



**CITY OF MAUMELLE, ARKANSAS**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2015**

**Prepared by:**

**Tasha Thompson, CPA, CGMA  
Director of Finance**

**City of Maumelle, Arkansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2015**

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## INTRODUCTORY SECTION

June 28, 2016



To the Members of the Governing Council and Citizens of the City of Maumelle:

In accordance with state law, this Comprehensive Annual Financial Report (CAFR) is presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States. Under the direction of State law the audit of every municipal corporation shall be made by either the Division of Legislative Audit or other independent persons licensed to practice accounting by the Arkansas State Board of Public Accountancy. Pursuant to that requirement, we submit to you the CAFR for the City of Maumelle, Arkansas, for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the City and consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Craft, Veach and Company, PLC, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ending December 31, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of the City of Maumelle***

The City of Maumelle was incorporated on June 20, 1985, as a political subdivision of the State of Arkansas and is located in the central part of the state. Maumelle currently occupies 9 square miles of land bordering the Arkansas River and serves an estimated population of 17,736.

The City of Maumelle is formed in the Mayor-Council form of government. Policymaking and legislative authority are vested in a governing body consisting of the Mayor and eight Aldermen. The governing body is responsible, among other things, for adopting the annual budget, appointing committees, and for setting policy and enacting laws for the City. The Mayor is responsible for carrying out the policies and ordinances of the governing Council, for overseeing the day-to-day operations of the government and for appointing the heads of various departments. The Mayor presides over the Council meetings without voting rights; however, the Mayor can cast a positive vote in order to break a tie and can be counted to establish a quorum. The Mayor is elected by the city, at large, for a term of four years. The Council members are elected by the city in wards for staggering four year terms. The City of Maumelle provides a full range of

services including police and fire protection; animal control; planning and zoning; sanitation services; parks and recreation; district court; public works and streets; and general administrative services.



The annual budget serves as the basis for the City of Maumelle's financial planning and control. All departments are required to submit requests for appropriations to the Mayor. The Mayor uses these requests as a starting point for developing a proposed budget. The proposed budget is presented to the city council for review prior to December 1 of each year. Prior to adoption, the budget is discussed in open forum to review the presentation and to obtain departmental specific information. State statute requires the adoption of the budget by February 1 of each year. As a practical matter, the city council usually adopts the budget the first council meeting in December. The budget is prepared by fund and department (legal level of control). Department heads may request transfers within the department, subject to the Mayor's approval. Transfers between departments require the adoption of a Resolution by Council. The budget to actual comparisons for the General Fund and Street Fund are presented on pages 18-19 of this report.

### ***Factors Affecting Financial Condition***

#### **Local Economy**

The City has a stable economic environment. The City has an established industrial park consisting of warehousing, distribution centers, and light manufacturing. Retail business within the City consists of restaurants, grocery stores, dry cleaners, and dry goods. The City is served by four banks, three regional and one national.

#### **Long-term financial planning**

The City's long-term Capital Improvement Program is the process by which we lay the groundwork for planning infrastructure improvements in the city. This process also sets financial parameters within which future planning and capital demand forecasts can be made. Our Capital Improvement Program enables us to provide the orderly replacement of facilities and equipment and to maintain the quality and efficiency of public services, including equipment, buildings, and other improvements. One of the strongest arguments for a well-ordered program is the ability to identify future infrastructure and capital needs prior to funding and implementation.

#### **Relevant financial policies**

Ordinance No. 438 was adopted in November of 2002. It sets the appropriate level of unassigned general fund balance to be maintained by the City, which is 20 percent of the current year budgeted operating expenditures. If a situation presents itself, in which, the City Council feels that it is prudent and necessary to spend these unassigned funds, then it would need to pass an ordinance to amend or repeal ordinance 438. In a time where many state and local governments have experienced great financial turmoil, Maumelle's fund balance policy has provided great financial stability. Our total fund balance increased by \$7,308,394, in 2015.

#### **Major initiatives**

- ✓ In January 2015, \$18,845,000, in bonds, were issued to refund the Series 2013 and 2014 bond issues and to improve, construct and equip the Maumelle City Hall; to build a new Maumelle Senior Wellness Center; and to improve athletic fields.
- ✓ Plastic Ingenuity completed a \$2.5 million expansion to their existing facility in the Industrial Park
- ✓ Kimberly Clark celebrated 25 years in Maumelle and began a \$50 million expansion to their existing facility
- ✓ Sawbucks, a local restaurant chain, opened a location in Maumelle
- ✓ David's Burgers, a local burger chain, opened a location in Maumelle and moved their corporate offices to Maumelle
- ✓ Westrock Coffee expanded their warehouse operation by adding additional warehouse space
- ✓ U.S. Pizza, a local pizza chain, began construction on a new larger site within Maumelle
- ✓ A new doctor's building was built by a local optometrist and houses a medical clinic to serve Maumelle citizens

## *Awards and Acknowledgements*



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Maumelle for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both the GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report (CAFR) is a team effort performed by the entire Finance Department. We would like to express our sincere appreciation to each and every staff member with a big "Thank You" for a job well done.

We would like to acknowledge the thorough and professional manner in which Craft, Veach and Company, PLC conducted the annual audit. Their technical proficiencies add measurably to the quality of the entire report.

Finally, we would like to acknowledge the contributions of the City Council who have consistently and actively supported the City's goal of excellence in all material aspects of fiscal management.

---

Michael Watson  
Mayor

A handwritten signature in black ink that reads "Tasha Thompson".

Tasha Thompson, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Maumelle  
Arkansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

Elected Officials

Michael Watson .....Mayor

Steve Mosley .....Ward 1, Position 1

Ken Saunders .....Ward 1, Position 2

Marc Kelley .....Ward 2, Position 1

Rick Anderson .....Ward 2, Position 2

Preston Lewis .....Ward 3, Position 1

Marion Scott .....Ward 3, Position 2

John Vaprezsán .....Ward 4, Position 1

Jess Holt .....Ward 4, Position 2

Caleb Norris .....City Attorney

Joshua Clausen .....City Clerk/Treasurer

Roger Harrod .....Municipal Judge

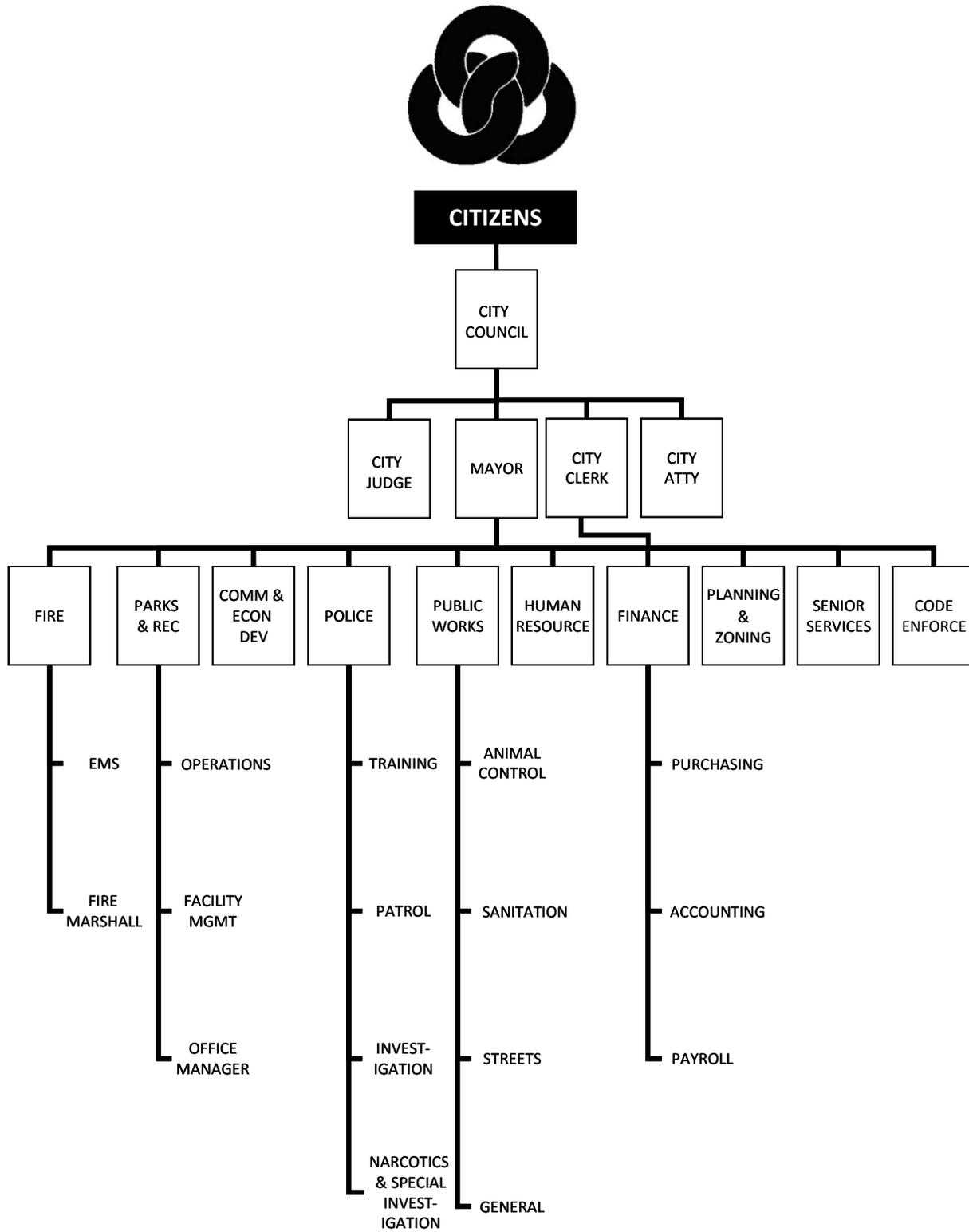
City Commissions

Billy Herrington ..... Civil Service Commission

Mike Fisher .....Planning Commission

Tony Wilson ..... Public Facilities Board

ORGANIZATIONAL CHART



**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Maumelle, Arkansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maumelle, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified Opinion**

As more fully described in Note 2.E. to the financial statements, the City has not implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which was effective for the City as of December 31, 2015. Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the financial statements a net pension liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. It also requires enhanced note disclosures and additional schedules be presented as required supplementary information. The effects of this departure from accounting principles generally accepted in the United States of America on the financial statements and note disclosures related to the pension have not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 68, as described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-12, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

As discussed in the Basis for Qualified Opinion paragraph above, management has not implemented GASB Statement No. 68, and therefore, has omitted required supplementary information related to the pension that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

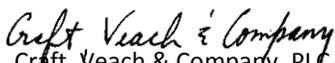
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section on pages *i-vi*, supplementary information on pages 43-48, and statistical section on pages 49-73, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

  
Craft, Veach & Company, PLLC  
North Little Rock, Arkansas  
June 28, 2016

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

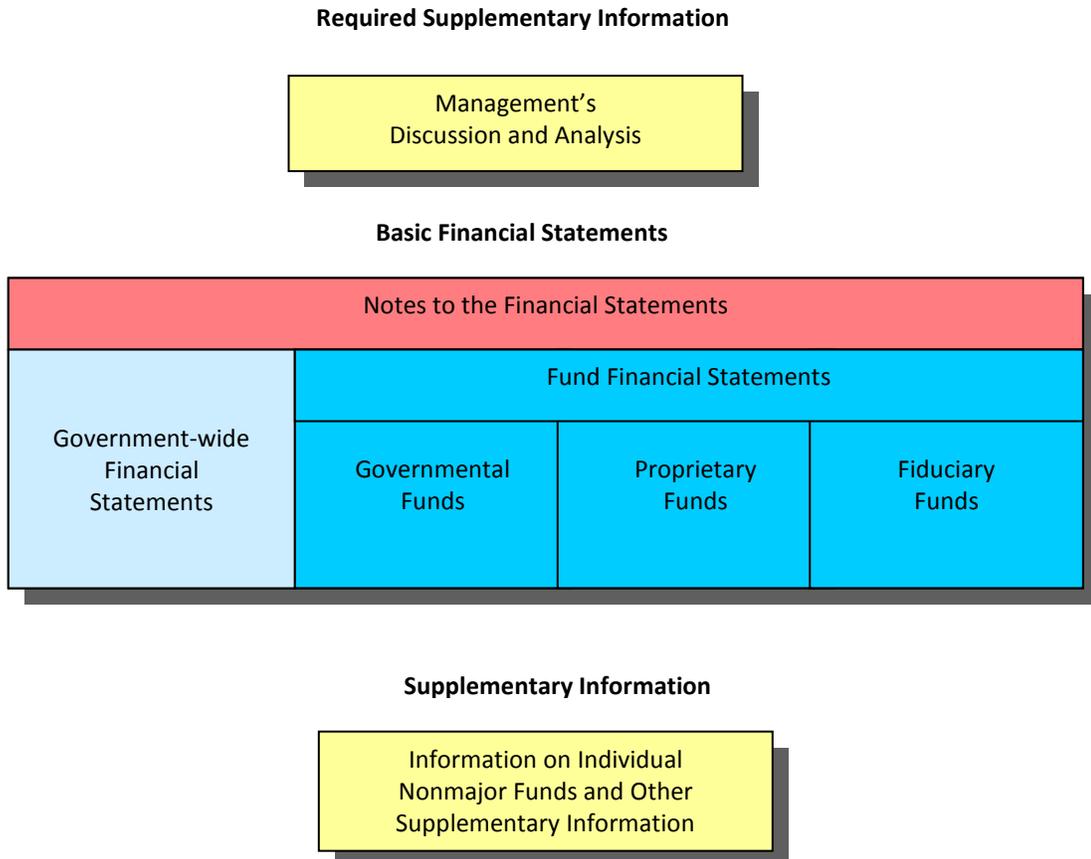
As management of the City of Maumelle (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages *i – iii* of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities, at the close of the fiscal year, by \$49,700,359 (net position).
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$34,351,565, an increase of \$7,308,394, of which, \$18,845,000 is attributed to the issuance of bonds offset by the repayment of the Series 2013 and 2014 bonds, in the amount of \$13,415,000, and the remainder is \$1,249,122 in excess revenues over expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,321,563, or 49 percent of total general fund expenditures.
- The City’s total debt increased by \$5,937,865 (28 percent) during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to, the basic financial statements. The following chart gives an overview:



**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City include sanitation services.

The government-wide financial statements can be found on pages 13-14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street fund, capital improvement fund, and the debt service fund, all of which are considered to be major funds. Data from the other two nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund and street fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

**Proprietary funds.** Although there are two different types of proprietary funds, the City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government’s various functions. The City maintains an enterprise fund to report the functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its sanitation operations. The City does not have any internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sanitation operation, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one type of fiduciary funds and that is the agency fund. The City uses the agency fund to account for monies received in the court system for bail bonds and court cases yet to be adjudicated.

The basic fiduciary fund financial statement can be found on page 23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-42 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$49,700,359 at the close of 2015.

The largest portion of the City’s net position (76 percent) resides in the City’s net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

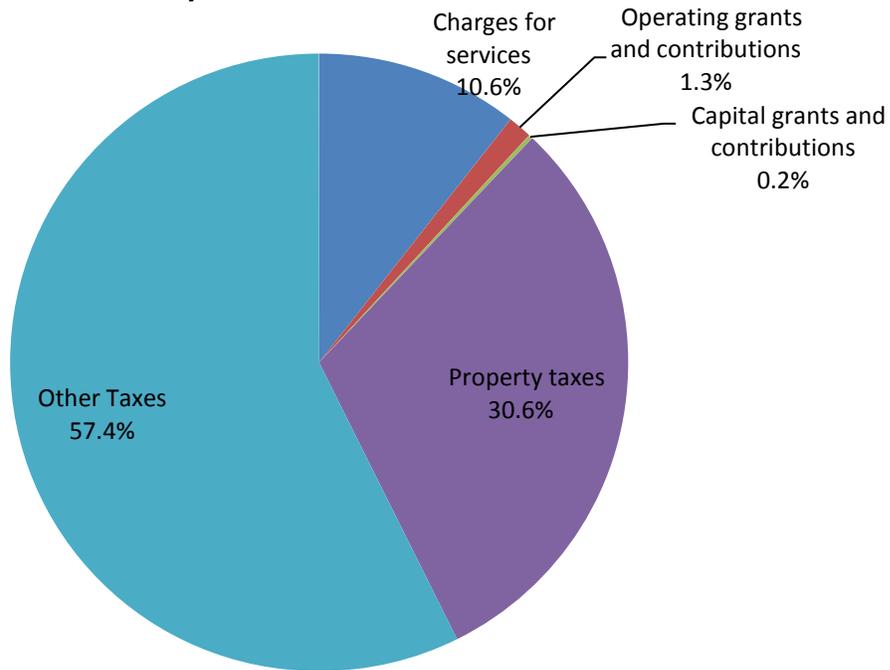
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$36,200,233	\$28,951,166	\$1,271,142	\$971,773	\$37,471,375	\$29,992,939
Capital assets	40,507,678	40,053,563	583,638	668,893	41,091,316	40,722,456
Total assets	76,707,911	69,004,729	1,854,780	1,640,666	78,562,691	70,645,395
Total deferred outflows of resources	294,854	308,895	-	-	294,854	308,895
Long-term liabilities	28,065,191	20,307,289	16,469	9,437	28,081,660	20,316,726
Other liabilities	1,022,370	2,899,650	53,156	102,961	1,075,526	3,002,611
Total liabilities	29,087,561	23,206,939	69,625	112,398	29,157,186	23,319,337
Net position:						
Net investment in capital assets	37,338,652	35,240,803	583,638	639,348	37,922,290	35,880,151
Restricted	3,673,667	3,421,367	-	-	3,673,667	3,421,367
Unrestricted	6,902,885	7,444,515	1,201,517	888,920	8,104,402	8,333,435
Total net position	\$47,915,204	\$46,106,685	\$1,785,155	\$1,528,268	\$49,700,359	\$47,634,953

The government's net position increased by \$2,065,406 (4 percent) during the current fiscal year.

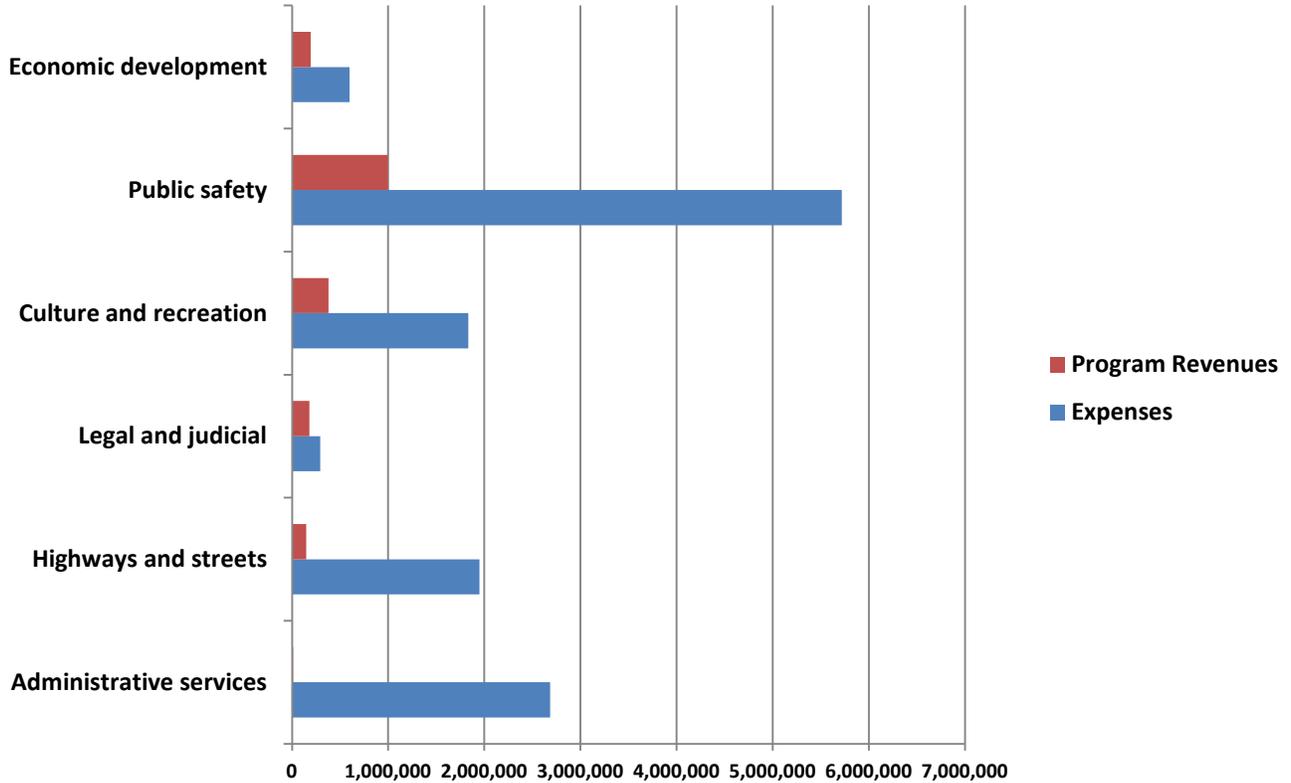
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	1,680,151	1,649,311	1,258,621	1,337,958	2,938,772	2,987,269
Operating grants and contributions	200,013	16,178	-	-	200,013	16,178
Capital grants and contributions	31,000	358,601	-	-	31,000	358,601
General revenues:						
Property taxes	4,838,123	4,921,351	-	-	4,838,123	4,921,351
Franchise taxes	1,708,276	1,588,893	-	-	1,708,276	1,588,893
Intergovernmental	7,370,459	7,236,273	-	-	7,370,459	7,236,273
Miscellaneous	27,889	19,324	-	-	27,889	19,324
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	76,358	32,311	-	-	76,358	32,311
Total revenues	<u>15,932,269</u>	<u>15,822,242</u>	<u>1,258,621</u>	<u>1,337,958</u>	<u>17,190,890</u>	<u>17,160,200</u>
Expenses						
Administrative services	2,684,683	2,790,208	-	-	2,684,683	2,790,208
Highways and streets	1,949,484	1,931,238	-	-	1,949,484	1,931,238
Legal and judicial	292,112	286,568	-	-	292,112	286,568
Culture and recreation	1,832,018	1,811,555	-	-	1,832,018	1,811,555
Public safety	5,718,152	5,456,751	-	-	5,718,152	5,456,751
Economic development	597,599	600,763	-	-	597,599	600,763
Interest on long-term debt	754,683	626,709	-	-	754,683	626,709
Agent fees on long-term debt	21,368	40,826	-	-	21,368	40,826
Bond issuance costs	243,962	54,064	-	-	243,962	54,064
Sanitation	-	-	1,031,423	1,063,930	1,031,423	1,063,930
Total expenses	<u>14,094,061</u>	<u>13,598,682</u>	<u>1,031,423</u>	<u>1,063,930</u>	<u>15,125,484</u>	<u>14,662,612</u>
Increase in net position before transfers	1,838,208	2,223,560	227,198	274,028	2,065,406	2,497,588
Transfers	(29,689)	(89,635)	29,689	89,635	-	-
Change in net position	1,808,519	2,133,925	256,887	363,663	2,065,406	2,497,588
Net position - January 1	46,106,685	43,972,760	1,528,628	1,164,605	47,634,953	45,137,365
Net position - December 31	<u>47,915,204</u>	<u>46,106,685</u>	<u>1,785,155</u>	<u>1,528,268</u>	<u>49,700,359</u>	<u>47,634,953</u>

**Governmental activities.** Governmental activities increased the City's net position by \$1,808,519 for an ending balance of \$47,915,204. Governmental activities revenue increased by a mere \$275,234 from 2014, while expenses increased by \$600,640 (4 percent). The City's growth remained stagnant this year and is very comparable to 2014.

**Revenues by Source-Governmental Funds**



**Expenses and Program Revenues-Governmental Activities**



**Business-type activities.** Business-type activities results for the current fiscal year were positive increasing the City’s overall net position by \$256,887 to a total ending balance of \$1,785,155 for business type activities (sanitation). The growth, in large part, is due to an increase in collection efforts to resolve and collect old account balances.

**Financial Analysis of the Government’s Funds**

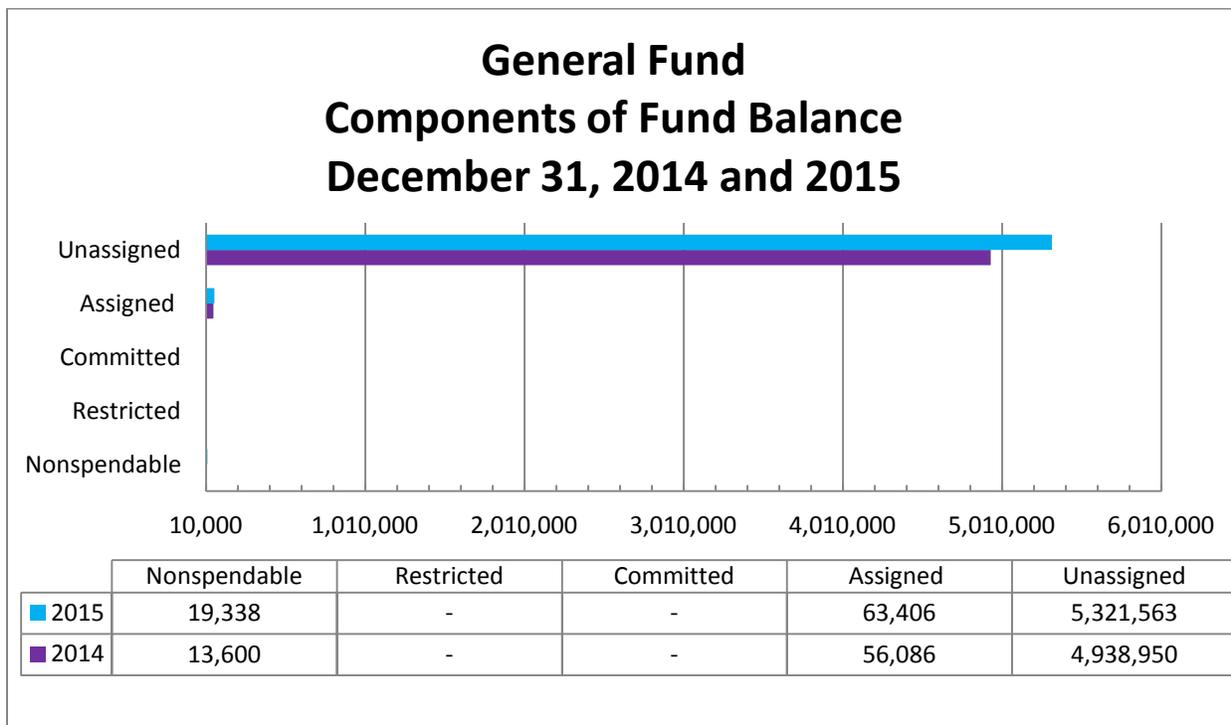
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**

The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City’s Council.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$34,351,565, an increase of 27 percent, in comparison, with the prior year. Approximately 15 percent of this total amount constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, assigned, or committed* to indicate that it is 1) not in spendable form (\$19,338), 2) restricted for particular purposes (\$28,947,258), or 3) assigned for particular purposes (\$63,406).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,321,563 and total fund balance was \$5,404,307. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 49 percent of total general fund expenditures, while total fund balance represents approximately 50 percent of that same amount.



The increase in the City's general fund balance by \$395,671, during the current fiscal year, was due to a decrease in expenditures related to a short term loan paid off in 2014, an increase in the sale of capital assets and an increase in county and city sales tax revenue.

The debt service fund has a total fund balance of \$2,366,070 all of which is restricted for payment of debt service. The net decrease in fund balance during the current year was \$267,302. This net decrease is attributed to an increase in interest expense of \$362,373 due to the issuance of capital improvement bonds, in 2015, for \$18,845,000 and expenditures for bond issuance costs of \$243,962. These expenditures were offset by a transfer from the capital projects fund for \$490,823 to establish a debt service reserve fund for the Series 2015 bonds.

The street fund has a total fund balance of \$3,626,143, which per state statute is required to be spent only on highways, streets, and roads. The net increase in fund balance during the current year for the street fund was \$256,421. This is mainly due to a decrease in capital expenditures of \$220,293, when compared to 2014 expenditures, because less road projects were completed, in 2015, due to the untimely death of our long term public works director.

The capital projects fund has a total fund balance of \$22,928,457 and these funds are to be only utilized for capital projects approved by the voters. The net increase in fund balance during the current year for the capital projects fund was \$16,010,640. This is mainly due to a refinance of the Series 2013 and Series 2014 bonds and additional debt added of approximately \$8.3 million to finance three new capital projects.

#### ***Proprietary funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sanitation fund at the end of the year was \$1,201,517. Net investment in capital assets was \$583,638. The total growth in net position, for 2015, was \$256,887.

#### **General Fund Budgetary Highlights**

##### ***Original budget compared to final budget***

During the year, there was one small amendment to increase the original estimated revenues for the Parks department to account for a private grant they received, in 2015. Most of budgeted appropriation amendments required was due to capital purchases: an increase of \$175,000 to cover expected overages in the new fire substation construction and an increase of \$235,000 in Public Works to cover the Barber Cove drainage project.

##### ***Final budget compared to actual results***

#### **GENERAL FUND**

##### ***Revenues***

General fund revenues came in slightly higher than budgeted. These increases were attributed to over \$131,000 in capital grants received that were not budgeted, approximately \$476,000 increase in sales and property tax collection due to increase in energy rates and usage, over \$162,000 increase in franchise fees due to an increase in energy rates and usage and over \$25,000 increase in community service fees collected due to improvements in collection efforts.

**Expenditures***Police*

There was a 5% (\$155,402) positive variance in police budget due to approximately \$86,000 in LOPFI turnback received and a decrease in fuel costs.

*Public Works*

There was a 24% (\$177,691) positive variance in public works budget due to decrease in vehicle maintenance because of newer vehicles being purchased, \$31,000 was included in the budget for the new adaptive traffic signal on Maumelle Boulevard but the money was not expended until 2016, a decrease in fuel prices and less drainage projects completed during the year.

*Parks and Recreation*

There was an 8% (\$118,953) positive variance in parks and recreation budget due to less summer hires in 2015 and a decrease in pool maintenance costs due to decrease in pool attendance.

**Capital Asset and Debt Administration****Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$37,922,290 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$2,042,139.

Major capital asset events during the current fiscal year included the following:

- Replacement of flooring in the North Room at the Community Center (\$9,060)
- Replacement of four patrol cars (\$163,157)
- New equipment purchased for the Community Center exercise room (\$18,552)
- New packer body installed on Sanitation truck (\$59,858)
- New pickup truck purchased in Sanitation department (\$17,747)
- Country club parkway resurfacing (\$240,190)
- Club Manor drive resurfacing (\$243,015)
- Maumelle Boulevard bicycle path (\$552,148)
- Street fund and general fund drainage improvements (\$266,043)
- Another phase of the Lake Willastein project (\$24,914)
- Continued work on the Crystal Hill and Counts Massie road improvement and utilities with total spent as of December 31, 2015 of \$334,142
- Began construction on the Fire substation 2 with total spent as of December 31, 2015 of \$617,197
- Continued work on Counts Massie to Interstate 40 extension with total spent as of December 31, 2015 of \$373,814
- Began construction on new athletic fields with total spent as of December 31, 2015 of \$954,962
- Began design work on the new Senior Citizens building with total spent as of December 31, 2015 of \$222,677

**City of Maumelle's Capital Assets  
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,649,763	\$ 7,649,763	\$ -	\$ -	\$ 7,649,763	\$ 7,649,763
Building	16,579,213	17,587,193	165,076	177,093	16,744,289	17,764,286
Equipment	3,300,150	3,860,920	418,563	491,800	3,718,713	4,352,720
Infrastructure	10,409,709	9,454,037	-	-	10,409,709	9,454,037
Construction in progress	2,568,844	1,501,651	-	-	2,568,844	1,501,651
<b>Total</b>	<b>\$40,507,679</b>	<b>\$40,053,564</b>	<b>\$583,639</b>	<b>\$668,893</b>	<b>\$41,091,318</b>	<b>\$40,722,457</b>

Additional information on the City's capital assets can be found on pages 32-33 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,340,000. The Series 2012 bonds are revenue bonds totaling \$7,495,000 secured solely by franchise fee revenue. The Series 2013 and Series 2014 bonds were limited tax general obligation bonds and they were refinanced, in 2015, with the Series 2015 bonds. The Series 2015 bonds are limited tax general obligation bonds and not only refinanced the Series 2013 and 2014 but also financed three new projects.

**City of Maumelle's Outstanding Debt**

	Beginning balance <u>12/31/2014</u>	New Debt & Other <u>Additions</u>	Principal <u>Payments</u>	Other Additions & Reductions	Ending balance <u>12/31/2015</u>	Current <u>Portion</u>
<b>Governmental Activities</b>						
Bonds:						
2012 Series	7,715,000	-	220,000	-	7,495,000	225,000
2013 Series	7,870,000	-	-	7,870,000	-	-
2014 Series	5,545,000	-	-	5,545,000	-	-
2015 Series	-	18,845,000	-	-	18,845,000	1,010,000
Plus Reoffering Premium	-	797,108	-	66,426	730,683	-
Less deferred issuance discounts	(59,472)	-	-	2,817	(56,655)	-
<b>Total bonds payable</b>	<b>21,070,528</b>	<b>19,642,108</b>	<b>220,000</b>	<b>13,484,243</b>	<b>27,014,028</b>	<b>1,235,000</b>
Motorola Capital Lease	321,126	-	-	107,042	214,084	107,042
Clerk pension	550,881	-	-	-	550,881	-
Compensated Absences	269,323	397,365	-	380,489	286,199	33,484
<b>Total governmental activity</b>	<b>22,211,858</b>	<b>20,039,473</b>	<b>220,000</b>	<b>14,191,774</b>	<b>28,065,191</b>	<b>1,375,526</b>
<b>Business-type activities</b>						
Bank Loan	29,545	-	-	29,545	-	-
Compensated absences	14,482	19,252	-	17,265	16,469	5,737
<b>Total business-type activity</b>	<b>44,027</b>	<b>19,252</b>	<b>-</b>	<b>46,810</b>	<b>16,469</b>	<b>5,737</b>

The City's total debt increased by \$5,937,865 (28 percent) during the current fiscal year; and this increase is mainly attributed to the issuance of new bonds for \$18,845,000 that refinanced the Series 2013 and 2014 bonds and financed three new projects.

State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2015, the legal debt limit for the city was \$80,280,911. The City has general obligation debt outstanding at the end of 2015 of \$17,180,498, net funds available for retirement, leaving a legal debt margin of \$63,100,413.

Additional information on the City's long-term debt can be found on pages 38-41 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

#### ***Personal Income***

The City of Maumelle's median household income is \$79,182 or 52% higher than the State of Arkansas median income of \$41,264. This puts the City in good economic standing when compared to the surrounding areas. The City saw a slight decrease in personal income from \$37,850 to \$36,948, in 2015; however, the City is still higher than the surrounding areas of Little Rock, North Little Rock, and Conway with personal incomes at \$29,583, \$23,196, and \$24,785, respectively.

#### ***Unemployment Rate***

The City's unemployment rate is 3.0% for 2015, while Little Rock's unemployment rate is 6.2%, Conway's rate is 5.5% and North Little Rock's unemployment rate is 5.4%.

#### ***Residential Development***

The City's single family residential development has decreased, in 2015. However, there was an increase in multi-family development with the opening of the Villas at Riverpointe apartment complex.

#### ***2016 Budget***

The preparation of the 2016 budget proved to be particularly challenging due to rising prices of materials and supplies and the need to continue the City's capital improvement plan and implement some of the changes recommended according to the strategic plan. The City's revenue base has remained stagnant for the last five years with the only increases in restricted funds for road improvements. As a result, a City-wide reduction in expenses was required this year. All departments are operating with only essential appropriations needed to provide the same level of quality service to the Citizens. However, there was a need to increase the salaries across the board for the public safety departments, in order to, attract qualified staff. A \$500,946 appropriation from fund balance was needed, which is \$300,546 more than 2015. We hope to not need this appropriation by closely monitoring expenses throughout the year.

#### ***Community and Economic Development***

Commercial and retail development is expanding in Maumelle. Plastics Ingenuity had a 2.5 million dollar expansion, in 2015. A local burger chain, David's Burgers, opened a location in Maumelle and relocated their corporate offices to Maumelle. Kimberly Clark began a 50 million dollar expansion, in 2015. Westrock Coffee added additional warehouse space to their facility that was opened, in 2014. A new medical facility, 102 Town Centre, was opened with by a local optometrist and a new medical clinic is now offered, in Maumelle.

#### ***Requests for information***

This financial report is designed to provide an overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be directed to the Director of Finance, City of Maumelle, 550 Edgewood Drive, Suite 590, Maumelle, Arkansas 72113.

DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 9,714,717	\$ 1,084,739	\$ 10,799,456
Taxes receivable	962,682	-	962,682
Accounts receivable - net	217,319	186,403	403,722
Prepays	19,338	-	19,338
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	25,286,177	-	25,286,177
Property, plant & equipment - net			
Land	7,649,763	-	7,649,763
Buildings	16,579,214	165,076	16,744,290
Equipment	3,300,150	418,562	3,718,712
Infrastructure	10,409,709	-	10,409,709
Construction in progress	2,568,842	-	2,568,842
TOTAL ASSETS	<u>76,707,911</u>	<u>1,854,780</u>	<u>78,562,691</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	294,854	-	294,854
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>294,854</u>	<u>-</u>	<u>294,854</u>
<b>LIABILITIES</b>			
Accounts payable	387,677	17,065	404,742
Payroll taxes payable	27,154	1,395	28,549
Other payroll withholdings payable	142,605	7,986	150,591
Accrued salaries	250	-	250
Accrued interest payable	233,714	-	233,714
Sales taxes payable	-	26,710	26,710
Unearned revenue	42,071	-	42,071
Payment in lieu	188,899	-	188,899
Noncurrent liabilities:			
Due within one year	1,396,543	5,737	1,402,280
Due in more than one year	26,668,648	10,732	26,679,380
TOTAL LIABILITIES	<u>29,087,561</u>	<u>69,625</u>	<u>29,157,186</u>
<b>NET POSITION</b>			
Net investment in capital assets	37,338,652	583,638	37,922,290
Restricted for:			
Municipal Court Automation	26,588	-	26,588
Special revenue funds -streets	3,647,079	-	3,647,079
Unrestricted	6,902,885	1,201,517	8,104,402
TOTAL NET POSITION	<u>\$ 47,915,204</u>	<u>\$ 1,785,155</u>	<u>\$ 49,700,359</u>

FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental activities:							
Administrative services	\$ 2,684,683	\$ 7,394	\$ 5,000	\$ -	\$ (2,672,289)	\$ -	\$ (2,672,289)
Legal and judicial	292,112	180,701	-	-	(111,411)	-	(111,411)
Public safety	5,718,152	920,867	78,067	-	(4,719,218)	-	(4,719,218)
Highways and streets	1,949,484	1,279	114,796	31,000	(1,802,409)	-	(1,802,409)
Culture and recreation	1,832,018	375,403	2,150	-	(1,454,465)	-	(1,454,465)
Economic development	597,599	194,507	-	-	(403,092)	-	(403,092)
Interest on long-term debt	754,683	-	-	-	(754,683)	-	(754,683)
Agent fees on long-term debt	21,368	-	-	-	(21,368)	-	(21,368)
Bond issuance costs	243,962	-	-	-	(243,962)	-	(243,962)
Total governmental activities	14,094,061	1,680,151	200,013	31,000	(12,182,897)	-	(12,182,897)
Business-type activities:							
Sanitation	1,031,423	1,258,621	-	-	-	227,198	227,198
Total primary government	\$ 15,125,484	\$ 2,938,772	\$ 200,013	\$ 31,000	\$ (12,182,897)	\$ 227,198	\$ (11,955,699)

## General revenues:

Taxes:				
Property taxes, levied for general purposes		2,394,323	-	2,394,323
Property taxes, levied for debt service		2,443,800	-	2,443,800
Franchise taxes		1,708,276	-	1,708,276
Intergovernmental - unrestricted		7,370,459	-	7,370,459
Miscellaneous		27,889	-	27,889
Investment earnings:				
Unrestricted		76,358	-	76,358
Transfers		(29,689)	29,689	-
Total general revenues and transfers		13,991,416	29,689	14,021,105
Change in net position		1,808,519	256,887	2,065,406
<b>NET POSITION - BEGINNING</b>		46,106,685	1,528,268	47,634,953
<b>NET POSITION-ENDING</b>		\$ 47,915,204	\$ 1,785,155	\$ 49,700,359

DECEMBER 31, 2015

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 5,966,018	\$ 3,722,091	\$ -	\$ -	\$ 26,608	\$ 9,714,717
Funds held by trustee	-	-	2,360,057	22,926,120	-	25,286,177
Taxes receivable	755,453	112,236	94,993	-	-	962,682
Accounts receivable - net	215,987	1,332	-	-	-	217,319
Due from other funds	31,744	-	13,350	2,337	-	47,431
Prepays	19,338	-	-	-	-	19,338
<b>TOTAL ASSETS</b>	<b>6,988,540</b>	<b>3,835,659</b>	<b>2,468,400</b>	<b>22,928,457</b>	<b>26,608</b>	<b>36,247,664</b>
<b>LIABILITIES</b>						
Accounts payable	346,195	41,462	-	-	20	387,677
Payroll taxes payable	25,595	1,559	-	-	-	27,154
Other payroll withholdings payable	131,321	11,284	-	-	-	142,605
Accrued salaries payable	250	-	-	-	-	250
Unearned revenue-other	37,071	-	5,000	-	-	42,071
Payment in lieu	188,899	-	-	-	-	188,899
Due to other funds	-	42,975	2,337	-	-	45,312
<b>TOTAL LIABILITIES</b>	<b>729,331</b>	<b>97,280</b>	<b>7,337</b>	<b>-</b>	<b>20</b>	<b>833,968</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-Property tax	56,788	20,936	94,993	-	-	172,717
Unavailable revenue-Federal grants	58,967	-	-	-	-	58,967
Unavailable revenue-Sales tax	511,570	91,300	-	-	-	602,870
Unavailable revenue-Franchise fees	187,095	-	-	-	-	187,095
Unavailable revenue-GIF Grant Police and Fire Academy	4,482	-	-	-	-	4,482
Unavailable revenue-Central Arkansas Planning and Development District	31,000	-	-	-	-	31,000
Unavailable revenue-GIF grant Council room audio visual equipment	5,000	-	-	-	-	5,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>854,902</b>	<b>112,236</b>	<b>94,993</b>	<b>-</b>	<b>-</b>	<b>1,062,131</b>
<b>FUND BALANCES</b>						
Nonspendable	19,338	-	-	-	-	19,338
Restricted	-	3,626,143	2,366,070	22,928,457	26,588	28,947,258
Committed	-	-	-	-	-	-
Assigned	63,406	-	-	-	-	63,406
Unassigned	5,321,563	-	-	-	-	5,321,563
<b>TOTAL FUND BALANCES</b>	<b>5,404,307</b>	<b>3,626,143</b>	<b>2,366,070</b>	<b>22,928,457</b>	<b>26,588</b>	<b>34,351,565</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,988,540</b>	<b>\$ 3,835,659</b>	<b>\$ 2,468,400</b>	<b>\$ 22,928,457</b>	<b>\$ 26,608</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 40,507,677
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	1,062,131
Long-term liabilities of \$28,065,191 and related deferred charges on refunding of \$294,854 are not due and payable in the current year and therefore, are not reported in the governmental funds.	(27,770,337)
Accrued interest is not due and payable in the current year and, therefore, is not reported in the governmental funds.	(233,714)
If assets managed by fiduciary funds include amounts that belong to the government, then those amounts must be eliminated for financial reporting purposes and reported in the appropriate fund(s) of the government.	(2,118)

Net position of governmental activities \$ 47,915,204

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Local tax assessments:						
Millage tax	\$ 1,906,923	\$ 546,870	\$ 2,489,190	\$ -	\$ -	\$ 4,942,983
Franchise fees	1,713,632	-	-	-	-	1,713,632
Intergovernmental revenues	6,212,090	1,133,239	-	-	-	7,345,329
Public safety fees	876,709	-	-	-	-	876,709
Parks and recreation fees	365,392	-	-	-	-	365,392
Legal and Judicial fees	174,745	-	-	-	5,956	180,701
Community and economic development	194,507	-	-	-	-	194,507
Investment income	6,946	18,188	40,427	10,797	-	76,358
Grants and donations	131,563	-	-	-	-	131,563
Other revenue	16,501	11,388	-	-	-	27,889
<b>TOTAL REVENUES</b>	<b>11,599,008</b>	<b>1,709,685</b>	<b>2,529,617</b>	<b>10,797</b>	<b>5,956</b>	<b>15,855,063</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Administrative services	1,633,764	-	-	-	-	1,633,764
Legal and judicial	291,720	-	-	-	169	291,889
Public safety	5,252,468	-	-	-	-	5,252,468
Highways and streets	568,265	857,491	-	-	-	1,425,756
Parks and recreation	1,734,106	-	-	-	-	1,734,106
Community and economic development	594,108	-	-	-	-	594,108
Debt service:						
Principal	-	-	13,635,000	-	-	13,635,000
Interest	-	-	703,275	-	-	703,275
Fees	500	-	10,868	10,000	-	21,368
Lease Payment	107,042	-	-	-	-	107,042
Bond issuance costs	-	-	243,962	-	-	243,962
Capital outlay:						
Administrative services	5,859	-	-	-	-	5,859
Public safety	341,617	-	-	-	-	341,617
Public works and streets	182,703	595,773	-	242,086	-	1,020,562
Parks and recreation	52,526	-	-	1,177,639	-	1,230,165
<b>TOTAL EXPENDITURES</b>	<b>10,764,678</b>	<b>1,453,264</b>	<b>14,593,105</b>	<b>1,429,725</b>	<b>169</b>	<b>28,240,941</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>834,330</b>	<b>256,421</b>	<b>(12,063,488)</b>	<b>(1,418,928)</b>	<b>5,787</b>	<b>(12,385,878)</b>
Other financing sources (uses):						
Issuance of debt	-	-	18,845,000	-	-	18,845,000
Premium on debt issued	-	-	797,108	-	-	797,108
Transfers in	-	-	490,823	-	-	490,823
Transfers out	(520,512)	-	(8,336,745)	8,336,745	-	(520,512)
Sale of capital assets	19,006	-	-	-	-	19,006
Capital Lease	-	-	-	-	-	-
Insurance recoveries	62,847	-	-	-	-	62,847
<b>Total other financing sources (uses)</b>	<b>(438,659)</b>	<b>-</b>	<b>11,796,186</b>	<b>8,336,745</b>	<b>-</b>	<b>19,694,272</b>
Net change in fund balances	395,671	256,421	(267,302)	6,917,817	5,787	7,308,394
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,008,636</b>	<b>3,369,722</b>	<b>2,633,372</b>	<b>16,010,640</b>	<b>20,801</b>	<b>27,043,171</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 5,404,307</b>	<b>\$ 3,626,143</b>	<b>\$ 2,366,070</b>	<b>\$ 22,928,457</b>	<b>\$ 26,588</b>	<b>\$ 34,351,565</b>

Net change in fund balances - total governmental funds (page 16)		\$ 7,308,394
Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:		
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the Statement of Activities.		14,359
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The components of capital assets in 2015 are as follows:		
Expenditures for capital assets, land, and construction in progress	2,598,203	
Depreciation expense	<u>(2,144,087)</u>	454,116
Expenses that do not require current financial resources (such as interest and compensated absences, etc.) are not reported as expenses for the funds but are reported as expenses in the Statement of Activities.		(117,852)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		13,742,042
Issuance of new debt is an other financing source in governmental funds and a liability on the Statement of Net Position.		(18,845,000)
Bond discounts are reported as expenditures in governmental funds and amortized over the life of the debt in the Statement of Activities. Bond premiums are reported as revenue in the governmental funds and amortized over the life in the Statement of Activities. The purchase price in excess of face value of the Series 2005 and 2007 Revenue bonds is reported as an expenditure in governmental funds and amortized over the remaining life of the original debt in the Statement of Activities.		
Premium on Series 2015 bonds	(797,108)	
Amortization of premium-Series 2015 bonds	66,426	
Amortization of discount -Series 2012 and 2013 bonds	<u>(2,817)</u>	(733,499)
Amortization of purchase price in excess of face value of Series 2005 and 2007 Revenue bonds	<u>(14,041)</u>	<u>(14,041)</u>
Change in net position of governmental activities (page 14)		<u>\$ 1,808,519</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>GENERAL FUND</b>			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes	\$ 9,355,729	\$ 9,355,729	\$ 9,832,645	\$ 476,916
Community service fees	725,000	725,000	755,921	30,921
Parks and recreation fees	492,000	494,085	365,393	(128,692)
Municipal court fees	210,000	210,000	174,745	(35,255)
Building permits and inspection fees	170,000	170,000	174,542	4,542
Public safety	51,000	51,000	94,546	43,546
Investment income	12,000	12,000	6,946	(5,054)
Grants and donations	-	-	131,563	131,563
Miscellaneous revenue and fees	36,500	36,500	62,709	26,209
<b>TOTAL REVENUE</b>	<u>11,052,229</u>	<u>11,054,314</u>	<u>11,599,010</u>	<u>544,696</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Administrative services	1,995,125	1,769,325	1,741,306	(28,019)
City attorney	112,563	112,563	112,285	(278)
Courts	183,137	183,137	179,434	(3,703)
Police	2,848,908	2,885,019	2,729,617	(155,402)
Fire	2,211,723	2,299,005	2,214,866	(84,139)
Animal control	348,805	348,805	307,985	(40,820)
Public works	714,956	745,956	568,265	(177,691)
Parks and recreation	1,511,296	1,514,887	1,395,934	(118,953)
Senior services	337,266	358,454	338,174	(20,280)
Community and economic development	202,129	202,129	186,220	(15,909)
Planning & zoning	152,657	152,877	132,251	(20,626)
Code enforcement	291,470	291,470	275,637	(15,833)
Total operating expenditures	<u>10,910,035</u>	<u>10,863,627</u>	<u>10,181,974</u>	<u>(681,653)</u>
Capital expenditures:				
Administrative services	-	10,860	5,860	(5,000)
Police	167,042	194,736	165,402	(29,334)
Fire	-	176,215	176,215	-
Public works	25,000	265,802	182,703	(83,099)
Parks	70,000	69,548	52,526	(17,022)
Total capital expenditures	<u>262,042</u>	<u>717,161</u>	<u>582,706</u>	<u>(134,455)</u>
<b>TOTAL EXPENDITURES</b>	<u>11,172,077</u>	<u>11,580,788</u>	<u>10,764,680</u>	<u>(816,108)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (119,848)</u>	<u>\$ (526,474)</u>	834,330	<u>\$ (1,360,804)</u>
Other financing sources			81,853	
Other financing uses - operating transfers out			<u>(520,512)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			395,671	
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>5,008,636</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,404,307</u>	

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>STREET FUND</b>			
	Original Budget	Revised Budget	Actual	Variance
<b>REVENUES</b>				
Taxes	\$ 1,677,311	\$ 1,677,311	\$ 1,680,109	\$ 2,798
Investment income	19,000	19,000	18,189	(811)
Other revenue	2,000	2,000	11,388	9,388
<b>TOTAL REVENUE</b>	<u>1,698,311</u>	<u>1,698,311</u>	<u>1,709,686</u>	<u>11,375</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Public works and streets	1,117,396	1,159,990	857,492	(302,498)
Capital expenditures:				
Public works and streets	546,000	891,953	595,773	(296,180)
<b>TOTAL EXPENDITURES</b>	<u>1,663,396</u>	<u>2,051,943</u>	<u>1,453,265</u>	<u>(598,678)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 34,915</u>	<u>\$ (353,632)</u>	256,421	<u>\$ 610,053</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>3,369,722</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 3,626,143</u>	

DECEMBER 31, 2015

	Business-type Activities
	Sanitation
<b>ASSETS:</b>	
Current assets:	
Cash	\$ 1,084,739
Accounts receivable - net	186,403
Total current assets	<u>1,271,142</u>
Noncurrent assets:	
Buildings, net of accumulated depreciation	165,076
Equipment, net of accumulated depreciation	418,562
Total noncurrent assets	<u>583,638</u>
TOTAL ASSETS	<u>1,854,780</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	17,065
Payroll taxes payable	1,395
Other payroll withholdings payable	7,986
Compensated absences	5,737
Sales taxes payable	26,710
Total current liabilities	<u>58,893</u>
Noncurrent liabilities:	
Compensated absences	10,732
Total noncurrent liabilities	<u>10,732</u>
TOTAL LIABILITIES	<u>69,625</u>
<b>NET POSITION</b>	
Net investment in capital assets	583,638
Unrestricted	1,201,517
TOTAL NET POSITION	<u>\$ 1,785,155</u>

	Business-type Activities
	Sanitation
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Charges for sanitation services	\$ 1,258,619
TOTAL OPERATING REVENUES	<u>1,258,619</u>
<b>OPERATING EXPENSES</b>	
Personnel	522,680
Operating supplies	341,272
Depreciation	167,325
TOTAL OPERATING EXPENSES	<u>1,031,277</u>
<b>OPERATING INCOME</b>	227,342
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	(144)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(144)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	227,198
<b>TRANSFERS IN</b>	<u>29,689</u>
<b>CHANGE IN NET POSITION</b>	256,887
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>1,528,268</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 1,785,155</u>

FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities
	Sanitation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,397,151
Payments to suppliers	(728,846)
Payments to employees	(287,143)
Net cash provided by operating activities	<u>381,162</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of capital assets	-
Purchases of capital assets	(82,072)
Principal paid on capital debt	(29,545)
Interest paid on capital debt	(144)
Transfers from other fund	29,689
Net cash provided (used) by capital and related financing activities	<u>(82,072)</u>
Net increase (decrease) in cash and cash equivalents	299,090
Cash and cash equivalents, January 1, 2015	<u>785,649</u>
Cash and cash equivalents, December 31, 2015	<u><u>1,084,739</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income	227,342
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	167,325
(Increase) decrease in accounts receivable	(279)
Increase (decrease) in accounts payable	2,794
Increase (decrease) in payroll taxes	(765)
Increase (decrease) in accrued expenses	(19,431)
Increase (decrease) in compensated absences payable	1,987
Increase (decrease) in sales taxes payable	2,189
Total adjustments	<u>153,820</u>
Net cash provided by operating activities	<u>\$ 381,162</u>

DECEMBER 31, 2015

	Fines Custodial Agency Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,162
TOTAL ASSETS	<u>14,162</u>
<b>LIABILITIES</b>	
Amounts due to other parties	14,162
TOTAL LIABILITIES	<u>\$ 14,162</u>

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The City does not have any component units.

### B. Reporting entity

The City of Maumelle, Arkansas, (the “City”) is a municipal corporation governed by an elected mayor and eight-member council. The City was chartered on December 1, 1985, under the provisions of the State of Arkansas. The City operates under a Mayor/Council form of government and provides the following services: police and fire protection; animal control; planning and zoning; sanitation services; parks and recreation; district court; public works and streets; and general administrative services.

**Related Organizations.** The Maumelle Public Facilities Board (the “Facilities Board”) is considered a related organization based upon the criteria in GASB Statement No. 14. The Facilities Board is a separate legal entity from the City. Pursuant to Arkansas Code Annotated (A. C. A.) §14-137-108, the City appoints a voting majority of the Facilities Board members. However, the City is not able to impose its will upon the Facilities Board nor does a financial benefit/burden relationship exist between them. Therefore, the financial statements of the City do not include the financial information of any related organizations.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments.

### C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues* instead.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and transit functions and various

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### D. Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

*General Fund* – The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

*Special Revenue Fund – Street Fund* – Special Revenue Funds account for revenues derived from special taxes or other earmarked revenue sources. The Street Fund is a special revenue fund derived from taxes earmarked specifically for street expenditures.

*Debt Service Fund* – The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of long-term debt principal, interest, and related costs.

*Capital Projects Fund* – The Capital Projects Fund is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

*Sanitation Fund* – Proprietary Funds account for operations that are financed and operated in a manner similar to private industry. The City uses the Sanitation Fund to report the operations of the solid waste operation.

Additionally, the City reports the following fund types:

*Fines Custodial Fund* – The Fines Custodial Fund is an Agency Fund that has been established to account for amounts held in custody for individuals and other governments in connection with Municipal Court cases not yet adjudicated.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund financial statements have no measurement focus, as is the case with all agency funds but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

### F. Budgetary information

On or before December 1, the Mayor submits to the Council a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the current year, along with estimates and actual data for the year. The budget is submitted in detailed line item form for administrative control. The budget is legally enacted through passage of a resolution.

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Formal budgetary information is employed as a management control device during the year. Budgets for the General and Special Revenue – Street Funds are adopted on the same basis of accounting as used by the City, which is a basis consistent with generally accepted accounting principles.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The actual results of operations, compared to the final appropriation, which include amendments to the original appropriation, for each fund type by expenditure function and revenue source are presented in the *Budgetary Comparison Schedules* for the General Fund and for the Street Fund for the current year.

### **G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

#### ***Cash and cash equivalents***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. In order to facilitate cash management, the operating cash of certain funds is pooled into common bank accounts.

#### ***Investments***

Investments for the City are reported at fair value. State statutes authorize the City to invest in obligations of the U.S. Treasury, Arkansas bank certificates of deposit, and Arkansas financial institution repurchase agreements.

#### ***Prepaid items***

Payments made to vendors for services that benefit future periods are recorded as prepaid items in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed.

#### ***Receivables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "due from."

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Restricted assets***

Certain proceeds of the City’s revenue bonds and general obligation bonds, as well as certain resources set aside for the repayment of the City’s revenue bonds and general obligation bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The construction accounts in the Capital Improvement Fund are used to report those proceeds of bond issuances that are restricted for use in construction. The debt service bond accounts in the Debt Service Fund are used to segregate resources accumulated for debt service payments over the next twelve months. The debt service reserve accounts in the Debt Service Fund are used to segregate resources set aside to meet unexpected contingencies, as required by the applicable bond covenants.

***Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns within the government-wide financial statements. The City defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets based on estimates provided by the Arkansas GASB Task Force and past experience with contractors. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest expense was incurred by the City during the current fiscal year for construction of capital assets of business-type activities.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	5-30
Equipment	3-10
Infrastructure	40

***Deferred outflows/inflows of resource***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, sales taxes, franchise taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### ***Long-term liabilities***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Long-term liabilities are only recorded to the extent that they are due and payable.

### ***Net position flow assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### ***Fund balance policies***

In the governmental fund financial statements, fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned. A brief description of each category is as follows:

- *Nonspendable* – represents amounts that cannot be spent due to form, for example, inventories and prepaid amounts, and amounts must remain intact legally or contractually.
- *Restricted*– represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation.
- *Committed* – represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority and it would require the same group to remove or change constraints. The City of Maumelle’s highest level of decision making authority is the Council. The formal action necessary would be an ordinance that specifically establishes, amends or rescinds a fund balance commitment. A formal policy has not been adopted by the City Council as of the date of this report.
- *Assigned* – represents amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council has by ordinance authorized the Mayor to

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignment generally only exists temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

- *Unassigned* – represents amounts, for the general fund, that are not classified as nonspendable, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance; whereas other governmental funds would report a residual deficit if amounts are expended in excess of resources in nonspendable, restricted, committed or assigned. A formal policy has not been adopted by the City Council as of the date of this report.

When both restricted and unrestricted resources are available for use, it is the City's practice has been to use restricted resources first, then unrestricted resources as they are needed. A fund's unrestricted fund balance would have committed amounts reduced first, then assigned amounts and unassigned amounts third when expenditures meet the requirements to use unrestricted resources.

The City of Maumelle formally adopted Ordinance No. 438 in November of 2002. It sets the appropriate level of unassigned general fund balance to be maintained by the City, which is 20 percent of the current year budgeted operating expenditures. If a situation presents itself, in which, the City Council feels that it is prudent and necessary to spend these unassigned funds, and then it would need to pass an ordinance to amend or repeal Ordinance No. 438.

### H. Revenues and expenditures/expenses

#### ***Program revenues***

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

#### ***Property taxes***

Property taxes are levied, as of October 1<sup>st</sup>, on property values assessed, as of January 1<sup>st</sup>. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until after October 10<sup>th</sup>. At which time the applicable property is subject to lien, and penalties and interest are assessed. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period

#### ***Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick benefits. Employees may accumulate unused vacation of up to twice their annual accrual rate. Upon termination, any accumulated unused vacation time will be paid to the employee. City employees are allowed to accumulate unused sick leave up to a maximum of 1,040 hours. Any accumulated unused sick leave is paid upon employee retirement from service with the City. Historically, employees are compensated for unused sick and vacation time from the fund which the employee is assigned.

The City records a liability for compensated absences as the employee earns benefits attributable to services rendered that were unpaid at the end of the year. Additionally, the City accrues benefits for earned sick leave only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

other contingencies. Compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, such as a result of employee resignations and retirements.

***Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s Sanitation Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**I. Other significant accounting policies**

***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash and Cash Equivalents**

As of December 31, 2015, the carrying amount of the City’s deposits was \$36,099,795 and the bank balance was \$36,143,107. Of the bank balance, \$12,172,084 was covered by Federal depository insurance or by collateral held by the City’s agent in the City’s name, and \$25,321,129 was collateralized with securities held by the pledging financial institution’s trust department or its agent in the City’s name. The following schedule reconciles the reported amount of deposits as disclosed above to the statement of net position:

Reported Amount of Deposits	36,098,320
Cash on hand	<u>1,475</u>
	<u>36,099,795</u>
Unrestricted cash, as reported on the statement of net position	10,799,456
Restricted cash and cash equivalents, as reported on the statement of net position	25,286,177
Restricted cash, as reported on the statement of fiduciary net position	<u>14,162</u>
Total cash and cash equivalents	<u>\$36,099,795</u>

**B. Accounts Receivable**

All trade receivables are shown net of an allowance for uncollectible.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

Accounts receivable at December 31, 2015, is as follows:

	General Fund	Street Fund	Debt Service Fund	Sanitation Fund
Taxes receivable	\$ 755,453	\$ 112,236	\$ 94,993	\$ -
Trade receivables	286,171	1,332	-	351,537
Other receivables	97,592	-	-	125,917
Gross receivables	1,139,216	113,568	94,993	477,454
Allowance for doubtful accounts	(167,775)	-	-	(291,051)
Net total receivables	<u>\$ 971,441</u>	<u>\$ 113,568</u>	<u>\$ 94,993</u>	<u>\$ 186,403</u>

**C. Capital Assets**

Net capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Transfers/Reclassifications	Ending Balance
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,649,763	\$ -	\$ -	\$ -	\$ 7,649,763
Construction in progress	1,501,650	1,594,724	-	(527,532)	2,568,842
Total capital assets, not being depreciated	9,151,413	1,594,724	-	(527,532)	10,218,605
Capital assets, being depreciated:					
Buildings	27,093,200	9,060	-	-	27,102,260
Equipment	10,827,006	191,028	(157,173)	-	10,860,861
Infrastructure	11,949,934	1,330,922	-	-	13,280,856
Total capital assets being depreciated	49,870,140	1,531,010	(157,173)	-	51,243,977
Less accumulated depreciation for:					
Buildings	9,506,006	1,017,040	-	-	10,523,046
Equipment	6,966,086	751,798	(157,173)	-	7,560,711
Infrastructure	2,495,898	375,249	-	-	2,871,147
Total accumulated depreciation	18,967,990	2,144,087	-	-	20,954,904
Total capital assets being depreciated, net	30,902,150	(613,077)	-	-	30,289,073
Governmental activities capital assets, net	\$ 40,053,563	\$ 981,647	\$ -	\$ -	\$ 40,507,678
<b>BUSINESS ACTIVITIES</b>					
Capital assets, not being depreciated:					
Construction in Progress	-	-	-	-	-
Capital assets, being depreciated:					
Buildings	227,422	-	-	-	227,422
Equipment	1,565,035	82,073	-	-	1,647,108
Total capital assets being depreciated	1,792,457	82,072	-	-	1,874,530
Less accumulated depreciation for:					
Buildings	50,329	12,017	-	-	62,346
Equipment	1,073,235	155,309	-	-	1,228,544
Total accumulated depreciation	1,123,564	167,325	-	-	1,290,890
Total capital assets being depreciated, net	668,893	(85,253)	-	-	583,640
Business-type activities capital assets, net	\$ 668,893	\$ (85,253)	\$ -	\$ -	\$ 583,640

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities:	
Administrative Services	\$ 1,052,582
Public Safety	471,011
Public Works and Streets	521,609
Parks and Recreation	98,884
Total depreciation expense governmental activities	<u>\$ 2,144,086</u>
Business-type Activities:	
Sanitation	<u>\$ 167,325</u>
Total depreciation expense business-type activities	<u>\$ 167,325</u>

**D. Pension Obligations**

**City of Maumelle, Arkansas Pension Plan:** The City administers a City Pension Plan (effective March 1, 1991), a single-employer, defined contribution pension plan, in which all non-uniformed employees, who have completed one (1) year of service, may participate. The City Pension Plan provides retirement benefits to plan members. The City has authority to establish and amend the plan’s provisions and contribution requirements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. You may obtain information about this plan from TIAA-CREF at 1-800-842-2252.

**Funding Policy:** Plan members are required to contribute up to 2 percent of their annual covered salary. The City will contribute up to 6 percent of annual covered salary. The Plan was amended and restated January 1, 2009, to allow each active participant who completes the years of participation in the plan set out below to become vested in the applicable percentage of the City Contribution Account:

<u>Years Vested</u>	<u>Vesting Percentage</u>
0-1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

**Annual Pension Cost.** For the year ended December 31, 2015, the City’s annual pension cost of \$130,938 for the City Pension Plan was equal to the City’s required and actual contributions.

**Three-Year Trend Information for the City Pension Plan.**

<u>YEAR ENDING</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
December 31, 2013	77,770	110,167	187,937
December 31, 2014	72,616	106,546	179,162
December 31, 2015	71,162	130,938	202,100
	<u>\$ 221,548</u>	<u>\$ 347,701</u>	<u>\$ 569,199</u>

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

<u>YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>
December 31, 2013	110,167	100%
December 31, 2014	106,546	100%
December 31, 2015	130,938	100%

**Arkansas Local Police and Fire Retirement System (LOPFI):** The City participates in the LOPFI, a state wide cost-sharing, multi-employer defined benefit plan administered by a seven-member Board of Trustees and created by Act 364 of the 1981 Arkansas General Assembly. The LOPFI provides retirement benefits for uniformed employees and volunteer firemen. LOPFI issues separate audited GAAP-basis postemployment benefit plan report. This report may be obtained by visiting the LOPFI website: [www.lopfi-prb.com](http://www.lopfi-prb.com). The enhanced note disclosures required by GASB Statement No 67; *Financial Reporting for Pension Plans*, are produced by Gabriel Roeder Smith and Company within the actuarial valuation of the plan. The December 31, 2015 audited financial statements must be submitted for bond disclosures by June 29, 2016. The December 31, 2015 actuarial valuation of the Plan is scheduled to be completed after the June 29<sup>th</sup> submission deadline in late summer of 2015, per LOPFI.

Since the actuarial data required by GASB 67 was not available, The City has not implemented the provisions of GASB 67 as of June 29, 2016. GASB 67 requires additional note disclosures regarding the pension plan and additional and expanded supplementary schedules providing more information about the status of the plan’s funding and 10 year trend histories. The impact in fiscal year 2015 relates to the note disclosures and required supplementary information only. The City intends to implement GASB 67 and GASB 68 with respect to LOPFI after release of the actuary report.

**Funding Policy:** The contribution requirements of the City are established and amended by the State of Arkansas. Contributions to LOPFI commence with the date of employment and continue monthly until termination. Contributions for uniformed employees are based upon a percentage of gross salary, and contributions for volunteer firemen amount to \$5.60 per month. With the exception of volunteer firemen, contributions are made both by the employee and employer.

The actuarial method used for valuing assets of the plan is the entry age actuarial cost method applied on a level percentage-of-payroll basis, using a 30 year remaining amortization period. The following assumptions were made:

Wage Inflation Rate	4.0%
Investment Rate of Return	8.0%
Projected Salary Increases	4.0%
Post Retirement Benefits Increases	3.0%

Please see page D-1 of the LOPFI Annual Report dated June 19, 2015 for additional detail.

For the year ended December 31, 2015, the contribution rate percentages were as follows:

<u>LOPFI Maximum</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
Fire	8.50%	19.18%	27.68%
Police	8.50%	16.19%	24.69%

Three-Year Trend Information for LOPFI.

YEAR ENDING	EMPLOYEE	EMPLOYER	TOTAL
December 31, 2013	238,130	249,333	487,463
December 31, 2014	237,422	268,317	505,739
December 31, 2015	258,575	347,034	605,609
	\$ 734,127	\$ 864,684	\$ 1,598,811

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED
December 31, 2013	249,333	100%
December 31, 2014	268,317	100%
December 31, 2015	347,034	100%

Funding status and funding progress. As of December 31, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$2,235,441,597
Actuarial value of plan assets	1,554,175,988
Unfunded actuarial accrued liability (UAAL)	681,265,609
Funded ratio (actuarial value of plan assets/AAL)	70%
Covered payroll (active plan members)	307,760,404
Unfunded AAL as a percentage of covered payroll	221%

**Arkansas Public Employees Retirement System (APERS):** Beginning in 2005, the City also contributes to the APERS, which is a statewide cost-sharing multiple-employer defined benefit pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The plan provides retirement, disability, and survivor benefits for eligible employees and elected officials of state and local governmental entities in Arkansas. The general administration and responsibility for the proper operation of APERS is vested in a nine-member board of trustees, which includes the State Auditor, State Treasurer, Director of the State Department of Finance and Administration, and three state and three non-state employees appointed by the Governor. APERS issue an unaudited publicly available financial report. This report may be obtained by visiting the APERS website: [www.apers.org](http://www.apers.org).

Members are eligible for full benefits at age sixty-five with five years of actual service, at age fifty-five with five years of credited service, or at any age with twenty-eight years of actual service. The normal retirement benefit at full age and service is computed differently for each employee, based on the employee's hire date.

The actuarial method used for valuing assets of the plan is the entry age actuarial cost method applied on a level dollar basis, using a 15 year remaining amortization period. The following assumptions were made:

Wage Inflation Rate	3.75%
Investment Rate of Return	7.75%
Projected Salary Increases	3.75%
Post Retirement Benefits Increases	3.0%

Please see page E-1 of the APERS Annual Report dated November 11, 2014 for additional detail.

**Funding Policy:** The contribution requirements of the City are established and amended by the State of Arkansas. The City is required to make monthly employer contributions for all participating employees of 14.88 percent. Contributions for the years ended 2013, 2014 and 2015 were \$11,402, \$10,409 and \$10,947 respectively and were equal to 100 percent of the required contributions for each year.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

*Funding status and funding progress.* As of June 30, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$8,864,000,000
Actuarial value of plan assets	6,895,000,000
Unfunded actuarial accrued liability (UAAL)	<u>1,969,000,000</u>
Funded ratio (actuarial value of plan assets/AAL)	78%
Covered payroll (active plan members)	1,745,000,000
Unfunded AAL as a percentage of covered payroll	113%

**Covered payroll.** Total payroll and payroll covered by the above mentioned pensions are as follows for the year ended December 31, 2015:

Gross Payroll	7,228,997
Non-uniformed pension wages	2,015,952
APERS pension wages	74,546
LOPFI pension wages	3,269,854
Mayor	91,739

**City Clerk Retirement.** A.C.A. §24-12-121 provides for a retirement for any City Clerk who has served for not less than ten years upon reaching the age of sixty or has served as City Clerk for twenty years without regard to age. The code specifies that the retirement benefits should be a monthly sum equal to one-half of the monthly salary received by the City Clerk during the last preceding year of service, and these benefits should be paid from the General Fund of the City. The ratio of unfunded actuarial accrued liability to annual covered payroll is 984%. The annual benefit costs for 2013-2015 were \$21,017 each year.

The former City Clerk retired in December 2005 after twenty years of service. The City contracted with an independent actuarial firm to perform a calculation to determine the annual required contribution (ARC) and the net pension obligation (NPO). An interest rate of 3.5 percent was assumed and the 2014 Static Mortality table was used to calculate the present value of \$550,881 for this benefit. The calculation of the NPO is the accumulated difference between the ARC and the actual contributions for the years beginning between the initial employment date of the City Clerk, December 15, 1986, and the effective date of GASB Statement 27, July 15, 1997. The NPO at December 31, 2014 is \$218,000, an increase of \$38,000 from the prior year. The two preceding years of NPO are \$180,000 for 2013 and \$156,000 for 2012.

The calculation of the ARC is covered in Paragraph 10 of GASB 27 and is the sum of the Normal Cost plus amortization of the Unfunded Actuarial Liability. For the calculation, it is assumed that the current City Clerk will remain in the position long enough to receive pension benefits (20 years); therefore, the Normal Cost is the present value of the benefit accruing in the year, and the Actuarial Liability is the present value of the retirement benefit and the “accrued benefit” of the current City Clerk. Assuming that this is a separate plan that has only been funded enough to cover benefits paid out for the year and benefits accrued, the Unfunded Actuarial Liability is equal to the present value of the benefit. Amortizing the UAL over 20 years gives an annual ARC of \$69,000. The ARC for 2012 was \$59,000 and 2013 was \$51,000. The ARC should not be less than the amount of the annual benefit as required by A.C.A. §24-12-121. On the statement of net position, the City has recorded \$529,864 as a noncurrent liability due in more than one year. The actuarial method used for valuing assets of the plan is the projected unit credit –“as accrued” actuarial cost method applied on a level dollar basis, using a 20 year remaining amortization period.

**E. Construction and other significant commitments**

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

The City has entered the design and construction phase for several projects that were approved to be paid with the Series 2015 bonds. At year end the government’s commitments with contractors are as follows:

<b>Project</b>	<b>Spent to date</b>	<b>Remaining Commitment</b>
Counts Massie Extension to I-40	\$ 373,814	\$4,327,798
Replacement of Fire Station 2	617,197	868,952
Crystal Hill to Counts Massie Extension	334,142	-
Athletic Fields Project	954,962	-
Senior Citizens Building	222,677	3,181,275

**Encumbrances**

As discussed in Note 1. F., Budgetary information, Budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	63,406
Sanitation fund	<u>253,166</u>
Total	<u>364,140</u>

**F. Risk Management**

The City has coverage for potential losses through participation in a public entity risk pool, Central Arkansas Risk Management Association, along with twenty-two other public entities. Claims settlements, damages and awards paid have been below the insurance coverage limits for each of the past three years.

Identified below are the major coverage limits:

General Liability:	\$250,000 limit/occurrence bond \$100,000 fidelity bond
Buildings and Content:	Replacement costs
Vehicles:	Cash value
Auto Liability:	\$25,000 per person \$50,000 per incident \$25,000 property

Losses as a result of litigation are covered by participation in the Municipal Legal Defense Pool. Coverage amounts are 25 percent of the program’s available funds at the time the law suit is filed, or judgment becomes final, or \$1,000,000, whichever is less.

**G. LEASE OBLIGATIONS**

**Capital lease**

The City entered into a lease agreement as lessee for financing the acquisition of radio equipment from Motorola valued at \$535,010. The equipment has a five-year estimated useful life. This year, \$53,521 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

recorded at the present value of future minimum lease payments as of the inception date. The interest rate on this lease is 0%; therefore the present value is the amount of the lease, \$214,084.

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2015, were as follows:

<b>Year Ending December 31</b>	<b>Governmental activities</b>
2016	107,042
2017	107,042
Total minimum lease payments	<u>214,084</u>
Present value of minimum lease payments	<u>\$ 214,084</u>

**H. SHORT-TERM DEBT**

The City does not have any short-term debt outstanding as of December 31, 2015.

**I. LONG-TERM LIABILITIES**

**Changes in long-term liabilities:** Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning balance <u>12/31/2014</u>	New Debt & Other <u>Additions</u>	Principal <u>Payments</u>	Other Additions & <u>Reductions</u>	Ending balance <u>12/31/2015</u>	Current <u>Portion</u>
<b>Governmental Activities</b>						
Bonds:						
2012 Series	7,715,000	-	220,000	-	7,495,000	225,000
2013 Series	7,870,000	-	-	7,870,000	-	-
2014 Series	5,545,000	-	-	5,545,000	-	-
2015 Series	-	18,845,000	-	-	18,845,000	1,010,000
Plus Reoffering Premium	-	797,108	-	66,426	730,683	-
Less deferred issuance discounts	(59,472)	-	-	2,817	(56,655)	-
Total bonds payable	<u>21,070,528</u>	<u>19,642,108</u>	<u>220,000</u>	<u>13,484,243</u>	<u>27,014,028</u>	<u>1,235,000</u>
Motorola Capital Lease	321,126	-	-	107,042	214,084	107,042
Clerk pension	550,881	-	-	-	550,881	-
Compensated Absences	269,323	397,365	-	380,489	286,199	33,484
Total governmental activity	<u>22,211,858</u>	<u>20,039,473</u>	<u>220,000</u>	<u>14,191,774</u>	<u>28,065,191</u>	<u>1,396,543</u>
<b>Business-type activities</b>						
Bank Loan	29,545	-	-	29,545	-	-
Compensated absences	14,482	19,252	-	17,265	16,469	5,737
Total business-type activity	<u>44,027</u>	<u>19,252</u>	<u>-</u>	<u>46,810</u>	<u>16,469</u>	<u>5,737</u>

The liability for the City Clerk pension and governmental activities compensated absences are fully liquidated by the General Fund. The liability for business activities compensated absences are fully liquidated by enterprise fund (sanitation fund). The 2014 results for the City Clerk pension have Cost of Living adjustments (COLAs) and one active participant is assumed to have been married for 10 years and the spouse is eligible for their retirement at his/her death and this calculation increased the estimated liability.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**General obligation bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

**Series 2015**

This Bond is one of an issue of City of Maumelle, Arkansas, Limited Tax Capital Improvement and Refunding Bonds, Series 2015, aggregating \$18,845,000 in principal amount, issued for the purposes of (i) refunding the City’s outstanding Capital Improvement Bonds, Series 2013 and the City’s outstanding Capital Improvement Bonds, Series 2014; (ii) providing for the payment of a portion of the costs of various capital improvements including the following: (a) to design, engineer, improve, construct and equip the Maumelle City Hall and related improvements, (b) to design, engineer, improve, construct and equip the Maumelle Senior Wellness Facility and related improvements, and (c) to design, engineer,

construct, acquire, equip and improve athletic fields for T-ball and softball and related improvements (collectively, the “Series 2015 Projects”), and (iii) to pay the costs and expenses of issuing the Bonds authorized pursuant to Emergency Ordinance No. 869 of the City adopted on January 20, 2015.

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2015	Governmental Activities	2.00 – 4.00%	\$18,845,000
Maturity (March 1)	Principal Amount(\$)	Interest Rate (%)	Interest Amount
2016	1,010,000.00	2.000%	537,740.00
2017	1,035,000.00	2.000%	517,290.00
2018	1,060,000.00	3.000%	491,040.00
2019	1,090,000.00	3.000%	458,790.00
2020	1,125,000.00	3.000%	425,565.00
2021	1,160,000.00	3.638%	387,590.00
2022	1,205,000.00	4.000%	342,390.00
2023	1,255,000.00	4.000%	293,190.00
2024	1,300,000.00	3.000%	248,590.00
2025	1,340,000.00	3.000%	208,990.00
2026	1,380,000.00	2.600%	170,950.00
2027	1,415,000.00	2.600%	134,615.00
2028	1,450,000.00	2.600%	97,370.00
2029	1,490,000.00	2.600%	59,150.00
2030	1,530,000.00	2.600%	19,890.00
<b>Total</b>	<b>\$18,845,000.00</b>	<b>-</b>	<b>\$4,393,150.00</b>

**Revenue Bonds**

**Series 2012**

The City also issues bonds where the City pledges income derived from the franchise fees charged to public utilities for the privilege of using the City’s streets and right-of-ways. The Series 2005 and Series 2007 bonds were refunded in 2012 with the Series 2012 bond issue for \$8,305,000. The net carrying value for the Series 2005 and 2007 revenue

bonds was \$7,921,163. The cost of refunding the debt was \$8,272,181. The difference between the net carrying value of the refunded debt and cost of the refunding bonds was \$351,018. The economic gain from this transaction is \$506,432. Revenue bonds outstanding at year end are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2012	Governmental Activities	1.00 – 4.20%	\$8,305,000

Revenue bond debt service requirements to maturity are as follows:

<b>Series 2012 Revenue Bonds</b>			
<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Interest Amount</u> <u>(\$)</u>
2016	225,000	2.00	263,522.50
2017	230,000	2.00	259,022.50
2018	260,000	2.00	254,422.50
2019	265,000	2.25	249,222.50
2020	270,000	2.50	243,260.00
2021	275,000	2.65	236,510.00
2022	285,000	2.85	229,222.50
2023	290,000	3.10	221,100.00
2024	300,000	3.25	212,110.00
2025	310,000	3.35	202,360.00
2026	320,000	3.50	191,975.00
2027	335,000	3.60	180,775.00
2028	345,000	3.70	168,715.00
2029	355,000	4.00	155,950.00
2030	370,000	4.00	141,750.00
2031	385,000	4.00	126,950.00
2032	400,000	4.00	111,550.00
2033	420,000	4.00	95,550.00
2034	435,000	4.00	77,910.00
2035	455,000	4.00	59,640.00
2036	475,000	4.00	40,530.00
2037	490,000	4.20	20,580.00
<b>Total</b>	<b>7,495,000</b>		<b>3,742,627.50</b>

**Legal Debt Margin.** Under Amendment 62 of the Arkansas State Constitution, the City’s outstanding general obligation debt should not exceed 20 percent of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2015, the legal debt limit for the city was \$80,280,911. The city has general obligation debt outstanding at the end of 2014 of \$18,845,000 less funds available for retirement of 2,395,185, leaving a legal debt margin of \$63,100,413.

**J. Fund balance and net position**

**Minimum Fund Balance policy**

The City of Maumelle formally adopted Ordinance No. 438 in November of 2002. It sets the appropriate level of unassigned general fund balance to be maintained by the City, which is 20 percent of the current year budgeted operating expenditures. If a situation presents itself, in which, the City Council feels that it is prudent and necessary to spend these unassigned funds, and then it would need to pass an ordinance to amend or repeal Ordinance No. 438. At the end of 2015, the City’s unassigned fund balance is \$5,321,563 and the 20% of 2015 budgeted expenditures is \$2,172,725. We have exceeded the minimum balance for 2015 by 60%.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**Fund Balance**

- *Nonspendable* – represents amounts that cannot be spent due to form, for example, inventories and prepaid amounts, and amounts must remain intact legally or contractually. The City of Maumelle’s prepaid items are recorded as nonspendable fund balance. Below is a list of general fund prepaid items totaling \$19,338, as of December 31, 2015:

Municipal Defense insurance for periods January 1 – October 31, 2016 - \$19,338

- *Restricted*- represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation. Below describes the amounts in restricted for 2015:

*Street Fund* is a special revenue fund derived from taxes earmarked specifically for street expenditures – \$3,626,143

*Debt Service Fund* used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related cost - \$2,366,070

*Capital Projects Fund* is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds - \$22,928,457

*District Court automation fund* is used to account for funds to used solely for district court-related technology -\$26,588

- *Committed* – represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority and it would require the same group to remove or change constraints. The City of Maumelle’s highest level of decision making authority is the Council. The formal action necessary would be an ordinance that specifically establishes, amends or rescinds a fund balance commitment
- *Assigned* – represents amounts for the general fund, that are constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. For all governmental funds other than general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. The City of Maumelle’s mayor has the authority to make assignments of fund balances for specific purposes except those restricted by law. Encumbrances for the City of Maumelle are classified as assigned. The total for the General fund, for 2015, is \$63,406.

**K. INTERFUND RECEIVABLES AND PAYABLES**

**Interfund receivable and payable balances.** Interfund receivables and payables in the sanitation and fines custodial funds are the result of payments made by the General Fund on behalf of those funds for payroll and miscellaneous expenditures. Interfund receivables and payables can also result from debt payments funded through fees collected and received in a fund other than the debt service fund from which debt payments are made. Interfund receivable and payable balances as of December 31, 2015, are as follows:

DUE TO	DUE FROM				Total
	General Fund	Fines Custodial	Sanitation Fund	Debt Service	
General Fund	\$ -	\$ 2,118		\$ -	\$ 2,118
Capital Projects Fund	-	-	-	2,337	2,337
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,118</b>	<b>\$ -</b>	<b>\$ 2,337</b>	<b>\$ 4,455</b>

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**L. INTERFUND TRANSFERS**

**Interfund transfers.** Interfund transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts, and 3) as part of a journal entry to remove closed cash accounts from the books. Interfund transfers for the year ended December 31, 2014, consisted of the following transactions:

<b>TRANSFER OUT</b>	<b>Enterprise Fund</b>		<b>Total</b>
	<b>Debt Service Fund</b>	<b>Sanitation Fund</b>	
General Fund	\$ 490,823	\$ 29,689	\$ 520,512
<b>Total</b>	<b>\$ 490,823</b>	<b>\$ 29,689</b>	<b>\$ 520,512</b>

**NOTE 3: NEW APPLICABLE GASB STANDARDS**

GASB Statement 73 objective is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 30, 2015.

GASB Statement 76 objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015.

	Fines Custodial Agency Fund			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
<b>ASSETS</b>				
Cash	\$ 30,791	\$ 299,251	\$ 315,880	\$ 14,162
<b>LIABILITIES</b>				
Due to other parties	\$ 30,791	\$ 299,251	\$ 315,880	\$ 14,162

CITY OF MAUMELLE, ARKANSAS

SUPPLEMENTAL SCHEDULE OF FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

Grantor/Pass-Through Entity/Program/Purpose	Grant Identification Number(s)	Current Year Revenue	Current Year Expenditures
U.S. Environmental Protection Agency Regional Wetlands Program Development Grants Federal funding to assist with developing a wetland management plan - White Oak Bayou	CD-00F074101-1	\$ 138,337	\$ 138,337
U.S. Department of Justice Arkansas Department of Finance and Administration Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Law Enforcement Block Grant (LLEBG) Federal funding for the purchase of wearable video cameras for the Maumelle Police Department	14-895-13L	4,200	4,200
U.S. Dept. of Homeland Security Assistance to Firefighters Grant Program Federal funding for the purchase of operations and safety equipment	EMW-2014-FO-01463	30,453	30,453
U.S. Dept. of Homeland Security Arkansas Department of Emergency Management Disaster Grants - Public Assistance Federal disaster relief funds for debris removal	FEMA Disaster No. 4100	90,363	90,363
U.S. Dept. of Transportation - Federal Highway Commission Arkansas State Highway & Transportation Dept. Highway Planning & Construction: Federal-Aid Highway Program Federal funding for the design of a new I-40 interchange	HPP2-3745(1) Job #061190	9,075	9,075
U.S. Dept. of Transportation - Federal Highway Commission Arkansas State Highway & Transportation Dept. Highway Planning & Construction: Federal-Aid Highway Program Federal funding for the construction of a pedestrian/bicycle path in Maumelle	STPU-9468(4) Job #061301	19,693	19,693
State of Arkansas Central Arkansas Planning & Development District General Improvement Funds State funding to install adaptive traffic signal controls on Maumelle Boulevard	Gen Imp Act 1518 of 2013 CA1518-2-061	31,000	31,000
State of Arkansas Central Arkansas Planning & Development District General Improvement Funds State funding for Maumelle Citizens Fire Academy and Maumelle Citizens Police Academy	Gen Imp Act 1518 of 2013 CA1146-1-016	519	519
State of Arkansas Pulaski County Community Services General Improvement Funds State funding to purchase body worn cameras for use by Maumelle Police Officers	Senate District 30 GIF	5,000	5,000
Total		<u>\$ 328,640</u>	<u>\$ 328,640</u>

See independent auditor's report.

Land	\$ 7,649,763
Buildings	16,579,214
Equipment	3,300,150
Infrastructure	10,409,709
Construction in Progress	<u>2,568,842</u>
Subtotal	<u><u>40,507,678</u></u>
Investments in governmental funds capital assets by source:	
General fund	20,425,217
Special revenue fund	8,499,761
Capital project fund	10,581,253
Donations	<u>1,001,447</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u><u>\$ 40,507,678</u></u>

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Infra- Structure	Construction in Progress	Total
General government:						
Administrative services	\$ 7,649,763	\$ 16,579,214	\$ 704,144	\$ -	\$ 66,050	\$ 24,999,171
Legal and judicial						
Court	-	-	-	-	-	-
Public safety:						
Police	-	-	283,911	-	-	283,911
Fire	-	-	1,396,819	-	617,197	2,014,016
Animal control	-	-	8,169	-	-	8,169
Highways and streets:						
Public works	-	-	26,072	1,284,869	334,143	1,645,084
Streets	-	-	372,368	9,124,840	596,490	10,093,698
Culture and recreation:						
Parks	-	-	496,781	-	954,962	1,451,743
Senior services	-	-	8,096	-	-	8,096
Community & econ. development:						
CED	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-
Code enforcement	-	-	3,790	-	-	3,790
<b>TOTAL CAPITAL ASSETS</b>	<u>\$ 7,649,763</u>	<u>\$ 16,579,214</u>	<u>\$ 3,300,150</u>	<u>\$10,409,709</u>	<u>\$ 2,568,842</u>	<u>\$ 40,507,678</u>

### **Nonmajor Governmental Fund**

Special revenue funds are used to account for specific revenue sources that are restricted, committed or assigned to expenditures for particular purposes.

***District Court automation fund*** – Funds are collected from persons authorized to pay fines and any other assessments in installments and these persons are assessed an installment fee of five dollars (\$5.00) per month. This fee shall be collected in full each month in which a defendant makes an installment payment. One-half (1/2) of the installment fee collected in district court shall be remitted by the tenth day of each month to the city treasurer of the city in which the district court is located to be deposited in a fund entitled the district court automation fund to be used solely for district court-related technology.

	<u>Special Revenue</u>	Total
	District Court Automation	Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash	\$ 26,608	\$ 26,608
TOTAL ASSETS	<u>26,608</u>	<u>26,608</u>
<b>LIABILITIES</b>		
Accounts payable	20	20
TOTAL LIABILITIES	<u>20</u>	<u>20</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted:		
District Court Automation	26,588	26,588
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>26,588</u>	<u>26,588</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,608</u>	<u>\$ 26,608</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Special Revenue</u> District Court Automation	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Legal and Judicial fees	5,956	5,956
Grants and donations	-	-
<b>TOTAL REVENUES</b>	<u>5,956</u>	<u>5,956</u>
<b>EXPENDITURES</b>		
Current:		
General government		
Legal and judicial	169	169
Capital outlay:		
Administrative services	-	-
<b>TOTAL EXPENDITURES</b>	<u>169</u>	<u>169</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>5,787</u>	<u>5,787</u>
Other financing sources (uses):		
Transfers in	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>
Net change in fund balances	5,787	5,787
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>20,801</u>	<u>20,801</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 26,588</u>	<u>\$ 26,588</u>

## STATISTICAL SECTION

This part of the City of Maumelle’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	49
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	58
Debt Capacity <i>These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	62
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	69
Operating Information <i>These schedules contain information about the City’s operating environment.</i>	71

*Sources: Unless otherwise noted, the information in these schedules is derived from prior year comprehensive annual financial reports.*

## TEN YEAR SUMMARY

	2006	2007 <sup>2</sup>	2008	2009 <sup>1</sup>	2010
<b>Governmental activities</b>					
Net Investment in capital assets	\$ 22,583,601	\$ 24,191,206	\$ 26,935,558	\$ 28,843,921	\$ 29,349,289
Restricted	862,896	1,859,405	1,418,018	3,550,918	3,951,986
Unrestricted	4,854,718	4,989,016	6,309,335	4,191,095	4,738,158
Total governmental activities net position	<u>28,301,215</u>	<u>31,039,627</u>	<u>34,662,911</u>	<u>36,585,934</u>	<u>38,039,433</u>
<b>Business-type activities</b>					
Net investment in capital assets	417,450	326,490	211,321	205,872	298,753
Restricted	-	-	-	-	-
Unrestricted	258,502	504,659	103,093	256,461	307,626
Total business-type activities net position	<u>675,952</u>	<u>831,149</u>	<u>314,414</u>	<u>462,333</u>	<u>606,379</u>
<b>Primary Government</b>					
Net Investment in capital assets	23,001,051	24,517,696	27,146,879	29,049,793	29,648,042
Restricted	11,029,991	12,822,307	10,625,253	3,550,918	3,951,986
Unrestricted	(5,053,875)	(5,419,861)	(2,747,143)	4,447,556	5,045,784
Total primary government net position	<u>\$ 28,977,167</u>	<u>\$ 31,920,142</u>	<u>\$ 35,024,989</u>	<u>\$ 37,048,267</u>	<u>\$ 38,645,812</u>
<b>2011</b>					
<b>Governmental activities</b>					
Net Investment in capital assets	\$ 31,979,728	\$ 32,629,569	\$ 32,177,927	\$ 35,240,803	\$ 37,338,652
Restricted	3,314,174	3,166,546	3,407,849	3,421,367	3,673,667
Unrestricted	4,824,942	6,027,675	8,386,984	7,444,515	6,902,885
Total governmental activities net position	<u>40,118,844</u>	<u>41,823,790</u>	<u>43,972,760</u>	<u>46,106,685</u>	<u>47,915,204</u>
<b>Business-type activities</b>					
Net Investment in capital assets	281,149	248,765	209,476	639,348	583,638
Restricted	-	-	-	-	-
Unrestricted	488,321	659,965	955,129	888,920	1,201,517
Total business-type activities net position	<u>769,470</u>	<u>908,730</u>	<u>1,164,605</u>	<u>1,528,268</u>	<u>1,785,155</u>
<b>Primary Government</b>					
Net Investment in capital assets	32,260,877	32,878,334	32,387,403	35,880,151	37,922,290
Restricted	3,314,174	3,166,546	3,407,849	3,421,367	3,673,667
Unrestricted	5,313,263	6,687,640	9,342,113	8,333,435	8,104,402
Total primary government net position	<u>\$ 40,888,314</u>	<u>\$ 42,732,520</u>	<u>\$ 45,137,365</u>	<u>\$ 47,634,953</u>	<u>\$ 49,700,359</u>

<sup>1</sup>Net assets invested in capital assets, net of related debt was calculated differently for 2009 and years forward, as per comments from the City's 2008 submission to the Certificate of Achievement program. Net invested in capital assets, net of related debt name changed to Net investment in capital assets due to Statement 63.

<sup>2</sup>Net position for 2007 and years forward, restated to reflect Statement 65 requirements. This was the earliest year practical to make restatements.

	2006	2007	2008	2009	2010
<b>Expenses</b>					
Governmental activities					
Administrative services	\$ 1,690,368	\$ 1,935,170	\$ 2,215,240	\$ 2,228,631	\$ 2,362,197
Highways and streets	1,574,696	1,625,803	1,842,286	1,914,353	1,988,151
Legal and judicial	220,103	236,716	263,799	260,928	299,198
Culture and recreation	1,629,956	1,597,054	1,695,532	1,886,341	1,661,550
Public safety	2,980,268	3,492,139	3,861,274	4,211,832	4,143,887
Economic development	558,015	501,662	557,444	597,661	577,955
Interest on long-term debt	623,032	625,070	667,163	597,475	481,529
Agent fees on long-term debt	11,438	11,326	11,945	11,527	11,260
Total governmental activities expenses	<u>9,287,876</u>	<u>10,024,940</u>	<u>11,114,683</u>	<u>11,708,748</u>	<u>11,525,727</u>
Business-type activities					
Sanitation	1,047,536	886,391	1,018,559	976,768	944,391
Total primary government expenses	<u>10,335,412</u>	<u>10,911,331</u>	<u>12,133,242</u>	<u>12,685,516</u>	<u>12,470,118</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
Public safety	943,446	881,865	1,005,491	876,563	816,472
Culture and recreation	583,430	650,884	643,590	743,071	505,630
Economic development	439,835	335,633	297,406	334,909	197,769
Other activities	230,202	279,718	340,391	213,971	171,460
Operating grants and contributions	80,542	23,097	42,956	19,736	41,761
Capital grants and contributions	1,478,001	664,775	712,191	424,313	8,661
Total governmental activities program revenues	<u>3,755,456</u>	<u>2,835,972</u>	<u>3,042,025</u>	<u>2,612,563</u>	<u>1,741,753</u>
Business-type activities					
Charges for Services	1,031,931	1,041,588	1,145,817	1,124,687	1,028,680
Total primary government program revenues	<u>4,787,387</u>	<u>3,877,560</u>	<u>4,187,842</u>	<u>3,737,250</u>	<u>2,770,433</u>
<b>Net revenues (expenses)</b>					
Governmental activities	(5,532,420)	(7,188,968)	(8,072,658)	(9,096,185)	(9,783,974)
Business-type activities	(15,605)	155,197	127,258	147,919	84,289
Total primary government net revenues (expenses)	<u>(5,548,025)</u>	<u>(7,033,771)</u>	<u>(7,945,400)</u>	<u>(8,948,266)</u>	<u>(9,699,685)</u>
<b>General revenues</b>					
Governmental activities					
Taxes	4,614,455	4,871,297	5,438,148	5,689,319	6,078,916
Intergovernmental	4,302,260	4,845,440	5,187,718	5,226,714	5,254,978
Grants and contributions not restricted to specific programs	13,039	-	-	-	-
Investment earnings	611,049	210,645	426,083	103,175	(36,664)
Miscellaneous	-	-	-	-	-
Special items	-	-	643,993	-	(59,757)
Total governmental activities general revenues	<u>9,540,803</u>	<u>9,927,382</u>	<u>11,695,942</u>	<u>11,019,208</u>	<u>11,237,473</u>
Business-type activities	-	-	(643,993)	-	59,757
Total primary government general revenues	<u>9,540,803</u>	<u>9,927,382</u>	<u>11,051,949</u>	<u>11,019,208</u>	<u>11,297,230</u>
<b>Changes in net position</b>					
Governmental activities	4,008,383	2,738,412	3,623,284	1,923,023	1,453,499
Business-type activities	(15,605)	155,197	(516,735)	147,919	144,046
Total primary government changes in net position	<u>\$ 3,992,778</u>	<u>\$ 2,893,609</u>	<u>\$ 3,106,549</u>	<u>\$ 2,070,942</u>	<u>\$ 1,597,545</u>

## TEN YEAR SUMMARY (CONTINUED FROM PREVIOUS PAGE)

	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental activities					
Administrative services	\$ 2,540,086	\$ 2,751,194	\$ 2,768,599	\$ 2,790,208	\$ 2,684,683
Highways and streets	2,163,386	2,102,162	1,842,300	1,931,238	1,949,484
Legal and judicial	312,148	314,213	285,347	286,568	292,112
Culture and recreation	1,784,967	1,870,440	1,863,960	1,811,555	1,832,018
Public safety	4,581,806	5,040,193	5,195,250	5,456,751	5,718,152
Economic development	594,054	613,896	600,317	600,763	597,599
Interest on long-term debt	459,855	188,290	438,521	521,448	754,683
Agent fees on long-term debt	10,228	8,070	4,351	40,826	21,368
Bond issuance costs	-	53,928	136,740	54,064	243,962
Total governmental activities expenses	12,446,529	12,942,385	13,135,385	13,493,421	14,094,061
Business-type activities					
Sanitation	1,039,073	1,053,908	1,001,899	1,063,930	1,031,423
Total primary government expenses	13,485,602	13,996,293	14,137,284	14,557,351	15,125,484
<b>Program Revenues</b>					
Governmental activities					
Charges for services					
Public safety	780,170	746,709	769,614	825,661	920,867
Culture and recreation	484,918	476,462	488,405	394,529	375,403
Economic development	227,318	184,493	238,457	-	194,507
Other activities	283,759	230,962	251,811	417,242	189,374
Operating grants and contributions	35,570	28,038	50,451	6,614	200,013
Capital grants and contributions	132,393	319,099	263,547	274,784	31,000
Total governmental activities program revenues	1,944,127	1,985,762	2,062,285	1,918,830	1,911,164
Business-type activities					
Charges for Services	1,112,529	1,103,553	1,168,139	1,337,958	1,258,621
Total primary government program revenues	3,056,656	3,089,315	3,230,424	3,256,788	3,169,785
<b>Net revenues (expenses)</b>					
Governmental activities	(10,502,402)	(10,956,623)	(11,073,100)	(11,574,591)	(12,182,897)
Business-type activities	73,457	49,625	166,240	274,028	227,198
Total primary government net revenues (expenses)	(10,428,945)	(10,906,998)	(10,906,860)	(11,300,563)	(11,955,699)
<b>General revenues</b>					
Governmental activities					
Taxes	6,062,748	6,122,754	6,453,026	6,510,243	6,546,399
Intergovernmental	6,557,600	6,568,654	6,760,439	7,236,273	7,370,459
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	51,100	59,796	34,292	32,311	76,358
Miscellaneous	-	-	63,948	19,324	27,889
Special items	-	-	-	-	-
Transfers	(89,635)	(89,635)	(89,635)	(89,635)	(29,689)
Total governmental activities general revenues	12,581,813	12,661,569	13,222,070	13,708,516	13,991,416
Business-type activities					
Transfers	89,635	89,635	89,635	89,635	29,689
Total business-type activities general revenues	89,635	89,635	89,635	89,635	29,689
Total primary government general revenues	12,671,448	12,751,204	13,311,705	13,798,151	14,021,105
<b>Changes in net position</b>					
Governmental activities	2,079,411	1,704,946	2,148,970	2,133,925	1,808,519
Business-type activities	163,091	139,259	255,875	363,663	256,887
Total primary government changes in net position	\$ 2,242,502	\$ 1,844,205	\$ 2,404,845	\$ 2,497,588	\$ 2,065,406



	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010
<b>REVENUES</b>					
General Property Tax	\$ 3,304,196	\$ 3,573,536	\$ 4,029,272	\$ 4,311,577	\$ 4,608,165
Licenses and Permits	439,835	335,633	297,406	334,909	197,769
Intergovernmental	4,311,395	4,822,663	5,167,297	5,208,240	5,266,189
Charges for Services	911,251	875,074	979,491	876,563	808,127
Fines	182,059	203,121	286,443	195,920	182,389
Utility Franchise Fees	1,304,223	1,260,393	1,366,197	1,431,804	1,476,838
Investment Income	611,049	724,907	426,083	103,175	(36,644)
Miscellaneous	1,080,920	916,477	1,140,065	834,481	576,714
<b>TOTAL REVENUES</b>	<b>12,144,928</b>	<b>12,711,804</b>	<b>13,692,254</b>	<b>13,296,672</b>	<b>13,079,548</b>
<b>EXPENDITURES</b>					
Administrative services	1,294,367	1,291,907	1,451,844	1,429,835	1,346,888
Public works and streets	1,244,983	1,285,526	1,469,234	1,513,591	1,583,642
Parks and recreation	1,531,543	1,492,634	1,606,445	1,811,431	1,572,172
Public safety	2,687,461	3,173,944	3,489,481	3,909,555	3,841,127
Debt service, general	11,439	97,196	11,945	11,527	11,260
Debt service, principal	1,210,000	1,876,380	2,374,421	2,007,727	2,002,424
Debt service, interest	711,043	556,823	696,398	622,118	550,862
Other	756,777	718,632	792,778	836,522	867,396
Capital outlay	3,453,756	2,943,013	3,105,174	6,049,531	2,131,532
<b>TOTAL EXPENDITURES</b>	<b>12,901,369</b>	<b>13,436,055</b>	<b>14,997,717</b>	<b>18,191,837</b>	<b>13,907,303</b>
<b>OTHER FINANCING SOURCES (USES)</b>	-	3,150,550	643,993	-	(59,757)
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (756,441)</b>	<b>\$ 2,426,299</b>	<b>\$ (661,470)</b>	<b>\$ (4,895,166)</b>	<b>\$ (887,509)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	20.33%	23.19%	25.82%	21.66%	21.68%

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
<b>REVENUES</b>					
General Property Tax	\$ 4,541,965	\$ 4,630,043	\$ 4,692,978	\$ 4,891,881	\$ 4,942,983
Licenses and Permits	227,318	184,493	238,457	178,569	194,507
Intergovernmental	6,456,955	6,559,092	6,754,513	7,102,794	7,345,329
Charges for Services	780,170	1,223,172	1,173,889	1,209,341	1,242,101
Fines	197,808	193,820	248,654	208,835	180,701
Utility Franchise Fees	1,495,036	1,559,277	1,523,220	1,570,890	1,713,632
Investment Income	51,100	59,796	34,292	32,311	76,358
Miscellaneous	738,831	387,433	331,681	396,211	159,452
<b>TOTAL REVENUES</b>	<u>14,489,184</u>	<u>14,797,126</u>	<u>14,997,684</u>	<u>15,590,832</u>	<u>15,855,063</u>
<b>EXPENDITURES</b>					
Administrative services	1,496,490	1,663,724	1,649,319	1,589,947	1,633,764
Public works and streets	1,671,893	1,529,639	1,376,828	1,488,629	1,425,756
Parks and recreation	1,687,984	1,746,952	1,720,079	1,709,376	1,734,106
Public safety	4,208,480	4,623,722	4,804,762	4,999,907	5,252,468
Debt service, general	10,228	61,998	248,133	201,932	372,372
Debt service, principal	2,450,500	10,036,250	515,000	2,045,000	13,635,000
Debt service, interest	479,918	465,638	370,863	477,113	703,275
Other	895,728	887,825	879,339	882,145	885,997
Capital outlay	1,988,305	1,023,575	1,836,499	3,799,505	2,598,203
<b>TOTAL EXPENDITURES</b>	<u>14,889,526</u>	<u>22,039,323</u>	<u>13,400,822</u>	<u>17,193,554</u>	<u>28,240,941</u>
<b>OTHER FINANCING SOURCES (USES)</b>	(89,635)	8,053,901	10,453,837	5,521,627	19,694,272
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (489,977)</u>	<u>\$ 811,704</u>	<u>\$ 12,050,699</u>	<u>\$ 3,918,905</u>	<u>\$ 7,308,394</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	22.71%	49.97%	7.66%	18.83%	55.92%

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	
2006	3,228,844	80,542	1,478,001	8,916,715	178,242	445,846	14,328,190
2007	3,189,687	23,097	664,775	9,716,737	210,645	-	13,804,941
2008	3,432,695	42,956	712,191	10,625,866	426,083	-	15,239,791
2009	3,293,201	19,736	424,313	10,916,033	103,175	-	14,756,458
2010	2,720,011	41,761	8,661	11,333,894	(36,664)	-	14,067,663
2011	2,888,695	35,570	132,393	12,620,348	51,100	-	15,728,106
2012	2,742,159	28,038	319,099	12,691,408	59,796	-	15,840,500
2013	2,916,426	50,451	263,547	13,213,465	34,292	63,948	16,542,129
2014	2,975,390	6,614	274,784	13,746,516	32,311	19,324	17,054,939
2015	2,938,772	200,013	31,000	13,916,858	76,358	27,889	17,190,890

## TEN YEAR SUMMARY

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
2006	7,152,394	1,055,536	1,054,128	955,636	182,059	1,745,175	12,144,928
2007	7,804,327	875,074	1,272,877	650,884	203,121	1,905,521	12,711,804
2008	8,467,295	979,491	1,246,930	643,590	286,443	2,068,505	13,692,254
2009	8,046,697	876,563	1,246,067	743,071	195,920	2,188,354	13,296,672
2010	7,995,589	808,127	1,289,776	505,631	182,389	2,298,036	13,079,548
2011	9,361,159	780,170	1,365,013	484,918	197,808	2,300,116	14,489,184
2012	9,881,256	746,709	1,299,413	476,463	193,820	2,199,465	14,797,126
2013	9,800,044	685,484	1,401,638	488,405	248,654	2,373,459	14,997,684
2014	10,021,650	814,812	1,676,971	394,529	208,835	2,474,045	15,590,842
2015	10,262,962	876,709	1,680,109	365,392	180,701	2,489,190	15,855,063

## TEN YEAR SUMMARY

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
2006	7,615,591	439,835	1,638,967	277,302	182,059	611,049	1,380,125	12,144,928
2007	8,396,199	335,633	1,544,293	173,610	203,121	724,907	1,334,041	12,711,804
2008	10,562,766	297,406	1,623,081	151,777	286,443	426,083	344,698	13,692,254
2009	10,951,621	334,909	1,619,634	49,921	195,920	103,175	41,489	13,296,672
2010	11,351,192	197,769	1,313,758	50,422	182,389	(36,644)	20,661	13,079,548
2011	12,493,956	227,318	1,265,088	167,962	197,808	51,100	85,952	14,489,184
2012	12,748,412	184,493	1,223,172	343,137	193,820	59,796	44,296	14,797,126
2013	12,970,711	238,457	1,173,889	190,494	248,654	34,292	141,187	14,997,684
2014	13,565,565	178,569	1,209,341	374,779	208,835	32,311	21,442	15,590,842
2015	14,001,944	194,507	1,242,101	131,563	180,701	76,358	27,889	15,855,063

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2006	13.7	215,964,500	66,065,383	3,355,009	285,384,892	1,426,924,460	20%
2007	13.7	246,750,174	65,871,071	4,806,161	317,427,406	1,587,137,030	20%
2008	13.7	270,251,555	69,298,913	5,548,579	345,099,047	1,725,495,235	20%
2009	13.7	283,071,262	65,302,108	5,536,299	353,909,669	1,769,548,345	20%
2010	13.7	292,184,084	62,459,110	5,772,040	360,415,234	1,802,076,170	20%
2011	13.7	297,737,589	66,662,505	5,792,370	370,192,464	1,850,962,320	20%
2012	13.7	297,008,389	69,867,860	6,510,240	373,386,489	1,866,932,445	20%
2013	13.7	304,328,429	78,629,700	7,488,770	390,446,899	1,952,234,495	20%
2014	13.7	308,890,232	75,712,242	5,748,015	390,350,489	1,951,752,445	20%
2015	13.7	317,230,330	78,267,665	5,906,560	401,404,555	2,007,022,775	20%

*Note: Tax collection years are shown above. Assessments were made and certified the preceding year.*

*Source: Pulaski County Tax Assessor.*

Fiscal Year	DIRECT RATES				OVERLAPPING RATES		
	City of Maumelle				County	School District	
	Debt Service Millage	Operating Millage	Library Millage	Total	Total	Total	Total
2006	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2007	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2008	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2009	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2010	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2011	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2012	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2013	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2014	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2015	6.60	5.00	2.10	13.70	8.50	40.70	62.90

Overlapping rates are those of local and county governments that apply to property owners within the City of Maumelle. Not all overlapping rates apply to all Maumelle property owners.

Source: Pulaski County Tax Assessor; Pulaski County Treasurer

## CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2015 Assessed Valuation	2014 Rank	Percentage of Total Assessed Valuation	2006 Assessed Valuation	2005 Rank
Ace Hardware Corp	Distribution warehouse	\$ 3,847,510	1	0.96%	\$ 2,765,662	3
Molex Incorporated	Computer cabling	2,660,000	2	0.66%	4,468,261	1
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,527,150	3	0.63%		
Kimberly-Clark	Baby wipe manufacturer	2,101,360	4	0.52%	3,130,908	2
Maumelle Housing Association Ltd	Multi-unit housing	1,995,840	5	0.50%	2,040,480	5
RSC - Little Rock, LLC	Equipment Rental	1,843,950	7	0.46%	2,755,760	4
Villas at Riverpointe	Multi-unit housing	1,702,240	8	0.42%		
Kroger Limited Partnership	Retail grocery store	1,492,320	9	0.37%		
Frostyaire of Arkansas, Inc	Distribution warehouse	1,291,970	10	0.32%		
Medline Industries Inc	Medical Supply distributor	1,139,600	10	0.28%		
Gables of Maumelle Apartment	Multi-unit housing	1,087,020			1,160,000	6
Jivan, Inc.	Hotel owner					
E-Z Spuds	Car Wash				1,120,000	7
BCC Maumelle Realty LLC	Investor				1,058,056	8
Windsor Doors	Manufacturer				650,000	9
Arbour Apartments	Multi-unit housing					
R and L/ETAL	Unknown				648,208	10
Mohr Maumelle LLC	Investor					
		<u>\$ 21,688,960</u>		<u>5.13%</u>	<u>\$ 20,389,025</u>	

Source: Pulaski County Treasurer

Year Ended	Total Tax Levy	Collection of Current Year's Taxes During Current Period	Percentage of Levy Collected	Prior Year's Collections	Total Collections	Percentage of Total Collections to Tax Levy
2006	3,675,697	3,088,487	84.02%	198,415	3,286,902	89.42%
2007	4,136,286	3,599,198	87.02%	301,189	3,900,387	94.30%
2008	4,429,340	3,725,744	84.12%	59,670	3,785,414	85.46%
2009	4,213,148	3,961,611	94.03%	90,839	4,052,450	96.19%
2010	5,064,449	4,640,583	91.63%	169,607	4,810,190	94.98%
2011	4,831,040	4,329,875	89.63%	218,528	4,548,403	94.15%
2012	4,872,718	4,395,765	90.21%	186,912	4,582,677	94.05%
2013	5,095,353	4,432,993	87.00%	214,922	4,647,915	91.22%
2014	5,094,563	4,549,513	89.30%	208,803	4,758,316	93.40%
2015	5,238,348	4,670,207	89.15%	193,528	4,863,735	92.85%
Total Collections- Last Ten Fiscal Years					<u>\$ 43,236,389</u>	
Total Collections to Date					<u>\$ 63,259,607</u>	

Note: Tax collection years are shown above. Assessments were made and certified the preceding year.

Source: Pulaski County Treasurer

## TEN YEAR SUMMARY

Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures	Percentage of Debt Service to Total General Expenditures
2006	1,219,852	725,576	1,945,428	12,901,369	15.08%
2007	4,144,334	613,879	4,758,213	13,404,860	35.50%
2008	2,295,000	680,810	2,975,810	14,998,824	19.84%
2009	1,925,000	633,645	2,558,645	18,191,836	14.06%
2010	2,002,424	562,122	2,564,546	13,907,300	18.44%
2011	2,450,500	490,146	2,940,646	14,889,526	19.75%
2012*	10,036,250	527,636	10,563,886	22,039,323	47.93%
2013	515,000	370,863	885,863	13,400,822	6.61%
2014	2,045,000	477,113	2,522,113	17,193,554	14.67%
2015	13,635,000	703,275	14,338,275	28,240,941	50.77%

\*Series 2005 and 2007 bonds refunded

Year	Governmental Activities				Business-Type	Total Primary Government	Assessed Value <sup>2</sup>	Percentage of Assessed Value
	General	Revenue	Capital	Notes	Notes			
	Obligation Bonds	Bonds	Leases	Payable	Payable			
2006	11,366,538	5,412,700	-	280,902	-	17,060,140	285,384,892	5.98
2007	9,960,000	8,501,250	-	204,522	-	18,665,772	317,427,406	5.88
2008	7,745,000	8,421,250	-	125,100	-	16,291,350	345,099,047	4.72
2009	5,905,000	8,336,250	-	42,373	-	14,283,623	353,909,669	4.04
2010	4,030,000	8,251,250	-	-	351,804	12,633,054	360,415,234	3.51
2011	1,715,000	8,161,250	-	-	276,659	10,152,909	370,192,464	2.74
2012	-	8,081,082	-	-	198,047	8,279,129	373,386,489	2.22
2013	9,699,821	7,869,319	428,168	-	115,739	18,113,047	390,446,899	4.64
2014	13,415,000	7,655,528	321,126	-	29,545	21,421,199	390,350,489	5.49
2015	19,575,683	7,438,345	214,084	-	-	27,228,112	401,404,555	6.78

Year	Population <sup>1</sup>	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
2006	15,115	1,128.69	not available	not available
2007	16,048	1,163.15	40,267	0.22%
2008	19,853	820.60	not available	not available
2009	16,705	855.05	45,215	0.32%
2010	17,163	736.06	45,646	0.36%
2011	17,163	591.56	37,168	0.37%
2012	17,577	471.02	37,594	0.45%
2013	17,736	1,021.26	37,453	0.21%
2014	17,736	1,207.78	37,850	0.18%
2015	17,736	1,535.19	36,948	0.14%

Data Sources:

<sup>1</sup> The Gadberry Group and US Census Bureau

<sup>2</sup> Pulaski County Treasurer's Office

Year	Population	Assessed Value <sup>3</sup>	Accumulated Resources Restricted Payment of general bonded debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	15,115 <sup>2</sup>	285,384,892	1,007,721	15,771,517	5.53	1,043.43
2007	16,048 <sup>1</sup>	317,427,406	1,605,786	16,855,464	5.31	1,050.34
2008	19,853 <sup>1</sup>	345,099,047	1,243,054	14,923,196	4.32	751.68
2009	16,705 <sup>1</sup>	353,909,669	1,371,244	12,870,006	3.64	770.43
2010	17,163 <sup>2</sup>	360,415,234	1,485,117	10,796,133	3.00	629.04
2011	17,163 <sup>2</sup>	370,192,464	1,352,430	8,523,820	2.30	496.64
2012	17,577 <sup>2</sup>	373,386,489	290,125	7,790,957	2.09	443.25
2013	17,736 <sup>2</sup>	390,446,899	2,242,305	15,755,003	4.04	888.31
2014	17,736 <sup>2</sup>	390,350,489	2,675,836	18,715,818	4.79	1,055.24
2015	17,736 <sup>2</sup>	401,404,555	2,395,185	24,832,927	6.19	1,400.14

## Data Sources:

<sup>1</sup> The Gadberry Group<sup>2</sup> U.S. Census Bureau<sup>3</sup> Pulaski County Treasurer's Office

Net bonded debt calculation changed for 2010 forward to reflect GASB Statement 44 changes

DECEMBER 31, 2014

	Gross Bonded Debt Less Funds Available for Retirement	Percentage Applicable to the City of Maumelle	City of Maumelle's Share of Bonded Debt
City of Maumelle	\$ 27,228,112	100.0%	\$ 27,228,112
Pulaski County Special School District <sup>1</sup>	193,545,000	49.6%	95,964,186
Total	\$ 220,773,112		\$ 123,192,298

Source: <sup>1</sup> Pulaski County Special School District

The percentage applicable to Maumelle is calculated using the Maumelle assessed value as a base.

Computation of the City's legal debt margin as set forth in Amendment 62 in the Constitution of the State of Arkansas is as follows:

Assessed Value	\$ 401,404,555	
Debt limitation 20% of assessed value	80,280,911	
General obligation debt	(19,575,683)	
Less amount available in debt service fund	<u>2,395,185</u>	
Total amount of debt applicable to debt limitation		(17,180,498)
Legal debt margin		<u><u>\$ 63,100,413</u></u>

*Note: Under state finance law, the City of Maumelle's outstanding general debt should not exceed 20% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.*

## TEN YEAR SUMMARY

Year	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2006	57,076,978	10,358,817	46,718,161	18%
2007	63,485,481	8,354,214	55,131,267	13%
2008	69,019,809	6,501,946	62,517,863	9%
2009	70,781,934	4,533,756	66,248,178	6%
2010	72,083,047	10,796,133	61,286,914	15%
2011	74,038,493	8,523,820	65,514,673	12%
2012	74,677,298	7,790,957	66,886,341	10%
2013	78,089,380	7,457,516	70,631,864	10%
2014	78,070,098	11,039,164	67,030,934	14%
2015	80,280,911	17,180,498	63,100,413	21%

<sup>1</sup> Net bonded debt calculation changed for 2010 forward to reflect GASB Statement 44 changes

TEN YEAR SUMMARY

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Franchise Tax Received	\$ 1,304,223	\$ 1,260,393	\$ 1,366,197	\$ 1,431,804	\$ 1,476,838	\$ 1,495,036	\$ 1,559,277	\$ 1,523,220	1570890
2003 Revenue Bonds:									
Principal (\$)	170,000	170,000	*****	*****	*****	*****	*****	*****	*****
Interest (\$)	97,793	47,983	*****	*****	*****	*****	*****	*****	*****
Coverage (%)	2.44	2.89	*****	*****	*****	*****	*****	*****	*****
2005 Revenue Bonds:									
Principal (\$)	75,000	80,000	80,000	85,000	85,000	90,000	4,261,250	*****	*****
Interest (\$)	126,598	124,385	121,905	113,945	116,540	113,650	117,567	*****	*****
Coverage (%)	3.23	3.08	3.38	7.20	7.33	7.34	0.36	*****	*****
2007 Revenue Bonds:									
Principal (\$)	-	***	****	****	****	****	5,615,000	*****	*****
Interest (\$)	-	***	254,171	254,171	254,171	254,171	191,334	*****	*****
Coverage (%)	-	***	5.38	5.63	5.81	5.88	0.27	*****	*****
2012 Revenue Bonds:									
Principal (\$)	-	-	-	-	-	-	160,000	215,000	215,000
Interest (\$)	-	-	-	-	-	-	137,986	274,372	272,422
Coverage (%)	-	-	-	-	-	-	5.23	3.11	3.22

\*\* Bonds were issued in October of 2005 and no principal payment or interest was due in 2005.  
 \*\*\* Bonds were issued in October of 2007 and no principal payment or interest was due in 2007.  
 \*\*\*\* No principal payment due until 2013.  
 \*\*\*\*\* Bonds were refunded in 2007.  
 \*\*\*\*\* Bonds were issued in 2012.

## TEN YEAR SUMMARY

Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>1</sup>	Education Level In years of Formal Schooling <sup>2</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>3</sup>
2006	15,115	not available	not available	36.2	18	3,973	4.7
2007	16,048	646,188,528	40,267	n/a	18	4,218	4.5
2008	19,853	not available	not available	36.8	18	5,219	4.4
2009	16,705	755,316,575	45,215	36.9	18	4,391	7.3
2010	17,163	783,422,298	45,646	37.5	18	4,511	7.8
2011	17,163	637,914,384	37,168	37.5	18	4,511	6.9
2012	17,577	660,789,738	37,594	37.4	18	4,306	6.6
2013	17,736	664,266,408	37,453	35.9	18	4,772	6.9
2014	17,736	671,307,600	37,850	35.9	18	4,772	5.9
2015	17,736	655,309,728	36,948	34.6	18	5,068	5.7

## Data Sources:

<sup>1</sup> The Gadberry Group and US Census Bureau

<sup>2</sup> Census State Data Center, Institute for Economic Advancement, College of Business Administration, University of Arkansas at Little Rock

<sup>3</sup> Arkansas Department of Workforce Services

## CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Molex LRC Business Unit	950	1	27.1%	900	1	30.0%
Dillard's Internet Fulfillment Center	254	2	7.3%			-
Kimberly Clark Corporation	254	2	7.3%	285	3	9.5%
BEI Precision Systems & Space	232	3	6.6%	165	7	5.5%
Ace Hardware	240	4	6.9%	225	4	7.5%
Molex HPC Business Unit	170	5	4.9%	240	5	8.0%
Cintas Corporation	130	6	3.7%	165	7	5.5%
Lamb & Associates Packaging	81	7	2.3%	50	9	1.7%
Claudia's Canine Cuisine	75	8	2.1%			-
CLM Pallet Recycling, Inc.	58	9	1.7%			-
Plastic Ingenuity, Inc.	55	10	1.6%	60	8	2.0%
Scholastic Distribution Services Inc		-	-	200	6	6.7%
Target Southern Distribution Center		-	-	800	2	26.7%
Vital Records Control of Arkansas, Inc.		-	-	40	10	1.3%

Source: City of Maumelle Community and Economic Development Department

Function	2006	2007	2008	2009	2010
Administrative Services	12	11	10	10	10
Public works	21	22	24	23	22
Legal and judicial	4	4	4	4	4
Parks and recreation	16	31	29	19	32
Public safety	54	59	65	64	66
Community and economic development	9	9	9	9	9
Sanitation	13	11	12	13	13
Totals	129	147	153	142	156

Function	2011	2012	2013	2014	2015
Administrative Services	11	12	12	15	15
Public works	26	26	24	23	31
Legal and judicial	4	4	4	4	5
Parks and recreation	22	24	28	30	35
Public safety	70	75	73	77	77
Community and economic development	9	9	9	9	8
Sanitation	13	12	12	12	12
Totals	155	162	162	170	183

Source: City of Maumelle Human Resources Department

## SEVEN YEAR SUMMARY

Function	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>							
Number of uniformed employees	30	27	29	30	31	32	33
Service calls	1,437	4,839	5,702	7,868	8,196	8,177	10,118
Arrests	196	521	940	1,078	1,019	1,019	920
Traffic stops	659	2,134	2,260	3,239	3,955	4,014	2,363
Traffic citations	282	737	754	767	1,107	990	617
Training man hours	290	436	691	1,216	3,063	1,976	3,064
<b>Fire</b>							
Number of uniformed employees	22	21	26	26	26	29	29
Fires	45	53	44	59	53	57	68
Rescue, emergency medical calls	978	1,043	1,057	1,170	1,041	1,095	1,032
Hazardous condition, standby	40	29	23	28	29	44	40
Service calls	97	102	139	131	124	130	147
Good intent calls	72	87	81	103	121	78	109
False alarm calls	88	89	132	115	118	133	230
Natural disaster calls	14	6	25	11	11	7	14
Other calls	5	12	18	35	18	5	11
Total calls	1,339	1,421	1,519	1,652	1,515	1,549	1,651
<b>Animal Control</b>							
Number of uniformed employees	5	4	5	5	5	6	6
Number of animals taken into custody	590	600	583	620	824	817	725
Service calls	2,100	3,650	4,761	4,977	5,122	6,138	6,164
<b>Parks and Recreation</b>							
Pool attendance	2,773	2,249	2,465	2,754	2,883	2,440	2,099
Participants in youth league sports <sup>2</sup>	45	72	60	72	60	70	80
Participants in adult league sports	432	906	888	802	948	998	927
<b>Garbage Collections</b>							
Monthly service rate	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Curbside recycling tonnage	436	204	251	279	290	543	521
Yard waste cubic yardage	4,750	5,125	5,475	5,075	5,300	5,125	4,350
Class I tonnage	5,171	5,014	5,124	5,059	5,287	5,200	4,892
<b>Code Enforcement/Building Permits</b>							
Total building permits issued <sup>1</sup>	732	956	944	1,213	99	101	1,412
New commercial permits	3	4	2	11	5	3	9
Commercial construction value	\$ 72,225,000	\$ 12,197,265	\$ 5,815,405	\$ 23,257,660	\$ 5,971,260	\$ 3,876,900	\$ 29,044,990
New residential permits	149	85	90	76	76	98	35
Residential construction value	\$ 36,403,175	\$ 24,756,821	\$ 25,340,718	\$ 22,465,018	\$ 22,943,787	\$ 21,565,694	\$ 9,792,502

Source: Various City departments

<sup>1</sup> Includes all permits issued during the year - construction as well as fence, deck, pool, etc.

<sup>2</sup> The City only manages sports for 1st and 2nd graders. Other age groups are managed by individual sports associations.

\* Only six years of information readily available.

## TEN YEAR SUMMARY

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Highways and streets										
Streets (#)	355	355	358	364	364	364	364	364	364	364
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	23	24	24	24	24	25	25	25	25	25
Swimming pools	1	1	1	1	1	1	1	1	1	1
Public safety										
Stations (Police & Fire)	1	1	1	1	3	3	3	3	3	3
Police patrol units	18	20	24	23	24	28	31	32	30	30
Fire trucks	3	4	3	3	4	4	4	4	4	3
Sanitation										
Collection trucks	7	7	7	7	9	9	9	9	9	9

Source: City of Maumelle Capital Asset records

## COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council  
City of Maumelle, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maumelle, Arkansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2016. In that report we qualified the opinion for the effects of non-implementation of GASB Statement No. 68.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design and operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Craft, Veach & Company*

Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
June 28, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS CODE ANNOTATED §14-58-101**

To the City Council  
City of Maumelle, Arkansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maumelle, Arkansas, as of and for the year ended December 31, 2015, which collectively comprise the City of Maumelle's basic financial statements and have issued our report thereon dated June 28, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of Arkansas State laws and regulations, specifically Arkansas Code Annotated §14-58-101, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion of compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Accounting Standards*.

This report is intended solely for the information and use of the governing body, management, and the Division of Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

*Craft, Veach & Company*

Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
June 28, 2016

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Status
	None.	