

CITY OF FORT SMITH, ARKANSAS

FISCAL YEAR 2011

BUDGET

Sandy Sanders
Steven Tyler
Andre Good
Don Hutchings
George Catsavis
Pam Weber
Kevin Settle
Phillip H. Merry Jr.

Mayor
Director - Ward One
Director - Ward Two
Director - Ward Three
Director - Ward Four
Director - At Large
Director - At Large
Director - At Large

Ray Gosack

City Administrator

Kara Bushkuhl

Director of Finance

MANAGEMENT TEAM

Ray Gosack	City Administrator
Vacant	Deputy City Administrator
Mike Alsup	Director of Parks and Recreation
Wally Bailey	Director of Development
Ben Beland	District Court Judge
Claire Borengasser	District Court Judge
Kara Bushkuhl	Director of Finance
Sherri Gard	City Clerk
Russell Gibson	Director of Information and Technology Services
Frankie Hamilton	Director of Convention Center
Richard Jones	Director of Human Resources
Mitzi Kimbrough	Internal Auditor
Kevin Lindsey	Police Chief
Baridi Nkokheli	Director of Sanitation
Steve Parke	Director of Utilities
Mike Richards	Fire Chief
Ken Savage	Director of Transit
David Saxon	District Court Judge
Stan Snodgrass	Director of Engineering
Bob Wright	Director of Streets and Traffic Control

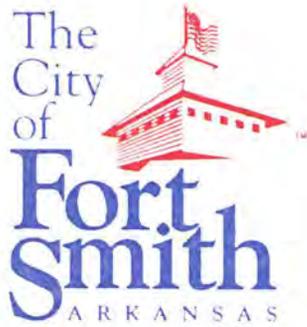
BUDGET REPORT PRODUCTION, ANALYSIS AND GRAPHICS

Department of Finance

Jackie Joyce, Assistant Director of Finance
Jacinta Winstead, Accounting Manager
Alie Bahsoon, Purchasing Manager
Christy Deuster, Administrative Coordinator
Angie Chance, Payroll Accountant

City of Fort Smith on the Internet at:

www.fortsmithar.gov/departments/finance/documents



CITY OF FORT SMITH

Mission, Vision and Values Statements

MISSION STATEMENT

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

VISION STATEMENT

Our vision is providing WORLD CLASS SERVICES by VALUING the contributions of every citizen and employee

--being AGILE

--being VALUES-BASED

--being CONTINUOUS LEARNERS

VALUES STATEMENT

Our shared values are...

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Fort Smith
Arkansas**

For the Fiscal Year Beginning

January 1, 2010

A handwritten signature in black ink, appearing to be 'H.R.' followed by a flourish.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Emmer'.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Fort Smith for its annual budget for the fiscal year beginning January 1, 2010. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

Introduction

City Administrator's Budget Message	1
Plan of Organization	1
Authorized Level of Full Time Personnel	2
Allocation of Authorized Personnel	3

Budget Highlights

Introduction	5
Budget Process	5
Fiscal Performance Policies	7
The FY11 Budget	13
Operating Funds	15
General Fund	18
Street Maintenance Fund	20
Water and Sewer Operating Fund	21
Sanitation Operating Fund	21
Personnel Authorizations	22
Capital Improvement Program	23
Retirement Plans	23
Bonded Indebtedness	24

Budget Summaries - All Funds

Comparative Summary - All Funds	27
Fund List Summary - All Funds	
FY11 Budget	29
Comparative Summary with Detail	
Revenue Categories-All Funds	30
Major Revenue Analyses	31
City of Fort Smith Financial Structure	39
Definition of Fund Types and Individual Funds	42
Summary by Fund Type -	
General Fund	45
Special Revenue Funds-	
Street Maintenance Fund	46
Sales Tax Fund	46
Community Development	
Block Grant Fund	46
HOME Investment Partnership	
Act Fund	46
Special Grants Fund	47
Tilles Park Fund	47
Advertising and Promotion Fund	47
Arkansas LOPFI Contribution Fund	47
Convention Center Fund	47

Debt Service Fund-	
Sales & Use Tax Bond Fund	48
Capital Projects Fund-	
Sidewalk Construction Fund	49
Sales & Use Tax Bond Construction Fund	49
Enterprise Funds-	
Water and Sewer Funds	50
Sanitation Funds	51
Parking Authority Fund	52
Internal Service Funds-	
Working Capital Fund	53
Employee Health & Wellness Fund	53
Workers' Compensation Fund	53

Operating Funds Budget Summaries

Budget Comparison Summary-	
Operating Funds	55
General Fund	56
Street Maintenance Fund	57
Water and Sewer Operating Fund	58
Sanitation Operating Fund	59
Statement of Revenue Comparisons-	
Combined Operating Funds	60
General Fund	61
Street Maintenance Fund	63
Water and Sewer Operating Fund	65
Sanitation Operating Fund	67
Distribution of Appropriations to the Operating Funds - FY11	69
Distribution of Appropriations to the Operating Funds - FY12	72
Combined Division Summary-	
By Division Classification	75
By Expenditure/Expense Classification	76

Division Summaries

Policy and Administration	
Services	77
Management Services	88
Development Services	102
Police Services	113
Fire Services	118
Operation Services-	
Streets and Traffic Control	122
Water and Sewer	126
Parks and Recreation	130
Convention Center	134
Sanitation	137
Transit	140
Non-Departmental	143

Capital Improvements Program

Introduction	149
Sales Tax Fund	149
Water and Sewer Capital	
Improvement Projects Fund	156
Sales & Use Tax Bond	
Construction Fund	158
Sanitation Sinking / Landfill	
Construction Fund	158
Sidewalk Construction Fund	159
Tilles Park Fund	159
Parking Authority Fund	159
Parks and Recreation CIP	160
Capital Outlay	161
Effects of Capital Outlay on	
Operating Budget	163

Related Financial Information

Budget Organizational Structure	165
Budget and Budgetary Control	168
Accounting System Control	168
Classification of Revenue	
Sources - Operating Funds	169
Debt Service	175
Glossary of Key Budget Terms	181
Fort Smith Notes	185
Miscellaneous Statistical Data	186
Property Tax Illustration	189
Personnel Count Comparison	190
General Index	194

BUDGET FORMAT

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

Preface

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

Introduction

The Introduction section begins with the City Administrator's Budget Message which outlines the City's accomplishments, goals for the current period and the budgetary plan for the current fiscal year. This section also includes an organization chart, graphic presentation of full-time personnel and a comparative list of authorized personnel. The amounts compared in the Budget Message are Adopted Budget 2010 and Adopted Budget 2011.

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 FY09 Actual, FY10 Budget, FY10 Estimated and FY11 Budget is included. A comparative summary for all funds with major revenue detail is presented for FY08 Actual, FY09 Actual, FY10 Budget, FY10 Estimated, and FY11 Budget. A combined summary of all funds for the FY11 Budget as well as individual fund statements by fund type for FY11 Budget is included. Major revenue analyses are included in this section to provide trend analyses for the City's major sources of revenue. The City of Fort Smith financial structure and explanations for each fund are also included in this section.

Operating Funds Budget Summaries

The Operating Funds Budget Summaries section includes the basic financial statements for the four major funds of the City for which an annual budget is required. Comparative summaries and statements of revenue comparisons are provided for the operating funds combined and for each individual operating fund. The distribution of appropriations to the operating funds for FY11 is also incorporated in this section. An early projection for FY12 is also presented for the departments. Combined summaries by division and expenditure/expense classification are provided at the end of this section in statement and graphic form.

Division Summaries

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

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

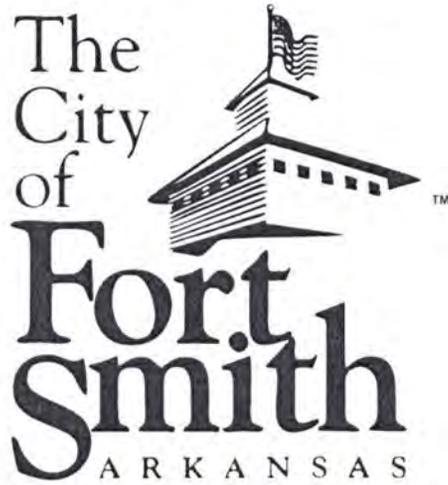
Each division includes a purpose, organization chart, overview for the current budget year, current service objectives, prior year service objectives goals and results, service measures/performance indicators and workload/demand statistics, as applicable.

Capital Improvement Program

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

Related Financial Information

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



INTRODUCTION

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

January 1, 2011

The Honorable Sandy Sanders, Mayor
and City Directors
City of Fort Smith, Arkansas

Mayor and Directors:

We are please to present the 2011 Budget as adopted by Ordinance No. 66-10 on December 7, 2010. The 2011 Budget is a complete financial plan for all operating funds which includes all programs and activities of the City government.

The City was able to maintain its quality level of services during 2010 despite difficult economic conditions. The outlook for 2011 reflects the uncertainty of the nation's economy. The water and sewer operating fund continues to experience challenges due to flat revenues.

The projected fund balance at December 31, 2011 for the General Fund is \$3.6 million which represents 9.1% of the 2011 operating expenditures. The reserve is presented below the City's policy of 15% of current operating expenditures as discussed below.

Although the budgeted fund balance is 9.1%, we fully expect that 2011 will end with a higher fund balance for two reasons. First, our revenue estimates are prepared conservatively; actual revenues are typically higher than what's budgeted. Second, departments rarely spend 100% of their budget authorizations. Unspent appropriations increase the fund balance at the end of the year.

The Water and Sewer Operating Fund projected yearend working capital balance is \$2,287,141 or 10.7% of 2011 operating expenses. While this is below the 15% level in the fiscal performance policies, this level was attained by the adoption of 5% water and sewer rate increases effective January 1, 2011. The increases are anticipated to generate approximately \$1.15 million in additional revenue for 2011. Furthermore, a \$1.2 million reduction in operating expenses was made for 2011. The cuts include the elimination of three full-time equivalent FTE positions, a 50% reduction in the payment to the landfill for sludge disposal, reduction in lagoon cleaning for the water systems, and elimination of Barling sewer fees for improvements in the southern growth area sewer treatment services.

The rate increases and the decrease in operations are necessary to assist in meeting the minimum debt service coverage (DSC) requirement of 110% for the water and sewer revenue bonds. At December 31, 2009, the DSC was 104%. This was a violation of bond covenants and it precludes the City from issuing any more debt for the system until the problem is corrected. The utilities department reduced its operating costs during 2010 to assist with increasing the reserve balance for 2011. The rate increases and the operating expense reductions in 2011 should provide sufficient revenue available for debt service coverage so the city may become compliant with the bond requirements. The third party rate consultant will provide a report to the city detailing the rate adjustments necessary to issue more bonds in the future. The rate study will be presented in early 2011.

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

Recent and Key Challenges and Accomplishments

Although the City faces continued financial challenges in 2011, the following major achievements in 2010 will strengthen our future. Highlighted accomplishments are as follows:

- Mitsubishi Heavy Industries broke ground for its 200,000 square foot wind to energy manufacturing facility valued at \$40 million in Fort Smith. The plant will result in approximately 335 new jobs for the regional economy. The city supported the recruitment by agreeing to construct a roadway, extend water and sewer mains, waive permit fees, and authorize the use of industrial revenue/recovery zone facility bonds.
- Planning and fundraising for the construction of the U.S. Marshals Service museum continues. The museum will attract tourists nationally and internationally, complement the Fort Smith National Historic Site, and possibly lead to the development of a museum cottage industry in Fort Smith. Land for the museum has been donated.
- Umarex opened its \$20 million distribution facility at Chaffee Crossing. Umarex employees 60 persons with plans to expand to more than 100 employees.
- Planned and constructed infrastructure extensions to support growth and development in the Chaffee Crossing and southern areas of the city. More than 800 residential lots are under various stages of development. An annexation of 300 acres should be completed by the end of 2010.
- Gerber Products has announced plans to invest \$90 million to expand its Fort Smith baby food manufacturing plant and add approximately 50 new jobs. The city is supporting their expansion with the use of industrial revenue bonds.
- Sanitary sewer rehabilitation work in the Sunnymede neighborhoods was completed. Engineering work for the next phase of work in the upper Mill Creek neighborhoods is underway and some construction contracts have been awarded.
- Continued construction of a \$35 million upgrade to the Lake Fort Smith water treatment plant. The upgrade will modernize and expand the plant, which was first constructed in the mid 1930's.
- Automated refuse collection was expanded in 2010 to an additional 4,900 customers. More neighborhoods will be added in 2011. The program streamlines the collection of garbage, improves the appearance of neighborhoods, provides same-day service for all collections, and reduces the potential for litter.
- Awarded the GFOA Distinguished Budget presentation Award for 2010, which is the city's twenty-second consecutive recognition; and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 2009 CAFR, the twenty-fifth consecutive recognition.
- Fort Smith was recognized for having the lowest cost of living and the third lowest cost of doing business in the U.S. These favorable rankings will aid Fort Smith's efforts to attract new employers and businesses.
- The city's wellness plan was nationally recognized for its innovative approaches to encourage healthier employees and controlling health coverage costs.
- A homeless task force created by the city completed a first-ever comprehensive study of homelessness and made sweeping recommendations.
- The Fishback neighborhood was added to the National Register of Historic Places. This is Fort Smith's fourth neighborhood to be placed on the National Register.

National economic conditions have affected Fort Smith and the city government's budget. Unemployment in Fort Smith has declined slightly during 2010. It appears that the unemployment rate has peaked, and is 1.7% less than the national unemployment rate. Inflation has been modest at approximately 1% in 2010. Retail sales haven't met budget projections, which has negatively affected sales tax collections. General Fund revenues and expenses for 2010 were adjusted midyear. The city's past conservative fiscal practices have prepared it to weather the national economic recession.

Major 2011 Policy Initiatives

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

The City-wide goals for 2011 are as follows:

- ▶ Initiate and develop economic growth strategies to increase the job market with higher paying jobs as well as support the construction of the regional intermodal freight facilities and Interstate 49.
- ▶ Present voters with a solution for ongoing convention center funding.
- ▶ Continue the "green initiative" by developing strategies to reduce energy consumption and other costs in city facilities.
- ▶ Select preferred approach for funding wet weather sanitary sewer work after 2011.
- ▶ Identify a new revenue source and/or identifying savings in the General Fund to provide funds for construction, staffing, and equipping Fire Station 11 in Chaffee Crossing; future downtown development; and parks projects.
- ▶ Strengthen the budgeting process by improving revenue forecasts.
- ▶ Improve the provision of services to the homeless by providing a full-time staff position for the Old Fort Homeless Coalition.

The departmental goals that are presented in the Division Summaries section of this document have been developed to achieve these city-wide goals. Following this message, a list of the city-wide goals and directly-related departmental goals is presented as a means of coordinating the two types of goals for 2011.

For the Future

As Chaffee Crossing continues to develop, the City must provide public safety, street maintenance and construction, utility services, planning and code enforcement for the area. The water and sewer infrastructure projects total \$28.3 million and may need to be designed and constructed between 2011 and 2012. The Fire Department estimates that a station will need to be constructed (\$2 million) and staffed (twelve additional positions at an annual cost of approximately \$920,000 (personnel and operating) during 2012. Funding must be identified for these improvements and services.

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

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

loss of \$1.8 million in convention center turnback funding in 2010 must also be addressed. A gap of approximately \$1 million must still be closed.

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

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

Pay rates for many employee groups continue to lag behind other cities in our region. The longer this remains unaddressed, the greater the likelihood that we'll lose employees to cities with more competitive pay rates.

Budget Summary

The 2011 Annual Budget is designed to present the City's operating programs in a comprehensive yet simple, clear and easy to read manner. The City's budget process is guided by its Fiscal Performance Policies that are presented in the Budget Highlights section of this document. The Policies were originally adopted in 1987 and have been updated regularly.

The City's 2011 Annual Budget, comprised of all funds, programs and activities, totals \$224.9 million or a \$49.2 million bottom line decrease from the 2010 Annual Budget of \$274.1 million. The decrease is attributable to lower capital project spending on multi-year projects. Operating budgets have been reduced because of recessionary economic conditions.

The City's 2011 Budget of \$224.9 million includes the 2011 Operating Budget of \$98.6 million as well as \$70.2 million for capital improvements; \$35.2 million for debt service; \$6.5 million for pension programs; \$9.5 million for self-funded workers' compensation and employee benefit programs; \$1.8 million for CDBG, housing and special grants programs; and \$3 million for the Advertising and Promotion Commission, Parking Authority, Convention Center and internal service funds. Excluding various interfund transfers of \$21.4 million, the City's Annual Budget totals \$203.5 million.

The table below summarizes the major areas of change between the 2010 and 2011 Annual Budgets:

Overall Budget Summary				
	2010	2011	Change	%
Operating Budget	\$102,746,611	\$98,635,384	(\$4,111,227)	-4.0%
Capital Improvements	114,517,603	70,194,535	(44,323,068)	-38.7%
Debt Service	35,480,075	35,191,455	(288,620)	-0.8%
Pension Programs	6,255,000	6,450,928	195,928	3.1%
Workers' Compensation and Insurance Programs	8,784,409	9,532,490	748,081	8.5%
CDBG, Housing & Special Grants	2,129,491	1,832,245	(297,246)	-14.0%
Special Projects	4,184,799	3,017,500	(1,167,299)	-27.9%
Total	274,097,988	224,854,537	(49,243,451)	-18.0%
Less Interfund Transfers	21,663,230	21,332,150	(331,080)	-3.1%
Total	\$252,434,758	\$203,522,387	-\$48,912,371	-19.5%

The 2011 Operating Budget is summarized in greater detail elsewhere. The 2011 Capital Budget of \$70.2 million includes \$24.3 million in various street and drainage improvements; \$42.7 million in water and sewer system improvements; \$341,000 in sidewalk construction; and \$2.9 for the landfill new scale house and purchase of heavy equipment for Sanitation.

The pension program for police and fire uniformed personnel continues to rise each year. The actuarial required contributions to LOPFI are forecasted to exceed available funding sources by 2018.

Workers' compensation and insurance programs increased between years due to increased workers' compensation claims. The city is lowering the balance in the employee insurance fund on a multi-year basis. This provides a lower funding level by the operating funds. The balance will be reduced to a reasonable level in accordance with the recent actuarial study.

The decrease in CDBG, housing, and special grants is because of the increased allocation of HUD monies by the federal government for 2010 that also included stimulus funds.

The decrease in special projects is due to reductions to expenditures for the Advertising and Promotion Fund and the Convention Center Fund as well as decreases in fuel and supplies in the working capital internal service fund.

2011 Operating Budget Summary

The Fiscal Performance Policies, reproduced in the Budget Highlights section of the 2011 Annual Budget, require the adoption of an annual budget in which expenditures do not exceed reasonably estimated revenues and available fund balances/working capital.

The 2011 Operating Budget of \$98.6 million achieves this goal with anticipated revenues of \$97.5 million and \$1.1 million from prior year balances. The major revenue source of the General Fund is the City's share of the county-wide sales tax which represents 39% of total operating revenues. The county-wide sales tax is anticipated at \$15.3 million for 2011 that compares to \$15.1 million for 2010. The franchise tax for 2011, estimated at \$6.2 million, reflects a 1.5% increase over estimated 2010 revenue. Property tax is estimated at \$7.1 million for FY11 which is 8% above the estimated FY10 amount. The increase in property tax revenue is due to the county wide reappraisal in 2010. The revenues are lower in

2011 due to the transfer of the convention center rental revenue (\$650,000) out of the General Fund to the Convention Center Fund.

The Street Maintenance Fund revenue increase is due to the expected increase in property taxes for 2011.

The Water and Sewer Operating Fund revenues decrease of \$662,000 is due to less growth in water consumption. There is a 5% interim rate adjustment to meet debt service requirements.

The Sanitation Operating Fund revenues are down due to less landfill activity and commercial collections.

The figures below summarize 2010 and 2011 Budget revenues by operating fund:

Revenues By Operating Fund

	2010	2011	Change	%
General	\$40,066,526	\$39,481,182	(\$585,344)	-4.5%
Street Maintenance	5,619,796	5,968,730	348,934	6.2%
Water and Sewer	38,746,870	38,084,500	-662,370	-1.7%
Sanitation	14,002,200	13,928,500	(73,700)	-0.5%
Total Revenues	98,435,392	97,462,912	(972,480)	-1.0%
Prior Year Balance	4,311,219	1,172,472	(3,138,747)	-72.8%
Total	\$102,746,611	\$98,635,384	(\$4,111,227)	-4.0%

2011 Operating Budget-Expenditure Summary

The 2011 Operating Budget totals \$98.6 million, or \$4.1 million or 4% less than the 2010 Operating Budget of \$102.7 million. A market adjustment to employees' pay is not included in the 2011 Budget. The 2011 Budget includes step increases for employees earning less than the midpoint of their pay grades at December 31, 2010. The cost of this increase among the four operating funds is \$575,000. All other merit and step pay increases were frozen to achieve a fiscally responsible budget.

The 2011 General Fund expenditures are anticipated to decrease by \$1.5 million or 3.5% from 2010 budget expenditures. The step increases for employees below the midpoint during 2011 is \$364,600 for the General Fund. Two additional patrol officers were added for 2011 due to the COPS grant awarded in December 2010.

The expenditures in the Street Maintenance Fund are expected to be slightly more in 2011 as compared to 2010.

Water and Sewer Operating Fund expenses are expected to decrease by \$2.0 million between years. This fund's share of the step increases is \$122,415. Operating expenses were cut by \$1.2 million including the elimination of three FTE positions, a 50% reduction in the payment to the landfill for sludge disposal, decreasing the lagoon cleaning for the water systems, and the elimination of paying Barling sewer fees for improvements to the southern growth areas of the city.

The Sanitation Operating Fund budgeted expenses for 2011 are 4.8% less than the 2010 budgeted expenses. The decrease is attributable to a reduction in equipment repairs and reduced funding for landfill expansion.

The figures shown on the following page compare 2010 and 2011 adopted Budget expenditure/expense appropriations by operating fund, category of use, and service division.

Summary by Operating Fund

	2010	2011	Change	%
General	\$42,515,929	\$41,042,956	(\$1,472,973)	-3.5%
Street Maintenance	6,943,850	7,014,833	70,983	1.0%
Water and Sewer	38,844,833	36,834,670	(2,010,163)	-5.2%
Sanitation	14,441,999	13,742,925	(699,074)	-4.8%
Total	\$102,746,611	\$98,635,384	(\$4,111,227)	-4.0%

Summary by Use

	2010	2011	Change	%
Personnel	\$52,125,527	\$51,347,790	(\$777,737)	-1.5%
Capital	2,744,000	2,335,780	(408,220)	-14.9%
Operating	26,902,172	24,466,486	(2,435,686)	-9.1%
Debt Service	16,452,080	16,448,370	(3,710)	-
Transfers	4,522,832	4,036,958	(485,874)	-10.7%
Total	\$102,746,611	\$98,635,384	(\$4,111,227)	-4.0%

Summary by Service Division

	2010	2011	Change	%
Policy	\$3,858,030	\$3,586,040	(\$271,990)	-7.0%
Management	6,748,740	6,302,510	(446,230)	-6.6%
Development	2,977,450	2,902,850	(74,600)	-2.5%
Police	16,555,610	16,509,000	(46,610)	-0.3%
Fire	10,105,170	9,907,760	(197,410)	-2.0%
Operations	56,913,647	54,852,100	(2,061,547)	-3.6%
Non-Departmental	5,587,964	4,575,124	(1,012,840)	-18.1%
Total	\$102,746,611	\$98,635,384	(\$4,111,227)	-4.0%

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

2011 Contingencies

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

The fiscal performance policies require maintaining at least a 15% contingency based upon estimated operating expenditures/expenses for the current fiscal year. The General Fund projected ending balance is 9.1% and the Water and Sewer Operating Fund projected ending balance is 10.7%. which fall below the target of 15%. Even with the significant reductions in operating costs for 2011 in both the General Fund and the Water and Sewer Operating Fund as well as water and sewer rate increases, this is as near to the policy level that may be maintained without more service cuts. The Street Maintenance Fund and the Sanitation Operating Fund are projected to exceed the desired level of reserve.

The figures shown below compare budgeted 2010 and 2011 contingencies based upon the current year operating expenditures/expenses.

Contingencies by Operating Fund

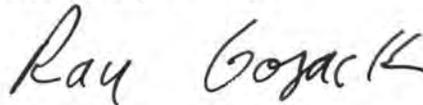
	2010		2011	
	Balance	% of Exp.	Balance	% of Exp.
General	\$2,939,747	7.1%	\$3,556,739	9.1%
Street Maintenance	977,317	14.7%	1,285,621	19.2%
Water and Sewer	1,537,800	6.7%	2,287,141	10.7%
Sanitation	1,659,563	15.0%	2,335,289	21.7%
Total	\$7,114,427	8.7%	\$9,464,790	12.1%

Message Summary

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

Special appreciation is expressed to Kara Bushkuhl, the Finance Department staff, department directors, and all City employees for their assistance in preparing the 2011 Budget.

Respectfully submitted,



Ray Gosack
City Administrator

cd

A few of the 2011 departmental service objectives that correlate to the 2011 citywide goals are listed as follows:

1. Initiate and develop economic growth strategies to increase the job market with higher paying jobs as well as support the construction of the regional intermodal freight facilities and Interstate 49.

Economic Development

Develop & implement aggressive and innovative ideas for communicating with the public about economic development and quality of place related issues in collaboration with community partners.

Tell Fort Smith's story to broader – regional and national – audiences and, when appropriate, assisting other departments and community partners in this regard.

Downtown Development

Improve the effort for branding the Downtown area as a Live, Work, and Play environment. Create additional marketing tools to promote the urban option with various corporate and business leaders regionally. In partnership with the Advertising and Promotion department we will continue to market The Park at West End in all of our promotional pieces.

Engineering

Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects as follows.

- Chad Colley Boulevard Extension in 2010-2011
- Jenny Lind Road (Zero to Cavanaugh) in 2010-2012

Information and Technology Services

Continue to provide GIS support to the Fort Smith Regional Chamber of Commerce. This support will enhance the Chamber's ability to pursue their economic development goals using GIS and mapping technology. This goal includes the continued maintenance and support of the online Economic Development properties GIS.

Utilities

Plan for water and wastewater services to support growth and better serve neighborhoods. Replace all two-inch neighborhood water lines by 2014.

- Initiate design for initial section of 48-inch water transmission line replacement for the Lake Fort Smith water treatment plant to allow delivery of 40 MGD capacity.
- Develop agreement with the city of Barling for wastewater treatment services to accept flow contributions from Fort Smith's southern growth area through 2014.
- Improve water service and upgrade fire protection through line replacement projects within older residential areas.

Convention and Visitors Bureau

Take a leading role in the Fort Smith economic development efforts through interface with those involved in development efforts, particularly on a regional level in surrounding counties in both Arkansas and Oklahoma.

2. Present voters with a solution for ongoing convention center funding.

City Clerk

Conduct special election on the question of a prepared food tax.

3. Continue the "green initiative" by developing strategies to reduce energy consumption and other costs in City facilities.

Finance

Expand the use of online bid solicitation and cooperative buying programs to achieve measureable savings and true-market value.

Development Services

Continue to research green building and development ordinances. Implement green practices around the office. Discuss with the development and construction community about possible implementation of green codes and standards.

Police

The department will optimize budget expenditures through use of external funding sources and incorporate enhanced monitoring of relevant data to leverage maximum use of available resources. The department will contribute to the City's GO GREEN program to assist in achieving cost and energy savings for department facilities. The department will continue to provide cost effective services to citizens that are efficient and enhance communication between our citizens and the department.

Streets and Traffic Control

Insure the safety of the traveling public by repairing and/or replacing traffic signs and signal lights in a timely matter. Perform preventive maintenance on all signal lights, replacing light bulbs with more dependable and longer lasting LED traffic signal lamps and study the history of traffic accidents in the City.

Utilities

Use innovation and improved uses of technology to better utilize resources for serving the community. Continue the "green initiatives" in planning for utility system and building projects.

- Continue planning, design and construction practices that assure reliability and lower operations cost.

Convention Center

Improve environmental performance by optimizing recycling and "green" purchasing.

4. Select preferred approach for funding wet weather sanitary sewer work after 2011.

Utilities

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

- Initiate construction of wet weather improvements in Zero Street drainage basin consisting of pump station capacity, equalization storage, relief sewers and collection system improvements.
 - Evaluate equalization storage and force main options and complete preliminary design for the Mill Creek pump station.
 - Development of technical positions related to negotiations with Department of Justice and EPA for resolution of draft Consent Decree.
5. Identify a new revenue source and/or identifying savings in the General Fund to provide funds for construction, staffing, and equipping Fire Station 11 in Chaffee Crossing; future downtown development; and parks projects.

Downtown Development

Continue to work with elected officials on a local and state level to lobby for votes on the state tax credit bill for CBID's throughout Arkansas.

This will continue to be a statewide effort to provide additional financial incentives for redevelopment in the core business districts in Arkansas.

Fire

Improve public and firefighter safety and assist in holding down consumer's property insurance costs by beginning construction of a new fire station at Chaffee Crossing.

Parks

Implement management strategies to monitor receivables, inventories, and operations

- Evaluate existing services and programs for effectiveness and usefulness
- Minimize the affect of reduced services and programs to citizens
- Provide citizens quality facilities and programs
- Maintain parks, playgrounds, and facilities to provide a safe environment

6. Strengthen the budgeting process by improving revenue forecasts.

Finance

Provide more budget analysis and trend reporting as necessary.

Sanitation

Review the sanitation rates established/updated in 2007

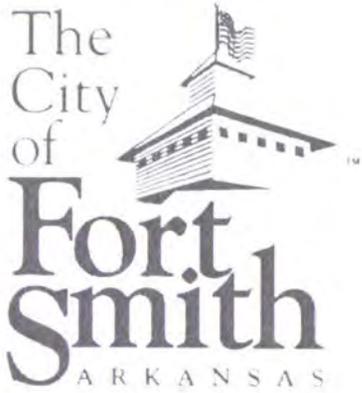
7. Improve the provision of services to the homeless by providing a full-time staff position for the Old Fort Homeless Coalition.

Development Services

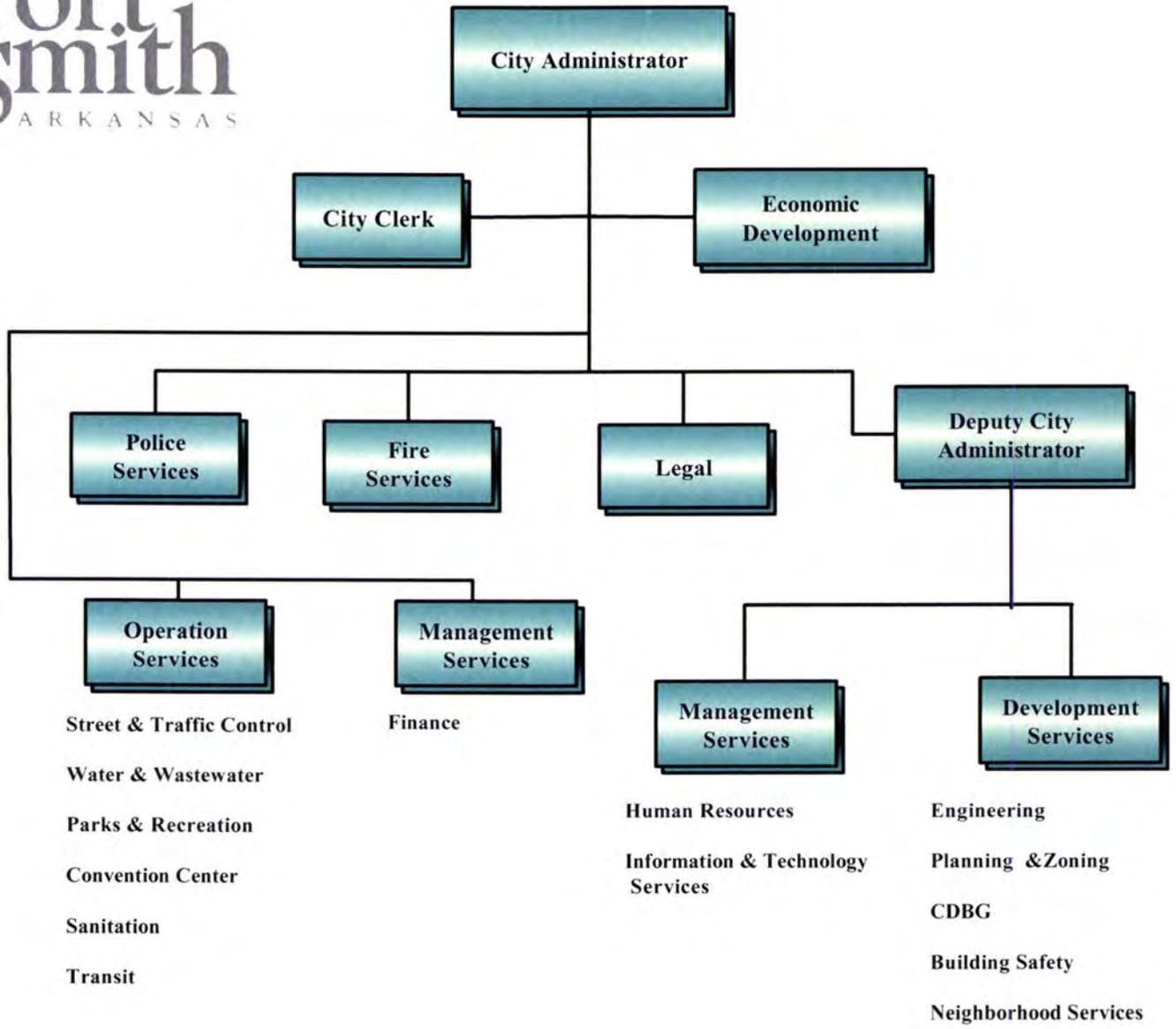
Continue to work with the Old Fort Homeless Coalition to implement the recommendations of the Homelessness Task Force and the Board of Directors.

Transit

Work closely with the Homeless Coalition to reduce transportation barriers for the homeless seeking to re-enter the job market.



Plan of Organization



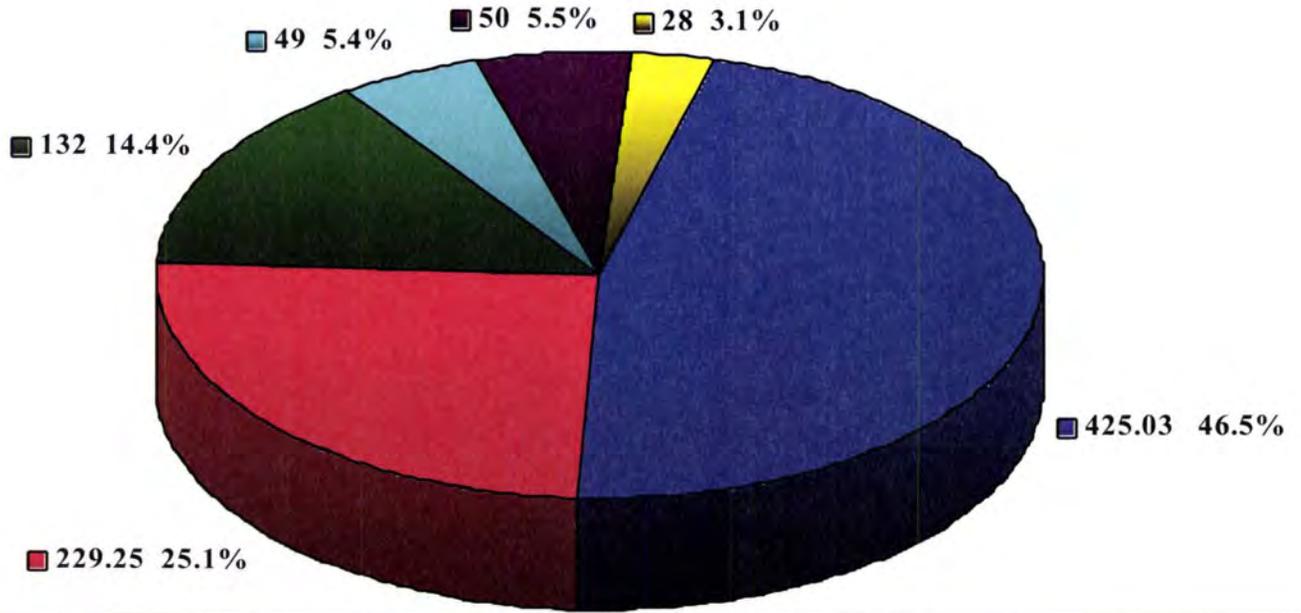
**CITY OF FORT SMITH
 AUTHORIZED LEVEL OF FULL-TIME EQUIVALENT (FTE) PERSONNEL
 BY EXPENDITURE CLASSIFICATION**

	<u>FY09 Actual</u>	<u>FY10 Estimated</u>	<u>FY11 Budget</u>
Policy and Administration Services			
(Note 1)			
Mayor's Office	1.00	1.00	1.00
City Administrator	3.00	3.00	3.00
Economic Development	2.00	2.00	2.00
District Court	18.00	19.00	19.00
City Prosecutor	2.00	2.00	2.00
Internal Audit	1.00	1.00	1.00
Total	<u>27.00</u>	<u>28.00</u>	<u>28.00</u>
Management Services			
Human Resources	4.00	4.00	4.00
City Clerk/Citizen Action Center	2.63	3.00	3.00
Finance	33.00	33.00	33.00
Information & Technology Services	9.00	9.00	9.00
Total	<u>48.63</u>	<u>49.00</u>	<u>49.00</u>
Development Services			
Engineering	19.00	19.00	19.00
Planning and Zoning	7.75	7.75	7.75
Building Safety	11.00	11.00	11.00
Community Development	3.25	4.25	4.25
Neighborhood Services	8.00	8.00	8.00
Total	<u>49.00</u>	<u>50.00</u>	<u>50.00</u>
Police Services	<u>220.25</u>	<u>227.25</u>	<u>229.25</u>
Fire Services	<u>132.00</u>	<u>132.00</u>	<u>132.00</u>
Operation Services			
Streets and Traffic Control	64.24	64.24	64.24
Water and Sewer	191.19	192.19	189.19
Parks and Community Services	38.10	39.10	39.10
Convention Center	15.00	13.50	13.50
Sanitation	78.00	78.00	78.00
Transit	36.00	36.00	36.00
Total	<u>422.53</u>	<u>423.03</u>	<u>420.03</u>
Non-Departmental			
Convention & Visitors Bureau	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Total Authorized Level of Full-Time Equivalent Personnel	<u><u>904.41</u></u>	<u><u>914.28</u></u>	<u><u>913.28</u></u>

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

Note 2: Of the 913.28FTE personnel authorized for 2011, 865 positions are full time and 48.28 positions are part-time or seasonal.

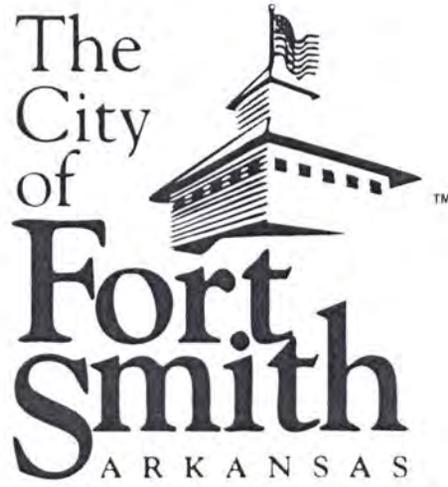
913.28 FTE PERSONNEL FOR 2011



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

BY EXPENDITURE/EXPENSE CLASSIFICATION

THIS PAGE INTENTIONALLY LEFT BLANK



BUDGET HIGHLIGHTS

This Section provides a narrative and graphical summary of the major components of the FY11 Budget.

INTRODUCTION

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

BUDGET PROCESS

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

1. By December 1 of each year, the City Administrator is required to submit to the Mayor and the Board of Directors a proposed budget for the fiscal year beginning on the following January 1. The budget includes proposed expenditures/expenses and means of financing them.
2. Prior to adoption of the annual budget, a public hearing is conducted to obtain citizen comments.
3. State statutes require adoption of the Budget by February 1 of each year. For practical purposes, the Board of Directors usually adopt the Budget prior to January 1 of each year to coincide with the fiscal year.
4. Annual budgets are legally adopted for the operating funds which include the General Fund, Street Maintenance Fund, Water and Sewer Operating Fund and the Sanitation Operating Fund.
5. Generally accepted accounting principles (GAAP) state that the General Fund and the Street Maintenance Fund budgets are to be prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available for use during the year and expenditures are recognized when the related liability is incurred, except for interest and principal on general long-term debt, which are recorded when due or otherwise payable. The City follows GAAP for the General Fund and Street Maintenance Fund in preparing its budget.

GAAP requires the Water and Sewer Operating Fund 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 2011 Budget:

July 12, 2010	Distribution of 2011 Budget package to all departments.
July 13, 2010 through Aug. 17 or 24, 2010	Departments prepare budget worksheets/disks and summaries for 2011 requests and 2012 projections. Finance refines 2011 revenue estimates and prepares 2012 revenue projections.
July 13, 2010	Receive Board of Directors input for city-wide goals for 2011 at study session.
July 27, 2010	Outside agency funding (OAF) task force review at Board study session.
August 2, 2010	Local service agency application notification for OAF from 2011 Budget.
August 12, 2010	Departments submit service objectives and outcome/performance measures to the Finance Department.
August 12, 2010	OAF workshop for service agencies.
August 12, 2010	Departments submit service objectives and outcome/performance measures for 2011 and submits a status report on 2010 service objectives and outcome/performance measures to the Finance Department.
August 17, 2010	The following departments submit completed budget packages to Finance: Administration; Economic Development; District Court; City Prosecutor; Finance; City Clerk; Human Resources; Internal Audit; Engineering; Planning, CDBG, Building Safety and Neighborhood Services; Information & Technology Services; Convention Center; Health; Street Maintenance Department; Transit and Convention and Visitors Bureau.
August 24, 2010	The following departments submit completed budget packages to Finance: Police; Fire; Parks; Water and Sewer; and Sanitation.
August 24, 2010	Review departmental service objectives for 2011 and their correlation with city-wide goals for 2011 during the Board study session.
August 18, 2010 through September 10, 2010	Finance verifies the accuracy of amounts submitted by the departments and prepares a preliminary budget supplement.
September 2, 2010	Deadline for submittal of application packets by local service agencies for OAF.
September 13, 2010 through September 30, 2010	City Administrator, Deputy City Administrator and Director of Finance review budget requests and meet with department directors to discuss the 2011 requests.
September 28, 2010	Proposed five year streets and drainage CIP presented at Board study session. Also, 2011 Budget progress report.
October 1, 2010 through November 1, 2010	Preparation of draft budget by Finance.
November 2, 2010	Present proposed budget to Mayor and Board of Directors.
November 8, 9 and November 15, 2010	Review proposed budget with Mayor and Board of Directors, discussion with department directors.
December 7, 2010	Conduct 2011 Budget hearing and present 2011 Budget to the Board of Directors for adoption.

FISCAL PERFORMANCE POLICIES

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

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

REVENUE POLICIES

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

OPERATING EXPENDITURE/EXPENSE POLICIES

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

CAPITAL IMPROVEMENT POLICIES

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

DEBT POLICIES

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

RESERVE POLICIES

1. The City will maintain an operating contingency reserve to:
 - a) provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature,
 - b) permit orderly budgetary adjustments when revenues are lost through the action of other governmental bodies,
 - c) serve as local match for public or private grants,
 - d) meet unexpected small increases in service delivery costs, and
 - e) maintain an adequate cash-flow.
2. The contingency reserve will be maintained at not less than fifteen percent (15%) of estimated operating expenditures/expenses. Prior approval of the Board of Directors shall be required before spending contingency funds.
3. If the contingency reserve balance falls below the fifteen percent (15%) level for a current year budget, then the following steps will be taken by the appropriate departments:
 - a. If the contingency reserve is between 10% and 14.99%, then operating and capital reductions will be required.
 - b. If the contingency reserve is between 5% and 10%, then personnel reductions, including service will be implemented.
 - c. If the contingency reserve is less than 5%, then personnel, operating and capital reductions will take place. Service levels may be significantly reduced if this scenario occurs.
4. The City will develop an equipment reserve fund, and will appropriate funds to it annually to provide for the timely replacement of equipment. The reserve will be maintained in an amount adequate to finance the replacement of equipment. The replacement of equipment will be based upon the adopted equipment replacement schedule. The schedule will be updated annually.

INVESTMENT AND CASH MANAGEMENT POLICIES

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

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

FINANCIAL REPORTING POLICIES

1. The City will adhere to a policy of full and open public disclosure of all financial activity. The budget will be prepared in a manner to maximize its understanding by citizens and elected officials. Copies of financial documents will be made available to all interested parties. Opportunities will be provided for full citizen input prior to final decisions on the budget.
2. The City's accounting system will maintain records on a basis consistent with the accepted accounting standards of the Governmental Accounting Standards Board (GASB), Government Accounting Office (GAO), Financial Accounting Standards Board (FASB), and the State of Arkansas.

3. The City Administrator or his designee, will prepare regular quarterly and annual financial reports presenting a summary of financial activity by major types of funds and programs.
4. The City will employ an independent public accounting firm to perform an annual audit, and will make the annual audit available to the general public, bond and financial consultants, and other interested citizens and organizations. The audit shall be completed and submitted to the City within 180 days of the close of the fiscal year.
5. The City will prepare an annual budget document that provides a basic understanding of the City's planned financial operations for the coming fiscal year. Copies of the proposed and final budget will be made available to all interested parties and opportunities will be provided for citizen input prior to final adoption of the budget.
6. The City will seek annual renewal of the GFOA Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award.
7. The City will provide all financial documents to the internal and external auditors and City representatives will not improperly influence the conduct of audits.

THE FY11 BUDGET

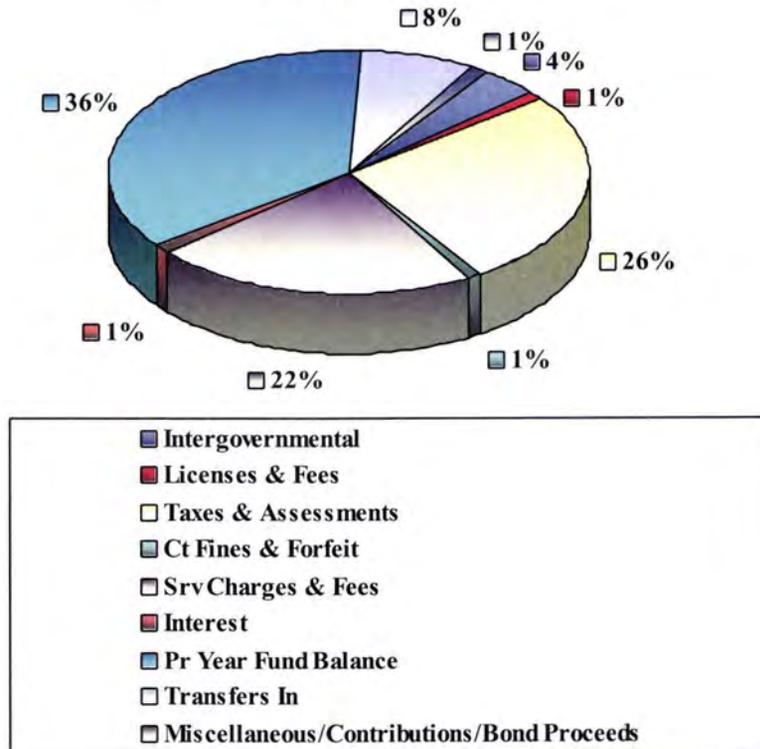
Total funding sources from all funds is estimated at \$269.5 million with expenditures/expenses totaling \$224.9 million for FY11. All funds for which revenues are received and expenditures/expenses are incurred are included in the Budget Summaries - All Funds section of this document.

The major sources of funding for FY11 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 27% of total resources. The City assesses a 3% local sales tax (2.0% city-wide plus 1.0% county-wide), a 4% utility franchise fee, a 3% hotel/motel tax and imposes a millage rate of \$.70 per \$100 of assessed property value. Service charges and fees account for 22% 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 FY11 are operating expenditures/expenses, capital improvements and debt service. Operating expenditures/expenses comprise 44% of total uses and are primarily for personnel, day-to-day operating expenditures/expenses and equipment purchases. Capital improvements account for 31% of total uses. Capital improvements include the sales tax street program, the water and sewer projects and sanitary landfill projects. Debt service accounts for 16% of total uses and is comprised of the five water and sewer revenue bond issues, the parking facilities revenue bond issue, a solid waste revenue bond issue and the four 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.

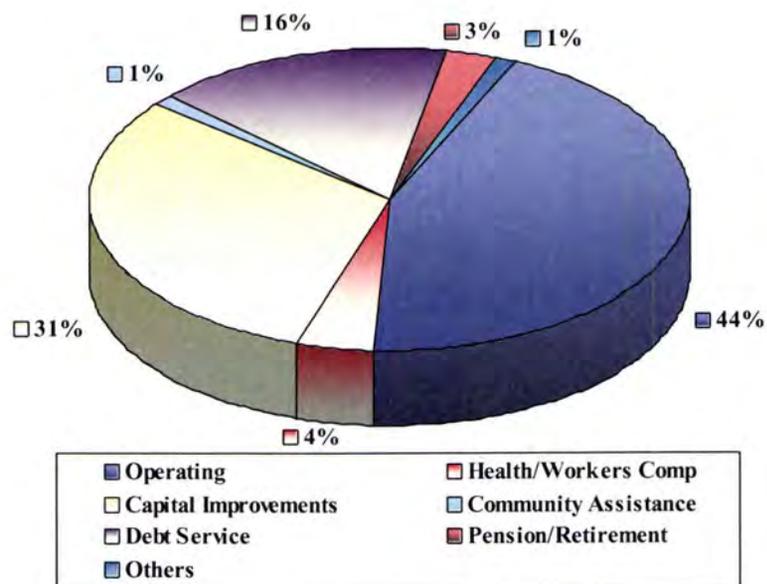
The two graphs which follow depict the allocation of total resources and total uses for 2011.

SUMMARY OF TOTAL RESOURCES FY 2011



Total Resources \$ 270,644,738

SUMMARY OF TOTAL USES FY 2011



Total Uses \$ 224,854,537

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

Operating Funds

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

The FY11 Operating Funds Budget totals \$98.6 million in appropriations which is 4% less than the FY10 Operating Funds Budget as a result of the operating cost reductions in FY11. Operation services account for 56% of operating appropriations. Operation services include: streets, traffic control, water and sewer services, parks and recreation, convention center, sanitation and transit services. The police and fire services combine to account for 26% of total appropriations.

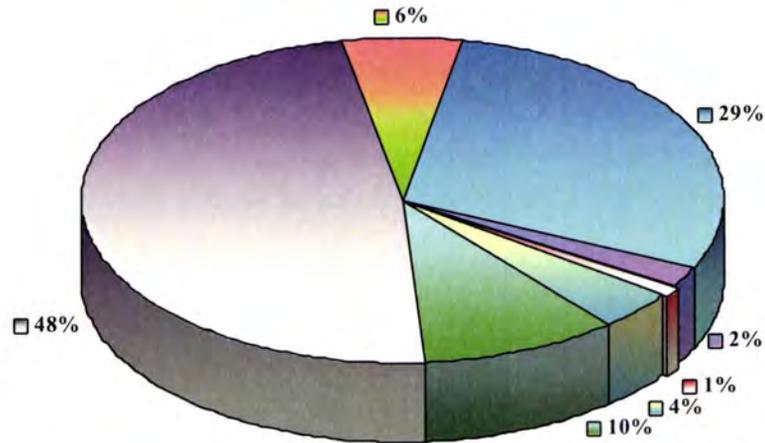
FY11 Operating Funds Sources total \$106.9 million, which is a 2.7% decrease from FY10 Operating Funds Sources due to a significant decrease in prior year balances carried forward. Service charges and fees account for 48% of total sources. Service charges and fees include utility rate charges for water, sewer and sanitation services. Taxes and assessments comprise 29% of total sources. Taxes and assessments include utility franchise fees, the property tax and the City's share of the county-wide sales tax.

The graphs on the following two pages depict the funding sources and appropriations for the four operating funds. The graphs on page 16 illustrate funding sources combined and individually for the four operating funds. The graphs on page 17 illustrate appropriations in combined and individual format for the four operating funds.

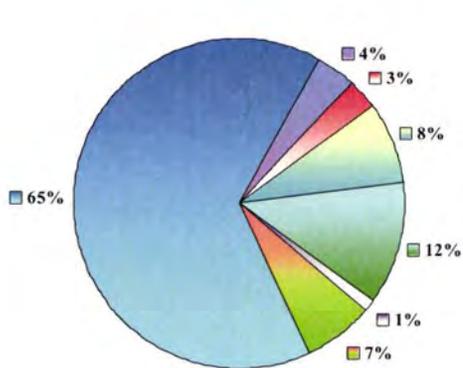
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2011

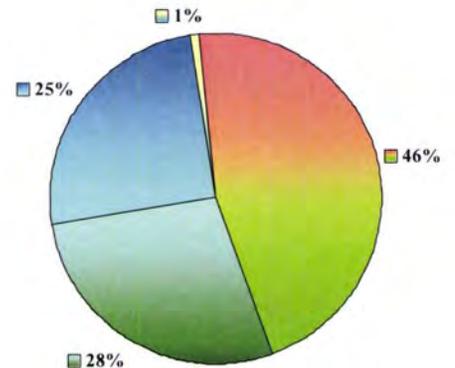
TOTAL FUNDING SOURCES \$108,100,174



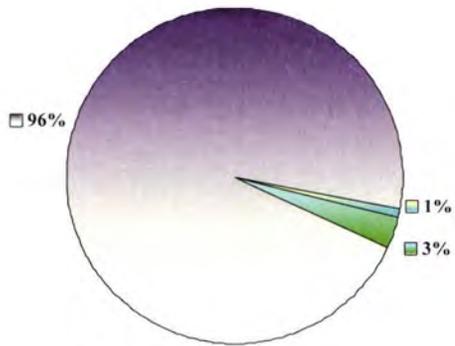
Ct Fines/Forfeitures	Licenses/Permits
Misc/Transfers	Prior Year Balance
Service Charges/Fees	Intergovernmental
Taxes/Assessments	



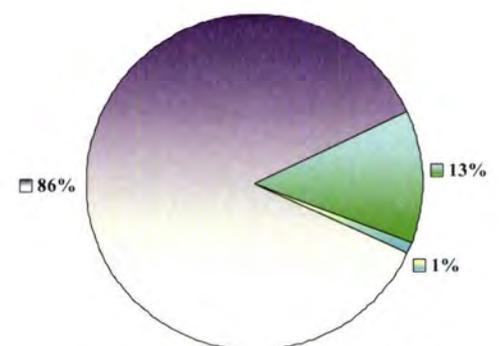
GENERAL FUND
\$44,599,695



STREET MAINTENANCE FUND
\$8,300,454



W/S OPERATING FUND
\$39,121,811

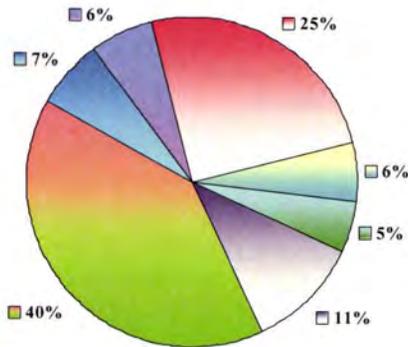
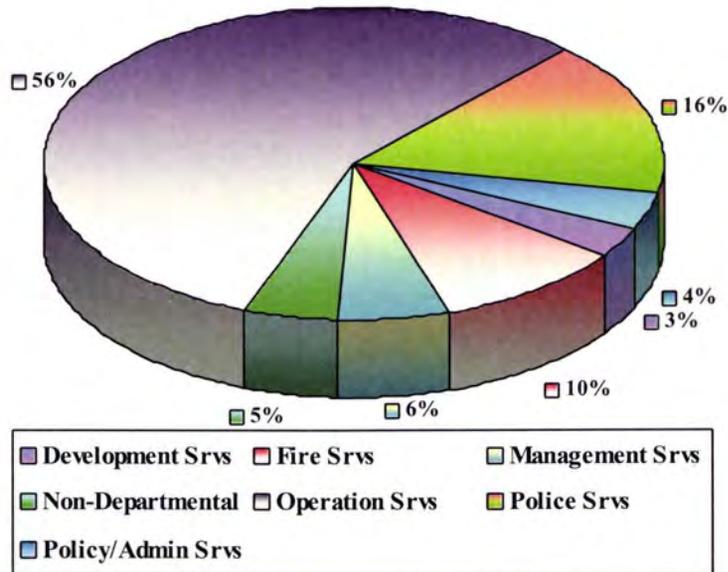


SANITATION OPERATION FUND
\$16,078,214

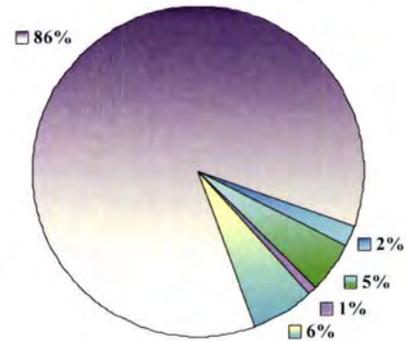
COMBINED OPERATING FUNDS

FISCAL YEAR January 1 - December 31, 2011

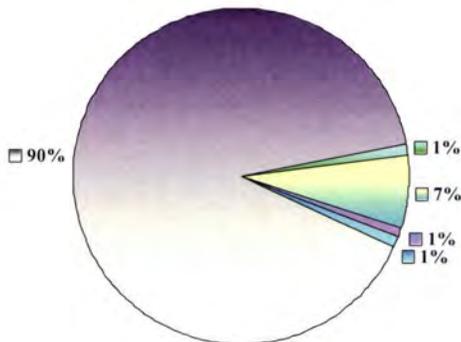
TOTAL APPROPRIATIONS \$98,635,384



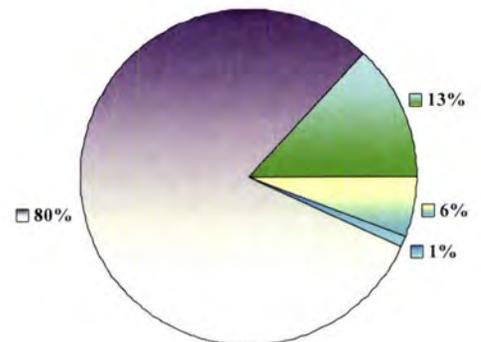
GENERAL FUND
\$41,042,956



STREET MAINTENANCE FUND
\$7,014,833



W/S OPERATING FUND
\$36,834,670



SANITATION OPERATION FUND
\$13,742,925

GENERAL FUND

Total funding sources for the General Fund in FY11 amount to \$44.6 million which represents a 2.1% decrease from FY10 Budget funding sources. Funding sources include current year revenue plus the prior year balance brought forward.

The major funding source for the General Fund is Taxes and Assessments which comprise 64% of total resources. Ad valorem taxes, franchise taxes and the county-wide 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 FY11 total \$7.1 million, which is an increase of 8% over the FY10 estimated amount of \$6.6 million. The tax rate for FY11 and FY12 remains constant at the maximum allowed by the state. The increase is a result of the 2010 county reappraisal and recently annexed property within the city. 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 FY11 are shown on page 189.

Franchise fees for FY11 are estimated at \$6.2 million, which is a 1.5% increase over the FY10 estimated revenue of \$6.1 million. A comparison of the franchise fee revenues between years is as follows:

	FY10 ESTIMATED (Thousands)	FY11 BUDGET (Thousands)
Electric	\$ 3,604	\$ 3,782
Gas	1,724	1,645
Cable	520	520
Telecommunications	252	245
	<u>\$ 6,100</u>	<u>\$ 6,192</u>

The increase between FY11 Budget and FY10 Estimated represents an expected increase in gas and electric consumption during FY11.

In June 1994, the citizens of Fort Smith and Sebastian County approved a 1% county-wide sales and use tax. Collection of the tax began August 1, 1994. The City receives approximately 70% of the total tax collection as the distribution is based on population within the County. The General Fund direct share of the county sales tax is estimated at \$15.3 million for FY11. This tax accounts for 39% of the General Fund revenue.

The General Fund appropriations for FY11 total \$41 million which is \$1.5 million or 3.5% less than the FY10 Budget. Total personnel for the fund increased by 2FTE which are the 2 patrol officers added as a result of the COPS grant award in December 2010.

The General Fund uses for the County Sales Tax in FY11 are as follows:

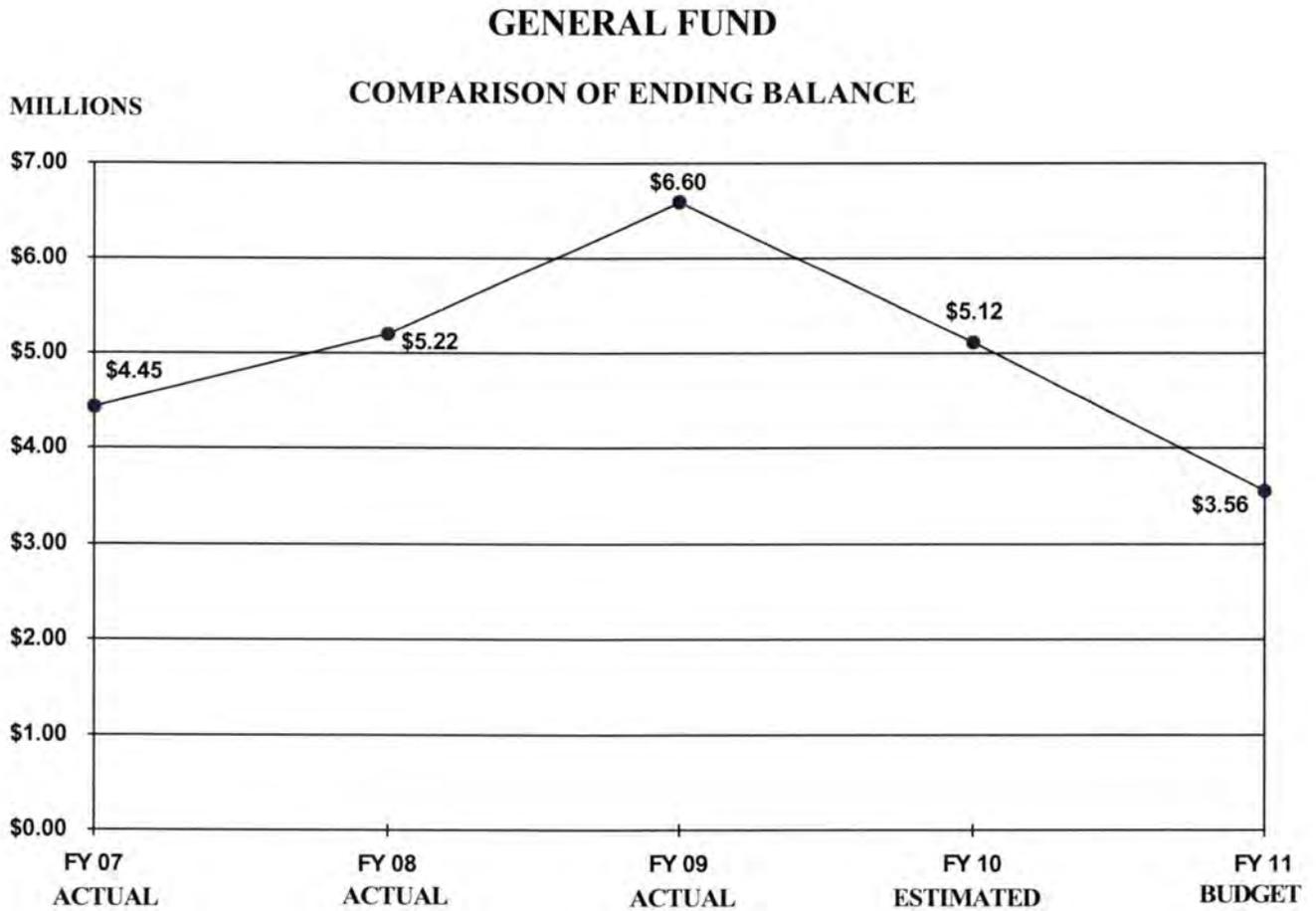
Public Safety	\$ 11,648,140
Public Library	919,590
Park Capital Maintenance	383,162
Senior Citizen Programs	229,898
Downtown Development & Projects	459,795
Public Transit	459,795
Privilege License Replacement	1,226,120
	<u>\$ 15,326,500</u>

The projected fund balance of the General Fund at December 31, 2011 is \$3,556,739 which represents 9.1% of operating expenditures for 2011. The Fiscal Performance Policies require a 15% contingency. Expenditure increases have outpaced the revenue increases such as the cost of labor, fuel, materials, and utilities. In the adopted FY10 Budget document the estimated ending balance was 7.1% compared to the FY10 estimated ending balance of 12.7% as indicated below. The General Fund departments worked diligently to reduce expenditures during 2010 to assist with the financial shortfall in the fund.

The level of ending fund balances for the past four years, and projected for FY11 is:

FY07	14.5%
FY08	13.6%
FY09	10.5%
FY10 Estimated	12.7%
FY11 Budget	9.1%

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



STREET MAINTENANCE FUND

Total funding sources of the Street Maintenance Fund for FY11 amount to \$8.3 million and is \$382,000 more than the FY10 Budget. The increase is due to the growth in real property values that increases the ad valorem tax revenue.

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 FY11 is \$47.50 which is less than the estimated FY10 amount of \$49.00.

This Fund also receives one-half of the 3.0 Road Millage levied by Sebastian County. Total estimate from this revenue for FY11 is \$2.14 million which reflects an 8% increase over FY10 estimated revenue.

FY11 appropriations for the Street Maintenance Fund total \$7 million compared to \$6.9 million in FY10. Expenditures remain stable between years.

The major appropriation classification of the Street Maintenance Fund is Operation Services involving the streets and traffic control programs. This classification represents 86% of total appropriations.

The estimated year end fund balance of the Street Maintenance Fund is \$1,285,621 which represents 19.2% of FY11 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 \$39.1 million for FY11. This is 3.5% more than the FY10 estimated funding sources. The FY11 Budget includes a 5% rate increase for water and sewer volume charges.

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

Total Water and Sewer Operating Fund appropriations for FY11 total \$36.8 million compared to FY10 appropriations of \$38.8 million. In order to improve the City's debt service coverage (DSC) for its water and sewer revenue bonds, \$1.2 million was reduced from operating accounts. The reductions include the elimination of three (3) FTE positions, cutting the payment to the landfill in half for the sludge disposal and eliminating some of the lagoon cleaning procedures for the water systems.

The projected working capital at December 31, 2011, is \$2,287,141, which represents 10.7% of FY11 operating expenses. This does not meet the fiscal policy of a 15% reserve requirement. Even with the rate increases and the reductions described above, the reserve is below the 15% level. The City is having a rate study prepared that should be available by the first of 2011 to address further rate increases.

SANITATION OPERATING FUND

Total funding sources of the Sanitation Operating Fund amount to \$16.1 million for FY11 and is consistent with FY10 budget sources.

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

Appropriations for the Sanitation Operating Fund total \$13.7 million. This is a decrease from the total FY10 appropriations of \$14.4 million. The decrease is attributable to lower repairs for equipment and less funds required for future landfill expansion costs.

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

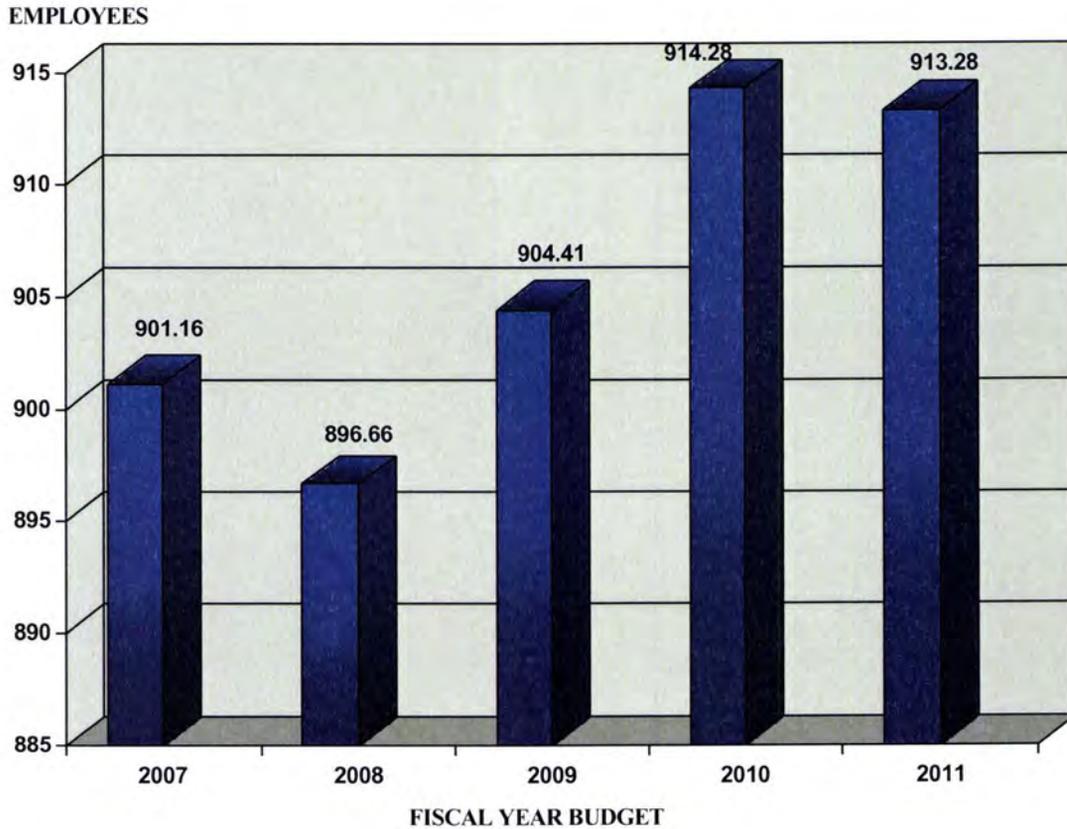
The projected year end working capital of the Sanitation Operating Fund is \$2,335,289 and reflects 21.7% of FY11 operating expenses. This exceeds the policy goal of 15%.

PERSONNEL AUTHORIZATIONS

Personnel costs for the City in FY11 represent 52.1% of total operating funds appropriations compared to 50.7% for FY10.

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

PERSONNEL AUTHORIZATIONS



The net change in personnel between 2010 estimated and 2011 is a decrease of 1 FTE. The following chart reconciles the 2010 estimated positions to the total positions for 2011.

	Full Time	Part-Time/ Seasonal	Total FTE
2010 Estimated	864	50.28	914.28
Police	2	-	2.00
Water & Sewer	(1)	(2.00)	-3.00
2011 Budget	865	48.28	913.28

CAPITAL IMPROVEMENT PROGRAM

Total capital improvements other than capital outlay for the operating programs for FY11 total \$70.2 million. Capital Improvements for the current fiscal year are provided by the five funds as indicated:

	Amount (Thousands)
Sales Tax Fund	\$ 24,290
Water and Sewer Capital Improvement Projects Fund	20,618
Sales & Use Tax Bond Construction Fund	22,096
City Sidewalk Construction Fund	341
Sanitary Landfill Construction & Sinking Fund	<u>2,850</u>
Total	<u>\$ 70,195</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 FY11 are 27.53% and 39.14% for police and fire personnel, respectively, as compared with FY10 rates of 27.75% and 36.97% for police and fire personnel, respectively. A special revenue fund entitled Arkansas LOPFI Contribution Fund accounts for these members' participation. Currently, there are 299 active members and 243 benefit recipients.

Benefit payments and retirement contributions for LOPFI for FY11 are estimated at \$6.5 million as compared to \$6.3 million for FY10. The increase is attributable to the increased contribution rates that rose 5.9% in fire. There is a slight decrease of .8% in the police contribution rate.

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 FY11. The current employer contribution rate for the court clerk is 12.54%. The FY11 contribution for the court clerk will be made from reserved funds remaining from the closed Municipal Judge and Court Clerk's Retirement System which was maintained as a pension trust fund in the past. There is currently one retiree receiving benefits.

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

BONDED INDEBTEDNESS

The City has eleven bond issues outstanding in 2011. A brief explanation of how each issue relates to the budget is as follows:

1. Water and Sewer System Revenue Bonds- Series 2002

These bonds are secured by the rates of the water and sewer system, which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued as parity bonds to the 1994 and 1999 water and sewer revenue bonds. The FY11 appropriation of \$4,221,795 will cover the required principal and interest for the fiscal period. The bonds were issued in February 2002 and October 2002. The total original issue amount was \$111.755 million. Of this amount, \$94,905 million was issued to provide financing for the Lake Fort Smith water supply expansion project, \$9.015 million was issued to finance other water improvements, and \$7.835 million was issued to advance refund a portion of the 1994 Water and Sewer Refunding and Construction Bonds. During 2008, the 2002A series bonds were called and the debt is considered defeased. The Water and Sewer Operating Fund has sufficient operating revenue to provide for the required debt service for this series in FY11.

2. Water and Sewer Revenue Refunding Bonds- Series 2005A-

These bonds are secured by the rates of the water and sewer system which are reflected in the Water and Sewer Operating Fund. Debt service is provided by the Water and Sewer Operating Fund. These bonds were issued on a parity basis with the water and sewer system revenue bonds Series 1999, 2002 and 2004. The bonds were issued to advance refund \$16.375 million of the Water and Sewer System Revenue Bonds, Series 1999. The original issue was \$17.605 million. The FY11 appropriation of \$2,149,230 will cover the required principal and interest payments due during the fiscal period. The Water and Sewer Operating Fund has sufficient operating revenues to provide for this required debt service coverage in FY11.

3. Water and Sewer Revenue Construction Bonds- Series 2005B-

These bonds are secured by the rates of the water and sewer system which are reflected in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides for transfers to meet the debt service requirements of the bonds. These bonds were issued on parity with the water and sewer system revenue bonds series 1999, 2002, 2004 and 2005A. The bonds were issued to provide financing for purchase of a portion of the South Sebastian Water Users Association transmission lines and extending services to the area, construction of an elevated storage tank in the Howard Hill area, installation of a 12" water line along Highway 45 West, and repainting the Wildcat Mountain water storage tank. The original issue was \$7.34 million. The FY11 appropriation of \$309,795 will cover the required principal and interest payments due during the fiscal period. The Water and Sewer Operating Fund is expected to have sufficient revenues to meet this required debt service in FY11.

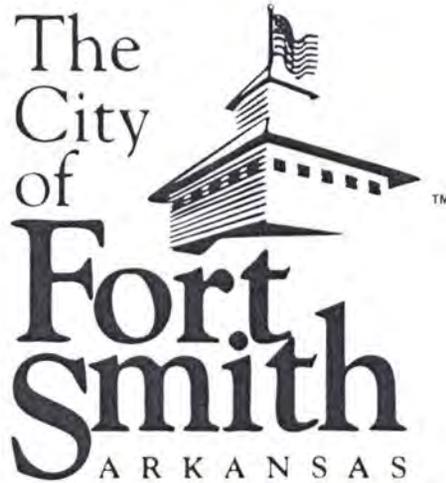
4. Water and Sewer Revenue Construction Bonds- Series 2007-

These bonds are secured by the water and sewer operating revenues as described in the bond covenants. These revenues are reflected in the Water and Sewer Operating Fund. The Water and Sewer Operating Fund provides for transfers to meet the annual debt service requirements. The 2007 bonds were issued on a parity with the water and sewer system revenue bonds, series 1999, 2002, 2004, 2005A, and 2005B. The original issue was \$24.47 million. The purposes of the bonds are to fund the new sewer pump stations, sewer extensions in the southern growth area of the City, the Mountainburg water treatment plant rehabilitation and expansion, Midland Boulevard water transmission line replacement, neighborhood water line replacements, new water transmission line from Mountainburg to the City, water storage tank painting, Lee Creek water treatment plant instrumentation, and water transmission system metering. The FY11 appropriation of \$1,887,370 will provide the required debt service during FY11. The Water and Sewer Operating Fund should have sufficient revenues to meet this requirement in FY11.

5. **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 refund 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 FY11 appropriation of \$6,430,830 will cover the required debt service payments during 2011. The Water and Sewer Operating Fund is expected to have sufficient revenues to meet this required debt service for FY11.
6. **Parking Facilities Revenue Construction and Refunding Bonds - Series 1998**
 These bonds were issued to refund the Series 1991 Bonds and to provide construction of additional off-street parking sites in relation to the convention center and riverfront park improvements in the downtown area. The aggregate principal of the bonds was \$2,025,000. The bonds are secured by revenues of the system including parking meter revenues. The FY11 debt service requirement is \$138,040. Parking deck and parking meter revenues should be sufficient in FY11 to meet this required payment.
7. **Solid Waste Revenue Refunding Bonds- Series 2002**
 These bonds are secured by the solid waste operations of the Sanitation Operating Fund. These bonds were issued to refund the Series 1995 Solid Waste Revenue Refunding Bonds. The 1995 Bonds, with a par amount of \$9.185 million, were originally issued to refund temporary bonds issued in 1993 and to fund a portion of the construction costs for the second cell at the sanitary landfill. The 2002 Bonds were issued at an aggregate principal amount of \$6,305,000. The Sanitation Operating Fund provides an appropriation totaling \$1,099,350 to cover the required debt service for FY11. The Sanitation Operating Fund has sufficient revenues to meet the required debt service in FY11.
8. **Sales and Use Tax Refunding and Construction Bonds- Series 2006**
 These bonds are secured by a special one percent (1%) local sales and use tax. The 2006 Bonds were issued in the amount of \$84.935 million in September 2006. The bonds were issued to redeem the outstanding 2001 Sales and Use Tax Bonds, to purchase a radio communications system, and to fund wastewater wet weather improvements. Sales tax revenue for FY11 is anticipated to be \$18,853,625. Adding interest earnings for the year, revenues will be sufficient to pay debt service requirements of \$10,540,390 as well as call approximately \$2.42 million in bonds during FY11.
9. **Sales and Use Tax Construction Bonds- Series 2008**
 These bonds are secured by a special one percent (1%) local sales and use tax. The 2008 Bonds were issued in the amount of \$15.815 million in November 2008. The bonds were issued to provide additional financing for purchase of a radio communications system and for wastewater improvements including wet weather improvements. Sales tax revenue for FY11 is estimated to be \$18,853,625. The tax revenue plus interest will provide funding to pay debt service requirements of \$2,898,348 as well as call approximately \$.33 million in bonds during FY11.
10. **Sales and Use Tax Construction Bonds- Series 2009**
 These bonds are secured by a one percent (1%) local sales and use tax but are subordinate to the 2006 and 2008 issues. The 2009 Bonds were issued in the amount of \$29.15 million in September 2009. The bonds were issued to provide additional wet weather wastewater improvements. The debt service requirements for FY11 total \$699,300 and will be provided by a temporary sewer rate increase that will be in place until the 2009 Bonds are redeemed. The Water and Sewer Operating Fund includes an appropriation of \$350,000 to provide a portion of the interest payments for FY11.
11. **Sales and Use Tax Construction Bonds- Series 2010**
 These bonds are secured by a one percent (1%) local sales and use tax. The 2010 Bonds were issued in the amount of \$3.595 million in January 2010. The bonds were issued to provide additional financing for wastewater improvements including wet weather improvements. Sales tax revenue for FY11 is estimated to be \$18,853,625. The tax revenue plus interest will provide funding to pay debt service requirements of \$1,726,885. These bonds will be redeemed on September 1, 2011.

Please refer to pages 175-180 in the Related Financial Information section of this document for more information regarding the City's debt.

THIS PAGE INTENTIONALLY LEFT BLANK



BUDGET SUMMARIES - ALL FUNDS

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

A comparative summary for FY09 Actual, FY10 Budget, FY10 Estimated and FY11 Budget is provided on a consolidated basis with interfund transfers included. A combined summary with more detailed revenue sources for FY08 Actual, FY09 Actual, FY10 Budget, FY10 Estimated and FY11 is included. A schedule of beginning and ending balances/working capital for all fund types for FY11 Budget is provided. Major revenue analyses are included in this section. Also included are individual fund statements for FY11 Budget.

**City of Fort Smith
FY11
Comparative Summary - All Funds**

	<u>Actual FY09</u>	<u>Budget FY 10</u>	<u>Estimated FY 10</u>	<u>Budget FY 11</u>
Revenues				
Intergovernmental	\$ 12,290,620	\$ 13,062,766	\$ 13,374,480	\$ 10,212,765
Taxes and Assessments	70,340,098	72,425,705	70,424,208	72,208,050
Licenses and Permits	1,377,109	1,378,000	1,319,472	1,340,000
Court Fines and Forfeitures	2,098,900	1,985,000	2,062,510	2,085,000
Service Charges and Fees	58,868,507	63,622,520	59,995,463	61,251,000
Interest	984,852	1,072,814	249,304	220,495
Contributions	1,514,870	1,304,400	1,603,261	1,316,518
Bond Proceeds (Note 3)	27,144,493	3,480,000	3,355,576	0
Miscellaneous	8,146,360	1,414,445	1,403,171	1,416,710
Transfers In	21,466,189	21,663,230	22,454,864	21,332,150
Total	<u>\$ 204,231,998</u>	<u>\$ 181,408,880</u>	<u>\$ 176,242,309</u>	<u>\$ 171,382,688</u>
Expenditures/Expenses				
Operating	\$ 98,039,855	\$ 102,746,611	\$ 98,782,274	\$ 98,635,384
Capital Improvements	83,885,920	114,517,603	83,915,419	70,194,535
Community Assistance (Note 1)	2,278,201	2,129,491	2,062,198	1,832,245
Debt Service	35,751,361	35,480,075	36,710,841	35,191,455
Pension Benefits/Retirement Contributions	5,579,958	6,255,000	6,210,794	6,450,928
Health Insurance and Workers' Compensation Claims	8,337,407	8,784,409	8,498,578	9,532,490
Other (Note 2)	5,347,600	4,184,799	4,208,266	3,017,500
Total	<u>\$ 239,220,302</u>	<u>\$ 274,097,988</u>	<u>\$ 240,388,370</u>	<u>\$ 224,854,537</u>
Excess (Deficiency) Revenues Over (Under) Expenditures/Expen:	\$ (34,988,304)	\$ (92,689,108)	\$ (64,146,061)	\$ (53,471,849)
Fund Balance/Working Capital Beginning of Year	<u>198,396,415</u>	<u>171,414,099</u>	<u>163,408,111</u>	<u>99,262,050</u>
Fund Balance/Working Capital End of Year	<u>\$ 163,408,111</u>	<u>\$ 78,724,991</u>	<u>\$ 99,262,050</u>	<u>\$ 45,790,201</u>

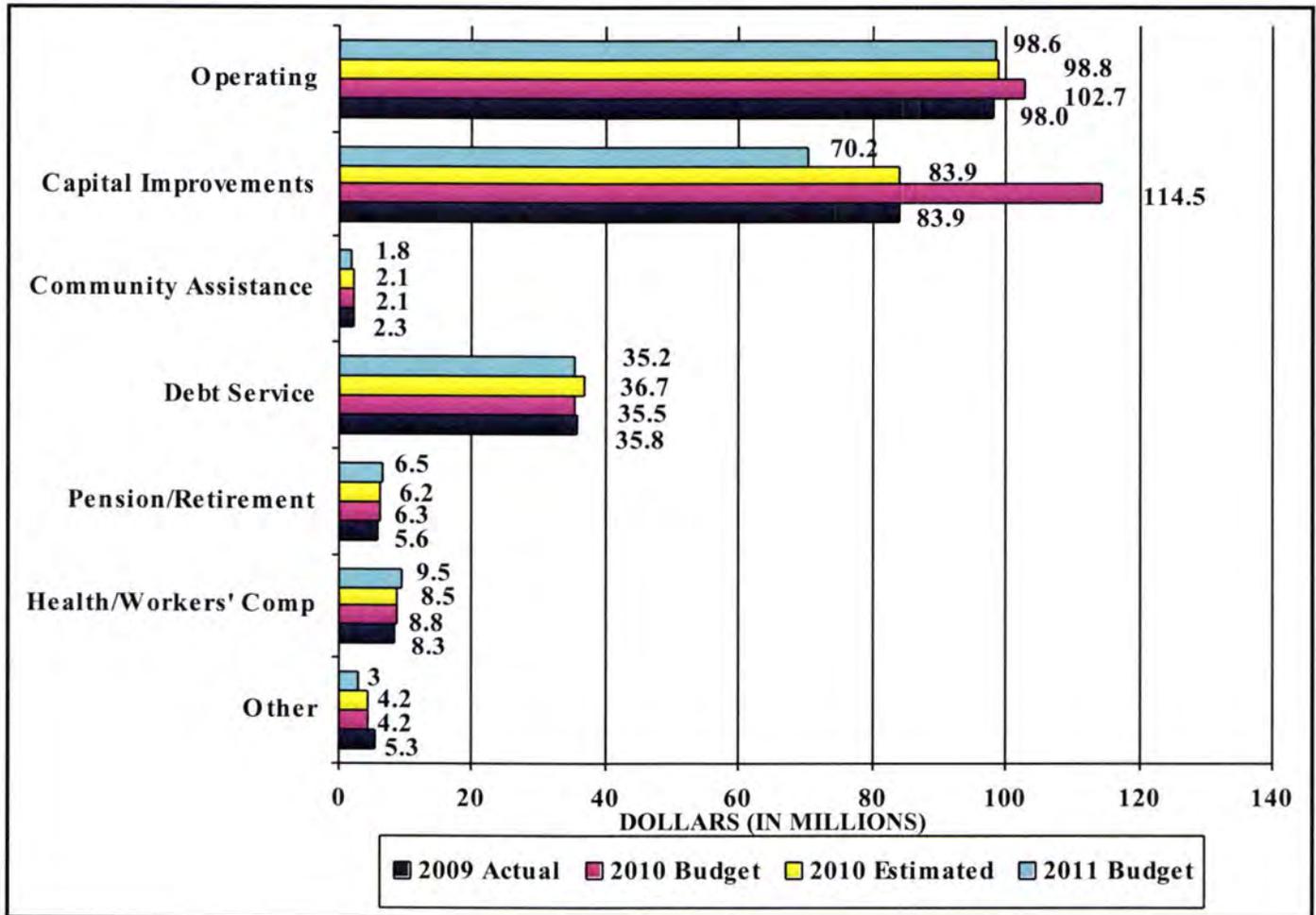
Note 1: Community Assistance includes the CDBG and HOME program as well as the historic preservation, federal transportation, and drug enforcement grant activity of the Special Grants Fund. Amounts for 2011 are: CDBG and HOME \$1,429,920; Special Grants \$410,000.

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

Note 3: The bond proceeds for FY09 actual were the 2009 Sales & Use Tax Construction Bonds; and, for the FY10 Budget and FY10 Estimated are the 2010 Sales & Use Tax Construction Bonds.

Comparative Summary - All Funds

Expenditure/Expense



City of Fort Smith
 FY11
 Fund List Summary

	<u>Beginning Fund Balance/ Working Capital</u>	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Ending Fund Balance/ Working Capital</u>
General	\$ 5,118,513	\$ 39,481,182	\$ 41,042,956	\$ 3,556,739
Special Revenue Funds:				
Street Maintenance	2,331,724	5,968,730	7,014,833	1,285,621
Sales Tax	8,942,930	19,166,375	24,289,913	3,819,392
Community Development				
Block Grant	802	899,621	899,621	802
HOME Investment Partnership Act	-	522,299	522,299	-
Special Grants	124,731	410,525	410,325	124,931
Tilles Park	9,034	420	-	9,454
Advertising and Promotion	55,307	704,000	697,960	61,347
Arkansas LOPFI Contribution	11,512,119	5,329,951	6,450,928	10,391,142
Convention Center	1,035,857	651,800	1,328,200	359,457
Sub-Total	<u>24,012,504</u>	<u>33,653,721</u>	<u>41,614,079</u>	<u>16,052,146</u>
Debt Service Fund:				
Sales & Use Tax Bonds	<u>8,318,239</u>	<u>18,855,125</u>	<u>18,605,804</u>	<u>8,567,560</u>
Capital Projects Funds:				
Sidewalk Construction	494,033	145,550	341,000	298,583
2006 Sales & Use Tax Construction	22,535,369	52,000	22,096,436	490,933
Sub-Total	<u>23,029,402</u>	<u>197,550</u>	<u>22,437,436</u>	<u>789,516</u>
Enterprise Funds:				
Water and Sewer	27,855,572	53,460,020	72,756,152	8,559,440
Sanitation	5,998,544	17,329,990	18,401,030	4,927,504
Parking Authority	76,282	439,500	468,880	46,902
Sub-Total	<u>33,930,398</u>	<u>71,229,510</u>	<u>91,626,062</u>	<u>13,533,846</u>
Internal Service Funds:				
Working Capital	75,373	655,000	660,500	69,873
Employee Health & Wellness	4,740,386	6,569,600	8,242,700	3,067,286
Workers' Compensation	37,235	741,000	625,000	153,235
Sub-Total	<u>4,852,994</u>	<u>7,965,600</u>	<u>9,528,200</u>	<u>3,290,394</u>
Total	99,262,050	171,382,688	224,854,537	45,790,201
Interfund Transfers	<u>-</u>	<u>(21,332,150)</u>	<u>(21,332,150)</u>	<u>-</u>
Adjusted Total	<u>\$ 99,262,050</u>	<u>\$ 150,050,538</u>	<u>\$ 203,522,387</u>	<u>\$ 45,790,201</u>

City of Fort Smith
 FY11
 Comparative Summary with Detail Revenue Categories - All Funds

	Actual FY 08	Actual FY 09	Budget FY 10	Estimated FY 10	Budget FY 11
Revenues					
Intergovernmental					
Federal	\$ 4,900,989	\$ 4,569,176	\$ 6,208,891	\$ 6,210,933	\$ 4,139,248
State	7,969,235	7,690,345	6,850,875	7,158,239	6,068,517
Local	3,733	31,100	3,000	5,308	5,000
Taxes and Assessments					
Ad Valorem	9,381,976	10,884,313	10,392,540	11,234,620	12,132,800
Franchise	7,366,814	5,990,452	6,952,200	6,100,000	6,191,500
Sales Tax - City	41,226,410	37,554,986	38,553,640	37,150,000	37,707,250
Sales Tax - County	16,610,714	15,046,777	15,510,425	15,100,000	15,326,500
Hotel/Motel Tax	791,602	673,278	751,900	694,272	700,000
Other	281,744	190,291	265,000	145,316	150,000
Licenses and Permits	1,844,407	1,377,109	1,378,000	1,319,472	1,340,000
Court Fines and Forfeitures	2,188,504	2,098,900	1,985,000	2,062,510	2,085,000
Service Charges and Fees					
Water & Sewer	36,391,791	35,652,829	38,676,870	36,708,803	38,009,500
Sanitation	14,095,412	12,560,096	13,942,200	13,591,025	13,885,000
General Fund	1,251,892	1,124,828	1,251,850	1,227,714	563,900
Internal Service	9,785,425	9,368,088	9,569,600	8,283,244	7,953,600
Convention Center	0	0	0	0	650,000
Parking Operations	158,067	162,666	182,000	184,677	189,000
Interest	5,643,507	984,852	1,072,814	249,304	220,495
Contributions	3,928,504	1,514,870	1,304,400	1,603,261	1,316,518
Bond Proceeds	60,597,693	27,144,493	3,480,000	3,355,576	0
Miscellaneous	1,333,828	8,146,360	1,414,445	1,403,171	1,416,710
Transfers In	21,724,088	21,466,189	21,663,230	22,454,864	21,332,150
Total	\$ 247,476,335	\$ 204,231,998	\$ 181,408,880	\$ 176,242,309	\$ 171,382,688
Expenditures/Expenses					
Operating	\$ 96,897,943	\$ 98,039,855	\$ 102,746,611	\$ 98,782,274	\$ 98,635,384
Capital Improvements	62,765,389	83,885,920	114,517,603	83,915,419	70,194,535
Community Assistance	1,908,808	2,278,201	2,129,491	2,062,198	1,832,245
Debt Service	36,417,190	35,751,361	35,480,075	36,710,841	35,191,455
Pension Benefits/Retirement					
Contributions	4,601,114	5,579,958	6,255,000	6,210,794	6,450,928
Health Insurance and Workers'					
Compensation Claims	7,672,290	8,337,407	8,784,409	8,498,578	9,532,490
Other	4,123,983	5,347,600	4,184,799	4,208,266	3,017,500
Total	\$ 214,386,717	\$ 239,220,302	\$ 274,097,988	\$ 240,388,370	\$ 224,854,537
Excess (Deficiency) Revenues Over (Under) Expenditures/Expenses	\$ 33,089,618	\$ (34,988,304)	\$ (92,689,108)	\$ (64,146,061)	\$ (53,471,849)
Fund Balance/Working Capital Beginning of Year	165,306,797	198,396,415	171,414,099	163,408,111	99,262,050
Fund Balance/Working Capital End of Year	\$ 198,396,415	\$ 163,408,111	\$ 78,724,991	\$ 99,262,050	\$ 45,790,201

Note 1: The rental revenue for the convention center has been accounted for in the General Fund service charges and fees prior to the 2011 Budget. The rental revenue is accounted for in the Convention Center Fund beginning in 2011.

Major Revenue Analyses-2011 Budget

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

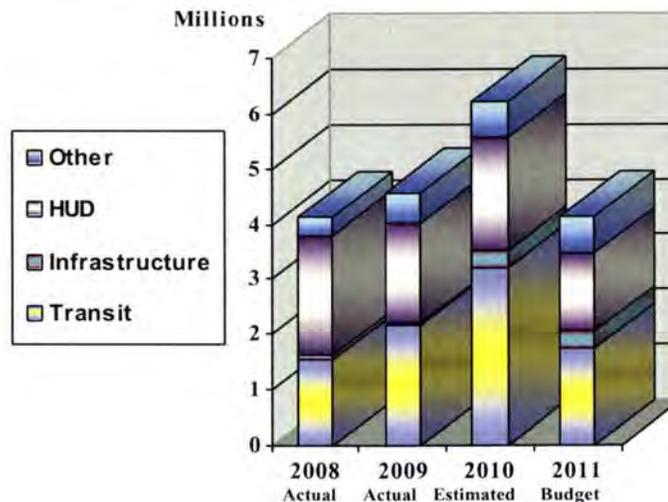
Intergovernmental

Federal-

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

Revenue History- federal funding represents an average of only 2.5% of total annual revenues. However, the transit funding is accounted for in the General Fund and represents an average of 5.9% 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
2008 Actual	1,529,040	1,284,996	1,668,222	418,731	4,900,989
2009 Actual	2,166,398	39,226	1,810,945	522,607	4,569,176
2010 Est.	3,219,348	300,000	2,058,972	632,613	6,210,933
2011 Budget	1,750,000	300,000	1,421,920	667,328	4,139,248



2011 Revenue Estimates- the decrease in 2011 is due to less federal funding for CDBG and HOME projects due to the inclusion of stimulus funds in 2010. Also, the transit allocation decreased due to the \$1.65 million ARRA money being included for 2010.

State-

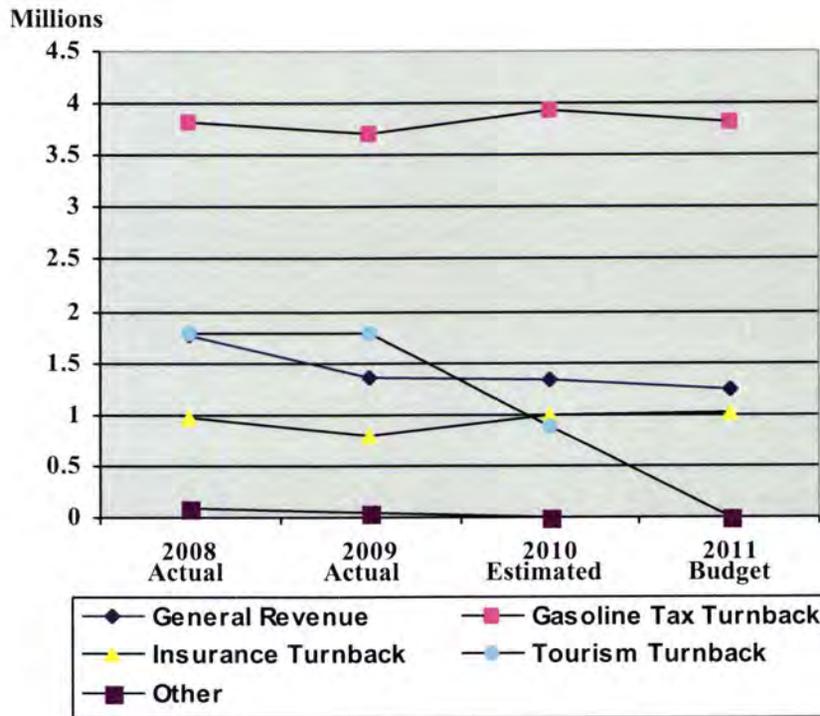
Revenue Description- state aid in the form of turnbacks from state tax levies, grants and special appropriations. The most significant state provided revenue is the gasoline tax turnback which is accounted for in the Street Maintenance Fund, the general revenue turnback, the insurance turnback for the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

State (continued)-

for the Convention Center Fund. The last receipt of the special turnback for the Convention Center occurred in June 2010.

Revenue History- state funding represents an average of 3.6% of total revenues. However, the gasoline tax turnback represents an average of 65% of the Street Maintenance Fund annual revenue and the insurance turnback represents 20% of the Arkansas LOPFI Contribution Fund Revenue.

	General Revenue Turnback	Gasoline Tax Turnback	Insurance Turnback	Tourism Turnback	Other	Total
2008 Actual	1,386,747	3,663,686	961,177	1,796,051	161,574	7,969,235
2009 Actual	1,366,318	3,699,862	796,055	1,786,637	41,473	7,690,345
2010 Estimated	1,344,489	3,933,132	986,895	888,273	5,000	7,158,239
2011 Budget	1,244,154	3,812,730	1,006,633	-	5,000	6,068,517



2011 Revenue Estimates- the amount of general revenue turnback and gasoline tax turnback is allocated on a per capita basis with annual estimates provided by the Arkansas Municipal League (AML). The tourism turnback is specified in state statutes and 2009 was the last full year for receipt of the tourism turnback. The City tourism turnback for 2010 of \$888,723 signified the end of state authorization for this turnback and is the reason for the decrease between 2009, 2010 and 2011. The insurance turnback is based on historical receipts for the past 5 years.

Taxes and Assessments:

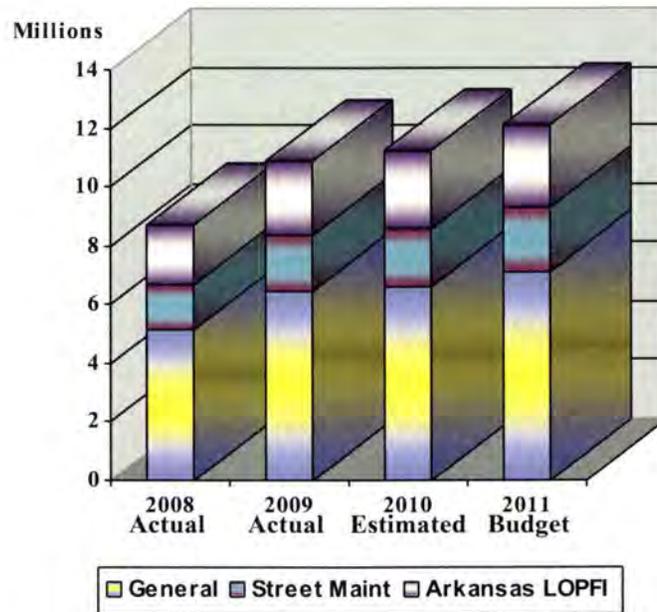
Ad Valorem-

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

Revenue History- the City's share of ad valorem taxes totals 8.5 mills for the four years presented. Sebastian County is the assessment, bill and collection agency for all taxing entities. The property tax levy for the past five years is presented in graphic form on page 189 in the Related Financial Information section of this document.

Ad valorem taxes represent an average of 5.7% of total City revenues. The revenue for the three funds which receive property tax revenue since 2008 is as follows:

	<u>General</u>	<u>Street Maintenance</u>	<u>Arkansas LOPFI Contribution</u>	<u>Total</u>
2008 Actual	5,518,765	1,655,032	2,208,179	9,381,976
2009 Actual	6,479,078	1,887,958	2,517,277	10,884,313
2010 Estimated	6,608,600	1,982,580	2,643,440	11,234,620
2011 Budget	7,137,000	2,141,000	2,854,800	12,132,800



2011 Revenue Estimate-ad valorem taxes are expected to increase by approximately \$898,000 or 8% for 2011 due to the 2010 county reappraisal and an increase in the total value of property within the city limits due to recent annexations.

Franchise Fees-

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

Revenue History- the two electric utilities and the gas utility gross revenues are directly related to rate adjustments and weather fluctuations. Franchise fees represent an average of 3.2% of total City revenues and an average 15% of total General Fund revenue.

	<u>2008 Actual</u>	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Budget</u>
Electric	3,980,482	3,431,115	3,544,216	3,771,550
Gas	2,475,201	1,680,066	1,774,022	1,645,000
Cable	632,577	590,347	520,298	520,000
Telephone	268,604	279,174	251,514	245,000
Other	9,950	9,750	9,950	9,950
	<u>7,366,814</u>	<u>5,990,452</u>	<u>6,100,000</u>	<u>6,191,500</u>

2011 Revenue Estimate- franchise fees are anticipated to increase by approximately \$92,000 or 1.5% over 2010 estimated revenue. The increase is primarily a result of anticipated higher electric and natural gas usage.

City Sales Taxes-

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

Revenue History- 1% of the City's local sales and use tax is dedicated for streets, bridges and associated drainage projects. The revenue is accounted for in the Sales Tax Fund and the tax has been in place since 1985. A 1% City sales and use tax is dedicated to the redemption of the Sales and Use Tax Bonds Series 2006, 2008, 2009 and 2010. The 2006 Bonds were issued in September 2006 to refund the remaining 2001 Sales and Use Tax Bonds, to provide funding for a new public safety and utility radio system, and to provide funding for wastewater projects in accordance with the EPA wet weather improvement mandates. The 2008 Bonds were issued in November 2008 to provide additional funding for the radio system project and wastewater improvements. The 2009 Bonds were issued to provide additional wastewater projects. The 2010 Bonds were also issued for more sewer projects. Once the 2006, 2008, and 2010 bond issues are redeemed, the tax will be dedicated to the redemption of the Sales and Use Tax Bonds Series 2009. A form of this tax has been in place since 1997.

	Street Sales Tax Fund	Sales & Use Tax Bond Fund	Total
2008 Actual	20,613,205	20,613,205	41,226,410
2009 Actual	18,777,493	18,777,493	37,554,986
2010 Estimated	18,575,000	18,575,000	37,150,000
2011 Budget	18,853,625	18,853,625	37,707,250

2011 Revenue Estimate- City sales and use tax revenue is projected to increase 1.5% between years. The decline in revenue between 2008 and 2009 was due to the significant increase in building materials sold to make repairs from the April 2008 hail storm as well as the general downturn in the City's economy. The state, as collection agent, does not provide the City any information as to the various commodities which generate the tax, therefore, there are little forecasting techniques which would provide a trend analysis other than historical revenue.

County Sales Tax-

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

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

Actual 2008	16,610,714
Actual 2009	15,046,777
Estimated 2010	15,100,000
Budget 2011	15,326,500

2011 Estimated Revenue- the county sales tax is expected to increase 1.5% over 2010. As in the case of the City's sales tax levies, the state does not provide any trend information for this revenue source.

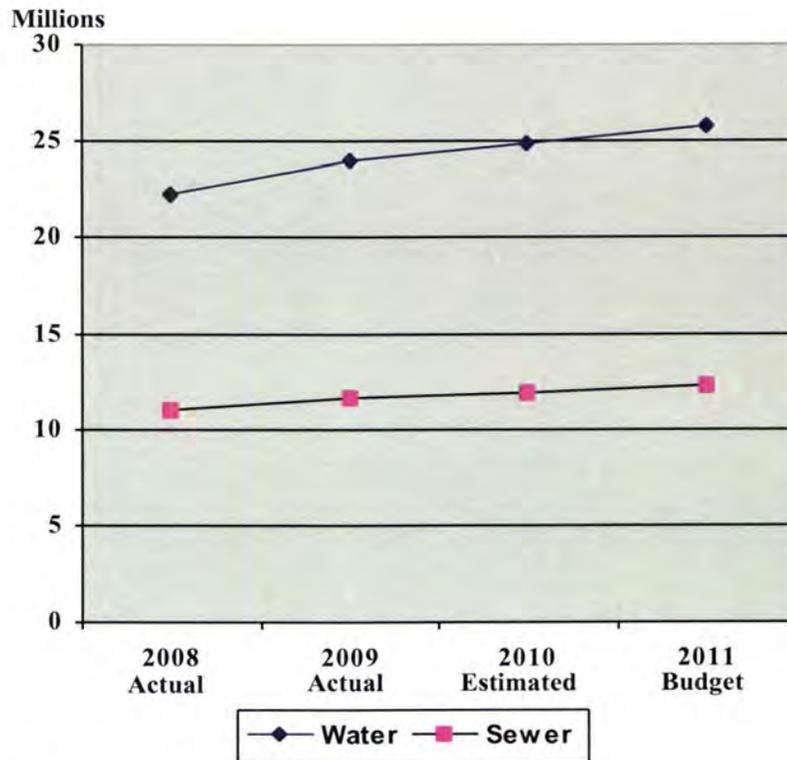
Service Charges and Fees:

Water and Sewer-

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

Revenue History- usage fluctuates due to winter and summer weather patterns. Rate increases for both water and sewer services are periodically increased by the Board. The most recent rate increases for water and sewer services became effective January 1, 2010 to fund capital projects, and maintain adequate debt service coverage. Additional rate increases have been approved which become effective January 1, 2011. There is also a temporary sewer rate increase that became effective July 1, 2009 to provide interim funding for the 2009 Sales and Use Tax Bonds. Combined water and sewer service charges and fees represent an average 18.8% of total city revenue.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Actual 2008	24,509,976	11,881,815	36,391,791
Actual 2009	23,990,279	11,662,550	35,652,829
Estimated 2010	24,857,431	11,851,372	36,708,803
Budget 2011	25,758,700	12,250,800	38,009,500



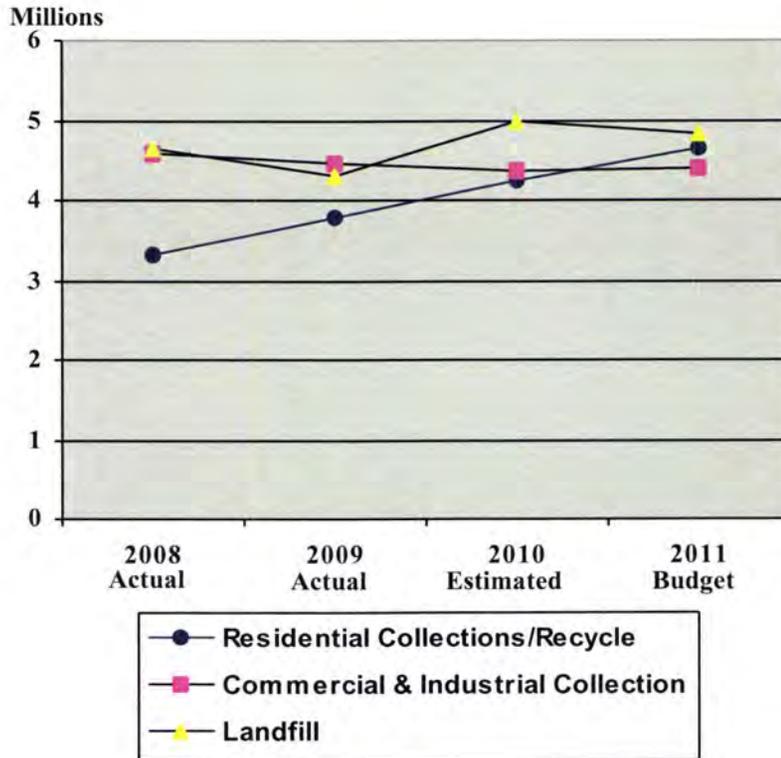
2011 Revenue Estimate- The rate increases that become effective January 1, 2011 are reflected in the 2011 revenue. Additionally, the estimated 2010 and the Budget 2011 revenue include a full year of the sewer rate increase that became effective July 1, 2009.

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. All rates for sanitation services were increased during 2007. The current residential fees became effective July 1, 2007 and current rates for commercial collections, industrial collections, and solid waste disposal fees became effective August 1, 2007.

	<u>Residential Collection/ Recycling</u>	<u>Commercial/ Industrial Collection</u>	<u>Landfill</u>	<u>Total</u>
Actual 2008	3,687,663	4,792,251	5,615,498	14,095,412
Actual 2009	3,772,466	4,469,954	4,317,676	12,560,096
Estimated 2010	4,247,602	4,358,039	4,985,384	13,591,025
Budget 2011	4,660,000	4,400,000	4,825,000	13,885,000



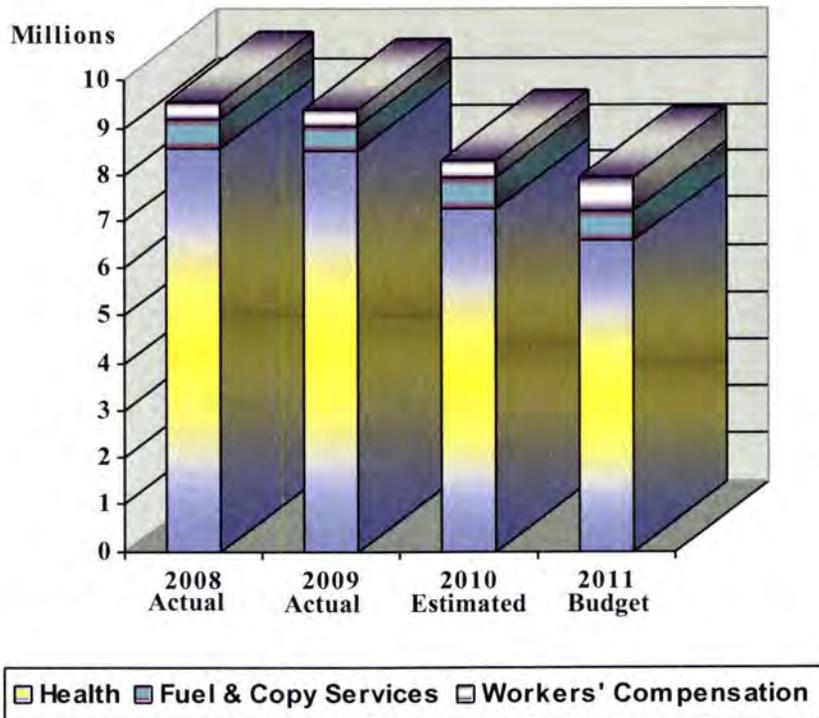
2011 Revenue Estimates- The 2011 budget does not include any rate increases. However, the residential collections revenue has been increased approximately \$400,000 to account for the City's assuming services in the southern area of the city on July 11, 2010. These services were previously provided by a commercial hauler. The landfill revenue is expected to decrease in 2011 from 2010 due to the decrease in payment from the Water and Sewer Fund for sludge handling at the landfill.

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 stable from 2007 through 2010 and is expected to remain so through 2011. Wellness programs as well as restructuring copayments and deductibles have allowed the health plan costs to remain manageable over the four years presented. Fuel and copy charges fluctuated during 2008 due to increased crude oil and subsequent gasoline price costs. The cost to provide workers' compensation claims to employees is expected to increase by 50% between 2010 and 2011 due to claims experience.

	<u>Health & Welfare</u>	<u>Fuel & Copy Services</u>	<u>Workers' Compensation</u>	<u>Total</u>
Actual 2008	8,515,803	936,582	333,040	9,785,425
Actual 2009	8,483,574	534,514	350,020	9,368,088
Estimated 2010	7,259,632	654,252	369,360	8,283,244
Budget 2011	6,559,600	655,000	739,000	7,953,000



2011 Revenue Estimate- The city contribution to the Employee Health and Wellness Fund is expected to decrease by 10%. This is a result of using the reserve balance to fund the 2011 costs. The city contribution to the Workers' Compensation Fund is approximately double the amount in 2011 as compared to 2010 due to the claims history. Fuel and copy services should remain stable between years.

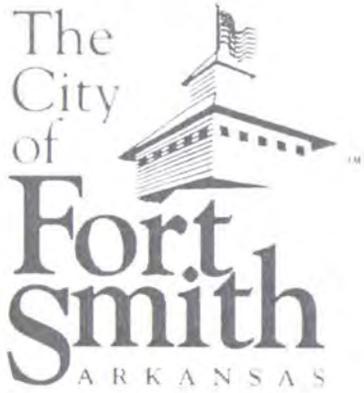
THIS PAGE LEFT INTENTIONALLY BLANK

City of Fort Smith Financial Structure

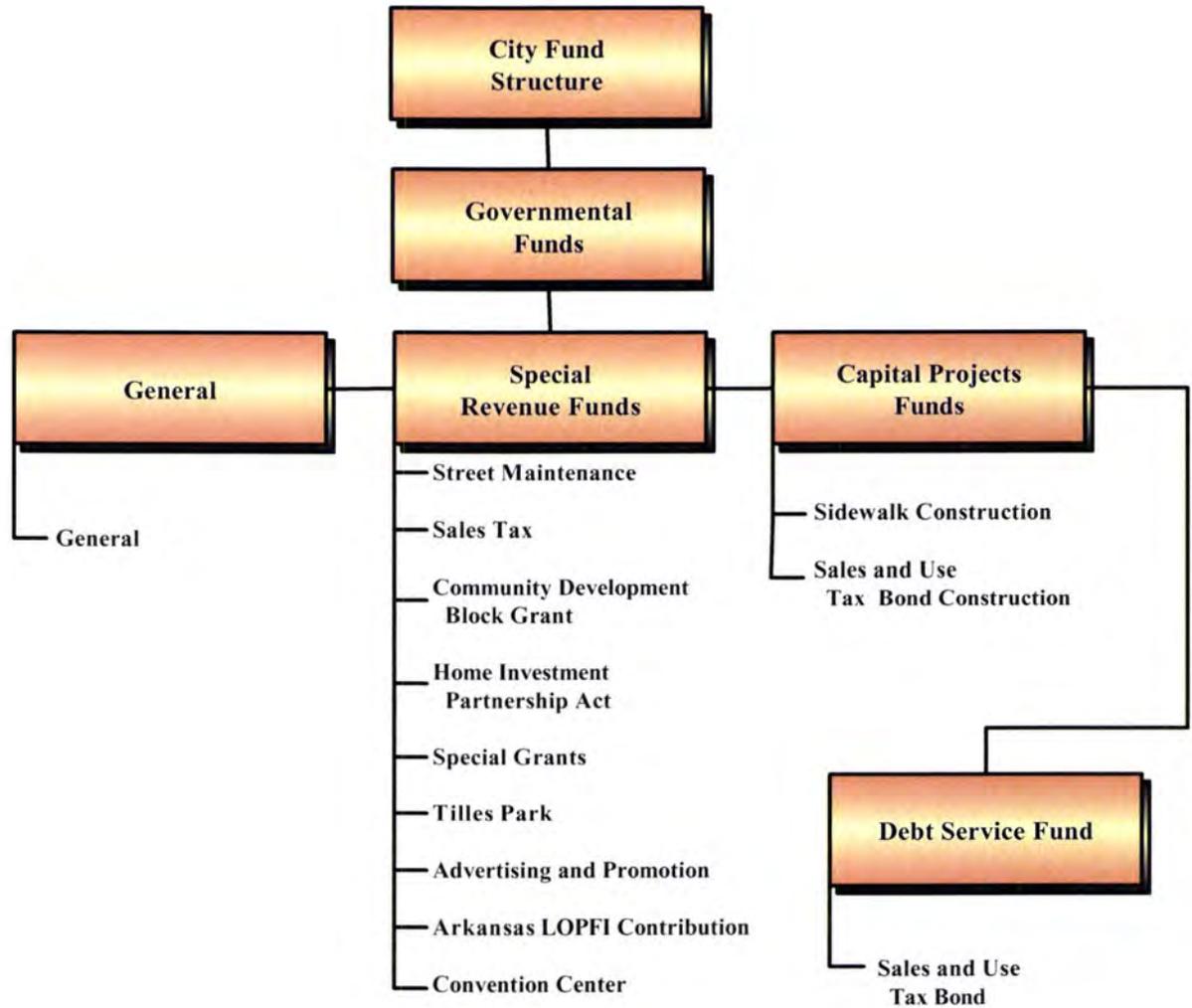
The City provides the full range of municipal services as provided by the City Charter. These include public safety, water, sewer, sanitation, public transportation, parking, public improvements, recreational and general administrative services.

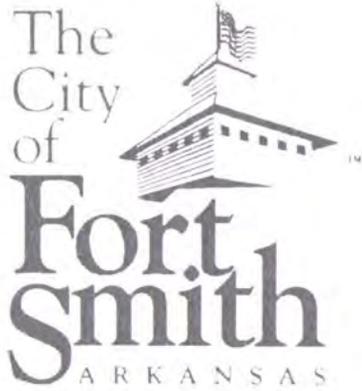
To account for these services, individual funds are maintained for various purposes. In governmental accounting, a fund is a fiscal and accounting entity with a self-balancing set of accounts established and maintained for a specific purpose or to attain a certain objective in accordance with legal and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

The charts, on pages 40 and 41, illustrate the City's active fund structure. Following the charts, the fund types and individual funds are defined. After this, the 2011 Budget for each individual fund by fund type is presented.

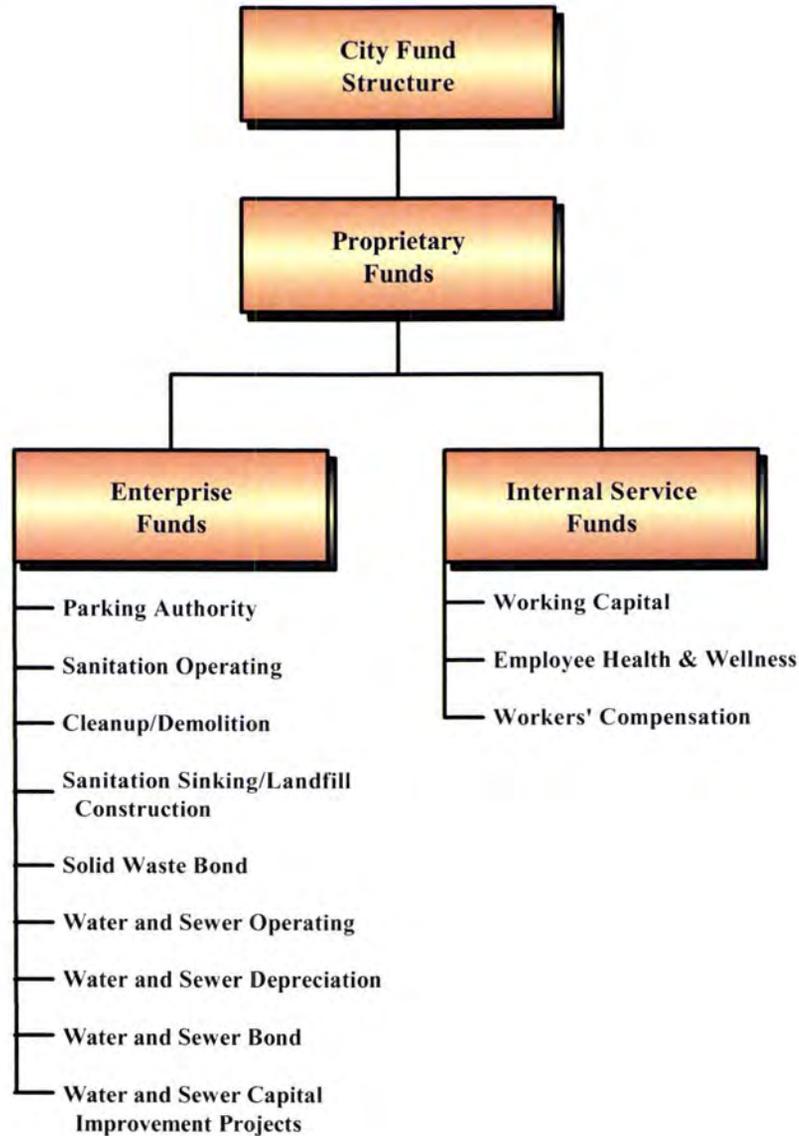


City of Fort Smith, Arkansas Chart of Fund Types





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 expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

Community Development Block Grant (CDBG) Fund - A special revenue fund to account for the operations of projects utilizing CDBG funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development (HUD).

Home Investment Partnership Act Fund - A special revenue fund to account for Federal funds administered by HUD to provide loans for affordable housing.

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

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

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

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

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

Debt Service Funds-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 one percent (1%) sales and use tax for the repayment of the 2006, 2008, 2009 and 2010 bonds. The 2006 bonds were issued to refund the remaining 2001 Sales and Use Tax Bonds, finance the purchase of a radio communications system, and fund wastewater improvements in response to the EPA administrative orders against the City. The 2008 Bonds were issued for additional funding of the radio system project and wastewater projects. The 2009 Bonds were issued for additional wastewater improvements. The 2010 Sales and Use Tax Bonds were issued for more 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.

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

Sales and Use Tax Bond Construction Fund- A capital projects fund to account for the 2006, 2008, 2009 and 2010 bond proceeds. Projects funded by the bonds include the replacement and upgrade for the public safety and utility radio communication system and wastewater improvements in response to the EPA administrative orders against the City.

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

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

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

Cleanup/Demolition Program Fund - An enterprise fund to account for cleanup of land costs and demolition of sub-standard structures. Funding is provided by the 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.

Solid Waste Bond Fund - An enterprise fund to account for the repayment of solid waste debt. The current debt issue is the Solid Waste Revenue Bonds, Series 2002.

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

Water and Sewer Depreciation Fund - An enterprise fund to account for monies required by the revenue bond ordinances for repair and maintenance of the water and sewer system.

Water and Sewer Bond Fund - An enterprise fund to account for the repayment of bonds for the Water and Sewer System Revenue Bonds, Series 2002, Water and Sewer Revenue Refunding Bonds, Series 2005A, Water and Sewer Revenue Construction Bonds, Series 2005B, Water and Sewer Revenue Construction Bonds, Series 2007 and Water and Sewer Refunding and Construction Bonds, Series 2008.

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.

**2011 Individual Fund Budgets-
General Fund**

Revenues

Intergovernmental	\$ 3,261,482
Taxes and Assessments	28,660,000
Court Fines and Forfeitures	1,950,000
Licenses and Permits	1,340,000
Service Charges and Fees	563,900
Miscellaneous	42,000
Interest	1,010,510
Transfers In	<u>2,653,290</u>
 Total	 <u>\$ 39,481,182</u>

Expenditures

Operating:	
Policy and Administration Services	\$ 2,830,977
Management Services	2,578,426
Development Services	2,585,898
Police Services	16,509,000
Fire Services	9,907,760
Operation Services	4,540,541
Non-Departmental	<u>2,090,354</u>
 Total	 <u>\$ 41,042,956</u>

Excess (Deficiency) Revenues Over Expenditures	\$ (1,561,774)
 Fund Balance, Beginning of Year	 <u>5,118,513</u>
Fund Balance, End of Year	<u><u>\$ 3,556,739</u></u>

Special Revenue Fund

	Street	Sales Tax	Community Development Block Grant	Home Investment Partnership Act
Revenues				
Intergovernmental -				
State Turnback	\$ 3,812,730	\$ 0	\$ 0	\$ 0
Federal Grant	0	300,000	899,621	522,299
State Grant	0	0	0	0
Local Grant	0	0	0	0
Taxes and Assessments -				
Ad Valorem Tax	2,141,000	0	0	0
Sales Tax	0	18,853,625	0	0
Hotel/Motel Tax	0	0	0	0
Court Fines and Forfeitures	0	0	0	0
Service Charges & Fees	0	0	0	0
Interest	10,000	12,750	0	0
Contributions	0	0	0	0
Miscellaneous	5,000	0	0	0
Total	\$ 5,968,730	\$ 19,166,375	\$ 899,621	\$ 522,299
Expenditures				
Operating	\$ 7,014,833	\$ 0	\$ 0	\$ 0
Capital Improvements	0	24,289,913	0	0
Community Assistance -				
Development Services	0	0	341,360	0
Police Services	0	0	0	0
Public Works and Community				
Service Projects	0	0	258,261	0
Housing Assistance	0	0	300,000	522,299
Pension Benefits/Retirement Cont.	0	0	0	0
Other (Note 1)	0	0	0	0
Total	\$ 7,014,833	\$ 24,289,913	\$ 899,621	\$ 522,299
Excess (Deficiency) Revenues Over (Under) Expenditures	\$ (1,046,103)	\$ (5,123,538)	\$ 0	\$ 0
Fund Balance, Beginning of Year	2,331,724	8,942,930	802	0
Fund Balance, End of Year	\$ 1,285,621	\$ 3,819,392	\$ 802	\$ 0

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

<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>
\$ 0	\$ 0	\$ 0	\$ 1,006,633	\$ 0	\$ 4,819,363
400,000	0	0	0	0	2,121,920
5,000	0	0	0	0	5,000
5,000	0	0	0	0	5,000
0	0	0	2,854,800	0	4,995,800
0	0	0	0	0	18,853,625
0	0	700,000	0	0	700,000
0	0	0	135,000	0	135,000
0	0	0	0	650,000	650,000
525	20	200	20,000	1,800	45,295
0	400	3,800	1,312,318	0	1,316,518
0	0	0	1,200	0	6,200
<u>\$ 410,525</u>	<u>\$ 420</u>	<u>\$ 704,000</u>	<u>\$ 5,329,951</u>	<u>\$ 651,800</u>	<u>\$ 33,653,721</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,014,833
0	0	0	0	0	24,289,913
0	0	0	0	0	341,360
400,325	0	0	0	0	400,325
10,000	0	0	0	0	268,261
0	0	0	0	0	822,299
0	0	0	6,450,928	0	6,450,928
0	0	697,960	0	1,328,200	2,026,160
<u>\$ 410,325</u>	<u>\$ 0</u>	<u>\$ 697,960</u>	<u>\$ 6,450,928</u>	<u>\$ 1,328,200</u>	<u>\$ 41,614,079</u>
\$ 200	\$ 420	\$ 6,040	\$ (1,120,977)	\$ (676,400)	\$ (7,960,358)
124,731	9,034	55,307	11,512,119	1,035,857	24,012,504
<u>\$ 124,931</u>	<u>\$ 9,454</u>	<u>\$ 61,347</u>	<u>\$ 10,391,142</u>	<u>\$ 359,457</u>	<u>\$ 16,052,146</u>

Debt Service Fund

Sales and Use Tax Bond Fund

Revenues

Taxes and Assessments-	
Sales Tax	\$ 18,853,625
Interest	<u>1,500</u>
Total	\$ 18,855,125

Expenditures

Debt Service-	
Current	<u>18,605,804</u>
Excess Revenues Over Expenditures	\$ 249,321
Fund Balance, Beginning of Year	<u>10,300,214</u>
Fund Balance, End of Year	<u><u>\$ 10,549,535</u></u>

Capital Projects Fund

	<u>Sidewalk Construction</u>	<u>Sales & Use Tax Bond Construction</u>	<u>Total</u>
Revenues			
Taxes and Assessments			
Permit Assessments	\$ 145,000	\$ 0	\$ 145,000
Interest	<u>550</u>	<u>52,000</u>	<u>52,550</u>
Total	\$ 145,550	\$ 52,000	\$ 197,550
Expenditures			
Capital Improvements	<u>341,000</u>	<u>22,096,436</u>	<u>22,437,436</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	\$ (195,450)	\$ (22,044,436)	\$ (22,239,886)
Fund Balance, Beginning of Year	<u>494,033</u>	<u>22,535,369</u>	<u>23,029,402</u>
Fund Balance, End of Year	<u><u>\$ 298,583</u></u>	<u><u>\$ 490,933</u></u>	<u><u>\$ 789,516</u></u>

Enterprise Funds- Water and Sewer Funds

	Water and Sewer Operating	Water and Sewer Depreci- ation	Water and Sewer Bond	Water and Sewer Capital Improvement Projects	Total
Revenues					
Service Charges and Fees	\$ 38,009,500	\$ 0	\$ 0	\$ 0	\$ 38,009,500
Interest	5,000	0	1,500	25,000	31,500
Miscellaneous	70,000	0	0	0	70,000
Transfers In	0	0	15,349,020	0	15,349,020
	<u>0</u>	<u>0</u>	<u>15,349,020</u>	<u>0</u>	<u>15,349,020</u>
Total	<u>\$ 38,084,500</u>	<u>\$ 0</u>	<u>\$ 15,350,520</u>	<u>\$ 25,000</u>	<u>\$ 53,460,020</u>
Expenses					
Operating	\$ 36,834,670	\$ 0	\$ 0	\$ 0	\$ 36,834,670
Capital Improvements	0	0	0	20,617,276	20,617,276
Debt Service:					
Current	0	0	15,304,206	0	15,304,206
	<u>0</u>	<u>0</u>	<u>15,304,206</u>	<u>0</u>	<u>15,304,206</u>
Total	<u>\$ 36,834,670</u>	<u>\$ 0</u>	<u>\$ 15,304,206</u>	<u>\$ 20,617,276</u>	<u>\$ 72,756,152</u>
Excess (Deficiency) Revenues Over (Under) Expenses	\$ 1,249,830	\$ 0	\$ 46,314	\$ (20,592,276)	\$ (19,296,132)
Working Capital, Beginning of Year	<u>1,037,311</u>	<u>500,000</u>	<u>1,516,013</u>	<u>24,802,248</u>	<u>27,855,572</u>
Working Capital, End of Year	<u>\$ 2,287,141</u>	<u>\$ 500,000</u>	<u>\$ 1,562,327</u>	<u>\$ 4,209,972</u>	<u>\$ 8,559,440</u>

Sanitation Funds

	Sanitation Operating	Cleanup/ Demolition	Sanitation Sinking/ Landfill Construction	Solid Waste Bond Fund	Total
Revenues					
Service Charges and Fees	\$ 13,885,000	\$ 0	\$ 0	\$ 0	\$ 13,885,000
Interest	18,500	1,500	15,000	150	35,150
Miscellaneous	25,000	305,000	0	0	330,000
Transfers In	0	360,000	1,620,490	1,099,350	3,079,840
Total	\$ 13,928,500	\$ 666,500	\$ 1,635,490	\$ 1,099,500	\$ 17,329,990
Expenses					
Operating	\$ 13,742,925	\$ 0	\$ 0	\$ 0	\$ 13,742,925
Capital Improvements	0	0	2,849,910	0	2,849,910
Other	0	664,790	0	0	664,790
Debt Service	0	0	0	1,143,405	1,143,405
Total	\$ 13,742,925	\$ 664,790	\$ 2,849,910	\$ 1,143,405	\$ 18,401,030
Excess (Deficiency)					
Revenues Over (Under) Expenses	\$ 185,575	\$ 1,710	\$ (1,214,420)	\$ (43,905)	\$ (1,071,040)
Working Capital					
Beginning of Year	2,149,714	6,071	3,556,365	286,394	5,998,544
Working Capital, End of Year	\$ 2,335,289	\$ 7,781	\$ 2,341,945	\$ 242,489	\$ 4,927,504

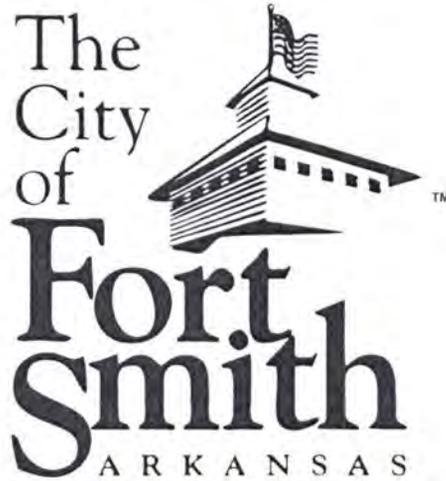
Parking Authority Fund

	<u>Enforcement</u>	<u>Facilities</u>	<u>Total</u>
Revenues			
Service Charges and Fees	\$ 40,800	\$ 148,200	\$ 189,000
Interest	0	500	500
Transfers In	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total	<u>\$ 290,800</u>	<u>\$ 148,700</u>	<u>\$ 439,500</u>
Expenses			
Other:			
Police Services	\$ 200,750	\$ 0	\$ 200,750
Finance	0	91,470	91,470
Debt Service:			
Current	<u>0</u>	<u>138,040</u>	<u>138,040</u>
Total	<u>\$ 200,750</u>	<u>\$ 229,510</u>	<u>\$ 430,260</u>
Excess (Deficiency) Revenues Over (Under) Expenses	\$ 90,050	\$ (80,810)	\$ 9,240
Working Capital, Beginning of Year	<u>0</u>	<u>76,282</u>	<u>76,282</u>
Working Capital, End of Year	<u>\$ 90,050</u>	<u>\$ (4,528)</u>	<u>\$ 85,522</u>

Internal Service Funds

	<u>Working Capital</u>	<u>Employee Health Wellness</u>	<u>Workers' Compensation</u>	<u>Total</u>
Revenues				
Service Charges and Fees	\$ 655,000	\$ 6,559,600	\$ 739,000	\$ 7,953,600
Transfers In	0	0	0	0
Interest	0	10,000	2,000	12,000
	<u>0</u>	<u>10,000</u>	<u>2,000</u>	<u>12,000</u>
Total	<u>\$ 655,000</u>	<u>\$ 6,569,600</u>	<u>\$ 741,000</u>	<u>\$ 7,965,600</u>
Expenses				
Health Insurance and Workers' Compensation Claims	\$ 0	\$ 8,242,700	\$ 625,000	\$ 8,867,700
Other - Materials and Supplies	660,500	0	0	660,500
	<u>660,500</u>	<u>0</u>	<u>0</u>	<u>660,500</u>
Total	<u>\$ 660,500</u>	<u>\$ 8,242,700</u>	<u>\$ 625,000</u>	<u>\$ 9,528,200</u>
Excess (Deficiency) Revenues Over (Under) Expenses	\$ (5,500)	\$ (1,673,100)	\$ 116,000	\$ (1,562,600)
Working Capital, Beginning of Year	<u>75,373</u>	<u>4,740,386</u>	<u>37,235</u>	<u>4,852,994</u>
Working Capital, End of Year	<u>\$ 69,873</u>	<u>\$ 3,067,286</u>	<u>\$ 153,235</u>	<u>\$ 3,290,394</u>

THIS PAGE INTENTIONALLY LEFT BLANK



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 FY10 Estimated to FY11 Budget.

The Statement of Revenue Comparisons for the Operating Funds and individually for each fund compares revenues based on Actual FY09, Budget and Estimated FY10, and Budget FY11. Projections for FY12 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 FY11 and FY12.

**City of Fort Smith
 FY11
 Budget Comparison Summary-Operating Funds**

	Estimated FY10	Budget FY11	Increase (Decrease)	Projected FY12
Revenues				
Intergovernmental	\$ 8,652,469	\$ 7,074,212	\$ (1,578,257)	\$ 7,124,212
Taxes and Assessments	29,795,180	30,801,000	1,005,820	31,599,330
Court Fines and Forfeitures	1,923,447	1,950,000	26,553	1,970,000
Licenses and Permits	1,319,472	1,340,000	20,528	1,370,000
Service Charges and Fees	51,527,542	52,458,400	930,858	52,900,950
Miscellaneous	1,155,637	1,186,010	30,373	1,218,020
Transfers	2,528,020	2,653,290	125,270	2,784,880
Total	\$ 96,901,767	\$ 97,462,912	\$ 561,145	\$ 98,967,392
Expenditures/Expenses				
Policy and Administration Services	\$ 3,722,216	\$ 3,586,040	\$ (136,176)	\$ 4,035,360
Management Services	6,199,290	6,302,510	103,220	6,640,080
Development Services	2,797,023	2,902,850	105,827	2,979,640
Police Services	15,413,266	16,509,000	1,095,734	16,905,380
Fire Services	9,689,166	9,907,760	218,594	13,489,970
Operation Services	54,968,675	54,852,100	(116,575)	55,474,190
Non-Departmental	5,992,638	4,575,124	(1,417,514)	4,735,230
Total	\$ 98,782,274	\$ 98,635,384	\$ (146,890)	\$ 104,259,850
Excess (Deficiency)				
Revenues Over Expenditures/Expenses	\$ (1,880,507)	\$ (1,172,472)	\$ 708,035	\$ (5,292,458)
Fund Balance/Working Capital, Beginning of Year				
	<u>12,517,769</u>	<u>10,637,262</u>	<u>(1,880,507)</u>	<u>9,464,790</u>
Fund Balance/Working Capital, End of Year				
	<u>\$ 10,637,262</u>	<u>\$ 9,464,790</u>	<u>\$ (1,172,472)</u>	<u>\$ 4,172,332</u>

**City of Fort Smith
FY11
Budget Comparison Summary-General Fund**

	Estimated FY10	Budget FY11	Increase (Decrease)	Projected FY12
Revenues				
Intergovernmental	\$ 4,719,337	\$ 3,261,482	\$ (1,457,855)	\$ 3,311,482
Taxes and Assessments	27,812,600	28,660,000	847,400	29,373,330
Court Fines and Forfeitures	1,923,447	1,950,000	26,553	1,970,000
Licenses and Permits	1,319,472	1,340,000	20,528	1,370,000
Service Charges and Fees	1,227,714	563,900	(663,814)	575,900
Miscellaneous	1,009,727	1,052,510	42,783	1,069,520
Transfers	2,528,020	2,653,290	125,270	2,784,880
Total	\$ 40,540,317	\$ 39,481,182	\$ (1,059,135)	\$ 40,455,112
Expenditures				
Policy and Administration Services	\$ 2,944,374	\$ 2,830,977	\$ (113,397)	\$ 3,243,874
Management Services	2,397,900	2,578,426	180,526	2,707,316
Development Services	2,493,229	2,585,898	92,669	2,655,539
Police Services	15,413,266	16,509,000	1,095,734	16,905,380
Fire Services	9,689,166	9,907,760	218,594	13,489,970
Operation Services	6,169,876	4,540,541	(1,629,335)	5,538,140
Non-Departmental	2,914,285	2,090,354	(823,931)	2,058,650
Total	\$ 42,022,096	\$ 41,042,956	\$ (979,140)	\$ 46,598,869
Excess (Deficiency)				
Revenues Over Expenditures	\$ (1,481,779)	\$ (1,561,774)	\$ (79,995)	\$ (6,143,757)
Fund Balance, Beginning of Year	6,600,292	5,118,513	(1,481,779)	3,556,739
Fund Balance, End of Year	\$ 5,118,513	\$ 3,556,739	\$ (1,561,774)	\$ (2,587,018)

**City of Fort Smith
 FY11
 Budget Comparison Summary-Street Maintenance Fund**

	Estimated FY10	Budget FY11	Increase (Decrease)	Projected FY12
Revenues				
Intergovernmental	\$ 3,933,132	\$ 3,812,730	\$ (120,402)	\$ 3,812,730
Taxes and Assessments	1,982,580	2,141,000	158,420	2,226,000
Miscellaneous	6,992	15,000	8,008	20,000
Total	\$ 5,922,704	\$ 5,968,730	\$ 46,026	\$ 6,058,730
Expenditures				
Policy and Administration Services	\$ 146,580	\$ 145,932	\$ (648)	\$ 151,996
Management Services	389,652	395,530	5,878	417,794
Development Services	71,072	72,122	1,050	73,225
Operation Services	5,329,030	6,046,289	717,259	6,198,030
Non-Departmental	309,853	354,960	45,107	359,060
Total	\$ 6,246,187	\$ 7,014,833	\$ 768,646	\$ 7,200,105
Excess (Deficiency) Revenues Over Expenditures	\$ (323,483)	\$ (1,046,103)	\$ (722,620)	\$ (1,141,375)
Fund Balance, Beginning of Year	2,655,207	2,331,724	(323,483)	1,285,621
Fund Balance, End of Year	\$ 2,331,724	\$ 1,285,621	\$ (1,046,103)	\$ 144,246

City of Fort Smith
FY11
Budget Comparison Summary-Water and Sewer Operating Fund

	Estimated FY10	Budget FY11	Increase (Decrease)	Projected FY12
Revenues				
Services Charges and Fees	\$ 36,708,803	\$ 38,009,500	\$ 1,300,697	\$ 38,372,050
Miscellaneous	101,219	75,000	(26,219)	78,500
Total	\$ 36,810,022	\$ 38,084,500	\$ 1,274,478	\$ 38,450,550
Expenses				
Policy and Administration				
Services	\$ 437,395	\$ 418,009	\$ (19,386)	\$ 439,934
Management Services	2,657,854	2,576,391	(81,463)	2,721,371
Development Services	232,722	244,830	12,108	250,876
Operation Services	33,092,307	33,363,280	270,973	33,764,620
Non-Departmental	438,250	232,160	(206,090)	126,260
Total	\$ 36,858,528	\$ 36,834,670	\$ (23,858)	\$ 37,303,061
Excess (Deficiency)				
Revenues Over Expenditures	\$ (48,506)	\$ 1,249,830	\$ 1,298,336	\$ 1,147,489
Working Capital, Beginning of Year	1,085,817	1,037,311	(48,506)	2,287,141
Working Capital, End of Year	\$ 1,037,311	\$ 2,287,141	\$ 1,249,830	\$ 3,434,630

City of Fort Smith

FY11

Budget Comparison Summary-Sanitation Operating Fund

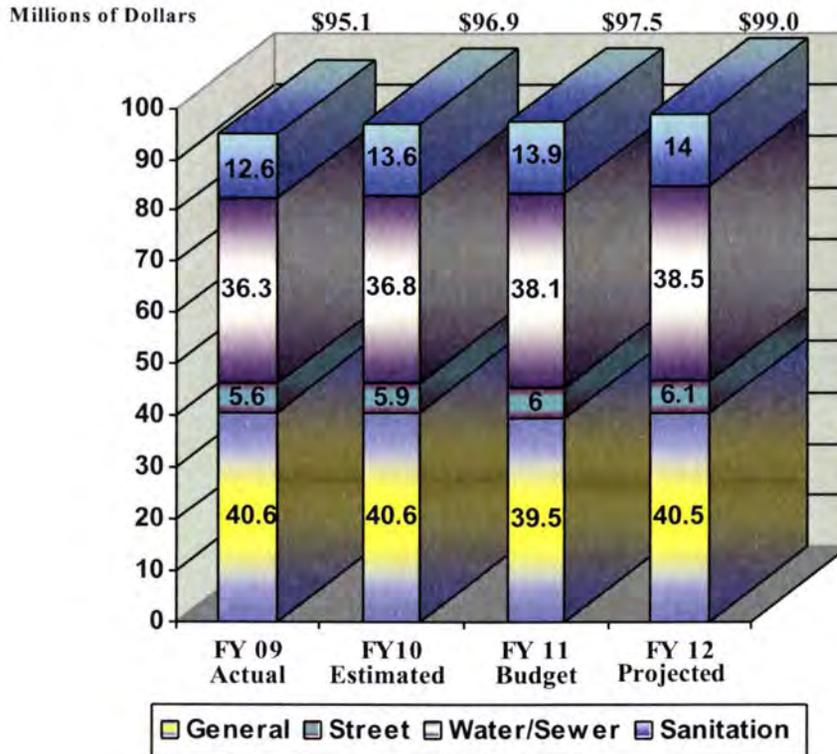
	Estimated FY10	Budget FY11	Increase (Decrease)	Projected FY12
Revenues				
Service Charges and Fees	\$ 13,591,025	\$ 13,885,000	\$ 293,975	\$ 13,953,000
Miscellaneous	37,699	43,500	5,801	50,000
Total	<u>\$ 13,628,724</u>	<u>\$ 13,928,500</u>	<u>\$ 299,776</u>	<u>\$ 14,003,000</u>
Expenses				
Policy and Administration				
Services	\$ 193,867	\$ 191,122	\$ (2,745)	\$ 199,556
Management Services	753,884	752,163	(1,721)	793,599
Operation Services	10,377,462	10,901,990	524,528	9,973,400
Non-Departmental	2,330,250	1,897,650	(432,600)	2,191,260
Total	<u>\$ 13,655,463</u>	<u>\$ 13,742,925</u>	<u>\$ 87,462</u>	<u>\$ 13,157,815</u>
Excess (Deficiency)				
Revenues Over Expenditures	\$ (26,739)	\$ 185,575	\$ 212,314	\$ 845,185
Working Capital, Beginning of Year				
	<u>2,176,453</u>	<u>2,149,714</u>	<u>(26,739)</u>	<u>2,335,289</u>
Working Capital, End of Year				
	<u>\$ 2,149,714</u>	<u>\$ 2,335,289</u>	<u>\$ 185,575</u>	<u>\$ 3,180,474</u>

**Combined Operating Funds
Statement of Revenue Comparisons**

	<u>Actual FY09</u>	<u>Budget FY10</u>	<u>Estimated FY10</u>	<u>Budget FY11</u>	<u>Projected FY12</u>
Intergovernmental	\$ 7,394,683	\$ 6,990,985	\$ 8,652,469	\$ 7,074,212	\$ 7,124,212
Taxes and Assessments	29,411,717	30,685,824	29,795,180	30,801,000	31,599,330
Court Fines and Forfeitures	1,969,273	1,850,000	1,923,447	1,950,000	1,970,000
Licenses and Permits	1,377,109	1,378,000	1,319,472	1,340,000	1,370,000
Service Charges and Fees	49,337,753	53,845,370	51,527,542	52,458,400	52,900,950
Miscellaneous	3,257,767	1,541,196	1,155,637	1,186,010	1,218,020
Transfers	2,407,848	2,529,150	2,528,020	2,653,290	2,784,880
Total	<u>\$ 95,156,150</u>	<u>\$ 98,820,525</u>	<u>\$ 96,901,767</u>	<u>\$ 97,462,912</u>	<u>\$ 98,967,392</u>

Combined Operating Funds

Comparison of Total Revenue

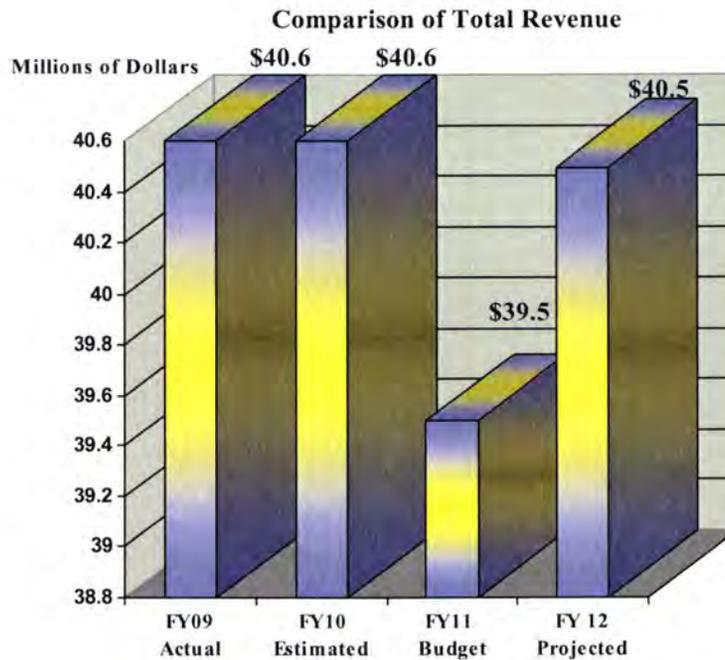


General Fund Statement of Revenue Comparisons

	Actual FY09	Budget FY10	Estimated FY10	Budget FY11	Projected FY12
Intergovernmental					
State Turnback - General	\$ 1,366,318	\$ 1,344,489	\$ 1,344,489	\$ 1,244,154	\$ 1,244,154
Transit Reimbursement	2,166,398	1,723,900	3,219,348	1,750,000	1,800,000
Airport Security Reimbursement	155,928	150,000	155,500	150,000	150,000
Federal Funded Fire Improvements	2,614	-	-	-	-
COPS Grant	-	-	-	117,328	117,328
Miscellaneous Grants	3,563	-	-	-	-
Taxes and Assessments					
Franchise	5,990,452	6,952,200	6,100,000	6,191,500	6,315,330
Ad Valorem	6,479,078	6,199,500	6,608,600	7,137,000	7,420,000
County Sales Tax	15,046,777	15,741,924	15,100,000	15,326,500	15,633,000
Gasoline Tax Refund-Transit	7,452	5,000	4,000	5,000	5,000
Court Fines and Forfeitures	1,969,273	1,850,000	1,923,447	1,950,000	1,970,000
Licenses and Permits					
Privilege	19,325	28,000	18,900	20,000	20,000
Construction	688,114	720,000	616,900	650,000	680,000
Alcohol	540,554	550,000	536,048	540,000	540,000
Other	129,116	80,000	147,624	130,000	130,000
Service Charges and Fees					
Convention Center	615,029	700,000	650,000	-	-
Community Center	31,806	36,000	37,113	36,000	36,000
Fire Protection Contracts	71,462	71,300	71,400	71,400	71,400
Port Authority	15,390	12,000	12,000	12,000	12,000
Parks/Swim Pools	122,329	115,000	169,450	150,000	150,000
The Park at West End	-	-	-	-	-
Oak Cemetery	52,247	55,000	55,609	55,000	55,000
Animal Pound	2,713	4,000	2,682	2,500	2,500
False Alarm Fees	7,319	6,000	4,660	4,000	4,000
Mobile Data Support Fees	25,560	32,000	40,800	48,000	60,000
Transit System	180,973	195,000	184,000	185,000	185,000
Miscellaneous					
Reimbursement from Airport	3,163	3,164	3,163	3,163	3,163
Interest Earned	65,698	90,000	24,480	42,000	54,000
Sebastian County Participation	568,643	853,032	520,089	567,347	572,357
Reimbursement from Enhanced 9-1-1 Fund	250,730	255,000	255,000	255,000	255,000
Reimbursement from FSPS for SRO's	-	-	32,851	35,000	35,000
Other	1,650,770	150,000	174,144	150,000	150,000
Transfers					
Sales Tax Fund	2,164,000	2,272,200	2,272,200	2,385,810	2,505,100
A&P Fund	20,198	22,200	21,070	21,000	21,000
Street Maintenance Fund	74,550	78,250	78,250	82,160	86,260
Water and Sewer Operating Fund	74,550	78,250	78,250	82,160	86,260
Sanitation Operating Fund	74,550	78,250	78,250	82,160	86,260
Total	\$ 40,636,642	\$ 40,451,659	\$ 40,540,317	\$ 39,481,182	\$ 40,455,112

See pages 169-171 for an explanation of each revenue source.

General Fund



Revenue Comment

Total revenue of the General Fund FY11 Budget is estimated to decrease by approximately \$1.06 million or 2.6% from FY10 Estimated.

The general turnback from the state was \$17.02 per capita for FY09. The estimate for FY10 is \$16.75, and is anticipated to be \$15.50 per capital for FY11 and FY12.

The franchise tax rate is 4% assessed upon gross sales of franchised utilities within the corporate city limits. Franchise fee revenue is expected to increase by 1.5% in FY11. The increase is based upon expected consumption increases for the electric and natural gas utilities during 2011.

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 FY11 reflect an 8% increase over FY10 Estimated.

The city's share of the county sales tax is allocated to the General Fund. The estimated revenue for FY11 is 1.5% above the estimated FY10 revenue. The FY12 projection reflects a 2% increase in sales tax revenue.

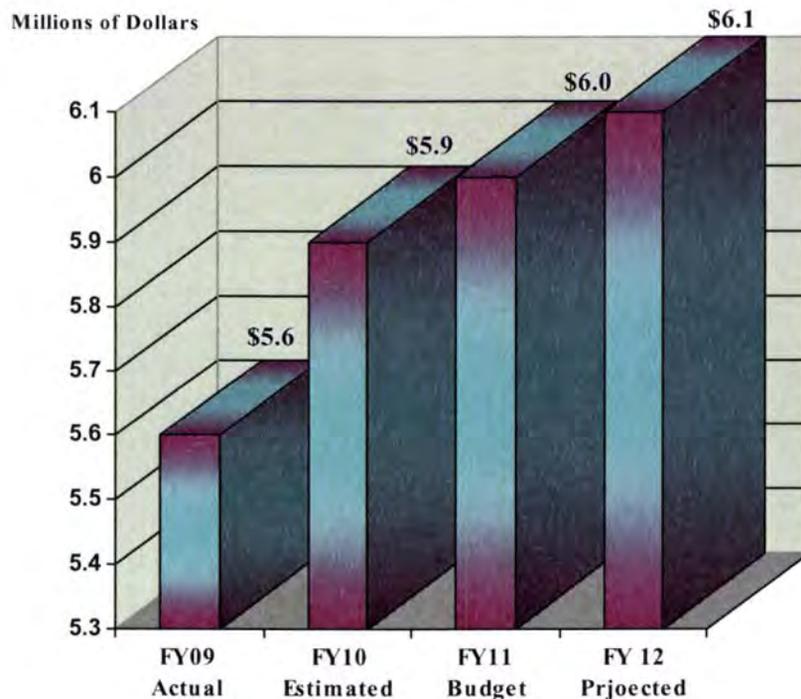
Street Maintenance Fund Statement of Revenue Comparisons

	Actual FY09	Budget FY10	Estimated FY10	Budget FY11	Projected FY12
Intergovernmental					
State Turnback - Gasoline Tax	\$ 3,699,862	\$ 3,772,596	\$ 3,933,132	\$ 3,812,730	\$ 3,812,730
Taxes and Assessments					
Ad Valorem	1,887,958	1,787,200	1,982,580	2,141,000	2,226,000
Miscellaneous					
Interest Earned	34,746	55,000	3,492	10,000	15,000
Other	10,719	5,000	3,500	5,000	5,000
Total	\$ 5,633,285	\$ 5,619,796	\$ 5,922,704	\$ 5,968,730	\$ 6,058,730

See page 172 for an explanation of each revenue source.

Street Maintenance Fund

Comparison of Total Revenue



Revenue Comment

The major revenue source of the Street Maintenance Fund is the gasoline tax turnback from the state. This accounts for an average of 68% 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 provides annual estimates for the per capita allocation to cities. The per capita turnback for the four years presented is the graph is \$46.09 for FY09, \$49.00 for FY10 estimated, and \$47.50 for both FY11 and FY12.

Ad valorem tax revenue for the Street Maintenance Fund is anticipated to increase approximately 8% in FY11. Sebastian County levies a 3.0 mill county road tax and remits one-half of the tax to the city per state statutes. The increase is a result of the property reappraisal during 2010 and annexed real property within in the city.

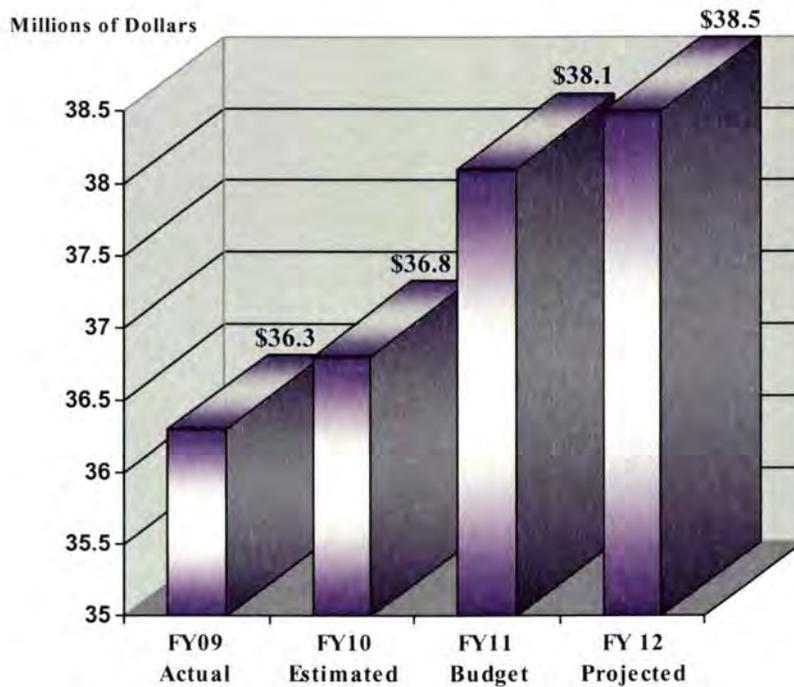
Water and Sewer Operating Fund Statement of Revenue Comparisons

	Actual FY09	Budget FY10	Estimated FY10	Budget FY11	Projected FY12
Service Charges and Fees					
Water Sales	\$ 16,839,642	\$ 18,232,070	\$ 17,301,969	\$ 18,125,000	\$ 18,306,250
Monthly Customer Charges	382,615	350,000	458,193	450,000	460,000
Contract Water Sales	6,582,087	6,531,000	6,896,320	6,999,700	7,050,000
Fire Protection	33,102	35,000	34,284	34,000	34,000
Installations - Water Service	152,833	150,000	166,665	150,000	150,000
Sewer Service Charges	11,577,445	13,268,800	11,687,225	12,100,800	12,221,800
Sewer Connection Charges	34,335	50,000	62,970	50,000	50,000
Industrial Waste Monitoring Fees	50,770	60,000	101,177	100,000	100,000
Miscellaneous					
Interest Earned	9,487	15,000	750	5,000	8,500
Other	593,108	55,000	100,469	70,000	70,000
Total	\$ 36,255,424	\$ 38,746,870	\$ 36,810,022	\$ 38,084,500	\$ 38,450,550

See pages 173 for an explanation of each revenue source.

Water and Sewer Operating Fund

Comparison of Total Revenue



Revenue Comment

Service charges and fees account for approximately 97% of total revenue for this fund. The FY11 Budget includes a 5% rate increase for both water and sewer user fees. The water rate increase is expected to generate approximately \$651,000. The sewer rate increase is anticipated to generate approximately \$501,000.

Although the rate increases as well as expense reductions should provide sufficient revenues available for debt service in FY11, the rates must still be reviewed to determine the type of financing to be used for future bond issues as well as maintain operating revenue to meet debt service requirements. A rate study is scheduled to be presented in early 2011 for review of current water and wastewater rates.

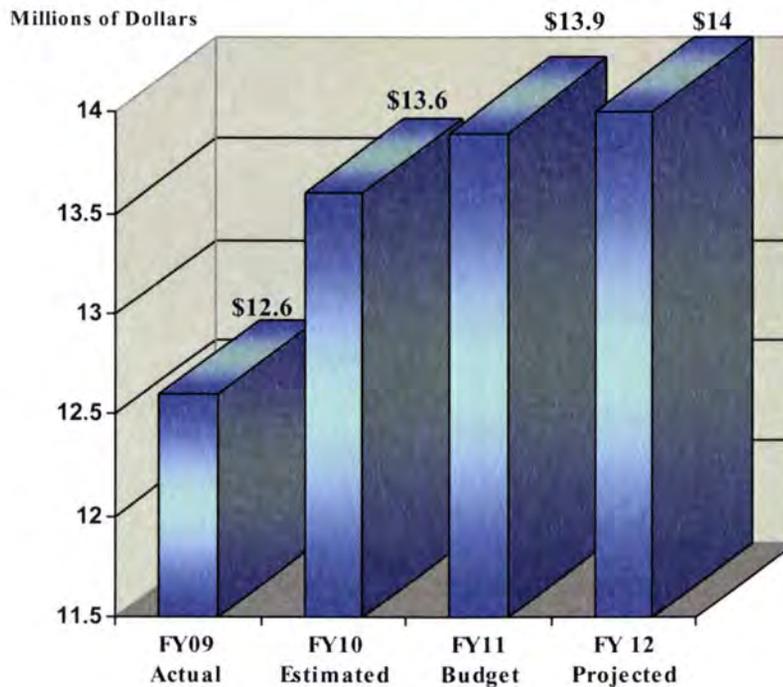
Sanitation Operating Fund Statement of Revenue Comparisons

	Actual FY09	Budget FY10	Estimated FY10	Budget FY11	Projected FY12
Service Charges and Fees					
Residential Collections	\$ 3,716,401	\$ 4,127,200	\$ 4,147,480	\$ 4,550,000	\$ 4,618,000
Commercial Collections	2,446,120	2,535,000	2,412,999	2,450,000	2,450,000
Sanitary Landfill Operations	4,197,870	4,950,000	4,837,267	4,675,000	4,675,000
Roll-Off Collections	2,023,834	2,100,000	1,945,040	1,950,000	1,950,000
Sale of Methane Gas	119,806	120,000	148,117	150,000	150,000
Recycling Operations	56,065	110,000	100,122	110,000	110,000
Miscellaneous					
Interest Earned	20,544	35,000	12,744	18,500	25,000
Other	50,159	25,000	24,955	25,000	25,000
Total	\$ 12,630,799	\$ 14,002,200	\$ 13,628,724	\$ 13,928,500	\$ 14,003,000

See page 174 for an explanation of each revenue source.

Sanitation Operating Fund

Comparison of Total Revenue



Revenue Comment

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

The collection rates and disposal rates were amended during 2007 and remain at that level for FY11. Revenue from residential collections is expected to increase by \$403,000 to account for a full year of servicing the southern portion of Fort Smith. This service began in mid-July 2010. Service charges and fees from the landfill operations are expected to decrease by \$162,000 due to a 50% reduction in the sludge disposal payment from the Water and Sewer Operating Fund in FY11.

**Distribution of Appropriations to the Operating Funds
FY11 Budget**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Policy and Administration Services Division					
4100 Mayor	\$ 244,490	\$ 105,131	\$ 19,559	\$ 90,461	\$ 29,339
4101 Board of Directors	108,970	46,857	8,719	40,317	13,077
4102 City Administrator	664,220	285,615	53,138	245,761	79,706
4111 Economic Development	460,990	460,990	0	0	0
4201 District Court	1,472,440	1,472,440	0	0	0
4202 Prosecutor	168,310	168,310	0	0	0
4203 Public Defender	81,760	81,760	0	0	0
4204 City Attorney	222,200	111,100	55,550	0	55,550
4206 District Court-Seb. Co.	50,580	50,580	0	0	0
4405 Internal Audit	112,080	48,194	8,966	41,470	13,450
Total Policy and Administration Services Division	\$ 3,586,040	\$ 2,830,977	\$ 145,932	\$ 418,009	\$ 191,122
Management Services Division					
4104 Human Resources	\$ 504,240	\$ 317,671	\$ 35,297	\$ 105,890	\$ 45,382
4105 City Clerk	342,260	147,172	27,381	126,636	41,071
4301 Finance	1,136,860	488,850	90,949	420,638	136,423
4303 Collections	390,560	167,941	31,245	144,507	46,867
4304 Utility Billing/Cust Service	1,653,010	82,650	82,650	1,239,758	247,952
4306 Purchasing	538,650	231,620	43,092	199,300	64,638
4401 Info. & Tech. Services	1,698,310	1,103,902	84,916	339,662	169,830
6912 Parking Deck-Personnel	38,620	38,620	0	0	0
Total Management Services Division	\$ 6,302,510	\$ 2,578,426	\$ 395,530	\$ 2,576,391	\$ 752,163
Development Services Division					
4103 Engineering	\$ 1,442,430	\$ 1,226,065	\$ 72,122	\$ 144,243	\$ 0
4106 Planning and Zoning	670,580	569,993	0	100,587	0
4108 Building Safety	789,840	789,840	0	0	0
Total Development Services Division	\$ 2,902,850	\$ 2,585,898	\$ 72,122	\$ 244,830	\$ 0
Police Services Division					
4701 Administration	\$ 937,970	\$ 937,970	\$ 0	\$ 0	\$ 0
4702 Support Services	4,424,580	4,424,580	0	0	0
4703 Criminal Investigations	2,888,080	2,888,080	0	0	0
4704 Patrol Operations	7,669,570	7,669,570	0	0	0
4705 Radio Communications	401,550	401,550	0	0	0
4706 Airport Security	187,250	187,250	0	0	0
Total Police Services Division	\$ 16,509,000	\$ 16,509,000	\$ 0	\$ 0	\$ 0

**Distribution of Appropriations to the Operating Funds
FY11 Budget (Continued)**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Fire Services Division					
4801 Administration	\$ 957,980	\$ 957,980	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	8,949,780	8,949,780	0	0	0
Total Fire Services Division	\$ 9,907,760	\$ 9,907,760	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 510,920	\$ 0	\$ 510,920	\$ 0	\$ 0
5302 Street Construction	965,710	0	965,710	0	0
5303 Street Drainage	1,066,040	0	1,066,040	0	0
5304 Street Maintenance	912,250	0	912,250	0	0
5401 Traffic Control Operations	689,750	0	689,750	0	0
5402 Signals	241,000	0	241,000	0	0
5403 Street Lighting	1,270,000	0	1,270,000	0	0
5404 Sign Shop	129,680	0	129,680	0	0
Total Streets and Traffic Control	\$ 5,785,350	\$ 0	\$ 5,785,350	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 1,479,350	\$ 0	\$ 0	\$ 1,479,350	\$ 0
5601 Water and Wastewater Treatment Administration	200,130	0	0	200,130	0
5603 Sewer Treatment	3,072,780	0	0	3,072,780	0
5604 Water Treatment	3,674,380	0	0	3,674,380	0
5605 Laboratory Services	808,420	0	0	808,420	0
5606 Wastewater Equipment Maintenance	1,326,520	0	0	1,326,520	0
5609 Industrial Waste Monitoring	315,850	0	0	315,850	0
5610 Water Line Maintenance	1,898,160	0	0	1,898,160	0
5611 Sewer Line Maintenance	1,965,380	0	0	1,965,380	0
5613 Metering/Transmission Line Maintenance	1,317,020	0	0	1,317,020	0
5615 Water and Wastewater Line Maintenance Administration	832,000	0	0	832,000	0
5616 Water Stationary Equipment Maintenance	1,124,270	0	0	1,124,270	0
6700 Debt Service	15,349,020	0	0	15,349,020	0
Total Water and Sewer	\$ 33,363,280	\$ 0	\$ 0	\$ 33,363,280	\$ 0

**Distribution of Appropriations to the Operating Funds
FY11 Budget (Continued)**

	TOTAL FUNDS	GENERAL FUND	STREET MAINTENANCE FUND	WATER AND SEWER OPERATING FUND	SANITATION OPERATING FUND
Operation Services Division -					
Parks and Community Services					
6101 Health	\$ 150,070	\$ 150,070	\$ 0	\$ 0	\$ 0
6201 Parks Maintenance	1,581,450	1,320,511	260,939	0	0
6202 Oak Cemetery	164,660	164,660	0	0	0
6204 Community Centers	193,670	193,670	0	0	0
6205 Aquatics	202,990	202,990	0	0	0
6206 Riverfront	280,860	280,860	0	0	0
6207 The Park at West End	37,990	37,990	0	0	0
Total Parks and Community Services	\$ 2,611,690	\$ 2,350,751	\$ 260,939	\$ 0	\$ 0
Operation Services Division -					
Sanitation					
6301 Administration	\$ 532,880	\$ 0	\$ 0	\$ 0	\$ 532,880
6302 Residential Collection	2,743,850	0	0	0	2,743,850
6303 Commercial Collection	1,141,090	0	0	0	1,141,090
6304 Fleet & Grounds Maintenance	944,070	0	0	0	944,070
6305 Sanitary Landfill	3,466,730	0	0	0	3,466,730
6306 Debt Service	1,099,350	0	0	0	1,099,350
6307 Roll-Off Collection	974,020	0	0	0	974,020
Total Sanitation	\$ 10,901,990	\$ 0	\$ 0	\$ 0	\$ 10,901,990
Operation Services Division -					
Transit					
6550 Public Transit	\$ 2,189,790	\$ 2,189,790	\$ 0	\$ 0	\$ 0
Total Operation Services Division	\$ 54,852,100	\$ 4,540,541	\$ 6,046,289	\$ 33,363,280	\$ 10,901,990
Non-Departmental					
6600 Non-Departmental	\$ 4,575,124	\$ 2,090,354	\$ 354,960	\$ 232,160	\$ 1,897,650
Total Appropriations	\$ 98,635,384	\$ 41,042,956	\$ 7,014,833	\$ 36,834,670	\$ 13,742,925

**Distribution of Appropriations to the Operating Funds
FY12 Projected Budget**

	Total Funds	General Fund	Street Maintenance Fund	Water and Sewer Operating Fund	Sanitation Operating Fund
Policy and Administration					
Services Division					
4100 Mayor	\$ 259,180	\$ 111,447	\$ 20,734	\$ 95,897	\$ 31,102
4101 Board of Directors	117,560	50,551	9,405	43,497	14,107
4102 City Administrator	697,020	299,719	55,762	257,897	83,642
4111 Economic Development	823,130	823,130	0	0	0
4201 District Court	1,493,790	1,493,790	0	0	0
4202 Prosecutor	170,360	170,360	0	0	0
4203 Public Defender	85,850	85,850	0	0	0
4204 City Attorney	227,500	113,750	56,875	0	56,875
4206 District Court-Seb. Co.	45,720	45,720	0	0	0
4405 Internal Audit	115,250	49,557	9,220	42,643	13,830
Total Policy and Administration Services Division	\$ 4,035,360	\$ 3,243,874	\$ 151,996	\$ 439,934	\$ 199,556
Management Services Division					
4104 Human Resources	\$ 511,850	\$ 322,465	\$ 35,830	\$ 107,488	\$ 46,067
4105 City Clerk	348,640	149,915	27,891	128,997	41,837
4301 Finance	1,265,480	544,156	101,238	468,228	151,858
4303 Collections	404,550	173,956	32,364	149,684	48,546
4304 Utility Billing/Cust Service	1,739,630	86,981	86,981	1,304,723	260,945
4306 Purchasing	565,840	243,311	45,267	209,361	67,901
4401 Info. & Tech. Services	1,764,450	1,146,892	88,223	352,890	176,445
6912 Parking Deck-Personnel	39,640	39,640	0	0	0
Total Management Services Division	\$ 6,640,080	\$ 2,707,316	\$ 417,794	\$ 2,721,371	\$ 793,599
Development Services Division					
4103 Engineering	\$ 1,464,500	\$ 1,244,825	\$ 73,225	\$ 146,450	\$ 0
4106 Planning and Zoning	696,170	591,744	0	104,426	0
4108 Building Safety	818,970	818,970	0	0	0
Total Development Services Division	\$ 2,979,640	\$ 2,655,539	\$ 73,225	\$ 250,876	\$ 0
Police Services Division					
4701 Administration	\$ 988,880	\$ 988,880	\$ 0	\$ 0	\$ 0
4702 Support Services	4,410,350	4,410,350	0	0	0
4703 Criminal Investigations	2,905,320	2,905,320	0	0	0
4704 Patrol Operations	7,927,320	7,927,320	0	0	0
4705 Radio Communications	481,940	481,940	0	0	0
4706 Airport Security	191,570	191,570	0	0	0
Total Police Services Division	\$ 16,905,380	\$ 16,905,380	\$ 0	\$ 0	\$ 0

**Distribution of Appropriations to the Operating Funds
FY12 Projected Budget (Continued)**

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Fire Services Division					
4801 Administration	\$ 1,256,130	\$ 1,256,130	\$ 0	\$ 0	\$ 0
4802 Suppression and Rescue	12,233,840	12,233,840	0	0	0
Total Fire Services Division	\$ 13,489,970	\$ 13,489,970	\$ 0	\$ 0	\$ 0
Operation Services Division - Streets and Traffic Control					
5101 Administration	\$ 522,370	\$ 0	\$ 522,370	\$ 0	\$ 0
5302 Street Construction	987,720	0	987,720	0	0
5303 Street Drainage	1,092,400	0	1,092,400	0	0
5304 Street Maintenance	916,030	0	916,030	0	0
5401 Traffic Control Operations	704,820	0	704,820	0	0
5402 Signals	245,820	0	245,820	0	0
5403 Street Lighting	1,326,000	0	1,326,000	0	0
5404 Sign Shop	132,280	0	132,280	0	0
Total Streets and Traffic Control	\$ 5,927,440	\$ 0	\$ 5,927,440	\$ 0	\$ 0
Operation Services Division - Water and Sewer					
5501 Utility Administration	\$ 1,814,320	\$ 0	\$ 0	\$ 1,814,320	\$ 0
5601 Water and Wastewater Treatment Administration	201,690	0	0	201,690	0
5603 Sewer Treatment	3,678,150	0	0	3,678,150	0
5604 Water Treatment	3,736,420	0	0	3,736,420	0
5605 Laboratory Services	877,940	0	0	877,940	0
5606 Wastewater Equipment Maintenance	1,282,850	0	0	1,282,850	0
5609 Industrial Waste Monitoring	356,930	0	0	356,930	0
5610 Water Line Maintenance	1,913,720	0	0	1,913,720	0
5611 Sewer Line Maintenance	2,010,880	0	0	2,010,880	0
5613 Metering/Transmission Line Maintenance	1,380,130	0	0	1,380,130	0
5615 Water and Wastewater Line Maintenance Administration	858,660	0	0	858,660	0
5616 Water Stationary Equipment Maintenance	1,132,850	0	0	1,132,850	0
6700 Debt Service	14,520,080	0	0	14,520,080	0
Total Water and Sewer	\$ 33,764,620	\$ 0	\$ 0	\$ 33,764,620	\$ 0

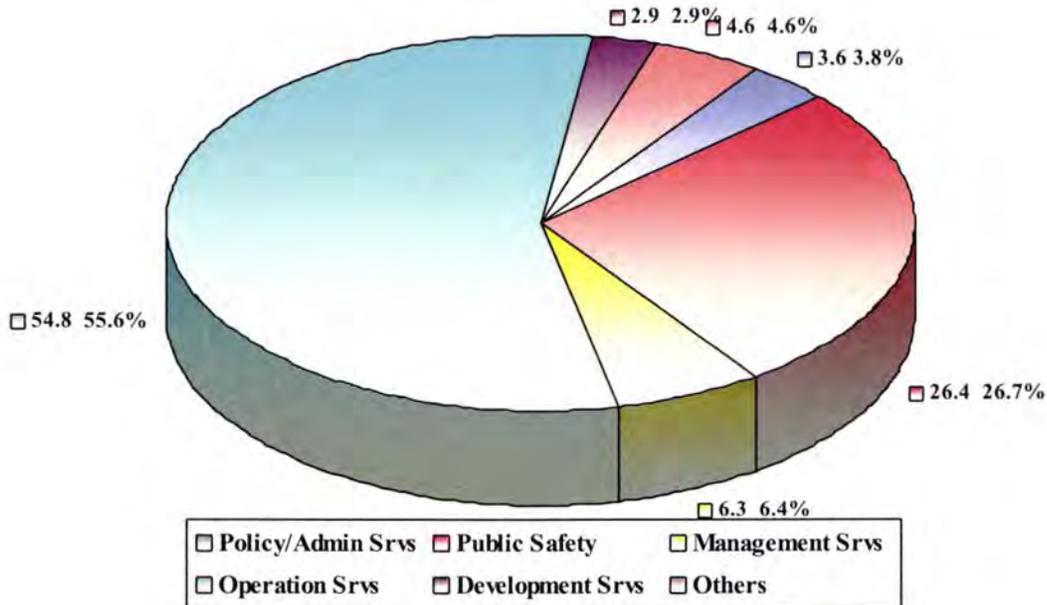
**Distribution of Appropriations to the Operating Funds
FY12 Projected Budget (Continued)**

	<u>Total Funds</u>	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Water and Sewer Operating Fund</u>	<u>Sanitation Operating Fund</u>
Operation Services Division -					
Parks and Community Services					
6101 Health	\$ 157,000	\$ 157,000	\$ 0	\$ 0	\$ 0
6201 Parks Maintenance	2,454,940	2,184,350	270,590	0	0
6202 Oak Cemetery	243,650	243,650	0	0	0
6204 Community Centers	193,730	193,730	0	0	0
6205 Aquatics	216,030	216,030	0	0	0
6206 Riverfront	284,860	284,860	0	0	0
6207 The Park at West End	38,010	38,010	0	0	0
Total Parks and Community Services	<u>\$ 3,588,220</u>	<u>\$ 3,317,630</u>	<u>\$ 270,590</u>	<u>\$ 0</u>	<u>\$ 0</u>
Operation Services Division -					
6203 Convention Center					
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Convention Center	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Operation Services Division -					
Sanitation					
6301 Administration	\$ 558,600	\$ 0	\$ 0	\$ 0	\$ 558,600
6302 Residential Collection	2,668,290	0	0	0	2,668,290
6303 Commercial Collection	1,228,760	0	0	0	1,228,760
6304 Fleet & Grounds Maintenance	904,870	0	0	0	904,870
6305 Sanitary Landfill	3,598,430	0	0	0	3,598,430
6306 Debt Service	0	0	0	0	0
6307 Roll-Off Collection	1,014,450	0	0	0	1,014,450
Total Sanitation	<u>\$ 9,973,400</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,973,400</u>
Operation Services Division -					
Transit					
6550 Public Transit	\$ 2,220,510	\$ 2,220,510	\$ 0	\$ 0	\$ 0
Total Operation Services Division	<u>\$ 55,474,190</u>	<u>\$ 5,538,140</u>	<u>\$ 6,198,030</u>	<u>\$ 33,764,620</u>	<u>\$ 9,973,400</u>
Non-Departmental					
6600 Non-Departmental	\$ 4,735,230	\$ 2,058,650	\$ 359,060	\$ 126,260	\$ 2,191,260
Total Appropriations	<u>\$ 104,259,850</u>	<u>\$ 46,598,869</u>	<u>\$ 7,200,105</u>	<u>\$ 37,303,061</u>	<u>\$ 13,157,815</u>

Combined Division Summary Operating Funds

	Actual FY09	Amended Budget FY10	Estimated FY10	Budget FY11	Projected FY12
By Division Classification					
Policy and Administration					
Services	\$ 3,668,399	\$ 4,222,106	\$ 3,722,216	\$ 3,586,040	\$ 4,035,360
Management Services	6,472,767	6,912,740	6,199,290	6,302,510	6,640,080
Development Services	2,864,764	2,991,404	2,797,023	2,902,850	2,979,640
Police Services	15,444,919	16,610,119	15,413,266	16,509,000	16,905,380
Fire Services	10,018,877	10,266,460	9,689,166	9,907,760	13,489,970
Operation Services	53,626,738	59,117,386	54,968,675	54,852,100	55,474,190
Non-Departmental	5,943,391	6,018,248	5,992,638	4,575,124	4,735,230
Budget Appropriations	\$ 98,039,855	\$ 106,138,463	\$ 98,782,274	\$ 98,635,384	\$ 104,259,850

2011 Operating Budget Appropriations by Division Classification \$98,635,384

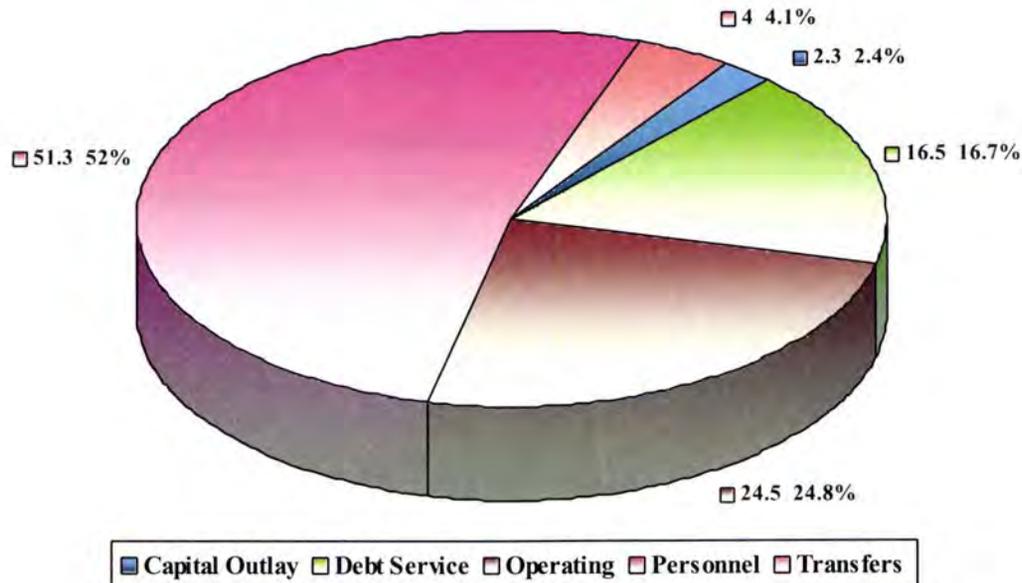


In Millions

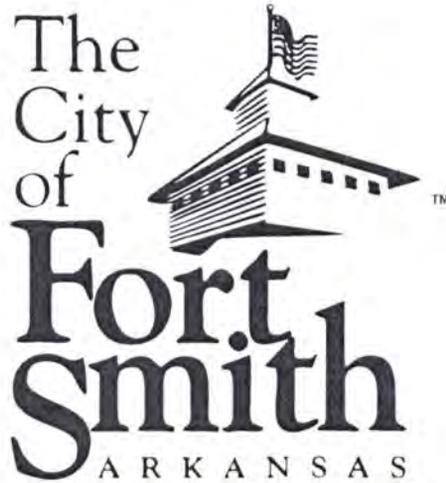
Combined Division Summary Operating Funds

	Actual FY09	Amended Budget FY10	Estimated FY10	Budget FY11	Projected FY12
By Expenditure/Expense Classification					
Personnel	\$ 49,243,023	\$ 52,125,327	\$ 49,178,499	\$ 51,347,790	\$ 52,878,040
Operating	23,878,631	28,189,240	24,815,532	24,466,486	26,180,775
Operating Budget	\$ 73,121,654	\$ 80,314,567	\$ 73,994,031	\$ 75,814,276	\$ 79,058,815
Capital Outlay	4,351,915	5,162,318	4,246,822	2,335,780	6,423,410
Debt Service	16,072,210	16,452,080	16,452,080	16,448,370	14,520,080
Transfers	4,494,076	4,209,498	4,009,750	4,036,958	4,257,545
Budget Appropriations	\$ 98,039,855	\$ 106,138,463	\$ 98,702,683	\$ 98,635,384	\$ 104,259,850

2011 Operating Budget Appropriations by Expenditure/Expense Class \$98,635,384



In Millions

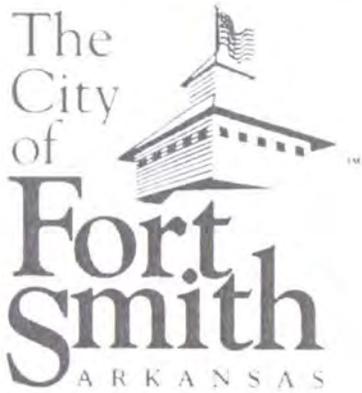


DIVISION SUMMARIES

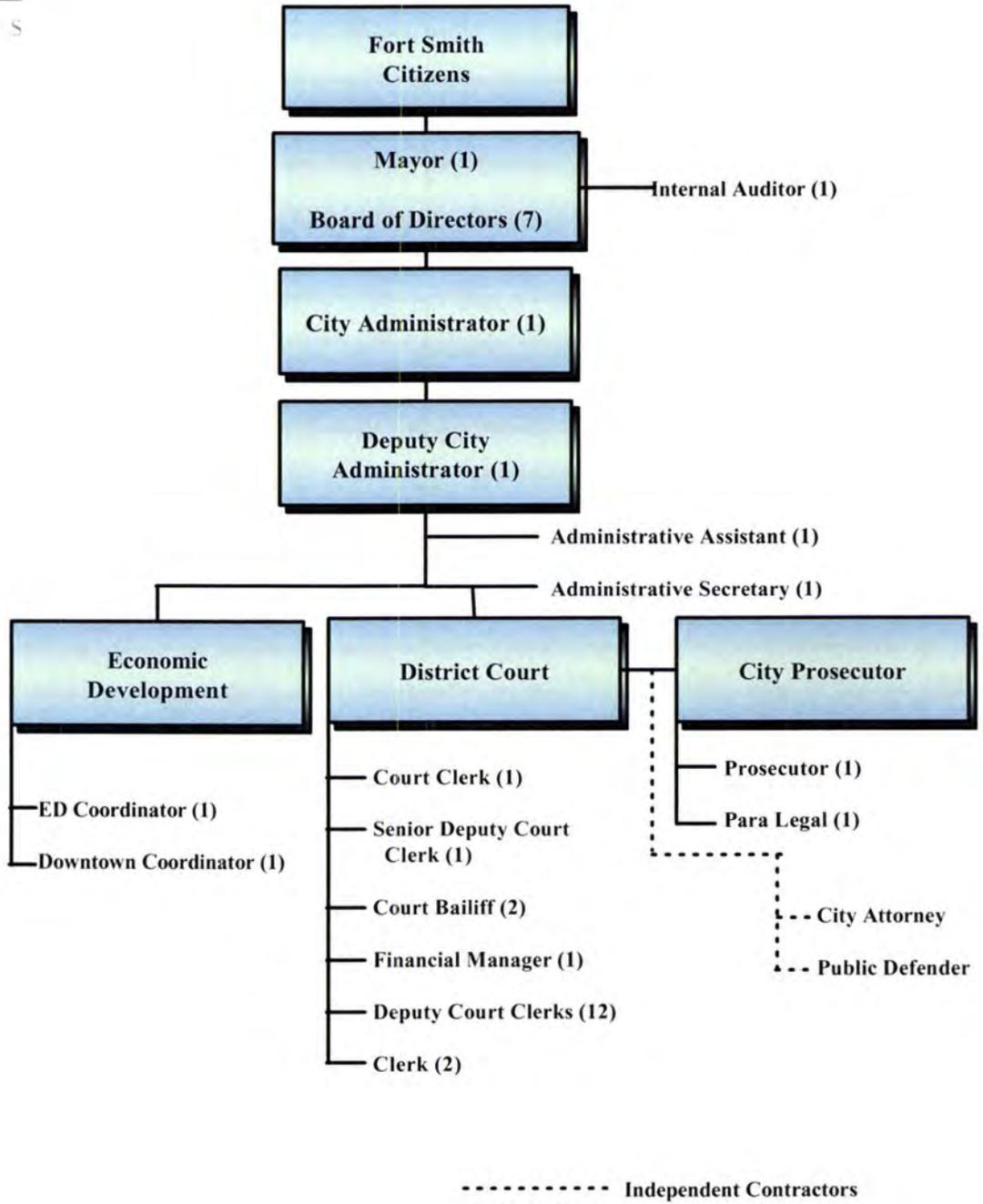
This section provides position and budget summaries for all divisions of the City. The position summaries are based on January 1 authorizations with the exception of Estimated FY10 which is based on September 30, 2010 authorizations. The dollar summaries reflect Actual FY09, Budget FY10, Estimated FY10, and Budget FY11 and projected for Budget FY12.

Also, provided is a narrative of each division which reflects the purpose, overview, 2011 service objectives, 2010 service objectives and outcomes, service measures/performance indicators, and workload/demand statistics.

A line-item budget detail for each program within each division is provided in the FY11 Budget Supplement.



Policy and Administration Services



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

POLICY/ADMINISTRATION OVERVIEW:

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

Budget FY11 is \$533,526 or 26.5% less than the Budget FY10. The decrease is due to the deletion of capital outlay requests and decreases in operating expenditures such as the fleet maintenance analysis and lower advertising budget for downtown and economic development. Major priorities planned for 2011 are those outlined in the Budget Message and highlighted as: initiate and develop economic growth strategies; present a solution for the convention center funding; continue the green initiative in city facilities; select approach for funding wet weather sanitary sewer work; identify a new revenue source for the general fund; improve revenue forecasting; and improve homeless services.

Total personnel for these programs is 14FTE for FY11 which is the same as FY10.

POLICY & ADMINISTRATION	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 643,215	\$ 660,840	\$ 679,232	\$ 660,180	\$ 659,150
Operating Expenditures	713,277	1,011,730	774,755	818,490	907,740
Operating Budget	\$ 1,356,492	\$ 1,672,570	\$ 1,453,987	\$ 1,478,670	\$ 1,566,890
Capital Outlay	350,391	255,626	305,626	0	330,000
Budget Appropriation	\$ 1,706,883	\$ 1,928,196	\$ 1,759,613	\$ 1,478,670	\$ 1,896,890
Authorized Positions	15.00	14.00	14.00	14.00	14.00

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

POLICY/ADMINISTRATION 2011 SERVICE OBJECTIVES

Mayor:

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

- Fort Smith Pride and Keep America Beautiful
- The Good Neighbors Program
- The Youth Volunteers Corps
- Recognition to Patriotic and Historical Events Activities Associated with the Visual and Performing Arts
- Multicultural Center and Programs
- Physical Fitness of the Citizens of Our Community
- Sister Cities Activities

Board and Administration:

1. Initiate and develop economic growth strategies to increase the job market with higher paying jobs as well as support the construction of the regional intermodal freight facilities and Interstate 49.
2. Present voters with a solution for ongoing convention center funding.
3. Continue the green initiative by developing strategies to reduce energy consumption and other costs in city facilities.
4. Select preferred approach for funding wet weather sanitary sewer work after 2011.
5. Identify a new revenue source and/or identifying savings in the General Fund to provide funds for construction, staffing, and equipping Fire Station 11 in Chaffee Crossing; future downtown development; and parks projects.
6. Strengthen the budgeting process by improving revenue forecasts.
7. Improve the provision of services to the homeless by providing a full-time staff position for the Old Fort Homeless Coalition.

Economic Development:

1. Develop and implement aggressive and innovative ideas for communicating with the public about economic development and quality of place related issues, in collaboration with community partners.
2. Act as a resource for other City of Fort Smith departments in proactively reaching out directly to citizens and through media outlets.
3. Direct Citizens Academy classes, scheduling, recruiting members, and communicating with alumni.
4. Tell Fort Smith's story to broader-regional and national-audiences and, when appropriate, assisting other departments and community partners in this regard.
5. Continue to work with the Board appointed citizen panel with reviewing applications from outside agencies.

Downtown Development:

1. To continue success with fewer empty buildings in Downtown, continue to work with Downtown property owners in the entire Central Business Improvement District to encourage the sale, lease or renovation of their properties. While working with new Downtown business owners during the permitting process and opening of their businesses in the District, new processes need to be implemented to make it easier and more user friendly.
2. Complete the revision of the Downtown Design Guidelines in order to have the tools necessary to encourage consistency during renovation projects and new construction within the CBID.
3. Work with other City departments to complete the final phase of street scape along Garrison Avenue and additional trolley track. Identify areas inside the boundary to be tagged for specific use. Be the driving force to emphasize the need for a new City Hall in the core business district.
4. Continue to work with elected officials on a local and state level to lobby for votes on the State Tax Credit Bill for CBID's throughout Arkansas. This will continue to be a state-wide effort to provide additional financial incentives for redevelopment in the core business districts in Arkansas.
5. Continue the effort to find funding for the construction of shelters to improve the functionality of the municipal parking lot at 2nd and Garrison in Downtown to accommodate small events.
6. Improve the effort for branding the Downtown area as a Live, Work, and Play environment. Create additional marketing tools to promote the urban option with various corporate and business leaders regionally. In partnership with Advertising and Promotion, we will continue to market the Park at West End in all of our promotional pieces.

7. Financially support through marketing and event infrastructure, economic engines such as the Fort Smith Riverfront Blues Festival, Cox Community Concert, The Mayor's 4th of July, Heritage Festival and River Jam Fest while looking to add other activities to the mix. In addition to these large events, smaller ones with the Downtown Business Owners will be included.

ECONOMIC DEVELOPMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Develop and implement aggressive and innovative ideas for communicating with the public about economic development and quality of place related issues, in collaboration with community partners.*
Outcome: Speaking engagements on these topics have included Leadership Fort Smith Class of 2010, LFS Class of 2011, Spring 2010 Citizens Academy, 4-6 civic groups, media appearances, and Summer 2010 Outside Agency workshop.
2. **Service Objective:** *Act as a resource for other City departments in proactively reaching out directly to citizens and through media outlets.*
Outcome: Maintaining "Speakers Bureau" of Fort Smith employees who routinely speak to civic and professional groups.
3. **Service Objective:** *Direct Citizens Academy classes, scheduling, recruiting members and communicating with alumni.*
4. **Outcome:** Spring 2010 class was the largest ever. An alumni group is being formed, with the citizen led goals of expressing appreciation to City employees and assisting with the citizens academy program. Efforts regarding the latter will result in some financial savings on behalf of the City for the citizens academy program.
5. **Service Objective:** *Tell Fort Smith's story to broader-regional and national- audiences and, when appropriate, assisting other departments and community partners in this regard.*
Outcome: Due to budget constraints, the we were unable to organize a second bid to become an All-America City.

DOWNTOWN DEVELOPMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue our success with fewer empty buildings in Downtown, continue to work with downtown property owners in the CBID to encourage the sale, lease, or renovation of their properties. We will also be working with new Downtown business owners during the permitting process and opening of their businesses in the District. This includes continuing to build our relationship and working in partnership with Cushman-Wakefield to introduce potential developers to Downtown Fort Smith.*
Outcome: Through August 2010, we have had 4 buildings, a vacant lot, and a large mixed use development area to sell to investors. In addition, 12 new businesses have opened their doors in the district. During 2010, 2 renovation projects have been completed, including retail and residential accommodations. The feasibility study with Cushman-Wakefield is complete and information about the Riverfront presented to several potential investors.
2. **Service Objective:** *Create new ways to improve Downtown's walkability through beautification, additional streetscape, trolley track, and research the costs associated with providing recorded music along the sidewalks through wireless speaker systems.*

Outcome: In 2010, the replacement of the trees in the landscaped areas along Garrison Avenue were continued. We are also working on the engineering studies for the continuation of the streetscape program along Garrison from North 9th east to North 13th. This will complete the project along Garrison Avenue. We are also working on the design and survey of the installation of additional trolley track which will go north on 7th to Rogers then east to Rogers to just east of the parking deck. Help fund the Parks department to allow staff continue to maintain the downtown area. Work with private investors and organizations to raise interest and funds to continue with small beautification projects. Due to budget constraints, installation of the outdoor music has been delayed.

3. **Service Objective:** *Continue to work on the State Tax Credit Bill for CBID's throughout Arkansas. This will continue to be a statewide effort to improve the core business districts in Arkansas*

Outcome: This is an ongoing process and goal.

4. **Service Objective:** *Continue to research options to provide additional parking for the Downtown area.*

Outcome: In 2010, a public/private partnership was formed for a new parking lot on the corner of North 2nd and B Streets. The completion date for this project is December 2010 and will provide an additional 50-70 free parking spaces.

5. **Service Objective:** *Plan for construction of shelters to improve the functionality of the municipal parking lot at 2nd and Garrison in Downtown to accommodate small events. These structures will add to the special events currently help on the parking lots as well as encourage additional activities.*

Outcome: This is an ongoing goal to be continued in 2011. Recently a joint application with WAPDD and Sebastian County was filed which could be used for this project. We are awaiting award results.

6. **Service Objective:** *Create additional marketing tools to promote the Downtown niche with Corporate, Business retailers, and Pub owners, Residential living and Downtown events to citizens on a regional level. Work on additional print mediums and continue the outdoor campaigns. Strive to work the presentation circuit weekly with the new Downtown Fort Smith video.*

Outcome: Two new marketing tools have been added this year. Using a new company that supplies flat screens in strategic locations in Hot Springs, NWA and Little Rock, we are gaining recognition in other markets. This is obvious by the increased traffic on the Downtown web site. Other print campaigns are being used to target specific age and income level to the nightlife that Downtown offers. To date, 10 presentations have been completed to various organizations, and 6 Downtown educational bus tours have been conducted.

7. **Service Objective:** *Plan for additional events in the Downtown area to encourage citizens to visit the district. Remain a constant with Riverfront Blues Fest, the Cox Community Concert, and the Mayor's 4th of July while looking to add other activities to the mix. We plan to have 2 more large scale events at Riverpark and several small events on the municipal parking lot at 2nd and Garrison.*

Outcome: In 2010, a Jam Festival was added. This is a 3 day festival, held in late August, bringing a specific age group which was previously not attracted ages 17-30. Additionally, two new business specific events will be held by year end. Our participation in several events in 2010 increased the Downtown economic condition of the week-ends that the events took place. Restaurants, live music venues and many retailers saw increased business compared to last years numbers.

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. Prosecution services were formerly provided by a local law firm.

City Attorney services are provided by a local firm selected through the professional services review. The Public Defender is accounted for by Sebastian County and the funding provided in the 2011 Budget represents the City's share of costs for the year.

The 2011 Budget is \$98,780 or 4.7% less than the 2010 Budget. The decrease is due to less operating expenditures.

Total Legal Department personnel is 21FTE which is the same as FY10.

LEGAL DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 1,583,912	\$ 1,744,470	\$ 1,602,055	\$ 1,686,290	\$ 1,698,920
Operating Expenditures	346,636	349,600	249,143	309,000	324,300
Operating Budget	\$ 1,930,548	\$ 2,094,070	\$ 1,851,198	\$ 1,995,290	\$ 2,023,220
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 1,930,548	\$ 2,094,070	\$ 1,851,198	\$ 1,995,290	\$ 2,023,220
Authorized Positions	20.00	21.00	21.00	21.00	21.00

LEGAL DEPARTMENT 2011 SERVICE OBJECTIVES

District Court:

1. Cross training of court's support personnel to ensure efficient and high quality service to patrons of the court. The court will continue to emphasize education and the development of the Court's personnel in areas of procedure, professional skills and statutory basis for the Court's operations. The Court will also work toward certification through state training and the Arkansas City and District Court Clerk's Association and the National Association for Court Management.
2. Court will increase revenue by: use of a collection service to collect outstanding delinquent balances, cooperative efforts with the Police and Sheriff's Departments to increase number of contempt warrants being served, placing holds on income tax refunds to be applied to balances due to the Court and withholding from Prisoner Inmate Commissary Accounts to be applied to balances due to the Court.
3. Work toward completion of the Court's Procedural Manual. Task descriptions will serve as a standardized guide of court procedures. The task descriptions will provide a detailed description and explanation of each task performed by all deputy clerk positions to provide procedural consistency and to aid with the training of court staff.
4. Increase technology and automation by: implementing the use of a Smart Board in the courtrooms to allow evidence to be seen by all parties involved in the case. This will also enable the Court to access and view the Police Department's mobile video footage. Create a data interface to allow the Court to offer online payment services via the Court's web site. Review computer generated reports to ensure accuracy.
5. Participate in the efforts of the Criminal Justice Committee to reduce jail population.

City Prosecutor:

1. Maintain and expand a mandatory pretrial appearance date for defendants and defense counsel.
2. Establish a system whereby cases appealed from District Court to Circuit Court can be more readily processed by this office.
3. Be more accessible to City agencies in the prosecution of Environmental Court cases.
4. Expand teaching and assist law enforcement.

**DISTRICT COURT
2010 SERVICE OBJECTIVE AND OUTCOMES**

1. **Service Objective:** *Continue cross training of the Courts support personnel.*

Outcome: Deputy clerks were cross trained in 9 of the Court's positions. Four clerks have been trained to perform all the duties required of the 7 deputy clerk II positions, and 3 clerks can perform the duties of the financial administrator position. One clerk earned her certification through the Arkansas District and City Court Clerks Association, 2 clerks attended a collections conference through the National Center for State Courts.

2. **Service Objective:** *The Court will increase revenue by: use of a collection agency, efforts with the Police Department, withholding funds from state income tax refunds, withholding from prisoner commissary accounts.*

Outcome: Through June, \$73,854 has been collected through the use of a collection agency, with \$14,899 in commissions paid to the agency, program has generated \$970,594 since 2003. A total of 4,393 warrants were issued with 1,448 being served by law enforcement or satisfied by payment through District Court. \$15,723 has been collected through the tax intercept program, with a total of \$85,514 being collected since 2004. During 2010, \$3,671 has been withheld from prisoner commissary accounts, and a total of \$5,936 has been collected since 2005.

3. **Service Objective:** *Work toward the completion of the task descriptions for each task performed by a Deputy Clerk.*

Outcome: Completed procedures: Cash handling and procedural guide (June); Special Condition Policies and procedures were revised and rewritten (July); Duties and job descriptions were revised and updated (March); Records retention schedule and guideline (February).

4. **Service Objective:** *Increase court technology and automation.*

Outcome: Court began using an electronic imaging system in March. The court began scanning current records on a daily basis in May, scanning of older documents is expected to continue through 2012; A database was created for the bond forfeiture system in February; the Court was exempted from maintaining duplicate copies of receipts and the collection receipt program was modified to accommodate the exception in January; Drivers License Suspension program will continue through 2011; a check writing system was implemented in February; a visual appearance of the Court's web site was updated in March; Implementation of a Smart Board in the courtroom is expected to continue through 2011.

5. **Service Objective:** *Improve court services.*

Outcome: The Court's operating systems were restructured and reorganized to adjust to the new courts facility throughout 2009 and 2010. An ongoing project is to reorganize job duty assignments with emphasis on customer service and to help with the staffing shortages.

**CITY PROSECUTOR
2010 SERVICE OBJECTIVE AND OUTCOMES**

1. **Service Objective:** *Introduce and establish a pre-trial date for defendants and defense attorneys.*

Outcome: A mandatory pretrial appearance docket in District Court should be implemented prior to year end.

2. **Service Objective:** *Tracking system for all appeals and the court disposition.*

Outcome: On going

3. **Service Objective:** *Aid Neighborhood Services and other City offices in the filing of charges.*

Outcome: Process for initiation of cases in Environmental Court is now being handled more expeditiously as City agencies are bringing their materials for filing to this office direct.

4. **Service Objective:** *Teaching and assisting law enforcement.*

Outcome: Goal is on-going and being met.

**DISTRICT COURT
SERVICE MEASURES/PERFORMANCE INDICATORS
FOR 2010**

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>ESTIMATED FY10</u>	<u>BUDGET FY11</u>
Criminal Cases Filed	14,116	14,900	14,000	14,500
Traffic Cases Filed	22,505	24,000	24,000	24,000
Civil Cases Filed	1,690	1,800	2,000	1,700
Small Claims Cases Filed	388	400	400	400
Warrants Issued	8,121	8,600	8,800	8,600
Fine/Costs/Fees Assessed **	\$ 5,223,505	\$ 5,536,000	\$ 5,850,000	\$ 5,900,000
Community Service Participants	1,532	1,550	1,600	1,600

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

WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>ESTIMATED FY10</u>	<u>BUDGET FY11</u>
Criminal Cases Disposed	10,866	13,000	11,920	13,000
Traffic Cases Disposed	19,453	20,500	23,400	21,000
Civil Judgments Issued	1,871	2,200	1,500	1,650
Small Claims Judgments Issued	287	270	240	290
Warrants Disposed	6,156	6,000	6,500	6,250
Fine/Costs/Fees Collected	\$ 4,241,554	\$ 4,290,000	\$ 4,500,000	\$ 4,350,000
City's General Fund Share of Collections	\$ 2,094,375	\$ 1,950,000	\$ 2,250,000	\$ 2,000,000
8 Hr. Days- Community Svc.Labor	14,272	13,500	16,600	16,500
Labor Equivalent to FTE's.	55	51	63	62
Monetary Equivalent of Labor	\$ 927,119	\$ 877,500	\$ 1,079,000	\$ 1,000,000

REVENUE TO CITY AFTER EXPENSES

	<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>
City's Share of Revenue	\$ 1,998,448	\$ 2,191,245	\$ 2,094,375
City's Share of Court's Expenses	\$ 1,068,244	\$ 905,986	\$ 971,448
City's Actual Revenue	\$ 930,204	\$ 1,285,259	\$ 1,122,927
Revenue Combined with Labor from the Community Service Program	\$ 1,694,993	\$ 1,827,347	\$ 2,050,046

INTERNAL AUDIT OVERVIEW:

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

The FY11 Budget is \$3,760 or 3.2% less than the FY10 Budget. The decrease is due to less operating expenses.

INTERNAL AUDIT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 93,536	\$ 100,860	\$ 98,669	\$ 98,900	\$ 100,070
Operating Expenditures	6,192	14,980	12,736	13,180	15,180
Operating Budget	\$ 99,728	\$ 115,840	\$ 111,405	\$ 112,080	\$ 115,250
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 99,728	\$ 115,840	\$ 111,405	\$ 112,080	\$ 115,250
Authorized Positions	1.00	1.00	1.00	1.00	1.00

INTERNAL AUDIT 2011 SERVICE OBJECTIVES

1. Assist departments with required audit procedures for outside regulating entities.
2. Perform cash and payroll audits as well as special projects as considered necessary for management and the Board of Directors.
3. Perform performance audits as considered necessary.
4. Develop internal procedures citywide to aid in the process of continuous auditing and monitoring.
5. Educate managers and department heads in the benefits of internal controls focusing on reducing the risk of the highest fraud risk areas in the City.

INTERNAL AUDIT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** Assist departments with required audit procedures for outside regulating entities.
Outcome: Goal achieved, this is an on-going process.
2. **Service Objective:** Perform cash and payroll audits as well as special projects considered necessary for management and Board of Directors.
Outcome: Goal achieved, this is an on-going process.
3. **Service Objective:** Perform performance audits as considered necessary.
Outcome: Goal achieved- this is on-going.

4. **Service Objective:** *Continue to provide independent perspective, objective assurance and available consulting activity designed to add value and improve the City's operations.*

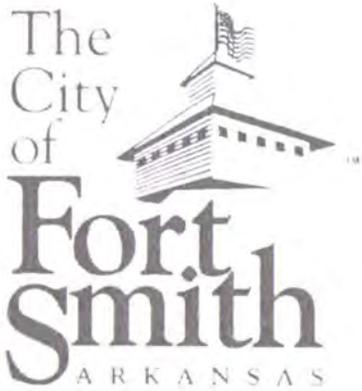
Outcome: Goal achieved, this is on-going. The special projects are timely and have focused on receiving proper and accurate funding from property taxes assessments as well as franchise fees during 2010.

5. **Service Objective:** *Aid the City to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

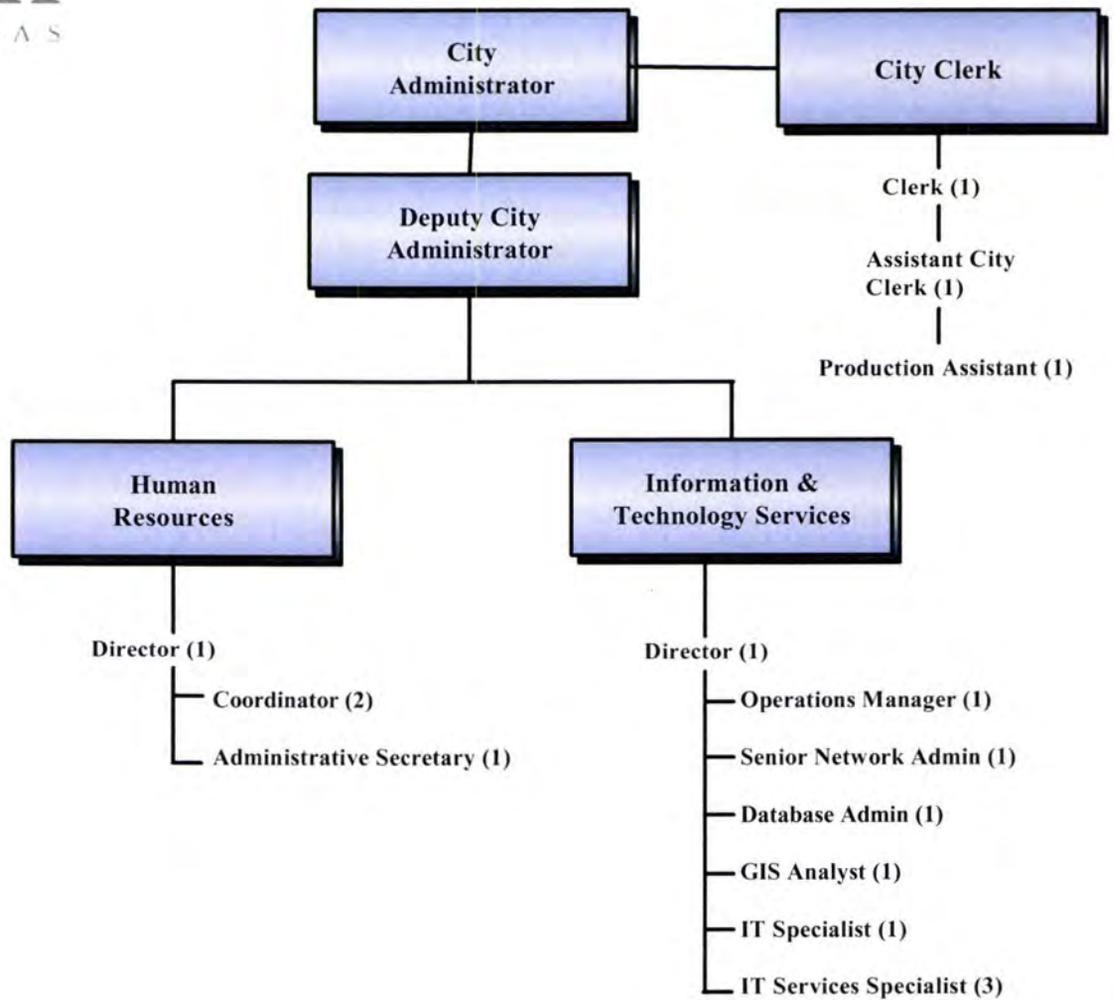
Outcome: A formal risk assessment was performed and a formal internal audit plan was adopted by the Audit Advisory Committee as was a committee charter.

6. **Service Objective:** *Improve communications between the internal auditor, audit committee and Board of Directors.*

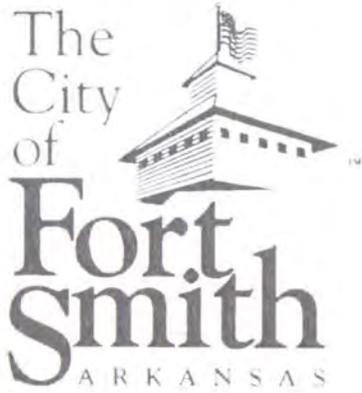
Outcome: Goal achieved, this is an ongoing process.



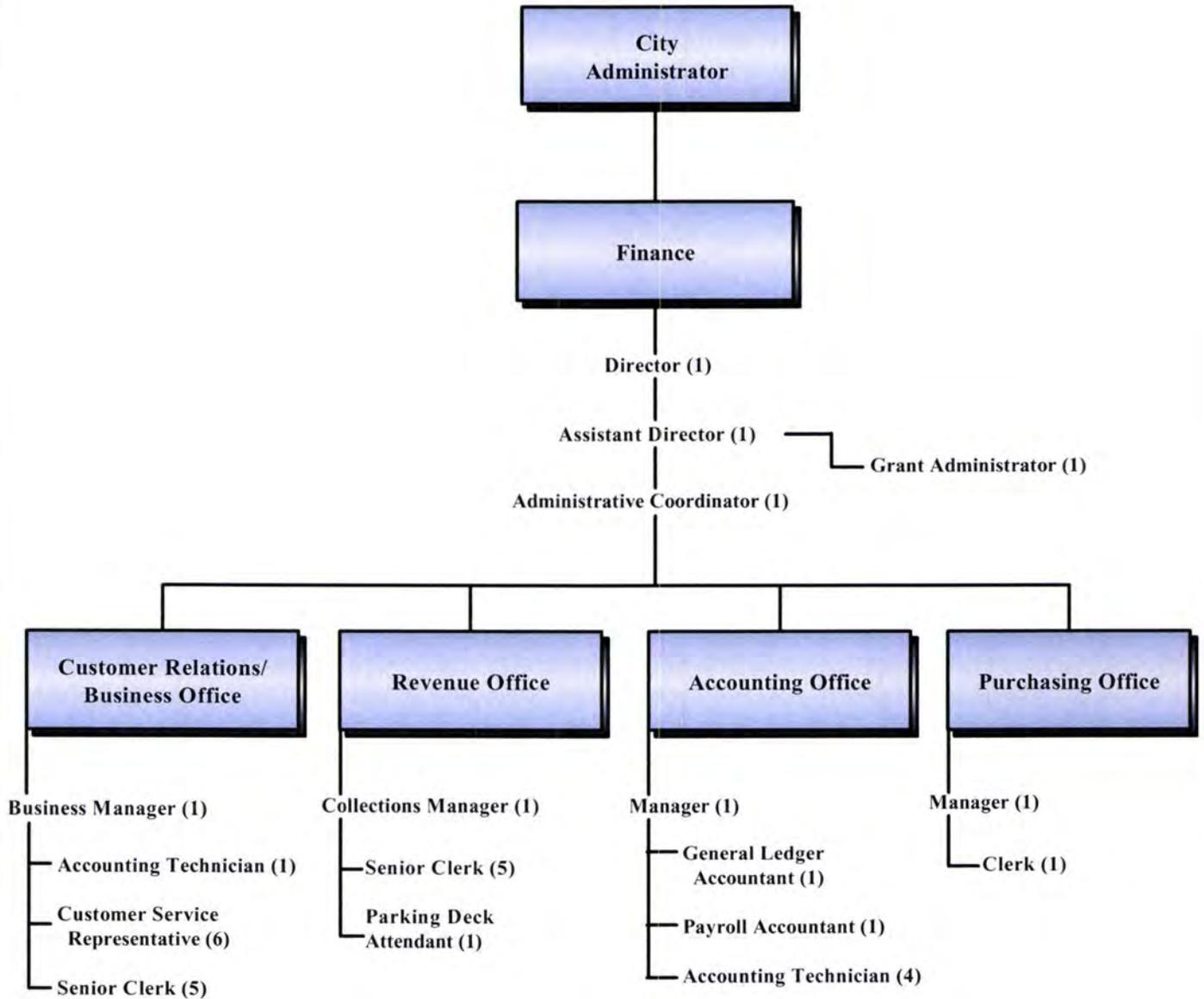
Management Services



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



Management Services



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

HUMAN RESOURCES OVERVIEW:

The Human Resources department 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 FY11 Budget is \$6,950 or 1.4% less than the FY10 Budget. The decrease is lower program and lower contribution to the medical insurance program and lower operating costs.

Total Human Resource Department personnel is 4.0FTE. There is no change in the level of positions for 2011.

HUMAN RESOURCES	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 419,328	\$ 403,290	\$ 402,481	\$ 399,540	\$ 404,350
Operating Expenditures	99,452	107,900	101,522	104,700	107,500
Operating Budget	\$ 518,780	\$ 511,190	\$ 504,003	\$ 504,240	\$ 511,850
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 518,780	\$ 511,190	\$ 504,003	\$ 504,240	\$ 511,850
Authorized Positions	4.00	4.00	4.00	4.00	4.00

HUMAN RESOURCES DEPARTMENT 2011 SERVICE OBJECTIVES

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

**HUMAN RESOURCES
2010 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Maintain and administer a fair and competitive wage and compensation system.*
Outcome: This is an on-going process. Based on our annual salary survey, the City is very competitive with our peers.
2. **Service Objective:** *Update and revise employee policies and procedures manual.*
Outcome: This is an on-going process. The revised handbook is in the final review stage.
3. **Service Objective:** *Manage the medical insurance benefit program to provide quality healthcare at an affordable fair cost to the City's employees and families.*
Outcome: This is an on-going process. Based on our 2010 projection for cost, we are on budget.

4. **Service Objective:** *Manage a cost-effective workers' compensation program.*
Outcome: This is an on-going process. Based on our 2010 projection for cost, we are on budget.
5. **Service Objective:** *Review the possibility for implementing an electronic performance appraisal system.*
Outcome: Due to budget constraints, this project is currently on hold.

**HUMAN RESOURCES
 WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>ESTIMATED FY10</u>	<u>BUDGET FY11</u>
Employees governed by personnel policies and procedures	904.41	913.88	914.28	913.28
Civil Service Commission Meetings	8	6	6	6
Civil Service applicant tests administered	9	6	6	6
Employment Applications Received	2,000	2,000	2,500	2,500

CITY CLERK DEPARTMENT OVERVIEW:

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

The FY11 Budget is \$49,100 or 12.5% less than FY10 Budget. The decrease is attributable to the decrease in required election costs.

The department has 3FTE which is the same at FY10.

CITY CLERK	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 193,718	\$ 219,010	\$ 234,014	\$ 215,490	\$ 216,550
Operating Expenditures	124,605	172,350	68,680	126,770	132,090
Operating Budget	\$ 318,323	\$ 391,360	\$ 302,694	\$ 342,260	\$ 348,640
Capital Outlay	8,735	0	0	0	0
Budget Appropriation	\$ 327,058	\$ 391,360	\$ 302,694	\$ 342,260	\$ 348,640
Authorized Positions	2.63	3.00	3.00	3.00	3.00

CITY CLERK 2011 SERVICE OBJECTIVES

1. Process official documents, legal publications, codification of ordinances efficiently and expeditiously.
2. Provide quality programming on Government Access Channel 6, including televised regular meetings of the Board of Directors, and informational/promotional videos about the community/current events.
3. Provide up to date information on department's web page.
4. Provide training opportunities to staff to continually increase knowledge and skill for benefit of staff and citizen customers.
5. Provide diverse administrative services to support the public, mayor, board of directions, administration and staff.
6. Review office operations for implementation of best practices to ensure a productive work flow.
7. Conduct special election on the question of prepared food tax.

**CITY CLERK
2010 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Provide diverse administrative services to support the public, Mayor, Board of Directors, Administration, and staff.*
Outcome: Staff is accessible at all times.
2. **Service Objective:** *Provide prompt processing of official documents, legal publications, and codification of ordinances.*
Outcome: All resolutions and ordinances are presented to the Mayor for signature within 24 hours, of the meeting at which they were adopted, and any agreements or contracts for the Mayor's signature may be presented on a daily basis as such are received from respective departments.

**CITY CLERK
2010 SERVICE OBJECTIVES AND OUTCOMES (continued)**

3. **Service Objective:** *Provide up to date information on department's web page.*
Outcome: Packet information for the Board meetings, including agendas, staff briefings, minutes, meeting summary, and audio recording of all regular meetings are made available on website by the City Clerk's office. Information and services regarding the City Clerk's office and staff bios are also available on the web-site.
4. **Service Objective:** *Provide training opportunities to staff to continually increase knowledge and skill for benefit of staff and citizen customers.*
Outcome: Staff participates in certification programs conducted by professional associations and other educational/training opportunities.
5. **Service Objective:** *Provide quality programming on Government Access Channel 5.*
Outcome: An average of 250 announcements air continually providing information on city services and events, and promoting activities of community organizations. Three videos have also aired during the year: The Greater Fort Smith Region, Fort Smith Promotional & Live it Up Downtown Fort Smith. The regular meetings of the Board of Directors are now televised live on the access channel and rebroadcast at scheduled hours of the day over a 4 day period following the meeting.
6. **Service Objective:** *Conduct city primary and general elections for positions of mayor and three directors at large.*
Outcome: A city primary for mayor and directors at large was not necessary due to number of filings; however, with the resignation of Ward 4 Director, a primary was necessary and was held August 10. A municipal general election will be held on November 2 for mayor and directors at large.

**CITY CLERK
2010 PERFORMANCE MEASURE STATISTICS**

Ordinances published within two weeks of adoption by the Board of Directors.	100%
Draft minutes of Board of Directors meetings prepared within four (4) days.	100%
Meeting Agenda packets available to City officials within 4 days of meeting	100%
Meeting agenda packets and audio recordings posted on website	100%
Response to FOIA requests within 3 days	100%
Response to citizen requests within 3 days	100%
Government Access Channel 5 announcements received/airing	100%
Municipal Code of Ordinances semiannual updates	50%
Document imaging of records (a daily process)	100%
Updated 12 minute video entitled, "Fort Smith's Administrative & Legislative Process"	100%
Issuance of Oak Cemetery Deeds (40 at 12/31/09)	100%

**CITY CLERK
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>BUDGET FY11</u>	<u>BUDGET FY12</u>
Sets of Board Minutes approved as written	27	25	30	30
Code of Ordinances Updates	2	2	2	2
Government Channel Announcements (average per week)	200	250	325	325
Document Imaging (average documents per week)	500	550	600	650

**CITY CLERK
WORKLOAD/DEMAND STATISTICS**

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>BUDGET FY11</u>	<u>BUDGET FY12</u>
Board Meetings attended (voting sessions)	27	28	2	30
Agendas prepared	50	50	50	50
Ordinances and Resolutions Adopted	418	420	425	425
Minutes Prepared	27	28	28	30
Action Center Contacts	1,890	1,900	1,900	1,900
Coordinate Elections	1	2	1	2
Permanent Records Retention	33,000	34,000	35,000	36,000
Government Channel Ads	250	300	300	300
*1 Staff Hours for Government Channel Productions	1,044	1,044	2,080	2,080
*2 Government Channel Total Cablecast Hours	8,760	8,760	8,760	8,760

*1- The position of production assistant became a full time position in 2010.

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

FINANCE DEPARTMENT OVERVIEW:

The Finance Department contains six programs: 4301 Finance Administration, 4303 Collections, 4304 Utility Billing/ Customer Service, 4306 Purchasing, 6912 Parking Deck Personnel, and 6921 Parking Facilities (operations only). The Finance Department provides support services to the entire organization, including: budget compilation, development, and monitoring; grant and intergovernmental revenue administration; business registration administration; alcoholic beverage tax and fee billing, collection and monitoring; 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 FY11 Budget is \$432,973 or 9.8% less than FY10 Budget. The decrease is due to the transfer of one position; and significant decreases in operating expenditures, especially contractual services.

Total FY11 Finance Department personnel is 32FTE which reflects the transfer of the rate and financial analyst to Utilities during 2010.

FINANCE	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 2,108,402	\$ 2,174,500	\$ 2,095,105	\$ 2,026,900	\$ 2,124,370
Operating Expenditures	1,900,775	2,212,683	1,987,028	1,939,510	2,117,980
Operating Budget	\$ 4,009,177	\$ 4,387,183	\$ 4,082,133	\$ 3,966,410	\$ 4,242,350
Capital Outlay	160,064	33,000	11,236	20,800	19,000
Budget Appropriation	\$ 4,169,241	\$ 4,420,183	\$ 4,093,369	\$ 3,987,210	\$ 4,261,350
Authorized Positions	33.00	33.00	32.00	32.00	33.00

FINANCE DEPARTMENT 2011 SERVICE OBJECTIVES

1. Provide for succession planning and continuity in the finance department by reviewing and implementing the audit advisory committee recommendation to add a senior management position.
2. Design a web based system for the general ledger that integrates all other financial systems with it. Implement the system by September 2012.
3. Coordinate internal control, risk management, and/or anti-fraud training for the management team as an annual requirement.
4. Realign duties in the utility billing/customer service program to provide an additional customer service representative in the field due to recent annexations without adding staff.
5. Provide more budget analysis and trend reporting as necessary.
6. Expand the use of online bid solicitation and cooperative buying programs to achieve measureable savings and true market value.

**FINANCE DEPARTMENT
2010 SERVICE OBJECTIVES AND OUTCOMES**

1. **Service Objective:** *Assist the purchasing functions as it relates to the current code of ordinances and functionality of the department as it relates to the city as a whole.*

Outcome: An automated system for the purchasing function is in progress. Once the system is operational, more controls and centralization may be considered. Expected completion date is December 31, 2010. The new accounts payable system will be operational by March 31, 2011 and will assist in making the purchasing system fully integrated.

2. **Service Objective:** *Develop budget analyses to provide citywide as well as departmental data by assigning budget duties to more of current Finance staff.*

Outcome: Due to staffing delays and several special projects assigned to Finance, this objective has not been met. We will continue to review this in future budget cycles.

3. **Service Objective:** *Enhance the internal control system by continuing to document financial processes in accordance with the COSO model adapted for the City. Require department directors to participate and validate representation made to the external auditors annually.*

Outcome: Current plans are for the collections/receipting, accounts receivable, and purchasing functions to be documented this fall. The work should be complete by the end of the first quarter of 2011.

4. **Service Objective:** *Implement an annual confirmation of the code of business conduct by all city representatives.*

Outcome: A summary of the code of business conduct was distributed August 27, 2010. The code and confirmation form is available on the Finance Section of the city web-site.

5. **Service Objective:** *Address and clear all segregation of duties comments included in the audit communication report dated June 2009.*

Outcome: All comments were cleared and no segregation of duties comments were included in the 2009 audit report communication letter.

6. **Service Objective:** *Enhance the customers' experience with the online bill pay system, by continually updating it as well as integrating other payment options to the system.*

Outcome: A new automated clearinghouse (ACH) system is ready to be launched to provide more secure electronic payment options for the City and its vendors/customers. This will be operational by the end of the year. Contractors are able to pay for water and sewer taps with their utility bill. The new process allows for payment online or by mail thereby reducing the number of trips to the Stephens Building.

**FINANCE DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	ACTUAL FY09	BUDGET FY10	ESTIMATED FY10	BUDGET FY11
CAFR Prepared	1	1	1	1
Budgets Prepared	1	1	1	1
City's Bond Rating-				
Revenue	A-	A	A	A
Sales Tax	AA-	AA	AA	AA
Bond Issues	8	11	10	11
Debt Management	\$417M	\$381M	\$387M	\$371M
Interim Reports	148	160	160	160
Investments Managed	\$177M	\$170M	\$182M	\$135M
Funds Maintained	35	34	34	34
Bank Accounts Managed	10	11	11	11
Revenue/Exp Accounts	4,757	5,679	4,957	6,000
A/P Checks Issued	13,235	13,000	13,000	13,300
1099 Forms Issued	247	280	260	300
Purchase Orders	1,899	1,900	1,761	1,800
Formal Bids Awarded	41	45	36	40
Payroll Checks Issued	1,414	1,301	1,612	1,628
Payroll Direct Deposits	23,663	22,753	22,868	23,097
W-2 Forms Issued	1,019	1,030	1,007	1,017
401(a) Loans Processed	139	190	181	183
Utility Accounts Billed/Month	32,590	33,000	33,000	33,500
Utility Deposits	4,800	4,900	4,900	4,900
Utility Payments	362,500	362,800	362,800	365,000
License Registration	5,185	5,815	5,300	5,300
Alcohol Licenses	209	255	240	240
Value of Fixed Assets	\$486M	\$580M	\$510M	\$650M

INFORMATION AND TECHNOLOGY SERVICES (ITS) DEPARTMENT OVERVIEW:

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

The FY11 Budget is \$174,450 or 9.3% less than FY10 Budget. The decrease is due to reducing computer equipment replacement as well as reducing other operating accounts in an effort to be fiscally responsible. In addition, a lower contract cost for communications was negotiated during 2010 which impacts future budgets.

The ITS Department continues with 9.0FTE.

INFORMATION & TECHNOLOGY/GIS	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 689,879	\$ 707,810	\$ 690,671	\$ 699,310	\$ 705,550
Operating Expenditures	1,062,528	1,164,950	832,563	999,000	1,058,900
Operating Budget	\$ 1,752,407	\$ 1,872,760	\$ 1,523,234	\$ 1,698,310	\$ 1,764,450
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 1,752,407	\$ 1,872,760	\$ 1,523,234	\$ 1,698,310	\$ 1,764,450
Authorized Positions	9	9	9	9	9

INFORMATION & TECHNOLOGY DEPARTMENT 2011 SERVICE OBJECTIVES

1. Provide timely and effective support of personal computers, related peripherals and communication technology to Administration, and staff of the City.
2. Provide technical assistance, leadership and project management services to departments as needed.
3. Continue to promote the Request Partner web portal in an effort to advance technology based interaction between citizens and City of Fort Smith offices.
4. Continue to provide GIS support to the Fort Smith Regional Chamber of Commerce. This support will enhance the Chamber's economic goals using GIS and mapping technology. This goal includes the continued maintenance and support of the online Economic Development properties GIS.
5. Publish and maintain a series of Map Services to the Internet. These Map Services can be consumed by other City departments and outside organizations wishing to use Fort Smith GIS data. This will enable those participating departments and agencies to always have the most up to date GIS datasets available from the City and help eliminate duplication of effort with regards to data maintenance.
6. Increase the wireless coverage of city buildings, including both public and private offerings. This will allow internal users to avoid having to transfer files using standard physical connections. This will allow time savings for users that work in the field and have to dock each day to transfer their work to city servers.
7. Continue with desktop lifecycle management program. The existing lifecycle management program has allowed IT to manage aging desktops in the city which are the greatest cause of support issues and user downtime. By continuing to remove dated desktops from city departments which haven't been managed in the past, we are able to give end users stability and uptime while also being able to quickly replace faulty systems due to standardizations. By the end of 2010, all desktop systems will be on this lifecycle management program, inventoried and tracked by the IT department. Systems will be replaced proactively based on their support requirements.

INFORMATION & TECHNOLOGY DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

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

Outcome: As in previous years, the backlog of support requests/trouble tickets has consistently been held to less than 10 at any given time. Customer satisfaction is maintained by maintaining communication with City staff to ensure needs/requests for service are being met in a timely manner.

2. **Service Objective:** *Provide technical assistance, leadership and when requested, project management services to those departments wishing to implement new technologies to enhance their business practices.*

Outcome:

ITS staff played a key role in assisting Utilities with an effort to migrate an existing Data Perfect implementation to a web based application. The new browser based application will use an industry-standard enterprise database in place of a proprietary data structure which is no longer supported; provided labor for several recabling projects in locations throughout the City including; Kelly Highway Warehouse, Sanitation, and the Police Department; assisted the Transit with implementing mobile data terminals (MDTs) and security cameras in buses and other Transit vehicles. GIS staff assisted Planning & Development staff with assuming custodianship of the Zoning and Land Use data layers. This effort included training and software implementation and will help ensure that these critical data layers represent the most up to date and accurate representation of the filed changes to the Master Zoning and Land Use maps. Assisted several departments with implementing/upgrading technology-related software; implemented an automated call handler to replace the City operator position; Assisted the Police Department with a video phone rollout to replace a desk officer after hours.

3. **Service Objective:** *Continue to evaluate communications protocol and solutions with a specific focus toward fax machines and fax delivery. One solution will be to optimize delivery of faxes to a users email inbox instead of traditional paper or analog media. This solution will be used for sending of faxes as well. This will help reduce the use of paper and disposal across the various City offices.*

Outcome: In 2010 staff began investigating methods to enhance fax delivery service. An eFax solution is being implemented in 2010. The eFax will essentially offer to departments to option to have fax transmission delivered to a designated email inbox versus being sent to a physical device. This will not only enhance the timeliness of the fax delivery but also help to reduce paper and toner usage and eliminate the existing, monthly cost of analog fax lines.

4. **Service Objective:** *Evaluate the process for integration of Microsoft Office Communicator with the Cisco IP Telephony System. This integration will enable more effective communication between users and department by centralizing technologies such as video, voice and remote voice. Users will have the ability to access all available communication technologies from one application.*

Outcome: In progress- ITS has completed deploying the Microsoft Office Communicator to multiple offices throughout the City in an opt-in program. The application provides to staff the ability to communicate remotely via instant messaging, Voice Over IP Technology, and Video Conferencing.

5. **Service Objective:** *Continue to promote the RequestPartner web portal in an effort to advance technology-based interaction between citizens and City of Fort Smith offices.*

Outcome: The ITS Director regularly appears on KWHN morning show and public speaking engagements to promote the use of the RequestPartner application. Articles have been written for various publications which call attention to the RequestPartner application.

6. **Service Objective:** *Continue to provide GIS support to the Fort Smith Regional Chamber of Commerce. This support will enhance the Chamber's ability to pursue their economic development goals by using GIS and mapping technology. This goal includes the continued maintenance and support of the online Economic Development properties GIS.*

Outcome: ITS/GIS continues to maintain the Economic Development Properties online GIS database which is updated regularly via partnerships with the Fort Smith Regional Chamber of Commerce and various real estate and development firms.

7. **Service Objective:** *Publish and maintain a series of map services to the internet. These map services can be consumed by other City departments and outside organizations wishing to use Fort Smith GIS data. This will enable those participating departments and agencies to always have the most up to date GIS datasets available from the City and help eliminate duplication of effort with regards to data maintenance.*

Outcome: GIS staff began and continues to publish public-facing GIS map services. These map services are used in the City GIS website as well as for consumption by various outside governmental agencies including Sebastian County, State of Arkansas and Google Maps.

8. **Service Objective:** *Redesign the client/user facing portion of the City's website to provide a richer user experience.*

Outcome: In early 2010, staff began a complete redesign of the City's website. By the end of August, final testing was completed and an official rollout of the website took place. The new website was created and will be maintained 100% by internal City staff and without the need for outside consulting fees.

9. **Service Objective:** *Republish all Fort Smith GIS web services leveraging Rich Internet Application (RIA) technologies. This will provide to the users a more familiar, desktop look and feel. This interface enhancement will encourage a greater user audience.*

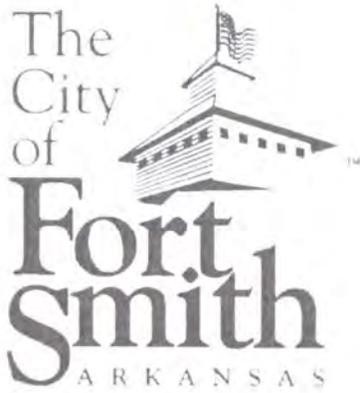
Outcome: GIS staff recreated the existing web-based GIS map services using the Adobe Flex/Flash API. Several of the existing map services were consolidated into a single map service. The new interface provides an enhanced, richer user interface. The consolidated map service brings a single-point of access to most of the geospatial data maintained by the City.

10. **Service Objective:** *Increase the wireless coverage of City buildings including both public and private offerings. This will allow users to avoid having to transfer files using standard physical connections, creating a time savings for users that work in the field and have to dock daily to transfer their work to City servers. Continue to add wireless backhaul connections saving in fiber/copper installations with no monthly cost to 3rd party providers. This project will also bring the current public and private wireless deployments under one easier to manage system.*

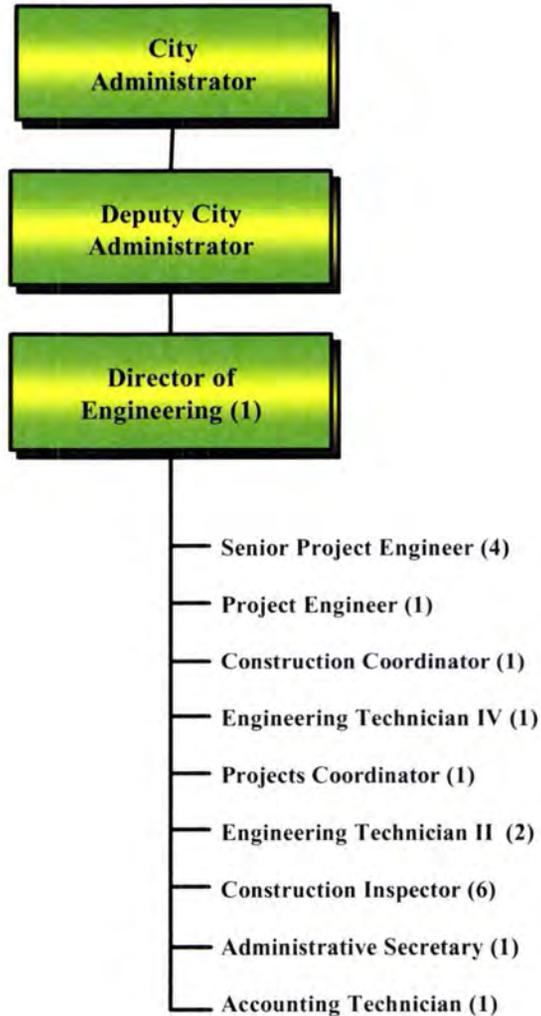
Outcome: ITS staff implemented and/or enhanced the availability of wireless Internet/network access in various City properties including the new Transit Transfer Facility, Kelly Highway, the Convention Center and several public parks.

11. **Service Objective:** *Continue with desktop lifecycle management program. The existing lifecycle management program has allowed IT to manage the aging desktops in the City which are the greatest cause of support issues and user downtime. By continuing to remove dated desktops from City departments, we are able to give end users stability and uptime while also being able to quickly replace faulty systems due to standardizations. By the end of 2010, all desktop systems will be on this lifecycle management program, inventoried and tracked by the IT department. Systems will be replaced proactively based on their support requirements.*

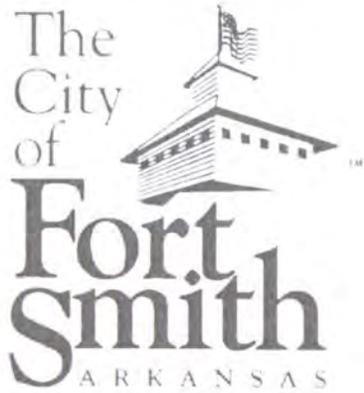
Outcome: On-going. The four-year replacement cycle for desktop PCs has enabled the City to provide users current technology as well as ensure both the efficiency and timeliness of support/repairs.



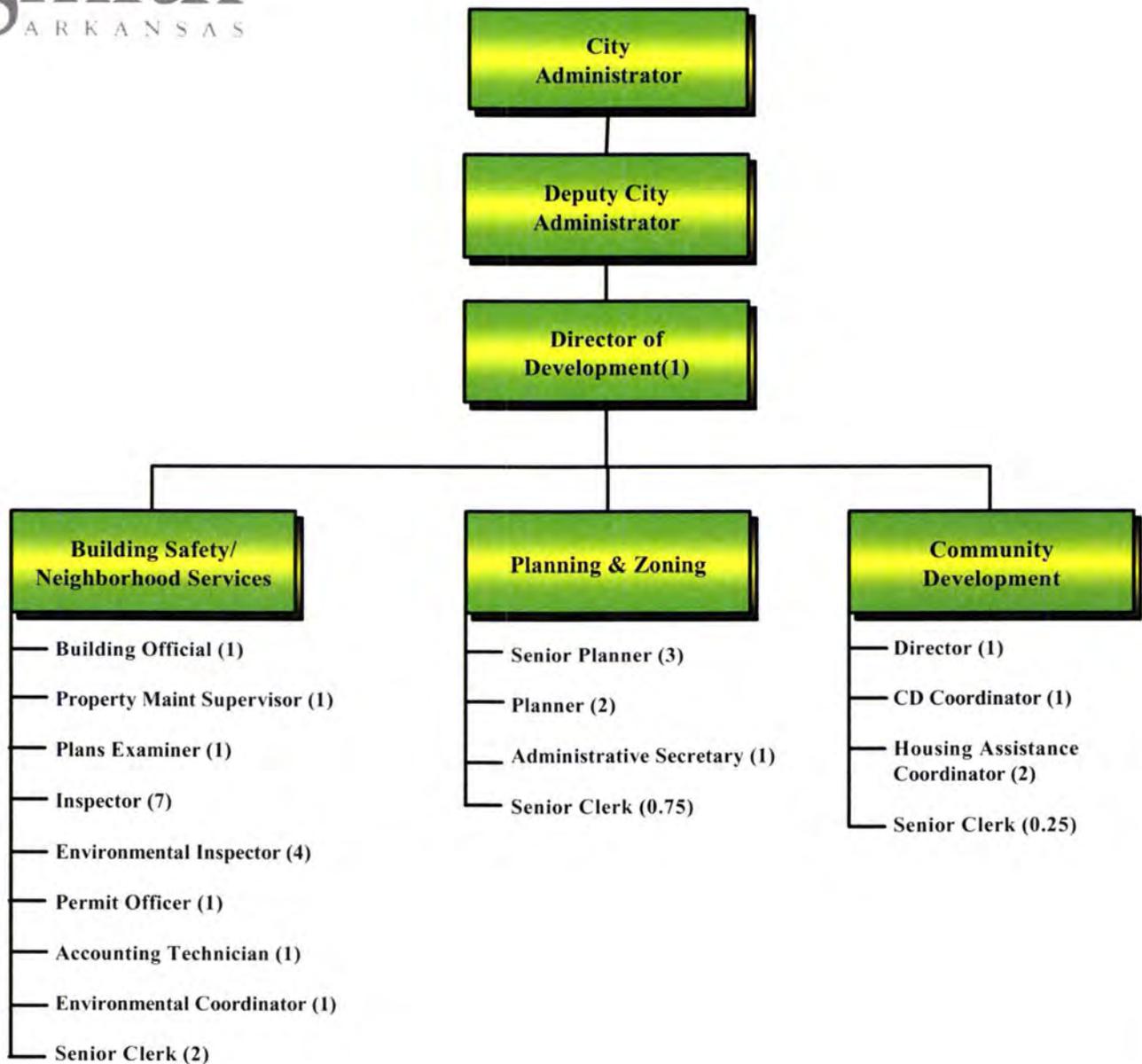
Development Services



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



Development Services



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

ENGINEERING DEPARTMENT OVERVIEW:

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

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

The FY11 Budget is \$35,560 or 2.4% less than the FY10 Budget authorization. The decrease is a result of reducing operating costs.

The Engineering Department has 19.0FTE positions for FY11 which is the same level as FY10.

ENGINEERING	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 1,374,475	\$ 1,394,990	\$ 1,365,029	\$ 1,365,930	\$ 1,388,500
Operating Expenditures	64,945	83,000	56,416	76,500	76,000
Operating Budget	\$ 1,439,420	\$ 1,477,990	\$ 1,421,445	\$ 1,442,430	\$ 1,464,500
Capital Outlay	6,610	0	0	0	0
Budget Appropriation	\$ 1,446,030	\$ 1,477,990	\$ 1,421,445	\$ 1,442,430	\$ 1,464,500
Authorized Positions	19.00	19.00	19.00	19.00	19.00

ENGINEERING DEPARTMENT 2011 SERVICE OBJECTIVES

1. Support the livability of neighborhoods by constructing street overlays/reconstruction projects, sidewalk projects and by alleviating drainage problems, all as identified in the 2011 Capital Improvement Program.
2. Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects as follows:
 - Chad Colley Boulevard Extension in 2010-2011.
 - Jenny Lind Road (Zero to Cavanaugh) in 2010-2012.
3. Implement special projects which evolve during the year.

**ENGINEERING DEPARTMENT
2010 SERVICE OBJECTIVES AND OUTCOMES**

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

Outcome: A public information meeting for the Jenny Lind/Ingersoll project (Cavanaugh Road to Zero Street) was held in March 2010. Public meetings for the Town Branch drainage project were held in March and August of 2010.

2. **Service Objective:** *Encourage economic development and enhance traffic flow by contracting and completing thoroughfare projects as follows: Texas Road widening (South of Cavanaugh) in 2009-2010, Jenny Lind Road (Zero to Cavanaugh) in 2010-2012; South 28th/Mill Creek Realignment 2009-2010.*

Outcome: The construction contract for the Texas Road project was completed in June. Preliminary plans for the Jenny Lind Road project have been completed and final plans are being prepared. The appraisal and right of way acquisitions will begin later this year and is expected to take approximately one year. Anticipated start of construction for this section of Jenny Lind Road is 2012. The construction contract for the South 28th/Mill Creek project is ongoing with an estimated completion date in winter of 2011.

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

Outcome: Several projects have been added which include: the extension of Chad Colley Blvd. to serve the new Mitsubishi facility; remapping for four areas of the FEMA designated floodplain; construction of the Sidewalk Repair Project utilizing CDBG-R funding.

2010 PERFORMANCE MEASURES

Thru 12/10/10

Building Permit Site Plan Reviews	108
Subdivision Plat Reviews	131
Construction Plan Reviews	63
Miscellaneous Reviews (Rezoning, conditional use, street/alley closures)	97
Floodplain Development Permits Issued	8
Grading Permits	4
Lane Miles of Street Resurfaced	26.6
Miles of Sidewalk Built/Reconstructed	3.4

2010 OUTCOME MEASURES

Percent of Time Staff Provided Review Comments Within Allotted Time Frame	97%
--	-----

DEVELOPMENT DEPARTMENT OVERVIEW:

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

4106-

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

4107-

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

4108-

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

6900-

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

This Department has 30FTE positions for FY11 that reflects the elimination of one planner position for FY11. The elimination of this position will have a negative impact on the level of services and productivity by the department.

The FY11 Budget is \$3,051 or 0.1% more than the FY10 Budget. Therefore, the budget is stable between years.

DEVELOPMENT DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 1,954,595	\$ 1,923,315	\$ 1,923,315	\$ 1,988,740	\$ 2,028,480
Operating Expenditures	438,834	541,084	433,336	478,710	515,610
Operating Budget	\$ 2,393,429	\$ 2,464,399	\$ 2,356,651	\$ 2,467,450	\$ 2,544,090
Capital Outlay	16,281	0	0	0	0
Budget Appropriation	\$ 2,409,710	\$ 2,464,399	\$ 2,356,651	\$ 2,467,450	\$ 2,544,090
Authorized Positions	30.00	32.00	31.00	31.00	31.00

DEVELOPMENT DEPARTMENT 2011 SERVICE OBJECTIVES

1. Improve the quality of life and place by developing neighborhood friendly programs and ordinances. Continue to expand the Good Neighbors Program by partnering with World Changers. We will also continue implementation and citizen awareness of the neighborhood related codes and ordinances.
2. The CDBG program will implement a new 5 year Consolidated Plan for Program Years 2011-2015 (The Plan is expected to be presented to the Board of Directors in late 2010).
3. Continue to incorporate and implement as many improvements in technology within all divisions. Develop better ways to serve citizens through the Internet to make the development services department more accessible.
4. Strengthen customer service and communication with citizens by collaborating with stakeholders and neighborhoods on developments and neighborhood issues. Continue the outreach and implementation of newly adopted programs.
5. Continue to review, edit, and revise portions of the development codes and maps such as the zoning map, the Unified Development Ordinance, coordinate planning area, ETJ and other development maps and begin a review of the sign ordinance.
6. Continue to research green building and development ordinances. Implement green practices around the office. Discuss with the development and construction community about possible implementation of green codes and standards.
7. Continue to work with the Old Fort Homeless Coalition to implement the recommendations of the Homeless Task Force and the Board of Directors.

DEVELOPMENT DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Improve the quality of life and place by developing neighborhood friendly programs and ordinances. Initiate corrective rezonings to protect existing neighborhoods by working with neighborhood associations and the Fort Smith Neighborhood Coalition. Continue to expand the Good Neighbors Program by soliciting partnerships with neighborhood associations, churches, civic groups and local businesses. Continue the implementation and citizen awareness of the neighborhood related codes and ordinances.*

Outcome: Continued implementation of neighborhood friendly ordinances such as the parking regulations and the Property Maintenance Code. Staff worked diligently with citizens to identify issues and solve problems. We also utilized events such as the Greater Fort Smith Home Show and City night at a UA Fort Smith basketball game to talk with citizens; encouraged neighborhood associations to be aware of zoning on their property and offered to assist with any neighborhood rezoning. Staff initiated a rezoning along North 32 Street from Commercial to Single Family Residential. This allowed the zoning to reflect how the property developed. We made presentations to various groups including the Fort Smith Neighborhood Coalition on topics like being a good neighbor and the rezoning procedures. We organized the annual Good Neighbors event. This year we partnered with World Changers Organization and hosted a Good Neighbors week. With World Changers providing the labor force with 300 students from across the nation, we were able to successfully assist thirty (30) homeowners. The projects varied from siding work, painting, roofing, and general repair. This endeavor was so successful World Changers has set a date for 2011. We organized and staffed the Homelessness Task Force. This task force consisted of twelve citizens and met weekly for nineteen weeks. Ultimately, they presented recommendations to the Board of Directors.

2. **Service Objective:** *Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME and other housing programs. Due to changes in the Consolidated Planning Process, the Little Rock field office has advised all entitlement communities to extend the current plan by one additional year so that changes can be made and implemented. At the end of 2010, the staff efforts will focus on development of new objectives of the Five Year Consolidated Plan which guides the community development expenditures for fiscal years 2011-2016 and have an updated Analysis of Fair Housing Impediments prepared.*

Outcome: The Community Development division continued to follow the goals and objectives established in the 5 year Consolidated Plan. The City of Fort Smith was awarded \$899,621 in CDBG and \$522,299 in HOME Investment Partnership Act funds. The application process was completed and the Annual Action plan was submitted to HUD. These funds are being used to fully rehabilitate and/or perform emergency repairs to single family homes. The Next Step Day Room and Hannah House were awarded funds for transitional homeless facilities. Fort Smith Children's Emergency Shelter was awarded funds for a commercial kitchen vent with fire suppression. In addition, the Fort Smith Housing Authority was awarded funding to purchase lots and construct new affordable single family homes. Lend a Hand was funded construction of three single family homes to be sold to income eligible households and the continuation of the single family downpayment assistance program for purchase by qualified beneficiaries. The funds will provide credit repair to eligible clients for eventual purchase of a home and foreclosure counseling to assist with keeping families/individuals in their homes by Crawford-Sebastian Community Development Council (CSCDC). Also money is programmed again in 2011 (as a multiyear project) to assist with public infrastructure for Phase II of Clayton Park and for planning/design of a subdivision at Fort Chaffee by CSCDC and Lend a Hand respectively. Additionally other nonprofit agencies are being funded in the public service category to assist with medical, dental, food, prescriptions, educational materials, case management for the homeless and provide respite care vouchers.

3. **Service Objective:** *Strengthen communication and customer service with citizens by collaborating with neighborhoods and stakeholders on development and neighborhood issues. Continue the outreach and implementation of newly adopted programs such as the Unified Development Ordinance.*

Outcome: Attended several neighborhood problem solving meetings in order to listen to concerns of citizens and better service their needs. We made presentations about the parking ordinances, Property Maintenance Code, and the Unified Development Ordinances. Organized the outreach for the 2010 Census campaign for the City of Fort Smith. In order to effectively reach all citizens we utilized water bill inserts, the Access Channel, the FOCUS on Fort Smith newsletter, and a local radio program.

4. **Service Objective:** *Incorporate and implement as many improvements in technology within all divisions. Develop better ways to serve citizens through the internet to make the development services division more accessible.*

Outcome: Staff of the Building Safety and Neighborhood Service division has continued to use laptops in the field to notify contractors, owners, and utility companies of inspections and information. We have contractors that are using our online inspection request information with success. Request Partner, the online request services website, is being used a great deal by the public requesting inspections of blighted properties. We have been working with the IT department on website updates and revisions that will provide for more efficient distribution of information.

5. **Service Objective:** *Research green building and development ordinances and begin discussions with the development and construction community about possible implementation of green codes and standards.*

Outcome: Staff has worked diligently entering and keeping information electronically versus printing. We also started issuing certificates of occupancy electronically in place of using printed copies. The Planning Department has started placing Planning Commission packets online in order to move towards paperless packets.

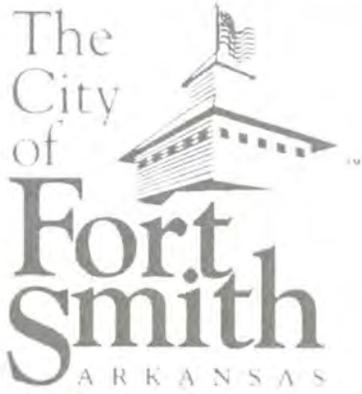
6. **Service Objective:** *Continue to review, edit and revise portions of the development codes and maps such as the zoning map, ETJ zoning code to be consistent with the new Unified Development Ordinance, coordinate planning area, ETJ and other development maps and begin the sign ordinance.*

Outcome: We have worked on an ordinance revision for the Unified Development Ordinance. Staff has also worked on a comprehensive evaluation of the zoning map. This will ensure accurate information is disseminated to citizens.

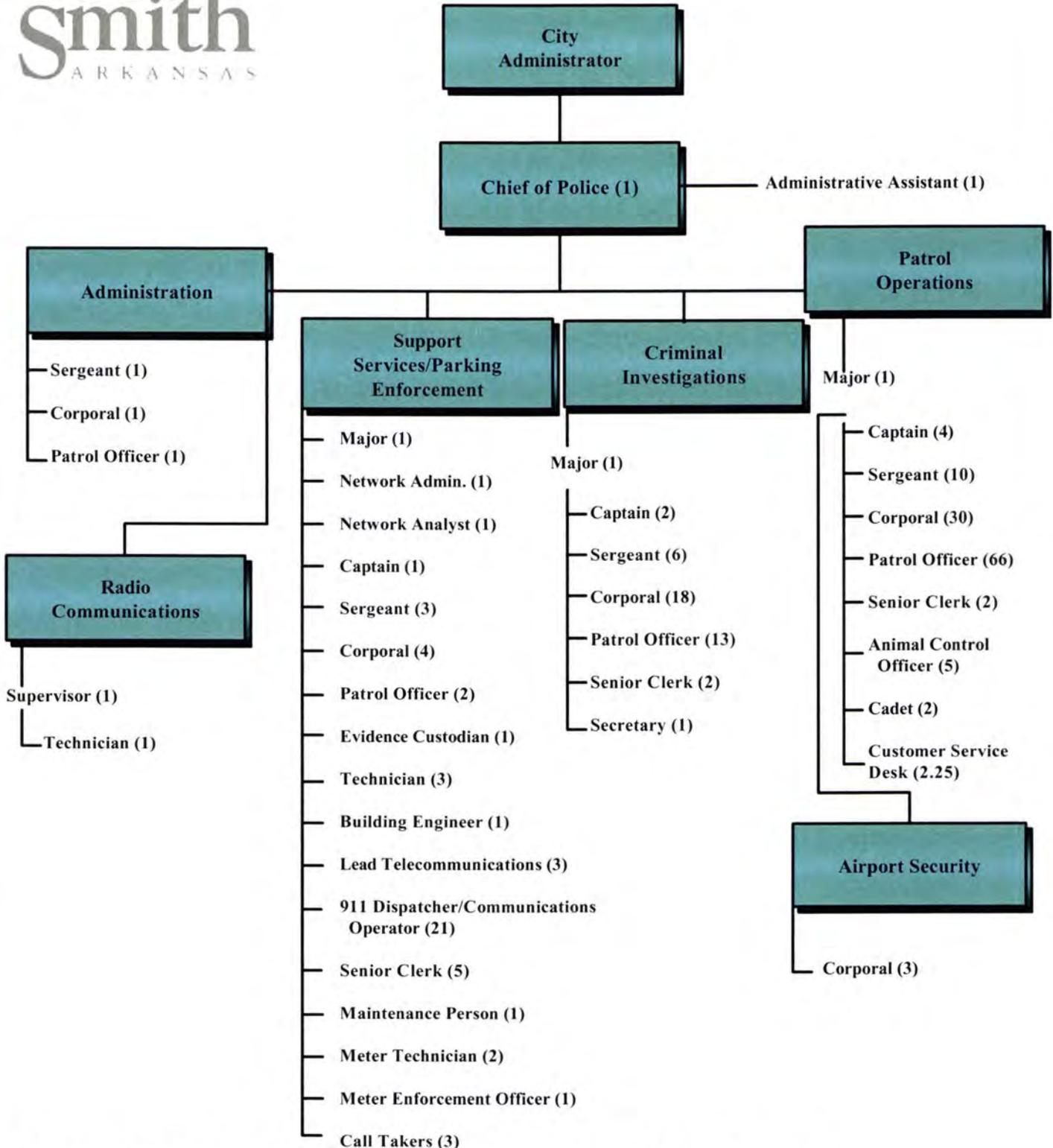
**DEVELOPMENT DEPARTMENT
WORKLOAD/DEMAND STATISTICS**

	ACTUAL FY09	BUDGET FY10	ESTIMATED FY10	BUDGET FY11
Master Land Use Plan Amendments	6	15	15	15
Rezoning Cases	18	35	35	35
Home Occupation Applications	19	45	45	45
Conditional Use Applications	30	45	45	45
Zoning Ordinance Variances	45	55	50	50
Subdivision Variances	1	4	4	4
Administrative Plats	40	50	50	50
Subdivisions	5	10	10	10
Administrative/Subdivision Plats Reviewed	55	70	70	70
Street/Alley/Easement Closings	6	11	11	11
Business Registration Applications	689	1,000	1,000	1,000
Residential Accessory Use Applications	92	140	140	140
Sign Permits Reviewed	135	290	290	290
Zoning/Subdivision Ordinance Amendments	2	10	8	10
Planning Commission, Board of Director, and Special Meetings	100	80	80	80
Planning Commission Agendas Prepared	12	12	12	12
Public Hearings/Meetings	15	15	25	25
CDBG & HOME Applications	21	25	25	25
Fair Housing Activities	0	2	1	2
Sub-Recipient Monitoring	9	12	12	12
Contract Administration	57	65	65	65
Housing Rehab Projects	10	15	15	15
Rehab Full/Emergency Apps	88	80	85	80
Emergency Housing Rehab	41	60	55	60
Home Projects	44	12	10	10
Agency Rehab Projects	1	2	2	2
Public Service Projects	9	10	10	10
Homeless Projects	1	2	2	2
Neighborhood Development Projects	5	4	4	4
Good Neighbors Day Projects	20	15	15	15
Historic District Meetings	22	24	24	24
Certificates of Appropriateness	25	30	30	30
Substandard Building Complaints Worked	45	55	55	55
Substandard Buildings Demolished by City	11	20	20	20
Substandard Buildings Demolished or Repaired by Property Owners	8	25	25	25
Environmental Complaints Received	7,733	8,500	8,500	8,500
Warnings Issued	6,976	7,500	7,500	7,500
Properties Cleared by Contractor	699	650	650	650
Commercial, Industrial, Multifamily Plans Submitted and Reviewed for Permits	252	450	450	450
Residential Plans Submitted and Reviewed for Permits	535	450	450	450
Inspections Requested and Conducted	13,119	14,500	14,500	14,500
Total Building Permits	3,192	2,700	2,700	2,700
Significant Permit Categories				
New Single Family	261	220	220	220
New Multifamily	80	30	30	30
New Commercial & Industrial	45	55	55	55
Residential Additions/Alterations	1,902	1,400	1,400	1,400
Commercial/Industrial Additions & Alterations	345	360	360	360
Properties Cleared by Property Owner	6,277	6,000	6,000	6,000
Property Housing Cases (Active)	323	350	350	350

Property Housing Inspections	2,695	2,700	2,700	2,700
Housing Court Cases (Active)	46	50	50	50
Overcrowding Complaints	17	20	20	20
Commercial Vehicle Complaints	54	55	55	55
Recreation & Utility Vehicle Complaints	184	150	150	150
General Residential Parking Complaints	318	325	325	325



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 FY11 Budget is \$144,449 or 0.7% less than the FY10 Budget. A decrease in operating expenditures is projected for FY11.

The Police Department has 229.25FTE positions for FY11 which reflects the addition of 2 patrol officers as a result of the COPS grant award in December 2010.

POLICE DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 12,075,506	\$ 12,922,670	\$ 12,047,603	\$ 12,898,300	\$ 13,073,300
Operating Expenditures	<u>3,250,480</u>	<u>3,947,899</u>	<u>3,334,195</u>	<u>3,737,820</u>	<u>3,925,560</u>
Operating Budget	\$ 15,325,986	\$ 16,870,569	\$ 15,381,798	\$ 16,636,120	\$ 16,998,860
Capital Outlay	<u>316,855</u>	<u>24,600</u>	<u>247,456</u>	<u>0</u>	<u>180,720</u>
Budget Appropriation	\$ 15,642,841	\$ 16,895,169	\$ 15,629,254	\$ 16,636,120	\$ 17,179,580
Authorized Positions	220.25	227.25	227.25	229.25	229.25

POLICE DEPARTMENT 2011 SERVICE OBJECTIVES

ADMINISTRATION DIVISION

The department will optimize budget expenditures through the use of external funding sources and incorporate enhanced monitoring of relevant data to leverage maximum use of available resources. The department will contribute to the City's GO GREEN program to assist in achieving cost and energy savings for department facilities. The department will continue to provide cost effective services to citizens that are efficient and enhance communication between our citizens and the department.

SUPPORT SERVICES

The Support Service Division will work toward obtaining and implementing a new Computer Aided Dispatching/Records Management System (CAD/RMS) to be used throughout the Department. The Communications Center will work toward achieving fully authorized staffing levels by the end of the year. If it is not included with the new CAD/RMS system, the Communications Center will also work toward obtaining and implementing an Automated Vehicle Locator (AVL) system. The Network team will continue to implement the server virtualization program began during 2010, with a goal of reaching 60% completion during FY11.

CRIMINAL INVESTIGATIONS

To increase effectiveness of the Criminal Investigation Division, while increasing customer service, we will make investigators more accessible via the FS Police Department's website. Citizens and victims will be able to contact the assigned investigator directly by email, enabling information sharing, tips on suspects or suspected criminal activity, and necessary information such as serial numbers, photographs, etc. We will also establish and maintain a presence on selected public media, highlighting wanted persons, soliciting information on cold cases and other departmental information.

PATROL DIVISION

The Patrol Division will initiate the Patrol Training Officer (PTO) program. This probational police officer field training program was developed by the Community Oriented Police Institute and provides quality training and instruction on all formal police disciplines, as well as crime prevention, community oriented policing methods and a diverse range of problem solving techniques. Patrol Division will also be training officers on how to teach third party citizens (usually owners or managers) in control of property where criminal and disorderly behavior has been identified through crime analysis problem-solving tools they can implement themselves creating an innovative component of public duty. This is called, "Third Party Policing".

POLICE DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

Administration Division

Service Objective: *The department will continue to pursue implementation of technology solutions that will facilitate delivery of services to citizens through greater efficiency, communication, and better access to information.*

Outcome: The department utilized technology solutions to implement computerized tracking of written directive dissemination, training, and secondary employment. Enhancements were made to existing software applications for tracking use of force reports and internal investigations resulting in time savings for preparing monthly reports. Increased utilization of software for administration of CALEA Accreditation for Law Enforcement and Communications functions was completed, resulting in more efficient handling and documentation of Accreditation Standards.

Service Objective: *The Department will contribute to the City's GO GREEN program to assist in achieving cost and energy savings for department facilities.*

Outcome: Implementation of virtualization technology will help the department to reduce our energy requirements by reducing the amount of power needed to run the multitude of computer servers currently in use, as well as reducing heating/cooling requirements and future support costs.

Service Objective: *The department will endeavor to maintain full staffing levels to assist in optimum delivery of services.*

Outcome: Through the expansion of the Training Unit, the Department was able to maintain full staffing levels most of the year except when increases in staffing levels were frozen.

Service Objective: *The Department will undertake a department wide program review to ensure that resources are being utilized in the most appropriate manner.*

Outcome: Each division commander is responsible for determining the relevance of each program offered within their respective division and continues to monitor each program for efficiency and effectiveness.

Support Services

Service Objective: *The Services Division will begin building a virtualization environment to consolidate the public safety IT server infrastructure and data storage requirements. At the same time, this solution will improve the efficiency, flexibility and manageability of the public safety network.*

Outcome: The necessary equipment and software have been acquired and implementation is proceeding on schedule. The Department has completed virtualization of 29% of the servers.

Criminal Investigations Division

Service Objective: *Members of the Computer Forensics Unit will provide updated Cybercrime/Security information to the public through a partnership with the Fort Smith Public Library. Meetings will be conducted in each of the City's four wards.*

Outcome: Department personnel coordinated with the Library Director to schedule public seminars on internet safety and security. The curriculum was established and seminars were held at a library branch in each of the four wards, and these seminars were published in the library's schedule.

Patrol Division

Service Objective: *The Division will encourage and participate in Neighborhood Problem Solving Meetings (NPSM) to develop measurable progress toward citizen education, training and use of crime mapping information available on the FS Police Department website. Progress of this goal will be measured through feedback derived from citizens during neighborhood meetings.*

Outcome: Department personnel attended NPSM's for several areas in the city. Citizens were trained to utilize FS Police Department crime mapping tools, complaints and concerns were identified, action plans were implemented and positive feedback was received in follow-up meetings in each area. The Division will seek out and provide officers with training opportunities that focus on officer safety and tactical patrol operations. In addition, a new field training program will replace the existing one. The PTO program more accurately reflects the philosophy of the mission statement, goals and objectives of the FS Police Department. Patrol officers received instruction on topics related to patrol interdiction methods, drug investigations and officer survival. The Division managed a fluid transition from directed patrol to tactical patrol. By the mid-year point, twenty-three (23) tactical patrol assignments produced fifty-four (54) misdemeanor arrests, twenty five (25) felony arrests, ninety-two (92) citations and one hundred two (102) field interviews. Citizen Request for Service provided officers with the opportunity to document their assignment activity under one call for service number, monitor progress and provide detailed citizen feedback.

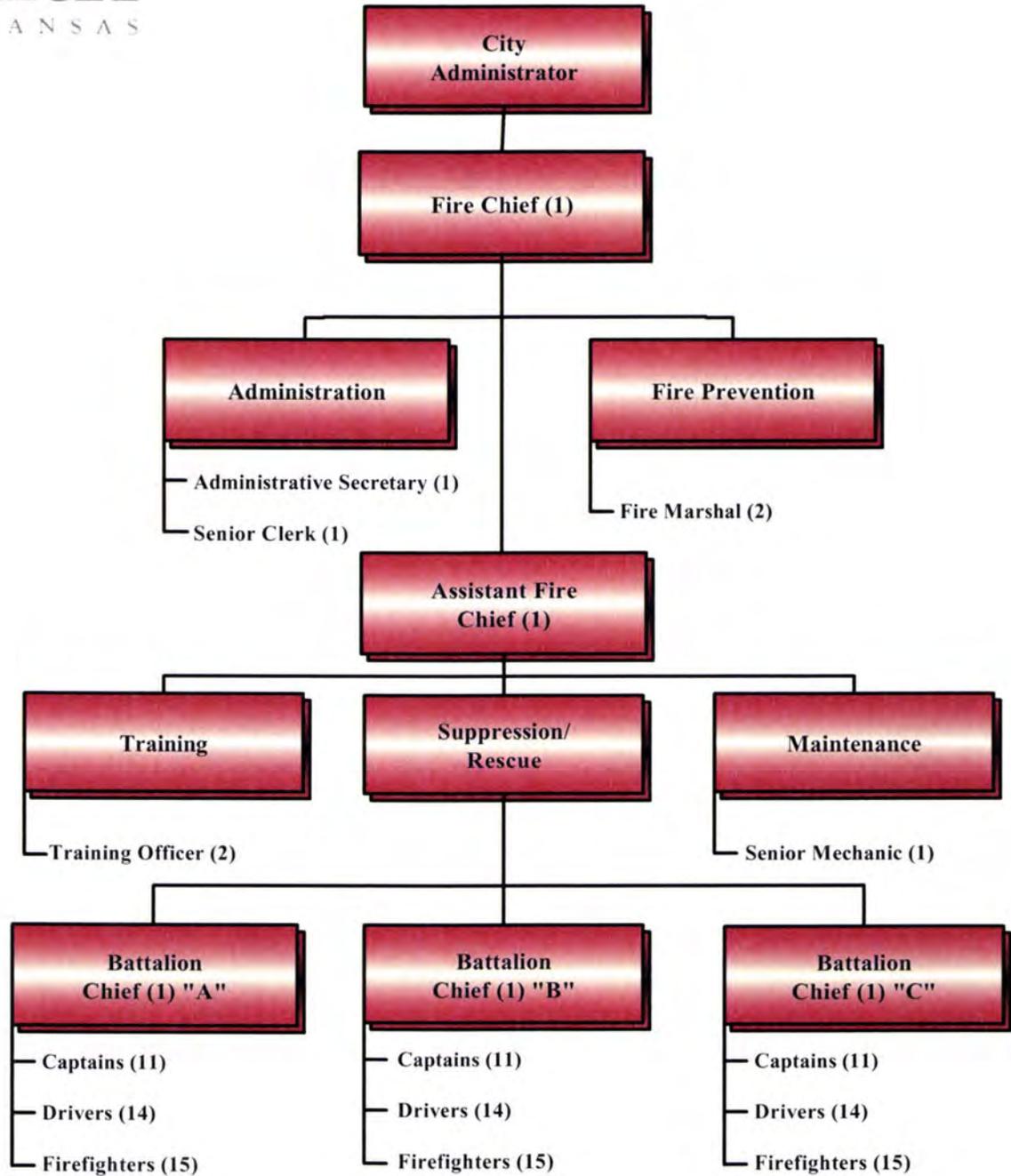
SERVICE MEASURES/PERFORMANCE INDICATORS

	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ESTIMATED FY10</u>	<u>ACTUAL FY10</u>
Community Relations-				
PCR Programs Performed	296	237	256	222
PCR Program Attendance	18,443	14,550	11,700	9,674
Crime Stopper Calls	326	343	294	307
Training-				
In Service/Officers	1,244	1,208	1,420	2,010
In Service/Hours	8,435	14,562	9,624	12,935
Schools and Seminars/Officers	167	118	110	127
Schools and Seminars/Hours	6,222	5,038	2,706	2,292

WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ESTIMATED FY10</u>	<u>ACTUAL FY10</u>
Murder-Manslaughter-				
Reported	5	7	4	6
Cleared	5	5	1	6
Rape-				
Reported	76	133	120	141
Cleared	67	117	88	115
Robbery-				
Reported	142	144	118	126
Cleared	141	101	74	96
Battery-				
Reported	2,776	2,514	2,478	2,535
Cleared	2,122	1,878	1,980	2,113
Burglary-				
Reported	1,051	1,129	1,018	1,083
Cleared	329	183	158	226
Larceny-				
Reported	4,219	3,977	3,386	3,618
Cleared	1,298	986	898	1,113
Vehicle Theft-				
Reported	331	209	192	223
Cleared	317	111	88	180
Arrests-				
Adults	9,713	9,010	9,690	8,998
Juvenile	1,121	766	986	1,075
Calls for Assistance-				
Total Calls	78,034	92,426	76,270	75,747
Burglar Alarms	5,244	6,123	5,608	5,951
Actual Alarm Responses	3,734	3,963	3,526	3,359
Animal Control-				
Complaints Received	9,308	9,083	8,476	8,499
Animals Captured	3,301	3,072	3,254	3,180
Animal Bites Investigated	74	102	102	87
Parking Meter Collections	\$ 78,813	\$ 83,060	\$ 83,282	\$ 84,768
Overtime Parking Tickets Issued	3,887	5,702	7,656	7,622
Overtime Ticket Collections	\$ 20,035	\$ 30,091	\$ 42,756	\$ 42,209

Fire Services



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

FIRE DEPARTMENT OVERVIEW:

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

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

The Fire Department consists of two programs: 4801 Administration, Prevention and Training and 4802 Suppression. The 4801 program includes management of all fire services for the City, code enforcement, investigations, construction reviews, fire prevention education, inspections, and training. The training is certified through the Arkansas State Fire Academy. Program 4802 responds to all emergencies that may occur within the City of Fort Smith. These emergencies may include fire suppression, emergency medical, rescue operations and hazardous materials releases. This 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.

The FY11 Budget is \$358,700 or 3.5% less than FY10 Budget. The decrease is attributable to lower health plan contributions and reductions to operating costs. There is a small capital asset acquisition but the needed fire pumper had to be eliminated.

The major priority for the Department is to begin construction of a new fire station in the Chaffee Crossing area and staff it accordingly to meet the requirements of National Fire Protection Association's (NFPA) 1710 requirements.

The total personnel of the Fire Department is 132FTE for FY11 of which is consistent with the prior year.

FIRE DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 8,797,516	\$ 9,155,560	\$ 8,797,228	\$ 9,008,860	\$ 9,608,860
Operating Expenditures	721,716	1,110,900	891,938	873,570	1,003,610
Operating Budget	\$ 9,519,232	\$ 10,266,460	\$ 9,689,166	\$ 9,882,430	\$ 10,612,470
Capital Outlay	471,154	0	0	25,330	2,877,500
Budget Appropriation	\$ 9,990,386	\$ 10,266,460	\$ 9,689,166	\$ 9,907,760	\$ 13,489,970
Authorized Positions	132.00	132.00	132.00	132.00	137.00

FIRE DEPARTMENT 2011 SERVICE OBJECTIVES

Administration

1. Improve public and firefighter safety and assist in holding down consumer's property insurance costs by beginning construction of a new fire station at Chaffee Crossing.
2. Develop a comprehensive set of Standard Operating Guidelines (SOGs) that will enhance public and firefighter safety, promote increased operating efficiency, and define accountability within the fire department.
3. Maintain and/or obtain the best Insurance Service Office's (ISO) Fire Public Protection Classification possible for the city.
4. Develop and implement emergency response protocols to align with the standards of the National Fire Protection Association (NFPA) and ISO.
5. Seek funding and begin the planning for a NFPA compliant Training facility with a burn building.

FIRE DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

Administration:

1. **Service Objective:** *Improve public safety by redoing times in Chaffee Crossing/Riley Farm area with the construction of a new fire station at Chaffee Crossing.*
Outcome: Due to budget constraints, this project has been delayed. At June 30, we had not been awarded a Fire Station Construction Grant to aid in the construction and funds are insufficient to begin this project.
2. **Service Objective:** *Assess and realign fire department response districts to improve efficiency response times, and better overall Computer Aided Dispatch (CAD) management.*
Outcome: All fire department response districts have been realigned to increase response efficiency.
3. **Service Objective:** *Train all firefighters to National Fire Protection Association (NFPA) 1001 Standard for Fire Fighter Professional Qualifications-levels.*
Outcome: All firefighters are undergoing this training. We expect to complete this phase by the end of the year.
4. **Service Objective:** *Continue to maintain ISO Class II fire protection rating.*
Outcome: We have maintained this rating through 2010. ISO completed a full scale field review in November 2010.

Suppression & Rescue:

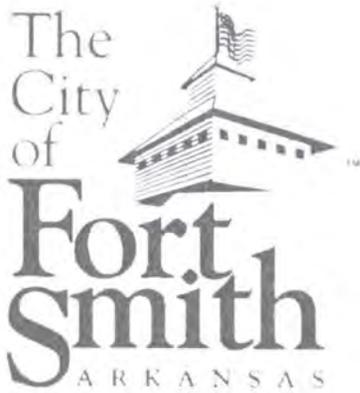
1. **Service Objective:** *Implement Mobile Data Terminals (MDTs) in all fire apparatus including the use of Automatic Vehicle Locator (AVL) and mapping. The use of AVL will allow the fire department to provide an increase to our service levels and decrease response times by automatically populating 911 calls and dispatch the closest unit.*
Outcome: MDTs have been installed in all first line apparatus. Due to budget constraints, the AVL Program has been delayed.
2. **Service Objective:** *Continue to develop and improve on an "all hazards" approach to fire department emergency response. This would include, but not be limited to, fire, technical rescue (extrication, high angle, rough terrain, building collapse, trench, etc), swift water and flooding rescue, river rescue, hazmat, bomb squad, etc.*
Outcome: The "all hazards" approach to emergency continues to be implemented through training. The FSFD Training Staff is currently developing and delivering an Incident Management System to greatly improve firefighter and public safety, as well as greatly increasing emergency operation efficiency.

FIRE DEPARTMENT SERVICE MEASURES/PERFORMANCE INDICATORS

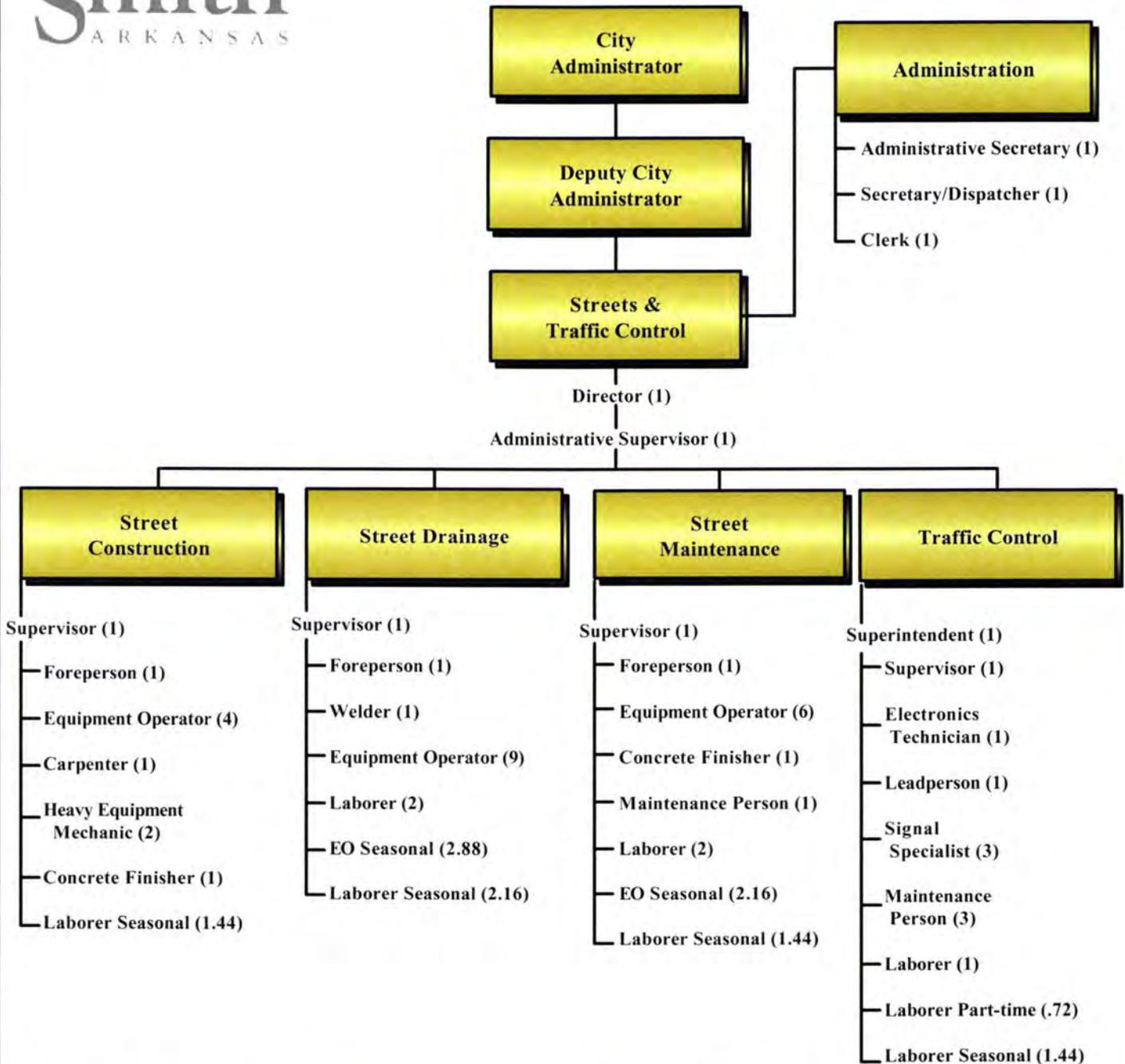
	ACTUAL FY09	BUDGET FY10	ACTUAL THRU 11/30/10	BUDGET FY11
Alarm Responses	7,835	7,800	6,035	7,800
Number of Fires or incidents involving property loss	214	300	215	250
Value of Property Responded To	\$ 103,914,870	\$ 100,000,000	\$ 104,863,765	\$ 150,000,000
Total Property Loss	\$ 5,843,776	\$ 10,000,000	\$ 3,944,105	\$ 15,000,000
Total Property Saved	\$ 98,071,094	\$ 90,000,000	\$ 100,919,750	\$ 135,000,000
Total Percent Lost	5.62%	10%	3.76%	10%
Total Percent Saved	94.38%	90%	96.24%	90%

FIRE DEPARTMENT WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ACTUAL FY10 thru 11/30/10</u>
<u>Alarm Statistics:</u>				
Fire-				
Structure	198	206	147	157
Vehicle Fires	99	89	64	82
Brush, Grass, Leaves	94	128	69	86
Trash, Rubbish	64	60	68	53
Explosions, No After Fire	0	1	0	1
Outside Spill with Fire	0	0	0	0
Other Fires	11	22	6	34
Rescue and Emergency-				
Overpressure Rupture	11	7	2	1
Emergency Medical Call	5,209	5,518	5,012	4869
Locked In, Trapped	1	2	0	0
Search	1	4	1	0
Extrication	7	13	20	22
Rescue, Not Classified	14	48	39	171
Spill, Leak- No Fire	97	91	86	93
Electrical/Hazardous Response-				
Power Line Down	46	166	94	76
Arching Electric Equipment	66	122	108	58
Chemical Spill	2	1	2	6
Hazardous Condition	12	14	13	4
Smoke Removal	15	17	13	17
<u>Other Responses:</u>				
Animal/Rescue	1	8	3	3
Assist Police	14	24	25	40
Unauthorized Burning	109	138	166	118
Other Service Calls	394	207	142	142
Smoke Scare	129	129	119	116
Steam, Gas Mistaken for Smoke	24	31	33	45
Malicious False Alarm	1	8	10	8
Bomb Scare	5	15	6	4
Alarm Malfunction	361	327	300	121
Unintentional False	334	342	277	305
Other	247	244	282	655
Controlled Burn	6	6	7	5
Bomb Removal	11	21	20	20
Haz-Mat Investigation	3	5	17	14
Water Rescue	5	12	7	13
Construction Plan Reviews	170	356	151	151
Citizens Reached in Education Programs	17,577	6,791	19,405	13,271
New Business Occupation Fire and Life Safety Inspections	580	714	543	661
Fire Safety Surveys Performed	4,800	4,800	4,376	4,508
Fire Hydrants Maintained	6,950	6,950	6,950	7,942



Operation Services Streets and Traffic Control



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

STREETS AND TRAFFIC CONTROL DEPARTMENT OVERVIEW:

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

The Department's major priority for 2011 is to provide the highest level of safety for the City's street, drainage and traffic control systems. The Department immediately responds to hazardous situations so that dangerous consequences are eliminated.

Total personnel for the Department in FY11 is 64.24FTE which is consistent with FY10.

The FY11 Budget is \$132,739 or 2.3% more than the FY10 Budget. The increase is attributable to higher costs for funding street lights and a three year purchase for new radios to coordinate with the police communication system.

STREETS AND TRAFFIC CONTROL	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 2,690,209	\$ 3,019,404	\$ 2,759,334	\$ 2,951,110	\$ 3,004,020
Operating Expenditures	2,039,924	2,633,207	2,308,369	2,770,040	2,923,420
Operating Budget	\$ 4,730,133	\$ 5,652,611	\$ 5,067,703	\$ 5,721,150	\$ 5,927,440
Capital Outlay	15,292	0	0	64,200	0
Budget Appropriation	\$ 4,745,425	\$ 5,652,611	\$ 5,067,703	\$ 5,785,350	\$ 5,927,440
Authorized Positions	64.24	64.24	64.24	64.24	64.24

STREETS AND TRAFFIC CONTROL DEPARTMENT 2011 SERVICE OBJECTIVES

1. Provide excellent customer service to the citizens of Fort Smith by answering all calls and requests for service within 24 hours, keeping citizens informed and maintaining a good relationship with citizens.
2. Insure the safety of the traveling public by repairing and/or replacing traffic signs and signal lights in a timely manner. Perform preventive maintenance on all signal lights, replacing light bulbs with more dependable and longer lasting LED traffic signal lamps and study the history of traffic accidents in the City.
3. Control and prevent flooding by constantly working to keep drainage easements free of debris and vegetation.
4. Protect the investment of City street rights-of-way by repairing potholes, crack sealing and keeping free of debris.

STREETS AND TRAFFIC CONTROL DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Maintain the current skilled level of operations; provide excellent customer service to the citizens by answering all call and requests for service within 24 hours; maintain a good relationship with citizens by keeping them informed of activities within the department affecting the city.*

Outcome: Quick response remains a top priority. The department continues to respond to citizen requests in a timely, effective and efficient manner.

2. **Service Objective:** *Continue to enhance the safety of the traveling public by repairing traffic signal lights performing preventive maintenance on all signal lights, replacing light bulbs with more dependable and longer lasting LED lamps, cut limbs or shrubs that block traffic signs or views of oncoming traffic at intersections and study the history of traffic accidents in the city.*

Outcome: Made frequent inspections and maintenance on traffic signals and paint/stripe paving as needed. Work continues on replacement of traffic signs as they reach the end of their usefulness.

3. **Service Objective:** *Continue improving and maintaining the city's infrastructure by keeping it free of debris and vegetation, repairing potholes and by crack sealing streets after overlay or reconstruction.*

Outcome: Regular maintenance of street surfaces, alleyways and drainage ditches is a continuous process. Potholes and utility cuts are repaired as soon as they are reported.

4. **Service Objective:** *Insure safety of neighborhoods and streets by repairing existing street lights and installing new street lights as needed.*

Outcome: Contact the respective power company in a timely manner. Continue educating citizens the proper course of action when a street light outage occurs.

Input Measures:

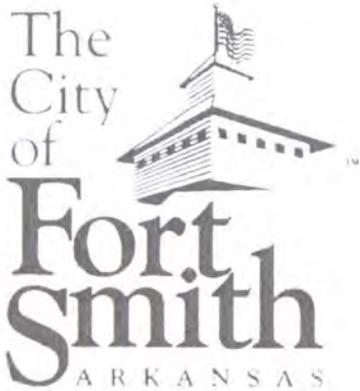
Number of Traffic Signals	146
Miles of city streets	497
Miles of major storm water channel	47
Square mileage within Fort Smith	92

Output Measures:

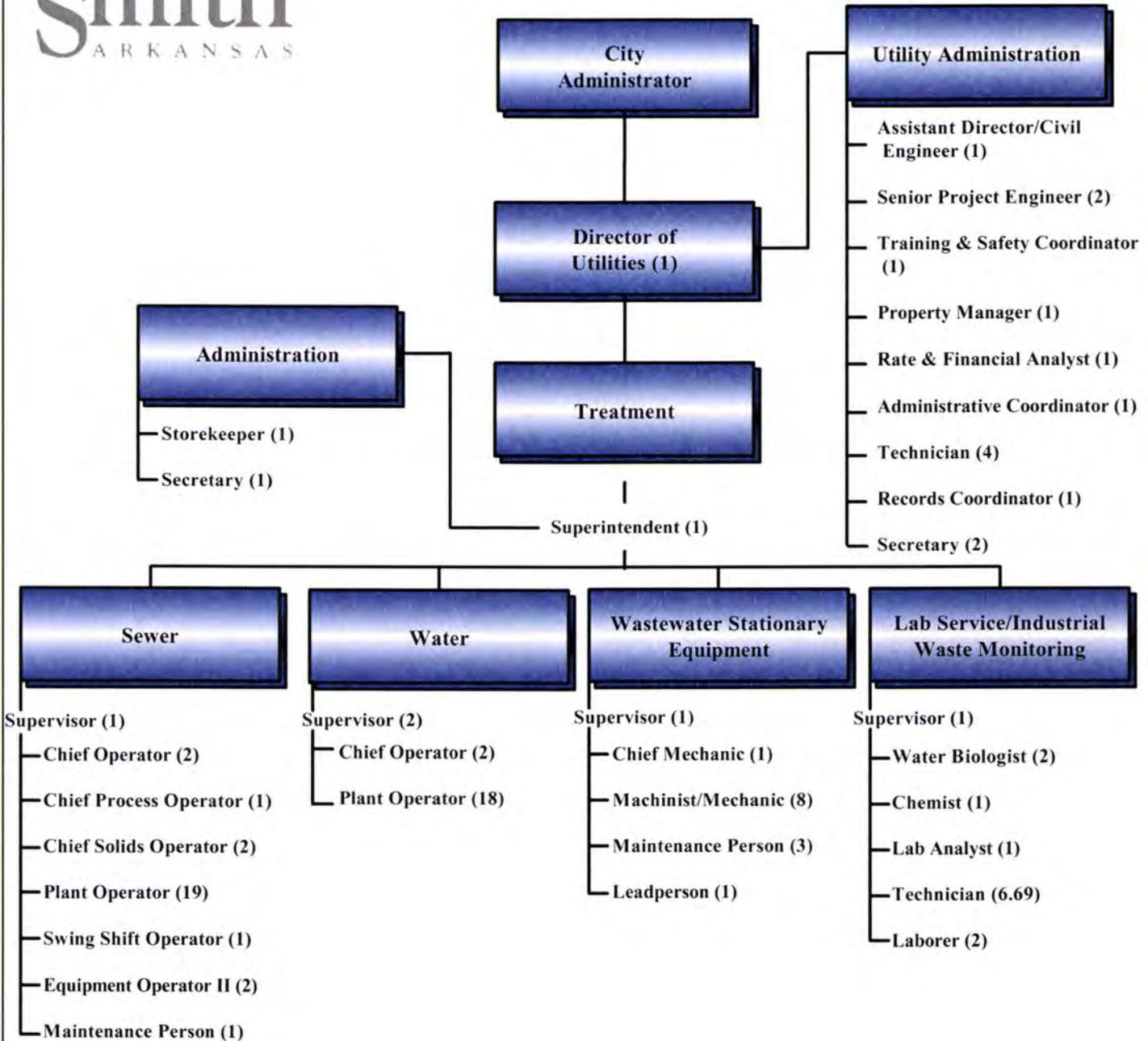
Traffic Studies Completed	285
Blocks of Street Overlaid	17
Curb Miles of Streets Swept	5,010
Tons of Asphalt Used for Potholes and Utility Cuts	517
Miles of Street Cracks Sealed	3
Linear Feet of Storm Water Channel Re-Graded	10,530
Number of 33 Gallon Trash Bags of Litter Removed from City Rights-of-Way	1,765
Number of Days Cleaning Up After City Events at River Park	12
Gallons of Insecticide Sprayed	990
Locations Treated with Larvicide	30
Street Lights Now in Rights-of-Way	6,035
Number of Traffic Signal Maintenance	146
Number of School Flasher Maintenance	55
Number Responded to Traffic Signal Trouble	1,134
Number Responded to Street Sign Problems	3,285
Linear Feet of Sludge Removal in Concrete Drainage Ditches	8,532
Linear Feet of Cleaning and Grading Roadside Ditches	21,340
Linear Feet of Cleaning Debris from Creek Beds	14,150
Linear Feet of Gabion Retaining Walls (Constructing and Installing)	1,008
Number of Days Clearing Drainage Easements and Concrete Swales	176
Number of Constructed Drainage Inlets	17
Linear Feet of Curb and Gutter Replacement	953
Tons of Asphalt Grindings Placed in Alleys	2,100
Tons of SB2 Placed in Alleys	2,800
Linear Feet of Sidewalks Constructed	385
Linear Feet of Ditch Paving	15,441
Square Feet of Concrete Slab Replaced	809
Cubic Yards of Concrete for Utility Street Cuts, Driveway Crossings and Sidewalk Repairs	1,387
Number of Utility Cut Repairs (one 2 person crew)	206
Number of Driveway Repairs (one 2 person crew)	112
Linear Feet of Sidewalk Repair (one 2 person crew)	1,204
Linear Feet of Broken Curb and Gutter Repair (one 2 person crew)	485
Number of Concrete Street and Apron Repairs (one 2 person crew)	28
Tons of Sand for Ice Control	2,600
Outcome Measures:	
Number of Traffic Accidents	3,174
Percent of Pot Holes Filled Within 1 Working Day	90
Hours of Lost Time Due to On the Job Injuries	309
Traffic Signal Outages (other than power failure or traffic accident)	23

Efficiency Measures:

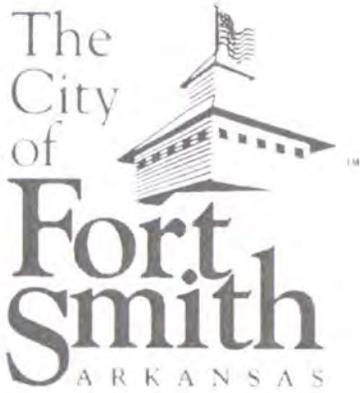
OG&E costs per signalized intersection: \$130 per month for incandescent lights and \$40 per month for LED.
Cost of mosquito spraying is \$80 per hour.



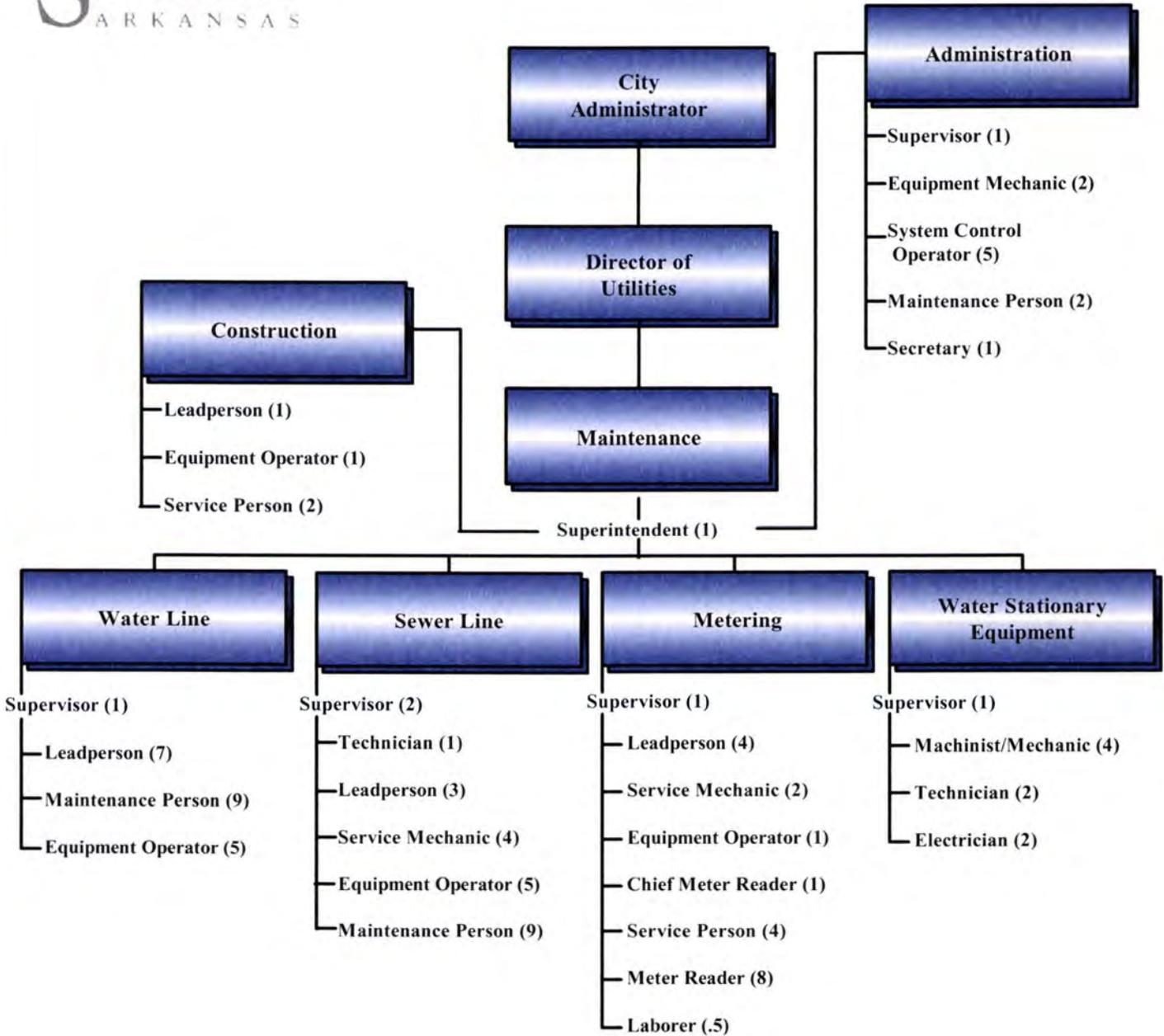
Operation Services Water and Sewer



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



Operation Services Water and Sewer



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

WATER AND SEWER DEPARTMENT OVERVIEW:

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

The FY11 Budget is \$1.2 million or 3.5% less than the FY10 Budget. The decrease is due to the elimination of 3 positions as well as significant decreases in operating expenses that include 50% less reimbursement to Sanitation for sludge disposal, and eliminating/decreasing the lagoon cleaning for the water system.

Total positions for the Department are 189.19 for FY11 that is 3 positions less than FY10.

WATER AND SEWER OPERATING FUND	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenses	\$ 9,976,222	\$ 10,670,369	\$ 10,055,067	\$ 10,577,420	\$ 10,739,470
Operating Expenses	22,746,486	23,398,178	22,785,115	22,282,440	21,943,400
Operating Budget	\$ 32,722,708	\$ 34,068,547	\$ 32,840,182	\$ 32,859,860	\$ 32,682,870
Capital Outlay	250,129	817,095	531,122	818,100	1,081,750
Budget Appropriation	\$ 32,972,837	\$ 34,885,642	\$ 33,371,304	\$ 33,677,960	\$ 33,764,620
Authorized Positions	191.19	191.19	192.19	189.19	192.19

WATER AND SEWER DEPARTMENT 2011 SERVICE OBJECTIVES

1. Use innovation and improved uses of technology to better utilize resources for serving the community. Continue the "green initiatives" in planning for utility system and building projects.
 - Continue planning, design and construction practices that assure reliability and lower operations costs.
2. Cost effective execution of the Wastewater Management Plan to meet EPA required implementation schedule for wet weather wastewater treatment and collection system improvements.
 - Initiate construction of wet weather improvements in Zero Street drainage basin consisting of pump station capacity, equalization storage, relief sewers and collection system improvements.
 - Evaluate equalization storage and force main options and complete preliminary design for the Mill Creek pump station.
 - Development of technical positions related to negotiations with Department of Justice and EPA for resolution of draft Consent Decree.
3. Plan for water and wastewater services to support growth and better serve neighborhoods. Replace all two inch neighborhood waterlines annually:
 - Initiate design for initial section of 48 inch water transmission line replacement for the Lake Fort Smith water treatment plant to allow delivery of 40 MGD capacity.
 - Develop agreement with the City of Barling for wastewater treatment services to accept flow contributions from Fort Smith's southern growth area through 2014.
 - Improve water service and upgraded fire protection through line replacement projects within older residential areas.

WATER AND SEWER DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

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

Outcome: Initiated process for project introduction and information through direct mailings to all affected residents and land owners impacted by the project at design and construction phases. This process allows for direct communication and problem solving.

2. **Service Objective:** *Use innovation and improved uses of technology to better utilize resources for serving the community. Continue the "green initiatives" in planning for utility system and building projects.*

Outcome: Produces planning, design and construction practices that assure reliability and lower operations costs.

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

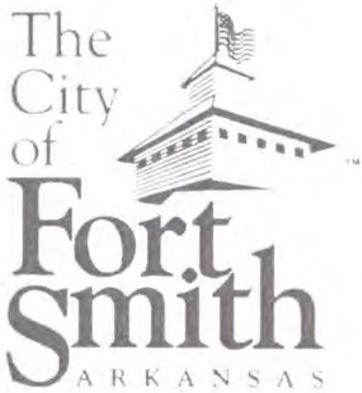
Outcome: Placing the Sunnymede Pump Station and equalization wet weather flow management improvements into operation. These improvements offset the need for additional downstream sewer main and treatment plant capacity upgrades. Completing the Phase 2 "P" Street wastewater treatment plant improvements which will provide increased wet weather treatment capacity by the end of 2010. Initiated the design of wet weather improvements in Zero Street drainage basin consisting of pump station capacity, equalization storage, relief sewers and collection system rehabilitation improvements. Comprehensive review of department's staffing, operations and work order management with EPA's Capacity Management Operating and Maintenance (CMOM) program will be completed by the end of 2010. All of the above will support the City's negotiation of draft of Consent Decree with Department of Justice.

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

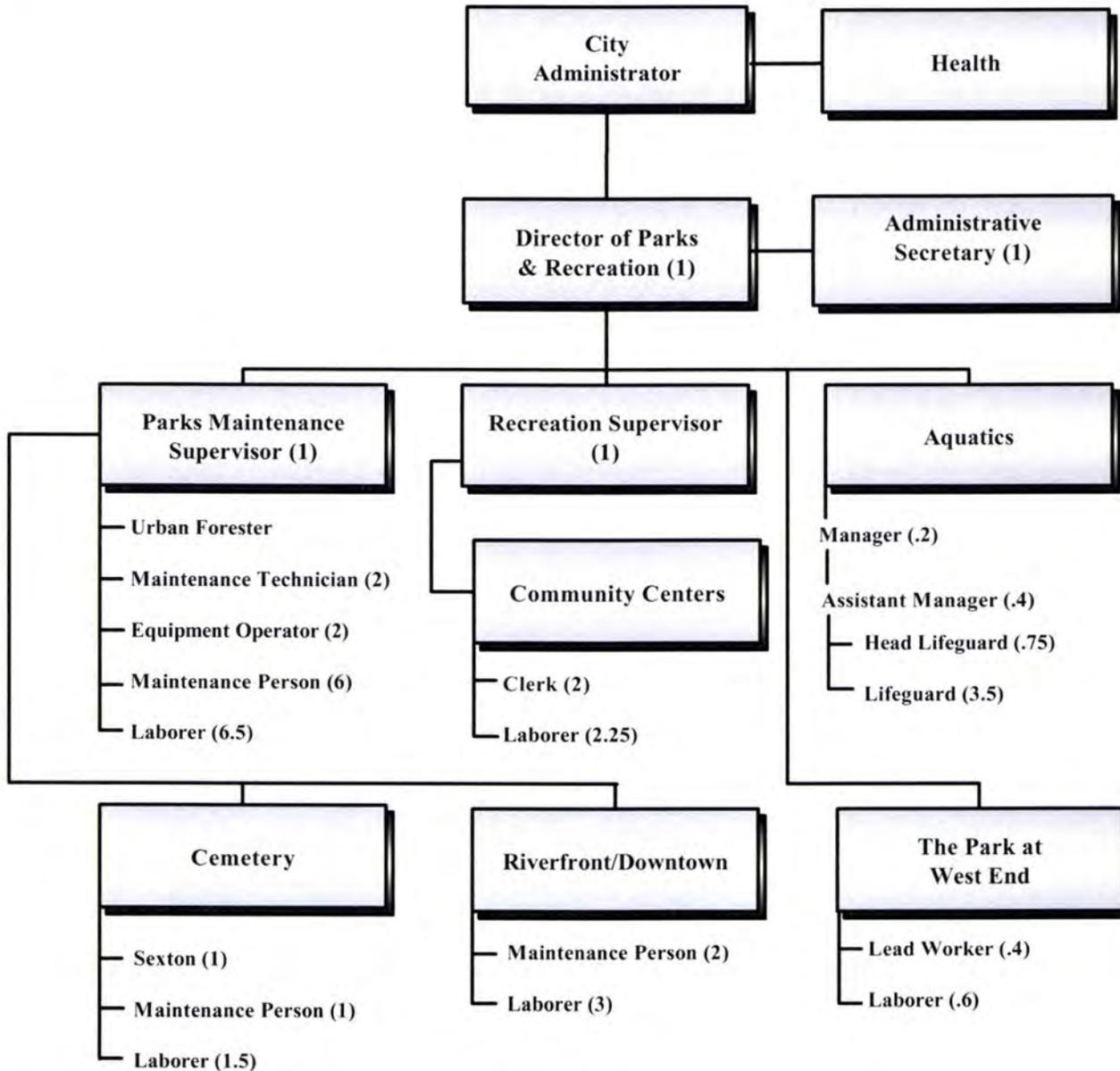
Outcome: Phase 1 and 2 of the Rye Hill outfall sewer are complete which met the commitments made for Pradco and Mitsubishi industrial sites. Phase 3 of the Rye Hill sewer will be completed by year's end. A construction contract for the final phase, Phase 4, has been awarded and is scheduled for completion in spring 2011. With the completion of Phase 4, the trunk sewer improvements identified by the southern growth area master plan will be complete. The additional neighborhood water line replacement projects continue to reduce the number of miles of 2 inch galvanized within the city system. The amount of 2 inch or smaller water lines has been reduced by 12 miles, from 50 to 38 miles.

WATER AND SEWER DEPARTMENT WORKLOAD/DEMAND STATISTICS

	<u>ACTUAL</u> FY09	<u>BUDGET</u> FY10	<u>ESTIMATED</u> FY10	<u>Actual 10</u> 9/30/2010
Water Service Line Installations	401	408	395	322
Sewer Service Line Installations	80	68	110	86
Sewer Service Line Replacements	6,340	300	350	275
Water Line Replacements	2,125 LF	3,695 LF	1,926 LF	1,926 LF
Sewer Line Replacements	9,270 LF	8,160 LF	5,800 LF	4,633 LF
Water System Work Orders	35,797	34,250	36,500	33,128
Sewer System Work Orders	3,705	3,344	3,250	2,469
Sewer Lines Cleaned	364,281 LF	351,130 LF	285,000 LF	230,828 LF
Sewer Lines TV Inspected	92,275 LF	78,366 LF	70,000 LF	52,044 LF
Locate Tickets Completed	8,840	8,242	9,000	7,036
Leaks Repaired	874	1,163	970	726



Operation Services Parks and Recreation



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

PARKS AND RECREATION OVERVIEW:

The Parks and Recreation Department includes seven programs: 6101 Health, 6201 Parks Maintenance, 6202 Oak Cemetery, 6204 Community Centers, 6205 Aquatics; 6206 River Park/Downtown Maintenance, and 6207 The Park at West End. The functions of the Department include maintenance and beautification of 25 City parks and medians with a total park acreage of 273.21, operation of the Creekmore community center and Elm Grove community center, and management of 30.27 acre Oak Cemetery which is on the register of national historic places. Also, the department manages and operates a swimming pool, a splash pad and three wading pools, manages the River Park facilities, Garrison Avenue streetscape and downtown parking areas, operates the Creekmore Train, and operates The Park at West End.

The FY11 Budget is \$301,288 or 10.3% less than FY10. The decrease is due to reductions in operating expenditures and reduced contractual services.

The Department has 39.10FTE positions allocated for FY11 which is the same as FY10.

PARKS & RECREATION	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 1,450,595	\$ 1,566,690	\$ 1,433,122	\$ 1,504,790	\$ 1,529,280
Operating Expenditures	1,400,301	1,321,138	1,085,266	1,106,900	1,178,940
Operating Budget	\$ 2,850,896	\$ 2,887,828	\$ 2,518,388	\$ 2,611,690	\$ 2,708,220
Capital Outlay	158,153	25,150	16,327	14,000	880,000
Budget Appropriation	\$ 3,009,049	\$ 2,912,978	\$ 2,534,715	\$ 2,625,690	\$ 3,588,220
Authorized Positions	38.10	38.70	39.10	39.10	39.10

PARKS AND RECREATION DEPARTMENT 2011 SERVICE OBJECTIVES

1. Operate the department efficiently within the limits of reduced funding.
 - Implement management efficiently within the limits of reduced funding.
 - Evaluate existing services and programs for effectiveness and usefulness.
 - Minimize the affect of reduced services and programs to citizens.
 - Provide citizens quality facilities and programs.
 - Maintain parks, playgrounds, and facilities to provide a safe environment.
2. Enhance recreational opportunities by partnering with Sebastian County to develop a water park and additional softball fields.
 - Continue to work with Sebastian County Parks Department.

PARKS AND RECREATION DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue the "green initiative" by developing strategies to reduce energy consumption and other costs in City facilities.*

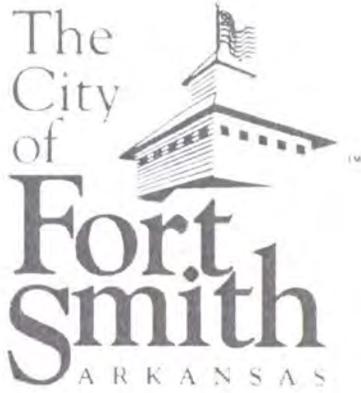
Outcome: Methods of regulating air conditioning units for non-use periods were studied and a method was implemented to have employees adjust the units after groups leave the facilities. This process is working and has reduced utility costs. Windows at the Creekmore Community Center have been replaced. All other buildings have insulated glass. Buildings will be inspected for efficiency and study cost-benefit ratio of adding insulation. We are also working on plan to reduce energy consumption by planting trees around the parks buildings.

2. **Service Objective:** *Identify a new revenue source in the General Fund to provide funds for construction, staffing and equipping Fire Station 11 in Chaffee Crossing, future downtown development, and park projects.*

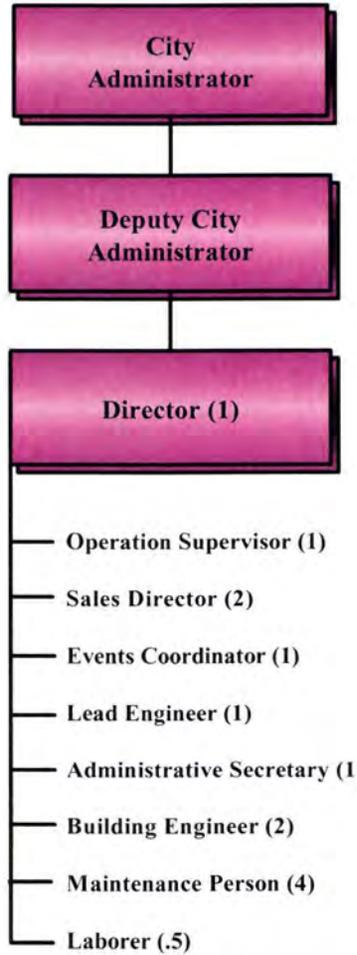
Outcome: Supported the Food Tax Initiative by providing information and attending meetings concerning park projects listed as priorities in the Comprehensive Plan; other projects identified as priorities, and the Sebastian County Park Department, Ben Geren Park Master Plan.

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

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>FY10 thru 10/31/10</u>	<u>BUDGET FY11</u>
Flowerbed Square Footage	90,242	90,242	90,242	90,242
Median Flowerbeds Maintained	165	165	165	165
Median Square Footage	328,000	330,000	328,000	330,000
Medians Maintained	50	60	50	60
Street Easements Maintained-Miles	8	8	8	8
Trees Planted	65	120	100	120
Park Acres Maintained	273.21	273.21	273.21	273.21
Park Flowerbeds Maintained	90	90	90	90
Parks	25	25	25	25
Trails	2	2	2	2
Miles	3.90	3.90	3.90	3.90
Train Revenue	\$10,896	\$11,500	\$12,604	\$11,500
Train Riders	43,584	46,000	50,416	46,000
Cemetery Deeds Sold	62	40	60	40
Cemetery Interments	59	50	53	50
Cemetery Revenue	\$54,876	\$55,000	\$56,083	\$50,000
Community Center Bookings	865	650	970	900
Community Center Patrons	42,500	35,000	48,000	45,000
Community Center Revenue	\$35,340	\$36,000	\$35,107	\$35,000
Number of Community Centers	2	2	2	2
Aquatic Admissions	32,750	33,000	38,701	35,000
Aquatic days of Operations	91	90	87	90
Aquatic Revenue	\$63,271	\$65,000	\$76,223	\$70,000
Number of Swimming Pools	1	1	1	1
Number of Wading Pools	3	3	3	3
Splashpad	1	1	1	1
Riverpark Bookings	551	450	518	500
Riverpark Patrons	56,000	55,000	41,000	40,000
RiverPark Revenue	\$57,673	\$50,000	\$54,419	\$50,000
Number of Facilities	3	3	3	3
Total Events	72	75	81	70
Total Events Patrons	93,000	100,000	58,900	60,000
Private Events	42	40	44	40
Private Event Patrons	41,000	40,000	38,600	40,000
Parks and Recreation Events	30	35	37	30
Parks and Recreation Events Patron	52,000	60,000	20,300	20,000
The Park at West End Patrons	-	25,000	22,176	20,000



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

The FY11 Budget for the Convention Center is \$206,730 or 13% less than the FY10 Budget. This decrease is due to reducing operating costs and contract labor.

The Convention Center has 13.50FTE positions for FY11 which is consistent with FY10.

CONVENTION CENTER	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 772,390	\$ 809,210	\$ 732,044	\$ 751,930	\$ 705,240
Operating Expenditures	855,716	742,150	544,576	627,700	623,700
Operating Budget	\$ 1,628,106	\$ 1,551,360	\$ 1,276,620	\$ 1,379,630	\$ 1,328,940
Capital Outlay	27,132	35,000	6,337	0	0
Budget Appropriation	\$ 1,655,238	\$ 1,586,360	\$ 1,282,957	\$ 1,379,630	\$ 1,328,940
Authorized Positions	15.00	13.50	13.50	13.50	13.50

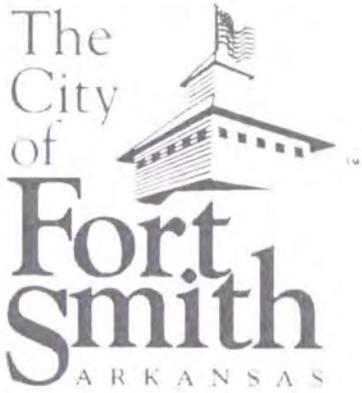
CONVENTION CENTER 2011 SERVICE OBJECTIVES

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

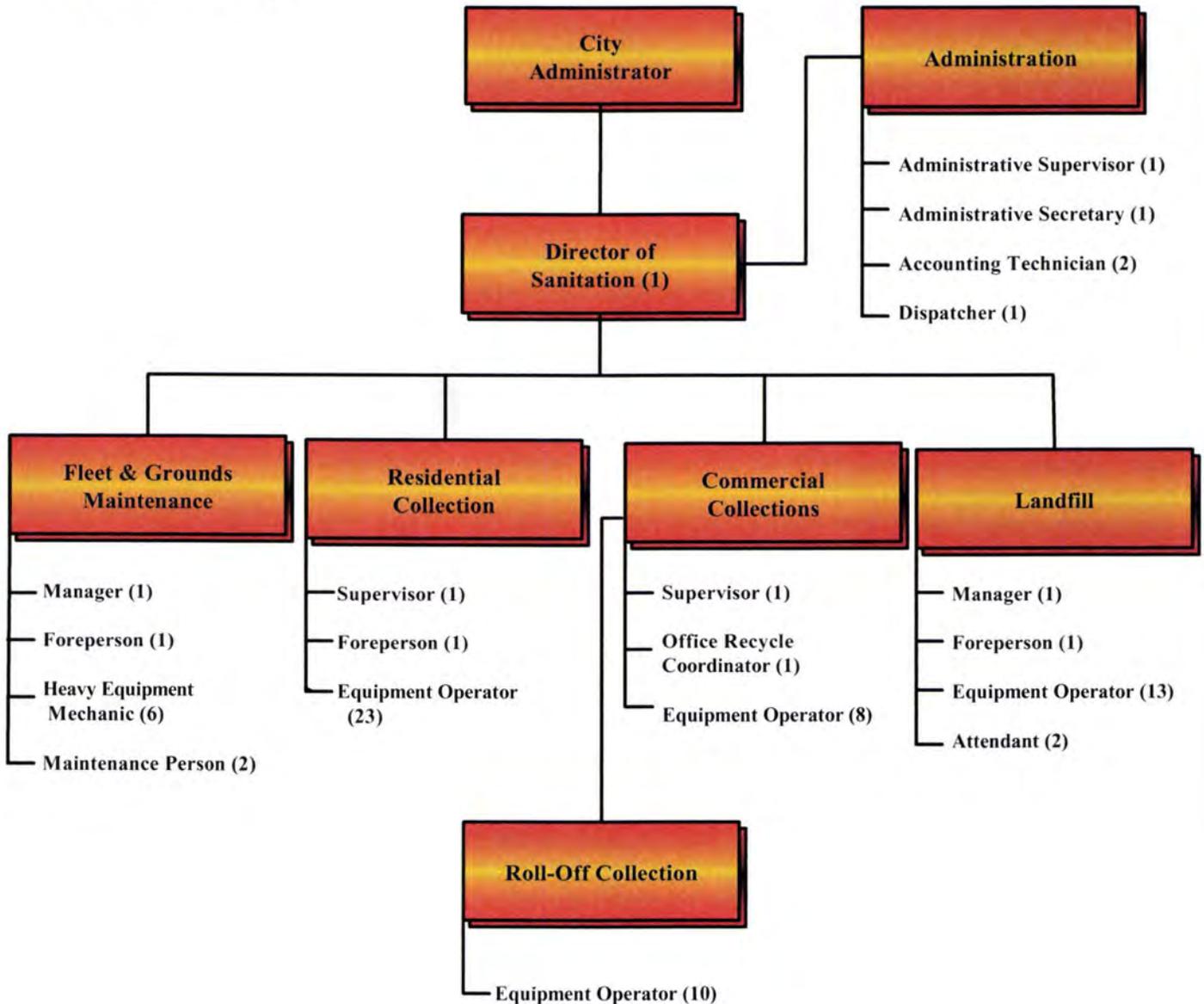
CONVENTION CENTER 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Maximize revenue potential and increase current client base. maintaining current client base.*
Outcome: Twenty-eight accounts have been added through June.
2. **Service Objective:** *Make a minimum of 90 contacts per week with local, state, regional or national organizations.*
Outcome: Goal Achieved.
3. **Service Objective:** *Conduct a minimum of 22 site tours each month.*
Outcome: Goal achieved, 370 people took site tours to date.

4. **Service Objective:** *Exhibiting in four annual convention tradeshows per year.*
Outcome: Goal achieved.
5. **Service Objective:** *Track leads from various tradeshows to ensure quality leads and profitable to attend.*
Outcome: All tradeshows have yielded quality leads.
6. **Service Objective:** *Make a minimum of 40 follow up contacts a week to build relationships to secure future bookings.*
Outcome: Goal achieved, repeat business for future dates has been secured.
7. **Service Objective:** *Hold pre- and post- conference meetings with all meeting planners to determine level of customer satisfaction.*
Outcome: We continue to receive positive feedback from customers on facility and staff.
8. **Service Objective:** *Establish a diverse client/customer base to optimize the versatility of the center and river park facilities.*
Outcome: 12 large center programs have been held through June 2010; 3 additional large center programs booked through December; 15 exhibits/tradeshows have been held through June, with 7 additional booked through December; 8 state convention/meetings/events held/booked through June; with an additional 6 state convention/meeting/events scheduled through the end of the year; 15 regional/national convention/meeting events have been held through June, with 6 booked through December; 31 local events held through June with 23 additional contracted through December; 31 theater events held through June with 14 additional booked through the end of December, exceeding goal.
9. **Service Objective:** *Achieve client/customer experience and level of satisfaction through the delivery of consistent, quality client/customer service.*
Outcome: Cleanliness issues are resolved immediately, and a follow up system is maintained for issues and maintenance.
10. **Service Objective:** *Maximize advertising dollars by coop advertising and tradeshow participation with A&P Commission.*
Outcome: Convention Center staff and CVB staff attended several events together to date and have participated in coop advertising in 3 publications.



Operation Services Sanitation



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

SANITATION DEPARTMENT OVERVIEW:

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

The FY11 Budget is \$476,832 million or 4.2% less than the FY10 Budget. The decrease is due to a reduction in the contribution to the health plan for FY11 and a decrease in capital costs for the year.

The Sanitation Department has 78FTE positions for FY11, which is consistent with FY10.

SANITATION DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenses	\$ 4,674,705	\$ 4,793,764	\$ 4,500,240	\$ 4,663,820	\$ 4,827,650
Operating Expenses	3,961,672	5,057,958	4,582,110	5,001,920	4,091,310
Operating Budget	\$ 8,636,377	\$ 9,851,722	\$ 9,082,350	\$ 9,665,740	\$ 8,918,960
Capital Outlay	1,456,160	1,527,100	1,295,112	1,236,250	1,054,440
Budget Appropriation	\$ 10,092,537	\$ 11,378,822	\$ 10,377,462	\$ 10,901,990	\$ 9,973,400
Authorized Positions	78.00	78.00	78.00	78.00	78.00

SANITATION DEPARTMENT 2011 SERVICE OBJECTIVES

1. Continue expansion of the Automated Refuse Collection Program.
2. Construct a modern intake (scale house) facility at the landfill to provide better security for our cash handling operations and reduce wait times for our customers.
3. Construct a new citizen convenience center/transfer station at the landfill to provide a less hazardous disposal site for our non-commercial customers.
4. Review the sanitation rates established/updated in 2007.

SANITATION DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Continue expansion of the automated refuse collection system.*

Outcome: The automated refuse collection program expansion for 2010 began in July. The total customer base receiving automated refuse collection is approximately 76% of the total households serviced by the Department of Sanitation.

2. **Service Objective:** *Prepare to provide sanitation services to south Fort Smith at the end of the Altes Sanitation service agreement.*

Outcome: South Fort Smith residents began receiving their solid waste collection services in July.

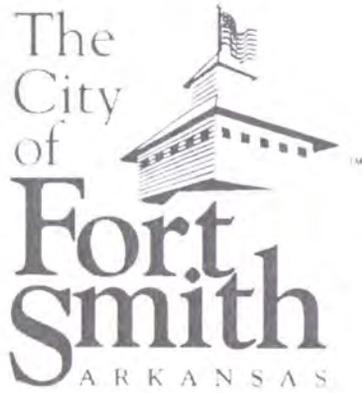
3. **Service Objective:** *Expand public outreach, awareness, and participation in solid waste diversion and recycling in Fort Smith and surrounding areas.*

Outcome: We have participated in numerous local trade shows and events. Recycling presentations have been provided to over 1,000 students in our region in the first half of 2010. We are also actively participating in the Fort Smith Chamber of Commerce's Green and Clean Committee addressing quality of place issues with regards to our environment.

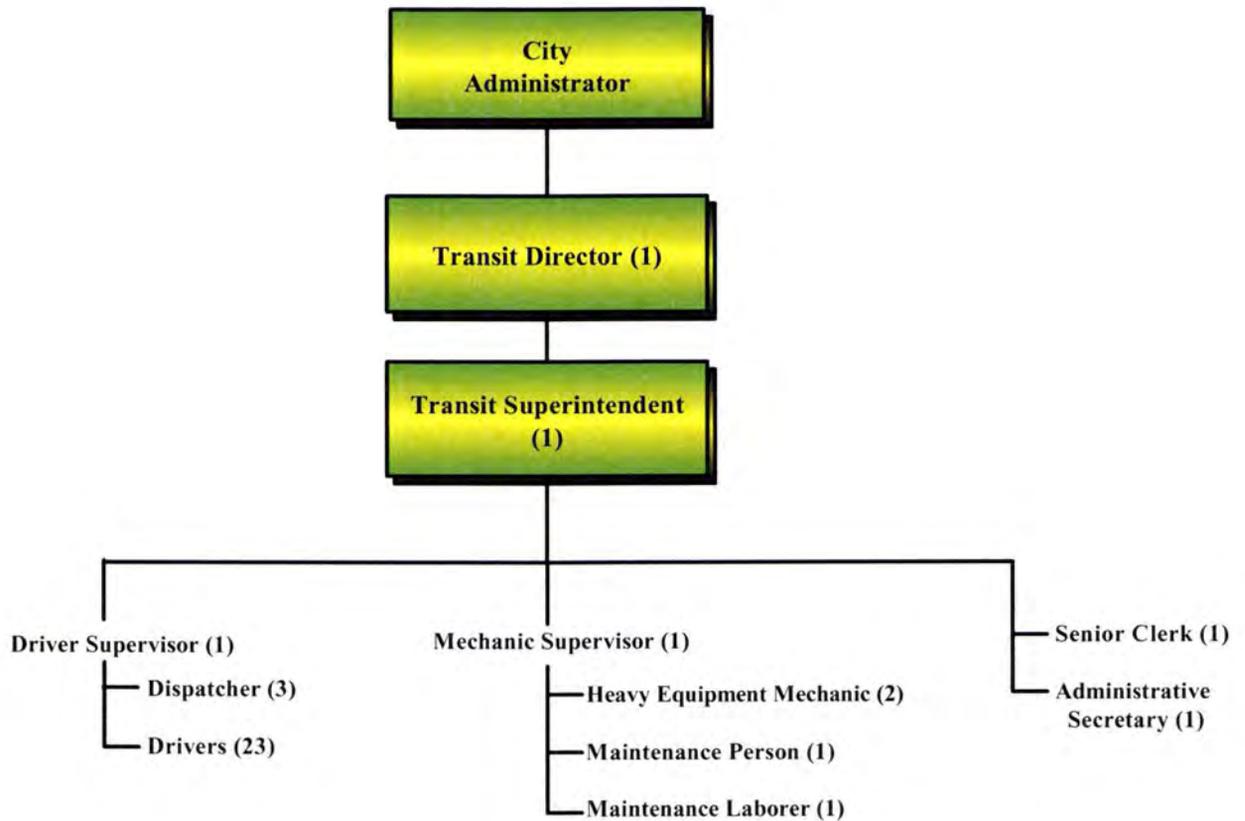
**SANITATION DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>BUDGET FY10</u>	<u>ESTIMATED FY10</u>	<u>BUDGET FY11</u>
Residential Accounts			
Total Residential Accounts	25,500	25,858	25,900
Monthly Charge Per Residence	\$ 14.38	\$ 14.38	\$ 14
Number of Requests for Dial-A-Truck	5,200	3,408	4,500
Tons of Residential Refuse Collected Per Year	27,742	18,265	22,500
Tons of Residential Refuse Collected Per Day Per Route*	17	10	12
Tons of Residential Recycled Material Collected Per Year	3,000	2,736	3,000
Tons of Residential Recycled Material Collected Per Day Per Route	14	13	14
Commercial Container Accounts:			
Number of 2yd Containers Emptied Per Week	1,675	1,567	1,650
Number of 4yd Containers Emptied Per Week	900	787	825
Number of 6yd Containers Emptied Per Week	350	293	300
Number of 8yd Containers Emptied Per Week	850	790	825
Total Number of Containers Emptied Per Week	3,775	3,437	3,600
Total Number of Tons Collected Per Week	475	422	475
Number of 2yd Containers Emptied Per Year	87,100	81,484	85,800
Number of 4yd Containers Emptied Per Year	46,800	40,924	42,900
Number of 6yd Containers Emptied Per Year	18,200	15,236	15,600
Number of 8yd Containers Emptied Per Year	44,200	41,080	42,900
Total Number of Containers Emptied Per Year	196,300	178,724	187,200
Total Number of Tons From Commercial Collection Per Year	24,700	21,919	25,000
Industrial Roll-Off Accounts:			
Hauls Per Week	190	166	190
Total Number of Hauls Per Year	9,880	8,632	9,880
Tons Collected Per Week	900	750	900
Landfill Operations			
Tons Disposed at Landfill Per Year	280,000	260,000	280,000

*Budget FY09 is based on 5, 8 hour days, Estimated FY10 and Budget FY11 are based on 4,10 hour days.



Operation Services Public Transit



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

TRANSIT DEPARTMENT OVERVIEW:

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

The FY11 Budget is \$1.9 million or 47% less than FY10. The decrease is due to the \$1.8 million ARRA funding for capital in FY10.

The total personnel in the Department is allocated at 36FTE for FY11 that is the same as FY10.

TRANSIT DEPARTMENT	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 1,552,697	\$ 1,739,860	\$ 1,601,839	\$ 1,692,890	\$ 1,691,940
Operating Expenditures	388,417	472,376	454,706	470,400	528,570
Operating Budget	\$ 1,941,114	\$ 2,212,236	\$ 2,056,545	\$ 2,163,290	\$ 2,220,510
Capital Outlay	1,031,589	1,915,747	1,839,943	26,500	0
Budget Appropriation	\$ 2,972,703	\$ 4,127,983	\$ 3,896,488	\$ 2,189,790	\$ 2,220,510
Authorized Positions	36.00	36.00	36.00	36.00	36.00

TRANSIT DEPARTMENT 2011 SERVICE OBJECTIVES

1. Expand the bus advertising program to increase transit revenues.
2. Work closely with the Homeless Coalition to reduce transportation barriers for the homeless seeking to re-enter the job market.
3. Work with the transit commission to identify route modifications that would permit public transportation access to future parks.

TRANSIT DEPARTMENT 2010 SERVICE OBJECTIVES AND OUTCOMES

1. **Service Objective:** *Strengthen the marketing services by identifying prime locations in Fort Smith to distribute transit brochures and by working directly with agencies in need of public transportation.*

Outcome: The Transit Advisory Commission increased the voucher allocation for the Transportation Assistance Program. The commission also approved four annual free ride days to promote public transportation. Staff identified a list of businesses for brochure distribution and set up information booths on multiple occasions to promote transit services.

2. **Service Objective:** *Promote Fort Smith Transit as a transportation option to protect the environment and reduce greenhouse gasses.*

Outcome: The Transit Department purchased and distributed promotional tote bags identifying public transit as a resource for going green. The Transit Advisory Commission voted to purchase promotional travel mugs, however, the order was placed on hold due to budget constraints. Efforts are underway using ARRA funds to acquire mobile data terminals that will significantly reduce the dependency on paper.

3. **Service Objective:** *Develop an awards program to recognize transit employees for continued safe transportation and prolong protection of equipment.*

Outcome: Transit staff identified a safety program suitable for recognition of safe practices. The program consists primarily of an awards ceremony, uniform patches and attendance to specialized training events. Although the safety elements of the program are being implemented, the acquisition of tangible awards has been placed on hold due to budget constraints.

**TRANSIT DEPARTMENT
SERVICE MEASURES/PERFORMANCE INDICATORS**

	<u>ACTUAL FY09</u>	<u>BUDGET FY10</u>	<u>ESTIMATED FY10</u>	<u>BUDGET FY11</u>
Efficiency Measures:				
Cost Per Passenger	\$10.91	\$10.37	\$10.33	\$10.30
Cost Per Revenue Hour	\$56.56	\$66.63	\$65.14	\$66.67
Cost Per Revenue Mile	\$4.25	\$4.89	\$4.94	5.03
Performance Measures:				
Total Passenger Trips	177,991	206,400	219,400	220,000
Total Revenue Miles	456,681	450,000	459,300	450,000
Total Revenue Hours	34,317	33,000	34,800	34,000
Fare Revenue	\$151,203	\$160,000	\$155,000	\$155,000
Fixed Route Service				
Total Fixed Route Trips	177,991	161,250	187,100	187,000
Half Fare Passenger Trips	28,261	28,000	29,100	30,000
Mixed Service Trips (Fixed & Demand)	0	0	0	0
Downtown Shuttle	25,746	25,000	25,200	25,000
Monthly Pass Trips	11,606	13,500	13,400	13,500
Fixed Route Transfers	50,828	55,000	54,600	55,000
Demand Response Service				
Demand Response Transfers	27,599	36,550	28,500	28,000
Avg. Scheduled Demand Res. Trips-Mthly	2,756	3,250	2,775	2,900
Total Subscription (routine) Trips Mthly.	1,240	220	1,110	1,200
Total Number of Senior Citizens Served on Demand Response	965	1,625	555	700
Total No Shows	589	750	590	600
Total Cancellations	3,797	4,500	2,850	3,000
Demand Response Transfers	0	200	10	0
Special Services				
Transit Assistance Programs Trips- Fixed and Demand	1,472	1,700	2,590	5,000
Charter/Shuttle Passengers	4,122	8,600	3,800	5,000
DHS Passenger Trips (Fixed and Demand)	1,428	3,000	420	500
Accident Summary				
Total Minor Accidents (including no fault)	16	0	3	0
Total Preventable (at fault) Minor Accidents	4	0	3	0
Total Major Accidents (Disabling Damage)	0	0	0	0
Maintenance Performance				
Total Number of Preventive Maintenance Inspections	138	140	140	150
Total Major Mechanical System Failures	36	25	25	10
Total Road Calls	24	15	15	24
Drug and Alcohol Prevention				
Total Pre-Employment Drug Tests	6	0	0	0
Total Random Drug and Alcohol Tests	7	8	8	8
Total Random Alcohol Tests	2	2	2	2
Total Reasonable Suspicion Drug and Alcohol Tests	0	0	0	0
Total Post Accident Drug & Alcohol Tests	1	0	0	0
Total Positive Drug or Alcohol Tests	0	0	0	0

NON-DEPARTMENTAL

NON-DEPARTMENTAL	ACTUAL FY 09	BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenditures	3,828,875	4,316,303	3,712,812	2,731,834	2,512,430
Operating Budget	\$ 3,828,875	\$ 4,316,303	\$ 3,712,812	\$ 2,731,834	\$ 2,512,430
Capital Outlay	3,224,932	2,219,173	2,521,949	1,843,290	2,222,800
Budget Appropriation	\$ 7,053,807	\$ 6,535,476	\$ 6,234,761	\$ 4,575,124	\$ 4,735,230
Authorized Positions	0.00	0.00	0.00	0.00	0.00

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

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

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

GENERAL FUND

Outside Agency Funding-Contractual Services

FS Boys and Girls Clubs	\$	7,239
FS Little Theater		6,250
Lincoln Childcare		6,791
River Valley Regional Food Bank		6,000
Community Dental Clinic		3,665
FS Museum of History		10,000
FS Symphony		11,600
The First Tee		5,429
Gregory Kistler Treatment Center		4,500
FS Heritage Foundation		5,000
Next Step Day Room		10,780
Second Street Live		9,215
Community Service Clearinghouse		13,475
Girls Shelter		8,000
Lincoln Youth Center		12,669
Fountain of Youth Adult Day Care		9,268
Hannah House		4,668
Reynolds Cancer Support House		5,390
Childrens Emergency Shelter		16,170
Crisis Intervention Center		15,000
Girls Incorporated		10,859
Alzheimers Association		5,000
Fort Smith Chorale		4,800
Fort Smith Regional Art Museum		6,250
Western Arkansas Ballet		4,800
Awards Granted Rounding to Balance		(118)

Sub-Total		<u>202,700</u>
Legal Services-Special		15,000
Port Authority Insurance		6,500
Fort Smith Museum of History - Utilities		20,000
SRCA, Inc. Social Services		172,398
WAPDD Annual Dues		20,860
Transfer to Cleanup/Demolition		180,000
Transfer to Parking Authority Fund		250,000
Property Insurance Deductible		5,000
Fort Chaffee Redevelopment Authority		31,000
Fort Smith Public Library-6% County Sales Tax Allocation		919,590
Area Agency on Aging		50,000
Project Compassion		7,500
Downtown Development		91,806
Mayor's 4th of July Celebration		35,000
City/Chamber/UAFS Initiative		50,000
Fort Chaffee Redevelopment- Mars Petcare		8,000
Western Arkansas Regional Intermodel Authority (RITA)		<u>25,000</u>

Sub-Total	<u>1,887,654</u>	2,090,354
-----------	------------------	-----------

STREET MAINTENANCE FUND

50/50 Sidewalk Repair Program	\$ 15,000
DRIPP	20,000
Sinking Account	222,800
Property Insurance Deductible	15,000
Transfer to General Fund	<u>82,160</u>

Sub-Total 354,960

WATER AND SEWER OPERATING FUND

South Sebastian County Water Users Association Payment	120,000
Property Insurance Deductible	30,000
Transfer to General Fund	<u>82,160</u>

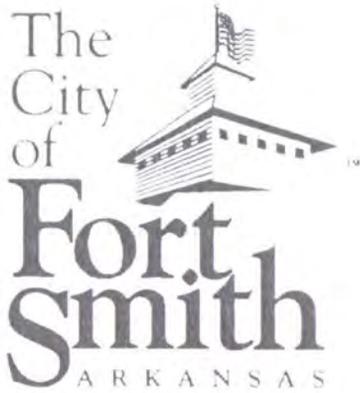
232,160

SANITATION OPERATING FUND

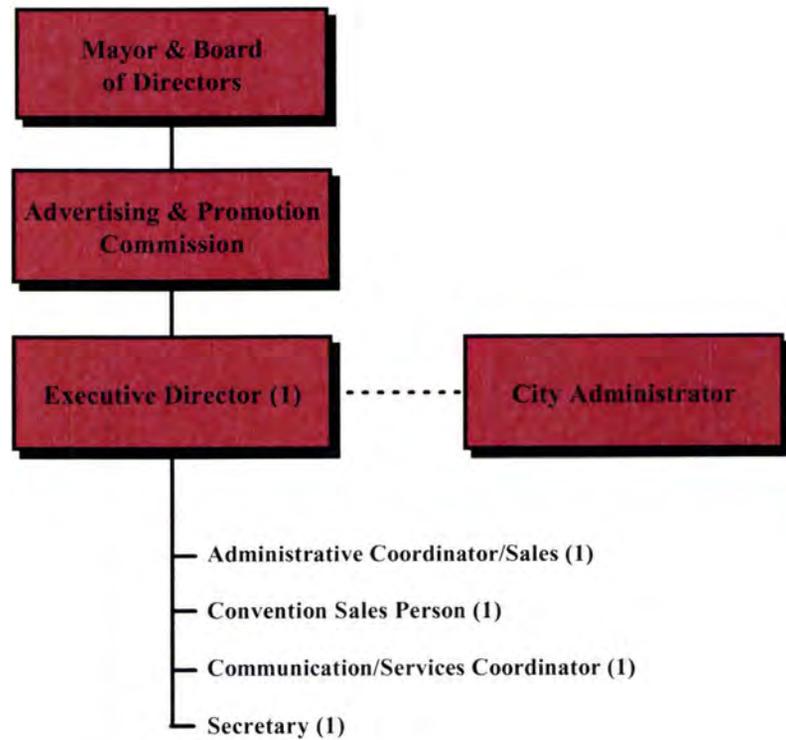
Transfer to Sanitation Sinking Account/Landfill Const. Fund	1,620,490
Transfer to Cleanup/Demolition Fund	180,000
Transfer to General Fund	82,160
Property Insurance Deductible	<u>15,000</u>

Sub-Total 1,897,650

GRAND TOTAL \$ 4,575,124



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 & VISITORS BUREAU	ACTUAL FY 09	AMENDED BUDGET FY 10	ESTIMATED FY 10	BUDGET FY 11	BUDGET FY 12
Personnel Expenditures	\$ 321,031	\$ 330,350	\$ 314,010	\$ 320,070	\$ 325,720
Operating Expenditures	599,846	564,409	506,284	377,890	380,890
Operating Budget	\$ 920,877	\$ 894,759	\$ 820,294	\$ 697,960	\$ 706,610
Capital Outlay	0	0	0	0	0
Budget Appropriation	\$ 920,877	\$ 894,759	\$ 820,294	\$ 697,960	\$ 706,610
Authorized Positions	5.00	5.00	5.00	5.00	5.00

CONVENTION AND VISITORS BUREAU 2011 SERVICE OBJECTIVES

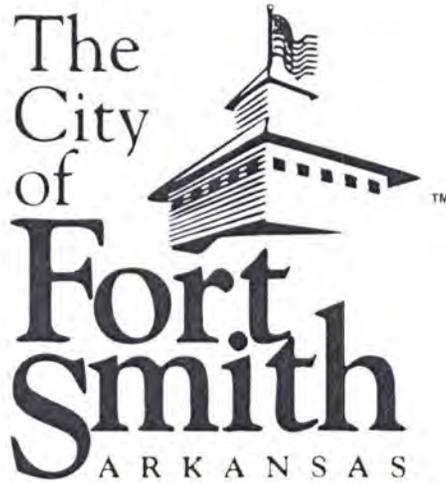
1. Continue to maximize transient guest tax receipts through aggressively marketing the Fort Smith area's hospitality, facilities and attractions to convention/event, corporate and leisure travel markets.
2. Continue to develop and maintain a database of planners in the convention and corporate markets whose business will positively impact the Fort Smith area economy and enhance the quality of life for area citizens.
3. Establish and maintain cooperative relationships with all Fort Smith area businesses, especially those business partners critical to the area's hospitality.
4. Ensure a positive guest experience by connecting the guest with quality products or services provided by our Fort Smith area business partners.
5. Take a leading role in the Fort Smith economic development efforts through interface with those involved in development efforts, particularly on a regional level in surrounding counties in both Arkansas and Oklahoma.
6. Educate local and area business leaders and state/regional event planners as to the Fort Smith Bureau's role in assisting with attracting and servicing events in Fort Smith.
7. Take an active role in "destination development" efforts to add tourist attractions to the Fort Smith area. Continue to take a leading role in development of the United States Marshals Service National Museum in Fort Smith and the Historic Fort Chaffee Barber Shop. Continue planning to adjust our marketing efforts to feature the museums as primary attractions in the region as they develop.
8. Continue development of the communications program to maximize Fort Smith's exposure to all target audiences through standard marketing practices both in print and on the worldwide web.
9. Grow our presence in all versions of internet social media vehicles.
10. Place top priority on responding to the economic conditions in the local market by adjusting marketing plans based on funding. Increase the reserve A&P fund account as much as possible.
11. Take an active role as much as possible in guaranteeing the continued availability of quality meeting and exhibit space and service at the Fort Smith Convention Center.

**CONVENTION AND VISITORS BUREAU
SERVICE MEASURES/PERFORMANCE INDICATORS**

1. Increase the exposure of the Fort Smith area through advertisements and articles about the City of Fort Smith and its hospitality offerings by 84%.
2. Increase the number of leads provided to the Fort Smith Convention Center and hospitality community by 5%.
3. Contribute to the increase in the Fort Smith area hotel occupancy through an increase in convention guests.
4. Increase the number of citywide convention proposals by 20%.
5. Increase the number of motorcoach tour groups into the Fort Smith area by 5%.
6. Increase the number of guests to the Fort Smith Visitor Information Center, "Miss Laura's", and Chaffee Barbershop by 3%.

**CONVENTION AND VISITORS BUREAU
2010 SERVICE OBJECTIVES AND OUTCOMES**

SERVICE OBJECTIVE	OUTCOME			
	Actual FY09	Budget FY10	Estimated FY10 Thru June	Budget FY11
1. Increase exposure of the Fort Smith area through advertisements & articles about the City of Fort Smith hospitality offerings by 5%.	1,258 column inches of editorial	903 column inches of editorial	1,400 column inches of editorial	2,000 column inches of editorial
2. Increase number of leads provided to the Fort Smith Convention Center and the Fort Smith Hospitality Community by 10%.	144 leads	99 leads	128 leads	104 leads
3. Contribute to an increase in Fort Smith area hotel occupancy through an increase in convention/event guests.	Room Tax \$671,912	Room Tax \$781,046	Room Tax \$347,519 -3.4% Jan-June	Room Tax \$700,000
4. Increase the number of city-wide convention/event proposals by 20%.	11	16	13	20
5. Increase the number of motorcoach tour groups into the Fort Smith area by 5%.	75	87	38 Thru July	92
6. Increase the number of guests to the Fort Smith Visitor Information Center, Miss Laura's and Chaffee Barbershop by 5%.	12,784	17,231	7,606 Thru July	17,747



CAPITAL IMPROVEMENT PROGRAM

This section includes highlights of the City's FY11 Capital Improvement Program for 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 Sidewalk Construction Fund, the Tilles Park Fund, and the Parking Authority Fund. Also included is a schedule of capital outlay included in the operating programs for FY11. 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, Sidewalk Construction Fund, the Tilles Park Fund and the Parking Authority Fund. The current year projects for each fund are highlighted within this section. Additionally, the capital outlay included in the operating budget as well as sinking fund depreciation and planned purchases for the Street Maintenance Fund and the Sanitation Operating Fund are presented in this section.

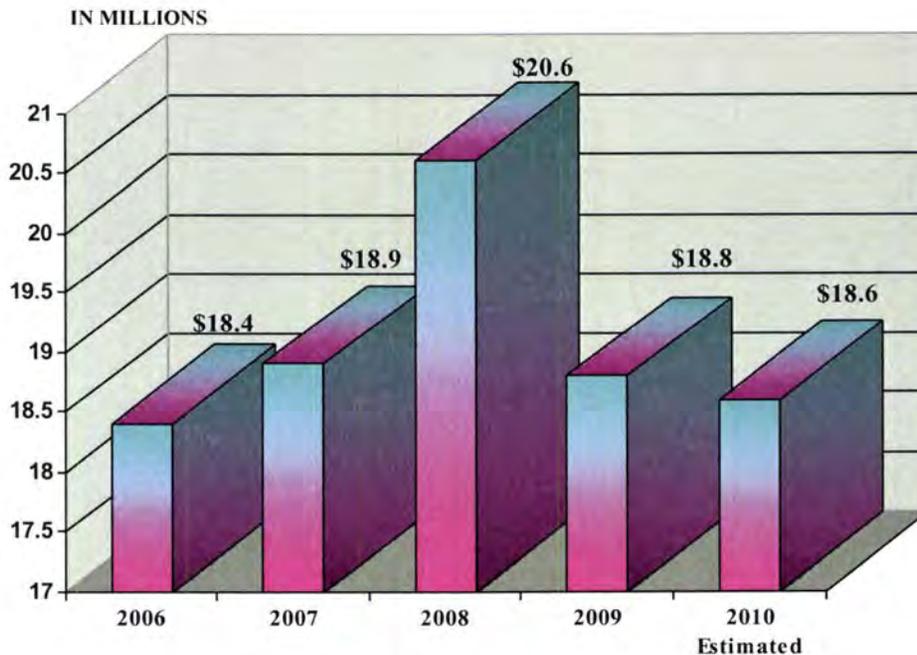
Sales Tax Fund

The Board of Directors approved the five year Capital Improvement Program (CIP) for the Sales Tax Fund in October 2010. The FY11 CIP for the sales tax street program was included in the approval document Resolution No. R-181-10.

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

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

Sales Tax Revenues



The estimated sales tax revenue for 2011 is \$18.9 million which represents a 1.5% increase over the estimated 2010 tax revenue of \$18.5 million. Interest earnings and other revenue for 2011 are estimated at \$312,000 and the beginning fund balance is estimated to be \$8.9 million. Therefore, total resources available for 2011 are \$28.2 million. Of this amount, \$4.9 million is estimated as the ending fund balance at December 31, 2011 which represents funds available for contingency and for future years' projects. Total project funds available are \$24.5 million and will be used for the 2011 program allocated as follows:

FY11 Program:	
Neighborhood Overlays and Reconstruction	\$ 8.1 million
Neighborhood Drainage Improvements	2.0
Intersection Signal Improvements	0.8
Multi-Year and/or Major Projects	10.8
Special Projects	0.2
Administrative Costs	2.4
Overlays by Street Department	.2
	\$ 24.5 million

The 2011 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>
19th Street	Kelley Hwy	Pryor Ave.	334	\$ 30,060
Pryor Ave.	17th Street	19th Street	700	59,500
28th Street	End of Road	Neis Street	301	22,575
5th Street	South I Street	End of Road	597	59,700
South H Street	4th Street	5th Street	341	27,280
Roberts Blvd.	AHTD Row	Cemetery Driveway	2,505	375,750
Joliet Ave.	32nd Terrace	35th Terrace	1,142	154,170
Jackson Street	End of Road	Massard Road	550	74,250
North G Street	US Hwy 71	St. Hwy 45	2,514	477,660
Burrough Road	18th Street	23rd Street	1,678	137,220
Johnson Street	North M Street	Division Street	2,564	333,765
8th Street	Dodson Avenue	South I Street	920	73,600
9th Street	6th Street	Spradling Ave	4,085	413,365
23rd Street	South B Street	South E Street	1,051	110,355
5th Street	Fern Street	Free Ferry Road	601	81,135
67th Lane	Fern Street	Free Ferry Road	596	80,460
68th Lane	67th Lane	68th Lane	186	25,110
Fern Street	Grand Avenue	North O Street	2,667	240,030
44th Street	Grand Avenue	North N Street	2,067	180,700
48th Street	Albert Pike Ave	50th Street	2,656	257,720
North N Street	44th Street	48th Street	1,317	118,530
North L Street	25th Street	Belle Avenue	349	47,115
North D Street	Dodson Avenue	South S Street	2,980	277,660
12st Street	Phoenix Ave	Louisville Street	1,311	137,655
21st Street	Greenwood Ave	Old Greenwood Rd	1,412	137,280
South S Street	High Street	Spradling Street	1,327	119,430
27th Street	Savannah St	Quincy Street	597	65,670
32nd Street	17th Street	Jenny Lind Road	881	87,225
South W Street	16th Street	Jenny Lind Road	1,227	110,430
South X Street	16th Street	17th Street	349	31,410
South Y Street	16th Street	17th Street	351	31,590
South Z Street	Boston Street	South W Street	2,100	178,540
16th Street	Dodson Avenue	South I Street	702	70,200
16th Street	Free Ferry Rd	End of Road	1,316	105,280
Elm Street	Elm Street	End of Road	265	21,200

<u>Street</u>	<u>From</u>	<u>To</u>	<u>Length (linear feet)</u>	<u>Cost</u>
Summit Street	28th Street	End of Road	747	67,230
Utica Street	North T Street	Wilson Road	901	108,120
52nd Street	66th Street	70th Street	1,338	120,420
Hestand Lane	Euper Lane	Hestand Lane	2,548	343,980
70th Street	70th Street	End of Road	536	72,360
Duncan Circle	70th Street	End of Road	825	111,375
South Q Street	70th Street	Crestview Lane	778	105,030
Crestview Lane	South Q Street	Ellsworth Road	319	43,065
North Q Street	Short 7th Street	8th Street	352	24,640
57th Street	South X Street	Rogers Avenue	899	80,910
58th Street	Country Club Ave	Rogers Avenue	1,796	232,790
Kelley Ballfields Drive	South O Street	South S Street	1,304	169,520
Cavanaugh Road	Jenny Lind Rd.	US HWY 71	3,769	433,435
41st Street	Rogers Avenue	Miller Lane	410	30,750
Miller Lane	Albert Pike Ave	End of Road	738	55,350
Free Ferry Lane	Albert Pike Ave	End of Road	591	79,785
Total 2011 Street Overlay/Reconstruction Program				6,833,380
Balance of 2010 Projects Currently Under Construction				1,247,794
Total 2010 Street Overlay/Reconstruction Program				<u>\$ 8,081,174</u>

The 2011 neighborhood drainage improvements total \$1.07million. In addition, there is \$960,538 of prior year projects to be completed during FY11. The FY11 projects are identified as follows:

South Dallas 96th to 98th Street-\$100,000-

This project will pipe some large ditches along Dallas Street to fill in the gap by two other recent projects. The ditches currently hold water and we have received numerous complaints about the deteriorated condition of the ditches.

9014 Moody Road-\$70,000-

This project will add pipe and a concrete channel to connect a gap between existing public drainage facilities. The residence experiences severe flooding and it is a threat to flooding his house.

Channel between Utica & Tulsa Streets \$100,000-

This project will replace badly eroded channel with some box culvert and channel with stabilized sides. Fences and structures along the channel are starting to fall into the channel due to erosion.

Rowe Avenue-\$250,000-

One house is experiencing flooding and others are threatened by the floodwaters due to an undersized pipe under the railroad tracks. The drainage needs to be diverted to a channel further north down the tracks. In order to build the necessary channel, the acquisition of the structure that floods may be necessary.

4201 Windsor Drive-\$150,000-

The Union Christian Academy school is experiencing flooding in some classrooms. This project will add piping and grading to increase the conveyance to the south.

Multi-year and major projects are allocated at \$10.8 million for FY11. The projects are described as follows:

Jenny Lind Road-Zero to Cavanaugh-

This phase of the Jenny Lind project consists of the widening and reconstruction of Jenny Lind between Zero and Cavanaugh Road. Federal funding has been obtained in the amount of \$7.2 million for the section between Cavanaugh Road and Zero. This phase will also include improvements to and the extension of Ingersoll Road from Jenny Lind to US Highway 71B. Preliminary plans are complete and the right-of-way acquisition process has just begun. Construction is expected to begin in FY12. The allocation for FY11 is \$2 million. Anticipated future allocations are \$7 million in FY12; \$9.6 million in FY13 and \$1.5 million in FY14.

May Branch Drainage Project-

This project is for the purpose of reducing flooding along May Branch from the Arkansas River to Park Avenue. It consists of the construction of a drainage channel to replace the existing deteriorated and hydraulically inadequate concrete pipe. The project is being designed by the Corps of Engineers. The City is lobbying for federal funding to assist with the project as the total cost exceeds \$30 million. Due to the magnitude of the project, it will be funded over a period of several years. The City is currently in communication with the Corps of Engineers to determine if the most downstream section of the project-from approximately North 7th Street to the Arkansas river- can be constructed entirely with city funds with the agreement that the City's cost would be credited towards the future cost of sharing on the project when federal funds become available. Construction of the lower section would reduce flooding for both the lower May Branch area and the Town Branch sub basin. The FY11 allocation is \$1 million with future allocations totaling \$15.2 million in FY12-FY15.

Mill Creek Drainage between Cavanaugh Road and South 28th Street-

This project includes the rechannelization of Mill Creek from Cavanaugh Road north to South 28th Street. This project also includes replacement of the bridges at both Cavanaugh Road and South 28th Street. South 28th Street is being realigned with Highway 71 and a traffic signal is being installed at the intersection. This project is scheduled for completion in early FY11. The allocation in FY10 was \$2.8 million and the allocation for FY11 is \$1 million.

FCRA Development-

The Fort Chaffee Redevelopment Authority (FCRA) projects include the extension of Chad Colley Boulevard and associated drainage work and radius improvements at Frontier Road committed as part of the memorandum of agreement for the Mitsubishi Wind Turbine plant. Also proposed is the approximately 2,000 foot extension of Chad Colley Boulevard between Custer Boulevard and Massard Road. This final extension will provide a direct route along Chad Colley Boulevard extending over 3.5 miles from its intersection with Rye Hill Road to Zero Street. The allocation for FY11 is \$3 million. Future allocations are estimated at \$1 million per year in FY12-FY15.

Highway 45-Phoenix Avenue to Zero Street-

This project includes the widening along Highway 45 from the Phoenix Avenue intersection to the Zero Street intersection. The project including replacement of the bridge over Interstate 540. The design and construction will be performed by the Arkansas Highway and Transportation Department (AHTD). The estimated project cost is \$13.4 million with the City's share at \$7.6 million. The AHTD expects to let the contract in November 2010 with construction expected to last 18 to 24 months. The City's share was allocated in prior years.

Garrison Avenue Streetscape-

This project is a continuation of the Garrison Avenue Streetscape along both sides from 9th Street to 13th Street. It also includes the replacement of the traffic signal at Garrison Avenue and Towson Avenue. Federal grants of \$1.95 million will fund the majority of this project. Construction is expected to begin in early 2011 and will complete the streetscaping along the entire length of Garrison Avenue. The FY11 allocation is \$2.5 million.

Levee Certification and Repair-

This project includes items associated with the levee certification evaluation in accordance with federal design criteria. This includes items to repair the washed out section on the Rice Carden levee, replacement and repair of the floodwall, construction of street closure devices, installation of embankment protection, repair of outlet culverts and pump station repairs. The FY11 allocation is \$550,000 and for FY12 is \$2.25 million.

Town Branch-Carnall Drainage-

This project is associated with the flooding that occurs in the downtown area and areas just north of downtown. In 2010, a study of the existing storm drainage system is being completed and some solutions to reduce the frequency of flooding in these areas will be proposed. The City anticipates three upcoming projects: heavy cleaning of approximately 1,500 feet of storm sewer that will be completed in FY10 or early FY11; relocation of a sanitary sewer line in FY11 that is crossing and causing blockage within the Carnall Avenue storm sewer; and development of stormwater detention basins south of Rogers Avenue in FY11 and FY12 to better utilize the Carnall storm sewer outfall. The FY11 allocation is \$850,000 and the FY12 allocation is \$700,000.

Special projects are various street related improvements and studies and include the following for FY11:

Traffic Studies	\$ 20,000
Contingency	<u>200,000</u>
	<u>\$ 220,000</u>

Administrative- costs for in-house engineering services and administration services total \$2,385,810.

Overlays provided by the Street Maintenance department will total \$150,000 for 2011.

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	2007	2008	2009	2010
January	\$ 1,891,846	\$ 1,943,505	\$ 1,983,506	\$ 1,789,657
February	1,466,534	1,523,541	1,445,308	1,398,655
March	1,489,480	1,606,701	1,525,340	1,429,494
April	1,644,939	1,639,160	1,689,217	1,646,044
May	1,480,153	1,646,642	1,532,752	1,555,270
June	1,552,445	1,781,470	1,503,710	1,578,857
July	1,597,188	1,928,815	1,564,567	1,627,063
August	1,543,987	1,831,763	1,584,418	1,535,521
September	1,640,360	1,655,788	1,584,166	1,584,536
October	1,540,196	1,716,165	1,508,580	1,504,029
November	1,517,348	1,497,986	1,409,760	1,410,000 *
December	1,565,049	1,547,119	1,446,169	1,515,876 *
Totals	<u>\$ 18,929,525</u>	<u>\$ 20,318,655</u>	<u>\$ 18,777,493</u>	<u>\$ 18,575,002</u>
Y-T-D % Change	2.8%	8.9%	-7.6%	-1.0%

* Estimated Revenue

The following schedule reflects the proposed current year projects for the sales tax program for the years 2011 through 2015:

Improvements	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Neighborhood Overlays and Reconstruction	\$ 8.1	\$ 7.0	\$ 7.0	\$ 7.0	\$ 7.0
Neighborhood Drainage Improvements	2.0	0.9	1.0	1.0	1.0
Intersection and Signal Improvements	0.8	0.3	0.3	0.3	0.3
May Branch Drainage	1.0	1.0	3.0	4.0	7.2
Jenny Lind- Zero to Cavanaugh	2.0	7.0	9.6	1.5	-
Spradling Avenue-Clayton Expressway Eastward	-	-	-	0.5	0.7
Arterial Street Overlays	-	1.2	1.2	1.2	1.2
Mill Creek Drainage/28th Street	1.0	-	-	-	-
Levee Certification & Repair	0.6	2.2	-	-	-
Highway 45- Phoenix to Zero	-	-	-	-	-
Town Branch-North 9th Street Drainage	0.8	0.7	-	-	-
Garrison Avenue Streetscape	2.5	-	-	-	-
FCRA Development	3.0	1.0	1.0	1.0	1.0
Special Projects	0.2	0.2	0.2	0.2	0.2
Administrative	2.4	2.5	2.6	2.7	2.8
Overlays by Street Department	0.1	0.1	0.1	0.1	0.1
Total	<u>\$ 24.5</u>	<u>\$ 24.1</u>	<u>\$ 26.0</u>	<u>\$ 19.5</u>	<u>\$ 21.5</u>

Water and Sewer Capital Improvement Projects Funds

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

In October 2007, the City issued \$24.47 million in water and sewer revenue bonds to provide funding for wastewater pump stations, wastewater extensions in the southern growth area, the Mountainburg water treatment plant rehabilitation and expansion, new transmission line from Mountainburg to Fort Smith, transmission system metering, Midland Boulevard transmission line replacement, Lee Creek water treatment plant instrumentation, neighborhood water line replacements, and water storage tank painting. In August 2008, the City issued \$117.42 million in water and sewer refunding and construction revenue bonds to provide funding for the advance refund of the 2002A series bonds, for sewer extensions in the growth areas of the City, the Mountainburg water treatment plant rehabilitation and expansion, replacement of neighborhood water lines, and the Howard Hill elevated water storage tank. The current portion of the 2008 Bonds is \$45 million. Future financing will need to be obtained for the completion of the new transmission line from Mountainburg to Fort Smith (\$21 million), for the remaining \$33 million in wet weather sewer improvements, and additional projects.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Projects					
Distribution System Improvements and Fire Protection Improvements	\$ 2,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Mountainburg Water Treatment Plant Rehabilitation and Expansion	11,960,000	-	-	-	-
Mountainburg Water Line Corridor Study & Right of Way Acquisition.	850,000	650,000	-	-	-
48" Mountainburg Water Line Engineering, Design, and Construction	500,000	2,000,000	7,600,000	8,980,000	-
30" Midland Avenue Water Line	374,802	-	-	-	-
24" Water Line Reduced Pressure Plane	-	3,000,000	7,050,000	2,000,000	-
Water Storage Tank- Painting	-	165,000	165,000	165,000	165,000
Chaffee Crossing 30" Water Line & 5.5 mg Ground Storage	-	2,000,000	4,000,000	-	-
LFS 4 Million Gallon Clearwell	107,026	-	-	-	-
LFS Treatment Plant Residual Lagoon Improvements	322,396	-	-	-	-
Water Projects Totals	<u>\$ 16,614,224</u>	<u>\$ 11,315,000</u>	<u>\$ 22,315,000</u>	<u>\$ 14,645,000</u>	<u>\$ 3,665,000</u>

Wastewater Projects	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Wet Weather Neighborhood Collection System Improvements	1,150,000	4,000,000	4,000,000	4,000,000	4,000,000
Wet Weather Wastewater Pump Station and Force Main Improvements	1,132,107	9,180,000	9,500,000	9,500,000	9,500,000
Wet Weather Relief Sewers	-	6,600,000	7,000,000	7,000,000	7,350,000
"P" Street Wet Weather Treatment Plant Improvements Phase 2	-	5,691,000	4,200,000	-	-
Rye Hill Development Area	-	625,000	2,675,000	-	-
Rye Hill Outfall Line	720,945	-	-	-	-
Pump Station Upgrades	1,000,000	-	-	-	-
Massard Waste Water Treatment Plant Expansion	-	-	-	2,200,000	6,000,000
Wastewater Projects Totals	<u>\$4,003,052</u>	<u>\$26,096,000</u>	<u>\$27,375,000</u>	<u>\$22,700,000</u>	<u>\$26,850,000</u>
Total Water and Wastewater CIP	<u><u>\$20,617,276</u></u>	<u><u>\$37,411,000</u></u>	<u><u>\$49,690,000</u></u>	<u><u>\$37,345,000</u></u>	<u><u>\$30,515,000</u></u>

Sales and Use Tax Bond Construction Funds

In September 2006, the City issued Sales and Use Tax Bonds, Series 2006, for the purchase of a new radio communication system for public safety use, including municipal utilities, and for wastewater wet weather improvements in response to the EPA administrative orders against the City. The \$11.3 million radio project was substantially complete at the end of 2008. During 2008, an additional \$950,000 in bonds were issued to complete the radio project. At the end of 2010, the radio project is expected to have a balance of \$642,000 that will be spent during 2011. It is estimated that the radio project will be closed out by the end of 2011.

The \$49 million wastewater improvements will be spread over a three year period and will include treatment plant improvements, neighborhood sewer line improvements, relief sewers, and pump station improvements. During 2008, an additional \$13.9 million in sales and use tax bonds was issued to fund more wet weather improvements. In September 2009, the City issued \$29.15 million in Sales and Use Tax Construction Bonds to provide additional sewer wet weather improvements. In January 2010, the City issued \$3.595 million in Sales and Use Tax Construction Bonds that were remaining from the 2006 issue. The purpose of these bonds is for sewer wet weather improvements. These wet weather improvements are transferred from this fund to the Water and Sewer Operating Fund for capitalization purposes.

The original 2006 and 2008 bond proceeds have been spent. At the end of 2010, approximately \$20 million of the 2009 bonds proceeds and approximately \$2.1 million of the 2010 bond proceeds remain to be spent. The following is the CIP for the Sales and Use Tax Bond Construction Fund for wastewater projects:

	<u>2011</u>
"P" Street Wet Weather Treatment Plant Improvements-Phase 2	\$ 4,279,656
Neighborhood Relief Sewer Improvements	<u>17,816,780</u>
Total	<u>\$ 22,096,436</u>

Sanitation Sinking/Landfill Construction Fund

The Sanitation Sinking/Landfill Construction Fund includes construction of a new scale house and scale system at the landfill at a projected cost of \$2,080,000 in FY11. The FY11 transfers from the Sanitation Fund include: additional funding for the scale project (\$500,000); equipment sinking fund depreciation (\$720,490); and the annual estimated charge for closure/postclosure care costs of the landfill (\$400,000). Equipment purchases planned for 2011 total \$769,910. Therefore, the total capital improvements for 2011 total \$2,849,910.

Sidewalk Construction Fund

The total capital improvements for the Sidewalk Construction Fund for 2011 is \$341,000. The 2010 sidewalk program was approved in conjunction with the adoption of the street sales tax CIP in October 2010 in Resolution No. R181-10. Funds for the FY10 program were generated by building permit assessment fees. The projects proposed for the FY10 sidewalk program to be completed during 2011 total \$341,000 and include sidewalk construction around Tilles Elementary School, Northside High School, Chaffin Junior High, and Woods Elementary.

Sidewalk Construction Fund

The total capital improvements for the Sidewalk Construction Fund for 2011 is \$341,000. The 2010 sidewalk program was approved in conjunction with the adoption of the street sales tax CIP in October 2010 in Resolution No. R181-10. Funds for the FY10 program were generated by building permit assessment fees. The projects proposed for the FY10 sidewalk program to be completed during 2011 total \$341,000 and include sidewalk construction around Tilles Elementary School, Northside High School, Chaffin Junior High, and Woods Elementary.

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 2011 for improvements or equipment total \$9,454. These funds will be used for future years' capital needs.

Parking Authority Fund

There are no major capital improvements planned for the City's existing parking facility in FY11.

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 2011-2015. The 2011 projects are those actually funded.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Elm Grove Community Center **	\$ 34,670	\$ -	\$ -	\$ -	\$ -
Neighborhood Parks	-	300,000	150,000	150,000	150,000
Trails & Greenways	-	500,000	250,000	250,000	500,000
Contingency	-	50,000	50,000	50,000	50,000
Equipment	-	100,000	100,000	100,000	100,000
Creekmore Tennis Court Repair	-	-	250,000	-	-
Creekmore Community Centers Impr.	-	-	-	250,000	-
Tilles Tennis Court-Resurface & Lighting	-	250,000	-	150,000	-
FSP Playground	-	-	-	100,000	-
FSP Parking & Fishing Pavilion	-	150,000	-	-	-
Water Park-Ben Geren	-	-	4,000,000	-	-
Wilson Park-Playground & Pavilion	-	-	-	100,000	-
Total	<u>\$ 34,670</u>	<u>\$ 1,350,000</u>	<u>\$ 4,800,000</u>	<u>\$ 1,150,000</u>	<u>\$ 800,000</u>

** This represents the last note payments due for the 2006 Promissory Notes.

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 account. A detail line item description of each piece of equipment or project which is directly related to a particular program is included in the Budget Supplement. The following is a schedule of capital outlay for the operating programs for FY11:

Heavy Equipment -

2 Dump Trucks-Replacements-Water & Wastewater	\$ 208,000	
Sewer Rodding Truck-Replacement-Water & Wastewater	101,000	
Automated Sideloaders-Replacement-Sanitation	270,000	
Rear Loader-Replacement-Sanitation	140,000	
Total Heavy Equipment		<u>719,000</u>

Water & Wastewater Plant & Systems

Spectrophotometer Replacement	7,500	
Hydrolab-DS5 Water Quality Monitoring System-Replacement	15,000	
		<u>22,500</u>

City Fleet-

Replacement Vehicles:

1/2 Ton Pickup-Customer Service	20,800	
1 Ton Pickup-Police	27,900	
Full Size Sedan (4)-Police	96,000	
Midsize Sedan-Police	20,700	
1/2 Ton Pickup-Fire	25,330	
Full Size 4WD SUV-Water & Wastewater	25,500	
3/4 Ton Pickup-Water & Wastewater	23,000	
1/2 Ton Pickup-Water & Wastewater	20,800	
1 Ton Cab & Chassis w/Utility Bed (6)- Water and Wastewater	210,000	
1 Ton Cab & Chassis w/Flat Bed (2)- Water and Wastewater	87,300	
Total City Fleet		<u>557,330</u>

Miscellaneous Capital Outlay-

Water Meters	120,000	
Automatic Refuse Carts-Sanitation	232,440	
Recycling Containers-Sanitation	106,500	
Solid Waste Commercial Compactors & Containers	251,810	
Solid Waste Roll-Off Compactors & Containers	145,500	
Tire Changer-Transit	10,000	
Fuel System & Pumps-Sanitation	90,000	
Multifunction Network Printer-Replacement-Transit	10,000	
Maintenance Scan Tool-Replacement-Transit	6,500	
Communication System (3 year lease purchase)- Streets & Traffic Control	<u>64,200</u>	
Total Miscellaneous		<u>1,036,950</u>
		<u>\$ 2,335,780</u>

Reconciliation of Total Capital Outlay:

Capital Outlay -	
Operating Funds (see page 76)	<u>\$ 2,335,780</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 2011 are as follows:

Streets and Traffic Control:		
2011 Depreciation		<u>\$ 222,800</u>
Planned Fleet Purchases in 2011:		
Skid Steer (Replacement)		\$ 68,000
Concrete Mixer Truck (Replacement)		150,000
Sidecut Flail Mower (Replacement)		46,900
2 Rear Flail Mower (Replacements)		88,880
1/2 Ton Full Size Pickup (Replacement)		<u>22,800</u>
Total		<u>\$ 376,580</u>
Sanitation:		
2011 Depreciation		<u>\$ 720,490</u>
Planned Fleet Purchases in 2011:		
Commercial Front Loader (Replacement)		\$ 227,500
Rear Loader (Addition)		140,000
Magnetic Road Sweeper (Replacement)		35,000
Scale House & Scale System		2,080,000
Compactor Lease Payment		197,410
Roll-Off Truck (Replacement)		<u>170,000</u>
Total		<u>\$ 2,849,910</u>

Effects of Capital Improvements on Operating Budgets

The capital improvements the City is undertaking as identified in this section will enhance the City and provide improved service to its citizens and surrounding areas. A majority of the planned improvements for 2011 involve infrastructure, and, as such, those improvements will not have an impact on the operating budget for the current year. The projects that will impact the operating budget are as follows:

- Once there is significant development plans for use of the property in the recently annexed Chaffee Crossing area, the City will incur operating costs associated with providing public safety services, street maintenance, and water and sewer system maintenance. The costs for these services range from \$1.6 million to \$2 million annually. The City does not expect to incur significant operating costs during 2011. Infrastructure related costs for Chaffee Crossing include water improvements of \$3.6 million, wastewater improvements of \$24.3 million, and a fire station at an approximate cost of \$2 million. The City has not identified revenue sources to fund these projects which may be necessary to begin as early as 2012.
- The City's other significant capital projects include street infrastructure, water improvements, and wastewater upgrades and repairs. These projects will not impact the operating budget for FY11. Once the Mountainburg water treatment plant expansion and rehabilitation is completed at the end of FY11, the City will evaluate the cost savings expected from the new equipment beginning in FY12. The City has not estimated this amount.

THIS PAGE INTENTIONALLY LEFT BLANK



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 40-41. Each fund's budget is presented on pages 45-53 in the Budget Summaries - All Funds section of this document. It is important to note that the City is legally required, by state law, to adopt a budget for the General Fund and Street Maintenance Fund. An annual budget is approved for the Water and Sewer Operating Fund and Sanitation Operating Fund as well. These four funds are referred to as the operating funds and a major portion of this document is devoted to the operating funds.

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

Division

Program Number and Title	Funding Source
Policy and Administration Services	
4100 Mayor	43% General Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4101 Board of Directors	28% General Fund; 15% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4102 City Administrator	23% General Fund; 20% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4111 Economic Development	100% General Fund
4201 District Court	100% General Fund
4202 City Prosecutor	100% General Fund
4203 Public Defender	100% General Fund
4204 City Attorney	50% General Fund; 25% Street Maintenance Fund; 25% Sanitation Operating Fund.
4206 District Court-Sebastian County	100% General Fund
4405 Internal Audit	Same as Program 4101

Management Services

4104 Human Resources	53% General Fund; 10% Street Sales Tax Fund; 7% Street Maintenance Fund; 21% Water and Sewer Operating Fund; 9% Sanitation Operating Fund
4105 City Clerk	33% General Fund; 10% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4301 Finance	23% General Fund; 20% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund.

4303 Collections	33% General Fund; 10% Street Sales Tax Fund; 8% Street Maintenance Fund; 37% Water and Sewer Operating Fund; 12% Sanitation Operating Fund
4304 Utility Billing/ Customer Service	3% General Fund; 2% Street Sales Tax Fund; 5% Street Maintenance Fund; 75% Water and Sewer Operating Fund; 15% Sanitation Operating Fund
4306 Purchasing	Same as Program 4303
4401 Info. & Tech. Services	40% General Fund; 25% Street Sales Tax Fund; 5% Street Maintenance Fund; 20% Water & Sewer Operating Fund; 10% Sanitation Operating Fund
6912 Public Parking Personnel	100% General Fund
6921 Public Parking Deck	100% Parking Authority Fund

Development Services

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

Police Services

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

Fire Services

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

**Operation Services -
Streets and Traffic Control**

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

**Operation Services -
Water and Sewer**

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

**Operation Services -
Parks and Recreation Services**

6101 Health	100% General Fund
6201 Parks (Personnel & Operating Accounts)	83.5% General Fund; 16.5% Street Maintenance Fund
6201 Parks (Capital Outlay)	100% General Fund
6202 Oak Cemetery	100% General Fund
6204 Community Centers	100% General Fund
6205 Aquatics	100% General Fund
6206 Riverfront/Downtown	100% General Fund
6207 The Park at West End	100% General Fund

**Operation Services -
Convention Center**

6203 Convention Center	100% Convention Center Fund
------------------------	-----------------------------

**Operation Services -
Sanitation**

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

**Operation Services -
Transit**

6550 Public Transit	100% General Fund
---------------------	-------------------

Non-Departmental

6870 Convention and Visitors Bureau	100% Advertising and Promotion 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 reappropriated in the following fiscal year's budget ordinance.

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

Accounting System Control

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

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

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

Classification of Revenue Sources-Operating Funds

GENERAL FUND

Intergovernmental

State Turnback-General

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

Transit Reimbursement

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

Airport Security Reimbursement

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

Taxes and Assessments

Franchise Taxes

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

Ad Valorem Taxes

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

County Sales Tax

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

Court Fines and Forfeitures

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

Licenses and Permits

Occupation Licenses

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

Construction

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

Alcohol

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

Other

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

Service Charges and Fees**Convention Center**

Revenue derived from the rental of the Convention Center facilities to various organizations. Beginning in 2011, these fees will be credited to the Convention Center Fund.

Community Center

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

Fire Protection Contracts

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

Port Authority

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

Parks/Aquatics

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

The Park at West End

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

Cemetery

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

Animal Pound

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

False Alarm Fees

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

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 two high school resource officers (SRO).

Reimbursement from Enhanced 9-1-1 Fund

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

Transfers

Transfer From Sales Tax Fund

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

Transfer from A&P Fund

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

Transfer from the Street Maintenance Fund

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

Transfer from the Water and Sewer Operating Fund

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

Transfer from the Sanitation Operating Fund

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

Street Maintenance Fund

Intergovernmental

State Turnback-Gasoline Tax

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

Taxes and Assessments

Ad Valorem

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

Miscellaneous

Interest Earned

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

Other

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

Water and Sewer Operating Fund

Service Charges and Fees

Water Sales

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

Contract Water Sales

Revenue derived from the sale of water to customers who are private, public or municipal entities that have contracts with the City for such services. Rates are established by the Board of Directors.

Monthly Customer Charges

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

Fire Protection

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

Installations - Water Service

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

Sewer Service Charges

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

Sewer Connection Charges

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

Industrial Waste Monitoring Fee

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

Miscellaneous

Interest Earned

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

Other

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

Sanitation Operating Fund

Service Charges and Fees

Residential Collections

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

Commercial Collections

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

Sanitary Landfill Operations

Revenue derived from charges for use of the sanitary landfill. Rates are established by the Board of Directors.

Roll-Off Collections

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

Sale of Methane Gas

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

Recycling Operations

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

Miscellaneous

Interest Earned

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

Other

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

**Debt Service
Summary of Debt Service Requirements By Purpose**

<u>Purpose</u>	<u>FY11 Principal and Interest</u>	<u>Principal/Interest Outstanding</u>	<u>Year of Retirement</u>	<u>Original Issue</u>
Water and Sewer Revenue Refunding and Construction Bonds-Series 2002 (B&C)	\$ 4,221,150	\$ 24,168,050	2023	\$ 111,755,000
Water and Sewer Revenue Refunding Bonds- Series 2005A	2,150,220	17,199,868	2019	17,605,000
Water and Sewer Revenue Bonds- Series 2005B	309,795	9,701,228	2025	7,330,000
Water and Sewer Revenue Bonds- Series 2007	1,886,368	30,222,682	2027	24,470,000
Water and Sewer Refunding and Construction Revenue Bonds- Series 2008	6,430,779	205,846,674	2032	117,420,000
Parking Facilities Refunding and Improvement Revenue Bonds- Series 1998	138,012	699,361	2017	2,025,000
Solid Waste Refunding Revenue Bonds - Series 2002	1,102,930	-	2011	6,305,000
Sales & Use Tax Bonds Series 2006	10,684,250	20,671,128	2012 *	84,935,000
Sales & Use Tax Bonds Series 2008	2,932,482	7,508,224	2012 *	15,815,000
Sales & Use Tax Bonds Series 2009	699,300	30,887,275	2014	29,150,000
Sales & Use Tax Bonds Series 2010	1,726,885	-	2011	3,595,000
Total	\$ 32,282,171	\$ 346,904,490		\$ 420,405,000

* Estimated maturity date based upon mandatory redemption requirements.

The Water and Sewer Refunding and Sewer Construction Revenue Bonds, Series 2002, the Water and Sewer Revenue Refunding Bonds, Series 2005A, the Water and Sewer Revenue Bonds Series 2005B, the Water and Sewer Revenue Bonds, Series 2007, and the Water and Sewer Refunding and Construction Revenue Bonds, Series 2008, are collateralized by the operating revenue of the water and sewer utility system. The Series 2002 Bonds were issued for the purpose of providing a portion of the financing for the Lake Fort Smith water supply expansion project (\$95.73 million of the original par), financing a portion of the costs for improvements to the City's water system (\$8.19 million of the original par), and to advance refund \$7.64 million of the 1994 Series Bonds (\$7.835 million of the original par). The Series 2005A Water and Sewer Revenue Refunding Bonds were issued to refund a portion of the outstanding Series 1999 Water and Sewer System Revenue Bonds (\$16.375 of the original par). The Series 2005B Water and Sewer Revenue Construction Bonds were issued to provide financing for water improvements in the southern areas of the City, extension of water service lines, construction of an elevated water tank, and painting for an elevated water tank.

The Series 2007 Bonds were issued to provide financing for new sewer pump stations, sewer extensions in the southern growth area of the city, Mountainburg water treatment plant rehabilitation and expansion, Midland Boulevard water transmission line replacement, neighborhood water line replacements, new water transmission line from Mountainburg to the City, water storage tank painting, Lee Creek water treatment plant instrumentation, and water transmission system metering. The Series 2008 Bonds were issued to advance refund the Series 2002A Bonds, to provide financing for sewer extensions in the growth areas of the City, Mountainburg water treatment plant rehabilitation and expansion, neighborhood water line replacements, and the Howard Hill elevated storage tank. The Water and Sewer Operating Fund provides for the current year's debt service. If revenue in a particular year were not estimated to be sufficient to provide for the operation of the system and current debt service, the rates of the system would be increased. Water and sewer rate increases effective January 1, 2011 are anticipated to provide sufficient additional revenue to provide for debt service requirements during 2011.

In October 1998, the City issued \$2.025 million in Parking Facilities Refunding and Improvement Revenue Bonds. The purpose of the bonds was to refund the Series 1991 Bonds and provide funds to increase the City provided parking lots in the downtown area. The bonds are collateralized by the revenues derived from the operation of the parking facilities in downtown, including the parking deck, surface parking lots and parking meters. It is estimated that system revenues will be sufficient to cover debt service in 2011.

The Solid Waste Refunding Revenue Bonds, Series 2002 are collateralized by the operating revenue of the sanitation collection and landfill disposal system. The Series 2002 Bonds were issued in September to refund the Series 1995 Solid Waste Refunding and Construction Revenue Bonds. Rates should be sufficient to provide the required debt service in 2011.

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

The Sales and Use Tax Bonds, Series 2008, are collateralized by the same one percent (1%) local sales tax as the 2006 Series bonds. This sales tax issue includes additional funds for wastewater improvements including wet weather improvements and for the radio communications system purchase. It is anticipated that these bonds will be retired during 2012 due to the mandatory redemption requirements.

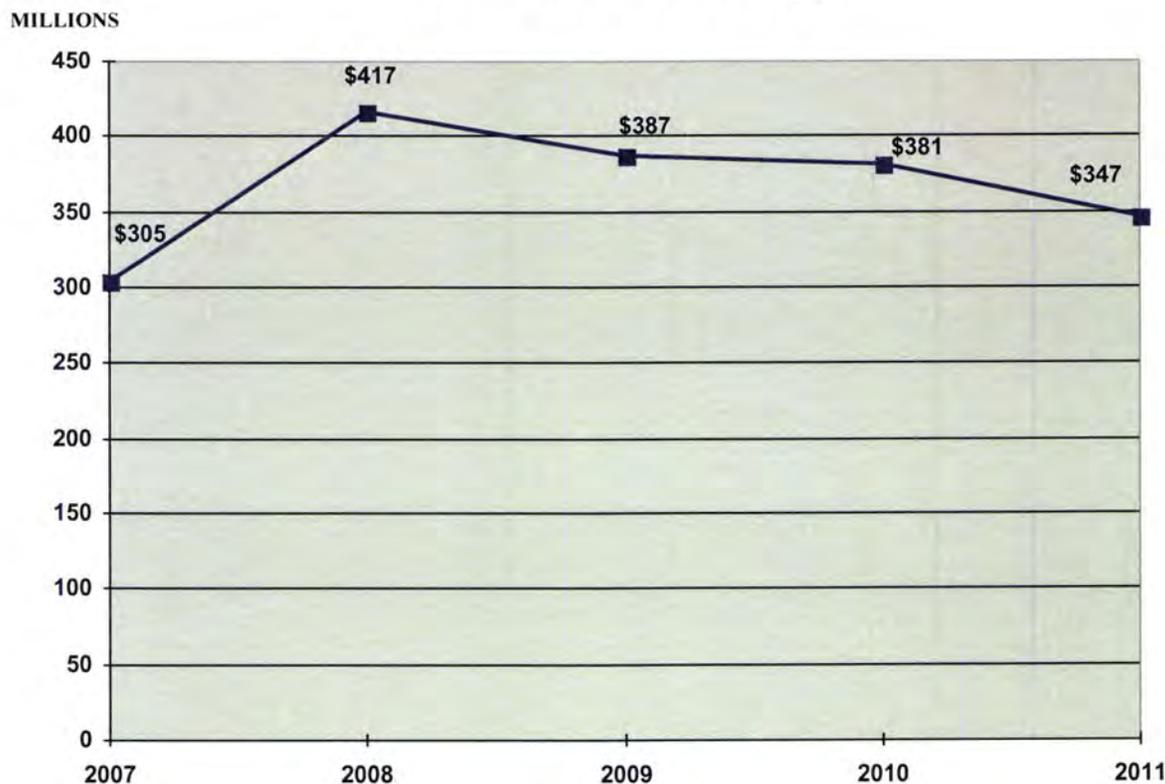
The Sales and Use Tax Bonds, Series 2009, are collateralized by the same one percent (1%) local sales tax as the 2006 and 2008 Series bonds. This issue is to provide funds for wastewater improvements including wet weather improvements. The sales tax will be used to pay debt service requirements on the 2009 issue once the 2006 and 2008 issues are redeemed.

The Sales and Use Tax Bonds, Series 2010, are collateralized by the same one percent (1%) local sales tax as the 2006, 2008, and 2009 Series bonds. This issue provided additional funding for wastewater improvements. This issue will be redeemed September 1, 2011.

The Sales and Use Tax Bonds, Series 2010, are collateralized by the same one percent (1%) local sales tax as the 2006, 2008, and 2009 Series bonds. This issue provided additional funding for wastewater improvements. This issue will be redeemed September 1, 2011.

The following graph reflects the debt outstanding at December 31, 2007 through 2011.

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, 2011, is:

Assessed Property Value	<u>\$ 1,431 million</u>
Debt Limit Per State Statute (25% of Assessed Property Value)	\$ 358 million
General Obligation Bonds Outstanding @ December 31, 2011	<u>0</u>
Legal Debt Margin	<u>\$ 358 million</u>

In addition to the legal debt margin for general obligation bonds, the City has established a Revenue Debt Policy (see page 9) whereby annual payments should not exceed 25% of total operating revenue. In 2011, the calculation is as follows:

	Water & Sewer Revenue Bonds	Solid Waste Revenue Bonds
2011 Debt Service Payment	<u>\$ 14,998,312</u>	<u>\$ 1,102,930</u>
Operating Revenue (Service Charges & Fees)	\$ 38,009,500	\$ 13,885,000
Debt Service as a % of Operating Revenue	40%	8%
Policy Limit	25%	25%

The policy is met for the solid waste revenue bonds. Although the policy is not expected to be met in FY11 for the water and sewer revenue bonds, it is anticipated that rate increases in future years will provide more revenue to assist in getting closer to this limit.

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, 2010.

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.

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/10**

Primary Government
Water and Sewer Revenue

Bonds	2002 Series			2005A Series			2005B Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	3,145,000	1,076,150	4,221,150	1,505,000	645,220	2,150,220	0	309,795	309,795
2012	3,300,000	923,725	4,223,725	1,565,000	581,258	2,146,258	0	309,795	309,795
2013	1,060,000	753,000	1,813,000	1,630,000	518,657	2,148,657	525,000	309,795	834,795
2014	1,110,000	705,300	1,815,300	1,700,000	453,458	2,153,458	545,000	288,795	833,795
2015	1,155,000	655,350	1,810,350	1,765,000	385,458	2,150,458	570,000	266,722	836,722
2016-2020	6,750,000	2,319,175	9,069,175	7,795,000	806,037	8,601,037	3,215,000	822,483	4,037,483
2021-2025	4,935,000	501,500	5,436,500	0	0	0	2,475,000	373,638	2,848,638
2026-2030	0	0	0	0	0	0	0	0	0
2031-2032	0	0	0	0	0	0	0	0	0
Total	21,455,000	6,934,200	28,389,200	15,960,000	3,390,088	19,350,088	7,330,000	2,681,023	10,011,023

Water and Sewer Revenue

Bonds (Continued)	2007 Series			2008 Series			Total Water & Sewer Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	900,000	986,368	1,886,368	620,000	5,810,779	6,430,779	6,170,000	8,828,312	14,998,312
2012	940,000	950,369	1,890,369	645,000	5,785,979	6,430,979	6,450,000	8,551,126	15,001,126
2013	975,000	912,768	1,887,768	1,160,000	5,760,179	6,920,179	5,350,000	8,254,399	13,604,399
2014	1,015,000	873,769	1,888,769	1,200,000	5,713,779	6,913,779	5,570,000	8,035,101	13,605,101
2015	1,055,000	833,169	1,888,169	1,265,000	5,653,779	6,918,779	5,810,000	7,794,478	13,604,478
2016-2020	5,960,000	3,485,094	9,445,094	9,360,000	27,390,970	36,750,970	33,080,000	34,823,759	67,903,759
2021-2025	7,495,000	1,951,200	9,446,200	26,725,000	23,713,925	50,438,925	41,630,000	26,540,263	68,170,263
2026-2030	3,535,000	241,313	3,776,313	49,795,000	14,465,063	64,260,063	53,330,000	14,706,376	68,036,376
2031-2032	0	0	0	25,300,000	1,913,000	27,213,000	25,300,000	1,913,000	27,213,000
Total	21,875,000	10,234,050	32,109,050	116,070,000	96,207,453	212,277,453	182,690,000	119,446,814	302,136,814

**5 Year Debt Maturity Disclosure
For the Fiscal Year Ended 12/31/10**

Primary Government:
Solid Waste Revenue
Bonds

	2002 Series		
	Principal	Interest	Total
2011	1,060,000	42,930	1,102,930
Total	1,060,000	42,930	1,102,930

Primary Government:
General Fund
Promissory Notes

	2006 Series		
	Principal	Interest	Total
2011	495,000	9,900	504,900
Total	495,000	9,900	504,900

Primary Government:
Sales & Use Tax Bonds

	2006 Series			2008 Series			2009 Series		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	9,390,000	1,294,250	10,684,250	2,560,000	372,482	2,932,482	0	699,300	699,300
2012	9,825,000	862,670	10,687,670	2,665,000	270,081	2,935,081	0	699,300	699,300
2013	9,600,000	383,458	9,983,458	2,765,000	170,143	2,935,143	14,425,000	699,300	15,124,300
2014	0	0	0	1,575,000	63,000	1,638,000	14,725,000	338,675	15,063,675
Total	28,815,000	2,540,378	31,355,378	9,565,000	875,706	10,440,706	29,150,000	2,436,575	31,586,575

	2010 Series			Total Sales & Use Tax Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	1,705,000	21,885	1,726,885	13,655,000	2,387,917	16,042,917
2012	0	0	0	12,490,000	1,832,051	14,322,051
2013	0	0	0	26,790,000	1,252,901	28,042,901
2014	0	0	0	16,300,000	401,675	16,701,675
Total	1,705,000	21,885	1,726,885	69,235,000	5,874,544	75,109,544

Component Unit
Parking Authority

	1998 Series		
	Principal	Interest	Total
2011	105,000	33,012	138,012
2012	110,000	28,340	138,340
2013	115,000	23,390	138,390
2014	120,000	18,043	138,043
2015	125,000	12,463	137,463
2016-2017	140,000	7,125	147,125
Total	715,000	122,373	837,373

Glossary of Key Budget Terms

AHTD - Arkansas Highway and Transportation Department.

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

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

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

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

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

Basis of Budgeting-The method used to determine when revenues and expenditures are recognized for budgetary purposes.

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

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

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

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

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

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

Capital Improvement Program(CIP) - A financial plan for construction of physical assets such as streets, bridges, buildings and recreational facilities.

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

COLA- Cost of living adjustment.

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.

Debt Service - The payment of principal and interest on borrowed funds such as bonds.

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

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

EDA - Economic Development Agency.

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

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

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

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

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

FSHA- Fort Smith Housing Authority.

FSPS- Fort Smith Public Schools

FTA- Federal Transit Authority

FTE- Full time equivalent which represents the positions authorized.

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

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

Funding Source - Revenue plus the prior year's unencumbered fund balance/working capital.

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

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

Hotel/Motel Tax - A tax assessed upon hotel/motel establishments within the City based upon occupancy. The tax is presently three percent of room rates.

ICMA-RC- International City Management Association Retirement Corporation.

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

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

IPMC- International Property Maintenance Code.

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

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

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

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

Net Assets- Assets less liabilities of a fund.

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

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

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

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

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

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

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

Revenue - Increases in net assets of a fund.

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

Service Objective- A performance effort by departments to accomplish the goals established by the Board of Directors.

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

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.

Tipping Point Report- A report commissioned by the Chamber of Commerce to provide strategies to improve the economic growth in the region.

UAFS- University of Arkansas at Fort Smith.

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

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

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

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

Fort Smith Notes



Fort Smith is located in western Arkansas and the Arkansas river divides Fort Smith from the border of Oklahoma. On December 25, 1817, an army post under the command of Major William Bradford was established entitled "Camp Smith" after Thomas A. Smith who ordered its establishment. The site was at La Belle Point on the Arkansas River in what is now Fort Smith. Captain John Rogers, known as the founder of Fort Smith, arrived in 1822. In 1840, the town of Arkansas was organized. The first municipal election was conducted January 14, 1841 with Charles A. Birnie elected as mayor. On December 24, 1842, Fort Smith was incorporated as a town. Fort Smith is the county seat of Sebastian County.

Fort Smith is located in western Arkansas on the border of Oklahoma and along the Arkansas River. It is the second largest city in Arkansas with a population of 86,000. The Fort Smith Metropolitan Statistical Area (MSA) is comprised of three counties in Arkansas (Sebastian, Crawford, and Franklin) and two counties in Oklahoma (Sequoyah and Leflore). The estimated population of the Fort Smith MSA is nearly 290,000.

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

The region's economy has been hurt by the Great Recession, and the unemployment rate for the Fort Smith Metropolitan area is 8.6%. The State of Arkansas unemployment is reported at 7.9%.

A Fortune Top 400 transportation and logistics company, ABF Freight Systems is headquartered in Fort Smith. Whirlpool, Planters, a division of Kraft Foods, Gerber, and a number of other major publicly held companies have longstanding and growing interests in the region.

In the past five years the region has successfully recruited a number of major industrial projects, bringing substantial capital investments and jobs. Mars Petcare recently completed an \$80 million facility, which produces its Cesar brand for small dogs. Mitsubishi Power Systems broke ground in late 2010 and a \$100 million wind turbine nacelle facility, which is scheduled for completion in late 2011. In addition, longstanding industrial businesses have made additional investments in their Fort Smith area facilities, including Gerber, Graphic Packaging, and Owens Corning.

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

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

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	83,461 (2006 Estimated)
Date of Incorporation	December 24, 1842
Date Form of Government Adopted	March 28, 1967
Miles of Street	505 miles
Number of Street Lights	6,029
Number of Traffic Signals	146
Water Supply	Lake Fort Smith and Lee Creek Reservoir
Annual Precipitation	45.92 inches (average)
Temperature Averages	Winter: 40 degrees F/5 degrees C Summer: 60.8 degrees F/28 degrees C

Fire Protection:

Number of Stations	10
Number of Firefighters and Officers	129

Police Protection:

Number of Stations	1
Number of Sub Stations	10
Number of Police Members and Officers	167

Municipal Water Department:

Number of Consumers	32,829
Number of Contract Communities	13
Production Capacity	59,000,000 gallons
Average Daily Production	23,567,000 gallons
Maximum Daily Consumption	37,004,000 gallons
Miles of Water Main	626 miles

Municipal Wastewater Department:

Number of Customers	29,984
Number of Contract Communities	1
Sanitary Sewers	515.7
Average Daily Sewer Flow	18,231,000 gallons

Municipal Solid Waste System:

Number of Accounts	26,174
Average Annual Refuse Collections	99,635.8 tons
Average Annual Refuse Disposal	286,017.9

Recreation and Culture:

Number of City Parks	25
Park Acreage	273.21
Trails and Greenways	3.9
Number of Swim Pools	1
Number of Wading Pools	3
Number of Community Centers	5
Splashpad	1
Number of Libraries	4 (67,000 square foot main and three neighborhood branches)
Number of Volumes	293,804
Convention Center	
Theater	
Area	1,331 seats with 4,200 square feet of stage
Number of Event Days	69
Exhibition Hall	
Area	40,000 square feet of space
Number of Event Days	119

<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.

City of Fort Smith
Schedule of Building Permits Issued for New Construction
For the Fiscal Year Ended December 31, 2001 through
December 31, 2010

Fiscal Year	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	Number of Units	Value	Number of Units	Value
2001	54	\$51,903,874	290	\$33,932,448
2002	71	\$45,602,511	551	\$48,343,083
2003	72	\$50,705,144	481	\$36,931,529
2004	48	\$18,970,339	394	\$42,274,420
2005	96	\$64,341,825	428	\$46,397,342
2006	84	\$58,517,215	342	\$31,729,635
2007	57	\$80,762,587	402	\$34,661,039
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

Source: City of Fort Smith Building Safety Department

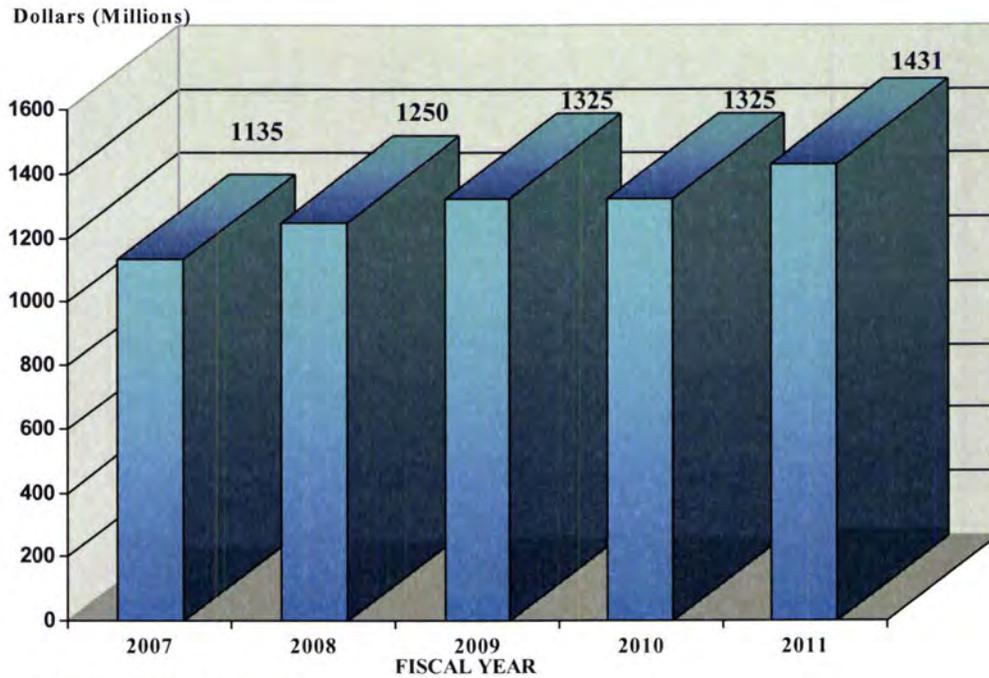
City of Fort Smith
Schedule of the Largest Employers By Number
of Employees

Company	Product	# Employees
Sparks Health System	Medical/Surgical Services	2,400
Baldor Electric	Electric Motors & Grinders	2,393
O K Foods	Poultry Processor	1,800
Fort Smith Public Schools	Primary & Secondary Education	1,783
St. Edward Medical Center	Medical/Surgical Services	1,487
Rheem-Ruud	Central Heating-A/C Equipment	1,157
Whirlpool Corp.	Refrigeration	1,130
University of Arkansas at Fort Smith	Higher Education	951
Arkansas Best Corporation	Trucking and Transportation	936
City of Fort Smith	Water Utilities	900

Source: Fort Smith Chamber of Commerce

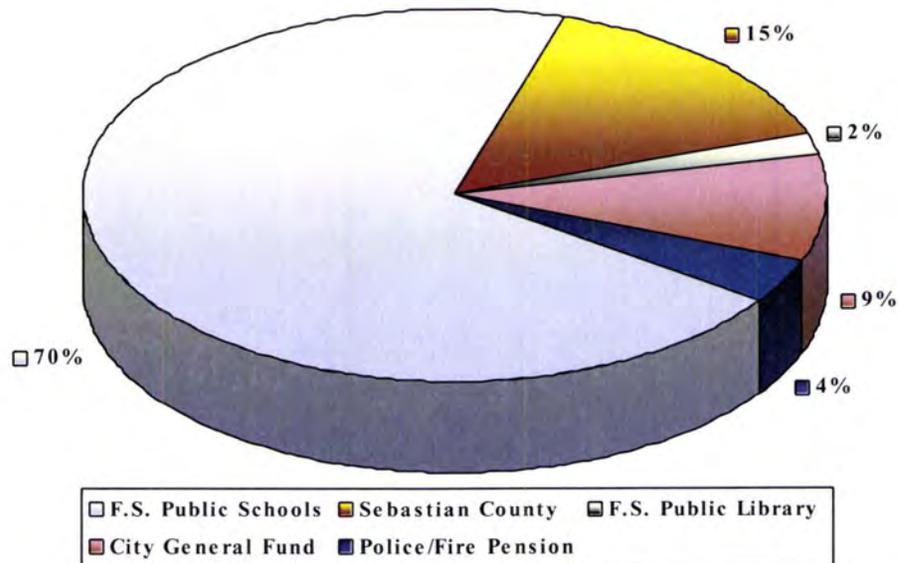
The following graphs indicate the assessed property values within the City limits for the past five years and the allocation of property taxes among the overlapping governments. The City's General Fund receives only 9% of the total real and personal property tax within the City limits.

Assessed Property Valuation



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

Allocation of Real Property Tax Rates For Taxes Payable FY11 for Overlapping Governments Within The City Limits



Source: Sebastian County Clerk's Office

Personnel Count Comparison

	2009 Actual	2010 Budget	2010 Estimated	2011 Budget
Policy & Administration				
Services Division				
4100 Mayor	2.00	2.00	2.00	2.00
4101 Board of Directors	7.00	7.00	7.00	7.00
4102 City Administrator	3.00	3.00	3.00	3.00
4111 Economic Development	2.00	2.00	2.00	2.00
4201 District Court	17.00	18.00	18.00	18.00
4202 City Prosecutor	2.00	2.00	2.00	2.00
4203 Public Defender	0.00	0.00	0.00	0.00
4204 City Attorney	0.00	0.00	0.00	0.00
4206 District Court-State Division	1.00	1.00	1.00	1.00
4405 Internal Audit	1.00	1.00	1.00	1.00
Total Policy & Administration	35.00	36.00	36.00	36.00
Management Services Division:				
4104 Human Resources	4.00	4.00	4.00	4.00
4105 City Clerk	2.63	3.00	3.00	3.00
4301 Finance	11.00	11.00	11.00	11.00
4303 Collections	6.00	6.00	6.00	6.00
4304 Utility Billing/Cust. Svc.	14.00	14.00	13.00	13.00
4306 Purchasing	2.00	2.00	2.00	2.00
4401 Information and Technology	9.00	9.00	9.00	9.00
6912 Public Parking Personnel	0.00	1.00	1.00	1.00
Total Management Services	48.63	50.00	49.00	49.00
Development Services Division				
4103 Engineering	19.00	19.00	19.00	19.00
4106 Planning	7.75	7.75	7.75	7.75
4107 CDBG	3.25	4.25	4.25	4.25
4108 Building Safety	11.00	11.00	11.00	11.00
6900 Neighborhood Services	8.00	8.00	8.00	8.00
Total Development Services	49.00	50.00	50.00	50.00

	2009 Actual	2010 Budget	2010 Estimated	2011 Budget
Police Services Division				
4701 Administration	3.00	5.00	5.00	5.00
4702 Support Services	48.25	55.25	55.25	50.00
4703 Criminal Investigations	41.00	40.00	40.00	42.00
4704 Patrol Operations	118.00	117.00	117.00	122.25
4705 Radio Communications	2.00	2.00	2.00	2.00
4706 Airport Security	3.00	3.00	3.00	3.00
6911 Police Grant	1.00	1.00	1.00	1.00
6920 Public Parking/Enforcement	4.00	4.00	4.00	4.00
Total Police Services Division	220.25	227.25	227.25	229.25
Fire Services Division				
4801 Administration	9.00	9.00	9.00	9.00
4802 Suppression & Rescue	123.00	123.00	123.00	123.00
Total Fire Services Division	132.00	132.00	132.00	132.00
Operation Services Division- Streets & Traffic Control				
5101 Administration	5.00	5.00	5.00	5.00
5302 Street Construction	11.44	11.44	11.44	11.44
5303 Street Drainage	19.04	19.04	19.04	19.04
5304 Street Maintenance	15.60	15.60	15.60	15.60
5401 Traffic Control Operations	13.16	13.16	13.16	13.16
5402 Signals	0.00	0.00	0.00	0.00
5403 Street Lighting	0.00	0.00	0.00	0.00
5405 Sign Shop	0.00	0.00	0.00	0.00
Total Streets & Traffic Control	64.24	64.24	64.24	64.24

	2009 Actual	2010 Budget	2010 Estimated	2011 Budget
Water & Sewer				
5501 Utilities Administration	15.00	15.00	16.00	15.00
5601 Water & Wastewater Treatment Administration	3.00	3.00	3.00	3.00
5603 Sewer Treatment	29.00	29.00	29.00	29.00
5604 Water Treatment	23.00	23.00	23.00	22.00
5605 Laboratory Services	9.00	9.00	9.00	9.00
5606 Wastewater Equipment Maintenance	14.00	14.00	14.00	14.00
5609 Industrial Waste Monitoring	5.69	5.69	5.69	4.69
5610 Water Line Maintenance	22.00	22.00	22.00	22.00
5611 Sewer Line Maintenance	24.00	24.00	24.00	24.00
5612 Construction Management	4.00	4.00	4.00	4.00
5613 Metering/Transmission Line Maintenance	21.50	21.50	21.50	21.50
5615 Water & Wastewater Line Maintenance Administration	12.00	12.00	12.00	12.00
5616 Water Stationary Equipment Maintenance	9.00	9.00	9.00	9.00
6700 Debt Service	0.00	0.00	0.00	0.00
Total Water & Sewer	191.19	191.19	192.19	189.19
Parks & Community Services				
6101 Health	0.00	0.00	0.00	0.00
6201 Parks Maintenance	20.50	20.50	20.50	20.50
6202 Oak Cemetery	3.50	3.50	3.50	3.50
6204 Community Centers	4.25	4.25	4.25	4.25
6205 Aquatics	4.85	4.85	4.85	4.85
6206 Riverfront/Civic Center/Downto	5.00	5.00	5.00	5.00
6207 The Park at West End	0.00	0.60	1.00	1.00
Total Parks & Community Services	38.10	38.70	39.10	39.10
Convention Center				
6203 Convention Center	15.00	13.50	13.50	13.50

	2009 Actual	2010 Budget	2010 Estimated	2011 Budget
Sanitation				
6301 Administration	6.00	6.00	6.00	6.00
6302 Residential Collections	25.00	24.00	24.00	25.00
6303 Commercial Collections	10.00	11.00	11.00	10.00
6304 Fleet & Grounds Maintenance	10.00	10.00	10.00	10.00
6305 Sanitary Landfill	17.00	17.00	17.00	17.00
6306 Debt Service	0.00	0.00	0.00	0.00
6307 Roll-Off Collection	10.00	10.00	10.00	10.00
Total Sanitation	<u>78.00</u>	<u>78.00</u>	<u>78.00</u>	<u>78.00</u>
Transit				
6550 Public Transit	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>
Total Operation Services Division	<u>422.53</u>	<u>421.63</u>	<u>423.03</u>	<u>420.03</u>
Non-Departmental				
6870 Convention & Visitors Bureau	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
Total FTE Personnel	<u>912.41</u>	<u>921.88</u>	<u>922.28</u>	<u>921.28</u>

Please note: This schedule includes position of Mayor and the seven Director positions. The reconciliation to the schedule on page 3 is as follows:

	2009 Actual	2010 Estimated	2011 Budget
Total FTE Personnel, this schedule	<u>912.41</u>	<u>922.28</u>	<u>921.28</u>
Program 4100 Mayor & 4101 Board of Directors	<u>(8.00)</u>	<u>(8.00)</u>	<u>(8.00)</u>
Total FTE Personnel, Schedule on page 3	<u>904.41</u>	<u>914.28</u>	<u>913.28</u>

GENERAL INDEX

A

- Accomplishments
 - discussed, II
- Accounting Control
 - discussed, 168
- Allocation of Personnel
 - graphic display, 3, 22
 - discussed, 22
 - schedule, 3, 22, 190-193
- Allocation of Property Tax Rates
 - graphic display, 189
- Annual Appropriated Budget - All Funds
 - discussed, IV-V, 13
 - graphic display, 14, 28
 - individual statements, 45-53
 - statement summaries, 7, 29-30
- Appropriation
 - defined, 181
 - distribution of -
 - FY11, 69-71
 - FY12, 72-74
- Assessed Property Valuation
 - defined, 181
 - debt limits, 178
 - discussed, 18
 - graphic display, 189
- Award
 - Distinguished Budget Presentation
 - discussed, iii, II
 - photo copy, iii

B

- Basis Difference
 - discussed, 5
- Basis of Accounting
 - defined, 181
 - discussed, 5, 168
- Bonded Indebtedness
 - discussed, 24-25, 176-177
 - graph, 177
 - schedules, 175, 179-180
- Budget Amendment
 - defined, 181
 - discussed, 5, 168
- Budget Calendar
 - defined, 181
 - schedule, 6
- Budget Format
 - discussed, vii-viii

- Budget Message
 - defined, 181
 - current year message, I-VIII
- Budget Organizational Structure
 - discussed, 165-167
- Budget Process
 - discussed, 5-6, 168
- Budget Requirements
 - discussed, 5, 168
- Budgetary Control
 - discussed, 168
- Budget to GAAP Difference
 - discussed, 5
- Building Permits
 - schedule, 188
 - statistics, 111

C

- CAFR
 - defined, 182
 - discussed, II, 5
- Capital Improvement Policies
 - presented, 9
- Capital Improvement Program
 - defined, 181
 - discussed, 23, 149-163
 - effects on operating budgets, 163
 - schedule, 23
- Capital Projects Funds
 - defined, 43
 - fund chart, 40
 - statements and definitions -
 - Sidewalk Construction Fund, 43, 49, 159
 - Sales and Use Tax Bond
 - Construction Fund, 43, 49, 158
- City Divisions
 - defined, 182
 - discussed, VII
- Policy and Administration Services
 - appropriations, 78, 82, 86
 - narrative, 78-87
 - organization chart, 77
- Management Services
 - appropriations, 90, 92, 95,
 - narrative, 90-101
 - organization chart, 88-89
- Development Services
 - appropriations, 104, 108
 - narrative, 104-112
 - organization chart, 102-103

- Police Services
 - appropriations, 114
 - narrative, 114-117
 - organization chart, 113
- Fire Services
 - appropriations, 119
 - narrative, 119-121
 - organization chart, 118
- Operation Services
 - Streets and Traffic Control
 - appropriations, 123
 - narrative, 123-125
 - organization chart, 122
 - Water and Sewer
 - appropriations, 128
 - narrative, 128-129
 - organization chart, 126
 - Parks and Recreation
 - appropriations, 131
 - narrative, 131-133
 - organization chart, 130
 - Convention Center
 - appropriations, 135
 - narrative, 135-136
 - organization chart, 134
 - Sanitation
 - appropriations, 138
 - narrative, 138-139
 - organization chart, 137
 - Transit
 - appropriations, 141
 - narrative, 141-142
 - organization chart, 140
 - Non-Departmental
 - appropriations, 143,
 - narrative, 140, 147-148
 - organizational chart, 146
 - schedule, 144-145
- Classification of Revenue Sources
 - descriptions of, 169-174
- Combined Division Summary -
 - Operating Funds
 - by division classification, 75
 - by expenditure/expense classification, 76
- Combined Statements
 - all funds, 27, 29-30
 - operating funds revenue, 60
- Comparative Statements
 - all funds, 27, 30
 - graphic display, 28
 - operating funds, 55
- Contingencies
 - discussed, VII-VIII
 - graphic display, General Fund, 19
 - reserve policies, 10
 - schedule, VIII

D

- Debt Margin
 - computation, 178
- Debt Policies
 - presented, 9
- Debt Service
 - defined, 182
 - discussed, 24-25, 176-178
 - maturity schedule, 179-180
 - graphic display, 177
 - schedule, 175

E

- Encumbrances
 - defined, 182
- Enterprise Funds
 - defined, 43
 - fund chart, 41
 - statements and definitions
 - Parking Authority, 43, 52
 - Sanitation Related -
 - Sanitation Operating Fund, 43, 51, 59, 67
 - Cleanup/Demolition Fund, 43, 51
 - Sanitation Sinking/Landfill
 - Construction Fund, 43, 51, 158
 - Soild Waste Bond Fund, 43, 51
 - Water and Sewer Related -
 - Water and Sewer Operating Fund, 43, 50, 58, 65
 - Water and Sewer Depreciation Fund, 43, 50
 - Water and Sewer Bond Fund, 44, 50
 - Water and Sewer Capital Improvement Projects Fund, 44, 50, 156-157
- Expenditure\Expense Distribution
 - operating funds allocation -
 - by operating fund, VII
 - by service division, VII, 75
 - by use, VII, 76
 - discussed, VI-VII
 - FY11, 69-71
 - FY12, 72-74

F

Financial Reporting Policies
presented, 11-12

Financial Structure
defined, 39

Fiscal Performance Policies
discussed, 7
presented, 7-12

Franchise Tax Comparison
schedule, 17

Fund Balance
defined, 182
discussed, I, 5, 19-20
graphic display for General Fund, 19

Fund Structure
defined, 39
charts, 40, 41

Funding Source
defined, 182
programs, 165-167

Future Notes
discussed, III-IV

G

General Fund
comparative statement, 56
defined, 42
discussed, 18-19
fund chart, 40
graphic display, 16-17, 19, 62
revenue comparisons, 61-62
statement, 45, 56

General Obligation Bonds
defined, 182

Goals and Objectives
city, III

correlation of departmental goals
with citywide goals, IX-XII
2011 departmental, 78-80,82-83,86,90,92,95,
98,104,108,114-115,119,123,128,131,135,138
141,147
2010 Goals/Service Objectives & Results
city, II-III
departmental, 80-81,83-84,86-87,90-91,92-93,
95-96,99-101,104-106,109-110,115-116,120,123-124,
129,132,135-136,138,141,148

Graphic Displays
allocation of full-time personnel, 3
allocation of property tax rates, 189
appropriations by expenditure/expense
classification, 76

appropriations by service division, 75
assessed property valuation, 189
comparison of total revenues -
Operating Funds, 60
General Fund, 62
Street Maintenance Fund, 63
Water and Sewer Operating Fund, 65
Sanitation Operating Fund, 67
debt outstanding, 175
fund balance, General Fund, 19
personnel authorizations, 3, 22
revenue analyses, 31-33, 35-37
sales tax revenues, 149
sources of funds, 14,16
total sources and total appropriations -
Operating Funds, 16-17
General Fund, 16-17
Street Maintenance Fund, 16-17
Water and Sewer Operating Fund, 16-17
Sanitation Operating Fund, 16-17
uses of funds, 14, 17

H

Historical Notes
presented, 185

I

Internal Controls
discussed, 168

Internal Service Funds
defined, 44
fund chart, 41
statements and definitions -
Working Capital Fund, 44, 53
Employee Insurance Fund, 44, 53
Workers' Compensation Fund, 44, 53

Investment and Cash Management
Policies
presented, 10-11

L

Legal Debt Margin
computation, 178

M

- Major Policy Initiatives
City, III
- Management Team
listed, i
- Message Summary
discussed, VIII
- Mission Statement,
defined, 183
presented, ii

N

- Non-Departmental
defined, 183
discussed, 143
schedule, 144-145

O

- Operating Expenditure/Expense
Policies
presented, 8
- Operating Funds
defined, 183
discussed, 15, 18-21
graphic display, 16-17, 60
- Organization Charts
City wide, 1
Divisions -
Policy and Administrative Services, 77
Management Services, 88-89
Development Services, 102-103
Police Services, 113
Fire Services, 118
Operation Services -
Streets and Traffic Control, 122
Water and Sewer System, 126-127
Parks and Recreation, 130
Convention Center, 134
Sanitation, 137
Transit, 140
Convention and Visitors Bureau, 146

P

- Pension Trust Funds
discussed, 23

Personnel

- allocation by expenditure/
expense classification, 2
count comparison, 190-193
 - discussed, 22
 - graphic display, 3, 22
 - listing of authorized
positions, 2, 190-193
- ## **Program**
- defined, 183
 - discussed, 165
 - funding sources, 165-167

R

- Reserve Policies
presented, 10
- Retirement Plans,
discussed, 23
- Revenues
classification of, 169-174
comparative statements, 60, 61, 63, 65, 67
defined, 183
discussed, V-VI, 62, 64, 66, 68
graphic display, 60, 62, 63, 65, 67
major analyses, 31-37
schedule, VI
- Revenue Bonds
defined, 183
discussed, 24-25, 176-177
schedule, 175, 179-180
- Revenue Policies
presented, 7

S

- Sales and Use Tax Bond Fund
defined, 43
statement, 48
- Sales & Use Tax Bond Construction Fund
capital improvement program, 158
defined, 43
statement, 49
- Sales Tax Fund
capital improvement program, 149-155
defined, 42
graphic display, 149
schedule of monthly revenue, 154
statement, 46
- Sanitation Operating Fund
comparative statement, 59
defined, 43
discussed, 21
graphic display, 16-17

- revenue comparisons, 67-68
- statements, 51, 59
- Service Measures/Outcomes and Workload Demand
 - Statistics by Division
 - Policy and Administration, 84-85
 - Management Services, 91, 93-94, 97
 - Development Services, 106, 111-112
 - Police Services, 116-117
 - Fire Services, 120-121
 - Operation Services -
 - Street and Traffic Control, 125
 - Water and Sewer System, 129
 - Parks and Recreation, 133
 - Sanitation, 139
 - Transit, 142
 - Non-Departmental-
 - Convention and Visitors Bureau, 148
- Sinking Account
 - defined, 184
 - discussed, 163
- Sources of Funds
 - discussed, 13, 15
 - graphic display, 14, 16
- Special Revenue Funds
 - defined, 42
 - fund chart, 40
 - statements and definitions -
 - Street Maintenance Fund, 42, 46
 - Sales Tax Fund, 42, 46
 - Community Development Block
 - Grant Fund, 42, 46
 - HOME Investment Partnership
 - Act Fund, 42, 46
 - Special Grants Fund, 42, 47
 - Tilles Park Fund, 42, 47
 - Advertising and Promotion
 - Fund, 42, 47
 - Arkansas LOPFI Contribution
 - Fund, 42, 47
 - Convention Center Fund, 42, 47
- Street Maintenance Fund
 - comparative statement, 57
 - defined, 42
 - discussed, 20
 - graphic display, 16-17
 - revenue comparisons, 63-64
 - statements, 46, 57

T

- Table of Contents
 - presented, vi-vii
- Ten Largest Employers
 - schedule, 188
- Top Priorities
 - presented, III

U

- Unencumbered Balance,
 - defined, 184
- Uses of Funds
 - discussed, 13, 15, 18-21
 - graphic display, 14, 16-17, 75-76

V

- Values Statement,
 - defined, 184
 - presented, ii
- Vision Statement,
 - defined, 184
 - presented, ii

W

- Water and Sewer Operating
 - Fund
 - comparative statement, 58
 - defined, 43
 - discussed, 21
 - graphic display, 16-17
 - revenue comparisons, 65-66
 - statements, 50, 58
- Working Capital,
 - defined, 184
 - discussed, I, 5, 21
- Working Capital Fund
 - defined, 44
 - statement, 53