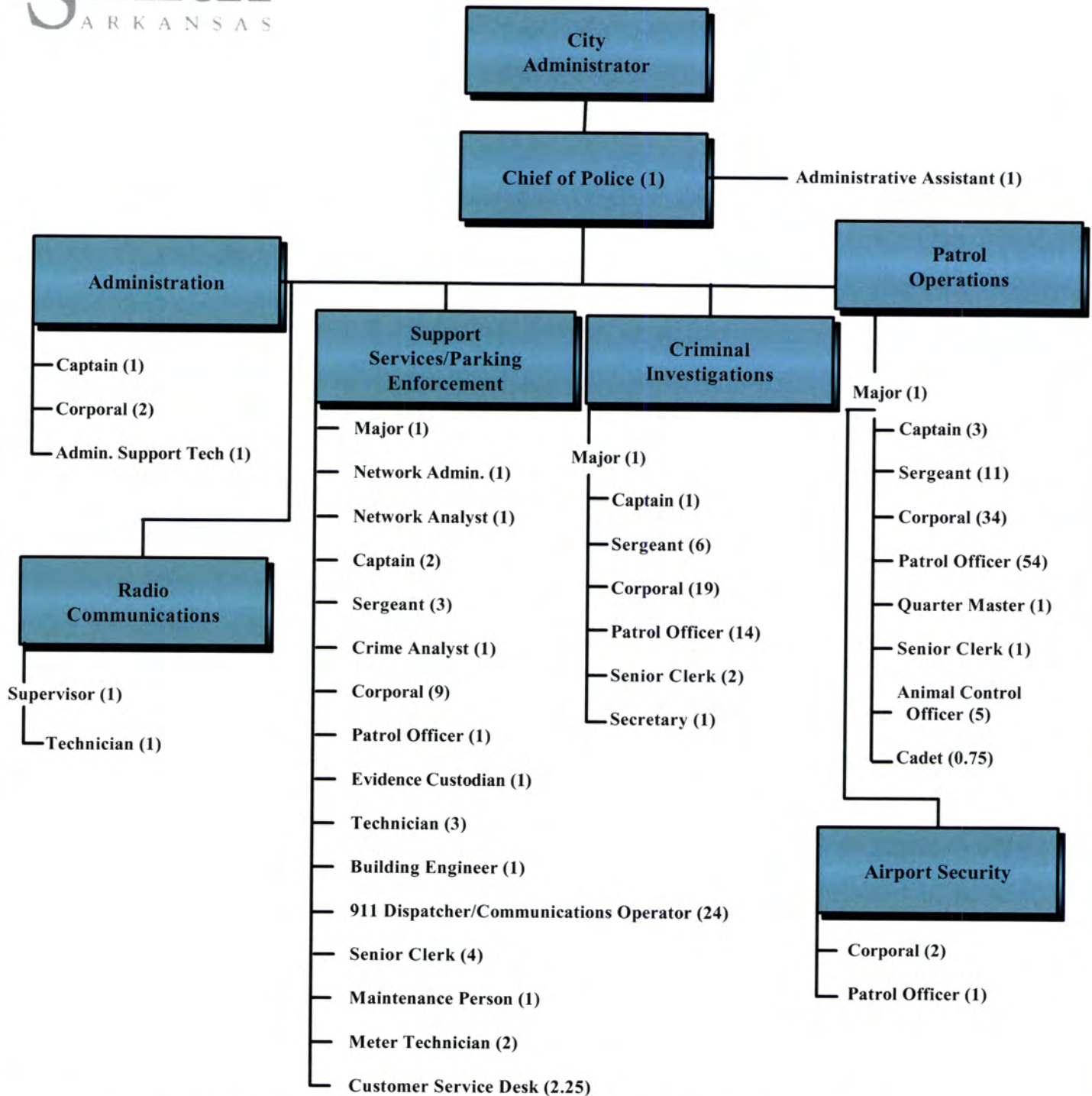
5. **Service Objective:** Improve the quality of place and life by strengthening customer services and communication with citizens. Continue to monitor department performance via electronic customer service surveys.

Outcome: Staff regularly participates in community activities such as the Fort Smith Home Show, morning radio talk shows, and the Small Business Expo to strengthen communication with citizens. Customer Service surveys, both in print and online, are utilized for each division in the Development Services Department. As of June 30, Planning has sent 53 surveys, Building Safety has sent 325 followup surveys, and Neighborhood Services has sent approximately 1,200 surveys. Additionally, staff held a meeting with the architects and engineers to solicit feedback on our development processes.

Key Performance Indicator	Actual FY 13	Estimated FY 14	Projected FY 15
To process all Building, Plumbing, Mechanical, and Electrical inspections within 24 hours.			
Workload	9,705	9,568	10,500
Completed	9,705	9,568	10,500
Completion Rate	100%	100%	100%
To enforce nuisance codes through property inspections.			
Workload	13,070	14,075	13,000
Completed	13,070	14,075	13,000
Completion Rate	100%	100%	100%
To begin implementation of the Comprehensive Plan update Recommended Tasks Completed Goal Completion Rate	Not Applicable	New Indicator N/A New Indicator	New Indicator 2 tasks comp. New Indicator
To send a customer service survey to every applicant after a Planning Commission meeting and/or permit.			
Number of Applicants	86	86	90
Number of Surveys Sent	86	86	90
Completion Rate	100%	100%	100%
Support construction and operation of a homeless campus.			
Meetings Attended	18	12	12
CDBG Funds Committed	\$241,003	\$128,097	\$115,000
Percentage of CDBG Funds Available	23.9%	16%	15%



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 FY15 Budget is \$151,642 or 9% more than the FY14 Budget. The increase is due to the replacement of patrol vehicles in FY15.

The Police Department has 219FTE positions for FY15 that is 3FTE less than FY14.

POLICE DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 12,095,333	\$ 12,670,800	\$ 12,302,754	\$ 12,834,090	\$ 12,872,010
Operating Expenditures	3,217,293	3,732,558	3,289,160	3,406,700	3,511,760
Operating Budget	\$ 15,312,626	\$ 16,403,358	\$ 15,591,914	\$ 16,240,790	\$ 16,383,770
Capital Outlay	289,133	83,000	88,645	397,210	326,000
Budget Appropriation	\$ 15,601,759	\$ 16,486,358	\$ 15,680,559	\$ 16,638,000	\$ 16,709,770
Authorized Positions	229.75	222.00	222.00	219.00	219.00

POLICE DEPARTMENT 2015 SERVICE OBJECTIVES

ADMINISTRATION DIVISION

Continue the implementation of performance measures.

SUPPORT SERVICES

Support Services personnel will continue to work toward the completion of the backup communications center located at EOC.

The Network Team will continue to obtain and install necessary equipment to complete the Fort Smith Police Department Business Continuity/Disaster Recovery Plan.

Support Services will work to improve customer service through achieving greater staffing levels in the 911 Communications Center and making efforts to improve staff coverage at the Information Desk.

CRIMINAL INVESTIGATIONS

The Criminal Investigation Division continues to seek training and certification opportunities to obtain certification for a fingerprint examiner and to try to secure a selection to the Forensic Anthropology Center.

PATROL DIVISION

The Patrol Division seeks to replace 5 fleet units, improving the reliability of the necessary response units with new vehicles and equipment. The replacements will improve the reliability of the response units and save additional costs in repairs to aging equipment. The Patrol Division seeks to add to the School Resource (SRO) Program, establishing two additional SRO's to provide service to four Fort Smith Junior High Schools.

POLICE DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

Administration Division

Service Objective: *Continue implementation of performance measures.*

Outcome: The department continues to track performance measures. In February, as part of a city-wide effort to improve customer service, the department initiated an online customer service feedback survey to capture voluntary responses from citizens regarding the departments service levels.

Support Services

Service Objective: *The Network Team will continue to obtain and install necessary equipment to complete the Fort Smith Police Department Business Continuity/Disaster Recovery Plan.*

Outcome: Infrastructure and hardware portion of the project has been completed. The team is beginning the process of configuring and testing the system to roll server and application data to the EOC.

Service Objective: *Support Services will continue to work toward completion of the backup communications center located at the EOC.*

Outcome: In coordination with Sebastian County EOM, a floor plan/layout has been designed, and the selection of consoles, furniture, and other essentials has also been completed. Once funding approval by the Sebastian County 911 Board is achieved, the department will proceed.

Service Objective: *The Training Unit will continue to research and implement a more detailed volunteer program in order to aid the department in achieving operational goals while reducing personnel costs.*

Outcome: Due to budget constraints, funding was not available for this program. The department will seek funding to reinstate the program for 2015.

Service Objective: *The Training Unit will work toward gaining initial CALEA Training Accreditation for the unit during 2014.*

Outcome: Due to budget constraints and current staffing levels, it has been determined it best to postpone CALEA Accreditation until 2017.

Criminal Investigations Division

Service Objective: *In order to maintain and improve the quality of service in the Identification Unit, an additional person needs to be trained in fingerprint analysis, as well as crime scene investigation. Currently the department has one certified fingerprint examiner, which endangers our ability to maintain the use of AFIS. Training an additional person in the unit ensure that the department remains among the leaders in the state in investigative abilities. Training will continue throughout 2014, and we will pursue getting an investigator into the National Forensic Academy, scheduled in the third quarter of 2014.*

Outcome: The Division continues to pursue training for a certified fingerprint examiner. The Division attempted to secure a spot in the Forensic Anthropology Center but were unsuccessful. We will continue to make every effort to complete the necessary training so that both positions can be secured and certified, but this will be an ongoing process.

Patrol Division

Service Objective: *During 2014, the Division will undertake a Fleet Recondition Program. The purpose of the program is to increase fleet reliability, extend the older units life cycles and reduce major mechanical repair costs. Older fleet designated for reconditioning will receive preventative services to extend the useful life of the units. The program will begin in the first quarter of 2014 and is expected to be complete by the end of the third quarter.*

Outcome: During 2014, the Division sought to conduct maintenance/refitting project for older patrol units. These units are used when primary fleet units are unavailable for patrol duty. Currently, this project is on hold due to the absence of the quartermaster who oversees the program due to medical issues. At the end of the second quarter, the division had successfully completed maintenance/refitting of three patrol units. Overall cost per unit is \$1,320. Headlights, seat cushions/covers and wheel painting repairs are performed in house to further reduce costs.

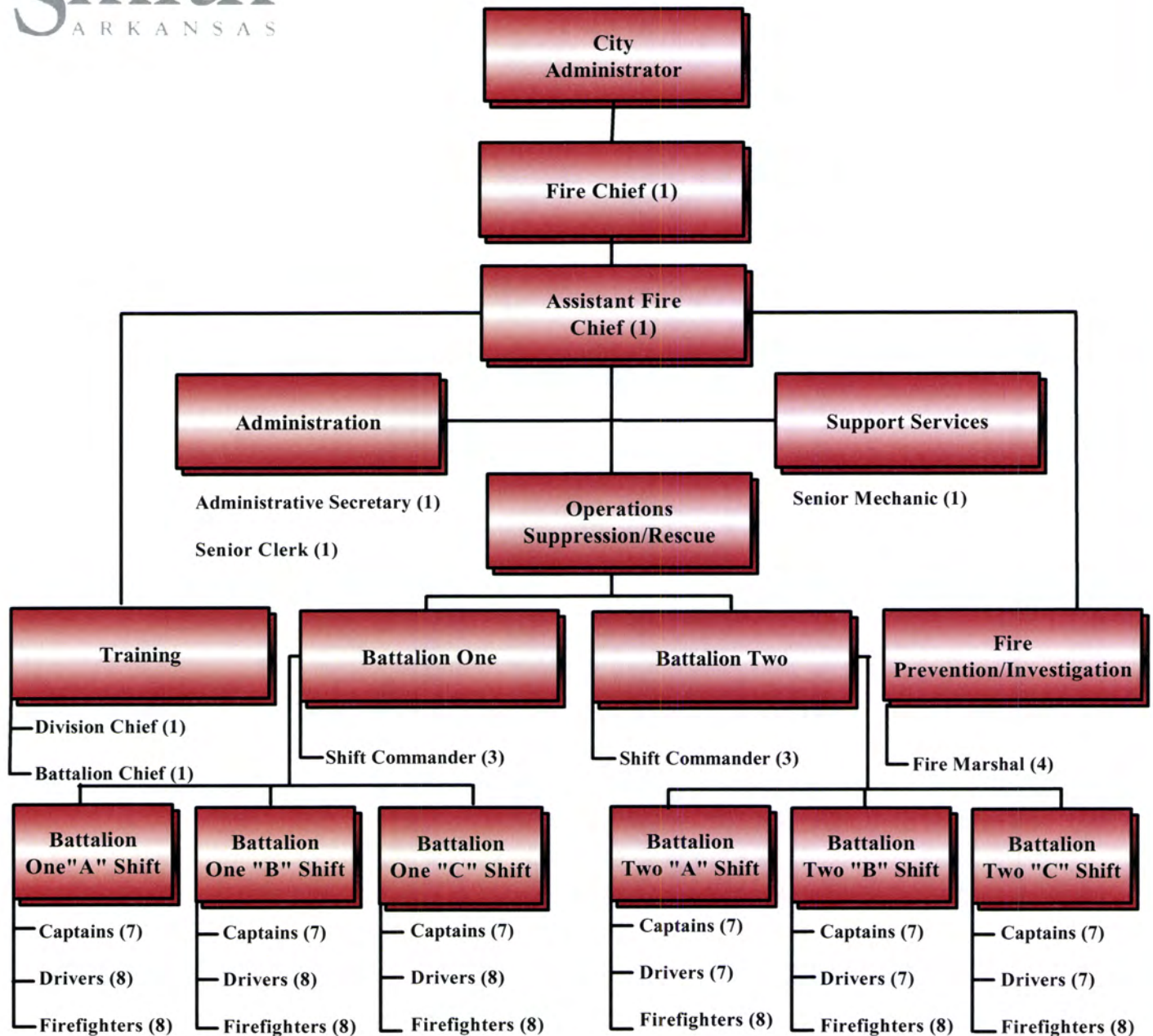
SERVICE MEASURES/PERFORMANCE INDICATORS

	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>	<u>ACTUAL FY14</u>
Community Relations-				
PCR Programs Performed	222	81	101	100
PCR Program Attendance	9,674	4,687	6,122	4,746
Crime Stopper Calls	307	340	302	189
Training-				
In Service/Officers	2,010	2,458	1,490	1,323
In Service/Hours	12,935	18,270	8,740	15,698
Schools and Seminars/Officers	127	188	1,177	1,269
Schools and Seminars/Hours	2,292	3,013	4,031	3,288

WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>	<u>ACTUAL FY14</u>
Murder-Manslaughter-				
Reported	7	6	4	4
Cleared	5	6	4	4
Rape-				
Reported	133	141	80	81
Cleared	117	115	66	67
Robbery-				
Reported	144	126	97	110
Cleared	101	96	82	89
Battery-				
Reported	2,514	2,535	1,213	1,188
Cleared	1,878	2,113	925	897
Burglary-				
Reported	1,129	1,083	993	870
Cleared	183	226	194	225
Larceny-				
Reported	3,977	3,618	3,594	3,740
Cleared	986	1,113	994	1,014
Vehicle Theft-				
Reported	209	223	212	203
Cleared	111	180	87	71
Arrests-				
Adults	9,010	8,998	8,533	8,155
Juvenile	766	1,075	738	694
Calls for Assistance-				
Total Calls	92,426	75,747	66,250	63,463
Burglar Alarms	6,123	5,951	2,897	2,705
Actual Alarm Responses	3,963	3,359	273	186
Animal Control-				
Complaints Received	9,083	8,499	7,695	7,086
Animals Captured	3,072	3,180	2,629	2,705
Animal Bites Investigated	102	87	94	92
Parking Meter Collections	\$ 83,060	\$ 84,768	\$ 78,218	\$ 79,596
Overtime Parking Tickets Issued	5,702	7,622	5,312	4,320
Overtime Ticket Collections	\$ 30,091	\$ 42,209	\$ 34,128	\$ 29,435

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 four programs: 4801 Administration, Prevention and Training, 4802 Suppression, and 4803 1/8% Sales Tax Operations and 4804 Training. The 4801 program includes management of all fire services for the city code enforcement, investigations, construction reviews, fire prevention education and inspections. 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 program 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. Program 4803 includes the operating and capital costs supported by the 1/8% local sales and use tax. Personnel in this program will staff the new fire station built at Chaffee Crossing. A fire training facility will be funded through this program as well as the purchase of replacement apparatus for the department. Program 4804 includes the training operations that is certified through the Arkansas State Fire Academy.

The FY15 Budget is \$2.5 million or 15.9% less than that FY14 Budget. The decrease is in capital purchases and construction projects that occurred in FY14. The major capital cost for FY15 is the sinking fund transfer for future fire apparatus.

The total personnel of the Fire Department is 152FTE for FY15 that is consistent with the FY14 Budget.

FIRE DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 10,185,800	\$ 11,650,330	\$ 11,008,336	\$ 11,922,480	\$ 11,850,670
Operating Expenditures	1,324,675	1,175,889	1,108,289	1,226,370	1,296,200
Operating Budget	\$ 11,510,475	\$ 12,826,219	\$ 12,116,625	\$ 13,148,850	\$ 13,146,870
Capital Outlay	710,804	1,679,568	3,339,342	309,000	665,000
Budget Appropriation	\$ 12,221,279	\$ 14,505,787	\$ 15,455,967	\$ 13,457,850	\$ 13,811,870
Authorized Positions	152.00	152.00	152.00	152.00	152.00

FIRE DEPARTMENT 2015 SERVICE OBJECTIVES

Administration

1. Improve public and firefighter safety, increase operational efficiency, reduce liability, and performance standards by rewriting and moderizing the Fort Smith Fire Department Operations Manual.
2. Improving our Insurance Service Office's (ISO) Fire Public Protection Classification score by implementing the Fire Department Improvement Plan released in June 2011.
3. Continue with the implementation of emergency response protocols to align with the standards of the National Fire Protection Association (NFPA) and ISO.
4. Complete the construction and begin operations of a NFPA compliant training facility with a burn building.
5. Continue to develop and implement a sucesion plan for the fire department.
6. Assist the Finance Department with analysis of police and fire pension funding, and help develop overall solutions.

Name	Purpose	Target	Measurement Through June 30, 2014
Property Loss/Property Saved Report	To strive to keep property loss from fires or other incidents to a minimum	To keep property loss to less than 10%	Value of property responded to: \$171.6 Million Total Percent Lost: 1.30% Total Percent Saved: 98.7%
Response Time Report	To meet NFPA and ISO Response Time Standards	To be on scene in 4 minutes or less after receipt of alarm	3 minutes 22 seconds
ISO Rating	To keep property fire insurance rates as low as possible	Public Protection Class 2 or better	Class 2 with a score of 80.28 out of 100
Fire Prevention and Education	To keep casualties and property loss from fire as low as possible through education and inspections	Children, Senior Citizens, low income, and higher risk occupancies	The Fire Prevention and Investigation Division received a grant from FEMA to purchase 600 smoke detectors for citizens in Fort Smith that fall within the target group. 428 smoke detectors have been installed as of August 1, 2014. The program will continue into 2015.
Training	To increase safety and efficiency through training	30,066 total training hours for individual and company training per year	26,557 individual & company training hours completed as of June 30

**FIRE DEPARTMENT
2014 SERVICE OBJECTIVES AND OUTCOMES**

Administration:

1. **Service Objective:** *Improve public safety and assist in holding down consumers property insurance costs by beginning construction of a new fire station at Chaffee Crossing.*

Outcome: Fire Station 11 officially opened February 24, 2014.

2. **Service Objective:** *Improving our Insurance Service Office's (ISO) Fire Public Protection Classification score by implementing the Fire Department Improvement Plan released June 1, 2011.*

Outcome: All phases of the Fire Department Improvement Plan were completed in March 2014.

3. **Service Objective:** *Continue with the implementation of emergency response protocols to align with the standards of the National Fire Protection Association (NFPA) and ISO.*

Outcome: Emergency Response Protocols are constantly being reviewed and revised as necessary. The FSFD developed and released a complete new Operations Manual in 2014.

4. **Service Objective:** *Begin construction of a NFPA compliant training facility with a burn building.*

Outcome: Construction of the Training Facility began in July 2014 and is expected to be complete by March 2015.

5. **Service Objective:** *Begin developing and implementation of a succession plan for the department.*

Outcome: Key personnel are being developed to provide for a smooth transition.

6. **Service Objective:** *Assist the Finance Department with an analysis of Police and Fire Pension Funding.*

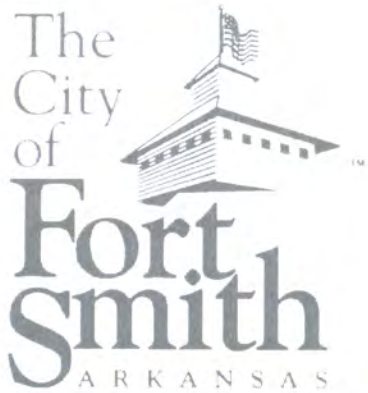
Outcome: An actuary was provided to the City by LOPFI. The information is being used to develop a future funding plan for the police and fire pension fund.

**FIRE DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

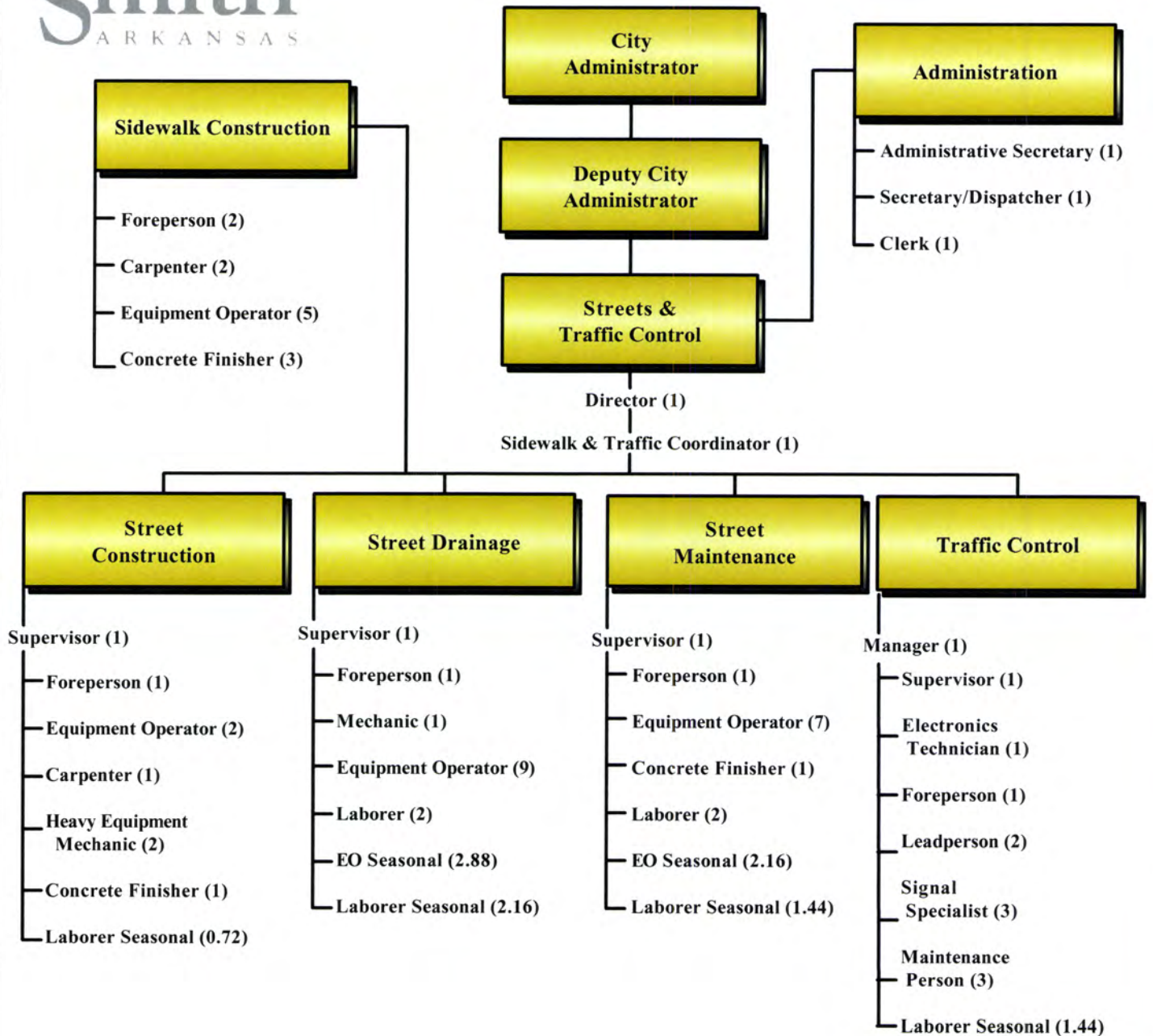
	<u>ACTUAL FY13</u>	<u>BUDGET FY14</u>	<u>ACTUAL FY14</u>	<u>BUDGET FY15</u>
Alarm Responses	8,688	8,500	10,106	9,500
Number of Fires or incidents involving property loss	239	250	286	250
Value of Property Responded To	\$ 73,473,624	\$ 150,000,000	\$ 267,147,541	\$ 175,000,000
Total Property Loss	\$ 5,920,325	\$ 15,000,000	\$ 4,367,782	\$ 17,500,000
Total Property Saved	\$ 67,553,299	\$ 135,000,000	\$ 262,779,759	\$ 15,750,000
Total Percent Lost	8.06%	10%	1.63%	10%
Total Percent Saved	91.94%	90%	98.37%	90%

**FIRE DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>	<u>ACTUAL FY13</u>	<u>ACTUAL FY14</u>
<u>Alarm Statistics:</u>				
<u>Fire-</u>				
Structure	188	155	130	171
Vehicle Fires	85	70	60	63
Brush, Grass, Leaves	121	128	58	98
Trash, Rubbish	60	64	38	58
Explosions, No After Fire	3	4	1	0
Outside Spill with Fire	0	0	0	0
Other Fires	18	21	17	12
<u>Rescue and Emergency-</u>				
Overpressure Rupture	4	4	8	2
Emergency Medical Call	5,047	5605	5,367	6,673
Locked In, Trapped	4	1	1	30
Search	2	1	1	0
Extrication	19	14	15	10
Rescue, Not Classified	309	369	13	33
Spill, Leak- No Fire	87	109	76	72
<u>Electrical/Hazardous Response-</u>				
Power Line Down	108	106	76	112
Arching Electric Equipment	98	91	76	115
Chemical Spill	6	3	0	1
Hazardous Condition	8	9	8	12
Smoke Removal	16	12	9	12
<u>Other Responses:</u>				
Animal/Rescue	0	3	9	23
Assist Police	32	27	24	67
Unauthorized Burning	148	174	112	160
Other Service Calls	172	185	192	273
Smoke Scare	162	126	93	130
Steam, Gas Mistaken for Smoke	54	41	40	62
Malicious False Alarm	9	5	4	7
Bomb Scare	8	6	8	20
Alarm Malfunction	166	134	102	123
Unintentional False	331	306	244	339
Other	816	905	991	1,430
Controlled Burn	10	10	7	8
Bomb Removal	20	20	19	11
Haz-Mat Investigation	20	16	15	9
Water Rescue	24	8	4	7
Construction Plan Reviews	217	183	262	368
Citizens Reached in Education Programs	14,212	16107	12,935	17,823
New Business Occupation Fire and				
Life Safety Inspections	673	479	469	910
Fire Safety Surveys Performed	4,644	6,303	4,753	4,799
Fire Hydrants Maintained	7,950	7,950	7,950	7,950



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 seven programs: 5101 Administration, 5302 Street Construction, 5303 Street Drainage, 5304 Street Maintenance, 5305 Sidewalk Construction, 5401 Traffic Control Operations and 5403 Street Lighting. 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, constructing and repairing sidewalks, and providing and installing high visibility street signage.

The Department's major priority for 2015 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 FY15 is 72.82FTE which is 1.16FTE more than FY14. The increase in positions is for additional seasonal employees.

The FY15 Budget is \$191,070 or 2.9% less than the FY14 Budget. The decrease is in capital additions.

STREETS AND TRAFFIC CONTROL	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 3,452,377	\$ 3,659,890	\$ 3,551,987	\$ 3,703,670	\$ 3,655,960
Operating Expenditures	2,898,656	2,765,556	2,485,766	2,699,310	2,739,820
Operating Budget	\$ 6,351,033	\$ 6,425,446	\$ 6,037,753	\$ 6,402,980	\$ 6,395,780
Capital Outlay	19,087	198,604	314,690	30,000	0
Budget Appropriation	\$ 6,370,120	\$ 6,624,050	\$ 6,352,443	\$ 6,432,980	\$ 6,395,780
Authorized Positions	71.64	71.64	71.64	71.64	71.64

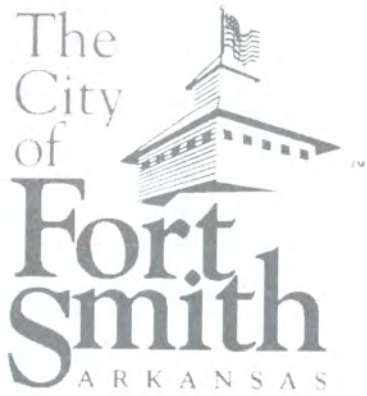
STREETS AND TRAFFIC CONTROL DEPARTMENT 2015 SERVICE OBJECTIVES

1. Continue to respond to citizens request for service in a timely, effective and efficient manner.
2. Continue to lessen the potential for property damage from flooding by regularly cleaning and clearing debris from ditches and channels, and drainage structures.
3. Continue to preserve the appearance of public property by mowing detention ponds, levees and City owned right of way and drainage easements.
4. Continue to improve the safety of the traveling public by repairing and upgrading traffic control devices (signals, signs, striping, pedestrian crosswalks, etc.).
5. Further develop a sidewalk repair plan to better plan the location of sidewalk repairs and replacements and continue to implement the year to year plan.
6. Implement a computertized work order system within the department to better sync with the utilities department and create a paperless notification system to supervisors.

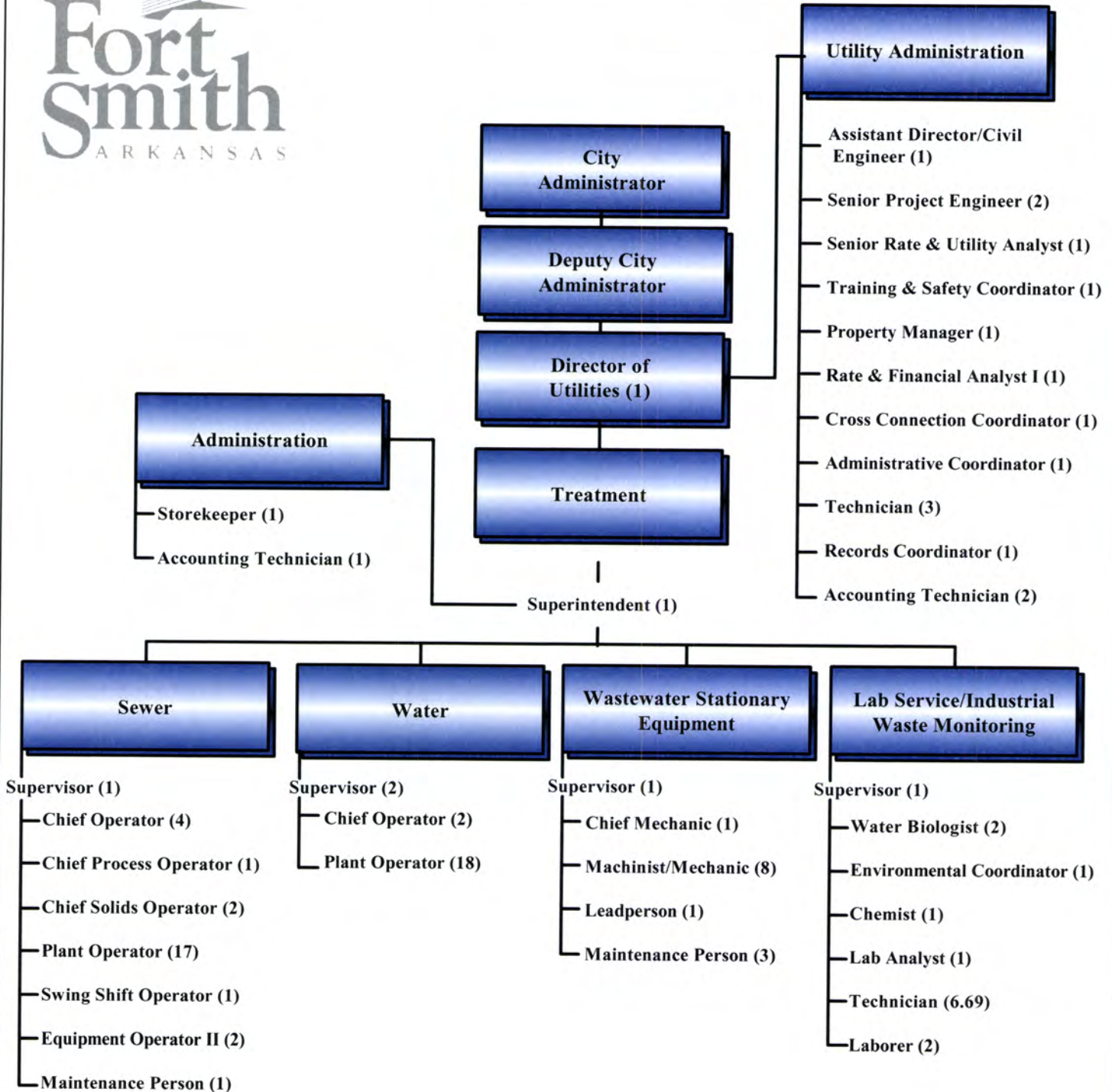
STREETS AND TRAFFIC CONTROL DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue to respond to citizen's request for service in a timely, effective and efficient manner.*
Outcome: We continue to take calls and give responses within the same day when at all possible.
2. **Service Objective:** *Lessen the potential for property damage from flooding by regularly cleaning and clearing debris from ditches and channels.*
Outcome: Regular maintenance and cleaning of the storm drains and channels continues.
3. **Service Objective:** *Preserve the appearance of public property by mowing detention ponds, levees and City owned right of way.*
Outcome: Mowing has proceeded as scheduled with regular crews on the street and channels daily.
4. **Service Objective:** *Continue to improve the safety of the traveling public by repairing and upgrading traffic control devices (signals, signs, striping, pedestrian crosswalks, etc.).*
Outcome: Striping has proceeded and upgrades have been made to signals. All downtown controllers have been switched to a more integrated system.
5. **Service Objective:** *Develop a sidewalk repair plan to better plan the location of sidewalk repairs and replacements, and obtain and utilize a second concrete truck to fully utilize sidewalk crew capabilities.*
Outcome: Existing sidewalks have been document and rated. We are currentl working to moce this data into a geographical and GIS format.
6. **Service Objective:** *Improve the efficiency of the snow removal program by setting up a satellite sand storage location and equipping trucks with snow plows.*
Outcome: Two new completely integrated plow/spreader trucks have been delivered with a third advertised for bid. This will give us four plows on the streets during an event with a backup plow.

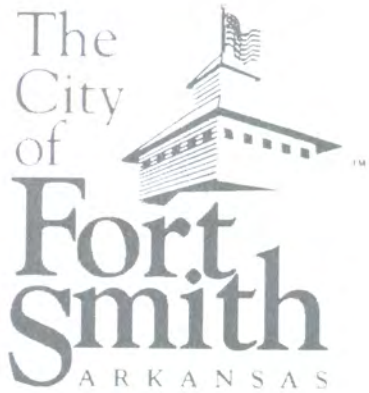
KEY PERFORMANCE INDICATORS							
DEPARTMENT	PERFORMANCE MEASURE	FY 2013 Target	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Target	FY 2015 Actual
Traffic Control (5401 and 5405)	% of traffic light repairs completed within 4 hours	100%	98%	100%	95%	100%	
Street Maintenance (5304)	% of repairs (utility cuts, driveway cuts and sidewalks) within 4 days	100%	90%	100%	90%	100%	
Drainage Department (5303)	Regrade major creeks (12 locations) annually	100%	54%	100%	75%	100%	
Street Construction (5302)	Complete construction of drainage projects and street overlays	100%	108%	100%	80%	100%	
Sidewalk Construction (5305)	Complete 6 miles of sidewalk repair	100%	105%	100%	110%	100%	
Street Maintenance (5304) Street Construction (5302) Drainage Department (5303)	Equip trucks with snow plows. Implement liquid deicing program.	100%	100%	100%	100%	100%	



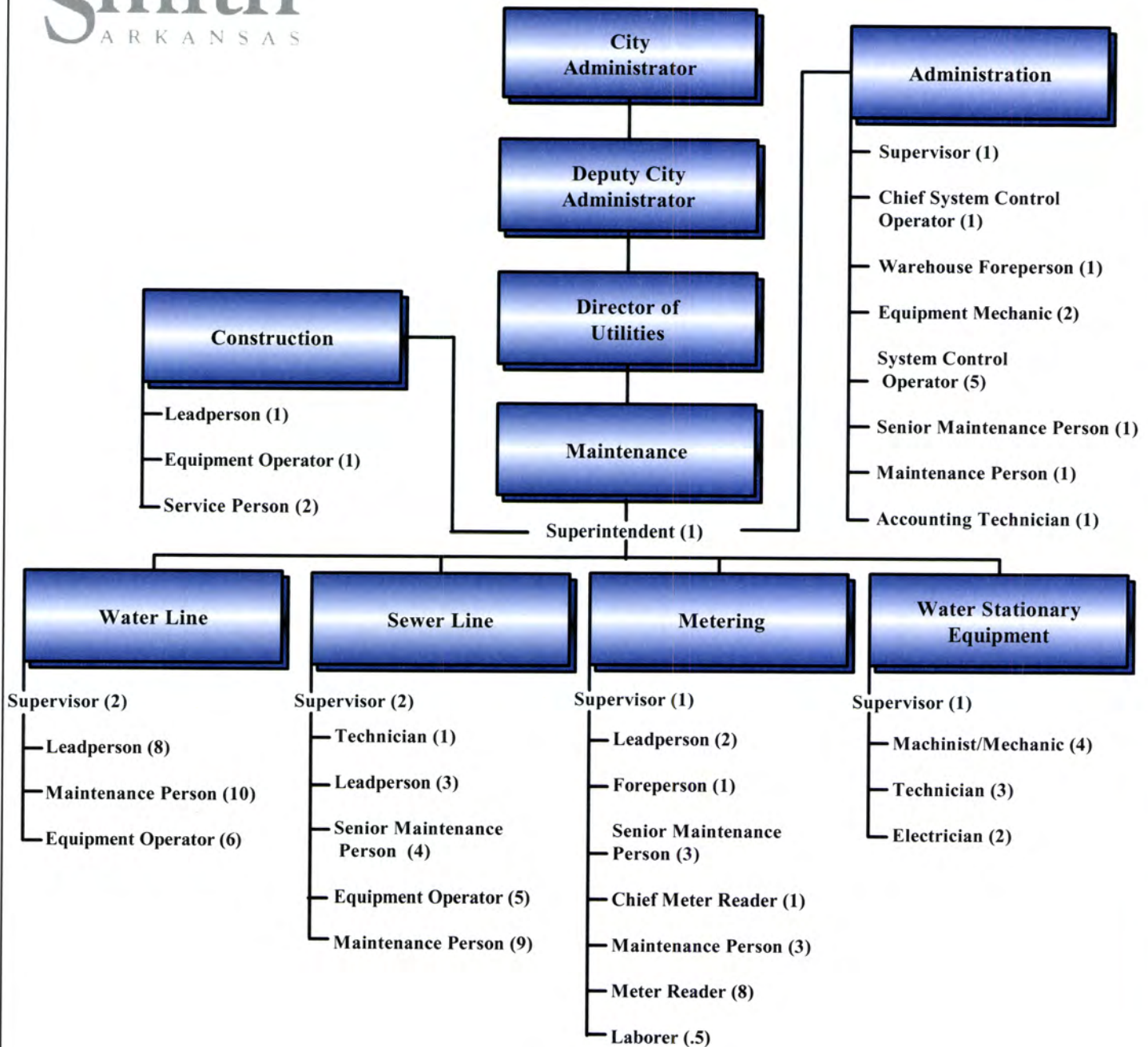
Operation Services Water and Sewer



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



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.

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 FY15 Budget is \$1.9 million or 5.1% less than the FY14 Budget. The decrease is due to less capital outlay including the elimination of the \$1.5 million capital transfer for neighborhood improvements. The transfer is not included for FY15 due to lower revenue in the water and sewer fund.

Total positions for the Department are 196.19 for FY15 that is 1FTE less than FY14.

WATER AND SEWER OPERATING FUND	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenses	\$ 10,374,843	\$ 11,547,900	\$ 10,966,707	\$ 11,710,800	\$ 11,615,370
Operating Expenses	21,592,997	22,921,013	21,825,161	22,627,430	22,694,520
Operating Budget	\$ 31,967,840	\$ 34,468,913	\$ 32,791,868	\$ 34,338,230	\$ 34,309,890
Capital Outlay	1,931,453	3,211,658	2,969,243	1,405,620	484,450
Budget Appropriation	\$ 33,899,293	\$ 37,680,571	\$ 35,761,111	\$ 35,743,850	\$ 34,794,340
Authorized Positions	192.19	196.19	196.19	195.19	195.19

WATER AND SEWER DEPARTMENT 2015 SERVICE OBJECTIVES

1. Use innovation and improved uses of technology to better utilize resources for serving the community.
 - Continue planning, design and construction practices that assure reliability and lower operations costs.
 - Continue the development and integration of strategic management planning and benchmark assessments.
2. Cost effective execution of the Wastewater Management Plan to meet EPA required implementation schedule for wet weather wastewater treatment and collection system improvements.
 - Integrate recommendations of the Wastewater Management Plan into wastewater wet weather projects and management strategies.
 - Continue construction of wet weather improvements in Mill Creek basin for pump station capacity, equalization storage, interceptor sewers and collection system rehabilitation.
 - Complete construction and place in service the Zero Street for pump station and equalization storage wet weather improvements.
 - Complete installation of standby emergency power improvements for wastewater pump stations (except Mill Creek pump station currently under construction) and second electric circuit for the Massard wastewater treatment plant.
3. Plan for water and wastewater services to support growth and better serve neighborhoods.
 - Initiate construction for Phase 2 of the 48 inch water transmission line for the Lake Fort Smith water treatment plant.
 - Initiate construction of water and wastewater improvements to serve a riverfront soccer complex.
 - Initiate construction of water and wastewater improvements to serve the Arkansas Osteopathic Medical College.
 - Improve water service and upgraded fire protection through line replacement projects within older residential areas.

**WATER AND SEWER DEPARTMENT
2014 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Use innovation and improved uses of technology to better utilize resources for serving the community. Continue planning, design and construction practices that assure reliability and lower operating costs. Continue the development and integration of strategic management planning and benchmark assessments.*

Outcome: Ongoing process with each construction project. The strategic plan development is underway.

2. **Service Objective:** *Cost effective execution of the Wastewater Management Plan to meet EPA required implementation schedule for wet weather treatment and collection system improvements.*

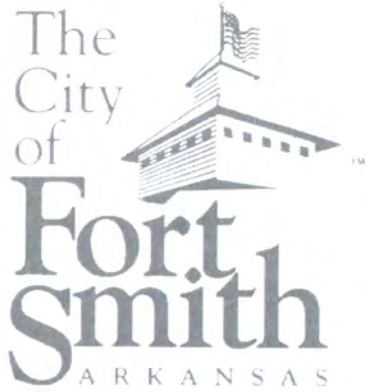
Outcome: Update of Wastewater Management Plan in progress, Mill Creek basin for pump station and initial phases of interceptor sewers are under construction. Completed installation of twelve to fifteen standby emergency power improvements for the wastewater pump stations and Massard treatment plant will be complete by the end of 2014. Proposed staffing levels to meet previous drafts of Consent Decree have been identified and are awaiting next counter-proposal for anticipated revisions.

3. **Service Objective:** *Plan for water and sewer extensions to support growth and better serve neighborhoods.*

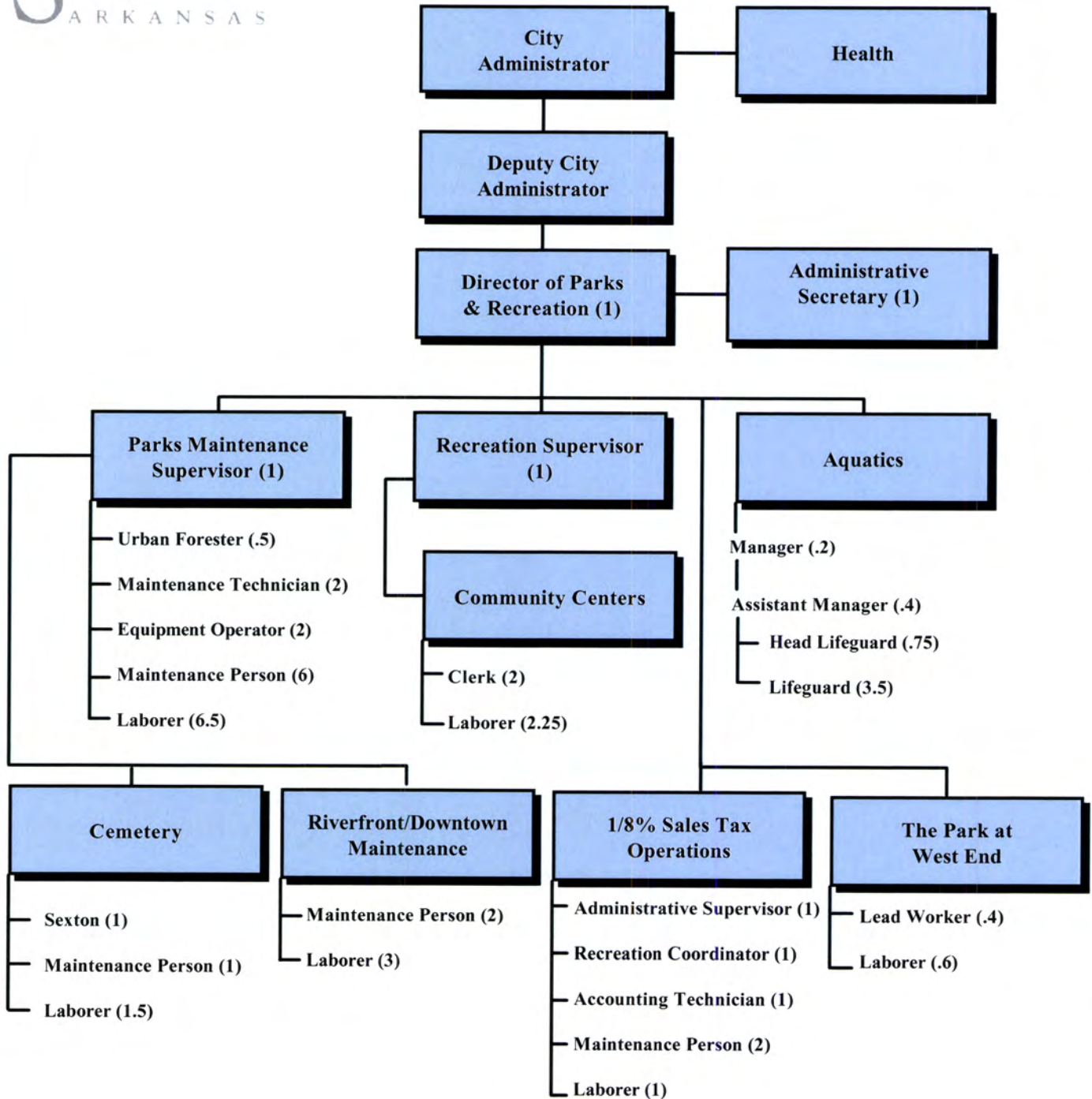
Outcome: Construction of the first section of the 48 inch water transmission line for Lake Fort Smith water treatment plant project bidding and award of contract will be complete by the end the third quarter. Funding sources for the design and construction of water and wastewater improvements to serve the riverfront soccer complex are being sought. Design for the next water system improvements project is in progress to improve water service and upgraded fire protection through line replacements projects in older residential neighborhoods.

**WATER AND SEWER DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY13</u>	<u>ESTIMATED FY14</u>	<u>ACTUAL FY14</u>
New Water Service Line Installations	274	250	248
New Sewer Service Line Installations	55	50	49
Sewer Service Line Replacements	283	200	185
Sewer Line Replacements	1,509 LF	2,000 LF	818 LF
Total Water System Work Orders	19,342	19,500	20,840
Total Sewer System Work Orders	4,979	5,000	3804
Sewer Lines Cleaned	321,219 LF	375,000 LF	467,070 LF
Sewer Lines TV Inspected	87,503 LF	88,000 LF	79,175 LF
Locate Tickets Completed	9,111	9,000	8,527
Leaks Repaired	928	900	827



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 eight programs: 6101 Health, 6201 Parks Maintenance, 6202 Oak Cemetery, 6204 Community Centers, 6205 Aquatics; 6206 River Park/Downtown Maintenance, 6207 The Park at West End and 6208 1/8% Sales Tax Operations. The functions of the Department include maintenance and beautification of City parks with a total park acreage of 273.21, operation of the Creekmore community center and Elm Grove community center and management of 30.27 acre Oak Cemetery which is on the register of national historic places. Also, the department 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, operates the Creekmore Train, operates The Park at West End and the Water Park.

The FY15 Budget is \$2.5 million or 32% less than the FY14 Budget. The decrease is primarily due to the multi-year capital projects completed in FY14. Projects began in FY13 were completed during FY14, therefore, the amount of capital in FY14 was actually for two years.

The Department has 43.6FTE positions allocated for FY15 that includes the net decrease of 1.5FTE. Three full-time positions were added to the 1/8% sales tax operations program. Elimination of 2.5FTE part-time positions occurred in that same program. Additionally, 1 FTE laborer was eliminated from parks maintenance and 1FTE lifeguard was eliminated from the aquatics program.

PARKS & RECREATION	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 1,441,627	\$ 1,838,890	\$ 1,683,352	\$ 1,845,180	\$ 1,896,040
Operating Expenditures	859,241	1,124,152	933,770	1,292,700	1,306,520
Operating Budget	\$ 2,300,868	\$ 2,963,042	\$ 2,617,122	\$ 3,137,880	\$ 3,202,560
Capital Outlay	805,620	3,968,919	3,900,520	2,042,100	2,525,000
Budget Appropriation	\$ 3,106,488	\$ 6,931,961	\$ 6,517,642	\$ 5,179,980	\$ 5,727,560
Authorized Positions	38.10	45.10	45.10	43.60	43.60

PARKS AND RECREATION DEPARTMENT GOALS

To position the City of Fort Smith to attract and retain young professionals through the utilization and enhancement of its parks, trails, and recreation programming.

PARKS AND RECREATION DEPARTMENT 2015 SERVICE OBJECTIVES

1. Provide additional recreation opportunities by completing construction and opening an aquatics center at Ben Geren Park.
2. Provide additional recreation opportunities by completing a softball tournament complex at Chaffee Crossing.
3. Provide additional recreation opportunities by designing and beginning construction of a riverfront soccer complex.
4. Provide additional recreation opportunities by constructing two new neighborhood parks.
5. Study the need for more extreme sports in parks and report findings with costs.
6. Promote riverfront development by completing construction of the 1.6 mile trail along the riverfront.

**PARKS AND RECREATION DEPARTMENT
2014 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Study the need for Kelley Stage to be expanded and determine if a permanent stage addition is needed.*
Outcome: A report was provided to the Commission on the Riverpark addressing this subject. The Commission recommended not to pursue expansion at this time due to the amount of use and that no groups have refused to perform due to the size.
2. **Service Objective:** *Contract with a consultant to identify the need for extreme sports and identify funding options for planning, building, and operating these facilities.*
Outcome: This objective will be budgeted and addressed during 2015.
3. **Service Objective:** *Contract a consultant with the Engineering Department to study the incorporation of bike lanes into transportation planning.*
Outcome: Parks and Engineering staff have met with a consultant to discuss this objective.
4. **Service Objective:** *Improve the accountability and performance of our budget by including key performance indicators for the parks department as outlined below:*

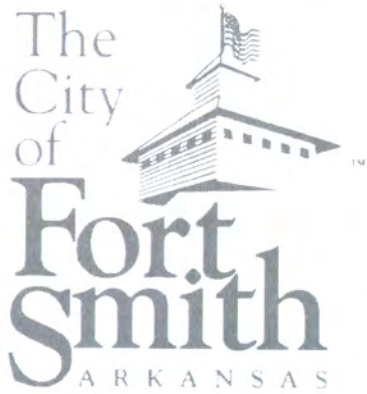
KEY PERFORMANCE INDICATORS						
Parks and Recreation Department Divisions	Performance Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Target	FY 2015 Actual
Park Maintenance 6201	Mow each park weekly during the mowing season (approx. 24)	20 (lack of rain)	24		24	
Oak Cemetery 6202	Mow the cemetery weekly during the mowing season (approx. 24)	20 (lack of rain)	24		24	
Community Centers 6204	Maintain the same number of hours reserved	5,084 Hours	5,200 Hours		5,084 Hours	
Aquatics 6205	Maintain the same revenue to expense ratio	49%	45%		45%	
Riverfront, Downtown 6206	Maintain the same level of hours reserved	3,859 Hours	3,775 Hours		3,859 Hours	
The Park at West End 6207	Maintain the same level of revenue	28,157	20,524		21,500	

5. **Service Objective:** Study and make a recommendation on the re-prioritization of projects to allow for more funding for the development of trails sooner in the Capital Improvements Plan.
Outcome: Achieved. Funding is dedicated in the 2014 Budget and is planned in the CIP for the next five years for trail development. The West River Trail is in the 2014 and 2015 budget and the Mill Creek South Trail is planned in the CIP for 2016.
6. **Service Objective:** Study and make a recommendation along with the A&P to provide seed money for a new signature event.
Outcome: Potential organizers of an event have been contacted.
7. **Service Objective:** Study and recommend the resources needed for the department to acquire the role of Sports Council.
Outcome: The department would require a staff position, office set up and supplies to accomplish this objective.
8. **Service Objective:** Continue to meet the goals of the Capital Improvements Plan through the dedicated funding of the sales and use tax.
Outcome: This objective is being accomplished and is planned in the CIP.

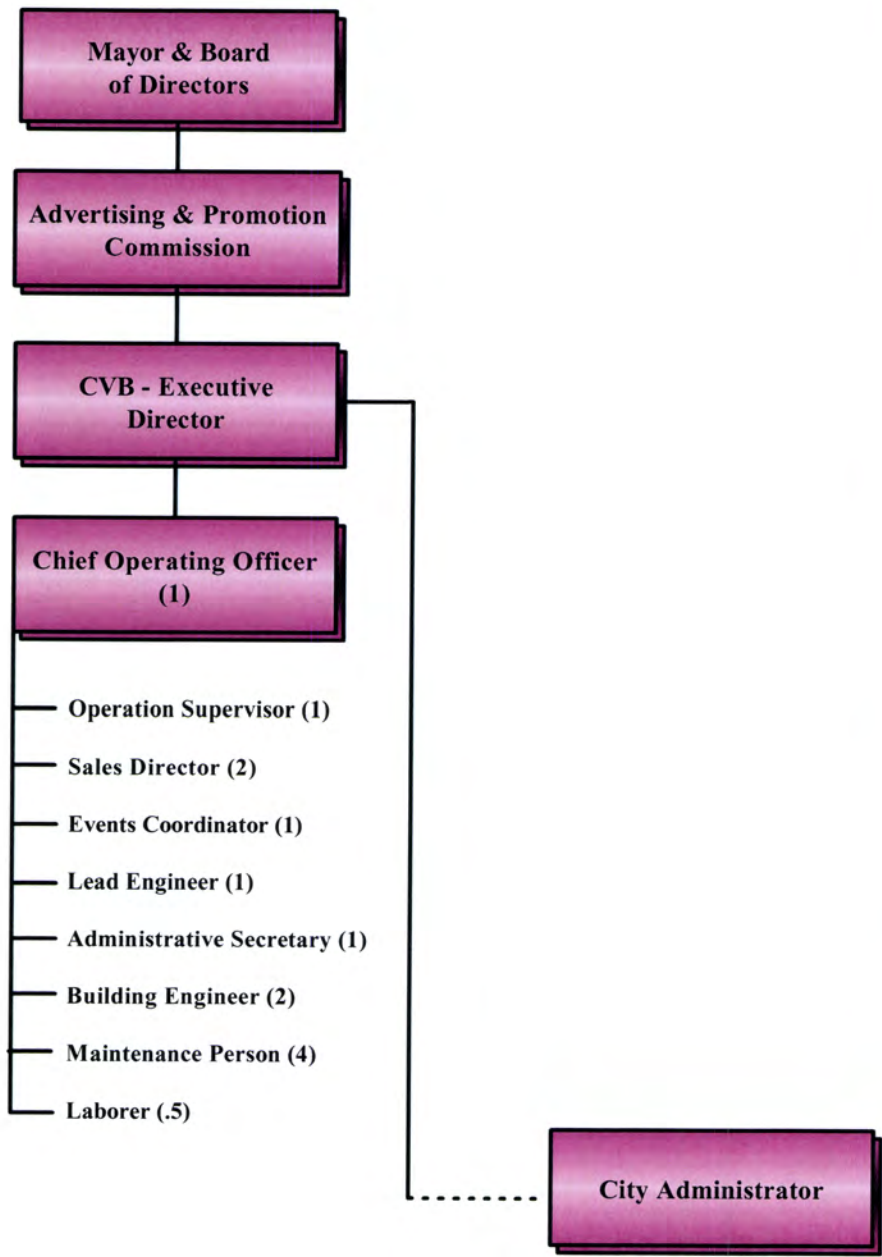
PARKS AND RECREATION DEPARTMENT WORKLOAD/DEMAND STATISTICS

	ACTUAL FY13	BUDGET FY14	ACTUAL FY14	BUDGET FY15
Flowerbed Square Footage	90,242	90,242	90,242	90,242
Median Flowerbeds Maintained	165	165	165	165
Median Square Footage	330,200	330,000	330,200	330,200
Medians Maintained	60	60	60	60
Street Easements Maintained-Miles	8	8	8	8
Trees Planted	40	25	37	25
Park Acres Maintained	273.21	273.21	273.21	273.21
Park Flowerbeds Maintained	90	90	90	90
Parks	25	25	25	25
Trails	2	2	2	2
Miles	3.90	3.90	3.90	3.90
Train Revenue	\$12,865	\$11,500	\$9,765	\$11,500
Train Riders	51,460	46,000	39,060	46,000

Cemetery Spaced/Niches Sold	130	40	143	50
Cemetery Interments/Interments/ Scatterings	71	50	72	50
Cemetery Revenue	\$80,712	\$50,000	\$73,414	\$50,000
Community Center Bookings	1,189	900	970	900
Community Center Patrons	48,000	45,000	48,500	45,000
Community Center Revenue	\$21,378	\$35,000	\$34,292	\$35,000
Number of Community Centers	2	2	2	2
Aquatic Admissions	32,736	35,000	22,587	35,000
Aquatic days of Operations	84	90	71	90
Aquatic Revenue	\$70,991	\$70,000	\$56,050	\$70,000
Red Cross Class Provider Revenue	\$6,459	-	-	-
Number of Swimming Pools	1	1	1	1
Number of Wading Pools	3	3	3	3
Splashpad	1	1	1	1
Riverpark Bookings	524	500	544	500
Riverpark Patrons	32,000	40,000	43,520	40,000
RiverPark Revenue	\$39,220	\$50,000	\$46,979	\$50,000
Number of Facilities	3	3	3	3
Total Events	35	70	53	70
Total Events Patrons	15,000	60,000	53,200	60,000
Private Events	22	40	31	40
Private Event Patrons	14,500	40,000	32,000	40,000
Parks and Recreation Events	13	30	22	30
Parks and Recreation Events Patron	14,000	20,000	21,200	20,000
Park at West End Revenue	\$28,157	\$23,000	\$29,285	\$23,000



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, Program 6203, is responsible for operating the facility. This program is now managed by the Advertising and Promotion Commission. 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 FY15 Budget is \$47,044 or 3.1% more than the FY14 Budget. The increase is in the capital outlay and the pay increases. The City General Fund will provide \$777,000 to the Convention Center in FY15 as it did in FY14.

The Convention Center has 13.50FTE positions for FY15 that is the same as FY14.

CONVENTION CENTER	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 814,990	\$ 818,390	\$ 820,043	\$ 831,820	\$ 822,580
Operating Expenditures	614,276	677,546	606,121	694,560	708,630
Operating Budget	\$ 1,429,266	\$ 1,495,936	\$ 1,426,164	\$ 1,526,380	\$ 1,531,210
Capital Outlay	97,809	17,000	83,789	33,600	50,000
Budget Appropriation	\$ 1,527,075	\$ 1,512,936	\$ 1,509,953	\$ 1,559,980	\$ 1,581,210
Authorized Positions	13.50	13.50	13.50	13.50	13.50

CONVENTION CENTER 2015 SERVICE OBJECTIVES

1. Attract new clients and retain the current client base by emphasizing excellent customer service. The Center team will continually seek opportunities to ensure that our customers receive the best value and service for their money.
2. Next to customer service, operational efficiencies will be a top priority for every member of the staff. Each team member will establish on-going programs in their areas of responsibility to ensure maximum operational efficiencies throughout the Center.
3. Continue to capitalize on the new working relationship with the Convention and Visitors Bureau with regard to integrated marketing. The partnership allows the Center to be better poised to achieve brand recognition, credibility and greater market share. We will emphasize this new partnership in our marketing strategies to maximize our customers understanding of the benefits and opportunities this partnership creates.
4. The Center will create a positive economic impact on the community by providing quality public assembly, exhibit, theatrical performance and meeting facilities. A thriving Convention Center increases business for the local hospitality, service and restaurant sectors capturing revenue that would not be there otherwise.
5. The Convention Center will maximize revenue to allow for future growth by controlling costs, adding additional services, increasing utilization and creating a price schedule that properly reflects market and economic realities to maximize bookings and regain customers who might have chosen an alternative venue based on affordability.
6. Continue administering the client survey "report card" program designed to gather feedback about service levels and quality of facilities from our clients. Achieve minimally a 25% client response rate, garnering a completed report card from approximately 25% of our events. Maintain an overall score showing that the center meets or exceeds expectations 95% of the time in all areas of sales and planning process and operations areas.
7. In conjunction with the CVB staff, center staff will populate the Event Impact Calculator with appropriate event details within three months following the event's conclusion. This objective will ensure the CVB goal of producing/publishing measureable local/regional economic impact data in a timely fashion.

REVENUE GOALS FOR 2014

We will establish a diverse customer base that will optimize the versatility of the facility concentrating on revenue and utilization in the following categories:

	Revenue Goal	Revenue Update
25 Large Center Programs/Concerts	\$ 140,000	\$ 120,000
20 Exhibits and/or Tradeshows	132,000	100,000
10 State Conventions/Meetings/Events	36,500	50,000
10 Regional/National/Conventions/Meetings/Events	36,500	39,000
75 Local Events	100,000	124,000
60 Theater Events	130,000	115,000
200 Events		
Catering/Concessions/Vending	40,000	75,000
Total	\$ 615,000	\$ 623,000

REVENUE GOALS FOR 2015

We will establish a diverse customer base that will optimize the versatility of the facility concentrating on revenue and utilization in the following categories:

	Revenue Goal
36 Large Center Programs/Concerts	\$129,000
14 Exhibits and/or Tradeshows	\$97,000
9 State Conventions/Meetings/Events	\$53,000
9 Regional/National/Conventions/ Meetings/Events	\$39,000
75 Local Events	\$130,000
57 Theater Events	112,000
Catering/Concessions/Vending/Beverages	\$85,000
200 Events	
Total Revenue	\$645,000

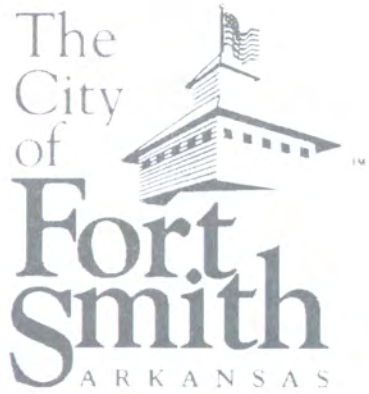
2015 STRATEGIES

1. Achieve goal of prospecting and qualifying at least 15 new potential clients weekly.
2. Maintain memberships with several industry related organizations such as Arkansas Society of Advertising Executives (ASAE), Religious Conference Management Association (RCMA), Collinson Media's Connect Marketplace and Rejuvenate Marketplace, and the National Guard of Arkansas Association.
3. Drive short-term booking revenue and increase awareness of the Fort Smith Convention Center by developing new client lists through referrals, social networking, internet, magazines and newspapers. Generate repeat bookings and new short-term business by maintaining communication with active client leads.
4. Provide timely and precise followup on all sales and event related inquiries. Every inquiry is a potential client. Files and communication records will be created for all inquiries regardless of the booking outcome.
5. Provide our clients with quality sales collateral to include facility portfolio, meeting space diagrams, hotel and local business and attraction information in conjunction with the Fort Smith Convention and Visitor's Bureau.
6. Market in conjunction with the Fort Smith Convention and Visitor's Bureau to have a broader reach not only locally, but regionally and nationally.
7. Work with the Fort Smith Convention and Visitors Bureau to provide walk-through tours, brochures, and facility collateral to all potential client and site selection committees.
8. Work with the Fort Smith Convention and Visitors Bureau/A&P Commission to extend incentives for conventions through the co-operative program currently in place. Groups must meet specific criteria (i.e. minimum attendance numbers, event days, meeting room rentals) to be considered for funding assistance from sleeping rooms that can help cover the Fort Smith Convention Center rental costs.
9. Participate in industry trade shows to develop a high level of awareness of the Fort Smith Convention Center as a meeting and convention destination through participation in industry trade shows with colleagues from the Fort Smith Convention and Visitor's Bureau as well as networking at local events.

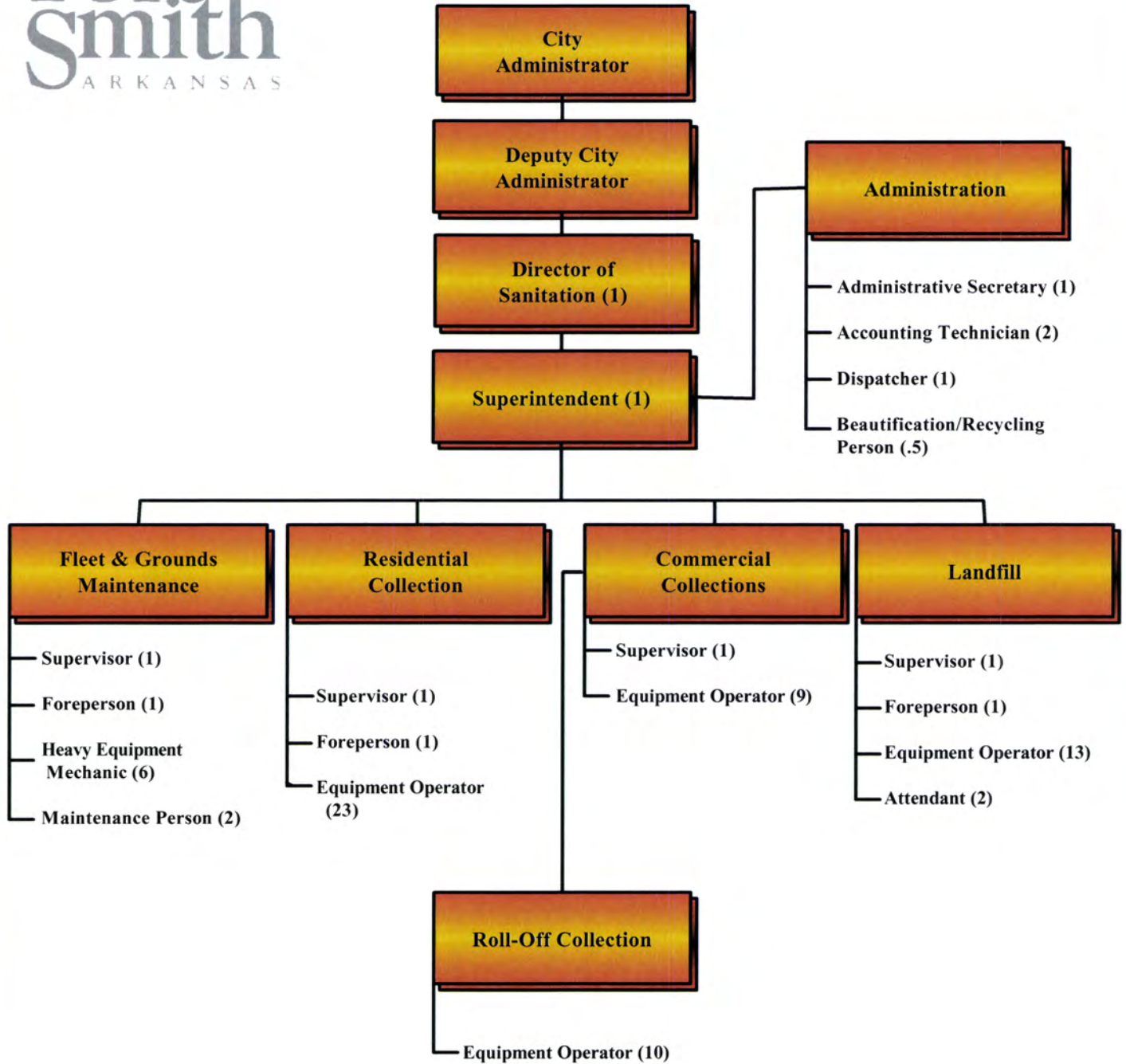
10. Maintain memberships in organizations that promote local development and growth, such as Chamber of Commerce, Western Arkansas Mountain Frontier (WAMF), International Association of Venue Managers and Arkansas Hospitality Association (AHA).
11. Remain abreast of industry information to discover new event/booking trends that could be successful in the Fort Smith/River Valley area.
12. Maintain continuous assessment of the facilities, schedule regular servicing of equipment, provide ongoing preventive maintenance and seek out energy efficiency opportunities.
13. Establish relationships with convention center sales/operations staff at facilities in Hot Springs, Little Rock and other regional cities to expose show routing opportunities previously not explored.
14. Regularly attend the Chamber sponsored networking events, First Friday Breakfast meetings and business after hours activities; all provide opportunity for sales staff to make meaningful business connections and create business for the Convention Center.

CONVENTION CENTER 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Attract new clients and retain current client base with excellent customer service. Seek new opportunities to ensure clients receive the best value and service for their money.*
Outcome: Achieved and ongoing.
2. **Service Objective:** *Next to customer service, operational efficiencies will be a top priority for staff. Each team member will establish ongoing programs in their areas of responsibility to ensure maximum operational efficiencies throughout the Center.*
Outcome: Achieved and ongoing.
3. **Service Objective:** *Capitalize on the new working relationship with the Convention and Visitors Bureau with regard to integrated marketing. Partnership allows the Convention Center to be better poised to achieve brand recognition, credibility and greater market share. Emphasis will be placed on the new partnership in marketing strategies to maximize customers understanding of the benefits and opportunities the partnership creates.*
Outcome: Achieved and ongoing.
4. **Service Objective:** *Create a positive economic impact on the community by providing quality public assembly, exhibit, theatrical performance and meeting facilities. Future capital needs for replacements have been identified to ensure the facility is up to date.*
Outcome: Achieved and ongoing.
5. **Service Objective:** *Maximize revenue to allow for future growth by controlling costs, additional services, increasing utilization and creating a price schedule that properly reflects the market and economic realities to maximize bookings and regain customers who may have chosen alternative venues based on affordability.*
Outcome: Achieved and ongoing.



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 and 6307 Roll-Off Collection. The Department manages and coordinates the solid waste collection and disposal system within the 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 FY15 Budget is \$1.4 million or 12.2% less than the FY14 Budget. The decrease is due to anticipated lower overtime and contract labor costs in FY15, expected decrease in equipment repair costs, and less capital outlay.

The Sanitation Department has 78.50FTE positions for FY15 that is consistent with FY14.

SANITATION DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenses	\$ 4,697,649	\$ 4,770,230	\$ 4,912,114	\$ 4,663,860	\$ 4,598,400
Operating Expenses	3,398,229	4,439,273	4,650,191	4,191,990	4,249,600
Operating Budget	\$ 8,095,878	\$ 9,209,503	\$ 9,562,305	\$ 8,855,850	\$ 8,848,000
Capital Outlay	1,385,179	1,955,530	1,292,098	946,500	450,000
Budget Appropriation	\$ 9,481,057	\$ 11,165,033	\$ 10,854,403	\$ 9,802,350	\$ 9,298,000
Authorized Positions	78.00	78.50	78.50	78.50	78.50

SANITATION DEPARTMENT 2015 SERVICE OBJECTIVES

1. Continued expansion and increase participation of the Residential Automated Refuse Collection Program.
2. Increase participation of local businesses in the Operation GO (Green Office) commercial recycling program.
3. Begin planning for a Citizens Convenience Center to improve customer safety and wait times, as well as allow for segregation of the solid waste stream to assist in the migration from primary solid waste disposal towards a materials management diversion and beneficial reuse program.
4. Continue to promote residential, commercial, industrial and regional sanitary landfill services through various media outlets, including television and radio advertisements.
5. Continue updating and implementing upgrades suggested in the 2014 comprehensive regional sanitary landfill environmental audit.

SANITATION DEPARTMENT 2014 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue expansion of and increase participation in the Residential Automated Recyclables Collection Program.*
Outcome: The program was expanded by 963 households in January. The department was awarded a recycling grant in March, and as a result, 1,500 additional carts will be distributed in the last quarter of 2014.
2. **Service Objective:** *Increase participation of local businesses in the Operation GO (Green Office) commercial recyclables collection program.*
Outcome: Recyclables collection tonnage for Operation GO has increased by 7.9%.

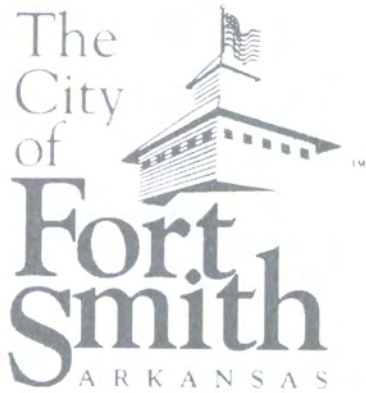
3. **Service Objective:** *Complete construction of the regional sanitary landfill scale facility.*
Outcome: Construction should be complete by the end of the 3rd quarter of 2014.
4. **Service Objective:** *Improve safety and security of and access to the regional sanitary landfill, as required by state permit, by redesigning the gate and entrance to the facility to include an access control system traffic calming devices, and continued expansion of video surveillance systems.*
Outcome: Bids for this project will be solicited in August and the project should be complete in November.
5. **Service Objective:** *Create a marketing plan to promote commercial and industrial collections and regional sanitary landfill services.*
Outcome: Marketing efforts such as new signage, sales packets and education videos were completed. This overall marketing plan will be completed in 2015.
6. **Service Objective:** *Conduct a comprehensive regional sanitary landfill environmental audit.*
Outcome: The audit has been completed, updating and detailed plans to address issues with original conceptual drawings from the 1990's, as well as creation of a closure and fill plans for better future cell planing.

Department of Sanitation
Key Performance Indicators

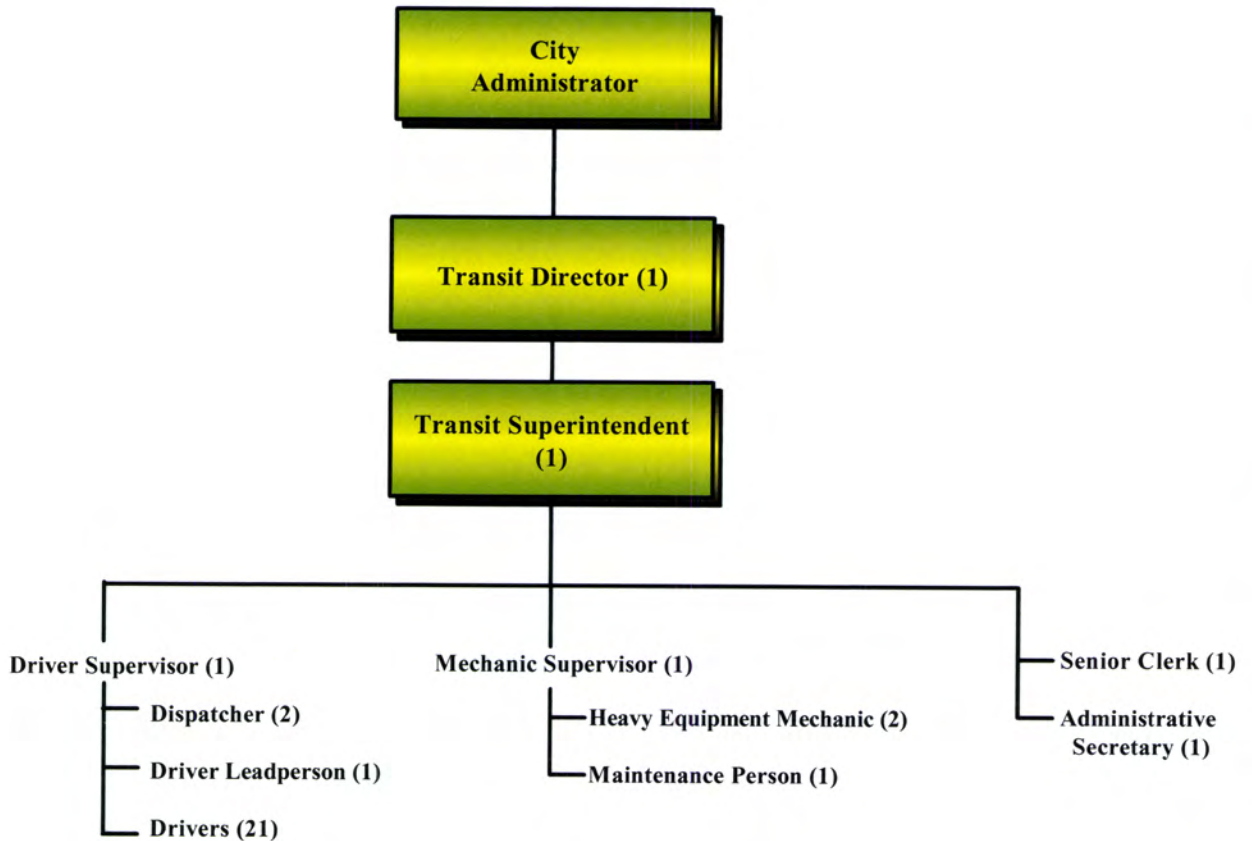
	Actual FY13	Actual FY14	Target 2015
Cubic Yards of Residential Recyclables Diverted from the Landfill	15,867	15,653	16,010
Cubic Yards of Residential Yard Waste Diverted from the Landfill	24,933	30,433	30,500
Residential Collections Serviced by the Trouble Shooter per Day	291	277	265
Cubic Yards of Commercial Recyclables Diverted from the Landfill	6,329	6,763	6,950
Gallons of Diesel Fuel Consumed per 1,000 Customers (Residential, Commercial, Industrial Collections)	502	577	550

Other Performance Indicators / Service Measures

	Actual FY13	Actual FY14	Target 2015
Residential Accounts			
Residential Accounts	26,808	27,166	27,250
Requests for Dial-A-Truck	3,622	3,180	3,100
Tons of Residential Refuse Collected Per Year	21,899	27,861	27,525
Commercial Container Accounts:			
Tons Collected Per Week	377	369	360
Tons Collected Per Year	19,624	19,198	18,720
Industrial Roll-Off Accounts:			
Tons Collected Per Week	772	742	738
Tons Collected Per Year	40,164	38,603	38,376
Landfill Operations			
Tons of Refuse Disposed at Landfill Per Year	228,701	259,122	255,015
Tons of Yard Waste Diverted from Landfill	7,868	9,192	9,250



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 6550, 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 FY15 Budget is \$97,367 or 3.7% less than the the FY14 Budget. The decrease is attributable to lower operating costs.

The total personnel in the Department is allocated at 33FTE for FY15 that is 1FTE less than FY14.

TRANSIT DEPARTMENT	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 1,654,795	\$ 1,793,650	\$ 1,764,676	\$ 1,816,420	\$ 1,845,680
Operating Expenditures	521,384	648,427	581,344	544,740	562,310
Operating Budget	\$ 2,176,179	\$ 2,442,077	\$ 2,346,020	\$ 2,361,160	\$ 2,407,990
Capital Outlay	551,026	217,700	120,955	201,250	300,000
Budget Appropriation	\$ 2,727,205	\$ 2,659,777	\$ 2,466,975	\$ 2,562,410	\$ 2,707,990
Authorized Positions	36.00	34.00	34.00	33.00	33.00

TRANSIT DEPARTMENT 2015 SERVICE OBJECTIVES

1. Restructure existing routes to accommodate a new bus route that serves the aquatics center and area businesses on Zero Street and Phoenix Avenue.
2. Research and implement new scheduling software with additional technology features to better serve the riding public.
3. Implement key performance indicators for 2015 as outlined below:

Key Performance Indicators 2015

NAME	PURPOSE	PERFORMANCE	TARGET
Safety and Security	Maximize the ability to provide a more safe and secure transit service.	Certify staff to become a nationally accredited Safety and Security Officer.	Improve safety and security by performing an assessment of existing operations, identifying strengths and areas of improvement, and improving our current safety, security and emergency preparedness programs.
Marketing and Communications	Enhance community outreach.	Create a transit outreach campaign to connect with individuals and local businesses through various media outlets.	Improve the management of public information and marketing techniques and improve the Title VI and Disadvantaged Business Enterprise (DBE) community outreach processes.

**TRANSIT DEPARTMENT
2014 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Research new scheduling software applications that provide tools and options for real time public access electronically.*
Outcome: Staff consulted with the current software providers to determine what enhancements may be available. The research has been completed and a new software system was budgeted for 2015. However, due to budget constraints, this objective is on hold.
2. **Service Objective:** *Convert more buses to compressed natural gas.*
Outcome: Two new buses are being converted to CNG and will be complete in January 2015.
3. **Service Objective:** *Plan and design a seasonal bus route in anticipation of the opening of the aquatics center.*
Outcome: A new permanent Zero Street route is now in operation Monday-Friday.

NON-DEPARTMENTAL

NON-DEPARTMENTAL	ACTUAL FY 13	BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenditures	4,481,857	3,935,365	3,869,546	3,706,690	3,827,725
Operating Budget	\$ 4,481,857	\$ 3,935,365	\$ 3,869,546	\$ 3,706,690	\$ 3,827,725
Capital Outlay	6,524,464	1,439,304	1,907,532	1,356,111	2,150,000
Budget Appropriation	\$ 11,006,321	\$ 5,374,669	\$ 5,777,078	\$ 5,062,801	\$ 5,977,725
Authorized Positions	0.00	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 and senior citizen services are budgeted in this program.

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

GENERAL FUND

Allocation to Outside Agencies	145,800
Port Authority Insurance & Advertising	8,500
Fort Smith Museum of History - Utilities	20,000
SRCA, Inc. Social Services	176,207
Transfer to Cleanup/Demolition	90,000
Transfer to Convention Center Fund	777,000
Property Insurance Deductible	5,000
Fort Chaffee Redevelopment Authority	95,000
Western Arkansas Regional Intermodel Authority (RITA)	37,025
Fort Smith Public Library-6% County Sales Tax Allocation	934,828
US Marshals Museum	50,000
Area Agency on Aging	50,000
Project Compassion	7,500

Sub-Total 2,396,860

STREET MAINTENANCE FUND

50/50 Sidewalk Repair Program	\$ 20,000
DRIPP	10,000
Sinking Account	366,575
Property Insurance Deductible	5,000
Transfer to General Fund	90,610

Sub-Total 492,185

WATER AND SEWER OPERATING FUND

James Fork Association-Annual Payment Per Agreement	258,000
Property Insurance Deductible	15,000
Transfer to General Fund	90,610

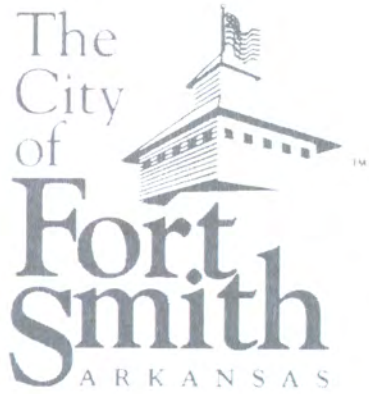
363,610

SANITATION OPERATING FUND

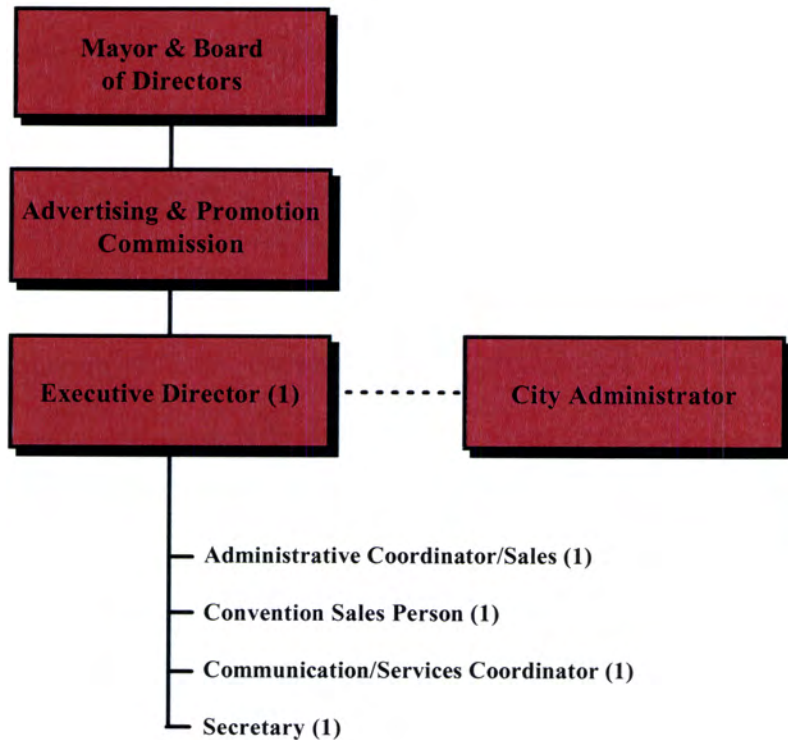
Transfer to Sanitation Sinking Fund for Equipment Replacement	989,536
Transfer to Sanitation Sinking Fund for Closure/Postclosure Care Costs	250,000
Transfer to Cleanup/Demolition Fund	470,000
Transfer to General Fund	90,610
Property Insurance Deductible	10,000

Sub-Total 1,810,146

GRAND TOTAL \$ 5,062,801



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 & 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 FY15 Budget is \$82,610 or 10.7% more than the FY14 Budget. The increase is in the operating costs for the program.

The authorized positions for FY15 total 5.0FTE which is the same as FY14.

CONVENTION & VISITORS BUREAU	ACTUAL FY 13	AMENDED BUDGET FY 14	ESTIMATED FY 14	BUDGET FY 15	BUDGET FY 16
Personnel Expenditures	\$ 351,700	\$ 360,800	\$ 360,902	\$ 368,230	\$ 363,300
Operating Expenditures	399,530	407,470	388,830	475,650	482,790
Operating Budget	\$ 751,230	\$ 768,270	\$ 749,732	\$ 843,880	\$ 846,090
Capital Outlay	0	0	0	7,000	0
Budget Appropriation	\$ 751,230	\$ 768,270	\$ 749,732	\$ 850,880	\$ 846,090
Authorized Positions	5.00	5.00	5.00	5.00	5.00

CONVENTION AND VISITORS BUREAU 2015 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 travel 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. Continue to build on cooperative relationships with all Fort Smith area businesses, especially those business partners critical to the area's hospitality industry.
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. Continue to take a leading role in development of the United States Marshals Service National Museum in Fort Smith and the Historic Fort Chaffee Barber Shop. Continue planning to adjust our marketing efforts to feature the museums as primary attractions in the region as they develop.
8. Ongoing refinement of the communications program to maximize Fort Smith's exposure to all target audiences through standard marketing practices both in print and on the worldwide web.
9. Grow our presence in all versions of internet social media vehicles.
10. Place top priority on responding to the economic conditions in the local market by adjusting marketing plans based on funding. Grow the reserve A&P fund account as much as possible.
11. Continue to take an active role as much as possible in guaranteeing the continued availability of quality meeting and exhibit space and service at the Fort Smith Convention Center and the Kay Rodgers Park Expo Facility.
12. Place increased emphasis on rebooking successful events, particularly those that comprise a two state region of attendees of Arkansas and Oklahoma memberships, taking advantage of our geographic location as a "border destination".
13. Capture on a regular basis, past event statistics for use in the Event Impact Calculator to maximize our knowledge of the economic value of hosted events.

CONVENTION AND VISITORS BUREAU

2015 SERVICE MEASURES/PERFORMANCE INDICATORS

1. Maximize the exposure of Fort Smith through advertisements and articles about the City of Fort Smith and its hospitality offerings.
2. Increase the number of leads provided to the Fort Smith Convention Center and hospitality community by 10% to 146.
3. Contribute to the increase in Fort Smith area hotel occupancy through and increase in convention/event guests. Influence achievement in 3% occupancy tax to a minimum of \$770,000.
4. Increase the number of citywide convention/event proposals by 20% to 46.
5. Increase the number of motor coach tour groups into the Fort Smith area by 10% to 81.
6. Increase the number of guests to the Fort Smith Visitor Information Center, "Miss Laura's" and Chaffee Barber Shop by 3% to 14,214.
7. Influence a consistent monthly increase in web site and Facebook activity.

CONVENTION AND VISITORS BUREAU 2014 SERVICE OBJECTIVES AND OUTCOMES

SERVICE OBJECTIVE	OUTCOME			
	Actual FY13	Budget FY14	Estimated FY14	Budget FY15
1. Maximize exposure of the Fort Smith area through advertisements & articles about the City of Fort Smith hospitality offerings.	2,269 column inches of editorial	2,000 column inches of editorial	Through June 2,432 inches editorial	3,000 column inches of editorial
2. Increase number of leads provided to the Fort Smith Convention Center and the Fort Smith Hospitality Community by 10%.	150 leads (2012-2013)	165 leads (2013-2014)	133 leads (2013-2014)	146 leads (2014-2015)
3. Contribute to an increase in Fort Smith area hotel occupancy through an increase in convention/event guests.	Room Tax \$731,057	Room Tax \$768,000	Room Tax \$711,681 Jan-Nov	Room Tax \$770,000
4. Increase the number of city-wide convention/event proposals by 20%.	36 (2012-2013)	43 (2013-2014)	39 (2013-2014)	46 (2014-2015)
5. Increase the number of tour groups into the Fort Smith area by 10%.	62	74	59	81 (2014-2015)
6. Increase the number of guests to the Fort Smith Visitor Information Center, "Miss Laura's" and Chaffee Barber Shop attraction by 3%.	12,860	13,800	13,273	14,214
7. Influence a consistent monthly increase in web site and Facebook activity				
Web site hits	54,254	TBD	38,751	50,000
Facebook Fans	5,692		5,929	6,200
Pageviews	125,532		67,057	135,000

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CAPITAL IMPROVEMENT PROGRAM

This section includes highlights of the City's FY15 Capital Improvement Program for the Sales Tax Fund, the Water and Sewer Capital Improvement Projects Fund, the Sales and Use Tax Bond Construction Fund, Sanitation Sinking/Landfill 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 FY15. The Parks CIP Schedule, the sinking fund activity for the Street Maintenance Fund and the Sanitation Operating 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 Sales and Use Tax Bond Construction Fund, the Sanitation Sinking/Landfill Construction Fund, the Tilles 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 are presented in this section.

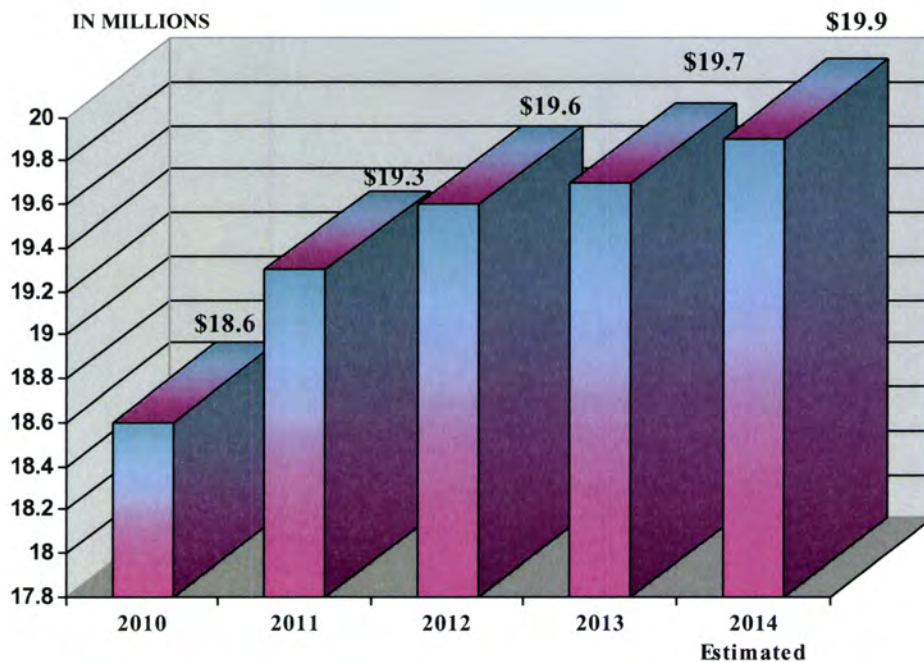
Sales Tax Fund

The Board of Directors approved the five year Capital Improvement Program (CIP) for the Sales Tax Fund in October 2014. The FY15 CIP for the sales tax street program was included in the approval document Resolution No. R-136-14.

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, 1990 and May 10, 2005 for an additional ten years. The city plans to ask citizens to extend the tax for an additional ten (10) years in May 2015. 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 2015 is \$19.9 million which represents a 1% increase over the estimated 2014 tax revenue of \$19.7 million. Interest earnings and other revenue for 2015 are estimated at \$5.3 million and the beginning fund balance is estimated to be \$24.9 million. Therefore, total resources available for 2015 are \$50.1 million. Of this amount, \$12 million is estimated as the ending fund balance at December 31, 2015 which represents funds available for contingency and for future years' projects. Total project funds available are \$38.1 million and will be used for the 2015 program allocated as follows:

FY15 Program:	
Neighborhood Overlays and Reconstruction	\$ 11.3 million
Neighborhood Drainage Improvements	7.1
Intersection Signal Improvements	0.9
Multi-Year and/or Major Projects	15.5
Special Projects	0.4
Administrative Costs	2.7
Overlays by Street Department	0.2
	<u>\$ 38.1 million</u>

The 2015 neighborhood overlays and reconstruction projects are as follows:

<u>Street</u>	<u>From</u>	<u>To</u>	<u>Length (linear feet)</u>	<u>Cost</u>
74th Street	Rogers Ave.	Euper Lane	3,668	\$ 556,082
Leigh Ave.	Phoenix Ave.	Airport Blvd.	1,235	161,922
Birnie Ave.	End of Road	End of Road	849	100,182
47th Street	Birnie Ave.	Wirsing Ave.	311	36,698
48th Street	Birnie Ave.	Wirsing Ave.	310	36,580
South X Street	54th Street	58th Street	1,324	156,232
Carthage Street	21st Street	Boston Street	1,245	220,365
Carthage Circle	Carthage Street	Carthage Street	401	55,205
Dodson Ave.	Towson Ave.	Greenwood Ave.	5,277	1,053,596
South L Street	10th Street	Towson Ave.	681	96,150
South M Street	10th Street	Towson Ave.	607	91,522
11th Street	South O Street	South J Street	1,893	269,289
Ft. Chaffee Blvd.	Taylor Ave.	City Limits	2,025	438,075
Albert Pike Ave.	Virginia Ave.	Midland Blvd.	1,542	242,608
Spradling Ave.	27th Street	Mussett Rd.	2,669	349,936
Russell Street	29th Street	Mussett Rd.	1,927	227,386
52nd Street	Grand Ave.	North O Street	2,663	471,351
Division Street	10th Street	Midland Blvd.	358	79,794
Houston Street	16th Street	Jenny Lind Rd.	1,295	178,278
Independence St.	16th Street	Jenny Lind Rd.	1,292	177,865
South M Street	34th Street	Parks Dept. Dr.	785	102,922
Jackson Street	Old Jenny Lind R	33rd Street	4,063	582,946
Fairview Dr.	Old Jenny Lind R	Jackson Street	924	139,319
23rd Street	Cliff Drive	Fairview Dr.	378	39,648
Houston Street	28th Street	31st Street	1,118	146,582
54th Street	Kelley Hwy.	Johnson Street	1,318	155,524

Total 2015 Street Overlay/Reconstruction Program	6,166,057
Balance of 2014 Projects Currently Under Construction	5,099,477
Total 2015 Street Overlay/Reconstruction Program	<u>\$ 11,265,534</u>

The 2015 neighborhood drainage improvements total \$1.3 million. In addition, there is \$5.8 million of prior year projects to be completed during FY15. The FY15 projects are identified as follows:

Wycklow Addition Drainage Channel Improvements-\$800,000

This project will replace an existing earthen ditch located between Yorktown Road and Williamsburg Road with a new concrete channel. This project also includes replacement of undersized culverts under Massard Road and the construction of upstream storm drain improvements between Yorktown Road and Valley Forge Road. Two houses are experiencing flooding in this area, one retaining wall has failed, and the existing earthen ditch is a maintenance issue due to severe erosion and the lack of access.

Country Club Terrace Drainage Channel Improvements-\$500,000

This project will replace an existing under-sized concrete lined ditch located east of South 21st Street between Boston Street and Carthage Street with a new concrete channel. One house is experiencing flooding in this area, and severe street and yard flooding are also occurring.

Multi-year and major projects are allocated at \$15.5 million for FY15. The projects are described as follows:

Jenny Lind Road-Zero to Cavanaugh-

This phase of the Jenny Lind project consists of the widening and reconstruction of Jenny Lind between Zero and Cavanaugh Road. 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 71B. The right of way has been secured and final plans have been submitted to AHTD. The demolition contract to remove the structures that were acquired is complete and work for relocation of the franchise utilities is underway. The roadway construction is scheduled to advertise in late FY14 or early FY15. Prior year allocations totaled \$3.5 million. The FY15 allocation is \$3.5 million with future allocations totaling \$17.025 million in FY16 and FY17.

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 project is being designed by the Corps of Engineers. The City continues to lobby for federal funding to assist with the project as the total cost exceeds \$30 million. Due to the magnitude of the project, it will be funded over a period of several years. The Corps of Engineers have approved that the most downstream section of this project- from approximately North 7th Street to the Arkansas river-will be constructed entirely with city funds with the agreement that the City's cost will be credited towards the future cost of sharing on the project when federal funds become available. The city anticipates that the design by the Corps of Engineers will be completed during FY15 and right of way construction will follow beginning in late FY15. The anticipated construction will follow preparation for the final plans, right of way acquisition and utility relocations. Construction of the lower section would reduce flooding for both the lower May Branch area and the Town Branch sub-basin. Prior year allocations have totaled \$740,000. The FY15 allocation is \$300,000 with future allocations totalling \$12.8 million for FY16-FY19.

FCRA Development-

This item includes the construction of two streets to serve the new ArcBest corporate headquarters. One street is the extension of McClure Drive to Wells Lake Road. The other street is further north of McClure Drive and extends from Wells Lake Road. These streets are being cost shared equally with the FCRA. The project also includes work on Veterans Avenue in association with the Arkansas College of Osteopathic Medicine (ACOM). The work includes reconstruction of approximately 750 feet of Veterans Avenue at the northern end of the ACOM and the overlay/cul-de-sac installation on Veterans Avenue south of the ACOM extending to Roberts Boulevard. Prior year allocations for various projects totaled \$2.61 million. The FY15 allocation is \$4.325 million with future allocations of \$1 million per year for FY16 through FY19.

Town Branch-Carnall Drainage-

This project is associated with the flooding that occurs in the downtown area and areas just north of downtown. The Town Branch area is a sub-basin to the May Branch watershed. The FY15 allocation of \$2.3 million is for improving the upstream outfall beginning at the South G Street/Towson intersection and extending to the west. This outfall is currently restricted which is contributing to the flooding in the downtown areas. Construction plans are complete, an AHTD permit has been obtained and right of way acquisitions are ongoing. Future additional improvements for this area are contingent upon the lower reach of the May Branch Drainage project. The prior years funding totaled \$405,000.

North B Street Truck Route-

This project is the modification of North B Street from 5th Street west to Riverfront Drive to accommodate two way truck traffic. This is in lieu of the current one way split that exists along this section of North A and B Streets. This project is based on the concept of closing a section of North A Street and Belle Point Place to add more green space. The project includes radius improvements at North 5th and B Streets, upgrading of the crossings on North B Street and reconstruction/resurfacing of the remaining sections of North A Street which are being removed from the truck route. This project is currently on hold pending a study in FY15 of the riverfront area to ensure that adequate access for various modes of transportation are accommodated. Funding in prior years totaled \$102,000. The FY15 allocation is \$760,000 with \$1 million allocated for FY16.

Spradling Avenue Extension at Riverfront Drive-

This project includes the new construction of Spradling Avenue eastward from Riverfront Drive approximately 1,700 feet. This street will serve the proposed athletic fields on the city's 51 acre tract. Plans are complete and the street construction is being scheduled to coincide with the construction of the sports fields in late FY15. Prior year funding has totaled \$69,000. The FY15 allocation is \$1.7 million.

FSHA-Street and Drainage

This item includes assistance for the street and drainage construction associated with two Fort Smith Housing Authority residential developments. One project is located on the old Bailey Hill Reservoir and the other is southwest of the current Northpoint development. The FY15 allocation is \$1.1 million.

Kelley Highway Extension

This project is for the reconstruction and widening of Kelley Highway from Midland Boulevard to Riverfront Drive. In FY14, an impact study was completed which analyzed the extension of Spradling Avenue to serve the riverfront area versus other alternate routes. The impact study determined that Kelley Highway provides a more direct east-west corridor from I-540 to the riverfront than utilizing Spradling Avenue. The Kelley Highway extension has less neighborhood property and traffic impacts and requires less street improvements than extending Spradling Avenue. The FY15 allocation is \$490,000. Future funding allocations include \$500,000 each in FY16 and FY17, \$4 million for FY18 and \$3 million in FY19.

Geren Road Reconstruction

This project is for the reconstruction and widening of Geren Road between Highway 45 and 58th Street. This section of Geren Road was included as a street resurfacing project in the FY14 capital improvement program. However, during development of the resurfacing plans and considering numerous factors (major utility impacts/relocation; storm drainage installation; access and increased vehicular, pedestrian and bike traffic to Ben Geren Park/new water park; inconvenience to the adjoining neighborhoods; etc) we determined that it would be best to proceed with the widening and reconstruction of Geren Road at this time. The FY15 allocation is \$1 million with \$5 million allocated for FY16.

Intersection Signal Improvements total \$945,000 for FY15. These improvements include the replacement of following three intersections along Midland Boulevard: Spradling Avenue, North S Street, and Division Street.

Special projects are various street related improvements and studies and include the following for FY15:

Traffic Studies	\$ 25,000
Priorities from Board Retreat	25,000
Railroad Crossing Panels	180,000
Contingency	200,000
	<u>430,000</u>
	<u>\$ 430,000</u>

Administrative- costs for in-house engineering services and administration services total \$2,698,000.

Overlays provided by the Street Maintenance department will total \$200,000 for 2015.

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	2011	2012	2013	2014
January	\$ 1,886,548	\$ 2,049,307	\$ 1,928,749	\$ 1,885,800
February	1,428,001	1,585,141	1,497,408	1,456,416
March	1,465,798	1,482,308	1,614,568	1,634,580
April	1,685,471	1,676,106	1,646,650	1,702,331
May	1,608,339	1,591,629	1,583,826	1,502,359
June	1,562,373	1,628,384	1,608,546	1,845,608
July	1,664,129	1,672,905	1,614,459	1,634,754
August	1,658,822	1,607,956	1,641,118	1,653,311
September	1,580,194	1,644,055	1,622,236	1,727,997
October	1,582,136	1,594,435	1,605,482	1,601,898 *
November	1,574,468	1,512,472	1,510,304	1,506,933 *
December	1,645,481	1,560,423	1,595,627	1,592,065 *
Totals	<u>\$ 19,341,760</u>	<u>\$ 19,605,121</u>	<u>\$ 19,468,973</u>	<u>\$ 19,744,052</u>
Y-T-D % Change	3.9%	1.4%	-0.7%	1.4%

* Estimated Revenue

The following schedule reflects the proposed current year projects for the sales tax program for the years 2015 through 2019 (in millions):

Improvements	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Neighborhood Overlays and Reconstruction	\$ 11.3	\$ 6.0	\$ 6.0	\$ 6.0	\$ 5.8
Neighborhood Drainage Improvements	7.1	3.3	1.0	1.0	1.0
Intersection and Signal Improvements	0.9	0.3	0.3	0.3	0.3
May Branch Drainage	0.3	0.8	1.0	6.0	5.0
Jenny Lind- Zero to Cavanaugh	3.5	8.0	9.0	-	-
Town Branch/Carnall Street Drainage	2.3	-	-	-	0.2
FCRA Development	4.3	1.0	1.0	1.0	1.0
North B Truck Route	0.8	1.0	-	-	-
Spradling Extension at Riverfront Drive	1.7	-	-	-	-
FSHA-Street and Drainage	1.1	-	-	-	-
Kelley Highway Extension to Riverfront Drive	0.5	0.5	0.5	4.0	3.0
Geren Road Construction	1.0	5.0	-	-	-
Zero Street (Highway 255)	-	-	0.8	-	4.0
Highway 245 Widening South of Zero	-	-	-	-	0.2
Special Projects	0.4	0.4	0.4	0.4	0.4
Administrative	2.7	2.8	2.8	2.9	3.0
Overlays by Street Department	0.2	0.2	0.2	0.2	0.2
Total	<u>\$ 38.1</u>	<u>\$ 29.3</u>	<u>\$ 23.0</u>	<u>\$ 21.8</u>	<u>\$ 24.1</u>

Impact on 2015 Operating Budget:

The street sales tax program projects have no significant impact upon the current year budget. The program does reimburse the General Fund for engineering and administrative services totaling \$2.7 million in FY15. The program also reimburses the Street Maintenance Fund approximately \$200,000 for its assistance for various project.

Water and Sewer Capital Improvement Projects Funds

In August 2008, the City issued \$117.42 million in water and sewer refunding and construction revenue bonds to provide funding for the advance refund of the 2002A series bonds, for sewer extensions in the growth areas of the City, the Mountainburg water treatment plant rehabilitation and expansion, replacement of neighborhood water lines, and the Howard Hill elevated water storage tank. The remaining proceeds from the 2008 Bonds at December 31, 2014 are estimated at \$0.5 million. These funds will be spent during 2015. Funding for additional projects listed for years 2015 through 2019 will be provided by prior year funding, increased water and sewer rates and future bond issues.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water Projects					
Distribution System					
Improvements and Fire Protection Improvements	\$ 1,990,954	\$ 2,065,362	\$ 3,690,102	\$ 5,894,001	\$ 9,409,060
Flouradation Feed Systems	990,000	834,300	-	-	-
Arkansas College of Osteopathic Medicine (ACOM)	430,000	-	-	-	-
Riverfront Soccer Complex Water Extension	410,000	-	-	-	-
Water Emergency Action Master Plan Update	<u>210,000</u>	<u>351,917</u>	<u>221,021</u>	<u>-</u>	<u>-</u>
Water Projects Totals	<u>4,030,954</u>	<u>3,251,579</u>	<u>3,911,123</u>	<u>5,894,001</u>	<u>9,409,060</u>
Wastewater Projects					
Program 5612 Const. Equipment Replacement	30,000	30,000	50,000	50,000	50,000
Program 5612 Construction	324,550	422,118	415,682	429,653	444,042
Chaffee Crossing Pump Station & Force Main Improvements	50,000	-	-	-	-
Professional Services Associated with Consent Decree	-	8,737,360	6,746,500	4,556,566	4,206,999
ACOM-Sewer Improvements	350,000	-	-	-	-
"P" Street WWTP Screenings, Scum and Grease	315,311	-	-	-	-
Riverfront Soccer Complex-Sewer	<u>310,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Wastewater Projects Totals	<u>1,379,861</u>	<u>9,189,478</u>	<u>7,212,182</u>	<u>5,036,219</u>	<u>4,701,041</u>
Total Water and Wastewater CIP	<u>\$5,410,815</u>	<u>\$12,441,057</u>	<u>\$11,123,305</u>	<u>\$10,930,220</u>	<u>\$14,110,101</u>

In addition to these projects, a \$450,000 transfer to the W/S Depreciation Fund will be made to add funding for a sinking fund. The Depreciation Fund is expected to have a balance of \$1.95 million at December 31, 2015.

Impact on 2015 Operating Budget:

There is no direct impact on the current year budget from the projects listed for 2015.

Sales and Use Tax Bond Construction Funds

In May 2012, the City issued \$110.66 million in Sales and Use Tax Bonds, Series 2012. The bonds are supported by a 3/4% local sales tax approved by voters on March 13, 2012. The bonds refunded the outstanding sales and use tax bonds, series 2006, 2008 and 2009 of \$51.645 million and provided proceeds of \$39.6 million for wastewater improvements; \$20.7 million for water improvements; \$8.6 million for fire improvements; and \$4.02 million for the aquatics parks. In February 2014, the City issued \$34.295 million in Sales and Use Tax Bonds, Series 2014. These bonds are supported by the same 3/4% local sales tax. The 2014 bond were issued to provide additional water and wastewater improvements.

Wastewater projects include storage improvements, relief sewer construction and upgrades, sub-basins construction and improvements, collection system rehabilitation, and pump station upgrades. Water projects include the 48" Lake Fort Smith water transmission line design and construction phase I, 24" water transmission line from Highway 45 to Massard Road, Chaffee Crossing 14" water line, Chaffee Crossing booster pump station, and Chaffee Crossing 30" water transmission line. Fire Department projects include construction of station #11, fire apparatus, and repair/renovation of the existing fire stations. Park improvements include a joint venture with Sebastian County for a water park.

The following is the five year CIP for the Sales and Use Tax Bond Construction Fund for 2015 through 2019:

Wastewater Projects	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Wastewater Collection System I & I and Condition Remediation	\$ 7,332,728	\$ 6,405,226	\$ 3,571,553	\$ 7,357,399	\$ 11,367,182
Mill Creek Equalization Basin and Pump Station	8,539,305	1,650,642	-	-	-
May Branch Interceptor Impr. Phase 1	1,751,680	2,019,020	1,039,795	-	-
Pump Station Rehabilitation and Replacement	1,093,289	2,132,100	5,307,152	6,408,844	6,601,109
Wastewater Collection System Capacity Improvements	4,747,071	5,203,131	3,498,884	4,553,576	5,049,389
Massard WWTP and Interceptor Improvements	2,518,600	-	1,989,188	2,902,556	2,989,633
Facility Construction & Rehabilitation	<u>1,552,500</u>	<u>8,032,713</u>	<u>1,059,574</u>	<u>-</u>	<u>-</u>
Sub-total-Wastewater	<u>27,535,173</u>	<u>25,442,832</u>	<u>16,466,146</u>	<u>21,222,375</u>	<u>26,007,313</u>
Water Projects:					
Chaffee Crossing Geren Road 24 inch Transmission Line	300,000	-	-	-	-
Chaffee Crossing 2.5 MG Reservoir	715,833	-	-	-	-
Lake Fort Smith 48 inch Transmission Line	10,548,457	6,517,341	-	-	-
North N Street-24" Transmission Line Replacement	484,753	2,829,340	-	-	-
Lake Fort Smith 48" Transmission Line Phase 2	-	2,549,250	7,439,561	7,662,748	-
Fianna Hills Elevated Storage & HWY 253 Annexation Water System Improvements	-	1,065,050	4,148,119	2,136,281	-
Watershed Stream Bank Stabilization Projects	-	231,750	556,973	327,818	56,275
AMR/AMI Implementation	-	-	10,949,489	11,277,974	11,616,313
North M Street to Towson & South I Street -24" transmission line extension	-	-	1,028,548	4,002,196	2,061,131
Tennessee Road 12" Water Line	-	-	-	1,822,122	1,387,190
HWY45 East Standpipe	-	-	-	277,279	502,258
Howard Hill Ground Storage Reservoir & Transmission Line Extension	-	-	-	-	886,338
Chaffee Crossing 18" Transmission Line Relocation	-	-	-	-	564,630
Sub-total-Water	<u>12,049,043</u>	<u>13,192,731</u>	<u>24,122,690</u>	<u>27,506,418</u>	<u>17,074,135</u>

Fire Department Projects:

Repair/renovations for existing stations	180,000	-	-	-	-
Sub-total Fire Department	180,000	-	-	-	-

Parks Projects:

Water Park at Ben Geren Park Project with Sebastian County	1,581,673	-	-	-	-
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Total	<u>\$ 41,345,889</u>	<u>\$ 38,635,563</u>	<u>\$ 40,588,836</u>	<u>\$ 48,728,793</u>	<u>\$ 43,081,448</u>
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Impact on 2015 Operating Budget:

There may be some operating efficiencies from the wastewater projects. However, an estimate has not been made. The Chaffee Crossing projects should have a sizeable, favorable economic impact for development in that area. However, it is too soon to develop an estimate for such. The water park will not impact the FY15 budget even though it will be the first year of operation. The city and county have contracted with a private management company to manage the operations. The return on the investment in FY15 is expected to be at least \$350,000 that will be placed in a capital projects fund for future construction and maintenance.

Sanitation Sinking/Landfill Construction Fund

The Sanitation Sinking/Landfill Construction Fund includes construction of a new road into the landfill area at a cost of \$1,355,000 during 2015. Equipment purchases planned for 2015 total \$1 million. Total capital transfers into the sinking fund total \$1,689,536. Therefore, the capital improvements for 2015 total \$4.05 million.

Impact on 2015 Operating Budget: The FY15 capital projects will not impact the FY15 budget.

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 2015 for improvements or equipment total \$11,566. These funds will be used for future years' capital needs.

Parking Authority Fund

Minor repairs of \$50,000 are anticipated for the parking facilities in FY15.

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 2015-2019. Funding will be provided by the Parks 1/8% local sales tax.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Neighborhood Parks	\$ 300,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Trails & Greenways	165,600	500,000	1,250,000	750,000	750,000
Creekmore Tennis Court Improvements	275,000	-	-	-	-
Strategic Plan	-	100,000	-	-	-
FSP Playground	-	100,000	-	-	-
FSP Parking & Fishing Pavilion	-	200,000	-	-	-
Wilson Park-Playground & Pavilion	-	-	-	100,000	-
Creekmore Park Land Acquisition and Parking	-	200,000	-	-	-
Shade Structures at Creekmore Pool & MLK Splash Pad and Playground	-	-	75,000	-	-
Ben Geren Aquatic Park	507,500	-	-	-	-
Kelley Stage & River Park Amphitheater	-	-	75,000	-	-
Riverfront Drive Sports Fields	700,000	700,000	600,000	-	-
Belle Grove Center	-	-	-	750,000	750,000
Total	<u>\$ 1,948,100</u>	<u>\$ 1,950,000</u>	<u>\$ 2,150,000</u>	<u>\$ 1,750,000</u>	<u>\$ 1,650,000</u>

Impact on the 2015 Operating Budget:

Many of the current year projects are expected to have a favorable impact on the economy and enhance the quality of life for citizens. The Riverfront Drive sport fields will provide more recreation opportunities for youth leagues and an increase in tournaments.

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 and Sanitation departments that are funded by a sinking fund. 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 FY15:

Building/Infrastructure Improvements-		
Downtown Improvements	\$	75,000
Replace Roof at Lee Creek Treatment Plant		75,000
Columbarium Addition		30,000
Darby Community Center Siding		39,000
Creekmore Park Tennis Court Improvements		275,000
Riverfront Drive Sports Fields		700,000
Ben Geren Aquatic Park		507,500
Neighborhood Park Imp-Texas Road & Fianna Way		300,000
Trails & Greenways-West River Trail		165,600
Resurface Parking Area at Landfill		30,000
Central Heat Pump Units for CVB		7,000
HVAC Variable Frequency Drive Replacement-		
Convention Center		15,100
Parking Deck Repairs		50,000
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		2,269,200
		<hr/>
Heavy Equipment -(Replacement unless noted otherwise)		
Apparatus Replacement Sinking Fund-Fire	\$	300,000
Tractor w/Brushhog (Addition)-Water & Wastewater		59,300
Trailer Mounted Vacuum System (Addition)-		77,000
Water & Wastewater		80,000
2 Ton Dump Truck-Water & Wastewater		77,500
Rearloader-Residential Sanitation		221,000
2 Buses-Transit (CNG)		110,000
		<hr/>
Total Heavy Equipment		924,800
		<hr/>
Water & Wastewater Plant & Systems		
2 SCBA Units		11,000
Chlorination for P Street		6,200
Upgrade Existing PLC Equipment WWTP		
Filter Building		80,000
Auto Chlorine Valve Closure System		58,000
Trashrake Safety Improvements		80,000
Analytical Balance		8,750
Glassware Washer		41,800
Autoclosure		27,060
Cyanide Distillation System		16,120
Metals Digestion System		6,000
Inverted Microscope System		32,900
3 Trench Boxes (Addition)		40,000
Manhole Inspection Camera		20,820
Upgrade Existing Water SCADAR		50,000
		<hr/>
		478,650
		<hr/>

City Fleet-**Replacement Vehicles:**

3-1/2 Ton Pickups	54,660
3/4 Ton Pickup	25,000
Utility Vehicle (w/CNG)	29,500
Fullsize SUV	25,850
5 Police Package SUV	297,210
1 Ton Cab & Chassis	33,510

Additions:

3/4 Ton Pickup-Traffic Control	30,000
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Total City Fleet

 495,730
Miscellaneous Capital Outlay-

Water Meters	450,000
Automatic Refuse Carts & Containers-Sanitation	82,000
Solid Waste Commercial Containers	475,000
Solid Waste Roll-Off Compactors & Containers	138,500
Radio System-Transit (Lease Purchase)	91,250
Tower Light Upgrade-Police	25,000
10 Radios-Police	50,000
Tornado Siren-Police	25,000
Fire Hose Repair Machine	9,000
Equipment Trailer (Addition) Water & Wastewater	11,000
Forklift (Addition)-Water & Wastewater	30,000
Theater Leg & Border Drape Replacement- Convention Center	4,500
Forklift-Convention Center	10,000
Tables-Convention Center	4,000

Total Miscellaneous

 1,405,250

 \$ 5,573,630
Reconciliation of Total Capital Outlay:

Capital Outlay -	
Operating Funds (see page 100)	5,423,530
Convention Center (see page 69)	33,600
Program 5612 Sewer Construction (see page 179)	30,000
CDBG Fund (see page 50)	29,500
Advertising & Promotion-CVB (see page 68)	7,000
Parking Deck Repairs (see page 182)	50,000

 \$ 5,573,630

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. The annual depreciation funded by each department and the planned fleet purchases for 2015 are as follows:

Streets and Traffic Control:	
2015 Depreciation	\$ 366,575
	<u> </u>
Planned Fleet Purchases in 2015:	
3/4 Ton Pickup	\$ 30,000
Batwing Mower	20,000
2 Ton Dump Truck w/Plow	130,000
1 Ton Flatbed Dump Truck	40,000
Salt Spreader	20,000
Sign Truck	50,000
	<u> </u>
Total	\$ 290,000
	<u> </u>
Sanitation:	
2015 Depreciation	\$ 989,536
	<u> </u>
Planned Fleet Purchases in 2015:	
Rear Loader	\$ 221,000
Wheel Loader	294,490
Roll Off Truck	174,500
Compactor (lease payment)	309,567
	<u> </u>
Total	\$ 999,557
	<u> </u>

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 61-62. Each fund's budget is presented on pages 67-75 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
6912 Public Parking Personnel	100% General 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
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
4803 1/8% Sales Tax Operations	100% General Fund
4804 Training	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
5305 Sidewalk Construction	100% Street Maintenance Fund
5401 Traffic Control Operations	100% Street Maintenance Fund
5403 Street Lighting	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
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 Accounts)	85% General Fund; 15% 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
6207 The Park at West End	100% General Fund
6208 1/8% Sales Tax Operations	100% General Fund

**Operation Services -
Convention Center**

6203 Convention Center	100% Convention Center Fund
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**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
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-CVB
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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, and Debt Service 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 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.

Airport Security Reimbursement

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

COPS Grant

Funds provided by the Department of Justice for hiring sworn police personnel. The grant expired at the end of 2014.

State Act 833 Fire Funds

Revenue derived from the state for fire safety equipment and facilities. These monies have been accumulated for several years for the purpose of funding a training facility.

SAFER Grant

Grant monies for the purpose of hiring 9 additional fire positions over a two year period beginning October 1, 2012. The grant expired at the end of 2014.

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 and Maintenance, Senior Citizen Centers, Public Library, Public Transportation and Downtown Redevelopment/Riverfront Projects.

1/4% Sales Tax-Fire and Parks

One-quarter percent (1/4%) of a one percent (1%) sales tax is being allocated for fire department and parks department operations and capital projects. The tax will be split evenly between the two departments as approved by a voter referendum in March 2012.

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, planning and zoning 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

Community Center

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

The Park at West End

Revenue derived from the operation of the leased facilities at this park at the end of Garrison Avenue. A ferris wheel and merry-go-round are operated by park personnel.

Cemetery

Sale of cemetery plots or columbarium spaces 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 \$15.00 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.

Mobile Data Support Fees

This is revenue generated by the Police Department for sharing its mobile system with regional enforcement agencies.

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 capital 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 FSPS for SRO's

Revenue from the Fort Smith Public Schools (FSPS) for its share of funding the four high school and junior high school resource officers (SRO).

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.

State Turnback-Highway Sales Tax

The city's share of a 1/2% state sales tax dedicated for highways and local street maintenance. The city revenue will be based on population. The collection of the tax will begin July 1, 2013. The tax is to be in place for ten (10) years.

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.

Licenses and Permits

Sidewalk Assessment Fees

Revenue derived from permit assessments on building permits for repair and construction of sidewalks.

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 capital assets, charges for street cut permits and oil and gas lease royalties.

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 that 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 derived from the investment of idle monies of the Water and Sewer Operating Fund.

Other

Revenue derived from items such as rentals, oil and gas leases, and sale of capital assets.

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.

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.

Sale of Methane Gas

Revenue derived from the operation of a third party vendor that captures methane gas from the landfill and sells it. The City receives a percentage of the revenue generated by the operation.

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 capital assets.

Debt Service
Summary of Debt Service Requirements By Purpose

<u>Purpose</u>	<u>FY15 Principal and Interest</u>	<u>Principal/Interest Outstanding</u>	<u>Year of Retirement</u>	<u>Original Issue</u>
Water and Sewer Revenue Bonds- Series 2005B	\$ 836,723	\$ 6,886,120	2025	\$ 7,330,000
Water and Sewer Revenue Bonds- Series 2007	1,888,169	22,667,606	2027	24,470,000
Water and Sewer Refunding and Construction Revenue Bonds- Series 2008	6,918,779	178,662,959	2032	117,420,000
Water and Sewer Revenue Refunding Bonds-Series 2011	1,805,323	14,487,343	2023	18,920,000
Water and Sewer Revenue Refunding Bonds-Series 2012	2,148,750	8,593,250	2019	13,250,000
Sales & Use Tax Bonds Series 2012	8,876,336	100,531,975	2027	110,660,000
Sales & Use Tax Bonds Series 2014	2,197,850	31,885,061	2029	34,295,000
Total	<u>\$ 24,671,930</u>	<u>\$ 363,714,314</u>		<u>\$ 326,345,000</u>

The Water and Sewer Revenue Bonds Series 2005B, the Water and Sewer Revenue Bonds, Series 2007 and the Water and Sewer Refunding and Construction Revenue Bonds, Series 2008, are collateralized by the operating revenue of the water and sewer utility system. 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.

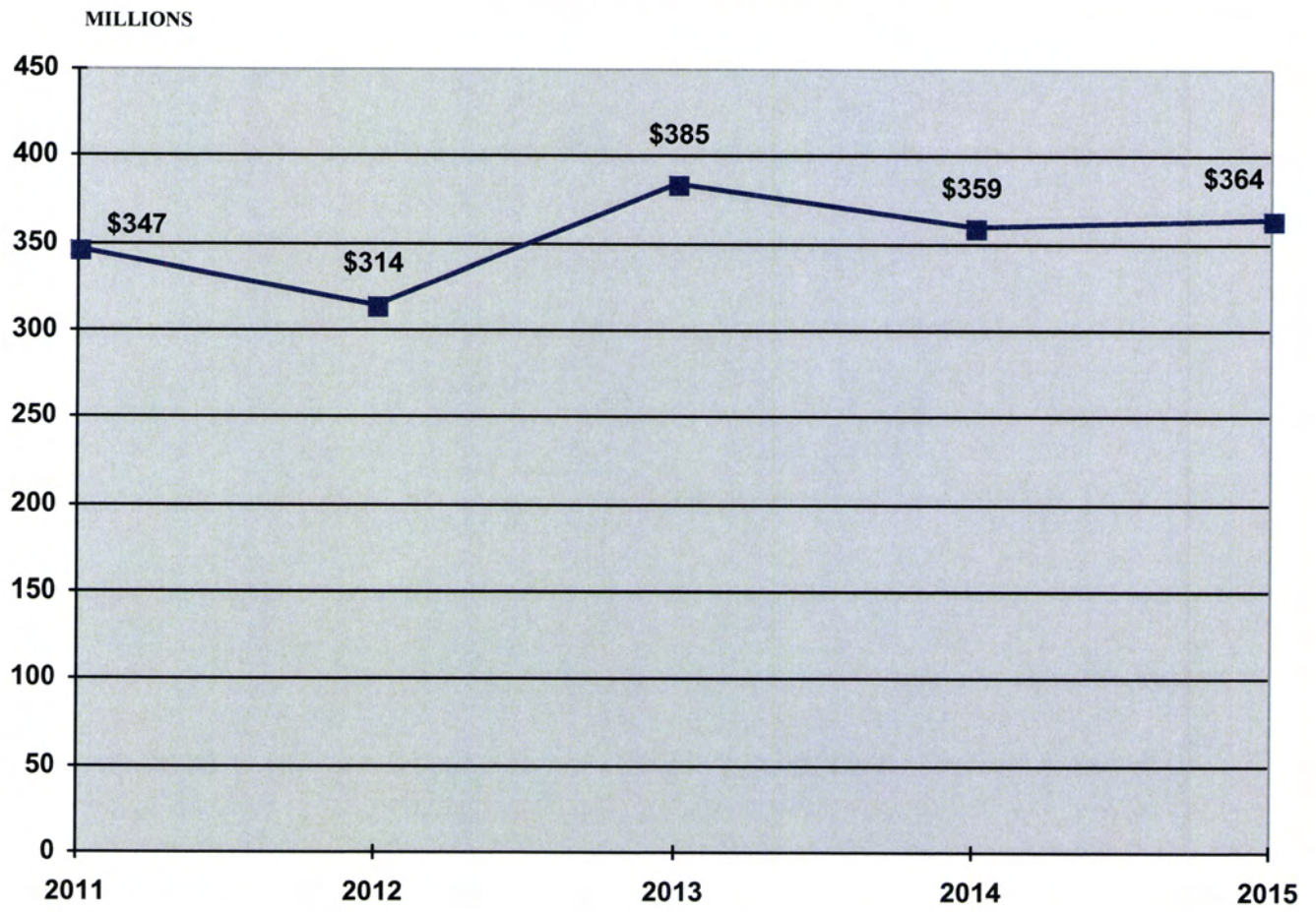
The Series 2007 Bonds were issued to provide financing for new sewer pump stations, sewer extensions in the southern growth area of the city, Mountainburg water treatment plant rehabilitation and expansion, Midland Boulevard water transmission line replacement, neighborhood water line replacements, new water transmission line from Mountainburg to the City, water storage tank painting, Lee Creek water treatment plant instrumentation, and water transmission system metering. The Series 2008 Bonds were issued to advance refund the Series 2002A Bonds, to provide financing for sewer extensions in the growth areas of the City, Mountainburg water treatment plant rehabilitation and expansion, neighborhood water line replacements, and the Howard Hill elevated storage tank. The Water and Sewer Operating Fund provides for the current year's debt service. If revenue in a particular year were not estimated to be sufficient to provide for the operation of the system and current debt service, the rates of the system would be increased. Water and sewer operating revenue is anticipated to be sufficient to cover required debt service payments for 2015.

In November 2011, the City issued \$18.92 million in water and sewer revenue refunding bonds to refund the outstanding 2002B and 2002C water and sewer revenue refunding bonds. The Water and Sewer Operating Fund provides for the current year's debt service. The pledge of the water and sewer system revenues for the 2011 Series Bonds is subordinate to Series 2005B, 2007 and 2008 water and sewer revenue bonds. Rates generated by the water and sewer system are expected to cover the required debt service payments in 2015.

In January 2012, the City issued \$13.25 million in water and sewer revenue refunding bonds to refund the outstanding 2005A water and sewer revenue refunding bonds. The Water and Sewer Operating Fund provides for the current year's debt service. The pledge of the water and sewer system revenues for the 2012 Series Bonds is subordinate to the Series 2005B, 2007, 2008 and 2011 water and sewer bonds. Rates generated by the water and sewer system are expected to cover the debt service payments in 2015.

The Sales and Use Tax Bonds, Series 2012 and 2014 are collateralized by a three-quarter (3/4%) local sales tax that was approved by voters on March 13, 2012. This sales tax authorization is an extension of the one percent (1%) sales tax that supported the 2006, 2008, 2009 and 2010 sales and use tax bonds. The remaining one quarter percent (1/4%) of the tax is allocated for fire and parks operations. The purposes of the 2012 bonds include construction of a new fire station in Chaffee Crossing, purchase of fire apparatus, repairs/improvements to existing fire stations; the construction of an aquatics park at Ben Geren Park in a shared venture with Sebastian County; wastewater improvements; water improvements; and to refund the remaining 2006, 2008 and 2009 sales and use tax bonds. The 2014 bonds were issued to provide additional wastewater and water improvements.

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, 2014, is:

Assessed Property Value	<u>\$ 1,380 million</u>
Debt Limit Per State Statute (25% of Assessed Property Value)	\$ 345 million
General Obligation Bonds Outstanding @ December 31, 2015	<u>0</u>
Legal Debt Margin	<u>\$ 345 million</u>

In addition to the legal debt margin for general obligation bonds, the City has established a Revenue Debt Policy (see page 25) whereby annual payments should not exceed 25% of total operating revenue. In 2015, the calculation is as follows:

	Water & Sewer Revenue Bonds
2015 Debt Service Payment	<u>\$ 13,597,744</u>
Operating Revenue (Service Charges & Fees)	\$ 37,366,119
Debt Service as a % of Operating Revenue	36%
Policy Limit	25%

Although the policy is not expected to be met in FY15 for the water and sewer revenue bonds, it is anticipated that rate increases in future years will provide more revenue to assist in getting closer to this limit.

Note: Sales and Use Tax Bonds are special obligations of the City and are governed by state law. There is not a debt margin for sales and use tax bonds. These bonds are subject to mandatory redemption from excess sales tax revenue on any payment date.

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, 2014.

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**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/14**

Primary Government
Water and Sewer Revenue
Bonds

	2005B Series			2007 Series			2008 Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	570,000	266,723	836,723	1,055,000	833,169	1,888,169	1,265,000	5,653,779	6,918,779
2016	590,000	242,497	832,497	1,100,000	790,969	1,890,969	1,330,000	5,590,529	6,920,529
2017	615,000	218,012	833,012	1,140,000	746,969	1,886,969	1,385,000	5,537,329	6,922,329
2018	645,000	192,183	837,183	1,190,000	701,369	1,891,369	1,435,000	5,481,929	6,916,929
2019	3,640,000	530,303	4,170,303	1,235,000	653,768	1,888,768	1,495,000	5,422,735	6,917,735
2020-2024	200,000	13,125	213,125	7,145,000	2,300,718	9,445,718	23,035,000	24,861,750	47,896,750
2025-2029	0	0	0	5,180,000	483,813	5,663,813	45,445,000	16,822,937	62,267,937
2030-2032	0	0	0	0	0	0	37,055,000	3,765,750	40,820,750
Total	6,260,000	1,462,843	7,722,843	18,045,000	6,510,775	24,555,775	112,445,000	73,136,738	185,581,738

Water and Sewer Revenue
Bonds (Continued)

	2011 Series			2012			Total Water & Sewer Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	1,380,000	425,323	1,805,323	1,815,000	333,750	2,148,750	6,085,000	7,512,744	13,597,744
2016	1,430,000	383,923	1,813,923	1,870,000	279,300	2,149,300	6,320,000	7,287,218	13,607,218
2017	1,455,000	355,323	1,810,323	1,930,000	216,350	2,146,350	6,525,000	7,073,983	13,598,983
2018	1,485,000	326,223	1,811,223	2,000,000	148,800	2,148,800	6,755,000	6,850,504	13,605,504
2019	1,520,000	289,310	1,809,310	2,070,000	78,800	2,148,800	9,960,000	6,974,916	16,934,916
2020-2024	6,600,000	642,563	7,242,563	0	0	0	36,980,000	27,818,156	64,798,156
2025-2029	0	0	0	0	0	0	50,625,000	17,306,750	67,931,750
2030-2032	0	0	0	0	0	0	37,055,000	3,765,750	40,820,750
Total	13,870,000	2,422,665	16,292,665	9,685,000	1,057,000	10,742,000	160,305,000	84,590,021	244,895,021

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/14**

Primary Government:
Sales & Use Tax Bonds

	2012 Series			2014 Series			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	5,665,000	3,211,336	8,876,336	1,105,000	1,092,850	2,197,850	6,770,000	4,304,186	11,074,186
2016	5,835,000	3,038,836	8,873,836	1,130,000	1,070,750	2,200,750	6,965,000	4,109,586	11,074,586
2017	6,010,000	2,846,136	8,856,136	1,160,000	1,036,850	2,196,850	7,170,000	3,882,986	11,052,986
2018	6,220,000	2,632,111	8,852,111	1,195,000	1,002,050	2,197,050	7,415,000	3,634,161	11,049,161
2019	6,435,000	2,398,311	8,833,311	1,235,000	966,200	2,201,200	7,670,000	3,364,511	11,034,511
2020-2024	36,215,000	7,789,206	44,004,206	6,910,000	4,101,250	11,011,250	43,125,000	11,890,456	55,015,456
2025-2029	20,265,000	847,375	21,112,375	20,005,000	2,049,650	22,054,650	40,270,000	2,897,025	43,167,025
Total	<u>86,645,000</u>	<u>22,763,311</u>	<u>109,408,311</u>	<u>32,740,000</u>	<u>11,319,600</u>	<u>44,059,600</u>	<u>119,385,000</u>	<u>34,082,911</u>	<u>153,467,911</u>

Glossary of Key Budget Terms

A&P-Advertising and promotion

ACOM-Arkansas College of Osteopathic Medicine

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.

Assigned Fund Balance- a fund balance classification for governmental funds where the amounts are to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed fund balance. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

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 three year 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, recreational facilities, water systems and sewer systems.

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

Citizens Academy (CA)-A forum that allows citizens to learn more about the city, its functions and priorities. The program is offered twice per year and lasts several weeks.

COLA- Cost of living adjustment.

Committed Fund Balance-a fund balance classification for governmental funds where the amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority.

COSO- Committee of Sponsoring Organizations-Developed by the Treadway Commission, COSO is a voluntary private-sector organization dedicated to guiding executive management and governance entities toward the establishment of more effective, efficient, and ethical business operations on a global basis.

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.

CVB- Convention and visitors bureau

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.

FSHA- Fort Smith Housing Authority.

FSPS- Fort Smith Public Schools

FTA- Federal Transit Administration

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.

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. Also known as the hospitality tax.

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.

KPI- Key performance indicators

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.

Nonspendable Fund Balance-a fund balance classification for governmental funds where the amounts are not available for use, e.g. inventories.

OAF-Outside Agency Funding.

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 and capital costs.

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.

RITA-Regional intermodal transportation authority.

Restricted Fund Balance-a fund balance classification for governmental funds where amounts can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

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.

SAFER Grant-staffing for adequate fire emergency response (SAFER), a FEMA grant that provides funding for sworn personnel in the Fire Department.

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 as well as the Fire Department.

SRO- School Resource Officer.

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

Unassigned Fund Balance-a fund balance classification for governmental funds that accounts for the residual balance of a government's General Fund and includes all spendable amounts not contained in other classifications. In other governmental funds, unassigned fund balance should only be used for deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 Arkansas 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. Fort Smith is the county seat of Sebastian County.

Fort Smith is located in western Arkansas on the border of Oklahoma and along the Arkansas River. It is the second largest city in Arkansas with a population of 86,000. The Fort Smith Metropolitan Statistical Area (MSA) is comprised of three counties in Arkansas (Sebastian, Crawford, and Franklin) and two counties in Oklahoma (Sequoyah and Leflore). The estimated population of the Fort Smith MSA is nearly 298,000.

Forbes magazine recently named Fort Smith as the number one city in America for its low cost of living. The publication also highlighted Fort Smith for its highest-paying tech jobs in the nation.

A Fortune Top 400 transportation and logistics company, ArcBest, formerly Arkansas Best Corporation, is headquartered in Fort Smith, Planters, a division of Kraft Foods, Gerber, and a number of other major publicly help companies have longstanding and growing interests in the region.

The City has seen significant industrial and residential development. Umarex USA, a manufacturer of air rifles and small caliber firearms, opened its 11,000 square foot manufacturing and distribution center at Chaffee Crossing in 2010, initially employing 60 persons. In November 2012, Umarex announced it would be sharing its facility with the U.S. operation of Walther Arms, Inc., and that the two companies would invest \$7 million to expand manufacturing operations over the next five years and add 70 to 120 jobs in that time. The facility at Chaffee Crossing serves as both Walther's and Umarex's corporate headquarters in North America.

In September 2013, Health Management Associates opened its regional service center in the city, redeveloping 96,000 square feet of a former exhibition hall/retail center into a facility that manages up to 200,000 health insurance claims per month and \$1.9 billion in annual revenue across the country. The facility has already provided more than 350 jobs to the local economy and a total of 500 new jobs are expected. The center provides administrative services for 23 Health Management hospitals and 150 health providers in eight states.

Also, in September 2013, Thermold Magazines, which makes magazines for firearms and weapons products, announced it would move its U.S. headquarters to the city from North Carolina. Thermold will share facilities with River Bend Industries, a custom plastics manufacturer who makes products for Thermold. Together, the two companies will add 65 new jobs and invest more than \$7 million in the facility.

In 2013, Gerber products completed \$150 million in expansion and equipment upgrades at its manufacturing facility in Fort Smith, where it added 90 new jobs in its manufacturing center.

Phoenix Metals built a new facility at Chaffee Crossing adding 40 new jobs with a \$12 million investment in a metal processing center and warehouse, and Mars Petcare accounted at \$50 million expansion of its pet food that will provide for 40 additional jobs.

Old Dominion Freight Lines built a \$6 million distribution service center, creating 25 additional jobs. Butler and Cook announced plans in December 2013 to create 40 additional jobs with and \$8 million expansion to its machining/fabrication operation.

In early 2014, it was announced that the Arkansas College of Osteopathic Medicine would be established at Chaffee Crossing in Fort Smith. The college anticipates its first class of medical students enrolling in fall 2016, and anticipates graduating 150 doctors of osteopathy annually beginning in 2020.

In May 2014, ArcBest Corporation announced that they are constructing a new corporate headquarters at Chaffee Crossing in Fort Smith that will be a \$30 million investment. They anticipate adding 975 new jobs to the local economy over the next seven years.

In a \$4.2 billion transaction, Swedish-Swiss engineering giant ABB acquired Fort Smith based Baldor Electric. Terms of the transaction require Fort Smith to remain as headquarters for the motor and drive producer's North American division.

In January 2007, following an exhaustive 4 year search, the U.S. Marshals Service named Fort Smith as home to the National U.S. Marshals Service Museum, a facility dedicated to honoring the men and women who served the nation's oldest law enforcement agency, which was founded in 1789. The Museum broke ground at its future site in October 2014.

Miscellaneous Statistical Data

General Information:

Form of Government	City Administrator
Area	92.4 square miles
County	Sebastian
Time Zone	Central
Area Code	479
City Population	86,209 (2010 Census)
Date of Incorporation	December 24, 1842
Date Form of Government Adopted	March 28, 1967
Miles of Street	505 miles
Number of Street Lights	6,053
Number of Traffic Signals	149
Water Supply	Lake Fort Smith and Lee Creek Reservoir
Annual Precipitation	45.92 inches (average)
Temperature Averages	Winter: 49 degrees Summer: 72 degrees

Fire Protection:

Number of Stations	11
Number of Firefighters and Officers	149

Police Protection:

Number of Stations	1
Number of Sub Stations	2
Number of Police Members and Officers	168

Municipal Water Department:

Number of Consumers	33,747
Number of Contract Communities	12
Production Capacity	63,400,000 gallons
Average Daily Production	27,543,000 gallons
Maximum Daily Consumption	38,419,000 gallons
Miles of Water Main	691 miles

Municipal Wastewater Department:

Number of Customers	30,732
Number of Contract Communities	1
Sanitary Sewers	500
Average Daily Sewer Flow	15.88 MGD

Municipal Solid Waste System:

Number of Accounts	27,495
Average Annual Refuse Collections	100,731.4 tons
Average Annual Refuse Disposal	242,256 cubic yards

Recreation and Culture:

Number of City Parks	25
Park Acreage	273.21
Trails and Greenways	2
Miles	3.9
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	297,967
Convention Center	
Theater	
Area	1,331 seats with 4,200 square feet of stage
Number of Event Days	65
Exhibition Hall	
Area	40,000 square feet of space
Number of Event Days	143

<u>Population</u>		<u>Change</u>
1980	71,626	-
1990	72,798	1.6%
2000	80,268	10.3%
2010	86,209	7.4%

Ethnicity in 2010:

<u>Race</u>	<u>% of Population</u>
White	70%
Black or African American	9%
American Indian and Alaska Native	2%
Asian	5%
Some Other Race	10%
Two or More Races	4%

Note: The Hispanic or Latino of any race was projected at 16% of the total 2010 population.

Median age in Fort Smith:	35
Estimated median income of a family:	\$41,012
Average price for an 1,800 square foot home:	\$223,885
National average price for an 1,800 square-foot home:	\$313,000

Cost of living in Fort Smith is 14.8% below the national average.

**City of Fort Smith
 Schedule of Building Permits Issued for New Construction
 For the Fiscal Year Ended December 31, 2005 through
 December 31, 2014**

Fiscal Year	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	Number of Units	Value	Number of Units	Value
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
2008	67	\$107,390,575	350	\$37,681,093
2009	45	\$44,192,081	514	\$40,173,803
2010	41	\$23,582,143	359	\$49,402,500
2011	43	\$64,716,229	339	\$45,224,255
2012	32	\$25,389,267	303	\$46,405,142
2013	46	\$89,440,083	316	\$46,604,682
2014	49	\$72,768,852	345	\$47,507,085

Source: City of Fort Smith Building Safety Department

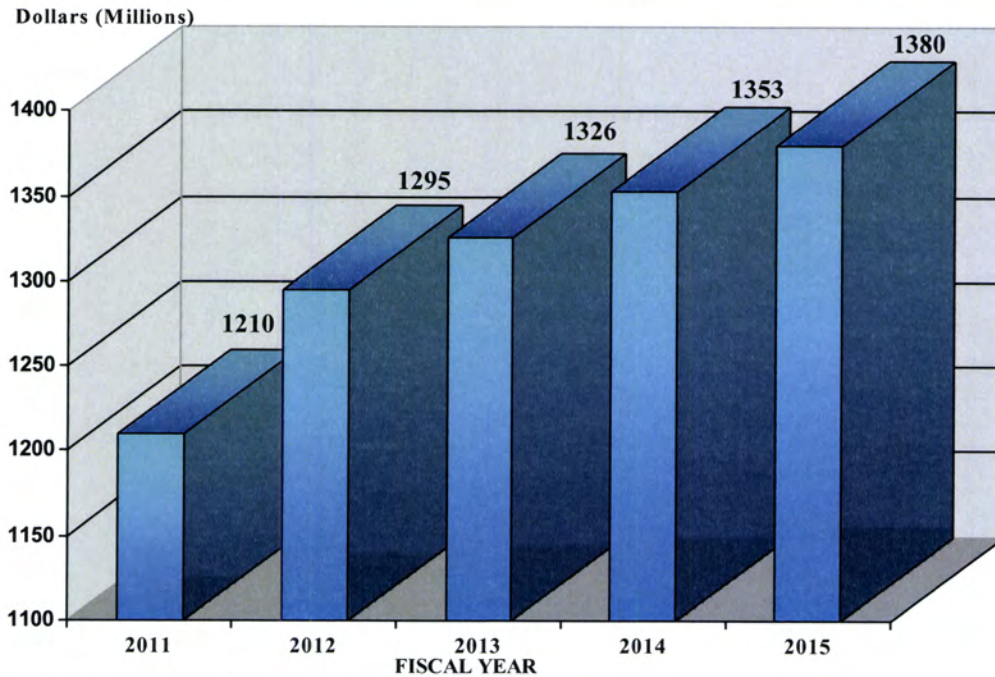
**City of Fort Smith
 Schedule of the Largest Employers**

Company	Product
Sparks Health System	Medical/Surgical Services
Mercy Fort Smith	Electric Motors & Grinders
O K Foods	Poultry Processor
Baldor Electric	Electric Motors & Grinders
Fort Smith Public Schools	School
ArcBest Corporation	Trucking and Logistics
Univeristy of Arkansas FS	Higher Education
Bost Human Development	School
Golden Living	Corporate Office
City of Fort Smith	Municipality

Source: Fort Smith Chamber of Commerce

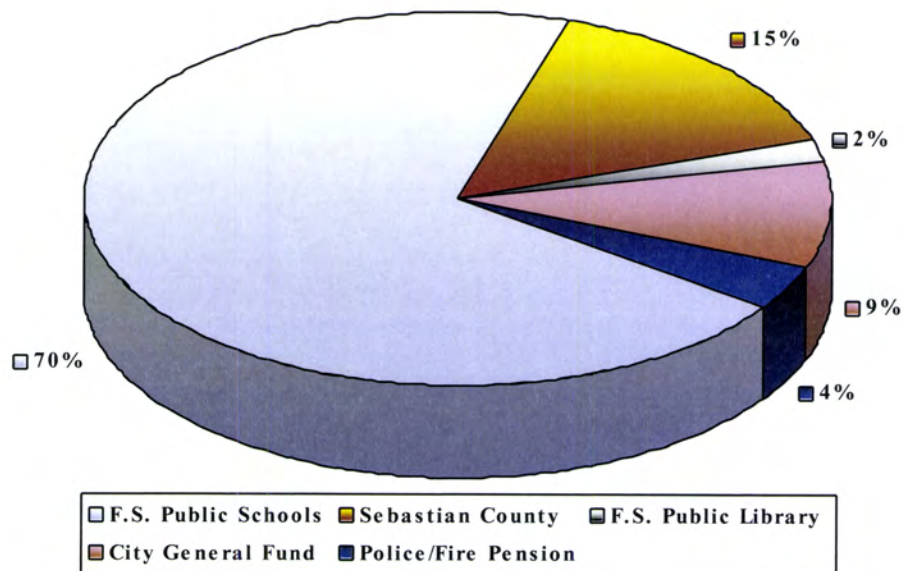
The following graphs indicate the assessed property values within the City limits for the past five years and the allocation of property taxes among the overlapping governments. The City's General Fund receives only 9% of the total real and personal property tax within the City limits.

Assessed Property Valuation



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

Allocation of Real Property Tax Rates For Taxes Payable FY15 for Overlapping Governments Within The City Limits



Source: Sebastian County Clerk's Office

Personnel Count Comparison

	2013 Actual	2014 Budget	2014 Estimated	2015 Budget
Policy & Administration Services Division				
4100 Mayor	2.00	2.00	1.00	1.00
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	1.00	1.00	0.00	0.00
4201 District Court	18.00	18.00	18.00	18.00
4202 City Prosecutor	2.00	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	36.00	36.00	34.00	34.00
Management Services Division:				
4104 Human Resources	4.00	4.00	4.00	4.00
4105 City Clerk	3.00	3.00	3.00	3.00
4301 Finance	11.00	12.00	12.00	12.00
4303 Collections	6.00	6.00	6.00	6.00
4304 Utility Billing/Cust. Svc.	13.00	13.00	13.00	13.00
4306 Purchasing	2.00	2.00	2.00	2.00
4401 Information and Technology	9.00	9.00	9.00	9.00
6912 Public Parking Personnel	1.00	1.00	1.00	1.00
Total Management Services Division	49.00	50.00	50.00	50.00
Development Services Division				
4103 Engineering	19.00	18.40	18.40	18.40
4106 Planning	7.75	7.75	7.75	7.75
4107 CDBG	3.25	3.25	3.25	3.25
4108 Building Safety	11.00	11.00	11.00	11.00
6900 Neighborhood Services	8.00	9.00	9.00	9.00
Total Development Services Division	49.00	49.40	49.40	49.40

	2013 Actual	2014 Budget	2014 Estimated	2015 Budget
Police Services Division				
4701 Administration	5.00	6.00	5.00	5.00
4702 Support Services	48.00	54.25	54.25	54.25
4703 Criminal Investigations	42.43	42.44	43.44	43.44
4704 Patrol Operations	118.00	110.75	110.75	107.75
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	0.57	0.56	0.56	0.56
6920 Public Parking/Enforcement	3.00	3.00	3.00	3.00
Total Police Services Division	222.00	222.00	222.00	219.00

Fire Services Division				
4801 Administration	9.00	7.00	7.00	7.00
4802 Suppression & Rescue	123.00	123.00	123.00	123.00
4803 1/8% Sales Tax Operations	20.00	20.00	20.00	20.00
4804 Training	0.00	2.00	2.00	2.00
Total Fire Services Division	152.00	152.00	152.00	152.00

Operation Services Division- Streets & Traffic Control				
5101 Administration	5.00	5.00	5.00	5.00
5302 Street Construction	9.44	8.72	8.72	8.72
5303 Street Drainage	19.04	16.88	16.88	16.88
5304 Street Maintenance	15.60	15.60	15.60	15.60
5305 Sidewalk Construction	10.00	12.00	12.00	12.00
5401 Traffic Control Operations	13.44	13.44	13.44	13.44
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	72.52	71.64	71.64	71.64

	2013 Actual	2014 Budget	2014 Estimated	2015 Budget
Water & Sewer				
5501 Utilities Administration	16.00	16.00	16.00	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	22.00	22.00	22.00	22.00
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	26.00	26.00	26.00
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	19.50	19.50	19.50
5615 Water & Wastewater Line				
Maintenance Administration	13.00	14.00	14.00	14.00
5616 Water Stationary				
Equipment Maintenance	9.00	10.00	10.00	10.00
6700 Debt Service	0.00	0.00	0.00	0.00
Total Water & Sewer	192.19	196.19	196.19	195.19
Parks & Community Services				
6101 Health	0.00	0.00	0.00	0.00
6201 Parks Maintenance	20.50	21.00	21.00	20.00
6202 Oak Cemetery	3.50	3.50	3.50	3.50
6204 Community Centers	4.25	4.25	4.25	4.25
6205 Aquatics	4.85	4.85	4.85	3.85
6206 Riverfront/Civic Center/Downton	5.00	5.00	5.00	5.00
6207 The Park at West End	1.00	1.00	1.00	1.00
6208 1/8% Sales Tax Operations	5.50	6.50	5.50	6.00
Total Parks & Community Services	44.60	46.10	45.10	43.60
Convention Center				
6203 Convention Center	13.50	13.50	13.50	13.50

	2013 Actual	2014 Budget	2014 Estimated	2015 Budget
Sanitation				
6301 Administration	6.00	6.50	6.50	6.50
6302 Residential Collections	25.00	25.00	25.00	25.00
6303 Commercial Collections	10.00	10.00	10.00	10.00
6304 Fleet & Grounds Maintenance	10.00	10.00	10.00	10.00
6305 Sanitary Landfill	18.00	18.00	18.00	17.00
6307 Roll-Off Collection	9.00	9.00	9.00	10.00
Total Sanitation	<u>78.00</u>	<u>78.50</u>	<u>78.50</u>	<u>78.50</u>
Transit				
6550 Public Transit	36.00	34.00	34.00	33.00
Total Operation Services Division	<u>436.81</u>	<u>439.93</u>	<u>438.93</u>	<u>435.43</u>
Non-Departmental				
6870 Convention & Visitors Bureau	5.00	5.00	5.00	5.00
Total FTE Personnel	<u>949.81</u>	<u>954.33</u>	<u>951.33</u>	<u>944.83</u>

Please note: This schedule includes position of Mayor and the seven Director positions. The reconciliation to the schedule on page 20 is as follows:

	2013 Actual	2014 Estimated	2015 Budget
Total FTE Personnel, this schedule	<u>949.81</u>	<u>951.33</u>	<u>944.83</u>
Program 4100 Mayor & 4101 Board of Directors	<u>(8.00)</u>	<u>(8.00)</u>	<u>(8.00)</u>
Total FTE Personnel, Schedule on page 20	<u>941.81</u>	<u>943.33</u>	<u>936.83</u>

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