



CITY OF MAUMELLE, ARKANSAS

Annual Comprehensive Financial Report

For the Year Ended December 31, 2020

Prepared by:

**Liz Mathis
Director of Finance**

**City of Maumelle, Arkansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2020**

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INTRODUCTORY SECTION



January 18, 2023

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, 2020.

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 FORVIS, LLP 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, 2020, 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 unmodified opinions that the City's financial statements for the fiscal year ending December 31, 2020, 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.

The independent audit of the financial statements of the City of Maumelle was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance 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 18,193 .

The City of Maumelle is formed in the Mayor-Council form of government. Policy making and legislative authority are vested in the City Council consisting of eight alderman. The City Council is responsible, among other things, passing ordinances & resolutions, adopting the annual budget, and appointing committees. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the various department directors. The City Council and Mayor are elected on a non-partisan basis. 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; senior wellness services; 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 17-18 of this report.

Factors Affecting Financial Condition

Local Economy

The City has a stable economic environment. The City has an established industrial park consisting of warehousing, distribution centers, and light manufacturing. Retail business within the City consists of restaurants, grocery stores, dry cleaners, and dry goods. The City is served by four banks, three regional and one national. The interent sales tax passed by the Arkansas Legislature went into affect in late 2019 and proved to be a critical part of the City's economy, particularly in light of the COVID-19 pandemic.

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. In 2019 the City Council approved a Capital Improvement Fund to begin setting aside funds for future Capital needs.

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 General Fund's fund balance decreased by \$1,359,500, in 2020.

Major initiatives

- The much-needed remodel and renovations of City Hall, approved by the voters in 2014 were mostly completed by August 2020. The redesign has transformed City Hall's motel-style layout to a more practical floor plan providing for a more efficient workflow and additional security.
- The Adaptive Traffic Signal Control System, which involves updating the traffic signals along Maumelle boulevard was completed.

Acknowledgments

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 FORIVS, LLP 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, 2020

OFFICIALS OF THE CITY OF MAUMELLE, ARKANSAS

Elected Officials

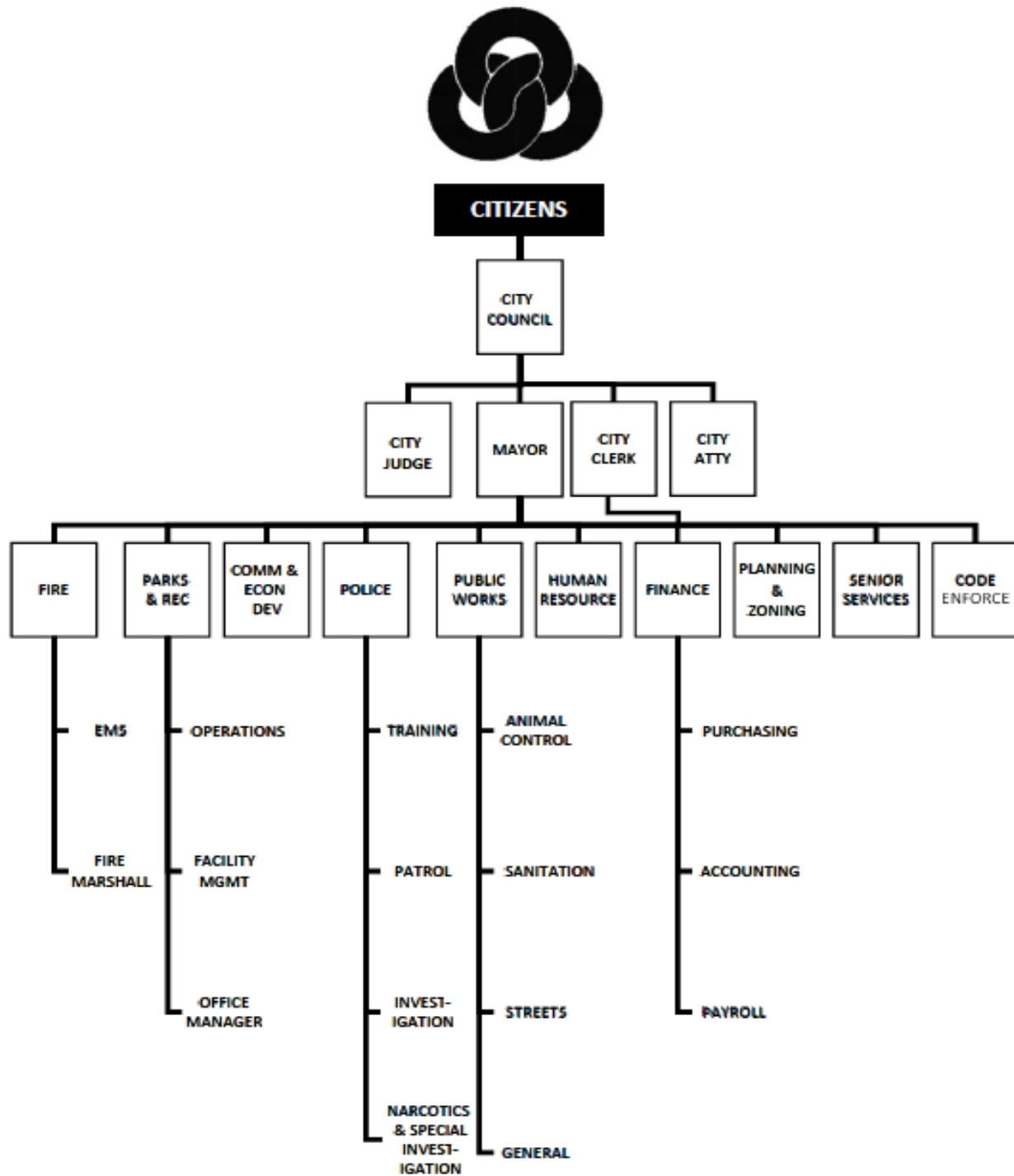
Caleb Norris	Mayor
Steve Mosley	Ward 1, Position 1
Ken Saunders	Ward 1, Position 2
Marion Scott-Coney	Ward 2, Position 1
Chad Gardner	Ward 2, Position 2
Terry Williams	Ward 3, Position 1
Michael Tierney	Ward 3, Position 2
John Vaprezzan	Ward 4, Position 1
Jess Holt	Ward 4, Position 2
Melissa Krebs	City Attorney
Tina Timmons	City Clerk/Treasurer
Rita Bailey	Municipal Judge

City Commissions
Chairpersons

Billy Herrington	Civil Service Commission
David Gershner	Planning Commission
Dave Gattinger	Public Facilities Board

DECEMBER 31, 2020

ORGANIZATIONAL CHART



FINANCIAL SECTION

Independent Auditor's Report

The Honorable Caleb Norris, Mayor
and Members of City Council
City of Maumelle, Arkansas
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 (City), as of and for the year ended December 31, 2020, 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.

The Honorable Caleb Norris, Mayor
and Members of City Council
City of Maumelle, Arkansas

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the general and street funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents 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, combining fund financial statements, statistical section and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Caleb Norris, Mayor
and Members of City Council
City of Maumelle, Arkansas

The combining fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates 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 combining fund financial statements and 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated January 18, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

FORVIS, LLP

Little Rock, Arkansas
January 18, 2023

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, 2020. 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, 2020 by \$56,359,264 (presented as net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,865,762 , a decrease of \$1,591,347 , due to planned spending of governmental fund balances.
- At the end of the current fiscal year, fund balance for the general fund was \$2,743,798 , or 19 percent of total general fund expenditures which is slightly under the required reserves (20%). This fund balance was discussed in detail with the council and remedied in early 2021.
- The City's total debt decreased by \$2,456,959 due to scheduled principal payments.

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, economic development, legal and judicial, and culture and recreation. The business-type activities of the City include sanitation services.

The government-wide financial statements can be found on pages 11-12 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 ten 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 fund, and the debt service fund, all of which are considered to be major funds. Data from the other six 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 13-18 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 19-21 of this report.

Fiduciary funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one type of fiduciary fund and that is the courts custodial fund. The City uses the custodial 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 statements can be found on pages 22-23 of this report.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-50 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 52-87 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 2020 compared to 2019:

**CITY OF MAUMELLE
NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 25,882,824	\$ 29,380,494	\$ 1,194,766	\$ 1,284,057	\$ 27,077,590	\$ 30,664,551
Capital assets	66,402,597	64,623,281	570,052	813,213	66,972,649	65,436,494
Total assets	92,285,421	94,003,775	1,764,818	2,097,270	94,050,239	96,101,045
Total deferred outflows of resources	1,907,091	2,259,909	-	-	1,907,091	2,259,909
Long-term liabilities	38,087,464	40,611,923	24,104	18,209	38,111,568	40,630,132
Other liabilities	1,571,024	1,293,167	111,245	89,789	1,682,269	1,382,956
Total liabilities	39,658,488	41,905,090	135,349	107,998	39,793,837	42,013,088
Total deferred inflows of resources	2,102,737	1,060,242	-	-	2,102,737	1,060,242
Net position:						
Net investment in capital assets	46,085,383	48,022,802	570,052	813,213	46,655,435	48,836,015
Restricted	5,001,893	4,742,950	-	-	5,001,893	4,742,950
Unrestricted	3,642,519	532,600	1,059,417	1,176,059	4,701,936	1,708,659
Total net position	\$ 54,729,795	\$ 53,298,352	\$ 1,629,469	\$ 1,989,272	\$ 56,359,264	\$ 55,287,624

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 \$56,359,264 as of the end of December 31, 2020. The largest portion of the City's net position (\$46,655,435) 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, \$5,001,893 represents resources that are subject to external restrictions on how they may be used. The remaining net position of \$4,701,936 is unrestricted.

ANALYSIS OF THE CITY'S OPERATIONS

The following table provides a summary of the City's operations for the year ended December 31, 2020 and 2019.

**CITY OF MAUMELLE
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	1,475,815	837,932	1,303,033	1,281,164	2,778,848	2,119,096
Operating grants and contributions	1,100,096	32,572	-	-	1,100,096	32,572
Capital grants and contributions	215,177	591,015	-	-	215,177	591,015
General revenues:						
Property taxes	5,748,382	5,735,298	-	-	5,748,382	5,735,298
Sales taxes	9,768,306	9,425,453	-	-	9,768,306	9,425,453
Franchise taxes	1,592,099	1,610,520	-	-	1,592,099	1,610,520
Intergovernmental	1,543,305	1,517,929	-	-	1,543,305	1,517,929
Miscellaneous	213,054	172,074	3,565	28,821	216,619	200,895
Investment earnings	107,833	308,235	-	-	107,833	308,235
Total revenues	21,764,067	20,231,028	1,306,598	1,309,985	23,070,665	21,541,013
Expenses						
Administrative services	4,073,295	3,251,552	-	-	4,073,295	3,251,552
Highways and streets	2,978,657	2,348,343	-	-	2,978,657	2,348,343
Legal and judicial	309,698	311,860	-	-	309,698	311,860
Culture and recreation	2,362,538	2,357,123	-	-	2,362,538	2,357,123
Public safety	9,150,474	8,939,676	-	-	9,150,474	8,939,676
Economic development	566,903	732,123	-	-	566,903	732,123
Interest on long-term debt	880,609	919,492	-	-	880,609	919,492
Agent fees on long-term debt	10,450	14,550	-	-	10,450	14,550
Bond issuance costs	-	123,898	-	-	-	123,898
Sanitation	-	-	1,666,401	1,315,706	1,666,401	1,315,706
Total expenses	20,332,624	18,998,617	1,666,401	1,315,706	21,999,025	20,314,323
Change in net position	1,431,443	1,232,411	(359,803)	(5,721)	1,071,640	1,226,690
Net position - January 1	53,298,352	52,065,941	1,989,272	1,994,993	55,287,624	54,060,934
Net position - December 31	54,729,795	53,298,352	1,629,469	1,989,272	56,359,264	55,287,624

Governmental Activities

Governmental activities increased the City's net position by \$1,431,443 for an ending balance of \$54,729,795. Governmental activities revenue increased by a \$1,533,039 (8 percent) from the previous year, while expenses increased by \$1,334,007 (7 percent).

At the end of 2020, operating grants and contributions in governmental funds exceeded the prior year by \$1,067,524. This change is primarily associated with several COVID-19 specific grants the City received in 2020 to respond to the COVID-19 Pandemic. Charges for services increases are related to an increase in 911 Dispatch funds received and a reclassification of how the LOPFI turnback funds are recorded. The COVID-19 pandemic also led to an increase in sales tax revenues as more people purchased goods online.

Administrative expenses increased related to safety and health supplies funded by COVID-19 Response grants. Public Safety expenses increased related to a change in how the LOPFI turnback funds were being recorded. In 2020 the turnback was recorded as revenue and in past years it was treated as a contra-expense.

Business-type Activities.

Business-type activities results for the current fiscal year decreased the City's overall net position by \$359,803 to a total ending balance of \$1,629,469 for business type activities (sanitation). The decrease is the combined effect of reduced revenues/collections and increased expenses. The largest expense increase is a one time write off of bad debt associated with old utility billing deemed uncollectible.

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 \$21,865,762, a decrease of 7 percent, in comparison, with the prior year. Approximately 7 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 (\$455,428), 2) restricted for particular purposes (\$17,120,113), 3) committed by the City Council for particular purposes (\$ 1,983,682), or 4) assigned to PO's for outstanding encumbrances (\$689,125).

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 \$1,617,414 and total fund balance was \$2,743,798 . 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 11 percent of total general fund expenditures, while total fund balance represents approximately 19 percent of that same amount. The General Fund's fund balance decreased by \$1,359,500 related to planned spending of the excess fund balance over the minimum required for reserves per Ordinance 438. This placed the year end fund balance slightly below the required minimum. This was remedied in early 2021.

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 \$4,485,600. The Street Fund balance decreased by \$200,384 related to an increase in Street Fund capital spending.

The Debt Services Fund includes all funds held by the trustee for payment of the City's Debt. The Restricted fund balance at the end of the current fiscal year was \$5,263,460. The fund balance increased by \$1,306,433 due increases in tax receipts for the year which are now available to pay extra principle payments on the City's outstanding Sales & Use Tax & General obligation bonds.

The Capital Projects Fund includes funds held but the trustee for Capital projects approved by the voters with specific bond measures. The Restricted fund balance at the end of the current fiscal year was \$7,323,587. This balance decreased by \$2,824,915 in 2020 related to Capital spending on the City Hall remodel and Crystal Hill Road construction.

General Fund Budgetary Highlights***Original budget compared to final budget***

During the year, there were several amendments to the original budget in 2020.

- Resolution 2020-2 - the General Fund budget was increased by \$10,000 to increase the Beautification program line item in order to continue to plant additional trees in 2020.
- Resolution 2020-4 - the General Fund budget was increased by \$7,000 to add a part time custodian to the Police

Department.

- Resolution 2020-10 - the General Fund budget was amended to appropriate donations received to the Splash Pad Capital expense line.
- Resolution 2020-14 - the General Fund budget was increased by \$25,000 for additional salary funds needed to replace the Finance Director.
- Resolution 2020-15 - the General Fund budget was increased by \$8,000 in order to replace a pump for the pool.
- Resolution 2020-35 - the General Fund budget was amended for various projects as a result of the COVID-19 pandemic.

Final budget compared to actual results

GENERAL FUND

Revenues- General fund revenues were \$9,929 higher than budgeted. The largest revenues under budget were the millage tax, parks and recreation fees, community development fees, & intergovernmental revenues. Parks and recreation fees were impacted significantly by COVID-19.

Expenditures -All divisions reflect expenditures under budget. Overall the general fund expenses were under budget by \$659,919 .

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$66,972,649 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 \$1,536,156.

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

- Increases in infrastructure for governmental activities totaling \$925,834
- Additions to governmental buildings totaling \$26,886
- Additions to governmental equipment totaling \$343,615
- Additions to construction in progress totaling \$3,128,968 for the Adaptive Traffic Signal project, City Hall Remodel, & Crystal Hill Road Construction.

City of Maumelle's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 8,736,172	\$ 8,736,172	\$ -	\$ -	\$ 8,736,172	\$ 8,736,172
Building	35,958,784	35,931,898	250,381	250,381	36,209,165	36,182,279
Equipment	12,719,357	12,375,742	2,315,053	2,315,053	15,034,410	14,690,795
Infrastructure	36,610,681	35,684,847	-	-	36,610,681	35,684,847
Construction in progress	3,993,273	864,305	-	-	3,993,273	864,305
Accumulated Depreciation	\$ (31,615,669)	\$ (28,969,683)	\$ (1,995,383)	\$ (1,752,222)	\$ (33,611,052)	\$ (30,721,905)
Total	\$ 66,402,598	\$ 64,623,281	\$ 570,051	\$ 813,212	\$ 66,972,649	\$ 65,436,493

Additional information on the City's capital assets can be found on pages 33-34 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt outstanding of \$27,970,000 . The Series 2019 bonds are revenue bonds totaling \$5,860,000 secured solely by franchise fee revenue. The Series 2015 bonds are limited tax general obligation bonds totaling \$9,340,000. The Series 2018 Bonds are Sales Tax bonds totaling \$12,770,000.

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:					
2015 Series	10,875,000	-	1,535,000	9,340,000	1,160,000
2018 Series	13,275,000	-	505,000	12,770,000	520,000
2019 Series	6,235,000	-	375,000	5,860,000	380,000
Plus Reoffering Premium	827,550	-	87,346	740,204	-
Less deferred discounts	(45,387)	-	(45,387)	-	-
Total bonds payable	31,167,163	-	2,456,959	28,710,204	2,060,000

Total long-term bonds outstanding at December 31, 2020 decreased by \$2,456,959. The decrease is related to principal payments. 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 2021 budget was approved with General Fund revenues showing an increase of 6.8%, the largest increasing being related to sales tax revenues and a 0.1% revenue decrease in the street fund related to Millage taxes and investment income.

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 6,396,121	\$ 1,060,491	\$ 7,456,612
Certificates of Deposit	2,298,508	-	2,298,508
Taxes receivable	6,545,164	-	6,545,164
Accounts receivable - net	186,612	121,945	308,557
Prepays	455,428	12,330	467,758
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	12,299,499	-	12,299,499
Property, plant & equipment - net			
Land	8,736,172	-	8,736,172
Buildings	19,933,470	140,712	20,074,182
Equipment	3,104,774	429,340	3,534,114
Infrastructure	30,634,908	-	30,634,908
Construction in progress	3,993,273	-	3,993,273
TOTAL ASSETS	94,583,929	1,764,818	96,348,747
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - pensions	1,577,892	-	1,577,892
Deferred charge on refunding	329,199	-	329,199
TOTAL DEFERRED OUTFLOW OF RESOURCES	1,907,091	-	1,907,091
LIABILITIES			
Accounts payable	420,882	73,464	494,346
Payroll taxes payable	118,388	8,409	126,797
Other payroll withholdings payable	469,310	17,294	486,604
Other accrued payables	224,934	12,078	237,012
Accrued interest payable	334,483	-	334,483
Sales taxes payable	3,027	-	3,027
Noncurrent liabilities:			
Due within one year	2,167,301	8,397	2,175,698
Due in more than one year	35,920,163	15,707	35,935,870
TOTAL LIABILITIES	39,658,488	135,349	39,793,837
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pensions	2,102,737	-	2,102,737
TOTAL DEFERRED INFLOWS OF RESOURCES	2,102,737	-	2,102,737
NET POSITION			
Net investment in capital assets	46,085,383	570,052	46,655,435
Restricted for:			
Streets	4,959,197	-	4,959,197
Municipal Court Automation	42,696	-	42,696
Unrestricted	3,642,519	1,059,417	4,701,936
TOTAL NET POSITION	\$ 54,729,795	\$ 1,629,469	\$ 56,359,264

FOR THE YEAR ENDED DECEMBER 31, 2020

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	\$ 4,073,295	\$ -	\$ 104,002	\$ -	\$ (3,969,293)	\$ -	\$ (3,969,293)
Legal and judicial	309,698	140,440	-	-	(169,258)	-	(169,258)
Public safety	9,150,474	707,089	789,027	215,177	(7,439,181)	-	(7,439,181)
Highways and streets	2,978,657	42	207,067	-	(2,771,548)	-	(2,771,548)
Culture and recreation	2,362,538	369,837	-	-	(1,992,701)	-	(1,992,701)
Economic development	566,903	258,407	-	-	(308,496)	-	(308,496)
Interest on long-term debt	880,609	-	-	-	(880,609)	-	(880,609)
Agent fees on long-term debt	10,450	-	-	-	(10,450)	-	(10,450)
Total governmental activities	20,332,624	1,475,815	1,100,096	215,177	(17,541,536)	-	(17,541,536)
Business-type activities:							
Sanitation	1,666,401	1,303,033	-	-	-	(363,368)	(363,368)
Total primary government	\$ 21,999,025	\$ 2,778,848	\$ 1,100,096	\$ 215,177	(17,541,536)	(363,368)	(17,904,904)
General revenues:							
Property taxes					5,748,382	-	5,748,382
Utility franchise fees					1,592,099	-	1,592,099
Sales taxes					9,768,306	-	9,768,306
Intergovernmental - unrestricted					233,185	-	233,185
Intergovernmental - restricted					1,310,120	-	1,310,120
Miscellaneous					192,663	3,565	196,228
Gain (loss) on sales of capital assets					20,391	-	20,391
Investment income					107,833	-	107,833
Total general revenues					18,972,979	3,565	18,976,544
Change in net position					1,431,443	(359,803)	1,071,640
NET POSITION - BEGINNING					53,298,352	1,989,272	55,287,624
NET POSITION - ENDING					\$ 54,729,795	\$ 1,629,469	\$ 56,359,264

DECEMBER 31, 2020

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash	\$ 1,416,397	\$ 3,083,551	\$ 25,085	\$ -	\$ 1,871,088	\$ 6,396,121
Funds held by trustee	-	-	4,975,912	7,323,587	-	12,299,499
Certificates of Deposit	1,157,636	1,140,872	-	-	-	2,298,508
Taxes receivable	2,833,335	730,376	2,848,043	-	133,410	6,545,164
Accounts receivable - net	18,941	145,791	-	-	21,880	186,612
Due from other funds	44,042	-	-	-	4,770	48,812
Prepays	450,425	5,003	-	-	-	455,428
TOTAL ASSETS	<u>5,920,776</u>	<u>5,105,593</u>	<u>7,849,040</u>	<u>7,323,587</u>	<u>2,031,148</u>	<u>28,230,144</u>
LIABILITIES						
Accounts payable	419,711	9,935	-	-	-	429,646
Payroll taxes payable	110,468	7,920	-	-	-	118,388
Other payroll withholdings payable	454,663	14,647	-	-	-	469,310
Other accrued payables	217,007	10,954	-	-	-	227,961
Unearned Revenue-other	44,922	-	-	-	-	44,922
Due to other funds	4,770	-	44,042	-	-	48,812
TOTAL LIABILITIES	<u>1,251,541</u>	<u>43,456</u>	<u>44,042</u>	<u>-</u>	<u>-</u>	<u>1,339,039</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-Property tax	1,925,437	558,368	2,541,538	-	-	5,025,343
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,925,437</u>	<u>558,368</u>	<u>2,541,538</u>	<u>-</u>	<u>-</u>	<u>5,025,343</u>
FUND BALANCES						
Nonspendable	450,425	5,003	-	-	-	455,428
Restricted	-	4,485,600	5,263,460	7,323,587	47,466	17,120,113
Committed	-	-	-	-	1,983,682	1,983,682
Assigned	675,959	13,166	-	-	-	689,125
Unassigned	1,617,414	-	-	-	-	1,617,414
TOTAL FUND BALANCES	<u>2,743,798</u>	<u>4,503,769</u>	<u>5,263,460</u>	<u>7,323,587</u>	<u>2,031,148</u>	<u>21,865,762</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,920,776</u>	<u>\$ 5,105,593</u>	<u>\$ 7,849,040</u>	<u>\$ 7,323,587</u>	<u>\$ 2,031,148</u>	<u>\$ 28,230,144</u>

Total fund balances - governmental funds	\$ 21,865,762
Amounts reported for governmental activities in the statement of net position are different because	
Capital Assets, net of accumulated depreciated used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	66,402,597
Net deferred inflows and outflows related to pensions	(524,845)
Long-term liabilities of, \$38,047,712 and related deferred charges on refunding of \$224,652 are not due and payable in the current year and therefore, are not reported in the governmental funds.	(37,758,265)
Interest accrued on long-term debt in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.	(334,483)
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.	5,079,029
Net position of governmental activities	<u>\$ 54,729,795</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, 2020

	General	Street	Debt Service	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local tax assessments:						
Millage tax	\$ 2,134,410	\$ 610,977	\$ 2,780,990	\$ -	\$ -	\$ 5,526,377
Franchise fees	1,592,099	-	-	-	-	1,592,099
Sales Tax	6,924,448	-	1,421,916	-	1,421,942	9,768,306
Intergovernmental revenues	611,940	1,310,121	-	-	-	1,922,061
Public safety fees	346,589	-	-	-	-	346,589
Parks and recreation fees	369,628	-	-	-	-	369,628
Legal and Judicial fees	129,970	-	-	-	10,070	140,040
Community development	258,407	-	-	-	-	258,407
Investment income	17,644	22,765	16,752	50,672	-	107,833
Grants and donations	353,142	166,437	-	-	777,839	1,297,418
Other revenue	188,102	42	-	-	4,770	192,914
TOTAL REVENUES	12,926,379	2,110,342	4,219,658	50,672	2,214,621	21,521,672
EXPENDITURES						
Current:						
General government						
Administrative services	1,966,779	-	-	-	14,525	1,981,304
Legal and judicial	314,419	-	-	-	7,803	322,222
Public safety	8,157,278	-	-	-	64,242	8,221,520
Highways and streets	713,111	1,066,312	-	-	175	1,779,598
Parks and recreation	1,565,631	-	-	-	893	1,566,524
Senior Services	555,934	86,930	-	-	11,649	654,513
Community and economic development	568,965	-	-	-	31	568,996
Debt service:						
Principal	-	-	2,415,000	-	-	2,415,000
Interest	-	-	947,399	-	-	947,399
Fees	-	-	3,950	6,500	-	10,450
Capital outlay:						
Administrative services	24,529	-	-	2,451,595	-	2,476,124
Public safety	381,439	-	-	-	-	381,439
Public works and streets	124,091	1,144,766	-	415,155	54,173	1,738,185
Parks and recreation	70,136	-	-	-	-	70,136
TOTAL EXPENDITURES	14,442,312	2,298,008	3,366,349	2,873,250	153,491	23,133,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,515,933)	(187,666)	853,309	(2,822,578)	2,061,130	(1,611,738)
Other financing sources (uses):						
Transfers in	2,187,531	-	536,300	-	1,503,815	4,227,646
Transfers out	(2,050,857)	(13,350)	(83,176)	(2,337)	(2,077,926)	(4,227,646)
Sale of capital assets	19,759	632	-	-	-	20,391
Total other financing sources (uses)	156,433	(12,718)	453,124	(2,337)	(574,111)	20,391
Net change in fund balances	(1,359,500)	(200,384)	1,306,433	(2,824,915)	1,487,019	(1,591,347)
FUND BALANCE - BEGINNING OF YEAR	4,103,298	4,704,153	3,957,027	10,148,502	544,129	23,457,109
FUND BALANCE - END OF YEAR	\$ 2,743,798	\$ 4,503,769	\$ 5,263,460	\$ 7,323,587	\$ 2,031,148	\$ 21,865,762

Net change in fund balances - total governmental funds	\$ (1,591,347)
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.	4,665,884
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.	(2,886,567)
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.	(36,863)
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.	(1,423,458)
Changes to interest accrued on bonds payable in governmental activities are not due and payable and therefore are not reported as expenditures in the governmental funds.	(65,676)
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
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	87,346
Amortization of discount - Series 2019 bonds	(45,387)
	<u>41,959</u>
Amortization of purchase price in excess of face value of Series 2019 Revenue bonds	90,507
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.	<u>222,004</u>
Change in net position of governmental activities	<u><u>\$ 1,431,443</u></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, 2020**

	GENERAL FUND			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,134,410	\$ (65,590)
Franchise fees	1,600,000	1,600,000	1,592,099	(7,901)
Sales Tax	6,832,000	6,832,000	6,924,448	92,448
Intergovernmental revenues	648,000	648,000	611,940	(36,060)
Public safety fees	153,175	153,175	346,589	193,414
Parks and recreation fees	695,000	695,000	369,628	(325,372)
Legal and Judicial fees	124,200	124,200	129,970	5,770
Community development	297,800	297,800	258,407	(39,393)
Investment income	12,000	12,000	17,644	5,644
Grants and donations	3,041,445	214,775	353,142	138,367
Other revenue	139,500	139,500	188,102	48,602
TOTAL REVENUES	<u>15,743,120</u>	<u>12,916,450</u>	<u>12,926,379</u>	<u>9,929</u>
EXPENDITURES				
Operating expenditures:				
Administrative services	1,857,631	1,991,901	1,966,779	25,122
Legal and judicial	332,889	338,494	314,419	24,075
Public safety	8,057,561	8,257,539	8,157,278	100,261
Highways and streets	725,448	725,448	713,111	12,337
Parks and recreation	1,770,461	1,778,461	1,565,631	212,830
Senior Services	783,961	690,281	555,934	134,347
Community and economic development	630,385	630,385	568,965	61,420
Total operating expenditures	<u>14,158,336</u>	<u>14,412,509</u>	<u>13,842,117</u>	<u>570,392</u>
Capital expenditures:				
Administrative services	16,500	25,750	24,529	1,221
Public safety	284,860	404,563	381,439	23,124
Public works and streets	4,169,293	160,000	124,091	35,909
Parks and recreation	155,700	99,409	70,136	29,273
Total capital expenditures	<u>4,626,353</u>	<u>689,722</u>	<u>600,195</u>	<u>89,527</u>
TOTAL EXPENDITURES	<u>18,784,689</u>	<u>15,102,231</u>	<u>14,442,312</u>	<u>659,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,041,569)</u>	<u>(2,185,781)</u>	<u>(1,515,933)</u>	<u>669,848</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,416,000	2,060,063	2,187,531	127,468
Transfers out	(540,000)	(1,557,848)	(2,050,857)	(493,009)
Sale of capital assets	11,000	11,000	19,759	8,759
TOTAL OTHER FINANCING SOURCES (USES)	<u>887,000</u>	<u>513,215</u>	<u>156,433</u>	<u>(356,782)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,154,569)</u>	<u>\$ (1,672,566)</u>	<u>(1,359,500)</u>	<u>\$ 313,066</u>
FUND BALANCE - BEGINNING OF YEAR			<u>4,103,298</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,743,798</u>	

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020**

	STREET FUND			
	Original Budget	Revised Budget	Actual	Variance
REVENUES				
Taxes	\$ 593,600	\$ 593,600	\$ 610,977	\$ 17,377
Intergovernmental revenues	1,256,400	1,256,400	1,310,121	53,721
Investment income	16,000	16,000	22,765	6,765
Grants and donations	-	-	166,437	166,437
Other revenue	2,250	2,250	42	(2,208)
TOTAL REVENUES	1,868,250	1,868,250	2,110,342	242,092
EXPENDITURES				
Operating expenditures:				
Highways and streets	1,230,347	1,345,847	1,066,312	279,535
Senior Services	-	100,430	86,930	13,500
Capital expenditures:				
Public works and streets	627,038	1,165,777	1,144,766	21,011
TOTAL EXPENDITURES	1,857,385	2,612,054	2,298,008	314,046
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,865	(743,804)	(187,666)	556,138
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(13,350)	(13,350)
Sale of capital assets	3,000	3,000	632	(2,368)
TOTAL OTHER FINANCING SOURCES (USES)	3,000	3,000	(12,718)	(15,718)
NET CHANGE IN FUND BALANCE	\$ 13,865	\$ (740,804)	(200,384)	\$ 540,420
FUND BALANCE - BEGINNING OF YEAR			4,704,153	
FUND BALANCE - END OF YEAR			\$ 4,503,769	

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	Business-type Activities
	Sanitation
ASSETS	
Current assets:	
Cash	\$ 1,060,491
Accounts receivable - net	121,945
Prepaid expenses	12,330
Total current assets	<u>1,194,766</u>
Noncurrent assets:	
Buildings, net of accumulated depreciation	140,712
Equipment, net of accumulated depreciation	429,340
Total noncurrent assets	<u>570,052</u>
TOTAL ASSETS	<u>1,764,818</u>
LIABILITIES	
Current liabilities:	
Accounts payable	73,464
Payroll taxes payable	8,409
Other payroll withholdings payable	17,294
Accrued salaries	12,078
Compensated absences	24,104
Total current liabilities	<u>135,349</u>
Noncurrent liabilities:	
Total noncurrent liabilities	<u>-</u>
TOTAL LIABILITIES	<u>135,349</u>
NET POSITION	
Net investment in capital assets	570,052
Unrestricted	1,059,417
TOTAL NET POSITION	<u>\$ 1,629,469</u>

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities
	Sanitation
OPERATING REVENUES	
Charges for sales and services:	
Charges for sanitation services	\$ 1,306,598
TOTAL OPERATING REVENUES	<u>1,306,598</u>
OPERATING EXPENSES	
Personnel	634,541
Operating supplies	788,699
Depreciation	<u>243,161</u>
TOTAL OPERATING EXPENSES	<u>1,666,401</u>
CHANGE IN NET POSITION	(359,803)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>1,989,272</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 1,629,469</u></u>

FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities
	Sanitation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,537,180
Payments to suppliers	(779,573)
Payments to employees	(628,646)
Net cash provided by operating activities	128,961
Net increase in cash and cash equivalents	128,961
Cash and cash equivalents, January 1, 2020	931,530
Cash and cash equivalents, December 31, 2020	1,060,491
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	(359,803)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	243,161
Change in accounts receivable	230,582
Change in accounts payable	56,204
Change in payroll tax payable	11,598
Change in accrued salaries	2,186
Change in accrued expenses	(12,330)
Change in compensated absence payable	5,895
Change in due to other funds	(48,532)
Total adjustments	488,764
Net cash provided by operating activities	\$ 128,961

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

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Fines
Custodial
Fund

ASSETS

Cash and cash equivalents

\$ 38,467

TOTAL ASSETS

38,467

NET POSITION

Restricted for:

Individuals

38,467

	District Court Fines Custodial Fund
Additions	
Seized cash and other financial assets	\$ 379,396
Total Additions	379,396
Deductions	
Distribution of seized cash and other financial assets	369,814
Total Deductions	369,814
Change in Net Position	9,582
Net Position, Beginning of Year, As restated	28,885
Net Position, End of Year	\$ 38,467

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; culture and recreation; district court; public works and streets; and general administrative services.

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

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City’s own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

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.

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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.

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 the 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 a Fiduciary 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 are eliminated so that only the net amount is included as internal balances in the governmental 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.

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 and fiduciary 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

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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, pensions, 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.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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.

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.

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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."

Accounts receivable are recorded in the General, Special Revenue and Proprietary fund types. All accounts receivable are stated at the amounts billed to customers or pending reimbursement from granting agencies. All funds utilize the allowance method of accounting for uncollectible accounts receivable where appropriate. Management uses significant judgment in estimating uncollectible amounts. While management believes the processes effectively address its exposure to doubtful accounts, changes in economic, industry, or specific customer conditions may require adjustments.

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 statement of net position and are maintained in separate bank accounts and their use is limited by applicable bond covenants. The construction accounts in the Capital Improvement Fund are used to report those proceeds of bond issuances that are restricted for use in construction. The debt service bond accounts in the Debt Service Fund are used to segregate resources accumulated for debt service payments over the next twelve months. The debt service reserve accounts in the Debt Service Fund are used to segregate resources set aside to meet unexpected contingencies, as required by the applicable bond covenants.

Capital assets

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

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

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at the estimated acquisition value of the item at the date of its donation.

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

Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are related to pensions, with one being the amount of contributions made to the pension plans after the measurement date, and the other includes differences between expected and actual experience, difference between projected and actual investment earnings, and differences related to changes in assumptions and proportionate share. Deferred outflows related to contributions made after the measurement date will be used in the next year to reduce the net pension liability. The remaining amounts will be amortized to pension expense over the following years as shown within Note 5.

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include unavailable property tax revenues and deferred pension inflows. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes and grants receivable. Another item, deferred pension inflows, consists of the difference in investment experience between actual earnings and projected earnings on pension plan investments, difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes and changes in proportionate share. Deferred pension inflows are amortized to pension expense over future periods as shown within Note 5.

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. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

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

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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.
- *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, but are only able to carry over a maximum of 120 hours from year to year. Upon termination, any accumulated unused vacation time will be paid to the employee.

Non-uniformed City employees are allowed to accumulate and carry forward unused sick leave up to a maximum of 1,040 hours. Uniformed Police Officers can carryover 1200 hours and uniformed Firefighters can carryover 2400 hours. Any accumulated unused sick leave is paid upon non-uniformed employee retirement from service with the City when the employee has worked for the city at least 30 years and/or meets certain age requirements. Uniformed employees are paid a maximum of 540 hours of sick leave at retirement. Otherwise sick leave is not paid out when employment ends. 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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

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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.

Adoption of GASB Statement No. 84 (GASB 84), Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97)

Effective January 1, 2020, the City implemented GASB 84 and GASB 97. These statements establish criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Adoption of GASB 84 and 97 resulted in activities meeting the criteria being presented in the City's statement of fiduciary net position and statement of changes in fiduciary net positions. The adoption of GASB 84 and GASB 97 had no impact on the City's government-wide, governmental fund or proprietary fund financial statements. Adoption of GASB 84 had no effect on the City's fiduciary funds statements other than reporting the Municipal Court fund as a custodial fund rather than an agency fund which resulted in reporting a beginning net position of \$28,885 not previously reported.

NOTE 2: CASH AND DEPOSITS

As of December 31, 2020, the carrying amount of the City's deposits was \$22,093,086 and the bank balance was \$20,754,142. Of the bank balance, \$8,395,542 was covered by Federal depository insurance or by collateral held by the City's agent in the City's name, and \$12,358,600 was collateralized with securities held by the pledging financial institution's trust department or its agent in the City's name. \$2,298,508 was held in Certificates of Deposit which was covered by Federal depository insurance and \$2,650,000 was collateralized with securities held by the pledging financial institution 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	\$ 22,091,211
Cash on hand	1,875
	<u>\$ 22,093,086</u>
Unrestricted cash, as reported on the statement of net position	\$ 9,755,120
Restricted cash and cash equivalents, as reported on the statement of net position	12,299,499
Restricted cash, as reported on the statement of fiduciary net position	38,467
Total cash and cash equivalents	<u>\$ 22,093,086</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, 2020, is as follows:

	General Fund	Street Fund	Debt Service Fund	Other Governmental	Sanitation Fund
Taxes receivable	\$ 2,833,335	\$ 730,376	\$ 2,848,043	\$ 133,410	\$ -
Trade receivables	12,802	-	-	-	121,945
Other receivables	6,139	145,791	-	21,880	-
Gross receivables	2,852,276	876,167	2,848,043	-	121,945
Allowance for doubtful accounts	-	-	-	-	-
Net total receivables	<u>\$ 2,852,276</u>	<u>\$ 876,167</u>	<u>\$ 2,848,043</u>	<u>\$ 155,290</u>	<u>\$ 121,945</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 \$5,367,639 has been recognized in the government-wide financial statements, while a receivable of \$5,367,639 and a related unavailable revenue from property taxes of \$5,025,343 have been recognized in the governmental fund statements.

Millage rates for 2020 taxes collectible in 2021 were 5.00 for the General Fund, 6.6 for Bond Indebtedness and 1.45 for the Street Fund.

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NOTE 4: CAPITAL ASSETS

Net capital asset activity for the year ended December 31, 2020, was as follows:

PRIMARY GOVERNMENT	Beginning Balance	Additions	Transfers	Disposals	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 8,736,172	\$ -	\$ -	\$ -	\$ 8,736,172
Construction in progress	864,305	3,128,968	-	-	3,993,273
Total capital assets, not being depreciated	9,600,477	3,128,968	-	-	12,729,445
Capital assets, being depreciated:					
Buildings	35,931,898	26,886	-	-	35,958,784
Equipment	12,375,742	584,195	-	(240,580)	12,719,357
Infrastructure	35,684,847	925,833	-	-	36,610,681
Total capital assets being depreciated	83,992,487	1,536,914	-	(240,580)	85,288,822
Less accumulated depreciation for:					
Buildings	14,803,327	1,221,987	-	-	16,025,314
Equipment	9,237,918	617,245	-	(240,580)	9,614,583
Infrastructure	4,928,438	1,047,335	-	-	5,975,772
Total accumulated depreciation	28,969,683	2,886,567	-	(240,580)	31,615,669
Total capital assets being depreciated, net	55,022,805	(1,349,652)	-	-	53,673,152
Governmental activities capital assets, net	\$ 64,623,281	\$ 1,779,315	\$ -	\$ -	\$ 66,402,596
	Beginning Balance	Increases	Decreases		Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	-
Total capital assets, not being depreciated	-	-	-	-	-
Capital assets, being depreciated:					
Buildings	250,381	-	-	-	250,381
Equipment	2,315,053	-	-	-	2,315,053
Total capital assets being depreciated	2,565,434	-	-	-	2,565,434
Less accumulated depreciation for:					
Buildings	99,886	9,782	-	-	109,669
Equipment	1,652,335	233,379	-	-	1,885,714
Total accumulated depreciation	1,752,222	243,161	-	-	1,995,383
Total capital assets being depreciated, net	813,213	(243,161)	-	-	570,052
Business-type activities capital assets, net	\$ 813,213	\$ (243,161)	\$ -	\$ -	\$ 570,052

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

Governmental Activities:	
Administrative Services	\$ 1,259,159
Public Safety	292,386
Public Works and Streets	1,193,621
Parks and Recreation	141,401
Total depreciation expense governmental activities	<u>\$ 2,886,567</u>
Business-type Activities:	
Sanitation	\$ 243,161
Total depreciation expense business-type activities	<u>\$ 243,161</u>

NOTE 5: PENSION OBLIGATIONS

The City participates in three defined benefit pension plans, which are comprised of two cost-sharing multiple-employer defined benefit pension plans and one single employer defined benefit plan, each of which is described and illustrated in detail below. Aggregate amounts for the three pension plans are as follows:

	Governmental Activities			
	LOPFI	APERS	Elected Officials	Total
Net Pension Liability	\$ 7,217,793	\$ 44,617	\$ 1,726,089	\$ 8,988,499
Deferred Outflows - Pension	1,243,853	7,597	326,442	\$ 1,577,892
Pension Expense	1,530,874	(4,161)	897,253	\$ 2,423,966
Deferred Inflows - Pension	2,084,920	17,817	-	\$ 2,102,737

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 post-employment 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:

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

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- 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:

- Paid service not covered by social security: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- Paid service also covered by social security: 2.5% of gross pay beginning July 1 2009; no employee contributions prior to that date
- Paid service-benefit program 2: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- 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. Contributions by the City to the Plan for the year ended December 31, 2020, were \$726,775 for Fire, \$592,670 for Police, and \$708 for Volunteer Fire.

For the year ended December 31, 2020, the contribution rate percentages were as follows:

<u>LOPFI Maximum</u>	<u>EMPLOYEE</u>	<u>EMPLOYER</u>	<u>TOTAL</u>
Fire	8.50%	23.50%	32.00%
Police	8.50%	21.19%	29.69%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of December 31, 2020, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

Maumelle Fire	\$	4,003,639
Maumelle Police		3,167,801
Maumelle Volunteer		46,353
Total net pension liability	\$	7,217,793

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, 2020, 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,

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2020. 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:

Plan	Proportionate share %
Maumelle Fire	0.582360%
Maumelle Police	0.460780%
Maumelle Volunteer Fire	0.130270%

For the year ended December 31, 2020, the City recognized LOPFI expense of \$1,530,874. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences Between Expected and Actual Experience	\$ 809,911	\$ 318
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,851,119
Changes of Assumptions	199,908	-
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	234,034	233,483
Total	<u>\$ 1,243,853</u>	<u>\$ 2,084,920</u>

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				
	2021	2022	2023	2024	Total
Maumelle Fire	\$ 116,964	\$(9,378)	\$(360,021)	\$(150,635)	\$(403,070)
Maumelle Police	42,345	(37,555)	(299,799)	(119,187)	(414,196)
Maumelle Volunteer	(10,437)	(7,054)	(4,776)	(1,534)	(23,801)

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Actuarial Assumptions: The total pension liability as of December 31, 2020, was determined by an actuarial valuation as of December 31, 2020, 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	7.50%
Actuarial cost method	Entry age
Asset valuation method	Smoothed market value
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, 2020, 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	25.00%	0.90%	0.23%
Domestic Equity	42.00%	5.10%	2.14%
Foreign Equity	18.00%	7.10%	1.28%
Alternative Investments	15.00%	7.40%	1.11%
Total	100.00%		4.76%
Expected Inflation			2.50%
Total Return			7.50%

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

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

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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	\$ 6,835,174	\$ 4,003,639	\$ 1,719,881
Maumelle Police	5,408,197	3,167,801	1,360,822
Maumelle Volunteer	77,844	46,353	21,234

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 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, 2020, the City reported net pension liability for their proportionate share of \$44,617. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2020, the City proportion was 0.00155809 percent.

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For the year ended December 31, 2020, the City recognized pension expense of \$(4,161). At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 592	\$ 30
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	4,721	-
Changes of Assumptions	559	764
Changes in Proportion and Differences between employer contributions and share of contributions	2	17,023
Subsequent Contributions	1,723	-
Total	<u>\$ 7,597</u>	<u>\$ 17,817</u>

The amount reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date of \$1,723 will be recognized as a reduction of the net pension liability for the year ended December 31, 2021.

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 Ending June 30
2021	\$ (9,489)
2022	(3,212)
2023	(532)
2024	1,290
2025	0
Thereafter	0

Actuarial assumptions: The total pension liability in the June 30, 2020 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
Remaining Amortization Period	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)
Asset Valuation Method	26 years (7.6 years for District Judges New Plan/Paid off Old Plan and 16 years for District Judges Still Paying Old Plan)
Price Inflation Rate	4-Year smoothed market; 25% corridor (Market Value for Still Paying Old Plan)
Wage Inflation Rate	2.50%
Investment Rate of Return	3.25%
Projected Salary Increases	7.15%
	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)

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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-2018.

The actuarial assumptions used in the valuation were established based upon an Experience Study covering the period July 1, 2012 through June 30, 2018. The investment return assumption was changed for the June 30, 2018 valuation and the demographic assumptions were changes for the June 30, 2019 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, 2019, these best estimates are summarized in the following table:

Asset Classes	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
Total	100%	

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

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

	1% Lower 6.15%	Discount Rate 7.15%	1 % Higher 8.15%
City's proportionate share of the net pension liability	\$ 67,955	\$ 44,617	\$ 26,358

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

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Covered payroll. Total payroll and payroll covered by the pensions and defined contribution plan are as follows for the year ended December 31, 2020:

Gross Payroll	8,594,077
Non-uniformed pension wages	4,308,999
APERS pension wages	30,477
LOPFI pension wages	4,166,501
Mayor	88,100

Elected Official Retirement

Plan Description

Certain state statutes as indicated below, provide for retirement of elected officials as follows:

City Attorney - A.C.A. §24-12-120 provides for a retirement for any City Attorney in Cities of the First Class upon approval of the governing body. The Maumelle City Council approved Ordinance 1007 on June 1, 2020 exercising that option. Any City Attorney who has served for not less than ten years upon reaching the age of sixty or has served as City Attorney for twenty years without regard to age shall be entitled to retire at an annual retirement benefit during the remainder of his or her natural life, payable at the rate of one-half (1/2) of the salary payable to the city attorney at the time of his or her retirement. These benefits shall be payable monthly from the General Funds of the City. At this time there are no current or past elected officials eligible for this benefit.

City Clerk-Treasurer - A.C.A. §24-12-121 provides for retirement benefits for any City Clerk or Clerk-treasurer in a city of the first class 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 allows for the governing body to approve an annual cost-of-living increase up to 3%. At this time, no cost-of-living increases have been approved. 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. There are currently two past elected officials eligible for this benefit. One is currently receiving benefits and one will be eligible at age 60. The current annual expense is approximately \$21,000.

Mayor - A.C.A. §24-12-123 provides for retirement benefits for any Mayor in a city of the first class 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 allows for the governing body to approve an annual cost-of-living increase up to 3%. At this time no cost-of-living increases have been approved. The code specifies that the retirement benefits should be a monthly sum equal to one-half of the monthly salary received by the Mayor during the last preceding year of service, and these benefits should be paid from the General Fund of the City. There is currently one past elected officials eligible for this benefit. The current annual expense is approximately \$40,800.

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Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Elected Officials Defined Benefit Plan
Actuarial Valuation Date	12/31/2020
Actuarial Cost Method	Entry age normal
Remaining Amortization Period	7 years
Price Inflation Rate	2.50%
Wage Inflation Rate	2.00%
Cost-of-living adjustments	None

Mortality rates were based on the PubG-2010 Healthy Retiree mortality, projected five years beyond the valuation date with Scale MP-2020.

The employees covered by the Plan at December 31, 2020 are:

	Elected Officials Defined Benefit Pension Plan
Inactive plan members receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	2
Total	5

Discount Rate

The discount rate used to measure the Total Pension Liability was 1.93 percent for the year ended December 31, 2020. For the purpose of this valuation, the expected rate of return on pension plan investments is 1.93 percent. The municipal bond rates is 1.93 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). Since the plan is virtually unfunded, the resulting single discount rate is 1.93 percent.

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Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
January 1, 2020	<u>\$ 564,211</u>	<u>\$ -</u>	<u>\$ 564,211</u>
Changes for the year:			
Service cost	796,313	-	796,313
Interest	46,537	-	46,537
Differences between expected and actual experience	1,481	-	1,481
Changes of assumption	379,364	-	379,364
Employer contributions	-	61,817	(61,817)
Benefit Payments	<u>(61,817)</u>	<u>(61,817)</u>	<u>-</u>
Net Changes	<u>1,161,878</u>	<u>-</u>	<u>1,161,878</u>
December 31, 2020	<u>\$ 1,726,089</u>	<u>-</u>	<u>1,726,089</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the City has been calculated using a discount rate of 1.93 percent. The following presents the net pension liability using a discount rate 1 percent higher and 1 percent lower than the current rate.

	Sensitivity of the Net Position Liability to the Single Discount Rate Assumption		
	1% Decrease 0.93%	Current Single Rate Assumption 1.93 %	1% Increase 2.93 %
City's net pension liability	<u>\$ 2,051,951</u>	<u>\$ 1,726,089</u>	<u>\$ 1,472,065</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension expense of \$897,253 related to this plan.

At December 31, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	<u>\$ 1,272</u>	<u>\$ -</u>
Change of assumptions	<u>325,170</u>	<u>-</u>
Total	<u>\$ 326,442</u>	<u>\$ -</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2020, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2021	\$	54,407
2022		54,407
2023		54,407
2024		54,407
2025		54,407
Thereafter		54,407
	\$	<u>326,442</u>

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. The assets are held in the employees name and TIAA provides investment options for the employee.

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:

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

For the year ended December 31, 2020, employee contributions totaled \$62,035 the City recognized pension expense of \$107,572.

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 2013, 2014, & 2015 bonds. At year end the government's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
City Hall Remodel	2,643,050	184,514
Crystal Hill Road	821,995	2,548,733

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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	\$ 675,759
Street fund	13,166
Sanitation fund	<u>290,000</u>
Total	<u>\$ 978,925</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, 2020.

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, \$26,534 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, 2020.

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NOTE 10: LONG-TERM LIABILITIES

Changes in long-term liabilities: Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current Portion</u>
Governmental Activities					
Bonds:					
2015 Series	10,875,000	-	1,535,000	9,340,000	1,160,000
2018 Series	13,275,000	-	505,000	12,770,000	520,000
2019 Series	6,235,000	-	375,000	5,860,000	380,000
Plus Reoffering Premium	827,550	-	87,346	740,204	-
Less deferred discounts	(45,387)	-	(45,387)	-	-
Total bonds payable	31,167,163	-	2,456,959	28,710,204	2,060,000
Compensated Absences	351,899	36,863	-	388,762	45,484
Net Pension Liability	9,050,861	1,161,878	1,224,240	8,988,499	61,817
Total governmental activity	40,569,923	1,198,741	3,681,199	38,087,464	2,167,301
Business-type activities					
Compensated absences	18,209	5,895	-	24,104	8,397
Total business-type activity	18,209	5,895	-	24,104	8,397

The liability for the Elected Official Retirement 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 2020 adjustments to the Elected Official Retirement plan was due to an increase in eligible participants. The calculation was also adjusted based on the requirements of GASB No 67 & 68.

General obligation bonds

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

Series 2015

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

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2015	Governmental Activities	2.00 – 4.00%	\$ 18,845,000

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Maturity (March 1)	Principal Amount(\$)	Interest Rate (%)	Interest Amount
2021	1,160,000	3.638%	339,789
2022	1,205,000	4.000%	293,120
2023	1,255,000	4.000%	243,920
2024	1,300,000	3.000%	199,320
2025	1,340,000	3.000%	159,720
2026	1,380,000	2.600%	121,680
2027	1,415,000	2.600%	85,345
2028	285,000	2.600%	18,070
Total	\$ 9,340,000	-	\$ 1,460,964

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 used 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 Code 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, 2019.

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

Maturity (August 1)	Principal Amount(\$)	Interest Rate (%)	Interest Amount
2021	520,000	3.000%	454,582
2022	535,000	4.000%	438,981
2023	555,000	4.000%	417,581
2024	575,000	4.000%	395,381
2025	600,000	4.000%	372,382
2026	625,000	4.000%	348,381
2027	650,000	4.000%	323,381
2028	675,000	4.000%	297,381
2029	700,000	4.000%	270,381
2030	730,000	4.000%	242,381
2031	760,000	3.000%	213,181
2032	785,000	3.125%	190,381
2033	805,000	3.125%	165,850
2034	830,000	3.375%	140,694
2035	860,000	3.375%	112,681
2036	890,000	3.375%	83,656
2037	920,000	2.875%	53,619
2038	755,000	2.875%	21,706
Total	\$ 12,770,000	-	\$ 4,542,580

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Revenue Bonds**Series 2019**

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 and the series 2012 bonds were refunded in 2019 with the Series 2019 bond issue for \$6,235,000. Revenue bonds outstanding at year end are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
2019	Governmental Activities	2.125 – 3.00%	\$ 6,235,000

Revenue bond debt service requirements to maturity are as follows:

Series 2019 Revenue Bonds			
<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Interest</u> <u>Amount (\$)</u>
2021	380,000	3.00	151,605
2022	395,000	3.00	140,205
2023	405,000	3.00	128,355
2024	420,000	3.00	116,205
2025	430,000	2.13	103,605
2026	440,000	2.25	94,468
2027	455,000	2.25	84,568
2028	460,000	2.25	74,330
2029	470,000	2.40	63,980
2030	480,000	2.50	52,700
2031	495,000	2.50	40,700
2032	505,000	2.75	28,325
2033	525,000	2.75	14,438
Total	\$ 5,860,000		\$ 1,093,483

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, 2020, the legal debt limit for the city was \$88,501,820. The city has general obligation debt outstanding at the end of 2020 of \$27,970,000 less funds available for retirement of \$4,975,912, leaving a legal debt margin of \$65,507,732.

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 2020, the City's General fund balance is \$2,743,798 and the 20% of 2020 budgeted operating expenditures is \$2,882,502. The City was below the required minimum balance for 2020 by \$138,704 (5%).

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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. The city has \$455,428 prepaid items to report as of December 31, 2020:
- *Restricted-* represents amounts restricted to specific purposes by external parties, constitutional provision or enabling legislation. Below describes the amounts in restricted for 2020:

Street Fund is a special revenue fund derived from taxes earmarked specifically for street expenditures – \$4,485,600.

Debt Service Fund used to account for the accumulation of resources for the payment of long-term debt principal, interest, and related cost - \$5,263,460

Capital Projects Fund is used to account for major capital acquisitions and construction projects, other than those financed by proprietary funds - \$7,323,587

District Court Automation Fund is used to account for funds to used solely for district court-related technology - \$42,696

Drug Control Fund is established by Arkansas Law and use for under A.C.A. 5-64-505 - \$4,770

- *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.

Capital Improvement Fund was established by the City Council on July 1, 2019 through Ordinance 980 in order to financially plan and prepare for future capital improvement needs. Monies may only be moved into and out of this fund by the City Council by Ordinance or Resolution, through adoption of the budget or otherwise. The amount showing committed as of December 31, 2020 is \$850,000.

Police & Fire Fund was established by the City Council on July 1, 2019 through Ordinance 981 in order to provide for the disbursement of the Public Safety Tax in a manner consistent with its designated purpose. All funds received by the City of Maumelle from the 0.50% Public Safety Tax approved by the voters pursuant to Ordinance 944, and not otherwise required to pay and secure the repayment of the bonds approved pursuant to that Ordinance, shall be appropriated to the Police and Fire Fund, which shall be maintained by the Department of Finance for this purpose. The City Council may only budget the monies deposited into the Police and Fire Fund for use by the Police or Fire Departments and solely for the operation and maintenance of public safety facilities within the City, including equipment and personnel related expenses. The amount showing committed as of December 31, 2020 is \$133,410 .

The FEMA Grant Fund was established in 2020 to track funds related to a large FEMA Grant. Transfers were made from the General Fund to this special revenue fund for the City's portion of the grant match. The amount showing committed as of the December 31, 2020 is \$1,000,272.

- *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

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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 2020, is \$675,959.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES***Interfund receivable and payable balances.***

Proceeds from the sale of a seized assets are due to the Drug Control Fund. Interfund receivable and payable balances as of December 31, 2020, are as follows:

DUE TO	DUE FROM		Total
	General Fund	Debt Service Fund	
General Fund		44,042	44,042
Drug Control Fund	4,770		4,770
Total	\$ 4,770	\$ 44,042	\$ 48,812

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 transfer funds to Special Revenue Funds as directed by the City Council or to better segregate grant funds. Interfund transfers for the year ended December 31, 2020, consisted of the following transactions:

Transfers In	Transfers Out Governmental Funds					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Capital Improv. Fund	FEMA Grant Fund	
General Fund	\$ -	\$ 535,787	\$ -	\$ 490,000	\$ 1,013,815	\$ 2,039,602
Street Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	\$ -	\$ 513	\$ -	\$ -	\$ -	\$ 513
Police & Fire Fund	\$ 1,433,864	\$ -	\$ -	\$ -	\$ -	\$ 1,433,864
COVID-19 Relief Fund	\$ 644,063	\$ -	\$ -	\$ -	\$ -	\$ 644,063
Debt Service Fund	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ 85,000
Sanitation Fund	\$ 24,604	\$ -	\$ -	\$ -	\$ -	\$ 24,604
Total	\$ 2,187,531	\$ 536,300	\$ -	\$ 490,000	\$ 1,013,815	\$ 4,227,646

NOTE 14: LITIGATION

In the course of business, the City, its agencies, and its employees are defendants in legal proceedings including but not limited to claims against the City of property damage, personal injury, personnel and contract matters, and alleged violations of state and federal laws. It is the opinion of management that the disposition or resolution of such claims and lawsuits will not have a material adverse effect on the financial position, changes in the financial position or cash flows of the City.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

LOPFI - Fire

December 31	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.380763%	0.470231%	0.532558%	0.577410%	0.60021%	0.582360%
City's proportionate share of the net pension liability	1,378,397	2,682,810	3,784,340	5,210,420	4,638,086	4,003,639
City's covered-employee payroll	1,470,346	1,629,300	1,839,153	2,070,075	2,160,860	2,271,172
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	93.75%	164.66%	205.77%	251.70%	214.64%	176.28%
Plan fiduciary net position as a percentage of the Plan's total pension liability	79.14%	72.87%	71.48%	66.09%	73.21%	77.79%

LOPFI - Police

December 31	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.389465%	0.418718%	0.449579%	0.473430%	0.484040%	0.460780%
City's proportionate share of the net pension liability	1,409,900	2,388,913	3,194,695	4,272,138	3,740,346	3,167,801
City's covered-employee payroll	1,927,541	2,014,848	2,130,647	2,275,384	1,629,300	1,996,192
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.15%	118.57%	149.94%	187.75%	229.57%	158.69%
Plan fiduciary net position as a percentage of the Plan's total pension liability	79.14%	72.87%	71.48%	66.09%	73.21%	77.79%

LOPFI - Volunteer Fire

December 31	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.333053%	0.279408%	0.214060%	0.173400%	0.146230%	0.130270%
City's proportionate share of the net pension liability	106,398	103,475	91,316	87,710	61,415	46,353
City's covered-employee payroll	17,815	11,005	14,315	4,275	1,629,300	1,275
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	597.24%	940.25%	637.90%	2051.70%	3.77%	3635.53%
Plan fiduciary net position as a percentage of the Plan's total pension liability	64.58%	64.29%	64.71%	60.56%	69.21%	75.30%

APERS

June 30	2015	2016	2017	2018	2019	2020
City's proportion of the net pension liability	0.004025%	0.004005%	0.003210%	0.002291%	0.001940%	0.00155809%
City's proportionate share of the net pension liability	74,125	95,783	82,948	50,530	46,803	44,617
City's covered-employee payroll	71,888	73,353	39,870	39,573	30,477	26777.31
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.11%	130.58%	208.05%	107.96%	153.57%	166.62%
Plan fiduciary net position as a percentage of the Plan's total pension liability	25.82%	75.50%	75.65%	79.59%	78.55%	75.38%

Note: This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

Fiscal Year Ended December 31,	<u>2020</u>
Total Pension Liability	
Service cost	\$ 56,916
Interest	46,537
Benefit Changes	
Difference between actual and expected experience	1,481
Assumption changes	379,364
Benefit Payments	<u>(61,817)</u>
Net Change in Total Pension Liability	422,481
Total Pension Liability - Beginning	<u>1,303,608</u>
Total Pension Liability - Ending (a)	<u><u>\$ 1,726,089</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 61,817
Benefit payments	<u>(61,817)</u>
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ -</u></u>
City's Net Pension Liability (a) - (b)	<u><u>\$ 1,726,089</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%
Covered Payroll	\$ 152,898
City's Net Pension Liability as a Percentage of Covered Payroll	1128.92%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

Change in assumptions:

The mortality rates were updated to reflect the PubG-2010 tables.

The discount rate was updated from 3.50% to 1.93%.

LOPFI - Fire

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	225,955	310,675	380,967	450,857	500,888	515,070
Contributions in relation to the actuarially determined contributions	129,653	203,189	250,780	291,287	684,561	726,775
Contribution deficiency (excess)	<u>96,302</u>	<u>107,486</u>	<u>130,187</u>	<u>159,570</u>	<u>(183,673)</u>	<u>(211,705)</u>
Covered Payroll	1,470,346	1,629,300	1,839,153	2,070,075	2,160,860	2,271,172
Contributions as a percentage of covered-employee payroll	8.82%	12.47%	13.64%	14.07%	31.68%	32.00%

LOPFI - Police

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	231,119	276,641	321,608	369,668	403,937	407,539
Contributions in relation to the actuarially determined contributions	133,965	157,087	204,514	233,892	574,787	592,670
Contribution deficiency (excess)	<u>97,154</u>	<u>119,554</u>	<u>117,094</u>	<u>135,776</u>	<u>(170,850)</u>	<u>(185,131)</u>
Covered Payroll	1,927,541	2,014,848	2,130,647	2,275,384	2,003,441	1,996,192
Contributions as a percentage of covered-employee payroll	6.95%	7.80%	9.60%	10.28%	28.69%	29.69%

LOPFI - Volunteer Fire

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	15,453	12,906	10,303	8,587	7,788	7,080
Contributions in relation to the actuarially determined contributions	1,528	2,331	986	773	708	708
Contribution deficiency (excess)	<u>13,925</u>	<u>10,575</u>	<u>9,317</u>	<u>7,814</u>	<u>7,080</u>	<u>6,372</u>
Covered Payroll	17,815	11,005	14,315	4,275	2,200	1,275
Contributions as a percentage of covered-employee payroll	8.58%	21.18%	6.89%	18.08%	32.18%	55.53%

APERS

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	10,540	10,523	8,389	8,034	5,687	4,657
Contributions in relation to the actuarially determined contributions	10,544	10,636	5,695	6,281	6,193	5,215
Contribution deficiency (excess)	<u>(4)</u>	<u>(113)</u>	<u>2,694</u>	<u>1,753</u>	<u>(506)</u>	<u>(558)</u>
Covered Payroll	71,888	73,353	38,970	39,573	30,477	26,777
Contributions as a percentage of covered-employee payroll	14.67%	14.50%	14.61%	15.87%	20.32%	19.48%

Elected Official Retirement

	<u>2020</u>
Actuarially determined contribution	148,084
Contributions in relation to the actuarially determined contributions	61,817
Contribution deficiency (excess)	<u>86,267</u>
Covered Payroll	152,898
Contributions as a percentage of covered-employee payroll	40.43%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

Key Assumptions for ADC:

Interest Rate	3.50%
Mortality	Healthy Lives : None
	Inactive Lives: IRS 2018 Small Plan Mortality table (no mortality pre-commencement)

**SUPPLEMENTARY
INFORMATION**

Nonmajor Governmental Funds

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

Per A.C.A. §16-13-704 (3)(A) 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. Expenditures from the district court automation fund shall be approved by a district judge and shall be authorized, pursuant to state accounting law, by the governing body or, if applicable, governing bodies which contribute to the expenses of a district court.

FEMA Grant Fund

The FEMA Grant Fund was created in 2020 to better track federal funds related the FEMA FMA Grant which will span several years. The City Council approved Resolution 2020-25 in September 2020 re-appropriating the City's match for this grant to the FEMA Grant Fund.

COVID-19 Relief Fund

The COVID-19 Relief Fund was established in 2020 to better track Federal Assistance and other funds related to the COVID-19 Pandemic.

Capital Improvement Fund

The Capital Improvement Fund was established by Ordinance 980 by the Maumelle City Council on July 1, 2019 in order to financially plan and prepare for future capital improvement needs. Monies may only be moved into and out of this fund by the City Council by Ordinance, or Resolution, through adoption of the budget or otherwise.

Drug Control Fund

Is maintained separately per A.C.A. §15-64-505, Section 2-628 of the Maumelle City Code & pursuant to the Federal Guide to Equitable Sharing. The Arkansas Code stipulates that 80% of the proceeds of seized property sold should be deposited into the drug control fund of the retaining law enforcement agency or prosecuting attorney. Monies in the drug control fund shall only be used for law enforcement and prosecutorial purposes.

Police & Fire Fund

The Police and Fire Fund was established by Ordinance 981 by the Maumelle City Council on July 1, 2019 in order to provide for the disbursement of the Public Safety Tax in a manner consistent with its designated purpose. All funds received by the City of Maumelle from the 0.50% Public Safety Tax approved by voters pursuant to Ordinance 944, and not otherwise required to pay and secure the repayment of the bonds approved pursuant to that Ordinance, shall be appropriated to the Police and Fire Fund, which shall be maintained by the Department of Finance for this purpose. The City Council may only budget the monies deposited into the Police and Fire Fund for use by the Police or Fire Departments and solely for the operation and maintenance of public safety facilities within the City, including equipment and personnel related expenses.

	Special Revenue						Total Nonmajor Governmental Funds
	District Court Automation Fund	FEMA Grant Fund	COVID-19 Relief Fund	Capital Improvement Fund	Drug Control Fund	Police and Fire Fund	
ASSETS							
Cash	\$ 42,696	\$ 978,392	\$ -	\$ 850,000	\$ -	\$ -	\$ 1,871,088
Taxes receivable	-	-	-	-	-	133,410	133,410
Accounts receivable - net	-	21,880	-	-	-	-	21,880
Due from other funds	-	-	-	-	4,770	-	4,770
TOTAL ASSETS	<u>42,696</u>	<u>1,000,272</u>	<u>-</u>	<u>850,000</u>	<u>4,770</u>	<u>133,410</u>	<u>2,031,148</u>
FUND BALANCES							
Restricted	42,696	-	-	-	4,770	-	47,466
Committed	-	1,000,272	-	850,000	-	133,410	1,983,682
TOTAL FUND BALANCES	<u>42,696</u>	<u>1,000,272</u>	<u>-</u>	<u>850,000</u>	<u>4,770</u>	<u>133,410</u>	<u>2,031,148</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,696</u>	<u>\$ 1,000,272</u>	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ 4,770</u>	<u>\$ 133,410</u>	<u>\$ 2,031,148</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Special Revenue						Total Nonmajor Governmental Funds
	District Court Automation Fund	FEMA Grant Fund	COVID-19 Relief Fund	Capital Improvement Fund	Drug Control Fund	Police and Fire Fund	
REVENUES							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,421,942	\$ 1,421,942
Legal and Judicial fees	10,070	-	-	-	-	-	10,070
Grants and donations	-	40,630	737,209	-	-	-	777,839
Other revenue	-	-	-	-	4,770	-	4,770
TOTAL REVENUES	10,070	40,630	737,209	-	4,770	1,421,942	2,214,621
EXPENDITURES							
Current:							
General government							
Administrative services	-	-	14,525	-	-	-	14,525
Legal and judicial	6,171	-	1,632	-	-	-	7,803
Public safety	-	-	64,242	-	-	-	64,242
Highways and streets	-	-	175	-	-	-	175
Parks and recreation	-	-	893	-	-	-	893
Senior Services	-	-	11,649	-	-	-	11,649
Community and economic development	-	-	31	-	-	-	31
Capital outlay:							
Public works and streets	-	54,173	-	-	-	-	54,173
TOTAL EXPENDITURES	6,171	54,173	93,147	-	-	-	153,491
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,899	(13,543)	644,062	-	4,770	1,421,942	2,061,130
Other financing sources (uses):							
Transfers in	-	1,013,815	-	490,000	-	-	1,503,815
Transfers out	-	-	(644,062)	-	-	(1,433,864)	(2,077,926)
Total other financing sources (uses)	-	1,013,815	(644,062)	490,000	-	(1,433,864)	(574,111)
Net change in fund balances	3,899	1,000,272	-	490,000	4,770	(11,922)	1,487,019
FUND BALANCE - BEGINNING OF YEAR	38,797	-	-	360,000	-	145,332	544,129
FUND BALANCE - END OF YEAR	\$ 42,696	\$ 1,000,272	\$ -	\$ 850,000	\$ 4,770	\$ 133,410	\$ 2,031,148

See the independent auditor's report.

STATISTICAL SECTION

This part of the City of Maumelle's annual comprehensive 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	PAGES
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>	62-67
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	68-74
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>	75-81
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>	82-83
Operating Information <i>These schedules contain information about the City's operating environment.</i>	84-87

TEN YEAR SUMMARY

	2011	2012	2013	2014	2015
Governmental activities					
Net Invested in capital assets	\$ 31,979,728	\$ 32,629,569	\$ 32,177,927	\$ 35,240,803	\$ 37,338,652
Restricted	3,314,174	3,166,546	3,407,849	3,421,367	3,673,667
Unrestricted	4,824,942	6,027,675	8,386,984	5,024,086	4,338,707
Total governmental activities net position	<u>\$ 40,118,844</u>	<u>\$ 41,823,790</u>	<u>\$ 43,972,760</u>	<u>\$ 43,686,256</u>	<u>\$ 45,351,026</u>
Business-type activities					
Net Invested in capital assets	281,149	248,765	209,476	639,348	583,638
Restricted	-	-	-	-	-
Unrestricted	488,321	659,965	955,129	888,920	1,201,517
Total business-type activities net position	<u>\$ 769,470</u>	<u>\$ 908,730</u>	<u>\$ 1,164,605</u>	<u>\$ 1,528,268</u>	<u>\$ 1,785,155</u>
Primary government					
Net Invested in capital assets	32,260,877	32,878,334	32,387,403	35,880,151	37,922,290
Restricted	3,314,174	3,166,546	3,407,849	3,421,367	3,673,667
Unrestricted	5,313,263	6,687,640	9,342,113	5,913,006	5,540,224
Total primary government net position	<u>\$ 40,888,314</u>	<u>\$ 42,732,520</u>	<u>\$ 45,137,365</u>	<u>\$ 45,214,524</u>	<u>\$ 47,136,181</u>
	2016	2017	2018	2019	2020
Governmental activities					
Net Invested in capital assets	\$ 38,141,976	\$ 40,843,124	\$ 52,714,227	\$ 48,022,802	\$ 46,085,383
Restricted	3,976,107	2,450,092	4,311,506	4,742,950	5,001,893
Unrestricted	3,911,757	3,953,394	(4,959,792)	532,600	3,642,519
Total governmental activities net position	<u>\$ 46,029,840</u>	<u>\$ 47,246,610</u>	<u>\$ 52,065,941</u>	<u>\$ 53,298,352</u>	<u>\$ 54,729,795</u>
Business-type activities					
Net Invested in capital assets	676,186	869,660	986,143	813,213	570,052
Restricted	-	-	-	-	-
Unrestricted	1,411,595	1,391,240	1,008,850	1,176,059	1,059,417
Total business-type activities net position	<u>\$ 2,087,781</u>	<u>\$ 2,260,900</u>	<u>\$ 1,994,993</u>	<u>\$ 1,989,272</u>	<u>\$ 1,629,469</u>
Primary government					
Net Invested in capital assets	38,818,162	41,712,784	53,700,370	48,836,015	46,655,435
Restricted	3,976,107	2,450,092	4,311,506	4,742,950	5,001,893
Unrestricted	5,323,352	5,344,634	(3,950,942)	1,708,659	4,701,936
Total primary government net position	<u>\$ 48,117,621</u>	<u>\$ 49,507,510</u>	<u>\$ 54,060,934</u>	<u>\$ 55,287,624</u>	<u>\$ 56,359,264</u>

CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION

2011- 2015

TEN YEAR SUMMARY

	2011	2012	2013	2014	2015
Expenses					
Governmental activities					
Administrative services	\$ 2,540,086	\$ 2,751,194	\$ 2,768,599	\$ 2,790,208	\$ 2,684,683
Highways and streets	2,163,386	2,102,162	1,842,300	1,931,238	1,949,484
Legal and judicial	312,148	314,213	285,347	286,568	293,746
Culture and recreation	1,784,967	1,870,440	1,863,960	1,811,555	1,832,018
Public safety	4,581,806	5,040,193	5,195,250	5,456,751	5,860,267
Economic development	594,054	613,896	600,317	600,763	597,599
Interest on long-term debt	459,855	188,290	438,521	521,448	754,683
Agent fees on long-term debt	10,228	8,070	4,351	40,826	21,368
Bond issuance costs		53,928	136,740	54,064	243,962
Total governmental activities expenses	12,446,530	12,942,386	13,135,385	13,493,421	14,237,810
Business-type activities					
Sanitation	1,039,073	1,053,908	1,001,899	1,063,930	1,031,423
Total primary government expenses	13,485,603	13,996,294	14,137,284	14,557,351	15,269,233
Program Revenues					
Governmental activities					
Charges for services					
Public safety	780,170	746,709	769,614	825,661	920,867
Culture and recreation	484,918	476,462	488,405	394,529	375,403
Economic development	227,318	184,493	238,457	-	194,507
Other activities	283,759	230,962	251,811	417,242	189,374
Operating grants and contributions	35,570	28,038	50,451	6,614	200,013
Capital grants and contributions	132,393	319,099	263,547	274,784	31,000
Total governmental activities program revenues	1,944,128	1,985,763	2,062,285	1,918,830	1,911,164
Business-type activities:					
Charges for services	1,112,529	1,103,553	1,168,139	1,337,958	1,258,621
Total primary government program revenues	3,056,657	3,089,316	3,230,424	3,256,788	3,169,785
Net revenues (expenses)					
Governmental activities	(10,502,402)	(10,956,623)	(11,073,100)	(11,574,591)	(12,326,646)
Business-type activities	73,457	49,625	166,240	274,028	227,198
Total primary government net revenues (expenses)	(10,428,945)	(10,906,998)	(10,906,860)	(11,300,563)	(12,099,448)
General revenues					
Governmental activities					
Taxes	6,062,748	6,122,754	6,453,026	6,510,243	6,546,399
Intergovernmental	6,557,600	6,568,654	6,760,439	7,236,273	7,370,459
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	51,100	59,796	34,292	32,311	76,358
Miscellaneous	-	-	63,948	19,324	27,889
Transfers	(89,635)	(89,635)	(89,635)	(89,635)	(29,689)
Total governmental activities	12,581,813	12,661,569	13,222,070	13,708,516	13,991,416
Business-type activities					
Miscellaneous	-	-	-	-	-
Transfers	89,635	89,635	89,635	89,635	29,689
Total business-type activities general revenues	89,635	89,635	89,635	89,635	29,689
Total primary government general revenues	12,671,448	12,751,204	13,311,705	13,798,151	14,021,105
Changes in Net Position					
Governmental activities	2,079,411	1,704,946	2,148,970	2,133,925	1,664,770
Business-type activities	163,091	139,259	255,875	363,663	256,887
Total primary government changes in net position	\$ 2,242,502	\$ 1,844,205	\$ 2,404,845	\$ 2,497,588	\$ 1,921,657

CITY OF MAUMELLE, ARKANSAS

CHANGES IN NET POSITION
2016- 2020
TEN YEAR SUMMARY (CONTINUED FROM PREVIOUS PAGE)

	2016	2017	2018	2019	2020
Expenses					
Governmental activities					
Administrative services	\$ 2,672,643	\$ 2,509,889	\$ 2,796,676	\$ 3,251,552	\$ 4,073,295
Highways and streets	2,130,379	2,732,397	2,149,105	2,348,343	2,978,657
Legal and judicial	289,478	290,300	302,373	311,860	309,698
Culture and recreation	1,817,684	2,005,254	2,101,299	2,357,123	2,362,538
Public safety	7,222,789	7,432,184	8,272,546	8,939,676	9,150,474
Economic development	589,634	588,815	591,620	732,123	566,903
Interest on long-term debt	735,611	683,087	947,885	919,492	880,609
Agent fees on long-term debt	12,817	10,484	12,714	14,550	10,450
Bond issuance costs	-	-	277,396	123,898	-
Total governmental activities expenses	15,471,035	16,252,410	17,451,614	18,998,617	20,332,624
Business-type activities					
Sanitation	1,017,172	1,154,979	1,280,887	1,315,706	1,666,401
Total primary government expenses	16,488,207	17,407,389	18,732,501	20,314,323	21,999,025
Program Revenues					
Governmental activities					
Charges for services					
Public safety	873,394	811,727	402,781	32,246	707,089
Culture and recreation	342,397	825,511	435,322	497,563	369,837
Economic development	198,239	224,726	258,417	193,131	258,407
Other activities	163,296	240,761	143,215	114,760	140,482
Operating grants and contributions	294,908	708,218	114,411	485,294	1,100,096
Capital grants and contributions	-	-	-	-	215,177
Total governmental activities program revenues	1,872,234	2,810,943	1,354,146	1,322,994	2,791,088
Business-type activities:					
Charges for services	1,319,798	1,328,098	1,000,052	1,281,164	1,303,033
Total primary government program revenues	3,192,032	4,139,041	2,354,198	2,604,158	4,094,121
Net revenues (expenses)					
Governmental activities	(13,598,801)	(13,441,467)	(16,097,468)	(17,675,623)	(17,541,536)
Business-type activities	302,626	173,119	(280,835)	(34,542)	(363,368)
Total primary government net revenues (expenses)	(13,296,175)	(13,268,348)	(16,378,303)	(17,710,165)	(17,904,904)
General revenues					
Governmental activities					
Taxes	6,619,143	6,772,391	10,601,891	16,771,271	17,108,787
Intergovernmental	7,586,940	7,593,855	5,666,151	1,517,929	1,543,305
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	46,324	111,352	279,047	308,235	107,833
Miscellaneous	25,208	180,639	235,037	174,192	213,054
Transfers	-	-	-	-	-
Total governmental activities	14,277,615	14,658,237	16,782,126	18,771,627	18,972,979
Business-type activities					
Miscellaneous	-	-	14,928	28,821	3,565
Transfers	-	-	-	-	-
Total business-type activities general revenues	-	-	14,928	28,821	-
Total primary government general revenues	14,277,615	14,658,237	16,797,054	18,800,448	18,972,979
Changes in Net Position					
Governmental activities	678,814	1,216,770	684,658	1,232,411	1,431,443
Business-type activities	302,626	173,119	(265,907)	(5,721)	(359,803)
Total primary government changes in net position	\$ 981,440	\$ 1,389,889	\$ 418,751	\$ 1,226,690	\$ 1,071,640

TEN YEAR SUMMARY

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 67,277	\$ 27,323	\$ 28,156	\$ 13,600	\$ 19,338
Restricted	-	41,502	-	-	-
Committed	-	1,000,000	1,000,000	-	-
Assigned	36,692	3,624	279,584	56,086	63,406
Unassigned	3,403,669	4,910,291	5,106,299	4,938,950	5,321,563
Total general fund	3,507,638	5,982,740	6,414,039	5,008,636	5,404,307
All Other Governmental Funds					
Restricted reported in:					
Special revenue	3,303,553	3,276,025	3,353,698	3,369,723	3,626,143
Debt service	1,728,541	215,937	2,199,838	2,633,372	2,366,070
Capital projects	1,722,123	1,598,860	11,130,100	16,010,640	22,928,457
Nonmajor funds	-	-	26,583	20,802	26,588
Total all other government funds	6,754,217	5,090,822	16,710,219	22,034,537	28,947,258
Total governmental funds	\$ 10,261,855	\$ 11,073,562	\$ 23,124,258	\$ 27,043,173	\$ 34,351,565
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 21,198	\$ 170,222	\$ -	\$ -	\$ 450,425
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	18,579	8,733	8,952	-	675,959
Unassigned	5,656,100	6,476,077	5,806,446	4,103,298	1,617,414
Total general fund	5,695,877	6,655,032	5,815,398	4,103,298	2,743,798
All Other Governmental Funds					
Restricted reported in:					
Special revenue	3,924,142	2,393,777	4,276,823	4,704,153	4,485,600
Debt service	2,780,287	2,628,207	3,265,472	3,957,027	5,263,460
Capital projects	15,244,076	11,690,011	10,749,568	10,148,502	7,323,587
Nonmajor funds	31,270	32,888	34,683	544,129	47,466
Nonspendable reported in:					
Special revenue	-	-	-	-	5,003
Assigned reported in:					
Special revenue	-	-	-	-	13,166
Committed reported in:					
Nonmajor funds	-	-	-	-	1,983,682
Total all other government funds	21,979,775	16,744,883	18,326,546	19,353,811	19,121,964
Total governmental funds	\$ 27,675,652	\$ 23,399,915	\$ 24,141,944	\$ 23,457,109	\$ 21,865,762

CITY OF MAUMELLE, ARKANSAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, 2011 - 2015
TEN YEAR SUMMARY

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015
REVENUES					
General Property Tax	\$ 4,541,965	\$ 4,630,043	\$ 4,692,978	\$ 4,891,881	\$ 4,942,983
Licenses and Permits	227,318	184,493	238,457	178,569	194,507
Intergovernmental	6,456,955	6,559,092	6,754,513	710,794	7,345,329
Charges for services	780,170	1,223,172	1,173,889	1,209,341	1,242,101
Fines	197,808	193,820	248,654	208,835	180,701
Utility Franchise Fees	1,495,036	1,559,277	1,523,220	1,570,890	1,713,632
Investment Income	51,100	59,796	34,292	32,311	76,358
Miscellaneous	738,831	387,433	331,681	396,211	159,452
TOTAL REVENUES	14,489,183	14,797,126	14,997,684	9,198,832	15,855,063
EXPENDITURES					
Administrative services	1,496,490	1,663,724	1,649,319	1,589,947	1,633,764
Public works and streets	1,671,893	1,529,639	1,376,828	1,488,629	1,425,756
Parks and recreation	1,687,984	1,746,952	1,720,079	1,709,376	1,734,106
Public safety	4,208,480	4,623,722	4,804,762	4,999,907	5,252,468
Debt service, general	10,228	61,998	248,133	201,932	372,372
Debt service, principal	2,450,500	10,036,250	515,000	2,045,000	13,635,000
Debt service, interest	479,918	465,638	370,863	477,113	703,275
Other	895,728	887,825	879,339	882,145	885,997
Capital outlay	1,988,305	1,023,575	1,836,499	3,799,505	2,598,203
TOTAL EXPENDITURES	14,889,526	22,039,323	13,400,822	17,193,554	28,240,941
OTHER FINANCING SOURCES (USES)	(89,635)	8,053,901	10,453,837	5,521,627	19,694,272
NET CHANGES IN FUND BALANCES	\$ (489,977)	\$ 811,704	\$ 12,050,699	\$ 3,918,905	\$ 7,308,394
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	22.71%	49.97%	7.66%	18.83%	55.92%

	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020
REVENUES					
General Property Tax	\$ 5,013,729	\$ 5,180,353	\$ 5,547,067	\$ 5,437,412	\$ 5,526,377
Licenses and Permits	198,239	224,725	258,417	193,131	258,407
Intergovernmental	7,564,113	7,546,796	9,386,600	10,943,382	11,690,367
Charges for services	1,230,901	1,321,616	836,473	548,427	716,217
Fines	150,480	128,636	142,669	112,649	140,040
Utility Franchise Fees	1,629,326	1,603,499	1,723,625	1,610,520	1,592,099
Investment Income	46,324	111,352	279,047	308,235	107,833
Miscellaneous	417,271	1,290,988	348,559	775,684	1,490,332
TOTAL REVENUES	16,250,383	17,407,965	18,522,457	19,929,440	21,521,672
EXPENDITURES					
Administrative services	1,654,014	1,455,927	1,593,445	2,066,775	1,981,304
Public works and streets	1,599,179	2,181,883	1,579,978	1,513,303	1,779,598
Parks and recreation	1,728,967	1,909,581	2,001,654	2,240,326	2,221,037
Public safety	5,583,862	6,005,885	6,524,115	7,201,722	8,221,520
Debt service, general	119,859	117,526	106,676	99,234	10,450
Debt service, principal	1,815,000	2,445,000	2,415,000	9,432,561	2,415,000
Debt service, interest	796,546	762,903	697,952	1,067,436	947,399
Other	873,291	871,889	899,285	1,041,421	891,218
Capital outlay	8,755,578	5,968,210	16,079,127	2,190,199	4,665,884
TOTAL EXPENDITURES	22,926,296	21,718,804	31,897,232	26,852,977	23,133,410
OTHER FINANCING SOURCES (USES)	-	35,102	14,116,804	6,238,702	20,391
NET CHANGES IN FUND BALANCES	\$ (6,675,913)	\$ (4,275,737)	\$ 742,029	\$ (684,835)	\$ (1,591,347)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	18.43%	20.37%	19.68%	42.57%	18.21%

Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes and Intergovernmental	Unrestricted Investment Earnings	Miscellaneous	
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	2,239,797	31,075	83,336	16,268,042	279,047	249,965	19,151,262
2019	2,119,096	32,572	591,015	18,289,200	308,235	200,595	21,540,713
2020	2,778,848	1,100,096	215,177	18,652,092	107,833	216,619	23,070,665

TEN YEAR SUMMARY

Year	Administrative Services	Public Safety	Highways and Streets	Culture and Recreation	Municipal Court	Debt Service	Total
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
2019	14,250,204	50,909	2,295,234	497,518	112,649	2,722,926	19,929,440
2020	15,796,890	346,589	2,087,535	369,628	140,040	2,780,990	21,521,672

TEN YEAR SUMMARY

Year	Taxes	Licenses and Permits	Charges for Services	Inter- Gov't	Fines	Investment Earnings	Misc	Total
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
2019	16,473,385	193,131	548,427	1,517,929	112,649	308,235	775,684	19,929,440
2020	16,886,782	258,407	716,217	1,922,061	140,040	107,833	1,490,332	21,521,672

Year	Rate	Real Property	Personal Property	Utility Property	Total	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2019	13.7	341,940,749	81,725,710	6,342,950	430,009,409	2,150,047,045	20%
2020	13.7	348,814,495	87,506,780	6,187,825	442,509,100	2,212,545,500	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	Roads	Library Millage	Total	Total	Total	Total
2011	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2012	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2013	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2014	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2015	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2016	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2017	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2018	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2019	6.60	5.00	1.45	2.10	15.15	7.05	40.70	62.90
2020	6.60	5.00	1.45	2.10	15.15	7.05	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.

Direct Rates are those that apply only to property owners within the City of Maumelle.

Source: Pulaski County Tax Assessor; Pulaski County Treasurer

State statutory limits on City tax rate:

General Operation	5 mills
General Improvement Bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pensions and policement's pensions	1 mill each

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2020 Assessed Valuation	2020 Rank	Percentage of Total Assessed Valuation	2011 Assessed Valuation	2011 Rank	Percentage of Total Assessed Valuation
Ace Hardware Corp	Distribution warehouse	\$ 4,120,690	1	0.93%	\$ 2,765,662	2	0.75%
Molex Incorporated	Computer cabling	3,220,300	2	0.73%	3,520,026	1	0.96%
Glen UNA Holdings Little Rock*	Distribution warehouse	3,087,700	3	0.70%	2,749,702	3	0.75%
Kimberly-Clark	Baby wipe manufacturer	2,941,920	4	0.66%	2,340,000	4	0.64%
Parc at Maumelle Ltd Partnership	Multi-unit housing	2,930,000	5	0.66%	2,276,880	5	0.62%
Maumelle Housing Association Ltd	Multi-unit housing	2,405,090	6	0.54%	2,062,204	6	0.56%
The Villa at Riverpointe (2014)	Multi-unit housing	227,950	7	0.05%			
The Villa at Riverpointe (2016)	Multi-unit housing	1,834,196	8	0.41%			
Kroger Limited Partnership	Retail grocery store	1,698,000	9	0.38%	1,810,549	8	0.49%
Burkhalter Property Group	Distribution warehouse	1,450,000	10	0.33%			
Frostyair of Arkansas, Inc	Distribution warehouse				1,844,471	7	0.50%
BCC Maumelle Realty	Real estate investments				1,060,000	9	0.29%
Gables of Maumelle	Multi-unit housing				915,000	10	0.25%
		<u>\$ 23,915,846</u>		<u>5.40%</u>	<u>\$ 21,344,494</u>		<u>5.28%</u>

*Previously Scholastic Distribution

Source: Pulaski County Treasurer

Year	Tax Levy Prior Year	Taxes Levied in the Prior Year Collected within the current year	
		Amount	Percentage of Levy
2011	4,703,448	4,541,965	96.57%
2012	4,831,040	4,630,043	95.84%
2013	4,872,748	4,692,979	96.31%
2014	5,095,353	4,836,634	94.92%
2015	5,094,563	4,921,895	96.61%
2016	5,238,348	5,013,728	95.71%
2017	5,300,399	5,151,862	97.20%
2018	5,325,938	5,227,933	98.16%
2019	5,453,895	5,329,149	97.71%
2020	5,612,046	5,407,980	96.36%

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year. Data is not available to show the current level by year of outstanding delinquent taxes.

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
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%
2019 **	9,432,561	1,067,436	10,499,997	26,852,977	39.10%
2020	2,415,000	957,849	3,372,849	23,133,410	14.58%

*Series 2005 and 2007 bonds refunded

** Series 2012 bonds refunded

Year	Governmental Activities				Business-Type Activities	Total Primary Government	Assessed Value ²	Percentage of Assessed Value
	General Obligation Bonds	Revenue Bonds	Capital Leases	Premiums & Discounts	Notes Payable			
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%
2019	24,150,000	6,235,000	-	782,163	-	31,167,163	430,009,409	7.25%
2020	22,110,000	5,860,000	-	740,204	-	28,710,204	442,509,100	6.49%

Year	Population ¹	Debt Per Capita	Per Capita Personal Income	Percentage of Personal Income
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	18,199	1,845.16	43,066	4.28%
2019	18,199	1,712.58	44,714	3.83%
2020	18,193	1,578.09	44,714	3.53%

*Data Sources:*¹ US Census Bureau² Pulaski County Treasurer's Office

NOTE: The premiums & discounts are included in the debt balance beginning in 2019.

Year	Population ¹	Assessed Value ²	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
2011	17,489	373,386,489	1,352,430	8,391,133	2.25%	479.79
2012	17,594	390,446,899	290,125	6,728,652	1.72%	382.44
2013	17,710	390,350,489	2,242,305	7,579,194	1.94%	427.96
2014	17,826	401,404,555	2,675,836	19,149,349	4.77%	1,074.24
2015	17,970	416,068,156	2,395,185	24,552,275	5.90%	1,366.29
2016	18,204	422,027,544	2,804,402	22,438,059	5.32%	1,232.59
2017	18,205	417,920,447	2,652,322	19,427,678	4.65%	1,067.16
2018	18,100	430,009,409	3,054,471	30,525,529	7.10%	1,686.49
2019	18,199	442,509,100	3,638,355	26,746,645	6.04%	1,469.68
2020	18,193	442,509,100	4,975,912	22,994,088	5.20%	1,263.90

*Data Sources:*¹ U.S. Census Bureau² Pulaski County Treasurer's Office

DECEMBER 31, 2020

	Gross Bonded Debt Less Funds Available for Retirement	Percentage Applicable to the City of Maumelle	City of Maumelle's Share of Bonded Debt
City of Maumelle	\$ 27,970,000	100.0%	\$ 27,970,000
Pulaski County Special School District ¹	248,820	28.0%	69,670
Total	<u>\$ 28,218,820</u>		<u>\$ 28,039,670</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, 2020

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	\$	442,509,100	
Debt limitation 20% of assessed value		88,501,820	
General obligation debt		(27,970,000)	
Less amount available in debt service fund		<u>4,975,912</u>	
Total amount of debt applicable to debt limitation			(22,994,088)
Legal debt margin			<u><u>\$ 65,507,732</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
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%
2019	86,001,882	26,746,645	59,255,237	31%
2020	88,501,820	22,994,088	65,507,732	26%

2019 Franchise Fee Revenue Refunding Bonds						
		Debt Service Requirements				
Fiscal Year	Pledged Revenues (1)	Principal	Interest	Total	Coverage	
2011	\$ 1,495,036	\$ 980,000	\$ 367,821	\$ 1,347,821	1.11	
2012	1,599,277	7,036,250	446,887	7,483,137	0.21	
2013	1,523,220	215,000	274,372	489,372	3.11	
2014	1,570,890	215,000	272,422	487,422	3.22	
2015	1,713,632	220,000	267,923	487,923	3.51	
2016	1,629,326	225,000	263,523	488,523	3.34	
2017	1,603,499	230,000	259,023	489,023	3.28	
2018	1,723,625	280,000	254,423	534,423	3.23	
2019	1,610,520	6,760,000	256,523	7,016,523	0.23	
2020	1,592,099	375,000	151,605	526,605	3.02	

2018 Special Obligation Sales & Use Tax Bonds						
		Debt Service Requirements				
Fiscal Year	Pledged Revenues (2)	Principal	Interest	Total	Coverage	
2018	\$ 485,030	\$ -	\$ -	\$ -		
2019	1,599,277	640,000	442,826	1,082,826	1.48	
2020	1,592,099	505,000	464,267	969,267	1.64	

(1) 2019 Franchise Fee Revenue Refunding Bonds are backed by franchise fee revenues. This bond was previously refunded in 2005, 2007 & 2012.

(2) 2018 Special Obligation Sales & Use Tax Bonds are backed by a .50% Sales Tax & a .50% Continuing Sales & Use Tax.

TEN YEAR SUMMARY

Year	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	School Enrollment ²	Unemploy- ment Rate ³
2011	17,489	650,031,152	37,168	37.5	4,511	7.90
2012	17,594	661,428,836	37,594	37.4	4,306	7.20
2013	17,710	663,292,630	37,453	35.9	4,772	6.60
2014	17,826	674,714,100	37,850	35.9	4,772	5.50
2015	17,970	663,955,560	36,948	34.6	5,068	4.30
2016	18,204	720,459,708	39,577	34.6	5,068	3.80
2017	18,205	733,006,120	40,264	39.5	4,823	3.80
2018	18,100	779,494,600	43,066	40.4	4,534	3.70
2019	18,199	800,537,612	43,988	39.8	4,651	3.50
2020	18,193	813,481,802	44,714	40.3	4,353	5.00

*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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Molex LRC Business Unit	675	1	22.2%	950	1	27.1%
Kimberly Clark Corporation	500	2	16.4%	250	4	7.1%
Dillard's Internet Fulfillment Center	416	3	13.7%			
Ace Hardware	300	4	9.9%	260	3	7.4%
Pepsi	188	5	6.2%			
Cintas Corporation	170	6	5.6%	130	5	3.7%
BEI Precision Systems & Space	175	7	5.7%	265	2	7.6%
Lamb & Associates Packaging	92	8	3.0%	75	7	2.1%
FOCO Distribution Center	80	9	2.6%			
Plastic Ingenuity, Inc.	65	10	2.1%	55	10	1.6%
Crate Services				58	9	1.7%
Molex HPC Business Unit				120	6	3.4%
Claudias Canine Cuisine				75	8	2.1%

Source: City of Maumelle Community and Economic Development Department

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

Function	2016	2017	2018	2019	2020
Administrative Services	13	15	14	15.5	15.5
Public works	30	31	29	29	30
Legal and judicial	4	3	3	3	3
Parks and recreation	35	26	35	42	42
Senior Services				10	12
Public Safety	78	78	88	96	97
Community and economic development	9	8	9	8	8
Sanitation	15	15	15	14.5	19.0
Totals	184	176	192	217.5	225.7

Source: City of Maumelle Human Resources Department

Function	2011	2012	2013	2014	2015
Police					
Number of uniformed employees	29	30	31	32	33
Service calls	5,702	7,868	8,196	8,177	10,118
Arrests	940	1,078	1,019	1,019	920
Traffic stops	2,260	3,239	3,955	4,014	2,363
Traffic citations	754	767	1,107	990	617
Training man hours	691	1,216	3,063	1,976	3,064
Fire					
Number of uniformed employees	26	26	26	29	29
Fires	44	59	53	57	68
Rescue, emergency medical calls	1,057	1,170	1,041	1,095	1,032
Hazardous condition, standby	23	28	29	44	40
Service calls	139	131	124	130	147
Good intent calls	81	103	121	78	109
False alarm calls	132	115	118	133	230
Natural disaster calls	25	11	11	7	14
Other calls	18	35	18	5	11
Total calls	1,519	1,652	1,515	1,549	1,651
Animal Control					
Number of uniformed employees	5	5	5	6	6
Number of animals taken into custody	583	620	824	817	725
Service calls	4,761	4,977	5,122	6,138	6,164
Parks and recreation					
Pool attendance	2,465	2,754	2,883	2,440	2,099
Participants in youth league sports ²	60	72	60	70	80
Participants in adult league sports	888	802	948	998	927
Senior Services ³					
Senior Center attendance					
Rides					
Members					
Meals Served					
Garbage Collections					
Monthly service rate	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Curbside recycling tonnage	251	279	290	543	521
Year waste cubic yardage	5,475	5,075	5,300	5,125	4,350
Class I tonnage	5,124	5,059	5,287	5,200	4,892
Code Enforcement/Building Permits					
Total building permits issued ¹	944	1,213	99	101	1,412
New commercial permits	2	11	5	3	9
Commercial construction value	\$ 5,815,405	\$ 23,257,660	\$ 5,971,260	\$ 3,876,900	\$ 29,044,990
New residential permits	90	76	76	98	35
Residential construction value	\$ 25,340,718	\$ 22,465,018	\$ 22,943,787	\$ 21,565,694	\$ 9,792,502

Source: Various City departments

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

Function	2016	2017	2018	2019	2020
Police					
Number of uniformed employees	35	37	38	38	38
Service calls	11,779	12,580	12,391	11,995	10,848
Arrests	925	913	1,112	930	869
Traffic stops	2,287	2,895	3,255	2,693	3,070
Traffic citations	501	637	631	644	685
Training man hours	2,078	5,136	2,599	2,586	4,742
Fire					
Number of uniformed employees	32	36	37	40	40
Fires	45	58	46	62	49
Rescue, emergency medical calls	977	1,009	1,208	1,141	1,193
Hazardous condition, standby	33	48	47	47	28
Service calls	159	153	231	195	265
Good intent calls	110	59	189	225	240
False alarm calls	117	106	116	65	109
Natural disaster calls	1	3	1	8	5
Other calls	177	104	9	3	2
Total calls	1,619	1,540	1,847	1,746	1,891
Animal Control					
Number of uniformed employees	6	6	6	6	6
Number of animals taken into custody	606	667	554	524	512
Service calls	7,716	5,773	5,352	6,873	7,110
Parks and recreation					
Pool attendance	1,837	2,092	1,945	1,862	2,512
Participants in youth league sports ²	80	80	80	80	61
Participants in adult league sports	970	941	462	412	0
Senior Services³					
Senior Center attendance	23,838	40,493	65,286	85,665	21,389
Rides	4,499	6,001	6,236	6,714	4,259
Members	2,420	1,398	1,549	1,660	1,258
Meals Served		15,620	20,686	26,234	17,763
Garbage Collections					
Monthly service rate	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.5
Curbside recycling tonnage	502	574	574	520.18	502.5
Year waste cubic yardage	4,250	4,540	4,900	7,085	8,775
Class I tonnage	4,924	5,000	5,803	5,963	6,390
Code Enforcement/Building Permits					
Total building permits issued ¹	1,726	2,701	1,294	1,225	1,461
New commercial permits	4	3	3	2	3
Commercial construction value	\$ 21,138,745	\$ 5,796,342	\$ 6,895,659	\$ 13,977,000	\$ 9,800,000
New residential permits	53	60	79	66	80
Residential construction value	\$ 17,162,109	\$ 15,583,358	\$ 22,319,661	\$ 20,747,595	\$ 19,504,473

TEN YEAR SUMMARY

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Highways and streets										
Streets (#)	364	364	364	364	364	364	426	426	426	426
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	25	25	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)	3	3	3	3	3	3	3	3	3	3
Police patrol units	28	31	32	30	30	30	33	33	33	33
Fire trucks	4	4	4	4	3	3	3	3	3	3
Sanitation										
Collection trucks	9	9	9	9	9	9	9	9	9	9

Source: City of Maumelle Capital Asset records

COMPLIANCE SECTION

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*

Independent Auditor's Report

The Honorable Caleb Norris, Mayor
and Members of the City Council
City of Maumelle, Arkansas
Maumelle, Arkansas

We have audited, 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, 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 (City), as of and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principles.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

FORVIS, LLP

Little Rock, Arkansas
January 18, 2023

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Honorable Caleb Norris, Mayor
and Members of the City Council
City of Maumelle, Arkansas
Maumelle, Arkansas

Report on Compliance for the Major Federal Program

We have audited the City of Maumelle, Arkansas's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

FORVIS, LLP

Little Rock, Arkansas
January 18, 2023

Independent Accountant's Report on Compliance with Certain State Acts

The Honorable Caleb Norris, Mayor
and the Members of the City Council
City of Maumelle, Arkansas
Maumelle, Arkansas

We have examined management's assertions that the City of Maumelle, Arkansas (City), complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2020.

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

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the City of Maumelle, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2020, is fairly stated, in all material respects.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

FORVIS, LLP

Little Rock, Arkansas
January 18, 2023

<u>Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Treasury</u>				
COVID-19 CORONAVIRUS RELIEF FUND (CARES ACT)				
Pass-through from Arkansas Department of Finance and Administration	21.019	None Provided	\$ -	\$ 679,959
Pass-through from Arkansas Department of Health & Human Services	21.019	EMW-2020-FG-00688	-	57,250
TOTAL CARES ACT			-	737,209
Total U.S. Department of Treasury			-	737,209
<u>U.S. Department of Transportation</u>				
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
Highway Planning and Construction				
Pass-through from Arkansas Highway and Transportation Department	20.205	Job 61469	-	166,437
Pass-through from Arkansas Highway and Transportation Department	20.205	STEP Grant	-	12,244
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			-	178,681
Total U.S. Department of Transportation			-	178,681
<u>U.S. Department of Homeland Security</u>				
DISASTER GRANTS - PUBLIC ASSISTANCE				
Pass-through from Arkansas Division of Emergency Management	97.036	Project #104157	-	53,686
FLOOD MITIGATION ASSISTANCE				
Pass-through from Arkansas Natural Resources Commission	97.029	SGA-20-1200	-	40,630
Total U.S. Department of Homeland Security			-	94,316
<u>U.S. Environmental Protection Agency (EPA)</u>	66.461	Grant No CD-01F39301-0		
Regional Wetland Program Develop Grants				
Pass-through from Regional Wetland Program Development Grants			-	21,719
White Oak Bayou Wetland Protection				
Total U.S. Environmental Protection Agency			-	21,719
Total Expenditures of Federal Awards			\$ -	\$ 1,031,925

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

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Maumelle, Arkansas under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See independent auditor's report.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rates

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

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

Type of auditor's report issued:

Unmodified

Internal control over financial report:

Material weakness(es) identified?

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

Noncompliance material to financial statements 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:

COVID-19 Relief Funds (CARES ACT)
Assistance Listing Number- 21.019

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**

2020-001	<p>Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition: The Finance Director has incompatible duties in the cash disbursements and the payroll transaction cycles. The individual has access to signed checks and has recording and monitoring functions.</p> <p>Effect: Significant misstatements in the financial statements or significant misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause: Duties in the cash disbursements and payroll cycles are not adequately segregated, and monitoring or other compensating controls are not sufficient.</p> <p>Recommendation: We recommend the City evaluate further segregation of duties and strengthen controls and processes related to the preparation and review of account reconciliations and journal entries.</p> <p>Views of Responsible Officials and Planned Corretive Actions: Management concurs with the finding and recommendation. Subsequent to December 31, 2020, management has hired additional personnel to assist with the segregation of duties and has established additional internal controls related to the cash disbursement and payroll transaction cycles.</p>
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Findings required to be reported by the Uniform Guidance**Reference
Number****Finding**

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