



**CITY OF MAUMELLE, ARKANSAS**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2012**

**Prepared by:**

**Tasha Thompson, CPA  
Director of Finance**

**City of Maumelle, Arkansas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2012**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal .....i-iii  
GFOA Certificate of Achievement for Excellence in Financial Reporting.....iv  
List of Principal Officials.....v  
Organizational Structure.....vi

**FINANCIAL SECTION**

Independent Auditor’s Report on Financial Statements and Supplementary Information..... 1-2  
Management’s Discussion and Analysis ..... 3-11

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position..... 12  
Statement of Activities..... 13

Fund Financial Statements:

Balance Sheet – Governmental Funds ..... 14  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds ..... 15  
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance to  
Statement of Activities..... 16  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund ..... 17  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Fund ..... 18  
Statement of Net Position – Proprietary Funds ..... 19  
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds ..... 20  
Statement of Cash Flows – Proprietary Funds..... 21  
Statement of Fiduciary Net Position ..... 22

Notes to the Financial Statements ..... 23-37

Other Supplementary Information:

Statement of Changes in Net Position – Agency Fund ..... 38  
Supplemental Schedule of Financial Assistance ..... 39  
Capital Assets Used in the Operation of Governmental Funds:  
Schedule by Source ..... 40  
Schedule by Function and Activity ..... 41

**STATISTICAL SECTION (Not Covered by Auditor’s Opinion)**

Net Position by Component – 9 Year Summary ..... 42  
Changes in Net position – 9 Year Summary ..... 43-44  
Fund Balances of Governmental Funds – 10 Year Summary ..... 45  
Changes in Fund Balances – Governmental Funds – 10 Year Summary ..... 46-47  
Government-wide Revenues – 10 Year Summary ..... 48  
General Government Revenues by Source – 10 Year Summary ..... 49  
General Government Revenues by Type – 10 Year Summary ..... 50  
Assessed Valuation of Real, Personal, and Utility Property – 10 Year Summary ..... 51  
Property Tax Rates – Direct and Overlapping Governments – 10 Year Summary ..... 52  
Principal Property Taxpayers ..... 53  
Collection of Ad Valorem Taxes – 10 Year Summary ..... 54  
Debt Structure – 10 Year Summary ..... 55  
Ratio of Outstanding Debt by Type – 10 Year Summary ..... 56  
Ratio of Bonded Debt to Assessed Value and Population – 10 Year Summary ..... 57  
Schedule of Overlapping Debt ..... 58  
Legal Debt Margin Information ..... 59  
Legal Debt Margin Trend Information – 10 Year Summary ..... 60  
Pledged Revenue Coverage Information – 8 Year Summary ..... 61  
Demographic and Economic Statistics – 10 Year Summary ..... 62  
Principal Employers – Current Year and Nine Years Ago ..... 63  
Full-time Equivalent City Government Employees by Function – 10 Year Summary ..... 64  
Operating Indicators ..... 65  
Capital Asset Statistics by Function – 10 Year Summary ..... 66

**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* ..... 67-68  
Independent Auditor’s Report on Compliance with Arkansas Code Annotated §14-58-101 ..... 69  
Schedule of Audit Findings ..... 70  
Schedule of Prior Audit Findings ..... 71

## INTRODUCTORY SECTION



July 26, 2013

To the Honorable Mayor, 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, 2012.

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, 2012, 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, 2012, 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 17,163.

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 seven banks, six 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 \$811,704, in 2012, and the City maintains a healthy amount with which to operate.

**Major initiatives.** There was a successful bond election, in 2012, that will allow the City to acquire \$15,545,000 in bonds. In January 2013, \$10,000,000 of these bonds were issued to finance the construction of a new fire substation, to improve Crystal Hill Road from Maumelle Boulevard to the City limits and to extend Counts Massie to Interstate 40. There are plans to issue the remaining \$5,545,000 to finance voter approved projects within the City. We began a strategic planning process in 2012 titled "Maumelle Forward" and a final presentation of the results of this strategic process will be made available in 2013. This process included input from a Committee comprised of twenty members of City leaders, business owners and citizens. Unifirst Corporation opened a new facility in Maumelle and Dillard's Inc. internet fulfillment center opened in April 2012 and they have exceeded their employment projects in the first year of operation. Medline Industries broke ground on a new 100,000 square foot medical distribution center in the Maumelle Industrial Park. A new climate controlled storage facility is being constructed in a previously vacated building within Maumelle. Residential development continued to expand in 2012 with the opening of a two new phases within two existing subdivisions. The overall financial condition of Maumelle remains strong as evident by the improvements within the city of Maumelle.

### ***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, 2011. 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

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director

OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

Elected Officials

Michael Watson .....Mayor

Tony Brainerd .....Ward 1, Position 1

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

Jamie Stell .....Ward 2, Position 1

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

Doug Ladner.....Ward 3, Position 1

Burch Johnson.....Ward 3, Position 2

Steve Ibbotson .....Ward 4, Position 1

Jan Hogue .....Ward 4, Position 2

JaNan Davis .....City Attorney

Joshua Clausen.....City Clerk/Treasurer

Roger Harrod .....Municipal Judge

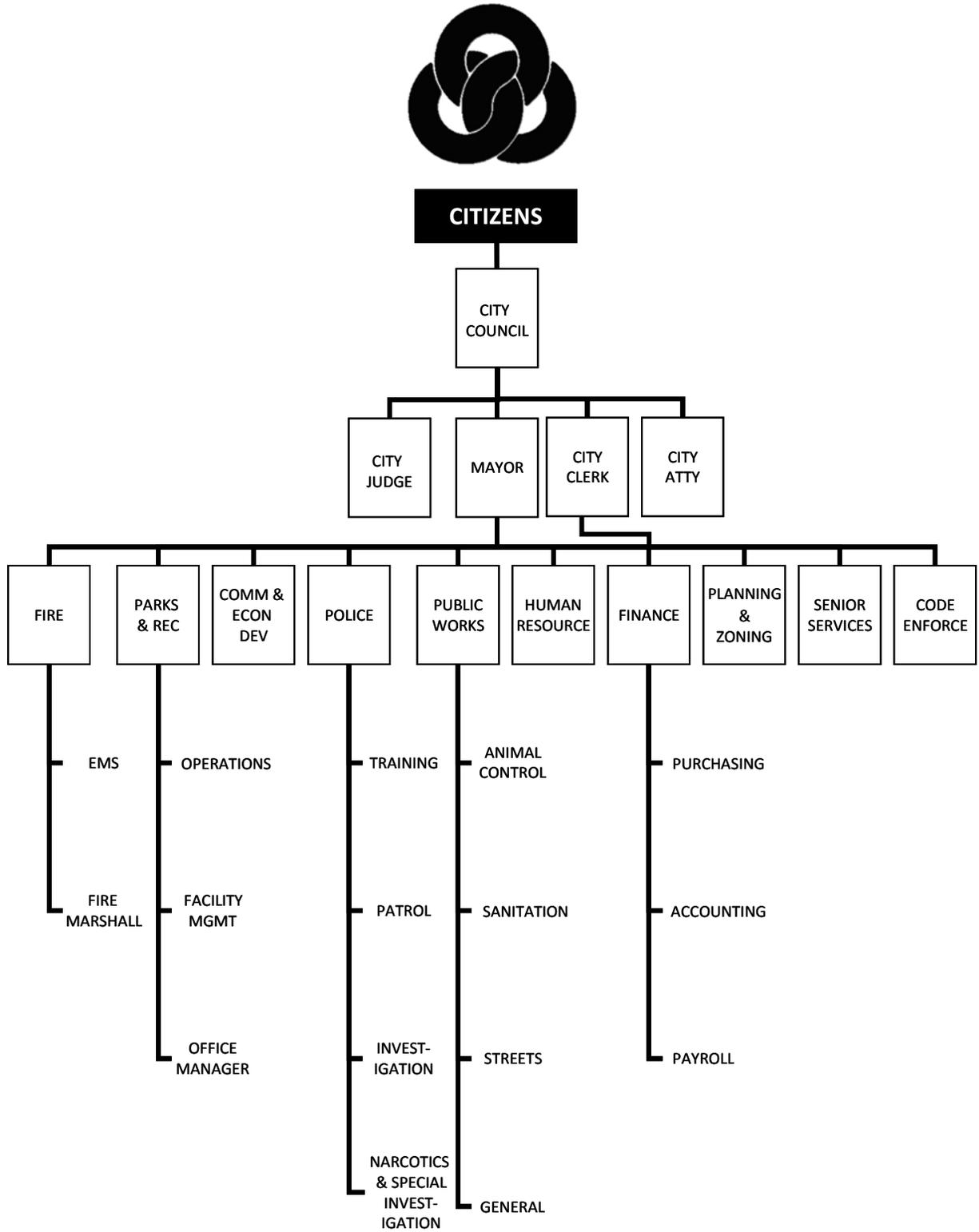
City Commissions

John Chapman ..... Civil Service Commission

John Todd .....Planning Commission

Bob Gram ..... Public Facilities Board

ORGANIZATIONAL CHART



**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To 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, 2012, 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 the 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general and street funds 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 3-11, 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 financial statements as a whole. The introductory section on pages *i-vi*, supplementary information on pages 38-41, and statistical section on pages 42-66, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relate 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 and statistical sections 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 July 26, 2013, 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  
July 26, 2013

**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, 2012. 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.

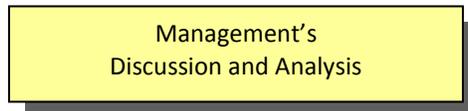
**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$41,630,271 (net position).
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,073,559, an increase of \$811,704 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 4,910,291, or 49 percent of total general fund expenditures.
- The City’s total debt decreased by \$1,694,503 (15.9 percent) during the current fiscal year.

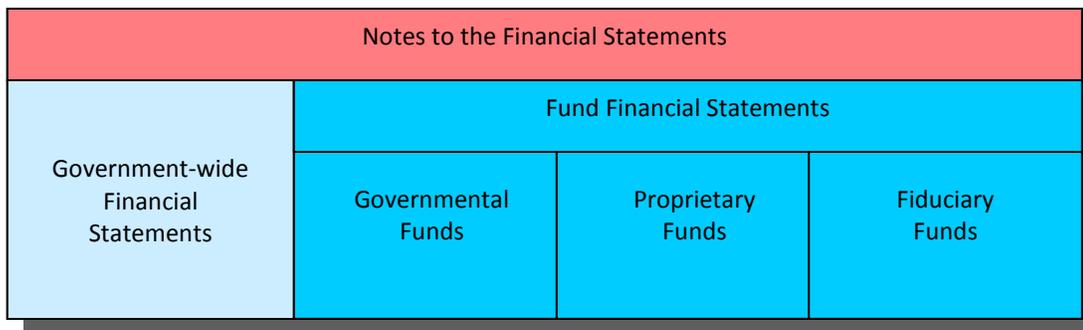
**Overview of the Financial Statements**

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:

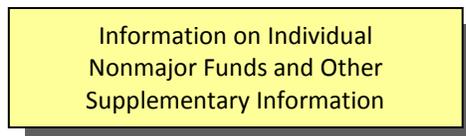
**Required Supplementary Information**



**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 and liabilities, with the difference between the two 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 government'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 12-13 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 four 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.

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 14-18 of this report.

**Proprietary funds.** Proprietary funds can be classified as *enterprise funds* (used to report the same functions presented as *business-type activities* in the government-wide financial statements) or *internal service funds* (used to accumulate and

allocate costs internally). 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 solid waste operations.

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 solid waste operation, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 19-21 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 uses fiduciary funds 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 22 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 23-37 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 \$42,539,001 at the close of 2012.

The largest portion of the City’s net position (69 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.

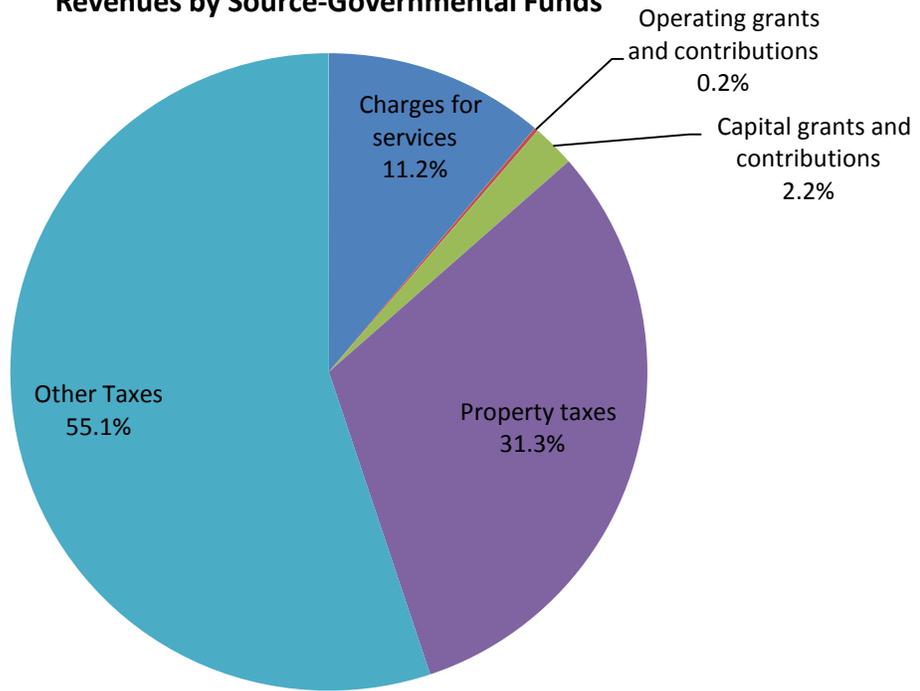
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$12,633,679	\$11,761,536	\$ 750,513	\$ 550,926	\$13,384,192	\$12,312,462
Capital assets	38,686,324	39,569,185	446,813	557,808	39,133,137	40,126,993
Total assets	51,320,003	51,330,721	1,197,326	1,108,734	52,517,329	52,439,455
Long-term liabilities	8,503,670	9,592,807	214,283	206,304	8,717,953	9,799,110
Other liabilities	1,186,062	1,619,070	74,313	132,960	1,260,375	1,752,030
Total liabilities	9,689,732	11,211,877	288,596	339,264	9,978,328	11,551,140
Net position:						
Net investment in capital assets	29,099,805	28,540,508	248,765	281,149	29,348,570	28,821,657
Restricted	4,981,340	6,742,117	-	-	4,981,340	6,742,117
Unrestricted	7,549,126	4,836,219	659,965	488,321	8,209,091	5,324,540
Total net position	<u>\$41,630,271</u>	<u>\$40,118,844</u>	<u>\$ 908,730</u>	<u>\$ 769,470</u>	<u>\$42,539,001</u>	<u>\$40,888,314</u>

The government's net position increased by \$1,650,687 (4 percent) during the current fiscal year.

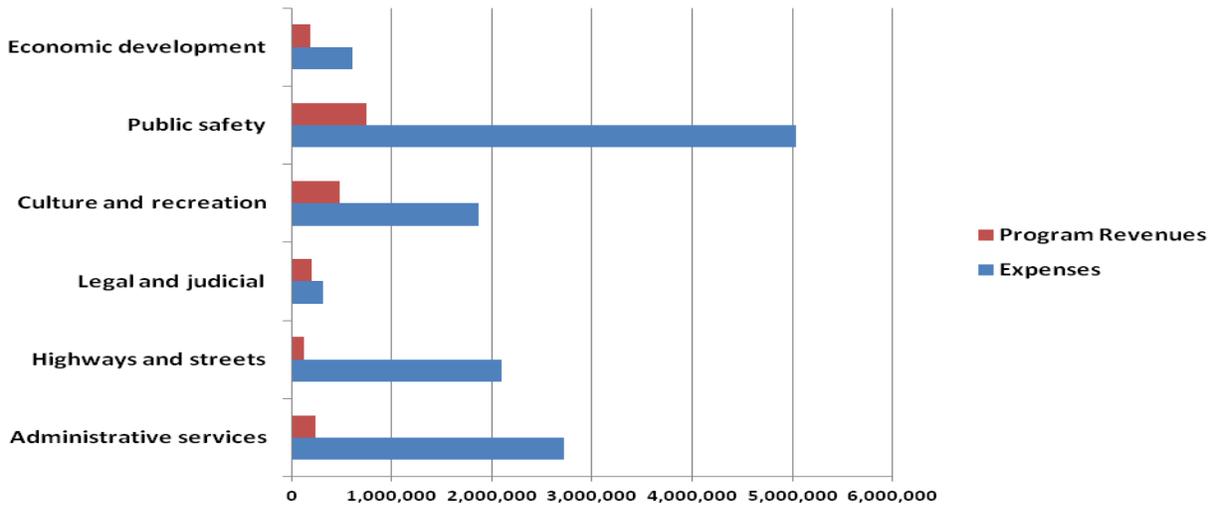
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	1,638,626	1,776,165	1,103,533	1,112,529	2,742,159	2,888,694
Operating grants and contributions	28,038	35,570	-	-	28,038	35,570
Capital grants and contributions	319,099	132,393	-	-	319,099	132,393
General revenues:						
Property taxes	4,597,182	4,509,970	-	-	4,597,182	4,509,970
Franchise taxes	1,525,572	1,552,778	-	-	1,525,572	1,552,778
Intergovernmental	6,568,654	6,557,600	-	-	6,568,654	6,557,600
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	59,796	51,100	-	-	59,796	51,100
Total revenues	<u>14,736,967</u>	<u>14,615,576</u>	<u>1,103,533</u>	<u>1,112,529</u>	<u>15,840,500</u>	<u>15,728,105</u>
Expenses						
Administrative services	2,751,194	2,540,086	-	-	2,751,194	2,540,086
Highways and streets	2,102,162	2,163,386	-	-	2,102,162	2,163,386
Legal and judicial	314,213	312,148	-	-	314,213	312,148
Culture and recreation	1,870,440	1,784,967	-	-	1,870,440	1,784,967
Public safety	5,040,193	4,581,806	-	-	5,040,193	4,581,806
Economic development	613,896	594,054	-	-	613,896	594,054
Interest on long-term debt	435,737	459,855	-	-	435,737	459,855
Agent fees on long-term debt	8,070	10,228	-	-	8,070	10,228
Sanitation	-	-	1,053,908	1,039,073	1,053,908	1,039,073
Total expenses	<u>13,135,905</u>	<u>12,446,529</u>	<u>1,053,908</u>	<u>1,039,073</u>	<u>14,189,813</u>	<u>13,485,602</u>
Increase in net position before transfers	1,601,062	2,169,047	49,625	73,457	1,650,687	2,242,502
Transfers	(89,635)	(89,635)	89,635	89,635	-	-
Change in net position	1,511,427	2,079,412	139,260	163,091	1,650,687	2,242,502
Net position - January 1	40,118,844	38,039,433	769,470	606,379	40,888,314	38,645,812
Net position - December 31	<u>41,630,271</u>	<u>40,118,844</u>	<u>908,730</u>	<u>769,470</u>	<u>42,539,001</u>	<u>40,888,314</u>

**Governmental activities.** Governmental activities increased the City's net position by \$1,511,427 for an ending balance of \$41,630,271. While the current economy has taken a toll on the collection of City fees and the use of the City's recreational services, we were able to maintain our financial position due to an increase in property tax collections by \$87,212 or two percent during the year. This increase was enough to help pay off the Series 2005 general obligations bonds and this early redemption allowed for the City to receive a one time benefit of \$1,798,419 in 2012. The unexpected revenue provided a means for the City to increase net position for 2012, although, other taxes (franchise taxes, city sales taxes and county sales taxes) decreased by \$16,152 and expenses for governmental activities increased by \$689,376 (6 percent).

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 \$139,260 to a total ending balance of \$908,730 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 spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,073,559, an increase of 8 percent in comparison to the prior year. Approximately 44 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately 45 percent of fund balance is restricted by constitutional provision or enabling legislation to street improvements, debt service, and capital projects.

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 \$4,910,291 and total fund balance was \$5,982,740. 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 49 percent of total general fund expenditures, while total fund balance represents 59 percent.

The fund balance of the City's general fund increased by \$2,475,102 during the current fiscal year. This increase is mainly attributed to property tax revenue collected for debt service that was redeemed in early 2012, therefore, the additional property tax revenue collected for debt service was transferred to the general fund.

The debt service fund has a total fund balance of \$215,934 all of which is restricted to payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$1,512,607. This net decrease is attributed to the refunding of revenue bonds in 2012 and the early redemption of the Series 2005 general obligation bonds.

The street fund has a total fund balance of \$3,276,025, which per state statute is required to be spent only on highways, streets, and roads. The net decrease in fund balance during the current year in the street fund was \$27,528.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net position of the sanitation fund at the end of the year amounted to \$908,730, of which \$659,965 was unrestricted. Other factors concerning the finances of this fund have already been covered in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

Significant increases (decreases) between the original budget and the final amended budget are summarized as follows:

Revenues:	No revenue increases or decreases in 2012.
Expenditures:	\$178,155 Administrative services increased for \$155,000 for strategic planning, \$12,003 for special election expenses, and \$11,152 for 2011 open purchase orders.
	\$25,968 Courts department was increased to budget for the portion of court fees designated for the purpose of court technology improvements.
	\$29,400 Police department increased to cover equipment purchases needed in 2012 and police JAG grant mobile computer purchase.

\$23,009 Senior Services department increased to cover cost of materials for lunches sold during 2012 and CareLink grant received to replace Senior center entrance door from manual to automatic.

\$140,986 Administrative Services capital expenditures increased for a Community Development Block Grant received for energy efficient lighting and HVAC in City buildings.

\$81,804 Police department capital expenditures increased to cover capital equipment purchases budgeted in prior years but purchases were not completed until 2012.

\$1,032,000 Fire capital expenditures increased to commit \$1,000,000 to purchase a new fire ladder truck and \$32,000 to complete the purchase of a new truck for fire chief.

\$18,996 Parks capital expenditures increased to purchase a truck for parks totaled in an accident in December 2011 and to purchase the remainder of exercise equipment for the Community Center cardio room expansion.

Significant increases (decreases) between the final amended budget and actual results are summarized as follows:

- Revenues:
- \$284,926 Tax collection higher than budgeted due to delinquent tax collections being collected.
  - \$(35,507) Building permits and fees down due to residential permits being down 16% in 2012.
  - \$11,421 Investment income increased due to larger than average cash balance because of the Series 2005 general obligation bonds early redemption.
  - \$343,137 Grants and donations received for FEMA, energy efficiency grant and highway project were not budgeted.
  - \$(72,027) Miscellaneous revenue was less than budgeted due to decrease in insurance claims.
- Expenditures:
- \$(99,095) Administrative services expenditures less than budgeted expenditures due to strategic planning project budget carryover to 2013 and Series 2005 and 2007 bond refunding.
  - \$(169,771) Police expenditures less than budgeted expenditures due to vacant positions and Local Police and Fire turnback funds.
  - \$(184,320) Fire expenditures less than budgeted expenditures due to vacant positions and Local Police and Fire turnback funds.
  - \$(76,789) Public works less than budgeted expenditures due to vacant positions and decrease in fuel prices.

### 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, 2012, amounts to \$39,133,137 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$993,857.

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

- Completed energy efficient lighting and HVAC upgrades in City buildings
- Completed a community center weights and cardio room expansion
- Purchased three Police vehicles
- Purchased five new City vehicles
- Completed a major street overlay project in the industrial park

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,981,009	\$ 6,981,009	\$ -	\$ -	\$ 6,981,009	\$ 6,981,009
Building	19,499,041	20,142,549	-	-	19,499,041	20,142,549
Equipment	2,586,906	2,890,484	446,813	557,809	3,033,719	3,448,293
Infrastructure	9,536,100	9,301,431	-	-	9,536,100	9,301,431
Construction in progress	83,268	253,712	-	-	83,268	253,712
<b>Total</b>	<b>\$38,686,324</b>	<b>\$39,569,185</b>	<b>\$446,813</b>	<b>\$557,809</b>	<b>\$39,133,137</b>	<b>\$40,126,994</b>

Additional information on the City's capital assets can be found in note 5 on pages 30-31 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,145,000 and all of this debt is secured solely by franchise fee revenue (i.e., revenue bonds).

**City of Maumelle's Outstanding Debt**

	Beginning Balance <u>12/31/11</u>	New Debt & Other <u>Additions</u>	Principal <u>Payments</u>	Other Additions & <u>Reductions</u>	Ending Balance <u>12/31/12</u>	Current <u>Portion</u>
<b>Governmental activities</b>						
Bonds:						
2005 Series	\$ 4,261,250	\$ -	\$ 4,261,250	\$ -	\$ -	\$ -
2007 Series	5,615,000	-	5,615,000	-	-	-
2012 Series	-	8,305,000	160,000	-	8,145,000	215,000
Less deferred issuance discounts	(240,087)	(161,464)	-	246,586	(155,005)	-
Total bonds payable	9,636,163	8,143,536	10,036,250	246,586	7,989,995	215,000
City Clerk Pension	455,343	29,448	-	-	484,791	-
Compensated absences	278,935	362,706	-	365,443	276,198	32,314
Total governmental activity	<u>\$10,370,441</u>	<u>\$ 8,535,690</u>	<u>\$10,036,250</u>	<u>\$ 612,029</u>	<u>\$ 8,750,984</u>	<u>\$ 247,314</u>
<b>Business-Type activities</b>						
Compensated absences	\$ 12,670	\$ 17,256	\$ -	\$ 13,691	\$ 16,235	\$ 5,656
Bank loan	276,659	-	78,612	-	198,047	82,308
Total business-type activity	<u>\$ 289,329</u>	<u>\$ 17,256</u>	<u>\$ 78,612</u>	<u>\$ 13,691</u>	<u>\$ 214,282</u>	<u>\$ 87,964</u>

The City's total debt decreased by \$1,694,504 (16 percent) during the current fiscal year. This decrease is attributed to a refunding of the Series 2005 and 2007 revenue bonds. The Series 2005A and 2005B bonds were redeemed early due to higher than projected property tax collections.

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, 2012, the legal debt limit for the city was \$74,677,298. The City does not have any general obligation debt outstanding at the end of 2012, leaving a legal debt margin of \$74,677,298.

Additional information on the City's long-term debt can be found in note 6 on pages 31-33 of this report.

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

Medline Industries, Inc., the nation's largest privately held manufacturer and distributor of medical and surgical supplies will open a 100,000 square foot, state of the art distribution facility in Maumelle in 2013. They will create approximately 15-20 jobs in Maumelle.

The City will begin the work to extend the Maumelle pedestrian/ bicycle trails, in 2013, to complete the connection to the Arkansas walking and bicycle trails. This will allow you to walk from Little Rock to North Little Rock to Maumelle on protected paved walkways. Also, Maumelle will begin work to build another half mile of wetland trails and add a viewing stand to the existing wetland trails. These types of improvements will help to attract new residents to the City of Maumelle.

A new apartment complex will be built in Maumelle that will give residents another alternative to apartment living. This \$22 million project will be unique in that each building will have their own courtyard and the complex will provide many luxury amenities.

The City of Maumelle's overall economy is healthy and we are surviving during the weakened economy. Our collections in community service fees and sanitation fees have been decreasing overall but we have been able to sustain our growth by reducing overall City expenditures.

#### **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 Finance Director, City of Maumelle, 550 Edgewood Drive, Suite 590, Maumelle, Arkansas 72113

DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 6,658,361	\$ 627,020	\$ 7,285,381
Taxes receivable	624,061	-	624,061
Accounts receivable - net	97,794	123,493	221,287
Prepays	27,323	-	27,323
Deferred charges	51,771	-	51,771
Due from fiduciary fund	2,118	-	2,118
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	5,172,251	-	5,172,251
Property, plant & equipment - net			
Land	6,981,009	-	6,981,009
Buildings	19,499,041	-	19,499,041
Equipment	2,586,906	446,813	3,033,719
Infrastructure	9,536,100	-	9,536,100
Construction in progress	83,268	-	83,268
TOTAL ASSETS	<u>51,320,003</u>	<u>1,197,326</u>	<u>52,517,329</u>
<b>LIABILITIES</b>			
Accounts payable	274,516	38,923	313,439
Payroll taxes payable	81,732	6,591	88,323
Other payroll withholdings payable	241,416	15,189	256,605
Accrued salaries	155,852	13,610	169,462
Accrued interest payable	54,460	-	54,460
Unearned revenue	17,277	-	17,277
Payment in lieu	113,495	-	113,495
Noncurrent liabilities:			
Due within one year	247,314	87,964	335,278
Due in more than one year	8,503,670	126,319	8,629,989
TOTAL LIABILITIES	<u>9,689,732</u>	<u>288,596</u>	<u>9,978,328</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,099,805	248,765	29,348,570
Restricted for:			
Debt service	215,934	-	215,934
Capital projects	1,598,860	-	1,598,860
Special revenue funds -streets	3,166,546	-	3,166,546
Unrestricted	7,549,126	659,965	8,209,091
TOTAL NET POSITION	<u>\$ 41,630,271</u>	<u>\$ 908,730</u>	<u>\$ 42,539,001</u>

FOR THE YEAR ENDED DECEMBER 31, 2012

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	\$ 2,751,194	\$ 36,818	\$ 19,838	\$ 188,877	\$ (2,505,661)	\$ -	\$ (2,505,661)
Legal and judicial	314,213	193,820	4,200	-	(116,193)	-	(116,193)
Public safety	5,040,193	746,709	-	-	(4,293,484)	-	(4,293,484)
Highways and streets	2,102,162	324	-	130,222	(1,971,616)	-	(1,971,616)
Culture and recreation	1,870,440	476,462	4,000	-	(1,389,978)	-	(1,389,978)
Economic development	613,896	184,493	-	-	(429,403)	-	(429,403)
Interest on long-term debt	435,737	-	-	-	(435,737)	-	(435,737)
Agent fees on long-term debt	8,070	-	-	-	(8,070)	-	(8,070)
Total governmental activities	<u>13,135,905</u>	<u>1,638,626</u>	<u>28,038</u>	<u>319,099</u>	<u>(11,150,142)</u>	<u>-</u>	<u>(11,150,142)</u>
Business-type activities:							
Sanitation	1,053,908	1,103,533	-	-	-	49,625	49,625
Total primary government	<u>\$ 14,189,813</u>	<u>\$ 2,742,159</u>	<u>\$ 28,038</u>	<u>\$ 319,099</u>	<u>\$ (11,150,142)</u>	<u>\$ 49,625</u>	<u>\$ (11,100,517)</u>

## General revenues:

## Taxes:

Property taxes, levied for general purposes	2,414,337	-	2,414,337
Property taxes, levied for debt service	2,182,845	-	2,182,845
Franchise taxes	1,525,572	-	1,525,572
Intergovernmental - unrestricted	6,568,654	-	6,568,654
Investment earnings:			
Unrestricted	59,796	-	59,796
Transfers	(89,635)	89,635	-
Total general revenues and transfers	<u>12,661,569</u>	<u>89,635</u>	<u>12,751,204</u>

## Change in net position

Change in net position	1,511,427	139,260	1,650,687
Net position-beginning	40,118,844	769,470	40,888,314
Net position-ending	<u>\$ 41,630,271</u>	<u>\$ 908,730</u>	<u>\$ 42,539,001</u>

DECEMBER 31, 2012

	General	Street	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>					
Cash	\$ 6,658,361	\$ 3,352,457	\$ -	\$ -	\$ 10,010,818
Funds held by trustee	-	-	223,271	1,596,523	1,819,794
Taxes receivable	585,368	6,969	31,724	-	624,061
Accounts receivable - net	97,794	-	-	-	97,794
Due from other funds	2,118	-	-	2,337	4,455
Prepays	27,323	-	-	-	27,323
<b>TOTAL ASSETS</b>	<b>7,370,964</b>	<b>3,359,426</b>	<b>254,995</b>	<b>1,598,860</b>	<b>12,584,245</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts payable	244,801	29,715	-	-	274,516
Payroll taxes payable	73,080	8,652	-	-	81,732
Other payroll withholdings payable	217,444	23,972	-	-	241,416
Accrued salaries payable	141,759	14,093	-	-	155,852
Deferred revenue	597,645	6,969	36,724	-	641,338
Payment in lieu	113,495	-	-	-	113,495
Due to other funds	-	-	2,337	-	2,337
<b>TOTAL LIABILITIES</b>	<b>1,388,224</b>	<b>83,401</b>	<b>39,061</b>	<b>-</b>	<b>1,510,686</b>
<b>FUND BALANCES:</b>					
Nonspendable	27,323	-	-	-	27,323
Restricted	41,502	3,166,546	215,934	1,598,860	5,022,842
Committed	1,000,000	-	-	-	1,000,000
Assigned	3,624	109,479	-	-	113,103
Unassigned	4,910,291	-	-	-	4,910,291
<b>TOTAL FUND BALANCES</b>	<b>5,982,740</b>	<b>3,276,025</b>	<b>215,934</b>	<b>1,598,860</b>	<b>11,073,559</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,370,964</b>	<b>\$ 3,359,426</b>	<b>\$ 254,995</b>	<b>\$ 1,598,860</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 38,686,324
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.	624,061
Long-term liabilities of \$8,750,984 and related deferred charges of \$51,771 are not due and payable in the current year and therefore, are not reported in the governmental funds.	(8,699,213)
Accrued interest is not due and payable in the current year and, therefore, is not reported in the governmental funds.	(54,460)

Net position of governmental activities	<u>\$ 41,630,271</u>
---	----------------------

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Street	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Local tax assessments:					
Millage tax	\$ 1,916,125	\$ 514,453	\$ 2,199,465	\$ -	\$ 4,630,043
Franchise fees	1,559,277	-	-	-	1,559,277
Intergovernmental revenues	5,774,132	784,960	-	-	6,559,092
Public safety fees	746,709	-	-	-	746,709
Parks and recreation fees	476,463	-	-	-	476,463
Legal and Judicial fees	193,820	-	-	-	193,820
Community and economic development	184,493	-	-	-	184,493
Investment income	13,921	20,214	23,205	2,456	59,796
Grants and donations	343,137	-	-	-	343,137
Other revenue	43,973	323	-	-	44,296
<b>TOTAL REVENUES</b>	<b>11,252,050</b>	<b>1,319,950</b>	<b>2,222,670</b>	<b>2,456</b>	<b>14,797,126</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Administrative services	1,663,724	-	-	-	1,663,724
Legal and judicial	294,007	-	-	-	294,007
Public safety	4,623,722	-	-	-	4,623,722
Highways and streets	648,587	881,052	-	-	1,529,639
Parks and recreation	1,746,952	-	-	-	1,746,952
Community and economic development	593,818	-	-	-	593,818
Debt service:					
Principal	-	-	10,036,250	-	10,036,250
Interest	-	-	465,638	-	465,638
Fees	-	-	8,070	-	8,070
Bond issuance costs	-	-	53,928	-	53,928
Capital outlay:					
Administrative services	157,289	-	-	-	157,289
Public safety	142,921	-	-	13,898	156,819
Public works and streets	67,246	466,426	-	-	533,672
Parks and recreation	159,700	-	-	-	159,700
Community and economic development	16,095	-	-	-	16,095
<b>TOTAL EXPENDITURES</b>	<b>10,114,061</b>	<b>1,347,478</b>	<b>10,563,886</b>	<b>13,898</b>	<b>22,039,323</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,137,989</b>	<b>(27,528)</b>	<b>(8,341,216)</b>	<b>(11,442)</b>	<b>(7,242,197)</b>
Other financing sources (uses):					
Refunding bonds issued	-	-	8,305,000	-	8,305,000
Discount on debt issued	-	-	(161,464)	-	(161,464)
Transfers in	1,877,264	-	483,494	2	2,360,760
Transfers out	(540,151)	-	(1,798,421)	(111,823)	(2,450,395)
Total other financing sources (uses)	1,337,113	-	6,828,609	(111,821)	8,053,901
Net change in fund balances	2,475,102	(27,528)	(1,512,607)	(123,263)	811,704
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,507,638</b>	<b>3,303,553</b>	<b>1,728,541</b>	<b>1,722,123</b>	<b>10,261,855</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 5,982,740</b>	<b>\$ 3,276,025</b>	<b>\$ 215,934</b>	<b>\$ 1,598,860</b>	<b>\$ 11,073,559</b>

Net change in fund balances - total governmental funds (page 15)	\$	811,704
Amounts reported for governmental activities in the Statement of Activities (page 13) 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.		(57,004)
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 2012 are as follows:		
Expenditures for capital assets	1,023,575	
Donated capital asset	4,000	
Depreciation expense	<u>(1,911,295)</u>	(883,720)
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.		
Proceeds from sale of capital assets	8,010	
Gain/Loss on disposal of capital assets	<u>(8,010)</u>	
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.		
		32,638
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.		
		10,036,250
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.		
		(29,448)
Issuance of new debt is an other financing source in governmental funds and a liability on the Statement of Net Position.		
		(8,305,000)
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 2003 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.		
Discount on debt issued		
Amortization of discount - current year	<u>(84,224)</u>	(84,224)
Bond issue cost	53,928	
Amortization of issue cost - current year	<u>(44,715)</u>	9,213
Purchase price in excess of face value of Series 2003 Revenue bonds	-	
Full Amortization of excess - current year refunding	<u>(18,982)</u>	(18,982)
Change in net position of governmental activities (page 13)	\$	<u><u>1,511,427</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	GENERAL FUND			
	Original Budget	Revised Budget	Actual	Variance
<b>REVENUES</b>				
Taxes	\$ 8,964,608	\$ 8,964,608	\$ 9,249,534	\$ 284,926
Community service fees	650,000	650,000	681,642	31,642
Parks and recreation fees	525,000	525,000	476,463	(48,537)
Municipal court fees	190,000	190,000	193,820	3,820
Building permits and inspection fees	220,000	220,000	184,493	(35,507)
Public safety	40,000	40,000	65,067	25,067
Investment income	2,500	2,500	13,921	11,421
Grants and donations	-	-	343,137	343,137
Miscellaneous revenue and fees	116,000	116,000	43,973	(72,027)
<b>TOTAL REVENUE</b>	<u>10,708,108</u>	<u>10,708,108</u>	<u>11,252,050</u>	<u>543,942</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Administrative services	1,584,664	1,762,819	1,663,724	(99,095)
City attorney	80,345	80,345	47,080	(33,265)
Courts	251,710	277,678	246,927	(30,751)
Police	2,697,101	2,726,501	2,556,730	(169,771)
Fire	1,987,695	1,987,695	1,803,375	(184,320)
Animal control	297,632	300,563	263,617	(36,946)
Public works	724,156	725,375	648,587	(76,788)
Parks and recreation	1,470,815	1,479,415	1,431,719	(47,696)
Senior services	306,514	329,523	315,233	(14,290)
Community and economic development	207,884	211,121	192,529	(18,592)
Planning & zoning	141,453	141,453	129,976	(11,477)
Code enforcement	276,033	276,033	271,313	(4,720)
Total operating expenditures	<u>10,026,002</u>	<u>10,298,519</u>	<u>9,570,810</u>	<u>(727,709)</u>
Capital expenditures:				
Administrative services	-	140,986	157,289	16,303
Police	1,358	83,162	83,162	1
Fire	47,195	1,079,195	59,759	(1,019,436)
Animal control	-	-	-	-
Public works	105,000	105,000	67,246	(37,754)
Parks	132,500	151,496	152,478	982
Senior services	-	7,222	7,222	-
Code enforcement	16,095	16,095	16,095	-
Total capital expenditures	<u>302,148</u>	<u>1,583,156</u>	<u>543,251</u>	<u>(1,039,905)</u>
<b>TOTAL EXPENDITURES</b>	<u>10,328,150</u>	<u>11,881,675</u>	<u>10,114,061</u>	<u>(1,138,999)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 379,958</u>	<u>\$ (1,173,567)</u>	1,137,989	<u>\$ 1,682,941</u>
Other financing sources			1,877,264	
Other financing uses - operating transfers out			<u>(540,151)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			2,475,102	
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>3,507,638</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,982,740</u>	

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	STREET FUND			
	Original Budget	Revised Budget	Actual	Variance
<b>REVENUES</b>				
Taxes	\$ 1,320,243	\$ 1,320,243	\$ 1,299,413	\$ (20,830)
Investment income	17,000	17,000	20,214	3,214
Other revenue	4,000	4,000	323	(3,677)
Other financing sources*	220,000	220,000	-	(220,000)
<b>TOTAL REVENUE</b>	<u>1,561,243</u>	<u>1,561,243</u>	<u>1,319,950</u>	<u>(241,293)</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Public works and streets	1,058,358	1,071,161	881,052	(190,109)
Capital expenditures:				
Public works and streets	520,800	1,131,572	466,426	(665,146)
<b>TOTAL EXPENDITURES</b>	<u>1,579,158</u>	<u>2,202,733</u>	<u>1,347,478</u>	<u>(855,255)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (17,915)</u>	<u>\$ (641,490)</u>	(27,528)	<u>\$ 613,962</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>3,303,553</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 3,276,025</u>	

\* Pledged revenue to cover a projected budgetary deficit for the year.

DECEMBER 31, 2012

	Business-type Activities
	Sanitation
<b>ASSETS:</b>	
Current assets:	
Cash	\$ 627,020
Accounts receivable - net	123,493
Prepaid expenses	-
Total current assets	750,513
Noncurrent assets:	
Equipment, net of accumulated depreciation	446,813
TOTAL ASSETS	<u>1,197,326</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	38,923
Due to other funds	-
Payroll taxes payable	6,591
Other payroll withholdings payable	15,189
Accrued salaries	13,610
Compensated absences	5,656
Notes payable - current	82,308
Total current liabilities	<u>162,277</u>
Noncurrent liabilities:	
Compensated absences	10,579
Notes payable - noncurrent	115,740
Total noncurrent liabilities	<u>126,319</u>
TOTAL LIABILITIES	<u>288,596</u>
<b>NET POSITION</b>	
Net investment in capital assets	248,765
Unrestricted	659,965
TOTAL NET POSITION	<u>\$ 908,730</u>

	Business-type Activities
	Sanitation
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Charges for sanitation services	\$ 1,103,533
TOTAL OPERATING REVENUES	<u>1,103,533</u>
<b>OPERATING EXPENSES</b>	
Personnel	551,982
Operating supplies	364,408
Depreciation	126,495
TOTAL OPERATING EXPENSES	<u>1,042,885</u>
<b>OPERATING INCOME</b>	60,648
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	11,023
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>11,023</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	49,625
<b>TRANSFERS IN</b>	<u>89,635</u>
<b>CHANGE IN NET POSITION</b>	139,260
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<u>769,470</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u><u>\$ 908,730</u></u>

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Business-type Activities
	Sanitation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,314,310
Payments to suppliers	(764,676)
Payments to employees	(277,122)
Net cash provided by operating activities	<u>272,512</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	-
Purchases of capital assets	(15,500)
Principal paid on capital debt	(78,612)
Interest paid on capital debt	(11,023)
Transfers from other fund	89,635
Net cash provided (used) by capital and related financing activities	<u>(15,500)</u>
Net increase (decrease) in cash and cash equivalents	257,012
Cash and cash equivalents, January 1, 2012	<u>370,008</u>
Cash and cash equivalents, December 31, 2012	<u><u>627,020</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income	60,648
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	126,495
(Increase) decrease in accounts receivable	57,425
Increase (decrease) in accounts payable	15,525
Increase (decrease) in payroll taxes	1,469
Increase (decrease) in accrued expenses	7,385
Increase (decrease) in compensated absences payable	3,565
Total adjustments	<u>211,864</u>
Net cash provided by operating activities	<u>\$ 272,512</u>

DECEMBER 31, 2012

	Fines Custodial Agency Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,279
TOTAL ASSETS	<u>20,279</u>
<b>LIABILITIES</b>	
Amounts due to other parties	18,161
Amounts due to other funds	2,118
TOTAL LIABILITIES	<u>\$ 20,279</u>

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. 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. The following is a summary of the more significant policies.

**B. Financial Statement Presentation**

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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.

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. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

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. The fiduciary fund financial statements have no measurement focus, as is the case with all agency funds.

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.

YEAR ENDED DECEMBER 31, 2012

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

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. 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 City reports the following major governmental funds:

*General Fund* – The General Fund is the general 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 for, and the payment of, long-term debt principal, interest, and related costs.

*Capital Improvement Fund* – The Capital Improvement Fund is used to account for major capital acquisitions and construction projects.

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.

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.

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.

YEAR ENDED DECEMBER 31, 2012

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

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

**D. Assets, liabilities, and net position or equity**

**Cash and investments:** 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.

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. Investments for the City are reported at fair value.

**Receivables and payables:** 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 "internal balances."

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

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

**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. The City of Maumelle's prepaid items are recorded as nonspendable fund balance. Below is a list of general fund prepaid items totaling \$27,323, as of December 31, 2012:

- Municipal Defense insurance for periods January – October 2013 - \$26,675
- Fire manager subscription January – July 2013 - \$698

**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.

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

**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 in 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.

All reported capital 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

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

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

**Long-term obligations:** 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.

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

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.

**Fund Balance:** 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.
- *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.
- *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.

When both restricted and unrestricted resources are available for use, it is the City’s policy 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.

**E. Other significant accounting policies**

**Budgetary accounting:** 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

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

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.

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.

The City maintains budgetary control within departmental units and funds by not permitting expenditures and encumbrances to exceed appropriations at the department level (legal level of control). Encumbered and unpaid appropriations (reserved for encumbrances) are carried forward to the next year as authority for those expenditures.

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.

**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.

**Encumbrance accounting:** Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Below is a list of encumbrances designated as assigned in the General Fund and Street Fund for December 31, 2012:

• Remainder of the narrow band cabling project	<u>\$3,624</u>
Total General Fund Encumbrances	\$3,624
• Sand storage facility	\$14,238
• Fabricate and install catwalks on link belt excavator	3,078
• Ten foot material spreader	13,943
• Medium dump truck	74,888
• Drainage project	<u>3,332</u>
Total Street Fund Encumbrances	\$109,479

**F. Eliminating Internal Activity**

Interfund loans including those from cash overdrafts in funds, interfund services provided or used, and prepaid expenditures of internal service funds are eliminated as internal balances in the government wide statement of net position. This is to minimize the “grossing-up” effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, interfund loans and interfund services provided and/or used reported in the governmental funds balance sheet has been eliminated in the government-wide statement of net position. Eliminations were made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of overhead expenses from one function to another or within the same function have also been eliminated, so that the allocated expenses are reported only by the function to which they were allocated. The effect of interfund services provided and used between functions has not been eliminated in the statement of activities since to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

**NOTE 2: CASH AND CASH EQUIVALENTS**

As of December 31, 2012, the carrying amount of the City’s deposits was \$12,477,911 and the bank balance was \$12,529,790. Of the bank balance, \$11,975,000 was covered by Federal depository insurance or by collateral held by the City’s agent in the City’s name, and \$1,854,749 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	\$12,476,681
Cash on hand	1,230
	<u>12,477,911</u>
Unrestricted cash, as reported on the statement of net position	7,285,381
Restricted cash and cash equivalents, as reported on the statement of net position	5,172,251
Unrestricted cash, as reported on the statement of fiduciary net position	20,279
Total cash and cash equivalents	<u>\$12,477,911</u>

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2012, is as follows:

	General Fund	Street Fund	Debt Service Fund	Sanitation Fund
Taxes receivable	\$ 585,368	\$ 6,969	\$ 31,724	\$ -
Trade receivables	257,992	-	-	409,801
Other receivables	21,079	-	-	1,616
Gross receivables	<u>864,439</u>	<u>6,969</u>	<u>31,724</u>	<u>411,417</u>
Allowance for doubtful accounts	(181,277)	-	-	(287,924)
Net total receivables	<u>\$ 683,162</u>	<u>\$ 6,969</u>	<u>\$ 31,724</u>	<u>\$ 123,493</u>

**NOTE 4: INTERFUND BALANCES AND TRANSFERS**

**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, 2012, are as follows:

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

**NOTE 4: INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**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, 2012, consisted of the following transactions:

TRANSFER OUT	TRANSFER IN				Total
	General Fund	Debt Service Fund	Capital Projects Fund	Sanitation Fund	
General Fund	\$ 1,798,421	\$ 450,514	\$ -	\$ -	\$ 2,248,935
Debt Service	-	-	2	-	2
Capital Projects Fund	78,843	32,980	-	-	111,823
Sanitation	-	-	-	89,635	89,635
Total	<u>\$ 1,877,264</u>	<u>\$ 483,494</u>	<u>\$ 2</u>	<u>\$ 89,635</u>	<u>\$ 2,450,396</u>

**NOTE 5: CAPITAL ASSETS**

Net capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers/Reclass	Ending Balance
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 6,981,009	\$ -	\$ -	\$ -	\$ 6,981,009
Construction in progress	253,712	17,218	-	187,662	83,268
Total capital assets, not being depreciated	<u>7,234,721</u>	<u>17,218</u>	<u>-</u>	<u>187,662</u>	<u>7,064,277</u>
Capital assets, being depreciated:					
Buildings	26,578,829	177,105	-	187,662	26,943,596
Equipment	8,783,467	295,112	80,647	-	8,997,932
Infrastructure	10,854,178	538,140	-	-	11,392,318
Total capital assets being depreciated	<u>46,216,474</u>	<u>1,010,357</u>	<u>80,647</u>	<u>187,662</u>	<u>47,333,846</u>
Less accumulated depreciation for:					
Buildings	6,436,280	1,008,275	-	-	7,444,555
Equipment	5,892,983	599,549	81,506	-	6,411,026
Infrastructure	1,552,747	303,471	-	-	1,856,218
Total accumulated depreciation	<u>13,882,010</u>	<u>1,911,295</u>	<u>81,506</u>	<u>-</u>	<u>15,711,799</u>
Total capital assets being depreciated, net	<u>32,334,464</u>	<u>(900,938)</u>	<u>(859)</u>	<u>187,662</u>	<u>31,622,047</u>
Governmental activities capital assets, net	<u>\$ 39,569,185</u>	<u>\$ (883,720)</u>	<u>\$ (859)</u>	<u>\$ -</u>	<u>\$38,686,324</u>
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Equipment	\$ 1,470,372	\$ 57,894	\$ -	\$ -	\$ 1,485,872
Total capital assets being depreciated	<u>1,412,478</u>	<u>57,894</u>	<u>-</u>	<u>-</u>	<u>1,485,872</u>
Less accumulated depreciation for:					
Equipment	912,564	150,642	-	-	1,039,058
Total accumulated depreciation	<u>912,564</u>	<u>150,642</u>	<u>-</u>	<u>-</u>	<u>1,039,058</u>
Total capital assets being depreciated, net	<u>557,808</u>	<u>(92,748)</u>	<u>-</u>	<u>-</u>	<u>446,814</u>
Business-type activities capital assets, net	<u>\$ 557,808</u>	<u>\$ (92,748)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,814</u>

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
Administrative Services	\$ 1,049,354
Public Safety	294,267
Public Works and Streets	475,650
Legal and judicial	-
Economic Development	277
Parks and Recreation	<u>91,746</u>
Total depreciation expense governmental activities	<u>\$ 1,911,294</u>
Business-type Activities:	
Sanitation	<u>\$ 150,642</u>
Total depreciation expense business-type activities	<u>\$ 150,642</u>

**NOTE 6: LONG-TERM DEBT**

**Changes in long-term liabilities:** Long-term liability activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds:					
2005A Series	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -
2005B Series	1,505,000	-	1,505,000	-	-
2005 Series	2,546,250	-	2,546,250	-	-
2007 Series	5,615,000	-	5,615,000	-	-
2012 Series		8,305,000	160,000	8,145,000	215,000
Less deferred issuance discounts	(240,087)	(161,464)	246,546	(155,005)	-
Total bonds payable	<u>9,636,163</u>	<u>8,143,536</u>	<u>10,282,796</u>	<u>7,989,995</u>	<u>215,000</u>
City Clerk Pension	455,343	29,448	-	484,791	-
Compensated absences	278,935	362,706	365,443	276,198	32,314
<b>Total governmental activities</b>	<u><u>10,370,441</u></u>	<u><u>8,535,690</u></u>	<u><u>10,648,239</u></u>	<u><u>8,750,984</u></u>	<u><u>247,314</u></u>
<b>Business-type activities</b>					
Compensated absences	12,670	17,256	13,691	16,235	5,656
Bank Loan 2010	276,659	-	78,612	198,047	82,308
<b>Total business-type activities</b>	<u><u>289,329</u></u>	<u><u>\$ 17,256</u></u>	<u><u>\$ 92,303</u></u>	<u><u>\$ 214,282</u></u>	<u><u>\$ 87,964</u></u>

The liability for the City Clerk pension and governmental activities compensated absences are fully liquidated by the General Fund. The liability for business activities compensated absences are fully liquidated by enterprise fund (sanitation fund).

**General obligation bonds.** The City issues general obligation bonds to provide funds for acquisition and construction of major capital facilities. On November 16, 1999, voters of the City approved the issuance of \$9,200,000 in Construction and Capital Improvement (Series 2000) Bonds. In March of 2000, the bonds were issued. Proceeds of the bonds have been used for the construction of several major parks and recreation projects. The City has issued refunding bonds secured by a special tax upon all taxable real and personal property located within the City, at the rate of 6.6 mills for collection in 2005. The special tax will be levied and collected each year until all outstanding Series 2005A and Series

**NOTE 6: LONG-TERM DEBT (CONTINUED)**

2005B Bonds and their related interest have been paid in full. The Series 2005B Bonds were issued to build new City facilities, parks, and athletic fields. The bonds are not secured by any lien on or security interest in any physical properties. The bonds are limited obligations of the City payable solely from revenues collected from the special tax and the funds and accounts pledged pursuant to the Indenture. The Series 2005A and 2005B bonds were paid off in 2012, seven years ahead of schedule. Continued residential development and rising property values have caused the debt service millage to bring in more funds than what was anticipated, in 2005, at the time of the bond issue.

**Revenue Bonds:** 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 outstanding balance for the Series 2005 and 2007 revenue bonds was \$8,161,250. The difference between the refunded debt and amount of the refunding bonds was \$32,819. 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%	\$8,145,000

Revenue bond debt service requirements to maturity are as follows:

<b>Series 2012 Revenue Bonds</b>			
Maturity (November 1)	Principal Amount (\$)	Interest Rate (%)	Interest Amount (\$)
2013	215,000	1.00	489,372.50
2014	215,000	1.00	487,222.50
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	514,422.50
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
<b>Total</b>	<b>8,145,000</b>		<b>12,702,145.00</b>

**NOTE 6: LONG-TERM DEBT (CONTINUED)**

**Other Long-term debt:** The City has one bank note payable outstanding at December 31, 2012:

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	\$198,047

The annual requirements to pay the note outstanding at December 31, 2012, including interest of approximately \$11,101 are as follows:

<u>Year ending December 31,</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 89,635	\$ 82,308	\$ 7,327
2014	89,635	86,143	3,492
2015	29,878	29,596	282
<b>Total</b>	<b>\$209,148</b>	<b>\$198,047</b>	<b>\$ 11,101</b>

**Legal Debt Margin.** Under Amendment 62 of the Arkansas State Constitution, the City’s outstanding general obligation debt should not exceed 20 percent of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2012, the legal debt limit for the city was \$74,677,298. The city does not have any general obligation debt outstanding at the end of 2012, leaving a legal debt margin of \$74,677,298.

**NOTE 7: PENSIONS AND OTHER POST-RETIREMENT BENEFITS**

**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.

**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, 2012, the City’s annual pension cost of \$99,956 for the City Pension Plan was equal to the City’s required and actual contributions.

**NOTE 7: PENSIONS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

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

YEAR ENDING	EMPLOYEE	EMPLOYER	TOTAL
December 31, 2010	\$ 71,268	\$ 103,896	\$ 175,164
December 31, 2011	73,206	99,394	172,600
December 31, 2012	84,229	99,956	184,185
	<u>\$ 228,703</u>	<u>\$ 303,246</u>	<u>\$ 531,949</u>

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED
December 31, 2010	103,896	100%
December 31, 2011	99,394	100%
December 31, 2012	99,956	100%

**Arkansas Local Police and Fire Retirement System (LOPFI):** The City participates in the LOPFI, a cost-sharing, multi-employer defined benefit plan administered by a seven-member Board of Trustees and created by Act 364 of the 1981 Arkansas General Assembly. The LOPFI provides retirement benefits for uniformed employees and volunteer firemen. LOPFI issues separate audited GAAP-basis postemployment benefit plan report. This report may be obtained by visiting the LOPFI website: [www.lopfi-prb.com](http://www.lopfi-prb.com).

*Funding Policy:* 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 \$5.00 per month. With the exception of volunteer firemen, contributions are made both by the employee and employer.

For the year ended December 31, 2012, the contribution rate percentages were as follows:

LOPFI Maximum	EMPLOYEE	EMPLOYER	TOTAL
Fire	8.50%	17.18%	25.68%
Police	8.50%	14.19%	22.69%

*Three-Year Trend Information for LOPFI.*

YEAR ENDING	EMPLOYEE	EMPLOYER	TOTAL
December 31, 2010	\$ 208,099	\$ 121,865	\$ 329,964
December 31, 2011	210,841	168,366	379,207
December 31, 2012	230,592	224,170	454,762
	<u>\$ 649,532</u>	<u>\$ 514,401</u>	<u>\$ 1,163,933</u>

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED
December 31, 2010	121,865	100%
December 31, 2011	168,366	100%
December 31, 2012	224,170	100%

**NOTE 7: PENSIONS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

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

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

The actuarial method used for valuing assets of the plan is the entry age actuarial cost method applied on a level 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	4.7% - 10.6%
Post Retirement Benefits Increases	3.0%

Please see page E-1-13 of the APERS Annual Report dated June 30, 2012 for additional detail.

**Funding Policy:** The contribution requirements of the City are established and amended by the State. The City is required to make monthly employer contributions for all participating employees of 14.88 percent. Contributions for the years ended 2010, 2011 and 2012 were \$8,607, \$12,426, and \$10,651, respectively and were equal to 100 percent of the required contributions for each year.

**Covered payroll.** Total payroll and payroll covered by the above mentioned pensions are as follows for the year ended December 31, 2012:

Gross Payroll	6,400,953
Non-uniformed pension wages	1,698,735
LOPFI pension wages	2,711,579
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 905%. The annual benefit costs for 2010-2012 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 5 percent was assumed and the 2012 Funding Target Mortality table was used to calculate the present value of \$484,791 for this benefit. The calculation of the NPO is the accumulated difference

**NOTE 7: PENSIONS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

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, 2012 is \$122,000, an increase of \$9,000 from the prior year. The two preceding years of NPO are \$93,000 for 2011 and \$63,000 for 2010.

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 \$53,000. The ARC for 2010 was \$45,000 and 2011 was \$53,000. 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 \$484,791 as a noncurrent liability due in more than one year.

**NOTE 8: 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 9: COMMITMENTS**

The City Council voted in December 2012 to commit \$1,000,000 towards the purchase of a new aerial ladder fire truck.

**NOTE 10: NEW APPLICABLE GASB STANDARDS**

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources

YEAR ENDED DECEMBER 31, 2012

**NOTE 10: NEW APPLICABLE GASB STANDARDS (CONTINUED)**

or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB has issued Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

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.

**NOTE 11: SUBSEQUENT EVENTS**

At a special election held on October 9, 2012, the voters of the City of Maumelle approved a bond issue in the amount of \$15,545,000. The City has since issued \$10,000,000 in Capital Improvement bonds dated January 1, 2013.

		Fines Custodial Agency Fund			
		Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<b>ASSETS</b>					
	Cash	\$ 27,112	\$ 302,280	\$ 309,113	\$ 20,279
<b>LIABILITIES</b>					
	Due to other parties	\$ 27,112	\$ 302,280	\$ 309,113	\$ 20,279

FOR THE YEAR ENDED DECEMBER 31, 2012

Grantor/Program/Purpose	Grant Identification Number	Current Year Revenue	Current Year Expenditures
U.S. Department of Energy Arkansas Economic Development Commission - Energy Office ARRA - Energy Efficiency and Conservation Block Grant (EECBG) To purchase lighting and HVAC retrofits in city-owned buildings	AEO-EECBG-WIN-10-022	\$ 148,758	\$ 148,758
U.S. Department of Justice Arkansas Department of Finance and Administration Edward Byrne Memorial Justice Assistance Grant (JAG) To purchase cellular modems for the Police Dept	11-895-9L	3,500	3,500
U.S. Environmental Protection Agency Wetland Management Plan - White Oak Bayou Grant to assist with developing a wetland management plan	CD-00F030901-0 CD-00F041901-0	114,891 40,216	114,891 40,216
U.S. Dept. of Homeland Security Staffing for Adequate Fire and Emergency Response (SAFER) To fund the hiring of firefighters and related personnel costs	EMW-2007-FF-00581	24,333	24,333
U.S. Dept. of Homeland Security Arkansas Department of Emergency Management To provide disaster relief funds for drainage/infrastructure repairs	FEMA Disaster No. 1975	19,838	19,838
U.S. Highway & Transportation Department Arkansas State Highway Commission Federal funding for the design of a new I-40 interchange	HPP2-3745(1) Job #061190	36,227	36,227
Total		<u>\$ 387,763</u>	<u>\$ 387,763</u>

---

Land	\$ 6,981,009
Buildings	19,499,041
Equipment	2,586,906
Infrastructure	9,536,100
Construction in Progress	83,268
Subtotal	<u>38,686,324</u>
Investments in governmental funds capital assets by source:	
General fund	21,031,087
Special revenue fund	7,828,171
Capital project fund	8,825,619
Donations	1,001,447
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 38,686,324</u>

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Infra- Structure	Construction in Progress	Total
General government:						
Administrative services	\$ 6,981,009	\$ 19,499,041	\$ 773,380	\$ -	\$ -	\$ 27,253,430
Legal and judicial						
Court	-	-	1,841	-	-	1,841
Public safety:						
Police	-	-	221,087	-	-	221,087
Fire	-	-	419,016	-	17,218	436,234
Animal control	-	-	5,542	-	-	5,542
Highways and streets:						
Public works	-	-	77,159	1,052,832	66,050	1,196,041
Streets	-	-	342,353	8,483,268	-	8,825,621
Culture and recreation:						
Parks	-	-	727,484	-	-	727,484
Senior services	-	-	8,314	-	-	8,314
Community & econ. development:						
CED	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-
Code enforcement	-	-	10,730	-	-	10,730
<b>TOTAL CAPITAL ASSETS</b>	<u>\$ 6,981,009</u>	<u>\$ 19,499,041</u>	<u>\$ 2,586,906</u>	<u>\$ 9,536,100</u>	<u>\$ 83,268</u>	<u>\$ 38,686,324</u>

## STATISTICAL SECTION

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

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	42
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	51
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>	55
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>	62
Operating Information <i>These schedules contain information about the City's operating environment.</i>	64

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

## LAST NINE FISCAL YEARS\*

	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Net Investment in capital assets	\$ 12,433,225	\$ 18,854,772	\$ 22,583,601	\$ 24,191,206	\$ 26,935,558
Restricted	5,106,154	11,879,617	11,029,991	12,822,307	10,625,253
Unrestricted	3,391,694	(6,441,557)	(5,312,377)	(5,924,520)	(2,850,236)
Total governmental activities net position	<u>20,931,073</u>	<u>24,292,832</u>	<u>28,301,215</u>	<u>31,088,993</u>	<u>34,710,575</u>
<b>Business-type activities</b>					
Net investment in capital assets	211,050	278,643	417,450	326,490	211,321
Restricted	-	-	-	-	-
Unrestricted	389,287	412,914	258,502	504,659	103,093
Total business-type activities net position	<u>600,337</u>	<u>691,557</u>	<u>675,952</u>	<u>831,149</u>	<u>314,414</u>
<b>Primary Government</b>					
Net Investment in capital assets	12,644,275	19,133,415	23,001,051	24,517,696	27,146,879
Restricted	5,106,154	11,879,617	11,029,991	12,822,307	10,625,253
Unrestricted	3,780,981	(6,028,643)	(5,053,875)	(5,419,861)	(2,747,143)
Total primary government net position	<u>\$ 21,531,410</u>	<u>\$ 24,984,389</u>	<u>\$ 28,977,167</u>	<u>\$ 31,920,142</u>	<u>\$ 35,024,989</u>
	2009 <sup>1</sup>	2010	2011	2012	
<b>Governmental activities</b>					
Net Investment in capital assets	\$ 25,531,175	\$ 27,500,307	\$ 28,540,508	\$ 29,099,805	
Restricted	7,914,143	7,665,408	6,742,117	4,981,340	
Unrestricted	3,186,578	2,873,718	4,836,219	7,549,126	
Total governmental activities net position	<u>36,631,896</u>	<u>38,039,433</u>	<u>40,118,844</u>	<u>41,630,271</u>	
<b>Business-type activities</b>					
Net Investment in capital assets	205,872	298,753	281,149	248,765	
Restricted	-	-	-	-	
Unrestricted	256,461	307,626	488,321	659,965	
Total business-type activities net position	<u>462,333</u>	<u>606,379</u>	<u>769,470</u>	<u>908,730</u>	
<b>Primary Government</b>					
Net Investment in capital assets	25,737,047	27,799,060	28,821,657	29,348,570	
Restricted	7,914,143	7,665,408	6,742,117	4,981,340	
Unrestricted	3,443,039	3,181,344	5,324,540	8,209,091	
Total primary government net position	<u>\$ 37,094,229</u>	<u>\$ 38,645,812</u>	<u>\$ 40,888,314</u>	<u>\$ 42,539,001</u>	

\*Only nine years' net position information readily available.

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

## CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION  
2004 - 2008  
LAST NINE FISCAL YEARS\*

	2004	2005	2006	2007	2008
Expenses					
Governmental activities					
Administrative services	\$ 1,872,377	\$ 1,542,625	\$ 1,690,368	\$ 1,935,170	\$ 2,215,240
Highways and streets	848,255	1,385,154	1,574,696	1,625,803	1,842,286
Legal and judicial	203,430	232,148	220,103	236,716	263,799
Culture and recreation	721,119	1,576,591	1,629,956	1,597,054	1,695,532
Public safety	2,362,850	2,710,595	2,980,268	3,492,139	3,861,274
Economic development	515,509	484,716	558,015	501,662	557,444
Interest on long-term debt	646,454	515,323	623,032	575,704	668,865
Agent fees on long-term debt	-	-	11,438	11,326	11,945
Total governmental activities expenses	7,169,994	8,447,152	9,287,876	9,975,574	11,116,385
Business-type activities					
Sanitation	683,669	718,190	1,047,536	886,391	1,018,559
Total primary government expenses	7,853,663	9,165,342	10,335,412	10,861,965	12,134,944
Program Revenues					
Governmental activities					
Charges for services					
Public safety	968,938	856,264	943,446	881,865	1,005,491
Culture and recreation	502,043	691,494	583,430	650,884	643,590
Economic development	459,986	429,112	439,835	335,633	297,406
Other activities	246,664	353,386	230,202	279,718	340,391
Operating grants and contributions	17,917	65,353	80,542	23,097	42,956
Capital grants and contributions	177,926	105,000	1,478,001	664,775	712,191
Total governmental activities program revenues	2,373,474	2,500,609	3,755,456	2,835,972	3,042,025
Business-type activities					
Charges for Services	981,607	809,395	1,031,931	1,041,588	1,145,817
Total primary government program revenues	3,355,081	3,310,004	4,787,387	3,877,560	4,187,842
Net revenues (expenses)					
Governmental activities	(4,796,520)	(5,946,543)	(5,532,420)	(7,139,602)	(8,074,360)
Business-type activities	297,938	91,205	(15,605)	155,197	127,258
Total primary government net revenues (expenses)	(4,498,582)	(5,855,338)	(5,548,025)	(6,984,405)	(7,947,102)
General revenues					
Governmental activities					
Taxes	3,767,366	4,230,730	4,614,455	4,871,297	5,438,148
Intergovernmental	3,466,159	3,984,763	4,302,260	4,845,440	5,187,718
Grants and contributions not restricted to specific programs	-	-	13,039	-	-
Investment earnings	134,863	126,213	611,049	210,645	426,083
Miscellaneous	7,413	-	-	-	-
Special items	288,066	96,975	-	-	643,993
Total governmental activities general revenues	7,663,867	8,438,681	9,540,803	9,927,382	11,695,942
Business-type activities	89,785	-	-	-	(643,993)
Total primary government general revenues	7,753,652	8,438,681	9,540,803	9,927,382	11,051,949
Changes in net position					
Governmental activities	2,867,347	2,492,138	4,008,383	2,787,778	3,621,582
Business-type activities	387,723	91,205	(15,605)	155,197	(516,735)
Total primary government changes in net position	\$ 3,255,070	\$ 2,583,343	\$ 3,992,778	\$ 2,942,975	\$ 3,104,847

\* Only nine years' net position information readily available.

## NINE YEAR SUMMARY\*(CONTINUED FROM PREVIOUS PAGE)

	2009	2010	2011	2012
Expenses				
Governmental activities				
Administrative services	\$ 2,228,631	\$ 2,362,197	\$ 2,540,086	\$ 2,751,194
Highways and streets	1,914,353	1,988,151	2,163,386	2,102,162
Legal and judicial	260,928	299,198	312,148	314,213
Culture and recreation	1,886,341	1,661,550	1,784,967	1,870,440
Public safety	4,211,832	4,143,887	4,581,806	5,040,193
Economic development	597,661	577,955	594,054	613,896
Interest on long-term debt	599,177	527,491	459,855	435,737
Agent fees on long-term debt	11,527	11,260	10,228	8,070
Total governmental activities expenses	11,710,450	11,571,689	12,446,529	13,135,905
Business-type activities				
Sanitation	976,768	944,391	1,039,073	1,053,908
Total primary government expenses	12,687,218	12,516,080	13,485,602	14,189,813
Program Revenues				
Governmental activities				
Charges for services				
Public safety	876,563	816,472	780,170	746,709
Culture and recreation	743,071	505,630	484,918	476,462
Economic development	334,909	197,769	227,318	184,493
Other activities	213,971	171,460	283,759	230,962
Operating grants and contributions	19,736	41,761	35,570	28,038
Capital grants and contributions	424,313	8,661	132,393	319,099
Total governmental activities program revenues	2,612,563	1,741,753	1,944,127	1,985,763
Business-type activities				
Charges for Services	1,124,687	1,028,680	1,112,529	1,103,533
Total primary government program revenues	3,737,250	2,770,433	3,056,656	3,089,296
Net revenues (expenses)				
Governmental activities	(9,097,887)	(9,829,936)	(10,502,402)	(11,150,142)
Business-type activities	147,919	84,289	73,457	49,625
Total primary government net revenues (expenses)	(8,949,968)	(9,745,647)	(10,428,945)	(11,100,517)
General revenues				
Governmental activities				
Taxes	5,689,319	6,078,916	6,062,748	6,122,754
Intergovernmental	5,226,714	5,254,978	6,557,600	6,568,654
Grants and contributions not restricted to specific programs	-	-	-	-
Investment earnings	103,175	(36,664)	51,100	59,796
Miscellaneous	-	-	-	-
Special items	-	-	-	-
Transfers	-	(59,757)	(89,635)	(89,635)
Total governmental activities general revenues	11,019,208	11,237,473	12,581,813	12,661,569
Business-type activities				
Transfers	-	59,757	89,635	89,635
Total business-type activities general revenues	-	59,757	89,635	89,635
Total primary government general revenues	11,019,208	11,297,230	12,671,448	12,751,204
Changes in net position				
Governmental activities	1,921,321	1,407,537	2,079,411	1,511,427
Business-type activities	147,919	144,046	163,091	139,260
Total primary government changes in net position	\$ 2,069,240	\$ 1,551,583	\$ 2,242,502	\$ 1,650,687

\* Only nine years' net position information readily available.



	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007
<b>REVENUES</b>					
General Property Tax	\$ 2,486,567	\$ 2,709,922	\$ 2,936,795	\$ 3,304,196	\$ 3,573,536
Licenses and Permits	339,227	459,986	429,112	439,835	335,633
Intergovernmental	2,485,568	3,221,948	3,942,997	4,311,395	4,822,663
Charges for Services	793,082	950,782	1,040,492	911,251	875,074
Fines	206,889	233,846	224,441	182,059	203,121
Utility Franchise Fees	905,998	964,305	1,185,638	1,304,223	1,260,393
Investment Income	123,137	134,863	367,780	611,049	724,907
Miscellaneous	544,794	596,889	704,382	1,080,920	916,477
<b>TOTAL REVENUES</b>	<u>7,885,262</u>	<u>9,272,541</u>	<u>10,831,637</u>	<u>12,144,928</u>	<u>12,711,804</u>
<b>EXPENDITURES</b>					
Administrative services	878,840	684,695	1,100,164	1,294,367	1,291,907
Public works and streets	1,772,665	912,994	1,088,481	1,244,983	1,285,526
Parks and recreation	1,140,156	1,103,877	1,399,121	1,531,543	1,492,634
Public safety	1,865,599	2,153,398	2,499,091	2,687,461	3,173,944
Debt service, general	278,676	52,270	69,111	11,439	97,196
Debt service, principal	781,480	840,000	183,750	1,210,000	1,876,380
Debt service, interest	232,106	509,375	377,022	711,043	556,823
Other	683,687	960,201	785,546	756,777	718,632
Capital outlay	1,225,408	1,182,449	5,642,842	3,453,756	2,943,013
<b>TOTAL EXPENDITURES</b>	<u>8,858,617</u>	<u>8,399,259</u>	<u>13,145,128</u>	<u>12,901,369</u>	<u>13,436,055</u>
<b>OTHER FINANCING SOURCES (USES)</b>	3,215,989	-	9,209,963	-	3,150,550
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 2,242,634</u>	<u>\$ 873,282</u>	<u>\$ 6,896,472</u>	<u>\$ (756,441)</u>	<u>\$ 2,426,299</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	16.93%	19.42%	8.40%	20.45%	24.12%

## CITY OF MAUMELLE, ARKANSAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS, 2008 - 2012  
LAST TEN FISCAL YEARS

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012
<b>REVENUES</b>					
General Property Tax	\$ 4,029,272	\$ 4,311,577	\$ 4,608,165	\$ 4,541,965	\$ 4,630,043
Licenses and Permits	297,406	334,909	197,769	227,318	184,493
Intergovernmental	5,167,297	5,208,240	5,266,189	6,456,955	6,559,092
Charges for Services	979,491	876,563	808,127	780,170	1,223,172
Fines	286,443	195,920	182,389	197,808	193,820
Utility Franchise Fees	1,366,197	1,431,804	1,476,838	1,495,036	1,559,277
Investment Income	426,083	103,175	(36,644)	51,100	59,796
Miscellaneous	1,140,065	834,481	576,714	738,831	387,433
<b>TOTAL REVENUES</b>	<u>13,692,254</u>	<u>13,296,672</u>	<u>13,079,548</u>	<u>14,489,184</u>	<u>14,797,126</u>
<b>EXPENDITURES</b>					
Administrative services	1,451,844	1,429,835	1,346,888	1,496,490	1,663,724
Public works and streets	1,469,234	1,513,591	1,583,642	1,671,893	1,529,639
Parks and recreation	1,606,445	1,811,431	1,572,172	1,687,984	1,746,952
Public safety	3,489,481	3,909,555	3,841,127	4,208,480	4,623,722
Debt service, general	11,945	11,527	11,260	10,228	61,998
Debt service, principal	2,374,421	2,007,727	2,002,424	2,450,500	10,036,250
Debt service, interest	696,398	622,118	550,862	479,918	465,638
Other	792,778	836,522	867,396	895,728	887,825
Capital outlay	3,105,174	6,049,531	2,131,532	1,988,305	1,023,575
<b>TOTAL EXPENDITURES</b>	<u>14,997,717</u>	<u>18,191,837</u>	<u>13,907,303</u>	<u>14,889,526</u>	<u>22,039,323</u>
<b>OTHER FINANCING SOURCES (USES)</b>	643,993	-	(59,757)	(89,635)	8,053,901
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (661,470)</u>	<u>\$ (4,895,166)</u>	<u>\$ (887,509)</u>	<u>\$ (489,977)</u>	<u>\$ 811,704</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	25.92%	21.75%	21.78%	22.79%	50.27%

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	
2003	\$ 2,248,356	\$ 30,198	\$ -	\$ 4,576,122	\$ 99,209	\$ 120,814	\$ 7,074,699
2004	3,159,238	17,917	177,926	7,233,525	134,863	1,275,607	11,999,076
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

## LAST TEN FISCAL YEARS

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
2003	\$ 1,992,000	\$ 1,909,473	\$ 748,354	\$ 1,133,681	\$ 176,422	\$ 509,250	\$ 6,469,180
2004	2,055,999	2,507,095	1,034,730	1,301,812	163,232	1,401,645	8,464,513
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

LAST TEN FISCAL YEARS

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
2003	\$ 4,576,122	\$ 343,929	\$ 1,179,389	\$ 30,198	\$ 216,158	\$ 99,209	\$ 115,228	\$ 6,560,233
2004	6,896,175	464,949	1,319,265	48,456	233,846	134,863	174,989	9,272,543
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

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2003	11.7	\$ 159,433,405	\$ 55,840,560	\$ 1,897,391	\$ 217,171,356	\$ 1,085,856,779	20%
2004	11.6	175,773,998	58,047,435	2,082,883	235,904,316	1,179,521,579	20%
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%

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
2003	6.60	5.00	-	11.60	10.10	40.70	62.40
2004	6.60	5.00	-	11.60	10.10	40.70	62.40
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

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	2012		Percentage of Total Assessed Valuation	2003	
		Assessed Valuation	2012 Rank		Assessed Valuation	2003 Rank
Ace Hardware Corp	Distribution warehouse	\$ 3,042,232	1	0.82%	\$ 1,963,635	4
Molex Incorporated	Computer cabling	2,660,000	2	0.72%	11,893,485	1
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,504,570	3	0.68%		
Kimberly-Clark	Baby wipe manufacturer	2,101,360	4	0.57%	9,353,795	2
Maumelle Housing Association Ltd	Multi-unit housing	1,995,840	5	0.54%		
Kroger Limited Partnership	Retail grocery store	1,492,320	6	0.40%		
Scholastic Distribution	Distribution warehouse	1,396,600	7	0.38%		
Frostyaire of Arkansas, Inc	Distribution warehouse	1,291,970	8	0.35%		
Gables of Maumelle Apartment	Multi-unit housing	1,006,500	9	0.27%		
BCC Maumelle Realty, LLC	Real estate investments	965,560	10	0.26%		
Target Distribution Center	Distribution warehouse				2,392,610	3
Wal-Mart Neighborhood Market	Retail grocery store				1,240,740	5
Windsor Door Inc.	Door manufacturer				857,155	6
Plastic Ingenuity Inc.	Manufacturer				709,000	7
BEI Precision Systems and Space Co. Inc.	Manufacturer				539,570	8
Cintas Corporation	Corporate Apparel				569,300	9
Lamb and Associates Packaging Inc.	Packaging				406,775	10
		<u>\$ 18,456,952</u>		<u>4.99%</u>	<u>\$ 29,926,065</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
2003	\$ 2,589,374	\$ 2,297,046	88.71%	\$ 189,521	\$ 2,486,567	96.03%
2004	2,814,384	2,393,159	85.03%	316,762	2,709,921	96.29%
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%
Total Collections- Last Ten Fiscal Years					<u>\$ 37,254,009</u>	
Total Collections to Date					<u>\$ 48,989,641</u>	

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

Source: Pulaski County Treasurer

## LAST TEN FISCAL YEARS

Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures	Percentage of Debt Service to Total General Expenditures
2003	\$ 780,000	\$ 516,706	\$ 1,296,706	\$ 5,446,692	23.81%
2004	840,000	524,252	1,364,252	5,158,688	26.45%
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%

\*Series 2005 and 2007 bonds refunded

Year	Governmental Activities				Business-Type	Total Primary Government	Assessed Value <sup>2</sup>	Percentage of Assessed Value
	General	Revenue	Capital	Notes	Notes			
	Obligation Bonds	Bonds	Leases	Payable	Payable			
2003	\$7,290,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 10,290,000	\$217,171,356	4.74
2004	6,615,000	2,835,000	-	-	-	9,450,000	235,904,316	4.01
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	-	8,145,000	-	-	198,047	8,343,047	373,386,489	2.23

Year	Population <sup>1</sup>	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
2003	12,920	\$ 796.44	33,313	0.32%
2004	13,600	694.85	35,264	0.37%
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	474.66	37,594	0.45%

Data Sources:

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

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

Year	Population	Assessed Value <sup>3</sup>	Net Bonded Debt	Percentage of Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2003	12,920 <sup>1</sup>	\$ 217,171,356	\$ 6,179,105	2.85	\$ 478.26
2004	13,600 <sup>1</sup>	235,904,316	5,206,347	2.21	382.82
2005	14,307 <sup>1</sup>	262,985,362	10,911,925	4.15	762.70
2006	15,115 <sup>2</sup>	285,384,892	10,358,817	3.63	685.33
2007	16,048 <sup>1</sup>	317,427,406	8,354,214	2.63	520.59
2008	19,853 <sup>1</sup>	345,099,047	6,501,946	1.88	327.50
2009	16,705 <sup>1</sup>	353,909,669	4,533,756	1.28	271.40
2010	17,163 <sup>2</sup>	360,415,234	2,544,883	0.71	148.28
2011	17,163 <sup>2</sup>	370,192,464	362,570	0.10	21.13
2012	17,577 <sup>2</sup>	373,386,489	-	0.00	-

*Data Sources:*<sup>1</sup> *The Gadberry Group*<sup>2</sup> *U.S. Census Bureau*<sup>3</sup> *Pulaski County Treasurer's Office*<sup>4</sup> *Net bonded debt calculation changed for 2010 forward to reflect GASB Statement 44 changes*

DECEMBER 31, 2012

	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	\$ -	100.0%	\$ -
Pulaski County Special School District <sup>1</sup>	149,470,000	40.0%	59,834,197
Total	<u>\$ 149,470,000</u>		<u>\$ 59,834,197</u>

Source: <sup>1</sup> 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, 2012

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	\$ 373,386,489	
Debt limitation 20% of assessed value	74,677,298	
General obligation debt	-	
Less amount available in debt service fund	-	
Total amount of debt applicable to debt limitation		-
Legal debt margin		<u>\$ 74,677,298</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.*

## LAST TEN FISCAL YEARS

Year	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a
2003	\$ 36,352,279	\$ 6,179,105	\$ 30,173,174	17%
2004	43,054,793	5,206,347	37,848,446	12%
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	2,544,883	69,538,164	4%
2011	74,038,493	362,570	73,675,923	0%
2012	74,677,298	-	74,677,298	0%

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

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Franchise Tax Received	\$ 905,998	\$ 1,051,664	\$ 1,185,638	\$ 1,304,223	\$ 1,260,393	\$ 1,366,197	\$ 1,431,804	\$ 1,476,838	\$ 1,495,036	\$ 1,559,277
2003 Revenue Bonds:										
Principal (\$)	*	165,000	165,000	170,000	170,000	*****	*****	*****	*****	*****
Interest (\$)	52,574	103,910	101,146	97,793	47,983	*****	*****	*****	*****	*****
Coverage (%)	17.23	3.91	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
Interest (\$)	-	-	-	-	-	-	-	-	-	137,986
Coverage (%)	-	-	-	-	-	-	-	-	-	5.23

Note: Prior to 2003 there were no outstanding revenue bonds.

- \* Bonds were issued in June of 2003 and no principal payment was due in that year.
- \*\* 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.

## LAST TEN FISCAL YEARS

Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>1</sup>	Education Level		Unemploy- ment Rate <sup>3</sup>
					In years of Formal Schooling <sup>2</sup>	School Enrollment <sup>2</sup>	
2003	12,920	\$ 430,403,960	33,313	n/a	18	3,396	5.1
2004	13,600	479,590,400	35,264	n/a	18	3,575	5.1
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

*Data Sources:*

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

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

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

## CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	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%	140	8	4.7%
Ace Hardware	260	4	7.4%	230	5	7.7%
Kimberly Clark Corporation	250	5	7.1%	285	2	9.5%
Cintas Corporation	130	6	3.7%	165	6	5.5%
Molex HPC Business Unit	120	7	3.4%	240	4	8.0%
Lamb & Associates Packaging	75	8	2.1%	50	10	1.7%
Claudia's Canine Cuisine	75	9	2.1%	-	-	-
CLM Pallet Recycling, Inc.	58	10	1.7%	-	-	-
Plastic Ingenuity, Inc.	-	-	-	60	9	2.0%
Scholastic Distribution Services Inc	-	-	-	275	3	9.2%
Target Southern Distribution Center	-	-	-	800	2	26.7%
Hanover Direct, Inc.	-	-	-	-	-	-
Windsor Door	-	-	-	154	7	5.1%

Source: City of Maumelle Community and Economic Development Department

Function	2003	2004	2005	2006	2007
Administrative Services	8	8	12	12	11
Public works	21	18	20	21	22
Legal and judicial	3	2	2	4	4
Parks and recreation	10	13	14	16	31
Public safety	39	48	51	54	59
Community and economic development	7	8	8	9	9
Sanitation	6	9	13	13	11
Totals	94	106	120	129	147

Function	2008	2009	2010	2011	2012
Administrative Services	10	10	10	11	12
Public works	24	23	22	26	26
Legal and judicial	4	4	4	4	4
Parks and recreation	29	19	32	22	24
Public safety	65	64	66	70	75
Community and economic development	9	9	9	9	9
Sanitation	12	13	13	13	12
Totals	153	142	156	155	162

Source: City of Maumelle Human Resources Department

LAST FOUR FISCAL YEARS\*

Function	2009	2010	2011	2012
<b>Police</b>				
Number of uniformed employees	30	27	29	30
Service calls	1437	4,839	5,702	7,868
Arrests	196	521	940	1,078
Traffic stops	659	2,134	2,260	3,239
Traffic citations	282	737	754	767
Training man hours	290	436	691	1,216
<b>Fire</b>				
Number of uniformed employees	22	21	26	26
Fires	45	53	44	59
Rescue, emergency medical calls	978	1,043	1,057	1,170
Hazardous condition, standby	40	29	23	28
Service calls	97	102	139	131
Good intent calls	72	87	81	103
False alarm calls	88	89	132	115
Natural disaster calls	14	6	25	11
Other calls	5	12	18	35
Total calls	1339	1,421	1,545	1,678
<b>Animal Control</b>				
Number of uniformed employees	5	4	5	5
Number of animals taken into custody	590	600	583	620
Service calls	2100	3,650	4,761	4,977
<b>Parks and Recreation</b>				
Pool attendance	2773	2,249	2465	2754
Participants in youth league sports <sup>2</sup>	45	72	60	72
Participants in adult league sports	432	906	888	802
<b>Garbage Collections</b>				
Monthly service rate	15.5	\$ 15.50	\$ 15.50	\$ 15.50
Curbside recycling tonnage	436	204	251	279
Yard waste cubic yardage	4750	5,125	5,475	5,075
Class I tonnage	5171	5,014	5,124	5,059
<b>Code Enforcement/Building Permits</b>				
Total building permits issued <sup>1</sup>	732	956	944	1,213
New commercial permits	3	4	2	11
Commercial construction value	\$ 72,225,000	\$ 12,197,265	\$ 5,815,405	\$ 23,257,660
New residential permits	149	85	90	76
Residential construction value	\$ 36,403,175	\$ 24,756,821	\$ 25,340,718	\$ 22,465,018

Source: Various City departments

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

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

\* Only four years of information readily available.

LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Highways and streets										
Streets (#)	308	323	342	355	355	358	364	364	364	364
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	22	22	23	23	24	24	24	24	25	25
Swimming pools	1	1	1	1	1	1	1	1	1	1
Public safety										
Stations (Police & Fire)	1	1	1	1	1	1	1	3	3	3
Police patrol units	10	14	21	18	20	24	23	24	28	31
Fire trucks	3	3	3	3	4	3	3	4	4	4
Sanitation										
Collection trucks	2	5	5	7	7	7	7	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 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, 2012, which collectively comprise the City's basic financial statements, and the related notes to the financial statements, and have issued our report thereon dated July 26, 2013.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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  
July 26, 2013



**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, 2012, which collectively comprise the City of Maumelle's basic financial statements and have issued our report thereon dated July 26, 2013. 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  
July 26, 2013

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

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

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Status
	None.	