Mayor – Sandy Sanders

City Administrator – Ray Gosack

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Keith D. Lau
Ward 2 – Andre' Good
Ward 3 – Mike Lorenz
Ward 4 – George Catsavis
At Large Position 5 – Tracy Pennartz
At Large Position 6 – Kevin Settle
At Large Position 7 – Don Hutchings

AGENDA

Fort Smith Board of Directors
STUDY SESSION
May 26, 2015 ~ 12:00 Noon
Elm Grove Community Center
1901 North Greenwood Ave

CALL TO ORDER

1. Discuss police and fire pension funding *~ Lau / Settle placed on agenda at the January 6, 2015 regular meeting ~*

2. Review preliminary agenda for the June 2, 2015 regular meeting

ADJOURN

1

MEMORANDUM

May 22, 2015

TO: Mayor and Board of Directors

FROM : Ray Gosack, City Administrator

SUBJECT: Police and Fire Pension Funding

The resources to meet police and fire pension funding obligations have been declining since 2008. Without a solution, our pension contribution fund is estimated to exhaust all of its resources in 2019. This report will:

- Provide background information about the pension plans.
- Discuss the current trend.
- Identify the factors which influence the city's pension funding requirements.
- Discuss possible solutions to close the funding gap.
- Make recommendations to keep the pension contribution fund in a solid and sustainable financial condition.

BACKGROUND

The city is mandated by state law to provide a defined benefit pension plan for its sworn police and fire employees. A defined benefit plan guarantees participants and their surviving spouses a monthly retirement benefit amount for their entire lives. The pension benefit amount is generally based on an employee's pay rate, years of service, and the selected benefit program. The benefit levels are determined by the state and by

the city.

The police and fire pension funding shortfall affects many cities in Arkansas (and across the country). This past legislative session, the legislature considered some possible solutions to the pension funding shortfall problem. However, none of those solutions were enacted. The legislature's next opportunity to address the problem will be in 2017. It appears that cities will be on their own to solve the problem, particularly since our pension contribution fund is projected to be depleted in 2019.

Fort Smith participates in the statewide Local Police and Fire Retirement System known as LOPFI. Fort Smith makes its pension funding payments to LOPFI, which then invests the funds and administers the pension benefit payments to retired employees. Fort Smith accounts for its pension revenues and its pension funding obligations made to LOPFI in the city's LOPFI Contribution Fund.

Detailed information about the history of Fort Smith's fire pension plan is available at http://fortsmithar.gov/firedepartment and clicking on the documents tab. Much of the information in this report is also applicable to the police pension plan. My thanks goes to Fire Chief Mike Richards for preparing this information.

CURRENT TREND

Our projections show that the city's LOPFI Contribution Fund will be depleted in 2019. In 2015, we project that the city will spend $1.2 million more than it receives in this fund. The annual deficit grows to an estimated $3.1 million by 2022 as shown on the spreadsheet labeled attachment 1.

The funding sources for the LOPFI Contribution Fund and the estimated amounts for 2015 are:

Property tax revenues	$2,756,719
1/8% city sales tax revenue for new fire positions	$ 521,160
State Insurance Tax Turnback	$1,360,000

Fines	$ 137,000
Interest	$ 6,000
Employee Contributions	$1,567,840

The funding gap is affected by returns on investments (discussed below). As attachment 1 shows, the first large funding deficit was in 2009, which is shortly after the Great Recession began. A portion of the funding problem should improve as investments recover from the effects of the Great Recession. Even with this improvement, we estimate there will be an ongoing funding gap of $1.4 to $7.0 million per year for the foreseeable future. The average from 2016-2030 is $3.8 million.

FACTORS INFLUENCING FUNDING REQUIREMENTS

Numerous factors affect the pension funding obligations. A discussion of each follows.

Number of Employees. The number of employees in the plan affects the city's pension funding obligations. The more employees, the greater the pension funding obligation for the city.

Pay Rates. The rates of pay provided by the city to its employees affect the pension funding requirements. As pay rates increase, the amount of future pension payments also increases. The increase in pension payment amounts requires more funding to keep the pension plan solvent.

Benefit Levels. The level of benefits (the monthly pension amounts received by retirees) also affects the funding requirements. Some of these benefit amounts are determined by the state. The city does have some control over the benefit amounts. One of the most significant of these was the decision in 2003 to move from benefit program 1 to benefit program 2. More information about this is at attachment 2.

Rate of Return on Investments. The pension contributions from both the city and its employees are invested by LOPFI to produce earnings for the benefit of the pension plans. When the rate of return on investments is higher, the pension funding obligations

of the employer decrease. When investment earnings are lower or investments are losing value (such as during and after the Great Recession), the employer's pension funding obligations increase. The rate of return on investments can significantly affect the employer's funding obligations.

Employee Contribution Levels. The amount of employee contributions affects the amount of resources available in the pension fund. Employee contributions are 8.5% of earnings regardless of the financial condition of the pension funds. This amount was last increased in 2009 from 6.0% when benefit levels were increased. (NOTE: LOPFI participants don't participate in social security. They don't make the employee contribution of 6.2% of earnings, and the city doesn't pay the employer social security contribution of 6.2% for these employees. The employees aren't eligible for social security benefits unless they've had other qualifying employment.)

Employer Contributions. Pension funding obligations not covered by investment returns and employee contributions are the responsibility of the employer. The employer is solely responsible for all remaining pension funding obligations. Each year, an actuary determines the future benefit obligations and the annual funding needed to support those obligations. After considering the value of plan assets, the rate of investment return on those assets, and employee contributions, the actuary calculates the employer contribution that is required to keep the pension plan fully funded.

POSSIBLE SOLUTIONS

Solutions to the pension funding deficit fall into 2 general categories: reduce pension funding obligations and increase funding into the pension plans.

Reduce Pension Funding Obligations

Return to Benefit Program 1. In 2003, Fort Smith chose to enhance its benefit levels by opting to participate in benefit program 2. We're one of only 3 fire departments and 5 police departments in the state to offer this enhanced benefit level. All others are in benefit program 1. Returning to benefit program 1 is estimated to save the city nearly $450,000 in 2016 and more each year

thereafter.

Analyze Impacts of Pay Adjustments, Staffing Increases, and Benefit Level Changes. When pay adjustments, staffing increases, or benefit level changes are considered, the impact of those increases on pension funding obligations should be analyzed and considered. We did this in 2012 when several new positions were added to the fire department. The pension obligations for these new employees are covered from the city sales tax revenue earmarked for fire service improvements. This type of analysis should be a regular practice when we consider expanding the workforce.

Increased Pension Funding

Business License Fee. Reinstating the business license fee is estimated to generate $1.4 to $1.8 million per year that could be dedicated to police and fire pension funding obligations. Attachments 3 and 4 provide information with details about two options for how this fee could be implemented. A business license fee was in place until 1994 when the countywide sales tax was first approved by voters. The fee was rescinded when the sales tax was approved.

Franchise Fees. The current franchise fee rate for electric, telephone, gas, and cable TV could be increased from 4.00% to 4.25% (and up to 5% on cable TV). This additional 1/4% would generate an estimated $423,000 annually. A rate of 5% on cable TV would produce an additional $131,000 annually (above a 4.25% franchise fee rate).

A franchise fee on water, sewer, and sanitation services could be enacted. A 1% franchise fee on each service would generate the following estimated amounts annually:

Water	$181,000
Sewer	$151,000
Sanitation	$ 91,000
TOTAL	$423,000

A franchise fee on these services may not be desirable given the

recently-enacted sewer rate adjustments.

Reduce General Fund Spending. Another option is to reduce General Fund spending and earmark those savings for police and fire pension funding. As you know from the 2015 budget review, such spending reductions would require significant changes to existing General Fund service levels, particularly in police, fire, parks or development services.

RECOMMENDATIONS

The following recommendations are made to address the police and fire pension funding shortfall.

1) ***Return to benefit program 1.*** This is in line with what the vast majority of police and fire departments in Arkansas offer. Estimated savings: $520,000 (average).

2) ***Increase the franchise fee*** on electric, telephone, and gas from 4.00% to 4.25% and on cable TV from 4.00% to 5.00%. Additional revenue: $554,000.

3) ***Implement a business license fee*** (option 2, which limits the employee excise fee on smaller employers). Additional revenue: $1,435,200.

   A spreadsheet which shows the impact of these recommendations on the LOPFI Contribution Fund is attachment 5. The spreadsheet shows that the fund will remain solvent through at least 2026.

4) ***Undertake a pension funding impact analysis*** when pay rate adjustments, staffing increases, or benefit level changes are proposed. This will allow for informed decision making about the consequences of such changes on the financial condition of the city's LOPFI Contribution Fund.

CONCLUSION

These recommendations demonstrate reasonable cost control measures by the city and a sustainable recurring revenue mix to keep the LOPFI Contribution Fund solvent for many years to come. This is another step in the city's plan to improve its financial condition in a sustainable manner.

Attachments

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2014, and Budget 2015

Attachment 1

	1999	2000	2001	2002	2003	2004	2005
Revenues							
Taxes	$ 1,467,641	$ 1,549,498	$ 1,665,741	$ 1,806,753	$ 1,859,859	$ 1,902,588	$ 2,027,640
1/8% Sales Tax for Fire Personnel	-	-	-	-	-	-	-
Intergovernmental	994,661	942,044	823,694	833,481	1,334,401	902,101	978,008
Fines and forfeitures	122,734	90,221	120,274	115,436	118,229	119,348	130,301
Interest	370,871	503,569	455,043	248,309	177,261	180,885	351,957
Contributions	738,432	827,858	811,389	791,586	765,030	773,610	807,281
Miscellaneous	2,385	705	7,639	1,374	2,068	3,118	1,847
Total revenues	3,696,724	3,913,895	3,883,780	3,796,939	4,256,848	3,881,650	4,297,034
Expenditures							
Current:							
Public safety	2,872,646	3,442,391	3,376,525	2,617,817	-	-	-
Police	-	-	-	-	1,288,272	2,045,686	1,736,439
Fire	-	-	-	-	1,620,821	1,192,074	1,972,552
Total expenditures	2,872,646	3,442,391	3,376,525	2,617,817	2,909,093	3,237,760	3,708,991
Net Change in Fund Balance	824,078	471,504	507,255	1,179,122	1,347,755	643,890	588,043
Fund Balance, January 1	7,534,566	8,358,644	8,830,148	9,337,403	10,516,525	11,864,280	12,508,170
Fund Balance, December 31	$ 8,358,644	$ 8,830,148	$ 9,337,403	$ 10,516,525	$ 11,864,280	$ 12,508,170	$ 13,096,213

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2014. Budget 2015 is from the published 2015 Budget.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2014, and Budget 2015
(Continued)

Attachment 1

	2006	2007	2008	2009	2010	2011	2012
Revenues							
Taxes	$ 2,104,881	$ 2,055,819	$ 2,208,179	$ 2,517,277	$ 2,573,495	$ 2,653,362	$ 2,612,603
1/8% Sales Tax for Fire Personnel	-	-	-	-	-	-	32,839
Intergovernmental	911,307	977,845	961,177	796,055	986,895	838,250	1,238,324
Fines and forfeitures	127,185	130,753	142,680	129,627	134,666	129,965	141,387
Interest	561,225	598,061	377,247	142,383	15,672	3,023	22,481
Contributions	853,815	862,049	873,010	1,162,549	1,337,930	1,341,058	1,361,829
Miscellaneous	4,941	5,514	5,050	1,307	1,128	74	726
Total revenues	4,563,354	4,630,041	4,567,343	4,749,198	5,049,786	4,965,732	5,410,189
Expenditures							
Current:							
Public safety	-	-	-	-	-	-	-
Police	2,197,999	2,268,678	2,138,683	2,854,852	2,935,234	3,212,784	3,112,104
Fire	2,113,730	2,197,621	2,462,431	2,725,106	3,267,780	3,175,842	3,464,938
Total expenditures	4,311,729	4,466,299	4,601,114	5,579,958	6,203,014	6,388,626	6,577,042
Net Change in Fund Balance	251,625	163,742	(33,771)	(830,760)	(1,153,228)	(1,422,894)	(1,166,853)
Fund Balance, January 1	13,096,213	13,347,838	13,511,580	13,477,809	12,647,049	11,493,821	10,070,927
Fund Balance, December 31	$ 13,347,838	$ 13,511,580	$ 13,477,809	$ 12,647,049	$ 11,493,821	$ 10,070,927	$ 8,904,074

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2014. Budget 2015 is from the published 2015 Budget.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended December 31, 1999 - 2014, and Budget 2015
(Continued)

Attachment 1

	2013	2014	Budget 2015
Revenues			
Taxes	$ 2,679,577	$ 2,739,054	$ 2,756,719
1/8% Sales Tax for Fire Personnel	417,907	499,751	521,160
Intergovernmental	1,366,857	1,439,262	1,360,000
Fines and forfeitures	129,528	121,711	137,000
Interest	18,183	20,999	6,000
Contributions	1,428,984	1,414,099	1,567,840
Miscellaneous	1,221	1,795	1,200
Total revenues	6,042,257	6,236,671	6,349,919
Expenditures			
Current:			
Public safety	-	-	-
Police	3,351,662	3,197,703	3,424,920
Fire	4,002,720	3,999,734	4,085,870
Total expenditures	7,354,382	7,197,437	7,510,790
Net Change in Fund Balance	(1,312,125)	(960,766)	(1,160,871)
Fund Balance, January 1	8,904,074	7,591,949	6,631,183
Fund Balance, December 31	$ 7,591,949	$ 6,631,183	$ 5,470,312

Sources: Comprehensive annual financial reports (CAFR) for the fiscal years 1999 through 2014. Budget 2015 is from the published 2015 Budget.

Note: The application of GASB Statement No. 34 began with the 2003 CAFR. Prior to this year, the expenditures were classified as public safety rather than classified as either Police or Fire.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030

Attachment 1

	2016	2017	2018	2019	2020	2021	2022	2023
Revenues								
Taxes	$ 2,811,853	$ 2,868,090	$ 2,925,452	$ 2,983,961	$ 3,043,640	$ 3,104,513	$ 3,166,603	$ 3,229,935
1/8% Sales Tax for Fire Personnel	536,795	552,900	569,500	586,585	604,100	622,200	640,800	660,000
Intergovernmental	1,440,000	1,440,000	1,440,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Fines and forfeitures	125,000	125,000	125,000	125,000	130,000	130,000	130,000	130,000
Interest	10,000	8,000	5,000	3,000	-	-	-	-
Contributions	1,583,540	1,599,240	1,614,922	1,630,603	1,646,346	1,662,003	1,677,666	1,693,243
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	6,508,388	6,594,430	6,681,074	6,780,349	6,875,286	6,969,916	7,066,269	7,164,378
Expenditures								
Current:								
Police	3,596,166	3,775,974	3,964,773	4,163,012	4,371,163	4,572,674	4,696,136	4,930,943
Fire	4,268,100	4,438,824	4,660,765	4,893,803	5,089,555	5,293,137	5,451,931	5,724,528
Total expenditures	7,864,266	8,214,798	8,625,538	9,056,815	9,460,718	9,865,811	10,148,067	10,655,471
Net Change in Fund Balance	(1,355,878)	(1,620,368)	(1,944,464)	(2,276,466)	(2,585,432)	(2,895,895)	(3,081,798)	(3,491,092)
Fund Balance, January 1	5,470,312	4,114,434	2,494,066	549,602	(1,726,864)	(4,312,296)	(7,208,190)	(10,289,988)
Fund Balance, December 31	$ 4,114,434	$ 2,494,066	$ 549,602	$ (1,726,864)	$ (4,312,296)	$ (7,208,190)	$ (10,289,988)	$ (13,781,081)

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City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030

Attachment 1

	2024	2025	2026	2027	2028	2029	2030
Revenues							
Taxes	$ 3,294,534	$ 3,360,425	$ 3,427,633	$ 3,496,186	$ 3,566,110	$ 3,637,432	$ 3,710,180
1/8% Sales Tax for Fire Personnel	673,200	686,600	700,300	714,000	728,200	742,750	757,600
Intergovernmental	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000
Fines and forfeitures	130,000	130,000	140,000	140,000	140,000	140,000	140,000
Interest	-	-	-	-	-	-	-
Contributions	1,715,342	1,737,770	1,760,435	1,783,646	1,806,911	1,830,388	1,854,135
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	7,274,276	7,375,995	7,489,568	7,595,032	7,702,421	7,811,770	7,923,115
Expenditures							
Current:							
Police	5,177,490	5,436,365	5,708,183	5,993,592	6,293,272	6,607,935	6,938,332
Fire	6,010,754	6,311,292	6,626,856	6,958,199	7,306,109	7,671,415	8,054,985
Total expenditures	11,188,244	11,747,656	12,335,039	12,951,791	13,599,381	14,279,350	14,993,317
Net Change in Fund Balance	(3,913,968)	(4,371,662)	(4,845,471)	(5,356,759)	(5,896,960)	(6,467,580)	(7,070,202)
Fund Balance, January 1		(3,913,968)	(8,285,630)	(13,131,101)	(18,487,860)	(24,384,820)	(30,852,400)
Fund Balance, December 31	$ (3,913,968)	$ (8,285,630)	$ (13,131,101)	$ (18,487,860)	$ (24,384,820)	$ (30,852,400)	$ (37,922,602)

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Attachment 2

LOPFI Benefit Program 1 and Benefit Program 2 Comparison

The following comparison illustrates the percentage of retirement benefit a LOPFI Fire or Police member would earn after working all 28 years of LOPFI service under BP 1 or BP 2. The 28 years of service is used as an example due to state law requiring a LOPFI member to have 28 years of service or be age 55 with 20 years of service to be eligible for a normal retirement.

Benefit Program	Multiplier		Years of Service	Percentage of Retirement Benefit* **
BP 1	2.94	0.0294	28	82.32%
BP 2	3.28	0.0328	28	91.84%

The following comparison illustrates the number of years a LOPFI Fire or Police member would have to work under BP 1 or BP 2 to reach his/her maximum retirement benefit before retiring.

Benefit Program	Multiplier		Years of Service	Percentage of Retirement Benefit* **
BP 1	2.94	0.0294	34.014	100.00%
BP 2	3.28	0.0328	30.489	100.00%

*** Note 1 -** The "Percentage of Retirement Benefit" *does not mean* the employee's pay at retirement. The employee's retirement beneift is calculated by the member's Final Average Pay (FAP) x Current Multiplier x Service Credit x the beneficiary option chosen. The FAP is the monthly average of the highest 36 consecutive months of paid LOPFI service during the last ten (10) years of LOPFI-covered employment.

****Note 2** - It is also important to note that all Fort Smith Fire and Police LOPFI members that have been employed by the City since 2004 will have a final percentage somewhere in between the 82.32% & 100% shown in this example.

City of Fort Smith, Arkansas
Occupation Licenses & Fees
Estimated for 2016

Attachment 3

	Accounts	Fee	Total
Revenues:			
Business Licenses (Note 1)			
Active Registrations	5,077	$ 150	$ 761,550
Employee Excise Fees (Note 2)	60,727	$ 20	1,214,540
Total Revenues			1,976,090
Expenditures:			
Personnel			114,510
Operating			10,000
Capital			46,000
Total Expenditures			170,510
Net Revenues			$ 1,805,580

Note 1: Each business entity and each professional license will be $150 per year.

Note 2: Each business entity will pay $20 per employee up to a maximum of 500 employees or $10,000 per year. This would be applied to all entities from zero employees to 500 employees.

City of Fort Smith, Arkansas
Occupation Licenses & Fees
Waiving Excise Fees for Smaller Employers
Estimated for 2016

Attachment 4

	Accounts	Fee	Total
Revenues:			
Business Licenses (Note 1)			
Active Registrations	5,077	$ 150	$ 761,550
Employee Excise Fees (Note 2)	42,208	$ 20	844,160
Total Revenues			1,605,710
Expenditures:			
Personnel			114,510
Operating			10,000
Capital			46,000
Total Expenditures			170,510
Net Revenues			$ 1,435,200

Note 1: Each business entity and each professional license will be $150 per year.

Note 2: Each business entity will pay $20 per employee for employees totaling from 26 to a maximum of 500 employees. Business entities with 25 or fewer employees would not be charged excise fees. The maximum excise fee for an entitiy with 500 or more employees would be $10,000 per year.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Projections with Business Licenses and Fees Net Revenue, Additional
Franchise Fees and Rescinding Benefit Plan 2
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030

Attachment 5

	2016	2017	2018	2019	2020	2021	2022	2023
Revenues								
Taxes - Ad Valorem	$ 2,811,853	$ 2,868,090	$ 2,925,452	$ 2,983,961	$ 3,043,640	$ 3,104,513	$ 3,166,603	$ 3,229,935
1/8% Sales Tax for Fire Personnel	536,795	552,900	569,500	586,585	604,100	622,200	640,800	660,000
Franchise Fees (Note 1)	554,000	562,000	570,000	578,000	586,000	595,000	604,000	613,000
Licenses and Permits (Note 2)	1,437,700	1,452,000	1,466,000	1,480,000	1,495,000	1,510,000	1,525,000	1,540,000
Intergovernmental	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Fines and forfeitures	138,000	138,000	140,000	140,000	140,000	140,000	141,000	141,000
Interest	30,000	32,000	35,000	40,000	45,000	45,000	45,000	40,000
Contributions	1,583,540	1,599,240	1,614,922	1,630,603	1,646,346	1,662,003	1,677,666	1,693,243
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	8,453,088	8,565,430	8,682,074	8,800,349	8,921,286	9,039,916	9,161,269	9,278,378
Expenditures								
Current:								
Police	3,596,166	3,775,974	3,964,773	4,163,012	4,371,163	4,572,674	4,696,136	4,930,943
Police BP2 Costs (Note 3)	(227,107)	(233,921)	(240,938)	(248,166)	(254,371)	(262,002)	(268,552)	(275,266)
Fire	4,268,100	4,438,824	4,660,765	4,893,803	5,089,555	5,293,137	5,451,931	5,724,528
Fire BP2 Costs (Note 3)	(220,427)	(227,040)	(233,851)	(240,867)	(248,093)	(254,295)	(260,652)	(267,169)
Total expenditures	7,416,732	7,753,838	8,150,749	8,567,782	8,958,255	9,349,514	9,618,863	10,113,037
Net Change in Fund Balance	1,036,356	811,593	531,325	232,567	(36,969)	(309,598)	(457,594)	(834,659)
Fund Balance, January 1	5,470,312	6,506,668	7,318,261	7,849,586	8,082,153	8,045,184	7,735,586	7,277,992
Fund Balance, December 31	$ 6,506,668	$ 7,318,261	$ 7,849,586	$ 8,082,153	$ 8,045,184	$ 7,735,586	$ 7,277,992	$ 6,443,333

Note 1: The franchise fees represent the additional 1/4% assessment for electric, natural gas, telephone and video charges and an additional 1% fee charged for cable services.

Note 2: This schedule was prepared as if the net revenue from business licenses and fees is allocated to this fund beginning in 2016. The net revenue from occupation licenses and fees with excise fees waived for smaller employers has been used in this schedule.

Note 3: The expenditures have been adjusted to reflect the rescinding of Benefit Plan 2 for all members. This reduces the contribution percentage each year by 2.5% beginning in 2016.

City of Fort Smith, Arkansas
Arkansas LOPFI Contribution Fund (1109)
Projections with Business Licenses and Fees Net Revenue, Additional
Franchise Fees and Rescinding Benefit Plan 2
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ending December 31, 2016 through 2030
(Continued)

Attachment 5

	2024	2025	2026	2027	2028	2029	2030
Revenues							
Taxes - Ad Valorem	$ 3,294,534	$ 3,360,425	$ 3,427,634	$ 3,496,187	$ 3,566,111	$ 3,637,433	$ 3,710,182
1/8% Sales Tax for Fire Personnel	673,200	686,600	700,300	714,000	728,200	742,750	757,600
Franchise Fees (Note 1)	622,000	631,000	640,000	649,000	658,000	668,000	678,000
Licenses and Permits (Note 2)	1,555,000	1,570,000	1,585,000	1,600,000	1,616,000	1,632,000	1,648,000
Intergovernmental	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Fines and forfeitures	141,000	141,000	141,000	141,000	141,000	141,000	141,000
Interest	40,000	40,000	40,000	30,000	30,000	30,000	30,000
Contributions	1,715,342	1,737,770	1,760,435	1,783,646	1,806,911	1,830,388	1,854,135
Miscellaneous	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total revenues	9,402,276	9,527,995	9,655,569	9,775,033	9,907,422	10,042,771	10,180,117
Expenditures							
Current:							
Police	5,177,490	5,436,365	5,708,183	5,993,592	6,293,272	6,607,935	6,938,332
Police BP2 Costs (Note 3)	(282,147)	(289,201)	(262,002)	(268,552)	(275,266)	(282,147)	(289,201)
Fire	6,010,754	6,311,292	6,626,856	6,958,199	7,306,109	7,671,415	8,054,985
Fire BP2 Costs (Note 3)	(273,848)	(280,694)	(254,295)	(260,652)	(267,169)	(273,848)	(280,694)
Total expenditures	10,632,249	11,177,762	11,818,742	12,422,587	13,056,947	13,723,355	14,423,422
Net Change in Fund Balance	(1,229,973)	(1,649,767)	(2,163,173)	(2,647,554)	(3,149,525)	(3,680,584)	(4,243,305)
Fund Balance, January 1	6,443,333	5,213,360	3,563,593	1,400,420	(1,247,134)	(4,396,659)	(8,077,243)
Fund Balance, December 31	$ 5,213,360	$ 3,563,593	$ 1,400,420	$ (1,247,134)	$ (4,396,659)	$ (8,077,243)	$ (12,320,548)

Note 1: The franchise fees represent the additional 1/4% assessment for electric, natural gas, telephone and video charges and an additional 1% fee charged for cable services.

Note 2: This schedule was prepared as if the net revenue from business licenses and fees is allocated to this fund beginning in 2016. The net revenue from occupation licenses and fees with excise fees waived for smaller employers has been used in this schedule.

Note 3: The expenditures have been adjusted to reflect the rescinding of Benefit Plan 2 for all members. This reduces the contribution percentage each year by 2.5% beginning in 2016.

The City of Fort Smith ARKANSAS

May 18, 2015

TO: Members of the Board of Directors
Members of the Historic District Commission

RE: Appointments:

The terms of Ms. Dianne Morrison and Mr. Scott Martin of the Historic District Commission will expire July 31st, 2015. In accordance with Ordinance No. 2926 applications for these prospective vacancies are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on June 10th, 2015. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

Ray Gosack

Ray Gosack
City Administrator

623 Garrison Avenue
P.O. Box 1908
Fort Smith, Arkansas 72902
(479) 785-2801
www.fortsmithar.gov

Printed on 100% Recycled Paper

The City of Fort Smith ARKANSAS

May 18, 2015

TO: Members of the Board of Directors
Members of the Outside Agency Review Panel

RE: Appointments:

The term of Ms. Sharon Barr of the Outside Agency Review Panel will expire July 17th, 2015. In accordance with Ordinance No. 2926 applications for this prospective vacancy are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on June 10th, 2015. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

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Ray Gosack

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City Administrator

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The City of Fort Smith ARKANSAS

May 18, 2015

TO: Members of the Board of Directors
Members of the Port Authority

RE: Appointments:

The term of Mr. Larry Combs of the Port Authority will expire July 31st, 2015. In accordance with Ordinance No. 2926 applications for this prospective vacancy are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on June 10th, 2015. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

Ray Gosack

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City Administrator

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May 18, 2015

TO: Members of the Board of Directors
Members of the Property Owners Appeals Board

RE: Appointments:

The terms of Ms. Karen Lewis and Ms. Megan Raynor of the Property Owners Appeals Board will expire July 14th, 2015. In accordance with Ordinance No. 2926 applications for these prospective vacancies are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on June 10th, 2015. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

Ray Gosack

Ray Gosack
City Administrator

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The City of Fort Smith ARKANSAS

May 18, 2015

TO: Members of the Board of Directors
Members of the Transit Advisory Commission

RE: Appointments:

Mr. Tim Hearn of the Transit Advisory Commission has resigned April 25th, 2015. In accordance with Ordinance No. 2926 applications for this prospective vacancy are now being received. Applicants must be residents and registered voters in the City of Fort Smith.

Please submit applications to the city administrator's office no later than the close of business on June 10th, 2015. A list will be compiled for review by the Board of Directors. Applications are available on the City of Fort Smith website. Go to www.fortsmithar.gov and click on boards and commissions.

Sincerely,

Ray Gosack

Ray Gosack
City Administrator

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June 2015

June 2015

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July 2015

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
May 31 - Jun 6	**May 31**	**Jun 1**	**2**	**3**	**4**	**5**	**6**
			11:30am Planning Com. Study Ses. (Creekmore) 6:00pm Board of Directors (FSM Public Schools)		12:00pm Housing Assistance Board (Main Library)		
Jun 7 - 13	**7**	**8**	**9**	**10**	**11**	**12**	**13**
		11:00am Property Owners Appeal Board (Planning Conf. Room (Tentative))	12:00pm Bd. of Directors S.S. (Library) 5:30pm Planning Com. (Creekmore)	12:00pm Parks Com. (Creekmore)	12:15pm Oak Cemetery Com. (Creekmore)		
Jun 14 - 20	**14**	**15**	**16**	**17**	**18**	**19**	**20**
			9:30am CBID (Area Agency) 4:30pm Library Board of Trustees (Windsor Branch) 6:00pm Bd. of Directors (FSM Public Schools)				
Jun 21 - 27	**21**	**22**	**23**	**24**	**25**	**26**	**27**
			12:00pm Bd. of Directors S.S. (Library) 4:00pm A & P Commission (Miss Laura's) 5:30pm Airport Commission (Airport)		5:30pm Historic District Study Ses. (220 North 7 Street)		
Jun 28 - Jul 4	**28**	**29**	**30**	**Jul 1**	**2**	**3**	**4**
			NO STUDY SESSION				