



2018 Budget

TABLE OF CONTENTS

Elected Officials	5	Debt Service Fund-	
Management Team	6	Sales & Use Tax Bond Fund	61
Mission, Vision and Values Statement	7	Capital Projects Fund-	
GFOA Distinguished Budget Award	8	Sales & Use Tax Bond Construction Fund	62
Budget Format	9	Enterprise Funds-	
		Water and Sewer Funds	63
		Sanitation Funds	64
		Parking Authority Fund	65
		Internal Service Funds-	
		Working Capital Fund	66
		Employee Health & Wellness Fund	66
		Workers' Compensation Fund	66
Introduction			
City Administrator's Budget Message	11a		
2017 City-Wide Budget Goals	12		
Plan of Organization	14		
Authorized Level of Full Time Personnel	15		
Allocation of Authorized Personnel	16		
Budget Highlights		Operating Funds Budget	
Introduction	18	Summaries	
Budget Process	18	Budget Comparison Summary-	
Fiscal Performance Policies	20	Operating Funds	68
The FY18 Budget	27	General Fund	69
Operating Funds	29	Street Maintenance Fund	70
General Fund	32	Water and Sewer Operating Fund	71
Street Maintenance Fund	34	Sanitation Operating Fund	72
Water and Sewer Operating Fund	34	Statement of Revenue Comparisons-	
Sanitation Operating Fund	35	Combined Operating Funds	73
Personnel Authorizations	36	General Fund	74
Capital Improvement Program	37	Fire / Park City Sales Tax (General Fur	76
Retirement Plans	37	Street Maintenance Fund	77
Bonded Indebtedness	38	Water and Sewer Operating	
		Fund	79
		Sanitation Operating Fund	81
Budget Summaries - All Funds		Distribution of Appropriations	
Comparative Summary - All Funds	40	to the Operating Funds - FY18	82
Fund List Summary - All Funds		Distribution of Appropriations	
FY18 Budget	42	to the Operating Funds - FY19	85
Comparative Summary with Detail		Combined Division Summary-	
Revenue Categories-All Funds	43	By Division Classification	88
Major Revenue Analyses		By Expenditure/Expense	
2018 Budget	44	Classification	89
City of Fort Smith Financial			
Structure	52	Division Summaries	
Definition of Fund Types and		Policy and Administration	
Individual Funds	55	Services	91
Summary by Fund Type -		Management Services	99
General Fund	58	Development Services	107
Special Revenue Funds-		Police Services	113
Street Maintenance Fund	59	Fire Services	117
Sales Tax Fund	59	Operation Services-	
Community Development		Streets and Traffic Control	121
Block Grant Fund	59	Water and Sewer	124
HOME Investment Partnership		Parks and Recreation	127
Act Fund	59	Convention Center	130
Special Grants Fund	60	Sanitation	133
Tilles Park Fund	60	Transit	137
A&P-CVB Fund	60	Non-Departmental	140
Arkansas LOPFI Contribution Fund	60		
Convention Center Fund	60		

Capital Improvements Program

Introduction	145
Sales Tax Fund	145
Water and Sewer Capital Improvement Projects Fund	151
Sales & Use Tax Bond Construction Fund	153
Sanitation Sinking / Landfill Construction Fund	154
Tilles Park Fund	154
Parking Authority Fund	154
Parks and Recreation CIP	155
Capital Outlay	155

Related Financial Information

Budget Organizational Structure	160
Budget and Budgetary Control	163
Accounting System Control	163
Classification of Revenue Sources - Operating Funds	164
Debt Service	170
Glossary of Key Budget Terms	176
Fort Smith Notes	180
Miscellaneous Statistical Data	182
Property Tax Illustration	185
Personnel Count Comparison	186



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
Vice-Mayor



Don Hutchings
Pos 7, At-Large

CITY OF FORT SMITH, ARKANSAS

PROPOSED FISCAL YEAR 2018

BUDGET

Sandy Sanders	Mayor
Keith Lau	Director - Ward One
Andre Good	Director - Ward Two
Mike Lorenz	Director - Ward Three
George Catsavis	Director - Ward Four
Tracy Pennartz	Director - At Large
Kevin Settle	Director - At Large
Don Hutchings	Director - At Large

MANAGEMENT TEAM

Carl Geffken	City Administrator
Jeff Dingman	Deputy City Administrator
Sherri Gard	City Clerk
Wally Bailey	Director of Development
Stan Snodgrass	Director of Engineering
Jennifer Walker	Director of Finance
Naomi Roundtree	Director of Human Resources
Russell Gibson	Director of Information and Technology Services
Doug Reinert	Director of Parks and Recreation
Vacant	Director of Sanitation
Vacant	Director of Streets and Traffic Control
Ken Savage	Director of Transit
Jerry Walters	Director of Utilities
Ben Beland	District Court Judge
Claire Borengasser	District Court Judge
David Saxon	District Court Judge
Claude Legris	Executive Director-Advertising & Promotion Commission
Phil Christensen	Fire Chief
Tracey Shockley	Internal Auditor
Nathaniel Clark	Police Chief

BUDGET REPORT PRODUCTION, ANALYSIS AND GRAPHICS

Department of Finance
Jennifer Walker, Director of Finance
Jackie Joyce, Controller
Lori Hopkins, Manager of Finance
Tracy Keck, Accounting Manager
Alie Bahsoon, Purchasing Manager
Serena Billy, Senior Budget Analyst
Angie Chance, Payroll Accountant

City of Fort Smith on the Internet at:
www.fortsmithar.gov



CITY 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, 2017

Christopher P. Morill

Executive Director

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 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 2018 and Estimated 2017.

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 FY16 Actual, FY17 Budget, FY17 Estimated and FY18 Budget is included. A comparative summary for all funds with major revenue is presented for FY15 Actual, FY16 Actual, FY17 Budget, FY17 Estimated, and FY 18 Budget. A combined summary of all funds for the FY18 Budget as well as individual fund statements by fund type for FY18 is included. Major revenue analysis are included in this section to provide trend analyses of the City's major source of revenue. The City of Fort Smith financial structure and explanations of 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 be operating funds for FY18 is also incorporated this section. An early projection for FY19 is also presented for the department. 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.

- 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 county 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

To the Honorable Mayor, Board of Directors, and People of Fort Smith:

It is my honor to submit to you the City of Fort Smith 2018 operating and capital improvement budgets. The annual budget guide is our plan to provide public services, facilities, and infrastructure to the People of Fort Smith. We strive to produce a structurally-balanced budget that reflects the City's commitment to services and programs that align with Board of Directors goals and community needs.

The 2018 Budget combines the efforts and input from citizens, the Mayor, Board of Directors, and your City staff. It reflects a positive and progressive approach that tackles long-held issues and addresses them head-on—not kicking the can down the road for future generations to grapple with, but looks our problems squarely in the eye and deals with them, setting a responsible path toward the future we share.

A major component to our success is Board of Directors strategic planning, the setting of annual budgetary priorities and goals, and the continued focus on the "Future Fort Smith" Plan. Using the Board's Strategic Goals and Priorities as our compass, staff are able to navigate our city toward a future that achieves benchmark successes of transparency and accountability and fulfills community needs and deals with challenges, always seeking to deliver efficiencies, effective financial stewardship, and premier customer service, enhancing Fort Smithians' quality of life and quality of place.

The 2018 Budget is another positive step forward for our thriving business and cultural communities and citizenry. It includes almost \$63.7 million in capital investment—the majority of it in Utilities. With this, we address both Consent Decree and non-mandated but responsible and necessary wastewater work and projects to improve and ensure water treatment and delivery. We are fortunate to be a "water rich" community. Recognizing this, we must protect that resource, tap its economic potential, and ensure our residents have clean and plentiful water delivered to their homes and business for many decades to come.

This Budget Process—staff working with the Board for strategic responsibility, goal-setting, prioritizing community needs—is key to the City's overall economic image, strength, and vitality. It helps to attract economic development, holds down the cost of city business, and comes back to the people in more services and quality of life projects delivered at lowered cost.

The framework outlined below are critical to the City of Fort Smith achieving its strategic and budgetary goals and objectives.

Fort Smith is fiscally conservative. Your City is dedicated to maintaining conservative fiscal perspective without tax increases. The 2018 Budget focuses expenditures on core services and other critical areas identified by the Board of Directors. This budget totals \$192.6 million—\$63.7 million for capital projects and \$128.9 million for the operations.

Fund	2018 Budget	% Change from 2017
General	\$43.6 million	4.8%
Street Maintenance	\$8.4 million	4.7%
Water & Sewer	\$60.6 million	18.3%
Sanitation	\$16.3 million	20.2%

Department service objectives and performance measure are closely aligned to Board goals. Performance measures are rightly focused on outcomes and results, rather than inputs and workload.

Funding is included for four priorities established by the Board: pay increases for employees city-wide, additional LOPFI contributions to reduce outstanding pension liabilities, Police Department equipment, Sanitation equipment, and City-wide capital need and initiatives.

General Fund – General Fund revenues for 2018 are expected to remain consistent with 2017.

Street Maintenance Funds – The Street Department will continue and expand its in-house sidewalk construction program.

Water & Sewer Fund- The utilities dept. budget includes funding of \$1.4million for future equipment needs.

Sanitation Fund – The Sanitation Department maintains its sinking fund reserve required for future facility and equipment needs.

The City will continue to focus on our long-range financial plan to further streamline operations and lower costs. The 2018 Budget is aligned to Mayoral and Board policies, strategically and objectively. We will maintain strong fund balances and reserves, recommending a balanced budget, maintaining current programs, and making decisions within the context of our long-range financial and debt management plan.

The 2018 Budget asserts our commitment to meet and exceed our community’s priority expectations. We continue to strive to deliver against these expectations and responsibilities while holding to the lowest possible costs to our residents.

I thank the Mayor, Board of Directors, People of Fort Smith, and City staff for their time, effort, and contributions to this budget process.

Carl E. Geffken
City Administrator

2018 CITY-WIDE BUDGET GOALS

The 2018 City wide goals and corresponding Future Fort Smith Comprehensive Plan references are listed as follows:

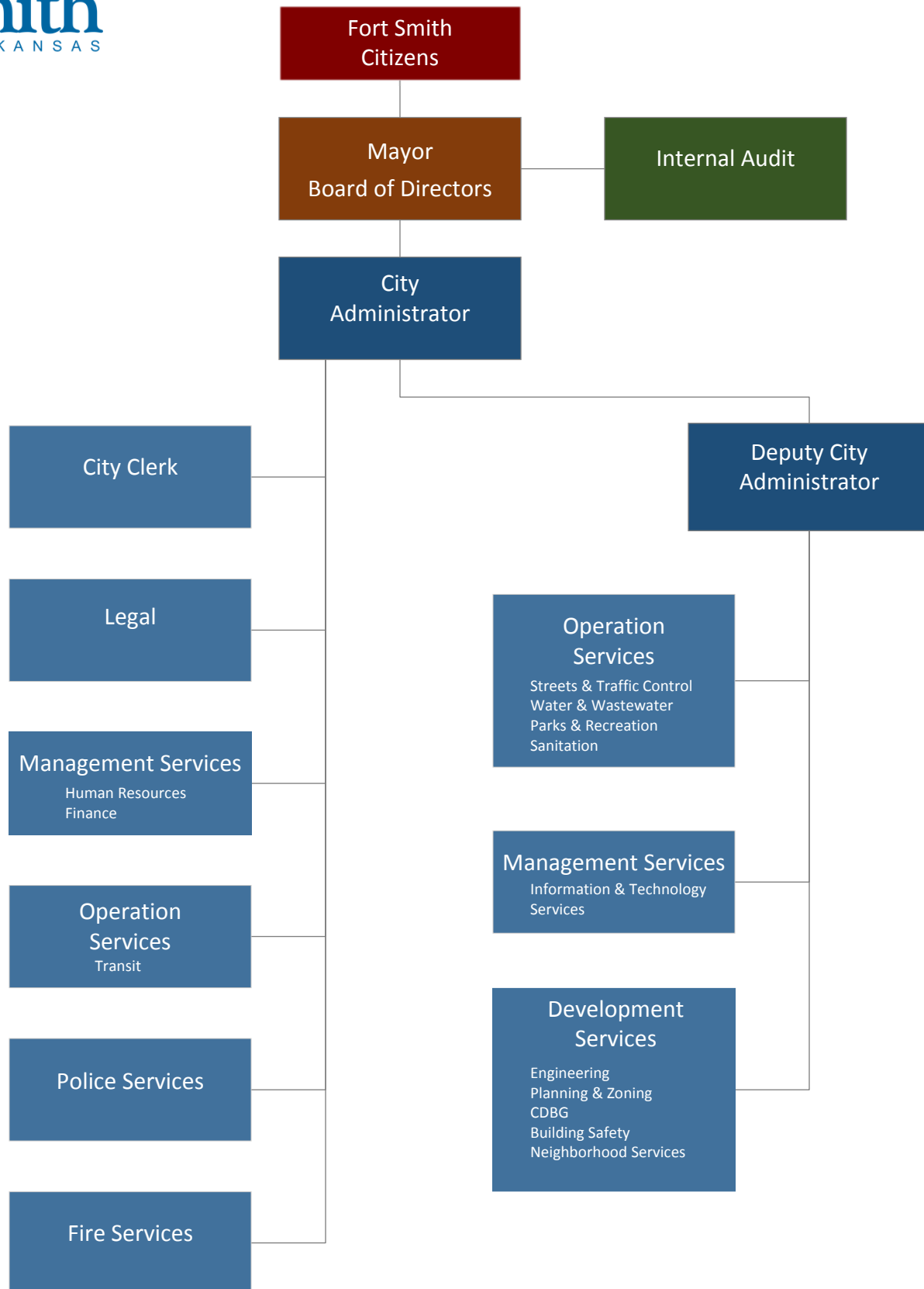
1. Spending priorities for the 2018 budget include:
 - a. Pay increase for employees city-wide
 - b. Additional LOPFI contributions to reduce the outstanding pension liabilities
 - c. Police Department equipment
 - d. Sanitation equipment
 - e. City-wide capital need and initiatives
2. Incorporate the implementation of the Future Fort Smith Comprehensive Plan and vision statement into the City's operating and capital budgets (all FFS Goals)
3. Provide additional recreation through use of Parks Capital Improvement funds to continue improvements to Riverfront Drive properties and continue construction of trails according to priorities identified in the updated Trails & Greenways Master Plan. (FFS Goals FLU-2; FLU-3.2; ED-6.1; CCD-2; NCR-1; TI-3)
4. 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 in order to capitalize on the City's strategic position at the crossroads of highways, rail, and navigable waterways. (FFS Goals ED-1; TI-2)
5. Support riverfront development, restoration and the revitalization of downtown into a prominent multipurpose center of activity. (FFS Goals FLU-2; FLU-3)
6. Preserve, protect, and revitalize the City's neighborhoods with continued proactive code enforcement, community beautification, public sidewalk improvements, and planting parkway trees. (FFS Goal PFS-1; HN-1; TI-1; TI-3)
7. Continue compliance with the Consent Decree for wet weather sanitary sewer system improvements in order to alleviate the occurrence of backups and overflows. (FFS Goal TI-5)
8. Educate and inform the community, legislators, and other stakeholders on the funding obligations for Police and Fire pensions.
9. Continue converting portions of the City's fleet to alternatively-fueled vehicles. (FFS Goal NCR-2.3)

10. Support sustainable tourism development initiatives in the City of Fort Smith by partnering with local organizations as tourism partners. (FFS Goals FLU-2; FLU-3; NCR-3)

11. Build, establish, and maintain a communication strategy to educate citizens and increase community awareness of program, activities, projects and accomplishments. This strategy will add prompt communication within challenges, issues and concerns. (FFS Goal PFS-2)



City of Fort Smith Plan of Organization

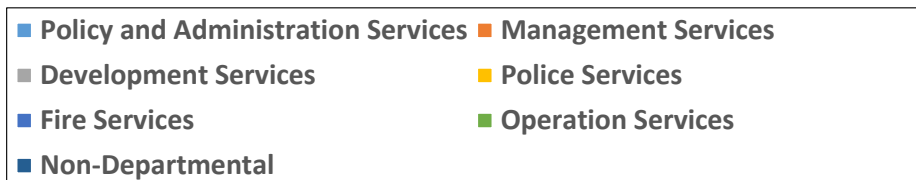
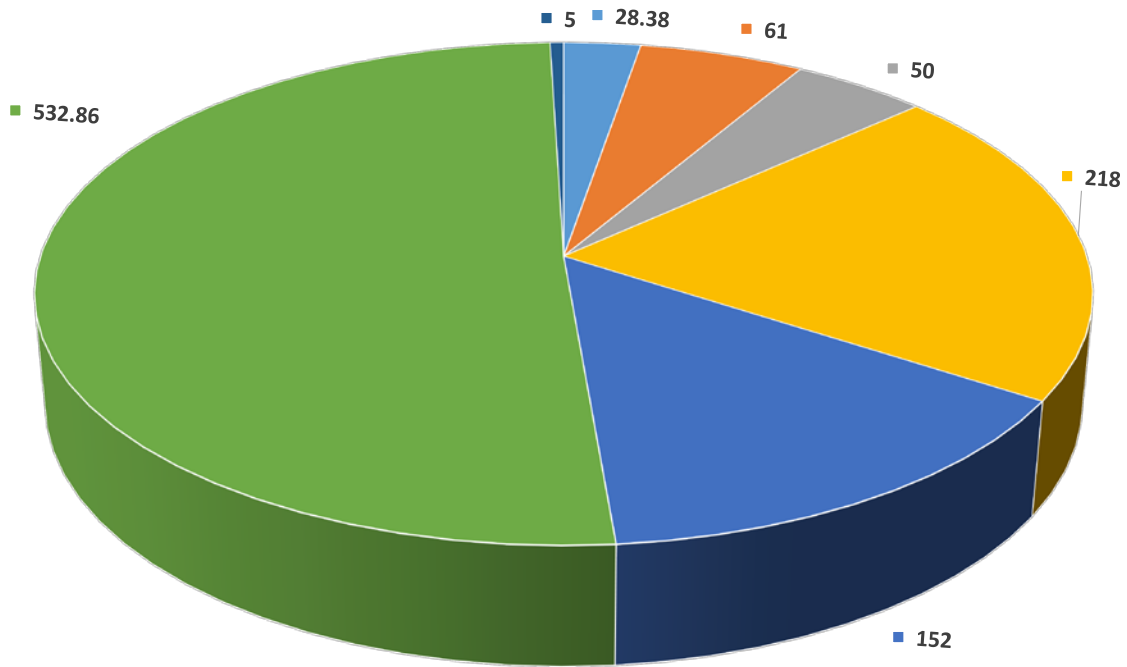


**CITY OF FORT SMITH
 AUTHORIZED LEVEL OF FULL-TIME EQUIVALENT (FTE) PERSONNEL
 BY EXPENDITURE CLASSIFICATION**

	<u>FY16 Actual</u>	<u>FY17 Estimated</u>	<u>FY18 Budget</u>
Policy and Administration Services			
(Note 1)			
Mayor's Office	1.00	1.00	1.00
City Administrator	5.80	3.00	4.00
District Court	18.63	18.63	18.63
City Prosecutor	2.00	2.00	2.00
Internal Audit	1.75	1.75	2.75
Total	<u>29.18</u>	<u>26.38</u>	<u>28.38</u>
Management Services			
Human Resources	5.00	5.00	6.00
Safety & Risk Manager	1.00	0.00	0.00
City Clerk/Citizen Action Center	3.00	3.00	3.00
Finance	35.00	40.00	39.00
Information & Technology Services	10.00	11.00	13.00
Total	<u>54.00</u>	<u>59.00</u>	<u>61.00</u>
Development Services			
Engineering	19.00	19.00	19.00
Planning and Zoning	7.20	7.20	7.20
Building Safety	11.00	11.00	11.00
Community Development	3.80	3.80	3.80
Neighborhood Services	9.00	9.00	9.00
Total	<u>50.00</u>	<u>50.00</u>	<u>50.00</u>
Police Services	<u>219.00</u>	<u>205.00</u>	<u>218.00</u>
Fire Services	<u>152.00</u>	<u>152.00</u>	<u>152.00</u>
Operation Services			
Streets and Traffic Control	73.41	72.86	72.86
Water and Sewer	263.00	274.00	286.50
Parks and Community Services	42.85	38.25	39.25
Convention Center	13.50	13.50	13.50
Sanitation	85.00	88.00	86.75
Transit	33.00	33.00	34.00
Total	<u>510.76</u>	<u>519.61</u>	<u>532.86</u>
Non-Departmental			
Convention & Visitors Bureau	5.00	5.00	5.00
Total Authorized Level of Full-Time Equivalent Personnel	<u>1,019.94</u>	<u>1,016.99</u>	<u>1,047.24</u>

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

1,047.24 FTE PERSONNEL FOR 2018



BY EXPENDITURE/EXPENSE CLASSIFICATION



BUDGET HIGHLIGHTS

This section provides a narrative and graphical summary of the major components of the FY18 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 2018 Budget:

June 9, 2017	Board established 2018 City Wide goals at a Study Session.
July 7, 2017	Departments submit 2017 service objectives update for Board review. Distribution of 2018 Budget package to all departments.
July 7, 2017 through August 4, 2017	Departments prepare budget worksheets and summaries for 2018 requests as well as estimates for 2019. Finance refines 2018 revenue estimates and prepares 2019 revenue projections.
August 4, 2017	Departments submit service objectives, outcome/ performance measures, and completed budget packages for 2018 to the Finance Department.
August 29, 2017	Review departmental service objectives for 2018 and their correlation with city wide goals for 2018 during the Board Study Session.
August 4, 2017 through September 15, 2017	Finance verifies accuracy of amounts submitted by the departments and prepares a preliminary budget supplement.
September 15, 2017 through October 20, 2017	City Administrator, Deputy City Administrator and Director of Finance review budget requests and meet with department directors to discuss the 2018 requests.
November 27, 2017	Proposed five year streets and drainage CIP, Parks CIP, Water and Sewer CIP and General CIP are presented at Board Study Session. Also, 2018 Budget progress report.
November 14, 2017	Present proposed budget to Mayor and Board of Directors.
November 27 and 28, 2017	Budget Hearings 1 and 2: Review proposed budget with Mayor and Board of Directors; discussion with department directors.
December 5, 2017	Conduct 2018 Budget hearing and present 2018 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 two 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 that 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 budgeted expenditure/expenses don't exceed reasonably estimated revenues for the fiscal year. Basic and essential services provided by the City will receive first priority for funding. The City will utilize unallocated fund balance to balance the annual budget only in times of emergency or fiscal and economic hardship. The monies from the fund balance can only be allocated by Board of Directors approval. Additional funding will be assigned according to City-wide goals established by the Board of Directors and Comprehensive Plan policies.
2. The City will estimate expenditures/expenses on an objective and reasonable basis. Operating expenditures/expenses will be projected on a two 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 and Other Post-Employment Benefits (OPEB) for its employees. The City will make contributions for eligible employees at the level defined for the respective retirement plans. The City will make contributions to the OPEB trust plan when funds are available.
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 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. Operational budgetary control is maintained at the 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.
 - 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. The Water / Sewer Fund's contingency reserve goal will be twenty percent (20%) 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 (20% for Water/Sewer Fund) 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 services 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. If the contingency reserve balance exceeds 20% (25% in Water / Sewer Fund), the City may consider utilizing the funds above this amount for one-time capital projects or other non-recurring expenditures that support City goals or Comprehensive Plan policies.
 5. 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 MANGEMENT 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 when it is deemed necessary to provide services as required by the City, but not less frequently than every five (5) years. The request will be made to all qualified banks located within the City limits that are capable of providing the level of services required. Banking services may continue with a selected bank if the services provided are maintained at an acceptable level and reasonable cost.
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 provide all financial documents to the internal and external auditors and City representatives will not improperly influence the conduct of audits.

THE FY18 BUDGET

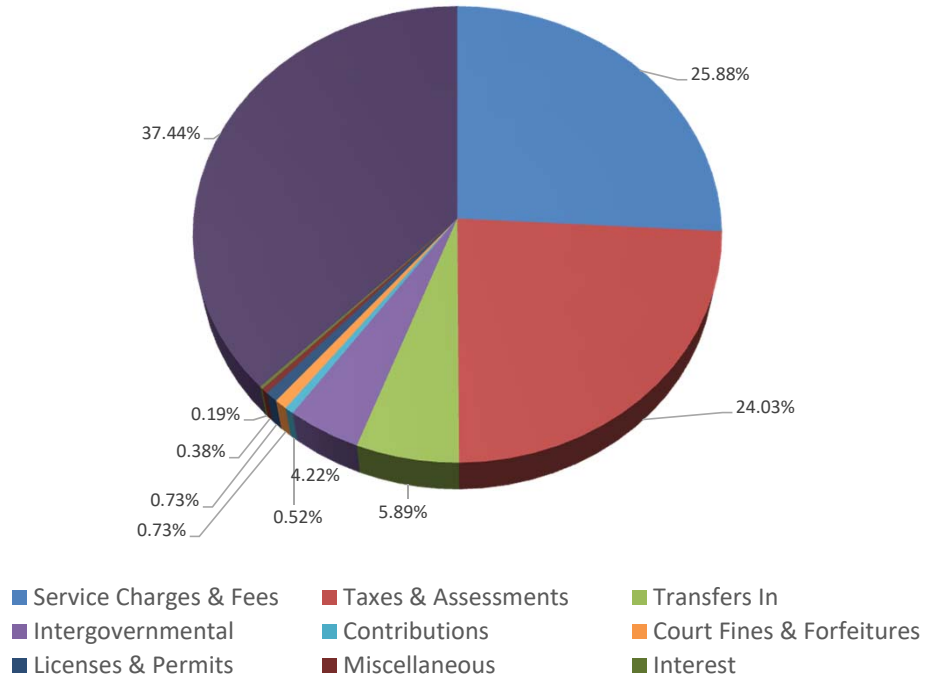
Total funding sources from all funds is estimated at \$332 million with expenditures/expenses totaling \$253 million for FY18. All funds for which revenues are received and expenditures/expenses are incurred are included in the Budget Summaries – All Funds section of this document.

The major sources of funding for FY18 are the prior year fund balance/working capital, taxes and assessments and service charges and fees. The prior year fund balance/working capital represents 37% 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% city-wide plus 1% county-wide), a 4.25% 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 26% 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 FY18 are operating expenditures/expenses, capital improvements and debt service. Operating expenditures/expenses comprise 53.6% of total uses and are primarily for personnel, day-to day operating expenditures/expenses and equipment purchases. Capital improvements account for 25.3% of total uses. Capital improvements include the sales tax street program, the water and sewer projects and sanitary landfill projects. Debt service accounts for 12.2% 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.

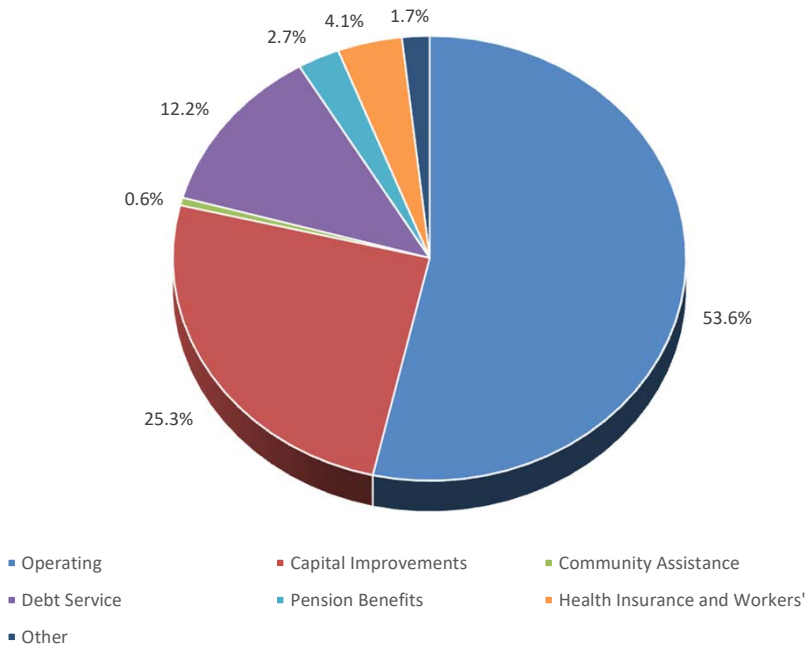
The two graphs which follow depict the allocation of total resources and total uses for 2018.

SUMMARY OF TOTAL RESOURCES FY 2018



Total Resources \$332,300,025

SUMMARY OF TOTAL USES FY 2018



Total Uses \$252,353,192

The following information provided 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 FY18 Operating Funds Budget totals \$128.9 million in appropriations which is \$10.7 million or 9.1% more than the FY18 Operating Funds Budget. Operation services account for 56.8% of operating appropriations, sanitation and transit services. The police and fire services combine to account for 21.4% of total appropriations.

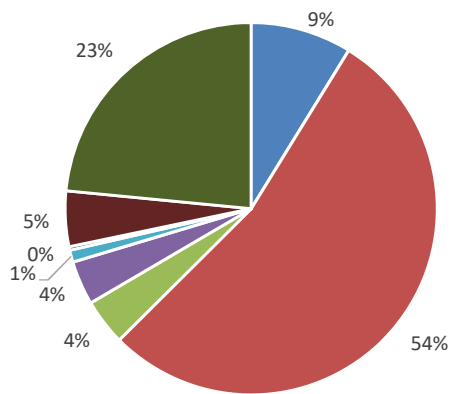
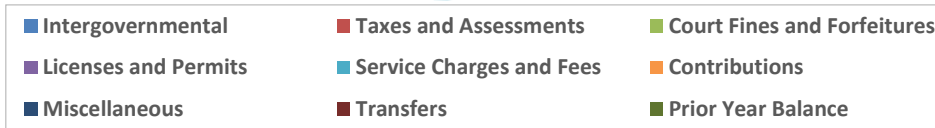
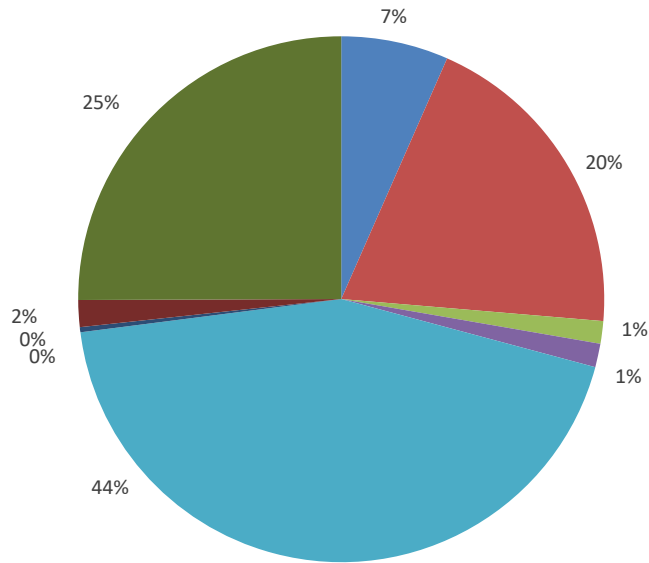
FY18 Operating Funds Sources total \$148.9 million, which is \$20 million less than FY18 Operating Funds Sources due to lower actual prior year balances. Service charges and fees account for 49.2% of total resources. Service charges and fees include utility rates charges for water, sewer and sanitation services. Taxes and assessments comprise of 22.2% of total sources. Taxes and assessments include utility franchise fees, the property tax, and the City's share of the county-wide sales tax and ¼% of a 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.

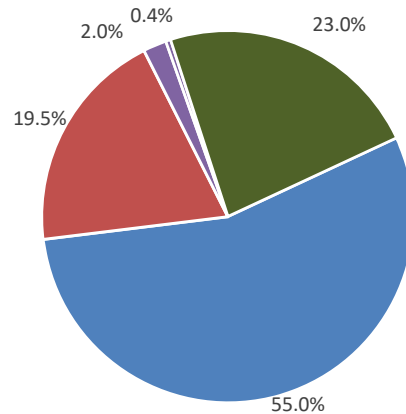
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2018

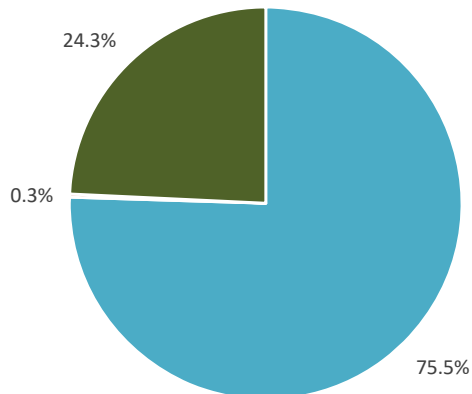
TOTAL FUNDING SOURCES \$148,875,803



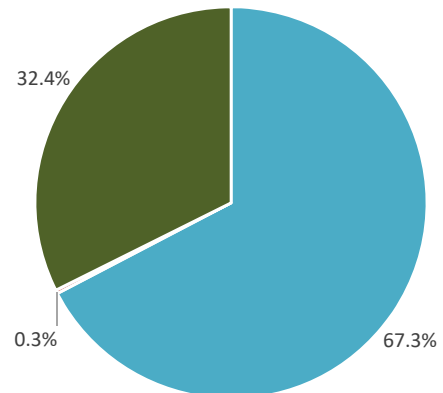
GENERAL FUND
\$57,410,085



STREET MAINTENANCE FUND
\$10,922,732



W/S OPERATING FUND
\$75,064,908

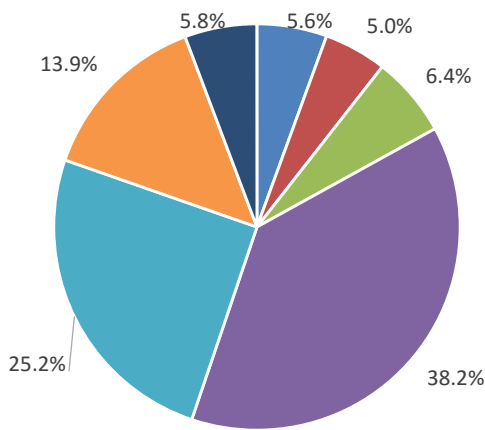
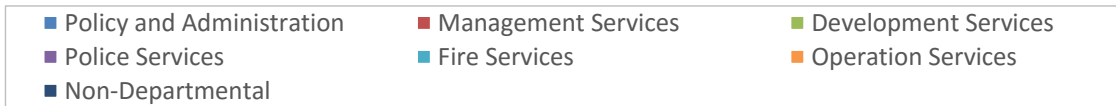
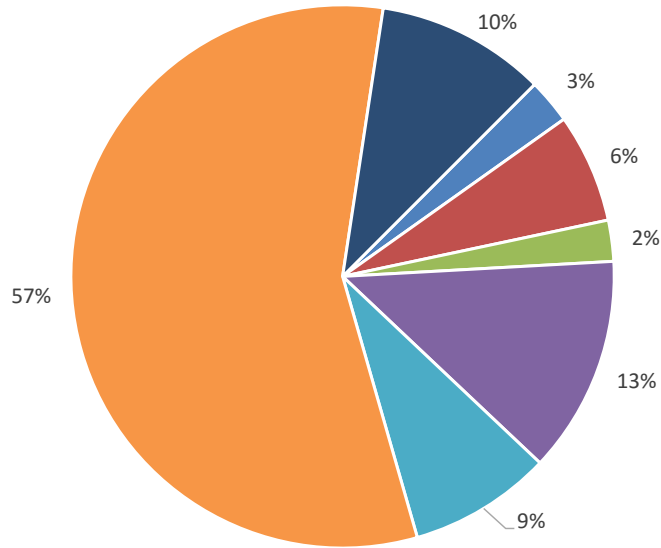


SANITATION OPERATING FUND
\$23,803,162

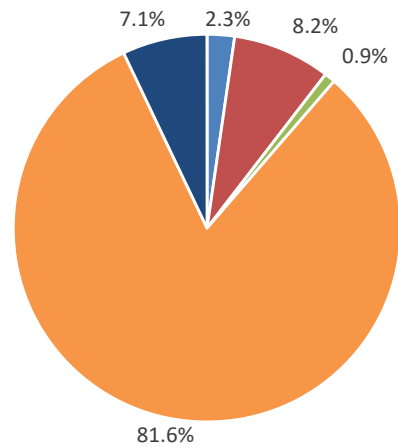
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2018

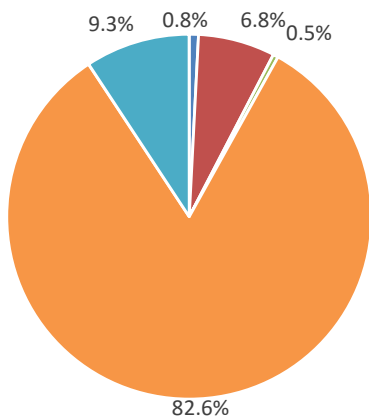
TOTAL APPROPRIATIONS \$128,936,847



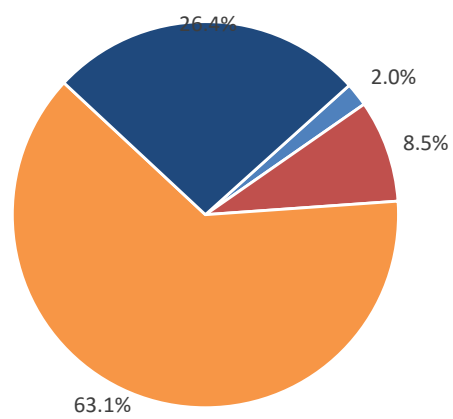
GENERAL FUND
\$43,641,282



STREET MAINTENANCE FUND
\$8,396,656



W/S OPERATING FUND
\$60,648,142



SANITATION OPERATING FUND
\$16,250,767

GENERAL FUND

Total funding sources for the General Fund in FY18 amount to \$57.4 million that is \$10 million more than the FY17 Budget funding sources. Funding sources include current year revenue plus the prior year balance brought forward. The increase is due primarily to increasing beginning fund balance. Additionally, the City Board re-instituted a Business License Fee and increased the Franchise Fee to the maximum percentage (4.25%) in FY18.

The major funding source for the General Fund is Taxes and Assessments which comprise 54% 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 FY18 total \$7.1 million, which is an increase of 3.5% over the FY17 estimated amount of \$6.85 million. The tax rate for FY17 and FY18 remains constant at the maximum allowed by the state. The increase is a result of increased property values. Assessed property values are established by the Sebastian County Assessor. Graphic displays of the assessed property values for the past five years and the allocation of property tax rates for FY18 are shown on page 185.

Franchise fees for FY18 are budgeted at \$6.7 million, which is an increase of 9.1% over the FY17 estimated revenue of \$6.1 million. A comparison of the franchise fee revenues between years is as follows:

	FY17 ESTIMATED <u>(Thousands)</u>	FY1 BUDGET <u>(Thousands)</u>
Electric	\$ 4,211	\$ 4,458
Gas	1,031	1,145
Cable	665	851
Telecommunications	194	202
Water/Sewer	<u>0</u>	<u>100</u>
	<u>\$ 6,101</u>	<u>\$ 6,756</u>

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 79% 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 budgeted at \$17.1 million for FY18. This tax accounts for 39% 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 FY18, this tax will generate \$5.4 million and it will be split equally between the two departments. This sales tax has been presented separately for budget planning purposes.

The General Fund appropriations for FY18 total \$43.6 million which is \$2.1 million or 4.8% more than the FY17 Budget. This increase is due to a Cost of Living increase and additional personnel in the Police Department.

Personnel changes total to an increase of 30.25 FTE for FY18. The changes include an addition of 13 FTE in Police Department.

The General Fund uses for the County Sales Tax in FY17 are as follows:

Public Safety	\$ 13,011,960
Public Library	1,027,260
Park Capital Maintenance	428,025
Senior Citizen Programs	256,815
Downtown Development & Maint.	513,630
Public Transit	513,630
Privilege License Replacement	1,369,680
	<u>\$ 17,121,000</u>

The projected fund balance of the General Fund at December 31, 2018 is \$13,760,955 which represents 31.5% of operating expenditures for 2018. The Fiscal Performance Policies require a 15% contingency.

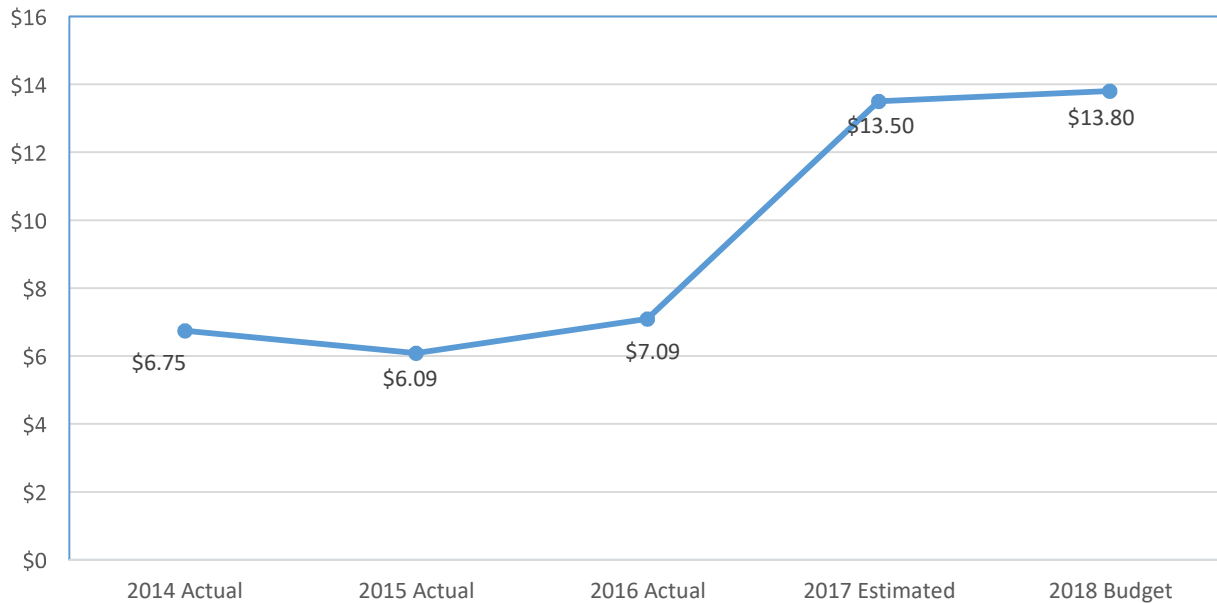
The level of ending fund balances for the past four years, and projected for FY18 is:

FY14	11.6%
FY15	12.5%
FY16	30.1%
FY17 Estimated	33.9%
FY18 Budget	31.6%

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

GENERAL FUND COMPARISON OF ENDING BALANCE

Millions



STREET MAINTENANCE FUND

Total funding sources of the Street Maintenance Fund for FY18 amount to \$10.9 million and is \$800,000 more than the FY17 Budget. The increase is due to a higher 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 FY18 is \$48.46 which is slightly more than the FY17 estimated amount of \$46.40. The actual turnback revenue was \$45.93 for FY16, and \$48.46 is estimated for FY19.

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 \$19.72 for FY17. The estimate for FY18 and FY19 is \$21.23.

This Fund also receives one-half of the 3.0 road millage levied by Sebastian County. Total estimate from this revenue for FY18 is \$2.1 million which is consistent with the FY17 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 \$223,000 for FY18.

FY18 appropriations for the Street Maintenance Fund total \$8.4 million and are \$500,000 more than FY17. The personnel count for the fund in FY18 remains the same as FY17.

The major appropriation classification of the Street Maintenance Fund is Operation Services involving the streets and traffic control programs. This classification represents 81.6% of total appropriations.

The estimated year end fund balance of the Street Maintenance Fund is \$2,526,076 which represents 30% of FY17 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 \$75.1 million for FY18. This is \$9.8 million less than FY17 Budget due to increased expenditures in capital projects.

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

Total Water and Sewer Operating Fund appropriations for FY18 are \$60.6 million compared to FY17 appropriations of \$49.5 million. The personnel count is increased by 13.25 FTE for FY18 due to Water and Sewer department restructure.

The projected working capital at December 31, 2018, is \$14,416,766, which represents 24% of FY18 operating expenses. This exceeds the fiscal policy of a 20% reserve requirement.

SANITATION OPERATING FUND

Total funding sources of the Sanitation Operating Fund amount to \$23.8 million for FY18 and is \$3.5 million more than FY17 Budget. The increase is due to the higher working capital balance at the beginning of the year and a proposed increase in commercial service charges and fees.

Service charges and fees are the major revenue sources for the Sanitation Operating Fund reflecting 99% of this total.

Appropriations for the Sanitation Operating Fund in FY18 total \$16.25 million. This is an increase of \$3.2 million more than the FY17 Budget. The most significant increases include capital outlay and operating leases.

The major appropriation of the Fund is operation services which comprise 63% of the total appropriations.

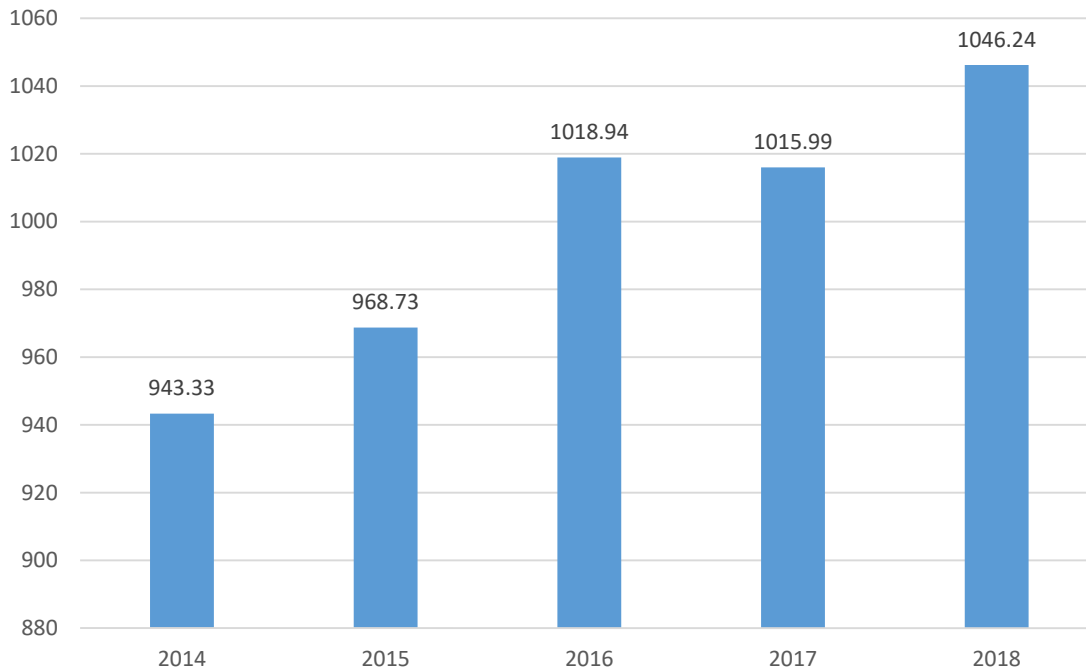
The projected year end working capital of the Sanitation Operating Fund is \$7,052,395 and reflects 43% of FY18 operating expenses. This exceeds the policy goal of 15%.

PERSONNEL AUTHORIZATIONS

Personnel costs for the City in FY18 represent 46% of total operating funds appropriations compared to 43% for estimated FY17. The level of personnel for the past five years is represented in the graph below.

PERSONNEL AUTHORIZATIONS

EMPLOYEES



FISCAL YEAR BUDGET

The net change in personnel between 2017 estimated and 2018 is an increase of 30.25 FTE. The following chart reconciles the 2017 estimated positions to the total positions for 2018.

	Full Time	Part-Time/ Seasonal	Total FTE
2017 Estimated	969.00	46.99	1,015.99
Policy and Admin Services	2.00	-	2.00
Management Services	2.00	-	2.00
Police	13.00	-	13.00
Streets and Traffic Control	0	-	0
Water & Sewer	12.00	0.50	12.50
Parks & Recreation	1.00	-	1.00
Sanitation	-1.00	-0.25	-1.25
Transit	1.00	-	1.00
2018 Budget	<u>999.00</u>	<u>47.24</u>	<u>1,046.24</u>

CAPITAL IMPROVEMENT PROGRAM

Total capital improvements other than capital outlay for the operating programs for FY18 total \$56 million. Capital Improvements for the current fiscal year are provided by the following funds as indicated:

	Amount (Thousands)
Sales Tax Fund	\$ 21,606
Water and Sewer Capital Improvement Projects Fund	29,460
Sales & Use Tax Bond Construction Fund	2,061
Sanitary Landfill Construction & Sinking Fund	1,898
Convention Center/CVB	118
CDBG	0
Parking Authority	<u>290</u>
 Total	 <u>\$ 55,433</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 FY18 are 31.86% and 36.97% for police and fire personnel, respectively, as compared with FY17 rates of 30.86% and 36.84% 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 2017, the remaining amortization period is 20 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.

Benefit payments and retirement contributions for LOPFI for FY18 are estimated at \$6.7 million as compared to \$6.7 million for FY17. 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 1/8% sales tax revenue. For FY18, this totals \$430,000. If the General Fund had to make direct contributions for LOPFI members, the employer amounts would be:

<u>FY17</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Employer Cost	\$3,000,000	\$3,550,000	\$6,550,000
Actual Direct Contribution	<u>0</u>	<u>430,000</u>	<u>430,000</u>
Amount of Employer Contributions Paid by Special Revenues	<u>\$3,000,000</u>	<u>\$3,980,000</u>	<u>\$6,980,000</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 FY18. The current employer contribution rate for the court clerk is 14.75%. The FY18 contribution for the court clerk will be made from the General Fund. 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 5% 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 2018. A brief explanation of how each issue relates to the budget is as follows:

1. 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 Series 2016 Bonds refunded \$42,740,000 of the Series 2008 principal; \$66,260,000 remains outstanding. The FY18 appropriation of \$4.2 million will cover the required debt service payments during 2018. The Water and Sewer Operating Fund is expected to have sufficient revenues to meet this required debt service for FY18. The City plans to refund the remaining 2008 series in 2018.

2. 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 FY18 appropriation of \$1.8 million will cover the required debt service payments during 2018. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY18.

3. 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 FY18 appropriation of \$2.1 million will cover the required debt service payments during 2018. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY18.

4. 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 \$16 million for this purpose in FY18. Current year revenues and prior year carry over will be sufficient to pay the required debt service of \$8.6 million.

5. 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 \$34.3 million in February 2014. The bonds were issued to provide wastewater and water improvements. Sales tax revenue is estimated to be \$16 million for this purpose and the 2012 Bonds in FY18. Current year revenue and prior year carry over will be sufficient to pay the required debt service of \$2.0 million.

6. Water and Sewer Revenue Refunding Bonds-Series 2015-

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 2005B water and sewer revenue bonds. The original principal issued was \$35 million. The FY18 appropriation of \$2.3 million will cover the required debt service payments during 2018. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY18.

7. Water and Sewer Revenue Refunding Bonds-Series 2016-

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 2007 and a portion of the 2008 water and sewer revenue bonds. The original principal issued was \$56.96 million. The FY18 appropriation of \$4.3 million will cover the required debt service payments during 2018. The Water and Sewer Operating Fund is expected to generate sufficient revenues to meet the required debt service for FY18.

Please refer to pages 170-172 in the Related Financial Information section of this document for more information regarding the City's debt.

**City of Fort Smith
FY18
Comparative Summary - All Funds**

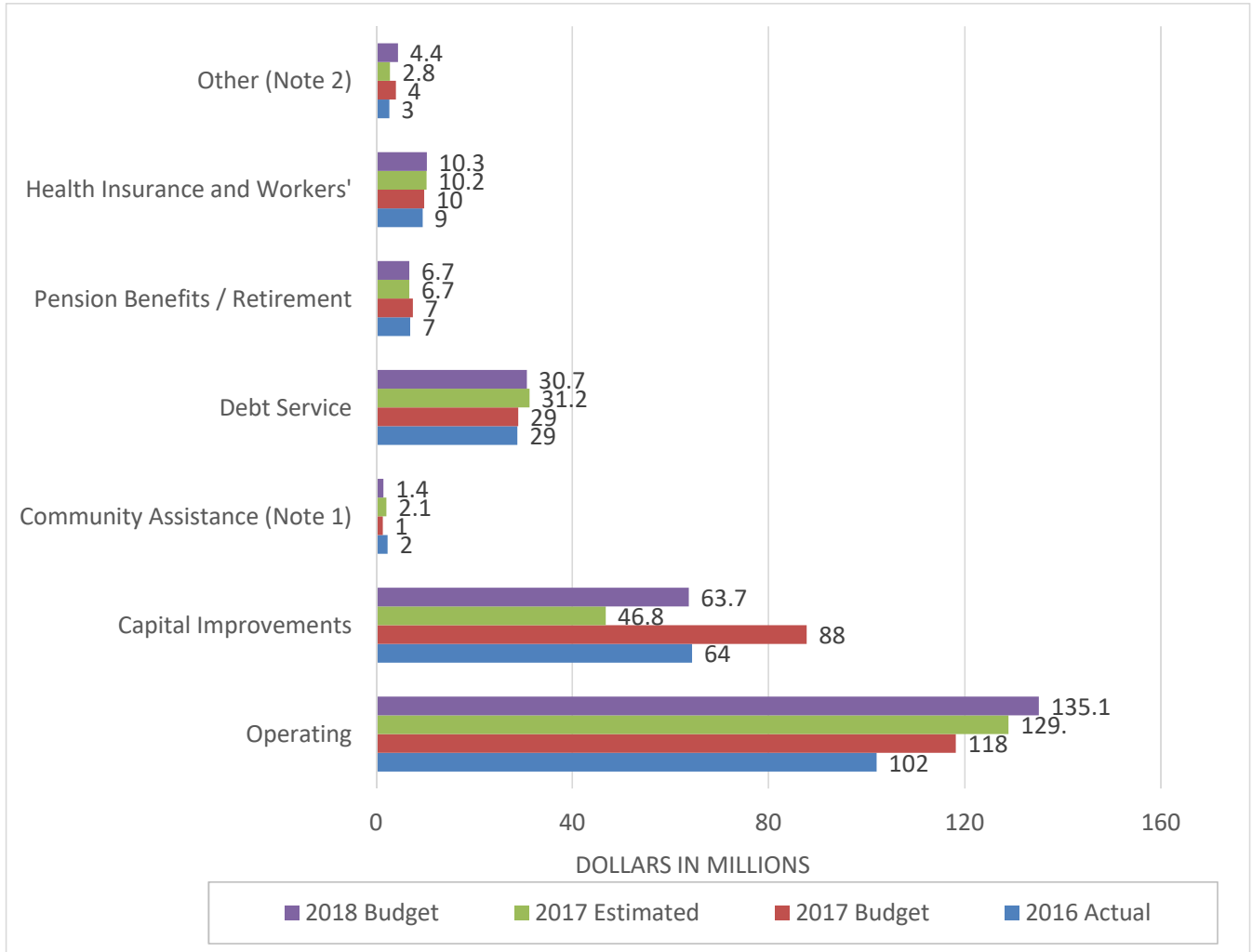
	<u>Actual FY16</u>	<u>Budget FY17</u>	<u>Estimated FY17</u>	<u>Budget FY18</u>
Revenues				
Intergovernmental	\$ 15,587,377	\$ 15,422,458	\$ 14,403,822	\$ 14,774,200
Taxes & Assessments	77,087,646	77,355,733	77,531,043	79,836,937
Licenses & Permits	1,752,102	1,882,000	1,621,066	2,417,325
Court Fines & Forfeitures	2,368,501	2,440,000	2,341,324	2,420,000
Service Charges & Fees	79,315,221	86,216,898	82,905,784	85,992,503
Interest	324,067	267,099	670,956	627,765
Contributions	2,142,987	2,877,400	1,954,145	1,730,000
Miscellaneous	1,155,125	419,887	797,372	533,183
Transfers In	19,626,390	19,618,030	26,801,970	19,566,449
Total	<u>\$ 199,359,416</u>	<u>\$ 206,499,504</u>	<u>\$ 209,027,483</u>	<u>\$ 207,898,362</u>
Expenditures / Expenses				
Operating	\$ 102,088,069	\$ 118,224,892	\$ 128,957,224	\$ 135,149,380
Capital Improvements	64,365,876	87,731,624	46,787,696	63,729,195
Community Assistance (Note 1)	2,318,458	1,307,029	2,050,626	1,427,372
Debt Service	28,750,231	28,918,146	31,228,253	30,683,179
Pension Benefits / Retirement				
Contributions	6,919,501	7,435,250	6,710,819	6,700,160
Health Insurance and Workers'				
Compensation Claims	9,433,170	9,747,717	10,229,600	10,275,000
Other (Note 2)	2,636,474	3,979,796	2,770,419	4,388,906
Total	<u>\$ 216,511,780</u>	<u>\$ 257,344,455</u>	<u>\$ 228,734,636</u>	<u>\$ 252,353,192</u>
Excess (Deficiency) Revenues Over Expenditures / Expenses	\$ -17,152,364	\$ -50,844,950	\$ -19,707,153	\$ (44,454,830)
Fund Balance / Working Capital, Beginning of Year	141,108,724	123,956,360	125,783,731	124,401,663
Fund Balance / Working Capital, End of Year	<u>\$ 123,956,360</u>	<u>\$ 73,111,410</u>	<u>\$ 106,076,578</u>	<u>\$ 79,946,833</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 2018 are CDBG and HOME: \$1,157,272; Special Grants \$270,100.

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

COMPARATIVE SUMMARY - ALL FUNDS

Expenditure/Expense



**City of Fort Smith
FY18
Fund List Summary**

	Beginning Fund Balance/ Working Capital	Revenues	Expenditures/ Expenses	Ending Fund Balance/ Working Capital
General	\$ 17,072,624	\$ 50,292,963	\$ 49,853,815	\$ 17,511,771
Special Revenue Funds:				
Street Maintenance	2,516,637	8,406,095	8,396,656	2,526,076
Sales Tax	30,953,947	22,422,836	29,901,950	23,474,833
Community Development				
Block Grant	(3,048)	856,036	848,957	(3,048)
HOME Investment Partnership Act	0	308,315	308,315	0
Special Grants	101,654	270,100	270,100	101,654
Tilles Park	25,416	115	0	25,531
Advertising and Promotion	351,709	869,544	924,761	296,492
Arkansas LOPFI Contribution	5,841,282	6,572,000	6,700,160	5,713,122
Convention Center	363,457	1,468,400	1,658,733	173,124
Sub-Total	<u>40,151,054</u>	<u>41,173,441</u>	<u>49,009,632</u>	<u>32,307,784</u>
Debt Service Fund:				
Sales & Use Tax Bonds	<u>16,302,851</u>	<u>16,196,646</u>	<u>15,915,634</u>	<u>16,583,863</u>
Capital Projects Fund:				
Sales & Use Tax Construction	<u>2,056,060</u>	<u>5,000</u>	<u>2,061,060</u>	<u>0</u>
Enterprise Funds:				
Water and Sewer	28,551,401	72,285,565	104,875,820	(4,038,854)
Sanitation	15,157,114	20,170,678	19,276,627	16,051,165
Parking Authority	1,895,696	488,062	488,062	1,895,696
Sub-Total	<u>45,604,211</u>	<u>92,944,305</u>	<u>124,640,509</u>	<u>13,908,007</u>
Internal Service Funds:				
Working Capital	117,707	620,000	597,542	140,165
Employee Health & Wellness	2,828,651	10,015,500	9,300,000	3,544,151
Workers' Compensation	268,505	1,215,400	975,000	508,905
Sub-Total	<u>3,214,863</u>	<u>11,850,900</u>	<u>10,872,542</u>	<u>4,193,221</u>
Total	<u>124,401,663</u>	<u>212,463,255</u>	<u>252,353,192</u>	<u>84,504,647</u>
Interfund Transfers		<u>(19,566,449)</u>	<u>(19,566,449)</u>	
Adjusted Total	<u>\$ 124,401,663</u>	<u>\$ 192,896,806</u>	<u>\$ 232,786,743</u>	<u>\$ 84,504,647</u>

City of Fort Smith

Comparative Summary with Detail Revenue Categories - All Funds

	<u>Actual FY15</u>	<u>Actual FY16</u>	<u>Budget FY17</u>	<u>Estimated FY17</u>	<u>Budget FY18</u>
Revenues					
Intergovernmental					
Federal	\$ 5,153,341	\$ 6,026,995	\$ 5,982,458	\$ 4,550,723	\$ 4,911,307
State	8,942,933	8,798,087	8,705,000	9,151,460	9,127,893
Local	764,835	762,294	735,000	701,640	735,000
Taxes and Assessments					
Ad Valorem	11,641,592	12,209,823	11,775,000	12,058,968	12,065,402
Franchise	6,388,843	5,974,790	5,750,000	6,100,299	6,654,000
Sales Tax - City	40,759,378	42,312,763	42,246,000	42,408,285	43,116,591
Sales Tax - County	16,090,921	16,580,569	16,695,000	16,951,491	17,121,000
Hotel/Motel Tax	800,036		877,733		867,944
Other	11,063	9,701	12,000	12,000	12,000
Licenses and Permits	1,609,594	1,752,102	1,882,000	1,621,066	2,417,325
Court Fines and Forfeitures	2,368,501	2,368,501	2,440,000	2,341,324	2,420,000
Service Charges and Fees					
Water & Sewer	42,455,923	52,211,062	59,899,500	55,553,950	56,665,000
Sanitation	13,354,652	14,625,732	14,064,000	14,469,022	16,029,000
General Fund	674,043	606,111	513,000	569,295	596,500
Internal Service	8,950,253	10,972,133	10,903,648	11,297,392	11,830,000
Convention Center	725,491	704,790	687,000	863,407	689,000
Parking Operations	186,353	195,392	149,750	152,718	183,003
Interest	428,804	324,067	267,099	670,956	627,765
Contributions	787,893	2,142,987	2,877,400	1,954,145	1,730,000
Bond Proceeds	29,043,452	0	0	0	0
Miscellaneous	153,924	1,155,125	419,887	797,372	533,183
Transfers In	23,652,888	19,626,390	19,618,030	26,801,970	19,566,449
Total	<u>\$ 214,944,712</u>	<u>\$ 199,359,416</u>	<u>\$ 206,499,504</u>	<u>\$ 209,027,483</u>	<u>\$ 207,898,362</u>
Expenditures/Expenses					
Operating	\$ 102,332,989	\$ 102,088,069	\$ 118,224,892	\$ 128,957,224	\$ 135,149,380
Capital Improvements	47,722,150	64,365,876	87,731,624	46,787,696	63,729,195
Community Assistance	2,632,009	2,318,458	1,307,029	2,050,626	1,427,372
Debt Service	23,389,812	28,750,231	28,918,146	31,228,253	30,683,179
Pension Benefits/Retirement					
Contributions	5,758,175	6,919,501	7,435,250	6,710,819	6,700,160
Health Insurance and Workers'					
Compensation Claims	10,088,935	9,433,170	9,747,717	10,229,600	10,275,000
Other	4,226,761	2,636,474	3,979,796	2,770,419	4,388,906
Total	<u>\$ 196,150,831</u>	<u>\$ 216,511,780</u>	<u>\$ 257,344,455</u>	<u>\$ 228,734,636</u>	<u>\$ 252,353,192</u>
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ 18,793,881	\$ (17,152,364)	\$ (50,844,950)	\$ (19,707,153)	\$ (44,454,830)
Fund Balance/Working Capital Beginning of Year	<u>122,314,843</u>	<u>141,108,724</u>	<u>123,956,360</u>	<u>123,956,360</u>	<u>124,401,663</u>
Fund Balance/Working Capital End of Year	<u>\$ 141,108,724</u>	<u>\$ 123,956,360</u>	<u>\$ 73,111,410</u>	<u>\$ 104,249,207</u>	<u>\$ 79,946,833</u>

Note: FY18, FY17 and FY16 budgets reflect a deficit spend due to spend down of fund balance in the Street Sales Tax Fund (1105) and the Sales and Use Tax Construction Fund (4112).

Major Revenue Analyses-2018 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.

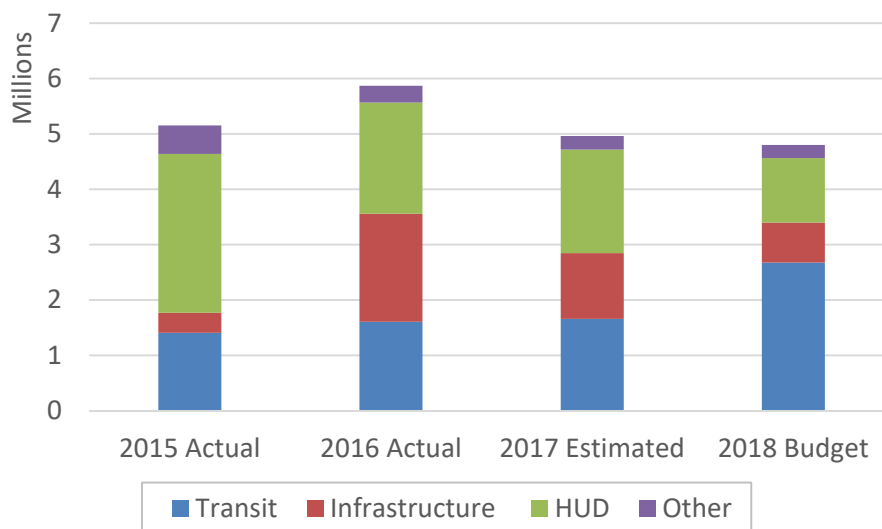
Intergovernmental

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 2.3% of total annual revenues. However, the transit funding is accounted for in the General Fund and represents an average of 6% 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
2015 Actual	1,406,369	361,599	2,869,459	515,914	5,153,341
2016 Actual	1,607,477	1,948,814	2,010,158	301,850	5,868,299
2017 Est.	1,658,002	1,189,506	1,869,066	244,256	4,960,830
2018 Budget	2,674,656	724,000	1,164,351	238,300	4,801,307



2018 Revenue Estimates- The increase in 2018 is due to the DOT funding of \$800,000 for the CNG fueling station. The HUD grants are expected to decrease 38% in FY18 from the prior year due to additional funding being made available during 2017.

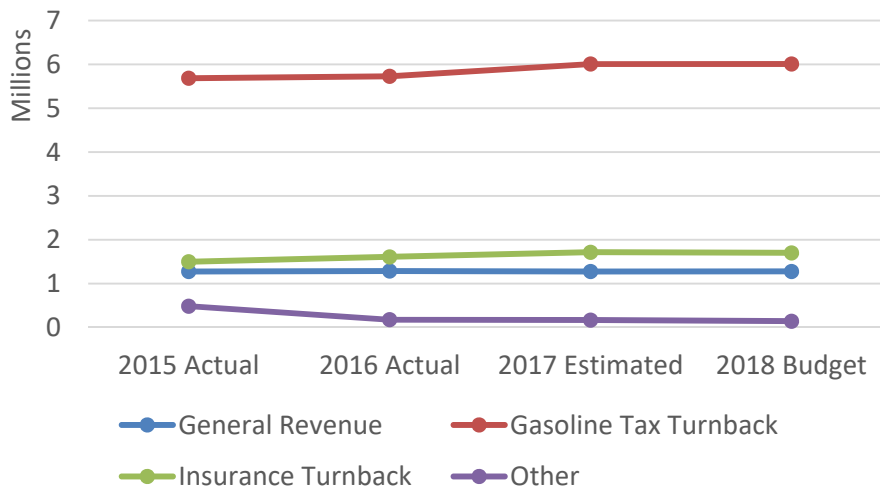
State-

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.

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 4.4% of total revenues. However, the gasoline tax turnback plus the ½% highway sales tax turnback represent an average of 71.5% of the Street Maintenance Fund annual revenue and the insurance turnback represents 25.9% of the Arkansas LOPFI Contribution Fund revenue.

	<u>General Revenue Turnback</u>	<u>Gasoline Tax / Hwy Sales Tax Turnback</u>	<u>Insurance Turnback</u>	<u>Other</u>	<u>Total</u>
2015 Actual	1,275,459	5,681,916	1,499,165	486,393	8,942,933
2016 Actual	1,286,388	5,726,951	1,609,970	177,686	8,800,995
2017 Est.	1,276,710	6,007,593	1,715,394	168,300	9,167,997
2018 Budget	1,277,000	6,007,593	1,700,000	143,300	9,127,893



2018 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. Other state revenue includes the recognition of Act 833 fire funds that are restricted for fire safety purposes and is budgeted at \$90,000 for 2018.

Taxes and Assessments

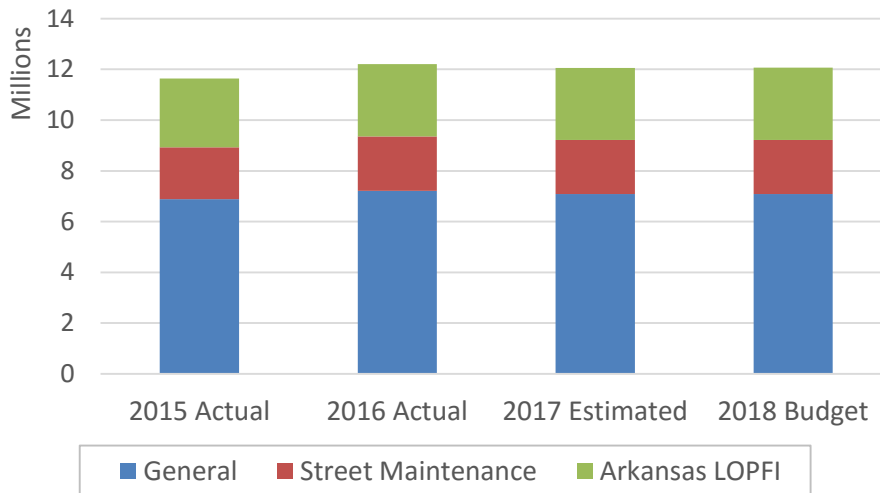
Ad Valorem-

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

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

Ad valorem taxes represent an average of 5.8% of total City revenues. The history of the revenue since 2015 for the three funds which receive property tax revenue is as follows:

	<u>General</u>	<u>Street Maintenance</u>	<u>Arkansas LOPFI Contribution</u>	<u>Total</u>
2015 Actual	6,885,174	2,038,141	2,718,277	11,641,592
2016 Actual	7,219,252	2,138,454	2,852,117	12,209,823
2017 Estimate	7,087,488	2,128,402	2,841,479	12,057,369
2018 Budget	7,087,000	2,128,402	2,850,000	12,065,402



2018 Revenue Estimate-ad valorem taxes are expected to remain flat in 2018.

Franchise Fees-

Revenue Description- a General Fund revenue which is a 4.25% fee assessed to franchised utilities' and 5% fee assessed to franchised cables' 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 2.1% of total City revenues and an average 15.1% of total General Fund revenue.

	2015 Actual	2016 Actual	2017 Estimated	2018 Budget
Electric	4,033,168	3,919,769	4,211,437	4,257,000
Gas	1,333,487	1,078,016	1,281,334	1,375,000
Cable	669,344	847,215	805,465	880,000
Telephone	330,844	107,240	87,079	125,000
Other	22,000	22,550	16,100	17,000
	6,388,843	5,974,790	6,401,415	6,654,000

2018 Revenue Estimate- franchise fees are anticipated to increase 4% over FY17 due to rate increase.

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 ¾% 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.

	General Fund	Street Sales Tax Fund	Sales & Use Tax Bond Fund	Total
2015 Actual	5,094,293	20,380,151	15,284,934	41,759,378
2016 Actual	5,289,152	21,156,609	15,867,457	42,313,218
2017 Estimate	5,301,036	21,204,143	15,903,107	42,408,286
2018 Budget	5,448,000	21,607,000	16,062,000	43,117,000

2018 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 2015	16,090,921
Actual 2016	16,580,569
Estimated 2017	16,691,584
Budget 2018	17,121,000

2018 Estimated Revenue- the county sales tax is expected to increase 1% over 2017. As in the case of the City's sales tax levies, the state provides minimal commodities information for this revenue source.

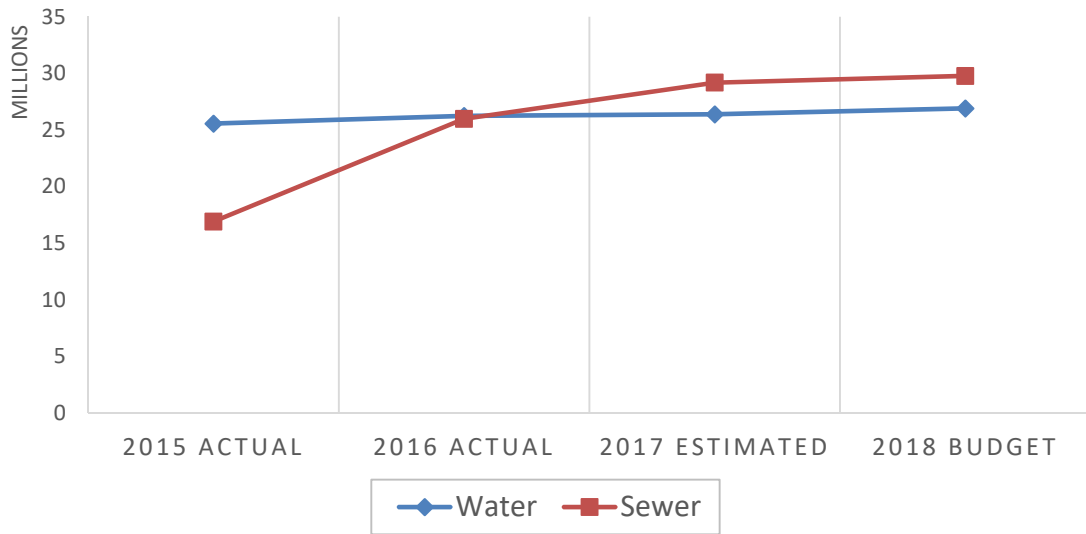
Service Charges and Fees

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. Sewer service charges are expected to increase by 2% in 2018. Combined water and sewer service charges and fees represent an average 27% of total city revenue.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2015 Actual	25,553,416	16,902,507	42,455,923
2016 Actual	26,230,543	26,980,519	52,211,062
2017 Estimate	26,372,450	29,181,500	55,553,950
2018 Budget	26,900,000	29,765,000	56,665,000



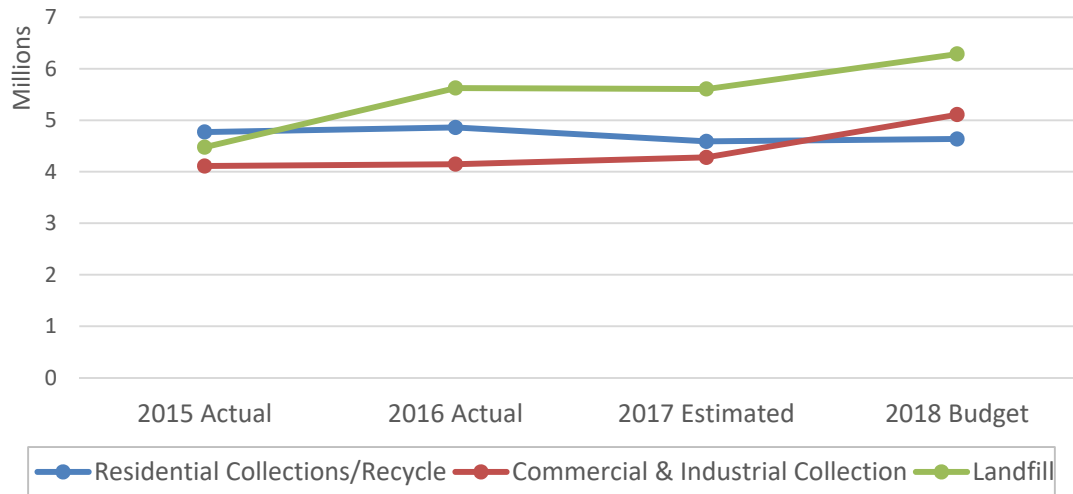
2018 Revenue Estimate - Consumption is expected to increase by 2% between FY17 and FY18. The increase in revenues for FY17 was due to sewer rate increases.

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. New rates for commercial collections, industrial collections, and solid waste disposal fees will become effective February 1, 2018.

	Residential Collection / Recycling	Commercial / Industrial Collection	Landfill	Total
2015 Actual	4,769,233	4,109,540	4,475,879	13,354,652
2016 Actual	4,857,760	4,144,593	5,623,379	14,625,732
2017 Est.	4,587,336	4,276,406	5,605,280	14,469,022
2018 Budget	4,634,000	5,109,000	6,286,000	16,029,000



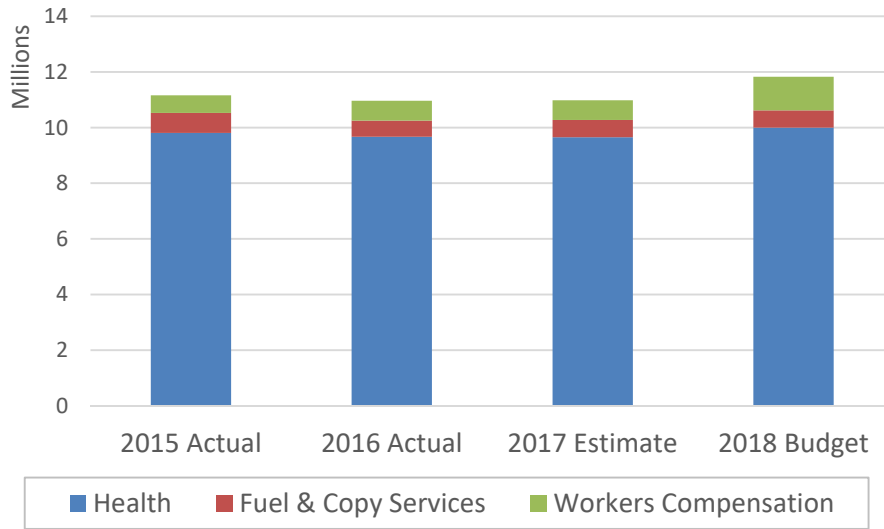
2018 Revenue Estimates - In FY18, Residential and commercial services are anticipated to remain stable between years while industrial and roll-off services will increase 3% per Ordinance 69-17 Landfill operations will increase 3% per Ordinance 69-17 as well.

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 remained consistent with prior years. Fuel and copy costs are forecasted to remain fairly stable. The contributions to the workers' compensation account are expected to increase due to anticipated claims.

	Health & Wellness	Fuel & Copy Services	Workers' Compensation	Total
2015 Actual	9,810,906	718,522	629,820	11,159,248
2016 Actual	9,672,812	581,776	708,910	10,963,498
2017 Estimate	9,655,389	619,108	708,320	10,982,817
2018 Budget	10,000,000	620,000	11,830,000	11,830,000



2018 Revenue Estimate- The contributions to the Employee Health and Wellness Fund are anticipated to remain stable. Workers' Compensation contributions from the city are expected to increase in FY18. The fuel and copy services are expected to remain stable between years.

City of Fort Smith Financial Structure

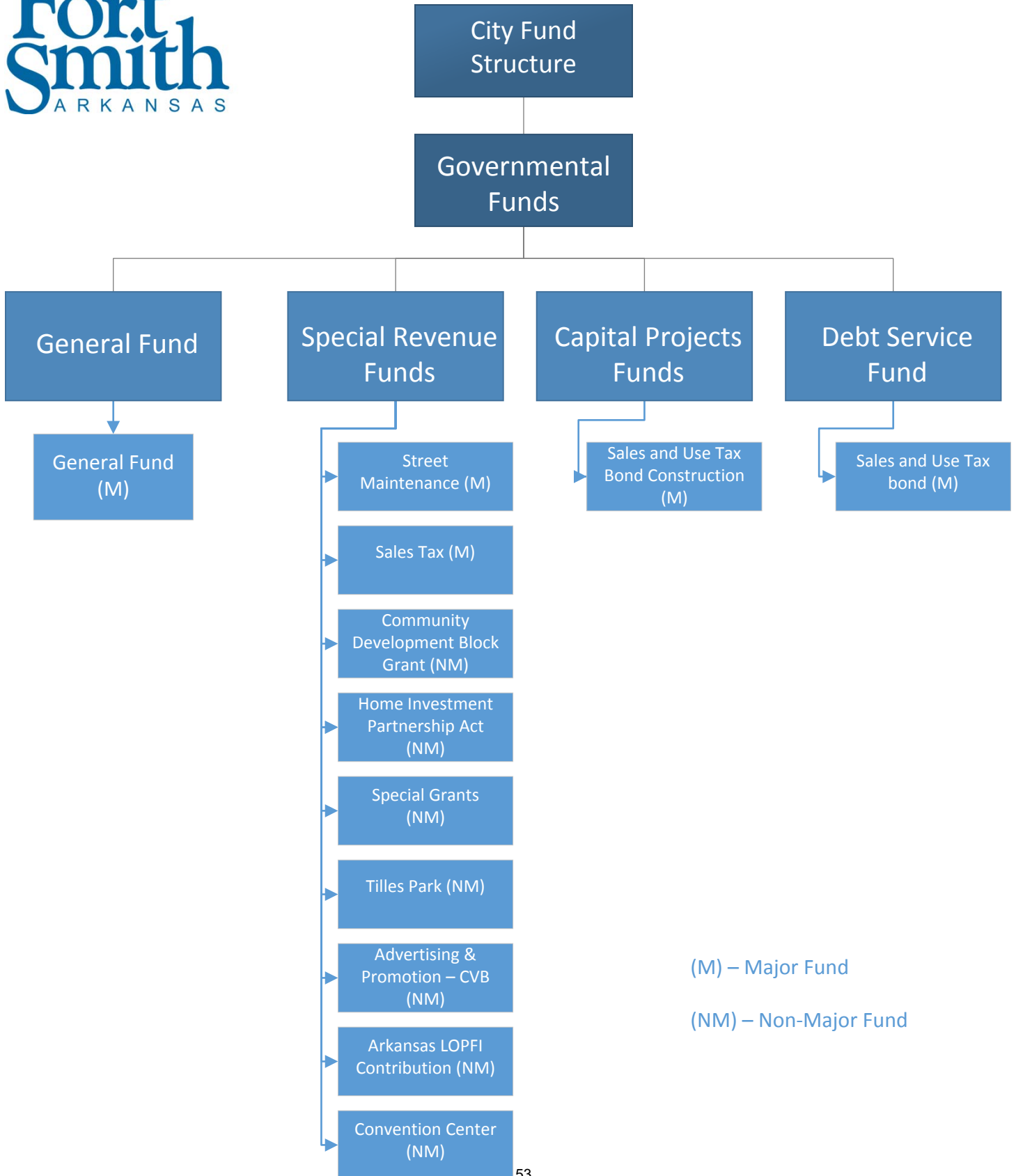
The City provides the full range of municipal services as provided by the City Charter. These include public safety, water, sewer, sanitation, public transportation, parking, public improvements, recreational and general administrative services.

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 53 and 54, illustrate the City's active fund structure. Following the charts, the fund types and individual funds are defined. After this, the 2018 Budget for each individual fund by fund type is presented.

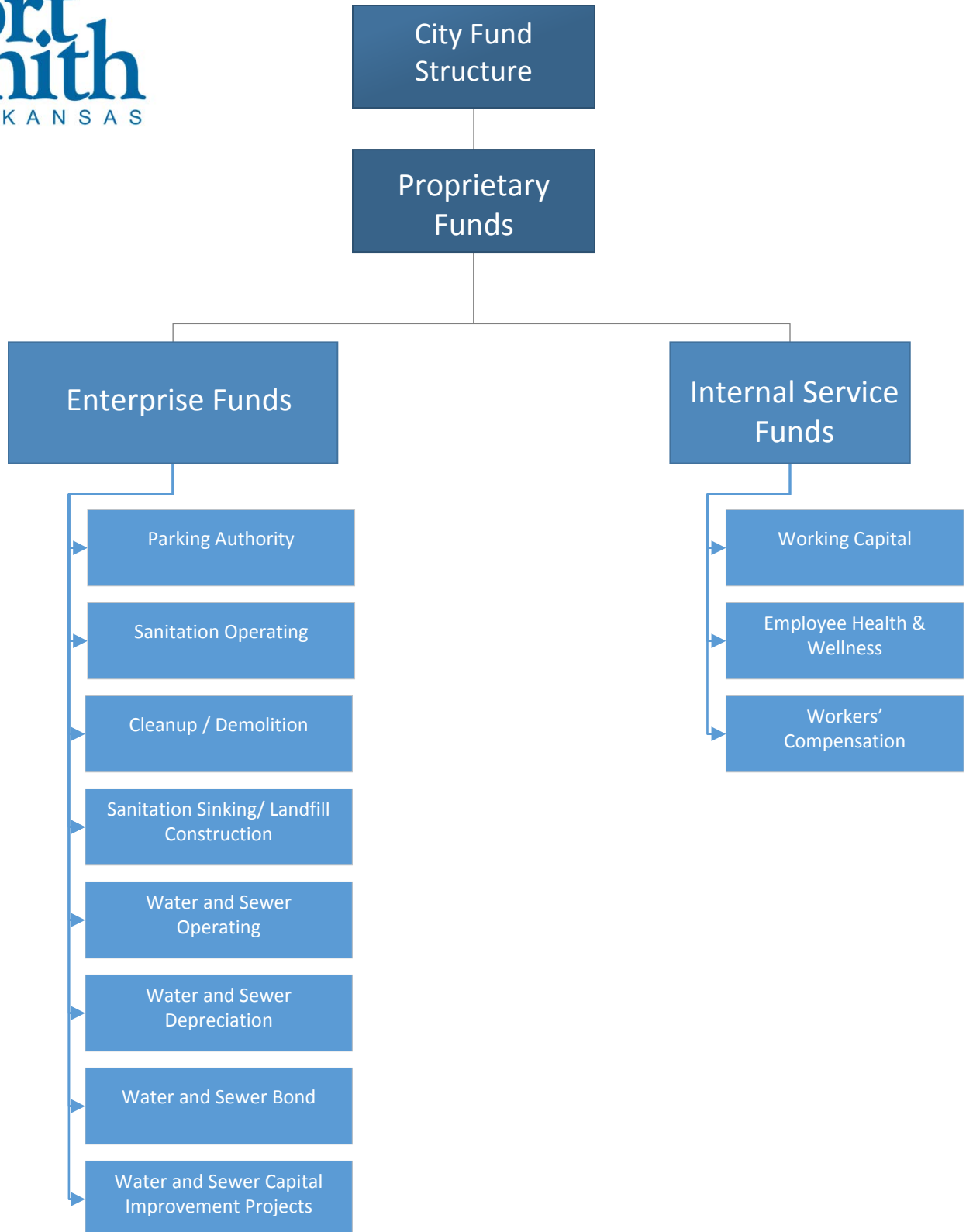


City of Fort Smith, Arkansas Chart of Fund Types





City of Fort Smith, Arkansas Chart of Fund Types



Definition of Fund Types and Individual Funds

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

Special Revenue Funds - Funds to account for the proceeds of specific revenue (other than 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.

2018 Individual Fund Budgets -

GENERAL FUND

REVENUES

Intergovernmental	\$	5,043,656
Taxes and Assessments		30,862,000
Court Fines and Forfeitures		2,300,000
Licenses and Permits		2,194,225
Service Charges and Fees		596,500
Miscellaneous		103,163
Interest		80,000
Contributions		0
Transfers In		<u>2,766,419</u>
Total	\$	<u>43,945,963</u>

EXPENDITURES

Operating:

Policy and Administration Services	\$	2,430,152
Management Services		2,179,195
Development Services		2,801,921
Police Services		16,676,834
Fire Services		10,976,709
Operation Services		6,065,141
Non-Departmental		<u>2,511,331</u>
Total	\$	<u>43,641,282</u>

EXCESS (DEFICIENCY) REVENUES
OVER EXPENDITURES

\$ 304,681

FUND BALANCE, BEGINNING OF YEAR

13,464,122

FUND BALANCE, END OF YEAR

\$ 13,768,803

SPECIAL REVENUE FUNDS

	Street	Street Sales Tax	Community Development Block Grant	Home Investment Partnership Act
REVENUES				
Intergovernmental -				
State Turnback	\$ 6,007,593	\$ -	\$ -	\$ -
Federal Grant	-	-	856,036	308,315
State Grant	-	-	-	-
Local Grant	-	-	-	-
Licenses & permits	223,100	-	-	-
Taxes and Assessments -				
Ad Valorem Tax	2,128,402	-	-	-
Sales Tax	-	21,606,453	-	-
Prepared Food Tax	-	-	-	-
Hotel/Motel Tax	-	-	-	-
Court Fines and Forfeitures	-	-	-	-
Service Charges & Fees	-	-	-	-
Interest	-	92,383	-	-
Contributions	-	-	-	-
Miscellaneous	47,000	724,000	-	-
Transfers	-	-	-	-
TOTAL	\$ 8,406,095	\$ 22,422,836	\$ 856,036	\$ 308,315
EXPENDITURES				
Operating	\$ 8,396,656	\$ -	\$ -	\$ -
Capital Improvements	-	29,901,950	-	-
Community Assistance -				
Development Services	-	-	348,178	-
Public Safety	-	-	-	-
Public Works and Community Service Projects	-	-	268,978	-
Housing Assistance	-	-	231,801	308,315
Pension Benefits/Retirement Cont.	-	-	-	-
Other (Note 1)	-	-	-	-
TOTAL	\$ 8,396,656	\$ 29,901,950	\$ 848,957	\$ 308,315
EXCESS (DEFICIENCY) REVENUES OVER				
EXPENDITURES	\$ 9,439	\$ (7,479,114)	\$ 7,079	\$ -
FUND BALANCE, BEGINNING OF YEAR	2,516,637	30,953,947	(3,048)	-
FUND BALANCE END OF YEAR	\$ 2,526,076	\$ 23,474,833	\$ 4,031	\$ -

<u>Special Grants</u>	<u>Tilles Park</u>	<u>Advertising and Promotion</u>	<u>Arkansas LOPFI Contribution</u>	<u>Convention Center</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,700,000	\$ -	\$ 7,707,593
213,300	-	-	-	-	1,377,651
53,300	-	-	-	-	53,300
3,500	-	-	-	-	3,500
-	-	-	-	-	223,100
-	-	-	2,850,000	-	4,978,402
-	-	-	-	-	21,606,453
-	-	-	-	-	-
-	-	867,944	-	-	867,944
-	-	-	120,000	-	120,000
-	-	-	-	689,000	689,000
-	115	1,600	22,000	2,400	118,498
-	-	-	1,730,000	-	1,730,000
-	-	-	-	-	771,000
-	-	-	150,000	777,000	927,000
<u>\$ 270,100</u>	<u>\$ 115</u>	<u>\$ 869,544</u>	<u>6,572,000</u>	<u>1,468,400</u>	<u>41,173,441</u>
\$ -	\$ -	\$ -	-	-	\$ 8,396,656
-	-	-	-	117,500	30,019,450
-	-	-	-	-	348,178
216,800	-	-	-	-	216,800
53,300	-	-	-	-	322,278
-	-	-	-	-	540,116
-	-	-	6,700,160	-	6,700,160
-	-	924,761	-	1,541,233	2,465,994
<u>\$ 270,100</u>	<u>\$ -</u>	<u>\$ 924,761</u>	<u>6,700,160</u>	<u>1,658,733</u>	<u>\$ 49,009,632</u>
\$ -	\$ 115	\$ (55,217)	(128,160)	(190,333)	\$ (7,836,191)
101,654	25,416	351,709	5,841,282	363,457	40,151,054
<u>\$ 101,654</u>	<u>\$ 25,531</u>	<u>\$ 296,492</u>	<u>5,713,122</u>	<u>173,124</u>	<u>\$ 32,314,863</u>

Debt Service Fund

	<u>Sales & Use Tax Bond</u>
Revenues	
Taxes and Assessments	\$ 16,062,138
Interest	134,508
	<hr/>
Total	\$ 16,196,646
	<hr/>
Expenditures	
Debt Service - Current	15,915,634
	<hr/>
Excess (Deficiency) Revenues Over Expenditures	\$ 281,012
Fund Balance, Beginning of Year	16,302,851
	<hr/>
Fund Balance, End of Year	<u>\$ 16,583,863</u>

Capital Projects Funds

	Sales & Use Tax Bond Construction
Revenues	
Interest	<u>5,000</u>
TOTAL	<u>\$ 5,000</u>
Expenditures	
Capital Improvements	<u>2,061,060</u>
Excess (deficiency) Revenues Over Expenditures	\$ (2,056,060)
Fund Balance, Beginning of Year	<u>2,056,060</u>
Fund Balance, End of Year	<u><u>\$ 0</u></u>

**Enterprise Funds-
Water and Sewer Funds**

	Water and Sewer Operating	Water and Sewer Depreciation	Water and Sewer Bond	Water and Sewer Capital Improvement Projects	Total
REVENUES					
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Service Charges and Fees	56,665,000	-	-	-	56,665,000
Interest	-	-	43,000	165,000	208,000
Miscellaneous	195,000	-	-	20	195,020
Bond Proceeds	-	-	-	-	-
Transfers In	-	450,000	14,767,545	-	15,217,545
	<u>-</u>	<u>450,000</u>	<u>14,767,545</u>	<u>-</u>	<u>15,217,545</u>
 Total	 \$ 56,860,000	 \$ 450,000	 \$ 14,810,545	 \$ 165,020	 \$ 72,285,565
	<u>56,860,000</u>	<u>450,000</u>	<u>14,810,545</u>	<u>165,020</u>	<u>72,285,565</u>
EXPENSES					
Operating	\$ 60,648,142	\$ -	\$ -	\$ -	\$ 60,648,142
Capital Improvements	-	-	-	29,460,133	29,460,133
Debt Service:					
Current	-	-	14,767,545	-	14,767,545
	<u>-</u>	<u>-</u>	<u>14,767,545</u>	<u>-</u>	<u>14,767,545</u>
 Total	 \$ 60,648,142	 \$ -	 \$ 14,767,545	 \$ 29,460,133	 \$ 104,875,820
	<u>60,648,142</u>	<u>-</u>	<u>14,767,545</u>	<u>29,460,133</u>	<u>104,875,820</u>
 Excess (deficiency) Revenues Over Expenses	 \$ (3,788,142)	 \$ 450,000	 \$ 43,000	 \$ (29,295,113)	 \$ (32,590,255)
	<u>(3,788,142)</u>	<u>450,000</u>	<u>43,000</u>	<u>(29,295,113)</u>	<u>(32,590,255)</u>
 Working Capital, Beginning of Year	 18,204,908	 1,400,000	 -	 8,946,493	 28,551,401
	<u>18,204,908</u>	<u>1,400,000</u>	<u>-</u>	<u>8,946,493</u>	<u>28,551,401</u>
 Working Capital, End of Year	 \$ 14,416,766	 \$ 1,850,000	 \$ 43,000	 \$ (20,348,620)	 \$ (4,038,854)
	<u>14,416,766</u>	<u>1,850,000</u>	<u>43,000</u>	<u>(20,348,620)</u>	<u>(4,038,854)</u>

Enterprise Funds- Sanitation Funds

	Sanitation Operating	Cleanup/ Demolition	Sanitation Sinking/ Landfill Construction	Total
Revenues				
Service Charges and Fees	16,029,000	-	-	16,029,000
Interest	-	-	59,659	59,659
Miscellaneous	68,000	-	-	68,000
Transfers In	-	560,000	3,454,019	4,014,019
Total	\$ 16,097,000	\$ 560,000	\$ 3,513,678	\$ 20,170,678
Expenses				
Operating	\$ 16,250,767	\$ -	\$ -	\$ 16,250,767
Capital Improvements	-	-	1,898,310	1,898,310
Other	-	725,046	402,504	1,127,550
Total	\$ 16,250,767	\$ 725,046	\$ 2,300,814	\$ 19,276,627
Excess (deficiency) Revenues Over Expenses	\$ (153,767)	\$ (165,046)	\$ 1,212,865	\$ 894,051
Working Capital, Beginning of Year	7,706,162	370,858	7,080,094	15,157,114
Working Capital, End of Year	\$ 7,552,395	\$ 205,812	\$ 8,292,958	\$ 16,051,165

Parking Authority Fund

	<u>Enforcement</u>	<u>Facilities</u>	<u>Total</u>
Revenues			
Service Charges and Fees	\$ 108,003	\$ 75,000	\$ 183,003
Interest	-	1,200	1,200
Total	<u>\$ 108,003</u>	<u>\$ 76,200</u>	<u>\$ 184,203</u>
Expenses			
Capital Improvements:			
New Parking Meters	\$ 217,500	\$ -	\$ 217,500
Automated Parking Gate	-	10,000	10,000
Deck Repairs	-	62,742	62,742
Other:			
Meter Support	103,430	-	103,430
Deck Support (ins., repairs, util.)	-	52,590	52,590
Deck Cleaning	-	41,800	41,800
Deck Support personnel	-	-	-
Total	<u>\$ 320,930</u>	<u>\$ 167,132</u>	<u>\$ 488,062</u>
Excess (Deficiency) Revenues Over (Under) Expenses	<u>\$ (212,927)</u>	<u>\$ (90,932)</u>	<u>\$ (303,859)</u>
Working Capital, Beginning of Year	-	1,895,696	1,895,696
Working Capital, End of Year	<u>\$ (212,927)</u>	<u>\$ 1,804,764</u>	<u>\$ 1,591,837</u>

Internal Service Funds

	<u>Working Capital</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Revenues				
Service Charges and Fees	\$ 620,000	\$ 10,000,000	\$ 1,210,000	\$ 11,830,000
Interest	-	15,500	5,400	20,900
Total	<u>\$ 620,000</u>	<u>\$ 10,015,500</u>	<u>\$ 1,215,400</u>	<u>\$ 11,850,900</u>
Expenses				
Health Insurance and Workers' Compensation Claims	\$ -	\$ 9,300,000	\$ 975,000	\$ 10,275,000
Other - Materials and Supplies	<u>597,542</u>	<u>-</u>	<u>-</u>	<u>597,542</u>
Total	<u>\$ 597,542</u>	<u>\$ 9,300,000</u>	<u>\$ 975,000</u>	<u>\$ 10,872,542</u>
Excess (deficiency) Revenues Over Expenses	<u>\$ 22,458</u>	<u>\$ 715,500</u>	<u>\$ 240,400</u>	<u>\$ 978,358</u>
Working Capital, Beginning of Year	<u>117,707</u>	<u>2,828,651</u>	<u>268,505</u>	<u>3,214,863</u>
Working Capital, End of Year	<u><u>\$ 140,165</u></u>	<u><u>\$ 3,544,151</u></u>	<u><u>\$ 508,905</u></u>	<u><u>\$ 4,193,221</u></u>



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 FY17 Estimated to FY18 budget.

The Statement of Revenue Comparisons for the Operating Funds and individually for each fund compares revenues based on Actual FY16, Budget and Estimated FY17, and Budget FY18. Projections for FY19 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 FY16 and FY17.

**City of Fort Smith
FY18
Budget Comparison Summary-Operating Funds**

	Estimated FY17	Budget FY18	Increase (Decrease)	Projected FY19
Revenues				
Intergovernmental	\$ 9,861,763	\$ 11,051,249	\$ 1,189,486	\$ 11,051,249
Taxes and Assessments	32,267,680	32,990,402	722,722	33,161,402
Court Fines and Forfeitures	2,341,324	2,300,000	(41,324)	2,300,000
Licenses and Permits	1,844,166	2,417,325	573,159	2,417,325
Service Charges and Fees	70,592,267	73,290,500	2,698,233	74,424,500
Contributions	205,809	-	(205,809)	-
Miscellaneous	638,245	493,163	(145,082)	497,163
Transfers	2,518,296	2,766,419	248,122	2,787,000
Total	\$ 120,269,550	\$ 125,309,058	\$ 5,039,507	\$ 126,638,639
Expenditures/Expenses				
Policy and Administration				
Services	\$ 3,117,590	\$ 3,441,275	\$ 323,685	\$ 3,343,976
Management Services	7,936,975	8,382,209	445,234	7,844,081
Development Services	2,741,033	3,151,998	410,965	1,738,006
Police Services	15,039,297	16,676,834	1,637,537	16,676,834
Fire Services	10,323,459	10,976,709	653,250	10,976,709
Operation Services	57,016,190	73,279,867	16,263,678	73,279,867
Non-Departmental	24,197,009	13,027,955	(11,169,054)	13,027,955
Total	\$ 120,371,553	\$ 128,936,847	\$ 8,565,295	\$ 126,887,428
Excess (Deficiency)				
Revenues Over Expenditures/Expenses	\$ (102,002)	\$ (3,627,789)	\$ (3,525,787)	\$ (248,789)
Fund Balance/Working				
Capital, Beginning of Year	42,493,832	42,391,830	(102,002)	38,764,040
Adjusted Fund Balance/ Working Capital, End of Year				
	\$ 42,391,830	\$ 38,764,040	\$ (3,627,789)	\$ 38,515,251
Contingency Reserve Percent	35%	30%		30%

**City of Fort Smith
FY18
Budget Comparison Summary-General Fund**

	Estimated FY17	Budget FY18	Increase (Decrease)	Projected FY19
Revenues				
Intergovernmental	\$ 3,854,170	\$ 5,043,656	\$ 1,189,486	\$ 5,043,656
Taxes and Assessments	30,139,278	30,862,000	722,722	31,033,000
Court Fines and Forfeitures	2,341,324	2,300,000	(41,324)	2,300,000
Licenses and Permits	1,621,066	2,194,225	573,159	2,194,225
Service Charges and Fees	569,295	596,500	27,205	596,500
Contributions	205,809	-	(205,809)	-
Miscellaneous	308,600	183,163	(125,437)	183,163
Transfers	2,518,296	2,766,419	248,122	2,787,000
Total	\$ 41,557,838	\$ 43,945,963	\$ 2,388,125	\$ 44,137,544
Expenditures				
Policy and Administration				
Services	\$ 2,362,794	\$ 2,430,152	\$ 67,358	\$ 2,332,853
Management Services	2,525,636	2,179,195	(346,441)	1,641,067
Development Services	2,447,732	2,801,921	354,189	1,387,928
Police Services	15,039,297	16,676,834	1,637,537	16,676,834
Fire Services	10,323,459	10,976,709	653,250	10,976,709
Operation Services	4,403,953	6,065,141	1,661,188	6,065,141
Non-Departmental	2,605,940	2,511,331	(94,609)	2,511,331
Total	\$ 39,708,810	\$ 43,641,282	\$ 3,932,472	\$ 41,591,863
Excess (Deficiency)				
Revenues Over Expenditures	\$ 1,849,028	\$ 304,681	\$ (1,544,348)	\$ 2,545,681
Fund Balance, Beginning of Year				
	11,615,094	13,464,122	1,849,028	13,768,803
Fund Balance, Reserved Unobligated				
	13,464,122	13,768,803	304,681	16,314,484
Fund Balance, End of Year				
	\$ 13,464,122	\$ 13,768,803	\$ 304,681	\$ 16,314,484
Contingency Reserve Percent	34%	32%		39%

City of Fort Smith
FY18
Budget Comparison Summary-Street Maintenance Fund

	Estimated FY17	Budget FY18	Increase (Decrease)	Projected FY19
Revenues				
Intergovernmental	\$ 6,007,593	\$ 6,007,593	\$ -	\$ 6,007,593
Taxes and Assessments	2,128,402	2,128,402	-	2,128,402
Licenses and Permits	223,100	223,100	-	223,100
Miscellaneous	71,287	47,000	(24,287)	47,000
Total	\$ 8,430,382	\$ 8,406,095	\$ (24,287)	\$ 8,406,095
Expenditures				
Policy and Administration				
Services	\$ 183,150	\$ 191,847	\$ 8,697	\$ 191,847
Management Services	483,067	685,370	202,303	685,370
Development Services	65,198	76,507	11,309	76,507
Operation Services	7,004,742	6,849,432	(155,310)	6,849,432
Non-Departmental	734,000	593,500	(140,500)	593,500
Total	\$ 8,470,157	\$ 8,396,656	\$ (73,501)	\$ 8,396,656
Excess (Deficiency)				
Revenues Over Expenditures	\$ (39,775)	\$ 9,439	\$ 49,214	\$ 9,439
Fund Balance, Beginning of Year				
	2,556,412	2,516,637	(39,775)	2,526,076
Fund Balance, End of Year				
	\$ 2,516,637	\$ 2,526,076	\$ 9,439	\$ 2,535,515
Contingency Reserve Percent	30%	30%		30%

**City of Fort Smith
FY18**

Budget Comparison Summary-Water and Sewer Operating Fund

	Estimated FY17	Budget FY18	Increase (Decrease)	Projected FY19
Revenues				
Services Charges and Fees	\$ 55,553,950	\$ 56,665,000	\$ 1,111,050	\$ 57,799,000
Miscellaneous	191,000	195,000	4,000	199,000
Total	<u>\$ 55,744,950</u>	<u>\$ 56,860,000</u>	<u>\$ 1,115,050</u>	<u>\$ 57,998,000</u>
Expenses				
Policy and Administration				
Services	\$ 352,249	\$ 496,230	\$ 143,981	\$ 496,230
Management Services	3,945,772	4,128,240	182,468	4,128,240
Development Services	228,103	273,570	45,467	273,570
Operation Services	37,116,889	50,113,996	12,997,108	50,113,996
Non-Departmental	18,512,053	5,636,105	(12,875,947)	5,636,105
Total	<u>\$ 60,155,065</u>	<u>\$ 60,648,142</u>	<u>\$ 493,076</u>	<u>\$ 60,648,142</u>
Excess (Deficiency)				
Revenues Over Expenditures	\$ (4,410,115)	\$ (3,788,142)	\$ 621,974	\$ (2,650,142)
Working Capital, Beginning of Year				
	<u>22,615,024</u>	<u>18,204,908</u>	<u>(4,410,115)</u>	<u>14,416,766</u>
Adjusted Working Capital, End of Year				
	<u>\$ 18,204,908</u>	<u>\$ 14,416,766</u>	<u>\$ (3,788,142)</u>	<u>\$ 11,766,625</u>
Contingency Reserve Percent	30%	24%		19%

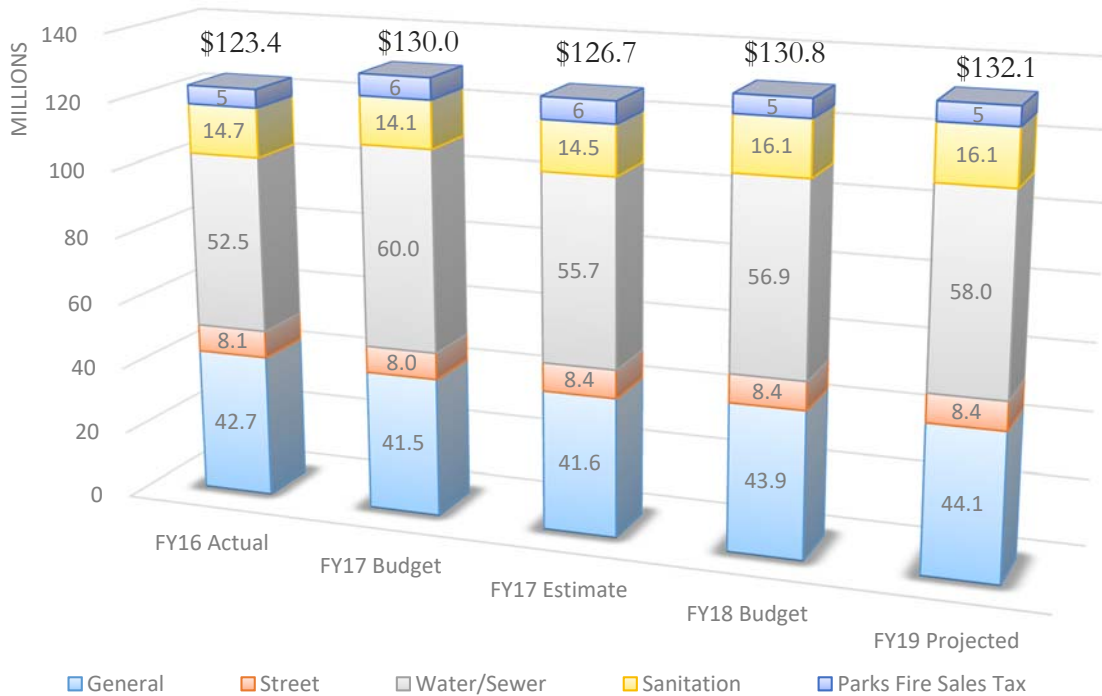
**City of Fort Smith
 FY18
 Budget Comparison Summary-Sanitation Operating Fund**

	Estimated FY17	Budget FY18	Increase (Decrease)	Projected FY19
Revenues				
Service Charges and Fees	\$ 14,469,022	\$ 16,029,000	\$ 1,559,978	\$ 16,029,000
Miscellaneous	67,359	68,000	641	68,000
Total	<u>\$ 14,536,380</u>	<u>\$ 16,097,000</u>	<u>\$ 1,560,620</u>	<u>\$ 16,097,000</u>
Expenses				
Policy and Administration				
Services	\$ 219,398	\$ 323,047	\$ 103,649	\$ 323,047
Management Services	982,500	1,389,404	406,904	1,389,404
Operation Services	8,490,606	10,251,298	1,760,692	10,251,298
Non-Departmental	2,345,017	4,287,019	1,942,002	4,287,019
Total	<u>\$ 12,037,521</u>	<u>\$ 16,250,767</u>	<u>\$ 4,213,247</u>	<u>\$ 16,250,767</u>
Excess (Deficiency)				
Revenues Over Expenditures	\$ 2,498,859	\$ (153,767)	\$ (2,652,627)	\$ (153,767)
Working Capital, Beginning of Year				
	<u>5,707,303</u>	<u>8,206,162</u>	<u>2,498,859</u>	<u>8,052,395</u>
Adjusted Working Capital, End of Year				
	<u>\$ 8,206,162</u>	<u>\$ 8,052,395</u>	<u>\$ (153,767)</u>	<u>\$ 7,898,627</u>
Contingency Reserve Percent	68%	50%		49%

**Combined Operating Funds
Statement of Revenue Comparisons**

	Actual FY16	Budget FY17	Estimated FY17	Budget FY18	Projected FY19
Intergovernmental	\$ 9,977,390	\$ 10,480,000	\$ 9,861,763	\$ 11,051,249	\$ 11,051,249
Taxes and Assessments	37,202,217	36,703,000	37,661,396	38,438,402	38,717,402
Court Fines and Forfeitures	2,220,396	2,300,000	2,341,324	2,300,000	2,300,000
Licenses and Permits	1,991,228	1,882,000	1,844,166	2,417,325	2,417,325
Service Charges and Fees	67,442,905	74,476,500	70,592,267	73,290,500	74,424,500
Contributions	444,833	1,014,000	1,219,809	0	0
Miscellaneous	1,034,723	283,363	638,245	493,163	497,163
Transfers	3,075,917	2,818,000	2,518,296	2,766,419	2,787,000
Total	\$ 123,389,609	\$ 129,956,863	\$ 126,677,266	\$ 130,757,058	\$ 132,194,639

**Combined Operating Funds
Comparison of Total Revenue**

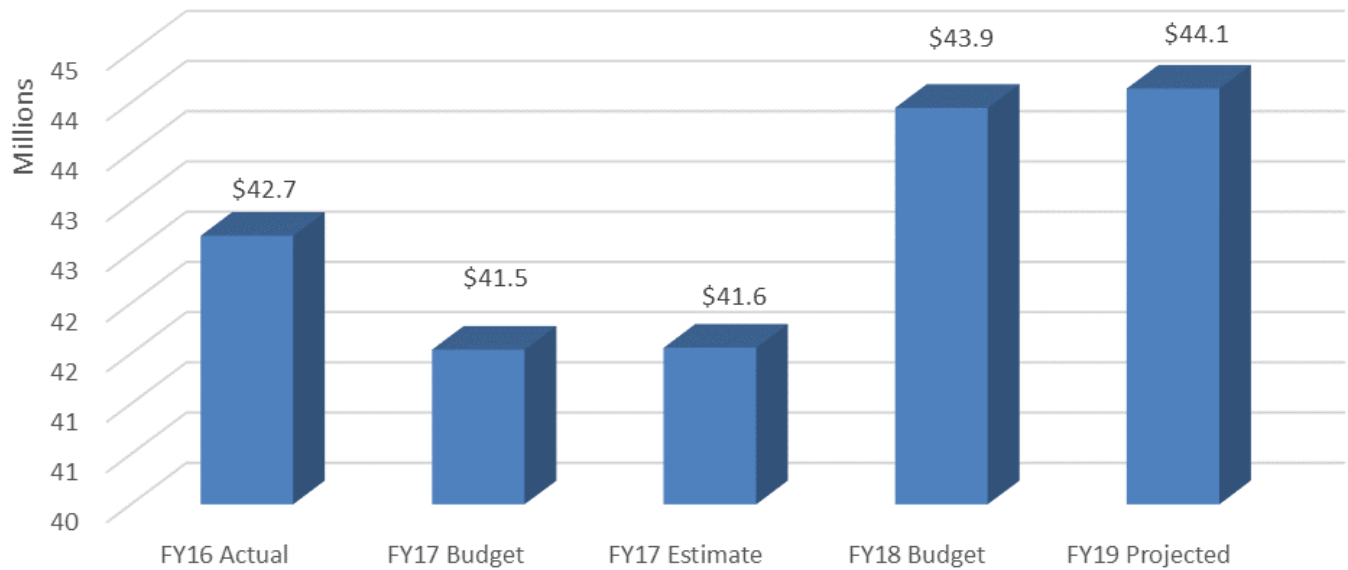


General Fund Statement of Revenue Comparisons

	Actual FY16	Budget FY17	Estimated FY17	Budget FY18	Projected FY19
Intergovernmental					
State Turnback - General	\$ 1,286,388	\$ 1,290,000	\$ 1,276,710	\$ 1,277,000	\$ 1,277,000
Transit Reimbursement	1,711,618	2,400,000	1,257,594	2,674,656	2,674,656
Airport Security Reimbursement	118,198	110,000	110,000	110,000	110,000
State Act 833 Fire Funds	101,795	90,000	90,000	90,000	90,000
Gasoline Tax Refund-Transit	9,701	12,000	12,000	12,000	12,000
FEMA Fire Grant	26,924	25,000	25,000	25,000	25,000
MLK Softball Improvement	135,000	-	-	-	-
Rice Carden Trail	-	-	264,884	-	-
Sebastian County Participation	484,753	480,000	442,982	480,000	480,000
Reimbursement from Enhanced 9-1-1 Fund	255,000	255,000	255,000	255,000	255,000
Reimbursement from FSPS for SRO Positions	121,062	118,000	120,000	120,000	120,000
Taxes and Assessments					
Franchise	5,974,790	5,750,000	6,100,299	6,654,000	6,654,000
Ad Valorem	7,219,252	6,850,000	7,087,488	7,087,000	7,087,000
County Sales Tax	16,580,569	16,695,000	16,951,491	17,121,000	17,292,000
1/4% City Sales Tax-Fire & Parks	-	-	-	-	-
Court Fines and Forfeitures	2,220,396	2,300,000	2,341,324	2,300,000	2,300,000
Licenses and Permits					
Business License	-	-	-	471,225	471,225
Privilege	18,551	16,000	13,444	13,000	13,000
Construction	1,026,196	1,000,000	899,425	1,000,000	1,000,000
Alcohol	660,381	620,000	638,978	640,000	640,000
Other	46,974	71,000	69,219	70,000	70,000
Service Charges and Fees					
Community Center	33,273	35,000	22,314	25,000	25,000
Fire Protection Contracts	68,230	68,000	70,854	65,000	65,000
Port Authority	22,950	-	-	-	-
Parks & Aquatics	153,543	100,000	162,326	165,000	165,000
Oak Cemetery	80,616	65,000	92,179	85,000	85,000
Animal Control	115	500	20	500	500
False Alarm Fees	45,571	38,000	28,021	35,000	35,000
Mobile Data Support Fees	4,160	6,500	4,200	5,000	5,000
Transit System	197,653	200,000	189,381	216,000	216,000
Contributions	293,364	-	205,809	-	-
Miscellaneous					
Reimbursement from Airport	3,163	3,163	3,163	3,163	3,163
Interest Earned	41,424	23,000	60,476	80,000	80,000
Property Sales and Proceeds	564,036	-	156,754	-	-
Other	90,847	100,000	88,206	100,000	100,000
Transfers					
Sales Tax Fund**	2,765,400	2,521,000	2,219,229	2,049,419	2,070,000
A&P Fund	26,707	24,000	26,067	24,000	24,000
Street Maintenance Fund	94,603	91,000	91,000	115,000	115,000
Water and Sewer Oper Fund	98,207	91,000	91,000	215,000	215,000
Sanitation Operating Fund	91,000	91,000	91,000	363,000	363,000
Total	<u>\$ 42,672,410</u>	<u>\$ 41,539,163</u>	<u>\$ 41,557,838</u>	<u>\$ 43,945,963</u>	<u>\$ 44,137,544</u>

General Fund

Comparison of Total Revenue



Revenue Comment

Total revenue of the General Fund FY18 Budget is estimated to increase by approximately \$2,500,000 or 5.9% from FY17 Estimated. This is due primarily to the increased capital reimbursements for the Transit Department. Franchise Fees increased as well as a new Business License Fee are estimated to generate additional revenue.

The General Turnback from the state was \$15.00 for FY16. The estimate for FY17 is \$15.50, and is anticipated to be \$15.50 per capita for FY18 and FY19.

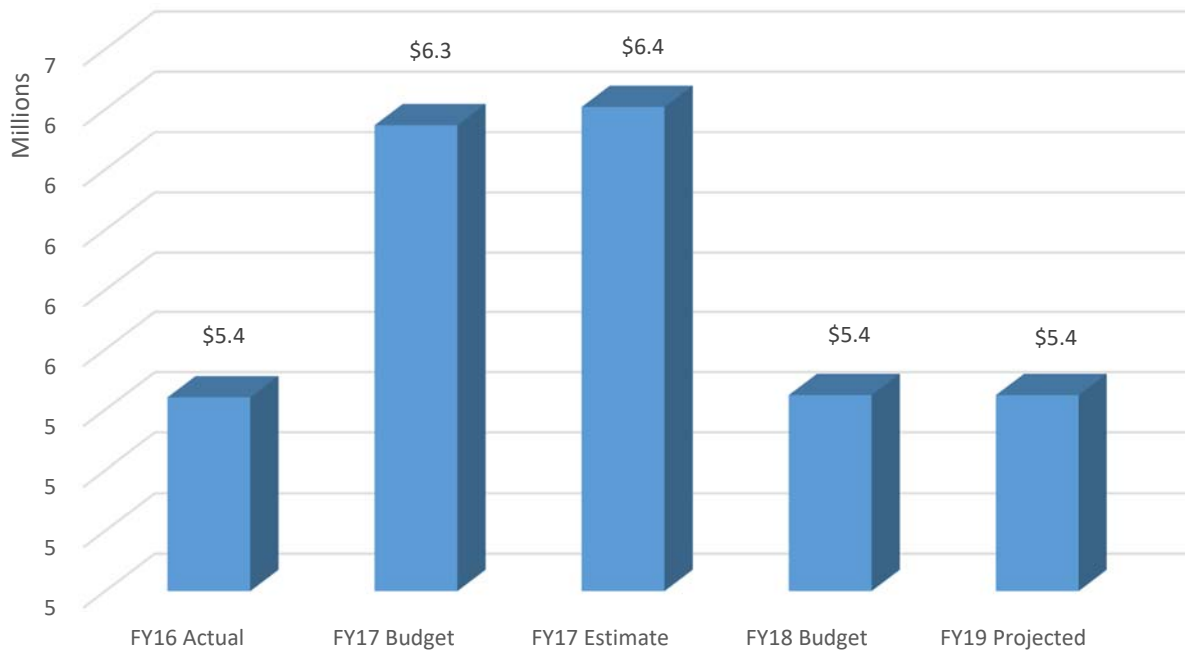
The Franchise Fee, beginning FY18, has been increased to 4.25% for utility companies and increased to 5% for cable companies. The Franchise Fee was 4% for utilities and cable in FY16 and FY17. This is the maximum allowed by state statute. Franchise Fees are assessed upon gross sales of franchised utilities within the corporate city limits. Franchise fee revenue is expected to increase by 9.08% in FY18.

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 FY18 will remain flat over FY17 Estimated.

The city's share of the county sales tax is allocated to the General Fund. The estimated revenue for FY18 is 1% above the estimated FY17 revenue. The FY19 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 FY18 and by 1% in FY19. This sales tax has been presented separately for budget planning purposes.

Fire and Parks City Sales Tax (General Fund)

Comparison of Total Revenue



Revenue Comment

The City's ¼% sales tax allocated for fire and parks programs is posted to the General Fund. In the 2018 Budget, this sales tax is presented separately from the General Fund for planning purposes only.

The sales tax revenue is anticipated to increase by 1% for FY18 and increase by 2% in FY18. The sales tax continues to fluctuate throughout the year and maintain a steady rate. While slight increases are expected for 2018, long term projections still hold the revenue at or near \$5.4 Million.

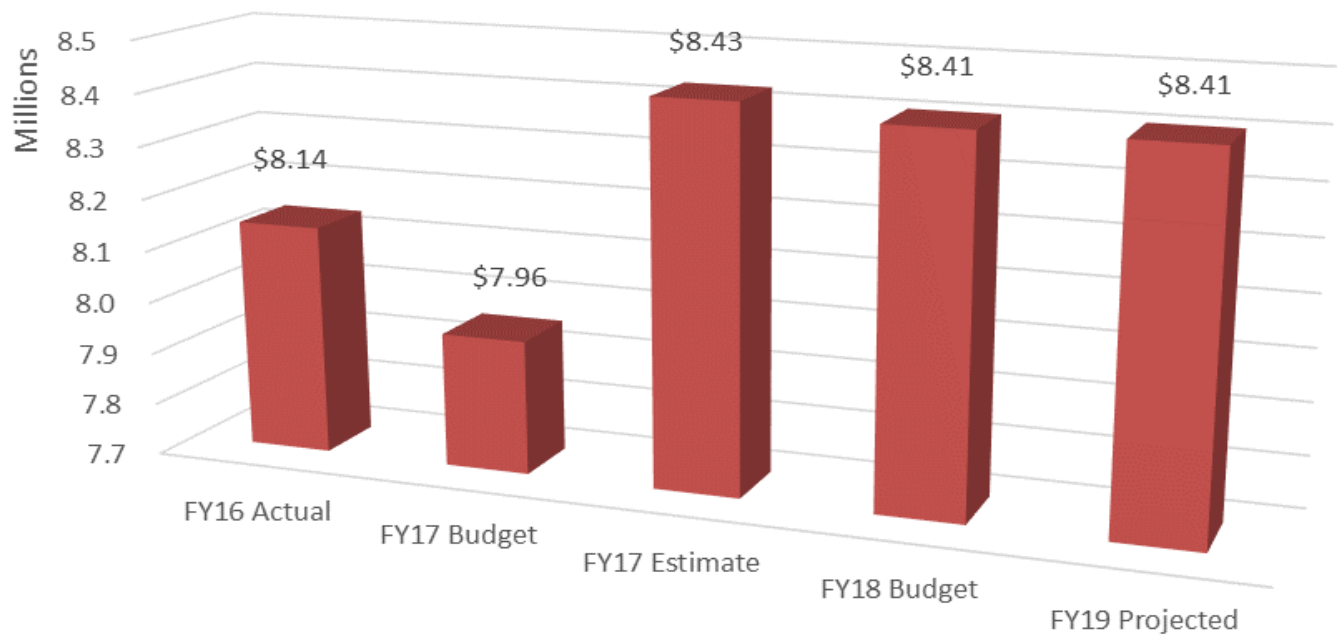
Street Maintenance Fund

Statement of Revenue Comparisons

	Actual FY16	Budget FY17	Estimated FY17	Budget FY18	Projected FY19
Intergovernmental					
State Turnback -					
Gasoline Tax	\$ 3,959,806	\$ 4,000,000	\$ 4,177,273	\$ 4,177,273	\$ 4,177,273
Highway Sales Tax	1,767,145	1,700,000	1,830,320	1,830,320	1,830,320
Taxes and Assessments					
Ad Valorem	2,138,454	2,075,000	2,128,402	2,128,402	2,128,402
Licenses and Permits					
Sidewalk Permit Assessments	239,126	175,000	223,100	223,100	223,100
Miscellaneous					
Interest Earned	5,099	4,200	11,486	12,000	12,000
Other	31,753	3,000	59,801	35,000	35,000
Total	\$ 8,141,383	\$ 7,957,200	\$ 8,430,382	\$ 8,406,095	\$ 8,406,095

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 50% 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.

Beginning July 1, 2013, the city began receiving a share of the 1/2% state sales tax dedicated to highway improvements. The FY18 revenue is estimated at \$1.8 million. This shared revenue is allocated on the basis of population that is currently 86,209 per the 2010 census. This tax is in place until June 30, 2023.

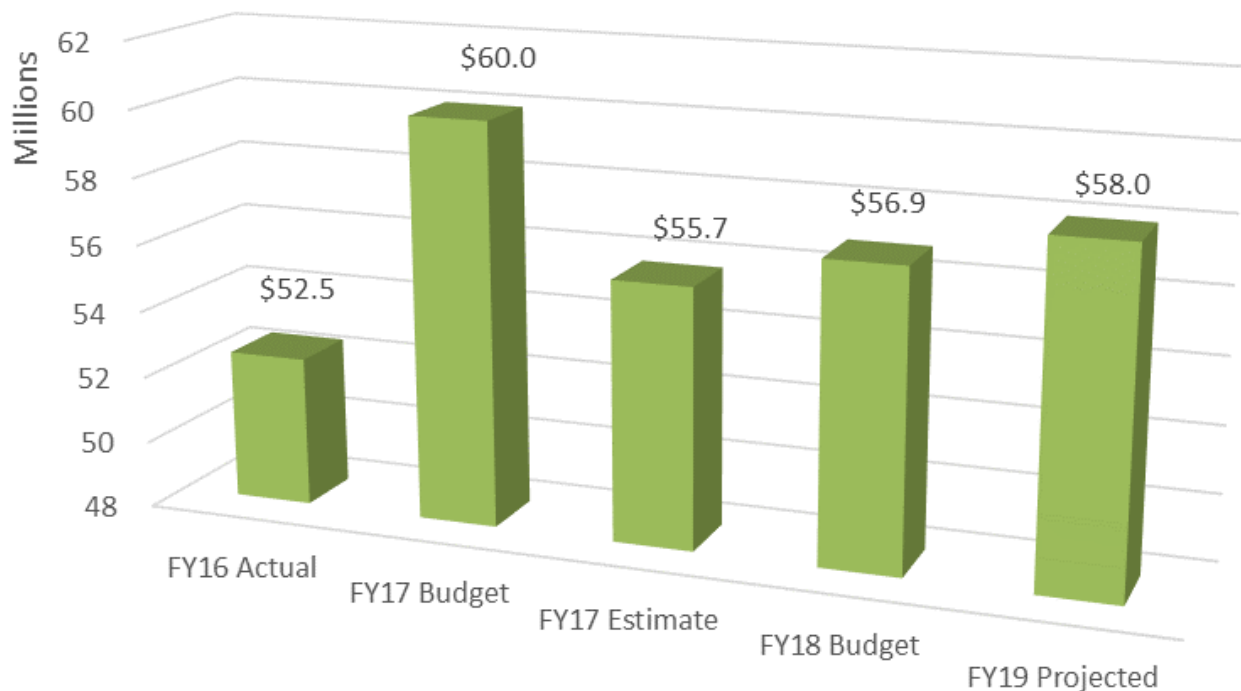
Ad valorem tax revenue for the Street Maintenance Fund is expected to remain flat in 2018. Sebastian County levies a 3.0 mill county road tax and remits one-half of the tax to the city per state statutes.

The permit assessment fees applied to building permits are accounted for in the Street Maintenance Fund. This revenue is expected to generate \$223,000 in FY18 and FY19.

Water and Sewer Operating Fund Statement of Revenue Comparisons

	Actual FY16	Budget FY17	Estimated FY17	Budget FY18	Projected FY19
Service Charges and Fees					
Water Sales	\$ 18,580,932	\$ 19,000,000	\$ 18,650,000	\$ 19,023,000	\$ 19,403,000
Monthly Customer Charges	732,887	630,000	737,700	752,000	767,000
Contract Water Sales	6,619,584	6,700,000	6,645,000	6,778,000	6,914,000
Fire Protection	43,517	37,500	52,000	53,000	54,000
Installations - Water Service	253,623	232,000	287,750	294,000	300,000
Sewer Service Charges	25,799,038	33,125,000	29,009,000	29,589,000	30,181,000
Sewer Connection Charges	86,995	80,000	92,500	94,000	96,000
Industrial Waste Monitoring Fees	94,486	95,000	80,000	82,000	84,000
Miscellaneous					
Interest Earned	47,922	35,000	102,000	104,000	106,000
Other	213,015	75,000	89,000	91,000	93,000
Total	\$ 52,471,999	\$ 60,009,500	\$ 55,744,950	\$ 56,860,000	\$ 57,998,000

Water and Sewer Operating Fund Comparison of Total Revenue



Revenue Comment

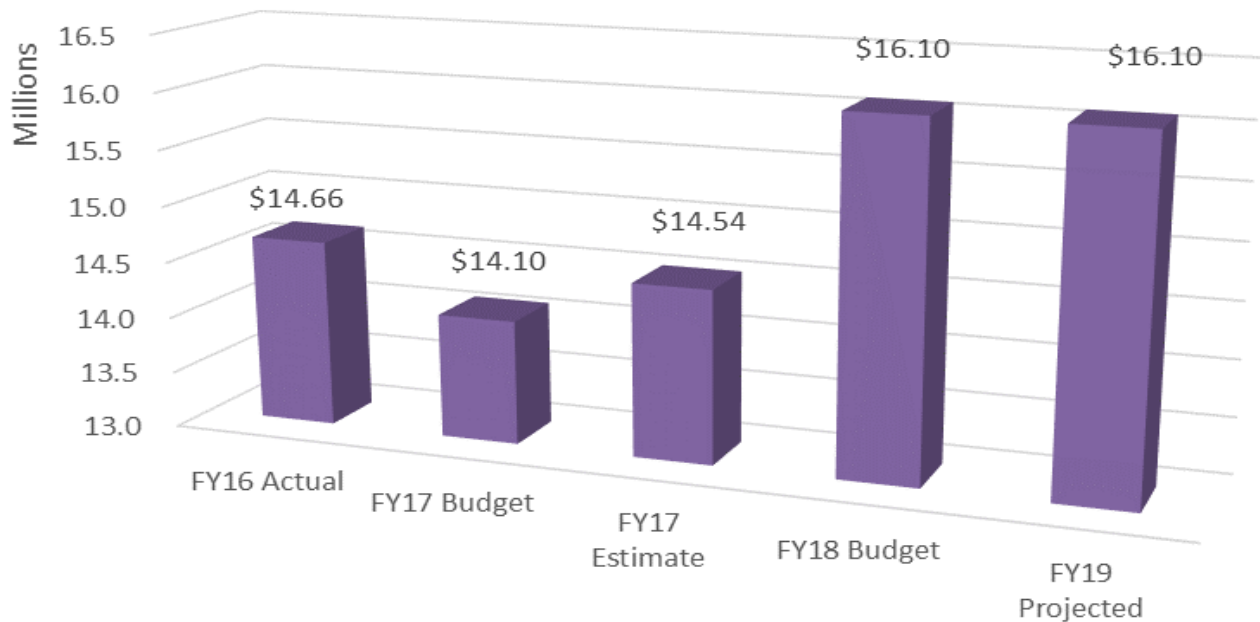
Service charges and fees account for more than 99% of total revenue for this fund. Total revenue of the fund in FY18 is anticipated to be \$1,115,050, or 2% more than FY17. The increase is due to estimated growth in consumption and customer base in FY18.

Water sales from residential, commercial, and industrial users is expected to increase by 2% between FY17 and FY18. Water sales to Van Buren and the other contract users is also anticipated to increase minimally between years. Sewer service charges for FY18 are expected to increase as well by 2% in FY18.

Sanitation Operating Fund Statement of Revenue Comparisons

	Actual FY16	Budget FY17	Estimated FY17	Budget FY18	Projected FY19
Service Charges and Fees					
Residential Collections	\$ 4,732,623	\$ 4,681,000	\$ 4,435,339	\$ 4,480,000	\$ 4,480,000
Commercial Collections	2,076,507	2,042,000	2,008,103	2,028,000	2,028,000
Sanitary Landfill Operations	4,586,390	4,296,000	4,696,332	5,368,000	5,368,000
Industrial Collections	2,068,086	2,025,000	2,268,303	3,081,000	3,081,000
Sale of Methane Gas	1,036,989	920,000	908,948	918,000	918,000
Recycling Operations	125,137	100,000	151,997	154,000	154,000
Miscellaneous					
Interest Earned	15,599	10,000	35,968	36,000	36,000
Other	21,865	30,000	31,391	32,000	32,000
Total	\$ 14,663,196	\$ 14,104,000	\$ 14,536,380	\$ 16,097,000	\$ 16,097,000

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.

Residential and commercial services are anticipated to remain stable between years while industrial and roll-off services will increase 3% per Ordinance 69-17.

**Distribution of Appropriations to the Operating Funds
FY18 Budget**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Policy and Administration Services Division					
4100 Mayor	\$ 135,930	\$ 54,372	\$ 6,797	\$ 46,216	\$ 12,234
4101 Board of Directors	126,510	35,423	10,121	46,809	22,772
4102 City Administrator	580,644	104,516	46,452	272,903	116,129
4201 District Court	1,540,968	1,540,968	0	0	0
4202 Prosecutor	171,692	171,692	0	0	0
4203 Public Defender	92,500	92,500	0	0	0
4204 City Attorney	456,000	228,000	114,000	0	114,000
4206 District Court-Seb. Co.	47,470	47,470	0	0	0
4405 Internal Audit	289,561	57,912	14,478	130,302	57,912
Total Policy and Administration Services Division	\$ 3,441,275	\$ 2,332,853	\$ 191,847	\$ 496,230	\$ 323,047
Management Services Division					
4104 Human Resources	\$ 704,665	\$ 246,633	\$ 70,467	\$ 246,633	\$ 105,700
4109 Safety & Risk Mgmt.	0	0	0	0	0
4105 City Clerk	387,513	108,504	31,001	143,380	69,752
4301 Finance	1,583,838	285,091	158,384	665,212	237,576
4303 Collections	439,412	52,729	21,971	219,706	131,824
4304 Utility Billing/Cust Service	2,726,770	54,535	136,339	2,045,078	463,551
4306 Purchasing	660,412	198,124	79,249	244,352	99,062
4401 Info. & Tech. Services	1,879,599	695,452	187,960	563,880	281,940
6912 Parking Deck-Personnel	0	0	0	0	0
Total Management Services Division	\$ 8,382,209	\$ 1,641,067	\$ 685,370	\$ 4,128,240	\$ 1,389,404
Development Services Division					
4103 Engineering	\$ 1,530,145	\$ 30,603	\$ 76,507	\$ 122,412	\$ 0
4106 Planning and Zoning	755,793	491,265	0	151,159	0
4108 Building Safety	866,060	866,060	0	0	0
Total Development Services Division	\$ 3,151,998	\$ 1,387,928	\$ 76,507	\$ 273,570	\$ 0
Police Services Division					
4701 Administration	\$ 2,259,331	\$ 2,259,331	\$ 0	\$ 0	\$ 0
4702 Support Services	3,769,139	3,769,139	0	0	0
4703 Criminal Investigations	2,558,495	2,558,495	0	0	0
4704 Patrol Operations	7,419,257	7,419,257	0	0	0
4705 Radio Communications	450,650	450,650	0	0	0
4706 Airport Security	219,960	219,960	0	0	0
Total Police Services Division	\$ 16,676,834	\$ 16,676,834	\$ 0	\$ 0	\$ 0

**Distribution of Appropriations to the Operating Funds
FY18 Budget**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Fire Services Division					
4801 Administration	\$ 802,030	\$ 802,030	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	9,842,179	9,842,179	0	0	0
4803 1/8% SUT Operations	0	0	0	0	0
4804 Training	332,500	332,500	0	0	0
Total Fire Services Division	\$ 10,976,709	\$ 10,976,709	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 557,615	\$ 0	\$ 557,615	\$ 0	\$ 0
5302 Street Construction	727,366	0	727,366	0	0
5303 Street Drainage	1,109,892	0	1,109,892	0	0
5304 Street Maintenance	1,207,660	0	1,207,660	0	0
5305 Sidewalk Construction	981,680	0	981,680	0	0
5401 Traffic Control Operations	1,091,169	0	1,091,169	0	0
5403 Street Lighting	965,000	0	965,000	0	0
Total Streets and Traffic Control	\$ 6,640,382	\$ 0	\$ 6,640,382	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 987,017	\$ 0	\$ 0	\$ 987,017	\$ 0
5521 Business & Finance	1,247,565	0	0	1,247,565	0
5522 Communications & Training	1,200,496	0	0	1,200,496	0
5523 Engineering & Engineering Technology	2,365,437	0	0	2,365,437	0
5590 Non Capital Projects	2,835,000	0	0	2,835,000	0
5603 Sewer Treatment	3,884,039	0	0	3,884,039	0
5604 Water Treatment	5,314,418	0	0	5,314,418	0
5610 Water Line Maintenance	6,969,372	0	0	6,969,372	0
5611 Sewer Line Maintenance	3,264,234	0	0	3,264,234	0
5612 Sewer Line Construction	0	0	0	0	0
5625 Environmental Quality	1,911,297	0	0	1,911,297	0
5626 Fleet, Building, Station & Easement Maintenance	5,367,576	0	0	5,367,576	0
5627 Water System Construction	0	0	0	0	0
6700 Debt Service	14,767,545	0	0	14,767,545	0
Total Water and Sewer	\$ 50,113,996	\$ 0	\$ 0	\$ 50,113,996	\$ 0

**Distribution of Appropriations to the Operating Funds
FY18 Budget**

	TOTAL FUNDS	GENERAL FUND	STREET MAINTENANCE FUND	WATER AND SEWER OPERATING FUND	SANITATION OPERATING FUND
Operation Services Division - Parks and Community Services					
6201 Parks Maintenance	\$ 1,393,667	\$ 1,184,617	\$ 209,050	\$ 0	\$ 0
6202 Oak Cemetery	146,650	146,650	0	0	0
6204 Community Centers	169,105	169,105	0	0	0
6205 Aquatics	204,980	204,980	0	0	0
6206 Riverfront	359,400	359,400	0	0	0
6207 The Park at West End	28,698	28,698	0	0	0
6208 1/8% SUT Operations	0	0	0	0	0
Total Parks and Community Services	\$ 2,302,500	\$ 2,093,450	\$ 209,050	\$ 0	\$ 0
Operation Services Division - Sanitation					
6301 Administration	\$ 674,888	\$ 0	\$ 0	\$ 0	\$ 674,888
6302 Residential Collection	2,069,740	0	0	0	2,069,740
6303 Commercial Collection	1,206,708	0	0	0	1,206,708
6304 Fleet & Grounds Maint.	939,100	0	0	0	939,100
6305 Sanitary Landfill	3,822,602	0	0	0	3,822,602
6307 Industrial Collection	1,030,060	0	0	0	1,030,060
6308 Waste Reduction	508,200	0	0	0	508,200
Total Sanitation	\$ 10,251,298	\$ 0	\$ 0	\$ 0	\$ 10,251,298
Operation Services Division - Transit					
6550 Public Transit	\$ 3,831,081	\$ 3,396,650	\$ 0	\$ 0	\$ 0
Operation Services Division - Health					
6101 Health	\$ 140,610	\$ 140,610	\$ 0	\$ 0	\$ 0
Total Operation Services Division	\$ 73,279,867	\$ 5,630,710	\$ 6,849,432	\$ 50,113,996	\$ 10,251,298
Non-Departmental					
6600 Non-Departmental	\$ 0	\$ 2,435,660	\$ 593,500	\$ 5,636,105	\$ 4,287,019
Total Appropriations	\$ 115,908,892	\$ 41,081,761	\$ 8,396,656	\$ 60,648,142	\$ 16,250,767

Distribution of Appropriations to the Operating Funds FY19 Projected Budget

Projected FY19 Requests Proposed Flat with FY18

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund	Street Sales Tax Fund
Policy and Administration						
Services Division						
4100 Mayor	\$ 135,930	\$ 54,372	\$ 6,797	\$ 46,216	\$ 12,234	16,312
4101 Board of Directors	126,510	35,423	10,121	46,809	22,772	11,386
4102 City Administrator	580,644	104,516	46,452	272,903	116,129	40,645
4201 District Court	1,540,968	1,540,968	0	0	0	0
4202 Prosecutor	171,692	171,692	0	0	0	0
4203 Public Defender	92,500	92,500	0	0	0	0
4204 City Attorney	456,000	228,000	114,000	0	114,000	0
4206 District Court-Seb. Co.	47,470	47,470	0	0	0	0
4405 Internal Audit	289,561	57,912	14,478	130,302	57,912	28,956
Total Policy and Administration Services Division	\$ 3,441,275	\$ 2,332,853	\$ 191,847	\$ 496,230	\$ 323,047	97,299
Management Services Division						
4104 Human Resources	\$ 704,665	\$ 246,633	\$ 70,467	\$ 246,633	\$ 105,700	35,233
4109 Safety & Risk Mgmt.	0	0	0	0	0	0
4105 City Clerk	387,513	108,504	31,001	143,380	69,752	34,876
4301 Finance	1,583,838	285,091	158,384	665,212	237,576	237,576
4303 Collections	439,412	52,729	21,971	219,706	131,824	13,182
4304 Utility Billing/Cust Service	2,726,770	54,535	136,339	2,045,078	463,551	27,268
4306 Purchasing	660,412	198,124	79,249	244,352	99,062	39,625
4401 Info. & Tech. Services	1,879,599	695,452	187,960	563,880	281,940	150,368
6912 Parking Deck-Personnel	0	0	0	0	0	0
Total Management Services Division	\$ 8,382,209	\$ 1,641,067	\$ 685,370	\$ 4,128,240	\$ 1,389,404	538,128
Development Services Division						
4103 Engineering	\$ 1,530,145	\$ 30,603	\$ 76,507	\$ 122,412	\$ 0	1,300,623
4106 Planning and Zoning	755,793	491,265	0	151,159	0	113,369
4108 Building Safety	866,060	866,060	0	0	0	0
Total Development Services Division	\$ 3,151,998	\$ 1,387,928	\$ 76,507	\$ 273,570	\$ 0	1,413,992
Police Services Division						
4701 Administration	\$ 2,259,331	\$ 2,259,331	\$ 0	\$ 0	\$ 0	0
4702 Support Services	3,769,139	3,769,139	0	0	0	0
4703 Criminal Investigations	2,558,495	2,558,495	0	0	0	0
4704 Patrol Operations	7,419,257	7,419,257	0	0	0	0
4705 Radio Communications	450,650	450,650	0	0	0	0
4706 Airport Security	219,960	219,960	0	0	0	0
Total Police Services Division	\$ 16,676,834	\$ 16,676,834	\$ 0	\$ 0	\$ 0	0

**Distribution of Appropriations to the Operating Funds
FY19 Projected Budget (continued)**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund	Street Sales Tax Fund
Fire Services Division						
4801 Administration	\$ 802,030	\$ 802,030	\$ 0	\$ 0	\$ 0	0
4802 Suppression and Rescue	9,842,179	9,842,179	0	0	0	0
4803 1/8% SUT Operations	0	0	0	0	0	0
4804 Training	332,500	332,500	0	0	0	0
Total Fire Services Division	\$ 10,976,709	\$ 10,976,709	\$ 0	\$ 0	\$ 0	0
Operation Services Division - Streets and Traffic Control						
5101 Administration	\$ 557,615	\$ 0	\$ 557,615	\$ 0	\$ 0	0
5302 Street Construction	727,366	0	727,366	0	0	0
5303 Street Drainage	1,109,892	0	1,109,892	0	0	0
5304 Street Maintenance	1,207,660	0	1,207,660	0	0	0
5305 Sidewalk Construction	981,680	0	981,680	0	0	0
5401 Traffic Control Operations	1,091,169	0	1,091,169	0	0	0
5403 Street Lighting	965,000	0	965,000	0	0	0
Total Streets and Traffic Control	\$ 6,640,382	\$ 0	\$ 6,640,382	\$ 0	\$ 0	0
Operation Services Division - Water and Sewer						
5501 Utility Administration	\$ 987,017	\$ 0	\$ 0	\$ 987,017	\$ 0	0
5521 Business & Finance	1,247,565	0	0	1,247,565	0	0
5522 Communications & Training	1,200,496	0	0	1,200,496	0	0
5523 Engineering & Engineering Technology	2,365,437	0	0	2,365,437	0	0
5590 Non Capital Projects	2,835,000	0	0	2,835,000	0	0
5603 Sewer Treatment	3,884,039	0	0	3,884,039	0	0
5604 Water Treatment	5,314,418	0	0	5,314,418	0	0
5610 Water Line Maintenance	6,969,372	0	0	6,969,372	0	0
5611 Sewer Line Maintenance	3,264,234	0	0	3,264,234	0	0
5612 Sewer Line Construction	0	0	0	0	0	0
5625 Environmental Quality	1,911,297	0	0	1,911,297	0	0
5626 Fleet, Building, Station & Easement Maintenance	5,367,576	0	0	5,367,576	0	0
5627 Water System Construction	0	0	0	0	0	0
5618 Debt Service	14,767,545	0	0	14,767,545	0	0
Total Water and Sewer	\$ 50,113,996	\$ 0	\$ 0	\$ 50,113,996	\$ 0	0

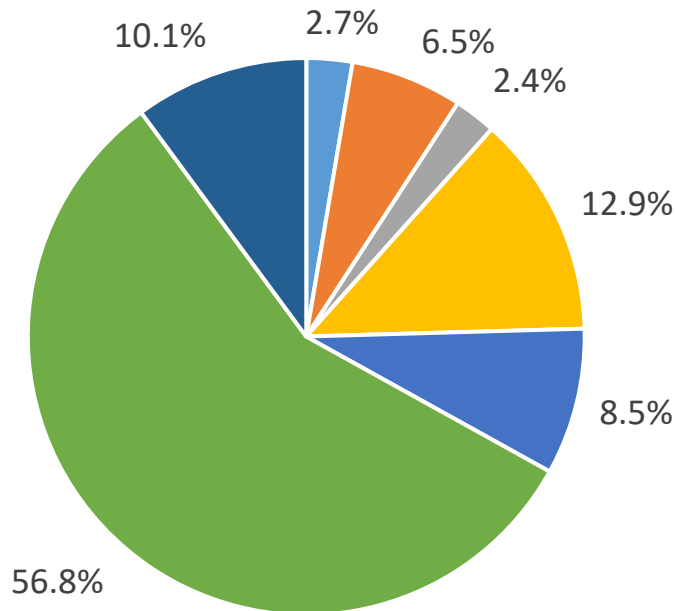
**Distribution of Appropriations to the Operating Funds
FY19 Projected Budget (continued)**

	<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>	<u>Street Sales Tax Fund</u>
Operation Services Division - Parks and Community Services						
6201 Parks Maintenance	\$ 1,393,667	\$ 1,184,617	\$ 209,050	\$ 0	\$ 0	0
6202 Oak Cemetery	146,650	146,650	0	0	0	0
6204 Community Centers	169,105	169,105	0	0	0	0
6205 Aquatics	204,980	204,980	0	0	0	0
6206 Riverfront	359,400	359,400	0	0	0	0
6207 The Park at West End	28,698	28,698	0	0	0	0
6208 1/8% SUT Operations	0	0	0	0	0	0
Total Parks and Community Services	<u>\$ 2,302,500</u>	<u>\$ 2,093,450</u>	<u>\$ 209,050</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Operation Services Division - Sanitation						
6301 Administration	\$ 674,888	\$ 0	\$ 0	\$ 0	\$ 674,888	0
6302 Residential Collection	2,069,740	0	0	0	2,069,740	0
6303 Commercial Collection	1,206,708	0	0	0	1,206,708	0
6304 Fleet & Grounds Maint.	939,100	0	0	0	939,100	0
6305 Sanitary Landfill	3,822,602	0	0	0	3,822,602	0
6307 Industrial Collection	1,030,060	0	0	0	1,030,060	0
6308 Waste Reduction	508,200	0	0	0	508,200	0
Total Sanitation	<u>\$ 10,251,298</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,251,298</u>	<u>0</u>
Operation Services Division - Transit						
6550 Public Transit	\$ 3,831,081	3,831,081				
Operation Services Division - Health						
6101 Health Services	\$ 140,610	\$ 140,610	\$ 0	\$ 0	\$ 0	0
Total Operation Services Division	<u>\$ 73,279,867</u>	<u>\$ 6,065,141</u>	<u>\$ 6,849,432</u>	<u>\$ 50,113,996</u>	<u>\$ 10,251,298</u>	<u>0</u>
Non-Departmental						
6600 Non-Departmental	\$ 0	\$ 2,511,331	\$ 593,500	\$ 5,636,105	\$ 4,287,019	0
Total Appropriations	<u>\$ 115,908,892</u>	<u>\$ 41,591,863</u>	<u>\$ 8,396,656</u>	<u>\$ 60,648,142</u>	<u>\$ 16,250,767</u>	<u>2,049,419</u>

Combined Division Summary Operating Funds

	Estimated FY17	Budget FY18	Projected FY19
By Division Classification			
Policy and Administration Services	\$ 3,117,589	\$ 3,441,275	\$ 3,441,275
Management Services	7,967,752	8,382,209	8,382,209
Development Services	2,741,035	3,151,998	3,151,998
Police Services	15,039,297	16,676,834	16,676,834
Fire Services	13,841,110	13,608,077	10,976,709
Operation Services	62,084,210	76,167,902	73,279,867
Non-Departmental	24,197,007	13,027,955	2,313,936
Budget Appropriations	\$ 128,988,000	\$ 134,456,250	\$ 118,222,828

2018 Operating Budget Appropriations by Division Classification \$134,456,250

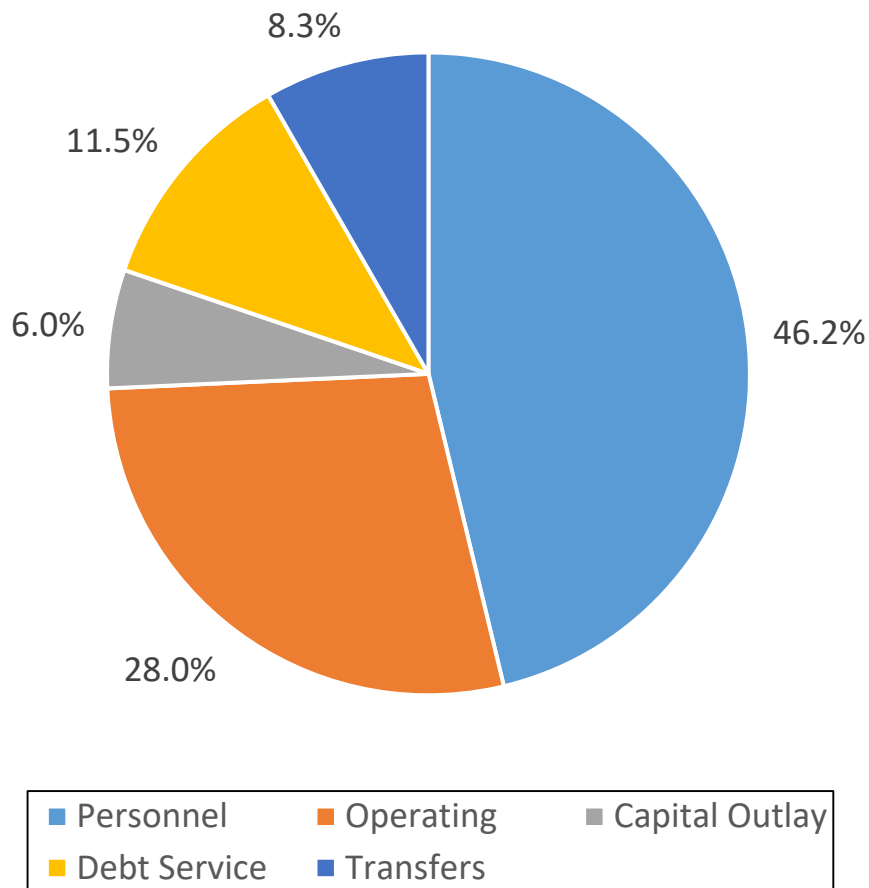


■ Policy and Administration	■ Management Services
■ Development Services	■ Police Services
■ Fire Services	■ Operation Services
■ Non-Departmental	

Combined Division Summary Operating Funds

	Estimated FY17	Budget FY18	Projected FY19
By Expenditure/Expense Classification			
Personnel	\$ 53,106,692	\$ 61,667,504	\$ 56,148,101
Operating	30,035,731	36,529,087	36,529,087
Operating Budget	\$ 83,142,424	\$ 98,196,591	\$ 92,677,188
Capital Outlay	9,475,705	10,778,095	10,778,095
Debt Service	14,650,769	14,767,545	14,767,545
Transfers	21,719,102	10,714,019	0
Budget Appropriations	\$ 128,988,000	\$ 134,456,250	\$ 118,222,828

2018 Operating Budget Appropriations by Expenditure / Expense Class \$134,456,250





DIVISION SUMMARIES

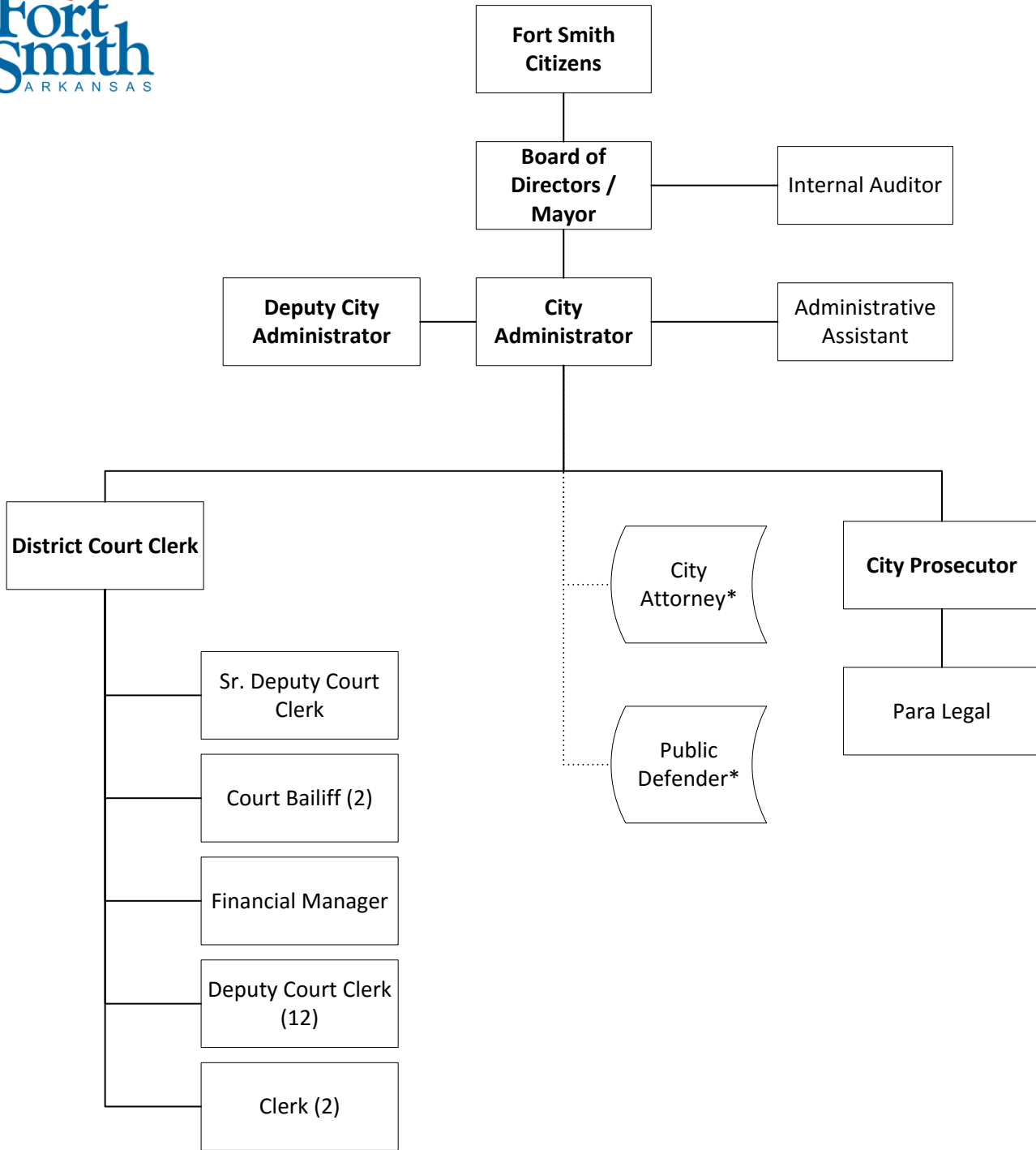
This section provides position and budget summaries for all divisions of the City. The position summaries are based on January 1 authorizations with the exception of Estimated FY17 which is based on August 31, 2017 authorizations. The dollar summaries reflect Actual FY16, Budget FY17, Estimated FY17, Budget FY18 and projected Budget FY19.

Also, provided is a narrative of each division which reflects the purpose, overview, 2018 service objectives. 2017 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 FY18 Budget Supplement, a separate document.



Policy and Administration Services



*Note: Dotted line indicates contracted services

Policy/Administration Overview:

Policy and Administration is comprised of three programs: 4100 Mayor, 4101 Board of Directors and 4102 City Administrator. 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.

The FY18 Budget is \$70,307 or 9.1% more than the FY17 Budget due to a 2% COLA and one additional FTE. Priorities continuing in 2018 follow the Future Fort Smith Comprehensive Plan, highlighted as follows; 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, and continue converting some fleet to alternatively fueled vehicles as budget allows.

POLICY & ADMINISTRATION	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 406,392	\$ 457,350	\$ 448,881	\$ 541,874	\$ 541,874
Operating Expenditures	<u>250,259</u>	<u>315,427</u>	<u>245,389</u>	<u>301,210</u>	<u>301,210</u>
Operating Budget	\$ 656,651	\$ 772,777	\$ 694,269	\$ 843,084	\$ 843,084
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 656,651	\$ 772,777	\$ 694,269	\$ 843,084	\$ 843,084
Authorized Positions	13.77	11.03	11.00	12.00	12.00

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

Policy/Administration 2018 Service Objectives

Mayor:

1. Work to emphasize the importance of passing legislation enabling the collection of sales taxes due from internet e-sales, with Congressional delegation and State Representatives and Senators.
2. 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.
3. Continue to lead the committee of citizens planning for the celebration of the city's 200th anniversary, and reach a successful conclusion by the end of December.
4. Support tourism efforts through leadership of the Advertising and Promotion Commission.
5. Work with state elected officials on legislative efforts which might have a positive or negative impact on the City.
6. Promote Fort Smith to residents, businesses and visitors, and professionally represent the City at appropriate events and activities.
7. Prepare transition assistance for the new mayor.
8. Continue emphasis on City-wide cleanup and beautification.

Board of Directors:

1. Incorporate implementation of the Future Fort Smith Comprehensive Plan and vision statement into the city's operating and capital budgets.
2. Provide additional recreation opportunities through use of Parks Capital Improvement Funds to continue improvements to Riverfront Drive properties and continue construction of trails according to priorities identified in the updated Trails and Greenways Master Plan. (FFS Goals NCR-1; TI-3)
3. Continue economic growth strategies to increase the job market with higher paying jobs as well as support the construction of I-49, the regional intermodal freight facilities, and improvement/maintenance of the Arkansas River navigation system in order to capitalize on the City's strategic position at the crossroads of highways, rail and navigable waterways. (FFS Goals ED-1; TI-2)
4. Support riverfront development and the revitalization of downtown into a multipurpose facility center. (FFS Goals FLU-2; FLU-3)
5. Preserve, protect, and revitalize the City's neighborhoods with continued proactive code enforcement, community beautification, improving public sidewalks, and planting parkway trees. (FFS Goals HN-1)
6. Continue compliance with the consent decree for wet weather sanitary sewer system improvements in order to alleviate the occurrences of backups and overflows.
7. Educate the community, legislators, and other stakeholders on the funding obligations for police and fire pensions.
8. Continue converting portions of the city's fleet to alternatively-fueled vehicles. (FFS Goal NCR-2)
9. Supporting tourism initiatives in the City of Fort Smith by partnering with local organizations as tourism partners. (FFS Goals FLU-2; FLU-3; NCR-3)

Administration:

1. Continue to improve transparent communication with the Board of Directors and the public on all matters, especially regarding the status of ongoing projects or initiatives. The focus of this effort for 2018 will be to improve public relations from the city in general, and the city administrator's office in particular. A Public Relations professional is requested as an additional full time employee, as contracting with an outside agency to direct media relations did not come to fruition in 2017. The department concentrated more heavily on the messages presented by the city, especially on social media, but a more comprehensive approach is needed.
2. Continue reporting on the status of implementation of the Future Fort Smith comprehensive plan, and actively participate in efforts to expand the details of such plan. The FFS plan remains at the forefront in providing guidance to decision-making. With the adoption of the Propelling Downtown Forward plan in 2017, the city will move ahead with the planning for Form Based Code implementation for at least the CBID district in 2018. City Administration recognizes the role it plays in keeping the FFS plan in front of city departments, outside agencies, and the local elected officials in order to maintain the document's relevance to the entire community.
3. Continue to identify efficiency of city services and facilities, including identifying where "green" initiatives make sense for city facilities or services. Continue to value existing city facilities, such as the Convention Center, for potential energy efficiency projects. Similarly, evaluate all city facilities for efficiency of providing service to the public and develop a plan for the future regarding where and how city services are delivered. Evaluate the addition of additional sites for location of city services.
4. Continue to refine performance measurement budgeting; including better definitions of departmental performance measures and associated benchmarks. Participate in the further development, implementation, and measuring of performance benchmarks in all departments, which will help in

determining areas for improvement and efficiency. Focus on customer service feedback initiatives in order to monitor the public's perception of the delivery of city services.

5. Improve administrative and reporting efficiency within the entire organization by providing Top-Down support for the implementation of the Enterprise Resource Plan (ERP) to modernize the city's business processes. A modern ERP system is required to replace the obsolete management software, and streamline future upgrades when required. This process is well underway, with the financial module going live in January of 2018, and additional modules coming online in 2018. This project will also facilitate the city's open data initiative, including the ability to make comprehensive reporting and financial information available to the public via the city's website.
6. Improve and strengthen relationships between city administration and local agencies, businesses, organizations and political representation to ensure that the City of Fort Smith provides appropriate support to all who strive to improve our region and community. The outreach and involvement of city administration in community efforts, both large and small, to advance and promote Fort Smith by all means possible shall continue to be the focus of the city administrator's office.

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 2018 Budget represents the City's share of costs for the year.

The FY18 Budget is \$128,180 or 5.8% more than the FY17 Budget for these programs due to 2% COLA.

Total Legal Department personnel is consistent with FY17.

LEGAL DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 1,831,054	\$ 1,899,670	\$ 1,946,398	\$ 2,024,550	\$ 2,024,550
Operating Expenditures	248,831	280,780	264,989	284,080	284,080
Operating Budget	\$ 2,079,886	\$ 2,180,450	\$ 2,211,387	\$ 2,308,630	\$ 2,308,630
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 2,079,886	\$ 2,180,450	\$ 2,211,387	\$ 2,308,630	\$ 2,308,630
Authorized Positions	21.63	21.63	21.63	21.63	21.63

Legal Department 2018 Service Objectives

District Court:

1. Cross training of the court's support personnel to ensure efficient and high quality service to the patrons of the court. The Court will continue to emphasize education and the development of its personnel in areas of procedure, professional skills and statutory basis for the Court's operations. The court staff will also work toward certification through state training, the Arkansas District Court Clerks Association and through the National Center for State Courts.
2. Increase court revenues by utilizing all resources available to the Court to reduce expenditures and through aggressive collection procedure/programs. (Comprehensive Plan: PFS-4).
3. Review and update the Court's Procedural Manual to implement legislative changes. (Comprehensive Plan: PFS-2.2)
4. Increase technology and automation through implementation of new processes with emphasis on paperless procedures within the court's management software program. (Comprehensive Plan: PFS-1.1.2)
5. Continue to identify further measures to improve court services and performance by implementing the following measures: 1) Establish data collection methods and reporting of the court's administrative functions to clarify performance measures. 2) Case processing clearance rate - % of cases 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.

Key Performance Indicators						
Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	
4201 (District Court)	Employess Cross-Trained Trained in all positions of grade level	69%	79%	53% turn over	40% new software	
4201 (District Court)	Clerks Certified Education/Training/3 yrs service	71%	77%	77%	89%	
4201 (District Court)	Caseload Clearance/Efficiency Education/Training/3 yrs service	88%	86%	86%	85%	
4201 (District Court)	Warrant Clearance/Efficiency Issued vs. Resolved	74%	66%	73%	75%	
		Resolved by Court-Non-Arrest/Jail	51%	53%	66%	60%
4201 (District Court)	Warrant Clearance/Efficiency % Derived from Special programs	22%	25%	27%	25%	
		Assessed vs. Collected	78%	85%	90%	80%
		Budget Expenditures of Revenue	34%	35%	29%	35%

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

	ACTUAL FY16	ESTIMATED FY17	PROJECTED FY18
Traffic Cases			
Workload	17,432	16,850	18,200
Completed	16,020	15,880	16,800
Completion Rate	92%	95%	93%
Criminal Cases			
Workload	16,329	16,990	18,100
Completed	13,430	13,360	13,500
Completion Rate	83%	79%	75%
Civil Cases			
Workload	2,101	2,380	2,120
Completed	1,810	1,770	1,670
Completion Rate	87%	75%	79%

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

	ACTUAL FY15	ACTUAL FY16	ACTUAL YTD17
Assessed	\$6,403,890	\$5,591,463	\$3,033,175
Collected	\$5,824,670	\$4,328,683	\$2,522,961

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 remain consistent. A fluctuation can be attributed to the number of filings, which directly impacts assessments, which directly impacts the amount eligible for collection. A new judge began in 2017, which can also cause a fluctuation in assessments.

Revenue in Excess of Expenses: 2016 Actual=City \$1,296,327 County \$760,630

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.

	ACTUAL FY16	ESTIMATED FY17	PROJECTED FY18
Warrants Issued by Court	12,691	13,306	12,600
Warrants Resolved	9,311	8,734	9,000
Warrants Unserved	3,380	4,572	3,600
Warrants Resolved	74%	66%	72%
Warrants Left Outstanding	26%	34%	28%
Resolved by the Court	51%	53%	52%
Served by Law Enforcement	49%	47%	48%

City Prosecutor:

1. Continue to proactively review cases appealed to Circuit Court from District Court for the purpose of disposition prior to setting on trial docket.
2. Continue accessibility to other city agencies for consultation and advice.
3. Continue to provide legal training, advice, and assistance for law enforcement officers.
4. To become able to efficiently apply and operate new technology, particularly the new Case Management System to be implemented through District Court.

Internal Audit Overview:

The purpose of this program is to help the City and its Departments accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also reviews internal control and operating procedures as well as compliance procedures around City, State and Federal requirements. Additionally, to assist with the annual external audit examination when deemed necessary.

The FY18 Budget is \$34,041 or 13.32% more than the FY17 Budget, which is attributable to the addition of one Staff Internal Auditor.

Total Internal Audit personnel is 1FTE more than FY17 due to Staff Internal Auditor.

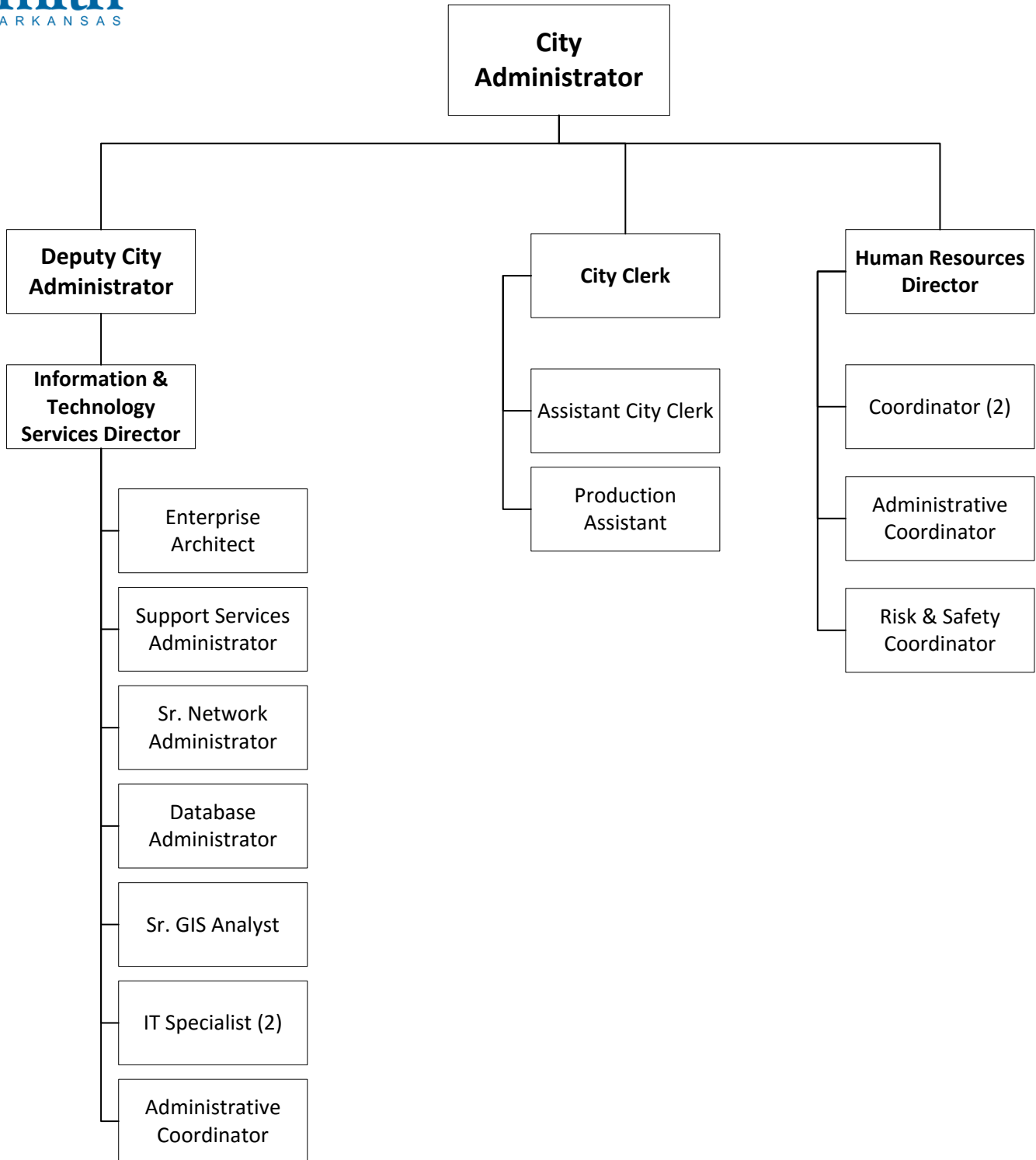
INTERNAL AUDIT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 130,609	\$ 134,130	\$ 124,470	\$ 198,861	\$ 198,861
Operating Expenditures	<u>19,903</u>	<u>121,390</u>	<u>87,462</u>	<u>90,700</u>	<u>90,700</u>
Operating Budget	\$ 150,512	\$ 255,520	\$ 211,932	\$ 289,561	\$ 289,561
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 150,512	\$ 255,520	\$ 211,932	\$ 289,561	\$ 289,561
Authorized Positions	1.75	1.75	1.75	2.75	2.75

Internal Audit 2018 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. The risk assessment is continuous throughout the year.
3. Prepare audit plan and submit to Audit Committee for approval. The audit plan has been approved. The audits are performed throughout the year.
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. Conduct and provide preventive analytics for all City Departments and conduct detective analytics for Internal Audit.
6. Continue key performance measure in the internal audit department.



Management Services



Purpose: To provide and exercise the administrative expertise necessary to support the service delivery and decision making activities for the 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 FY18 Budget increase \$48,298 or 7.36% from FY17 is due to the 2% COLA and additional FTE.

Total Human Resource Department personnel is 1FTE more than FY18 accredited to the Human Resources Generalist.

HUMAN RESOURCES	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 276,655	\$ 527,468	\$ 388,955	\$ 563,160	\$ 563,160
Operating Expenditures	<u>160,847</u>	<u>128,899</u>	<u>141,154</u>	<u>141,505</u>	<u>141,505</u>
Operating Budget	\$ 437,502	\$ 656,367	\$ 530,109	\$ 704,665	\$ 704,665
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 437,502	\$ 656,367	\$ 530,109	\$ 704,665	\$ 704,665
Authorized Positions	5.00	5.00	5.00	6.00	6.00

Human Resources Department 2018 Service Objectives

1. Increase employee retention while reducing turnover rates to 10%.
2. Reduce Worker's Compensation annual costs by 25%, with a focus on prevention, safety education, and accountability.
3. Reduce Worker's Compensation annual recordable rates by 25%, with a factor on prevention, safety education, and accountability.

Key Performance Indicators					
Program	Performance Measure	FY 2015	FY 2016	FY 2017	FY 2018
		Actual	Actual	Actual	Actual
Human Resources 4104	Employee Turnover Rates	11%	13%	14%	10%
Human Resources 4104	Workers' Cop Annual Cost	\$619,594.05	\$557,332.37	\$519,086.34	\$450,000.00
Human Resources 4104	Workers' Comp Annual Recordables	165	160	155	120

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 FY18 Budget increased \$43,753 or 12.4% from FY17, due from a combination of a 2% COLA and additional Code of Ordinance Costs.

Authorized positions for this program for FY18 are 3FTE which is consistent by FY17.

CITY CLERK	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 211,881	\$ 212,980	\$ 212,238	\$ 222,713	\$ 222,713
Operating Expenditures	<u>84,140</u>	<u>131,780</u>	<u>110,940</u>	<u>164,800</u>	<u>164,800</u>
Operating Budget	\$ 296,021	\$ 344,760	\$ 323,178	\$ 387,513	\$ 387,513
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 296,021	\$ 344,760	\$ 323,178	\$ 387,513	\$ 387,513
Authorized Positions	3.00	3.00	3.00	3.00	3.00

City Clerk 2018 Service Objectives

1. Provide educational opportunities for staff to ensure knowledge and skills are increased to benefit both staff and citizens.
2. Prompt payment processing of official documents, legal publications, codification of ordinances.
3. Provide various administrative services to the public, Mayor, Board of Directors, Administration and staff. (Comprehensive Plan PFS-2)
4. Provide up to date information on the department's web page. (Comprehensive Plan PFS-1)
5. Provide quality programming on Government Access Channel 214, including live telecast and regular rebroadcast of meetings of the Board of Directors. (Comprehensive Plan PFS-2)
6. Conduct 2017 municipal elections in compliance with city and state codes.
7. Recodification of the Fort Smith Municipal code.

Key Performance Indicators					
Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual*	FY 2018 Target
Program #4105 City Clerk	Board meetings attended (voting sessions)/Sets of Board minutes	30	28	17	28
Program #4105 City Clerk	Agenda's prepared	53	55	36	55
Program #4105 City Clerk	Ordinances & Resolutions adopted	284	300	162	300
Program #4105 City Clerk	Oak Cemetery Interments/Inurnments	84	70	54	70
Program #4105 City Clerk	Oak Cemetery deeds issued	46	65	31	65
Program #4105 City Clerk	Average Government Access Channel	260	275	265	275

*as of 8/31/2017

Finance Department Overview:

The Finance Department contains five programs: 4301 Finance Administration, 4303 Collections, 4304 Utility Billing/ Customer Service, 4306 Purchasing, and 6921 Parking Facilities (operations only).

The Finance Department provides support services to the entire organization, including: budget compilation, development, and monitoring; grant and intergovernmental revenue administration; business registration administration; alcoholic beverage tax and fee billing, collection and monitoring; 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 FY18 Budget is \$384,418 or 6.5% less than FY17 Budget. This decrease is due adjustments in operating costs.

Total FY18 Finance Department personnel is 39FTE which is 1FTE less than FY17.

FINANCE DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 2,031,526	\$ 2,426,465	\$ 2,188,436	\$ 2,622,582	\$ 2,622,582
Operating Expenditures	<u>1,616,784</u>	<u>3,462,775</u>	<u>3,362,089</u>	<u>2,882,240</u>	<u>2,882,240</u>
Operating Budget	\$ 3,648,310	\$ 5,889,240	\$ 5,550,525	\$ 5,504,822	\$ 5,504,822
Capital Outlay	<u>12,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 3,661,088	\$ 5,889,240	\$ 5,550,525	\$ 5,504,822	\$ 5,504,822
Authorized Positions	35.00	40.00	40.00	39.00	39.00

Finance Department 2018 Service Objectives

1. Support the City's Technology Plan by driving the Enterprise Resource Planning (ERP) system project planning and implementation. (Comprehensive Plan: CCD-3.1)
2. Analyze and improve budget management process for all departments.(Comprehensive Plan: CCD-3)
3. Enhance accessibility of financial data for all City management, citizens, vendors, and customers. (Comprehensive Plan: CCD-3.1)
4. Enhance accountability across all departments by refining and communicating financial and administrative policies to all employees. (Comprehensive Plan: Goal CCD-3)
5. Build bench strength in finance and accounting positions at the analyst and manager level through continuing education and cross-training.

Key Performance Indicators					
Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target
Program #4301 Finance	Number of days to close the year/month. Target: 12th day of following month; Feb 15 year end.	83%	100%	86%	100%
Program #4301 Finance	Bond Rating	A-	A-	A-	A
Program #4301 Finance	A/P Days outstanding 30 days or less	90%	95%	93%	100%
Program #4301 Finance	Quick Ratio (~cash/liabilities) Target: 85% liquidity	Total 381% (Gen-137%; Street-1819%; W/S-545%; San-	100%	---	100%

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 FY18 Budget is \$168,087 or 9.8% more than the FY17 Budget. The increase is attributable to a 2% COLA and department reorganization.

The ITS Department has 13 FTE. Two FTE positions were added in FY 16 by order of the Consent Decree and are funded 100% by the Water and Sewer Operating Fund.

INFORMATION & TECHNOLOGIES/GIS	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 859,476	\$ 881,238	\$ 812,278	\$ 1,112,589	\$ 1,112,589
Operating Expenditures	<u>804,408</u>	<u>830,274</u>	<u>751,661</u>	<u>767,010</u>	<u>767,010</u>
Operating Budget	\$ 1,663,884	\$ 1,711,512	\$ 1,563,939	\$ 1,879,599	\$ 1,879,599
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 1,663,884	\$ 1,711,512	\$ 1,563,939	\$ 1,879,599	\$ 1,879,599
Authorized Positions	10.00	13.00	13.00	13.00	13.00

Information & Technology Department 2018 Service Objectives

1. Provide technical assistance, leadership, and when requested, project management services to those departments, wishing to implement new or improve existing technologies and processes to enhance their business processes. Anticipated enterprise projects may include, but not limited to: Supervisory Control and Data Acquisition (SCADA) upgrade; Water Meter Modernization/Reading Automation; Sanitation customer and related collection data analytics; Vehicle Tracking and Route Optimization.
2. Continue implementation of the Strategic Technology Plan and IT Governance Policy. Pursuant to direction from the Board of Directors, ITS will continue in 2018 to audit and evaluate the deployment of software technology and services, throughout each department in an effort to ensure the most efficient and beneficial use of technology and identify potential cost savings.
3. Continue to provide project management leadership for the ongoing ERP project through 2018. Q3 of 2018 should see go-live of the EnerGov applications (community development, customer-facing portal, etc.). Also in Q1-Q3 of 2018 we will see go-live for Utility Billing portion of Munis and HR/Risk-related applications. As in 2017, ITS will play a critical role in aligning each department's respective business processes to the various applications within the ERP.
4. Continue to work with the Internal Auditor to implement and expand comprehensive asset tracking for technology equipment and perform quarterly and yearly audits throughout each City department.
5. Continue to provide timely and effective support of personal computers, related peripherals and communication technology to the Administration and staff of the City of Fort Smith.
6. Continue to develop, implement and load data for the City's Open Data Portal (ODP). When fully implemented, the ODP will leverage information from various city sources, including the ERP, foster transparency and provide direct public access to certain City data.
7. Develop policies, guidelines and electronic communications plan to promote and expand how the City communicates via social media and other forms of digital media.

data storage services, providing, access to the City's enterprise GIS, developing and maintaining GIS web services for project management, developing focused web-based GIS applications, and providing focused end-user support for technology devices and peripherals.

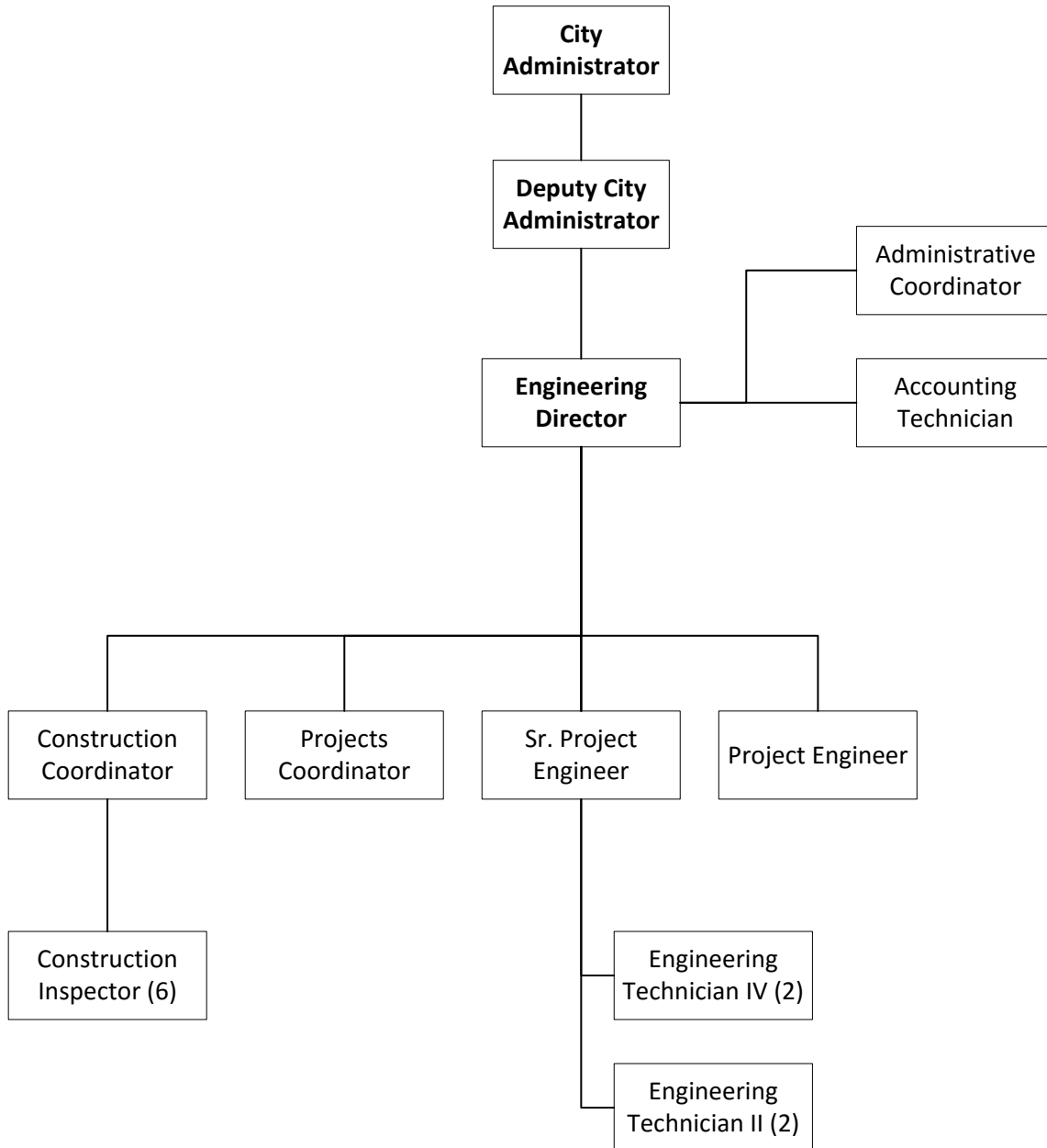
9. Continue to provide GIS support to the Fort Chaffee Redevelopment Authority (FCRA) and Fort Smith Regional Chamber of Commerce. This support will enhance the FCRA's and Chamber's ability to pursue their economic development and management goals using GIS and mapping technology. This goal includes 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 with the region.
10. Expand the use of advanced GIS analysis to provide greater insight into business processes and delivery of services. City GIS staff will continue to work with City departments such as Transit, Sanitation, Streets/Operation, and Fire to study and improve vehicle routing through the use of network analytics. GIS staff will also develop and promote tools for identifying spatial patterns or statistical clustering of City services and/or service requests for departments such as, Neighborhood Services, Code Enforcement, Police/Fire, etc. Emphasis will be placed on aggregating GIS-based information into a Geo-Hub within the City's Open Data Portal.
11. 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.
12. 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.

Key Performance Indicators						
Program	Performance Measure	FY 2016 Target	FY 2016 Actual	FY 2017 Actual	FY 2017 Actual	FY 2018 Target
4401-ITS	Average number of days to resolve a help desk request (non-critical; non-infrastructure)	2	2.9	2	3.9*	2
4401-ITS	End user customer satisfaction survey (1-5)	NA	NA	NA	NA	5

*The increase in this KPI can be largely attributed to the following factors: the temporary re-assignment of a senior member of the ITS staff to another department for the duration of 2017; departure of a IT Support Specialist in mid-2017; and the time of a senior ITS staff member being substantially encumbered by serving as technical projects lead for the ERP implementation. We anticipate the reduction of this figure is 2018.



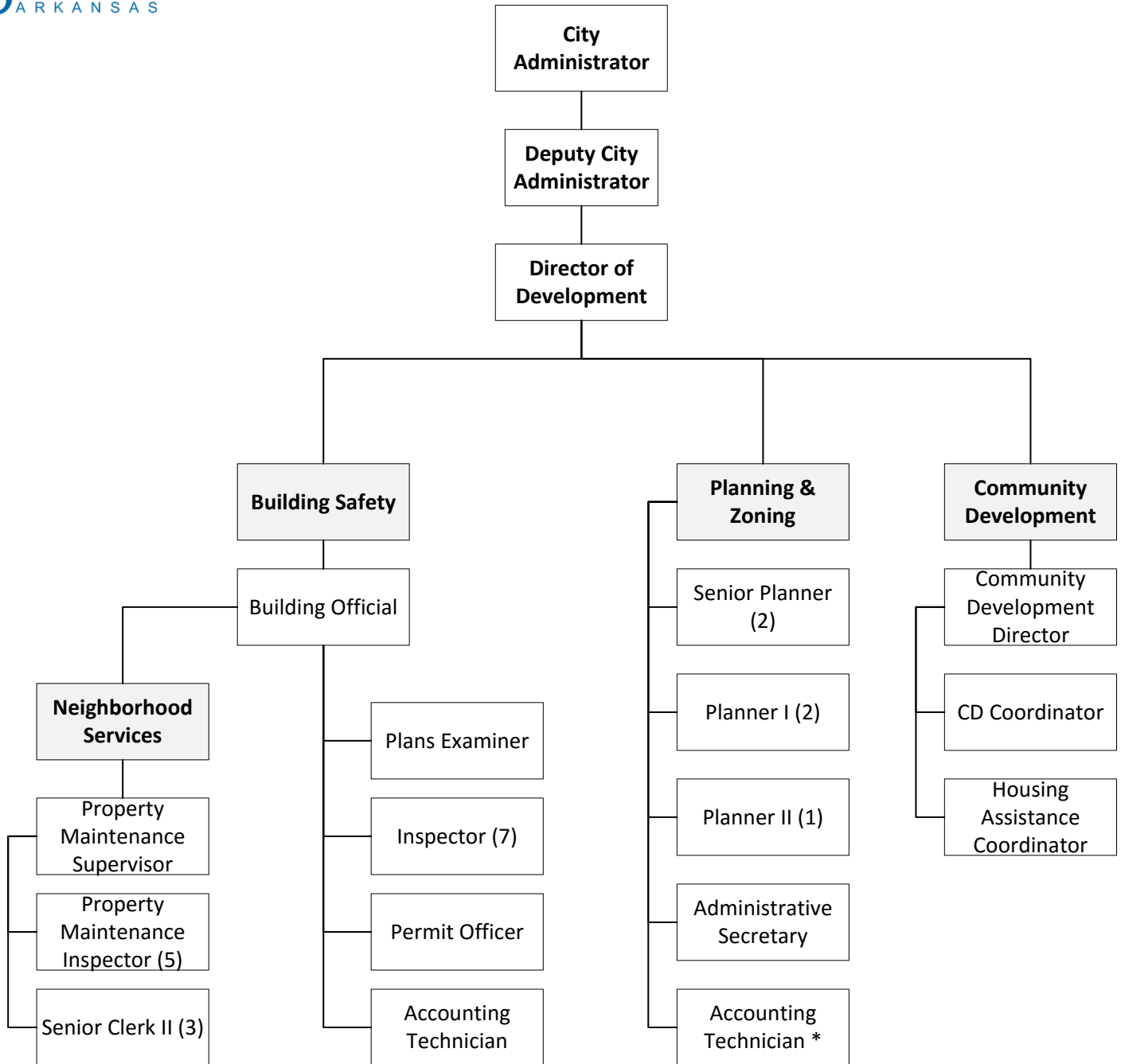
Development Services



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.



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*Note: Accounting Technician is 25% funded through Community Development

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 FY18 Budget is \$91,308 or 6.3% more than the FY17 Budget due to City Fleet Leasing Program, 2% COLA and Education Incentive.

ENGINEERING	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 1,283,786	\$ 1,349,352	\$ 1,232,348	\$ 1,449,745	\$ 1,449,745
Operating Expenditures	49,894	69,500	51,630	80,400	80,400
Operating Budget	\$ 1,333,680	\$ 1,418,852	\$ 1,283,978	\$ 1,530,145	\$ 1,530,145
Capital Outlay	72,058	19,985	19,985	0	0
Budget Appropriation	\$ 1,405,738	\$ 1,438,837	\$ 1,303,963	\$ 1,530,145	\$ 1,530,145
Authorized Positions	19.00	19.00	19.00	19.00	19.00

Engineering Department 2018 Service Objectives

1. Continue implementation of the goals identified for the development services department through the Future Fort Smith Comprehensive Plan.
2. 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. (PFS 1, PFS 2)
3. Continue to review, edit, incorporate, and revise portions of the development maps and codes such as the Unified Development Ordinance, zoning map, ETJ, planning area, annexation plans and other development maps. Initiate the implementation of the Form Based Code for the Central Business Improvement District. The Form Based Code was a recommendation from the Propelling Downtown Forward plan. (FLU 1.1.3, FLU 1.6, ED 1.1, ED 1.3, ED 5.2, HN 1.5, HN 1.5.1, PFS 1.1.2)
4. Initiate the implementation of the Form Based Code for the Central Business Improvement District. The Form Based Code was a recommendation from the Propelling Downtown Forward plan. (FLU 1.6, FLU 3, FLU 3.2.3)
5. 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 is implementing the Housing Assistance Program which was CDBG funded for \$229,326.00 for PY 2016 and HOME funds in the amount of \$264,999.00 for new affordable housing on infill lots with designs sensitive to the surrounding neighborhoods. The CDBG and HOME budgets were slightly decreased for PY 2017. The staff is anticipating that the CDBG and HOME Programs funding will remain level for PY 2018. (HN 3.3.1, HN 2.4.1, HN 3.1.1, HN 2.2.1, HN 1.6, ED 7.2)

6. Collaborate with IT to improve the department’s presence online by updating the Development Services website and the implementation of the ERP/EnerGov software in order to make the experience more user friendly for the customer. (PFS 1, PFS 2)

Key Performance Indicators					
Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target
Program #4103 Engineering	Prepare annual Street and Drainage Capital Improvement Program and present to the Board of Directors for approval by October 31	10/20/16	10/31/17	10/18/17	10/31/18
Program #4103 Engineering	Prepare annual Municipal Separate Storm Sewer System Report and submit to the Arkansas Department of Environmental Quality by June 1.	5/26/2016	5/31/2017	5/26/2017	6/1/2018
Program #4103 Engineering	Manage construction contracts to maintain change orders to within 10 percent of the original contract amount	100%	100%	100%	100%
Program #4103 Engineering	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%	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 within the framework and policies of the Comprehensive Plan, 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, reviews and processes all property activity 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.

4108-

The purpose of this program is to protect the public's life, health, and welfare in the building environment. The department issues building permits for buildings and structures and inspects buildings, structures and property for safety and health compliance to federal, state and local codes and ordinances. 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 the Property Maintenance Code, residential parking ordinances and other neighborhood improvement codes and ordinances in accordance with the comprehensive plan's goal to "Preserve, Protect and Improve Fort Smith's neighborhoods". The division inspects properties for items such as overgrowth, overcrowding of structures, trash fencing, abandoned vehicles, indoor furniture kept outside, and buildings for compliance to the property maintenance code. The work includes having the properties cleared by supervising contractors that mow and clean the properties.

This Department has 31 FTE positions for FY18 that is consistent with FY17.

The FY18 Budget is \$122,268 or 4.75% more than the FY17 Budget which is attributable to 2% COLA and Education Incentives.

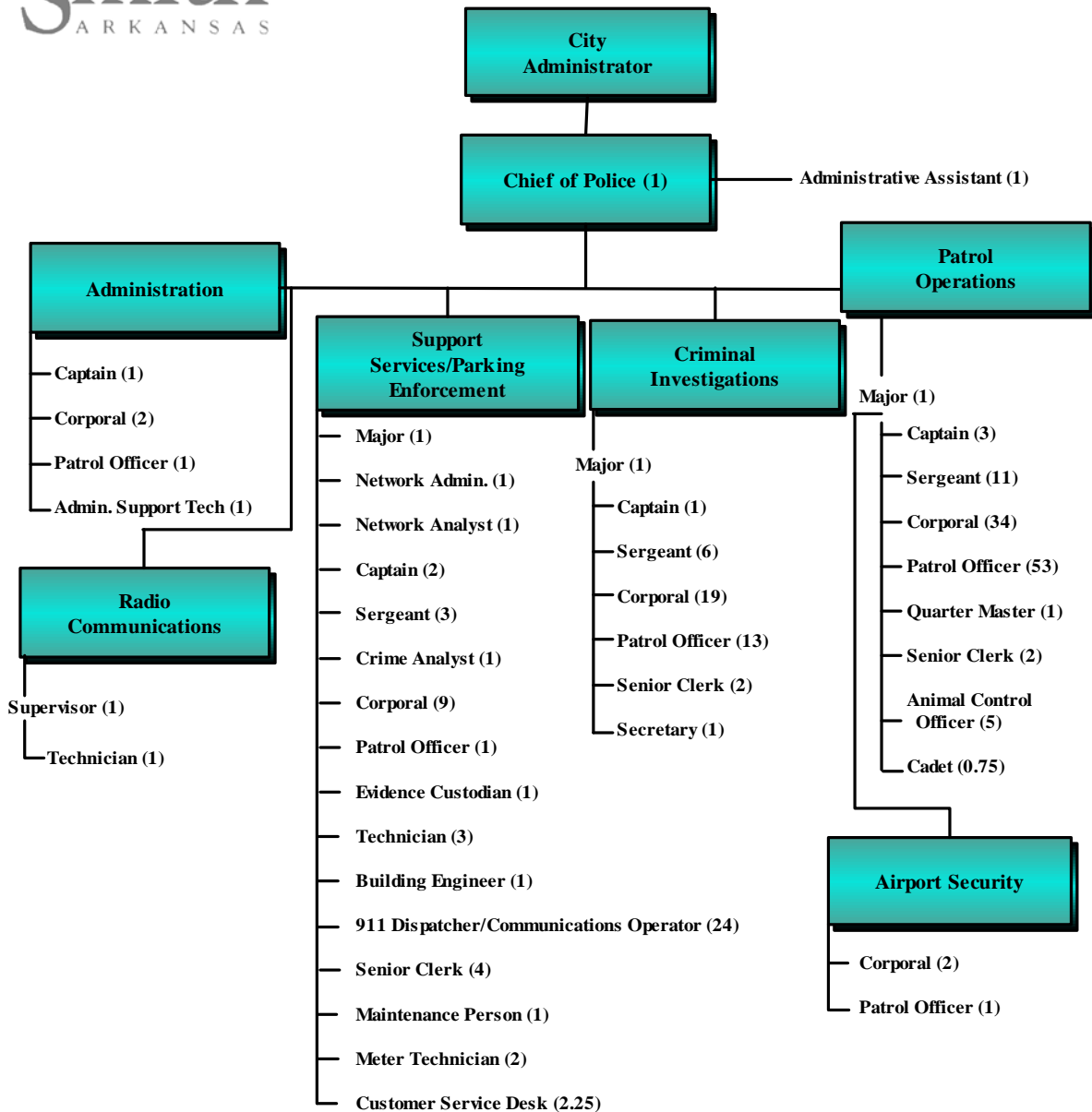
DEVELOPMENT DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 2,028,622	\$ 2,097,879	\$ 2,041,188	\$ 2,177,517	\$ 2,177,517
Operating Expenditures	325,679	456,030	370,781	517,560	517,560
Operating Budget	\$ 2,354,301	\$ 2,553,909	\$ 2,411,969	\$ 2,695,077	\$ 2,695,077
Capital Outlay	0	18,900	18,900	0	0
Budget Appropriation	\$ 2,354,301	\$ 2,572,809	\$ 2,430,869	\$ 2,695,077	\$ 2,695,077
Authorized Positions	31.00	30.45	31.00	31.00	31.00

Development Department 2018 Service Objectives

1. Continue implementation of the goals identified for the development services department through the Future Fort Smith Comprehensive Plan.
2. 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.
3. Continue to review, edit and revise portions of the development maps and codes such as the Unified Development, Ordinance, zoning map, ETJ, planning area, annexation plans and other development maps.
4. 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 is implementing the Housing Assistance Program which was CDBG funded for \$229,326.00 for PY 2017 and HOME funds in the amount of, \$294,443.00 for new affordable housing on infill lots with designs sensitive to the surrounding neighborhoods. The CDBG and HOME budgets were slightly increased for PY 2017. The staff is anticipating that the CDBG and HOME Programs funding will remain level for PY 2018.
5. Collaborate with IT to improve the department's presence online by updating the Development Services website and the implementation of the ERP/EnerGov software in order to make the experience more user friendly for the customer.



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 FY18 Budget is \$1,435,705 or 9.3% more than the FY17 Budget. The increase is attributable additional equipment purchases/replacement due to obsolescence, step pay advances, and unfreezing 13 Police Officer positions.

13FTE Police Officer position unfrozen in the FY18 budget.

POLICE DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 11,784,317	\$ 11,383,148	\$ 11,365,660	\$ 12,744,133	\$ 12,744,133
Operating Expenditures	<u>2,514,511</u>	<u>3,346,040</u>	<u>3,127,113</u>	<u>4,076,760</u>	<u>4,076,760</u>
Operating Budget	\$ 14,298,828	\$ 14,729,188	\$ 14,492,773	\$ 16,820,893	\$ 16,820,893
Capital Outlay	<u>46,985</u>	<u>656,000</u>	<u>656,717</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 14,345,813	\$ 15,385,188	\$ 15,149,490	\$ 16,820,893	\$ 16,820,893
Authorized Positions	209.00	208.00	205.00	218.00	218.00

Police Department 2018 Service Objectives

Administration Division

The Department's Administration Division will support continued economic growth and help to protect the City's neighborhoods through:

- Coordinating efforts of all Police Divisions in the continuation of the implementation of Intelligence-led Policing.
- Coordinate a unified response to crime reduction and other community issues through regular CompStat meetings with command staff.
- Coordinating with all Police Divisions in efforts to recruit, train and hire new officers to reduce the significant staffing shortage the Department is currently experiencing.

Support Services

Training Unit:

The Training Unit will continue to ensure all officers receive continuing education in topics such as diversity and leadership. The Training Unit will also be involved in the development of focused supervisor training across all levels of supervision, as well as newly promoted supervisors, will ensure unity in command and continuity among supervisory tasks.

The goal of increasing diversity within the department will continue in 2018. As more and more organizations and task forces are being assembled to address minority hiring within the city, the FSPD Recruiter will continue to participate in or provide information to those groups in an effort to further our minority hiring efforts. All attempts will be made to partner with these groups to foster a better working relationship with the minority communities.

The goal of completing construction of a small arms firing range on the Fort Smith Sanitation property will continue into 2018. By the end of 2018, pending financial resource availability, the training unit will make all reasonable efforts to have the dirt work for the firing range completed. Total completion of the range will be a multi-year project, primarily due to funding restrictions. Completion of the dirt work alone will provide for better training opportunities, thereby increasing training efficiency and officer safety.

Central Records:

Support Services will continue to work toward implementing full electronic entry of police records in support of the Crime Intelligence Analyst as the Department continues towards the Intelligence Led Policing.

Network Team:

The department needs to replace servers, increase storage capacity, and implement specialized security controls. The FSPD Network Team will research and look at solutions to offset technology security risks to comply with FBI CJIS security policies. Improvements in this area are also required to mitigate the exposure of malware and loss of public safety data. Current technology is reaching end-of-life and has created limitations in pushing out new technology such as desktop virtualization, and in-car video uploads. Department will look to implement speeds up to 40GB bandwidth in portions of the network.

We will also look to design and ascertain cost to building out a new network, and wireless infrastructure to increase performance and the available storage space for virtualization, client/server deployment, and data storage. Virtualization, and continued data growth are placing demands for the improvements. Additionally, the current storage is reaching an end of product life and needs to be replaced.

Key servers and storage in the Digital Forensics Lab have reached nine years of being in service. This equipment is no longer supported by the vendor and poses a significant risk to criminal investigations.

Communications Center:

The communications unit will attempt to increase customer service and overall efficiency of the unit to include ensuring an adequate number of telecommunicators are on duty during each shift. Day-to-day operations within the communications unit will be streamlined in order to increase efficiency and reduce overtime usage. Quality assurance checks will be work flowed electronically to reduce the use of paper and

to increase efficiency. If budgeting allows, we will request that one additional telecommunicator will be added to increase the total number of dispatchers from 24 to 25.

Criminal Investigations

The Criminal Investigation Division will increase customer service to our community and improve the expertise of each detective with additional training designed to provide detectives with a wider range of abilities and skills.

The Criminal Investigation Division will also continue to communicate with other Police Divisions to more effectively pool resources with the common goal of crime reduction. This initiative includes increased community presentation on crime prevention and recognition, in order to utilize the community to help identify and locate where crime is occurring.

Patrol Division

The Patrol Division needs to replace fifteen of the older, more heavily-worn fleet units with new vehicles and equipment. This replacement will improve the reliability of the necessary patrol response units and save additional repair costs associated with overuse of aging equipment.

The deployment of patrol officers will be adjusted in 2018 to provide more adequate coverage of all areas in the city. By consolidating resources and determining need, patrol shift supervisors will determine the most efficient manner in which to deploy officers.

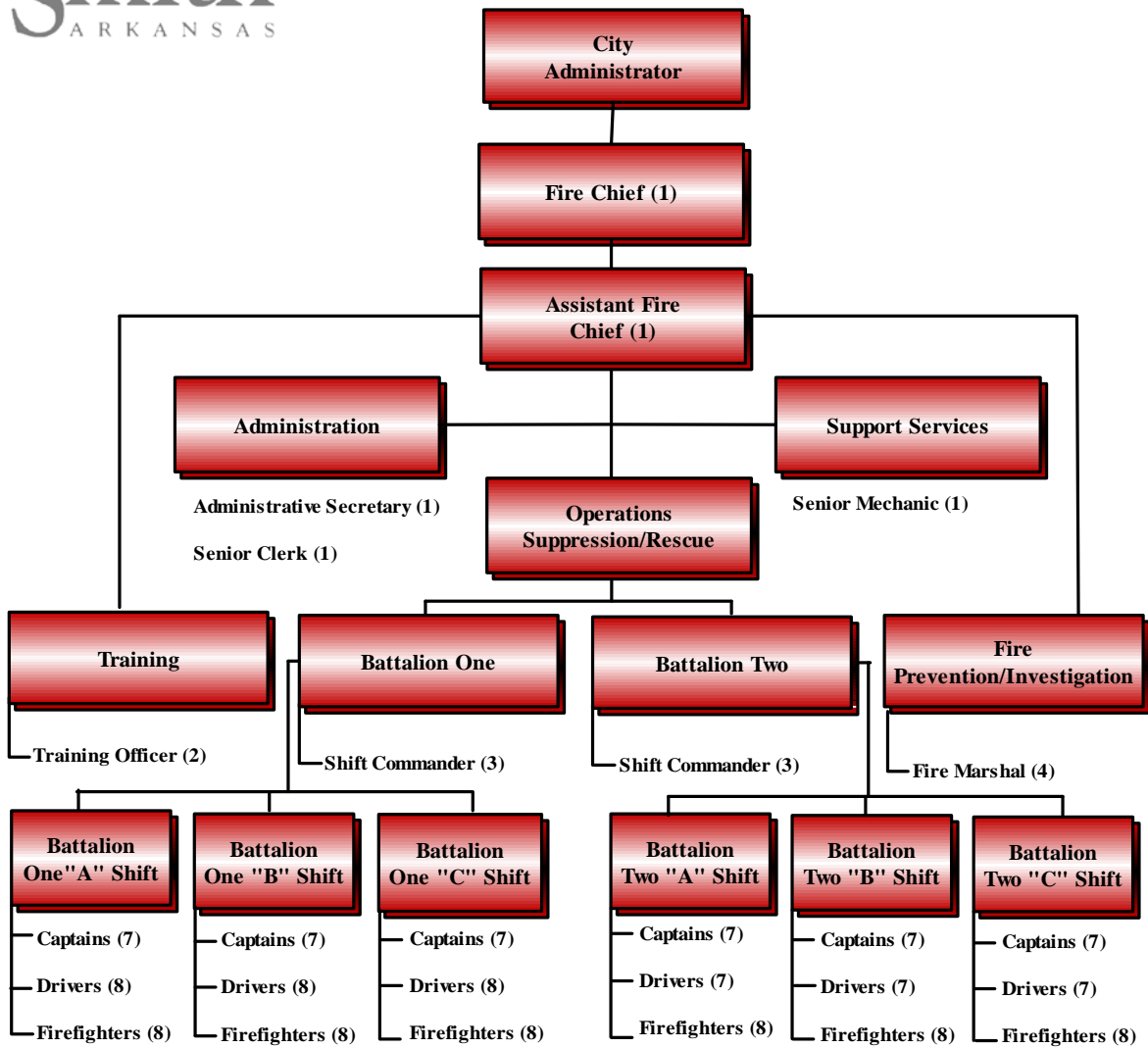
Radio Maintenance

The Department's Motorola radio components are scheduled to be ineligible for repair at the end of 2018 and the Radio Communications Division will strive to plan for this event to ensure continued radio communications.

The Radio Communications Division will seek to maintain employee certifications by continuing education for all radio technicians.



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, 4802 Suppression and Rescue, 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 staff the new fire station built at Chaffee Crossing. A fire training facility is 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 FY18 Budget is \$187,321 or 7.4% more than the FY17 Budget. Increase is largely due from step pay advances. For purposes of presentation, Program 4803 1/8% Sales Tax was removed from Budget FY17 summary numbers.

The total personnel of the Fire Department is 152 FTE for FY18 which is consistent with the FY17 Budget

FIRE DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 9,202,440	\$ 9,487,930	\$ 9,076,053	\$ 9,638,999	\$ 9,638,999
Operating Expenditures	<u>934,146</u>	<u>1,233,794</u>	<u>1,141,982</u>	<u>1,291,210</u>	<u>1,291,210</u>
Operating Budget	\$ 10,136,586	\$ 10,721,724	\$ 10,218,035	\$ 10,930,209	\$ 10,930,209
Capital Outlay	<u>69,438</u>	<u>67,664</u>	<u>105,424</u>	<u>46,500</u>	<u>46,500</u>
Budget Appropriation	\$ 10,206,024	\$ 10,789,388	\$ 10,323,459	\$ 10,976,709	\$ 10,976,709
Authorized Positions	132.00	132.00	132.00	132.00	132.00

Fire Department 2018 Service Objectives

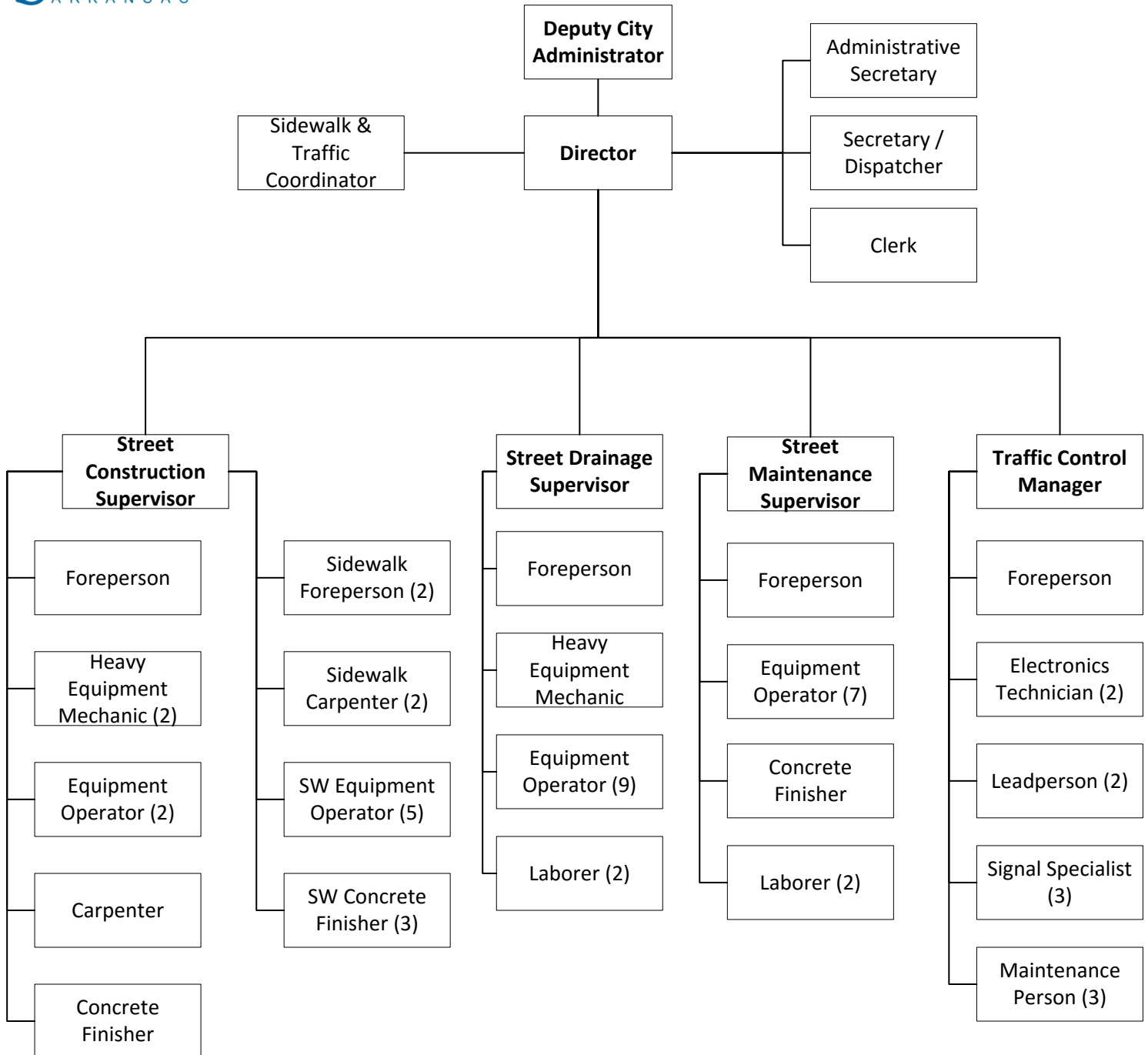
1. Continue to follow the guidelines of the Insurance Services Office (ISO) and National Fire Protection Association (NFPA) service and response requirements to maintain our ISO Public Protection Classification 1 and for future expansion and growth. (Comprehensive Plan: ED – 4.1)
2. Evaluate all possible design and construction methods to ensure future fire department facilities are cost effective and efficient. (Comprehensive Plan: HN – 1.2)
3. Continue to support housing and neighborhood development through proper application and monitoring of current building and safety codes. (Comprehensive Plan: HN – 2.3.1; HN – 3.2; HN – 4.1; HN – 4.2; HN – 4.3)
4. Protect residential neighborhoods from excessive through traffic by assisting other city departments in monitoring and developing traffic calming techniques. (Comprehensive Plan: TI – 1.4)
5. Promote a business-friendly and citizen friendly government by adopting and maintaining fair and transparent fire codes and apply equally to all customers. (Comprehensive Plan: PFS – 1.1; PFS – 1.1.2)
6. Maintain open communication between the City, the business community, and residents through participation in public programs such as Citizens Fire Academy, attending all neighborhood ward meetings, and delivering public safety education sessions to residents, school children, and businesses. (Comprehensive Plan: PFS – 2.2)
7. Maximize taxpayer dollars by seeking opportunities to co-locate future facilities to maximum efficiencies and reduce capital and operating costs. (Comprehensive Plan: PFS – 4)
8. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Key Performance Indicators

Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual through Mid-Year	FY 2018 Target
Program #4801-4804 Fire Department	To keep casualties and property loss from fire as low as possible through education and inspections	Reached 7,225 children and 4,188 adults through fire education programs	To educate Children, Senior Citizens, low income, and higher risk occupancies on fire prevention	Fire Department has reached 4,558 children and 3,004 adults through fire education programs and fire drills.	To educate Children, Senior Citizens, low income, and higher risk occupancies on fire prevention.
Program # 4801 Fire Department	To keep property fire insurance rates as low as possible by maintaining an ISO Public Protection Classification 1	Underwent an ISO review at year end	Public Protection Class 2 or better	Received ISO review, moved to a Public Protection Classification of 1/1X effective March 1st.	To maintain an ISO Public Protection Class 1.
Program #4802 & 4803 Fire Department	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: \$93.13 Million Total Percent Lost: 3.22% Total Percent Saved: 96.78%	To keep property loss to less than 10%	Value of property responded to: \$38.17 Million Total Percent Lost 1.75% Total Percent Saved: 98.25%	To keep property loss to less than 10%
Program #4802 & 4803 Fire Department	To meet NFPA and ISO Response Time Standards/To be on scene in 4 minutes or less after receipt of alarm	Average response time city wide for all call types is 3 minutes 36 seconds	To be on scene in 4 minutes or less after receipt of alarm	Average response time city wide for all call types is 3 minutes 37 seconds	To be on scene in 4 minutes or less after receipt of alarm
Program #4804 Fire Department	To increase safety and efficiency through training/Achieve 30,066 total training hours for individual and company training	50,622 combined hours of training for the year.	Achieve a minimum of 30,066 total training hours for individual and company training	25,509 combined hours of training	Achieve a minimum of 30,066 total training hours for individual and company training.



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 2018 is to continue 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.

The FY18 budget is \$205,067 or 3% less than the FY17 budget, due primarily to a reduction in capital.

Total personnel for the Department in FY18 is .89 more than FY17, increase is due to additional seasonal employees.

STREET AND TRAFFIC CONTROL	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 3,418,707	\$ 3,498,166	\$ 3,312,671	\$ 3,570,542	\$ 3,570,542
Operating Expenditures	2,872,942	2,654,545	2,619,204	2,869,840	2,869,840
Operating Budget	\$ 6,291,649	\$ 6,152,711	\$ 5,931,875	\$ 6,440,382	\$ 6,440,382
Capital Outlay	165,443	692,738	877,752	200,000	200,000
Budget Appropriation	\$ 6,457,092	\$ 6,845,449	\$ 6,809,627	\$ 6,640,382	\$ 6,640,382
Authorized Positions	73.41	71.97	72.86	72.86	72.86

Streets and Traffic Control Department 2018 Service Objectives

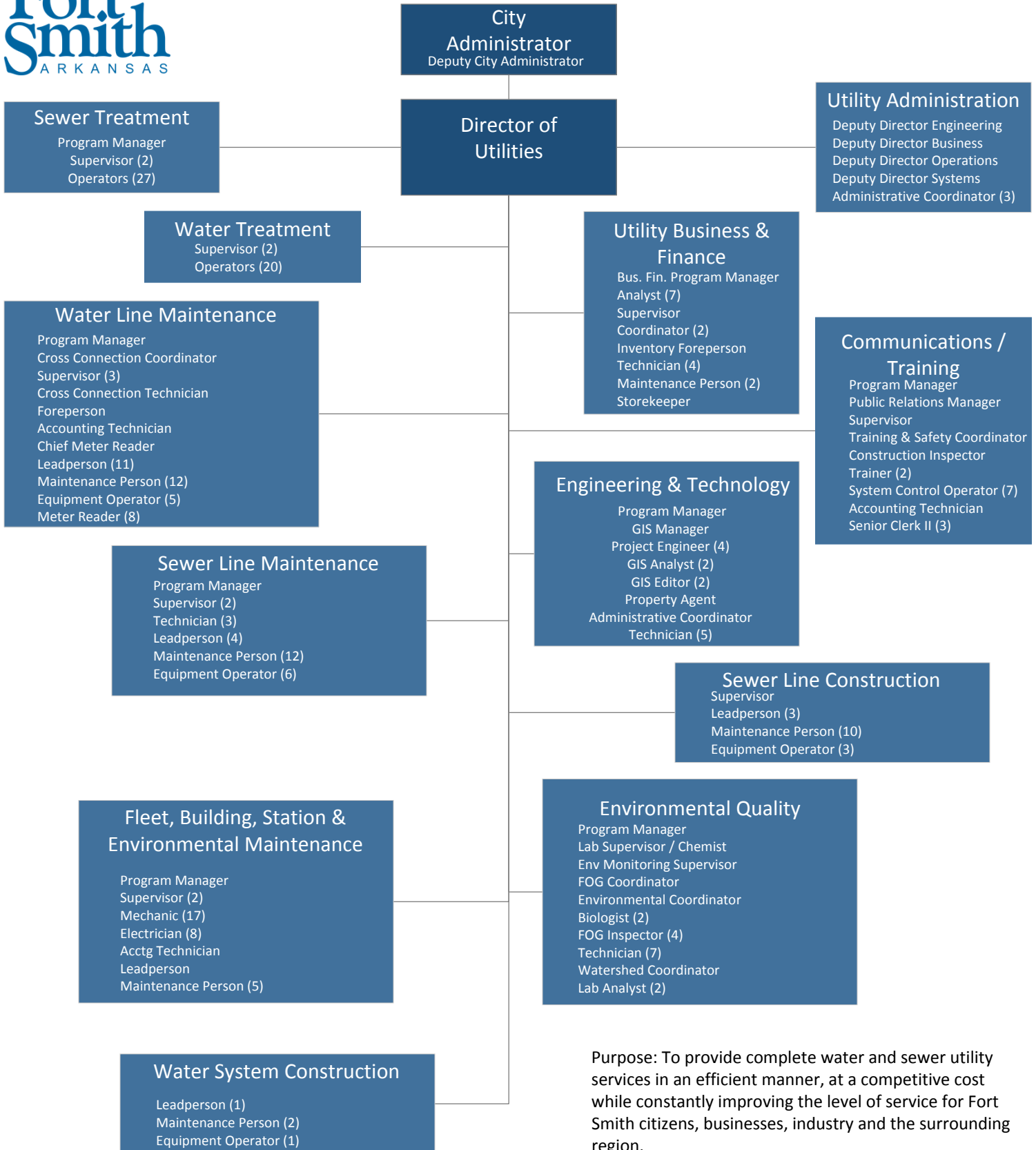
1. Continue to respond to citizen's request for service in a timely, effective and efficient manner. (Comprehensive Plan:, Goal PFS-1 and 2)
2. Continue to lessen the potential for property damage from flooding by regularly cleaning and clearing debris from ditches, channels and drainage structures. (Comprehensive Plan: Goal HN-1 and CCD-1)
3. Continue to preserve the appearance of public property by mowing detention ponds, levees, City owned right-of-way and drainage easements. (Comprehensive Plan: Goal HN-1 and CCD-1)
4. Continue to improve the safety of the traveling public by repairing and upgrading traffic control devices (signals, signs, striping, pedestrian crosswalks, etc.). (Comprehensive Plan: Goal TI-1, TI-3)
5. Further develop a long range plan for sidewalk repair and continue to implement the year to year plan. (Comprehensive Plan: Goal TI-3)

KEY PERFORMANCE INDICATORS							
Department	Performance Measure	FY 2015 Target	FY 2015 Actual	FY 2016 Target	FY 2016 Actual	FY 2017 Target	FY 2017 Actual
Traffic Control (5401 and 5405)	% of traffic light repairs completed within 4 hours	100%	98%	100%	98%	100%	100%
Traffic Control (55304)	% of repairs (utility cuts, driveway cuts and sidewalks) within 4 days	100%	90%	100%	94%	100%	95%
Traffic Control (5303)	Regrade major creeks (12 locations) annually	100%	65%	100%	75%	100%	20%*
Traffic Control (5302)	Complete construction of drainage projects and street overlays	100%	85%	100%	90%	100%	71%
Traffic Control (5305)	Complete 6 miles of sidewalk repair	100%	100%	100%	110%	100%	47%
Street Maintenance (5304) Street Construction (5302) Drainage Department (5303)	Equip trucks with snow plows. Implement liquid deicing program	100%	95%	100%	100%	100%	100%

*Note: This work has been delayed due to crews working at the River Valley Sports Complex.



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 12 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 FY18 Budget is \$5.4 Million or 12.2% more than the FY17 Budget. The increase is attributable to capital requests and additional 16.5 FTE in FY18.

Total positions for the Department are 286.5FTE for FY18, an increase of 16.5FTE over FY17. The increase is attributable to reorganization of department.

WATER AND SEWER DEPARTMENT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 11,462,536	\$ 13,684,018	\$ 12,216,198	\$ 15,452,460	\$ 15,452,460
Operating Expenditures	24,218,285	28,696,933	25,349,080	28,697,501	28,697,501
Operating Budget	\$ 35,680,821	\$ 42,380,951	\$ 37,565,278	\$ 44,149,961	\$ 44,149,961
Capital Outlay	313,936	2,168,460	493,673	5,864,035	5,864,035
Budget Appropriation	\$ 35,994,757	\$ 44,549,411	\$ 38,058,951	\$ 50,013,996	\$ 50,013,996
Authorized Positions	263.00	270.00	274.00	286.50	286.50

Water and Sewer Department 2018 Service Objectives

- Use innovation and develop processes and technology to improve efficient use of resources for serving the community.
 - Continue planning, design and construction practices that assure reliability and lower operations costs.
 - Engage subject matter specialists to enhance basis of knowledge and continuous improvement.
 - Continue the development and integration of strategic management planning and benchmarking.
- Efficient performance of the Wastewater Management Plan to meet EPA required schedules for wastewater treatment and collection system improvements.
 - Integrate recommendations of the Wastewater Management Plan into wastewater projects and management strategies to reduce sanitary sewer overflows (SSOs).
 - Design, repair, and replace collection system lines with defects identified in the Sanitary Sewer Assessments (SSA).
 - Design, repair, and replace sanitary sewer interceptor lines for improving capacity for the goal of eliminating SSOs that are capacity related and enhancing service reliability.
 - Fully implement FOG program.
 - Fully implement private service line repair program.
 - Replace Riverlyn Sewer Pump Station for the goal of eliminating SSOs that are pumping related and enhancing service reliability in the sub-basin service areas.

- Implement improved Capacity Management, Operations, and Maintenance (CMOM) programs as required by the, Consent Decree to improve ongoing management, operation and maintenance of the sanitary sewer collection system.

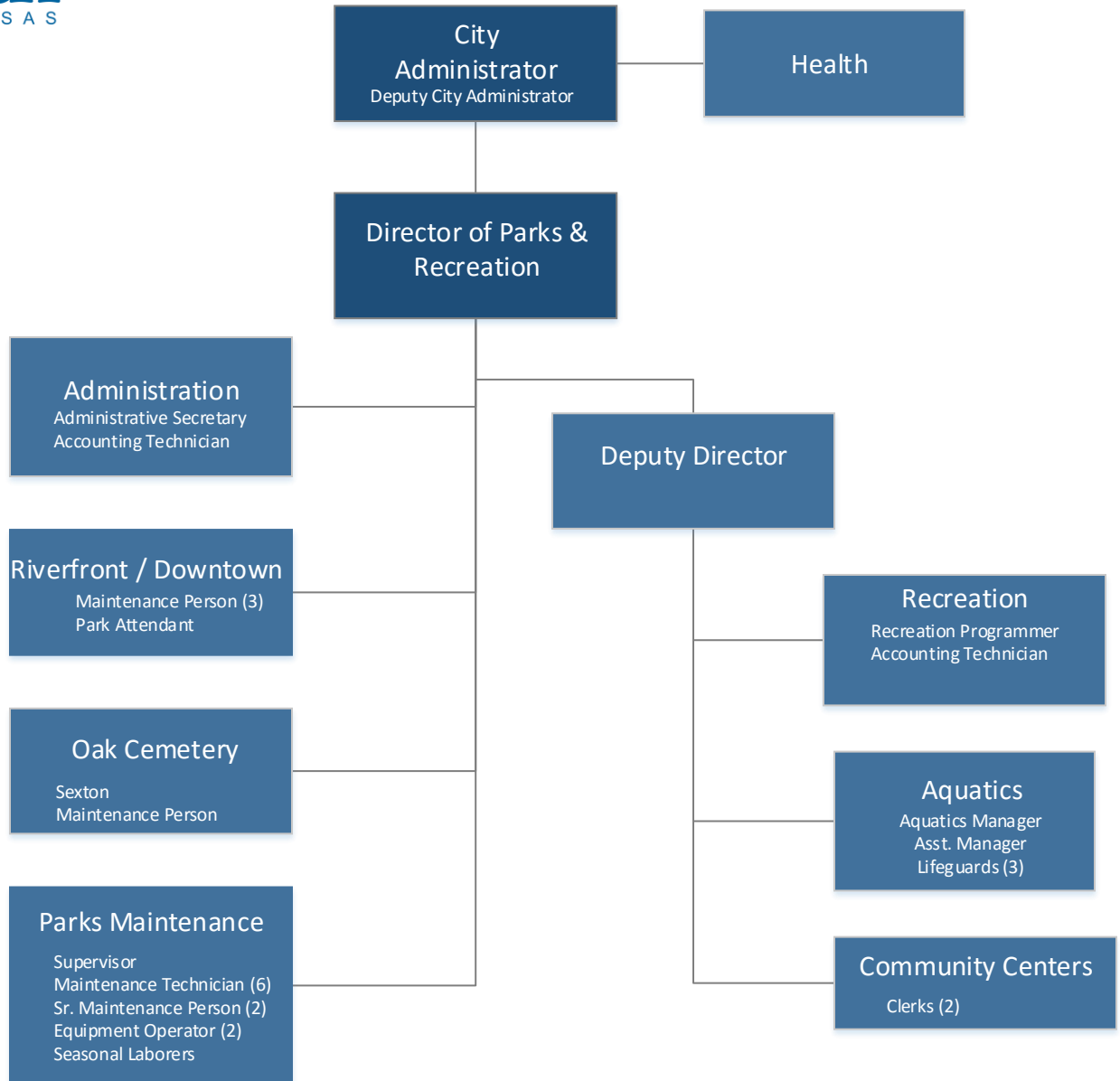
3. Improve water and wastewater systems to support growth and better serve City customers.

- Complete design of Phase 2 of the 48-inch water transmission line from the Lake Fort Smith water treatment plant.
- Continue to improve water service and upgraded fire protection through water line replacement projects within older residential areas and service areas subject to diminishing water quality or service capabilities.
- Continue water meter change out program to reduce unaccounted water and improved customer billing accuracy.

Performance Measure
Sewer Line Cleaning: Clean 125,000 LF per year
Sewer Lines TV Inspected: Inspect 60,000 LF per year
Emergency Water System Work Order: Complete within 48 hours
Emergency Sewer System Work Order: Complete within 48 hours
Routine Water System Work Orders: Complete within 14 days
Routine Sewer System Work Orders: Complete within 14 days



Operation Services Parks and Recreation



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

Parks and Recreation Department Overview:

The Parks and Recreation Department oversees the operation of seven programs: 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 Department serves as a leader in the community in creating health and well-being of citizens through providing high quality services which connect the community through facilities, opportunities for social engagement, and programming that encourages a healthy living lifestyle. (Comprehensive Plan: Goal NCR-4) The Department seeks options to improve the city's parks system and enhance citizen's parks and recreation experience/ Beautification and maintenance of 311 acres of city parks for recreational purposes is a function of the Department. In addition, the Department manages the historic 30.27 acre Oak Cemetery, and operates the Creekmore Community Center and Elm Grove Community Center which provide affordable event locations for citizens. The Department oversees an Olympic-size swimming pool, two splash pads, and one wading pool. In addition the Department manages the River Park trail and facilities, Garrison Avenue Streetscape, and Downtown parking areas.

The FY18 Budget is consistent with FY17 budget. The total positions for the Department are 39.25FTE for FY18, 2.6FTE less than FY17. For purposes of presentation, Program 6208 1/8% Sales Tax was removed from Budget FY17 summary numbers.

PARKS & RECREATION	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 1,352,779	\$ 1,444,000	\$ 1,340,596	\$ 1,474,510	\$ 1,474,510
Operating Expenditures	<u>651,120</u>	<u>801,466</u>	<u>649,935</u>	<u>827,990</u>	<u>827,990</u>
Operating Budget	\$ 2,003,900	\$ 2,245,466	\$ 1,990,531	\$ 2,302,500	\$ 2,302,500
Capital Outlay	<u>159,752</u>	<u>3,100</u>	<u>71,000</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 2,163,652	\$ 2,248,566	\$ 2,061,531	\$ 2,302,500	\$ 2,302,500
Authorized Positions	35.85	34.85	34.25	36.25	36.25

Parks and Recreation Department Goals

To attract and retain young professionals through the utilization and enhancement of parks, trails and recreational programming.

Parks and Recreation Department 2018 Service Objectives

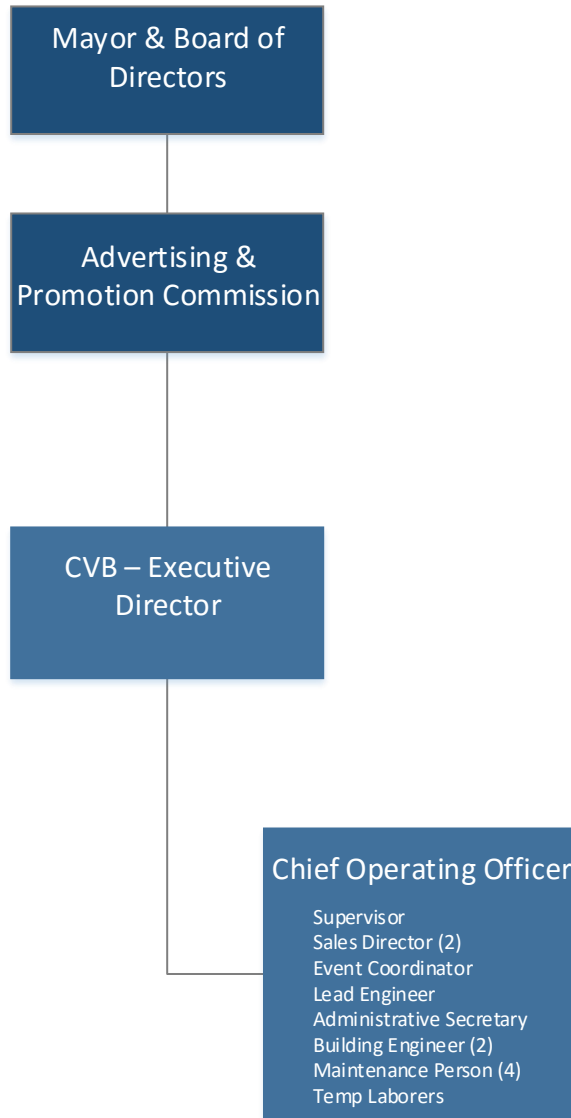
1. Continue to meet the goals of the Capital Improvement Plan through dedicated funding of the sales and use tax. (Comprehensive Plan: NCR-1)
2. Promote Riverfront development by constructing a fishing pavilion and parking lot expansion at Fort Smith Park. (Comprehensive Plan: FLU-2.3)
3. Continue to develop a continuous and connective trail system throughout the community. (Comprehensive Plan: FLU-3.2.3)
4. Expand the role of parks by developing a healthy living campaign, "Fit in the Fort". (Comprehensive Plan: Goal NCR-4)

5. Maintain open communication between the City, the CBID, the Parks Commission, and residents through participation in public programs. (Comprehensive Plan: PFS-2.2)
6. Improve accountability and performance measurement of our budget by including key performance indicators for the Parks Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target
6201 Parks Maintenance	Mow each park on a seven-day turnaround during the mowing season (approx. 24 weeks).	17	17		17
6202 Oak Cemetery	Mow the cemetery weekly during the mowing season (approx. 24 weeks).	24	24		24
6204 Community Centers	Maintain the same number of hours reserved.	4,521 Hours	5,084 Hours		5,084 Hours
6205 Aquatics	Maintain the same revenue to expense ratio.	40%	45%		45%
6206 Riverfront/Downtown	Increase the number of hours reserved by 3%.	3,602 Hours	4,062 Hours		4,184 Hours
6207 The Park at West End	Maintain the same level of revenue.	20,892	22,575		15,000



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 FY18 Budget is more than the FY17 Budget. The increase is due to additional in capital requests. The City General Fund will provide a transfer of \$777,000 to the Convention Center in FY18 as it did in FY17.

The Convention Center has 13.50FTE positions for FY18 which is consistent with FY17.

CONVENTION CENTER	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 809,903	\$ 800,800	\$ 803,373	\$ 867,638	\$ 867,638
Operating Expenditures	<u>516,884</u>	<u>635,540</u>	<u>679,373</u>	<u>673,595</u>	<u>673,595</u>
Operating Budget	\$ 1,326,787	\$ 1,436,340	\$ 1,482,746	\$ 1,541,233	\$ 1,541,233
Capital Outlay	<u>21,662</u>	<u>39,600</u>	<u>39,568</u>	<u>117,500</u>	<u>117,500</u>
Budget Appropriation	\$ 1,348,449	\$ 1,475,940	\$ 1,522,315	\$ 1,658,733	\$ 1,658,733
Authorized Positions	13.50	13.50	13.50	13.50	13.50

Convention Center 2017 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.
 - Make 40 contacts per week with local, state, regional or national organizations. Prospect at least 15 new organizations per week to qualify potential future meetings and events business.
 - Conduct a minimum of 22 site tours each month.
 - Hold a pre and post conference meetings with all key client meeting planners to determine customer satisfaction and to maintain current client base.
2. Next to customer service, operational efficiencies will be a top priority for every member of the staff. Each team member will establish ongoing programs in their areas of responsibility to ensure maximum operational efficiencies throughout the Center.
 - Follow an annually revised/updated ongoing facility and equipment maintenance procedures manual.
 - Completing all critical facility repairs within 12 hours and all other repairs within 72 hours.
 - Resolve all facility cleanliness issues immediately when possible or within 24 hours.
3. Continue to capitalize on working relationship with the Convention and Visitors Bureau with regards to integrated marketing of the Convention Center. The partnership allows The Fort Smith Convention Center to be better poised to achieve brand recognition, credibility and greater market share. We will continue to emphasize this partnership in our marketing strategies to maximize our customers' understanding of the benefits and opportunities this partnership creates.

- Maximize advertising dollars by co-advertising and tradeshow participations with the Fort Smith Convention and Visitors Bureau by exhibiting in at least five annual convention tradeshows per year to secure leads. Conventions to attend: CMCA (Christian Meetings & Conventions Association), ASAE (Arkansas Society of Association, Executives), Meetings Quest, Small Markets and National Guard of Arkansas Association convention.
 - Track and follow up with leads from various tradeshows to ensure lead quality level and gain business for the Convention Center.
 - Co-advertising in industry publications with the Fort Smith Convention and Visitors Bureau.
4. The Fort Smith Convention Center will create a positive economic impact on the community by providing quality public assembly, exhibit, theatrical performance and meeting facilities. The result will be thousands of meeting/event attendee, spending their money in our immediate area. A thriving Convention Center increases business for the local hospitality service and restaurant sectors capturing revenue that would not be there otherwise.
 5. The Fort Smith 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 alternate venue based upon affordability.
 - Continue to offer promotional, reusable spill resistant/proof souvenir cups through concessions and beverage operations at public events to encourage beverage revenue growth and to promote the Convention Center.
 6. Continue administering the client survey ‘report card’ program designed to gather feedback about Convention Center service levels and quality of facilities from our clients. Achieve minimally a 25% client response rate; meaning that we receive a report card completed by the client for at least 25% of our events. Maintain an overall score showing that the Convention Center ‘meets or exceeds’ expectations 95% of the time in all areas of the sales & planning process and operations areas.
 7. In conjunction with the CVB staff, the Convention Center Sales staff will populate the Event Impact Calculator with appropriate event details within three months following the event’s conclusion. This objective will ensure the A and P Commission’s goal of producing/publishing measurable local/regional economic impact data in a timely fashion, periodically annually.

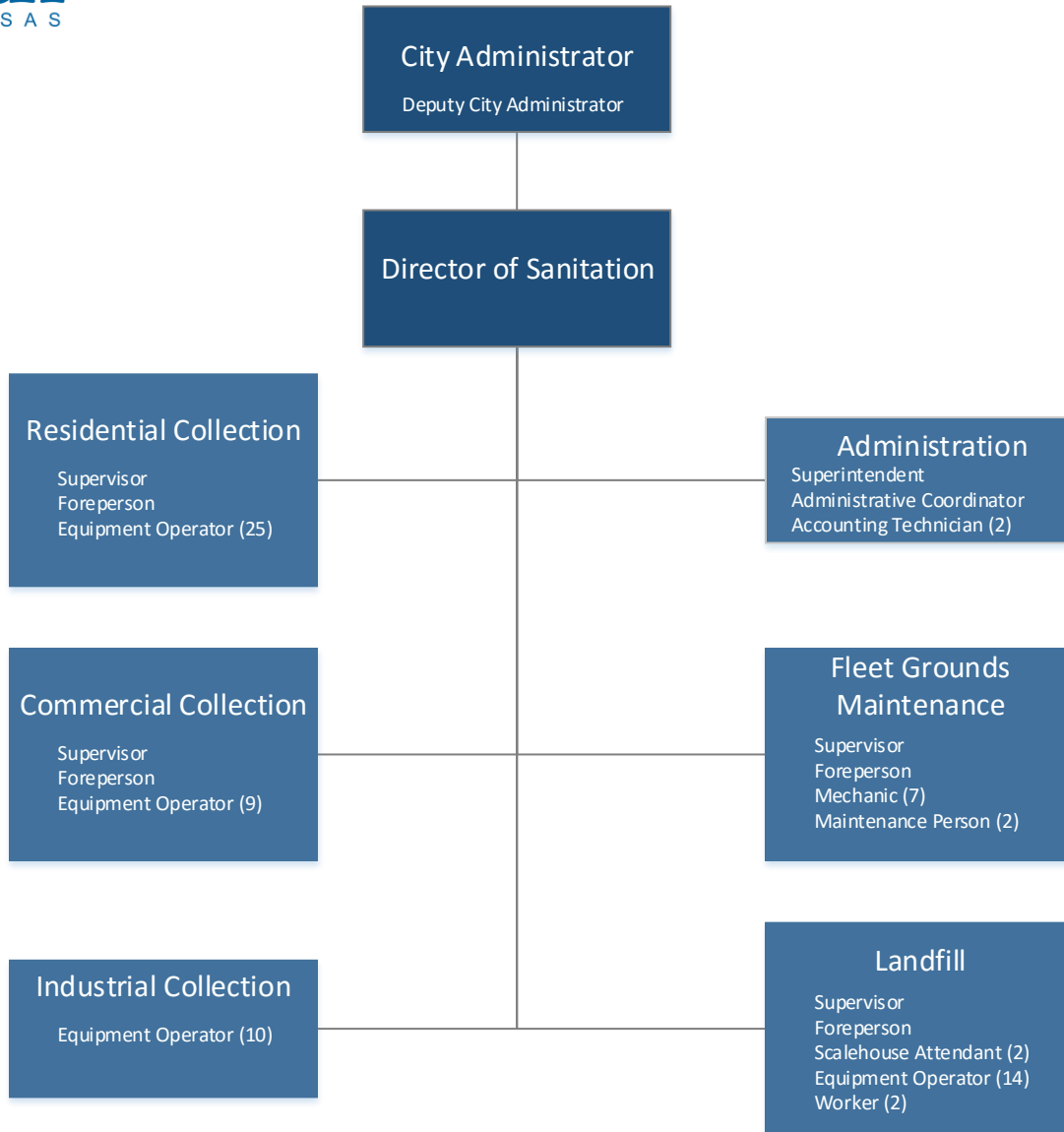
REVENUE GOALS FOR 2018

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

36	Large Center Programs/Concerts	\$130,000.000
14	Exhibits and/or Tradeshows	\$97,000.00
9	State Conventions/Meetings/Events	\$53,000.00
9	Regional/National/Conventions/Meetings/Events	\$46,000.00
75	Local Events	\$149,500
57	Theater Events	\$134,500.00
200	Events	\$610,000
	Catering/Concessions/Vending/Beverages	\$79,000.00
	Total	\$689,000.00



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 seven programs: 6301 Administration, 6302 Residential Collection, 6303 Commercial Collection, 6304 Fleet Maintenance, 6305 Sanitary Landfill, 6307 Industrial Collection and 6308 Waste Reduction.

The Department manages and coordinates the solid waste collection and disposal system within the Solid Waste Management District. The Department manages the recyclables program, coordinates construction of landfill expansions, provides collection service for residential, commercial, and industrial accounts for solid waste and recyclables and provides for disposal of solid waste.

The FY18 Budget is consistent with the FY17 Budget as well as the 86.75FTE positions for FY18 is consistent with FY17.

SANITATION	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 4,245,654	\$ 4,351,612	\$ 4,150,587	\$ 4,528,828	\$ 4,528,828
Operating Expenditures	<u>2,698,024</u>	<u>5,172,917</u>	<u>3,640,404</u>	<u>5,722,470</u>	<u>5,722,470</u>
Operating Budget	\$ 6,943,678	\$ 9,524,529	\$ 7,790,991	\$ 10,251,298	\$ 10,251,298
Capital Outlay	<u>1,174,582</u>	<u>739,524</u>	<u>699,616</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 8,118,260	\$ 10,264,053	\$ 8,490,606	\$ 10,251,298	\$ 10,251,298
Authorized Positions	85.00	86.00	88.00	86.75	86.75

Sanitation Department 2018 Service Objectives

1. Implement policy, procedure, and planning strategies derived from the economic analysis of the department performed by the city's consultant in 2017. The city contracted with Arcadis to provide a financial planning model, a cost of service study, rate design and analysis, and operational and strategic planning guidance in 2017. For 2018, it is anticipated that the department will implement policies and procedures as suggested by this work in order to achieve efficiency in operations and provide sound financial planning to ensure the sustainability of the Sanitation Fund.
2. Implement a structured equipment replacement plan that addresses all equipment needs of the department's various divisions. This includes evaluation of a lease program, and the evaluation of converting the collection fleet to alternative fuels such as Compressed Natural Gas. A specific product from the work performed by Arcadis in 2017 will be a comprehensive equipment replacement plan based on the city's current method of purchasing its own equipment. Since the Finance Department is leading the discussion of a potential operating lease for the city's fleet (of passenger/service vehicles), the Sanitation Department (and other departments) should evaluate similar leasing programs that could facilitate the department's collection vehicles. Any discussion of equipment replacement will include the feasibility of alternate fuels.
3. Increase participation in the household curbside recycling program, and the industrial cardboard/office paper collection program, determine and implement a plan for sorting single-stream recyclable material locally, and solidify the city's position regarding planning for a Material Recovery Facility (MRF) at the department's landfill. For the last several years, the department has collected approximately 300 tons

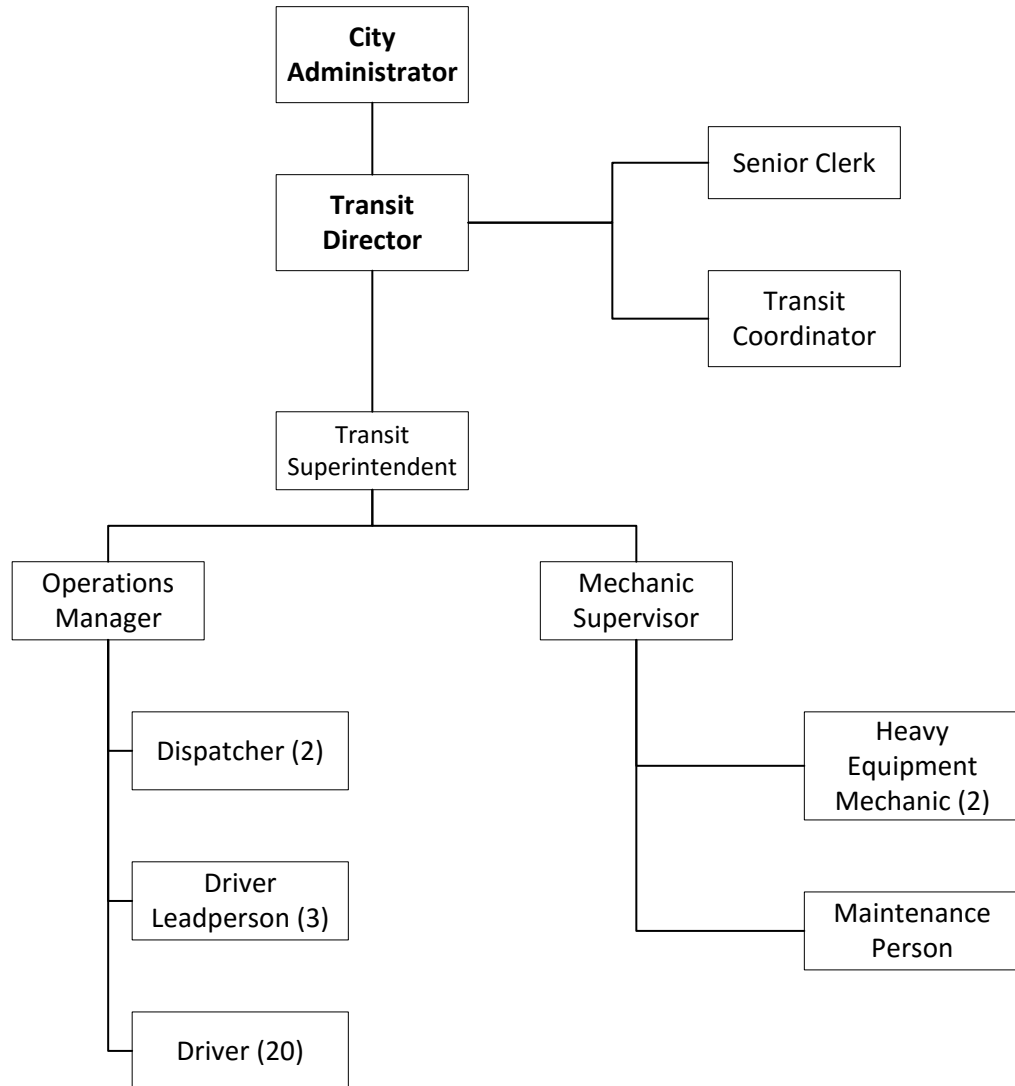
per month from the household curbside recycling program, and about 80 tons per month of OCC/SOP. We have learned in 2017 that the volume of material is vital to the success of a recycling program. The volume of single-stream is attractive to recyclers, and the volume of OCC/SOP is attractive because of its relative value when sold for reuse. The key to overall success will be the ability to sort the single stream material locally and deliver it to market as a revenue source, just as we are doing with the OCC/SOP. A continuous stream of public education will be vital to the success and expansion of the city's recycling programs, specifically geared at restoring the public's trust in the department and the recycling program.

4. Continue refinement of the Residential Collections division in the interest of efficient service delivery to all residents. The department recognizes that the city has growth areas that will demand expansion of the residential collection services. The Residential division will work to incorporate new service areas, and evaluate all the collection routes to maximize efficiency of the collection of solid waste, curbside recycling, and yard waste.
5. Increase the customer base/market share of the Industrial/Commercial collections divisions. The Commercial Collections and Industrial/Roll-off divisions must provide excellent service to maintain their customer base, as these divisions compete with private haulers to obtain these commercial and industrial accounts. The divisions focus on customer service and reliability, as they realize they can't always offer the cheapest collection rates. The Commercial division secured the service account for the Fort Smith Public Schools starting October 1, 2017, and it will be important to the Sanitation Department's community credibility to provide that customer, along with all of the division's customers, with excellent and dependable customer service.
6. Maximize efficiencies in managing the landfill operations and the overall landfill property to extend the life of the facility and accommodate the needs of other city departments. The Landfill Division of the department will continue Master Planning the landfill facility to ensure that the department's needs are met for the next several years. The landfill's Operating Plan on file with ADEQ is outdated and needs to be updated in 2018, and the specific plan for landfill operations over the next five years is in development, which will determine how, where, and when the next landfill cell needs to be constructed. While property at the landfill seems plentiful, the department is finding that planning the overall use of the property by the Sanitation Department, as well as other interested parties such as the Fire Department, Police Department, Utilities Department, and the Parks Department (and potentially others) is difficult, and master planning the facility is required.
7. Manage the fleet and grounds maintenance in a responsible and strategic manner. The Fleet & Grounds Maintenance division is responsible for maintaining the department's equipment and facilities in a responsible, efficient, and proactive manner. Increasing the accountability for preventative maintenance of the department's equipment, and acquiring the capability of performing more comprehensive equipment diagnostics will be important to increasing the efficiency of this division. The department will continue to evaluate the needs of this department in 2018, as discussion around a consolidated and comprehensive maintenance shop has started. Such a shop would be able to facilitate all city equipment, including heavy equipment and fire apparatus, that are not currently covered by the shops at Utilities or Transit. This is a long-term discussion, and will be impacted somewhat by the direction the city elects to go with the fleet and equipment leasing programs.
8. The department's Administrative Services division is responsible for scale house operations and the overall financial accountability of the Sanitation Department. The division, which has seen significant staff turnover in the last two years, including the current vacancy in the department director position, continues to evaluate its operations to assure that the department complies with its reporting to

regulatory agencies and accountable for its finances. The Administrative Services division also facilitates public relations for the Sanitation Department, including advertising and social media outreach.

Key Performance Indicators					
Program	Performance Measure	FY 2017 Target	FY 2017 Actual to 9/1/17	FY 2018 Target	FY 2018 Actual
6302 Sanitation	Tons of Residential Recyclables Diverted from the Landfill sent to a recycle center	21420 CY (why CY) Chgd to tons	270.14 sent to recycle ctr 2029.16 collected	3600 tons collected	
6302 Sanitation	Tons of Residential Yard waste Diverted from the Landfill	30500 CY (why CY) Chgd to tons	1956.34 collected by Res. Collect.	2500 tons collected	
6302 Sanitation	Residential Collections Serviced by the Trouble Shooter Per Day	225	27 avg. per day 918 YTD	25/day average 900 annual	
6303 Sanitation	Tons of Commercial Recyclables Diverted from the Landfill	9,265	575.71 OCC 208.13 OpGo 835.57 White Goods/Metal	1000 tons of OCC/SOP	
6302, 6303, 6307 Sanitation	Gallons of Diesel Fuel Consumed per 1,000 Customers (Residential, Commercial, Industrial Collections)	820	133,121.10/30.01 (Res, Com, Indus)=4,435.89 gal per 1,000	4250 gallons per 1,000 customers	
6302 Sanitation	Residential Accounts	27,957	28,219	28,500 residential	
6302 Sanitation	Requests for Dial-A-Truck	4,515	3,500	3,500 requests	
6303 Sanitation	Commercial Tons Collected Per Week	403	321.66	350 tons	
6303 Sanitation	Commercial Tons Collected Per Year	20,000	11,258.08	12,500 tons	
6307 Sanitation	Industrial Roll-Off Tons Collected Per Week	927	929.36	700 tons	
6307 Sanitation	Industrial Roll-Off Tons Collected Per Year	48,220	22,028	30,000 tons	
6305 Sanitation	Landfill Tons of Refuse Disposed of at Landfill Per Year	260,000	65,092.60	65,000 tons	
6305 Sanitation	Tons of Yard Waste Diverted from Landfill	9,500	2,121	3,000 tons	

Transit Department



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 18 buses on fixed routes and by demand response.

The FY18 Budget is \$110,953 or 2.98% more than the FY17 Budget. The increase is attributable to additional capital requests and 2% COLA.

Total personnel in the Department is 34FTE for FY18, an increase of one over FY17, due from an additional Driver Leadperson.

TRANSIT	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 1,641,769	\$ 1,663,110	\$ 1,612,619	\$ 1,770,251	\$ 1,770,251
Operating Expenditures	<u>460,726</u>	<u>546,660</u>	<u>490,764</u>	<u>482,270</u>	<u>482,270</u>
Operating Budget	\$ 2,102,496	\$ 2,209,770	\$ 2,103,383	\$ 2,252,521	\$ 2,252,521
Capital Outlay	<u>193,168</u>	<u>1,510,358</u>	<u>291,235</u>	<u>1,578,560</u>	<u>1,578,560</u>
Budget Appropriation	\$ 2,295,664	\$ 3,720,128	\$ 2,394,618	\$ 3,831,081	\$ 3,831,081
Authorized Positions	33.00	33.00	33.00	34.00	34.00

Transit Department 2018 Service Objectives

1. Acquire an automated scheduling software system that allows passengers the ability to manage all their ridership communication needs in person or online, which primarily includes booking trips, obtaining reports, as well as live bus tracking for demand response and fixed route buses. (Comprehensive Plan: Goal T1-4.1 and T1-4.2)
2. Enhance the department's safety through the development of a DOT Safety Plan, and heighten security through the modification of the department's existing security camera systems. (Comprehensive Plan: HN-1.7 and TI-4.2)
3. Enhance passenger amenities by providing additional bus stop shelters along fixed route corridors. (Comprehensive Plan: Goal PFS-4.2 and TI-4.2)
4. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Key Performance Indicators					
Program	Performance Measure	FY 2016 Actual	FY 2017 Target	FY 2017 Actual Jan-Jun	FY 2018 Target
6550- Transit	Total Ridership	190,418	210,000	95,750	205,000
6550- Transit	Cost Per Passenger	11.04	10.25	10.19	10.42
6550- Transit	Cost Per Hour	67.60	70.00	63.25	68.93
6550- Transit	Demand Response on Time Performance - Appointments	99.69	100.00	99.79	100.00
6550- Transit	Demand Response on Time Performance - Non Appt. (Late Only)	96.00	100.00	96.25	100.00

Non-Departmental

NON-DEPARTMENTAL	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenditures	<u>3,517,662</u>	<u>3,480,657</u>	<u>3,647,907</u>	<u>3,968,936</u>	<u>3,968,936</u>
Operating Budget	\$ 3,517,662	\$ 3,480,657	\$ 3,647,907	\$ 3,968,936	\$ 3,968,936
Capital Outlay	<u>1,589,222</u>	<u>1,918,066</u>	<u>1,724,017</u>	<u>3,229,019</u>	<u>3,229,019</u>
Budget Appropriation	\$ 5,106,883	\$ 5,398,723	\$ 5,371,924	\$ 7,197,955	\$ 7,197,955
Authorized Positions	0 . 0 0	0 . 0 0	0 . 0 0	0 . 0 0	0 . 0 0

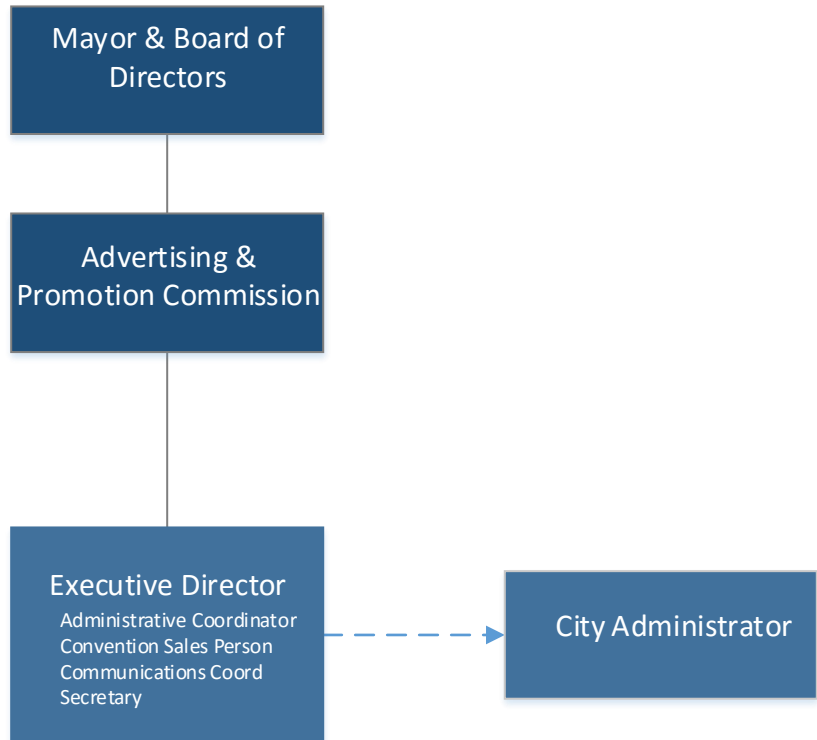
The Non-Departmental budget contains funds for a variety of activities and programs which are not related to any one of the traditional departmental programs.

Funds are 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.



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 FY18 Budget is \$96,383 or 11.6% more than the FY17 Budget. Increase is largely due to additional Operating costs.

The FY18 positions for the Department is 5FTE, consistent with FY17.

CONVENTION & VISITORS BUREAU	ACTUAL FY 16	BUDGET FY 17	ESTIMATED FY 17	BUDGET FY 18	BUDGET FY 19
Personnel Expenditures	\$ 344,977	\$ 356,598	\$ 351,211	\$ 370,050	\$ 370,050
Operating Expenditures	<u>392,350</u>	<u>471,780</u>	<u>409,628</u>	<u>554,711</u>	<u>554,711</u>
Operating Budget	\$ 737,327	\$ 828,378	\$ 760,839	\$ 924,761	\$ 924,761
Capital Outlay	<u>12,710</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Appropriation	\$ 750,037	\$ 828,378	\$ 760,839	\$ 924,761	\$ 924,761
Authorized Positions	5.00	5.00	5.00	5.00	5.00

Convention and Visitors Bureau 2018 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, utilizing our "History" brand whenever appropriate.
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 local tax base and thus quality of life for area citizens.
3. Continue to build upon 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 Museum and National Learning Center in Fort Smith. Stay abreast of museum developments in order to update customers as to status with much more confidence. Continue planning to adjust our marketing efforts to feature all above referenced features as primary attractions in the region as they develop, relying on

our “History” brand whenever appropriate. 2018 messages should include the addition of new venue Temple Live.

8. Ongoing refinement of the communications program to maximize Fort Smith’s exposure to all target audiences through standard marketing practices in print and relying more heavily on the worldwide web, utilizing on our “History” brand whenever appropriate.
9. Continue to grow our presence in all versions of internet social media vehicles. Take maximum advantage of web and mobile sites to deliver our messages.
10. Place top priority on responding 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 as active a role as possible in guaranteeing the continued availability of quality meeting and exhibit space and service at the Fort Smith Convention Center, the Kay Rodgers Park Expo facility, Temple Live and any other quality function space that may be developed.
12. Place an increased emphasis on the rebooking of successful events, particularly those that comprise a two state region of attendees of Arkansas and Oklahoma memberships, taking full advantage of our geographic location as a “border” destination.
13. Capture, on a regular basis, post event statistics for use in the Event Impact Calculator to maximize our knowledge of the economic value of hosted events.
14. Continue to expand our direct sales methods to sell to the sporting events market now that expanded facilities are available.
15. Continue to pursue educational travel groups in anticipation of the US Marshals Service National Museum and National Learning Center.
16. Branch out into the Dallas market, which is our #2 “feeder city.”
17. Place more reliance on digital media to reach our target audiences.



CAPITAL IMPROVEMENT PROGRAM

This section includes highlights of the City's FY18 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 FY18. 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.

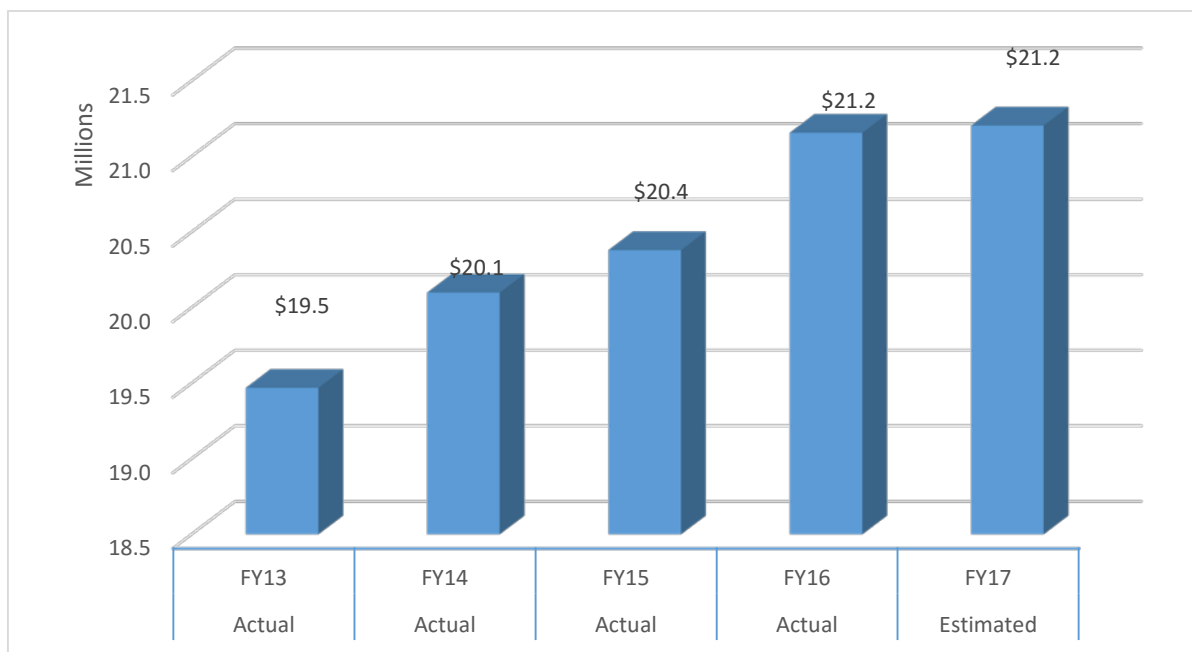
Sales Tax Fund

The Board of Directors approved the five year Capital Improvement Program (CIP) for the Sales Tax Fund November 7, 2017. The FY18 CIP for the sales tax street program was included in the approval document Resolution No. R-163-17.

Funding for the program is provided by a one cent local sales tax which was approved by voters in September 1985 and became effective November 1, 1985. The tax was reaffirmed on October 10, 1995 and May 10, 2005 for an additional ten years. The citizens voted 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 2018 is \$21.2 million which represents no change from the estimated 2017 sales tax revenue. Interest earnings and other revenue for 2018 are estimated at \$800,000 and the beginning fund balance is estimated to be \$30.9 million. Therefore, total resources available for 2018 are \$53.4 million. Of this amount, \$23.4 million is estimated as the ending fund balance at December 31, 2018, which represents funds available for contingency and for future years' projects. Total project funds available are \$29.9 million and will be used for the 2018 program allocated as follows:

FY18 Program:	(in millions)
Neighborhood Overlays and Reconstruction	\$ 4.7
Neighborhood Drainage Improvements	8.4
Intersection Signal Improvements	2.2
Multi-Year and/or Major Projects	10.6
Special Projects	1.1
Administrative Costs	2.5
Overlays by Street Department	0.4
	<hr/>
	<u>\$ 29.9</u>

The 2018 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>
10TH STREET	CRESTON	END OF ROAD	650	\$ 128,917
BOYS CLUB LNE.	END OF ROAD	END OF ROAD	1109	272,321
BRAZIL AVE.	JENNY LIND RD.	BOYS CLUB LN.	285	64,600
JENNY LIND RD.	AMHEARST CR.	CAVANAUGH RD	655	222,700
EDINBURGH DR.	BROOKEN HILL C	BRYN MAWR CR.	1823	464,865
CROXTED RD.	GLEN FLORA WA'	BROOKEN HILL I	1089	277,695
ATLANTA ST.	TOWSON AVE.	14TH ST.	672	114,240
COUNTRY CLUB AVE.	JENNY LIND RD.	END OF ROAD	733	110,764
60TH ST.	BOSTON ST.	ATLANTA ST.	303	51,510
ATLANTA ST.	60TH ST.	END OF ROAD	172	43,860
59TH ST.	DALLAS ST.	BOSTON ST.	510	130,050
DALLAS ST.	58TH ST.	END OF ROAD	896	228,480
VICKSBURG ST.	17TH TER.	JENNY LIND RD.	754	185,149
WACO ST.	17TH TER.	JENNY LIND RD.	728	185,640
17TH TER.	WACO ST.	VICKSBURG ST.	179	45,645
24TH ST.	ZERO ST.	PHOENIX AVE.	4001	925,225
XAVIER ST.	24TH ST.	28TH ST.	1579	268,430
NORTH ST.	29TH ST.	31ST ST.	650	110,500
31ST ST.	6TH ST.	SPRADLING AVE	1354	230,180
50TH ST.	SPRADLING AVE.	MIDLAND BLVD.	3026	628,736
WARNER ST.	N 33RD ST.	N 34TH ST.	319	48,204
CARNES AVE.	N 32ND ST.	N 34TH ST.	636	108,120
N 34TH ST.	CARNES	DIVISION ST.	877	99,393
SKYWOOD DR.	N 50TH ST.	N 46TH TERRACI	1468	374,340
N 48TH CIRCLE	SKYWOOD DR.	END OF ROAD	179	45,645
N 4TH ST.	N B ST.	N F ST.	1046	296,367
S 9TH ST.	SOUTH A ST.	SOUTH D ST.	1050	297,500
S E ST.	WHEELER AVE.	END OF ROAD	1863	422,280
41ST ST.	FREE FERRY LN.	PARK AVE.	853	145,010
FREE FERRY LN.	41ST ST.	ALBERT PIKE AVI	500	85,000
N 46TH ST.	PARK AVE.	END OF ROAD	639	108,630
SOUTH U ST.	HENDRICKS BLV	40TH ST.	653	111,010
SOUTH Y ST.	STATE LINE RD.	WHEELER AVE.	2000	491,111
WELLS LAKE RD.	BOST DR.	FRONTIER BLVD	6970	1,448,211
FT. CHAFFEE BLVD.	WARD AVE.	TAYLOR AVE.	800	188,889
WARD AVE.	TAYLOR AVE.	FT. CHAFFEE BL'	670	164,522

Total 2018 Street Overlay/Reconstruction Program	\$ 9,123,739
Projects to be included in 2019	(8,123,739)
Balance of 2017 Projects Currently Under Construction	<u>3,693,491</u>
Total 2018 Street Overlay/Reconstruction Program	<u>\$ 4,693,491</u>

There is \$8.4 million of prior year projects to be completed during FY18.

Multi-year and major projects FY17 are described as follows:

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 (COE). The City continues to lobby for federal funding to assist with the project as the total cost exceeds \$30 million. The most downstream section of the project (from approximately North 7th Street to the river) is being funded entirely with City funds with an agreement that the City's costs would be credited towards the future cost sharing on the project when federal funds become available. However, the COE has advised that their revised estimated cost for this lower reach is over \$32 million and it is very unlikely the City would receive any federal credit as the cost to benefit ratio is not greater than one. The COE also notes that extrapolating this lower reach cost estimate to the total project cost results in a total revised estimated cost of \$65 million which is more than double the \$30.85 million authorized for the project. We are currently revisiting the COE design to look for possible cost reductions and also to review alternative methods to reduce the flooding including potential stormwater detention ponds and/or purchasing repetitive properties. This evaluation is expected to be completed in the next couple of months. The proposed CIP still contains funding for the May Branch project in the amount of approximately \$13 million. Once the evaluation is completed, it will provide guidance on how to proceed.

FCRA Development –

This work includes the construction of the additional two lanes to complete the four lane boulevard section of Massard Road extending south of Zero Street approximately 5,600 feet. The project also includes the installation of a traffic signal at the intersection of Massard Road and McClure Drive.

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 completion of a downtown traffic impact study to be completed in 2018 by the 64.6 Downtown group and the Frontier Metropolitan Planning Organization.

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 sports fields on the city's 51 acre tract. The construction of this section was completed in June 2017.

Kelley Highway Extension to Riverfront Drive -

This project is for the reconstruction and widening of Kelley Highway to a three lane section from Midland Boulevard to Riverfront Drive. This extension of Kelley Highway will provide a direct route between I-540 and the riverfront area. The engineering design is approximately 70% complete. The design will be completed in 2018, with ROW acquisition and utility relocation following in 2019 and 2020. Construction is scheduled to begin in 2021.

Geren Road Reconstruction -

This project is for the reconstruction and widening of Geren Road between Highway 45 and 58th Street. Plans are 90% complete with ROW acquisition remaining. This project has significant utility adjustments which include a major electric transmission lines along the south, a high pressure gas line along the north side and fiber optic lines throughout the corridor. Relocation of the franchise utilities have been ongoing this past year. Road construction is scheduled to begin in late 2018 and extend into 2019.

Jenny Lind Road - Zero to Cavanaugh -

This project includes improvement to Jenny Lind Road between Zero and Cavanaugh Road. It also includes improvements to Ingersoll Avenue from U.S. Highway 271 to Jenny Lind and the extension of Ingersoll Avenue from Jenny Lind to U.S. Highway 71B. This project is approximately two-thirds complete with construction scheduled for completion in Spring 2018.

Zero Street Widening -

This project is for the widening and realignment of Zero Street (Hwy 255) from just west of Massard Road to its new alignment with Frontier Road. The project is being cost shared with the Arkansas Highway and Transportation Department, City of Barling, Fort Chaffee Redevelopment and the City of Fort Smith. Construction is expected to begin in 2020.

Highway 45 Widening-Zero Street to Highway 71 -

This project is the widening of Highway 45 between Highway 255 (Zero Street) and Highway 71. The project also includes the installation of a traffic signal at the intersection of Highway 45 and Planters Road. The project is a collaboration between the City of Fort Smith, Sebastian County and the Arkansas Department of Transportation (ArDOT). Construction is expected to begin in 2020. ArDOT's cost estimate for the total project is \$16 million. The City and Sebastian County are providing funding in not to exceed total amounts of \$4 million and \$1 million, respectively.

Intersection Signal Improvements total \$2.2 million for FY18, which includes \$900,000 in remaining work for ongoing traffic signal projects. These improvements include the replacement of two intersections; Grand Avenue at North 32nd Street and Grand Avenue at North 39th Street, at an estimated cost of \$400,000.

This item also includes intersection improvements as identified below:

North 50th Street and Kelley Highway –

This project includes widening of North 50th Street to allow for a center left turn lane extending approximately 800 feet North of Kelley Highway. It also includes reworking of the driveway to Sutton Elementary School so that it is located further away from the intersection with Kelley Highway. Estimated cost for this work is \$900,000.

South 66th Street at Phoenix Avenue –

This project includes widening of South 66th Street to allow for a center left turn lane extending approximately 400 feet North of Phoenix Avenue. Estimated cost for this project is \$400,000.

Zero Street (Highway 255) at Massard Road –

This project includes widening of Zero Street for approximately 600 feet to extend the existing eastbound right turn lane to Massard Road. The pavement section is being designed to accommodate the major widening of Highway 255 by ArDOT which is scheduled to begin in 2020. Estimated cost for this project is \$250,000.

Special projects are various street related improvements and studies and include the following for FY18:

Traffic Studies	\$ 25,000
Railroad Crossing Panels	375,000
Asphalt Surface Treatments	500,000
Contingency	<u>212,800</u>
	<u>\$ 1,112,800</u>

Administrative- costs for in-house engineering services and administration services total \$2,450,000.

Overlays provided by the Street Maintenance department will total \$350,000 for 2018.

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January	\$ 1,885,800	\$ 2,023,594	\$ 2,077,772	\$ 2,148,054
February	1,456,416	1,578,720	1,563,949	1,578,223
March	1,634,580	1,634,517	1,810,472	1,676,636
April	1,702,331	1,852,298	1,720,140	1,861,668
May	1,502,359	1,677,557	1,577,485	1,708,967
June	1,845,608	1,744,672	1,752,139	1,762,883
July	1,634,754	1,810,264	1,891,283	1,848,912
August	1,653,311	1,691,177	1,854,668	1,798,130
September	1,727,997	1,703,731	1,720,017	1,637,569
October	1,681,925	1,227,122	1,772,029	1,745,759
November	1,711,041	1,715,825	1,681,413	1,664,711
December	<u>1,662,892</u>	<u>1,720,676</u>	<u>1,735,242</u>	<u>1,772,630</u>
Totals	<u>\$ 20,099,014</u>	<u>\$ 20,380,153</u>	<u>\$ 21,156,609</u>	<u>\$ 21,204,143</u>
Y-T-D % Change	3.2%	1.4%	3.8%	0.2%

The following schedule reflects the proposed current year projects for the sales tax program for the years 2018 through 2022 (in millions):

Improvements	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Neighborhood Overlays and Reconstruction	\$ 4.7	\$ 9.1	\$ 9.0	\$ 9.0	\$ 9.0
Neighborhood Drainage Improvements	8.4	3.8	2.0	2.0	2.0
North B Truck Route Intersection and Signal Improvements	1.0	0.7	-	-	-
Spradling Extension at Riverfront Drive	2.2	0.4	0.4	0.4	0.4
Kelley Highway Extension to Riverfront Drive	0.0	-	-	-	-
Jenny Lind-Zero to Cavanaugh	0.2	0.5	0.6	4.0	8.7
Geren Road Construction	5.6	0.0	0.0	-	-
Zero Street (Highway 255)	1.5	5.0	-	-	-
May Branch Drainage	0.0	4.0	0.0	0.0	-
FCRA Development	0.5	0.5	4.0	4.0	4.0
Highway 245 Widening South of Zero	1.8	1.9	0.5	0.5	0.5
Railroad Crossing Panels	0.0	-	3.3	0.0	0.0
Overlays by Street Department	0.4	0.2	0.2	0.2	0.2
Asphalt Surface Treatments	0.4	0.4	0.4	0.4	0.4
Engineering & Other Department	0.5	0.0	2.5	2.5	2.5
Contingency	2.5	2.5	2.5	2.5	2.5
	0.2	0.2	0.2	0.2	0.2
Total	<u>\$ 29.9</u>	<u>\$ 29.1</u>	<u>\$ 23.1</u>	<u>\$ 23.2</u>	<u>\$ 27.9</u>

Impact on 2018 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 \$2.5 million in FY18. The program also reimburses the Street Maintenance Fund approximately \$380,000 for its assistance for various project. For FY18, \$25,000 is allocated for traffic studies.

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. Funding for years 2018 through 2022 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:

Water Projects (6505)	2018	2019	2020	2021	2022
Lee Creek Scrubber - Replace Caustic in Tank (every 5 yrs \$	20,000	\$ -	\$ -	\$ -	\$ -
Lake Fort Smith 48-inch Transmission Line Phase 2	-	-	-	15,500,000	15,500,000
Water Tank Painting (Luce Reservoir)	-	1,400,000	-	-	-
Lee Creek Drive Replacement	750,000	-	-	-	-
Lee Creek Recirculation Pumps Rebuild 7 pumps	80,000	-	-	-	-
Massard Pump Station Roof Replacement	25,000	-	-	-	-
Lake Fort Smith - Replace Intake Roof	150,000	-	-	-	-
Lake Fort Smith - Equipment Cover for Chemical Systems	40,000	-	-	-	-
Replace State Line Road Booster Pump Station	200,000	-	-	-	-
Lee Creek Chlorination System	30,000	-	-	-	-
Annual Water Plant and Supply Improvements	250,000	250,000	250,000	250,000	250,000
Tennessee Road 12" Water Lin	-	245,200	1,640,000	1,640,000	-
Jack Freeze Standpipe and Brooken Hill Waterline	500,000	3,500,000	-	-	-
Drive Replacement (1,Finished Water) (Convert Constant Drive to VF	270,000	-	-	-	-
Replace 24 in line N. MSt to Towson and S. I St.	-	500,000	3,130,000	2,500,000	-
Cedar Flat Stream Bank Restoration Lee Creek Watershed	180,000	-	-	-	-
Distribution repair, rehab repl a	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Equipment Maintenance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Construct Finish water pump st	-	1,000,000	10,000,000	-	-
Replace approx 300 fire hydran	-	1,800,000	-	-	-
Water Tank Painting	-	400,000	400,000	400,000	575,000
Chaffee Crossing, relocate 510	-	140,000	1,860,000	-	-
LFS 48 transmission line Ph 3	-	-	1,925,000	-	-
Howard Hill ground storage & tr	-	800,000	-	5,350,000	5,350,000
Frog Bayou/Stream Bank Resto	-	291,000	-	-	275,000
Valve Position Replacement	-	15,000	25,000	25,000	-
Lee Creek - 4 Lime Mixer Motors (replace every 2 yrs.	-	4,000	-	4,000	-
Moody Pump Station Roof Repl	-	-	12,500	-	-
Fiana Hills Pump Station Roof I	-	-	12,500	-	-
Design 6 miles of 48 in line 40	-	-	1,000,000	-	-
Lake Fort Smith - Replace 196C	-	-	5,000,000	-	-
Mt Fork/Brown Stream Restorat	-	-	-	200,000	-
Replace 4900 ft of 10 in line Ver	-	-	-	500,000	-
Increas Treatment Plant Capac	-	-	-	1,000,000	5,000,000
Downtown Pressure Reducing	-	200,000	2,000,000	-	-
Total Water Projects	5,995,000	14,045,200	30,755,000	30,869,000	30,450,000

Wastewater Projects (6505)

Sunnymede Drive	\$ 22,000	\$ 25,000	\$ 25,000	\$ -	\$ -
Basin 12 Collection	-	2,000,000	2,000,000	2,000,000	2,000,000
Sub-Basin P004 Capacity	-	-	-	-	-
Annual Sewer Plant	250,000	250,000	250,000	250,000	250,000
Tractor Shed	-	24,000	-	-	-
Kelley Laboratory	-	124,490	-	-	-
Valve Positioner Replcmnt	-	15,000	25,000	25,000	-
Sub-Basins P002 & P003	4,500,000	4,500,000	1,000,000	-	-
P Street Wastewater	90,000	135,500	407,000	-	540,000
Massard Wastewater	2,415,000	150,000	625,000	1,400,000	38,408,333
Sewer Station #18	-	-	-	333,000	1,498,750
Sewer Station #20	-	-	-	80,000	360,000
Pump Station 5	1,200,000	5,078,250	5,078,250	-	-
Pump Station 6	720,000	3,199,750	3,199,750	-	-
Basin W001 Capacity	781,433	781,433	781,433	-	-
Basin 10 & 14 Capacity Improvements Phase 1	-	1,000,000	5,000,000	4,000,000	-
Basin 10 & 14 Capacity Improvements Phase 2	-	399,100	660,050	-	-
Basin FL01 Capacity	386,850	730,717	730,717	-	-
Basin FL02 Capacity	299,850	566,383	566,383	-	-
Skyline Estates Capacity Improvements	-	321,000	600,000	-	-
Phoenix Ave Capacity	-	190,050	358,983	-	-
Basin 12 Capacity Improvements	3,000,000	-	-	-	-
2015 SSA	-	-	-	-	-
2016 SSA	7,000,000	7,000,000	7,000,000	-	-
2017 SSA	1,200,000	10,000,000	7,000,000	7,000,000	7,000,000
2018 SSA	1,600,000	1,200,000	10,000,000	-	-
2019 SSA	-	1,600,000	1,200,000	10,000,000	-
2020 SSA	-	-	1,600,000	1,200,000	10,000,000
2021 SSA	-	-	-	1,600,000	1,200,000
2022 SSA	-	-	-	-	1,600,000
Chaffee Crossing Pump Station	-	-	-	-	200,000
Wastewater Projects Totals	<u>23,465,133</u>	<u>39,290,673</u>	<u>48,107,566</u>	<u>27,888,000</u>	<u>63,057,083</u>
Total Water and Wastewater CIP	<u>\$29,460,133</u>	<u>\$53,335,873</u>	<u>\$78,862,566</u>	<u>\$58,757,000</u>	<u>\$93,507,083</u>

Impact on 2018 Operating Budget:

There is no direct impact on the current year budget from the projects listed for 2018.

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 bonds 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.

Sanitation Sinking/Landfill Construction Fund

The Sanitation Sinking/Landfill Construction Fund is reserved for Capital Improvements and Equipment purchases. No equipment purchases are planned for 2018. Total capital transfers into the sinking fund total \$3,454,019.

Impact on 2018 Operating Budget:

The FY18 capital projects will not impact the FY18 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 2018 for improvements or equipment total \$25,531. These funds will be used for future years' capital needs.

Parking Authority Fund

No repairs are anticipated for the parking facilities in FY18.

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 2018-2022. Funding will be provided by the Parks 1/8% local sales tax.

	2018	2019	2020	2021	2022
Carol Ann Cross Park Improv	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Conversion of Tilles Wading Pool into Splash Pad	200,000	-	-	-	-
Conversion of Woodlawn Wading Pool into Splash Pad	200,000	-	-	-	-
Creekmore Park Parking Lot Resurf	100,000	-	-	-	-
Creekmore Park Tennis Court	-	-	275,000	-	-
Fort Smith Park Dog Park	50,000	-	-	-	-
Fort Smith Park Playground	200,000	-	-	-	-
Park Inclusion	-	100,000	75,000	100,000	200,000
Martin Luther King Skate Park Improvements	-	-	-	400,000	-
Matching Funds	-	100,000	200,000	250,000	250,000
Neighborhood Parks	-	-	-	300,000	300,000
Parrot Island Water Park	-	500,000	-	-	-
Riverfront Drive Skate & Bike	500,000	-	-	-	-
Riverfront Dr Sports Fields (51acres)	-	250,000	450,000	750,000	750,000
Stagecoach Park	-	-	-	150,000	-
Trails & Greenways	1,100,000	1,050,000	1,050,000	250,000	250,000
Wilson Park Improvements	-	100,000	-	-	-
Total	\$ 2,350,000	\$ 2,100,000	\$ 2,050,000	\$ 2,200,000	\$ 1,950,000

Impact on the 2018 Operating Budget:

Many of the current year projects are expected to have a favorable impact on the economy and enhance quality of life for citizens. Trails and Greenways program is designed to create an extensive network of trails across the city. Phase I construction will continue throughout 2019. The Riverfront Drive sports 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 FY18:

Building/Infrastructure Improvements -

Carnall Roof (5626)	250,000	
Carnall Windows (5626)	240,000	
Theatre Leg & Border Replacement (CC)	4,500	
Carpet (Phase 2)(CC)	50,000	
Theatre Lighting Instruments (CC)	8,000	
Bathroom Stall Divider (Phase 1 of 3)(CC)	10,000	
Commercial Kitchen Hood & Fire Suppression System (Addition)(CC)	45,000	
		<u>\$ 607,500</u>

Heavy Equipment -(Replacement unless noted otherwise)

Utility Bed (4801)(Addition)	7,000	
Concrete Truck (5304)	200,000	
5,000 pound Diesel Forklift (5521)	28,750	
		<u>\$ 235,750</u>

Water & Wastewater Plant & Systems

Electronic Cart for P Street Plant (Addition)(5603)	\$ 9,600	
Electronic Cart for Massard Plant (Addition)(5603)	9,600	
P Street RAS Pump Station HVAC (5603)	6,700	
Massard Heater in Filter Building (5603)	26,500	
P Street Sludge Facility Belt (5603)	12,000	
Electronic Cart for Lake Fort Smith (5604)	9,600	
Electronic Cart for Lee Creek Plant (5604)	9,600	
Meters and ERTs (5610)	2,250,000	
Brass Parts for Meters (5610)	1,000,000	
Meters and ERTs KEG Kleen Sight Camera Nozzle(Add)	27,490	
(2) Georgia Buggies (Addition)(5611)	16,560	
H65E Hammer with Quick Coupler & Mounting (Add)(5611)	16,558	
RX1575 Walk behind Trench Roller (Add)(5611)	33,800	
2018 CAT Excavator (5611)	102,844	
International 7500 SFA 6X4 (Add)(5611)	134,733	
17 foot Boat, Trailer & Motor (5625)	22,000	
		<u>\$ 3,687,585</u>

City Fleet-

Medium Capacity Boom Truck (5626)	281,000	
2 Small & 2 Medium Buses & 1 Trolley (6550)	180,000	
CNG Conversion for (4) Buses -(6550)	112,560	
		<u>\$ 573,560</u>

Miscellaneous Capital Outlay-

SCBA Facepiece Fit Tester	Fire - 4802	\$	11,000
Motorolla Consollette(Addition)	Fire - 4802		20,000
Forceable Entry Training Prop	Fire - 4804		8,500
Kelley Highway Camera System	WS - 5522		8,000
System Control Recorder	WS - 5522		35,700
Plotter	WS - 5523		10,000
PLC Upgrades Phase I(5626)	WS - 5626		200,000
SCADA Hardware (Phase I)	WS - 5626		75,000
SCADA Software Upgrade	WS - 5626		1,000,000
Press Brake (Addition)	WS - 5626		10,000
Lockout/Tagout	WS - 5626		30,000
Camera Server	WS - 5626		8,000
10 Passenger Shelters(Addition)	Transit - 6550		120,000
Scheduling Software	Transit - 6550		215,000
Advertising Sign Racks	Transit - 6550		10,000
Security Camera System -all facilitie	Transit - 6550		50,000
CNG Fueling Station (Addition)	Transit - 6550		870,000
AC Unit for Admin Building	Transit - 6550		9,000
Security Cameras for 2 Buses & 1 Ti	Transit - 6550		12,000
			<u>\$ 2,702,200</u>
			<u><u>\$ 7,806,595</u></u>

Reconciliation of Total Capital Outlay:

Capital Outlay -	
Operating Funds (see page 100)	7,689,095
Convention Center (see page 69)	117,500
Neighborhood Services (see page 119)	<u>0</u>
	<u><u>\$ 7,806,595</u></u>

In addition to the capital outlay purchased directly for the operating programs, the Streets and Traffic Control Department and the Sanitation Department provide annual depreciation for fleet replacements and additions. The depreciation allocation is transferred to a sinking account for each department and purchases are made from the sinking accounts. The annual depreciation funded by each department and the planned fleet purchases for 2018 are as follows:

Streets and Traffic Control:

2018 Depreciation	<u>\$ 535,000</u>
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Planned Fleet Purchases in 2018:

Replace 2005 Case 621D Loader - 5302	110,000
Replace 2001 Chevy 1 Ton Dump Truck - 5303	45,000
Replace 2002 Ford 1 Ton Dump Truck - 5303	45,000
Replace 2011 Case Tractor with Rear Flail Cutter - 5303	37,000
Replace 2011 Case Tractor with Rear Flail Cutter - 5303	37,000
Replace 2009 Elgin Street Sweeper - 5304	<u>115,000</u>
Total	<u>\$ 389,000</u>

Sanitation:

2018 Depreciation	<u>\$ 2,754,019</u>
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Planned Fleet Purchases in 2018:

Automated Sideload Packer 28CY (6302)	270,000
Rearloader Packer 13CY (6302)	150,000
Rearloader Packer 25CY (2) (6302)	470,000
Crew-Cab Pick-up Truck (6302)	42,000
Rearloader 32CY (6303)	250,000
Service Truck (6304)	100,000
Crew-Cab Pick-up Truck (6304)	42,000
Water Truck (6305)	138,000
Finish Dozer (6305)	145,500
Enviro-Cover 700 Alternate Daily Cover Deployer (6305)	88,810
Used Dirt Roller Compactor (6305)	100,000
Crew-Cab Pick-up Truck (6305)	42,000
Roll-off Compactor Units (6307)	<u>60,000</u>
Total	<u>\$ 1,898,310</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 53-54. Each fund's budget is presented on pages 58-66 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					Other Fund
	General Fund	Street Maintenance Fund	Water & Sewer Operating Fund	Sanitation Operating Fund	Street Sales Tax Fund	
Policy & Administrative Services						
4100 Mayor	40%	5%	34%	9%	12%	
4101 Board of Directors	28%	8%	37%	18%	9%	
4102 City Administrator	18%	8%	47%	20%	7%	
4201 District Court	100%	-	-	-	-	
4202 City Prosecutor	100%	-	-	-	-	
4203 Public Defender	100%	-	-	-	-	
4204 City Attorney	50%	25%	-	25%	-	
4206 District Court - State Division	100%	-	-	-	-	
4405 Internal Auditor	20%	5%	45%	20%	10%	
Management Services						
4104 Human Resources	35%	10%	35%	15%	5%	
4105 City Clerk	28%	8%	37%	18%	9%	
4301 Finance	18%	10%	42%	15%	15%	
4303 Collections	12%	5%	50%	30%	3%	
4304 Utility Billing/Customer Service	2%	5%	75%	17%	1%	
4306 Purchasing	30%	12%	37%	15%	6%	
4401 Information & Technology Svcs	37%	10%	30%	15%	8%	
6912 Parking Deck - Personnel	100%	-	-	-	-	
6921 Public Parking Deck	-	-	-	-	-	100% Parking Authority Fund
Development Services						
4103 Engineering	2%	5%	8%	-	85%	
4106 Planning & Zoning	65%	-	20%	-	15%	
4107 Community Development	-	-	-	-	-	100% CDBG Fund
4108 Building Safety	100%	-	-	-	-	
6900 Neighborhood Services	-	-	-	-	-	100% Cleanup / Demo Fund
Police Services						
4701 Administration	100%	-	-	-	-	
4702 Support Services	100%	-	-	-	-	
4703 Investigations	100%	-	-	-	-	
4704 Patrol	100%	-	-	-	-	
4705 Radio Communications	100%	-	-	-	-	
4706 Airport Services	100%	-	-	-	-	
6911 Police Grant	-	-	-	-	-	100% Special Grants Fund
6920 Parking Enforcement	-	-	-	-	-	100% Parking Authority Fund
Fire Services						
4801 Administration, Training, & Preventi	100%	-	-	-	-	
4802 Suppression	100%	-	-	-	-	
4803 1/8% Sales Tax Operations	100%	-	-	-	-	
4804 Training	100%	-	-	-	-	
Operation Services						
Streets & Traffic Control						
5101 Administration	-	100%	-	-	-	
5302 Street Construction	-	100%	-	-	-	
5303 Street Drainage	-	100%	-	-	-	
5304 Street Maintenance	-	100%	-	-	-	
5305 Sidewalk Construction	-	100%	-	-	-	
5401 Traffic Control	-	100%	-	-	-	
5403 Street Lighting	-	100%	-	-	-	

Division Program Number and Title	Funding Source					Other Fund
	General Fund	Street Maintenance Fund	Water & Sewer Operating Fund	Sanitation Operating Fund	Street Sales Tax Fund	
Operation Services						
Water & Sewer						
5501 Utility Administration	-	-	100%	-	-	
5521 Business & Finance	-	-	100%	-	-	
5522 Communications & Training	-	-	100%	-	-	
5523 Engineering & Technology	-	-	100%	-	-	
5590 Non-Capital Projects	-	-	100%	-	-	
5603 Sewer Treatment	-	-	100%	-	-	
5604 Water Treatment	-	-	100%	-	-	
5610 Water Line Maintenance	-	-	100%	-	-	
5611 Sewer Line Maintenance	-	-	100%	-	-	
5612 Sewer Line Construction	-	-	100%	-	-	
5618 Debt Service	-	-	100%	-	-	
5625 Environmental Quality	-	-	100%	-	-	
5626 Fleet, Bldg, Environ Maintenance	-	-	100%	-	-	
5627 Water System Construction	-	-	100%	-	-	
Operation Services						
Parks & Recreation						
6101 Health Services	100%	-	-	-	-	
6201 Parks Maint (Operating)	85%	15%	-	-	-	
6201 Parks Maint (Capital Outlay)	100%	-	-	-	-	
6202 Oak Cemetery	100%	-	-	-	-	
6204 Community Centers	100%	-	-	-	-	
6205 Aquatics	100%	-	-	-	-	
6206 Riverfront/Downtown Maintenance	100%	-	-	-	-	
6207 The Park at West End	100%	-	-	-	-	
6208 1/8% Sales Tax Operations	100%	-	-	-	-	
Operation Services						
Sanitation						
6301 Administration	-	-	-	100%	-	
6302 Residential Collections	-	-	-	100%	-	
6303 Commercial Collections	-	-	-	100%	-	
6304 Fleet & Grounds Maintenance	-	-	-	100%	-	
6305 Sanitary Landfill	-	-	-	100%	-	
6307 Roll -Off Collections	-	-	-	100%	-	
Operation Services						
Public Transit						
6550 Transit	100%	-	-	-	-	
Non-Departmental						
6870 Convention & Visitors Bureau	-	-	-	-	-	100% A&P Fund

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 re-appropriated 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.

State Act 833 Fire Funds

Revenue derived from the state for fire safety equipment and facilities. These monies are being utilized for fire safety equipment.

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 and one quarter percent (4.25%) 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. One hundred percent 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.

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 carousel 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. The fee is calculated at 3% of total A&P expenses.

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

Purpose	FY18 Principal and Interest	12/31/2017 Principal Outstanding	Year of Retirement	Original Issue
Water and Sewer Refunding and Construction Revenue Bonds- Series 2008-Note 2	4,228,783	66,260,000	2032	117,420,000
Water and Sewer Revenue Refunding Bonds-Series 2011	1,811,223	9,605,000	2023	18,920,000
Water and Sewer Revenue Refunding Bonds-Series 2012	2,148,800	4,070,000	2019	13,250,000
Sales & Use Tax Bonds Series 2012	8,626,385	62,095,000	2027	110,660,000
Sales & Use Tax Bonds Series 2014	2,080,888	22,305,000	2029	34,295,000
Water and Sewer Refunding and Construction Revenue Bonds- Series 2015	2,326,750	33,205,000	2040	35,000,000
Water and Sewer Revenue Refunding Bonds-Series 2016	4,254,450	55,765,000	2032	56,955,000
Total	\$ 25,477,279	\$ 253,305,000		386,500,000

Note 1: The 2007 Water and Sewer Revenue Bonds were fully refunded with the issue of the 2016 Water & Sewer Revenue and Refunding Bonds, Series 2016.

Note 2: A portion of the 2008 Water and Sewer Revenue Bonds was advance refunded with the issue of the 2016 Water & Sewer Revenue and Refunding Bonds, Series 2016. Principal/Interest outstanding is equal to balance reported at December 31, 2016 by the Trustee.

The Water and Sewer Refunding and Construction Revenue Bonds, Series 2008, and the Water and Sewer Revenue Bonds, Series 2015, are collateralized by the operating revenue of the water and sewer utility system.

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 2018.

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 2008 water and sewer revenue bonds. Rates generated by the water and sewer system are expected to cover the required debt service payments in 2018.

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 2008 and 2011 water and sewer bonds. Rates generated by the water and sewer system are expected to cover the debt service payments in 2018.

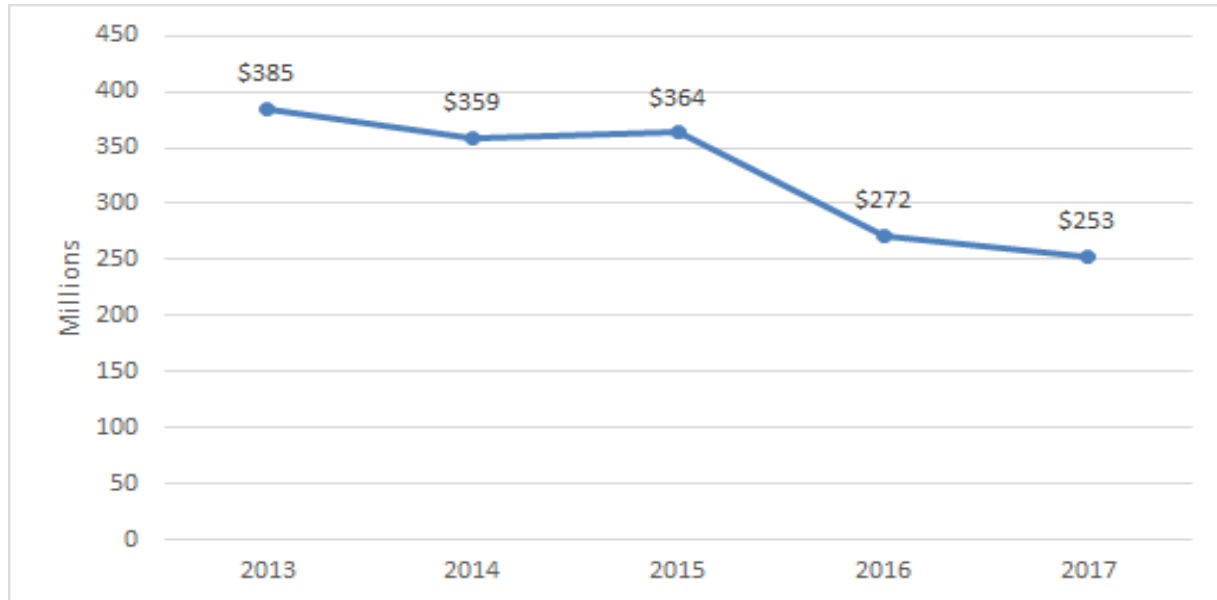
The Sales and Use Tax Bonds, Series 2012 and 2014 are collateralized by a three-quarter (3/4%) local sales tax that was approved by voters on March 13, 2012. This sales tax authorization is an extension of the one percent (1%) sales tax that supported the 2006, 2008, 2009 and 2010 sales and use tax bonds. 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.

In December 2015, the city issued \$35 million in water and sewer refunding and construction revenue bonds to refund the 2005B and to provide funds to finance all or a portion of the costs of water and sewer improvements and related operations facility improvements and technology systems improvements and equipment. In addition, the bonds were issued to finance all or a portion of the costs of the acquisition of a portion of the South Sebastian County Water Users system. Rates generated by the Water and Sewer system are expected to cover the debt service payments for 2018.

In December 2016, the city issued \$56.9 million in water and sewer refunding and construction revenue bonds to refund the 2007 and a portion of the 2008 Water and Sewer Revenue Bonds. The refunding provided a cost savings in interest of approximately \$4 million over the term of the bonds. The pledge of the water and sewer system revenues for the 2016 Series bonds is subordinate to the portion of the Series 2008 that was not refunded and are on parity with the Series 2011, 2012 and 2015 Series Bonds. Rates generated by the water and sewer system are expected to cover the debt service payments in 2018.

The following graph reflects the debt outstanding at December 31, 2013 through 2017.

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, 2017, is:

Assessed Property Value	<u>\$ 1.423 million</u>
Debt Limit Per State Statute (25% of Assessed Property Value)	\$ 356 million
General Obligation Bonds Outstanding @ December 31, 2018	<u>0</u>
Legal Debt Margin	<u>\$ 356 million</u>

In addition to the legal debt margin for general obligation bonds, the City has established a Revenue Debt Policy (see page 22) whereby annual payments should not exceed 25% of total operating revenue. In 2018, the calculation is as follows:

	<u>Water & Sewer Revenue Bonds</u>
2018 Debt Service Payment	\$ 14,770,005
Operating Revenue (Service Charges & Fees)	\$ 56,665,000
Debt Service as a % of Operating Revenue	26%
Policy Limit	25%

The policy is not expected to be met in FY18 for the water and sewer revenue bonds, due to decreased usage in 2017 and 2018. Decreased usage is primarily due to increased sewer rates in recent years. The debt policy limits will be reviewed for any 2018 debt considerations.

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, 2017.

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/17**

Primary Government
Water and Sewer Revenue

Term	2008 Series		Note A		2011 & 2012 Series		Note B	
	Principal	Interest	Principal	Total	Principal	Interest	Principal	Total
2018	880,000	3,348,783	4,228,783	3,960,023	3,485,000	475,023	3,960,023	
2019	** 915,000	3,312,483	4,227,483	3,958,110	3,590,000	368,110	3,958,110	
2020	2,270,000	3,273,138	5,543,138	1,814,790	1,565,000	249,790	1,814,790	
2021	2,385,000	3,159,638	5,544,638	1,808,863	1,610,000	198,863	1,808,863	
2022	2,500,000	3,040,388	5,540,388	1,811,413	1,685,000	126,413	1,811,413	
2023-2027	** 2,630,000	14,103,538	16,733,538	1,807,500	1,740,000	67,500	1,807,500	
2028-2032	* 54,680,000	8,690,038	63,370,038	-	-	-	-	
Total	66,260,000	38,928,003	105,188,003	15,160,698	13,675,000	1,485,698	15,160,698	

** The 2012 Series Bonds will be fully redeemed in 2019.

** The 2011 Series Bonds will be fully redeemed in 2023.

* The 2008 Series Bonds will be fully redeemed in 2032.

Primary Government
Water and Sewer Revenue
Bonds (continued)

Term	2016 Series		2015 Series		Total Water & Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	1,820,000	2,434,450	1,461,750	7,720,005	7,050,000	7,720,005
2019	1,870,000	2,379,850	1,427,150	7,487,593	7,275,000	7,487,593
2020	2,765,000	2,323,750	1,391,150	7,237,828	7,540,000	7,237,828
2021	2,850,000	2,240,800	1,353,550	6,952,850	7,820,000	6,952,850
2022	2,965,000	2,126,800	1,304,800	6,598,400	8,175,000	6,598,400
2023-2027	21,115,000	8,377,550	5,887,600	28,436,188	31,245,000	28,436,188
2028-2032	22,380,000	3,080,450	4,485,750	16,256,238	84,220,000	16,256,238
Total	55,765,000	22,963,650	20,361,550	83,738,900	168,905,000	83,738,900

Note 1: A portion of the 2008 Bonds were advance refunded with the issue of the 2016 Series. The portion of the 2008 bonds that were not refunded with the proceeds of the 2016 bonds is considered the "Senior Bonds".

Note 2: The 2011 and 2012 Series Revenue Bonds are on parity with the 2016 Series.

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/17**

	2012 Series		2014 Series		Total Sales & Use Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	6,220,000	2,406,385	1,195,000	791,250	7,415,000	3,197,635
2019	6,435,000	2,172,585	1,235,000	754,800	7,670,000	2,927,385
2020	6,685,000	1,917,685	1,275,000	710,775	7,960,000	2,628,460
2021	6,945,000	1,652,585	1,325,000	658,775	8,270,000	2,311,360
2022	7,215,000	1,376,885	1,375,000	604,775	8,590,000	1,981,660
2023-2027	* 28,595,000	2,125,898	11,675,000	2,014,978	40,270,000	4,140,876
2028			** 4,225,000	58,094	4,225,000	58,094
Total	62,095,000	11,652,023	22,305,000	5,593,447	84,400,000	17,245,469

* The 2012 SUT Bonds will be fully redeemed in 2026.

** The 2014 SUT Bonds will be fully redeemed in 2028.

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 \$20,000 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.

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 159 miles west of Little Rock and 145 miles southeast of Tulsa, Oklahoma. The City serves as the central focus for a six-county economic and trade region in the west central area of Arkansas and the east central area of Oklahoma. The City encompasses 68 square miles and has a population of approximately 88,570.

The City has seen significant industrial and residential development. Several major companies have longstanding and growing interests in the region, including Planters, Baldor Electric Company, Umarex USA, Phoenix Metals, and Mars Petcare.

In September 2013, approximately 96,000 square feet of a former exhibition hall/rental center was redeveloped into what is known today as the Fort Smith Shared Services Center (SSC). Since then, the SSC has grown from more than 350 jobs in the local economy to over 600 at the end of 2015. The SSC today provides business office services to more than 40 hospitals affiliated with Community Health Systems in nine states.

In 2014, ArcBest Corporation, a transportation and logistics company, announced the construction of a new corporate headquarters at Chaffee Crossing in Fort Smith. They will invest \$30 million in a 200,000 sq ft facility that should be completed in late 2016. They anticipate adding 975 new jobs to the local economy through 2021.

Also in 2014, it was announced that the Arkansas College of Osteopathic Medicine would be established at Chaffee Crossing in Fort Smith. The college enrolled the first class of medical students in fall 2017, and anticipates graduating 150 doctors of osteopathy annually beginning in 2021.

The Arkansas Air National Guard 188th Fighter Wing learned in 2013 that it would receive a new mission and convert from the manned A-10 aircraft to a remotely piloted aircraft, targeting, and intelligence unit. The 123rd Intelligence Squadron will be relocating from Little Rock to the City. The 188th will be the only organization in the world with RPA, intelligence and targeting at a combined facility, and all elements of the new missions should be fully operational in the City by 2018 or 2019. This change preserves the 1,000 full and part-time jobs associated with the 188th with a mission that is sustainable for the long term as part of the modern Air Force.

Glatfelter, a Pennsylvania based company has turned the vacant Mitsubishi plant into a state-of-the-art production facility for air-laid paper products. The Chaffee Crossing facility will provide approximately 83 jobs and once operations begin in early 2018 - will be the world's largest producer of airlaid material.

Silgan Plastic Food Containers plans to invest approximately \$38 million in a 100,000 plus square foot manufacturing facility which will create 150 new jobs to the area. The company purchased land located in the city and construction is currently underway.

Downtown Fort Smith is experiencing a revitalization on various fronts. Propak Logistics purchased and remodeled an unused historic building in downtown Fort Smith as its corporate headquarters. The 24,000 square feet on three floors will be used as a mixture of corporate office space and retail. This project, coupled with streetscape projects and other private investment in office, residential, and commercial redevelopment, is representative of the successful resurgence of the downtown area.

Chaffee Crossing and other areas of the City continue to see robust residential development. There are currently more than 1,600 residential lots at various stages of development in the City.

City of Fort Smith Arkansas 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	34,397
Number of Contract Communities	12
Production Capacity	63,400,000 gallons
Average Daily Production	26,859,000 gallons
Maximum Daily Consumption	36,791,000 gallons
	702
Miles of Water Main	miles

Municipal Wastewater Department:

Number of Customers	30,732
Number of Contract Communities	1
Sanitary Sewers	500
	15.01
Average Daily Sewer Flow	MGD

Municipal Solid Waste System:

Number of Accounts	28,238
Average Annual Refuse Collections	100,731.4 tons
Average Annual Refuse Disposal	242,256 cubic yards

Recreation and Culture:	
Number of City Parks	28
Park Acreage	325
Trails and Greenways	3
Miles	5.5
Number of Swim Pools	1
Number of Wading Pools	1
Number of Community Centers	5
Splashpad	2
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, 2017**

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
2015	55	\$102,967,080	303	\$40,852,590
2016	42	\$29,081,724	334	\$52,852,584
2017	51	\$52,229,857	410	\$54,028,946

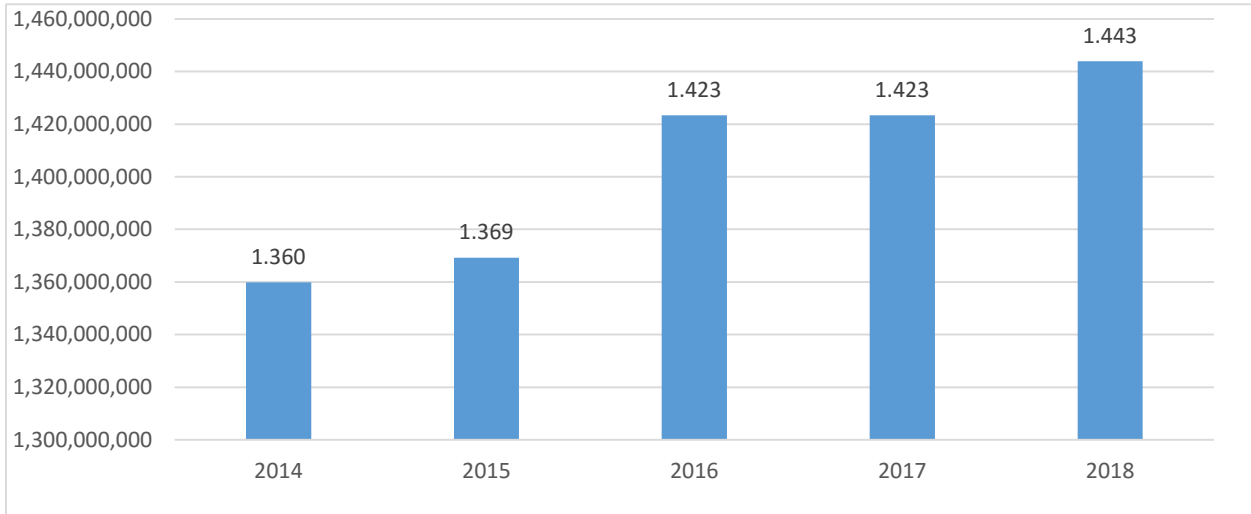
Source: City of Fort Smith Building Safety Department

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

Company	Industry
Sparks Health System	Hospital
O K Industries	Poultry Processor
ABB (Formerly Baldor)	Electric Motor Manufacturer
Fort Smith Public Schools	Public School System
Mercy Medical	Hospital
ArcBest Corporation (ArcBest)	Transportation & Holding
University of Arkansas Fort Smith	Higher Education
188 th Air National Guard	Air National Guard
Rheem Manufacturing	HVAC Manufacturer
Shared Services	Hospital Revenue Cycle

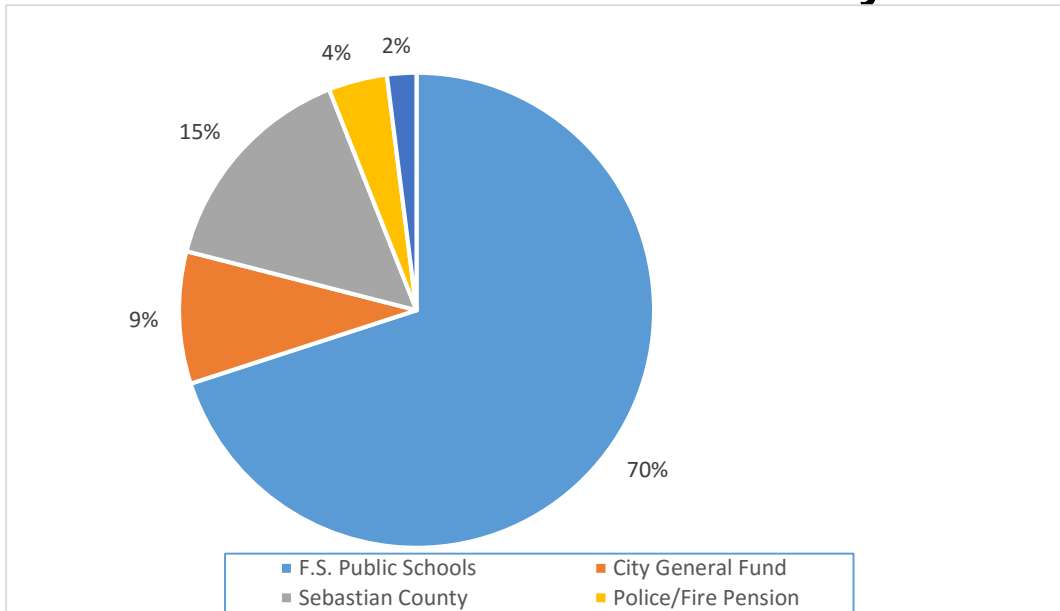
The following graphs indicate the assessed property values within the City limits for the past five years and the allocation of property taxes among the overlapping governments. The City's General Fund receives only 9% of the total real and personal property tax within the City limits.

Assessed Property Valuation



Source: Sebastian County Assessor's Annual Abstract

Allocation of Real Property Tax Rates For Taxes Payable FY18 for Overlapping Governments Within The City Limits



Source: Sebastian County Clerk's Office

Personnel Count Comparison

	2016 Actual	2017 Budget	2017 Estimated	2018 Budget
Policy & Administration				
Services Division				
4100 Mayor	1.00	1.00	1.00	1.00
4101 Board of Directors	7.00	7.00	7.00	7.00
4102 City Administrator	5.80	3.03	3.00	4.00
4201 District Court	18.63	18.63	18.63	18.63
4202 City Prosecutor	2.00	2.00	2.00	2.00
4206 District Court-State Division	1.00	1.00	1.00	1.00
4405 Internal Audit	1.75	1.75	1.75	2.75
Total Policy & Administration				
Services Division	37.18	34.41	34.38	36.38
Management Services Division:				
4104 Human Resources	5.00	5.00	5.00	6.00
4105 City Clerk	3.00	3.00	3.00	3.00
4109 Safety & Risk Manager	1.00	0.00	0.00	0.00
4301 Finance	12.00	16.00	16.00	16.00
4303 Collections	6.00	6.00	6.00	6.00
4304 Utility Billing/Cust. Svc.	14.00	14.00	14.00	14.00
4306 Purchasing	2.00	3.00	3.00	3.00
4401 Information and Technology	10.00	13.00	11.00	13.00
6912 Public Parking Personnel	1.00	1.00	1.00	0.00
Total Management Services				
Division	54.00	61.00	59.00	61.00
Development Services Division				
4103 Engineering	19.00	19.00	19.00	19.00
4106 Planning and Zoning	7.75	7.20	7.20	7.20
4107 Community Development	3.25	3.25	3.80	3.80
4108 Building Safety	11.00	11.00	11.00	11.00
6900 Neighborhood Services	9.00	9.00	9.00	9.00
Total Development Services				
Division	50.00	49.45	50.00	50.00
Police Services Division				
4701 Administration	5.00	5.00	6.00	19.00
4702 Support Services	52.25	52.25	52.25	46.00
4703 Criminal Investigations	43.44	43.44	40.44	38.44
4704 Patrol Operations	109.75	109.75	98.75	107.00
4705 Radio Communications	2.00	2.00	2.00	2.00
4706 Airport Security	3.00	3.00	3.00	3.00
6911 Police Grant	0.56	0.56	0.56	0.56
6920 Parking Enforcement	3.00	2.00	2.00	2.00
Total Police Services Division	219.00	218.00	205.00	218.00

Personnel Count Comparison

	2016 Actual	2017 Budget	2017 Estimated	2018 Budget
Fire Services Division				
4801 Administration	7.00	7.00	7.00	7.00
4802 Suppression and 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	2.00	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	8.75	9.75	9.75	9.75
5303 Street Drainage	17.00	16.50	17.39	17.39
5304 Street Maintenance	15.50	15.00	15.00	15.00
5305 Sidewalk Construction	12.00	12.00	12.00	12.00
5401 Traffic Control Operations	15.16	13.72	13.72	13.72
5403 Street Lighting	0.00	0.00	0.00	0.00
Total Streets & Traffic Control	73.41	71.97	72.86	72.86
Water & Sewer				
5501 Utilities Administration	8.00	8.00	8.00	10.00
5521 Business Operations and Logistics	19.00	19.00	19.00	19.00
5522 Communications & Training	16.00	18.00	18.00	17.00
5523 Engineering & Engineering Technology	17.00	17.00	19.00	30.00
5590 Non-Capital Projects	0.00	0.00	0.00	0.00
5603 Sewer Treatment	30.50	30.50	30.50	30.50
5604 Water Treatment	22.00	22.00	22.00	22.00
5610 Water Line Maintenance	49.00	45.00	45.00	53.00
5611 Sewer Line Maintenance	30.00	30.00	30.00	47.00
5612 Sewer Line Construction	15.00	17.00	17.00	0.00
5618 Debt Service	0.00	0.00	0.00	0.00
5625 Environmental Quality	21.00	23.00	23.00	24.00
5626 Fleet, Building, & Environmental Maint.	35.50	36.50	38.50	34.00
5627 Water System Construction	0.00	4.00	4.00	0.00
Total Water & Sewer	263.00	270.00	274.00	286.50

Personnel Count Comparison

	2016 Actual	2017 Budget	2017 Estimated	2018 Budget
Parks & Community Services				
6201 Parks Maintenance	18.50	18.50	18.50	20.50
6202 Oak Cemetery	3.50	3.00	3.00	3.00
6204 Community Centers	4.00	3.50	3.50	3.50
6205 Aquatics	3.85	3.85	3.45	3.45
6206 Riverfront/Downtown Maintenance	5.00	5.00	5.00	5.00
6207 The Park At West End	1.00	1.00	0.80	0.80
6208 1/8% Sales and Use Tax	7.00	7.00	4.00	3.00
Total Parks & Community Services	42.85	41.85	38.25	39.25
Convention Center				
6203	13.50	13.50	13.50	13.50
Sanitation				
6301 Administration	5.00	7.00	7.00	7.00
6302 Residential Collection	27.25	27.25	27.25	27.00
6303 Commercial Collection	10.00	11.00	11.00	11.00
6304 Fleet and Grounds Maintenance	12.75	12.75	13.75	13.75
6305 Sanitary Landfill	20.00	18.00	18.00	18.00
6307 Industrial Collection	10.00	10.00	11.00	10.00
6308 Waste Reduction	0.00	0.00	0.00	0.00
Total Sanitation	85.00	86.00	88.00	86.75
Transit				
6550 Public Transit	33.00	33.00	33.00	34.00
Total Operation Services Division	510.76	516.32	519.61	532.86
Non-Departmental				
6870 Convention & Visitors Bureau	5.00	5.00	5.00	5.00
Total FTE Personnel	1027.94	1036.18	1024.99	1055.24
Please note: This schedule includes position of Mayor and the seven Director positions.				
Program 4100 Mayor & 4101 Board of Director	<u>(8.00)</u>	<u>(8.00)</u>	<u>(8.00)</u>	<u>(8.00)</u>
Program 4206 District Court Seb. County	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>	<u>(1.00)</u>
Adjusted Total FTE Personnel	<u>1018.94</u>	<u>1027.18</u>	<u>1015.99</u>	<u>1046.24</u>