



**CITY OF MAUMELLE, ARKANSAS**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2017**

**Prepared by:**

**Shannon Vega, CPA  
Director of Finance**

**City of Maumelle, Arkansas**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2017**

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## INTRODUCTORY SECTION

# MAUMELLE



January 31, 2019

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

In accordance with state law, this Comprehensive Annual Financial Report (CAFR) is presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States. Under the direction of State law the audit of every municipal corporation shall be made by either the Division of Legislative Audit or other independent persons licensed to practice accounting by the Arkansas State Board of Public Accountancy. Pursuant to that requirement, we submit to you the CAFR for the City of Maumelle, Arkansas, for the fiscal year ended December 31, 2017.

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, 2017, 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, 2017, 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 13 square miles of land bordering the Arkansas River and serves an estimated population of 18,214.

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 Council Members. 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 pass a motion 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

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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 subsections of the department's budget, subject to the Mayor's approval. Transfers between departments require the adoption of a Resolution by Council. The budget to actual comparisons for the General Fund and Street Fund are presented on pages 18-19 of this report.

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

#### **Local Economy**

The City has a stable economic environment. The City has an established industrial park consisting of warehousing, distribution centers, and light manufacturing. Retail business within the City consists of restaurants, grocery stores, dry cleaners, and dry goods. The City is served by five banks, four 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 \$959,155, in 2017.

#### **Major initiatives**

- ✓ US Pizza, Chick-fil-A and Sonic all opened new facilities in 2017
- ✓ Maumelle Library started a new addition in 2017
- ✓ Kimberly-Clark, Dillard's Internet Fulfillment Center and Molex invested in upgrades and renovations during 2017
- ✓ Center on the Lake and the Maumelle Charter High School opened in 2017
- ✓ Stanley Steemer (Little Rock, AR) purchased the former Southern Star facility and moved into the building in 2017
- ✓ Counts Massie Roadway Extension project is completed
- ✓ The water and sewer construction project for the Counts Massie Roadway Extension area should be completed by the end of March 2018.

### ***Acknowledgements***

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, Veatch 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.

Caleb Norris  
Mayor

Shannon Vega, CPA  
Director of Finance

DECEMBER 31, 2017

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## OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

## Elected Officials

Michael Watson .....Mayor

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

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

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

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

Terry Williams .....Ward 3, Position 1

Timmons Timmons .....Ward 3, Position 2

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

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

Caleb Norris .....City Attorney

Tina Timmons .....City Clerk/Treasurer

Rita Bailey .....Municipal Judge

City Commissions  
Chairpersons

Billy Herrington ..... Civil Service Commission

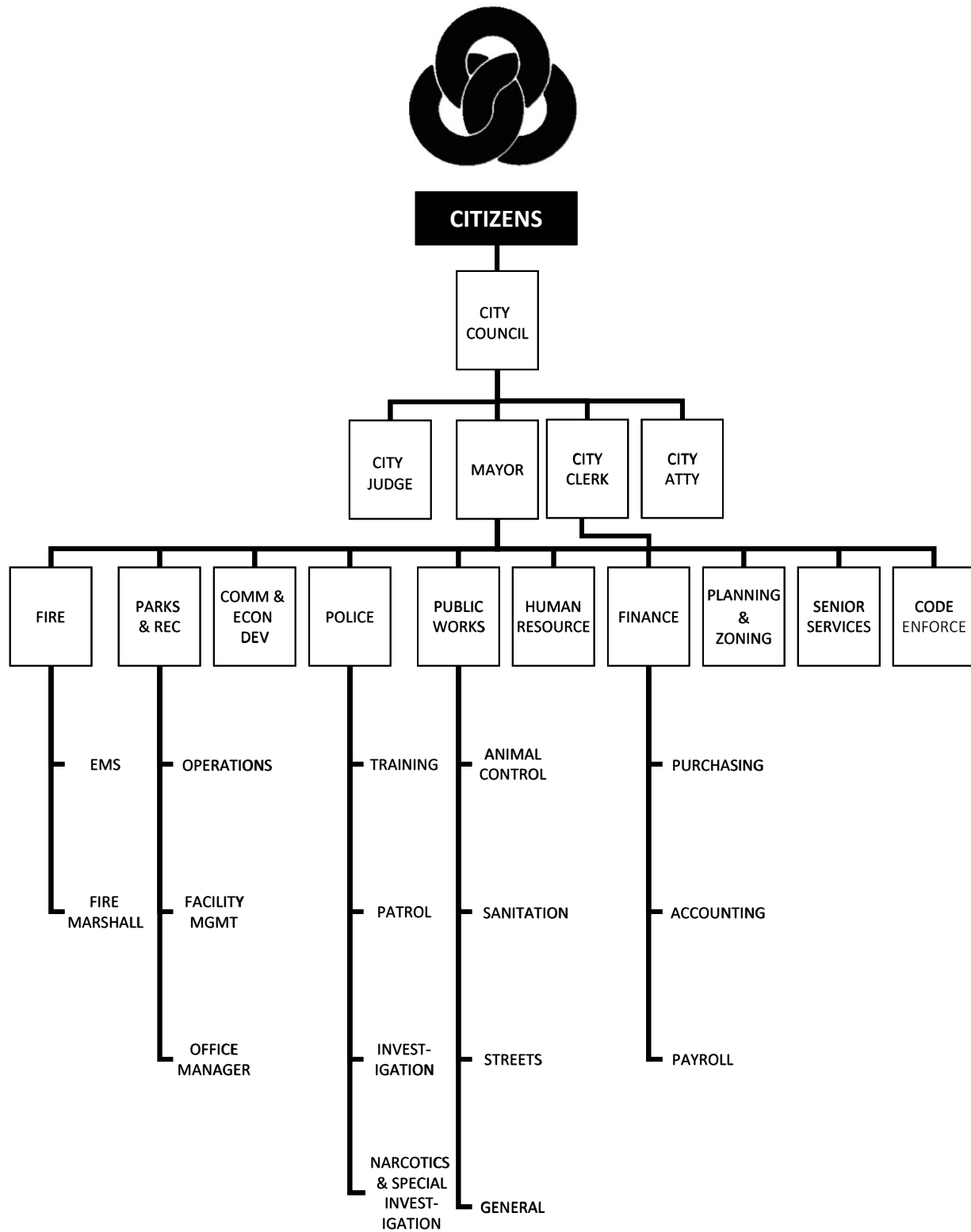
Mike Fisher .....Planning Commission

Tony Wilson ..... Public Facilities Board



DECEMBER 31, 2017

## 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 (the "City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maumelle, Arkansas as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the street fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-12, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date on page 54, and the Schedule of Plan Contributions on page 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages *i-v*, other supplementary information on pages 48-53, and statistical section on pages 56-80, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 86 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 48-53 and the schedule of expenditures of federal awards on page 86 are the responsibility of management and were 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 other supplementary information and the schedule of expenditures of federal awards are 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 January 31, 2019, on our consideration of the City of Maumelle, Arkansas'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 solely 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 the effectiveness of the City of Maumelle, Arkansas's 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 of Maumelle, Arkansas's internal control over financial reporting and compliance.

*Craft, Veach & Company*

Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
January 31, 2019

**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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages *i – iii* of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities, at the close of the fiscal year, by \$49,507,510 (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,399,915, a decrease of \$4,275,737, due to the excess expenditures over revenues.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,476,077, or 53 percent of total general fund expenditures.
- The City's total debt decreased by \$2,508,609 (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**

Management's  
Discussion and Analysis

**Basic Financial Statements**

Notes to the Financial Statements			
Government-wide Financial Statements	Fund Financial Statements		
	Governmental Funds	Proprietary Funds	Fiduciary Funds

**Supplementary Information**

Information on Individual  
Nonmajor Funds and Other  
Supplementary Information

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$49,507,510 at the close of 2017.

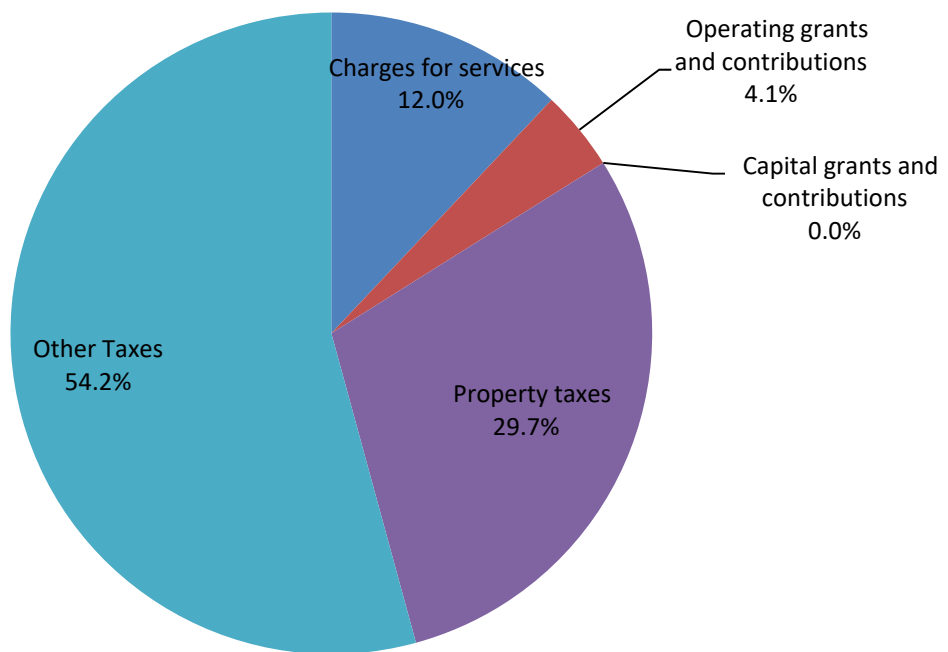
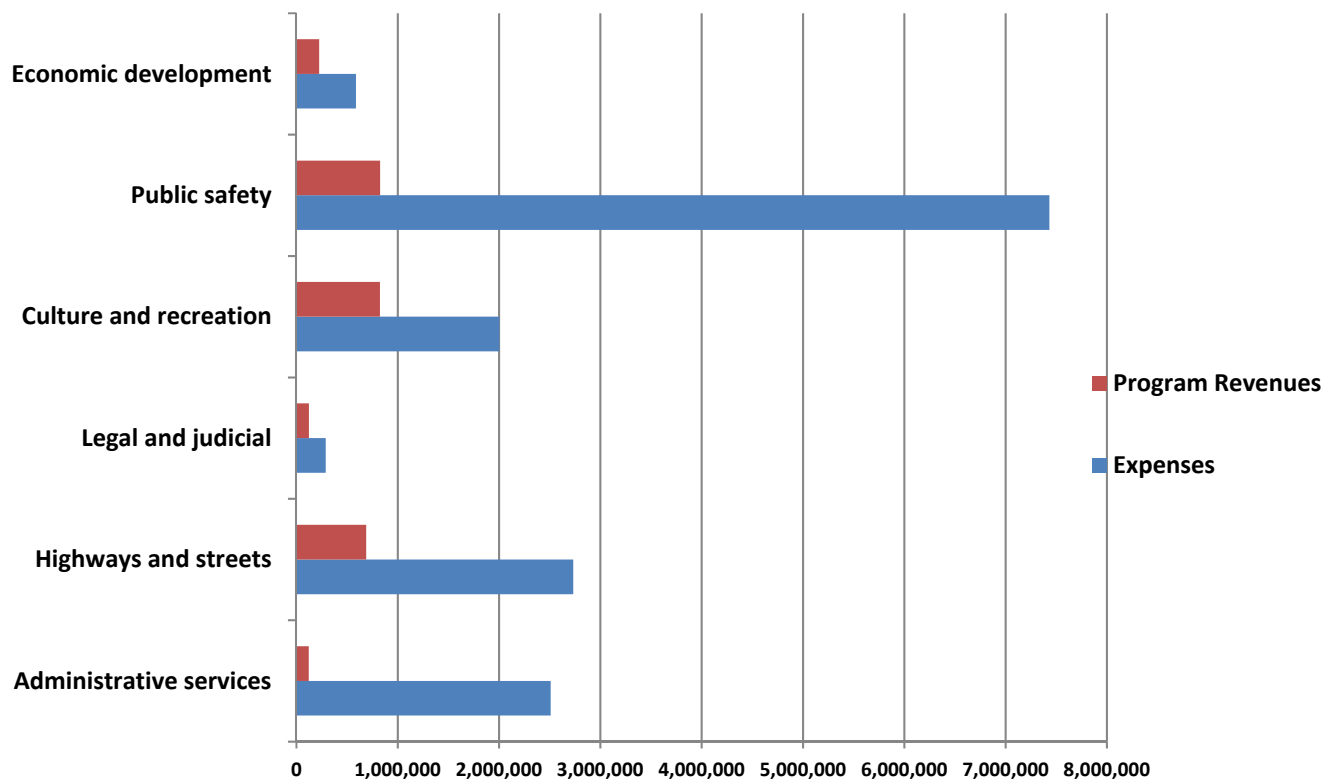
The largest portion of the City's net position (84 percent) resides in the City's net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$25,258,777	\$29,432,789	\$1,466,930	\$1,504,487	\$26,725,707	\$30,937,276
Capital assets	50,968,677	47,144,423	869,660	676,186	51,838,337	47,820,609
Total assets	76,227,454	76,577,212	2,336,590	2,180,673	78,564,044	78,757,885
Total deferred outflows of resources	3,514,183	1,819,391	-	-	3,514,183	1,819,391
Long-term liabilities	29,108,786	29,895,952	10,456	11,720	29,119,242	29,907,672
Other liabilities	2,570,728	2,447,037	65,234	81,172	2,635,962	2,528,209
Total liabilities	31,679,514	32,342,989	75,690	92,892	31,755,204	32,435,881
Total deferred inflows of resources	815,513	23,774	-	-	815,513	23,774
Net position:						
Net investment in capital assets	40,843,124	38,141,976	869,660	676,186	41,712,784	38,818,162
Restricted	2,450,092	3,976,107	-	-	2,450,092	3,976,107
Unrestricted	3,953,394	3,911,757	1,391,240	1,411,595	5,344,634	5,323,352
Total net position	\$47,246,610	\$46,029,840	\$2,260,900	\$2,087,781	\$49,507,510	\$48,117,621

The total government's net position increased by \$1,389,889 (3 percent) during the current fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	2,102,725	1,577,326	1,328,098	1,319,798	3,430,823	2,897,124
Operating grants and contributions	708,218	294,908	-	-	708,218	294,908
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	5,182,112	5,011,576	-	-	5,182,112	5,011,576
Franchise taxes	1,590,279	1,607,567	-	-	1,590,279	1,607,567
Intergovernmental	7,593,855	7,586,940	-	-	7,593,855	7,586,940
Miscellaneous	180,639	25,208	-	-	180,639	25,208
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	111,352	46,324	-	-	111,352	46,324
Total revenues	17,469,180	16,149,849	1,328,098	1,319,798	18,797,278	17,469,647
Expenses						
Administrative services	2,509,889	2,672,643	-	-	2,509,889	2,672,643
Highways and streets	2,732,397	2,130,379	-	-	2,732,397	2,130,379
Legal and judicial	290,300	289,478	-	-	290,300	289,478
Culture and recreation	2,005,254	1,817,684	-	-	2,005,254	1,817,684
Public safety	7,432,184	7,222,789	-	-	7,432,184	7,222,789
Economic development	588,815	589,634	-	-	588,815	589,634
Interest on long-term debt	683,087	735,611	-	-	683,087	735,611
Agent fees on long-term debt	10,484	12,817	-	-	10,484	12,817
Bond issuance costs	-	-	-	-	-	-
Sanitation	-	-	1,154,979	1,017,172	1,154,979	1,017,172
Total expenses	16,252,410	15,471,035	1,154,979	1,017,172	17,407,389	16,488,207
Increase in net position before transfers	1,216,770	678,814	173,119	302,626	1,389,889	981,440
Transfers	-	-	-	-	-	-
Change in net position	1,216,770	678,814	173,119	302,626	1,389,889	981,440
Net position - January 1	46,029,840	45,351,026	2,087,781	1,785,155	48,117,621	47,136,181
Net position - December 31	47,246,610	46,029,840	2,260,900	2,087,781	49,507,510	48,117,621

**Governmental activities.** Governmental activities increased the City's net position by \$1,216,770 for an ending balance of \$47,246,610. Governmental activities revenue increased by a \$1,319,331 (8 percent) from 2016, while expenses increased by \$781,375 (5 percent).

**Revenues by Source-Governmental Activities****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 \$173,119 to a total ending balance of \$2,260,900 for business type activities (sanitation). The growth, in large part, is due to an increase in collection efforts to resolve and collect old account balances.

### Financial Analysis of the Government's Funds

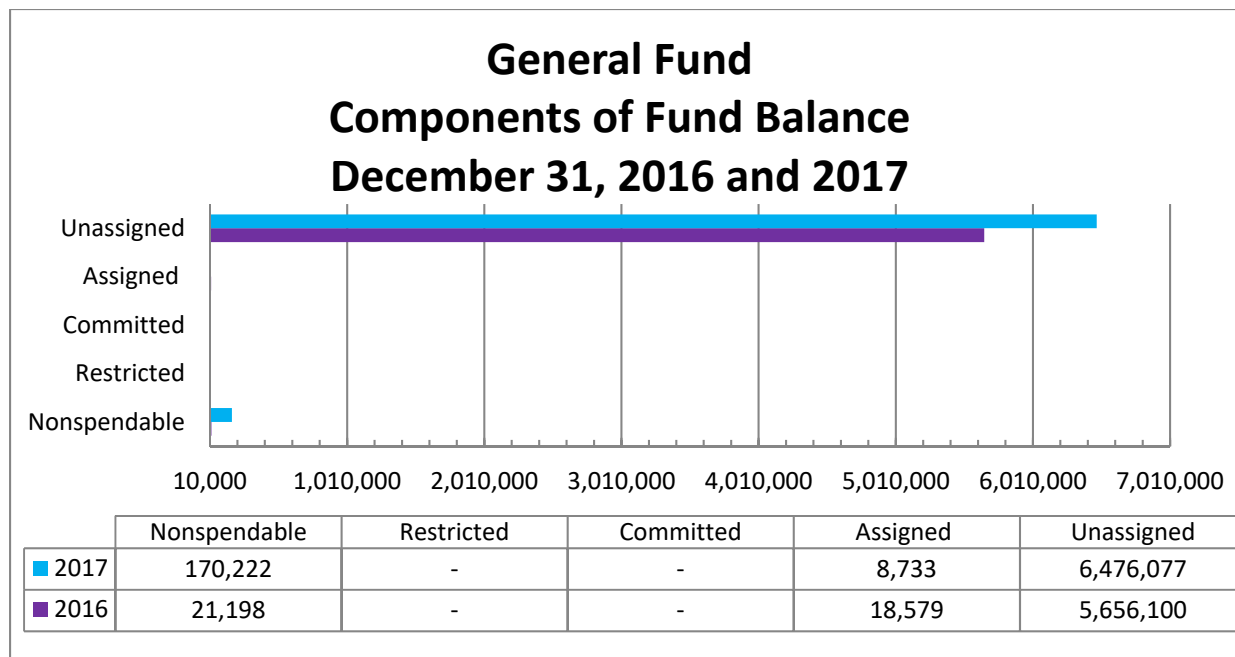
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,399,915, a decrease of 15 percent, in comparison, with the prior year. Approximately 28 percent of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *assigned*, or *committed* to indicate that it is 1) not in spendable form (\$170,222), 2) restricted for particular purposes (\$16,744,883), or 3) assigned for particular purposes (\$8,733).

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 \$6,476,077 and total fund balance was \$6,665,032. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 53 percent of total general fund expenditures, while total fund balance represents approximately 55 percent of that same amount.



The increase in the City's general fund balance by \$959,155, during the current fiscal year, was due to an increase in county and city sales tax revenue and an increase in grant revenue.

The debt service fund has a total fund balance of \$2,628,207 all of which is restricted for payment of debt service. The net decrease in fund balance during the current year was \$152,080. This net decrease is attributed to an increase in property tax revenue, interest revenue and other revenue of \$125,885, a net increase in principal payments on debt and decreased interest expense of \$596,357, and a net transfer from the general fund of \$392,555.

The street fund has a total fund balance of \$2,393,777, 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 for the street fund was \$1,530,365. This is mainly due to a decrease in grant revenue of \$100,545 and capital projects that were started in 2016 but not completed until 2017. We also received a slight increase in 2017 in the Street Aid Program that increased the Revenues from 2016.

The capital projects fund has a total fund balance of \$11,690,011 and these funds are to be only utilized for capital projects approved by the voters. The net decrease in fund balance during the current year for the capital projects fund was \$3,554,065. This is mainly due to the construction of new capital projects, Fire Station 2 of \$1,607,427, Counts Massie I-40 Extension of \$960,029, Fire Truck of \$533,722 and the new Senior Wellness Center of \$1,057,576.

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

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

Unrestricted net position of the sanitation fund at the end of the year was \$1,391,240. Net investment in capital assets was \$869,660. The total growth in net position, for 2017, was \$173,119.

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

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

During the year, there were several amendments to the original budget in 2017. The General Fund budget was increased for courts to improve court-related technology of \$31,270 and the animal control department received approval for wildlife trapping of \$3,200. A budget transfer was approved for the fire department for building maintenance of \$20,000. The Street Fund received a capital appropriation for the adaptive signal project of \$50,000.

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

#### **GENERAL FUND**

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

General fund revenues came in higher than budgeted. These increases were attributed to over \$1,029,866 in federal and state grants received that were not budgeted.

##### ***Expenditures***

###### ***Administration***

There was a 12.6% (\$211,771) positive variance in administration budget due to approximately \$83,500 in personnel expense, \$80,000 in materials and contract services.

###### ***Police***

There was a 11.7% (\$389,733) positive variance in police budget due to budgeting error approximately \$219,000 in LOPFI expense, \$48,000 in salaries and \$32,000 in gas, fuel & oil.

*Fire*

There was a 13.9% (\$441,736) positive variance in fire budget due to due to budgeting error approximately \$280,000 in LOPFI expense, \$93,000 in personnel, \$32,000 in utilities and \$33,500 in material & supplies.

**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, 2017, amounts to 41,712,784 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$2,894,622.

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

- Replacement of five patrol cars (\$222,132)
- Five-Bay Metal Storage Building for public works and street departments (\$68,203)
- Lake Willastein Pavilion (\$66,257)
- Exhaust Removal System for fire department (\$39,929)
- Two new trucks, tractor, two finish mowers and equipment for public works department (\$105,260)
- New tractor and equipment for parks maintenance (\$34,466)
- Two vehicles for senior services transportation (\$22,120)
- New truck, trailer and street overlay for street department (\$99,316)
- Two new garbage trucks and truck for Sanitation department (\$392,993)
- Street fund and general fund drainage improvements (\$1,110,871)
- Continued construction on the Fire substation 2 with total spent as of December 31, 2017 of \$6,968,485
- Continued work on Counts Massie to Interstate 40 extension with total spent as of December 31, 2017 of \$3,797,311
- Continued construction on new athletic fields with total spent as of December 31, 2017 of \$1,086,009
- Continued construction on the new Senior Citizens building with total spent as of December 31, 2017 of \$1,626,331

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,649,763	\$ 7,649,763	\$ -	\$ -	\$ 7,649,763	\$ 7,649,763
Building	14,690,568	15,563,816	144,806	153,059	14,835,374	15,716,875
Equipment	2,923,896	3,090,896	724,854	523,127	3,648,750	3,614,023
Infrastructure	11,284,239	10,580,528	-	-	11,284,239	10,580,528
Construction in progress	14,420,211	10,259,420	-	-	14,420,211	10,259,420
Total	\$50,968,677	\$47,144,423	\$869,660	\$676,186	\$51,838,337	\$47,820,609

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,080,000. The Series 2012 bonds are revenue bonds totaling \$7,040,000 secured solely by franchise fee revenue. The Series 2015 bonds are limited tax general obligation bonds totaling \$15,040,000.



**City of Maumelle's Outstanding Debt**

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental Activities</b>					
Bonds:					
2012	7,270,000	-	230,000	7,040,000	260,000
2015	17,255,000	-	2,215,000	15,040,000	1,195,000
Plus Reoffering Premium	664,257	-	66,426	597,831	-
Less deferred issuance discounts	(53,838)	-	2,817	(51,021)	-
Total bonds payable	25,135,419	-	2,514,243	22,626,810	1,455,000
Motorola Capital Lease	107,042	-	107,042	-	-
Clerk pension	519,029	-	-	519,029	21,000
Compensated Absences	290,512	412,882	379,898	323,496	37,848
Net Pension Liability	5,270,981	1,882,318		7,153,299	-
<b>Total governmental activities</b>	<b>31,322,983</b>	<b>2,295,200</b>	<b>3,001,183</b>	<b>30,622,634</b>	<b>1,513,848</b>
<b>Business-type activities</b>					
Bank Loan	-		-	-	-
Compensated absences	17,985	17,619	19,558	16,046	5,590
<b>Total business-type activities</b>	<b>17,985</b>	<b>17,619</b>	<b>19,558</b>	<b>16,046</b>	<b>5,590</b>

The City's total debt decreased by \$702,288 (2 percent) during the current fiscal year; and this decrease is mainly attributed to the GASB 68 requirement to add net pension liability, an increase in pension liability of \$1,882,318 and the decrease in the total bond payables of \$2,514,243.

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, 2017, the legal debt limit for the city was \$84,405,509. The City has general obligation debt outstanding at the end of 2017 of \$13,845,000, net funds available for retirement, leaving a legal debt margin of \$72,017,831.

Additional information on the City's long-term debt can be found on pages 43-45 of this report.

**Economic Factors and Next Year's Budgets and Rates****Personal Income**

The City of Maumelle's median household income is \$72,335 or 65% higher than the State of Arkansas median income of \$43,813. This puts the City in good economic standing when compared to the surrounding areas. The City saw an increase in personal income from \$39,577 to \$40,264, in 2017; however, the City is still higher than the surrounding areas of Little Rock, North Little Rock, and Conway with personal incomes at \$32,719, \$24,639, and \$25,502, respectively.

***Unemployment Rate***

The City's unemployment rate is 3.4% for 2017, while Little Rock's unemployment rate is 3.1%, Conway's rate is 3.2% and North Little Rock's unemployment rate is 3.8%.

***Residential Development***

The City's single family residential development has increased in 2017 due to new builds in the Ridgeview Trails Subdivision, The Chalet at Country Club and the completion of Villages of New Bedford. The single family residential building permits increased to 60 in 2017 from 53 in 2016.

***2018 Budget***

The preparation of the 2018 budget proved to be challenging due to rising prices of materials and supplies and the need to continue the City's capital improvement plan and implement some of the changes recommended according to the strategic plan. The City's revenue base has remained stagnant for the last six years, however, the City received a federal grant for the design of the new I-40 interchange project and an additional federal grant for the adaptive signal control project. All departments are operating with only essential appropriations needed to provide the same level of quality service to the Citizens. An appropriation from fund balance, in the amount of \$870,000, was needed, which is \$649,300 less than 2017. We will use best efforts to reduce the amount of this appropriation actually needed by closely monitoring expenses throughout the year.

***Community and Economic Development***

Several industries invested in their existing facilities with upgrades and renovations, including Kimberly-Clark, Molex, and Dillard's Internet Fulfillment Center. Stanley Steemer (Little Rock, AR) purchased the former Southern Star facility and moved into the building in 2017. The City accepted proposals from several website providers and selected CivicPlus to design the City's new website. The new website launched in December 2017.

***Requests for information***

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

DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 8,751,566	\$ 1,241,799	\$ 9,993,365
Taxes receivable	1,016,815	-	1,016,815
Accounts receivable - net	972,883	267,554	1,240,437
Prepays	170,222	-	170,222
Internal balances	42,423	(42,423)	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	14,304,868	-	14,304,868
Property, plant & equipment - net:			
Land	7,649,763	-	7,649,763
Buildings	14,690,568	144,806	14,835,374
Equipment	2,923,896	724,854	3,648,750
Infrastructure	11,284,239	-	11,284,239
Construction in progress	14,420,211	-	14,420,211
TOTAL ASSETS	<u>76,227,454</u>	<u>2,336,590</u>	<u>78,564,044</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pensions	3,247,410	-	3,247,410
Deferred charge on refunding	266,773	-	266,773
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,514,183</u>	<u>-</u>	<u>3,514,183</u>
<b>LIABILITIES</b>			
Accounts payable	422,570	29,915	452,485
Payroll taxes payable	58,689	3,956	62,645
Other payroll withholdings payable	158,135	-	158,135
Accrued interest payable	192,099	-	192,099
Other accrued payables	19,375	-	19,375
Sales taxes payable	-	25,773	25,773
Unearned revenue	22,575	-	22,575
Payment in lieu	183,437	-	183,437
Noncurrent liabilities:			
Due within one year	1,513,848	5,590	1,519,438
Due in more than one year	29,108,786	10,456	29,119,242
TOTAL LIABILITIES	<u>31,679,514</u>	<u>75,690</u>	<u>31,755,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pensions	815,513	-	815,513
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>815,513</u>	<u>-</u>	<u>815,513</u>
<b>NET POSITION</b>			
Net investment in capital assets	40,843,124	869,660	41,712,784
Restricted for:			
Municipal Court Automation	32,888	-	32,888
Special revenue funds -streets	2,417,204	-	2,417,204
Unrestricted	3,953,394	1,391,240	5,344,634
TOTAL NET POSITION	<u>\$ 47,246,610</u>	<u>\$ 2,260,900</u>	<u>\$ 49,507,510</u>

FOR THE YEAR ENDED DECEMBER 31, 2017

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	\$ 2,509,889	\$ 117,541	\$ 4,110	\$ -	\$ (2,388,238)	\$ -	\$ (2,388,238)
Legal and judicial	290,300	123,220	-	-	(167,080)	-	(167,080)
Public safety	7,432,184	811,727	15,663	-	(6,604,794)	-	(6,604,794)
Highways and streets	2,732,397	-	688,445	-	(2,043,952)	-	(2,043,952)
Culture and recreation	2,005,254	825,511	-	-	(1,179,743)	-	(1,179,743)
Economic development	588,815	224,726	-	-	(364,089)	-	(364,089)
Interest on long-term debt	683,087	-	-	-	(683,087)	-	(683,087)
Agent fees on long-term debt	10,484	-	-	-	(10,484)	-	(10,484)
Total governmental activities	16,252,410	2,102,725	708,218	-	(13,441,467)	-	(13,441,467)
Business-type activities:							
Sanitation	1,154,979	1,328,098	-	-	-	173,119	173,119
Total primary government	\$ 17,407,389	\$ 3,430,823	\$ 708,218	\$ -	\$ (13,441,467)	\$ 173,119	\$ (13,268,348)

## General revenues:

## Taxes:

Property taxes, levied for general purposes	2,568,127	-	2,568,127
Property taxes, levied for debt service	2,613,985	-	2,613,985
Franchise taxes	1,590,279	-	1,590,279
Intergovernmental - unrestricted	7,593,855	-	7,593,855
Miscellaneous	180,639	-	180,639
Investment earnings:			
Unrestricted	111,352	-	111,352
Transfers	-	-	-
Total general revenues and transfers	14,658,237	-	14,658,237

Change in net position

## NET POSITION - BEGINNING

## NET POSITION - ENDING

1,216,770	173,119	1,389,889
46,029,840	2,087,781	48,117,621
\$ 47,246,610	\$ 2,260,900	\$ 49,507,510

DECEMBER 31, 2017

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 6,108,865	\$ 2,609,774	\$ -	\$ -	\$ 32,927	\$ 8,751,566
Funds held by trustee	-	-	2,617,194	11,687,674	-	14,304,868
Taxes receivable	770,323	139,859	106,633	-	-	1,016,815
Accounts receivable - net	969,382	3,501	-	-	-	972,883
Due from other funds	32,740	100,545	13,350	2,337	-	148,972
Prepays	170,222	-	-	-	-	170,222
<b>TOTAL ASSETS</b>	<b>8,051,532</b>	<b>2,853,679</b>	<b>2,737,177</b>	<b>11,690,011</b>	<b>32,927</b>	<b>25,365,326</b>
<b>LIABILITIES</b>						
Accounts payable	127,755	294,776	-	-	39	422,570
Payroll taxes payable	55,098	3,591	-	-	-	58,689
Other payroll withholdings payable	158,135	-	-	-	-	158,135
Other accrued payables	19,375	-	-	-	-	19,375
Unearned revenue-other	22,575	-	-	-	-	22,575
Payment in lieu	183,437	-	-	-	-	183,437
Due to other funds	79,421	21,677	2,337	-	-	103,435
<b>TOTAL LIABILITIES</b>	<b>645,796</b>	<b>320,044</b>	<b>2,337</b>	<b>-</b>	<b>39</b>	<b>968,216</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-Property tax	61,883	23,427	106,633	-	-	191,943
Unavailable revenue-Sales tax	536,706	116,431	-	-	-	653,137
Unavailable revenue-Franchise fees	152,115	-	-	-	-	152,115
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>750,704</b>	<b>139,858</b>	<b>106,633</b>	<b>-</b>	<b>-</b>	<b>997,195</b>
<b>FUND BALANCES</b>						
Nonspendable	170,222	-	-	-	-	170,222
Restricted	-	2,393,777	2,628,207	11,690,011	32,888	16,744,883
Committed	-	-	-	-	-	-
Assigned	8,733	-	-	-	-	8,733
Unassigned	6,476,077	-	-	-	-	6,476,077
<b>TOTAL FUND BALANCES</b>	<b>6,655,032</b>	<b>2,393,777</b>	<b>2,628,207</b>	<b>11,690,011</b>	<b>32,888</b>	<b>23,399,915</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,051,532</b>	<b>\$ 2,853,679</b>	<b>\$ 2,737,177</b>	<b>\$ 11,690,011</b>	<b>\$ 32,927</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. \$ 50,968,677

Deferred inflow/outflow of resources reported in the Statement of Net Position 2,431,897

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. 997,195

Long-term liabilities of \$30,622,634 and related deferred charges on refunding of \$266,773 are not due and payable in the current year and therefore, are not reported in the governmental funds (30,355,861)

Accrued interest is not due and payable in the current year and, therefore, is not reported in the governmental funds. (192,099)

If assets managed by fiduciary funds include amounts that belong to the government, then those amounts must be eliminated for financial reporting purposes and reported in the appropriate fund(s) of the government (3,114)

Net position of governmental activities \$ 47,246,610

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Local tax assessments:						
Millage tax	\$ 2,024,242	\$ 554,531	\$ 2,601,580	\$ -	\$ -	\$ 5,180,353
Franchise fees	1,603,499	-	-	-	-	1,603,499
Intergovernmental revenues	6,349,107	1,197,689	-	-	-	7,546,796
Public safety fees	848,545	-	-	-	-	848,545
Parks and recreation fees	473,071	-	-	-	-	473,071
Legal and Judicial fees	123,220	-	-	-	5,416	128,636
Community and economic development	224,725	-	-	-	-	224,725
Investment income	6,923	20,903	16,584	66,942	-	111,352
Grants and donations	1,135,966	-	-	-	-	1,135,966
Other revenue	95,830	11,938	47,254	-	-	155,022
<b>TOTAL REVENUES</b>	<b>12,885,128</b>	<b>1,785,061</b>	<b>2,665,418</b>	<b>66,942</b>	<b>5,416</b>	<b>17,407,965</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Administrative services	1,455,927	-	-	-	-	1,455,927
Legal and judicial	281,158	-	-	-	3,798	284,956
Public safety	6,005,885	-	-	-	-	6,005,885
Highways and streets	676,928	1,504,955	-	-	-	2,181,883
Parks and recreation	1,909,581	-	-	-	-	1,909,581
Community and economic development	586,933	-	-	-	-	586,933
Debt service:						
Principal	-	-	2,445,000	-	-	2,445,000
Interest	-	-	762,903	-	-	762,903
Fees	-	-	2,150	8,334	-	10,484
Lease payment	107,042	-	-	-	-	107,042
Capital outlay:						
Administrative services	-	-	-	-	-	-
Public safety	795,783	-	-	31,492	-	827,275
Public works and streets	163,794	1,243,687	-	959,666	-	2,367,147
Parks and recreation	137,876	-	-	2,635,912	-	2,773,788
Community and economic development	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,120,907</b>	<b>2,748,642</b>	<b>3,210,053</b>	<b>3,635,404</b>	<b>3,798</b>	<b>21,718,804</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>764,221</b>	<b>(963,581)</b>	<b>(544,635)</b>	<b>(3,568,462)</b>	<b>1,618</b>	<b>(4,310,839)</b>
Other financing sources (uses):						
Transfers in	645,763	-	483,374	14,397	-	1,143,534
Transfers out	(483,359)	(569,356)	(90,819)	-	-	(1,143,534)
Sale of capital assets	5,917	2,572	-	-	-	8,489
Insurance recoveries	26,613	-	-	-	-	26,613
<b>Total other financing sources (uses)</b>	<b>194,934</b>	<b>(566,784)</b>	<b>392,555</b>	<b>14,397</b>	<b>-</b>	<b>35,102</b>
Net change in fund balances	959,155	(1,530,365)	(152,080)	(3,554,065)	1,618	(4,275,737)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,695,877</b>	<b>3,924,142</b>	<b>2,780,287</b>	<b>15,244,076</b>	<b>31,270</b>	<b>27,675,652</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,655,032</b>	<b>\$ 2,393,777</b>	<b>\$ 2,628,207</b>	<b>\$ 11,690,011</b>	<b>\$ 32,888</b>	<b>\$ 23,399,915</b>

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



Net change in fund balances - total governmental funds (page 16) \$ (4,275,737)

Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:

Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the Statement of Activities. 35,599

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 2017 are as follows:

Expenditures for capital assets, land, and construction in progress	5,968,210	
Depreciation expense	<u>(2,125,545)</u>	
		3,842,665

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	(8,489)	
Gain/Loss on disposal of capital assets	<u>(9,922)</u>	
		(18,411)

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. (2,736)

The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 2,552,042

If assets managed by fiduciary funds include amounts that belong to the government, then those amounts must be eliminated for financial reporting purposes and reported in the appropriate fund(s) of the government. (996)

Bond discounts are reported as expenditures in governmental funds and amortized over the life of the debt in the Statement of Activities. Bond premiums are reported as revenue in the governmental funds and amortized over the life in the Statement of Activities. The purchase price in excess of face value of the Series 2005 and 2007 Revenue bonds is reported as an expenditure in governmental funds and amortized over the remaining life of the original debt in the Statement of Activities.

Amortization of premium - Series 2015 bonds	66,426	
Amortization of discount - Series 2012 and 2013 bonds	<u>(2,817)</u>	
		63,609
Amortization of purchase price in excess of face value of Series 2005 and 2007 Revenue bonds	<u>(14,041)</u>	(14,041)

Net deferred inflow and outflow of resources related to pensions (965,224)

Change in net position of governmental activities (page 14) \$ 1,216,770

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>GENERAL FUND</b>			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes	\$ 9,996,025	\$ 9,996,025	\$ 9,976,848	\$ (19,177)
Community service fees	750,000	750,000	753,487	3,487
Parks and recreation fees	470,000	587,905	472,811	(115,094)
Municipal court fees	175,000	175,000	123,220	(51,780)
Building permits and inspection fees	190,000	190,420	224,725	34,305
Public safety	54,500	54,500	70,336	15,836
Investment income	12,000	12,000	6,923	(5,077)
Grants and donations	105,000	106,100	1,135,966	1,029,866
Miscellaneous revenue and fees	12,000	16,959	120,812	103,853
<b>TOTAL REVENUE</b>	<u>11,764,525</u>	<u>11,888,909</u>	<u>12,885,128</u>	<u>996,219</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Administrative services	1,667,698	1,667,698	1,455,927	(211,771)
City attorney	132,137	132,137	117,074	(15,063)
Courts	174,164	205,434	164,084	(41,350)
Police	3,199,862	3,336,633	2,946,902	(389,731)
Fire	3,002,317	3,184,709	2,742,973	(441,736)
Animal control	363,156	366,356	316,010	(50,346)
Public works	721,036	725,778	676,928	(48,850)
Parks and recreation	1,573,044	1,550,844	1,450,140	(100,704)
Senior services	469,468	564,387	459,441	(104,946)
Community and economic development	183,621	184,971	167,986	(16,985)
Planning & zoning	146,183	146,183	134,892	(11,291)
Code enforcement	300,154	300,154	284,055	(16,099)
Total operating expenditures	<u>11,932,840</u>	<u>12,365,284</u>	<u>10,916,412</u>	<u>(1,448,872)</u>
Capital expenditures:				
Administrative services	229,500	234,325	107,042	(127,283)
Police	570,000	570,000	222,132	(347,868)
Fire	-	1,419	573,651	572,232
Public works	144,500	229,932	163,794	(66,138)
Parks	70,500	116,978	137,876	20,898
Senior services	10,000	18,316	-	(18,316)
Total capital expenditures	<u>1,024,500</u>	<u>1,170,970</u>	<u>1,204,495</u>	<u>33,525</u>
<b>TOTAL EXPENDITURES</b>	<u>12,957,340</u>	<u>13,536,254</u>	<u>12,120,907</u>	<u>(1,415,347)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (1,192,815)</u>	<u>\$ (1,647,345)</u>	764,221	<u>\$ 2,411,566</u>
Other financing sources			678,293	
Other financing uses - operating transfers out			<u>(483,359)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			959,155	
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>5,695,877</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 6,655,032</u>	

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>STREET FUND</b>				
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes	\$ 1,715,000	\$ 1,715,000	\$ 1,752,220	\$ 37,220
Investment income	16,000	16,000	20,903	4,903
Other revenue	2,000	2,000	11,938	9,938
<b>TOTAL REVENUE</b>	<u>1,733,000</u>	<u>1,733,000</u>	<u>1,785,061</u>	<u>52,061</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Public works and streets	1,062,690	1,510,506	1,504,955	(5,551)
Capital expenditures:				
Public works and streets	912,788	1,253,199	1,243,687	(9,512)
<b>TOTAL EXPENDITURES</b>	<u>1,975,478</u>	<u>2,763,705</u>	<u>2,748,642</u>	<u>(15,063)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (242,478)</u>	<u>\$ (1,030,705)</u>	(963,581)	<u>\$ 67,124</u>
Other financing sources			2,572	
Other financing uses - operating transfers out			(569,356)	
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>3,924,142</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 2,393,777</u>	

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	Business-type Activities
	Sanitation
<b>ASSETS:</b>	
Current assets:	
Cash	\$ 1,241,799
Accounts receivable - net	267,554
Total current assets	1,509,353
Noncurrent assets:	
Buildings, net of accumulated depreciation	144,806
Equipment, net of accumulated depreciation	724,854
Total noncurrent assets	869,660
TOTAL ASSETS	2,379,013
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	29,915
Due to other funds	42,423
Payroll taxes payable	3,956
Compensated absences	5,590
Sales taxes payable	25,773
Total current liabilities	107,657
Noncurrent liabilities:	
Compensated absences	10,456
Total noncurrent liabilities	10,456
TOTAL LIABILITIES	118,113
<b>NET POSITION</b>	
Net investment in capital assets	869,660
Unrestricted	1,391,240
TOTAL NET POSITION	\$ 2,260,900

	Business-type Activities
	Sanitation
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Charges for sanitation services	\$ 1,284,048
TOTAL OPERATING REVENUES	1,284,048
<b>OPERATING EXPENSES</b>	
Personnel	555,511
Operating supplies	399,947
Depreciation	199,521
TOTAL OPERATING EXPENSES	1,154,979
<b>OPERATING INCOME</b>	129,069
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Gain (Loss) on disposal of capital assets	44,050
TOTAL NON-OPERATING REVENUES (EXPENSES)	44,050
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	173,119
<b>TRANSFERS IN</b>	-
<b>CHANGE IN NET POSITION</b>	173,119
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	2,087,781
<b>TOTAL NET POSITION - END OF YEAR</b>	\$ 2,260,900

FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities
	Sanitation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,368,435
Payments to suppliers	(763,795)
Payments to employees	(297,412)
Net cash provided by (used in) operating activities	307,228
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of capital assets	44,050
Purchases of capital assets	(392,993)
Net cash provided by (used in) capital and related financing activities	(348,943)
Net increase (decrease) in cash and cash equivalents	(41,715)
Cash and cash equivalents, January 1, 2017	1,283,514
Cash and cash equivalents, December 31, 2017	1,241,799
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>	
Operating income	129,069
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	199,521
(Increase) decrease in accounts receivable	(46,581)
Increase (decrease) in accounts payable	(7,817)
Increase (decrease) in payroll taxes	(1,423)
Increase (decrease) in accrued expenses	(3,057)
Increase (decrease) in compensated absences payable	(1,939)
Increase (decrease) in sales taxes payable	(2,968)
Increase (decrease) in due to other funds	42,423
Total adjustments	178,159
Net cash provided by (used in) operating activities	\$ 307,228



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	Fines Custodial Agency Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,522
TOTAL ASSETS	20,522
<b>LIABILITIES</b>	
Amounts due to other parties	20,522
TOTAL LIABILITIES	\$ 20,522

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Description of government-wide financial statements**

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

**B. Reporting entity**

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

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues* instead. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****D. Basis of presentation – fund financial statements**

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

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

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****E. Measurement focus and basis of accounting**

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

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

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

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

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

**F. Budgetary information**

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

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

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

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

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

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

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

***Investments***

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

***Prepaid items***

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

***Receivables***

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

***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

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

restricted for use in construction. The debt service bond accounts in the Debt Service Fund are used to segregate resources accumulated for debt service payments over the next twelve months. The debt service reserve accounts in the Debt Service Fund are used to segregate resources set aside to meet unexpected contingencies, as required by the applicable bond covenants.

***Capital assets***

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

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

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

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item,

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

*unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, sales taxes, franchise taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Long-term liabilities***

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

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

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

***Net position flow assumption***

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

***Fund balance policies***

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

- *Nonspendable* – represents amounts that cannot be spent due to form, for example, inventories and prepaid amounts, and amounts must remain intact legally or contractually.
- *Restricted* – represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation.
- *Committed* – represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority and it would require the same group to remove or change constraints. The City of Maumelle's highest level of decision making authority is the Council. The formal action necessary would be an ordinance that specifically establishes, amends or rescinds a fund balance commitment. A formal policy has not been adopted by the City Council as of the date of this report.
- *Assigned* – represents amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council has by ordinance authorized the Mayor to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignment generally only exists temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

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

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

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

**H. Revenues and expenditures/expenses*****Program revenues***

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

***Property taxes***

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

***Compensated absences***

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

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



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*****Proprietary funds operating and non-operating revenues and expenses***

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

**I. Other significant accounting policies*****Use of estimates***

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Local Police and Fire Retirement System (LOPFI) and of the Arkansas Public Employees Retirement System (APERS) and additions/deductions from LOPFI's and APERS's fiduciary net position have been determined on the same basis as they are reported by LOPFI and APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS****A. Cash and Cash Equivalents**

As of December 31, 2017, the carrying amount of the City's deposits was \$24,318,785 and the bank balance was \$24,579,353. Of the bank balance, \$13,555,590 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name, and \$16,621,665 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	\$24,317,310
Cash on hand	1,475
	<u>\$24,318,785</u>
Unrestricted cash, as reported on the statement of net position	\$ 9,993,365
Restricted cash and cash equivalents, as reported on the statement of net position	14,304,868
Restricted cash, as reported on the statement of fiduciary net position	20,552
Total cash and cash equivalents	<u>\$24,318,785</u>

DECEMBER 31, 2017

**NOTE 2: DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)****B. Accounts Receivable**

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

Accounts receivable at December 31, 2017, is as follows:

	General Fund	Street Fund	Debt Service Fund	Sanitation Fund
Taxes receivable	\$ 770,323	\$ 139,859	\$ 106,633	\$ -
Trade receivables	312,654	3,501	-	308,940
Other receivables	810,295	-	-	262,830
Gross receivables	1,893,272	143,360	106,633	571,770
Allowance for doubtful accounts	(153,567)	-	-	(304,216)
Net total receivables	<u>\$1,739,705</u>	<u>\$ 143,360</u>	<u>\$ 106,633</u>	<u>\$ 267,554</u>

**C. Capital Assets**

Net capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,649,763	\$ -	\$ -	\$ 7,649,763
Construction in progress	10,259,420	4,160,791	-	14,420,211
Total capital assets, not being depreciated	<u>17,909,183</u>	<u>4,160,791</u>	<u>-</u>	<u>22,069,974</u>
Capital assets, being depreciated:				
Buildings	27,102,260	142,623	-	27,244,883
Equipment	11,321,651	523,223	(326,991)	11,517,883
Infrastructure	13,885,066	1,141,584	-	15,026,650
Total capital assets being depreciated	<u>52,308,977</u>	<u>1,807,430</u>	<u>(326,991)</u>	<u>53,789,416</u>
Less accumulated depreciation for:				
Buildings	11,538,444	1,015,871	-	12,554,315
Equipment	8,230,755	671,801	(308,569)	8,593,987
Infrastructure	3,304,538	437,873	-	3,742,411
Total accumulated depreciation	<u>23,073,737</u>	<u>2,125,545</u>	<u>(308,569)</u>	<u>24,890,713</u>
Total capital assets being depreciated, net	<u>29,235,240</u>	<u>(318,115)</u>	<u>(18,422)</u>	<u>28,898,703</u>
Governmental activities capital assets, net	<u>\$ 47,144,423</u>	<u>\$ 3,842,676</u>	<u>\$ (18,422)</u>	<u>\$ 50,968,677</u>

DECEMBER 31, 2017

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings	227,422	-	(1)	227,421
Equipment	1,791,982	392,993	(71,421)	2,113,554
Total capital assets being depreciated	2,019,404	392,993	(71,422)	2,340,975
Less accumulated depreciation for:				
Buildings	74,363	8,253	(1)	82,615
Equipment	1,268,855	191,268	(71,423)	1,388,700
Total accumulated depreciation	1,343,218	199,521	(71,424)	1,471,315
Total capital assets being depreciated, net	676,186	193,472	2	869,660
Business-type activities capital assets, net	\$ 676,186	\$ 193,472	\$ 2	\$ 869,660

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

**Governmental Activities:**

Administrative Services	\$ 1,052,271
Public Safety	449,346
Public Works and Streets	531,533
Parks and Recreation	92,385
Total depreciation expense governmental activities	<u>\$ 2,125,545</u>

**Business-type Activities:**

Sanitation	\$ 199,521
Total depreciation expense business-type activities	<u>\$ 199,521</u>

**D. Pension Obligations**

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

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

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

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

*Annual*

31, 2017, the City's annual pension cost of \$129,803 for the City Pension Plan was equal to the City's required and actual contributions.

*Pension Cost.* For the year ended December*Three-Year Trend Information for the City Pension Plan.*

<u>YEAR ENDING</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
December 31, 2015	71,162	130,938	202,100
December 31, 2016	72,476	108,826	181,302
December 31, 2017	66,579	129,803	196,382
	<u>\$ 210,217</u>	<u>\$ 369,567</u>	<u>\$ 579,784</u>

<u>YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>
December 31, 2015	130,938	100%
December 31, 2016	108,826	100%
December 31, 2017	129,803	100%

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

**Benefits provided:** Benefit Program 1 provides benefits to a member with five or more years (10 or more years for members hired after July 1, 2013) of credit service in force who has attained his or her normal retirement age consist of an annuity equal to the following:

- For each year of paid service resulting from employment in a position not also covered by social security, 2.94% of his or her final average pay (2.7% for those with retirement date prior to July 1, 2009; plus
- For each year of paid service resulting from employment in a position also covered by social security, 1.94% or his or her final average pay (1.7% for those with retirement date prior to July 1, 2009). In addition, if such member is retiring and if such member's age at retirement is younger than social security's minimum age for an unreduced retirement benefit, then such member receives a temporary annuity equal to 1% of his or her final average pay for each such year of paid service. Such temporary annuity terminates at the end of the calendar month in which the earliest of the following events occur: such member's death; or his or her attainment of such social security minimum age for unreduced benefits.
- In no event will the total of a. plus b. exceed, at the time of retirement, 100% of such final average pay; plus
- Effective July 1, 2016, for each year of volunteer service, \$6.41 per month, to a maximum of \$256.40 monthly.

DECEMBER 31, 2017

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

- e. Before the date that the first payment of his or her annuity becomes due, but not thereafter, a member may elect to have his or her life annuity reduced but not any temporary annuity which may be pay and nominate a beneficiary in accordance with the provisions of one or four options. If a member does not elect an option, his or her annuity shall be paid to him as a life annuity.

Benefit program 2 says for each year of paid service rendered on or after the election date of Benefit 2 and resulting from employment in a position not also covered by social security, 3.28% of his or her final average pay, plus for each year of paid service rendered on or after the election date of Benefit Program and resulting from employment in a position also covered by social security, 2.94% of his or her final average pay. A member will receive disability benefits computed in the same manner as normal retirement benefits if the member has five or more years of credit service (or 10 years of actual service if hired on or after July 1, 2013) and terminates employment because of becoming totally and permanently disabled from non-duty related causes. If the disability is determined to be duty related, a benefit is 65% of the member's final average pay. Prior to that date, the benefit was computed as if the member had completed 25 years of service.

*Contributions:* The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by social security. The different employee contribution rates are:

- a. Paid service not covered by social security: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- b. Paid service also covered by social security: 2.5% of gross pay beginning July 1 2009; no employee contributions prior to that date
- c. Paid service-benefit program 2: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- d. Volunteer service: no employee contribution

The employee contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to ensure that the individual system employers can honor their benefit commitments to covered employees. An individual entry age actuarial cost method valuation is used to determine normal cost.

For the year ended December 31, 2017, the contribution rate percentages were as follows:

<u>LOPFI Maximum</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
Fire	8.50%	21.18%	29.68%
Police	8.50%	18.19%	26.69%

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of December 31, 2017, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

Maumelle Fire	\$3,784,340
Maumelle Police	3,194,695
Maumelle Volunteer	91,316
<b>Total net pension liability</b>	<b>\$7,070,351</b>

To facilitate the separate actuarial valuations, the System maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of December 31, 2017, are based on the ratio of each employer's contributions to the total employer contributions of the group for the fiscal year ended December 31, 2017. The contributions used excluded contributions made for prior service, excess benefits and irregular payments.

DECEMBER 31, 2017

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

The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculate individual employer amounts presented in the schedules of pension amounts by employer may result in immaterial differences due to rounding. The City's proportionate share of the net pension liability for each plan is as follows:

<b>Plan</b>	<b>Proportionate share %</b>
Maumelle Fire	0.532558%
Maumelle Police	0.449579%
Maumelle Volunteer	0.214060%

For the year ended December 31, 2017, the City recognized LOPFI expense of \$1,371,296. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 349,398	\$ 3,425
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	609,585	774,296
Changes of Assumptions	1,801,708	-
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	464,506	23,567
<b>Total</b>	<b>\$ 3,225,197</b>	<b>\$ 801,288</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Year Ended December 31</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Maumelle Fire	\$547,552	\$523,292	\$293,168	\$35,749	\$1,399,761
Maumelle Police	405,522	388,145	219,534	21,623	1,034,824
Maumelle Volunteer	(4,735)	(2,470)	(1,636)	(1,835)	(10,676)

*Actuarial Assumptions:* The total pension liability as of December 31, 2017, was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions:

<b>Paid Service Assumptions</b>	
Wage Inflation Rate	3.75%
Price Inflation	2.75%
Salary Increases	4.5% to 19%, including inflation
Investment Rate of Return	7.75%
Actuarial cost method	Entry age normal
Asset valuation method	5-year smoothed market; 20% corridor

DECEMBER 31, 2017

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

<b>Volunteer Service Assumptions</b>	
Inflation	2.75%
Investment Rate of Return	7.75%
Actuarial Cost Method	Entry age normal
Asset Valuation Method	5-year smoothed market; 20% corridor

Mortality rates were based on the RP-2000 Combined Projected to 2017 table, set forward two years for men. Disability post retirement mortality was assumed to be the same as standard post-retirement mortality set forward an additional 10 years.

The long term expected rate of return on pension plan investments was determined using a building block method in which expected future and real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2017, these best estimates are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Allocation-Weighted Long-Term Expected Real Rate of Return</b>
Fixed Income	27.00%	0.78%	0.21%
Domestic Equity	42.00%	5.58%	2.34%
Foreign Equity	18.00%	7.38%	1.33%
Alternative Investments	10.00%	6.23%	0.62%
Cash	3.00%	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>		<b>4.50%</b>
Expected Inflation			2.50%
<b>Total Return</b>			<b>7.00%</b>

The figures in the above table were from the 5-year experience study ending December 31, 2016.

*Discount rate:* A single discount rate of 7.00% was used to measure the total pension liability. The Single Discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:* The following presents the City's proportionate share of the net pension liability calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower (6.00%) or one percent higher (8.00%).

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Maumelle Fire	\$ 5,960,563	\$ 3,784,340	\$ 2,030,483
Maumelle Police	5,031,836	3,194,695	1,714,109
Maumelle Volunteer	136,462	91,316	55,429

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

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report.

**Arkansas Public Employees Retirement System (APERS):** *Plan Description:* Beginning in 2005, the City also contributes to the APERS, which is a state-wide 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 issues an unaudited publicly available financial report. This report may be obtained by visiting the APERS website: [www.apers.org](http://www.apers.org).

*Benefits Provided:* The Old Contributory Plan is available to persons who became members of APERS before January 1, 1978. The Non-Contributory Plan applies to all persons first hired after January 1, 1978 and before July 1, 2005 in APERS-covered employment. The New Contributory Plan applies to all persons hired after July 1, 2005 in APERS-covered employment or Non-Contributory members who elected to participate in the New Contributory Plan. Under the New Contributory Plan you will receive a full benefit, after either (a) age 65 with 5 years of service, or (b) 28 years of actual service, regardless of age. For sheriff and public safety members, the age 65 requirement is reduced by 1 month for each 2 months of actual service, but not below age 55 (age 52 for sheriff members with a minimum of 10 years of actual service). A member will receive a reduced benefit after age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to  $\frac{1}{2}$  of 1% for each month retirement proceeds normal retirement age or 1% for each month below 28 years of actual service, whichever is less. Under the Non-Contributory Plan, you will receive a full benefit after either (a) age 65 with 5 years of service or (b) 28 years of actual service, regardless of age. For sheriff and public safety members, the age 65 requirement is reduced by 1 month for each 2 months of actual service, but not below age 55 (age 52 for sheriff members with a minimum of 10 years of actual service). A member will receive a reduced benefit after age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to  $\frac{1}{2}$  of 1% for each month retirement proceeds normal retirement age or 1% for each month below 28 years of actual service, whichever is less.

*Contributions:* The New Contributory Plan has member contribution rate of 5% of covered compensation (pre-tax). Member contributions are refundable if APERS-covered employment terminates before a monthly benefit is payable. Members will earn interest on the contributions at a rate of 4% annually. The Non-Contributory Plan does not require any employee contributions for service after January 1, 1978. If there is service before January 1, 1978, contributions for that period are refundable later in the same manner as under the New Contributory Plan.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* As of June 30, 2017, the City reported net pension liability for their proportionate share of \$82,948. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2017, the City proportion was .003 percent.

For the year ended December 31, 2017, the City recognized pension expense of \$10,603. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,608	\$ 1,631
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,476	-
Changes of Assumptions	13,346	-
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	-	12,594
Subsequent Contributions *	3,783	-
<b>Total</b>	<b>\$ 22,213</b>	<b>\$ 14,225</b>

\*Contributions made subsequent to actuarial measurement date of June 30, 2017

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2018	\$ 402
2019	4,145
2020	1,656
2021	(1,998)
2022	-
Thereafter	-

*Actuarial assumptions:* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of % of payroll, closed (Level Dollar, Closed for District Judges New Plan and Paid Off Old Plan and District Judges Still Paying Old Plan)
Remaining Amortization Period	25 years (10.6 years for District Judges New Plan/Paid Off Old Plan and 19 years for District Judges Still Paying Old Plan)
Asset Valuation Method	4-Year smoothed market; 25% corridor (Market Value for Still Paying Old Plan)
Price Inflation Rate	2.50%
Wage Inflation Rate	3.25%
Investment Rate of Return	7.15%
Projected Salary Increases	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)

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

Mortality rates were based on the RP-2000 Combined Healthy Mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females.

The actuarial assumptions used in the valuation were established based upon an Experience Study covering the period July 1, 2007 through June 30, 2012 (see APERS report dated February 13, 2013) and updated in conjunction with an Economic Assumption Review dated May 17, 2017. The actuarial assumptions represent estimates of future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

<b>Asset Classes</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad Domestic Equity	37%	5.97%
International Equity	24%	6.54%
Real Assets	16%	4.59%
Absolute Return	5%	3.15%
Domestic Fixed	18%	0.83%
Total	100%	

*Discount Rate:* A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:* The following presents the plan's net pension liability, calculated using a single discount rate of 7.15%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	<b>1% Lower 6.15%</b>	<b>Discount Rate 7.15%</b>	<b>1 % Higher 8.15%</b>
City's proportionate share of the net pension liability	\$ 126,319	\$ 82,948	\$ 46,935

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report.

DECEMBER 31, 2017

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

**Covered payroll.** Total payroll and payroll covered by the above pensions are as follows for the year ended December 31, 2017:

Gross Payroll	6,970,884
Non-uniformed pension wages	1,942,433
APERS pension wages	38,970
LOPFI pension wages	3,567,892
Mayor	81,600

**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 911%. The annual benefit costs are \$21,000 each year.

The former City Clerk retired in December 2005 after twenty years of service. The City contracted with an independent actuarial firm to perform a calculation to determine the annual required contribution (ARC) and the net pension obligation (NPO). An interest rate of 3.5 percent was assumed and the 2016 Optional Table Small Plans (Male and Female) was used to calculate the present value of \$519,029 for this benefit. The calculation of the NPO is the accumulated difference between the ARC and the actual contributions for the years beginning between the initial employment date of the City Clerk, December 15, 1986, and the effective date of GASB Statement 27, July 15, 1997. The NPO at December 31, 2017 and 2016 is \$296,000, an increase of \$34,000 from 2015. The two preceding years of NPO are \$262,000 for 2015 and \$220,000 for 2014.

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 \$67,000. The ARC for 2014 was \$69,000 and 2015 was \$73,000. 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 \$498,029 as a noncurrent liability due in more than one year. The actuarial method used for valuing assets of the plan is the projected unit credit – "as accrued" actuarial cost method applied on a level dollar basis, using a 20-year remaining amortization period.

**E. Construction and other significant commitments**

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

<b>Project</b>	<b>Spent to date</b>	<b>Remaining Commitment</b>
Counts Massie Extension to I-40	\$ 4,762,544	-
Replacement of Fire Station 2	2,620,032	-
Athletic Fields Project	1,096,881	-
Senior Citizens Building	4,395,453	154,457

DECEMBER 31, 2017

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

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

General fund	\$ 8,733
Street fund	353,355
Sanitation fund	190,982
Total	<u>\$ 553,070</u>

**F. Risk Management**

The City is exposed to various risks of losses related to torts, thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains insurance coverage through the Arkansas Municipal League (the "Pool"), which is an association of local governments, covering each of the above risks of loss. The City pays an annual premium to the Pool. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop loss amounts. Settled claims have not exceeded policy limits in any of the three preceding years, nor has there been a significant reduction in coverage during the year ending December 31, 2017.

**G. LEASE OBLIGATIONS*****Capital lease***

The City entered into a lease agreement as lessee for financing the acquisition of radio equipment from Motorola valued at \$535,210. The equipment has a five-year estimated useful life. This year, \$107,042 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of future minimum lease payments as of the inception date. The interest rate on this lease is 0%. The Motorola lease agreement was paid in full in 2017 and has a zero balance as of December 31, 2017.

**H. SHORT-TERM DEBT**

The City does not have any short-term debt outstanding as of December 31, 2017.

**I. LONG-TERM LIABILITIES**

***Changes in long-term liabilities:*** Long-term liability activity for the year ended December 31, 2017, was as follows:

DECEMBER 31, 2017

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current Portion</u>
<b>Governmental Activities</b>					
Bonds:					
2012 Series	7,270,000	-	230,000	7,040,000	260,000
2015 Series	17,255,000	-	2,215,000	15,040,000	1,195,000
Plus Reoffering Premium	664,257	-	66,426	597,831	-
Less deferred issuance discounts	(53,838)	-	2,817	(51,021)	-
Total bonds payable	25,135,419	-	2,514,243	22,626,810	1,455,000
Motorola Capital Lease	107,042	-	107,042	-	-
Clerk pension	519,029	-	-	519,029	21,000
Compensated Absences	290,512	412,882	379,898	323,496	37,848
Net Pension Liability	5,270,981	1,882,318	-	7,153,299	-
<b>Total governmental activity</b>	<b>31,322,983</b>	<b>2,295,200</b>	<b>3,001,183</b>	<b>30,622,634</b>	<b>1,513,848</b>
<b>Business-type activities</b>					
Compensated absences	17,985	17,619	19,558	16,046	5,590
<b>Total business-type activity</b>	<b>17,985</b>	<b>17,619</b>	<b>19,558</b>	<b>16,046</b>	<b>5,590</b>

The liability for the City Clerk pension and governmental activities compensated absences are fully liquidated by the General Fund. The liability for business activities compensated absences are fully liquidated by enterprise fund (sanitation fund). The 2017 results for the City Clerk pension have Cost of Living adjustments (COLAs) and one active participant is assumed to have been married for 10 years and the spouse is eligible for their retirement at his/her death and this calculation increased the estimated liability.

**General obligation bonds**

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

**Series 2015**

This Bond is one of an issue of City of Maumelle, Arkansas, Limited Tax Capital Improvement and Refunding Bonds, Series 2015, aggregating \$18,845,000 in principal amount, issued for the purposes of (i) refunding the City's outstanding Capital Improvement Bonds, Series 2013 and the City's outstanding Capital Improvement Bonds, Series 2014; (ii) providing for the payment of a portion of the costs of various capital improvements including the following: (a) to design, engineer, improve, construct and equip the Maumelle City Hall and related improvements, (b) to design, engineer, improve, construct and equip the Maumelle Senior Wellness Facility and related improvements, and (c) to design, engineer, construct, acquire, equip and improve athletic fields for T-ball and softball and related improvements (collectively, the "Series 2015 Projects"), and (iii) to pay the costs and expenses of issuing the Bonds authorized pursuant to Emergency Ordinance No. 869 of the City adopted on January 20, 2015.

DECEMBER 31, 2017

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

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2015	Governmental Activities	2.00 – 4.00%	\$18,845,000
Maturity (March 1)	Principal Amount(\$)	Interest Rate (%)	Interest Amount
2018	1,195,000.00	3.000%	443,525.00
2019	1,090,000.00	3.000%	409,520.00
2020	1,125,000.00	3.000%	376,295.00
2021	1,160,000.00	3.638%	338,320.00
2022	1,205,000.00	4.000%	293,120.00
2023	1,255,000.00	4.000%	243,920.00
2024	1,300,000.00	3.000%	199,320.00
2025	1,340,000.00	3.000%	159,720.00
2026	1,380,000.00	2.600%	121,680.00
2027	1,415,000.00	2.600%	85,345.00
2028	1,450,000.00	2.600%	48,100.00
2029	1,125,000.00	2.600%	14,625.00
<b>Total</b>	<b>\$15,040,000.00</b>	<b>-</b>	<b>\$2,733,490.00</b>

**Revenue Bonds****Series 2012**

The City also issues bonds where the City pledges income derived from the franchise fees charged to public utilities for the privilege of using the City's streets and right-of-ways. The Series 2005 and Series 2007 bonds were refunded in 2012 with the Series 2012 bond issue for \$8,305,000. The net carrying value for the Series 2005 and 2007 revenue bonds was \$7,921,163. The cost of refunding the debt was \$8,272,181. The difference between the net carrying value of the refunded debt and cost of the refunding bonds was \$351,018. The economic gain from this transaction is \$506,432. Revenue bonds outstanding at year end are as follows:

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

Revenue bond debt service requirements to maturity are as follows:

DECEMBER 31, 2017

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

<b>Series 2012 Revenue Bonds</b>			
<b>Maturity (November 1)</b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Interest Amount (\$)</b>
2018	260,000.00	2.00	254,422.50
2019	265,000.00	2.25	249,222.50
2020	270,000.00	2.50	243,260.00
2021	275,000.00	2.65	236,510.00
2022	285,000.00	2.85	229,222.50
2023	290,000.00	3.10	221,100.00
2024	300,000.00	3.25	212,110.00
2025	310,000.00	3.35	202,360.00
2026	320,000.00	3.50	191,975.00
2027	335,000.00	3.60	180,775.00
2028	345,000.00	3.70	168,715.00
2029	355,000.00	4.00	155,950.00
2030	370,000.00	4.00	141,750.00
2031	385,000.00	4.00	126,950.00
2032	400,000.00	4.00	111,550.00
2033	420,000.00	4.00	95,550.00
2034	435,000.00	4.00	77,910.00
2035	455,000.00	4.00	59,640.00
2036	475,000.00	4.00	40,530.00
2037	490,000.00	4.20	20,580.00
<b>Total</b>	<b>\$7,040,000.00</b>		<b>\$3,220,082.50</b>

**Legal Debt Margin.** Under Amendment 62 of the Arkansas State Constitution, the City's outstanding general obligation debt should not exceed 20 percent of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2017, the legal debt limit for the city was \$84,405,509. The city has general obligation debt outstanding at the end of 2017 of \$12,387,678 less funds available for retirement of \$2,652,322, leaving a legal debt margin of \$72,017,831.

**J. Fund balance and net position****Minimum Fund Balance policy**

The City of Maumelle formally adopted Ordinance No. 438 in November of 2002. It sets the appropriate level of unassigned general fund balance to be maintained by the City, which is 20 percent of the current year budgeted operating expenditures. If a situation presents itself, in which, the City Council feels that it is prudent and necessary to spend these unassigned funds, and then it would need to pass an ordinance to amend or repeal Ordinance No. 438. At the end of 2017, the City's unassigned fund balance is \$6,476,077 and the 20% of 2017 budgeted operating expenditures is \$2,473,057. We have exceeded the minimum balance for 2017 by 162%.

**Fund Balance**

- **Nonspendable** – represents amounts that cannot be spent due to form, for example, inventories and prepaid amounts, and amounts must remain intact legally or contractually. The City of Maumelle's prepaid items are recorded as nonspendable fund balance. Below is a list of general fund prepaid items totaling \$170,222, as of December 31, 2017:

DECEMBER 31, 2017

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

<u>DESCRIPTION</u>	<u>PERIOD</u>	<u>PREPAID</u>
Municipal Defense	10/1/2017-10/31/2018	\$ 18,695
COBRA pre-paid services	11/15/2017 - 11/14/2018	500
Balance due COBRA pre-paid services	11/15/2017 - 11/14/2018	550
2018 Vehicle Policy Renewal	1/1/2018 - 12/31/2018	55,122
2018 Annual Software Maintenance	1/1/2018 - 12/31/2018	30,191
2018 Property Insurance Renewal	1/1/2018 - 12/31/2018	57,060
Insurance Consulting Fee 12/9/17-12/9/18	12/9/17 - 12/9/18	3,000
Jan 2018 State District Court Judge Salary	1/1/2018 - 1/31/2018	1,813
Jan 2018 City Clerk Pension	1/1/2018 - 1/31/2018	1,751
Maint. Contract Postage & Folder Machines	6/25/2017 - 6/24/2018	1,540
		<u><u>\$ 170,222</u></u>

- *Restricted*- represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation. Below describes the amounts in restricted for 2017:

*Street Fund* is a special revenue fund derived from taxes earmarked specifically for street expenditures – \$2,393,777

*Debt Service Fund* used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related cost - \$2,628,207

*Capital Projects Fund* is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds - \$11,690,011

*District Court automation fund* is used to account for funds to used solely for district court-related technology -\$32,888

- *Committed* – represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority and it would require the same group to remove or change constraints. The City of Maumelle's highest level of decision making authority is the Council. The formal action necessary would be an ordinance that specifically establishes, amends or rescinds a fund balance commitment
- *Assigned* – represents amounts for the general fund, that are constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. For all governmental funds other than general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. The City of Maumelle's mayor has the authority to make assignments of fund balances for specific purposes except those restricted by law. Encumbrances for the City of Maumelle are classified as assigned. The total for the General fund, for 2017, is \$8,733.

**K. INTERFUND RECEIVABLES AND PAYABLES**

***Interfund receivable and payable balances.*** Interfund receivables and payables in the sanitation and fines custodial funds are the result of payments made by the General Fund on behalf of those funds for payroll and miscellaneous expenditures. Interfund receivables and payables can also result from debt payments funded through fees collected and receipted in a fund other than the debt service fund from which debt payments are made. Interfund receivable and payable balances as of December 31, 2017, are as follows:



DECEMBER 31, 2017

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

DUE TO	DUE FROM				Total
	General Fund	Fines Custodial	Sanitation Fund	Debt Service	
General Fund	\$ -	\$ 3,114	\$ -	\$ -	\$ 3,114
Capital Projects Fund	-	-	-	2,337	2,337
Total	\$ -	\$ 3,114	\$ -	\$ 2,337	\$ 5,451

## L. INTERFUND TRANSFERS

**Interfund transfers.** Interfund transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts, and 3) as part of a journal entry to remove closed cash accounts from the books. Interfund transfers for the year ended December 31, 2017, consisted of the following transactions:

TRANSFER OUT	Enterprise Fund		Total
	Debt Service Fund	Sanitation Fund	
General Fund	\$ 483,374	\$ -	\$ 483,374
Total	\$ 483,374	\$ -	\$ 483,374

FOR THE YEAR ENDED DECEMBER 31, 2017

	Fines Custodial Agency Fund			
	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
ASSETS				
Cash	\$ 18,714	\$ 263,723	\$ 261,915	\$ 20,522
LIABILITIES				
Due to other parties	\$ 18,714	\$ 263,723	\$ 261,915	\$ 20,522

FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor/Pass-Through Entity/Program/Purpose	Grant Identification Number(s)	Current Year Revenue	Current Year Expenditures
<b>FEDERAL:</b>			
U.S. Environmental Protection Agency Regional Wetlands Program Development Grants Federal funding to assist with developing a wetland management plan - White Oak Bayou	CD-00F074101-1	\$ 165,155	\$ 165,155
U.S. Dept. of Transportation - Federal Highway Commission Arkansas State Highway & Transportation Dept. Highway Planning & Construction: Federal-Aid Highway Program Federal funding for the design of a new I-40 interchange	HPP2-3745(1) Job #061190	656,151	656,151
U.S. Dept. of Transportation - Federal Highway Commission Arkansas State Highway & Transportation Dept. Highway Planning & Construction: Federal-Aid Highway Program Federal funding for the construction of adaptive signal control technology	M23E-9468-007 Job #061469	448,734	448,734
U.S. Dept. of Justice Arkansas Department of Finance and Administration Edward Byrne Memorial Justice Assistance Grant (JAG) Program Federal funding for the purchase of surveillance equipment	16-895-16L	3,500	3,500
<b>TOTAL FEDERAL</b>		<b>1,273,540</b>	<b>1,273,540</b>
<b>STATE:</b>			
Arkansas Department of Emergency Management State Fire Protection Services Program State funding for improvements within Maumelle Fire Department	Act 833 of 1991	15,663	15,663
<b>TOTAL STATE</b>		<b>15,663</b>	<b>15,663</b>
<b>GRAND TOTAL</b>		<b>\$ 1,289,203</b>	<b>\$ 1,289,203</b>

## CITY OF MAUMELLE, ARKANSAS

CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS - BY SOURCE  
DECEMBER 31, 2017

Land	\$ 7,649,763
Buildings	14,690,568
Equipment	2,923,896
Infrastructure	11,284,239
Construction in Progress	14,420,211
Subtotal	<u>50,968,677</u>
Investments in governmental funds capital assets by source:	
General fund	30,058,136
Special revenue fund	9,327,841
Capital project fund	10,581,253
Donations	1,001,447
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u><u>\$ 50,968,677</u></u>

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Infra- Structure	Construction in Progress	Total
General government:						
Administrative services	\$ 7,649,763	\$ 14,690,568	\$ 648,186	\$ -	\$ -	\$ 22,988,517
Legal and judicial						
Court	-	-	-	-	-	-
Public safety:						
Police	-	-	365,316	-	-	365,316
Fire	-	-	987,555	-	7,502,207	8,489,762
Animal control	-	-	16,583	-	-	16,583
Highways and streets:						
Public works	-	-	100,799	1,309,252	407,953	1,818,004
Streets	-	-	350,301	9,974,987	3,797,311	14,122,599
Culture and recreation:						
Parks	-	-	412,361	-	1,086,409	1,498,770
Senior services	-	-	42,795	-	1,626,331	1,669,126
Community & econ. development:						
CED	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-
Code enforcement	-	-	-	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<u><u>\$ 7,649,763</u></u>	<u><u>\$ 14,690,568</u></u>	<u><u>\$ 2,923,896</u></u>	<u><u>\$ 11,284,239</u></u>	<u><u>\$ 14,420,211</u></u>	<u><u>\$ 50,968,677</u></u>

### **Nonmajor Governmental Fund**

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

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

	<u>Special Revenue</u>	Total Nonmajor Governmental Funds
	District Court Automation	
<b>ASSETS</b>		
Cash	\$ 32,927	\$ 32,927
TOTAL ASSETS	<u>32,927</u>	<u>32,927</u>
<b>LIABILITIES</b>		
Accounts payable	39	39
TOTAL LIABILITIES	<u>39</u>	<u>39</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted:		
District Court Automation	32,888	32,888
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>32,888</u>	<u>32,888</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,927</u>	<u>\$ 32,927</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Special Revenue</u> District Court Automation	Total Nonmajor Governmental Funds
<b>REVENUES</b>		
Legal and Judicial fees	5,416	5,416
Grants and donations	-	-
<b>TOTAL REVENUES</b>	<u>5,416</u>	<u>5,416</u>
<b>EXPENDITURES</b>		
Current:		
General government		
Legal and judicial	3,798	3,798
Capital outlay:		
Administrative services	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,798</u>	<u>3,798</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,618</u>	<u>1,618</u>
Other financing sources (uses):		
Transfers in	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	1,618	1,618
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>31,270</u>	<u>31,270</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 32,888</u></u>	<u><u>\$ 32,888</u></u>



## **PENSION SCHEDULES**

	LOPFI			LOPFI			LOPFI		
	Police 2014*	Fire 2014*	Volunteer Fire 2014*	Police 2016*	Fire 2016*	Volunteer Fire 2016*	Police 2017*	Fire 2017*	Volunteer Fire 2017*
City's proportion of the net pension liability	0.389465%	0.380763%	0.333053%	0.418718%	0.470231%	0.279408%	0.449579%	0.532558%	0.214060%
City's proportionate share of the net pension liability	1,409,900	1,378,397	106,398	2,388,913	2,682,810	103,475	3,194,695	3,784,340	91,316
City's covered-employee payroll	1,927,541	1,470,346	17,815	2,049,646	1,588,374	11,005	1,768,046	1,799,846	-
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.15%	93.75%	597.24%	116.55%	168.90%	940.25%	180.69%	210.26%	0.00%
Plan fiduciary net position as a percentage of the Plan's total pension liability	79.14%	79.14%	64.58%	72.87%	72.87%	64.29%	71.48%	71.48%	64.71%
	APERS 2015*			APERS 2016*			APERS 2017*		
City's proportion of the net pension liability	0.004025%			0.004005%			0.003210%		
City's proportionate share of the net pension liability	74,125			95,783			82,948		
City's covered-employee payroll	71,888			73,353			38,970		
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.11%			130.58%			212.85%		
Plan fiduciary net position as a percentage of the Plan's total pension liability	80.39%			75.50%			75.65%		

\*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

The latest available information from the actuaries is used each year when preparing the audit report. In the first year of implementation, the December 31, 2014 valuation was used for the December 31, 2015 audit report.

For the December 31, 2017 audit, information used is as of and for the year ending December 31, 2017 for the "LOPFI" plan. Information is as of and for the year ending June 30, 2017 for the "APERS" plan.

DECEMBER 31, 2017\*

	LOPFI			LOPFI			LOPFI		
	Police	Fire	Volunteer Fire	Police	Fire	Volunteer Fire	Police	Fire	Volunteer Fire
	2014*	2014*	2014*	2016*	2016*	2016*	2017*	2017*	2017*
Actuarially determined contribution	231,119	225,955	15,453	276,641	310,675	12,906	321,608	380,967	10,303
Contributions in relation to the									
actuarially determined contributions	133,965	129,653	1,528	157,087	203,189	2,331	204,514	250,780	986
Contribution deficiency (excess)	97,154	96,302	13,925	119,554	107,486	10,575	117,094	130,187	9,317
Covered Payroll	1,927,541	1,470,346	17,815	2,049,646	1,588,374	11,005	1,768,046	1,799,846	-
Contributions as a percentage of									
covered-employee payroll	6.95%	8.82%	8.58%	7.66%	12.79%	21.18%	11.57%	13.93%	#DIV/0!
	APERS			APERS			APERS		
	2015*			2016*			2017*		
Actuarially determined contribution	10,540			10,523			8,389		
Contributions in relation to the									
actuarially determined contributions	10,540			13,636			5,695		
Contribution deficiency (excess)	-			(3,113)			2,694		
Covered Payroll	71,888			73,353			38,970		
Contributions as a percentage of									
covered-employee payroll	14.66%			18.59%			14.61%		

\*Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

The latest available information from the actuaries is used each year when preparing the audit report. In the first year of implementation, the December 31, 2014 valuation was used for the December 31, 2015 audit report.

For the December 31, 2017 audit, information used is as of and for the year ending December 31, 2017 for the "LOPFI" plan. Information is as of and for the year ending June 30, 2017 for the "APERS" plan.

## STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	56
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	65
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>	69
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>	76
Operating Information <i>These schedules contain information about the City's operating environment.</i>	78

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

## TEN YEAR SUMMARY

	2008	2009 <sup>1</sup>	2010	2011	2012
Governmental activities					
Net Investment in capital assets	\$ 26,935,558	\$ 28,843,921	\$ 29,349,289	\$ 31,979,728	\$ 32,629,569
Restricted	1,418,018	3,550,918	3,951,986	3,314,174	3,166,546
Unrestricted	6,309,335	4,191,095	4,738,158	4,824,942	6,027,675
Total governmental activities net position	<u>34,662,911</u>	<u>36,585,934</u>	<u>38,039,433</u>	<u>40,118,844</u>	<u>41,823,790</u>
Business-type activities					
Net investment in capital assets	211,321	205,872	298,753	281,149	248,765
Restricted	-	-	-	-	-
Unrestricted	103,093	256,461	307,626	488,321	659,965
Total business-type activities net position	<u>314,414</u>	<u>462,333</u>	<u>606,379</u>	<u>769,470</u>	<u>908,730</u>
Primary Government					
Net Investment in capital assets	27,146,879	29,049,793	29,648,042	32,260,877	32,878,334
Restricted	10,625,253	3,550,918	3,951,986	3,314,174	3,166,546
Unrestricted	(2,747,143)	4,447,556	5,045,784	5,313,263	6,687,640
Total primary government net position	<u>\$ 35,024,989</u>	<u>\$ 37,048,267</u>	<u>\$ 38,645,812</u>	<u>\$ 40,888,314</u>	<u>\$ 42,732,520</u>
	2013	2014	2015	2016	2017
Governmental activities					
Net Investment in capital assets	\$ 32,177,927	\$ 35,240,803	\$ 37,338,652	\$ 38,141,976	\$ 40,843,124
Restricted	3,407,849	3,421,367	3,673,667	3,976,107	2,450,092
Unrestricted	8,386,984	5,024,086	4,338,707	3,911,757	3,953,394
Total governmental activities net position	<u>43,972,760</u>	<u>43,686,256</u>	<u>45,351,026</u>	<u>46,029,840</u>	<u>47,246,610</u>
Business-type activities					
Net Investment in capital assets	209,476	639,348	583,638	676,186	869,660
Restricted	-	-	-	-	-
Unrestricted	955,129	888,920	1,201,517	1,411,595	1,391,240
Total business-type activities net position	<u>1,164,605</u>	<u>1,528,268</u>	<u>1,785,155</u>	<u>2,087,781</u>	<u>2,260,900</u>
Primary Government					
Net Investment in capital assets	32,387,403	35,880,151	37,922,290	38,818,162	41,712,784
Restricted	3,407,849	3,421,367	3,673,667	3,976,107	2,450,092
Unrestricted	9,342,113	5,913,006	5,540,224	5,323,352	5,344,634
Total primary government net position	<u>\$ 45,137,365</u>	<u>\$ 45,214,524</u>	<u>\$ 47,136,181</u>	<u>\$ 48,117,621</u>	<u>\$ 49,507,510</u>

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

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

## CITY OF MAUMELLE, ARKANSAS

## CHANGES IN NET POSITION

2008 - 2012

TEN YEAR SUMMARY

	2008	2009	2010	2011	2012
Expenses					
Governmental activities					
Administrative services	\$ 2,215,240	\$ 2,228,631	\$ 2,362,197	\$ 2,540,086	\$ 2,751,194
Highways and streets	1,842,286	1,914,353	1,988,151	2,163,386	2,102,162
Legal and judicial	263,799	260,928	299,198	312,148	314,213
Culture and recreation	1,695,532	1,886,341	1,661,550	1,784,967	1,870,440
Public safety	3,861,274	4,211,832	4,143,887	4,581,806	5,040,193
Economic development	557,444	597,661	577,955	594,054	613,896
Interest on long-term debt	667,163	597,475	481,529	459,855	188,290
Agent fees on long-term debt	11,945	11,527	11,260	10,228	8,070
Bond issuance costs					53,928
Total governmental activities expenses	11,114,683	11,708,748	11,525,727	12,446,529	12,942,385
Business-type activities					
Sanitation	1,018,559	976,768	944,391	1,039,073	1,053,908
Total primary government expenses	12,133,242	12,685,516	12,470,118	13,485,602	13,996,293
Program Revenues					
Governmental activities					
Charges for services					
Public safety	1,005,491	876,563	816,472	780,170	746,709
Culture and recreation	643,590	743,071	505,630	484,918	476,462
Economic development	297,406	334,909	197,769	227,318	184,493
Other activities	340,391	213,971	171,460	283,759	230,962
Operating grants and contributions	42,956	19,736	41,761	35,570	28,038
Capital grants and contributions	712,191	424,313	8,661	132,393	319,099
Total governmental activities program revenues	3,042,025	2,612,563	1,741,753	1,944,127	1,985,762
Business-type activities					
Charges for Services	1,145,817	1,124,687	1,028,680	1,112,529	1,103,553
Total primary government program revenues	4,187,842	3,737,250	2,770,433	3,056,656	3,089,315
Net revenues (expenses)					
Governmental activities	(8,072,658)	(9,096,185)	(9,783,974)	(10,502,402)	(10,956,623)
Business-type activities	127,258	147,919	84,289	73,457	49,625
Total primary government net revenues (expenses)	(7,945,400)	(8,948,266)	(9,699,685)	(10,428,945)	(10,906,998)
General revenues					
Governmental activities					
Taxes	5,438,148	5,689,319	6,078,916	6,062,748	6,122,754
Intergovernmental	5,187,718	5,226,714	5,254,978	6,557,600	6,568,654
Grants and contributions not restricted to specific program	-	-	-	-	-
Investment earnings	426,083	103,175	(36,664)	51,100	59,796
Miscellaneous	-	-	-	-	-
Special items	643,993	-	(59,757)	(89,635)	-
Transfers					(89,635)
Total governmental activities general revenues	11,695,942	11,019,208	11,237,473	12,581,813	12,661,569
Business-type activities					
Transfers	(643,993)	-	59,757	89,635	89,635
Total business-type activities general revenues	(643,993)	-	59,757	89,635	89,635
Total primary government general revenues	11,051,949	11,019,208	11,297,230	12,671,448	12,751,204
Changes in net position					
Governmental activities	3,623,284	1,923,023	1,453,499	2,079,411	1,704,946
Business-type activities	(516,735)	147,919	144,046	163,091	139,259
Total primary government changes in net position	\$ 3,106,549	\$ 2,070,942	\$ 1,597,545	\$ 2,242,502	\$ 1,844,205

## TEN YEAR SUMMARY (CONTINUED FROM PREVIOUS PAGE)

	2013	2014	2015	2016	2017
Expenses					
Governmental activities					
Administrative services	\$ 2,768,599	\$ 2,790,208	\$ 2,684,683	\$ 2,672,643	\$ 2,509,889
Highways and streets	1,842,300	1,931,238	1,949,484	2,130,379	2,732,397
Legal and judicial	285,347	286,568	293,746	289,478	290,300
Culture and recreation	1,863,960	1,811,555	1,832,018	1,817,684	2,005,254
Public safety	5,195,250	5,456,751	5,860,267	7,222,789	7,432,184
Economic development	600,317	600,763	597,599	589,634	588,815
Interest on long-term debt	438,521	521,448	754,683	735,611	683,087
Agent fees on long-term debt	4,351	40,826	21,368	12,817	10,484
Bond issuance costs	136,740	54,064	243,962	-	-
Total governmental activities expenses	13,135,385	13,493,421	14,237,810	15,471,035	16,252,410
Business-type activities					
Sanitation	1,001,899	1,063,930	1,031,423	1,017,172	1,154,979
Total primary government expenses	14,137,284	14,557,351	15,269,233	16,488,207	17,407,389
Program Revenues					
Governmental activities					
Charges for services					
Public safety	769,614	825,661	920,867	873,394	811,727
Culture and recreation	488,405	394,529	375,403	342,397	825,511
Economic development	238,457	-	194,507	198,239	224,726
Other activities	251,811	417,242	189,374	163,296	240,761
Operating grants and contributions	50,451	6,614	200,013	294,908	708,218
Capital grants and contributions	263,547	274,784	31,000	-	-
Total governmental activities program revenues	2,062,285	1,918,830	1,911,164	1,872,234	2,810,943
Business-type activities					
Charges for Services	1,168,139	1,337,958	1,258,621	1,319,798	1,328,098
Total primary government program revenues	3,230,424	3,256,788	3,169,785	3,192,032	4,139,041
Net revenues (expenses)					
Governmental activities	(11,073,100)	(11,574,591)	(12,326,646)	(13,598,801)	(13,441,467)
Business-type activities	166,240	274,028	227,198	302,626	173,119
Total primary government net revenues (expenses)	(10,906,860)	(11,300,563)	(12,099,448)	(13,296,175)	(13,268,348)
General revenues					
Governmental activities					
Taxes	6,453,026	6,510,243	6,546,399	6,619,143	6,772,391
Intergovernmental	6,760,439	7,236,273	7,370,459	7,586,940	7,593,855
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	34,292	32,311	76,358	46,324	111,352
Miscellaneous	63,948	19,324	27,889	25,208	180,639
Special items	-	-	-	-	-
Transfers	(89,635)	(89,635)	(29,689)	-	-
Total governmental activities general revenues	13,222,070	13,708,516	13,991,416	14,277,615	14,658,237
Business-type activities					
Transfers	89,635	89,635	29,689	-	-
Total business-type activities general revenues	89,635	89,635	29,689	-	-
Total primary government general revenues	13,311,705	13,798,151	14,021,105	14,277,615	14,658,237
Changes in net position					
Governmental activities	2,148,970	2,133,925	1,664,770	678,814	1,216,770
Business-type activities	255,875	363,663	256,887	302,626	173,119
Total primary government changes in net position	\$ 2,404,845	\$ 2,497,588	\$ 1,921,657	\$ 981,440	\$ 1,389,889

## TEN YEAR SUMMARY

	2008	2009	2010	2011	2012
General fund					
Nonspendable	\$ 196,789	\$ 156,652	\$ 164,631	\$ 67,277	\$ 27,323
Restricted	-	-	-	-	41,502
Committed	-	-	-	-	1,000,000
Assigned	-	-	129,240	36,692	3,624
Unassigned	3,331,866	3,030,772	2,713,853	3,403,669	4,910,291
Total general fund	<u>3,528,655</u>	<u>3,187,424</u>	<u>3,007,724</u>	<u>3,507,638</u>	<u>5,982,740</u>
All other governmental funds					
Restricted reported in:					
Special revenue	3,355,469	3,536,137	3,937,810	3,303,553	3,276,025
Debt service	1,610,966	1,731,562	1,954,979	1,728,541	215,934
Capital projects	8,039,417	3,184,219	1,851,319	1,722,123	1,598,860
Nonmajor funds					-
Total all other governmental funds	<u>13,005,852</u>	<u>8,451,918</u>	<u>7,744,108</u>	<u>6,754,217</u>	<u>5,090,819</u>
Total governmental funds	<u>\$ 16,534,507</u>	<u>\$ 11,639,342</u>	<u>\$ 10,751,832</u>	<u>\$ 10,261,854</u>	<u>\$ 11,073,559</u>
	2013	2014	2015	2016	2017
General fund					
Nonspendable	\$ 28,156	\$ 13,600	\$ 19,338	\$ 21,198	\$ 170,222
Restricted	-	-	-	-	-
Committed	1,000,000	-	-	-	-
Assigned	279,584	56,086	63,406	18,579	8,733
Unassigned	5,106,299	4,938,950	5,321,563	5,656,100	6,476,077
Total general fund	<u>6,414,039</u>	<u>5,008,636</u>	<u>5,404,307</u>	<u>5,695,877</u>	<u>6,655,032</u>
All other governmental funds					
Restricted reported in:					
Special revenue	3,353,698	3,369,723	3,626,143	3,924,142	2,393,777
Debt service	2,199,838	2,633,372	2,366,070	2,780,287	2,628,207
Capital projects	11,130,100	16,010,640	22,928,457	15,244,076	11,690,011
Nonmajor funds	26,583	20,802	26,588	31,270	32,888
Total all other governmental funds	<u>16,710,219</u>	<u>22,034,537</u>	<u>28,947,258</u>	<u>21,979,775</u>	<u>16,744,883</u>
Total governmental funds	<u>\$ 23,124,258</u>	<u>\$ 27,043,173</u>	<u>\$ 34,351,565</u>	<u>\$ 27,675,652</u>	<u>\$ 23,399,915</u>



	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>	<b>13,692,254</b>	<b>13,296,672</b>	<b>13,079,548</b>	<b>14,489,184</b>	<b>14,797,126</b>
<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>	<b>14,997,717</b>	<b>18,191,837</b>	<b>13,907,303</b>	<b>14,889,526</b>	<b>22,039,323</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>643,993</b>	<b>-</b>	<b>(59,757)</b>	<b>(89,635)</b>	<b>8,053,901</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (661,470)</b>	<b>\$ (4,895,166)</b>	<b>\$ (887,509)</b>	<b>\$ (489,977)</b>	<b>\$ 811,704</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>25.82%</b>	<b>21.66%</b>	<b>21.68%</b>	<b>22.71%</b>	<b>49.97%</b>

## CITY OF MAUMELLE, ARKANSAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS, 2013 - 2017  
TEN YEAR SUMMARY

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017
<b>REVENUES</b>					
General Property Tax	\$ 4,692,978	\$ 4,891,881	\$ 4,942,983	\$ 5,013,729	\$ 5,180,353
Licenses and Permits	238,457	178,569	194,507	198,239	224,725
Intergovernmental	6,754,513	7,102,794	7,345,329	7,564,113	7,546,796
Charges for Services	1,173,889	1,209,341	1,242,101	1,230,901	1,321,616
Fines	248,654	208,835	180,701	150,480	128,636
Utility Franchise Fees	1,523,220	1,570,890	1,713,632	1,629,326	1,603,499
Investment Income	34,292	32,311	76,358	46,324	111,352
Miscellaneous	331,681	396,211	159,452	417,271	1,290,988
<b>TOTAL REVENUES</b>	<b>14,997,684</b>	<b>15,590,832</b>	<b>15,855,063</b>	<b>16,250,383</b>	<b>17,407,965</b>
<b>EXPENDITURES</b>					
Administrative services	1,649,319	1,589,947	1,633,764	1,654,014	1,455,927
Public works and streets	1,376,828	1,488,629	1,425,756	1,599,179	2,181,883
Parks and recreation	1,720,079	1,709,376	1,734,106	1,728,967	1,909,581
Public safety	4,804,762	4,999,907	5,252,468	5,583,862	6,005,885
Debt service, general	248,133	201,932	372,372	119,859	117,526
Debt service, principal	515,000	2,045,000	13,635,000	1,815,000	2,445,000
Debt service, interest	370,863	477,113	703,275	796,546	762,903
Other	879,339	882,145	885,997	873,291	871,889
Capital outlay	1,836,499	3,799,505	2,598,203	8,755,578	5,968,210
<b>TOTAL EXPENDITURES</b>	<b>13,400,822</b>	<b>17,193,554</b>	<b>28,240,941</b>	<b>22,926,296</b>	<b>21,718,804</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>10,453,837</b>	<b>5,521,627</b>	<b>19,694,272</b>	<b>-</b>	<b>35,102</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 12,050,699</b>	<b>\$ 3,918,905</b>	<b>\$ 7,308,394</b>	<b>\$ (6,675,913)</b>	<b>\$ (4,275,737)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>7.66%</b>	<b>18.83%</b>	<b>55.92%</b>	<b>18.43%</b>	<b>20.37%</b>

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Unrestricted Investment			
				Taxes	Earnings	Miscellaneous	
2008	3,432,695	42,956	712,191	10,625,866	426,083	-	15,239,791
2009	3,293,201	19,736	424,313	10,916,033	103,175	-	14,756,458
2010	2,720,011	41,761	8,661	11,333,894	(36,664)	-	14,067,663
2011	2,888,695	35,570	132,393	12,620,348	51,100	-	15,728,106
2012	2,742,159	28,038	319,099	12,691,408	59,796	-	15,840,500
2013	2,916,426	50,451	263,547	13,213,465	34,292	63,948	16,542,129
2014	2,975,390	6,614	274,784	13,746,516	32,311	19,324	17,054,939
2015	2,938,772	200,013	31,000	13,916,858	76,358	27,889	17,190,890
2016	2,897,124	294,908	-	14,206,083	46,324	25,208	17,469,647
2017	3,430,823	708,218	-	14,366,246	111,352	180,639	18,797,278

## TEN YEAR SUMMARY

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
2008	8,467,295	979,491	1,246,930	643,590	286,443	2,068,505	13,692,254
2009	8,046,697	876,563	1,246,067	743,071	195,920	2,188,354	13,296,672
2010	7,995,589	808,127	1,289,776	505,631	182,389	2,298,036	13,079,548
2011	9,361,159	780,170	1,365,013	484,918	197,808	2,300,116	14,489,184
2012	9,881,256	746,709	1,299,413	476,463	193,820	2,199,465	14,797,126
2013	9,800,044	685,484	1,401,638	488,405	248,654	2,373,459	14,997,684
2014	10,021,650	814,812	1,676,971	394,529	208,835	2,474,045	15,590,842
2015	10,262,962	876,709	1,680,109	365,392	180,701	2,489,190	15,855,063
2016	10,650,076	888,503	1,689,477	342,398	150,480	2,529,449	16,250,383
2017	11,603,913	848,545	1,752,220	473,071	128,636	2,601,580	17,407,965

## TEN YEAR SUMMARY

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
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	13,296,669
2010	11,351,192	197,769	1,313,758	50,422	182,389	(36,644)	20,661	13,079,550
2011	12,493,956	227,318	1,265,088	167,962	197,808	51,100	85,952	14,489,185
2012	12,748,412	184,493	1,223,172	343,137	193,820	59,796	44,296	14,797,126
2013	12,970,711	238,457	1,173,889	190,494	248,654	34,292	141,187	14,997,684
2014	13,565,565	178,569	1,209,341	374,779	208,835	32,311	21,442	15,590,842
2015	14,001,944	194,507	1,242,101	131,563	180,701	76,358	27,889	15,855,063
2016	14,207,168	198,239	1,230,901	392,063	150,480	46,324	25,208	16,250,383
2017	14,330,648	224,725	1,321,616	1,135,966	128,636	111,352	155,022	17,407,965

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	13.7	270,251,555	69,298,913	5,548,579	345,099,047	1,725,495,235	20%
2009	13.7	283,071,262	65,302,108	5,536,299	353,909,669	1,769,548,345	20%
2010	13.7	292,184,084	62,459,110	5,772,040	360,415,234	1,802,076,170	20%
2011	13.7	297,737,589	66,662,505	5,792,370	370,192,464	1,850,962,320	20%
2012	13.7	297,008,389	69,867,860	6,510,240	373,386,489	1,866,932,445	20%
2013	13.7	304,328,429	78,629,700	7,488,770	390,446,899	1,952,234,495	20%
2014	13.7	308,890,232	75,712,242	5,748,015	390,350,489	1,951,752,445	20%
2015	13.7	317,230,330	78,267,665	5,906,560	401,404,555	2,007,022,775	20%
2016	13.7	323,329,626	86,968,830	5,769,700	416,068,156	2,080,340,780	20%
2017	13.7	326,853,984	89,540,215	5,633,345	422,027,544	2,110,137,720	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	Operating Millage	Library Millage	Total	Total	Total	Total
	Millage						
2008	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2009	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2010	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2011	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2012	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2013	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2014	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2015	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2016	6.60	5.00	2.10	13.70	8.50	40.70	62.90
2017	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	2017 Assessed Valuation	2017 Rank	Percentage of Total Assessed Valuation	2008 Assessed Valuation	2008 Rank
Ace Hardware Corp	Distribution warehouse	\$ 4,120,690	1	0.98%	\$ 2,765,662	4
Molex Incorporated	Computer cabling	2,926,000	2	0.69%	4,200,052	2
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,930,000	3	0.69%	2,889,213	3
Scholastic Distribution	Distribution warehouse	2,143,640	4	0.51%	2,755,760	5
Kimberly-Clark	Baby wipe manufacturer	2,101,360	5	0.50%	1,673,827	7
Maumelle Housing Association Ltd	Multi-unit housing	1,995,840	6	0.47%	2,230,552	6
The Villa at Riverpointe	Multi-unit housing	1,872,460	7	0.44%		
Kroger Limited Partnership	Retail grocery store	1,492,320	8	0.35%		
Frostyair of Arkansas, Inc	Distribution warehouse	1,291,970	9	0.31%	1,446,682	8
Gables of Maumelle Apartment	Multi-unit housing	1,087,020	10	0.26%		
R E McElroy, Inc.	Real estate investments				4,487,452	1
BCC Maumelle Realty LLC	Multi-unit housing				1,249,766	9
Pulaski County	Government				1,239,650	10
		<u>\$ 21,961,300</u>		<u>5.20%</u>	<u>\$ 24,938,616</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
2008	4,429,340	3,725,744	84.12%	59,670	3,785,414	85.46%
2009	4,213,148	3,961,611	94.03%	90,839	4,052,450	96.19%
2010	5,064,449	4,640,583	91.63%	169,607	4,810,190	94.98%
2011	4,831,040	4,329,875	89.63%	218,528	4,548,403	94.15%
2012	4,872,718	4,395,765	90.21%	186,912	4,582,677	94.05%
2013	5,095,353	4,432,993	87.00%	214,922	4,647,915	91.22%
2014	5,094,563	4,549,513	89.30%	208,803	4,758,316	93.40%
2015	5,238,348	4,670,207	89.15%	193,528	4,863,735	92.85%
2016	6,526,304	6,003,793	91.99%	504,262	6,508,055	99.72%
2017	6,153,341	5,180,353	84.19%	170,563	5,350,916	86.96%
Total Collections- Last Ten Fiscal Years					<u>\$ 51,808,458</u>	
Total Collections to Date					<u>\$ 75,118,578</u>	

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

Source: Pulaski County Treasurer

## TEN YEAR SUMMARY

Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total General Expenditures	Percentage of Debt Service to Total General Expenditures
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	2,940,646	22,039,323	19.75%
2013	515,000	370,863	885,863	13,400,822	4.02%
2014	2,045,000	477,113	2,522,113	17,193,554	14.67%
2015	13,635,000	703,275	14,338,275	28,240,941	50.77%
2016	1,815,000	796,546	2,611,546	22,926,296	11.39%
2017	2,445,000	762,903	3,207,903	21,718,804	14.77%

\*Series 2005 and 2007 bonds refunded

Year	Governmental Activities				Business-Type Activities	Total	Assessed Value <sup>2</sup>	Percentage of Assessed Value
	General Obligation	Revenue	Capital	Notes	Notes	Primary		
	Bonds	Bonds	Leases	Payable	Payable	Government		
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	345,099,047	4.14
2010	4,030,000	8,251,250	-	-	351,804	12,281,250	353,909,669	3.47
2011	1,715,000	8,161,250	-	-	276,659	10,152,909	370,192,464	2.74
2012	-	8,081,082	-	-	198,047	8,279,129	373,386,489	2.22
2013	9,699,821	7,869,319	428,168	-	115,739	18,113,047	390,446,899	4.64
2014	13,415,000	7,655,528	321,126	-	29,545	21,421,199	390,350,489	5.49
2015	19,575,682	7,438,345	214,084	-	-	27,228,111	401,404,555	6.78
2016	17,919,257	7,216,162	107,042	-	-	25,242,461	416,068,156	6.07
2017	15,040,000	7,040,000	-	-	-	22,080,000	422,027,544	5.23

Year	Population <sup>1</sup>	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
2008	19,853	820.60	not available	not available
2009	16,705	855.05	45,215	0.32%
2010	17,163	715.57	45,646	0.37%
2011	17,163	591.56	37,168	0.37%
2012	17,577	471.02	37,594	0.45%
2013	17,736	1,021.26	37,453	0.21%
2014	17,736	1,207.78	37,850	0.18%
2015	17,736	1,535.19	36,948	0.14%
2016	18,122	1,392.92	39,577	0.16%
2017	18,214	1,212.25	40,264	0.18%

*Data Sources:*<sup>1</sup> The Gadberry Group and US Census Bureau<sup>2</sup> Pulaski County Treasurer's Office

Year	Population	Assessed Value <sup>3</sup>	Accumulated Resources Restricted Payment of general bonded debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008	19,853 <sup>1</sup>	345,099,047	1,243,054	14,923,196	4.32	751.68
2009	16,705 <sup>1</sup>	353,909,669	1,371,244	12,870,006	3.64	770.43
2010	17,163 <sup>2</sup>	360,415,234	1,485,117	10,796,133	3.00	629.04
2011	17,163 <sup>2</sup>	370,192,464	1,352,430	8,391,133	2.27	488.91
2012	17,577 <sup>2</sup>	373,386,489	290,125	6,728,652	1.80	382.81
2013	17,736 <sup>2</sup>	390,446,899	2,242,305	7,579,194	1.94	427.33
2014	17,736 <sup>2</sup>	390,350,489	2,675,836	19,149,349	4.91	1,079.69
2015	17,736 <sup>2</sup>	401,404,555	2,395,185	24,552,275	6.12	1,384.32
2016	18,122 <sup>3</sup>	416,068,156	2,804,402	22,438,059	5.39	1,238.17
2017	18,214 <sup>4</sup>	422,027,544	2,652,322	19,427,678	4.60	1,066.63

## Data Sources:

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

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

DECEMBER 31, 2017

	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	\$ 22,080,000	100.0%	\$ 22,080,000
Pulaski County Special School District <sup>1</sup>	243,075,000	28.0%	68,061,000
Total	<u>\$ 265,155,000</u>		<u>\$ 90,141,000</u>

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

The percentage applicable to Maumelle was provided by Pulaski County Special School District.

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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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	\$ 422,027,544	
Debt limitation 20% of assessed value	84,405,509	
General obligation debt	(15,040,000)	
Less amount available in debt service fund	<u>2,652,322</u>	
Total amount of debt applicable to debt limitation		(12,387,678)
Legal debt margin		<u><u>\$ 72,017,831</u></u>

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

## TEN YEAR SUMMARY

Year	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
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	8,391,133	63,691,914	12%
2011	74,038,493	6,728,652	67,309,841	9%
2012	74,677,298	7,579,194	67,098,104	10%
2013	78,089,380	7,457,516	70,631,864	10%
2014	78,070,098	11,039,164	67,030,934	14%
2015	80,280,911	17,180,498	63,100,413	21%
2016	83,213,631	15,114,855	68,098,776	18%
2017	84,405,509	12,387,678	72,017,831	15%

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

## TEN YEAR SUMMARY

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Franchise Tax Received	\$ 1,366,197	\$ 1,431,804	\$ 1,476,838	\$ 1,495,036	\$ 1,559,277	\$ 1,523,220	\$ 1,570,890	\$ 1,713,632	\$ 1,629,326	\$ 1,603,499
2003 Revenue Bonds:										
Principal (\$)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Interest (\$)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Coverage (%)	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
2005 Revenue Bonds:										
Principal (\$)	80,000	85,000	85,000	90,000	4,261,250	*****	*****	*****	*****	*****
Interest (\$)	121,905	113,945	116,540	113,650	117,567	*****	*****	*****	*****	*****
Coverage (%)	3.38	7.20	7.33	7.34	0.36	*****	*****	*****	*****	*****
2007 Revenue Bonds:										
Principal (\$)	****	****	****	****	5,615,000	*****	*****	*****	*****	*****
Interest (\$)	254,171	254,171	254,171	254,171	191,334	*****	*****	*****	*****	*****
Coverage (%)	5.38	5.63	5.81	5.88	0.27	*****	*****	*****	*****	*****
2012 Revenue Bonds:										
Principal (\$)	-	-	-	-	160,000	215,000	215,000	220,000	225,000	230,000
Interest (\$)	-	-	-	-	137,986	274,372	272,422	267,923	263,523	259,023
Coverage (%)	-	-	-	-	5.23	3.11	3.22	3.51	3.34	3.28

\*\* 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.

\*\*\*\*\* Bonds were issued in 2013.

\*\*\*\*\* Bonds were refunded in 2012.



## TEN YEAR SUMMARY

Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Median Age <sup>1</sup>	Education Level In years of Formal Schooling <sup>2</sup>	School Enrollment <sup>2</sup>	Unemploy- ment Rate <sup>3</sup>
2008	19,853	not available	not available	36.8	18	5,219	4.4
2009	16,705	755,316,575	45,215	36.9	18	4,391	7.3
2010	17,163	783,422,298	45,646	37.5	18	4,511	7.8
2011	17,163	637,914,384	37,168	37.5	18	4,511	6.9
2012	17,577	660,789,738	37,594	37.4	18	4,306	6.6
2013	17,736	664,266,408	37,453	35.9	18	4,772	6.9
2014	17,736	671,307,600	37,850	35.9	18	4,772	5.9
2015	17,736	655,309,728	36,948	34.6	18	5,068	5.7
2016	18,122	717,214,394	39,577	34.6	18	5,068	5.7
2017	18,214	733,368,496	40,264	39.5	18	4,823	3.7

## Data Sources:

<sup>1</sup> The Gadberry Group and US Census Bureau<sup>2</sup> Census State Data Center, Institute for Economic Advancement, College of Business Administration, University of Arkansas at Little Rock<sup>3</sup> Arkansas Department of Workforce Services

## CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Molex LRC Business Unit	950	1	27.1%	1,000	1	28.6%
Dillard's Internet Fulfillment Center	402	2	11.5%			
Kimberly Clark Corporation	254	3	7.3%			
Ace Hardware	240	4	6.9%	260	3	7.4%
BEI Precision Systems & Space	188	5	5.4%	165	5	4.7%
Molex HPC Business Unit	170	6	4.9%	175	4	5.0%
Pepsi	155	7	4.4%			
Cintas Corporation	130	8	3.7%	165	6	4.7%
Leisure Arts	100	9	2.9%			
Lamb & Associates Packaging	81	10	2.3%	75	7	2.1%
Target Southern Distribution Center				550	2	15.7%
Plastic Ingenuity, Inc.				60	8	1.7%
Claudias Canine Cuisine				51	9	1.5%
Ink Enterprises, Inc.				50	10	1.4%

Source: City of Maumelle Community and Economic Development Department

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

Function	2013	2014	2015	2016	2017
Administrative Services	12	15	15	13	15
Public works	24	23	31	30	31
Legal and judicial	4	4	5	4	3
Parks and recreation	28	30	35	35	26
Public safety	73	77	77	78	78
Community and economic development	9	9	8	9	8
Sanitation	12	12	12	15	15
Totals	162	170	183	184	176

Source: City of Maumelle Human Resources Department

## EIGHT YEAR SUMMARY\*

Function	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>								
Number of uniformed employees	27	29	30	31	32	33	35	37
Service calls	4,839	5,702	7,868	8,196	8,177	10,118	11,779	12,580
Arrests	521	940	1,078	1,019	1,019	920	925	913
Traffic stops	2,134	2,260	3,239	3,955	4,014	2,363	2,287	2,895
Traffic citations	737	754	767	1,107	990	617	501	637
Training man hours	436	691	1,216	3,063	1,976	3,064	2,078	5,136
<b>Fire</b>								
Number of uniformed employees	21	26	26	26	29	29	32	36
Fires	53	44	59	53	57	68	45	58
Rescue, emergency medical calls	1,043	1,057	1,170	1,041	1,095	1,032	977	1,009
Hazardous condition, standby	29	23	28	29	44	40	33	48
Service calls	102	139	131	124	130	147	159	153
Good intent calls	87	81	103	121	78	109	110	59
False alarm calls	89	132	115	118	133	230	117	106
Natural disaster calls	6	25	11	11	7	14	1	3
Other calls	12	18	35	18	5	11	177	104
Total calls	1,421	1,519	1,652	1,515	1,549	1,651	1,619	1,540
<b>Animal Control</b>								
Number of uniformed employees	4	5	5	5	6	6	6	6
Number of animals taken into custody	600	583	620	824	817	725	606	667
Service calls	3,650	4,761	4,977	5,122	6,138	6,164	7,716	5,773
<b>Parks and Recreation</b>								
Pool attendance	2,249	2,465	2,754	2,883	2,440	2,099	1,837	2,092
Participants in youth league sports <sup>2</sup>	72	60	72	60	70	80	80	80
Participants in adult league sports	906	888	802	948	998	927	970	941
<b>Garbage Collections</b>								
Monthly service rate	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Curbside recycling tonnage	204	251	279	290	543	521	502	574
Yard waste cubic yardage	5,125	5,475	5,075	5,300	5,125	4,350	4,250	4,540
Class I tonnage	5,014	5,124	5,059	5,287	5,200	4,892	4,924	5,000
<b>Code Enforcement/Building Permits</b>								
Total building permits issued <sup>1</sup>	956	944	1,213	99	101	1,412	1,726	2,701
New commercial permits	4	2	11	5	3	9	4	3
Commercial construction value	\$ 12,197,265	\$ 5,815,405	\$ 23,257,660	\$ 5,971,260	\$ 3,876,900	\$ 29,044,990	\$ 21,138,745	\$ 5,796,342
New residential permits	85	90	76	76	98	35	53	60
Residential construction value	\$ 24,756,821	\$ 25,340,718	\$ 22,465,018	\$ 22,943,787	\$ 21,565,694	\$ 9,792,502	\$ 17,162,109	\$ 15,583,358

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 eight years of information readily available.

## TEN YEAR SUMMARY

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highways and streets										
Streets (#)	358	364	364	364	364	364	364	364	364	426
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	24	25	25	25	25	25	25	25
Swimming pools	1	1	1	1	1	1	1	1	1	1
Public safety										
Stations (Police & Fire)	1	1	3	3	3	3	3	3	3	3
Police patrol units	24	23	24	28	31	32	30	30	30	33
Fire trucks	3	3	4	4	4	4	4	3	3	3
Sanitation										
Collection trucks	7	7	9	9	9	9	9	9	9	9

Source: City of Maumelle Capital Asset records

## COMPLIANCE SECTION



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

To the 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, 2017, and the related notes to the financial statements, which collectively comprise the City of Maumelle, Arkansas's basic financial statements, and have issued our report thereon dated January 31, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Maumelle, Arkansas'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 of Maumelle, Arkansas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Maumelle, Arkansas's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Maumelle, Arkansas'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Craft, Veach & Company*

Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
January 31, 2019





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Maumelle, Arkansas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Maumelle, Arkansas's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City of Maumelle, Arkansas complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

**Report on Internal Control over Compliance**

Management of the City of Maumelle, Arkansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
January 31, 2019



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

To the City Council  
City of Maumelle, Arkansas

We have examined management's assertions that the City of Maumelle, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2017.

- (1) Arkansas Municipal Accounting Law, § 14-59-101 et seq.;
- (2) Arkansas District Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, § 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and § 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, § 19-8-101 – § 19-8-107.

Management is responsible for the City of Maumelle, Arkansas's compliance with those requirements. Our responsibility is to express an opinion on the City of Maumelle, Arkansas's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Maumelle, Arkansas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Maumelle, Arkansas's compliance with specified requirements.

In our opinion, the City of Maumelle, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2017.

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

Craft, Veach & Company, PLC  
North Little Rock, Arkansas  
January 31, 2019

<u>Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Justice</u>				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program				
Pass-through from Arkansas Department of Finance and Administration	16.738	16-895-16L	\$ -	\$ 3,500
<b>Total U.S. Department of Justice</b>			-	3,500
<u>U.S. Department of Transportation</u>				
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
Highway Planning and Construction				
Pass-through from Arkansas Highway and Transportation Department	20.205	Job 61190	-	656,151
Pass-through from Arkansas Highway and Transportation Department	20.205	Job 61469	-	448,734
Total HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			-	1,104,885
<b>Total U.S. Department of Transportation</b>			-	1,104,885
<u>U.S. Environmental Protection Agency</u>				
Regional Wetland Program Development Grants	66.461	N/A	-	165,155
<b>Total U.S. Environmental Protection Agency</b>			-	165,155
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,273,540

**Notes to the Schedule:***Note 1. Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Maumelle, Arkansas under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*Note 2. Summary of Significant Accounting Policies*

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain type of expenditures are not allowable or are limited as to

*Note 3. Indirect Cost Rates*

The City has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**SUMMARY OF AUDITOR'S RESULTS****FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ NoSignificant deficiency(ies) identified not considered to  
be a material weakness(es)?☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ NoSignificant deficiency(ies) identified not considered to  
be a material weakness(es)?☐ Yes ☒ None reportedAny audit findings disclosed that are required to be reported  
in accordance with the Uniform Guidance?☐ Yes ☒ None reported

Identification of major programs:

Name of Federal Program or ClusterCFDA Number

Highway Planning and Construction Cluster:

Highway Planning and Construction (Federal-Aid Highway Program)

20.205

Type of auditor's report issued on compliance for major programs:

UnmodifiedDollar threshold used to distinguish between Type A and Type B  
programs as those terms are defined in the Uniform Guidance:\$750,000Organization qualified as a low-risk auditee as that term  
is defined in the Uniform Guidance?☐ Yes ☒ No

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**Findings required to be reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
None	

**Findings required to be reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
None		

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**Findings required to be reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
None		

**Findings required to be reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>	<b>Status</b>
	A Uniform Guidance audit was not required for the year ended December 31, 2016.	