



CITY OF MAUMELLE, ARKANSAS

Annual Comprehensive Financial Report

For the Year Ended December 31, 2018

Prepared by:

**Liz Mathis
Director of Finance**

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

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INTRODUCTORY SECTION



February 7, 2021

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

In accordance with state law, this Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report for the City of Maumelle, Arkansas, for the fiscal year ended December 31, 2018.

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, 2018, 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 unmodified opinion that the City's financial statements for the fiscal year ending December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Maumelle

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

The City of Maumelle is formed in the Mayor-Council form of government. Policymaking and legislative authority are vested in a governing body consisting of the Mayor and eight Aldermen. The governing body is responsible, among other things, for adopting the annual budget, appointing committees, and for setting policy

and enacting laws for the City. The Mayor is responsible for carrying out the policies and ordinances of the governing Council, for overseeing the day-to-day operations of the government and for appointing the heads of various departments. The Mayor presides over the Council meetings without voting rights; however, the Mayor can cast a positive vote in order to break a tie and can be counted to establish a quorum. The Mayor is elected by the city, at large, for a term of four years. The Council members are elected by the city in wards for staggering four year terms. The City of Maumelle provides a full range of services including police and fire protection; animal control; planning and zoning; sanitation services; parks and recreation; district court; public works and streets; and general administrative services.

The annual budget serves as the basis for the City of Maumelle's financial planning and control. All departments are required to submit requests for appropriations to the Mayor. The Mayor uses these requests as a starting point for developing a proposed budget. The proposed budget is presented to the city council for review prior to December 1 of each year. Prior to adoption, the budget is discussed in an open forum to review the presentation and to obtain department 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 at the first council meeting in December. The budget is prepared by fund and department (legal level of control). Department heads may request transfers within the department, subject to the Mayor's approval. Transfers between departments require the adoption of a Resolution by Council. The budget to actual comparisons for the General Fund and Street Fund are presented on pages 16-17 of this report.

Factors Affecting Financial Condition

Local Economy

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

Long-term financial planning

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

Relevant financial policies

Ordinance No. 438 was adopted in November of 2002. It sets the appropriate level of unassigned general fund balance to be maintained by the City, which is 20 percent of the current year's 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 \$684,658, in 2018.

Major initiatives

- Ground-breaking ceremony for the White Oak Crossing Interchange at I-40
- Kimberly-Clark Corporation's completion of renovations to their facility.
- Molex-LRC completed a major renovation to a portion of the facility in anticipation for the manufacturing of a new popular healthcare product
- The City began working with Entergy's business development group and the property owners to have a 121-acre site in the industrial park recognized as a "Certified Site." Once completed and recognized, this will greatly improve the marketability of the site to industrial prospects.

- The City of Maumelle partnered with Metro Little Rock Alliance to host a Familiarization tour for non-local site selection consultants.
- The City of Maumelle partnered with the Maumelle Area Chamber of Commerce to produce two short films—one for retail and small business.
- In 2018, the majority of Woodland Drive and a portion of Stoneledge were milled and overlaid—a much needed improvement for a street connecting Odom North and Edgewood Drive. (completed in early 2019)
- The new Pierce Fire Engine for Fire Station 1 was delivered at the end of January 2018 and its addition to the fleet has proven to be a true asset to the department and the City.
- In 2018 the City of Maumelle hosted the Arkansas City Clerk Recorders Treasurers Association Workshop

Acknowledgements

The preparation of the Annual Comprehensive Financial Report is a team effort performed by the entire Finance Department. We would like to express our sincere appreciation to each and every staff member with a big “Thank You” for a job well done.

We would like to acknowledge the thorough and professional manner in which Craft, Veach and Company, PLC conducted the annual audit.

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



Liz Mathis
Director of Finance

DECEMBER 31, 2017

OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

Elected Officials

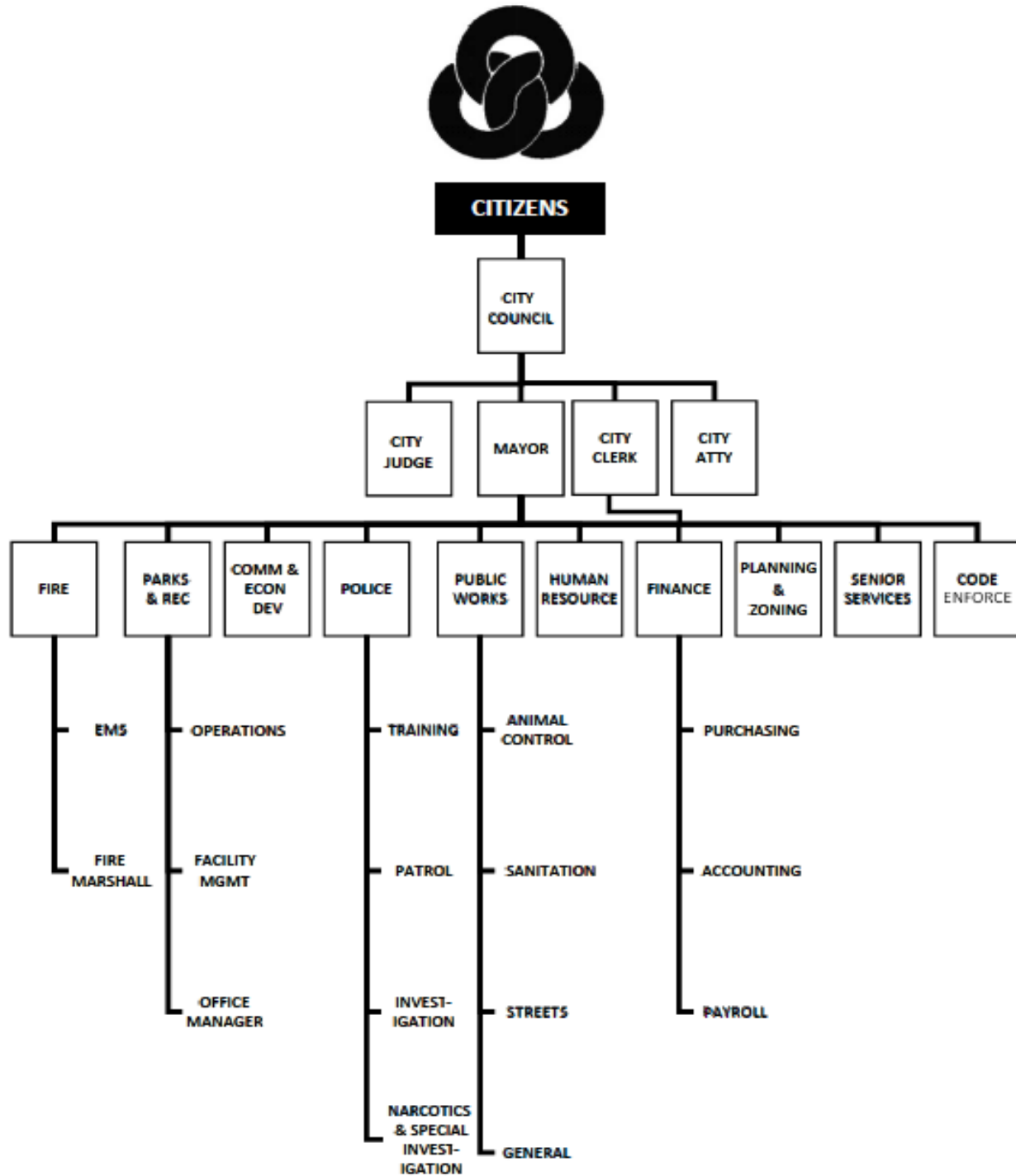
Michael Watson	Mayor
Steve Mosley	Ward 1, Position 1
Ken Saunders	Ward 1, Position 2
Marc Kelley (thorough January 31, 2018)	Ward 2, Position 1
Marion Scott-Coney (beginning March, 1, 2018)	Ward 2, Position 1
Rick Anderson	Ward 2, Position 2
Terry Williams	Ward 3, Position 1
Gloria Timmons	Ward 3, Position 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
David Gershner	Planning Commission
Tony Wilson	Public Facilities Board

DECEMBER 31, 2018

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, 2018, 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, 2018, 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 3-9, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date on page 55, and the Schedule of Plan Contributions on page 56, 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 47-53, and statistical section on pages 58-82, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 48-53 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 February 7, 2022, 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
February 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Maumelle (the "City"), provides this Management's Discussion and Analysis. This narrative overview of the City's financial activities is for the year ended December 31, 2018. We encourage readers to consider the information presented in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources as of December 31, 2018 by \$54,060,934 (presented as net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,141,944, an increase of \$742,029, due to the excess revenues over expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,806,446, or 48 percent of total general fund expenditures.
- The City's total debt increased by \$11,780,668 due to the Series 2018 Bonds totaling \$13,915,000 added 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four 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 when 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 such as uncollected property taxes and earned but unused compensated absences.

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 (financial and administration), public safety, highways and streets, community development, and parks and recreation. The business-type activities of the City include sanitation services.

The government-wide financial statements can be found on pages 10-11 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 current sources and uses 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 12-17 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 18-20 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 fund 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 21 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 22-46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information and additional financial schedules. These can be found on pages 47-82 of this reporting package.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table looks at the City as a whole and provides a summary of its net position for 2018 compared to 2017:

**CITY OF MAUMELLE
NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 29,491,422	\$ 25,258,777	\$ 1,284,441	\$ 1,466,930	\$ 30,775,863	\$ 26,725,707
Capital assets	64,810,373	50,968,677	986,143	869,660	65,796,516	51,838,337
Total assets	94,301,795	76,227,454	2,270,584	2,336,590	96,572,379	78,564,044
Total deferred outflows of resources	4,469,579	3,514,183	-	-	4,469,579	3,514,183
Long-term liabilities	44,938,589	29,108,786	15,775	10,456	44,954,364	29,119,242
Other liabilities	1,094,604	2,570,728	259,816	65,234	1,354,420	2,635,962
Total liabilities	46,033,193	31,679,514	275,591	75,690	46,308,784	31,755,204
Total deferred inflows of resources	672,240	815,513	-	-	672,240	815,513
Net position:						
Net investment in capital assets	52,714,227	40,843,124	986,143	869,660	53,700,370	41,712,784
Restricted	4,311,506	2,450,092	-	-	4,311,506	2,450,092
Unrestricted	(4,959,792)	8,088,067	1,008,850	1,391,240	(3,950,942)	9,479,307
Total net position	<u>\$ 52,065,941</u>	<u>\$ 51,381,283</u>	<u>\$ 1,994,993</u>	<u>\$ 2,260,900</u>	<u>\$ 54,060,934</u>	<u>\$ 53,642,183</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$684,658 as of the end of December 31, 2018. The largest portion of the City's net position (\$52,714,227) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. 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 its 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.

An additional portion of the City's net position, \$4,311,506 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$(4,959,792) is unrestricted and is a deficit balance due primarily to the net pension and other post employment benefit liabilities recorded at year end.

ANALYSIS OF THE CITY'S OPERATIONS

The following table provides a summary of the City's operations for the year ended December 31, 2018 and 2017.

CITY OF MAUMELLE CHANGES IN NET POSITION						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	1,239,735	2,102,725	1,000,052	1,328,098	2,239,787	3,430,823
Operating grants and contributions	31,075	708,218	-	-	31,075	708,218
Capital grants and contributions	83,336	-	-	-	83,336	-
General revenues:						
Property taxes	5,157,817	5,182,112	-	-	5,157,817	5,182,112
Sales taxes	3,720,449	-	-	-	3,720,449	-
Franchise taxes	1,723,625	1,590,279	-	-	1,723,625	1,590,279
Intergovernmental*	5,666,151	7,593,855	-	-	5,666,151	7,593,855
Miscellaneous	235,037	108,639	14,928	-	249,965	108,639
Unrestricted grants and contributions	-	-	-	-	-	-
Investment earnings	279,047	11,352	-	-	279,047	11,352
Total revenues	18,136,272	17,297,180	1,014,980	1,328,098	19,151,252	18,625,278
Expenses						
Administrative services	2,796,676	2,509,889	-	-	2,796,676	2,509,889
Highways and streets	2,149,105	2,732,397	-	-	2,149,105	2,732,397
Legal and judicial	302,373	290,300	-	-	302,373	290,300
Culture and recreation	2,101,299	2,005,254	-	-	2,101,299	2,005,254
Public safety	8,272,546	7,432,184	-	-	8,272,546	7,432,184
Economic development	591,620	588,815	-	-	591,620	588,815
Interest on long-term debt	947,885	683,087	-	-	947,885	683,087
Agent fees on long-term debt	12,714	10,484	-	-	12,714	10,484
Bond issuance costs	277,396	-	-	-	277,396	-
Sanitation	-	-	1,280,887	1,154,979	1,280,887	1,154,979
Total expenses	17,451,614	16,252,410	1,280,887	1,154,979	18,732,501	17,407,389
Increase in net position before transfers	684,658	1,216,770	(265,907)	173,119	418,751	1,389,889
Transfers	-	-	-	-	-	-
Change in net position	684,658	1,216,770	(265,907)	173,119	418,751	1,389,889
Net position - January 1	47,246,610	46,029,840	2,260,900	2,087,781	49,507,510	48,117,621
Prior period adjustment	4,134,673	-	-	-	4,134,673	-
Net position - December 31	52,065,941	47,246,610	1,994,993	2,260,900	54,060,934	49,507,510

* In prior year sales tax was reported as Intergovernmental revenue

Governmental Activities

Governmental activities increased the City's net position by \$684,658 for an ending balance of \$52,065,941. Governmental activities revenue increased by a \$839,092 (5 percent) from the previous year, while expenses increased by \$1,199,204 (7 percent).

Business-type Activities.

Business-type activities results for the current fiscal year decreased the City's overall net position by \$(265,907) to a total ending balance of \$1,994,993 for business type activities (sanitation). The decrease is the combined effect of reduced

revenues/collections and increased expenses.

FINANCIAL ANALYSIS OF GOVERNMENTAL 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 \$24,141,944 , an increase of 3 percent, in comparison, with the prior year. Approximately 24 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 (\$0), 2) restricted for particular purposes (\$18,326,546), or 3) assigned for particular purposes (\$8,952).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,806,446 and total fund balance was \$5,815,398 . 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 48 percent of total general fund expenditures, while total fund balance represents approximately 48 percent of that same amount. The General Fund's fund balance decreased by \$(839,634) related to an interfund transfer to the Street Fund correcting prior year grant revenues recorded in the wrong fund.

The Street Fund is a special revenue fund of the City in which the funds are restricted for specific purposes.. At the end of the current fiscal year, the restricted fund balance of the Street Fund was \$4,276,823. The Street Fund balance increased by \$1,883,046 related to the interfund transfer noted in the General Fund as well as an increase in Street Fund revenues which was greater than the increase in expenses.

General Fund Budgetary Highlights

Original budget compared to final budget

During the year, there were several amendments to the original budget in 2018. The General Fund budget was increased for across multiple departments related to a mid-year health insurance rate increase totaling \$49,737 (Resolution 2018-12), , Resolution 2018-09 amended administrative services by \$10,000 to cover the costs of the bond arbitrage, Resolution 2018-17 & 2018-20 increased the police department salaries budget \$109,567 to add two new Police Officers & two new Police Sergeants, Resolutions 2018-24 increased the Fire Department's capital budget by \$30,000 for a new brush truck.

Final budget compared to actual results

GENERAL FUND

Revenues- General fund revenues came in higher than budgeted. These increases were attributed to increases in city & county sales tax received.

Expenditures -All divisions come in under budget with expenditures totaling \$973,772 less than the amended budgeted expenditures.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$65,796,516 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, vehicles, and infrastructure. The total net increase in the City's investment in capital assets for the current fiscal year was \$13,958,179

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

- Increases in infrastructure for governmental activities totaling \$423,587
- Additions to governmental buildings totaling \$8,687,015
- Additions to governmental land of \$1,086,409
- Additions to governmental equipment totaling \$915,512
- Additions to construction in progress totaling \$4,926,322

City of Maumelle's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,736,172	\$ 7,649,763	\$ -	\$ -	\$ 8,736,172	\$ 7,649,763
Building	35,931,898	27,244,883	227,421	227,421	36,159,319	27,472,304
Equipment	12,238,652	11,517,883	2,308,297	2,113,554	14,546,949	13,631,437
Infrastructure	15,450,237	15,026,650	-	-	15,450,237	15,026,650
Construction in progress	19,346,533	14,420,211	-	-	19,346,533	14,420,211
	\$					
Accumulated Depreciation	\$ (26,893,119)	\$ (24,890,713)	(1,549,575)	\$ (1,471,315)	(28,442,694)	(26,362,028)
Total	\$ 64,810,373	\$ 50,968,677	\$ 986,143	\$ 869,660	\$ 65,796,516	\$ 51,838,337

Additional information on the City's capital assets can be found on pages 31-32 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt outstanding of \$33,580,000. The Series 2012 bonds are revenue bonds totaling \$6,760,000 secured solely by franchise fee revenue. The Series 2015 bonds are limited tax general obligation bonds totaling \$12,905,000. The Series 2018 Bonds are Sales Tax bonds totaling \$13,915,000

City of Maumelle's Outstanding Debt

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current Portion</u>
Governmental Activities					
Bonds:					
2012 Series	7,040,000	-	280,000	6,760,000	265,000
2015 Series	15,040,000	-	2,135,000	12,905,000	1,090,000
2018 Series	-	13,915,000	-	13,915,000	450,000
Plus Reoffering Premium	597,831	362,396	84,545	875,682	-
Less deferred issuance discounts	(51,021)	-	(2,817)	(48,204)	-
Total bonds payable	22,626,810	14,277,396	2,496,728	34,407,478	1,805,000

Total long-term bonds and notes payable outstanding at December 31, 2018 increased by \$11,780,668. The increase is related to the new 2018 Series Bond issuance. Additional information regarding the City's long-term debt can be found in *Note 10* of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETED RATES

The city of Maumelle has continued to experience growth in both population, economic development and revenues. The 2019 budget was approved with General Fund revenues showing an increase of 8% and a 6% revenue increase in the street fund. An appropriation from the fund balance was required but was \$346,470 less than the prior year's budget.

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, Maumelle, Arkansas 72113.

DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 9,198,473	\$ 917,169	\$ 10,115,642
Taxes receivable	6,065,134	-	6,065,134
Accounts receivable - net	188,100	361,163	549,263
Prepays	179,536	6,109	185,645
Due from other funds	49,530	-	49,530
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	13,810,649	-	13,810,649
Property, plant & equipment - net			
Land	8,736,172	-	8,736,172
Buildings	22,249,520	136,553	22,386,073
Equipment	3,228,164	849,590	4,077,754
Infrastructure	11,249,984	-	11,249,984
Construction in progress	19,346,533	-	19,346,533
TOTAL ASSETS	94,301,795	2,270,584	96,572,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - pensions	4,216,846	-	4,216,846
Deferred charge on refunding	252,733	-	252,733
TOTAL DEFERRED OUTFLOW OF RESOURCES	4,469,579	-	4,469,579
LIABILITIES			
Accounts payable	236,135	210,498	446,633
Payroll taxes payable	377	66	443
Other payroll withholdings payable	141,083	430	141,513
Accrued interest payable	346,263	-	346,263
Sales taxes payable	(13,218)	290	(12,928)
Unearned revenue	231,135	-	231,135
Payment in lieu	154,947	-	154,947
Due to other funds	(2,118)	48,532	46,414
Noncurrent liabilities:			
Due within one year	1,864,035	5,495	1,869,530
Due in more than one year	43,074,554	10,280	43,084,834
TOTAL LIABILITIES	46,033,193	275,591	46,308,784
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pensions	672,240	-	672,240
TOTAL DEFERRED INFLOWS OF RESOURCES	672,240	-	672,240
NET POSITION			
Net investment in capital assets	52,714,227	986,143	53,700,370
Restricted for:			
Municipal Court Automation	34,683	-	34,683
Special revenue funds - streets	4,276,823	-	4,276,823
Unrestricted	(4,959,792)	1,008,850	(3,950,942)
TOTAL NET POSITION	\$ 52,065,941	\$ 1,994,993	\$ 54,060,934

FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Program Revenues				Net (Expense), Revenue, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
Administrative services	\$ 2,796,676	\$ -	\$ 2,735	\$ 1,000	\$ (2,792,941)	\$ -	\$ (2,792,941)
Legal and judicial	302,373	142,669	-	-	(159,704)	-	(159,704)
Public safety	8,272,546	402,781	16,435	-	(7,853,330)	-	(7,853,330)
Highways and streets	2,149,105	546	11,905	82,336	(2,054,318)	-	(2,054,318)
Culture and recreation	2,101,299	435,322	-	-	(1,665,977)	-	(1,665,977)
Economic development	591,620	258,417	-	-	(333,203)	-	(333,203)
Interest on long-term debt	947,885	-	-	-	(947,885)	-	(947,885)
Agent fees on long-term debt	12,714	-	-	-	(12,714)	-	(12,714)
Bond Issuance Costs	277,396	-	-	-	(277,396)	-	(277,396)
Total governmental activities	17,451,614	1,239,735	31,075	83,336	(16,097,468)	-	(16,097,468)
Business-type activities:							
Sanitation	1,280,887	1,000,052	-	-	-	(280,835)	(280,835)
Total primary government	\$ 18,732,501	\$ 2,239,787	\$ 31,075	\$ 83,336	(16,097,468)	(280,835)	(16,378,303)
General revenues:							
Taxes:							
Property taxes					5,157,817	-	5,157,817
Utility franchise fees					1,723,625	-	1,723,625
Sales taxes					3,720,449	-	3,720,449
Intergovernmental - unrestricted					4,377,591	-	4,377,591
Intergovernmental - restricted					1,288,560	-	1,288,560
Miscellaneous					148,619	21,030	169,649
Gain (loss) on sales of capital assets					24,760	(6,102)	18,658
Investment Earnings:							
Investment income					279,047	-	279,047
Other revenue					61,658	-	61,658
Total general revenues and transfers					16,782,126	14,928	16,797,054
Change in net position					684,658	(265,907)	418,751
NET POSITION - BEGINNING					47,246,610	2,260,900	49,507,510
Prior period adjustment					4,134,673	-	4,134,673
NET POSITION - ENDING					\$ 52,065,941	\$ 1,994,993	\$ 54,060,934

DECEMBER 31, 2018

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 6,273,275	\$ 2,878,778	\$ 11,737	\$ -	\$ 34,683	\$ 9,198,473
Funds held by trustee	-	-	3,054,470	10,756,179	-	13,810,649
Taxes receivable	2,734,651	667,243	2,663,240	-	-	6,065,134
Accounts receivable - net	182,334	5,766	-	-	-	188,100
Due from other funds	101,552	1,311,238	13,351	2,337	-	1,428,478
Prepays	172,647	6,889	-	-	-	179,536
TOTAL ASSETS	<u>9,464,459</u>	<u>4,869,914</u>	<u>5,742,798</u>	<u>10,758,516</u>	<u>34,683</u>	<u>30,870,370</u>
LIABILITIES						
Accounts payable	205,585	30,550	-	-	-	236,135
Payroll taxes payable	320	57	-	-	-	377
Other payroll withholdings payable	140,702	381	-	-	-	141,083
Other accrued payables	(13,305)	87	-	-	-	(13,218)
Unearned Revenue-other	39,192	-	-	-	-	39,192
Payment in lieu	154,947	-	-	-	-	154,947
Due to other funds	1,290,114	28,566	49,202	8,948	-	1,376,830
TOTAL LIABILITIES	<u>1,817,555</u>	<u>59,641</u>	<u>49,202</u>	<u>8,948</u>	<u>-</u>	<u>1,935,346</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-Property tax	1,831,506	533,450	2,428,124	-	-	4,793,080
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,831,506</u>	<u>533,450</u>	<u>2,428,124</u>	<u>-</u>	<u>-</u>	<u>4,793,080</u>
FUND BALANCES						
Restricted	-	4,276,823	3,265,472	10,749,568	34,683	18,326,546
Assigned	8,952	-	-	-	-	8,952
Unassigned	5,806,446	-	-	-	-	5,806,446
TOTAL FUND BALANCES	<u>5,815,398</u>	<u>4,276,823</u>	<u>3,265,472</u>	<u>10,749,568</u>	<u>34,683</u>	<u>24,141,944</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,464,459</u>	<u>\$ 4,869,914</u>	<u>\$ 5,742,798</u>	<u>\$ 10,758,516</u>	<u>\$ 34,683</u>	<u>\$ 30,870,370</u>

Total fund balances - governmental funds	\$ 24,141,944
Amounts reported for governmental activities in the statement of net position are different because	
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds.	64,810,373
Net deferred inflows and outflows related to pensions	3,544,606
Long-term liabilities of, \$44,938,589 and related deferred charges on refunding of \$252,733 are not due and payable in the current year and therefore, are not reported in the governmental funds	(44,685,856)
Interest accrued on notes payable in governmental activities are not due and payable in the current year and therefore are not reported in the governmental funds.	(346,263)
Property taxes are recognized as revenue in the period in which levied in the government-wide financial statements, but are reported as unavailable revenue in the governmental funds.	4,601,137
Net position of governmental activities	<u>\$ 52,065,941</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local tax assessments:						
Millage tax	\$ 2,169,362	\$ 622,366	\$ 2,755,339	\$ -	\$ -	\$ 5,547,067
Franchise fees	1,723,625	-	-	-	-	1,723,625
Intergovernmental revenues	7,613,010	1,288,560	485,030	-	-	9,386,600
Public safety fees	401,591	-	-	-	-	401,591
Parks and recreation fees	434,882	-	-	-	-	434,882
Legal and Judicial fees	134,995	-	-	-	7,674	142,669
Community and economic development	258,417	-	-	-	-	258,417
Investment income	9,872	15,626	36,335	217,214	-	279,047
Grants and donations	3,735	82,336	-	-	-	86,071
Other revenue	180,691	81,797	-	-	-	262,488
TOTAL REVENUES	12,930,180	2,090,685	3,276,704	217,214	7,674	18,522,457
EXPENDITURES						
Current:						
General government						
Administrative services	1,593,445	-	-	-	-	1,593,445
Legal and judicial	302,639	-	-	-	5,879	308,518
Public safety	6,524,115	-	-	-	-	6,524,115
Highways and streets	712,525	867,453	-	-	-	1,579,978
Parks and recreation	2,001,654	-	-	-	-	2,001,654
Community and economic development	590,767	-	-	-	-	590,767
Debt service:						
Principal	-	-	2,415,000	-	-	2,415,000
Interest	-	-	697,952	-	-	697,952
Fees	-	-	4,714	8,000	-	12,714
Bond issuance costs	-	-	93,962	-	-	93,962
Capital outlay:						
Administrative services	28,250	46,897	-	-	-	75,147
Public works and streets	439,220	415,621	-	15,141,268	-	15,996,109
Parks and recreation	-	-	-	7,871	-	7,871
TOTAL EXPENDITURES	12,192,615	1,329,971	3,211,628	15,157,139	5,879	31,897,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	737,565	760,714	65,076	(14,939,925)	1,795	(13,374,775)
Other financing sources (uses):						
Issuance of debt	-	-	93,962	14,000,000	-	14,093,962
Transfers in	48,007	1,119,727	499,413	21,186	-	1,688,333
Transfers out	(1,645,443)	-	(21,186)	(21,704)	-	(1,688,333)
Sale of capital assets	20,237	2,605	-	-	-	22,842
Total other financing sources (uses)	(1,577,199)	1,122,332	572,189	13,999,482	-	14,116,804
Net change in fund balances	(839,634)	1,883,046	637,265	(940,443)	1,795	742,029
FUND BALANCE - BEGINNING OF YEAR	6,655,032	2,393,777	2,628,207	11,690,011	32,888	23,399,915
FUND BALANCE - END OF YEAR	\$ 5,815,398	\$ 4,276,823	\$ 3,265,472	\$ 10,749,568	\$ 34,683	\$ 24,141,944

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

Net change in fund balances - total governmental funds	\$ 742,029
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital asset additions recorded in the current period.	16,079,127
Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources; therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(2,213,564)
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	(48,627)
Gain/Loss on disposal of capital assets	24,760
	<u>(23,867)</u>
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds	(1,606)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(1,399,972)
Interest accrued on notes payable in governmental activities are not due and payable and therefore are not reported as expenditures in the governmental funds.	(154,164)
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.	2,415,000
The issuance of long-term debt and capital leases provide current financial resources to the governmental funds, but issuing debt and capital leases increase long-term liabilities in the statement of net position.	(14,277,396)
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	(84,545)
Amortization of discount - Series 2012 and 2013 bonds	2,817
	<u>(81,728)</u>
Misc corrections to prior year revenues	(4,141,806)
Amortization of purchase price in excess of face value of Series 2005 and 2007 Revenue bonds	(14,041)
Revenues that do not provide current financial resources, such as property taxes, are not reported as revenues for the funds but are reported as revenues in the statement of activities	3,756,646
Change in net position of governmental activities	<u>\$ 684,658</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	GENERAL FUND			
	Original Budget	Revised Budget	Actual	Variance
REVENUES				
Taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,169,362	\$ 119,362
Franchise fees	1,630,000	1,630,000	1,723,625	93,625
Intergovernmental revenues	6,625,000	6,625,000	7,613,010	988,010
Public safety fees	750,000	750,000	401,591	(348,409)
Parks and recreation fees	570,000	570,000	434,882	(135,118)
Legal and Judicial fees	175,000	175,000	134,995	(40,005)
Community and economic development	245,000	245,000	258,417	13,417
Investment income	5,000	5,000	9,872	4,872
Grants and donations	255,000	255,000	3,735	(251,265)
Other revenue	241,500	241,500	180,691	(60,809)
TOTAL REVENUES	12,546,500	12,546,500	12,930,180	383,680
EXPENDITURES				
Operating expenditures:				
Administrative services	1,704,366	1,717,916	1,593,445	124,471
Legal and judicial	350,788	351,819	302,639	49,180
Public safety	6,823,511	6,985,071	6,524,115	460,956
Highways and streets	726,430	730,059	712,525	17,534
Parks and recreation	2,162,718	2,264,297	2,001,654	262,643
Community and economic development	647,018	649,755	590,767	58,988
Total operating expenditures	12,414,831	12,698,917	11,725,145	973,772
Capital expenditures:				
Administrative services	-	30,737	28,250	2,487
Public works and streets	503,385	553,274	439,220	114,054
Parks and recreation	9,900	10,248	-	10,248
Total capital expenditures	513,285	594,259	467,470	126,789
TOTAL EXPENDITURES	12,928,116	13,293,176	12,192,615	1,100,561
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(381,616)	(746,676)	737,565	1,484,241
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	48,007	48,007
Transfers out	(490,000)	(490,000)	(1,645,443)	(1,155,443)
Sale of capital assets	-	-	20,237	20,237
TOTAL OTHER FINANCING SOURCES (USES)	(490,000)	(490,000)	(1,577,199)	(1,087,199)
NET CHANGE IN FUND BALANCE	\$ (871,616)	\$ (1,236,676)	(839,634)	\$ 397,042
FUND BALANCE - BEGINNING OF YEAR			6,655,032	
FUND BALANCE - END OF YEAR			\$ 5,815,398	

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	STREET FUND			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 560,000	\$ 560,000	\$ 622,366	\$ 62,366
Intergovernmental revenues	1,160,000	1,160,000	1,288,560	128,560
Investment income	16,000	16,000	15,626	(374)
Grants and donations	-	-	82,336	82,336
Other revenue	2,250	2,250	81,797	79,547
TOTAL REVENUES	<u>1,738,250</u>	<u>1,738,250</u>	<u>2,090,685</u>	<u>352,435</u>
EXPENDITURES				
Operating expenditures:				
Highways and streets	1,150,818	1,379,491	867,453	512,038
Capital expenditures:				
Administrative services	70,000	70,000	46,897	23,103
Public works and streets	492,762	1,106,717	415,621	691,096
TOTAL EXPENDITURES	<u>1,713,580</u>	<u>2,556,208</u>	<u>1,329,971</u>	<u>1,226,237</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>24,670</u>	<u>(817,958)</u>	<u>760,714</u>	<u>1,578,672</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,119,727	1,119,727
Sale of capital assets	-	-	2,605	2,605
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,122,332</u>	<u>1,122,332</u>
NET CHANGE IN FUND BALANCE	<u>\$ 24,670</u>	<u>\$ (817,958)</u>	<u>1,883,046</u>	<u>\$ 2,701,004</u>
FUND BALANCE - BEGINNING OF YEAR			<u>2,393,777</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,276,823</u>	

DECEMBER 31, 2018

Business-type
Activities

Sanitation

ASSETS

Current assets:

Cash	\$	917,169
Accounts receivable - net		361,163
Prepaid expenses		6,109
Total current assets		<u>1,284,441</u>

Noncurrent assets:

Buildings, net of accumulated depreciation		227,421
Equipment, net of accumulated depreciation		<u>758,722</u>
Total noncurrent assets		<u>986,143</u>
TOTAL ASSETS		<u>2,270,584</u>

LIABILITIES

Current liabilities:

Accounts payable		210,498
Due to other funds		48,532
Payroll taxes payable		66
Other payroll withholdings payable		430
Compensated absences		15,775
Sales taxes payable		<u>290</u>
Total current liabilities		<u>275,591</u>

Noncurrent liabilities:

Total noncurrent liabilities		<u>-</u>
TOTAL LIABILITIES		<u>275,591</u>

NET POSITION

Net investment in capital assets		986,143
Unrestricted		<u>1,008,850</u>
TOTAL NET POSITION	\$	<u>1,994,993</u>

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION/EQUITY - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities
	Sanitation
OPERATING REVENUES	
Charges for sales and services:	
Charges for sanitation services	\$ 1,021,082
TOTAL OPERATING REVENUES	<u>1,021,082</u>
OPERATING EXPENSES	
Personnel	565,435
Operating supplies	462,607
Depreciation	252,845
TOTAL OPERATING EXPENSES	<u>1,280,887</u>
OPERATING INCOME	(259,805)
NON-OPERATING REVENUES (EXPENSES)	
Gain (Loss) on disposal of capital assets	(6,102)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(6,102)</u>
CHANGE IN NET POSITION	(265,907)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>2,260,900</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 1,994,993</u></u>

FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities
	Sanitation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 947,300
Payments to suppliers	-
Payments to employees	(309,408)
Net cash provided by (used in) operating activities	637,891
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	16,220
Purchases of capital assets	(391,650)
Net cash provided by (used in) capital and related financing activities	(375,430)
Net increase (decrease) in cash and cash equivalents	262,461
Cash and cash equivalents, January 1, 2018	1,241,799
Cash and cash equivalents, December 31, 2018	1,504,260
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income	(259,805)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	252,845
Change in accounts receivable	(93,609)
Change in accounts payable	180,583
Change in payroll tax payable	(3,460)
Change in accrued expenses	(6,109)
Change in compensated absence payable	271
Change in sales taxes payable	(25,483)
Change in due to other funds	6,109
Total adjustments	311,147
Net cash provided by (used in) operating activities	\$ 51,342

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

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Fines
Custodial
Agency Fund

ASSETS

Cash and cash equivalents

\$ 17,584

TOTAL ASSETS

17,584

LIABILITIES

Amounts due to other parties

14,470

Amounts due to other funds

3,114

TOTAL LIABILITIES

\$ 17,584

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 non-fiduciary 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 non-exchange 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 & reporting policies of the City conform to accounting principles generally accepted in the United States of America for state & local governments as defined by the Governmental Accounting Standards Board (GASB).

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.

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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 accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds– The Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

Street Fund – The Street Fund is a special revenue fund derived from taxes and intergovernmental funds earmarked specifically for street expenditures.

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of resources for, and they payment of long-term debt principal, interest, and related costs.

Capital Projects Funds – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or 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.

DECEMBER 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Measurement focus and basis of accounting

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

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

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

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

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

F. Budgetary information

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

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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

DECEMBER 31, 2018

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 resources

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,

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.

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 November 1st, on property values assessed, as of January 1st. The property tax is considered due the first Monday in January after the levy; however, the tax is not considered delinquent until after October 16th. 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: CASH AND CASH EQUIVALENTS

As of December 31, 2018, the carrying amount of the City's deposits was \$23,943,875 and the bank balance was \$21,956,126. Of the bank balance, \$9,172,805 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name, and \$11,761,234 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	\$ 23,942,000
Cash on hand	1,875
	<u>\$ 23,943,875</u>
Unrestricted cash, as reported on the statement of net position	\$ 10,115,642
Restricted cash and cash equivalents, as reported on the statement of net position	13,810,649
Restricted cash, as reported on the statement of fiduciary net position	17,584
Total cash and cash equivalents	<u>\$ 23,943,875</u>

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NOTE 3: ACCOUNTS RECEIVABLE

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

Accounts receivable at December 31, 2018, is as follows:

	General Fund	Street Fund	Debt Service Fund	Sanitation Fund
Taxes receivable	\$ 2,734,650	\$ 667,243	\$ 2,663,240	\$ -
Trade receivables	314,919	1,562	-	661,786
Other receivables	20,982	4,204	-	3,593
Gross receivables	3,070,552	673,009	2,663,240	665,379
Allowance for doubtful accounts	(153,567)	-	-	(304,216)
Net total receivables	<u>\$ 2,916,985</u>	<u>\$ 673,009</u>	<u>\$ 2,663,240</u>	<u>\$ 361,163</u>

Property Tax Receivable, Deferred Revenue, and Property Tax Calendar

Property taxes are assessed, collected and remitted to the City by Pulaski County. Taxes are levied on November 1 on the assessed value listed as of January 1 of that year for all real and personal property located in the City. Taxes are due and payable on the first Monday in January after the levy and become delinquent after October 16. The majority of collections occur between March and December. As a result, the property tax is not collected within the time frame necessary to finance the liabilities of the current period.

In the governmental funds, property taxes are measurable when levied even though they are not available, and as a result, property taxes receivable and corresponding deferred inflow of resources are recorded on the levy date. In the government-wide financial statements, property taxes receivable and related revenues are recorded on the levy date.

Accordingly, a receivable, net of allowance for doubtful accounts, and a related revenue in the amount of \$5,073,827 has been recognized in the government-wide financial statements, while a receivable of \$5,073,827 and a related unavailable revenue from property taxes of \$4,793,080 have been recognized in the governmental fund statements.

Millage rates for 2018 taxes collectible in 2019 were 5.00 for the General Fund, 6.6 for Bond Indebtedness and 1.45 for the Street Fund.

DECEMBER 31, 2018

NOTE 4: CAPITAL ASSETS

Net capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
PRIMARY GOVERNMENT					
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,649,763	\$ -	\$ 1,086,409	\$ -	\$ 8,736,172
Construction in progress	14,420,211	15,149,140	(10,222,818)	-	\$ 19,346,533
Total capital assets, not being depreciated	22,069,974	15,149,140	(9,136,409)	-	\$ 28,082,705
Capital assets, being depreciated:					
Buildings	27,244,883	84,328	8,602,687	-	\$ 35,931,898
Equipment	11,517,883	422,072	533,722	(235,025)	\$ 12,238,652
Infrastructure	15,026,650	423,587	-	-	\$ 15,450,237
Total capital assets being depreciated	53,789,416	929,987	9,136,409	(235,025)	\$ 63,620,787
Less accumulated depreciation for:					
Buildings	12,554,315	1,128,063	-	-	\$ 13,682,378
Equipment	8,593,987	627,659	-	(211,158)	\$ 9,010,488
Infrastructure	3,742,411	457,842	-	-	\$ 4,200,253
Total accumulated depreciation	24,890,713	2,213,564	-	(211,158)	\$ 26,893,119
Total capital assets being depreciated, net	28,898,703	(1,283,577)	9,136,409	(23,867)	\$ 36,727,668
Governmental activities capital assets, net	\$ 50,968,677	\$ 13,865,563	\$ -	\$ (23,867)	\$ 64,810,373
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital assets, being depreciated:					
Buildings	227,421	-	-	-	227,421
Equipment	2,113,554	391,650	(196,907)	-	2,308,297
Total capital assets being depreciated	2,340,975	391,650	(196,907)	-	2,535,718
Less accumulated depreciation for:					
Buildings	82,615	8,253	-	-	90,868
Equipment	1,388,700	244,592	(174,585)	-	1,458,707
Total accumulated depreciation	1,471,315	252,845	(174,585)	-	1,549,575
Total capital assets being depreciated, net	869,660	138,805	(22,322)	-	986,143
Business-type activities capital assets, net	\$ 869,660	\$ 138,805	\$ (22,322)	\$ -	\$ 986,143

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Administrative Services	\$ 1,161,973
Public Safety	378,142
Public Works and Streets	567,239
Parks and Recreation	106,210
Total depreciation expense governmental activities	<u>\$ 2,213,564</u>
Business-type Activities:	
Sanitation	\$ 252,845
Total depreciation expense business-type activities	<u>\$ 252,845</u>

NOTE 5: PENSION OBLIGATIONS

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

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

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

Annual Pension Cost. For the year ended December 31, 2018, the City's annual pension cost of \$109,129 for the City Pension Plan was equal to the City's required and actual contributions.

Three-Year Trend Information for the City Pension Plan.

<u>YEAR ENDING</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
December 31, 2016	72,476	108,826	181,302
December 31, 2017	66,579	129,803	196,382
December 31, 2018	70,426	109,129	179,555
	<u>\$ 209,481</u>	<u>\$ 347,758</u>	<u>\$ 557,239</u>
<u>YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	
December 31, 2016	108,826	100%	
December 31, 2017	129,803	100%	
December 31, 2018	109,129	100%	

NOTE 5: PENSION OBLIGATIONS (CONTINUED)

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.

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:

- a. 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
- b. 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.
- c. In no event will the total of a. plus b. exceed, at the time of retirement, 100% of such final average pay; plus
- d. Effective July 1, 2016, for each year of volunteer service, \$6.41 per month, to a maximum of \$256.40 monthly.
- 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.

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NOTE 5: PENSION OBLIGATIONS (CONTINUED)

For the year ended December 31, 2018, the contribution rate percentages were as follows:

<u>LOPFI Maximum</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
Fire	8.50%	22.18%	30.68%
Police	8.50%	19.19%	27.69%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2018, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

Maumelle Fire	\$	5,210,420
Maumelle Police		4,272,138
Maumelle Volunteer		87,710
Total net pension liability	\$	9,570,268

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, 2018, 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, 2018. The contributions used excluded contributions made for prior service, excess benefits and irregular payments.

The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculated 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:

<u>Plan</u>	<u>Proportionate share %</u>
Maumelle Fire	0.577410%
Maumelle Police	0.473430%
Maumelle Volunteer Fire	0.173400%

For the year ended December 31, 2018, the City recognized LOPFI expense of \$1,886,881. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 503,780	\$ 923
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,841,924	619,912
Changes of Assumptions	1,306,204	-
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	555,391	23,567
Total	<u>\$ 4,207,299</u>	<u>\$ 644,402</u>

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NOTE 5: PENSION OBLIGATIONS (CONTINUED)

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

	Year Ended December 31				
	2019	2020	2021	2022	Total
Maumelle Fire	\$ 861,870	\$ 616,363	\$ 341,030	\$ 216,705	\$ 2,035,968
Maumelle Police	639,890	463,097	255,662	175,717	1,534,366
Maumelle Volunteer	(5,266)	(3,770)	(1,108)	2,707	(7,437)

Actuarial Assumptions: The total pension liability as of December 31, 2018, was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions:

Paid Service Assumptions	
Wage Inflation Rate	3.25%
Price Inflation	2.50%
Salary Increases	3.25%, including inflation
Investment Rate of Return	7.00%
Actuarial cost method	Entry age
Asset valuation method	5-year smoothed market; 20% corridor
Volunteer Service Assumptions	
Inflation	2.50%
Investment Rate of Return	7.50%
Actuarial cost method	Entry age normal
Asset valuation method	5-year smoothed market; 20% corridor

Mortality rates were based on the RP-2014 Healthy Annuitant benefit weighted generation mortality tables for males and females. The death-in-service mortality tables used were the RP-2014 Employee benefit weighted generational mortality tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

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, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
Fixed Income	28.00%	0.90%	0.25%
Domestic Equity	42.00%	5.30%	2.23%
Foreign Equity	20.00%	7.00%	1.40%
Alternative Investments	10.00%	6.20%	0.62%
Total	100.00%		4.50%
Expected Inflation			2.50%
Total Return			7.00%

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

NOTE 5: PENSION OBLIGATIONS (CONTINUED)

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%).

	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Maumelle Fire	\$ 7,689,922	\$ 5,210,420	\$ 3,212,420
Maumelle Police	6,305,137	4,272,138	2,633,934
Maumelle Volunteer	126,002	87,710	57,229

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

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.

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 ½ 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 ½ 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

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NOTE 5: PENSION OBLIGATIONS (CONTINUED)

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, 2018, the City reported net pension liability for their proportionate share of \$50,530. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2018, the City proportion was 0.0023 percent.

For the year ended December 31, 2018, the City recognized pension expense of \$931. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 804	\$ 530
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,279
Changes of Assumptions	5,749	3,125
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	-	22,904
Subsequent Contributions *	2,994	-
Total	<u>\$ 9,547</u>	<u>\$ 27,838</u>

*Contributions made subsequent to actuarial measurement date of June 30, 2018

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

<u>Year Ending June 30</u>	
2019	\$ (4,758)
2020	(6,427)
2021	(8,416)
2022	(1,684)
2023	-
Thereafter	-

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NOTE 5: PENSION OBLIGATIONS (CONTINUED)

Actuarial assumptions: The total pension liability in the June 30, 2018 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 (9.6 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)

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2006 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2006 Employee benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

The actuarial assumptions used in the valuation were established based upon an Experience Study covering the period July 1, 2012 through June 30, 2017. The investment return assumption was changed for the June 30, 2017 valuation and the demographic assumptions were changed for the June 30, 2018 valuation. 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, 2018, these best estimates are summarized in the following table:

Asset Classes	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	5.97%
International Equity	24%	6.07%
Real Assets	16%	4.59%
Absolute Return	5%	3.15%
Domestic Fixed	18%	0.83%
Total	100%	

DECEMBER 31, 2018

NOTE 5: PENSION OBLIGATIONS (CONTINUED)

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:

	1% Lower 6.15%	Discount Rate 7.15%	1 % Higher 8.15%
City's proportionate share of the net pension liability	\$ 82,614	\$ 50,530	\$ 24,063

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

Covered payroll. Total payroll and payroll covered by the above pensions are as follows for the year ended December 31, 2018:

Gross Payroll	8,081,255
Non-uniformed pension wages	3,534,848
APERS pension wages	39,573
LOPFI pension wages	4,349,734
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 2018 Optional Table Small Plans (Male and Female) was used to calculate the present value of \$588,211 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, 2018 is \$378,000, an increase of \$45,000 from 2017. The two preceding years of NPO are \$296,000 for 2016 and \$262,000 for 2015.

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

DECEMBER 31, 2018

NOTE 5: PENSION OBLIGATIONS (CONTINUED)

years gives an annual ARC of \$83,000. The ARC for 2016 was \$67,000 and 2017 was \$72,000. 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 \$564,211 as a noncurrent liability due in more than one year. The actuarial method used for valuing assets of the plan is the projected unit credit – “as accrued” actuarial cost method applied on a level dollar basis, using a 20-year remaining amortization period.

NOTE 6: 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:

Project	Spent to date	Remaining Commitment
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

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	\$ 56,727
Street fund	358,577
Sanitation fund	16,143
Total	<u>\$ 431,447</u>

NOTE 7: 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, 2018.

NOTE 8: LEASE OBLIGATIONS*Capital lease*

The City entered into a lease agreement as lessee for financing the acquisition of police vehicles from Enterprise. These leases are 12 month leases in which the vehicle is returned at the end of each year. This year, \$27,170 was included in vehicle rental expense. This lease agreement does not qualify as a capital lease for accounting purposes.

NOTE 9: SHORT-TERM DEBT

The City does not have any short-term debt outstanding as of December 31, 2018.

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NOTE 10: LONG-TERM LIABILITIES

Changes in long-term liabilities: Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current Portion</u>
Governmental Activities					
Bonds:					
2012 Series	7,040,000	-	280,000	6,760,000	265,000
2015 Series	15,040,000	-	2,135,000	12,905,000	1,090,000
2018 Series	-	13,915,000	-	13,915,000	450,000
Plus Roffering Premium	597,831	362,396	84,545	875,682	-
Less deferred issuance discounts	(51,021)	-	(2,817)	(48,204)	-
Total bonds payable	22,626,810	14,277,396	2,496,728	34,407,478	1,805,000
 Clerk pension	519,029	45,182	-	564,211	21,000
Compensated Absences	323,496	461,885	460,280	325,101	38,035
Net Pension Liability	7,153,299	2,467,499	-	9,620,798	-
Total governmental activity	30,622,634	17,251,962	2,957,008	44,917,588	1,864,035
 Business-type activities					
Compensated absences	16,046	18,974	19,245	15,775	5,495
Total business-type activity	16,046	18,974	19,245	15,775	5,495

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 2018 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.

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NOTE 10: LONG-TERM LIABILITIES (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 (%)
	2019	1,090,000.00	3.000%
	2020	1,125,000.00	3.000%
	2021	1,160,000.00	3.638%
	2022	1,205,000.00	4.000%
	2023	1,255,000.00	4.000%
	2024	1,300,000.00	3.000%
	2025	1,340,000.00	3.000%
	2026	1,380,000.00	2.600%
	2027	1,415,000.00	2.600%
	2028	1,450,000.00	2.600%
	2029	1,125,000.00	2.600%
Total	\$	13,845,000.00	- \$ 2,289,965.00

Special Obligation Sales & Use Tax Bonds***Series 2018***

The City also issues special obligations bonds payable solely from collections from the 0.50% Bond Sales and Use Tax and the 0.50% Continuing Sales and Use Tax levied by the City. Tax receipts must be use solely to pay the principal and interest, Trustee's fees and expenses and other administrative charges, and any arbitrage rebate due under Section 148(f) of the Cod with respect to Bonds. Collections of the Continuing Sales and Use Tax not needed to (i) ensure the prompt payment of the principal of, interest on, and the Trustee's fees and expenses and other administrative charges in connection with the Bonds; (ii) maintain the debt service reserve in the required amount; and (iii) pay any arbitrage rebate due under Section 148(f) of the Code, shall be released to the City and applied to provide funds for the operation and maintenance of the City's public safety facilities and activities including, but not limited to, the City's Police and Fire departments, street and trail repairs, street lighting, and other related public safety facilities and operations. The Bonds are secured under the Authorizing Ordinance No 959 adopted by the City of Maumelle on July 16, 2018.

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2018	Public Safety Activities	2.00 – 4.00%	\$ 13,915,000

DECEMBER 31, 2018

Maturity (August 1)	Principal Amount(\$)	Interest Rate (%)	Interest Amount
2019	450,000.00	2.000%	442,827.00
2020	505,000.00	3.000%	469,731.00
2021	520,000.00	3.000%	454,582.00
2022	535,000.00	4.000%	438,981.00
2023	555,000.00	4.000%	417,581.00
2024	575,000.00	4.000%	395,381.00
2025	600,000.00	4.000%	372,382.00
2026	625,000.00	4.000%	348,381.00
2027	650,000.00	4.000%	323,381.00
2028	675,000.00	4.000%	297,381.00
2029	700,000.00	4.000%	270,381.00
2030	730,000.00	4.000%	242,381.00
2031	760,000.00	3.000%	213,181.00
2032	785,000.00	3.125%	190,381.00
2033	805,000.00	3.125%	165,850.00
2034	830,000.00	3.375%	140,694.00
2035	860,000.00	3.375%	112,681.00
2036	890,000.00	3.375%	83,656.00
2037	920,000.00	2.875%	53,619.00
2037	945,000.00	2.875%	27,169.00
Total	\$ 13,915,000.00	- \$	5,460,601.00

Revenue Bonds**Series 2012**

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

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

NOTE 10: LONG-TERM LIABILITIES (CONTINUED)

Revenue bond debt service requirements to maturity are as follows:

Series 2012 Revenue Bonds			
Maturity (November 1)	Principal Amount (\$)	Interest Rate (%)	Interest Amount (\$)
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
Total	\$ 6,780,000.00		\$ 2,965,660.00

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, 2018, the legal debt limit for the city was \$83,584,089. The city has general obligation debt outstanding at the end of 2018 of \$33,580,000 less funds available for retirement of \$3,054,471, leaving a legal debt margin of \$53,058,560.

NOTE 11: 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 2018, the City's unassigned fund balance is \$5,806,446 and the 20% of 2018 budgeted operating expenditures is \$2,539,783. We have exceeded the minimum balance for 2018 by 129%.

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 \$172,647, as of December 31, 2018:

DECEMBER 31, 2018

NOTE 11: FUND BALANCE AND NET POSITION (CONTINUED)

<u>DESCRIPTION</u>	<u>PERIOD</u>	<u>PREPAID</u>
Municipal Defense	10/1/2018 - 9/30/2019	\$ 25,131
2019 Vehicle Policy Renewal	1/1/2019 - 12/31/2019	57,167
2019 Binder for Insurance	1/1/2019 - 12/31/2019	86,950
January 2019 City Clerk Pension	1/1/2019 - 1/31/2019	1,751
Maintenance Contract for Postage & Folding Machines	6/25/2018 - 6/24/2019	1,648
		<u>\$ 172,647</u>

- *Restricted*- represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation. Below describes the amounts in restricted for 2018:

Street Fund is a special revenue fund derived from taxes earmarked specifically for street expenditures – \$4,276,823.

Debt Service Fund used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related cost - \$3,265,472

Capital Projects Fund is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds - \$10,749,568

District Court automation fund is used to account for funds to used solely for district court-related technology - \$34,683

- *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 2018, is \$8,952.

NOTE 12: 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, 2018, are as follows:

DECEMBER 31, 2018

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

DUE TO	DUE FROM						Total
	General Fund	Street Fund	Fines Custodial	Capital Projects Fund	Sanitation Fund	Debt Service	
General Fund	\$ -	\$ 36,516	\$ 3,114	\$ 8,948	\$ 6,109	\$ 46,865	\$ 101,552
Street Fund	1,311,238	-	-	-	-	-	1,311,238
Sanitation Fund	-	13,351	-	-	-	-	13,351
Capital Projects Fund	-	-	-	-	-	2,337	2,337
Total	<u>\$ 1,311,238</u>	<u>\$ 49,867</u>	<u>\$ 3,114</u>	<u>\$ 8,948</u>	<u>\$ 6,109</u>	<u>\$ 49,202</u>	<u>\$ 1,428,478</u>

NOTE 13: 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, 3) as part of a journal entry to remove closed cash accounts from the books, and 4) to reclassify prior year revenues recorded in the wrong fund. Interfund transfers for the year ended December 31, 2018, consisted of the following transactions:

TRANSFER OUT	General Fund	Debt Service Fund	Capital Projects Fund	Street Fund	Enterprise Fund		Total
					Sanitation Fund		
General Fund	\$ -	\$ 477,707	\$ -	\$ 1,119,727	\$ -	\$ -	\$ 1,597,434
Street Fund	\$ 8,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,630
Capital Projects Fund	\$ -	\$ 21,704	\$ -	\$ -	\$ -	\$ -	\$ 21,704
Debt Service Fund	\$ 39,280	\$ -	\$ 21,186	\$ -	\$ -	\$ -	\$ 60,465
Total	<u>\$ 47,910</u>	<u>\$ 499,411</u>	<u>\$ 21,186</u>	<u>\$ 1,119,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,688,233</u>

FOR THE YEAR ENDED DECEMBER 31, 2018

Fines Custodial Agency Fund				
	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
ASSETS				
Cash	\$ 20,522	\$ 256,408	\$ 259,346	\$ 17,584
LIABILITIES				
Due to other parties	\$ 20,522	\$ 256,408	\$ 259,346	\$ 14,470

FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor/Pass-Through Entity/Program/Purpose	Grant Identification Number(s)	Current Year Revenue	Current Year Expenditures
FEDERAL:			
U.S. Dept. of Transportation - Federal Highway Commission Arkansas State Highway & Transportation Dept. Highway Planning & Construction: Federal-Aid Highway Program Federal funding for the desing of new I-40 interchange	HPP2-STPU-3745(1) Job #061190	86,195	86,195
FEMA Assistance to Firefighters Grant Program Federal funding for FIT testing equipment and training	EMW-2016-FO-05307 CFDA No 97.044	11,905	11,905
TOTAL FEDERAL		98,100	98,100
STATE:			
Arkansas Department of Emergency Management State Fire Protection Services Program State funding for improvements within Maumelle Fire Department	Act 833 of 1991	16,435	16,435
TOTAL STATE		16,435	16,435
GRAND TOTAL		\$ 114,535	\$ 114,535

Land	\$ 8,736,172
Buildings	22,249,520
Equipment	3,228,164
Infrastructure	11,249,984
Construction in Progress	19,346,533
Subtotal	<u>64,810,373</u>
Investments in governmental funds capital assets by source:	
General fund	35,150,783
Special revenue fund	10,313,057
Capital project fund	19,346,533
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 64,810,373</u></u>

FUNCTION AND ACTIVITY	Land	Buildings	Machinery and Equipment	Infra- Structure	Construction in Progress	Total
General government:						
Administrative services	\$ 8,736,172	\$ 22,249,520	\$ 614,276	\$ -	\$ -	\$ 31,599,968
Legal and judicial:						
Court	-	-	-	-	-	-
Public safety:						
Police	-	-	217,551	-	-	217,551
Fire	-	-	1,415,828	-	-	1,415,828
Animal control	-	-	9,966	-	-	9,966
Highways and streets:						
Public works	-	-	175,150	1,252,773	-	1,427,923
Streets	-	-	315,846	9,997,211	19,337,409	29,650,466
Culture and recreation:						
Parks	-	-	406,555	-	9,124	415,679
Senior services	-	-	53,388	-	-	53,388
Community & econ. development:						
CED	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-
Code enforcement	-	-	19,604	-	-	19,604
TOTAL CAPITAL ASSETS	<u>\$ 8,736,172</u>	<u>\$ 22,249,520</u>	<u>\$ 3,228,164</u>	<u>\$ 11,249,984</u>	<u>\$ 19,346,533</u>	<u>\$ 64,810,373</u>

Nonmajor Governmental Fund

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

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

	<u>Special Revenue</u>	
	District Court Automation	Total Nonmajor Governmental Funds
ASSETS		
Cash	\$ 34,683	\$ 34,683
TOTAL ASSETS	<u>34,683</u>	<u>34,683</u>
FUND BALANCES		
Restricted:		
Restricted	34,683	34,683
TOTAL FUND BALANCES	<u>34,683</u>	<u>34,683</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,683</u>	<u>\$ 34,683</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Special Revenue</u>	
	District Court Automation	Total Nonmajor Governmental Funds
REVENUES		
Legal and Judicial fees	\$ 7,674	\$ 7,674
TOTAL REVENUES	<u>7,674</u>	<u>7,674</u>
EXPENDITURES		
Current:		
General government		
Legal and judicial	5,879	5,879
Capital outlay:		
TOTAL EXPENDITURES	<u>5,879</u>	<u>5,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,795</u>	<u>1,795</u>
Other financing sources (uses):		
Transfers in	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	1,795	1,795
FUND BALANCE - BEGINNING OF YEAR	<u>32,888</u>	<u>32,888</u>
FUND BALANCE - END OF YEAR	<u>\$ 34,683</u>	<u>\$ 34,683</u>

See the independent auditor's report.

PENSION SCHEDULES

CITY OF MAUMELLE, ARKANSAS

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE
DECEMBER 31, 2018*

	LOPI			LOPI			LOPI			LOPI		
	Police 2015	Fire 2015	Volunteer Fire 2015	Police 2016	Fire 2016	Volunteer Fire 2016	Police 2017	Fire 2017	Volunteer Fire 2017	Police 2018	Fire 2018	Volunteer Fire 2018
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%	0.473430%	0.577410%	0.173400%
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	4,272,138	5,210,420	87,710
City's covered-employee payroll	1,927,541	1,470,346	17,815	2,014,848	1,629,300	11,005	2,130,647	1,839,153	14,315	2,275,384	2,070,075	4,275
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.15%	93.75%	597.24%	118.57%	164.66%	940.25%	149.94%	205.77%	637.90%	187.75%	251.70%	2051.70%
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%	66.09%	66.09%	60.56%
City's proportion of the net pension liability	APERS 2015			APERS 2016			APERS 2017			APERS 2018		
	0.004025%			0.004005%			0.003210%			0.002291%		
City's proportionate share of the net pension liability	74,125			95,783			82,948			50,530		
City's covered-employee payroll	71,888			73,353			39,870			39,573		
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.11%			130.58%			208.05%			127.69%		
Plan fiduciary net position as a percentage of the Plan's total pension liability	25.82%			75.50%			75.65%			79.59%		

* Fiscal year 2015 was the first year of implementation, therefore, only four 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, 2018 audit, information used is as of and for the year ending December 31, 2018 for the "LOPI" plan. Information is as of and for the year ending June 30, 2018 for the "APERS" plan.

See the independent auditor's report.

DECEMBER 31, 2018*

	LOPFI			LOPFI			LOPFI			LOPFI		
	Police 2015	Fire 2015	Volunteer Fire 2015	Police 2016	Fire 2016	Volunteer Fire 2016	Police 2017	Fire 2017	Volunteer Fire 2017	Police 2018	Fire 2018	Volunteer Fire 2018
Actuarially determined contribution	231,119	225,955	15,453	276,641	310,675	12,906	321,608	380,967	10,303	369,668	450,857	8,587
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	233,892	291,287	773
Contribution deficiency (excess)	97,154	96,302	13,925	119,554	107,486	10,575	117,094	130,187	9,317	135,776	159,570	7,814
Covered Payroll	1,927,541	1,470,346	17,815	2,014,848	1,629,300	11,005	2,130,647	1,839,153	14,315	2,275,384	2,070,075	4,275
Contributions as a percentage of covered-employee payroll	6.95%	8.82%	8.58%	7.80%	12.47%	21.18%	9.60%	13.64%	6.89%	10.28%	14.07%	18.08%
Actuarially determined contribution	APERS 2015 10,540			APERS 2016 10,523			APERS 2017 8,389			APERS 2018 8,034		
Contributions in relation to the actuarially determined contributions	10,544			10,636			5,695			6,281		
Contribution deficiency (excess)	(4)			(113)			2,694			1,753		
Covered Payroll	71,888			73,353			38,970			39,573		
Contributions as a percentage of covered-employee payroll	14.67%			14.50%			14.61%			15.87%		

* 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.

See the independent auditors report.

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

	2009 ¹	2010	2011	2012	2013
Governmental activities					
Net Invested in capital assets	\$ 28,843,921	\$ 29,349,289	\$ 31,979,728	\$ 32,629,569	\$ 32,177,927
Restricted	3,550,918	3,951,986	3,314,174	3,166,546	3,407,849
Unrestricted	4,191,095	4,738,158	4,824,942	6,027,675	8,386,984
Total governmental activities net position	<u>\$ 36,585,934</u>	<u>\$ 38,039,433</u>	<u>\$ 40,118,844</u>	<u>\$ 41,823,790</u>	<u>\$ 43,972,760</u>
Business-type activities					
Net Invested in capital assets	205,872	298,753	281,149	248,765	209,476
Restricted	-	-	-	-	-
Unrestricted	256,461	307,626	488,321	659,965	955,129
Total business-type activities net position	<u>\$ 462,333</u>	<u>\$ 606,379</u>	<u>\$ 769,470</u>	<u>\$ 908,730</u>	<u>\$ 1,164,605</u>
Primary government					
Net Invested in capital assets	29,049,793	29,648,042	32,260,877	32,878,334	32,387,403
Restricted	3,550,918	3,951,986	3,314,174	3,166,546	3,407,849
Unrestricted	4,447,556	5,045,784	5,313,263	6,687,640	9,342,113
Total primary government net position	<u>\$ 37,048,267</u>	<u>\$ 38,645,812</u>	<u>\$ 40,888,314</u>	<u>\$ 42,732,520</u>	<u>\$ 45,137,365</u>
	2014	2015	2016	2017	2018
Governmental activities					
Net Invested in capital assets	\$ 35,240,803	\$ 37,338,652	\$ 38,141,976	\$ 40,843,124	\$ 52,714,227
Restricted	3,421,367	3,673,667	3,976,107	2,450,092	4,311,506
Unrestricted	5,024,086	4,338,707	3,911,757	3,953,394	(4,959,792)
Total governmental activities net position	<u>\$ 43,686,256</u>	<u>\$ 45,351,026</u>	<u>\$ 46,029,840</u>	<u>\$ 47,246,610</u>	<u>\$ 52,065,941</u>
Business-type activities					
Net Invested in capital assets	639,348	583,638	676,186	869,660	986,143
Restricted	-	-	-	-	-
Unrestricted	888,920	1,201,517	1,411,595	1,391,240	1,008,850
Total business-type activities net position	<u>\$ 1,528,268</u>	<u>\$ 1,785,155</u>	<u>\$ 2,087,781</u>	<u>\$ 2,260,900</u>	<u>\$ 1,994,993</u>
Primary government					
Net Invested in capital assets	35,880,151	37,922,290	38,818,162	41,712,784	53,700,370
Restricted	3,421,367	3,673,667	3,976,107	2,450,092	4,311,506
Unrestricted	5,913,006	5,540,224	5,323,352	5,344,634	(3,950,942)
Total primary government net position	<u>\$ 45,214,524</u>	<u>\$ 47,136,181</u>	<u>\$ 48,117,621</u>	<u>\$ 49,507,510</u>	<u>\$ 54,060,934</u>

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

CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION
2009- 2013
TEN YEAR SUMMARY

	2009	2010	2011	2012	2013
Expenses					
Governmental activities					
Administrative services	\$ 2,228,631	\$ 2,362,197	\$ 2,540,086	\$ 2,751,194	\$ 2,768,599
Highways and streets	1,914,353	1,988,151	2,163,386	2,102,162	1,842,300
Legal and judicial	260,928	299,198	312,148	314,213	285,347
Culture and recreation	1,886,341	1,661,550	1,784,967	1,870,440	1,863,960
Public safety	4,211,832	4,143,887	4,581,806	5,040,193	5,195,250
Economic development	597,661	577,955	594,054	613,896	600,317
Interest on long-term debt	597,475	481,529	459,855	188,290	438,521
Agent fees on long-term debt	11,527	11,260	10,228	8,070	4,351
Bond issuance costs				53,928	136,740
Total governmental activities expenses	11,708,748	11,525,727	12,446,530	12,942,386	13,135,385
Business-type activities					
Sanitation	976,768	944,391	1,039,073	1,053,908	1,001,899
Total primary government expenses	12,685,516	12,470,118	13,485,603	13,996,294	14,137,284
Program Revenues					
Governmental activities					
Charges for services					
Public safety	876,563	816,472	780,170	746,709	769,614
Culture and recreation	743,071	505,630	484,918	476,462	488,405
Economic development	334,909	197,769	227,318	184,493	238,457
Other activities	213,971	171,460	283,759	230,962	251,811
Operating grants and contributions	19,736	41,761	35,570	28,038	50,451
Capital grants and contributions	424,313	8,661	132,393	319,099	263,547
Total governmental activities program revenues	2,612,563	1,741,753	1,944,128	1,985,763	2,062,285
Business-type activities:					
Charges for services	1,124,687	1,028,680	1,112,529	1,103,553	1,168,139
Total primary government program revenues	3,737,250	2,770,433	3,056,657	3,089,316	3,230,424
Net revenues (expenses)					
Governmental activities	(9,096,185)	(9,783,974)	(10,502,402)	(10,956,623)	(11,073,100)
Business-type activities	147,919	84,289	73,457	49,625	166,240
Total primary government net revenues (expenses)	(8,948,266)	(9,699,685)	(10,428,945)	(10,906,998)	(10,906,860)
General revenues					
Governmental activities					
Taxes	5,689,319	6,078,916	6,062,748	6,122,754	6,453,026
Intergovernmental	5,226,714	5,254,978	6,557,600	6,568,654	6,760,439
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	103,175	(36,664)	51,100	59,796	34,292
Miscellaneous	-	-	-	-	63,948
Special items	-	(59,757)	(89,635)	-	-
Transfers				(89,635)	(89,635)
Total governmental activities	11,019,208	11,237,473	12,581,813	12,661,569	13,222,070
Business-type activities					
Transfers	-	59,757	89,635	89,635	89,635
Total business-type activities general revenues	-	59,757	89,635	89,635	89,635
Total primary government general revenues	11,019,208	11,297,230	12,671,448	12,751,204	13,311,705
Changes in Net Position					
Governmental activities	1,923,023	1,453,499	2,079,411	1,704,946	2,148,970
Business-type activities	147,919	144,046	163,091	139,259	255,875
Total primary government changes in net position	\$ 2,070,942	\$ 1,597,545	\$ 2,242,502	\$ 1,844,205	\$ 2,404,845

CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION
2014- 2018

TEN YEAR SUMMARY (CONTINUED FROM PREVIOUS PAGE)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities					
Administrative services	\$ 2,790,208	\$ 2,684,683	\$ 2,672,643	\$ 2,509,889	\$ 2,796,676
Highways and streets	1,931,238	1,949,484	2,130,379	2,732,397	2,149,105
Legal and judicial	286,568	293,746	289,478	290,300	302,373
Culture and recreation	1,811,555	1,832,018	1,817,684	2,005,254	2,101,299
Public safety	5,456,751	5,860,267	7,222,789	7,432,184	8,272,546
Economic development	600,763	597,599	589,634	588,815	591,620
Interest on long-term debt	521,448	754,683	735,611	683,087	947,885
Agent fees on long-term debt	40,826	21,368	12,817	10,484	12,714
Bond issuance costs	54,064	243,962	-	-	277,396
Total governmental activities expenses	13,493,421	14,237,810	15,471,035	16,252,410	17,451,614
Business-type activities					
Sanitation	1,063,930	1,031,423	1,017,172	1,154,979	1,280,887
Total primary government expenses	14,557,351	15,269,233	16,488,207	17,407,389	18,732,501
Program Revenues					
Governmental activities					
Charges for services					
Public safety	825,661	920,867	873,394	811,727	402,781
Culture and recreation	394,529	375,403	342,397	825,511	435,322
Economic development	-	194,507	198,239	224,726	258,417
Other activities	417,242	189,374	163,296	240,761	143,215
Operating grants and contributions	6,614	200,013	294,908	708,218	114,411
Capital grants and contributions	274,784	31,000	-	-	-
Total governmental activities program revenues	1,918,830	1,911,164	1,872,234	2,810,943	1,354,146
Business-type activities:					
Charges for services	1,337,958	1,258,621	1,319,798	1,328,098	1,000,052
Total primary government program revenues	3,256,788	3,169,785	3,192,032	4,139,041	2,354,198
Net revenues (expenses)					
Governmental activities	(11,574,591)	(12,326,646)	(13,598,801)	(13,441,467)	(16,097,468)
Business-type activities	274,028	227,198	302,626	173,119	(280,835)
Total primary government net revenues (expenses)	(11,300,563)	(12,099,448)	(13,296,175)	(13,268,348)	(16,378,303)
General revenues					
Governmental activities					
Taxes	6,510,243	6,546,399	6,619,143	6,772,391	10,601,891
Intergovernmental	7,236,273	7,370,459	7,586,940	7,593,855	5,666,151
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	32,311	76,358	46,324	111,352	279,047
Miscellaneous	19,324	27,889	25,208	180,639	235,037
Special items	-	-	-	-	-
Transfers	(89,635)	(29,689)	-	-	-
Total governmental activities	13,708,516	13,991,416	14,277,615	14,658,237	16,782,126
Business-type activities					
Transfers	89,635	29,689	-	-	14,928
Total business-type activities general revenues	89,635	29,689	-	-	14,928
Total primary government general revenues	13,798,151	14,021,105	14,277,615	14,658,237	16,797,054
Changes in Net Position					
Governmental activities	2,133,925	1,664,770	678,814	1,216,770	684,658
Business-type activities	363,663	256,887	302,626	173,119	(265,907)
Total primary government changes in net position	\$ 2,497,588	\$ 1,921,657	\$ 981,440	\$ 1,389,889	\$ 418,751

TEN YEAR SUMMARY

	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ 156,652	\$ 164,631	\$ 67,277	\$ 27,323	\$ 28,156
Restricted	-	-	-	41,502	-
Committed	-	-	-	1,000,000	1,000,000
Assigned	-	129,240	36,692	3,624	279,584
Unassigned	3,030,772	2,713,853	3,403,669	4,910,291	5,106,299
Total general fund	3,187,424	3,007,724	3,507,638	5,982,740	6,414,039
All Other Governmental Funds					
Restricted reported in:					
Special revenue	3,536,137	3,937,810	3,303,553	3,276,025	3,353,698
Debt service	1,731,562	1,954,979	1,728,541	215,937	2,199,838
Capital projects	3,184,219	1,851,319	1,722,123	1,598,860	11,130,100
Nonmajor funds	-	-	-	-	26,583
Total all other government funds	8,451,918	7,744,108	6,754,217	5,090,822	16,710,219
Total governmental funds	\$ 11,639,342	\$ 10,751,832	\$ 10,261,855	\$ 11,073,562	\$ 23,124,258
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 13,600	\$ 19,338	\$ 21,198	\$ 170,222	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	56,086	63,406	18,579	8,733	8,952
Unassigned	4,938,950	5,321,563	5,656,100	6,476,077	5,806,446
Total general fund	5,008,636	5,404,307	5,695,877	6,655,032	5,815,398
All Other Governmental Funds					
Restricted reported in:					
Special revenue	3,369,723	3,626,143	3,924,142	2,393,777	4,276,823
Debt service	2,633,372	2,366,070	2,780,287	2,628,207	3,265,472
Capital projects	16,010,640	22,928,457	15,244,076	11,690,011	10,749,568
Nonmajor funds	20,802	26,588	31,270	32,888	34,683
Total all other government funds	22,034,537	28,947,258	21,979,775	16,744,883	18,326,546
Total governmental funds	\$ 27,043,173	\$ 34,351,565	\$ 27,675,652	\$ 23,399,915	\$ 24,141,944

CITY OF MAUMELLE, ARKANSAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, 2009 - 2013
TEN YEAR SUMMARY

	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013
REVENUES					
General Property Tax	\$ 4,311,577	\$ 4,608,165	\$ 4,541,965	\$ 4,630,043	\$ 4,692,978
Licenses and Permits	334,909	197,769	227,318	184,493	238,457
Intergovernmental	5,208,240	5,266,189	6,456,955	6,559,092	6,754,513
Charges for services	876,563	808,127	780,170	1,223,172	1,173,889
Fines	195,920	182,389	197,808	193,820	248,654
Utility Franchise Fees	1,431,804	1,476,838	1,495,036	1,559,277	1,523,220
Investment Income	103,175	(36,644)	51,100	59,796	34,292
Miscellaneous	834,481	576,714	738,831	387,433	331,681
TOTAL REVENUES	13,296,669	13,079,547	14,489,183	14,797,126	14,997,684
EXPENDITURES					
Administrative services	1,429,835	1,346,888	1,496,490	1,663,724	1,649,319
Public works and streets	1,513,591	1,583,642	1,671,893	1,529,639	1,376,828
Parks and recreation	1,811,431	1,572,172	1,687,984	1,746,952	1,720,079
Public safety	3,909,555	3,841,127	4,208,480	4,623,722	4,804,762
Debt service, general	11,527	11,260	10,228	61,998	248,133
Debt service, principal	2,007,727	2,002,424	2,450,500	10,036,250	515,000
Debt service, interest	622,118	550,862	479,918	465,638	370,863
Other	836,552	867,396	895,728	887,825	879,339
Capital outlay	6,049,531	2,131,532	1,988,305	1,023,575	1,836,499
TOTAL EXPENDITURES	18,191,867	13,907,303	14,889,526	22,039,323	13,400,822
OTHER FINANCING SOURCES (USES)	-	(59,757)	(89,635)	8,053,901	10,453,837
NET CHANGES IN FUND BALANCES	\$ (4,895,166)	\$ (887,509)	\$ (489,977)	\$ 811,704	\$ 12,050,699
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	21.66%	21.68%	22.71%	49.97%	7.66%

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018
REVENUES					
General Property Tax	\$ 4,891,881	\$ 4,942,983	\$ 5,013,729	\$ 5,180,353	\$ 5,547,067
Licenses and Permits	178,569	194,507	198,239	224,725	258,417
Intergovernmental	710,794	7,345,329	7,564,113	7,546,796	9,386,600
Charges for services	1,209,341	1,242,101	1,230,901	1,321,616	836,473
Fines	208,835	180,701	150,480	128,636	142,669
Utility Franchise Fees	1,570,890	1,713,632	1,629,326	1,603,499	1,723,625
Investment Income	32,311	76,358	46,324	111,352	279,047
Miscellaneous	396,211	159,452	417,271	1,290,988	348,559
TOTAL REVENUES	9,198,832	15,855,063	16,250,383	17,407,965	18,522,457
EXPENDITURES					
Administrative services	1,589,947	1,633,764	1,654,014	1,455,927	1,593,445
Public works and streets	1,488,629	1,425,756	1,599,179	2,181,883	1,579,978
Parks and recreation	1,709,376	1,734,106	1,728,967	1,909,581	2,001,654
Public safety	4,999,907	5,252,468	5,583,862	6,005,885	6,524,115
Debt service, general	201,932	372,372	119,859	117,526	106,676
Debt service, principal	2,045,000	13,635,000	1,815,000	2,445,000	2,415,000
Debt service, interest	477,113	703,275	796,546	762,903	697,952
Other	882,145	885,997	873,291	871,889	899,285
Capital outlay	3,799,505	2,598,203	8,755,578	5,968,210	16,079,127
TOTAL EXPENDITURES	17,193,554	28,240,941	22,926,296	21,718,804	31,897,232
OTHER FINANCING SOURCES (USES)	5,521,627	19,694,272	-	35,102	14,116,804
NET CHANGES IN FUND BALANCES	\$ 3,918,905	\$ 7,308,394	\$ (6,675,913)	\$ (4,275,737)	\$ 742,029
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	18.83%	55.92%	18.43%	20.37%	19.68%

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Earnings	Miscellaneous	
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
2013	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
2018	2,239,787	31,075	83,336	16,268,042	279,047	249,965	19,151,252

TEN YEAR SUMMARY

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
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
2018	12,309,684	401,591	1,993,262	434,882	142,669	3,240,369	18,522,457

TEN YEAR SUMMARY

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
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	13,079,547
2011	12,493,956	227,318	1,265,088	167,962	197,808	51,100	85,952	14,489,184
2012	12,748,412	184,493	1,223,172	343,137	193,820	59,796	44,296	14,797,126
2013	12,970,711	238,457	1,173,889	190,494	248,654	34,292	141,187	14,997,684
2014	13,565,565	178,569	1,209,341	374,779	208,835	32,311	21,442	15,590,842
2015	14,001,944	194,507	1,242,101	131,563	180,701	76,358	27,889	15,855,063
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
2018	16,657,292	258,417	836,473	86,071	142,669	279,047	262,488	18,522,457

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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	2,792,370	367,192,464	1,835,962,320	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%
2018	13.7	335,290,167	76,933,820	5,696,460	417,920,447	2,089,602,235	20%

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

Source: Pulaski County Tax Assessor.

Fiscal Year	DIRECT RATES				OVERLAPPING RATES		
	City of Maumelle				County	School District	
	Debt Service Millage	Operating Millage	Library Millage	Total	Total	Total	Total
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
2018	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	2018 Assessed Valuation	2018 Rank	Percentage of Total Assessed Valuation	2009 Assessed Valuation	2009 Rank
Ace Hardware Corp	Distribution warehouse	\$ 4,120,690	1	0.99%	\$ 2,765,662	4
Molex Incorporated	computer cabling	3,192,000	2	0.76%	4,200,052	1
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,930,000	3	0.70%	2,889,213	3
Glen UNA Holdings Little Rock*	Distribution warehouse	2,572,360	4	0.62%	2,749,702	5
Kimberly-Clark	Baby wipe manufacturer	2,521,640	5	0.60%		
Maumelle Housing Association Ltd	Multi-unit housing	2,395,000	6	0.57%	2,062,204	6
The Villa at Riverpointe (2014)	Multi-unit housing	2,042,680	7	0.49%		
The Villa at Riverpointe (2016)	Multi-unit housing	1,834,196	8	0.44%		
Kroger Limited Partnership	Retail grocery store	1,790,780	9	0.43%	1,810,549	8
Burkhalter Property Group	Distribution warehouse	1,450,000	10	0.35%		
Frostyair of Arkansas, Inc	Distribution warehouse				1,844,471	7
Gables of Maumelle Apartment	Multi-unit housing				1,060,000	10
R E McElroy, Inc.	Real estate investments				3,200,000	2
Pulaski County	Government				1,239,650	9
		<u>\$ 24,849,346</u>		<u>5.95%</u>	<u>\$ 23,821,503</u>	

*Previously Scholastic Distribution

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
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%
2018	5,073,827	4,797,835	94.56%	390,819	5,188,654	102.26%

Total Collections - Last Ten Fiscal Years \$ 49,311,311

Total Collections to Date \$ 80,307,232

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 of Total General Expenditures
2009	1,925,000	633,645	2,558,645	18,191,836	14.06%
2010	2,002,424	562,122	2,564,546	13,907,300	18.44%
2011	2,450,500	490,146	2,940,646	14,889,526	19.75%
2012*	10,036,250	527,636	10,563,886	22,039,323	47.93%
2013	515,000	370,863	885,863	13,400,822	6.61%
2014	2,045,000	477,113	2,522,113	17,193,554	14.67%
2015	13,635,000	703,275	14,338,275	28,240,941	50.77%
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%
2018	2,415,000	697,952	3,112,952	31,897,232	9.76%

*Series 2005 and 2007 bonds refunded

Year	Governmental Activities				Business-Type Activities	Total	Assessed	Percentage
	General Obligation Bonds	Revenue Bonds	Capital Leases	Notes Payable	Notes Payable	Primary Government	Value ²	of Assessed Value
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	12,633,054	353,909,669	3.57%
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%
2018	26,820,000	6,760,000	-	-	-	33,580,000	417,920,447	8.04%

Year	Population ¹	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
2009	16,705	855.05	45,215	1.89%
2010	17,163	736.06	45,646	1.61%
2011	17,489	580.53	37,168	1.56%
2012	17,594	470.57	37,594	1.25%
2013	17,710	1,022.76	37,453	2.73%
2014	17,826	1,201.68	37,850	3.17%
2015	17,970	1,515.20	36,948	4.10%
2016	18,204	1,386.64	39,577	3.50%
2017	18,205	1,212.85	40,264	3.01%
2018	18,100	1,855.25	43,066	4.31%

*Data Sources:*¹ The Gadberry Group and US Census Bureau² Pulaski County Treasurer's Office

Year	Population	Assessed Value ³	Accumulated Resources Restricted for payment of general bonded debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2009	16,705 ¹	353,909,669	1,371,244	12,870,006	3.64%	770.43
2010	17,163 ²	360,415,234	1,485,117	10,796,133	3.00%	629.04
2011	17,489 ²	367,192,464	1,352,430	8,391,133	2.29%	479.79
2012	17,594 ²	373,386,489	290,125	6,728,652	1.80%	382.44
2013	17,710 ²	390,446,899	2,242,305	7,579,194	1.94%	427.96
2014	17,826 ²	390,350,489	2,675,836	19,149,349	4.91%	1,074.24
2015	17,970 ²	401,404,555	2,395,185	24,552,275	6.12%	1,366.29
2016	18,204 ³	416,068,156	2,804,402	22,438,059	5.39%	1,232.59
2017	18,205 ⁴	422,027,544	2,652,322	19,427,678	4.60%	1,067.16
2018	18,100 ⁴	417,920,447	3,054,471	30,525,529	7.30%	1,686.49

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

DECEMBER 31, 2018

	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	\$ 33,580,000	100.0%	\$ 33,580,000
Pulaski County Special School District ¹	239,540,000	28.0%	67,071,200
Total	<u>\$ 273,120,000</u>		<u>\$ 100,651,200</u>

Source: ¹ 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, 2018

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	\$	417,920,447	
Debt limitation 20% of assessed value		83,584,089	
General obligation debt		(33,580,000)	
Less amount available in debt service fund		<u>3,054,471</u>	
Total amount of debt applicable to debt limitation			(30,525,529)
Legal debt margin			<u><u>\$ 53,058,560</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
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%
2018	83,584,089	30,525,529	53,058,560	37%

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

TEN YEAR SUMMARY

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Franchise Tax Received	\$ 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	\$ 1,723,625
2005 Revenue Bonds:²										
Principal (\$)	85,000	85,000	980,000	4,261,250	-	-	-	-	-	-
Interest (\$)	113,945	116,540	113,650	117,567	-	-	-	-	-	-
Coverage (%)	7.20	7.33	7.34	0.36	-	-	-	-	-	-
2007 Revenue Bonds:^{1 2}										
Principal (\$)	-	-	-	2,615,000	-	-	-	-	-	-
Interest (\$)	254,171	254,171	254,171	191,334	-	-	-	-	-	-
Coverage (%)	5.63	5.81	5.88	0.27	-	-	-	-	-	-
2012 Revenue Bonds:³										
Principal (\$)	-	-	-	160,000	215,000	215,000	220,000	225,000	230,000	260,000
Interest (\$)	-	-	-	137,986	274,372	272,422	267,923	263,523	259,023	254,423
Coverage (%)	-	-	-	5.23	3.11	3.22	3.51	3.34	3.28	3.35

¹ No principal payment due until 2013.

² Bonds were refunded in 2012.

³ Bonds issued in 2012

TEN YEAR SUMMARY

Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	School Enrollment ²	Unemploy- ment Rate ³
2009	16,705	755,316,575	45,215	36.9	4,391	7.3
2010	17,163	783,422,298	45,646	37.5	4,511	7.8
2011	17,489	650,031,152	37,168	37.5	4,511	7.9
2012	17,594	661,428,836	37,594	37.4	4,306	7.3
2013	17,710	663,292,630	37,453	35.9	4,772	7.0
2014	17,826	674,714,100	37,850	35.9	4,772	5.9
2015	17,970	663,955,560	36,948	34.6	5,068	5.0
2016	18,204	720,459,708	39,577	34.6	5,068	4.0
2017	18,205	733,006,120	40,264	39.5	4,823	3.7
2018	18,100	779,494,600	43,066	40	4,534	4

*Data Sources:*¹ U.S. Census Bureau² U.S. Census Bureau, American Community Survey 5-Year Estimates³ U.S. Bureau of Labor Statistics

CURRENT YEAR AND NINE YEARS AGO

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Molex LRC Business Unit	675	1	23.5%	1,000	1	28.6%
Dillard's Internet Fulfillment Center	416	2	14.5%			
Ace Hardware	300	3	10.5%	260	2	7.4%
Kimberly Clark Corporation	270	4	9.4%	241	3	6.9%
BEI Precision Systems & Space	175	5	6.1%	210	4	6.0%
Cintas Corporation	170	6	5.9%	165	5	4.7%
Pepsi	155	7	5.4%			
Leisure Arts	75	9	2.6%			
Lamb & Associates Packaging	92	8	3.2%	75	8	2.1%
Crate Services	65	10	2.3%			
Plastic Ingenuity, Inc.	65	10	2.3%	60	9	1.7%
Molex HPC Business Unit				117	6	3.3%
Ink Enterprise, Inc.				50	10	1.4%
Target Southern Distribution Center				550	2	15.7%
Claudias Canine Cuisine				85	7	2.4%

Source: City of Maumelle Community and Economic Development Department

Function	2009	2010	2011	2012	2013
Administrative Services	10	10	11	12	12
Public works	23	22	26	26	24
Legal and judicial	4	4	4	4	4
Parks and recreation	19	32	22	24	28
Public Safety	64	66	70	75	73
Community and economic development	9	9	9	9	9
Sanitation	13	13	13	12	12
Totals	142	156	155	162	162

Function	2014	2015	2016	2017	2018
Administrative Services	15	15	13	15	14
Public works	23	31	30	31	29
Legal and judicial	4	5	4	3	3
Parks and recreation	30	35	35	26	35
Public Safety	77	77	78	78	88
Community and economic development	9	8	9	8	9
Sanitation	12	12	15	15	15
Totals	170	183	184	176	192

Source: City of Maumelle Human Resources Department

NINE YEAR SUMMARY*

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police									
Number of uniformed employees	27	29	30	31	32	33	35	37	38
Service calls	4,839	5,702	7,868	8,196	8,177	10,118	11,779	12,580	12,391
Arrests	521	940	1,078	1,019	1,019	920	925	913	1,112
Traffic stops	2,134	2,260	3,239	4,014	4,014	2,363	2,287	2,895	3,255
Traffic citations	737	754	767	1,107	990	617	501	637	631
Training man hours	436	691	1,216	3,063	1,976	3,064	2,078	5,136	2,599
Fire									
Number of uniformed employees	21	26	26	26	29	29	32	36	37
Fire									
Rescue, emergency medical calls	53	44	59	53	57	68	45	58	46
Hazardous condition, standby	1,043	1,057	1,170	1,041	1,095	1,032	977	1,009	1,208
Service calls	29	23	28	29	44	40	33	48	47
Good intent calls	102	139	131	124	130	147	159	153	231
False alarm calls	87	81	103	121	78	109	110	59	189
Natural disaster calls	89	132	115	118	133	230	117	106	116
Other calls	6	25	11	11	7	14	1	3	1
Total calls	12	18	35	18	5	11	177	104	9
	1,421	1,519	1,652	1,515	1,549	1,651	1,619	1,540	1,847
Animal Control									
Number of uniformed employees	4	5	5	5	6	6	6	6	6
Number of animals taken into custody	600	583	620	824	817	725	606	667	554
Service calls	3,650	4,761	4,977	5,122	6,138	6,164	7,716	5,773	5,352
Parks and recreation									
Pool attendance	2,249	2,465	2,754	2,883	2,440	2,099	1,837	2,092	1,945
Participants in youth league sports ²	72	60	72	60	70	80	80	80	80
Participants in adult league sports	906	888	802	948	998	927	970	941	462
Senior Services³									
Senior Center attendance									
Rides							23,838	40,493	65,286
Members							4,499	6,001	6,236
Meals Served							2,420	1,398	1,549
								15,620	20,686
Garbage Collections									
Monthly service rate	\$ 15.50	\$ 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	574
Year waste cubic yardage	5,125	5,475	5,075	5,300	5,125	4,350	4,250	4,540	4,900
Class 1 tonnage	5,014	5,124	5,059	5,287	5,200	4,892	4,924	5,000	5,803
Code Enforcement/Building Permits									
Total building permits issued ¹	956	944	1,213	99	101	1,412	1,726	2,701	1,294
New commercial permits	4	2	11	5	3	9	4	3	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	6,895,659
New residential permits	85	90	76	76	98	35	53	60	79
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	\$ 22,319,661

¹ Only nine years of information readily available.

² Includes all permits issued during the year - construction as well as fence, deck, pool, etc. ³ The City only manages sports for 1st and 2nd grades. Other age groups are managed by individual sports associations. ³ Data not available prior to 2016

Statistical Section (Not covered by auditor's opinion)

TEN YEAR SUMMARY

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Highways and streets										
Streets (#)	364	364	364	364	364	364	364	364	426	426
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	24	24	25	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	3	3	3	3	3	3	3	3	3
Police patrol units	23	24	28	31	32	30	30	30	33	33
Fire trucks	3	4	4	4	4	4	3	3	3	3
Sanitation										
Collection trucks	7	9	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, 2018, 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 February 7, 2022.

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
February 7, 2022

SUMMARY OF AUDITOR'S RESULTS**FINANCIAL STATEMENTS**Type of auditor's report issued: Unmodified

Internal control over financial report:

Material weakness(es) identified? ☐ Yes ☒ NoSignificant deficiency(ies) identified not considered to be a material weakness(es)? ☐ Yes ☒ None reportedNoncompliance material to financial statements notes? ☐ 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 Cluster CFDA Number

Highway Planning and Construction Cluster:

Highway Planning and Construction (Federal-Aid Highway Program) 20.205

FEMA Assistance to Firefighters Grant Program 97.044

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

Dollar threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance: \$750,000

Organization qualified as a low-risk auditee as that term is defined in the Uniform Guidance? ☐ Yes ☒ No

Findings required to be reported by *Government Auditing Standards***Reference****Number****Finding**

None

Findings required to be reported by the Uniform Guidance**Reference****Number****Finding****Questioned Costs**

None

Findings required to be reported by Government Auditing Standards

Reference Number	Finding	Status
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None

Findings required to be reported by the Uniform Guidance

Reference Number	Finding	Status
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None