



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019



CITY OF NORTH LITTLE ROCK, ARKANSAS



Outdoor murals and public art can be found throughout North Little Rock.

On the cover, from the top down:

Robin Tucker, mural at Flyway Brewing

314 Maple Street

Robin Tucker, *Idea*

Arkansas Regional Innovation Hub, 204 E 4th Street

Kevin Kresse, *Cyclist Mural*

7th & Main Streets

Photos by Colleen Young

**Comprehensive
Annual
Financial
Report**

City of North Little Rock,
Arkansas

Fiscal Year Ended

December 31, 2019

Prepared by:

Department of Finance

Ember Strange, Finance Director

Colleen Young, Comptroller

Amanda Bonner, Sr. Accountant

City of North Little Rock, Arkansas
Year Ended December 31, 2019

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City of North Little Rock, Arkansas
Year Ended December 31, 2019

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INTRODUCTORY SECTION



EMBER STRANGE
Finance Director

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E-mail: estrange@nlr.ar.gov

August 20, 2020

CITY SERVICES
120 MAIN STREET
NORTH LITTLE ROCK, ARKANSAS 72114

To the Mayor, Members of the City Council and Citizens of the City of North Little Rock:

State law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that option, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of North Little Rock for the fiscal year ended December 31, 2019.

This report consists of management's representations concerning the finances of the City of North Little Rock. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of North Little Rock has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Little Rock's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of North Little Rock's comprehensive framework of internal controls has been designed to provide reasonable assurance 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 respects.

The City of North Little Rock's financial statements have been audited by BKD, LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of North Little Rock for the fiscal year ended December 31, 2019, 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 utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of North Little Rock's financial statements for the fiscal year ended December 31, 2019, 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 North Little Rock 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 City of North Little Rock’s Single Audit Section included herein.

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 MD&A and should be read in conjunction with it. The City of North Little Rock’s MD&A can be found immediately following the report of the independent auditor.

Profile of the Government:

The City of North Little Rock was incorporated in 1904. The city is located in the central part of the State of Arkansas, right across the river from the state’s capital city. The City of North Little Rock currently occupies a land area of 44.8 square-miles and serves a population of 62,304 as of the 2010 census. The City of North Little Rock is authorized to levy a property tax on both real and personal properties located within its boundaries. In addition, the City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of North Little Rock operates under 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 for, among other things, passing ordinances, adopting the 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 to serve a four-year term. The council members serve four-year staggered terms with four council members elected every two years. All eight council members are elected by ward and the Mayor is elected at large.

The City of North Little Rock provides a full range of services, including police and fire protection, municipal electric utility services, the construction and maintenance of streets and other infrastructure, trash collection, and recreational activities and cultural events. Several services are provided through separate Boards and Commissions which act as a component of the City of North Little Rock and therefore have been included as an integral part of the City of North Little Rock’s financial statements. Additional information regarding the component units can be found in the notes to the financial statements (See Note 1).

The annual budget serves as the foundation for the City of North Little Rock's financial planning and control. All Departments of the City of North Little Rock are required to submit requests for appropriation to the Mayor. The Mayor utilizes these requests as the starting point for developing a proposed budget. The Mayor then presents a proposed budget to the City Council for review. The Council conducts work sessions with staff and conducts public discussions on the proposed budget. Arkansas statutes establish the fiscal year for municipalities as the calendar year and require municipal budgets be submitted to the City Council by December 1 of each year in Mayor-Council forms of government. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., police). Department Directors may initiate transfers of appropriations within a Department. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 19 as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Condition

As this report is being issued, the country is in the grips of the COVID-19 pandemic. The local economy has experienced short-term economic slowdown. However, information presented in the financial statements and the relationship of that information to the City of North Little Rock's long term future is best understood when it is considered from the broader perspective of the specific environment within which the City of North Little Rock operates.

Local Economy

The financial conditions in the City of North Little Rock continued to show strong economic growth in 2019. The City's local sales taxes (which represent 63% of General Fund revenue, excluding transfers) increased 6.5% over the prior year.

Long-Term Financial Planning

North Little Rock citizens passed an additional one (1)-Cent Local Sales Tax in August 2017 that was effective on January 1, 2018. The tax increase was divided between a one-half percent permanent tax for city operations and a one-half percent tax for capital improvements. The one-half cent, five year sales tax for capital projects, which expires at the end of 2022, is reflected in the 2017 Sales Tax Capital Improvement Fund. The capital projects funded by this tax include a new police and courts building, an upgrade of fire stations, and street and drainage improvements. In the first two years of collections, the new sales tax provided additional resources of approximately \$34.8 million.

In May 2020, the City Council adopted a policy which established an emergency reserve within the General Fund. The emergency reserve equals or exceeds 25% of the operating and maintenance budget for the immediately preceding budget year. The Finance Director shall notify the Mayor and City Council immediately in writing should the balance fall below the minimum reserve level or should pending legislation threaten the required

minimum reserve level. At the time the policy was established, the General Fund emergency reserve was approximately \$17 million.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) to encourage and assist state and local governments to go beyond the minimum requirements of GAAP to prepare CAFRs that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of the participating governments, but to ensure that users of their financial statements have the information they need to do so themselves.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for the certificate.

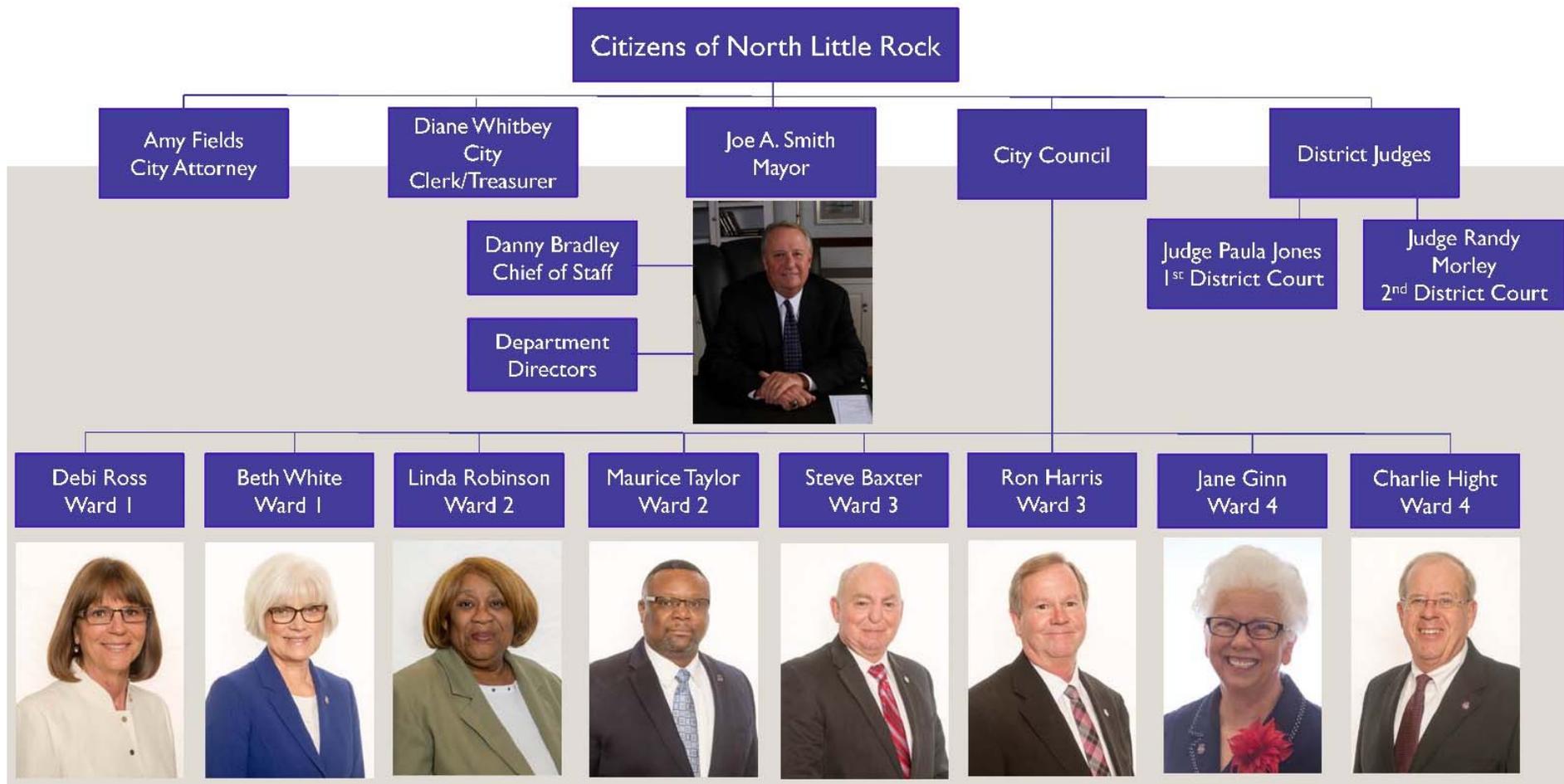
The preparation of this report could not have been accomplished without the dedicated efforts of the City's Comptroller Colleen Young and Senior Accountant Amanda Bonner, as well as the services of the staff of the Finance Department and Human Resources Department. We would like to express appreciation to all members of these departments for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the City Council and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of North Little Rock finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ember Strange". The signature is written in a cursive, flowing style.

Ember Strange
Finance Director

CITY OF NORTH LITTLE ROCK ORGANIZATIONAL CHART



City of North Little Rock, Arkansas

List of Principal Officials

Year Ended December 31, 2019

Chief of Staff	Danny Bradley
Police Chief	Tracey Roulston (Interim)
Fire Chief	Gerald Tucker
Finance Director	Ember Strange
North Little Rock Electric Department	Scott Springer
Animal Services	David Miles
Code Enforcement	Tom Wadley
Commerce	Mary Beth Bowman
Communications	Jim Billings
Community Development	Melissa Ervin
Economic Development	Todd Larson
Emergency Services	Leonard Montgomery
Engineering	Chris Wilbourn
Fit 2 Live	Isaac Henry
Hayes Senior Center	Susan Russell (Interim)
History Commission	Sandra Smith
Human Resources	Betty Anderson
Information Technology	John Barber
Neighborhood Services	Dan Scott
Parks and Recreation	Terry Hartwick
Planning	Shawn Spencer
Safety	Kenny Stephens
Sanitation	Condo Breedlove
Street	Patrick Lane
Vehicle Maintenance	Kenny Brock

FINANCIAL SECTION

Independent Auditor's Report

Members of the City Council and
Honorable Joe Smith, Mayor
City of North Little Rock, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of North Little Rock, Arkansas (City), as of and for the year ended December 31, 2019, 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 did not audit the financial statements of the North Little Rock Waste Water Utility and the North Little Rock Advertising and Promotion Commission, component units of the City, which represent 91 percent, 88 percent and 87 percent, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, is based solely on the reports of the other auditors. 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.

Members of the City Council and
Honorable Joe Smith, Mayor
City of North Little Rock, Arkansas
Page 2

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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The 2018 financial statements for governmental activities and discretely presented component units, before they were restated for the matters discussed in *Note 13*, were audited by other auditors, and their report thereon dated December 26, 2019, expressed unmodified opinions on those financial statements. 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 and other postemployment benefit 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 and individual fund financial statements and schedules, statistical section and schedule of expenditures of federal awards required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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.

Members of the City Council and
Honorable Joe Smith, Mayor
City of North Little Rock, Arkansas
Page 3

The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020, 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.

BKD, LLP

Dallas, Texas
August 20, 2020

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2019

Management of the City of North Little Rock (City) provides this Management's Discussion and Analysis. This narrative overview of the City's financial activities is for the year ended December 31, 2019. 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, 2019 by \$165,960,033 (presented as "net position"). Within the total net position, unrestricted is negative \$38,527,377. This is mainly due to a restatement of 2018 due to a correction of an error related to net pension liability and related deferred inflows and outflows of resources not previously recorded as required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, (see Note 13).

- The City's total net position decreased by \$51,996,893 in 2019. Net position of governmental activities decreased by \$63,652,972 due primarily to the restatement mentioned above. Net position of business-type activities increased \$11,656,079.
- As of December 31, 2019, the City's governmental funds reports combined ending fund balances of \$71,068,491 an increase of \$20,232,932 from 2018. Approximately 56.1 percent of this amount, \$39,902,688 is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2019, the unassigned fund balance for the General Fund was \$39,975,982 or 55.0 percent of total General Fund expenditures.
- As of December 31, 2019, the net position of the proprietary funds totaled \$149,039,322. Net position increased by \$11,656,079 during the year ended December 31, 2019.
- As of December 31, 2019, net position of fiduciary funds was \$51,719,241. There was an increase of \$7,367,132 in the total fiduciary net position held in trust for the year ended December 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2019

The *Statement of Activities* presents information showing how the City's net position changed during the 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 the 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 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, public works, community development, street, and parks and recreation. The business-type activities of the City include the City's Electric Department.

The government-wide financial statements include not only the City of North Little Rock (known as the primary government) but also legally separate component units. These consist of the North Little Rock Waste Water Utility, the William F. Laman Public Library, the North Little Rock Airport Commission and the North Little Rock Advertising and Promotion Commission. Financial information for the component units are reported separately from the financial information presented for the primary government.

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

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, the 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.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2019

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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 16 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, which is considered to be major fund. Data for the other 15 governmental funds is combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 15-18 of this reporting package. A budget to actual comparison for the General Fund can be found on page 19 of this reporting package.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds and internal service funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City use an enterprise fund to account for its electric operations. Internal service funds are an accounting convention used to accumulate and allocate costs internally among a City's various functions. The City used an internal service fund to account for its Utilities Accounting Department (UAD). The UAD primarily benefited the Electric Department but was closed-out in 2019. The basic proprietary fund financial statements can be found on pages 20-22 of this reporting package.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, the Non-Uniformed Employees Retirement Fund.

The basic fiduciary fund financial statements can be found on page 23-24 of this reporting package.

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 basic financial statements can be found on pages 27-87 of this reporting package.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2019

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 88-98 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 2019 compared to 2018:

CITY OF NORTH LITTLE ROCK, ARKANSAS
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 87,668,840	\$ 65,333,850	\$ 64,539,992	\$ 54,693,279	\$ 152,208,832	\$ 120,027,129
Capital assets	91,042,328	85,153,802	136,611,767	139,336,652	227,654,095	224,490,454
Total assets	<u>178,711,168</u>	<u>150,487,652</u>	<u>201,151,759</u>	<u>194,029,931</u>	<u>379,862,927</u>	<u>344,517,583</u>
Deferred outflows of resources	13,818,433	22,677,374	1,598,695	3,569,193	15,417,128	26,246,567
Total assets and deferred outflows of resources	<u>\$ 192,529,601</u>	<u>\$ 173,165,026</u>	<u>\$ 202,750,454</u>	<u>\$ 197,599,124</u>	<u>\$ 395,280,055</u>	<u>\$ 370,764,150</u>
Long-term liabilities	\$ 155,672,079	\$ 82,312,834	\$ 36,421,358	\$ 47,326,734	\$ 192,093,437	\$ 129,639,568
Other liabilities	8,328,397	5,289,585	15,626,530	9,860,903	23,954,927	15,150,488
Total liabilities	<u>164,000,476</u>	<u>87,602,419</u>	<u>52,047,888</u>	<u>57,187,637</u>	<u>216,048,364</u>	<u>144,790,056</u>
Deferred inflows of resources	11,608,414	4,988,924	1,663,244	3,028,244	13,271,658	8,017,168
Net Position						
Net investment in capital assets	88,578,170	83,669,833	105,196,767	115,621,652	193,774,937	199,291,485
Restricted	7,545,786	-	3,166,687	10,657,111	10,712,473	10,657,111
Unrestricted	<u>(79,203,245)</u>	<u>(3,096,150)</u>	<u>40,675,868</u>	<u>11,104,480</u>	<u>(38,527,377)</u>	<u>8,008,330</u>
Total net position	<u>16,920,711</u>	<u>80,573,683</u>	<u>149,039,322</u>	<u>137,383,243</u>	<u>165,960,033</u>	<u>217,956,926</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 192,529,601</u>	<u>\$ 173,165,026</u>	<u>\$ 202,750,454</u>	<u>\$ 197,599,124</u>	<u>\$ 395,280,055</u>	<u>\$ 370,764,150</u>

Prior year comparative information has not been restated for the error corrections recorded at the beginning of fiscal year 2019.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2019

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of North Little Rock, Arkansas, assets exceeded liabilities by \$165,960,033 as of December 31, 2019. The largest portion of the City's net position (\$193,744,937 or 117 percent), 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, \$10,712,473 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of (\$38,527,377) represents 23 percent of the City's net position.

ANALYSIS OF THE CITY'S OPERATIONS

The following table provides a summary of the City's operations for the year ended December 31, 2019 and 2018. Governmental activities decreased the City's net position by \$63,652,972 for the year ended December 31, 2019 due to the restatement of 2018 financial statements (see *Note 13*).

Prior year comparative information has not been restated for the error corrections recorded at the beginning of fiscal year 2019.

At the end of 2019, taxes in governmental funds exceeded the prior year by approximately \$4.75 million. This change is primarily associated with an increase in sales tax revenue of approximately \$3.1 million. The increase is a result of an additional one (1) cent local sales tax that North Little Rock citizens passed in August 2017, effective January 2018 combined with the passage of internet sales tax in the State of Arkansas effective July 1, 2019.

The increase in public safety expense in 2019 is primarily associated with the pension expense for the closed police and fire plan. See *Note 13* for more information.

The increase in public works expense in 2019 is primarily associated with the flood in May and June of 2019.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2019

CITY OF NORTH LITTLE ROCK, ARKANSAS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	\$ 10,650,665	\$ 9,675,156	\$ 93,442,310	\$ 94,699,423	\$ 104,092,975	\$ 104,374,579
Operating grants and contributions	1,035,577	404,425	-	-	1,035,577	404,425
Capital grants	1,767,996	3,416,216	1,500,000	-	3,267,996	3,416,216
General Revenues						
Taxes	77,722,983	72,968,108	-	-	77,722,983	72,968,108
Franchise fees	3,883,894	3,834,205	-	-	3,883,894	3,834,205
Investment Income	637,273	253,047	513,794	289,464	1,151,067	542,511
Miscellaneous	2,176,717	2,398,002	-	2,204,312	2,176,717	4,602,314
Total revenues	97,875,105	92,949,159	95,456,104	97,193,199	193,331,209	190,142,358
Expenses						
General government	24,312,352	25,657,328	-	-	24,312,352	25,657,328
Public safety	61,910,602	50,581,601	-	-	61,910,602	50,581,601
Public works	2,650,674	1,028,141	-	-	2,650,674	1,028,141
Street and traffic	6,841,766	6,431,851	-	-	6,841,766	6,431,851
Health and sanitation	5,672,952	4,893,759	-	-	5,672,952	4,893,759
Community development	898,511	287,952	-	-	898,511	287,952
Culture and recreation	9,191,100	8,097,602	-	-	9,191,100	8,097,602
Interest and agent fees	315,068	36,874	-	-	315,068	36,874
Electric department	-	-	73,179,016	75,471,190	73,179,016	75,471,190
Total expenses	111,793,025	97,015,108	73,179,016	75,471,190	184,972,041	172,486,298
Increases (Decreases) in Net Position Before Transfers	(13,917,920)	(4,065,949)	22,277,088	21,722,009	8,359,168	17,656,060
Transfers	10,621,009	12,232,921	(10,621,009)	(12,000,040)	-	232,881
Increases (Decreases) in Net Position	(3,296,911)	8,166,972	11,656,079	9,721,969	8,359,168	17,888,941
Net Position, Beginning of Year, As Previously Reported	80,573,683	72,406,711	137,383,243	127,661,274	217,956,926	200,067,985
Correction of Error (Note 13)	(60,356,061)	-	-	-	(60,356,061)	-
Net Position, Beginning of Year, As Restated	20,217,622	-	137,383,243	-	157,600,865	-
Net Position, End of Year	\$ 16,920,711	\$ 80,573,683	\$ 149,039,322	\$ 137,383,243	\$ 165,960,033	\$ 217,956,926

FINANCIAL ANALYSIS OF GOVERNMENTAL AND PROPRIETARY FUNDS

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$71,068,491. Approximately 56.1 percent of this total amount or \$39,902,688 constitutes unassigned fund balances available for spending. The remainder of the fund balances are either restricted, committed, or assigned by designation by management for encumbrances. These amounts are \$16,459,696, \$13,480,478, and \$1,225,629, respectively.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2019

The General Fund is the chief fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$39,975,982 while total fund balance was \$40,245,982. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 55 percent of total expenditures, while total fund balance represents 55.4 percent of that same amount. The General Fund's fund balance increased by \$6,058,152 during the current fiscal year. Total revenues increased approximately \$4,943,000. The primary factor for this increase was due to the increase in the local sales tax collections of approximately \$3,100,000. Other financing sources consist of approximately \$12,000,000 of net transfers from the Electric Department.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Electric Department totaled \$40,675,868 as of December 31, 2019. The Electric Department's net position increased \$10,277,128. Operations were consistent with prior year.

General Fund Budgetary Highlights

The City made revisions to the original budgeted expenditures as necessary during the year, as approved by the City Council. However, all departments remained diligent in keeping expenditures within budget. The final amended General Fund budgeted expenditures totaled \$79,261,535 as compared to the original budgeted expenditures of \$71,465,867 an increase of \$7,795,668. The majority of this increase in budgeted expenditures were increases in Public Works of \$2,536,370, Public Safety-Fire of \$3,626,530, and Special Appropriations of \$1,119,431.

Revenue exceeded the general fund original budget by approximately \$6.5 million at the end of 2019. The favorable variance is primarily associated with an increase in sales tax revenue as a result of an additional one (1)-cent local sales tax that North Little Rock citizens passed in August 2017, effective January 2018 combined with the passage of internet sales tax in the State of Arkansas effective July 1, 2019. Expenses in the general fund ended the year approximately \$6.6 million below the amended budget. Part of this favorable variance is due to vacancy savings throughout the year while approximately \$2 million is due to the timing of the completion of capital projects.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$227,654,095 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles. Major capital asset events during the current fiscal year included the following:

- Increases in infrastructure for governmental activities totaling \$185,225.
- Additions to governmental buildings totaling \$1,213,370.
- Additions to governmental land of \$366,881.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2019

- Additions to governmental vehicles of \$2,718,642.
- Additions to governmental equipment of \$1,067,058.
- Additions to the Electrical system plant and equipment totaling \$4,953,230.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and land rights	\$ 8,942,185	\$ 8,575,303	\$ 2,032,960	\$ 2,032,960	\$ 10,975,145	\$ 10,608,263
Construction in progress	9,686,657	3,819,602	7,442,884	7,813,585	17,129,541	11,633,187
Utility system plant and equipment	-	-	297,286,397	292,668,660	297,286,397	292,668,660
Infrastructure	46,363,784	45,328,843	-	-	46,363,784	45,328,843
Buildings	43,460,249	42,416,799	-	-	43,460,249	42,416,799
Land improvements	8,757,916	8,592,706	-	-	8,757,916	8,592,706
Vehicles	25,638,596	23,471,918	-	-	25,638,596	23,471,918
Equipment	28,128,666	27,246,773	-	-	28,128,666	27,246,773
Ships and watercraft	3,673,738	3,516,708	-	-	3,673,738	3,516,708
Accumulated depreciation	(83,609,463)	(77,814,850)	(170,150,474)	(163,177,553)	(253,759,937)	(240,992,403)
Total	\$ 91,042,328	\$ 85,153,802	\$ 136,611,767	\$ 139,337,652	\$ 227,654,095	\$ 224,491,454

Additional information on the City's capital assets can be found in *Note 4* in the notes to the basic financial statements.

DEBT ADMINISTRATION

At December 31, 2019, the City had \$43,887,394 outstanding debt consisting of revenue bonds, special obligation bond, and notes payable. Of this debt, \$43,713,976 was secured by specific revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ -	\$ -	\$ 31,415,000	\$ 36,450,000	\$ 31,415,000	\$ 36,450,000
Bonds payable	12,298,976	-	-	-	12,298,976	-
Notes payable	173,418	1,483,969	-	-	173,418	1,483,969
Total	\$ 12,472,394	\$ 1,483,969	\$ 31,415,000	\$ 36,450,000	\$ 43,887,394	\$ 37,933,969

Total long-term bonds and notes payable outstanding at December 31, 2019 increased by \$5,953,425, an increase of 15.6 percent. The increase is due to the issuance of Series 2019 Capital Improvement Revenue Bonds and 2019 Tax Incremental Bonds of \$11,388,976 (including \$1,293,976 in premiums) offset by \$5.4 million in scheduled payments.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS RATES

The current economic environment presents municipalities with unprecedented circumstances and challenges, which in some cases could result in declines in population, volume of business, constraints on liquidity and difficulty obtaining financing. The City plans to continue improvements to local infrastructure, invest in its utility systems, support planning and development in the City, and focus on delivery of services to its citizens and customers.

The original 2020 budget for the General Fund includes budgeted revenues of \$75,046,053, net transfers of \$1,188,556, and expenditures of \$75,332,359.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, City of North Little Rock, 120 Main Street, North Little Rock, Arkansas 72114.

City of North Little Rock, Arkansas
Statement Net Position
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 19,939,579	\$ 25,522,299	\$ 45,461,878	\$ 7,317,216
Investments	32,282,420	13,103,163	45,385,583	9,988,916
Accounts receivable - net of allowance	24,198,887	3,375,874	27,574,761	7,801,435
Prepaid expenses	-	1,902,952	1,902,952	983,365
Inventories	-	3,231,316	3,231,316	30,231
Restricted cash and cash equivalents	11,247,954	9,933,090	21,181,044	2,566,271
Notes receivable	-	1,700,000	1,700,000	176,055
Unbilled revenues	-	5,771,298	5,771,298	-
Capital assets – nondepreciable	18,628,842	9,475,844	28,104,686	14,371,390
Capital assets – depreciable, net	72,413,486	127,135,923	199,549,409	116,005,005
Total assets	<u>178,711,168</u>	<u>201,151,759</u>	<u>379,862,927</u>	<u>159,239,884</u>
Deferred Outflows of Resources				
Deferred amount related to pensions	13,659,148	1,577,717	15,236,865	2,145,222
Deferred amount related to OPEB	159,285	20,978	180,263	-
Total deferred outflows of resources	<u>13,818,433</u>	<u>1,598,695</u>	<u>15,417,128</u>	<u>2,145,222</u>
Total assets and deferred outflows of resources	<u>\$ 192,529,601</u>	<u>\$ 202,750,454</u>	<u>\$ 395,280,055</u>	<u>\$ 161,385,106</u>
Liabilities				
Accounts payable	\$ 2,185,150	\$ 2,652,639	\$ 4,837,789	\$ 749,403
Accrued expenses	4,766,825	653,768	5,420,593	543,874
Unearned revenue	12,870	-	12,870	-
Accrued interest	73,324	416,316	489,640	-
Noncurrent liabilities				
Due within one year				
Bonds payable	510,000	5,160,000	5,670,000	2,166,545
Notes payable	73,022	-	73,022	-
Accrued compensated absences	580,083	101,607	681,690	755,134
Total OPEB liability	127,123	-	127,123	-
Customer deposits	-	6,642,200	6,642,200	-
Due in more than one year				
Bonds payable, net of amortized premium	11,788,976	26,255,000	38,043,976	43,724,708
Notes payable	100,396	-	100,396	-
Reserve for bio-solids disposal	-	-	-	2,547,471
Net pension liability	128,154,488	7,876,004	136,030,492	3,935,432
Total OPEB liability	5,046,077	668,809	5,714,886	299,950
Accrued compensated absences	10,582,142	1,621,545	12,203,687	211,990
Total liabilities	<u>164,000,476</u>	<u>52,047,888</u>	<u>216,048,364</u>	<u>54,934,507</u>
Deferred Inflows of Resources				
Deferred amounts related to pensions	11,299,652	1,612,007	12,911,659	1,111,765
Deferred amount related to OPEB	308,762	51,237	359,999	-
Total deferred inflows of resources	<u>11,608,414</u>	<u>1,663,244</u>	<u>13,271,658</u>	<u>1,111,765</u>
Net Position				
Net investment in capital assets	88,578,170	105,196,767	193,774,937	84,485,142
Restricted				
Debt service	713,699	3,166,687	3,880,386	3,027,798
Street and traffic	4,842,878	-	4,842,878	-
Parks and recreation	1,297,526	-	1,297,526	-
Police - equitable sharing	62,517	-	62,517	-
Drainage improvement	629,166	-	629,166	-
Airport	-	-	-	518,509
Library	-	-	-	33,296
Unrestricted	<u>(79,203,245)</u>	<u>40,675,868</u>	<u>(38,527,377)</u>	<u>17,274,089</u>
Total net position	<u>16,920,711</u>	<u>149,039,322</u>	<u>165,960,033</u>	<u>105,338,834</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 192,529,601</u>	<u>\$ 202,750,454</u>	<u>\$ 395,280,055</u>	<u>\$ 161,385,106</u>

City of North Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General government	\$ 24,312,352	\$ 4,742,957	\$ 623,236	\$ -	\$ (18,946,159)	\$ -	\$ (18,946,159)	\$ -
Public safety	61,910,602	3,153,614	393,322	190,338	(58,173,328)	-	(58,173,328)	-
Public works	2,650,674	-	19,019	797,617	(1,834,038)	-	(1,834,038)	-
Street and traffic	6,841,766	213,386	-	-	(6,628,380)	-	(6,628,380)	-
Health and sanitation	5,672,952	1,042,275	-	-	(4,630,677)	-	(4,630,677)	-
Community development	898,511	-	-	721,774	(176,737)	-	(176,737)	-
Culture and recreation	9,191,100	1,498,433	-	58,267	(7,634,400)	-	(7,634,400)	-
Interest and fiscal charges on long-term debt	315,068	-	-	-	(315,068)	-	(315,068)	-
Total governmental activities	<u>111,793,025</u>	<u>10,650,665</u>	<u>1,035,577</u>	<u>1,767,996</u>	<u>(98,338,787)</u>	<u>-</u>	<u>(98,338,787)</u>	<u>-</u>
Business-Type Activities								
Electric Department	73,179,016	93,442,310	-	1,500,000	-	21,763,294	21,763,294	-
Total business-type activities	<u>73,179,016</u>	<u>93,442,310</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>21,763,294</u>	<u>21,763,294</u>	<u>-</u>
Total primary government	<u>\$ 184,972,041</u>	<u>\$ 104,092,975</u>	<u>\$ 1,035,577</u>	<u>\$ 3,267,996</u>	<u>(98,338,787)</u>	<u>21,763,294</u>	<u>(76,575,493)</u>	<u>-</u>
Total component units	<u>\$ 30,073,657</u>	<u>\$ 23,922,361</u>	<u>\$ 347,417</u>	<u>\$ 61,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,742,453)</u>
General revenues								
Taxes – sales					61,505,034	-	61,505,034	7,700,509
Taxes – other					16,217,949	-	16,217,949	3,809,510
Utility franchise taxes					3,883,894	-	3,883,894	-
Investment income					637,273	513,794	1,151,067	227,864
Other					2,176,717	-	2,176,717	655,748
Transfers					10,621,009	(10,621,009)	-	-
Total general revenues and transfers					<u>95,041,876</u>	<u>(10,107,215)</u>	<u>84,934,661</u>	<u>12,393,631</u>
Change in Net Position					<u>(3,296,911)</u>	<u>11,656,079</u>	<u>8,359,168</u>	<u>6,651,178</u>
Net Position, Beginning of Year, As Previously Reported					<u>80,573,683</u>	<u>137,383,243</u>	<u>217,956,926</u>	<u>98,390,845</u>
Correction of Error (Note 13)					<u>(60,356,061)</u>	<u>-</u>	<u>(60,356,061)</u>	<u>296,811</u>
Net Position, Beginning of Year, As Restated					<u>20,217,622</u>	<u>137,383,243</u>	<u>157,600,865</u>	<u>98,687,656</u>
Net Position, End of Year					<u>\$ 16,920,711</u>	<u>\$ 149,039,322</u>	<u>\$ 165,960,033</u>	<u>\$ 105,338,834</u>

City of North Little Rock, Arkansas
Balance Sheet – Governmental Funds
December 31, 2019

	General Fund	Total Nonmajor Funds	Total
Assets			
Cash & cash equivalents	\$ 12,186,009	\$ 7,753,570	\$ 19,939,579
Investments	24,169,670	8,112,750	32,282,420
Property taxes receivable - net of allowance	8,579,694	1,920,489	10,500,183
Sales tax receivable	9,111,027	1,881,505	10,992,532
Franchise tax receivable	535,255	-	535,255
Accounts receivable	304,526	5,168	309,694
Due from other governments	654,825	1,206,398	1,861,223
Due from other funds	435,432	3,169,677	3,605,109
Restricted cash equivalents	-	11,247,954	11,247,954
	<u>\$ 55,976,438</u>	<u>\$ 35,297,511</u>	<u>\$ 91,273,949</u>
Total assets			
Liabilities			
Accounts payable	\$ 1,102,084	\$ 1,083,066	\$ 2,185,150
Accrued expenses	4,341,345	425,480	4,766,825
Deferred revenue	12,870	-	12,870
Due to other funds	2,406,780	1,198,329	3,605,109
	<u>\$ 7,863,079</u>	<u>\$ 2,706,875</u>	<u>\$ 10,569,954</u>
Total liabilities			
Deferred Inflows of Resources			
Unavailable revenues – property taxes	<u>7,867,377</u>	<u>1,768,127</u>	<u>9,635,504</u>
Total deferred inflows of resources	<u>\$ 7,867,377</u>	<u>\$ 1,768,127</u>	<u>\$ 9,635,504</u>
Fund Balances			
Restricted			
Capital projects	-	10,014,948	10,014,948
Debt service	-	572,224	572,224
Street and traffic	-	3,216,226	3,216,226
Parks and recreation	-	1,297,526	1,297,526
Police – equitable sharing	-	62,517	62,517
Drainage improvement	-	629,166	629,166
Baring cross TIF	-	667,089	667,089
Committed	-	13,480,478	13,480,478
Assigned	270,000	955,629	1,225,629
Unassigned	39,975,982	(73,294)	39,902,688
	<u>\$ 40,245,982</u>	<u>\$ 30,822,509</u>	<u>\$ 71,068,491</u>
Total fund balances			
Total liabilities, deferred inflows of resources & fund balances	<u>\$ 55,976,438</u>	<u>\$ 35,297,511</u>	<u>\$ 91,273,949</u>

City of North Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

Total fund balances – governmental funds	\$ 71,068,491
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation used in governmental activities are not current financial resources and therefore are not reported in the governmental funds	91,042,328
Property taxes are recognized as revenue in the period in which levied in the government-wide financial statements, but are reported as deferred revenue in the governmental funds.	9,635,504
Interest accrued on notes payable in governmental activities are not due and payable in the current period and therefore is not reported in the governmental funds	(73,324)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Accrued compensated absences	(11,162,225)
Total OPEB liability	(5,173,200)
Net Pension Liability	(128,154,488)
Bonds payable	(12,298,976)
Notes payable	(173,418)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to the future periods and, therefore, are not reported in the funds.	<u>2,210,019</u>
Net position of governmental activities	<u>\$ 16,920,711</u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
Year Ended December 31, 2019

	General Fund	Total Nonmajor Funds	Total
Revenues			
Taxes – sales	\$ 50,485,553	\$ 11,019,481	\$ 61,505,034
Taxes – other	14,244,462	1,959,036	16,203,498
Franchise fees	3,883,894	-	3,883,894
Fines and forfeitures	2,154,232	-	2,154,232
Licenses and permits	4,280,681	-	4,280,681
Charges for services	2,593,542	1,622,210	4,215,752
Intergovernmental	242,302	2,561,271	2,803,573
Investments earnings	456,019	181,254	637,273
Miscellaneous	2,109,662	135,102	2,244,764
	<u>\$ 80,450,347</u>	<u>\$ 17,478,354</u>	<u>\$ 97,928,701</u>
Expenditures			
General government			
Administration	\$ 2,055,108	\$ -	\$ 2,055,108
City clerk	374,492	-	374,492
Code enforcement	1,070,550	6,147	1,076,697
Commerce	308,059	-	308,059
Communication	175,000	-	175,000
Finance	773,516	-	773,516
Information technology	3,333,780	-	3,333,780
1st district court	564,195	-	564,195
2nd district court	495,351	-	495,351
Legal	734,311	-	734,311
Human resources	761,625	-	761,625
Planning	890,652	-	890,652
Vehicle maintenance	1,007,008	-	1,007,008
Total general government	<u>12,543,647</u>	<u>6,147</u>	<u>12,549,794</u>
Animal shelter	802,112	-	802,112
Community development	-	882,737	882,737
Emergency services	1,998,039	30,560	2,028,599
Fit 2 live	184,221	-	184,221
Health	95,281	-	95,281
Neighborhood services	171,971	-	171,971
Parks and recreation	-	8,032,479	8,032,479
Public safety – fire	18,945,939	117,153	19,063,092
Public safety – police	23,691,301	217,021	23,908,322
Public works	1,524,321	1,088,805	2,613,126
Sanitation	5,105,285	3,287	5,108,572
Senior citizens	1,094,334	-	1,094,334
Special appropriations	6,498,909	-	6,498,909
Street and traffic	-	5,098,436	5,098,436
Capital outlay	-	12,320,239	12,320,239
Debt Service			
Principal	-	400,551	400,551
Interest and agent fees	-	48,266	48,266
Cost of bond issuance	-	205,274	205,274
Total expenditures	<u>72,655,360</u>	<u>28,450,955</u>	<u>101,106,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,794,987</u>	<u>(10,972,601)</u>	<u>(3,177,614)</u>
Other Financing Sources (Uses)			
Proceeds of bond issuance	-	10,095,000	10,095,000
Bond premium	-	1,293,976	1,293,976
Transfers in	12,119,321	18,153,906	30,273,227
Transfers out	(13,856,156)	(4,395,501)	(18,251,657)
Total other financing sources (uses)	<u>(1,736,835)</u>	<u>25,147,381</u>	<u>23,410,546</u>
Net Change in Fund Balances	6,058,152	14,174,780	20,232,932
Fund Balances, Beginning of the Year	<u>34,187,830</u>	<u>16,647,729</u>	<u>50,835,559</u>
Fund Balances, End of the Year	<u>\$ 40,245,982</u>	<u>\$ 30,822,509</u>	<u>\$ 71,068,491</u>

City of North Little Rock, Arkansas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2019

Net change in fund balances – total governmental funds	\$ 20,232,932
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 these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	12,320,239
Retirements	(68,047)
Depreciation expense	(6,587,729)
The net effect of various transactions involving capital assets and the transfer of capital assets from business-type activities to governmental activities to increase net position.	
	224,063
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.	
	14,451
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.	
	(3,340,025)
Changes to Other Post Employment Benefit (OPEB) liability, net pension liability, OPEB 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.	
	(15,042,842)
Interest accrued on notes payable in governmental activities are not due and payable and therefore are not reported as expenditures in the governmental funds.	
	(61,528)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued or financed:	
Bonds payable	(10,095,000)
Bond Premium	(1,293,976)
Principal payments:	
Notes payable	335,551
Bonds payable	65,000
Change in net position of governmental activities	\$ (3,296,911)

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – General Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 47,066,000	\$ -	\$ 47,066,000	\$ 50,485,553	\$ 3,419,553
Taxes – other	8,220,550	-	8,220,550	14,244,462	6,023,912
Franchise Fees	3,371,250	-	3,371,250	3,883,894	512,644
Fines and forfeitures	2,478,000	-	2,478,000	2,154,232	(323,768)
Licenses and permits	4,000,000	-	4,000,000	4,280,681	280,681
Charges for services	2,296,530	-	2,296,530	2,593,542	297,012
Intergovernmental	4,233,712	-	4,233,712	242,302	(3,991,410)
Investments earnings	93,000	-	93,000	456,019	363,019
Miscellaneous	2,171,369	-	2,171,369	2,109,662	(61,707)
Total revenues	\$ 73,930,411	\$ -	\$ 73,930,411	\$ 80,450,347	\$ 6,519,936
Expenditures					
General Government					
Administration	\$ 2,275,647	\$ 50,486	\$ 2,326,133	\$ 2,055,108	\$ 271,025
City clerk	362,706	6,313	369,019	374,492	(5,473)
Code enforcement	1,069,550	15,556	1,085,106	1,070,550	14,556
Commerce	309,159	6,052	315,211	308,059	7,152
Communication	210,884	2,037	212,921	175,000	37,921
Finance	837,837	12,298	850,135	773,516	76,619
Information Technology	3,442,159	27,060	3,469,219	3,333,780	135,439
1st District Court	608,975	9,032	618,007	564,195	53,812
2nd District Court	575,225	7,903	583,128	495,351	87,777
Legal	816,252	11,416	827,668	734,311	93,357
Human Resources	797,290	14,261	811,551	761,625	49,926
Planning	991,358	41,856	1,033,214	890,652	142,562
Vehicle Maintenance	1,035,760	17,352	1,053,112	1,007,008	46,104
Total general government	13,332,802	221,622	13,554,424	12,543,647	1,010,777
Animal Shelter	895,909	11,598	907,507	802,112	105,395
Emergency Services	2,301,677	33,040	2,334,717	1,998,039	336,678
Fit 2 live	221,428	1,580	223,008	184,221	38,787
Health	87,485	8,000	95,485	95,281	204
Neighborhood Services	175,406	2,854	178,260	171,971	6,289
Public Safety – Fire	15,798,238	3,626,530	19,424,768	18,945,939	478,829
Public Safety – Police	23,103,228	149,132	23,252,360	23,691,301	(438,941)
Public Works	1,174,075	2,536,370	3,710,445	1,524,321	2,186,124
Sanitation	5,160,411	37,703	5,198,114	5,105,285	92,829
Senior Citizens	1,154,319	47,808	1,202,127	1,094,334	107,793
Special Appropriations	8,060,889	1,119,431	9,180,320	6,498,909	2,681,411
Total expenditures	71,465,867	7,795,668	79,261,535	72,655,360	6,606,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,464,544	(7,795,668)	(5,331,124)	7,794,987	13,126,111
Other Financing Sources (Uses)					
Transfers In	12,097,750	-	12,097,750	12,119,321	21,571
Transfers Out	(12,701,250)	-	(12,701,250)	(13,856,156)	(1,154,906)
Total other financing sources (uses)	(603,500)	-	(603,500)	(1,736,835)	(1,133,335)
Net Change in Fund Balance	1,861,044	(7,795,668)	(5,934,624)	6,058,152	11,992,776
Fund Balance, Beginning of the Year	34,187,830	-	34,187,830	34,187,830	-
Fund Balance, End of the Year	\$ 36,048,874	\$ (7,795,668)	\$ 28,253,206	\$ 40,245,982	\$ 11,992,776

City of North Little Rock, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2019

	Business-Type Activities	
	Enterprise Fund	Internal
	Electric	Service Fund
	Department	
Assets		
Current Assets		
Cash & cash equivalents	\$ 25,522,299	\$ -
Investments	13,103,163	-
Accounts receivable – net of allowance	3,203,253	-
Other receivables	172,621	-
Unbilled revenues	5,771,298	-
Materials and supplies	3,231,316	-
Prepaid expenses	1,902,952	-
Total current assets	<u>52,906,902</u>	<u>-</u>
Noncurrent Assets		
Restricted cash & cash equivalents	9,933,090	-
Notes Receivable	1,700,000	-
Total noncurrent assets	<u>11,633,090</u>	<u>-</u>
Capital Assets		
Capital assets	306,208,293	-
Less: accumulated depreciation	(169,596,526)	-
Total capital assets – net	<u>136,611,767</u>	<u>-</u>
Total assets	<u>201,151,759</u>	<u>-</u>
Deferred Outflows of Resources		
Deferred amount related to pensions	\$ 1,577,717	\$ -
Deferred amount related to OPEB	20,978	-
Total deferred outflows of resources	<u>1,598,695</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 202,750,454</u>	<u>\$ -</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,652,639	\$ -
Accrued expenses and other liabilities	653,768	-
Bonds payable - current portion	5,160,000	-
Accrued compensated absences – current portion	101,607	-
Accrued interest payable	416,316	-
Total current liabilities	<u>8,984,330</u>	<u>-</u>
Noncurrent Liabilities		
Customer deposits payable	6,642,200	-
Net pension liability	7,876,004	-
Total OPEB liability	668,809	-
Accrued compensated absences - noncurrent portion	1,621,545	-
Bonds payable – noncurrent portion	26,255,000	-
Total noncurrent liabilities	<u>43,063,558</u>	<u>-</u>
Total liabilities	<u>52,047,888</u>	<u>-</u>
Deferred Inflows of Resources		
Deferred amounts related to pensions	1,612,007	-
Deferred amount related to OPEB	51,237	-
Total deferred inflows of resources	<u>1,663,244</u>	<u>-</u>
Net Position		
Net investment in capital assets	105,196,767	-
Restricted - expendable	3,166,687	-
Unrestricted net position	40,675,868	-
Total net position	<u>149,039,322</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 202,750,454</u>	<u>\$ -</u>

City of North Little Rock, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities Enterprise Fund Electric Department	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 92,367,577	\$ -
Payments to vendors	(6,933,724)	(13,677)
Payments for purchase of electricity	(44,090,240)	-
Payments for taxes	(1,059,614)	-
Payments to employees	(6,962,871)	-
Net cash flows provided by (used by) operating activities	<u>33,321,128</u>	<u>(13,677)</u>
Cash Flows from Noncapital Financing Activities		
Transfers to other funds	(11,999,960)	(21,610)
Loans to other funds	(725,000)	-
Net cash flows used by noncapital financing activities	<u>(12,724,960)</u>	<u>(21,610)</u>
Cash Flows from Capital and Related Financing Activities		
Repayment of long-term debt and bonds payable	(5,035,000)	-
Purchase of property, plant and equipment	(8,090,347)	-
Interest paid	(1,171,331)	-
Trustee payments	(10,488)	-
Proceeds from grants	1,500,000	-
Net cash flows used by capital and related financing activities	<u>(12,807,166)</u>	<u>-</u>
Cash flows from investing activities		
Purchase of investments	(8,102,580)	-
Interest on investments	513,794	-
Net cash flows used by investing activities	<u>(7,588,786)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	200,216	(35,287)
Cash and Cash Equivalents, Beginning of the Year	<u>35,255,173</u>	<u>35,287</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 35,455,389</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided from Operating Activities		
Operating income	\$ 21,386,066	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided from (Used By) Operating Activities		
Depreciation expense	10,591,169	-
(Increase) Decrease in assets and deferred outflows of resources		
Accounts receivable	485,565	-
Unbilled revenues	(1,560,298)	-
Prepaid expenses	147,735	13,334
Inventory	59,460	-
Deferred outflows of resources	1,734,399	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	583,815	(3,607)
Accrued expenses	62,237	(23,404)
Customer deposits payable	851,118	-
Pension and OPEB	(879,742)	-
Compensated absences	250,240	-
Deferred inflows of resources	(390,636)	-
Net cash provided by (used by) operating activities	<u>\$ 33,321,128</u>	<u>\$ (13,677)</u>
Noncash Transactions		
Capital contributions from Governmental Activities	\$ -	\$ 1,400,561

City of North Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Fund
December 31, 2019

	<u>Pension Trust Non-Uniform Employees Retirement Fund</u>
Assets	
Cash and cash equivalents	\$ 5,901,126
Investments, at fair value	
Mutual funds	15,623,549
Equities	29,752,652
Corporate bonds	419,642
Other assets	<u>22,272</u>
Total assets	<u>51,719,241</u>
Net Position	
Net position – restricted for pensions	<u>\$ 51,719,241</u>
Total net position	<u><u>\$ 51,719,241</u></u>

City of North Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
For the Year Ended December 31, 2019

	<u>Pension Trust Non-Uniform Employees Retirement Fund</u>
Additions	
Contributions	
Employer	\$ 2,462,350
Members	<u>1,231,175</u>
Total contributions	<u>3,693,525</u>
Investment income (loss)	
Interest and dividend income	1,800,389
Appreciation in fair value of investments	6,369,527
Less investment expense	<u>(186,192)</u>
Net investment gain	<u>7,983,724</u>
Total additions	<u>11,677,249</u>
Deductions	
Benefits paid to participants	4,226,370
Administrative expenses	<u>83,747</u>
Total deductions	<u>4,310,117</u>
Change in Net Position	7,367,132
Net Position Restricted for Pension Benefits, Beginning of Year	<u>44,352,109</u>
Net Position Restricted for Pension Benefits, End of Year	<u>\$ 51,719,241</u>

City of North Little Rock, Arkansas
Statement Net Position – Discretely Presented Component Units
December 31, 2019

	Major Component Units			Nonmajor Component Unit	Total Component Units
	Waste Water Utility	William F. Laman Public Library	Airport Commission	Advertising & Promotion Commission	
Assets					
Cash and cash equivalents	\$ 3,477,870	\$ 2,745,117	\$ 529,526	\$ 564,703	\$ 7,317,216
Investments	9,554,584	-	-	434,332	9,988,916
Accounts receivable, net of allowance	3,880,566	3,813,532	105,222	2,115	7,801,435
Prepaid expenses and other	61,215	427,327	-	-	488,542
Inventories	27,069	3,162	-	-	30,231
Total current assets	17,001,304	6,989,138	634,748	1,001,150	25,626,340
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	2,028,478	-	-	-	2,028,478
Certificates of deposits	504,497	33,296	-	-	537,793
Other assets	494,823	-	-	-	494,823
Notes receivable	176,055	-	-	-	176,055
Capital assets, net	122,603,668	833,212	6,523,240	416,275	130,376,395
Total noncurrent assets	125,807,521	866,508	6,523,240	416,275	133,613,544
Total assets	142,808,825	7,855,646	7,157,988	1,417,425	159,239,884
Deferred Outflows of Resources					
Deferred outflows from pensions	1,593,943	363,997	32,022	155,260	2,145,222
Total deferred outflows of resources	1,593,943	363,997	32,022	155,260	2,145,222
Total assets and deferred outflows of resources	\$ 144,402,768	\$ 8,219,643	\$ 7,190,010	\$ 1,572,685	\$ 161,385,106
Current Liabilities					
Accounts payable	\$ 648,442	\$ 75,907	2,427	\$ 22,627	\$ 749,403
Other accrued liabilities	534,324	-	9,550	-	543,874
Bonds payable - current portion	2,166,545	-	-	-	2,166,545
Compensated absences	730,358	24,776	-	-	755,134
Total current liabilities	4,079,669	100,683	11,977	22,627	4,214,956
Noncurrent Liabilities					
Bonds payable – noncurrent portion	43,724,708	-	-	-	43,724,708
Reserve for bio-solids disposal	2,547,471	-	-	-	2,547,471
Net pension liability	1,753,904	1,483,885	114,145	583,498	3,935,432
Total OPEB liability	299,950	-	-	-	299,950
Compensated absences	-	140,396	-	71,594	211,990
Total noncurrent liabilities	48,326,033	1,624,281	114,145	655,092	50,719,551
Total liabilities	52,405,702	1,724,964	126,122	677,719	54,934,507
Deferred Inflows of Resources					
Deferred inflows from pensions	700,882	360,987	22,139	27,757	1,111,765
Total deferred inflows of resources	700,882	360,987	22,139	27,757	1,111,765
Net Position					
Net investment in capital assets	76,712,415	833,212	6,523,240	416,275	84,485,142
Restricted - expendable	3,027,798	-	518,509	-	3,546,307
Restricted - nonexpendable	-	33,296	-	-	33,296
Unrestricted	11,555,971	5,267,184	-	450,934	17,274,089
Total net position	91,296,184	6,133,692	7,041,749	867,209	105,338,834
Total liabilities, deferred inflows of resources and net position	\$ 144,402,768	\$ 8,219,643	\$ 7,190,010	\$ 1,572,685	\$ 161,385,106

City of North Little Rock, Arkansas
Statement of Revenues, Expenses, and Changes in Net Position – Discretely
Presented Component Units
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Waste Water Utility	William F. Laman Public Library	Airport Commission	Advertising & Promotion Commission	
Governmental Activities									
William F. Laman Public Library	\$ 3,697,772	\$ 232,842	\$ 149,656	\$ 30,753	\$ -	\$ (3,284,521)	\$ -	\$ -	\$ (3,284,521)
Advertising & Promotion	7,898,717	355,637	-	-	-	-	-	(7,543,080)	(7,543,080)
Total governmental activities	11,596,489	588,479	149,656	30,753	-	(3,284,521)	-	(7,543,080)	(10,827,601)
Business-type Activities									
Waste Water Utility	18,091,754	22,979,810	97,761	-	4,985,817	-	-	-	4,985,817
Airport Commission	385,414	354,072	100,000	30,673	-	-	99,331	-	99,331
Total business-type activities	18,477,168	23,333,882	197,761	30,673	4,985,817	-	99,331	-	5,085,148
Total component units	\$ 30,073,657	\$ 23,922,361	\$ 347,417	\$ 61,426	4,985,817	(3,284,521)	99,331	(7,543,080)	(5,742,453)
General revenues									
Taxes - other	-	-	-	-	-	3,809,510	-	-	3,809,510
Taxes - sales	-	-	-	-	-	-	13,141	7,687,368	7,700,509
Investment income	-	-	-	-	216,482	-	2,534	8,848	227,864
Other	-	-	-	-	611,686	22,450	-	21,612	655,748
Total general revenues	-	-	-	-	828,168	3,831,960	15,675	7,717,828	12,393,631
Change in Net Position					5,813,985	547,439	115,006	174,748	6,651,178
Net Position, Beginning of Year, As Previously Reported					85,482,199	5,289,442	6,926,743	692,461	98,390,845
Correction of Error (Note 13)					-	296,811	-	-	296,811
Net Position, Beginning of Year, As Restated					85,482,199	5,586,253	6,926,743	692,461	98,687,656
Net Position, End of Year					\$ 91,296,184	\$ 6,133,692	\$ 7,041,749	\$ 867,209	\$ 105,338,834

Notes to Basic Financial Statements

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies

The City of North Little Rock, Arkansas (City) is a municipal corporation operating under the authority of Arkansas state statute. The City is governed by an elected, nine-member council comprised of the Mayor (elected at large) and eight district City Council members. The City provides a full range of municipal services. These include police and fire protection, emergency medical services, public works (streets and waste collections), public improvements, electric and sewer services, parks and recreation, planning and zoning, social, cultural and general administrative services. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of North Little Rock, Arkansas and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Financial accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between blended component units, presented as part of the primary government, and discretely presented component units, presented separately.

The City's defined benefit plan, being fiduciary in nature, was not evaluated as a potential component unit but instead is reported as a fiduciary fund.

The discrete component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City. The City has no blended component units.

Discretely Presented Component Units

Major Component Units

North Little Rock Waste Water Utility - The North Little Rock Waste Water Utility maintains the City's wastewater facility. The City appoints a majority of the Utility's governing body. The City has the ability to remove appointed members of the Utility's governing body at will.

William F. Laman Public Library - The William F. Laman Public Library operates the public library. The City owns the land and building, and also appoints a majority of the Library's board.

North Little Rock Airport Commission - The North Little Rock Airport Commission operates the municipal airport located within the City. The City appoints a majority of the Commission's board and, on an annual basis, appropriates funds for personnel, operations, capital expenditures and construction.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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There were no other significant transactions between the major component units and the City or its other component unit in 2019.

Nonmajor Component Units

North Little Rock Advertising and Promotion Commission - The North Little Rock Advertising and Promotion Commission was created to promote tourism in the City. The City collects a special tax from hotels and restaurants to subsidize the Commission's operations.

The North Little Rock Waste Water Utility, the North Little Rock Advertising and Promotion Commission, and the William F. Laman Public Library issue separately audited financial statements. Copies of which may be obtained from the management of those entities.

Administrative Offices

North Little Rock Waste Water Utility
7400 Baucum Pike
North Little Rock, Arkansas 72202

William F. Laman Public Library
2801 Orange Street
North Little Rock, Arkansas 72114

North Little Rock Advertising and Promotion Commission
600 Main Street
North Little Rock, Arkansas 72114

Related Organizations

North Little Rock Housing Authority - The North Little Rock Housing Authority was created by state statute and is legally separate from the City. The City appoints the commissioners. However, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the commissioners. The Authority is fiscally independent, and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

North Little Rock Public Building Authority - The North Little Rock Public Building Authority was created by state statute and is legally separate from the City. The City appoints the board members. However, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board of directors. The Authority is fiscally independent, and no financial benefit or burden relationship exists with the City. Therefore, it is not included in the City's financial statements.

Central Arkansas Water - Effective July 1, 2001, the North Little Rock Water Department and the Little Rock Water Department were merged into Central Arkansas Water. The City appoints a minority of the commissioners and the City cannot impose its will on the entity.

City of North Little Rock, Arkansas

Notes to the Financial Statements

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Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. 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.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental funds are aggregated and reported as nonmajor funds. The City has no nonmajor enterprise funds.

The City reports the following major governmental fund:

General Fund - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

North Little Rock Electric Department - This fund accounts for operations of the City's electric utility.

Other funds of the City include the following:

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general 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, other than those financed by enterprise funds.

Internal Service Fund - The internal service fund is used to account for centralized services provided to enterprise funds. The City's internal service fund consists of the Utility Accounting Department and provides billing and collection services, principally for the Electric Department. The use of the internal service fund was eliminated in 2019 and remaining net position was transferred to governmental activities.

Pension Trust Fund - The pension trust fund accounts for assets held in trust for the Non-Uniformed Employees' Retirement Fund. Plan trustees must act in accordance with the specific purposes and terms of the retirement plan.

During the course of operations, the City 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. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column.

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 recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

City of North Little Rock, Arkansas
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Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through 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 so have been recognized as revenues of 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2019

Budgets and Budgetary Accounting

Annual operating budgets are prepared by the Finance Department on an annual basis. The budget reflects revenues expected to be received and expenditures expected to be incurred during the year. The Mayor is required by City and State law to submit the budget to the City Council for approval. The City Council subsequently adopts the budget by City ordinance no later than December 31 of each year. Department expenditures relating to budgeted items may not exceed their appropriated amount without approval. Transfers over budgeted amounts must receive City Council approval. The original budget of the General Fund was amended in 2019. Appropriations for special projects are made each year by the City Council to finance specific events and capital outlays. These projects are carried forward until they are fully expended or repealed by the City Council's ordinance. Appropriations lapse at the end of each year.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term instruments with original maturities of three months or less at the date of purchase. For purposes of the statement of cash flows of the Enterprise and Internal Service Funds, the City considers all liquid investments, including restricted assets, with original maturities of three months or less to be cash and cash equivalents.

Investments and Investment Income

Generally, investments are stated at fair value or amortized cost and are held by the City in various forms as allowed by the laws of the State of Arkansas. The Electric Department carries debt securities with an original maturity of less than one year at amortized cost. All other investments of the Electric Department are carried at fair value using quoted market prices. Pension fund investments are carried at fair value using quoted market prices. The Waste Water Utility investments in securities are carried at fair value using quoted market prices. The City records all investment income earned in the respective funds. Investment income includes interest income, dividend income, other investment income, realized and unrealized gains and losses on investments carried at fair value (the net change for the year in the fair value of investments carried at fair value), investments carried at other than fair value, and other investment income. Investment income is included in unrestricted net position and is reflected as nonoperating revenue in the statement of revenues, expenses and changes in net position in Proprietary Funds.

Restricted Assets

Certain funds are held by the Governmental and Enterprise funds in accounts restricted for debt service, capital construction, utility operations and maintenance, and customer deposits. These funds are invested in certificates of deposits and securities as allowed by state law and the related debt agreements. The Waste Water Utility restricts certain assets for the payment of debt service, capital improvements, and repairs and maintenance. The William F. Laman Public Library restricted assets (donor endowment) consist of a certificate of deposit. The principal of the endowment is permanently restricted, while investment income must be spent on reference materials.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Accounts Receivable

Accounts receivable are recorded in the General, Special Revenue, Debt Service and Proprietary fund types. The proprietary fund and Waste Water Utility (Utility) accounts receivable are stated at the amounts billed to customers. All funds and the Utility utilize the allowance method of accounting for uncollectible accounts receivable where appropriate. Management uses significant judgment in estimating uncollectible amounts, considering factors such as current overall economic conditions, industry-specific economic conditions, historical customer performance, and anticipated customer performance. While management believes the processes effectively address its exposure to doubtful accounts, changes in economic, industry, or specific customer conditions may require adjustment to the recorded allowance.

The electric department has a note receivable balance of \$1,700,000 as of December 31, 2019. The note is payable annually over the next 10 years. The stated interest rate per the note is 5.25 percent.

Allowances have been established for December 31, 2019:

Primary Government

General Fund	\$ 713,712
Street Fund	143,663
Baring Cross Debt Service	7,053
Electric Department	309,713

Component Units

Waste Water Utility	\$ 10,000
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Inventories

All Governmental-type fund inventories are accounted for using the purchase method, whereby inventories are charged to expenditures when purchased. Governmental inventories are immaterial to the government-wide financial statements. Electric Department inventories are valued at the lower of cost or market using the average cost method. Waste Water Utility and William F. Laman Public Library inventories are valued at the lower of cost or market using the first-in, first-out method.

Prepaid Items

Prepaid balances are for payments made by the City in the current year for services occurring in the subsequent fiscal year, and a reserve for prepaid items has been recorded to signify that portion of the fund balance is not available for subsequent expenditures.

City of North Little Rock, Arkansas

Notes to the Financial Statements

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Capital Assets

Capital assets, which include infrastructure assets constructed since 1980, are reported in the government-wide financial statements, fund financial statements for the proprietary fund and all Discretely Presented Component Units. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation.

In connection with the adoption of GASB Statement No. 34, the City adopted a capitalization policy for infrastructure assets of \$250,000. The City defined machinery and equipment to be capitalized as those assets with value or cost greater than \$2,500 and an estimated useful life greater than one year. The cost of City additions includes contractual work, direct labor, materials and allocable overhead. For the Waste Water Utility, assets are constructed by utility work crews, independent contractors financed by utility funds, contributions to the Utility by independently financed waste water improvement districts, and contributions to the Utility by real estate developers in conjunction with property development. Assets acquired from improvement districts and real estate developers result in donated capital and have been so classified. The William F. Laman Public Library defines capital assets as assets with an initial cost of more than \$10,000 and a minimum estimated useful life of three years or more. Cost of repairs and maintenance that do not improve or extend the asset lives are charged to operations expense as incurred.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 15 to 50 years for infrastructure, 10 to 40 years for buildings, 5 to 50 years for electric plant, and 3 to 25 years for land improvements, vehicles, and equipment. Depreciation for the Waste Water Utility is provided using the straight-line method over estimated useful lives ranging from three to fifty years. Depreciation for the William F. Public Library is provided using the straight-line method over estimated useful lives ranging from three to twenty years.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities, and component units. These amounts are also reported as liabilities in the fund financial statements for the proprietary fund. Debt premiums are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium. Debt issuance costs are expensed.

Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental fund financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures and changes in fund balance in the governmental fund financial statements.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued, and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Compensated Absences

All full-time employees accumulate vacation and sick leave benefits in varying amounts based upon length of service. Upon termination or retirement, employees are paid for unused, accumulated amounts up to specified maximums. All compensated absences are accrued when incurred in the government-wide financial statements and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee terminations, resignations and retirement. For governmental activities, the liability for compensated absences is generally liquidated from the general fund.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the City's Health Care Plan and additions to/deductions from the Plan have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions and OPEB, consisting of the amount of contributions made to the pension plans after the measurement date, the difference in assumption changes on pension and OPEB, changes of proportion and the difference in expected and actual experience. Deferred outflows related to contributions made to the pension plan after the measurement date will be recognized as a reduction of net pension liability in year subsequent to the current fiscal year end. The remaining amounts will be amortized to pension expense over future periods.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City deferred inflows related to pensions and OPEB. This consists of the difference between the expected and actual experience related to the pension and OPEB plans, the difference in assumption changes on pension and OPEB, the net difference in investment experience between actual earnings and projected earnings on pension plan investments and changes of proportion. These amounts are amortized over future periods to pension and OPEB expense.

The City's deferred inflows also include unavailable revenues in the governmental funds. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balance

The net position of the government-wide financial statements and proprietary funds of the City are classified in four components.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction, or improvements of those assets, and adding back unspent proceeds.

Restricted expendable net position represents noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Restricted nonexpendable net position represents noncapital assets that are required to be maintained in perpetuity as specified by parties external to the City, such as permanent endowments. The City has no restricted nonexpendable net position at December 31, 2019. The William F. Laman Library has restricted nonexpendable net position of \$33,296.

Unrestricted net position represents remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investments in capital assets or restricted expendable/nonexpendable net position.

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses or inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

City of North Little Rock, Arkansas

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Committed fund balance - amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned fund balance - assigned fund balances are intended to be used by the City for specific purposes as determined by the Mayor or the City Council. The Mayor is allowed to assign funds up to \$20,000. Any assignment of more than \$20,000 must be approved by the City Council. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance – Residual amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service, or for other purposes).

Flow assumptions - When both restricted and unrestricted amounts of net position/fund balance are available for use for expenses/expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: Committed, then Assigned, and lastly, Unassigned.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. It is the City's policy to require collateralization of all deposits in excess of federal depository insurance. State statute requires that deposits in financial institutions be collateralized with federal depository insurance and bonds or other interest-bearing securities of the United States, the State of Arkansas, Arkansas political subdivisions or agencies, or instrumentalities of these entities. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department, or its agent, in the name of the City or applicable public trust. At December 31, 2019, none of the City's primary government bank balances were exposed to custodial credit risk.

At December 31, 2019, none of the City's component unit bank balances were exposed to custodial credit risk.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Summary of Carrying Values

Carrying Values	<u>Primary Government</u>
Deposits	\$ 60,335,228
Investments	<u>103,390,246</u>
Total	<u><u>\$ 163,725,474</u></u>

Included in the following statement of net position captions:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 45,461,878
Investments	45,385,583
Restricted cash and investments	
Cash and cash equivalents	21,181,044
Fiduciary funds	<u>51,696,969</u>
Total	<u><u>\$ 163,725,474</u></u>

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. Government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. Government; obligations of agencies and instrumentalities created by acts of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. Government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. Government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. Government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposits.

City of North Little Rock, Arkansas
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Arkansas statutes also authorize the City to invest no more than 20 percent of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U.S. state or political subdivision; securities or interest in an open-end or closed-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interests issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or the District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds, and other appropriate securities.

At December 31, 2019, the City had the following investments and maturities:

Type	Fair Value	Total			
		Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury obligations	\$ 23,530,818	\$ 23,031,873	\$ 498,945	\$ -	\$ -
U.S. agencies obligations	12,104,413	8,534,494	3,569,919	-	-
Corporate bonds	419,642	419,642	-	-	-
Mutual funds	15,623,549	-	15,623,549	-	-
Money market mutual funds	21,959,172	21,959,172	-	-	-
Exchange traded funds	29,752,652	-	29,752,652	-	-
	<u>\$ 103,390,246</u>	<u>\$ 53,945,181</u>	<u>\$ 49,445,065</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

The City has no formal policy to limit its exposure to fair value losses due to rising interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2019, were subject to custodial credit risk.

City of North Little Rock, Arkansas
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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Provisions of debt agreements require that investments by the City in government obligations not directly guaranteed by the U.S. Government be rated no less than Aa by Moody's Investor Service and AA by Standard and Poor's Investor Service. At December 31, 2019, the City's investments not directly guaranteed by the U.S. government were rated as follows:

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody's	AAA/Aaa
U.S. Agency Obligations	S&P/Moody's	AA+/Aaa
U.S. Treasuries	S&P/Moody's	Aaa/AA+
Municipal Bonds	S&P/Moody's	A3 to Aa2/A3 to Aa2
Corporate Bonds	S&P/Moody's	Baa3 to AA+/B3 to Aaa+

Concentration of Credit Risk

The City places no limit on the amount that the City may invest in any one issuer. The City had amounts deposited in common trust and money market funds totaling \$21,959,172 which are included in cash and restricted cash at December 31, 2019.

The pension trust fund had the following investments that exceeded five percent of net position:

Nonuniformed Employees' Defined Contribution Plan – Blackrock Low Duration Bond Portfolio Dur CLASS A, iShares Trust Russell 1000 Growth EFT, Goldman Sachs Access Investment Grade Corp Bond EFT and Goldman Sachs Access Ultra Short Bond EFT.

Foreign Currency Risk

The City has no foreign currency risk as all investments are in U.S. dollar-denominated assets.

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2019

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at December 31, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
U.S. Treasury obligations	\$ 23,530,818	\$ -	\$ 23,530,818	\$ -
U.S. agencies obligations	12,104,413	12,104,413	-	-
Corporate bonds	419,642	419,642	-	-
Mutual funds	15,623,549	15,623,549	-	-
Exchange traded funds	<u>29,752,652</u>	<u>29,752,652</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	81,431,074	<u>\$ 57,900,256</u>	<u>\$ 23,530,818</u>	<u>\$ -</u>
Investments measured at the amortized cost				
Money market mutual funds	<u>21,959,172</u> *			
Total investments	<u>\$ 103,390,246</u>			

* Included in Cash and Cash Equivalents Per Report

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Note 3: 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 \$10,500,183 has been recognized in the government-wide financial statements, while a receivable of \$10,500,183 and a related deferred revenue of \$9,635,504 have been recognized in the governmental fund statements.

The William F. Laman Public Library has recorded a receivable and a related revenue in the amount of \$3,813,532, which is recognized in the Discretely Presented Component Units Statement of Net Position.

Millage rates for 2019 taxes collectible in 2020 were 5.00 for the General Fund, 3.00 for the Library, 1.00 for the Police pension, 1.00 for the Fire pension and 1.45 for the Street Fund.

Note 4: Capital Assets

The following is a summary of changes in the capital assets of governmental activities:

	January 1, 2019	Increases	Transfers	Decreases	December 31, 2019
Governmental Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 8,575,304	\$ 366,881	\$ -	\$ -	\$ 8,942,185
Construction in progress	3,819,602	6,769,063	(902,008)	-	9,686,657
Total capital assets, non depreciable	<u>12,394,906</u>	<u>7,135,944</u>	<u>(902,008)</u>	<u>-</u>	<u>18,628,842</u>
Capital assets, depreciable					
Infrastructure	45,328,843	185,225	849,716	-	46,363,784
Buildings and Building Improvements	42,416,799	1,213,370	(169,920)	-	43,460,249
Land Improvements	8,592,706	-	165,210	-	8,757,916
Vehicles	23,471,918	2,718,642	(11,138)	(540,826)	25,638,596
Equipment	27,246,773	1,039,973	162,258	(320,338)	28,128,666
Ships and watercrafts	3,516,708	27,085	129,945	-	3,673,738
Total capital assets, depreciable	<u>150,573,747</u>	<u>5,184,295</u>	<u>1,126,071</u>	<u>(861,164)</u>	<u>156,022,949</u>
Less accumulated depreciation	<u>(77,814,851)</u>	<u>(6,587,729)</u>	<u>-</u>	<u>793,117</u>	<u>(83,609,463)</u>
Net capital assets, depreciable	<u>72,758,896</u>	<u>(1,403,434)</u>	<u>1,126,071</u>	<u>(68,047)</u>	<u>72,413,486</u>
Total governmental activities, net	<u>\$ 85,153,802</u>	<u>\$ 5,732,510</u>	<u>\$ 224,063</u>	<u>\$ (68,047)</u>	<u>\$ 91,042,328</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
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The following is a summary of changes in the capital assets of business-type activities:

	January 1, 2019	Increases	Transfers	Decreases	December 31, 2019
Business-type Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 2,032,960	\$ -	\$ -	\$ -	\$ 2,032,960
Construction in progress	7,813,585	3,137,117	(3,507,818)	-	7,442,884
Total capital assets, non depreciable	<u>9,846,545</u>	<u>3,137,117</u>	<u>(3,507,818)</u>	<u>-</u>	<u>9,475,844</u>
Capital assets, depreciable					
Plant and equipment	292,668,662	4,953,230	3,283,755	(3,619,250)	297,286,397
Total capital assets, depreciable	292,668,662	4,953,230	3,283,755	(3,619,250)	297,286,397
Less accumulated depreciation	(163,178,555)	(10,591,169)	-	3,619,250	(170,150,474)
Net capital assets, depreciable	<u>129,490,107</u>	<u>(5,637,939)</u>	<u>3,283,755</u>	<u>-</u>	<u>127,135,923</u>
Total business-type activities, net	<u>\$ 139,336,652</u>	<u>\$ (2,500,822)</u>	<u>\$ (224,063)</u>	<u>\$ -</u>	<u>\$ 136,611,767</u>

The Department allocates a portion of total depreciation expense to various operating expense accounts. The amount of depreciation expense that was allocated as of December 31, 2019, was \$650,723.

The following is a summary of changes in the capital assets of component units:

	January 1, 2019 As Restated	Increases	Transfers	Decreases	December 31, 2019
Component Units					
Capital assets, non-depreciable					
Land and land rights	\$ 5,222,643	\$ -	\$ -	\$ -	\$ 5,222,643
Construction in progress	5,517,027	9,288,576	(5,656,856)	-	9,148,747
Total capital assets, non depreciable	<u>10,739,670</u>	<u>9,288,576</u>	<u>(5,656,856)</u>	<u>-</u>	<u>14,371,390</u>
Capital assets, depreciable					
Infrastructure	21,387,560	-	256,390	-	21,643,950
Buildings and Building Improvements	4,184,600	17,261	-	-	4,201,861
Plant	182,107,148	544,187	5,400,466	(706,339)	187,345,462
Equipment	2,061,533	171,112	-	(10,529)	2,222,116
Vehicles	62,655	-	-	-	62,655
Books and AV Materials	3,847,539	167,683	-	(47,302)	3,967,920
Total capital assets, depreciable	<u>213,651,035</u>	<u>900,243</u>	<u>5,656,856</u>	<u>(764,170)</u>	<u>219,443,964</u>
Less accumulated depreciation	(99,033,836)	(5,070,060)	-	664,937	(103,438,959)
Net capital assets, depreciable	<u>114,617,199</u>	<u>(4,169,817)</u>	<u>5,656,856</u>	<u>(99,233)</u>	<u>116,005,005</u>
Total component units, net	<u>\$ 125,356,869</u>	<u>\$ 5,118,759</u>	<u>\$ -</u>	<u>\$ (99,233)</u>	<u>\$ 130,376,395</u>

City of North Little Rock, Arkansas
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Depreciation expense was charged to functions/programs of the primary government and component units as follows:

Governmental Activities

General Government

Administrative	\$ 7,441
Animal Shelter	23,341
Code Enforcement	36,900
Community Planning	15,774
Emergency Services	268,752
General government	836,515
Health	26,780
Legal	4,111
1st District Court	5,520
Neighborhood Services	1,117
Human Resources	3,298
Public Safety – Fire	719,868
Public Safety – Police	1,206,861
Public Works	37,548
Parks & Recreation	1,158,621
Sanitation	258,098
Senior Citizens Center	222,217
Streets and Traffic	1,743,330
Information Technology	11,637
Total depreciation expense – governmental activities	<u>6,587,729</u>

Business-Type Activities

Electric Department	<u>10,591,169</u>
Total depreciation expense – business-type activities	<u>10,591,169</u>

Total depreciation expense – primary government \$ 17,178,898

Component Units

Waste Water Utility	\$ 4,543,684
William F. Laman Public Library	196,241
Airport Commission	294,148
Advertising and Promotion	<u>35,987</u>

Total depreciation expense – component units \$ 5,070,060

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2019

Note 5: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

	January 1, 2019	Additions	Retirements/ Deductions	December 31, 2019	Due Within One Year
Governmental Activities					
Special obligation bonds	\$ 975,000	\$ 10,095,000	\$ (65,000)	\$ 11,005,000	\$ 510,000
Issuance premiums	-	1,293,976	-	1,293,976	-
Notes payable	508,969	-	(335,551)	173,418	73,022
Accrued compensated absences	7,822,200	4,105,847	(765,822)	11,162,225	580,083
	<u>7,822,200</u>	<u>4,105,847</u>	<u>(765,822)</u>	<u>11,162,225</u>	<u>580,083</u>
Governmental activities long-term liabilities	<u>\$ 9,306,169</u>	<u>\$ 15,494,823</u>	<u>\$ (1,166,373)</u>	<u>\$ 23,634,619</u>	<u>\$ 1,163,105</u>
Business-type Activities					
Revenue bonds	\$ 36,450,000	\$ -	\$ (5,035,000)	\$ 31,415,000	\$ 5,160,000
Accrued compensated absences	1,472,912	405,927	(155,687)	1,723,152	101,607
	<u>1,472,912</u>	<u>405,927</u>	<u>(155,687)</u>	<u>1,723,152</u>	<u>101,607</u>
Business-type activities long-term liabilities	<u>\$ 37,922,912</u>	<u>\$ 405,927</u>	<u>\$ (5,190,687)</u>	<u>\$ 33,138,152</u>	<u>\$ 5,261,607</u>
Component Units					
Waste Water Utility					
Revolving loan	\$ 42,621,950	\$ 5,376,804	\$ (2,107,501)	\$ 45,891,253	\$ 2,166,545
Reserve for Bio-Solids Disposal	2,330,871	216,600	-	2,547,471	-
Accrued compensated absences	642,547	87,811	-	730,358	730,358
William F. Laman Public Library					
Accrued compensated absences	182,878	19,875	(37,581)	165,172	24,776
Airport Commission					
Accrued compensated absences	3,102	-	(3,102)	-	-
Advertising & Promotion					
Accrued compensated absences	65,548	6,046	-	71,594	-
	<u>65,548</u>	<u>6,046</u>	<u>-</u>	<u>71,594</u>	<u>-</u>
Component unit long-term liabilities	<u>\$ 45,846,896</u>	<u>\$ 5,707,136</u>	<u>\$ (2,148,184)</u>	<u>\$ 49,405,848</u>	<u>\$ 2,921,679</u>

City of North Little Rock, Arkansas
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Governmental Activities

Bonds Payable

Capital Improvement Revenue Bonds, Series 2019A

The City issued Capital Improvement Revenue Bonds, Series 2019A in the amount of \$9,305,000 in November 2019 to finance the cost of constructing a new police and courts facility, fund a debt service reserve and pay the expense of issuing the Series 2019-A Bonds. The bonds are specific obligations secured by a pledge of revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City. The Bond shall bear interest at a fixed rate of 5.00 percent. Interest will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2020. The bonds were issued at a premium of \$1,293,976.

Long Term Financing Obligations, Series 2019 Tax Increment Bond

The City issued the Series 2019 Tax Increment Bonds in the amount of \$790,000 in July 2019. The bonds are special obligations of the City secured by and payable solely by the pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City's Baring Cross Redevelopment District. The bonds were issued to finance the cost of construction of street and drainage infrastructure within the Redevelopment District. The Bond shall bear interest at a fixed rate of 5.250 percent. Interest will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019.

Long Term Financing Obligations, Series 2017-3 Tax Incremental Bonds

\$1,105,000 tax incremental bonds issued January 30, 2017. Principal on the bond shall be paid annually, on a graduated basis, on December 1 of each year, commencing December 1, 2017, with the final payment due December 1, 2031. The Bond shall bear interest at a fixed rate of 2.25 percent. Interest will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2017. The bond was issued to refinance the cost associated with the creation of the Redevelopment District of the City of North Little Rock, Arkansas #2 (Lower Baring Cross Redevelopment District).

Notes Payable

In 2001, the State of Arkansas passed *Amendment No. 78* and *Act No. 1808*, allowing cities and counties to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. These financing agreements may not mature over a period to exceed five years and may have fixed or variable interest rates to be repaid with general revenues.

City of North Little Rock, Arkansas
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Short Term Financing Obligations, Series 2014

The \$1,281,347 note was issued to finance acquisition of sanitation trucks for the City. The note is secured by the full faith, credit, and resources of the City. Payments of principal and interest of \$269,072 are due on April 11 each year until April 11, 2019, at which date all principal and accrued interest will be due and payable. The interest rate is 1.64 percent. This short term financing obligation was paid in full in 2019.

Short Term Financing Obligations, Series 2017-1

The \$77,526 note was issued to finance and acquire fitness equipment. Payments of principal and interest of \$1,420 are due January 21, 2017, and on the same day each month thereafter until December 21, 2021, at which date all principal and accrued interest will be due and payable. The interest rate is 3.89 percent.

Short Term Financing Obligations, Series 2017-2

The \$280,750 note was issued to finance and acquire golf carts for the North Little Rock Burns Park Golf Course. Payments of principal and interest of \$5,017 are due June 25, 2017, and on the same day each month thereafter until April 25, 2022, at which date all principal and accrued interest will be due and payable. The interest rate is 2.78 percent.

Business-Type Activities

Series 2016 Electric System Revenue Bonds

On November 1, 2016 the city issued the Electric System Revenue Refunding Bonds Series 2016 in the amount of \$13,850,000. The bonds were issued to refund the Series 2011 bonds. As a result of this refunding, a deferred loss of refunding of \$796,246 was recognized and amortized over the remaining life of the old bonds. At December 31, 2018, the loss was fully amortized. Principal on the Bond shall be paid annually, on a graduated basis, on May 1 of each year, commencing May 1, 2017, with the final payment due May 1, 2031. The weighted average maturity of the Bond shall not exceed 8.5 years. The Bond shall bear interest at a fixed rate per annum for 96 months equivalent to 2.47 percent and at a fixed rate per annum equivalent to 2.57 percent for the remaining 78 months. Interest will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017. The bond proceeds of the Series 2016 bond will be invested until the optional redemption date of the Series 2011 bonds.

City of North Little Rock, Arkansas
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Electric System Revenue Bonds-Series 2012 A, B, & C

The City of NLR Electric System Revenue Bonds Series 2012 A, B, and C issued on June 1, 2012 are not general obligations of the city but are special obligations payable solely from the revenues received by the city from its electric system and from funds and money pledged to the payment of the bonds. The taxable Refunding Series A Bond issued in the amount of \$37,020,000 was issued to advance refund the city's Electric System Refunding Revenue Bonds, 1992 Series A and currently refund the city's Taxable Electric System Revenue Bonds, Series 2009-A and Series 2009-B. The Series 2012-B bonds issued in the amount of \$8,575,000 was issued to currently refund the city's Electric System Refunding Revenue Bonds, Series 1997 and finance capital improvements to the electric system. The taxable Series 2012-C Bonds issued in the amount of \$10,185,000 was issued to finance working capital for the electric system. On August 1, 2016, the city redeemed the 2012-C bonds with excess revenues of the electric system in order to reduce annual debt payment of approximately \$1,480,000.

Discretely Presented Component Units

Waste Water Utility Revolving Loans

The Waste Water Utility long-term debt consists of draws against revolving loan funds from the Arkansas Department of Pollution Control and Ecology administered by the Arkansas Development Finance Authority. The funds are to be used for improvements to publicly owned sewage treatment facilities. The loans are secured by the projects for which the funds are used and a pledge of the Utility's sewer revenues.

In 2001, the Utility received a \$10,000,000 program award available for approved construction. The interest rate on the 2001 revolving loan fund is at 2.25 percent and a financing fee at 1 percent of the outstanding principal with semi-annual payments of interest and financing fee during the construction period. Repayment of principal, interest and financing fee of the 2001 loan began in October 2005 with payments to be made semi-annually over twenty years.

In 2008, the Utility received a \$14,000,000 program award available for approved construction. The interest rate on the 2008 revolving loan fund is at 1.75 percent and a financing fee at 1 percent of the outstanding principal with semi-annual payments of interest and financing fee during the project construction period. Repayment of principal, interest and financing fee of the 2008 loan began in April 2012 with payments to be made semi-annually over twenty years.

In 2012, the Utility received a \$21,000,000 program award available for approved construction. The interest rate on the 2012 revolving loan fund is at 1.5 percent and a financing fee at 1 percent of the outstanding principal with semi-annual payments of interest and financing fee during the project construction period. Repayment of principal, interest and financing fee of the 2012 loan began in April 2016 with payments to be made semi-annually over twenty years.

City of North Little Rock, Arkansas
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In 2016, the Utility received a \$30,000,000 program award available for approved construction. The interest rate on the 2016 revolving loan fund is at 1.25 percent and a financing fee at 1 percent of the outstanding principal with semi-annual payments of interest and financing fee during the project construction period. Repayment of principal, interest and financing fee of the 2016 loan will begin in April 2021 with payments to be made semi-annually over twenty years. As of December 31, 2019, \$19,213,785 was left to be drawn on the loan.

Waste Water Utility Restricted Funds

The Utility had certain debt service funds with AFDA, which are restricted to various uses. The Utility is required to deposit monthly with the AFDA, to be held in trust, an amount equal to 1/6 of the interest coming due on the next ensuing interest payment plus 1/6 of the next installment of principal due on the bonds. The required deposits shall be reduced by any amount in the Debt Service Fund available for meeting the purpose for which the deposit is required to be made. The total deposits held in trust as of December 31, 2019, totaled \$494,648.

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2019:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
2019 Capital Improvement Revenue Bonds	Franchise fees for public utilities	\$ 2,057,055	\$ 70,825	3.4%	\$ 12,252,337	Until 2034
2019 Tax Increment Financing (TIF)	Property tax	\$ 135,371	\$ 15,553	11%	\$ 1,119,963	Until 2031
2017 Tax Increment Financing (TIF)	Property tax	\$ 135,371	\$ 86,938	64%	\$ 1,110,200	Until 2031
2016 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	\$ 21,386,066	\$ 1,148,319	5%	\$ 13,800,954	Until 2031
2012 Electric System Revenue Bonds A, B, and C	Net revenues of the electric utility	\$ 21,386,066	\$ 5,040,293	24%	\$ 21,432,101	Until 2025

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on the revenue bonds and notes payable outstanding at December 31, 2019. Principal and interest are also disclosed for component units as follows:

Year Ending December 31,	Special Obligation Bonds		
	Principal	Interest	Total
2020	\$ 510,000	\$ 409,499	\$ 919,499
2021	530,000	391,850	921,850
2022	615,000	368,850	983,850
2023	640,000	344,600	984,600
2024	680,000	319,350	999,350
2025-2029	3,870,000	1,175,950	5,045,950
2030-2034	4,160,000	467,400	4,627,400
Total	\$ 11,005,000	\$ 3,477,499	\$ 14,482,499

City of North Little Rock, Arkansas
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<u>Year Ending December 31,</u>	Notes Payable		Total
	Principal	Interest	
2020	\$ 73,022	\$ 4,231	\$ 77,253
2021	75,295	1,959	77,254
2022	25,101	166	25,267
Total	\$ 173,418	\$ 6,356	\$ 179,774

Business-Type Activities

<u>Year Ending December 31,</u>	Revenue Bonds		Total
	Principal	Interest	
2020	\$ 5,160,000	\$ 954,907	\$ 6,114,907
2021	5,325,000	781,379	6,106,379
2022	5,510,000	583,642	6,093,642
2023	2,905,000	431,531	3,336,531
2024	1,890,000	431,531	2,321,531
2025-2029	8,375,000	503,704	8,878,704
2030-2031	2,250,000	131,361	2,381,361
Total	\$ 31,415,000	\$ 3,818,055	\$ 35,233,055

Component Units

<u>Year Ending December 31,</u>	Revolving Loans		Total
	Principal	Interest	
2020	\$ 2,166,545	\$ 681,479	\$ 2,848,024
2021	3,430,003	1,295,714	4,725,717
2022	3,519,659	1,212,925	4,732,584
2023	3,611,704	1,127,937	4,739,641
2024	3,364,263	1,040,694	4,404,957
2025-2029	16,298,598	4,132,414	20,431,012
2030-2034	13,500,481	2,290,790	15,791,271
Total	\$ 45,891,253	\$ 11,781,953	\$ 57,673,206

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Note 6: Interfund Receivables, Payables and Transfers

Interfund receivables and payables consisted of the following as of December 31, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General fund	\$ 435,432	\$ 2,406,780
Nonmajor Funds		
Street fund	391,617	11,896
Parks fund	13,307	95,499
Parks capital improvement fund	95,499	-
Sales tax capital improvement fund	1,064,969	-
Grant fund	-	1,090,934
2017 Sales tax capital improvement fund	1,604,285	-
Total	<u>\$ 3,605,109</u>	<u>\$ 3,605,109</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between the funds are made.

Interfund transfers in and transfers out consisted of the following as of December 31, 2019:

	<u>Interfund Transfers Out</u>				
	<u>Governmental Funds</u>		<u>Proprietary Funds</u>		
<u>Interfund Transfers In</u>	<u>General</u>	<u>Other Nonmajor Governmental</u>	<u>Electric Fund</u>	<u>UAD</u>	<u>Totals</u>
Governmental Funds					
General fund	\$ -	\$ 97,751	\$ 11,999,960	\$ 21,610	\$ 12,119,321
Other nonmajor governmental funds	13,856,156	4,297,750	-	-	18,153,906
	<u>\$ 13,856,156</u>	<u>\$ 4,395,501</u>	<u>\$ 11,999,960</u>	<u>\$ 21,610</u>	<u>\$ 30,273,227</u>

Transfers are used to: (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) pay debt service in accordance with contractual or budgetary authorizations. The Electric Department transfers funds to the General Fund based on amounts directed and authorized by the City Council in the annual budget.

Additionally, the Internal Service Fund was closed during FY19 and the remaining assets, liabilities, and net deficit in net position were absorbed by Governmental Activities for a total of \$1,400,561.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Note 7: Pension Plans

Substantially all of the City’s employees receive retirement benefits. The City sponsors a single-employer defined benefit plan, The Non-Uniformed Employees Retirement Plan (Non-Uniformed Plan). The City also contributes to the Arkansas Local Police and Fire Retirement System (LOPFI), a state-wide agent, multiple-employer defined benefit pension plan. The City also contributes to the Arkansas Public Employees Retirement System (APERS), a state-wide agent, multiple-employer defined benefit pension plan. The plans are maintained in legally separate trusts and each Plan’s assets may be used only for the payment of benefits to the members of that Plan or their beneficiaries in accordance with the terms of the Plan. Separate financial reports are issued only for the Non-Uniformed Plan.

A summary of the net pension liability, deferred outflows, deferred inflows and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

Primary Government	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniform – Governmental Activities	\$ 19,062,212	\$ 4,145,126	\$ 5,353,755	\$ 2,443,927
Nonuniform – Business-Type Activities	7,876,004	1,577,717	1,612,007	1,115,060
Police – LOPFI	20,968,132	4,534,815	2,532,341	5,561,887
Fire – LOPFI	21,998,832	4,882,688	2,824,188	5,761,544
Police Pension	35,114,943	-	43,393	5,152,183
Firemen's Pension and Relief Fund	30,509,078	-	493,837	4,410,692
APERS	501,291	96,519	52,138	99,426
	<u>\$ 136,030,492</u>	<u>\$ 15,236,865</u>	<u>\$ 12,911,659</u>	<u>\$ 24,544,719</u>
Discretely Presented Component Units	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniform – Airport	\$ 114,145	\$ 32,022	\$ 22,139	\$ 15,080
Nonuniform – Library	1,483,885	363,997	360,987	196,046
Waste Water Utility	1,753,904	1,593,943	700,882	677,110
APERS – Advertising and Promotion Commission	583,498	155,260	27,757	118,092
	<u>\$ 3,935,432</u>	<u>\$ 2,145,222</u>	<u>\$ 1,111,765</u>	<u>\$ 1,006,328</u>

Non-Uniformed Employees Retirement Plan

Plan Description

All full-time, non-uniformed employees of the City are eligible to participate in “The Retirement System of the City of North Little Rock” (Non-Uniformed Plan) defined benefit plan. The provisions of the Non-Uniformed Plan call for employee contributions of 5 percent of gross earnings to be paid through payroll withholdings. Each month, the City contributes 10 percent of each employee’s monthly compensation. Before January 1, 2018, the City contributed 9 percent of each employee’s monthly compensation and the employee contributed 4 percent.

City of North Little Rock, Arkansas
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The Non-Uniformed Plan is a single-employer, defined benefit plan established under Arkansas state law. The Non-Uniformed Plan assets are administered by an independent fiduciary agent but governed by a Board of Trustees. The Non-Uniformed Plan provides retirement, disability, and survivor benefits to all regular, full-time, non-uniformed employees of the City.

Benefits Provided

The Non-Uniformed Plan provides retirement, disability and death benefits to plan members. Retirement benefits are determined as a percentage of the member’s Final Average Earnings.

Members are eligible to retire with a full benefit under the following conditions:

- At age 65
- At age 62 with 10 years of service
- Members may retire with a reduced benefit at age 55 with at least 10 years of service.
- Members are eligible for disability benefits at age 50 with 10 years of service.
- Death benefits are paid to a surviving spouse based upon age and length of service.

Number of Participants

Membership in the Non-Uniformed Plan at December 31, 2019, is comprised of the following:

	Nonuniformed Plan
Retirees and beneficiaries receiving benefits	212
Active plan members	521
Total	733

Contributions

For the Non-Uniformed Plan as a whole, it is the actuary’s opinion that the city and member contributions scheduled to be 15 percent as required by the Non-Uniformed Plan are not expected to be sufficient to finance the cost of benefits earned by members during a given year. The recommended contribution level for the 2020 Plan Year for the City as a whole is 19.15 percent. For 2019, the City’s contributions to the Plan were \$2,462,350. Contributions to the plan are made from various city governmental and business type funds, as well as the City’s component units.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Pay (3.5% Growth)
Remaining Amortization Period	15 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%
Salary Increases	2.75% - 6.16% Annually
Mortality Table	Based on the Retirement Plans 2014 Mortality Table
Inflation	2.50%

Long-Term Expected Return on Plan Assets

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. The target allocation of the plan and the long-term expected real rates of return are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	40%	2.25%
Domestic Equity	40%	4.75%
Foreign Equity	12%	6.25%
Alternatives	4%	4.50%
Cash	4%	0.25%
Total	<u>100%</u>	

Single Discount Rate

A single discount rate of 6.50 percent 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 6.50 percent. The projection of cash flows, based on the assumptions made, found that the pension plan's net position together with the employer contributions and projected investment returns will be sufficient to meet benefit payments and expenses in all future years.

The City's net pension liability as of December 31, 2019, was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date.

City of North Little Rock, Arkansas
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Changes in Total Pension Liability

Changes in the total pension liability, plan fiduciary net pension and the net pension liability through the respective fiscal years ended, are as follows for the Plan as determined by the City at December 31, 2019:

Changes in Net Pension Liability – Nonuniformed Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 76,191,224	\$ 44,499,079	\$ 31,692,145
Charges for the year			
Service cost	2,249,277		2,249,277
Interest on total pension liability	4,888,174		4,888,174
Difference between expected and actual return	1,153,182		1,153,182
Administrative expense		(83,747)	83,747
Benefit payments, including refunds of employee contributions	(4,226,370)	(4,226,370)	-
Contributions – employer		2,462,350	(2,462,350)
Contributions – employee		1,231,175	(1,231,175)
Net investment income		7,836,754	(7,836,754)
Net changes	<u>4,064,263</u>	<u>7,220,162</u>	<u>(3,155,899)</u>
Balances as of End of Year	<u>\$ 80,255,487</u>	<u>\$ 51,719,241</u>	<u>\$ 28,536,246</u>

The above amounts are allocated between government-wide (governmental activities), Electric (business-type activities), Airport (component unit) and the William F. Laman Public Library (component unit) on the basis of actual contributions by the participants of the employer in the measurement period. The primary government's proportionate share was 94.40 percent (94.1 in prior year), the Airports proportionate share was 0.40 percent (no change from prior year), and the Library's proportionate share was 5.2 percent (5.5 percent in prior year).

City of North Little Rock, Arkansas
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Changes in Net Pension Liability – Nonuniformed Plan (Primary Government)

	Total Pension Liability (a)	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 71,924,515	\$ 42,007,131	\$ 29,917,385
Charges for the year			
Service cost	2,123,317	-	2,123,317
Interest on total pension liability	4,614,436	-	4,614,436
Difference between expected and actual return	1,088,604	-	1,088,604
Administrative expense	-	(79,057)	79,057
Benefit payments, including refunds of employee contributions	(3,989,693)	(3,989,693)	-
Contributions – employer	-	2,324,458	(2,324,458)
Contributions – employee	-	1,162,229	(1,162,229)
Net investment income	-	7,397,896	(7,397,896)
Net changes	<u>3,836,664</u>	<u>6,815,833</u>	<u>(2,979,169)</u>
Balances as of End of Year	<u>\$ 75,761,180</u>	<u>\$ 48,822,964</u>	<u>\$ 26,938,216</u>

Changes in Net Pension Liability – Nonuniformed Plan (Airport)

	Total Pension Liability (a)	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 304,765	\$ 177,996	\$ 126,769
Charges for the year			
Service cost	8,997	-	8,997
Interest on total pension liability	19,553	-	19,553
Difference between expected and actual return	4,613	-	4,613
Administrative expense	-	(335)	335
Benefit payments, including refunds of employee contributions	(16,905)	(16,905)	-
Contributions – employer	-	9,849	(9,849)
Contributions – employee	-	4,925	(4,925)
Net investment income	-	31,347	(31,347)
Net changes	<u>16,257</u>	<u>28,881</u>	<u>(12,624)</u>
Balances as of End of Year	<u>\$ 321,022</u>	<u>\$ 206,877</u>	<u>\$ 114,145</u>

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Changes in Net Pension Liability – Nonuniformed Plan (Library)			
	Total Pension Liability (a)	Plan Fiduciary Net Position	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 3,961,944	\$ 2,313,952	\$ 1,647,992
Charges for the year			
Service cost	116,962	-	116,962
Interest on total pension liability	254,185	-	254,185
Difference between expected and actual return	59,965	-	59,965
Administrative expense	-	(4,355)	4,355
Benefit payments, including refunds of employee contributions	(219,771)	(219,771)	-
Contributions – employer	-	128,042	(128,042)
Contributions – employee	-	64,021	(64,021)
Net investment income	-	407,511	(407,511)
Net changes	<u>211,342</u>	<u>375,448</u>	<u>(164,107)</u>
Balances as of End of Year	<u>\$ 4,173,285</u>	<u>\$ 2,689,401</u>	<u>\$ 1,483,885</u>

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

The following presents the City’s net pension liability calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate Assumption	1% Increase in Discount Rate (7.5%)
Non-Uniformed Plan – City net pension liability	\$ 37,594,045	\$ 26,938,216	\$ 19,401,515
Non-Uniformed Plan – Airport net pension liability	159,297	114,145	82,210
Non-Uniformed Plan – Library net pension liability	<u>2,070,858</u>	<u>1,483,885</u>	<u>1,068,728</u>
	<u>\$ 39,824,200</u>	<u>\$ 28,536,246</u>	<u>\$ 20,552,452</u>

City of North Little Rock, Arkansas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City and its component units recognized pension expense of \$3,770,113, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Non-Uniformed Plan at December 31, 2019:

Nonuniform-Primary Government	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 1,919,059	\$ 750,519
Changes of assumptions	2,114,621	3,873,576
Change in proportion	1,689,163	1,740,933
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>600,734</u>
Total	<u>\$ 5,722,843</u>	<u>\$ 6,965,762</u>
Nonuniform-Airport	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 8,132	\$ 3,180
Changes of assumptions	9,087	16,414
Changes in proportion	14,803	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,545</u>
Total	<u>\$ 32,022</u>	<u>\$ 22,139</u>
Nonuniform-Library	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 105,711	\$ 41,342
Changes of assumptions	118,136	213,375
Changes in proportion	140,150	73,179
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>33,091</u>
Total	<u>\$ 363,997</u>	<u>\$ 360,987</u>

City of North Little Rock, Arkansas
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Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Non-Uniform Plan (Primary Government)	Non-Uniform Plan (Airport)	Non-Uniform Plan (Library)
2020	\$ (286,167)	\$ 2,584	\$ 4,269
2021	(426,920)	1,987	(3,485)
2022	(141,030)	3,199	12,264
2023	(1,334,155)	(1,857)	(53,459)
2024	777,639	3,312	47,046
Total thereafter	<u>167,714</u>	<u>658</u>	<u>(3,625)</u>
Total	<u>\$ (1,242,919)</u>	<u>\$ 9,883</u>	<u>\$ 3,010</u>

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of return are shown in the table below:

	Fiscal Year Ending	Annual Money- Weighted Rate of Return
Non-Uniform Plan	12/31/2019	17.73%
	12/31/2018	-6.79%
	12/31/2017	10.00%
	12/31/2016	5.20%
	12/31/2015	-3.65%

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. LOPFI provides retirement benefits for uniformed employees. LOPFI issues separate audited GAAP-basis postemployment benefit plan report. This report may be obtained by visiting the LOPFI website: www.lopfi-prb.com.

City of North Little Rock, Arkansas
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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 credited service in force who has attained his or her normal retirement age consist of an annuity equal to the following:

- a. For each year of paid service resulting from employment in a position not also covered by social security, 2.94 percent of his or her final average pay (2.7 percent for those with retirement date prior to July 1, 2009); plus
- b. For each year of paid service resulting from employment in a position also covered by social security, 1.94 percent of his or her final average pay (1.7 percent 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 percent of his or her final average pay for each such year of paid service. Such temporary annuity terminates at the end of the calendar month in which the earliest of the following events occur: such member's death; or his or her attainment of such social security minimum age for unreduced benefits.
- c. In no event will the total of a. plus b. exceed, at the time of retirement, 100 percent of such final average pay; plus
- d. Effective July 1, 2016, for each year of volunteer service, \$6.41 per month, to a maximum of \$256.40 monthly.
- e. Before the date that the first payment of his or her annuity becomes due, but not thereafter, a member may elect to have his or her life annuity reduced, but not any temporary annuity which may be paid, and nominate a beneficiary in accordance with the provisions of one of four options. If a member does not elect an option, his or her annuity shall be paid to him or her as a life annuity.

Benefit Program 2 says for each year of paid service rendered on or after the election date of Benefit Program 2 and resulting from employment in a position not also covered by social security, 3.28 percent of his or her final average pay, plus for each year of paid service rendered on or after the election date of Benefit Program 2 and resulting from employment in a position also covered by social security, 2.94 percent 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 percent 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.

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Contributions

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

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

The employee contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to ensure that the individual system employers can honor their benefit commitments to covered employees. An individual entry age actuarial cost method valuation is used to determine normal cost. The City is required to contribute at an actuarially determined rate, which was 16.79 percent for participating policemen and 22.78 percent for participating firemen. City contributions for 2019 for police and fire to the Plan were \$2,264,444 and \$2,375,754, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2019, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

	Net Pension Liability
	<hr/>
North Little Rock Fire	\$ 21,998,832
North Little Rock Police	\$ 20,968,132

City of North Little Rock, Arkansas
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To facilitate the separate actuarial valuations, LOPFI 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, 2019, 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, 2019. 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 recalculate individual employer amounts presented in the schedules of pension amounts by employer may result in immaterial differences due to rounding. The City’s proportionate share of the net pension liability for each plan is as follows:

	Proportionate Share Percentage
North Little Rock Fire	2.84686% (2.67953% in prior year)
North Little Rock Police	2.71348% (2.63745% in prior year)

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For the year ended December 31, 2019, the LOPFI Fire and LOPFI Police recognized pension expense of \$5,761,544 and \$5,561,887, respectively. At December 31, 2019, LOPFI Fire and LOPFI Police reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LOPFI - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,164,551	\$ -
Changes of assumptions	1,899,685	-
Changes in proportion	818,452	167,368
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,656,820</u>
Total	<u>\$ 4,882,688</u>	<u>\$ 2,824,188</u>

LOPFI - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,063,136	\$ -
Changes of assumptions	1,810,680	-
Change in proportion	660,999	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,532,341</u>
Total	<u>\$ 4,534,815</u>	<u>\$ 2,532,341</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 Ending December 31,	LOPFI - Police	LOPFI - Fire
2020	\$ 1,628,250	\$ 1,708,286
2021	544,516	571,282
2022	292,808	307,200
2023	<u>(463,100)</u>	<u>(528,268)</u>
Total	<u>\$ 2,002,474</u>	<u>\$ 2,058,500</u>

City of North Little Rock, Arkansas
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Actuarial Assumptions

The total pension liability as of December 31, 2019, was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions:

Paid Service Assumptions

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market; 20% corridor
Price Inflation	2.75%
Salary Increases	3.75% to 18.25%, including inflation
Investment Rate of Return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2008 – 2011.
Mortality	RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

The long term expected rate of return on pension plan investments was determined using a building block method in which expected future and real rates of return (expected returns, net of pension plan investment expense, and Inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	30%	1.30%
Domestic Equity	42%	5.40%
Foreign Equity	18%	7.80%
Alternatives	10%	6.70%
Total	100%	
Expected Inflation		2.25%

City of North Little Rock, Arkansas
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Discount Rate

A single discount rate of 7 percent 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 percent. 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 the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using a single discount rate of 7 percent, 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 percent) or one percent higher (8 percent).

		1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
LOPFI – Fire	Net pension liability	\$ 35,052,603	\$ 21,998,832	\$ 11,472,064
LOPFI – Police	Net pension liability	33,410,332	20,968,132	10,934,580
		<u>\$ 68,462,935</u>	<u>\$ 42,966,964</u>	<u>\$ 22,406,644</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LOPFI financial report. That report may be obtained from the internet at www.lopfi-prb.com.

Police Pension

Plan Description and Funding Information

The Police Pension is an agent multiple-employer defined benefit pension plan in which the City participates, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by the *State of Arkansas Act #16, as amended*. The Plan assets are held by and managed by the Arkansas Local Police and Fire Retirement System and are excluded from the City’s financial statements.

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The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide retirement system for police officers and firefighters of political subdivisions of the State of Arkansas. It was established under the authority of *Act 364 of 1981* and bears a fiduciary obligation to the participants of LOPFI. Local plans that are now being administered by LOPFI are included in the agent multiple-employers defined benefit pension plan for financial reporting purposes; however, the assets of the individual local plans can only be used to pay the benefit (or to refund any contribution) to plan members or beneficiaries of the individual local plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the internet at www.lopfi-prb.com.

The Police Pension provides retirement benefits for policemen who have completed 20 years of service. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. The Police Pension also provides benefits for surviving spouses and dependent children of deceased policemen. No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to 10 years. All policemen hired after January 1, 1983, participate in the *Arkansas Local Police and Fire Retirement System created by Act 364 of 1981*. Therefore, the Police Pension is effectively closed to new members.

Contributions to the Police Pension are set forth in Arkansas statute. The City’s contribution to the Police Pension consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10 percent of fines and forfeitures collected. The City’s contributions to the Plan for 2019 were \$1,813,500. The liability for the Police Pension has typically been liquidated from the general fund.

Number of Participants

Membership in the Police Plan at December 31, 2019, is comprised of the following:

	Police Pension
Retirees and beneficiaries receiving benefits	106
Members on Deferred Retirement Option Plan (DROP)	2
	108

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2019, actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), projected salary increases of 3.25 percent, which includes an inflation rate of 2.50 percent and no costs of living increases. The remaining amortization period at January 1, 2020, was 19 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the RP-2014 Health Annuitant, Disabled Retiree and Employee mortality tables for males and females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods, or assumptions.

The actuarial assumptions used in the December 31, 2019, actuarial valuation were based on the results of an actuarial experience study for the period 2012 through 2016.

Long-Term Expected Rate of Return

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. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

Police Pension Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	30%	1.30%
Domestic equity	42%	5.40%
Foreign equity	18%	7.80%
Alternatives	10%	6.70%
	<u>100%</u>	

City of North Little Rock, Arkansas
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Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent, and the resulting *Single Discount Rate* (SDR) is 2.76 percent, 3.72 percent in prior year.

The SDR is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects: 1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

The City's net pension liability as of December 31, 2019, was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Police Pension for the year ended December 31, 2019:

Changes in Net Pension Liability – Police Pension			
	Total Pension	Plan Fiduciary	Net Pension
Balances as of Beginning of Year, as Restated	\$ 32,448,426	\$ 363,013	\$ 32,085,413
Charges for the year			
Interest on total pension liability	1,160,441	-	1,160,441
Difference between expected and actual return	712,195	-	712,195
Changes of assumptions	3,301,888	-	3,301,888
Benefit Payments, including refunds of employee contributions	(2,507,532)	(2,507,532)	-
Administrative expense	-	(273)	273
Contributions – member	-	2,924	(2,924)
Contributions – employer	-	2,111,338	(2,111,338)
Net investment income	-	31,005	(31,005)
Net Changes	<u>2,666,992</u>	<u>(362,538)</u>	<u>3,029,530</u>
Balances as of End of Year	<u>\$ 35,115,418</u>	<u>\$ 475</u>	<u>\$ 35,114,943</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2019

Sensitivity to Discount Rate Changes

The following presents the City’s net pension liability calculated using the discount rate of 2.76 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 1.76%	Current Discount Rate 2.76%	1% Increase 3.76%
Police Pension – Net pension liability	\$ 39,210,969	\$ 35,114,943	\$ 31,607,556

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2019, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$5,152,183, and reported deferred outflows of resources related to pensions from the following sources for the Police Pension, as determined by the City at December 31, 2019:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 43,393
Total	\$ -	\$ 43,393

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Police

Year Ending December 31,	
2020	\$ (25,799)
2021	(18,081)
2022	4,359
2023	(3,872)
Total	\$ (43,393)

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Fireman's Pension and Relief Fund

Plan Description and Funding Information

The Firemen's Pension and Relief Fund is an agent multiple-employer defined benefit pension plan in which the City participates, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by the *State of Arkansas Act #14, as amended*. In 2018, the Board agreed to transfer the administration of the plan to the Arkansas Local Police and Fire Retirement System, and the majority of Plan assets were transferred to the Arkansas Local Police and Fire Retirement System and are excluded from the City's financial statements.

The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide retirement system for police officers and firefighters of political subdivisions of the State of Arkansas. It was established under the authority of *Act 364 of 1981* and bears a fiduciary obligation to the participants of LOPFI. Local plans that are now being administered by LOPFI are included in the agent multiple-employers defined benefit pension plan for financial reporting purposes; however, the assets of the individual local plans can only be used to pay the benefit (or to refund any contribution) to plan members or beneficiaries of the individual local plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained from the internet at www.lopfi-prb.com.

The Firemen's Fund provides retirement benefits for firemen who have completed twenty (20) years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. The Firemen's Fund also provides benefits for surviving spouses and dependent children of deceased firemen.

No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to ten (10) years. All firemen hired after January 1, 1983, participate in the *Arkansas Local Police and Fire Retirement System created by Act 364 of 1981*. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6 percent. Administrative costs are financed through Fund assets approved by the Board of Trustees. The City's share of contributions was \$1,646,347 in 2019. The liability for the Firemen's Fund has typically been liquidated from the general fund.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Number of Participants

Membership in the Fireman’s Fund at December 31, 2019, is comprised of the following:

	Firemen’s Fund
Retirees and beneficiaries receiving benefits	114
Members on Deferred Retirement Option Plan (DROP)	3
Total	117

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2019, actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 7.00 percent investment rate of return (net of administrative expenses), projected salary increases of 3.25 percent, which includes an inflation rate of 2.50 percent and no costs of living increases. The remaining amortization period at January 1, 2020, was 19 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the RP-2014 Health Annuitant, Disabled Retiree and Employee mortality tables for males and females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods, or assumptions.

The actuarial assumptions used in the December 31, 2019, actuarial valuation were based on the results of an actuarial experience study for the period 2012 through 2016.

City of North Little Rock, Arkansas
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Long-Term Expected Rate of Return

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. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

Firemen's Pension Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	30%	1.30%
Domestic equity	42%	5.40%
Foreign equity	18%	7.80%
Alternative investments	10%	6.70%
	<u>100%</u>	

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent, the municipal bond rate is 2.75 percent, and the resulting *Single Discount Rate* (SDR) is 3.22 percent, 4.12 percent in prior year.

The SDR is equivalent to applying these two rates to the benefits that are projected to be paid during the different time period. The SDR reflects: 1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and 2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

The City's net pension liability as of December 31, 2019, was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Fireman’s Fund for the year ended December 31, 2019:

Changes in Net Pension Liability – Firemen’s Plan			
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
Balances as of Beginning of Year, as Restated	\$ 33,985,355	\$ 5,765,609	\$ 28,219,746
Charges for the year			
Interest on total pension liability	1,333,982	-	1,333,982
Change of benefit terms	-	-	-
Difference between expected and actual return	868,397	-	868,397
Changes of assumptions	2,658,115	-	2,658,115
Benefit Payments, including refunds of employee contributions	(3,214,307)	(3,214,307)	-
Administrative expense	-	(8,168)	8,168
Contributions – member	-	4,243	(4,243)
Contributions – employer	-	1,646,347	(1,646,347)
Net investment income	-	928,740	(928,740)
Net Changes	<u>1,646,187</u>	<u>(643,145)</u>	<u>2,289,332</u>
Balances as of End of Year	<u>\$ 35,631,542</u>	<u>\$ 5,122,464</u>	<u>\$ 30,509,078</u>

Sensitivity to Discount Rate Changes

The following presents the City’s net pension liability calculated using the discount rate of 3.22 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 2.22%	Current Discount Rate 3.22%	1% Increase 4.22%
Firemen’s Pension and Relief Fund – Net pension liability	\$ 33,881,994	\$ 30,509,078	\$ 27,481,863

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2019, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$4,410,692, and reported deferred outflows of resources related to pensions from the following sources for the Police Pension, as determined by the City at December 31, 2019:

Firemen's Pension and Relief Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 493,837
Total	\$ -	\$ 493,837

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Fire

Year Ending December 31,	
2020	\$ (190,607)
2021	(165,096)
2022	(22,103)
2023	(116,031)
Total	\$ (493,837)

Arkansas Public Employees Retirement System (APERS)

Plan Description

The City also contributes to the Arkansas Public Employees Retirement System (APERS), which is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan. The plan was established by the authority of the *Arkansas General Assembly with the passage of Act 177 of 1957*. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member’s highest 3-year average compensation times the member’s years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005, but prior to 7/1/2007	2.03%
Contributory on or after 7/1/2007	2.00%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75 percent Survivor option. A cost-of-living adjustment of 3 percent of the current benefit is added each year.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5 percent of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary’s determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). The City is required to contribute 15.32 percent for court clerks in 2019. City contributions to the plan in 2019 were \$66,070.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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APERS Fiduciary Net Position

Detailed information about APERS’s fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2019, the primary government reported a liability of \$501,291 for its proportionate share of the net pension liability. The City’s proportionate share was .02077864 percent (.01983618 percent in prior year) for court clerks and .02418614 percent (.02179033 percent in prior year) for the Advertising and Promotions Commission. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on actual City contributions to the pension plan relative to the actual contributions of all participating APERS members for the year ended June 30, 2019.

For the year ended December 31, 2019, the primary government recognized pension expense of \$99,426. At December 31, 2019, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Court Clerks</u>		<u>A&P</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in expected and actual experience	\$ 13,643	\$ 745	\$ 15,880	\$ 867
Assumption changes	27,209	19,270	31,671	22,431
Change in proportion	25,209	28,315	61,082	27
Net difference between projected and actual earnings on pension plan investments	-	3,808	-	4,432
Contributions subsequent to the measurement date*	30,458	-	46,627	
Total	<u>\$ 96,519</u>	<u>\$ 52,138</u>	<u>\$ 155,260</u>	<u>\$ 27,757</u>

*Contributions made subsequent to measurement date of June 30, 2019.

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At December 31, 2019, the primary government reported \$30,458 as deferred outflows of resources related to pensions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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 December 31,	Court Clerks	A&P
2020	\$ 24,168	\$ 55,363
2021	(13,485)	3,670
2022	(599)	11,989
2023	6,946	9,854
2024	(3,107)	-
Total	<u>\$ 13,923</u>	<u>\$ 80,876</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed (Level Dollar, Closed for District Judges New Plan and Paid Off Old Plan and District Judges Still Paying Old Plan)
Remaining Amortization Period	21 years (9.6 years for District Judges New Plan and Paid Off Old Plan and 18 years for District Judges still paying Old Plan)
Asset Valuation Method	4-Year smoothed market; 25% corridor (Market Value for Still Paying Old Plan)
Investment Rate of Return	7.15%
Price Inflation Rate	2.50%
Wage Inflation Rate	3.25%
Salary Increases	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Table	Based on RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.1233
Cost of living adjustments	3.0% annual compounded increase

City of North Little Rock, Arkansas
Notes to the Financial Statements
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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 (expected returns, net of pension plan investment expense and inflation) 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 target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2019, are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad Domestic Equity	37%	6.20%
International Equity	24%	6.33%
Real Assets	16%	3.32%
Absolute Return	5%	3.56%
Domestic Fixed	18%	1.54%
Total	<u>100%</u>	

Discount Rate

A single discount rate of 7.15 percent 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 percent. 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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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 plan’s net pension liability, calculated using a single discount rate of 7.15 percent, 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% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
City	Net pension liability	\$ 803,444	\$ 501,291	\$ 252,001
A&P	Net pension liability	935,201	583,498	293,326
		<u>\$ 1,738,645</u>	<u>\$ 1,084,788</u>	<u>\$ 545,327</u>

Component Unit Pension Plans - Waste Water Utility

The North Little Rock Waste Water Utility Defined Pension Plan is a single-employer sponsored plan administered by the Waste Water Utility. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The Utility’s Board of Commissioners establishes benefit provisions and all other requirements. The Plan does not issue stand-alone financial statements, nor is it included in another public employee retirement system plan’s financial statements. Participants are not required to contribute to the Plan.

The Waste Water Utility is required to contribute to the Plan at an actuarially determined rate. The rate was 19.1 percent for the year ended December 31, 2019. Further information is included in the audited financial statements of the Waste Water Utility, audited by other auditors, and is not presented in this report.

Note 8: Other Postemployment Benefit Plan

	Total OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Total Primary Government				
OPEB – Governmental Activities	\$ 5,173,200	\$ 159,285	\$ 308,762	\$ 353,036
OPEB – Business-Type Activities	668,809	20,978	51,237	52,441
	<u>\$ 5,842,009</u>	<u>\$ 180,263</u>	<u>\$ 359,999</u>	<u>\$ 405,477</u>

City of North Little Rock, Arkansas
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Plan Description

The City of North Little Rock sponsors and administers a postemployment benefit plan (Plan). Arkansas statute provides that any municipal city official or employee vested in any of the City’s retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City’s health care plan after retirement. In addition, members employed at least five years with age plus service exceeding 70 at retirement are eligible for benefits. The State of Arkansas has the authority to establish and amend the requirements of this statute. The plan is a single-employer defined benefit plan. No assets are accumulated in a trust that meet the criteria of paragraph 4 of GASB 75. The City does not issue stand- alone financial statements of the plan but all required information is presented in this report.

Benefits Provided

In addition to retirement benefits from the appropriate pension plan, individuals who have been employed full time for at least five years and meet the requirements of the “rule of 70” (age plus service equals at least 70) are eligible to continue health, dental, and vision insurance benefits under the City’s group plan following retirement. Benefits under the plan are currently fully insured. Once the retiree reaches age 65, the retiree may continue coverage, but the coverage becomes secondary to Medicare. If the retiree, under age 65, drops their coverage, they cannot get coverage again when they reach age 65.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	-
Active employees	696
	714

Premiums

Retired participants must pay the same premium as the city is charging active employees. Retired participants pay monthly premiums between \$440.50 for single coverage and \$980.00 for family coverage. Benefits paid by the City for the year ended December 31, 2019 were \$160,545.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Actuarial Assumptions

The City's total OPEB liability was measured as of December 31, 2019, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions:

Inflation	3% per year
Healthcare Cost Trend Rates	8.0% in year 1, decreasing 0.5% each year to an ultimate rate of 5.0% in year 7
Discount Rate	3.26% (prior year was 3.64%)
Mortality Table	Based on retirement Plans 2014 Mortality Rate

Total OPEB Liability

The components of the total OPEB liability of the City at December 31, 2019, were as follows:

Balance at January 1, 2019	\$ 5,321,410
Changes for the year	
Service cost	299,941
Interest on total OPEB liability	201,695
Benefit payments	(160,545)
Effect of assumptions changes or inputs	179,508
Net Changes	<u>520,599</u>
Balance at December 31, 2019	<u>\$ 5,842,009</u>

Sensitivity of the Total OPEB liability to Changes in the Discount Rate

Regarding the sensitivity of the Total OPEB Liability to changes in the single discount rate calculated using a single discount rate of 3.26 percent, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease in Discount Rate (2.26%)	Current Discount Rate Assumption (3.26%)	1% Increase in Discount Rate (4.26%)
Total OPEB liability	<u>\$ 6,275,929</u>	<u>\$ 5,842,009</u>	<u>\$ 5,287,949</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Discount Rate (7%)	Current Health Care Trend Cost (8%)	1% Increase in Discount Rate (9%)
Total OPEB liability	\$ 5,043,895	\$ 5,842,009	\$ 6,631,943

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City of North Little Rock recognized OPEB expense of \$405,477. At December 31, 2019, the City of North Little Rock reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 15,714	\$ 173,186
Changes of assumptions	164,549	186,813
	\$ 180,263	\$ 359,999

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	
2020	\$ (19,469)
2021	(19,469)
2022	(19,469)
2023	(19,469)
2024	(19,469)
Thereafter	(82,391)
Total	\$ (179,736)

City of North Little Rock, Arkansas
Notes to the Financial Statements
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Note 9: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City funds all amounts of compensation deferred under the Plan, at the direction of the covered employee (through payroll deductions), through investments in the United States Conference of Mayors Deferred Compensation Program maintained by Nationwide and Citistreet. All assets of the Plan (including all deferred amounts, property and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property or rights), have been placed in a trust and therefore, are no longer included in the government-wide or governmental funds financial statements of the City.

Note 10: Insurance Coverage

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 (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. Management believes the coverage is adequate to preclude any significant uninsured risk exposure to the City. The William F. Laman Public Library, Airport Commission and Advertising & Promotion Commission are also participating with the City. Settled claims have not exceeded commercial coverage in any of the three preceding years, nor has there been a significant reduction in coverage during the year ending December 31, 2019.

The Waste Water Utility was insured at December 31, 2019, for general liability, automobile liability and all risk replacement cost except worker's compensation with the Arkansas Public Entities Risk Management Association with claims administered by Gallagher Bassett Insurance Services of Little Rock. The Utility was insured with the Municipal League Workers Compensation Trust for worker's compensation. The policy effective dates are for a calendar year for all aforementioned policies of the Utility. The Utility was insured at December 31, 2019, with RSUI Indemnity Co. for blanket property coverage. Further information is available in the audited financial statements of the Utility.

City of North Little Rock, Arkansas
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Note 11: Commitments

In 2007, the City entered into a power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under the agreement, the Electric Department is committed to acquire approximately 60 megawatts of generating capacity from the Plum Point Energy Station, which is located near Osceola, Arkansas; and begin power generation in 2010. The agreement runs through December 31, 2050 but may end prior to that date if the plant is retired, if certain termination provisions apply, or if otherwise agreed to by the parties. Under the agreement, the Electric Department will pay its proportionate share of the fixed and variable costs of operating the plant and its share of MJMEUC's administrative and other costs associated with the contract.

The City has an agreement with Entergy whereby Entergy has interconnected its transmission facilities with the City's facilities to transmit the hydroelectric power and energy generated at the Murray Hydroelectric Plant (Plant) to the City's system. The agreement was effective when the Plant became operational in November 1988. The term of the agreement will continue as long as the City is authorized to operate the Plant, unless terminated earlier by either party on not less than sixty months advance written notice. Rates are determined based upon agreed formulas, with billings made on a monthly basis.

During 2012, the City established an adjustable Energy Cost Recovery Rider (ECR) as a component of its electric rate structure. The ECR is designed to generate increases or decreases in billings to customers depending on increases or decreases in cost purchasing and providing power to its customers.

In 2013, The City entered into an energy-only contract to capitalize on the cost-effective delivery of power from the Midcontinent Independent System Operator (MISO) market. Under the new contract the City will begin managing the output of its generation resources in the market by selling excess energy into the market at the current market price. When those resources produce insufficient energy, the City will purchase replacement energy from the market at the current market price.

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Notes to the Financial Statements
December 31, 2019

Note 12: Contingencies

Litigation

In the normal course of operations, the City is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the City's self-insurance program or by commercial insurance; for example, allegations regarding employment practices or performances of contracts. The City evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. In this regard, various claims and lawsuits are pending against the City. In the opinion of the City Attorney's Office, the potential loss on all claims and lawsuits will not be significant in relation to the City's financial statements. Based on management's evaluation, no amounts were accrued for such liabilities as of December 31, 2019. Events could occur that would cause the estimate or ultimate loss to differ materially in the near term.

Federal and State Grants

In the normal course of operations, the City participates in several federal and state financial assistance programs. The financial assistance programs are subject to audit by granting agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The City's grant programs have been audited in accordance with the provisions of the *Single Audit Act of 1984*, as amended by the *Single Audit Act of 1996*. Any liabilities for reimbursement that may arise, as the results of audits by the granting agencies, are not believed to be material by management.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2019

Note 13: Restatement of Prior Year Financial Statements

An error correction was made to the governmental activities in the government-wide financial statements as identified below by restating beginning net position. The following financial statement line items for the year ended December 31, 2018, were affected by the error correction to correct the initial recording of pension items upon the adoption of GASB 68.

	Government- Wide Governmental Activities
Net Position, Beginning of Year, as Previously Reported	\$ 80,573,683
Correction of Error	
Net Pension Liability	(60,305,159)
Deferred Inflows of Resources – Pensions	(50,902)
Net Position, Beginning of Year, as Restated	\$ 20,217,622

The error correction above had the following impact on change in net position for 2018; an increase in change in net position by approximately \$1,238,000 for governmental activities.

An error correction was also made to the 2018 financial statements of the William F. Laman Public Library as follows:

	Component Units
Net Position, Beginning of Year, as Previously Reported	\$ 5,289,442
Correction of error	
Capital assets, net	296,811
Net Position, Beginning of Year, as Restated	\$ 5,586,253

Depreciation expense for the year ended December 31, 2018, would have increased \$91,683 and other culture-library expenses related to acquisitions of books and AV materials would have decreased by \$198,331 for an increase in change in net position for the year ended December 31, 2018, of \$106,648.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2019

Note 14: Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of the City's investment portfolio.

REQUIRED SUPPLEMENTARY INFORMATION

City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 5 Years

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year Ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 2,249,277	\$ 2,171,091	\$ 2,081,105	\$ 1,842,603	\$ 2,432,932
Interest	4,888,174	4,685,936	4,483,827	4,189,965	3,885,117
Difference between expected and actual experience	1,153,182	4,871	(228,243)	1,873,765	(1,495,386)
Changes in assumptions	-	-	-	4,089,326	(9,232,564)
Benefit payments, including refunds of plan member contributions	<u>(4,226,370)</u>	<u>(3,352,897)</u>	<u>(3,191,730)</u>	<u>(2,787,461)</u>	<u>(2,755,249)</u>
Net Change in Total Pension Liability	4,064,263	3,509,001	3,144,959	9,208,198	(7,165,150)
Total Pension Liability, Beginning of Year	<u>76,191,225</u>	<u>72,682,224</u>	<u>69,537,265</u>	<u>60,329,067</u>	<u>67,494,217</u>
Total Pension Liability, End of Year	<u>\$ 80,255,488</u>	<u>\$ 76,191,225</u>	<u>\$ 72,682,224</u>	<u>\$ 69,537,265</u>	<u>\$ 60,329,067</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 2,462,350	\$ 2,389,157	\$ 2,220,368	\$ 1,364,281	\$ 1,133,620
Plan member contributions	1,231,175	1,195,958	996,081	909,519	755,749
Net investment income	7,836,754	(3,222,842)	4,326,066	2,153,389	(1,596,295)
Benefit payments, including refunds of plan member contributions	(4,226,370)	(3,352,897)	(3,191,730)	(2,787,461)	(2,755,249)
Administrative expense	<u>(83,747)</u>	<u>(70,492)</u>	<u>(73,790)</u>	<u>(52,951)</u>	<u>(55,210)</u>
Net Change in Plan Fiduciary Net Position	7,220,162	(3,061,116)	4,276,995	1,586,777	(2,517,385)
Plan Fiduciary Net Position, Beginning of Year	<u>44,499,080</u>	<u>47,560,196</u>	<u>43,283,201</u>	<u>41,696,424</u>	<u>44,213,809</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 51,719,242</u>	<u>\$ 44,499,080</u>	<u>\$ 47,560,196</u>	<u>\$ 43,283,201</u>	<u>\$ 41,696,424</u>
City's Net Pension Liability, End of Year	<u>\$ 28,536,246</u>	<u>\$ 31,692,145</u>	<u>\$ 25,122,028</u>	<u>\$ 26,254,064</u>	<u>\$ 18,632,643</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	64.44%	58.40%	65.44%	62.24%	69.11%
Covered Payroll	\$ 24,623,500	\$ 23,891,570	\$ 22,770,923	\$ 21,964,782	\$ 19,641,076
Plan's Net Pension Liability as a Percentage of Covered Payroll	115.89%	132.65%	110.33%	119.53%	94.87%

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.

City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 5 Years

Police Pension Plan

Fiscal Year ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ -	\$ 15,917	\$ 15,204	\$ 10,573	\$ 16,248
Interest	1,160,441	1,117,341	1,250,577	1,271,018	1,312,455
Difference between expected and actual experience	712,195	517,137	686,422	(39,875)	569,326
Changes in assumptions	3,301,888	(1,258,960)	1,341,560	(556,753)	221,478
Benefit payments, including refunds of plan member contributions	<u>(2,507,532)</u>	<u>(2,577,015)</u>	<u>(2,608,595)</u>	<u>(2,726,985)</u>	<u>(2,613,959)</u>
Net Change in Total Pension Liability	2,666,992	(2,185,580)	685,168	(2,042,022)	(494,452)
Total Pension Liability, Beginning of Year	<u>32,448,426</u>	<u>34,634,006</u>	<u>33,948,838</u>	<u>35,990,860</u>	<u>36,485,312</u>
Total Pension Liability, End of Year	<u>\$ 35,115,418</u>	<u>\$ 32,448,426</u>	<u>\$ 34,634,006</u>	<u>\$ 33,948,838</u>	<u>\$ 35,990,860</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 2,111,338	\$ 2,027,867	\$ 1,984,413	\$ 1,890,091	\$ 1,790,813
Plan member contributions	2,924	(13,040)	6,179	7,608	10,961
Net investment income	31,005	(18,924)	154,359	101,074	4,546
Benefit payments, including refunds of plan member contributions	(2,507,532)	(2,577,015)	(2,608,595)	(2,726,985)	(2,613,959)
Administrative expense	(273)	(1,255)	(1,979)	(3,794)	(6,131)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,400</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(362,538)	(582,367)	(465,623)	(684,606)	(813,770)
Plan Fiduciary Net Position, Beginning of Year	<u>363,013</u>	<u>945,380</u>	<u>1,411,003</u>	<u>2,095,609</u>	<u>2,909,379</u>
Plan Fiduciary Net Position, End of Year	<u>475</u>	<u>363,013</u>	<u>945,380</u>	<u>1,411,003</u>	<u>2,095,609</u>
City's Net Pension Liability, End of Year	<u>\$ 35,114,943</u>	<u>\$ 32,085,413</u>	<u>\$ 33,688,626</u>	<u>\$ 32,537,835</u>	<u>\$ 33,895,251</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	1.12%	2.73%	4.16%	5.82%
Covered Payroll	\$ 170,821	\$ 168,808	\$ 157,318	\$ 159,587	\$ 241,190
Plan's Net Pension Liability as a Percentage of Covered Payroll	20557%	19007%	21414%	20389%	14053%

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.

City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 5 Years

Firemen's Pension and Relief Fund

Fiscal Year Ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ 10,947	\$ 5,116	\$ 4,999
Interest	1,333,982	1,340,002	1,538,822	1,602,202	1,699,456
Difference between expected and actual experience	868,397	1,231,363	26,604	(460,276)	(62,242)
Changes in assumptions	2,658,115	(318,154)	1,164,792	(373,622)	610,411
Benefit payments, including refunds of plan member contributions	<u>(3,214,307)</u>	<u>(3,368,736)</u>	<u>(3,359,082)</u>	<u>(2,931,504)</u>	<u>(2,958,538)</u>
Net Change in Total Pension Liability	1,646,187	(1,115,525)	(617,917)	(2,158,084)	(705,914)
Total Pension Liability, Beginning of Year	<u>33,985,355</u>	<u>35,100,880</u>	<u>35,718,797</u>	<u>37,876,881</u>	<u>38,582,795</u>
Total Pension Liability, End of Year	<u>\$ 35,631,542</u>	<u>\$ 33,985,355</u>	<u>\$ 35,100,880</u>	<u>\$ 35,718,797</u>	<u>\$ 37,876,881</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 1,646,347	\$ 1,609,846	\$ 1,695,189	\$ 1,716,157	\$ 1,555,853
Plan member contributions	4,243	4,306	8,568	15,673	17,631
Net investment income	928,740	(195,176)	1,054,331	498,767	17,659
Benefit payments, including refunds of plan member contributions	(3,214,307)	(3,368,736)	(3,359,082)	(2,931,504)	(2,958,538)
Administrative expense	(8,168)	(12,940)	(13,517)	(16,296)	(22,518)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,200</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(643,145)	(1,962,700)	(614,511)	(686,003)	(1,389,913)
Plan Fiduciary Net Position, Beginning of Year	<u>5,765,609</u>	<u>7,728,309</u>	<u>8,342,820</u>	<u>9,028,823</u>	<u>10,418,736</u>
Plan Fiduciary Net Position, End of Year	5,122,464	5,765,609	7,728,309	8,342,820	9,028,823
City's Net Pension Liability, End of Year	<u>\$ 30,509,078</u>	<u>\$ 28,219,746</u>	<u>\$ 27,372,571</u>	<u>\$ 27,375,977</u>	<u>\$ 28,848,058</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	14.38%	16.96%	22.02%	23.36%	23.84%
Covered Payroll	\$ 250,678	\$ 333,149	\$ 411,211	\$ 526,042	\$ 510,473
Plan's Net Pension Liability as a Percentage of Covered Payroll	12170.62%	8470.61%	6656.58%	5204.14%	5651.24%

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.

City of North Little Rock, Arkansas
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios – LOPFI
Last 5 Years

LOPFI – Fire

December 31	2019	2018	2017	2016	2015
City's proportion of the net pension liability	2.84686%	2.67953%	2.73119%	2.74166%	2.49184%
City's proportionate share of the net pension liability	\$ 21,998,832	\$ 21,998,832	\$ 19,407,730	\$ 15,642,023	\$ 9,020,695
City's covered-employee payroll	\$ 10,429,122	\$ 9,557,042	\$ 9,359,122	\$ 8,707,186	\$ 7,931,178
	210.94%	230.18%	207.37%	179.64%	113.74%
Plan fiduciary net position as a percentage of the total pension liability	73.21%	66.09%	71.48%	72.87%	79.14%

LOPFI – Police

December 31	2019	2018	2017	2016	2015
City's proportion of the net pension liability	2.71348%	2.63745%	2.55587%	2.51139%	2.30461%
City's proportionate share of the net pension liability	\$ 20,968,132	\$ 20,968,132	\$ 18,161,919	\$ 14,328,255	\$ 8,342,893
City's covered-employee payroll	\$ 13,486,861	\$ 12,257,002	\$ 11,783,650	\$ 10,999,885	\$ 10,825,411
	155.47%	171.07%	154.13%	130.26%	77.07%
Plan fiduciary net position as a percentage of the total pension liability	73.21%	66.09%	71.48%	72.87%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

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.

City of North Little Rock, Arkansas
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios – APERS
Last 5 Years

June 30	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.02077864%	0.19836180%	0.02245346%	0.02077350%	0.02105517%
City's proportionate share of the net pension liability	\$ 501,291	\$ 437,573	\$ 580,229	\$ 496,767	\$ 387,780
City's covered payroll	\$ 402,283	\$ 828,592	\$ 795,081	\$ 735,118	\$ 697,720
City's proportionate share of the net pension liability as a percentage of it covered payroll	124.61%	52.81%	142.08%	127.96%	103.55%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

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.

City of North Little Rock, Arkansas
Schedule of City's Contributions – Non-Uniformed Plan
Last 5 Years

<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,679,618	\$ 3,098,871	\$ 3,321,094	\$ 2,759,795	\$ 2,063,177
Contribution in relation of the contractually required contribution	<u>2,462,350</u>	<u>2,389,157</u>	<u>2,220,368</u>	<u>1,364,281</u>	<u>1,133,620</u>
Contribution deficiency (excess)	<u>\$ 1,217,268</u>	<u>\$ 709,714</u>	<u>\$ 1,100,726</u>	<u>\$ 1,395,514</u>	<u>\$ 929,557</u>
City's covered payroll	\$ 24,623,500	\$ 23,891,570	\$ 24,670,756	\$ 21,964,782	\$ 19,641,076
Contributions as a percentage of covered payroll	10.00%	10.00%	9.00%	6.21%	5.77%

Note: Information in this schedule has been determined as of the City's most recent year-end.

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:

Cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization	5 years, open (closed in 2018)
Asset valuation	Market related value
Investment rate of return	7.0% before 2016, 6.5% after
Mortality	RP 2000 Combined Healthy Lives

City of North Little Rock, Arkansas
Schedule of City's Contributions – Police Pension
Last 5 Years

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,586,655	\$ 1,586,655	\$ -	\$ 241,190	657.84%
2016	1,626,971	1,626,971	-	159,587	1019.49%
2017	1,705,029	1,705,029	-	157,318	1083.81%
2018	1,708,560	1,708,560	-	168,808	1012.13%
2019	1,813,500	1,813,500	-	170,821	1061.64%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Individual entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization	19 years beginning January 1, 2019
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.50%
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. 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.

City of North Little Rock, Arkansas
Schedule of City's Contributions – Firemen's Pension and Relief Fund
Last 5 Years

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,367,855	\$ 1,367,855	-	\$ 510,473	267.96%
2016	1,517,418	1,517,418	-	526,042	288.46%
2017	1,487,237	1,487,237	-	411,211	361.67%
2018	1,458,360	1,458,360	-	333,149	437.75%
2019	1,457,352	1,457,352	-	250,678	581.36%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Individual entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization	19 years beginning January 1, 2019
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.50%
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. 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.

City of North Little Rock, Arkansas
Schedule of City's Contributions – LOPFI
Last 5 Years

LOPFI – Fire

December 31	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,375,754	\$ 2,092,256	\$ 1,487,237	\$ 1,517,419	\$ 1,478,724
Contribution in relation of the contractually required contribution	<u>2,375,754</u>	<u>2,092,256</u>	<u>1,487,237</u>	<u>1,517,419</u>	<u>1,478,724</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	10,429,122	9,557,042	9,359,122	8,707,186	7,931,178
Contributions as a percentage of covered payroll	22.78%	21.89%	15.89%	17.43%	18.64%

Note: Information in this schedule has been determined as of the City's most recent year-end.

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.

LOPFI – Police

December 31	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,264,444	\$ 2,059,395	\$ 1,705,029	\$ 1,626,971	\$ 1,367,615
Contribution in relation of the contractually required contribution	<u>2,264,444</u>	<u>2,059,395</u>	<u>1,705,029</u>	<u>1,626,971</u>	<u>1,367,615</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	13,486,861	12,257,002	11,783,650	10,999,885	10,825,411
Contributions as a percentage of covered payroll	16.79%	16.80%	14.47%	14.79%	12.63%

Note: Information in this schedule has been determined as of the City's most recent year-end.

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.

City of North Little Rock, Arkansas
Schedule of City's Contributions – APERS
Last 5 Years

December 31	2019	2018	2017	2016	2015
Contractually required contribution	\$ 66,070	\$ 54,804	\$ 58,679	\$ 54,575	\$ 55,139
Contribution in relation of the contractually required contribution	<u>66,070</u>	<u>54,804</u>	<u>58,679</u>	<u>54,575</u>	<u>55,139</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	431,266	377,959	401,636	370,754	368,084
Contributions as a percentage of covered-employee payroll	15.32%	14.50%	14.61%	14.72%	14.98%

Note: Information in this schedule has been determined as of the City's most recent year-end.

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.

City of North Little Rock, Arkansas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability, Beginning of Year	\$ 5,321,410	\$ 5,471,163
Changes for the year		
Service cost	299,941	258,689
Interest	201,695	172,888
Difference between expected and actual experience	-	(207,822)
Benefit payments	(160,545)	(150,996)
Changes of assumptions	<u>179,508</u>	<u>(222,512)</u>
Total OPEB Liability, End of Year	<u>\$ 5,842,009</u>	<u>\$ 5,321,410</u>
Covered-employee Payroll	\$ 24,623,500	\$ 23,891,570
Total OPEB Liability as a Percentage of Covered-employee Payroll	23.73%	22.27%

Notes to Schedule:

Changes in Benefit Terms: None

Changes of Assumptions: Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

December 31, 2017 - 3.16%

December 31, 2018 - 3.64%

December 31, 2019 - 3.26%

Note: The City began to report the above information when it implemented GASB Statement 75 in fiscal year 2018.

This OPEB schedule is intended to present information for ten years. Additional information will be displayed as it becomes available.

No amounts are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Other Supplementary Information

NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

STREET FUND – Accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks.

PARKS AND RECREATION FUND – Accounts for hotel, motel and restaurant taxes designated for parks. Revenues are expended for maintenance and development of City parks.

COMMUNITY DEVELOPMENT FUND (CDBG) – Accounts for CDBG and other funds received from the U.S. Department of Housing and Urban Development. These monies are expended for things such as to provide housing or housing assistance to qualifying citizens and to improve neighborhood streets and drainage.

EQUITABLE SHARING FUND – Accounts for the proceeds of the sharing distributions from state and federal agencies related to law enforcement investigations. These monies are expended in accordance with state and federal regulations.

DRAINAGE IMPROVEMENT FUND – Accounts for the fees paid by new developments to be used to construct storm water drainage that serve such developments.

GRANT FUND – Accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program.

The **Debt Service Funds** account for the accumulation of resources for the payment of principal and interest on general long-term debt.

BARING CROSS DEBT SERVICE – The 2019 Tax Increment Bonds were issued to finance the cost of construction of street and drainage infrastructure within the Lower Baring Cross Redevelopment District. The 2017 Tax Increment Bonds were issued to refund the 2011 Tax Increment Bond and to pay the cost associated with the issuance of the Series 2017 Bonds.

2019 CAPITAL IMPROVEMENT REVENUE BONDS – 2019 Capital Improvement Revenue Bonds are special obligation of the City payable by a pledge of revenues derived from franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City.

The **Capital Projects Funds** account for the acquisition or construction of major capital assets from the proceeds from general obligation bond issues and other financing sources.

PARKS CAPITAL IMPROVEMENT FUND – Accounts for capital projects being completed in City parks. Revenue is received from a transfer from the Parks and Recreation fund.

SALES TAX CAPITAL IMPROVEMENT FUND – Accounts for ¼ of a cent sales tax proceeds transferred to this fund to acquire capital equipment, vehicles and drainage and other improvements for the City.

SPECIAL PROJECTS INFRASTRUCTURE FUND – Accounts for appropriations to be spent on one-time, multi-year capital projects that benefit the entire City.

2017 SALES TAX CAPITAL IMPROVEMENT FUND – Accounts for the ½ cent capital sales tax collection that began in January 2018. This ½ cent capital sales tax sunsets after five years. The revenue is for the purpose of constructing and improving public safety facilities and street improvements.

2010 SALES TAX CAPITAL IMPROVEMENT FUND – Accounts for proceeds of the 2010 Short Term Financing to acquire capital equipment, vehicles and other capital needs of the City.

2019 CAPITAL IMPROVEMENT FUND – The 2019 Capital Improvement Bonds were issued for the purpose of constructing the police and courts building.

BARING CROSS TIF FUND – The 2019 Tax Increment Bonds were issued to finance the cost of construction of street and drainage infrastructure within the Lower Baring Cross Redevelopment District.

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash & cash equivalents	\$ 3,158,863	\$ 67,954	\$ 4,526,753	\$ 7,753,570
Investments	518,864	-	7,593,886	8,112,750
Property taxes receivable	1,773,309	147,180	-	1,920,489
Sales tax receivable	1,881,505	-	-	1,881,505
Accounts receivable	5,168	-	-	5,168
Due from other governments	1,205,945	-	453	1,206,398
Due from other funds	404,924	-	2,764,753	3,169,677
Restricted cash equivalents	-	498,565	10,749,389	11,247,954
	<u>\$ 8,948,578</u>	<u>\$ 713,699</u>	<u>\$ 25,635,234</u>	<u>\$ 35,297,511</u>
Liabilities				
Accounts payable	\$ 565,976	\$ -	\$ 517,090	\$ 1,083,066
Accrued expenses	425,480	-	-	425,480
Due to other funds	1,198,329	-	-	1,198,329
	<u>2,189,785</u>	<u>-</u>	<u>517,090</u>	<u>2,706,875</u>
Deferred Inflows of Resources				
Unavailable revenues – property taxes	1,626,652	141,475	-	1,768,127
	<u>1,626,652</u>	<u>141,475</u>	<u>-</u>	<u>1,768,127</u>
Fund Balance				
Restricted	5,205,435	572,224	10,682,037	16,459,696
Committed	-	-	13,480,478	13,480,478
Assigned	-	-	955,629	955,629
Unassigned	(73,294)	-	-	(73,294)
	<u>5,132,141</u>	<u>572,224</u>	<u>25,118,144</u>	<u>30,822,509</u>
Total liabilities, deferred inflows of resources & fund balance	<u>\$ 8,948,578</u>	<u>\$ 713,699</u>	<u>\$ 25,635,234</u>	<u>\$ 35,297,511</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Nonmajor Governmental Funds
Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes – sales	\$ 11,019,481	\$ -	\$ -	\$ 11,019,481
Taxes – other	1,823,665	135,371	-	1,959,036
Charges for services	1,622,210	-	-	1,622,210
Intergovernmental	2,503,004	-	58,267	2,561,271
Investments earnings	32,743	2,671	145,840	181,254
Miscellaneous	116,233	-	18,869	135,102
	<u>\$ 17,117,336</u>	<u>\$ 138,042</u>	<u>\$ 222,976</u>	<u>\$ 17,478,354</u>
Expenditures				
Street and traffic	\$ 5,098,436	\$ -	\$ -	\$ 5,098,436
Parks and recreation	8,026,327	-	6,152	8,032,479
Community development	762,984	-	119,753	882,737
Emergency services	30,560	-	-	30,560
Public safety – police	217,021	-	-	217,021
Public safety – fire	117,153	-	-	117,153
Public works	1,001,689	-	87,116	1,088,805
Sanitation	3,287	-	-	3,287
Code enforcement	6,147	-	-	6,147
Capital outlay	977,105	-	11,343,134	12,320,239
Debt service				
Principal	70,840	65,000	264,711	400,551
Interest and agent fees	6,414	37,491	4,361	48,266
Cost of bond issuance	-	-	205,274	205,274
	<u>16,317,963</u>	<u>102,491</u>	<u>12,030,501</u>	<u>28,450,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>799,373</u>	<u>35,551</u>	<u>(11,807,525)</u>	<u>(10,972,601)</u>
Other Financing Sources (Uses)				
Proceeds of bond issuance	-	-	10,095,000	10,095,000
Bond premium	-	-	1,293,976	1,293,976
Transfers In	295,000	498,074	17,360,832	18,153,906
Transfers Out	(1,316,752)	-	(3,078,749)	(4,395,501)
Total other financing sources (uses)	<u>(1,021,752)</u>	<u>498,074</u>	<u>25,671,059</u>	<u>25,147,381</u>
Net Change in Fund Balance	(222,379)	533,625	13,863,534	14,174,780
Fund Balance, Beginning of the Year	<u>5,354,520</u>	<u>38,599</u>	<u>11,254,610</u>	<u>16,647,729</u>
Fund Balance, End of the Year	<u>\$ 5,132,141</u>	<u>\$ 572,224</u>	<u>\$ 25,118,144</u>	<u>\$ 30,822,509</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2019

	<u>Street</u>	<u>Parks and Recreation</u>	<u>Community Development</u>
Assets			
Cash & cash equivalents	\$ 1,715,351	\$ 752,122	\$ -
Investments	518,864	-	-
Property taxes receivable	1,773,309	-	-
Sales tax receivable	842,002	1,039,503	-
Accounts receivable	-	4,875	-
Due from other governments	-	-	-
Due from other funds	391,617	13,307	-
	<u>\$ 5,241,143</u>	<u>\$ 1,809,807</u>	<u>\$ -</u>
Liabilities			
Accounts payable	\$ 231,156	\$ 153,984	\$ 33,741
Accrued expenses	155,213	262,798	7,469
Due to other funds	11,896	95,499	-
	<u>398,265</u>	<u>512,281</u>	<u>41,210</u>
Deferred Inflows of Resources			
Unavailable revenues – property taxes	1,626,652	-	-
	<u>1,626,652</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit)			
Restricted			
Street and traffic	3,216,226	-	-
Parks and recreation	-	1,297,526	-
Police – equitable sharing	-	-	-
Drainage improvement	-	-	-
Unassigned	-	-	(41,210)
	<u>3,216,226</u>	<u>1,297,526</u>	<u>(41,210)</u>
Total liabilities, deferred inflows of resources & fund balance (deficit)	<u>\$ 5,241,143</u>	<u>\$ 1,809,807</u>	<u>\$ -</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ 62,224	\$ 629,166	\$ -	\$ 3,158,863
-	-	-	518,864
-	-	-	1,773,309
-	-	-	1,881,505
293	-	-	5,168
-	-	1,205,945	1,205,945
-	-	-	404,924
<u>\$ 62,517</u>	<u>\$ 629,166</u>	<u>\$ 1,205,945</u>	<u>\$ 8,948,578</u>
\$ -	\$ -	\$ 147,095	\$ 565,976
-	-	-	425,480
-	-	1,090,934	1,198,329
-	-	1,238,029	2,189,785
-	-	-	1,626,652
-	-	-	1,626,652
-	-	-	3,216,226
-	-	-	1,297,526
62,517	-	-	62,517
-	629,166	-	629,166
-	-	(32,084)	(73,294)
<u>62,517</u>	<u>629,166</u>	<u>(32,084)</u>	<u>5,132,141</u>
<u>\$ 62,517</u>	<u>\$ 629,166</u>	<u>\$ 1,205,945</u>	<u>\$ 8,948,578</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
(Deficit) – Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Street	Parks and Recreation	Community Development
Revenues			
Taxes – sales	\$ 4,565,132	\$ 6,454,349	\$ -
Taxes – other	1,823,665	-	-
Charges for services	-	1,498,435	-
Intergovernmental	-	-	721,774
Investments earnings	26,387	5,426	-
Miscellaneous	60,617	47,116	-
	<u>\$ 6,475,801</u>	<u>\$ 8,005,326</u>	<u>\$ 721,774</u>
Total revenues			
	<u>\$ 6,475,801</u>	<u>\$ 8,005,326</u>	<u>\$ 721,774</u>
Expenditures			
Street and traffic	\$ 4,871,700	\$ -	\$ -
Parks and recreation	-	7,940,966	-
Community development	-	-	762,984
Emergency services	-	-	-
Public safety – police	-	-	-
Public safety – fire	-	-	-
Public works	-	-	-
Sanitation	-	-	-
Code enforcement	-	-	-
Capital outlay	705,529	-	-
Debt service			
Principal	-	70,840	-
Interest and agent fees	-	6,414	-
	<u>5,577,229</u>	<u>8,018,220</u>	<u>762,984</u>
Total expenditures			
	<u>5,577,229</u>	<u>8,018,220</u>	<u>762,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			
	<u>898,572</u>	<u>(12,894)</u>	<u>(41,210)</u>
Other Financing Sources (Uses)			
Transfers In	-	295,000	-
Transfers Out	(523,653)	(793,099)	-
	<u>(523,653)</u>	<u>(498,099)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
	<u>(523,653)</u>	<u>(498,099)</u>	<u>-</u>
Net Change in Fund Balance (Deficit)			
	374,919	(510,993)	(41,210)
Fund Balance, Beginning of the Year			
	<u>2,841,307</u>	<u>1,808,519</u>	<u>-</u>
Fund Balance (Deficit), End of the Year			
	<u>\$ 3,216,226</u>	<u>\$ 1,297,526</u>	<u>\$ (41,210)</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ -	\$ -	\$ -	\$ 11,019,481
-	-	-	1,823,665
-	123,775	-	1,622,210
59,079	-	1,722,151	2,503,004
930	-	-	32,743
8,500	-	-	116,233
<u>\$ 68,509</u>	<u>\$ 123,775</u>	<u>\$ 1,722,151</u>	<u>\$ 17,117,336</u>
\$ -	\$ -	\$ 226,736	\$ 5,098,436
-	-	85,361	8,026,327
-	-	-	762,984
-	-	30,560	30,560
44,336	-	172,685	217,021
-	-	117,153	117,153
-	-	1,001,689	1,001,689
-	-	3,287	3,287
-	-	6,147	6,147
160,959	-	110,617	977,105
-	-	-	70,840
-	-	-	6,414
<u>205,295</u>	<u>-</u>	<u>1,754,235</u>	<u>16,317,963</u>
<u>(136,786)</u>	<u>123,775</u>	<u>(32,084)</u>	<u>799,373</u>
-	-	-	295,000
-	-	-	(1,316,752)
-	-	-	(1,021,752)
<u>(136,786)</u>	<u>123,775</u>	<u>(32,084)</u>	<u>(222,379)</u>
<u>199,303</u>	<u>505,391</u>	<u>-</u>	<u>5,354,520</u>
<u>\$ 62,517</u>	<u>\$ 629,166</u>	<u>\$ (32,084)</u>	<u>\$ 5,132,141</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2019

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Assets			
Cash & cash equivalents	\$ 67,954	\$ -	\$ 67,954
Property taxes receivable	147,180	-	147,180
Restricted cash equivalents		498,565	498,565
	<u>215,134</u>	<u>498,565</u>	<u>713,699</u>
Total assets	<u>\$ 215,134</u>	<u>\$ 498,565</u>	<u>\$ 713,699</u>
Deferred Inflows of Resources			
Unavailable revenues - property taxes	\$ 141,475	\$ -	\$ 141,475
	<u>141,475</u>	<u>-</u>	<u>141,475</u>
Total deferred inflows of resources	<u>141,475</u>	<u>-</u>	<u>141,475</u>
Fund Balance			
Restricted	<u>73,659</u>	<u>498,565</u>	<u>572,224</u>
Total fund balance	<u>73,659</u>	<u>498,565</u>	<u>572,224</u>
Total liabilities, deferred inflows of resources & fund balance	<u>\$ 215,134</u>	<u>\$ 498,565</u>	<u>\$ 713,699</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
– Nonmajor Debt Service Funds
Year Ended December 31, 2019

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Revenues			
Taxes – other	\$ 135,371	\$ -	\$ 135,371
Investments earnings	2,180	491	2,671
Total revenues	<u>\$ 137,551</u>	<u>\$ 491</u>	<u>\$ 138,042</u>
Expenditures			
Debt Service			
Principal	\$ 65,000	\$ -	\$ 65,000
Interest and agent fees	37,491	-	37,491
Total expenditures	<u>102,491</u>	<u>-</u>	<u>102,491</u>
Excess of Revenues Over Expenditures	<u>35,060</u>	<u>491</u>	<u>35,551</u>
Other Financing Sources			
Transfers In	-	498,074	498,074
Total other financing sources	<u>-</u>	<u>498,074</u>	<u>498,074</u>
Net Change in Fund Balance	35,060	498,565	533,625
Fund Balance, Beginning of the Year	<u>38,599</u>	<u>-</u>	<u>38,599</u>
Fund Balance, End of the Year	<u>\$ 73,659</u>	<u>\$ 498,565</u>	<u>\$ 572,224</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2019

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Assets			
Cash & cash equivalents	\$ 540,142	\$ 303,119	\$ 410,035
Investments	-	1,013,372	-
Due from other governments	-	-	-
Due from other funds	95,499	1,064,969	-
Restricted cash equivalents	-	-	-
Total assets	<u>\$ 635,641</u>	<u>\$ 2,381,460</u>	<u>\$ 410,035</u>
Liabilities			
Accounts payable	<u>85,873</u>	<u>66,562</u>	<u>4,174</u>
Total liabilities	<u>85,873</u>	<u>66,562</u>	<u>4,174</u>
Fund Balance			
Restricted	-	-	-
Committed	-	2,314,898	-
Assigned	<u>549,768</u>	<u>-</u>	<u>405,861</u>
Total fund balance	<u>549,768</u>	<u>2,314,898</u>	<u>405,861</u>
Total liabilities, deferred inflows of resources & fund balance	<u>\$ 635,641</u>	<u>\$ 2,381,460</u>	<u>\$ 410,035</u>

2017 Sales Tax Capital Improvement	2010 Sales Tax Capital Improvement	2019 Capital Improvement	Baring Cross TIF	Total
\$ 3,237,905	\$ 35,552	\$ -	\$ -	\$ 4,526,753
6,580,514	-	-	-	7,593,886
453	-	-	-	453
1,604,285	-	-	-	2,764,753
-	-	10,014,948	734,441	10,749,389
<u>\$ 11,423,157</u>	<u>\$ 35,552</u>	<u>\$ 10,014,948</u>	<u>\$ 734,441</u>	<u>\$ 25,635,234</u>
293,129	-	-	67,352	517,090
293,129	-	-	67,352	517,090
-	-	10,014,948	667,089	10,682,037
11,130,028	35,552	-	-	13,480,478
-	-	-	-	955,629
<u>11,130,028</u>	<u>35,552</u>	<u>10,014,948</u>	<u>667,089</u>	<u>25,118,144</u>
<u>\$ 11,423,157</u>	<u>\$ 35,552</u>	<u>\$ 10,014,948</u>	<u>\$ 734,441</u>	<u>\$ 25,635,234</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Nonmajor Capital Projects Funds
Year Ended December 31, 2019

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Revenues			
Intergovernmental	\$ 58,267	\$ -	\$ -
Investments earnings	2,031	44,296	1,026
Miscellaneous	13	-	15,500
Total revenues	<u>\$ 60,311</u>	<u>\$ 44,296</u>	<u>\$ 16,526</u>
Expenditures			
Parks and recreation	\$ 6,152	\$ -	\$ -
Community development	-	18,035	101,718
Public safety – police	-	-	-
Public safety – fire	-	-	-
Public works	-	-	-
Capital outlay	580,789	3,544,310	2,541,091
Debt service			
Principal	-	264,711	-
Interest and agent fees	-	4,361	-
Cost of bond issuance			
Total expenditures	<u>586,941</u>	<u>3,831,417</u>	<u>2,642,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(526,630)</u>	<u>(3,787,121)</u>	<u>(2,626,283)</u>
Other Financing Sources (Uses)			
Proceeds from bond issuance	-	-	-
Bond premium	-	-	-
Transfers in	770,499	4,496,652	3,100,000
Transfers out	-	(2,651,500)	-
Total other financing sources	<u>770,499</u>	<u>1,845,152</u>	<u>3,100,000</u>
Net Change in Fund Balance	243,869	(1,941,969)	473,717
Fund Balance (Deficit), Beginning of the Year	<u>305,899</u>	<u>4,256,867</u>	<u>(67,856)</u>
Fund Balance, End of the Year	<u>\$ 549,768</u>	<u>\$ 2,314,898</u>	<u>\$ 405,861</u>

2017 Sales Tax Capital Improvement	2010 Sales Tax Capital Improvement	2019 Capital Improvement	Baring Cross TIF	Total
\$ -	\$ -	\$ -	\$ -	\$ 58,267
86,813	179	11,495	-	145,840
3,356	-	-	-	18,869
<u>\$ 90,169</u>	<u>\$ 179</u>	<u>\$ 11,495</u>	<u>\$ -</u>	<u>\$ 222,976</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,152
-	-	-	-	119,753
-	-	-	-	-
-	-	-	-	-
-	1,205	-	85,911	87,116
4,676,944	-	-	-	11,343,134
-	-	-	-	264,711
-	-	-	-	4,361
		168,274	37,000	205,274
<u>4,676,944</u>	<u>1,205</u>	<u>168,274</u>	<u>122,911</u>	<u>12,030,501</u>
<u>(4,586,775)</u>	<u>(1,026)</u>	<u>(156,779)</u>	<u>(122,911)</u>	<u>(11,807,525)</u>
-	-	9,305,000	790,000	10,095,000
-	-	1,293,976	-	1,293,976
8,993,681	-	-	-	17,360,832
-	-	(427,249)	-	(3,078,749)
<u>8,993,681</u>	<u>-</u>	<u>10,171,727</u>	<u>790,000</u>	<u>25,671,059</u>
4,406,906	(1,026)	10,014,948	667,089	13,863,534
<u>6,723,122</u>	<u>36,578</u>	<u>-</u>	<u>-</u>	<u>11,254,610</u>
<u>\$ 11,130,028</u>	<u>\$ 35,552</u>	<u>\$ 10,014,948</u>	<u>\$ 667,089</u>	<u>\$ 25,118,144</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Street Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 4,950,786	\$ -	\$ 4,950,786	\$ 4,565,132	\$ (385,654)
Taxes – other	1,864,225	-	1,864,225	1,823,665	(40,560)
Investments earnings	17,620	-	17,620	26,387	8,767
Miscellaneous	1,490,010	-	1,490,010	60,617	(1,429,393)
Total revenues	<u>\$ 8,322,641</u>	<u>\$ -</u>	<u>\$ 8,322,641</u>	<u>\$ 6,475,801</u>	<u>\$ (1,846,840)</u>
Expenditures					
Street and traffic (including capital outlay)	\$ 8,299,081	\$ 277,917	\$ 8,576,998	\$ 5,577,229	\$ 2,999,769
Total expenditures	<u>8,299,081</u>	<u>277,917</u>	<u>8,576,998</u>	<u>5,577,229</u>	<u>2,999,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,560</u>	<u>(277,917)</u>	<u>(254,357)</u>	<u>898,572</u>	<u>1,152,929</u>
Other Financing Sources (Uses)					
Transfers out	(23,650)	-	(23,650)	(523,653)	(500,003)
Total other financing sources (uses)	<u>(23,650)</u>	<u>-</u>	<u>(23,650)</u>	<u>(523,653)</u>	<u>(500,003)</u>
Net Change in Fund Balance	(90)	(277,917)	(278,007)	374,919	652,926
Fund Balance, Beginning of the Year	<u>2,841,307</u>	<u>-</u>	<u>2,841,307</u>	<u>2,841,307</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 2,841,217</u>	<u>\$ (277,917)</u>	<u>\$ 2,563,300</u>	<u>\$ 3,216,226</u>	<u>\$ 652,926</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Parks and Recreation Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 6,535,000	\$ -	\$ 6,535,000	\$ 6,454,349	\$ (80,651)
Charges for services	1,654,100	-	1,654,100	1,498,435	(155,665)
Investments earnings	2,500	-	2,500	5,426	2,926
Miscellaneous	472,000	-	472,000	47,116	(424,884)
Total revenues	\$ 8,663,600	\$ -	\$ 8,663,600	\$ 8,005,326	\$ (658,274)
Expenditures					
Parks and recreation	\$ 8,082,464	\$ 124,134	\$ 8,206,598	\$ 7,940,966	\$ 265,632
Debt service					
Principal	-	-	-	70,840	(70,840)
Interest and agent fees	-	-	-	6,414	(6,414)
Total expenditures	8,082,464	124,134	8,206,598	8,018,220	188,378
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	581,136	(124,134)	457,002	(12,894)	(469,896)
Other Financing Sources (Uses)					
Transfers in	295,000	-	295,000	295,000	-
Transfers out	(832,600)	-	(832,600)	(793,099)	39,501
Total other financing sources (uses)	(537,600)	-	(537,600)	(498,099)	39,501
Net Change in Fund Balance	43,536	(124,134)	(80,598)	(510,993)	(430,395)
Fund Balance, Beginning of the Year	1,808,519	-	1,808,519	1,808,519	-
Fund Balance, End of the Year	\$ 1,852,055	\$ (124,134)	\$ 1,727,921	\$ 1,297,526	\$ (430,395)

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Community Development Fund
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 721,774	\$ 721,774
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,774</u>	<u>\$ 721,774</u>
Expenditures					
Community development	\$ -	\$ 2,341,026	\$ 2,341,026	\$ 762,984	\$ 1,578,042
Total expenditures	<u>-</u>	<u>2,341,026</u>	<u>2,341,026</u>	<u>762,984</u>	<u>1,578,042</u>
Net Change in Fund Balance	<u>-</u>	<u>(2,341,026)</u>	<u>(2,341,026)</u>	<u>(41,210)</u>	<u>2,299,816</u>
Fund Balance, Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ -</u>	<u>\$ (2,341,026)</u>	<u>\$ (2,341,026)</u>	<u>\$ (41,210)</u>	<u>\$ 2,299,816</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Equitable Sharing Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 59,079	\$ 59,079
Investments earnings	-	-	-	930	930
Miscellaneous	-	-	-	8,500	8,500
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,509</u>	<u>\$ 68,509</u>
Expenditures					
Public safety – police (including capital outlay)	\$ 235,000	\$ 6,633	\$ 241,633	\$ 205,295	\$ 36,338
Total expenditures	<u>235,000</u>	<u>6,633</u>	<u>241,633</u>	<u>205,295</u>	<u>36,338</u>
Net Change in Fund Balance	<u>(235,000)</u>	<u>(6,633)</u>	<u>(241,633)</u>	<u>(136,786)</u>	<u>104,847</u>
Fund Balance, Beginning of the Year	<u>199,303</u>	<u>-</u>	<u>199,303</u>	<u>199,303</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ (35,697)</u>	<u>\$ (6,633)</u>	<u>\$ (42,330)</u>	<u>\$ 62,517</u>	<u>\$ 104,847</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Drainage Improvement Fund
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ 123,775	\$ 123,775
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,775</u>	<u>\$ 123,775</u>
Expenditures					
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	123,775	123,775
Fund Balance, Beginning of the Year	<u>505,391</u>	<u>-</u>	<u>505,391</u>	<u>505,391</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 505,391</u>	<u>\$ -</u>	<u>\$ 505,391</u>	<u>\$ 629,166</u>	<u>\$ 123,775</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Parks Capital Improvement Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 58,267	\$ 58,267
Investments earnings	750	-	750	2,031	1,281
Miscellaneous	-	-	-	13	13
Total revenues	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 60,311</u>	<u>\$ 59,561</u>
Expenditures					
Parks and recreation (including capital outlay)	\$ 810,750	\$ 14,952	\$ 825,702	\$ 586,941	\$ 238,761
Total expenditures	<u>810,750</u>	<u>14,952</u>	<u>825,702</u>	<u>586,941</u>	<u>238,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(810,000)</u>	<u>(14,952)</u>	<u>(824,952)</u>	<u>(526,630)</u>	<u>298,322</u>
Other Financing Sources (Uses)					
Transfers In	810,000	-	810,000	770,499	(39,501)
Total other financing sources (uses)	<u>810,000</u>	<u>-</u>	<u>810,000</u>	<u>770,499</u>	<u>(39,501)</u>
Net Change in Fund Balance	-	(14,952)	(14,952)	243,869	258,821
Fund Balance, Beginning of the Year	<u>305,899</u>	<u>-</u>	<u>305,899</u>	<u>305,899</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 305,899</u>	<u>\$ (14,952)</u>	<u>\$ 290,947</u>	<u>\$ 549,768</u>	<u>\$ 258,821</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Sales Tax Capital Improvement Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Investments earnings	\$ 11,000	\$ -	\$ 11,000	\$ 44,296	\$ 33,296
Total revenues	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 44,296</u>	<u>\$ 33,296</u>
Expenditures					
Community development (including capital outlay)	\$ 4,117,788	\$ 5,323,746	\$ 9,441,534	\$ 3,562,345	\$ 5,879,189
Debt service					
Principal	-	-	-	264,711	(264,711)
Interest and agent fees	-	-	-	4,361	(4,361)
Total expenditures	<u>4,117,788</u>	<u>5,323,746</u>	<u>9,441,534</u>	<u>3,831,417</u>	<u>5,610,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,106,788)</u>	<u>(5,323,746)</u>	<u>(9,430,534)</u>	<u>(3,787,121)</u>	<u>5,643,413</u>
Other Financing Sources (Uses)					
Transfers in	4,276,500	51,500	4,225,000	4,496,652	271,652
Transfers out	-	(51,500)	(51,500)	(2,651,500)	(2,600,000)
Total other financing sources (uses)	<u>4,276,500</u>	<u>-</u>	<u>4,173,500</u>	<u>1,845,152</u>	<u>(2,328,348)</u>
Net Change in Fund Balance	169,712	(5,323,746)	(5,257,034)	(1,941,969)	3,315,065
Fund Balance, Beginning of the Year	<u>4,256,867</u>	<u>-</u>	<u>4,256,867</u>	<u>4,256,867</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 4,426,579</u>	<u>\$ (5,323,746)</u>	<u>\$ (1,000,167)</u>	<u>\$ 2,314,898</u>	<u>\$ 3,315,065</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Special Projects Infrastructure Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Investments earnings	\$ -	\$ -	\$ -	\$ 1,026	\$ 1,026
Miscellaneous	-	-	-	15,500	15,500
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,526</u>	<u>\$ 16,526</u>
Expenditures					
Community development (including capital outlay)	<u>\$ 500,000</u>	<u>\$ 2,918,401</u>	<u>\$ 3,418,401</u>	<u>\$ 2,642,809</u>	<u>\$ 775,592</u>
Total expenditures	<u>500,000</u>	<u>2,918,401</u>	<u>3,418,401</u>	<u>2,642,809</u>	<u>775,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(500,000)</u>	<u>(2,918,401)</u>	<u>(3,418,401)</u>	<u>(2,626,283)</u>	<u>792,118</u>
Other Financing Sources (Uses)					
Transfers in	<u>3,100,000</u>	<u>2,600,000</u>	<u>500,000</u>	<u>3,100,000</u>	<u>2,600,000</u>
Total Other Financing Sources (Uses)	<u>3,100,000</u>	<u>2,600,000</u>	<u>500,000</u>	<u>3,100,000</u>	<u>2,600,000</u>
Net Change in Fund Balance	2,600,000	(318,401)	(2,918,401)	473,717	3,392,118
Fund Balance, Beginning of the Year	<u>(67,856)</u>	-	<u>(67,856)</u>	<u>(67,856)</u>	-
Fund Balance, End of the Year	<u>\$ 2,532,144</u>	<u>\$ (318,401)</u>	<u>\$ (2,986,257)</u>	<u>\$ 405,861</u>	<u>\$ 3,392,118</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – 2017 Sales Tax Capital Improvement Fund
Year Ended December 31, 2019

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Investments earnings	\$ -	\$ -	\$ -	\$ 86,813	\$ 86,813
Miscellaneous	-	-	-	3,356	3,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,169</u>	<u>\$ 90,169</u>
Expenditures					
Capital outlay	<u>\$ 8,400,000</u>	<u>\$ 3,565,818</u>	<u>\$ 11,965,818</u>	<u>\$ 4,676,944</u>	<u>\$ 7,288,874</u>
	<u>8,400,000</u>	<u>3,565,818</u>	<u>11,965,818</u>	<u>4,676,944</u>	<u>7,288,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,400,000)</u>	<u>(3,565,818)</u>	<u>(11,965,818)</u>	<u>(4,586,775)</u>	<u>7,379,043</u>
Other Financing Sources (Uses)					
Transfers in	<u>8,467,500</u>	<u>-</u>	<u>8,467,500</u>	<u>8,993,681</u>	<u>526,181</u>
Total Other Financing Sources (Uses)	<u>8,467,500</u>	<u>-</u>	<u>8,467,500</u>	<u>8,993,681</u>	<u>526,181</u>
Net Change in Fund Balance	67,500	(3,565,818)	(3,498,318)	4,406,906	7,905,224
Fund Balance, Beginning of the Year	<u>6,723,122</u>	<u>-</u>	<u>6,723,122</u>	<u>6,723,122</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 6,790,622</u>	<u>\$ (3,565,818)</u>	<u>\$ 3,224,804</u>	<u>\$ 11,130,028</u>	<u>\$ 7,905,224</u>

STATISTICAL SECTION

City of North Little Rock, Arkansas
Statistical Section
(Unaudited)

This section of the City of North Little Rock, Arkansas comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflects about the City’s overall financial health.

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Financial Trends (Tables 1–6)

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Debt Capacity (Tables 11–14)

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Demographic and Economic Information (Table 15)

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Operating Information (Tables 16-19)

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City of North Little Rock, Arkansas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ⁽¹⁾
Governmental Activities										
Net investment in capital assets	\$ 50,618,594	\$ 56,050,664	\$ 59,083,476	\$ 59,166,958	\$ 62,915,426	\$ 64,950,657	\$ 71,815,036	\$ 77,828,156	\$ 83,669,833	\$ 88,578,170
Restricted	825,665	621,211	519,375	2,328,557	1,892,023	1,704,038	2,232,076	2,527,403	-	7,545,786
Unrestricted (deficit)	27,640,469	30,223,192	28,974,489	27,520,685	31,124,594	9,579,065	(4,793,593)	(7,948,848)	(3,096,150)	(79,203,245)
Total governmental activities net position	<u>\$ 79,084,728</u>	<u>\$ 86,895,067</u>	<u>\$ 88,577,340</u>	<u>\$ 89,016,200</u>	<u>\$ 95,932,043</u>	<u>\$ 76,233,760</u>	<u>\$ 69,253,519</u>	<u>\$ 72,406,711</u>	<u>\$ 80,573,683</u>	<u>\$ 16,920,711</u>
Business-type Activities										
Net investment in capital assets	\$ 45,161,260	\$ 52,941,638	\$ 79,570,017	\$ 85,491,569	\$ 91,572,859	\$ 101,865,437	\$ 106,379,890	\$ 113,882,253	\$ 115,621,652	\$ 105,196,767
Restricted	25,262,881	25,038,226	19,141,121	15,744,918	15,688,015	15,356,221	4,987,495	10,525,161	10,657,111	3,166,687
Unrestricted (deficit)	25,650,374	16,940,281	(2,390,995)	(1,930,109)	8,513,735	2,148,550	9,028,777	3,628,809	11,104,480	40,675,868
Total business-type activities net position	<u>\$ 96,074,515</u>	<u>\$ 94,920,145</u>	<u>\$ 96,320,143</u>	<u>\$ 99,306,378</u>	<u>\$ 115,774,609</u>	<u>\$ 119,370,208</u>	<u>\$ 120,396,162</u>	<u>\$ 128,036,223</u>	<u>\$ 137,383,243</u>	<u>\$ 149,039,322</u>
Primary Government										
Net investment in capital assets	\$ 95,779,854	\$ 108,992,302	\$ 138,653,493	\$ 144,658,527	\$ 154,488,285	\$ 166,816,094	\$ 178,194,926	\$ 191,710,409	\$ 199,291,485	\$ 193,774,937
Restricted	26,088,546	25,659,437	19,660,496	18,073,475	17,580,038	17,060,259	7,219,571	13,052,564	10,657,111	10,712,473
Unrestricted (deficit)	53,290,843	47,163,473	26,583,494	25,590,576	39,638,329	11,727,615	4,235,184	(4,320,039)	8,008,330	(38,527,377)
Total primary government net position	<u>\$ 175,159,243</u>	<u>\$ 181,815,212</u>	<u>\$ 184,897,483</u>	<u>\$ 188,322,578</u>	<u>\$ 211,706,652</u>	<u>\$ 195,603,968</u>	<u>\$ 189,649,681</u>	<u>\$ 200,442,934</u>	<u>\$ 217,956,926</u>	<u>\$ 165,960,033</u>

(1) 2019 governmental activities beginning net position was restated for an error correction related to an understatement of net position liability in previous years. Prior years net position have not been updated for this error.

City of North Little Rock, Arkansas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 17,390,108	\$ 14,138,303	\$ 20,646,378	\$ 28,169,440	\$ 19,951,630	\$ 14,044,077	\$ 17,518,071	\$ 21,670,423	\$ 25,657,328	\$ 24,312,352
Public safety	33,315,536	35,671,413	35,650,056	34,598,547	38,701,265	41,160,354	54,742,749	45,907,394	42,344,278	61,910,602
Public works	1,275,527	1,063,724	1,052,433	813,200	677,643	863,116	1,113,145	1,132,566	1,028,141	2,650,674
Street and traffic	4,647,507	5,490,357	2,190,617	2,110,807	2,253,354	3,194,899	2,440,182	5,555,518	14,669,174	6,841,766
Health and sanitation	4,721,233	4,942,448	5,307,288	5,839,420	3,926,160	4,955,822	4,997,929	4,697,221	4,893,759	5,672,952
Community development	1,623,370	3,676,945	4,348,277	1,411,141	1,179,457	2,406,171	2,029,428	1,699,839	287,952	898,511
Culture and recreation	7,063,389	6,700,575	3,344,189	6,992,540	7,083,912	6,619,136	8,490,298	8,428,770	7,867,602	9,191,100
Interest and fiscal charges	209,764	264,788	232,890	237,264	105,398	63,184	37,673	48,957	36,874	315,068
Total governmental activities expenses	<u>70,246,434</u>	<u>71,948,553</u>	<u>72,772,128</u>	<u>80,172,359</u>	<u>73,878,819</u>	<u>73,306,759</u>	<u>91,369,475</u>	<u>89,140,688</u>	<u>96,785,108</u>	<u>111,793,025</u>
Business-type activities										
Electric department	85,757,491	85,942,165	81,522,370	83,243,071	75,909,179	72,817,920	70,454,991	72,050,817	74,677,547	73,179,016
Utilities Accounting Department	-	-	-	-	-	-	3,022,544	1,690,056	793,643	-
Total business-type activities expenses	<u>85,757,491</u>	<u>85,942,165</u>	<u>81,522,370</u>	<u>83,243,071</u>	<u>75,909,179</u>	<u>72,817,920</u>	<u>73,477,535</u>	<u>73,740,873</u>	<u>75,471,190</u>	<u>73,179,016</u>
Total primary government expenses	<u>\$ 156,003,925</u>	<u>\$ 157,890,718</u>	<u>\$ 154,294,498</u>	<u>\$ 163,415,430</u>	<u>\$ 149,787,998</u>	<u>\$ 146,124,679</u>	<u>\$ 164,847,010</u>	<u>\$ 162,881,561</u>	<u>\$ 172,256,298</u>	<u>\$ 184,972,041</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 2,271,282	\$ 3,154,539	\$ 2,522,091	\$ 2,490,774	\$ 2,768,921	\$ 3,080,894	\$ 3,306,825	\$ 3,381,707	\$ 3,886,267	\$ 4,742,957
Public safety	3,113,183	2,511,203	3,454,944	3,639,677	3,610,421	3,314,597	3,255,331	2,935,147	3,323,813	3,153,614
Public works	623,555	-	-	-	-	-	-	-	-	-
Street and traffic	35,895	707	36,504	70,657	27,031	27,080	5,700	39,660	153,971	213,386
Health and sanitation	-	633,240	721,565	794,162	804,422	923,910	808,971	888,294	954,822	1,042,275
Community development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,469,048	1,278,794	1,495,111	1,415,709	1,284,269	1,273,852	1,491,754	1,763,352	1,356,283	1,498,433
Operating grants and contributions	2,541,764	6,843,943	2,210,404	835,650	333,141	196,479	1,326,271	1,614,112	404,425	1,035,577
Capital grants and contributions	894,480	956,485	7,829,373	3,236,971	1,940,766	1,412,468	1,706,993	7,653,537	3,416,216	1,767,996
Total governmental activities program revenues	<u>10,949,207</u>	<u>15,378,911</u>	<u>18,269,992</u>	<u>12,483,600</u>	<u>10,768,971</u>	<u>10,229,280</u>	<u>11,901,845</u>	<u>18,275,809</u>	<u>13,495,797</u>	<u>13,454,238</u>
Business-type activities										
Charges for services										
Electric department	99,762,248	93,465,141	94,294,219	95,782,990	96,222,583	91,547,365	82,798,486	89,964,914	93,739,108	93,442,310
Utilities Accounting Department	-	-	-	-	-	-	2,396,386	1,590,733	960,315	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	1,500,000
Total business-type activities program revenues	<u>99,762,248</u>	<u>93,465,141</u>	<u>94,294,219</u>	<u>95,782,990</u>	<u>96,222,583</u>	<u>91,547,365</u>	<u>85,194,872</u>	<u>91,555,647</u>	<u>94,699,423</u>	<u>94,942,310</u>
Total primary government program revenues	<u>\$ 110,711,455</u>	<u>\$ 108,844,052</u>	<u>\$ 112,564,211</u>	<u>\$ 108,266,590</u>	<u>\$ 106,991,554</u>	<u>\$ 101,776,645</u>	<u>\$ 97,096,717</u>	<u>\$ 109,831,456</u>	<u>\$ 108,195,220</u>	<u>\$ 108,396,548</u>
Net (expense)/revenue										
Business-type activities	\$ 59,297,227	\$ 56,569,642	\$ 54,502,136	\$ 67,688,759	\$ 63,109,848	\$ 63,077,479	\$ 79,467,630	\$ 70,864,879	\$ 83,289,311	\$ 98,338,787
Governmental activities	(14,004,757)	(7,522,976)	(12,771,849)	(12,539,919)	(20,313,404)	(18,729,445)	(11,717,337)	(17,814,774)	(19,228,233)	(21,763,294)
Total primary government net expense	<u>\$ 45,292,470</u>	<u>\$ 49,046,666</u>	<u>\$ 41,730,287</u>	<u>\$ 55,148,840</u>	<u>\$ 42,796,444</u>	<u>\$ 44,348,034</u>	<u>\$ 67,750,293</u>	<u>\$ 53,050,105</u>	<u>\$ 64,061,078</u>	<u>\$ 76,575,493</u>

City of North Little Rock, Arkansas
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Taxes – sales	\$ 36,191,162	\$ 36,560,908	\$ 37,316,637	\$ 38,308,972	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871	\$ 57,921,583	\$ 61,505,034
Taxes – other	10,769,322	11,407,038	12,428,865	12,981,695	13,540,945	14,615,168	14,120,158	15,080,258	15,046,525	16,217,949
Utility franchise taxes	2,804,943	2,847,350	2,738,721	3,051,992	3,181,670	3,191,694	2,975,695	3,022,080	3,834,205	3,883,894
Investment income (loss)	99,925	61,836	61,029	51,789	75,000	101,692	140,856	143,579	253,047	637,273
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	578,067	-
Other	1,433,890	1,717,391	1,095,215	1,733,171	1,854,710	996,764	2,535,766	2,529,664	1,822,856	2,176,717
Transfers	10,000,000	11,785,458	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	11,930,000	12,000,000	10,621,009
Total governmental activities	<u>61,299,242</u>	<u>64,379,981</u>	<u>65,640,467</u>	<u>68,127,619</u>	<u>70,025,691</u>	<u>71,866,260</u>	<u>72,487,389</u>	<u>74,023,452</u>	<u>91,456,283</u>	<u>95,041,876</u>
Business-type activities										
Investment earnings	2,122,762	994,939	500,750	95,118	83,313	210,467	93,787	197,214	289,464	513,794
Other	2,622,475	2,327,715	1,098,130	2,351,198	8,071,514	4,318,952	1,214,830	1,622,692	2,204,272	-
Transfers	(10,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(10,621,009)
Total business-type activities	<u>(5,254,763)</u>	<u>(8,677,346)</u>	<u>(10,401,120)</u>	<u>(9,553,684)</u>	<u>(3,845,173)</u>	<u>(7,470,581)</u>	<u>(10,691,383)</u>	<u>(10,180,094)</u>	<u>(9,506,264)</u>	<u>(10,107,215)</u>
Total primary government	<u>\$ 56,044,479</u>	<u>\$ 55,702,635</u>	<u>\$ 55,239,347</u>	<u>\$ 58,573,935</u>	<u>\$ 66,180,518</u>	<u>\$ 64,395,679</u>	<u>\$ 61,796,006</u>	<u>\$ 63,843,358</u>	<u>\$ 81,950,019</u>	<u>\$ 84,934,661</u>
Changes in Net Position										
Governmental activities	\$ 2,002,015	\$ 7,810,339	\$ 11,138,331	\$ 438,860	\$ 6,915,843	\$ 8,788,781	\$ (6,980,241)	\$ 3,158,573	\$ 8,166,972	\$ (3,296,911)
Business-type activities	8,749,994	(1,154,370)	2,370,729	2,986,235	16,468,231	11,258,864	1,025,954	7,634,680	9,721,969	11,656,079
Total primary government	<u>\$ 10,752,009</u>	<u>\$ 6,655,969</u>	<u>\$ 13,509,060</u>	<u>\$ 3,425,095</u>	<u>\$ 23,384,074</u>	<u>\$ 20,047,645</u>	<u>\$ (5,954,287)</u>	<u>\$ 10,793,253</u>	<u>\$ 17,888,941</u>	<u>\$ 8,359,168</u>

City of North Little Rock, Arkansas
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3

Year	Taxes Other	Taxes Sales	Utility Franchise Taxes	Total
2010	\$ 10,769,322	\$ 36,191,162	\$ 2,951,717	\$ 49,912,201
2011	11,407,038	36,560,908	2,977,798	50,945,744
2012	12,428,865	37,316,637	2,754,180	132,513,968
2013	12,981,695	38,308,972	2,945,150	54,235,817
2014	13,540,945	39,373,366	3,090,107	56,004,418
2015	14,615,168	40,960,942	3,174,174	58,750,284
2016	14,120,158	40,714,914	2,901,943	57,737,015
2017	15,080,258	41,317,871	2,864,329	59,262,458
2018	15,046,525	57,921,583 (1)	2,942,394	75,910,502
2019	16,217,949	61,505,034	3,883,894	81,606,877

(1) The citizens of North Little Rock passed an additional one-cent local sales tax in August 2017 which went into effect on January 1, 2018.

City of North Little Rock, Arkansas
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4

Pre-GASB 54 2010		Post-GASB 54								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,726,519									
Unreserved	<u>13,641,554</u>									
Total general fund	<u>\$ 15,368,073</u>									
All other governmental funds										
Reserved	\$ 8,534,957									
Unreserved, reported in Special revenue funds	<u>3,466,585</u>									
Total all other governmental funds	<u>\$ 12,001,542</u>									
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	6,124,813	750,630	6,477,762	7,911,210	10,995,941	12,308,091	7,609,980	170,288	270,000	270,000
Unassigned	<u>12,164,584</u>	<u>19,279,287</u>	<u>13,971,179</u>	<u>15,543,579</u>	<u>14,738,107</u>	<u>12,449,750</u>	<u>18,277,147</u>	<u>34,017,542</u>	<u>39,975,982</u>	<u>39,975,982</u>
Total general fund	<u>\$ 18,489,397</u>	<u>\$ 20,029,917</u>	<u>\$ 20,448,941</u>	<u>\$ 23,454,789</u>	<u>\$ 25,734,048</u>	<u>\$ 24,757,841</u>	<u>\$ 25,887,127</u>	<u>\$ 34,187,830</u>	<u>\$ 40,245,982</u>	<u>\$ 40,245,982</u>
All other governmental funds										
Restricted	\$ 11,749,049	\$ 3,976,637	\$ 6,399,966	\$ 6,262,519	\$ 10,976,446	\$ 10,473,281	\$ 11,962,162	\$ 16,715,588	\$ 16,459,696	\$ 16,459,696
Committed	-	-	-	-	-	-	-	-	13,480,478	13,480,478
Assigned	-	4,855,689	2,789,243	2,820,114	-	-	-	-	955,629	955,629
Unassigned	<u>(14,418)</u>	<u>-</u>	<u>(932,383)</u>	<u>(19,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,859)</u>	<u>(73,294)</u>	<u>(73,294)</u>
Total all other governmental funds	<u>\$ 11,734,631</u>	<u>\$ 8,832,326</u>	<u>\$ 8,256,826</u>	<u>\$ 9,063,332</u>	<u>\$ 10,976,446</u>	<u>\$ 10,473,281</u>	<u>\$ 11,962,162</u>	<u>\$ 16,647,729</u>	<u>\$ 30,822,509</u>	<u>\$ 30,822,509</u>

City of North Little Rock, Arkansas
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes – sales	\$ 36,374,030	\$ 36,560,908	\$ 37,316,637	\$ 38,107,045	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871	\$ 57,921,583	\$ 61,505,034
Taxes – other	10,769,322	10,595,179	12,214,147	12,561,686	13,175,818	13,630,033	13,953,068	14,724,341	14,993,301	16,203,498
Franchise fees	2,804,943	2,847,350	2,738,721	3,051,992	3,181,670	3,191,694	2,975,695	3,022,080	3,834,205	3,883,894
Fines and forfeitures	2,849,734	2,838,890	3,078,131	3,185,906	2,871,963	2,865,368	2,830,850	2,209,000	2,030,672	2,154,232
Licenses and permits	2,214,334	2,340,852	2,373,004	2,412,887	2,611,210	2,694,459	2,708,444	2,897,123	3,432,168	4,280,681
Charges for services	2,448,895	2,398,741	2,779,080	2,812,186	2,876,666	3,060,506	3,329,287	3,902,037	4,212,316	4,215,752
Intergovernmental	3,436,244	7,800,428	10,039,777	4,072,621	2,424,024	1,608,947	3,033,264	9,267,649	4,398,708	2,803,573
Investment earnings	99,925	61,836	61,029	51,789	75,000	101,692	140,856	143,579	253,047	637,273
Miscellaneous	1,433,890	1,717,391	1,095,215	1,733,171	1,925,236	1,226,722	2,418,217	3,917,791	1,822,856	2,244,764
Total revenues	62,431,317	67,161,575	71,695,741	67,989,283	68,514,953	69,340,363	72,104,595	81,401,471	92,898,856	97,928,701
Expenditures										
General government	7,172,295	7,406,845	7,619,865	8,246,407	7,748,764	7,803,010	8,426,930	9,006,554	9,109,578	12,549,794
Animal shelter	649,812	658,547	710,062	683,836	722,066	758,706	787,006	733,546	800,807	802,112
Community development	1,482,187	3,542,093	4,193,464	1,235,837	981,360	1,145,414	654,364	643,192	287,952	882,737
Emergency services	1,480,167	1,631,521	1,730,048	1,573,784	1,463,989	1,604,573	1,966,098	1,837,787	1,909,070	2,028,599
Fit 2 Live	-	-	-	-	132,481	146,933	155,657	127,210	173,855	184,221
Health	405,558	371,777	404,550	411,868	420,889	196,912	78,071	245,217	121,754	95,281
Main Street Argenta	-	1,230	-	-	-	-	-	-	-	-
Neighborhood services	140,024	133,163	154,354	174,845	158,112	164,090	174,839	204,288	189,592	171,971
Parks and recreation	5,261,496	5,377,248	5,829,907	5,863,535	5,415,227	5,834,379	7,220,455	8,965,828	597,211	8,032,479
Public safety – fire	12,515,780	13,431,245	13,509,556	14,205,145	14,456,478	16,267,613	16,545,450	16,444,094	16,658,888	19,063,092
Public safety – police	18,949,392	19,455,815	20,132,196	21,076,234	20,900,702	21,587,940	22,524,446	23,117,459	23,776,320	23,908,322
Public works	1,238,632	1,033,183	1,025,014	831,751	647,605	849,837	1,070,419	1,147,806	1,028,141	2,613,126
RV Park	56,148	130	-	-	-	-	-	-	-	-
Sanitation	4,179,690	4,400,862	4,750,674	5,441,511	4,452,936	4,436,801	4,441,956	4,471,118	4,598,150	5,108,572
Senior citizens	877,656	796,843	918,477	902,499	926,884	887,376	919,528	1,011,537	902,633	1,094,334
Special appropriations	5,655,359	6,810,267	9,161,600	7,470,713	5,888,389	5,759,614	7,424,577	12,649,392	7,310,799	6,498,909
Street and traffic	4,350,993	4,646,683	5,219,777	5,093,242	4,805,707	4,760,634	5,361,379	6,010,465	14,669,174	5,098,436
Capital outlay	7,333,413	5,308,251	6,285,083	8,697,363	5,492,017	1,611,661	4,376,727	3,706,562	9,525,001	12,320,239
Debt service										
Principal	3,923,735	2,122,129	2,182,711	2,966,550	2,958,304	3,008,807	3,672,012	414,745	442,708	400,551
Interest	209,764	264,788	232,890	170,952	122,712	93,732	46,214	42,282	40,953	48,266
Bond issuance costs	-	-	-	-	-	-	-	-	-	205,274
Total expenditures	75,882,101	77,392,620	84,060,228	85,046,072	77,694,622	76,918,032	85,846,128	90,779,082	92,142,586	101,106,315
Deficiency of revenues under expenditures	(13,450,784)	(10,231,045)	(12,364,487)	(17,056,789)	(9,179,669)	(7,577,669)	(13,741,533)	(9,377,611)	756,270	(3,177,614)
Other Financing Sources (Uses)										
Transfers in	15,100,458	15,372,549	15,675,245	16,926,534	16,637,985	16,643,137	17,885,975	14,283,090	25,832,841	30,273,227
Transfers out	(5,283,326)	(3,587,091)	(3,979,504)	(5,127,861)	(4,927,307)	(4,873,095)	(5,760,814)	(2,290,922)	(13,602,841)	(18,251,657)
Net bond proceeds	7,000,000	1,300,000	-	5,101,640	1,281,347	-	137,000	3,610	-	11,388,976
Total other financing sources	16,817,132	13,085,458	11,695,741	16,900,313	12,992,025	11,770,042	12,262,161	11,995,778	12,230,000	23,410,546
Net change in fund balances	\$ 3,366,348	\$ 2,854,413	\$ (668,746)	\$ (156,476)	\$ 3,812,356	\$ 4,192,373	\$ (1,479,372)	\$ 2,618,167	\$ 12,986,270	\$ 20,232,932
Debt service as a percentage of noncapital expenditures	7.7%	12.7%	8.0%	8.6%	10.5%	10.5%	13.7%	7.8%	0.7%	0.5%

City of North Little Rock, Arkansas
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 6

Year	Taxes Other	Taxes Sales	Utility Franchise Taxes	Total
2010	\$ 10,769,322	\$ 36,191,162	\$ 2,951,717	\$ 49,912,201
2011	10,595,179	36,560,908	2,977,798	50,133,885
2012	12,214,147	37,316,637	2,754,180	132,513,968
2013	12,561,686	38,308,972	2,945,150	53,815,808
2014	13,175,818	39,373,366	3,090,107	55,639,291
2015	13,630,033	40,960,942	3,174,174	57,765,149
2016	13,953,068	40,714,914	2,901,943	57,569,925
2017	14,724,341	41,317,871	2,864,329	58,906,541
2018	14,993,301	57,921,583 (1)	2,942,394	75,857,278
2019	16,203,498	61,505,034	3,883,894	81,592,426

(1) The citizens of North Little Rock passed an additional one-cent local sales tax in August 2017 which went into effect on January 1, 2018.

City of North Little Rock, Arkansas
Assessed and Appraised Value of Taxable Property
Last Ten Fiscal Years

Table 7

Year	Real Property	Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Real	Utility				
2010	\$ 677,038,833	\$ 203,871,945	\$ 47,187,340	\$ 928,098,118	11.45	\$4,616,229,560	20%
2011	697,804,375	218,904,550	48,259,370	964,968,295	11.45	4,800,248,250	20%
2012	696,189,505	247,882,190	49,702,030	993,773,725	11.45	4,943,240,800	20%
2013	734,494,296	256,614,360	57,834,030	1,048,942,686	11.45	5,218,626,690	20%
2014	758,072,584	261,348,185	59,233,420	1,078,654,189	11.45	5,373,637,980	20%
2015	782,619,329	260,164,425	62,071,555	1,104,855,309	11.45	5,500,550,940	20%
2016	796,981,751	282,164,000	62,671,740	1,141,817,491	11.45	5,683,179,740	20%
2017	809,452,684	283,349,520	61,783,970	1,154,586,174	11.45	5,740,783,620	20%
2018	848,276,771	279,631,280	64,942,015	1,192,850,066	11.45	5,930,166,770	20%
2019	875,224,375	291,576,805	64,474,950	1,231,276,130	11.45	6,118,376,710	20%

Source: Pulaski County Tax Assessor.

Note: Tax rates are per \$1,000 of assessed value.

Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts. Both are considered personal PSC accounts.

City of North Little Rock, Arkansas
Property Tax Rates and Tax Levies of Direct and Overlapping Governments
Last Ten Fiscal Years
Local Tax Rates – Per \$1,000 of Assessed Value

Table 8

Year	North Little Rock		Pulaski County		North Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2010	11.45	11.45	7.05	7.05	40.90	40.90	59.40	59.40
2011	11.45	11.45	7.05	7.05	40.90	40.90	59.40	59.40
2012	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2013	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2014	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2015	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2016	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2017	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2018	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2019	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80

Tax Levies

2010	\$ 10,392,566	\$ 39,367,514	\$ 28,623,764	78,383,844
2011	10,595,582	39,822,733	29,378,489	79,796,804
2012	11,017,315	41,139,307	29,909,595	82,066,217
2013	11,345,792	41,681,878	35,006,437	88,034,108
2014	11,976,874	42,943,103	36,560,743	91,480,719
2015	12,325,393	44,246,866	36,373,134	92,945,393
2016	12,620,106	45,136,887	36,560,111	94,317,104
2017	13,040,506	46,834,699	37,375,812	97,251,017
2018	13,181,294	47,282,686	36,866,631	97,330,611
2019	13,614,397	48,949,768	37,642,574	100,206,739

Note: Property assessments are made, tax rates (mileages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year.

Taxes are due and payable on or before October 10. Taxes are recorded as delinquent after October 10 and a 10 percent penalty is added.

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 pension and policemen's pension	1 mill each

City of North Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2019

Table 9

The City of North Little Rock, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes; a two cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of North Little Rock makes up approximately 16 percent of the county population and receives a like proportion of the county tax. In 2019, the 2 cent city sales tax generated revenue of approximately \$35,980,000.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of North Little Rock is not able to identify the top 10 tax payers. However, North Little Rock has a diverse economic sales tax base.

North Little Rock Top Ten 2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
Other general merchandise stores	\$ 4,030,115	11.20%
Full service restaurants	2,768,942	7.70%
Building materials and supplies dealers	2,429,628	6.75%
Grocery stores	2,371,031	6.59%
Electric power generation, transmission, & distribution	1,466,080	4.07%
Electronics and appliance stores	1,241,158	3.45%
Clothing stores	1,072,712	2.98%
Gasoline stations	907,758	2.52%
Restaurants and other eating places	903,951	2.51%
Automotive parts, accessories, & tire stores	843,074	2.34%
Totals	<u>\$ 18,034,449</u>	<u>50.13%</u>

City of North Little Rock, Arkansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year	
		Amount	Percentage of Levy
2010	\$ 10,392,566	\$ 9,931,820	95.57%
2011	10,595,582	10,137,159	95.67%
2012	11,017,315	10,610,692	96.31%
2013	11,345,792	10,880,790	95.90%
2014	11,976,874	11,545,579	96.40%
2015	12,325,393	11,952,517	96.97%
2016	12,620,106	12,068,574	95.63%
2017	13,040,506	12,817,766	98.29%
2018	13,181,294	12,577,036	95.42%
2019	13,614,397	13,492,689	99.11%

Note: Property assessments are made, tax rates (mileages) 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.

City of North Little Rock, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Special Obligation Bonds	Revenue Bonds	Notes Payable	Bond Premium	Revenue Bonds				
2010	\$ -	\$ -	\$ 9,964,816	\$ -	\$ 70,330,000	\$ 80,294,816	3.50%	\$ 1,288.76	
2011	-	-	9,142,687	-	76,585,000 ⁽²⁾	85,727,687	3.60%	1,375.96	
2012	-	-	6,959,976	-	71,780,000	78,739,976	3.12%	1,263.80	
2013	-	-	9,095,301	-	68,845,000	77,940,301	3.16%	1,250.97	
2014	-	-	7,418,344	-	65,790,000	73,208,344	2.84%	1,175.02	
2015	-	-	4,409,537	-	60,115,000	64,524,537	2.45%	1,035.64	
2016	-	-	882,137	-	45,655,000 ⁽³⁾	46,537,137	1.74%	746.94	
2017	-	-	1,926,678	-	41,360,000	43,286,678	1.58%	694.77	
2018	-	-	1,483,969	-	36,450,000	37,933,969	1.34%	608.85	
2019	11,005,000	-	173,418	1,293,976	31,415,000	43,887,394	1.55%	704.41	

Note: Details regarding the City's outstanding debt can be found in *Note 5* to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

(2) In 2011, the City issued revenue bonds of \$16,000,000.

(3) In 2016, the City issued the Electric System Revenue Refunding Bonds Series 2016 in the amount of \$13,850,000. The bonds were issued to refund the Series 201

(4) In 2019, the following transactions occurred:

The City issued Capital Improvement Revenue Bonds Series 2019A in the amount of \$9,305,000.

Tax incremental bonds were issued in the amount of \$790,000 to refinance the cost associated with the creation of the Lower Baring Cross Redevelopment District

City of North Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2019

Table 12

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
City of North Little Rock, Arkansas	\$ 43,887,394	100%	\$ 43,887,394
North Little Rock Public School District	<u>201,310,000</u>	100%	<u>201,310,000</u>
Total direct and overlapping debt	<u>\$ 245,197,394</u>		<u>\$ 245,197,394</u>

City of North Little Rock, Arkansas
Legal Debt Margin Information
Last Ten Years

Table 13

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 232,024,530	\$ 241,242,074	\$ 248,443,431	\$ 262,235,672	\$ 269,663,547	\$ 220,971,062	\$ 228,363,498	\$ 288,646,544	\$ 298,212,517	\$ 307,819,033
Total net debt applicable to limit	<u>9,964,816</u>	<u>7,842,687</u>	<u>10,641,616</u>	<u>7,795,301</u>	<u>6,118,344</u>	<u>3,109,537</u>	<u>882,137</u>	<u>886,677</u>	<u>508,969</u>	<u>173,418</u>
Legal debt margin	<u>\$ 222,059,714</u>	<u>\$ 233,399,387</u>	<u>\$ 237,801,815</u>	<u>\$ 254,440,371</u>	<u>\$ 263,545,203</u>	<u>\$ 217,861,525</u>	<u>\$ 227,481,361</u>	<u>\$ 287,759,867</u>	<u>\$ 297,703,548</u>	<u>\$ 307,645,615</u>
Total net debt applicable to the limit as a percentage of debt limit	4.29%	3.25%	4.28%	2.97%	2.27%	1.41%	0.39%	0.31%	0.17%	0.06%

Legal Debt Margin Calculation for 2019

Assessed value	\$ 1,231,276,130
Debt limit	
General obligation debt limitation (1)	246,255,226
Short-term financing debt limitation (2)	<u>61,563,807</u>
Total debt limitation	<u>307,819,033</u>
Debt applicable to limit	
General obligation and short-term financing	173,418
Less: Amount set aside for repayment in debt services funds	<u>-</u>
Total net debt applicable to limit	<u>173,418</u>
Legal debt margin	<u>\$ 307,645,615</u>

Note: Computation of the City's legal debt margin is set forth in Amendments 78 and 62 to the Constitution of the State of Arkansas.

- (1) General obligation debt is not to exceed 20% of assessed value.
- (2) Short-term financing debt is not to exceed 5% of assessed value.

City of North Little Rock, Arkansas
Pledged Revenue Bond Coverage
Last Ten Years

Table 14

Governmental Activities Revenue Bonds						
2019 Capital Improvement Revenue Bonds						
Debt Service						
Fiscal Year	Pledged Revenues	Principal	Interest	Total	Coverage	
2019	\$ 2,057,055	\$ 37,083	\$ 33,742	\$ 70,825	29	

Special Assessment Bonds						
Debt Service						
Fiscal Year	Pledged Revenues	Principal	Interest	Total	Coverage	
2019	\$ 135,371	\$ 65,000	\$ 37,491	\$ 102,491	1.32	

Business-type Activities Revenue Bonds						
Electric System Revenue Bonds						
Debt Service						
Gross Revenue	Operating	Net Available	Principal	Interest	Total	Coverage
\$93,956,104	\$ 62,115,798	\$ 31,840,306	\$ 5,160,000	\$ 1,021,518	\$ 6,181,518	5.15

Note: Pledged revenue bond coverage is presented starting with fiscal year 2019 and the City will build the 10 year history.

City of North Little Rock, Arkansas
Demographic and Economic Statistics
Last Ten Years

Table 15

Year	Population	Personal Income ⁽²⁾	Per Capita Income ⁽²⁾	Median Age	Percent of Population Age 25+ Grad/ Professional Degree or Higher	School Enrollment	Unemployment Rate
2010	62,304 ⁽¹⁾	\$ 2,296,338,528	\$ 36,857	35.9	8.6	8,862 ⁽³⁾	7.2%
2011	62,304 ⁽¹⁾	2,381,134,272	38,218	36.0	10.4	8,545 ⁽³⁾	7.3%
2012	62,304 ⁽¹⁾	2,520,632,928	40,457	35.9	9.4	8,610 ⁽³⁾	6.7%
2013	62,304 ⁽¹⁾	2,470,228,992	39,648	35.9	10.3	8,553 ⁽³⁾	6.4%
2014	62,304 ⁽¹⁾	2,582,126,976	41,444	36.4	10.2	8,576 ⁽³⁾	5.4%
2015	62,304 ⁽¹⁾	2,636,331,456	42,314	36.5	11.1	8,413 ⁽³⁾	4.5%
2016	62,304 ⁽¹⁾	2,676,766,752	42,963	36.7	11.7	8,405 ⁽³⁾	3.5%
2017	62,304 ⁽¹⁾	2,735,207,904	43,901	36.9	12.1	8,427 ⁽³⁾	3.3%
2018	62,304 ⁽¹⁾	2,835,579,648	45,512	37.3	11.8	8,145 ⁽³⁾	3.3%
2019	62,304 ⁽¹⁾	2,946,167,254	47,287 ⁽⁴⁾	37.3 ⁽⁵⁾	11.8 ⁽⁵⁾	8,076 ⁽³⁾	3.2%

Data Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, Arkansas Department of Education

(1) 2010 Census

(2) Per capita personal income is for the Little Rock - North Little Rock - Conway MSA.

Personal income is a calculation of per capita income multiplied by the population.

(3) North Little Rock School District

(4) Per capita personal income for 2019 estimated on the 3.9 percent increase in per capita personal income in Arkansas, reported by the U.S. Bureau of Economic Analysis.

(5) 2019 information was not available at the time of reporting. The U.S. Census Bureau's 2018 American Community Survey was published September 26, 2019.

City of North Little Rock, Arkansas
North Little Rock Area Principal Employers
Current Year and Ten Years Ago

Table 16

Employer	2019			2010 (1)	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Federal Government	1,932	1	2.93%	-	
North Little Rock School District	1,200	2	1.82%	-	
Union Pacific	1,100	3	1.67%	-	
Baptist Health	1,100	4	1.67%	-	
Maverick Transportation, Inc.	1,065	5	1.62%	-	
City of North Little Rock	952	6	1.44%	-	
Caterpillar	850	7	1.29%	-	
National Guard Professional Education Center	550	8	0.68%	-	
L'Oreal USA Products	450	9	0.83%	-	
Southern Glazer's Wine and Spirits	400	10	0.61%	-	
	<u>9,599</u>		<u>14.57%</u>	<u>-</u>	

Source: Arkansas Economic Development Commission, Dun & Bradstreet, Metro Little Rock Alliance

(1) Information was not available regarding major employers for 2010, but the City is working towards building a 10-year history.

City of North Little Rock, Arkansas
Full-time Equivalent City Government Employees by Function
Last Ten Years

Table 17

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administration	10	10	10	10	9	8	8	8	9	9
City Clerk	4	4	4	4	4	4	4	4	5	5
Code Enforcement	13	13	13	13	13	14	14	14	13	13
Commerce	4	4	4	4	4	4	4	4	4	4
Communications	-	-	-	1	1	1	1	1	1	1
District Court - First Division	9	9	9	9	9	9	9	9	9	8
District Court - Second Division	9	9	9	9	9	9	9	9	9	9
Finance	11	11	11	12	12	13	13	13	14	14
Fiscal Control	2	2	2	-	-	-	-	-	-	-
Human Resources	8	8	8	8	8	8	8	8	8	9
Legal	7	7	8	8	8	8	8	8	8	8
Planning	8	8	8	12	12	12	12	12	12	13
Vehicle Maintenance	13	13	13	13	13	13	13	13	13	13
Animal Shelter	9	9	9	9	9	9	9	9	9	10
Emergency Services	23	25	29	29	32	32	32	32	32	32
Fit 2 Live – Wellness	-	-	-	-	2	1	1	1	1	1
Health	6	5	5	5	5	-	-	-	-	-
Neighborhood Services	2	2	2	2	2	2	2	2	2	2
Fire	151	151	151	151	151	151	175	175	175	166 ⁽¹⁾
Police	238	238	238	238	238	238	239	240	240	239 ⁽²⁾
Public Works	15	15	15	11	10	11	11	11	11	11
Sanitation	42	42	42	41	41	39	39	39	39	39
Senior Citizens Center	7	7	7	8	8	8	8	8	8	8
Total general fund	<u>591</u>	<u>592</u>	<u>597</u>	<u>597</u>	<u>600</u>	<u>594</u>	<u>619</u>	<u>620</u>	<u>622</u>	<u>614</u>
Community Development	6	6	6	6	6	6	5	5	5	5
Electric	103	103	102	102	103	103	101	104	131	134 ⁽³⁾
Information Technology	-	-	-	-	-	-	-	-	-	21 ⁽⁴⁾
Parks & Recreation	61	61	62	63	64	64	71	71	79	85
Street	53	53	53	53	53	53	53	53	58	58
Traffic Services	12	12	12	13	13	13	13	13	13	14
Utilities Accounting	43	43	43	43	43	43	43	43	10	- ⁽³⁾
Total other funds	<u>278</u>	<u>278</u>	<u>278</u>	<u>280</u>	<u>282</u>	<u>282</u>	<u>286</u>	<u>289</u>	<u>296</u>	<u>317</u>
Total personnel	<u>869</u>	<u>870</u>	<u>875</u>	<u>877</u>	<u>882</u>	<u>876</u>	<u>905</u>	<u>909</u>	<u>918</u>	<u>931</u>

(1) The decrease in Fire Department personnel is related to grant funded positions terminated upon expiration of funding.

(2) Five positions moved from the Police Department to the Information Technology Department.

(3) The positions previously in Utilities Accounting were moved to Electric. Additionally, five positions were moved from Electric to the Information Technology Department.

(4) A central Information Technology Department was established.

City of North Little Rock, Arkansas
Operating Indicators by Function
Last Ten Years

Table 18

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Animal Shelter										
Animals Handled	3,209	3,702	3,809	3,668	3,865	3,368	3,350	3,195	3,443	2,557
Adoptions	968	873	841	833	674	668	722	887	968	806
Fire										
Number of uniformed employees	148	148	148	148	148	148	172	172	172	163
Fires and explosions	-	-	-	438	470	555	512	496	519	453
Rescue, emergency medical calls	-	-	-	5,936	6,157	6,605	7,112	7,261	7,044	6,775
Service calls	-	-	-	1,060	1,082	1,066	1,158	1,250	1,340	1,085
False alarm calls	-	-	-	792	802	733	835	857	838	869
Other calls	-	-	-	2,177	2,222	1,833	2,207	2,317	2,325	2,119
Total calls	10,821 (1)	10,981 (1)	10,849 (1)	10,403	10,733	10,940	11,824	12,181	12,066	11,301
Police										
Number of uniformed employees	202	202	202	202	202	202	202	202	201	201
Calls for service	92,538	94,217	97,271	94,671	97,558	94,413	91,273	94,986	109,715	90,058
Arrests	8,138	7,411	7,588	7,765	8,655	8,421	8,176	7,311	7,225	6,862

Sources: Various city departments.

Note: Indicators are not available for the general government function.

(1) Only total calls for service data available

City of North Little Rock, Arkansas
Capital Asset Statistics by Function
Last Ten Years

Table 19

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire Stations	10	10	10	10	10	10	11	11	11	11
Police Stations	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	35	34	34	34	33	31	32	34	35	35
Number of playground areas	46	46	46	46	46	46	47	49	50	51
Number of tennis courts	40	40	40	40	40	40	40	40	40	40
Number of golf courses	3	3	3	3	3	2	2	2	2	2
Number of community centers	5	5	5	5	5	5	5	5	5	5
Number of swimming pools	3	3	3	3	3	3	3	3	3	3
Number of pavilions	49	49	49	49	49	49	49	51	51	51

Source: Various city departments.

Note: No capital asset indicators are available for the general government.

OTHER REQUIRED REPORT

Independent Accountant's Report on Compliance with Certain Arkansas State Acts

Honorable Joe Smith, Mayor
and Members of the City Council
City of North Little Rock, Arkansas

We have examined management's assertions that the City of North Little Rock, Arkansas (City), complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2019.

- (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.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management of the City is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the requirements mentioned above, 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. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of North Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2019.

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

BKD, LLP

Dallas, Texas
August 20, 2020

SINGLE AUDIT SECTION

City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Commerce</u>				
Direct Program:				
<i>Economic Development Cluster</i>				
Investments for Public Works and Economic Development Facilities	11.300	N/A	\$ -	\$ 301,179
<i>Total Economic Development Cluster</i>			-	301,179
Total U. S. Department of Commerce			-	301,179
<u>Department of Housing and Urban Development</u>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	66,999	565,018
<i>Total CDBG - Entitlement Grants Cluster</i>			66,999	565,018
HOME Investment Partnerships Program	14.239	N/A	99,126	194,733
Total Department of Housing and Urban Development			166,125	759,751
<u>Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	N/A	-	14,106
Equitable Sharing Program	16.922	N/A	-	23,575
Total Department of Justice			-	37,681
<u>Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106	N/A	-	33,411
<i>Highway Planning and Construction Cluster</i>				
Passed through from:				
Arkansas Highway Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	61540	-	262,826
		61551	-	22,234
			-	285,060
Recreational Trails Program	20.219	61477	-	243,462
<i>Total Highway Planning and Construction Cluster</i>			-	528,522
<i>Highway Safety Cluster</i>				
Passed through from:				
Arkansas State Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2019-02-02-19	-	23,655
		SE-2019-01-01-19	-	392
			-	24,047
National Priority Safety Programs	20.616	MX-2019-06-06-19	-	692
<i>Total Highway Safety Cluster</i>			-	24,739
Total Department of Transportation			-	586,672

The accompanying notes are an integral part of this Schedule.

City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Homeland Security</u>				
Passed through from:				
Arkansas Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMT-2018-EP-0002-S01	\$ -	\$ 30,559
Direct Programs:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	938,990
Assistance to Firefighters Grant	97.044	N/A	-	117,153
Passed through from:				
Arkansas Department of Emergency Management:				
Homeland Security Grant Program	97.067	LETPA (NLRPD/SWAT)	-	114,741
Total Department of Homeland Security			-	1,201,443
Total Federal Awards Expended			\$ 166,125	\$ 2,886,726

City of North Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of North Little Rock, Arkansas (City). The City's reporting entity is defined in *Note 1* in the City's basic financial statements for the year ended December 31, 2019.

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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

The City's basic financial statements include the operations of the North Little Rock Waste Water Utility, a discretely presented component unit of the City, which expended \$1,176,498 in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2019.

2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City did not have any federal loan programs during the year ended December 31, 2019.

**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

Honorable Mayor and
Members of City Council
City of North Little Rock, Arkansas
North Little Rock, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of North Little Rock, Arkansas (City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 20, 2020, which contained a reference to the reports of other auditors and an emphasis of matter paragraph regarding a restatement of the 2018 financial statements due to a correction of an error.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design 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 City'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.

Honorable Mayor and
Members of City Council
City of North Little Rock, Arkansas
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

The City's response to the finding in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
August 20, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Honorable Mayor and
Members of City Council
City of North Little Rock, Arkansas
North Little Rock, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the City of North Little Rock, Arkansas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the North Little Rock Waste Water Utility, a discretely presented component unit of the City, which expended \$1,176,498 in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the North Little Rock Waste Water Utility because they engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 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.

Honorable Mayor and
Members of City Council
City of North Little Rock, Arkansas
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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.

BKD, LLP

Dallas, Texas
August 20, 2020

City of North Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

7. The City's major federal programs were:

Cluster/Program	CFDA Number(s)
<i>Economic Development Cluster</i>	
Investment for Public Works & Economic Development Facilities	11.300
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee?

Yes No

City of North Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
2019-001	<p>Criteria or Specific Requirement</p> <p>Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP.)</p> <p>Condition: The City’s financial statements required prior period adjustments for proper financial statement presentation. The results of our test work indicated the City did not properly record the net pension liability and related deferred outflows of resources and deferred inflows of resources for two closed pension plans.</p> <p>Cause: Internal controls and review processes were not in place to ensure the financial activity of these plans was properly recorded in the annual financial statements.</p> <p>Effect: The beginning net position of the 2019 government-wide governmental activities were restated in order to conform with GAAP.</p> <p>Recommendation: Management should implement procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with GAAP.</p> <p>View of Responsible Officials: We agree with the finding. See separate report for planned corrective actions.</p>

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

City of North Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

Reference Number	Summary of Finding	Status
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No matters are reportable.