



CITY OF MAUMELLE, ARKANSAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2014

Prepared by:

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

**City of Maumelle, Arkansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2014**

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INTRODUCTORY SECTION

June 30, 2015



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, 2014.

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, 2014, 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, 2014, 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 17-18 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 \$3,918,915, in 2014.

Major initiatives

- ✓ There was \$5,545,000, in bonds, issued in January 2014, to finance the remainder of the cost to construct a new fire substation; to improve Crystal Hill Road from Maumelle Boulevard to the City limits; and to extend Counts Massie to Interstate 40. In January 2015, \$18,845,000, in bonds, was 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.
- ✓ Construction was completed to extend the Maumelle bike/pedestrian path along Maumelle Blvd. This path will connect Maumelle bike paths to North Little Rock bike/pedestrian paths.
- ✓ Southern Star constructed a new building in the Maumelle Industrial Park.
- ✓ Pepsi Beverage Co. consolidated all of their Central Arkansas sales and distribution centres into the newly renovated logistic centre in the Maumelle Industrial Park.
- ✓ A national pizza chain, Marco's Pizza, opened a location in Maumelle December 2014.



- ✓ Westrock Coffee relocated to a portion of a newly constructed 60,000 square foot warehouse in the Maumelle Industrial Park.
- ✓ Maumelle Wine and Spirits constructed a new larger facility in Maumelle.
- ✓ A new retail office space was opened in 2014, Savannah Corners, it houses a nail salon and eye clinic with future plans to open other businesses.

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, 2013. 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

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, 2013

Executive Director/CEO

OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

Elected Officials

Michael WatsonMayor

Steve MosleyWard 1, Position 1

Ken SaundersWard 1, Position 2

Marc KelleyWard 2, Position 1

Rick AndersonWard 2, Position 2

Preston LewisWard 3, Position 1

Burch JohnsonWard 3, Position 2

Caleb NorrisWard 4, Position 1

Jan HogueWard 4, Position 2

JaNan DavisCity Attorney

Joshua ClausenCity Clerk/Treasurer

Roger HarrodMunicipal Judge

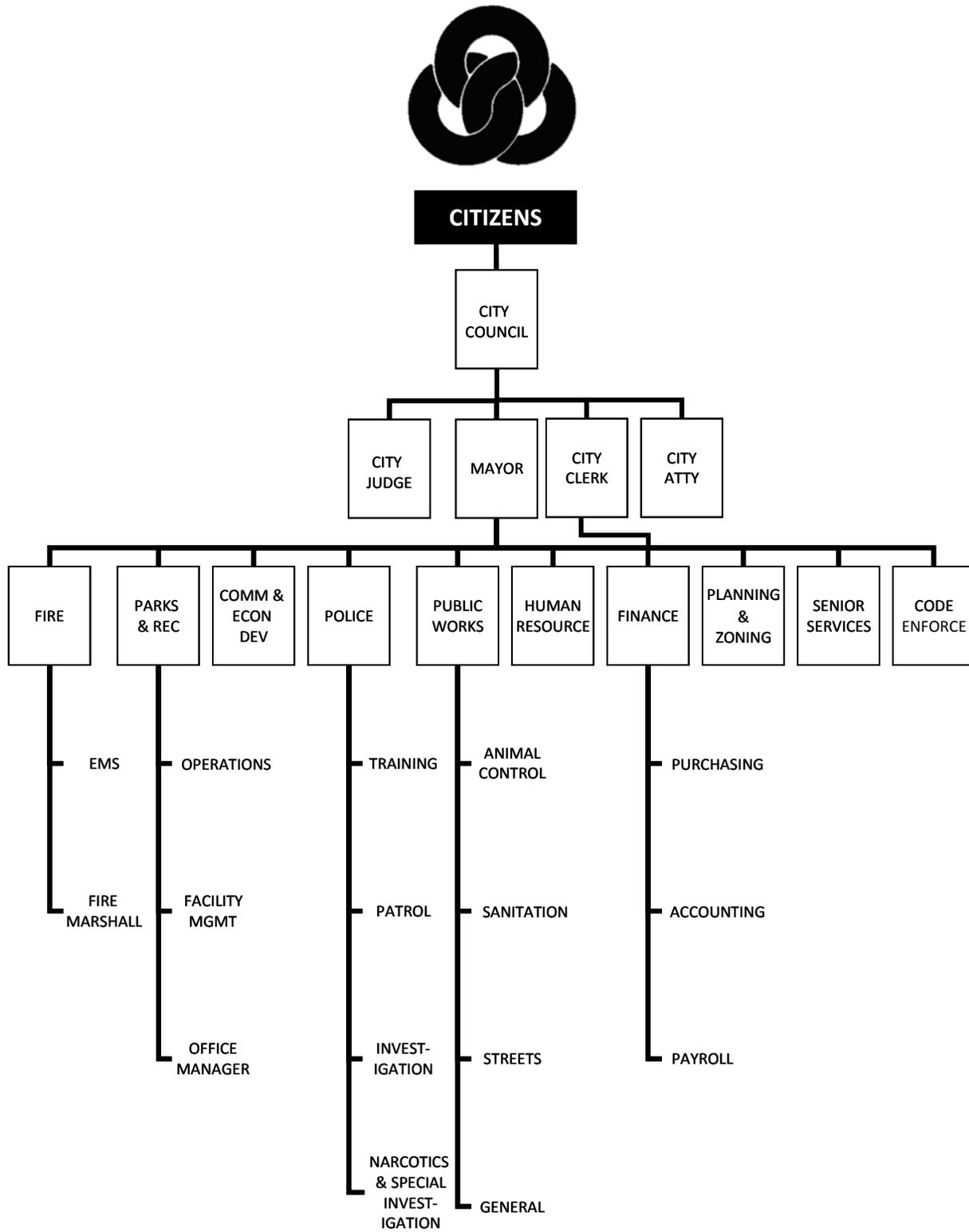
City Commissions

John ChapmanCivil Service Commission

Mike FisherPlanning Commission

Bob GramPublic 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, 2014, 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.

Opinions

In our opinion, 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, 2014, 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.

Other Information

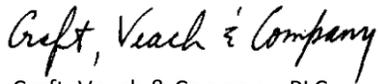
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages *i-vi*, supplementary information on pages 45-50, and statistical section on pages 51-75, are presented for purposes 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 30, 2015, 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, PLC
North Little Rock, Arkansas
June 30, 2015

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, 2014. 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.

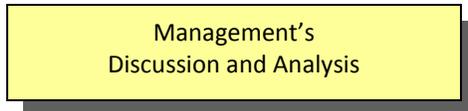
Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$47,634,953 (net position).
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$27,043,173, an increase of \$3,918,915, of which, \$5,545,000 is attributed to the issuance of bonds and the remainder is a \$1,602,712 deficiency of expenditures over revenues.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,938,950, or 40 percent of total general fund expenditures.
- The City’s total debt increased by \$5,545,000 (31 percent) during the current fiscal year.

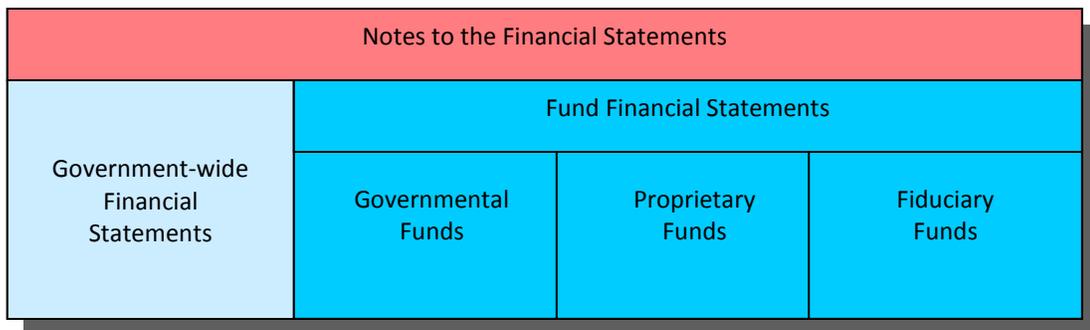
Overview of the Financial Statements

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:

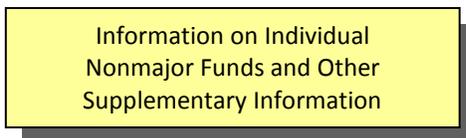
Required Supplementary Information



Basic Financial Statements



Supplementary Information



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 five 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 one nonmajor governmental fund is in a single presentation. Individual fund data for this nonmajor governmental fund is provided in the 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 24-44 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 \$47,634,953 at the close of 2014.

The largest portion of the City's net position (75 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.

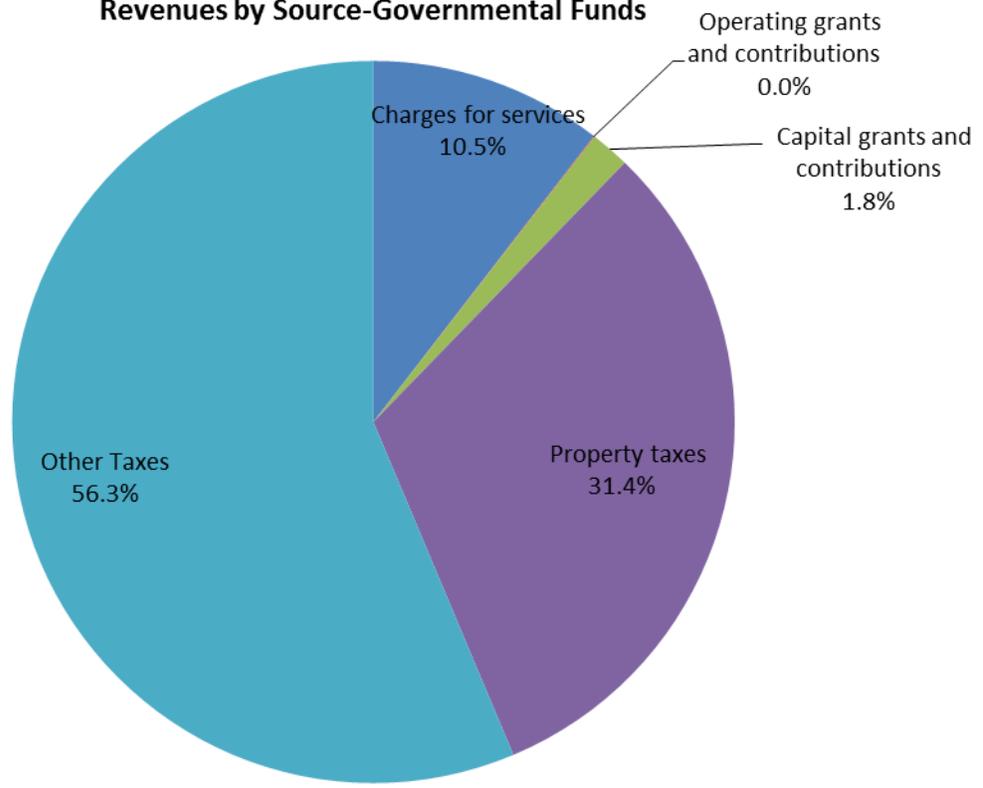
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 28,951,166	\$24,949,837	\$ 971,773	\$ 1,046,427	\$29,922,939	\$ 25,996,264
Capital assets	40,053,563	38,357,228	668,893	325,215	40,722,456	38,682,443
Total assets	69,004,729	63,307,065	1,640,666	1,371,642	70,645,395	64,678,707
Total deferred outflows of resources	308,895	322,936	-	-	308,895	322,936
Long-term liabilities	20,307,289	17,369,626	9,437	39,870	20,316,726	17,409,496
Other liabilities	2,899,650	2,287,615	102,961	167,167	3,002,611	2,454,782
Total liabilities	23,206,939	19,657,241	112,398	207,037	23,319,337	19,864,278
Net position:						
Net investment in capital assets	35,240,803	32,177,927	639,348	209,476	35,880,151	32,387,403
Restricted	3,421,367	3,407,849	-	-	3,421,367	3,407,849
Unrestricted	7,444,515	8,386,984	888,920	955,129	8,333,435	9,342,113
Total net position	\$ 46,106,685	\$43,972,760	\$1,528,268	\$ 1,164,605	\$47,634,953	\$ 45,137,365

The government's net position increased by \$2,497,588 (6 percent) during the current fiscal year.

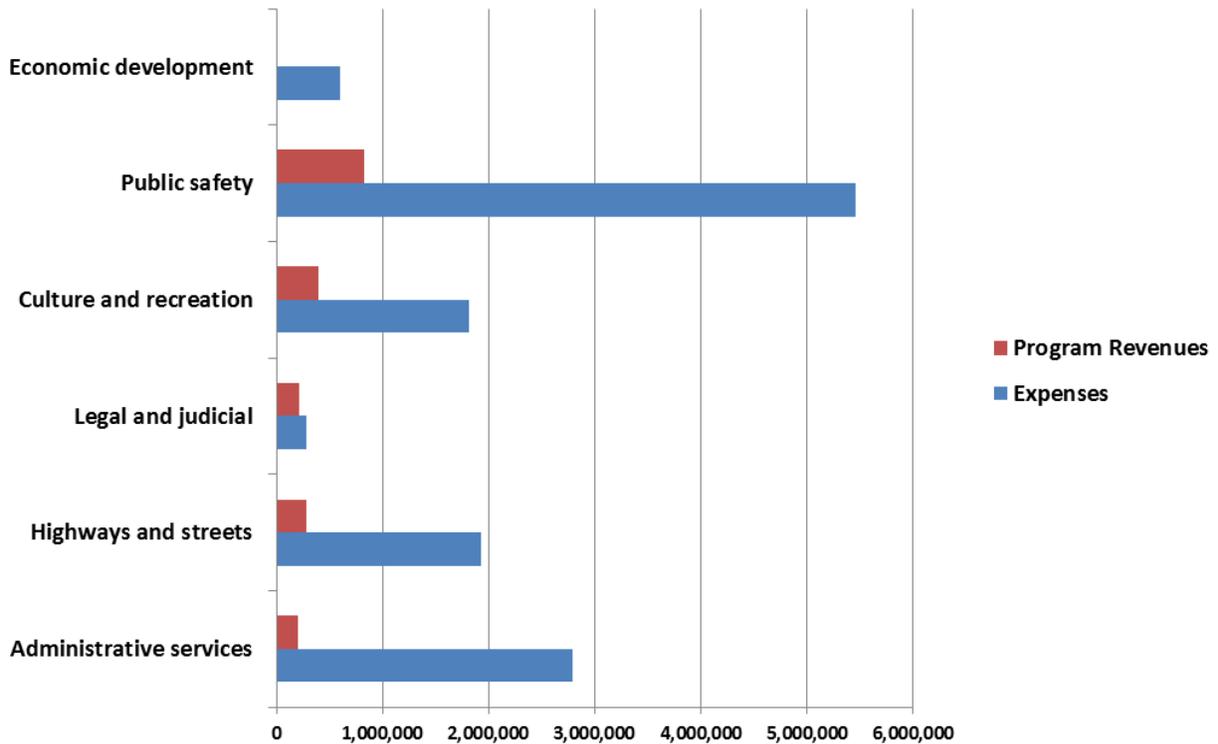
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 1,637,432	\$ 1,748,287	\$1,337,958	\$1,168,139	\$ 2,975,390	\$ 2,916,426
Operating grants and contributions	6,614	50,451	-	-	6,614	50,451
Capital grants and contributions	274,784	263,547	-	-	274,784	263,547
General revenues:						
Property taxes	4,921,350	4,878,357	-	-	4,921,350	4,878,358
Franchise taxes	1,588,893	1,574,669	-	-	1,588,893	1,574,669
Intergovernmental	7,236,273	6,760,439	-	-	7,236,273	6,760,439
Miscellaneous	19,324	63,948	-	-	19,324	63,948
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	32,311	34,292	-	-	32,311	34,292
Total revenues	<u>15,716,981</u>	<u>15,373,990</u>	<u>1,337,958</u>	<u>1,168,139</u>	<u>17,035,615</u>	<u>16,542,129</u>
Expenses						
Administrative services	2,790,208	2,768,599	-	-	2,790,208	2,768,599
Highways and streets	1,931,238	1,842,300	-	-	1,931,238	1,842,300
Legal and judicial	286,568	285,347	-	-	286,568	285,347
Culture and recreation	1,811,555	1,863,960	-	-	1,811,555	1,863,960
Public safety	5,456,751	5,195,250	-	-	5,456,751	5,195,250
Economic development	600,763	600,317	-	-	600,763	600,317
Interest on long-term debt	521,448	438,521	-	-	521,448	438,521
Agent fees on long-term debt	40,826	4,351	-	-	40,826	4,351
Bond issuance costs	54,064	136,740	-	-	54,064	136,740
Sanitation	-	-	1,063,930	1,001,899	1,063,930	1,001,899
Total expenses	<u>13,493,421</u>	<u>13,135,385</u>	<u>1,063,930</u>	<u>1,001,899</u>	<u>14,503,287</u>	<u>14,137,284</u>
Increase in net position before transfers	2,223,560	2,238,605	274,028	166,240	2,497,588	2,404,845
Transfers	(89,635)	(89,635)	89,635	89,635	-	-
Change in net position	2,133,925	2,148,970	363,663	255,875	2,497,588	2,404,845
Net position - January 1	43,972,760	41,823,790	1,164,605	908,730	45,137,365	42,732,520
Net position - December 31	<u>\$46,106,685</u>	<u>\$43,972,760</u>	<u>\$1,528,268</u>	<u>\$1,164,605</u>	<u>\$47,634,953</u>	<u>\$45,137,365</u>

Governmental activities. Governmental activities increased the City's net position by \$2,133,925 for an ending balance of \$46,106,685. Governmental activities revenue increased by \$342,991 (2 percent) from 2013, while expenses increased by \$358,036 (3 percent). The City's growth remained stagnant this year and is very comparable to 2013.

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 \$363,663 to a total ending balance of \$1,528,268 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

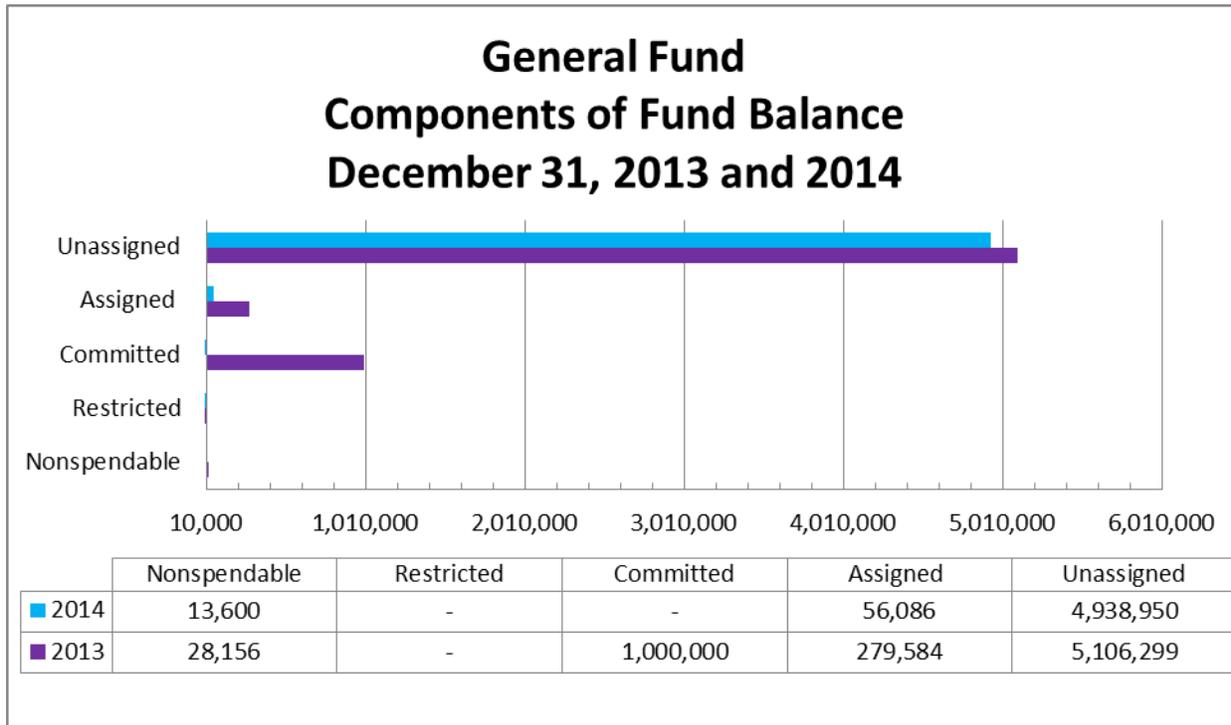
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$27,043,173, an increase of 17 percent, in comparison, with the prior year. Approximately 18 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 (\$13,600), 2) restricted for particular purposes (\$22,034,537), or 3) assigned for particular purposes (\$56,086).

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 \$4,938,950 and total fund balance was \$5,008,636. 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 40 percent of total general fund expenditures, while total fund balance represents approximately 40 percent of that same amount.



The decrease in the City's general fund balance by \$1,405,403, during the current fiscal year, was due to the purchase of a new fire truck costing over \$1,000,000 and land costing \$669,926 for a new fire substation. Although, revenues have remained stagnant for 2014 and were very comparable to 2013 figures these purchases were made due to the City's long-term capital improvement plan.

The debt service fund has a total fund balance of \$2,633,372 all of which is restricted for payment of debt service. The net increase in fund balance during the current year was \$433,534. This net increase is attributed to the issuance of capital improvement bonds, in 2014, for \$5,545,000 which included a transfer from the capital projects fund for \$353,987 to establish a debt service reserve fund.

The street fund has a total fund balance of \$3,369,723, 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 in the street fund was \$16,025. This is mainly due to the new road tax passed by Arkansas voters which provides turnback revenue to cities and counties.

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 \$888,920. Net investment in capital assets was \$639,348. The total growth in net position, for 2014, was \$363,663.

General Fund Budgetary Highlights

Original budget compared to final budget

During the year, there were no amendments to increase the original estimated revenues. Most of budgeted appropriation amendments required were due to capital purchases: an increase of \$1,181,250 to cover the purchase of the fire ladder truck that was committed in 2013, an increase of \$235,000 in Public Works to cover the Barber Cove drainage project and an increase of \$132,000 in expenditures for the Lake Valencia restroom construction.

Final budget compared to actual results

GENERAL FUND

Revenues

General fund revenues came in slightly higher than budgeted. These increases were attributed to over \$370,000 in grants received, approximately \$160,000 increase in sales and property tax collection, and over \$50,000 increase in community service fees collected due to improvements in collection efforts.

Expenditures

City Attorney

There was a 19% (\$12,229) positive variance in professional prosecution due to outside counsel utilized for long-term attorney services. These expenditures are charged to administrative services rather than the City Attorney budget.

Fire

There was an 11% (\$244,777) positive variance in fire budget due Fire Chief position being vacated in January 2014 and budgeted turnout gear not expended until 2015.

Public Works

There was a 35% (\$372,003) positive variance in public works budget due to vacant budgeted positions, decrease in vehicle maintenance expenditure due to the replacement of aging equipment, drainage improvements budgeted but not expended until 2015 and a decrease in fuel prices.

STREET FUND***Revenues***

Street fund revenues had no significant differences between budgeted and actual revenues for 2013. The overall variance for the Street Fund was 4 percent.

Expenditures

There was a 13% (\$252,791) positive variance in street fund budget due to vacant budgeted positions, decrease in vehicle maintenance expenditure due to the replacement of aging equipment, and capital improvements budgeted but not expended until 2015.

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, 2014, amounts to \$40,722,456 (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 \$2,040,013.

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

- Purchased land for new fire substation and new Senior wellness center (\$668,754)
- Built a new fuel pump station (\$162,472)
- Purchased five Police vehicles (\$223,857)
- Built restrooms at the Lake Valencia park (\$132,407)
- Replaced the fountain at Lake Valencia park (\$8,216)
- Installed a new server at the Police station (\$15,493)
- Purchased a new ladder truck for the Fire department (\$1,100,358)
- Continued work on a new Maumelle bicycle and pedestrian path (\$527,532)
- Replaced a weather warning siren (\$27,836)
- Began work on Crystal Hill and Counts Massie road improvement and utilities with total spent as of December 31, 2014 of \$555,419
- Began work on Counts Massie to Interstate 40 extension with total spent as of December 31, 2014 of \$372,297
- Began work on replacing Fire Station 2 with total spent as of December 31 2014 of \$306,263
- Purchased Tritech CAD software for Police and Fire location tracking (\$10,235)
- Replaced Motorola mobile radios (\$30,631)
- Replaced Parks equipment (\$50,620)
- Purchased a new street sweeper (\$182,240)
- Purchased a self-propelled power broom (\$43,675)
- Purchased a new sanitation truck (\$246,158)
- Purchased a new yard waste collection truck (\$122,753)
- Purchased a new backhoe loader (\$74,406)
- Completed street overlay project (\$99,048)
- Completed drainage improvements (\$97,747)

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,649,763	\$ 6,981,009	\$ -	\$ -	\$ 7,649,763	\$ 6,981,009
Building	17,587,194	18,351,053	177,093	132,123	17,764,287	18,483,176
Equipment	3,860,920	2,845,942	491,800	190,864	4,352,720	3,036,806
Infrastructure	9,454,036	9,579,139	-	-	9,454,036	9,579,139
Construction in progress	1,501,650	600,085	-	2,228	1,501,650	602,313
Total	\$40,053,563	\$38,357,228	\$668,893	\$325,215	\$40,722,456	\$38,682,443

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 \$21,130,000. The Series 2012 bonds are revenue bonds totaling \$7,715,000 secured solely by franchise fee revenue. The Series 2013 and Series 2014 bonds are limited tax general obligation bonds totaling \$13,415,000 paid with debt service millage.

City of Maumelle's Outstanding Debt

	Beginning Balance <u>12/31/2013</u>	New Debt & Other Additions	Principal Payments	Other Additions & Reductions	Ending Balance <u>12/31/2014</u>	Current Portion
Governmental activities						
Bonds:						
2012 Series	\$ 7,930,000	\$ -	\$ 215,000	\$ -	\$ 7,715,000	\$ 220,000
2013 Series	9,700,000	-	1,830,000	-	7,870,000	950,000
2014 Series	-	5,545,000	-	-	5,545,000	575,000
Less deferred issuance discounts	(62,289)	-	-	2,817	(59,472)	-
Total bonds payable	17,567,711	5,545,000	2,045,000	2,817	21,070,528	1,745,000
Motorola Capital Lease	428,168	-	107,042	-	321,126	107,042
City Clerk Pension	400,866	150,015	-	-	550,881	21,017
Compensated absences	289,852	349,966	-	370,495	269,323	31,510
Total governmental activity	\$ 18,686,597	\$ 6,044,981	\$ 2,525,354	\$ 373,312	\$ 22,211,858	\$ 1,904,569
Business-Type activities						
Compensated absences	\$ 15,767	\$ 18,856	\$ -	\$ 20,141	\$ 14,482	\$ 5,045
Bank loan	115,739	-	86,194	-	29,545	29,545
Total business-type activity	\$ 131,506	\$ 18,856	\$ 86,194	\$ 20,141	\$ 44,027	\$ 34,590

The City's total debt increased by \$6,063,837 (32 percent) during the current fiscal year; and this increase is mainly attributed to the issuance of new bonds for \$5,545,000 and an increase in the pension calculation due to a revaluation by the actuary.

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, 2014, the legal debt limit for the city was \$78,070,098. The City has general obligation debt outstanding at the end of 2014 of \$11,039,164, net funds available for retirement, leaving a legal debt margin of \$67,030,934.

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 \$80,009 or 51% higher than the State of Arkansas median income of \$40,768. This puts the City in good economic standing when compared to the surrounding areas. The City saw a slight increase in personal income from \$37,453 to \$37,850, in 2014; however, the City is still higher than the surrounding areas of Little Rock, North Little Rock, and Conway with personal incomes at \$29,294, \$23,282, and \$24,814, respectively.

Unemployment Rate

The City's unemployment rate is 3.9% for 2014, 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%. The City had a 3.0% decrease in unemployment, in 2014, which is a much greater decrease than the national average of 1.0%.

Residential Development

The City has continued to see expanding residential development, in 2014, with the opening of two new phases in two existing subdivisions. There were 98 new residential permits issued in 2014; which is 22 more permits than 2013.

2015 Budget

The preparation of the 2015 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 four 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. In order to purchase much needed capital improvements, a \$189,726 appropriation from fund balance was needed which is \$138,374 less than 2014. 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. Southern Star constructed a new building in the Maumelle Industrial Park. Pepsi Beverage Co. consolidated all of their Central Arkansas sales and distribution centres into the newly renovated logistic centre in the Maumelle Industrial Park. A national pizza chain, Marco's Pizza, opened a location in Maumelle December 2014. Westrock Coffee relocated to a portion of a newly constructed 60,000 square foot warehouse in the Maumelle Industrial Park. Maumelle Wine and Spirits constructed a new larger facility in Maumelle. A new retail office space was opened in 2014, Savannah Corners, it houses a nail salon and eye clinic with future plans to open other businesses.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 9,129,435	\$ 785,649	\$ 9,915,084
Taxes receivable	1,047,767	-	1,047,767
Accounts receivable - net	111,352	186,124	297,476
Prepays	13,600	-	13,600
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	18,649,012	-	18,649,012
Property, plant & equipment - net			
Land	7,649,763	-	7,649,763
Buildings	17,587,194	177,093	17,764,287
Equipment	3,860,920	491,800	4,352,720
Infrastructure	9,454,036	-	9,454,036
Construction in progress	1,501,650	-	1,501,650
TOTAL ASSETS	<u>69,004,729</u>	<u>1,640,666</u>	<u>70,645,395</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	308,895	-	308,895
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>308,895</u>	<u>-</u>	<u>308,895</u>
LIABILITIES			
Accounts payable	222,164	14,271	236,435
Payroll taxes payable	31,263	2,160	33,423
Other payroll withholdings payable	177,827	12,869	190,696
Accrued salaries	237,786	14,550	252,336
Accrued interest payable	132,738	-	132,738
Sales taxes payable	-	24,521	24,521
Unearned revenue	38,356	-	38,356
Payment in lieu	154,947	-	154,947
Noncurrent liabilities:			
Due within one year	1,904,569	34,590	1,939,159
Due in more than one year	20,307,289	9,437	20,316,726
TOTAL LIABILITIES	<u>23,206,939</u>	<u>112,398</u>	<u>23,319,337</u>
NET POSITION			
Net investment in capital assets	35,240,803	639,348	35,880,151
Restricted for:			
Municipal Court Automation	20,802	-	20,802
Special revenue funds -streets	3,400,565	-	3,400,565
Unrestricted	7,444,515	888,920	8,333,435
TOTAL NET POSITION	<u>\$ 46,106,685</u>	<u>\$ 1,528,268</u>	<u>\$ 47,634,953</u>

FOR THE YEAR ENDED DECEMBER 31, 2014

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	\$ 2,790,208	\$ 200,933	\$ -	\$ -	\$ (2,589,275)	\$ -	\$ (2,589,275)
Legal and judicial	286,568	208,835	-	-	(77,733)	-	(77,733)
Public safety	5,456,751	825,661	5,364	-	(4,625,726)	-	(4,625,726)
Highways and streets	1,931,238	7,474	-	274,784	(1,648,980)	-	(1,648,980)
Culture and recreation	1,811,555	394,529	1,250	-	(1,415,776)	-	(1,415,776)
Economic development	600,763	-	-	-	(600,763)	-	(600,763)
Interest on long-term debt	521,448	-	-	-	(521,448)	-	(521,448)
Agent fees on long-term debt	40,826	-	-	-	(40,826)	-	(40,826)
Bond issuance costs	54,064	-	-	-	(54,064)	-	(54,064)
Total governmental activities	<u>13,493,421</u>	<u>1,637,432</u>	<u>6,614</u>	<u>274,784</u>	<u>(11,574,591)</u>	<u>-</u>	<u>(11,574,591)</u>
Business-type activities:							
Sanitation	1,063,930	1,337,958	-	-	-	274,028	274,028
Total primary government	<u>\$ 14,557,351</u>	<u>\$ 2,975,390</u>	<u>\$ 6,614</u>	<u>\$ 274,784</u>	<u>\$ (11,574,591)</u>	<u>\$ 274,028</u>	<u>\$ (11,300,563)</u>

General revenues:

Taxes:				
Property taxes, levied for general purposes		2,432,399	-	2,432,399
Property taxes, levied for debt service		2,488,951	-	2,488,951
Franchise taxes		1,588,893	-	1,588,893
Intergovernmental - unrestricted		7,236,273	-	7,236,273
Miscellaneous		19,324	-	19,324
Investment earnings:				
Unrestricted		32,311	-	32,311
Transfers		(89,635)	89,635	-
Total general revenues and transfers		<u>13,708,516</u>	<u>89,635</u>	<u>13,798,151</u>
Change in net position		2,133,925	363,663	2,497,588
NET POSITION - BEGINNING		<u>43,972,760</u>	<u>1,164,605</u>	<u>45,137,365</u>
NET POSITION-ENDING		<u>\$ 46,106,685</u>	<u>\$ 1,528,268</u>	<u>\$ 47,634,953</u>

DECEMBER 31, 2014

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 5,685,518	\$ 3,422,360	\$ -	\$ -	\$ 21,557	\$ 9,129,435
Funds held by trustee	-	-	2,640,709	16,008,303	-	18,649,012
Taxes receivable	783,192	124,192	140,383	-	-	1,047,767
Accounts receivable - net	110,935	417	-	-	-	111,352
Due from other funds	2,118	-	-	2,337	-	4,455
Prepays	13,600	-	-	-	-	13,600
TOTAL ASSETS	6,595,363	3,546,969	2,781,092	16,010,640	21,557	28,955,621
LIABILITIES						
Accounts payable	206,947	14,462	-	-	755	222,164
Payroll taxes payable	28,768	2,495	-	-	-	31,263
Other payroll withholdings payable	156,702	21,125	-	-	-	177,827
Accrued salaries payable	222,814	14,972	-	-	-	237,786
Unearned revenue-other	33,356	-	5,000	-	-	38,356
Payment in lieu	154,947	-	-	-	-	154,947
Due to other funds	-	-	2,337	-	-	2,337
TOTAL LIABILITIES	803,534	53,054	7,337	-	755	864,680
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-Property tax	106,352	30,842	140,383	-	-	277,577
Unavailable revenue-Sales tax	484,390	93,350	-	-	-	577,740
Unavailable revenue-Franchise fees	192,451	-	-	-	-	192,451
TOTAL DEFERRED INFLOWS OF RESOURCES	783,193	124,192	140,383	-	-	1,047,768
FUND BALANCES						
Nonspendable	13,600	-	-	-	-	13,600
Restricted	-	3,369,723	2,633,372	16,010,640	20,802	22,034,537
Committed	-	-	-	-	-	-
Assigned	56,086	-	-	-	-	56,086
Unassigned	4,938,950	-	-	-	-	4,938,950
TOTAL FUND BALANCES	5,008,636	3,369,723	2,633,372	16,010,640	20,802	27,043,173
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,595,363	\$ 3,546,969	\$ 2,781,092	\$ 16,010,640	\$ 21,557	

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.	\$ 40,053,563
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.	1,047,768
Long-term liabilities of \$22,211,858 and related deferred charges on refunding of \$308,895 are not due and payable in the current year and therefore, are not reported in the governmental funds.	(21,902,963)
Accrued interest is not due and payable in the current year and, therefore, is not reported in the governmental funds.	(132,738)
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	<u>\$ 46,106,685</u>
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	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local tax assessments:						
Millage tax	\$ 1,874,293	\$ 543,543	\$ 2,474,045	\$ -	\$ -	\$ 4,891,881
Franchise fees	1,570,890	-	-	-	-	1,570,890
Intergovernmental revenues	5,969,366	1,133,428	-	-	-	7,102,794
Public safety fees	814,812	-	-	-	-	814,812
Parks and recreation fees	394,529	-	-	-	-	394,529
Legal and Judicial fees	201,687	-	-	-	7,148	208,835
Community and economic development	178,569	-	-	-	-	178,569
Investment income	10,507	17,812	2,532	1,460	-	32,311
Grants and donations	374,779	-	-	-	-	374,779
Other revenue	15,919	5,523	-	-	-	21,442
TOTAL REVENUES	11,405,351	1,700,306	2,476,577	1,460	7,148	15,590,842
EXPENDITURES						
Current:						
General government						
Administrative services	1,589,947	-	-	-	-	1,589,947
Legal and judicial	273,911	-	-	-	12,929	286,840
Public safety	4,999,907	-	-	-	-	4,999,907
Highways and streets	592,440	896,189	-	-	-	1,488,629
Parks and recreation	1,709,376	-	-	-	-	1,709,376
Community and economic development	595,305	-	-	-	-	595,305
Debt service:						
Principal	-	-	2,045,000	-	-	2,045,000
Interest	136,211	-	340,902	-	-	477,113
Fees	-	-	40,826	-	-	40,826
Lease Payment	107,042	-	-	-	-	107,042
Bond issuance costs	-	-	54,064	-	-	54,064
Capital outlay:						
Administrative services	669,926	-	-	-	-	669,926
Public safety	1,429,631	-	-	214,616	-	1,644,247
Public works and streets	92,777	816,066	-	367,542	-	1,276,385
Parks and recreation	201,363	-	-	-	-	201,363
Community and economic development	7,584	-	-	-	-	7,584
TOTAL EXPENDITURES	12,405,420	1,712,255	2,480,792	582,158	12,929	17,193,554
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,000,069)	(11,949)	(4,215)	(580,698)	(5,781)	(1,602,712)
Other financing sources (uses):						
Issuance of debt	-	-	83,762	5,461,238	-	5,545,000
Transfers in	-	-	353,987	-	-	353,987
Transfers out	(443,622)	-	-	-	-	(443,622)
Sale of fixed assets	5,075	20,500	-	-	-	25,575
Insurance recoveries	33,213	7,474	-	-	-	40,687
Total other financing sources (uses)	(405,334)	27,974	437,749	5,461,238	-	5,521,627
Net change in fund balances	(1,405,403)	16,025	433,534	4,880,540	(5,781)	3,918,915
FUND BALANCE - BEGINNING OF YEAR	6,414,039	3,353,698	2,199,838	11,130,100	26,583	23,124,258
FUND BALANCE - END OF YEAR	\$ 5,008,636	\$ 3,369,723	\$ 2,633,372	\$ 16,010,640	\$ 20,802	\$ 27,043,173

Net change in fund balances - total governmental funds (page 16)		\$ 3,918,915
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.		87,572
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 2014 are as follows:		
Expenditures for capital assets, land, and construction in progress	3,799,505	
Depreciation expense	<u>(2,092,017)</u>	
		1,707,488
Governmental funds report the total proceeds from the sale of capital assets and do not report a gain or loss. Only a gain or loss on the sale or disposal of assets is reported on the Statement of Activities.		
Gain/Loss on disposal of capital assets	<u>(13,271)</u>	(13,271)
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.		
		(6,948)
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.		
		2,152,042
Pension obligations to the former City Clerk do not require current financial resources and are not recorded in governmental funds. However, for government-wide statements, the liability is recorded, and a corresponding increase/decrease in expense is recognized.		
		(150,015)
Issuance of new debt is an other financing source in governmental funds and a liability on the Statement of Net Position.		
		(5,545,000)
Bond discount and issue cost are reported as expenditures in governmental funds and amortized over the life of the debt 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.		
Amortization of discount -Series 2012 and 2013 bonds	<u>(2,817)</u>	(2,817)
Amortization of purchase price in excess of face value of Series 2005 and 2007 Revenue bonds	<u>(14,041)</u>	(14,041)
Change in net position of governmental activities (page 14)		<u>\$ 2,133,925</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	GENERAL FUND			
	Original Budget	Revised Budget	Actual	Variance
REVENUES				
Taxes	\$ 9,254,608	\$ 9,254,608	\$ 9,414,549	\$ 159,941
Community service fees	680,000	680,000	732,351	52,351
Parks and recreation fees	535,000	535,000	394,529	(140,471)
Municipal court fees	216,500	216,500	201,687	(14,813)
Building permits and inspection fees	200,000	200,000	178,569	(21,431)
Public safety	51,000	51,000	60,301	9,301
Investment income	12,000	12,000	10,507	(1,493)
Grants and donations	-	-	374,779	374,779
Miscellaneous revenue and fees	17,000	17,000	38,079	21,079
TOTAL REVENUE	10,966,108	10,966,108	11,405,351	439,243
EXPENDITURES				
Operating expenditures:				
Administrative services	1,633,508	1,663,113	1,589,947	(73,166)
City attorney	60,345	60,345	49,857	(10,488)
Courts	254,828	254,828	224,054	(30,774)
Police	2,783,214	2,785,553	2,702,055	(83,498)
Fire	2,228,173	2,236,693	1,991,916	(244,777)
Animal control	328,626	328,526	305,936	(22,590)
Public works	720,918	719,891	592,440	(127,451)
Parks and recreation	1,474,396	1,459,393	1,368,648	(90,745)
Senior services	339,141	363,196	340,728	(22,468)
Community and economic development	202,101	206,301	197,443	(8,858)
Planning & zoning	141,500	141,610	132,288	(9,322)
Code enforcement	277,504	280,358	265,574	(14,784)
Total operating expenditures	10,444,254	10,499,807	9,760,886	(738,921)
Capital expenditures:				
Administrative services	-	672,607	669,926	(2,681)
Police	210,411	241,000	239,351	(1,649)
Fire	14,000	1,195,251	1,190,280	(4,971)
Animal control	-	-	-	-
Public works	43,000	337,329	92,777	(244,552)
Parks	56,000	191,253	191,243	(10)
Senior services	-	10,120	10,120	-
Code enforcement	7,584	7,584	7,584	-
Total capital expenditures	330,995	2,655,144	2,401,281	(253,863)
Debt Service				
Interest expense	136,211	136,211	136,211	-
Capital lease payment	107,042	107,042	107,042	-
Total debt service	243,253	243,253	243,253	-
TOTAL EXPENDITURES	11,018,502	13,398,204	12,405,420	(992,784)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (52,394)	\$ (2,432,096)	(1,000,069)	\$ (553,541)
Other financing sources			38,288	
Other financing uses - operating transfers out			(443,622)	
NET CHANGE IN FUND BALANCE			(1,405,403)	
FUND BALANCE - BEGINNING OF YEAR			6,414,039	
FUND BALANCE - END OF YEAR			\$ 5,008,636	

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014**

	STREET FUND			
	Original Budget	Revised Budget	Actual	Variance
REVENUES				
Taxes	\$ 1,649,750	\$ 1,649,750	\$ 1,676,971	\$ 27,221
Investment income	19,000	19,000	17,812	(1,188)
Other revenue	200	200	5,523	5,323
TOTAL REVENUE	<u>1,668,950</u>	<u>1,668,950</u>	<u>1,700,306</u>	<u>31,356</u>
EXPENDITURES				
Operating expenditures:				
Public works and streets	1,051,433	1,056,201	896,189	(160,012)
Capital expenditures:				
Public works and streets	576,379	908,845	816,066	(92,779)
TOTAL EXPENDITURES	<u>1,627,812</u>	<u>1,965,046</u>	<u>1,712,255</u>	<u>(252,791)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 41,138</u>	<u>\$ (296,096)</u>	(11,949)	<u>\$ 284,147</u>
Other financing sources			27,974	
FUND BALANCE - BEGINNING OF YEAR			3,353,698	
FUND BALANCE - END OF YEAR			<u>\$ 3,369,723</u>	

DECEMBER 31, 2014

	Business-type Activities
	Sanitation
ASSETS:	
Current assets:	
Cash	\$ 785,649
Accounts receivable - net	186,124
Total current assets	<u>971,773</u>
Noncurrent assets:	
Buildings, net of accumulated depreciation	177,093
Equipment, net of accumulated depreciation	491,800
Total noncurrent assets	<u>668,893</u>
TOTAL ASSETS	<u>1,640,666</u>
LIABILITIES	
Current liabilities:	
Accounts payable	14,271
Payroll taxes payable	2,160
Other payroll withholdings payable	12,869
Accrued salaries	14,550
Compensated absences	5,045
Sales taxes payable	24,521
Notes payable - current	29,545
Total current liabilities	<u>102,961</u>
Noncurrent liabilities:	
Compensated absences	9,437
Total noncurrent liabilities	<u>9,437</u>
TOTAL LIABILITIES	<u>112,398</u>
NET POSITION	
Net investment in capital assets	639,348
Unrestricted	888,920
TOTAL NET POSITION	<u>\$ 1,528,268</u>

	Business-type Activities
	Sanitation
OPERATING REVENUES	
Charges for sales and services:	
Charges for sanitation services	\$ 1,337,958
TOTAL OPERATING REVENUES	<u>1,337,958</u>
OPERATING EXPENSES	
Personnel	541,322
Operating supplies	353,974
Depreciation	165,194
TOTAL OPERATING EXPENSES	<u>1,060,490</u>
OPERATING INCOME	277,468
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(3,440)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,440)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	274,028
TRANSFERS IN	<u>89,635</u>
CHANGE IN NET POSITION	363,663
TOTAL NET POSITION - BEGINNING OF YEAR	<u>1,164,605</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,528,268</u>

FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities
	Sanitation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,447,707
Payments to suppliers	(757,763)
Payments to employees	(274,570)
Net cash provided by operating activities	<u>415,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	9,000
Purchases of capital assets	(508,872)
Principal paid on capital debt	(86,195)
Interest paid on capital debt	(3,440)
Transfers from other fund	89,635
Net cash provided (used) by capital and related financing activities	<u>(499,872)</u>
Net increase (decrease) in cash and cash equivalents	(84,498)
Cash and cash equivalents, January 1, 2014	<u>870,147</u>
Cash and cash equivalents, December 31, 2014	<u><u>785,649</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	277,468
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	165,194
(Increase) decrease in accounts receivable	(9,841)
Increase (decrease) in accounts payable	(3,824)
Increase (decrease) in payroll taxes	(526)
Increase (decrease) in accrued expenses	(1,030)
Increase (decrease) in compensated absences payable	(1,285)
Increase (decrease) in sales taxes payable	(1,782)
Gain/loss on sale of capital assets	(9,000)
Total adjustments	<u>137,906</u>
Net cash provided by operating activities	<u>\$ 415,374</u>

DECEMBER 31, 2014

	Fines Custodial Agency Fund
ASSETS	
Cash and cash equivalents	\$ 30,791
TOTAL ASSETS	<u>30,791</u>
LIABILITIES	
Amounts due to other parties	30,791
TOTAL LIABILITIES	<u>\$ 30,791</u>

DECEMBER 31, 2014

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

DECEMBER 31, 2014

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

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

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.

DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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."

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This amount is 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.

DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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 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 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 1st, on property values assessed, as of January 1st. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until after October 10th. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 2014, the carrying amount of the City’s deposits was \$28,594,887 and the bank balance was \$28,918,229. Of the bank balance, \$10,945,488 was covered by Federal depository insurance or by collateral held by the City’s agent in the City’s name, and \$18,683,965 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	\$28,593,412
Cash on hand	1,475
	<u>28,594,887</u>
Unrestricted cash, as reported on the statement of net position	9,915,084
Restricted cash and cash equivalents, as reported on the statement of net position	18,649,012
Restricted cash, as reported on the statement of fiduciary net position	30,791
Total cash and cash equivalents	<u>\$28,594,887</u>

B. Accounts Receivable

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

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

Accounts receivable at December 31, 2014, is as follows:

	General Fund	Street Fund	Debt Service Fund	Sanitation Fund
Taxes receivable	\$ 783,192	\$ 124,192	\$ 140,383	\$ -
Trade receivables	277,305	417	-	412,021
Other receivables	24,480	-	-	63,534
Gross receivables	1,084,977	124,609	140,383	475,555
Allowance for doubtful accounts	(190,850)	-	-	(289,431)
Net total receivables	<u>\$ 894,127</u>	<u>\$ 124,609</u>	<u>\$ 140,383</u>	<u>\$ 186,124</u>

C. Capital Assets

Net capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
PRIMARY GOVERNMENT					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 6,981,009	\$ 668,754	\$ -	\$ -	\$ 7,649,763
Construction in progress	600,085	906,171	-	(4,606)	1,501,650
Total capital assets, not being depreciated	7,581,094	1,574,925	-	(4,606)	9,151,413
Capital assets, being depreciated:					
Buildings	26,851,330	249,041	(11,777)	4,606	27,093,200
Equipment	9,371,922	1,777,315	(322,231)	-	10,827,006
Infrastructure	11,751,710	198,224	-	-	11,949,934
Total capital assets being depreciated	47,974,962	2,224,580	(334,008)	4,606	49,870,140
Less accumulated depreciation for:					
Buildings	8,500,277	1,017,507	(11,778)	-	9,506,006
Equipment	6,525,980	751,185	(311,079)	-	6,966,086
Infrastructure	2,172,573	323,325	-	-	2,495,898
Total accumulated depreciation	17,198,830	2,092,017	(322,857)	-	18,967,990
Total capital assets being depreciated, net	30,776,132	132,563	(11,151)	4,606	30,902,150
Governmental activities capital assets, net	<u>\$ 38,357,226</u>	<u>\$ 1,707,488</u>	<u>\$ (11,151)</u>	<u>\$ -</u>	<u>\$ 40,053,563</u>
BUSINESS ACTIVITIES					
Capital assets, not being depreciated:					
Construction in Progress	\$ 2,228	\$ -	\$ -	\$ (2,228)	\$ -
Capital assets, being depreciated:					
Buildings	171,139	54,055	-	2,228	227,422
Equipment	1,314,733	454,817	(204,515)	-	1,565,035
Total capital assets being depreciated	1,485,872	508,872	(204,515)	2,228	1,792,457
Less accumulated depreciation for:					
Buildings	39,016	11,313	-	-	50,329
Equipment	1,123,869	153,881	(204,515)	-	1,073,235
Total accumulated depreciation	1,162,885	165,194	(204,515)	-	1,123,564
Total capital assets being depreciated, net	322,987	343,678	-	2,228	668,893
Business-type activities capital assets, net	<u>\$ 325,215</u>	<u>\$ 343,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668,893</u>

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	\$ 1,057,928
Public Safety	464,387
Public Works and Streets	465,477
Parks and Recreation	<u>104,225</u>
Total depreciation expense governmental activities	<u>\$ 2,092,017</u>
Business-type Activities:	
Sanitation	<u>\$ 165,194</u>
Total depreciation expense business-type activities	<u>\$ 165,194</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 Great West Retirement Services at 1-800-695-4952.

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, 2014, the City’s annual pension cost of \$106,546 for the City Pension Plan was equal to the City’s required and actual contributions. The total forfeitures reported in pension expense for 2014 is \$358.

Three-Year Trend Information for the City Pension Plan.

<u>YEAR ENDING</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
December 31, 2012	84,229	99,956	184,185
December 31, 2013	77,770	110,167	187,937
December 31, 2014	72,616	106,546	179,162
	<u>\$ 234,615</u>	<u>\$ 316,669</u>	<u>\$ 551,284</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, 2012	99,956	100%
December 31, 2013	110,167	100%
December 31, 2014	106,546	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.

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 \$5.40 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, 2014, the contribution rate percentages were as follows:

<u>LOPFI Maximum</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
Fire	8.50%	18.18%	26.68%
Police	8.50%	15.19%	23.69%

Three-Year Trend Information for LOPFI.

<u>YEAR ENDING</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
December 31, 2012	230,592	224,170	454,762
December 31, 2013	238,130	249,333	487,463
December 31, 2014	237,422	268,317	505,739
	<u>\$ 706,144</u>	<u>\$ 741,820</u>	<u>\$ 1,447,964</u>

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

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED
December 31, 2012	224,170	100%
December 31, 2013	249,333	100%
December 31, 2014	268,317	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.

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 June 30, 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 2012, 2013 and 2014 were \$10,651, \$11,402 and \$10,409 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, 2013, 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	<u>6,895,000,000</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>1,969,000,000</u></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, 2014:

Gross Payroll	6,762,727
Non-uniformed pension wages	1,776,906
APERS pension wages	118,579
LOPFI pension wages	2,975,445
Mayor	78,500

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 2012-2014 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.

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

E. Construction and other significant commitments

The City has entered the design phase for the three new projects that were approved to be paid with the Series 2013 and 2014. At year end the government’s commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
Counts Massie Extension to I-40	\$ 328,543	\$ 112,642
Replacement of Fire Station 2	258,370	81,900
Crystal Hill to Counts Massie Extension	321,155	14,764

Encumbrances

As discussed in Note 1. E., 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	56,086
Street fund	277,200
Sanitation fund	30,854
Total	364,140

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.

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

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 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, \$321,126.

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2014, were as follows:

Year Ending December 31	Governmental activities
2015	\$ 107,042
2016	107,042
2017	107,042
Total minimum lease payments	<u>321,126</u>
Present value of minimum lease payments	<u>\$ 321,126</u>

H. Short-Term Debt

The City does not have any short-term debt outstanding as of December 31, 2014.

I. Long-term Liabilities

Changes in long-term liabilities: Long-term liability activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental activities						
Bonds:						
2012 Series	\$ 7,930,000	\$ -	\$ 215,000	-	\$ 7,715,000	\$ 220,000
2013 Series	9,700,000	-	1,830,000	-	7,870,000	950,000
2014 Series	-	5,545,000	-	-	5,545,000	575,000
Less deferred issuance discounts	(62,289)	-	-	2,817	(59,472)	-
Total bonds payable	<u>17,567,711</u>	<u>5,545,000</u>	<u>2,045,000</u>	<u>2,817</u>	<u>21,070,528</u>	<u>1,745,000</u>
Motorola Capital Lease	428,168	-	107,042	-	321,126	107,042
City Clerk Pension	400,866	150,015	-	-	550,881	21,017
Compensated absences	289,852	349,966	-	370,495	269,323	31,510
Total governmental activity	<u>\$18,686,597</u>	<u>\$ 6,044,981</u>	<u>\$ 2,152,042</u>	<u>\$ 367,678</u>	<u>\$ 22,211,858</u>	<u>\$ 1,904,569</u>
Business-Type activities						
Compensated absences	\$ 15,767	\$ 18,856	\$ -	\$ 20,141	\$ 14,482	\$ 5,045
Bank loan	115,739	-	86,194	-	29,545	29,545
Total business-type activity	<u>\$ 131,506</u>	<u>\$ 18,856</u>	<u>\$ 86,194</u>	<u>\$ 20,141</u>	<u>\$ 44,027</u>	<u>\$ 34,590</u>

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

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.

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 2013

The Series 2013 bonds are limited tax general obligations of the City of Maumelle payable solely from the collections of the City Tax and Special Tax Collections. The Series 2013 bonds are part of an aggregate principal amount of bonds of \$15,545,000 authorized by the voters of the City at the special election on October 9, 2012. The Series 2013 issued \$10,000,000 of these bonds. The remaining \$5,545,000 was issued January 2, 2014, as Series 2014 bonds. The purpose of these bonds is to finance a portion of the cost of various capital improvements: (i) improvement of Crystal Hills Road and Counts Massie South roadways to Master Street Plan standards including, utility relocation (ii) improvement of Counts Massie Road to connect with the proposed I-40 Interchange and Short Marche Road and related utility extensions and relocations; and (iii) construction of a new fire substation and related improvements.

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2013	Various capital improvement projects	1.00 – 2.00%	\$10,000,000

General obligation bond debt service requirements to maturity are as follows:

Series 2013 General Obligation Bonds

<u>Maturity (November 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Interest Amount (\$)</u>
2015	950,000	1.00	130,585.00
2016	960,000	1.10	120,555.00
2017	970,000	1.35	108,727.50
2018	985,000	1.60	94,300.00
2019	1,000,000	1.80	77,420.00
2020	1,020,000	1.90	58,730.00
2021	1,040,000	2.00	38,640.00
2022	945,000	1.65	19,495.00
Total	\$7,870,000		\$648,452.50

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

Series 2014

The Series 2014 bonds are limited tax general obligations of the City of Maumelle, Arkansas payable solely from the collections of the City Tax and Special Tax Collections, The Series 2014 bonds are part of an aggregate principal amount of bonds of \$15,545,000 authorized by the voters of the City at the special election on October 9, 2012. The Series 2014 issued the remaining \$5,545,000 on January 2, 2014, as Series 2014 bonds. The purpose of these bonds is to finance a portion of the cost of various capital improvements: (i) improvement of Crystal Hills Road and Counts Massie South roadways to Master Street Plan standards including, utility relocation (ii) improvement of Counts Massie Road to connect with the proposed I-40 Interchange and Short Marche Road and related utility extensions and relocations; and (iii) construction of a new fire substation and related improvements.

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2014	Various capital improvement projects	1.00 – 2.80%	\$5,545,000

General obligation bond debt service requirements to maturity are as follows:

Series 2014 General Obligation Bond

<u>Maturity (March 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Interest Amount (\$)</u>
2015	575,000	1.00%	105,995.00
2016	580,000	1.25%	99,495.00
2017	590,000	1.50%	91,445.00
2018	600,000	1.80%	81,620.00
2019	610,000	2.00%	70,120.00
2020	625,000	2.40%	56,520.00
2021	640,000	2.70%	40,380.00
2022	655,000	2.80%	22,570.00
2023	670,000	2.0%	6,700.00
Total	5,545,000		574,845.00

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

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

Revenue bond debt service requirements to maturity are as follows:

Series 2012 Revenue Bonds			
Maturity (November 1)	Principal Amount (\$)	Interest Rate (%)	Interest Amount (\$)
2015	220,000	2.00	487,922.50
2016	225,000	2.00	488,522.50
2017	230,000	2.00	489,022.50
2018	260,000	2.00	514,222.50
2019	265,000	2.25	514,222.50
2020	270,000	2.50	513,260.00
2021	275,000	2.65	511,510.00
2022	285,000	2.85	514,222.50
2023	290,000	3.10	511,100.00
2024	300,000	3.25	512,110.00
2025	310,000	3.35	512,360.00
2026	320,000	3.50	511,975.00
2027	335,000	3.60	515,775.00
2028	345,000	3.70	513,715.00
2029	355,000	4.00	510,950.00
2030	370,000	4.00	511,750.00
2031	385,000	4.00	511,950.00
2032	400,000	4.00	511,550.00
2033	420,000	4.00	515,550.00
2034	435,000	4.00	512,910.00
2035	455,000	4.00	514,640.00
2036	475,000	4.00	515,530.00
2037	490,000	4.20	510,580.00
Total	7,715,000		11,725,550.00

Other Long-term debt: The City has one bank note payable outstanding at December 31, 2014:

Long-term liabilities	Purpose	Interest Rate	Payment Due	Maturity Date	Ending Balance
Business-type activities	Purchase two new garbage trucks	4.5%	Monthly	4/15	\$29,545

The annual requirements to pay the note outstanding at December 31, 2014, including interest of approximately \$282 are as follows:

<u>Year ending December 31,</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2015	29,827	29,545	282
Total	\$29,827	\$29,545	\$282

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, 2014, the legal debt limit for the city was \$78,070,098. The city has general obligation debt outstanding at the end of 2014 of \$13,715,000 less funds available for retirement of \$2,675,836, leaving a legal debt margin of \$67,030,934.

DECEMBER 31, 2014

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**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 2014, the City's unassigned fund balance is \$4,938,950 and the 20% of 2014 budgeted expenditures is \$2,658,232. We have exceeded the minimum balance for 2014 by 54%.

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 \$13,600, as of December 31, 2014:

Municipal Defense insurance for periods January 1 – October 31, 2015 - \$12,902

Fire manager subscription January 1 –July 1, 2015 - \$698

- *Restricted* - represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation. Below describes the amounts in restricted for 2014:

Street Fund is a special revenue fund derived from taxes earmarked specifically for street expenditures – \$3,369,723

Debt Service Fund used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related cost - \$2,633,372

Capital Projects Fund is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds - \$16,010,640

District Court automation fund is used to account for funds used solely for district court-related technology -\$20,802

- *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 2014, is \$56,086.

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

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, 2014, 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
Total	<u>\$ -</u>	<u>\$ 2,118</u>	<u>\$ -</u>	<u>\$ 2,337</u>	<u>\$ 4,455</u>

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:

TRANSFER OUT	Enterprise Fund		
	Debt Service Fund	Sanitation Fund	Total
General Fund	\$ 353,987	\$ 89,635	\$ 443,622
Total	<u>\$ 353,987</u>	<u>\$ 89,635</u>	<u>\$ 443,622</u>

M. Subsequent Events

The City has since issued \$18,845,000 in limited tax and refunding bonds dated February 1, 2015.

NOTE 3: NEW APPLICABLE GASB STANDARDS

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for fiscal years beginning after June 15, 2014.

DECEMBER 31, 2014

NOTE 3: NEW APPLICABLE GASB STANDARDS (CONTINUED)

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement is effective for fiscal years beginning after June 15, 2014.

GASB has issued Statement No. 72 which addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

	Fines Custodial Agency Fund			
	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
ASSETS				
Cash	\$ 27,721	\$ 380,426	\$ 377,356	\$ 30,791
LIABILITIES				
Due to other parties	\$ 27,721	\$ 380,426	\$ 377,356	\$ 30,791

FOR THE YEAR ENDED DECEMBER 31, 2014

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-00F041901-0 CD-00F074101-1	\$ 220,725	\$ 220,725
U.S. Department of Justice Arkansas Department of Finance and Administration Edward Byrne Memorial Justice Assistance Grant (JAG) Federal funding for the enhancement, identification, and performance of patrol vehicles.	13-895-11L	4,300	4,300
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	24,433	24,433
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	211,357	211,357
U.S. Dept. of Transportation - National Traffic Safety Administration Arkansas State Police Department FY 2014 Highway Safety Subgrant Agreement / State & Community Highway Safety Grants Federal funding for the Selective Traffic Enforcement Project (STEP) in Maumelle	OP-2014-03-02-18 SE-2014-13-01-18	3,545	3,545
U.S. Dept. of Transportation - National Traffic Safety Administration Arkansas State Police Department FY 2014 Highway Safety Subgrant Agreement / Alcohol Traffic Safety and Drunk Driving Incentive Grants Federal funding for the Selective Traffic Enforcement Project (STEP) in Maumelle	K8-2014-08-06-18	446	446
Total		<u>\$ 464,806</u>	<u>\$ 464,806</u>

Land	\$ 7,649,763
Buildings	17,587,194
Equipment	3,860,920
Infrastructure	9,454,036
Construction in Progress	<u>1,501,650</u>
Subtotal	<u><u>40,053,563</u></u>
Investments in governmental funds capital assets by source:	
General fund	22,068,880
Special revenue fund	7,831,708
Capital project fund	9,151,528
Donations	<u>1,001,447</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 40,053,563</u></u>

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Infra- Structure	Construction in Progress	Total
General government:						
Administrative services	\$ 7,649,763	\$ 17,587,194	\$ 731,299	\$ -	\$ 394,593	\$ 26,362,849
Legal and judicial						
Court	-	-	-	-	-	-
Public safety:						
Police	-	-	275,477	-	-	275,477
Fire	-	-	1,706,380	-	258,370	1,964,750
Animal control	-	-	11,436	-	-	11,436
Highways and streets:						
Public works	-	-	46,047	1,123,634	321,155	1,490,836
Streets	-	-	498,753	8,330,402	527,532	9,356,687
Culture and recreation:						
Parks	-	-	574,624	-	-	574,624
Senior services	-	-	10,584	-	-	10,584
Community & econ. development:						
CED	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-
Code enforcement	-	-	6,320	-	-	6,320
TOTAL CAPITAL ASSETS	<u>\$ 7,649,763</u>	<u>\$ 17,587,194</u>	<u>\$ 3,860,920</u>	<u>\$ 9,454,036</u>	<u>\$ 1,501,650</u>	<u>\$ 40,053,563</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.

	Special Revenue	Total
	District Court Automation	Nonmajor Governmental Fund
ASSETS		
Cash	\$ 21,557	\$ 21,557
TOTAL ASSETS	21,557	21,557
LIABILITIES		
Accounts payable	755	755
TOTAL LIABILITIES	755	755
FUND BALANCES		
Nonspendable	-	-
Restricted:		
District Court Automation	20,802	20,802
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	20,802	20,802
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,557	\$ 21,557

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Special Revenue</u>	<u>Total Nonmajor Governmental Fund</u>
	District Court Automation	
REVENUES		
Legal and Judicial fees	7,148	7,148
Grants and donations	-	-
TOTAL REVENUES	<u>7,148</u>	<u>7,148</u>
EXPENDITURES		
Current:		
General government		
Legal and judicial	12,929	12,929
Capital outlay:		
Administrative services	-	-
TOTAL EXPENDITURES	<u>12,929</u>	<u>12,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,781)</u>	<u>(5,781)</u>
Other financing sources (uses):		
Transfers in	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	(5,781)	(5,781)
FUND BALANCE - BEGINNING OF YEAR	<u>26,583</u>	<u>26,583</u>
FUND BALANCE - END OF YEAR	<u>\$ 20,802</u>	<u>\$ 20,802</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.

CONTENTS	PAGE
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>	51
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	60
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>	64
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>	71
Operating Information <i>These schedules contain information about the City's operating environment.</i>	73

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

TEN YEAR SUMMARY

	2005	2006	2007 ²	2008	2009 ¹
Governmental activities					
Net Investment in capital assets	\$ 18,854,772	\$ 22,583,601	\$ 24,191,206	\$ 26,935,558	\$ 28,843,921
Restricted	522,373	862,896	1,859,405	1,418,018	3,550,918
Unrestricted	(6,441,557)	4,854,718	4,989,016	6,309,335	4,191,095
Total governmental activities net position	<u>12,935,588</u>	<u>28,301,215</u>	<u>31,039,627</u>	<u>34,662,911</u>	<u>36,585,934</u>
Business-type activities					
Net investment in capital assets	278,643	417,450	326,490	211,321	205,872
Restricted	-	-	-	-	-
Unrestricted	412,914	258,502	504,659	103,093	256,461
Total business-type activities net position	<u>691,557</u>	<u>675,952</u>	<u>831,149</u>	<u>314,414</u>	<u>462,333</u>
Primary Government					
Net Investment in capital assets	19,133,415	23,001,051	24,517,696	27,146,879	29,049,793
Restricted	522,373	11,029,991	12,822,307	10,625,253	3,550,918
Unrestricted	(6,028,643)	(5,053,875)	(5,419,861)	(2,747,143)	4,447,556
Total primary government net position	<u>\$ 13,627,145</u>	<u>\$ 28,977,167</u>	<u>\$ 31,920,142</u>	<u>\$ 35,024,989</u>	<u>\$ 37,048,267</u>
2010-2014 Summary					
	2010	2011	2012	2013	2014
Governmental activities					
Net Investment in capital assets	\$ 29,349,289	\$ 31,979,728	\$ 32,629,569	\$ 32,177,927	\$ 35,240,803
Restricted	3,951,986	3,314,174	3,166,546	3,407,849	3,421,367
Unrestricted	4,738,158	4,824,942	6,027,675	8,386,984	7,444,515
Total governmental activities net position	<u>38,039,433</u>	<u>40,118,844</u>	<u>41,823,790</u>	<u>43,972,760</u>	<u>46,106,685</u>
Business-type activities					
Net Investment in capital assets	298,753	281,149	248,765	209,476	639,348
Restricted	-	-	-	-	-
Unrestricted	307,626	488,321	659,965	955,129	888,920
Total business-type activities net position	<u>606,379</u>	<u>769,470</u>	<u>908,730</u>	<u>1,164,605</u>	<u>1,528,268</u>
Primary Government					
Net Investment in capital assets	29,648,042	32,260,877	32,878,334	32,387,403	35,880,151
Restricted	3,951,986	3,314,174	3,166,546	3,407,849	3,421,367
Unrestricted	5,045,784	5,313,263	6,687,640	9,342,113	8,333,435
Total primary government net position	<u>\$ 38,645,812</u>	<u>\$ 40,888,314</u>	<u>\$ 42,732,520</u>	<u>\$ 45,137,365</u>	<u>\$ 47,634,953</u>

¹Net 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.

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

CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION

2005 - 2009

TEN YEAR SUMMARY

	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
Administrative services	\$ 1,542,625	\$ 1,690,368	\$ 1,935,170	\$ 2,215,240	\$ 2,228,631
Highways and streets	1,385,154	1,574,696	1,625,803	1,842,286	1,914,353
Legal and judicial	232,148	220,103	236,716	263,799	260,928
Culture and recreation	1,576,591	1,629,956	1,597,054	1,695,532	1,886,341
Public safety	2,710,595	2,980,268	3,492,139	3,861,274	4,211,832
Economic development	484,716	558,015	501,662	557,444	597,661
Interest on long-term debt	515,323	623,032	625,070	667,163	597,475
Agent fees on long-term debt	-	11,438	11,326	11,945	11,527
Total governmental activities expenses	8,447,152	9,287,876	10,024,940	11,114,683	11,708,748
Business-type activities					
Sanitation	718,190	1,047,536	886,391	1,018,559	976,768
Total primary government expenses	9,165,342	10,335,412	10,911,331	12,133,242	12,685,516
Program Revenues					
Governmental activities					
Charges for services					
Public safety	856,264	943,446	881,865	1,005,491	876,563
Culture and recreation	691,494	583,430	650,884	643,590	743,071
Economic development	429,112	439,835	335,633	297,406	334,909
Other activities	353,386	230,202	279,718	340,391	213,971
Operating grants and contributions	65,353	80,542	23,097	42,956	19,736
Capital grants and contributions	105,000	1,478,001	664,775	712,191	424,313
Total governmental activities program revenues	2,500,609	3,755,456	2,835,972	3,042,025	2,612,563
Business-type activities					
Charges for Services	809,395	1,031,931	1,041,588	1,145,817	1,124,687
Total primary government program revenues	3,310,004	4,787,387	3,877,560	4,187,842	3,737,250
Net revenues (expenses)					
Governmental activities	(5,946,543)	(5,532,420)	(7,188,968)	(8,072,658)	(9,096,185)
Business-type activities	91,205	(15,605)	155,197	127,258	147,919
Total primary government net revenues (expenses)	(5,855,338)	(5,548,025)	(7,033,771)	(7,945,400)	(8,948,266)
General revenues					
Governmental activities					
Taxes	4,230,730	4,614,455	4,871,297	5,438,148	5,689,319
Intergovernmental	3,984,763	4,302,260	4,845,440	5,187,718	5,226,714
Grants and contributions not restricted to specific programs	-	13,039	-	-	-
Investment earnings	126,213	611,049	210,645	426,083	103,175
Miscellaneous	-	-	-	-	-
Special items	96,975	-	-	643,993	-
Total governmental activities general revenues	8,438,681	9,540,803	9,927,382	11,695,942	11,019,208
Business-type activities	-	-	-	(643,993)	-
Total primary government general revenues	8,438,681	9,540,803	9,927,382	11,051,949	11,019,208
Changes in net position					
Governmental activities	2,492,138	4,008,383	2,738,412	3,623,284	1,923,023
Business-type activities	91,205	(15,605)	155,197	(516,735)	147,919
Total primary government changes in net position	\$ 2,583,343	\$ 3,992,778	\$ 2,893,609	\$ 3,106,549	\$ 2,070,942

TEN YEAR SUMMARY (CONTINUED FROM PREVIOUS PAGE)

	2010	2011	2012	2013	2014
Expenses					
Governmental activities					
Administrative services	\$ 2,362,197	\$ 2,540,086	\$ 2,751,194	\$ 2,768,599	\$ 2,790,208
Highways and streets	1,988,151	2,163,386	2,102,162	1,842,300	1,931,238
Legal and judicial	299,198	312,148	314,213	285,347	286,568
Culture and recreation	1,661,550	1,784,967	1,870,440	1,863,960	1,811,555
Public safety	4,143,887	4,581,806	5,040,193	5,195,250	5,456,751
Economic development	577,955	594,054	613,896	600,317	600,763
Interest on long-term debt	481,529	459,855	188,290	438,521	521,448
Agent fees on long-term debt	11,260	10,228	8,070	4,351	40,826
Bond issuance costs	-	-	53,928	136,740	54,064
Total governmental activities expenses	<u>11,525,727</u>	<u>12,446,529</u>	<u>12,942,385</u>	<u>13,135,385</u>	<u>13,493,421</u>
Business-type activities					
Sanitation	944,391	1,039,073	1,053,908	1,001,899	1,063,930
Total primary government expenses	<u>12,470,118</u>	<u>13,485,602</u>	<u>13,996,293</u>	<u>14,137,284</u>	<u>14,557,351</u>
Program Revenues					
Governmental activities					
Charges for services					
Public safety	816,472	780,170	746,709	769,614	825,661
Culture and recreation	505,630	484,918	476,462	488,405	394,529
Economic development	197,769	227,318	184,493	238,457	-
Other activities	171,460	283,759	230,962	251,811	417,242
Operating grants and contributions	41,761	35,570	28,038	50,451	6,614
Capital grants and contributions	8,661	132,393	319,099	263,547	274,784
Total governmental activities program revenues	<u>1,741,753</u>	<u>1,944,127</u>	<u>1,985,762</u>	<u>2,062,285</u>	<u>1,918,830</u>
Business-type activities					
Charges for Services	1,028,680	1,112,529	1,103,553	1,168,139	1,337,958
Total primary government program revenues	<u>2,770,433</u>	<u>3,056,656</u>	<u>3,089,315</u>	<u>3,230,424</u>	<u>3,256,788</u>
Net revenues (expenses)					
Governmental activities	(9,783,974)	(10,502,402)	(10,956,623)	(11,073,100)	(11,574,591)
Business-type activities	84,289	73,457	49,625	166,240	274,028
Total primary government net revenues (expenses)	<u>(9,699,685)</u>	<u>(10,428,945)</u>	<u>(10,906,998)</u>	<u>(10,906,860)</u>	<u>(11,300,563)</u>
General revenues					
Governmental activities					
Taxes	6,078,916	6,062,748	6,122,754	6,453,026	6,510,243
Intergovernmental	5,254,978	6,557,600	6,568,654	6,760,439	7,236,273
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	(36,664)	51,100	59,796	34,292	32,311
Miscellaneous	-	-	-	63,948	19,324
Special items	-	-	-	-	-
Transfers	(59,757)	(89,635)	(89,635)	(89,635)	(89,635)
Total governmental activities general revenues	<u>11,237,473</u>	<u>12,581,813</u>	<u>12,661,569</u>	<u>13,222,070</u>	<u>13,708,516</u>
Business-type activities					
Transfers	59,757	89,635	89,635	89,635	89,635
Total business-type activities general revenues	<u>59,757</u>	<u>89,635</u>	<u>89,635</u>	<u>89,635</u>	<u>89,635</u>
Total primary government general revenues	<u>11,297,230</u>	<u>12,671,448</u>	<u>12,751,204</u>	<u>13,311,705</u>	<u>13,798,151</u>
Changes in net position					
Governmental activities	1,453,499	2,079,411	1,704,946	2,148,970	2,133,925
Business-type activities	144,046	163,091	139,259	255,875	363,663
Total primary government changes in net position	<u>\$ 1,597,545</u>	<u>\$ 2,242,502</u>	<u>\$ 1,844,205</u>	<u>\$ 2,404,845</u>	<u>\$ 2,497,588</u>

	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009
REVENUES					
General Property Tax	\$ 2,936,795	\$ 3,304,196	\$ 3,573,536	\$ 4,029,272	\$ 4,311,577
Licenses and Permits	429,112	439,835	335,633	297,406	334,909
Intergovernmental	3,942,997	4,311,395	4,822,663	5,167,297	5,208,240
Charges for Services	1,040,492	911,251	875,074	979,491	876,563
Fines	224,441	182,059	203,121	286,443	195,920
Utility Franchise Fees	1,185,638	1,304,223	1,260,393	1,366,197	1,431,804
Investment Income	367,780	611,049	724,907	426,083	103,175
Miscellaneous	704,382	1,080,920	916,477	1,140,065	834,481
TOTAL REVENUES	10,831,637	12,144,928	12,711,804	13,692,254	13,296,672
EXPENDITURES					
Administrative services	1,100,164	1,294,367	1,291,907	1,451,844	1,429,835
Public works and streets	1,088,481	1,244,983	1,285,526	1,469,234	1,513,591
Parks and recreation	1,399,121	1,531,543	1,492,634	1,606,445	1,811,431
Public safety	2,499,091	2,687,461	3,173,944	3,489,481	3,909,555
Debt service, general	69,111	11,439	97,196	11,945	11,527
Debt service, principal	183,750	1,210,000	1,876,380	2,374,421	2,007,727
Debt service, interest	377,022	711,043	556,823	696,398	622,118
Other	785,546	756,777	718,632	792,778	836,522
Capital outlay	5,642,842	3,453,756	2,943,013	3,105,174	6,049,531
TOTAL EXPENDITURES	13,145,128	12,901,369	13,436,055	14,997,717	18,191,837
OTHER FINANCING SOURCES (USES)	9,209,963	-	3,150,550	643,993	-
NET CHANGES IN FUND BALANCES	\$ 6,896,472	\$ (756,441)	\$ 2,426,299	\$ (661,470)	\$ (4,895,166)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	7.47%	20.33%	23.19%	25.82%	21.66%

	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014
REVENUES					
General Property Tax	\$ 4,608,165	\$ 4,541,965	\$ 4,630,043	\$ 4,692,978	\$ 4,891,881
Licenses and Permits	197,769	227,318	184,493	238,457	178,569
Intergovernmental	5,266,189	6,456,955	6,559,092	6,754,513	7,102,794
Charges for Services	808,127	780,170	1,223,172	1,173,889	1,209,341
Fines	182,389	197,808	193,820	248,654	208,835
Utility Franchise Fees	1,476,838	1,495,036	1,559,277	1,523,220	1,570,890
Investment Income	(36,644)	51,100	59,796	34,292	32,311
Miscellaneous	576,714	738,831	387,433	331,681	396,221
TOTAL REVENUES	13,079,548	14,489,184	14,797,126	14,997,684	15,590,842
EXPENDITURES					
Administrative services	1,346,888	1,496,490	1,663,724	1,649,319	1,589,947
Public works and streets	1,583,642	1,671,893	1,529,639	1,376,828	1,488,629
Parks and recreation	1,572,172	1,687,984	1,746,952	1,720,079	1,709,376
Public safety	3,841,127	4,208,480	4,623,722	4,804,762	4,999,907
Debt service, general	11,260	10,228	61,998	248,133	201,932
Debt service, principal	2,002,424	2,450,500	10,036,250	515,000	2,045,000
Debt service, interest	550,862	479,918	465,638	370,863	477,113
Other	867,396	895,728	887,825	879,339	882,145
Capital outlay	2,131,532	1,988,305	1,023,575	1,836,499	3,799,505
TOTAL EXPENDITURES	13,907,303	14,889,526	22,039,323	13,400,822	17,193,554
OTHER FINANCING SOURCES (USES)	(59,757)	(89,635)	8,053,901	10,453,837	5,521,627
NET CHANGES IN FUND BALANCES	\$ (887,509)	\$ (489,977)	\$ 811,704	\$ 12,050,699	\$ 3,918,915
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	21.68%	22.71%	49.97%	7.66%	18.83%

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	
2005	2,898,084	65,354	244,835	8,552,842	126,213	328,691	12,216,019
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

TEN YEAR SUMMARY

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
2005	4,749,658	1,040,493	936,488	643,076	224,441	1,509,627	9,103,783
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

TEN YEAR SUMMARY

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
2005	6,579,142	429,112	1,659,577	309,739	224,441	126,213	61,306	9,389,530
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

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	11.6	196,920,130	66,065,232	2,950,885	265,936,247	1,329,681,235	20%
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%

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
2005	6.60	5.00	-	11.60	10.10	40.70	62.40
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

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	2014 Assessed Valuation	2014 Rank	Percentage of Total Assessed Valuation	2005 Assessed Valuation	2005 Rank
Ace Hardware Corp	Distribution warehouse	\$ 3,595,372	1	0.92%	\$ 2,625,550	4
Molex Incorporated	Computer cabling	2,660,000	2	0.68%	4,183,150	1
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,527,160	3	0.65%		
Kimberly-Clark	Baby wipe manufacturer	2,101,360	4	0.54%	2,897,790	2
Maumelle Housing Association Ltd	Multi-unit housing	1,995,840	5	0.51%	2,040,480	5
Kroger Limited Partnership	Retail grocery store	1,492,320	6	0.38%		
RSC - Little Rock, LLC	Equipment Rental	1,396,600	7	0.36%	2,645,080	3
Frostyaire of Arkansas, Inc	Distribution warehouse	1,291,970	9	0.33%		
Medline Industries Inc	Medical Supply distributor	1,139,600	10	0.29%		
Gables of Maumelle Apartment Jivan, Inc.	Multi-unit housing Hotel owner	1,087,020			1,042,680	6
E-Z Spuds	Car Wash				1,120,000	7
BCC Maumelle Realty LLC	Investor				961,870	8
Terra Forma LLC	Investor				786,170	9
Millwood Apartments	Multi-unit housing				591,690	10
R and L/ETAL	Unknown					
Mohr Maumelle LLC	Investor					
		<u>\$ 19,287,242</u>		<u>4.66%</u>	<u>\$ 18,894,460</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
2005	3,394,843	2,944,368	86.73%	146,730	3,091,098	91.05%
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%
Total Collections- Last Ten Fiscal Years					<u>\$ 41,463,752</u>	
Total Collections to Date					<u>\$ 58,395,872</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
2005	6,798,750	377,022	7,175,772	9,360,824	76.66%
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%

*Series 2005 and 2007 bonds refunded

Year	Governmental Activities				Business-Type	Total Primary Government	Assessed Value ²	Percentage of Assessed Value
	General Obligation	Revenue	Capital	Notes	Notes			
	Bonds	Bonds	Leases	Payable	Payable			
2005	12,338,712	5,660,378	-	354,390	-	18,353,480	262,985,362	6.98
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	13,715,000	7,655,528	321,126	-	29,545	21,721,199	390,350,489	5.56

Year	Population ¹	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
2005	14,307	1,282.83	not available	not available
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	1,224.70	37,850	0.17%

Data Sources:

¹ The Gadberry Group and US Census Bureau

² Pulaski County Treasurer's Office

Year	Population	Assessed Value ³	Accumulated Resources Restricted Payment of general bonded debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005	14,307 ¹	262,985,362	1,426,787	16,572,303	6.30	1,158.34
2006	15,115 ²	285,384,892	1,007,721	15,771,517	5.53	1,043.43
2007	16,048 ¹	317,427,406	1,605,786	16,855,464	5.31	1,050.34
2008	19,853 ¹	345,099,047	1,243,054	14,923,196	4.32	751.68
2009	16,705 ¹	353,909,669	1,371,244	12,870,006	3.64	770.43
2010	17,163 ²	360,415,234	1,485,117	10,796,133	3.00	629.04
2011	17,163 ²	370,192,464	1,352,430	8,523,820	2.30	496.64
2012	17,577 ²	373,386,489	290,125	7,790,957	2.09	443.25
2013	17,736 ²	390,446,899	2,242,305	15,755,003	4.04	888.31
2014	17,736	390,350,489	2,675,836	19,015,818	4.87	1,072.16

Data Sources:

¹ The Gadberry Group² U.S. Census Bureau³ 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	\$ 21,721,199	100.0%	\$ 21,721,199
Pulaski County Special School District ¹	140,663,768	36.0%	50,688,538
Total	<u>\$ 162,384,967</u>		<u>\$ 72,409,737</u>

Source: ¹ Pulaski County Special School District

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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	\$ 390,350,489	
Debt limitation 20% of assessed value	78,070,098	
General obligation debt	(13,715,000)	
Less amount available in debt service fund	<u>2,675,836</u>	
Total amount of debt applicable to debt limitation		(11,039,164)
Legal debt margin		<u><u>\$ 67,030,934</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

<u>Year</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal debt margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2005	52,597,072	10,911,925	41,685,147	21%
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%

¹ Net bonded debt calculation changed for 2010 forward to reflect GASB Statement 44 changes

TEN YEAR SUMMARY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Franchise Tax Received	\$ 1,185,638	\$ 1,304,223	\$ 1,260,393	\$ 1,366,197	\$ 1,431,804	\$ 1,476,838	\$ 1,495,036	\$ 1,559,277	\$ 1,523,220	\$ 1,570,890
2003 Revenue Bonds:										
Principal (\$)	165,000	170,000	170,000	*****	*****	*****	*****	*****	*****	*****
Interest (\$)	101,146	97,793	47,983	*****	*****	*****	*****	*****	*****	*****
Coverage (%)	4.45	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 ¹	Personal Income	Per Capita Personal Income ²	Median Age ¹	Education Level In years of Formal Schooling ²	School Enrollment ²	Unemployment Rate ³
2005	14,307	not available	not available	n/a	18	3,761	4.0
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	3.9

Data Sources:

¹ *The Gadberry Group and US Census Bureau*

² *Census State Data Center, Institute for Economic Advancement, College of Business Administration, University of Arkansas at Little Rock*

³ *Arkansas Department of Workforce Services*

CURRENT YEAR AND NINE YEARS AGO

Employer	2014			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	324	2	9.3%			-
BEI Precision Systems & Space	265	3	7.6%	165	8	5.5%
Ace Hardware	260	4	7.4%	230	7	7.7%
Kimberly Clark Corporation	250	5	7.1%	285	3	9.5%
Cintas Corporation	130	6	3.7%	165	8	5.5%
Molex HPC Business Unit	120	7	3.4%	240	6	8.0%
Lamb & Associates Packaging	75	8	2.1%	50	10	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	9	2.0%
Scholastic Distribution Services Inc		-	-	275	5	9.2%
Target Southern Distribution Center		-	-	800	2	26.7%
Vital Records Control of Arkansas, Inc.		-	-	40		1.3%
Windsor Door		-	-	278	4	9.3%
Kraft Foods, Inc.		-	-	30		1.0%

Source: City of Maumelle Community and Economic Development Department

Function	2005	2006	2007	2008	2009
Administrative Services	12	12	11	10	10
Public works	20	21	22	24	23
Legal and judicial	2	4	4	4	4
Parks and recreation	14	16	31	29	19
Public safety	51	54	59	65	64
Community and economic development	8	9	9	9	9
Sanitation	13	13	11	12	13
Totals	<u>120</u>	<u>129</u>	<u>147</u>	<u>153</u>	<u>142</u>

Function	2010	2011	2012	2013	2014
Administrative Services	10	11	12	12	15
Public works	22	26	26	24	23
Legal and judicial	4	4	4	4	4
Parks and recreation	32	22	24	28	30
Public safety	66	70	75	73	77
Community and economic development	9	9	9	9	9
Sanitation	13	13	12	12	12
Totals	<u>156</u>	<u>155</u>	<u>162</u>	<u>162</u>	<u>170</u>

Source: City of Maumelle Human Resources Department

LAST SIX FISCAL YEARS*

Function	2009	2010	2011	2012	2013	2014
Police						
Number of uniformed employees	30	27	29	30	31	32
Service calls	1,437	4,839	5,702	7,868	8,196	8,177
Arrests	196	521	940	1,078	1,019	1,019
Traffic stops	659	2,134	2,260	3,239	3,955	4,014
Traffic citations	282	737	754	767	1,107	990
Training man hours	290	436	691	1,216	3,063	1,976
Fire						
Number of uniformed employees	22	21	26	26	26	29
Fires	45	53	44	59	53	57
Rescue, emergency medical calls	978	1,043	1,057	1,170	1,041	1,095
Hazardous condition, standby	40	29	23	28	29	44
Service calls	97	102	139	131	124	130
Good intent calls	72	87	81	103	121	78
False alarm calls	88	89	132	115	118	133
Natural disaster calls	14	6	25	11	11	7
Other calls	5	12	18	35	18	5
Total calls	1,339	1,421	1,519	1,652	1,515	1,549
Animal Control						
Number of uniformed employees	5	4	5	5	5	6
Number of animals taken into custody	590	600	583	620	824	817
Service calls	2,100	3,650	4,761	4,977	5,122	6,138
Parks and Recreation						
Pool attendance	2,773	2,249	2465	2754	2883	2440
Participants in youth league sports ²	45	72	60	72	60	70
Participants in adult league sports	432	906	888	802	948	998
Garbage Collections						
Monthly service rate	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Curbside recycling tonnage	436	204	251	279	290	543
Yard waste cubic yardage	4,750	5,125	5,475	5,075	5,300	5,125
Class I tonnage	5,171	5,014	5,124	5,059	5,287	5,200
Code Enforcement/Building Permits						
Total building permits issued ¹	732	956	944	1,213	99	101
New commercial permits	3	4	2	11	5	3
Commercial construction value	\$ 72,225,000	\$ 12,197,265	\$ 5,815,405	\$ 23,257,660	\$ 5,971,260	\$ 3,876,900
New residential permits	149	85	90	76	76	98
Residential construction value	\$ 36,403,175	\$ 24,756,821	\$ 25,340,718	\$ 22,465,018	\$ 22,943,787	\$ 21,565,694

Source: Various City departments

¹ Includes all permits issued during the year - construction as well as fence, deck, pool, etc.² 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Highways and streets										
Streets (#)	342	355	355	358	364	364	364	364	364	364
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	23	23	24	24	24	24	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	1	3	3	3	3	3
Police patrol units	21	18	20	24	23	24	28	31	32	30
Fire trucks	3	3	4	3	3	4	4	4	4	4
Sanitation										
Collection trucks	5	7	7	7	7	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, 2014, 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 30, 2015.

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

This 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 City'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 30, 2015



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, 2014, which collectively comprise the City of Maumelle's basic financial statements and have issued our report thereon dated June 30, 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 30, 2015

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Status
	None.	