



NORTH LITTLE ROCK FIRE STATION

LEVY 6

City of North Little Rock, Arkansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2020

Cover photo by Mark Potter

Divider photo by NLRFD Lt. Jason Bryant

On the cover:

Fire Station # 6 opened on March 24,2021, combining Old Station #6 on Camp Robinson and Old Station #5 in Park Hill into one new fire station. Engine Company 6 and Newly Designated Rescue 6 make up the companies running out of the new station. Station #6 was designed to incorporate firefighter safety and includes decontamination areas and rooms to help prevent the exposure to carcinogen and cancer. These rooms are the first of their kind in a North Little Rock Fire Station and include a decontamination shower and decontamination washer for firefighter personal protective equipment. The station has a concrete floor throughout to prevent harmful contaminants from settling in a carpeted surface. Fire Station # 6 also has positive pressure ventilation in the turn-out storage area to prevent off-gassing of harmful contaminants, exhaust fans and specialized attachments to the trucks to prevent hazardous diesel fumes from lingering in the station, emergency gas shut offs, and a fully functional sprinkler system. Other features include a huge ventilation fan in the engine room to keep it cool in the summer, a complete drive-thru station to prevent unnecessary backing of apparatus, and a bottle filling station to fill depleted Breathing Apparatus Cylinders.

On the dividers:

The North Little Rock Fire Department's new Pierce Aerial Truck was delivered in June 2020. Truck 7 is located at Station 7 in Lakewood.



**CITY OF NORTH LITTLE ROCK, ARKANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2020**

PREPARED BY:

DEPARTMENT OF FINANCE

Ember Strange, Finance Director

Colleen Young, Assistant Finance Director

Amanda Bonner, Comptroller

Keith Ivey, Accountant

City of North Little Rock, Arkansas

Year Ended December 31, 2020

Table of Contents

	<u>Page</u>
Introductory Section	
Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	v
Organizational Chart	vi
List of Principal Officials	vii
Financial Section	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	19
Proprietary Funds:	
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Fiduciary Fund:	
Statement of Fiduciary Net Position – Fiduciary Fund	23
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	24

City of North Little Rock, Arkansas
Year Ended December 31, 2020

Table of Contents (Continued)

	<u>Page</u>
Discretely Presented Component Units:	
Statement of Net Position – Discretely Presented Component Units.....	25
Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units.....	26
Notes to the Financial Statements	27
<u>Required Supplementary Information:</u>	
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Non-Uniform Plan.....	88
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Police Pension	89
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Fireman’s Pension and Relief Fund	90
Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios – LOPFI.....	91
Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios – APERS	92
Schedule of City’s Contributions – Non-Uniformed Plan	93
Schedule of City’s Contributions – Police Pension	94
Schedule of City’s Contributions – Fireman’s Pension and Relief Fund	95
Schedule of City’s Contributions – LOPFI	96
Schedule of City’s Contributions – APERS	97
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios.....	98
<u>Other Supplementary Information:</u>	
Nonmajor Governmental Funds:	
Combining Balance Sheet	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	102
Special Revenue Funds – Nonmajor:	
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)	104

Table of Contents (Continued)

	<u>Page</u>
Debt Service Funds – Nonmajor:	
Combining Balance Sheet	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	106
Capital Projects Funds – Nonmajor:	
Combining Balance Sheet	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Street Fund	109
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Parks and Recreation Fund.....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Community Development Fund.....	111
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Equitable Sharing Fund.....	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Parks Capital Improvement Fund.....	114
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – Special Projects Infrastructure Fund	115
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget to Actual – 2017 Sales Tax Capital Improvement Fund.....	116
<u>Statistical Section (Unaudited):</u>	
Net Position by Component – Accrual Basis of Accounting.....	118
Changes in Net Position – Accrual Basis of Accounting.....	119
General Governmental Tax Revenues by Source – Accrual Basis of Accounting	121
Fund Balance of Governmental Funds – Modified Accrual Basis of Accounting.....	122
Changes in Fund Balance of Governmental Funds – Modified Accrual Basis of Accounting....	123
General Governmental Tax Revenues by Source – Modified Accrual Basis of Accounting	124
Assessed and Appraised Value of Taxable Property	125
Property Tax Rates and Tax Levies of Direct and Overlapping Governments.....	126

Table of Contents (Continued)

	<u>Page</u>
Principal Sales Taxpayers	127
Property Tax Levies and Collections	128
Ratios of Outstanding Debt by Type	129
Direct and Overlapping Governmental Activities Debt.....	130
Legal Debt Margin Information.....	131
Pledged Revenue Bond Coverage.....	132
Demographic and Economic Statistics	133
North Little Rock Area Principal Employers.....	134
Full-time Equivalent City Government Employees by Function.....	135
Operating Indicator by Function	136
Capital Asset Statistics by Function	137
<u>Other Required Report:</u>	
Independent Accountant’s Report on Compliance with Certain Arkansas State Acts	138
<u>Single Audit Section:</u>	
Schedule of Expenditures of Federal Awards.....	139
Notes to the Schedule of Expenditures of Federal Awards.....	141
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – Independent Auditor’s Report.....	142
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report	144
Schedule of Findings and Questioned Costs.....	147
Summary Schedule of Prior Audit Findings	150



INTRODUCTORY SECTION

EMBER STRANGE
Finance Director



PHONE: (501) 975-8802
FAX: (501) 975-8830
E-mail: estrange@nlr.ar.gov

May 27, 2021

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 of the City of North Little Rock for the fiscal year ended December 31, 2020.

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, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles 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, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of 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. All amendments to the budget which increase the total amount of a fund must be approved by the City Council. 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

The 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 2020. The City's local sales taxes (which represent 66% of General Fund revenue, excluding transfers) increased 2.5% 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 three years of collections, the additional sales tax provided resources of approximately \$53.2 million.

Relevant Financial Policies

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 12/31/20, the General Fund emergency reserve was approximately \$17 million.

Awards and Acknowledgements:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Little Rock for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the first year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated efforts of the City's Assistant Finance Director Colleen Young, Comptroller Amanda Bonner and Accountant Keith Ivey, 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 unflinching support for maintaining the highest standards of professionalism in the management of the City of North Little Rock finances.

Respectfully submitted,



Ember Strange
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Little Rock
Arkansas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF NORTH LITTLE ROCK ORGANIZATIONAL CHART

Citizens of North Little Rock

Amy Fields
City Attorney

Diane Whitbey
City
Clerk/Treasurer

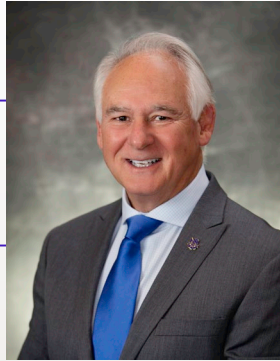
Terry C.
Hartwick
Mayor

City Council

District Judges

Tracy Roulston
Chief of Staff

Department
Directors



Judge Paula Jones
1st District Court

Judge Randy
Morley
2nd District Court

Debi Ross
Ward 1

Nathan
Hamilton
Ward 1

Linda Robinson
Ward 2

Maurice Taylor
Ward 2

Steve Baxter
Ward 3

Ron Harris
Ward 3

Jane Ginn
Ward 4

Charlie Hight
Ward 4



Officials of the City of North Little Rock

Executive Staff

Chief of Staff	Tracy Roulston
Police Chief	Patrick Thessing
Fire Chief	Gerald Tucker
Finance Director	Ember Strange
Electric Department	Scott Springer
Animal Services	David Miles
Code Enforcement	Felicia McHenry
Commerce	Mary Beth Bowman
Communications	Shara Brazear
Community Development	Donna Bryant
Economic Development	Robert Birch
Workforce Development and Placemaking	Todd Larson
Emergency Services	Leonard Montgomery
Engineering	Chris Wilbourn
Community Affairs/Fit 2 Live	Vacant
Hayes Senior Center	Steven Carr
History Commission	Sandra Smith
Human Resources	Betty Anderson
Information Technology	John Barber
Neighborhood Services	Dan Scott
Parks and Recreation	Steve Shields
Planning	Shawn Spencer
Traffic Services and 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 Terry Hartwick, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 89 percent, 86 percent, and 82 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. 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, 2020, 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 beginning net position of the 2020 financial statements for governmental activities were restated for the matters discussed in *Note 13*. 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.

Members of the City Council and
Honorable Terry Hartwick, Mayor
City of North Little Rock, Arkansas
Page 3

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.

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 May 27, 2021, 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
May 27, 2021

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2020

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, 2020. We encourage readers to consider the information presented in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources as of December 31, 2020 by \$193,861,491 (presented as "net position"). Within the total net position, unrestricted is negative \$36,071,740.

- The City's total net position increased by \$27,901,458 in 2020. Net position of governmental activities increased by \$21,851,610 due primarily to the restatement of 2019 due to a change in accounting principle related to net pension liability and related deferred outflows and inflows of resources. Net position of business-type activities increased \$6,049,848.
- As of December 31, 2020, the City's governmental funds reports combined ending fund balances of \$69,508,846 a decrease of \$1,559,645 from 2019. Approximately 57.7 percent of this amount, \$40,116,658 is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2020, the unassigned fund balance for the General Fund was \$40,335,463 or 51.2 percent of total General Fund expenditures.
- As of December 31, 2020, the net position of the proprietary funds totaled \$155,089,170. Net position increased by \$6,049,848 during the year ended December 31, 2020.
- As of December 31, 2020, net position of fiduciary funds was \$53,950,518. There was an increase of \$2,231,277 in the total fiduciary net position held in trust for the year ended December 31, 2020.

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, 2020

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, 2020

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 one type of proprietary fund. An Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its electric operations. 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 pages 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, 2020

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 2020 compared to 2019:

CITY OF NORTH LITTLE ROCK, ARKANSAS
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 85,501,191	\$ 87,668,840	\$ 68,859,001	\$ 64,539,992	\$ 154,360,192	\$ 152,208,832
Capital assets	107,370,743	91,042,328	133,534,875	136,611,767	240,905,618	227,654,095
Total assets	192,871,934	178,711,168	202,393,876	201,151,759	395,265,810	379,862,927
Deferred outflows of resources	23,024,639	13,818,433	1,777,640	1,598,695	24,802,279	15,417,128
Total assets and deferred outflows of resources	\$ 215,896,573	\$ 192,529,601	\$ 204,171,516	\$ 202,750,454	\$ 420,068,089	\$ 395,280,055
Long-term liabilities	\$ 158,900,731	\$ 155,672,079	\$ 32,522,879	\$ 36,421,358	\$ 191,423,610	\$ 192,093,437
Other liabilities	7,594,486	8,328,397	15,148,577	15,626,530	22,743,063	23,954,927
Total liabilities	166,495,217	164,000,476	47,671,456	52,047,888	214,166,673	216,048,364
Deferred inflows of resources	10,629,035	11,608,414	1,410,890	1,663,244	12,039,925	13,271,658
Net Position						
Net investment in capital assets	96,586,369	88,578,170	107,272,083	105,196,767	203,858,452	193,774,937
Restricted	22,964,049	7,545,786	3,110,730	3,166,687	26,074,779	10,712,473
Unrestricted	(80,778,097)	(79,203,245)	44,706,357	40,675,868	(36,071,740)	(38,527,377)
Total net position	38,772,321	16,920,711	155,089,170	149,039,322	193,861,491	165,960,033
Total liabilities, deferred inflows of resources and net position	\$ 215,896,573	\$ 192,529,601	\$ 204,171,516	\$ 202,750,454	\$ 420,068,089	\$ 395,280,055

Prior year comparative information has not been restated for the adjustments recorded at the beginning of fiscal year 2020 for the change in accounting principle.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2020

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$193,861,491 as of December 31, 2020. The largest portion of the City's net position (\$203,858,452 or 105 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, \$26,074,779 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of (\$36,071,740) is unrestricted and is a deficit balance due primarily to the net pension and other postemployment benefit liabilities recorded at year end.

ANALYSIS OF THE CITY'S OPERATIONS

The following table provides a summary of the City's operations for the year ended December 31, 2020 and 2019. Governmental activities increased the City's net position by \$21,851,610 for the year ended December 31, 2020 due to the restatement of 2019 financial statements (see *Note 13*).

Prior year comparative information has not been restated for the adjustments recorded at the beginning of fiscal year 2020 for the change in accounting principle.

At the end of 2020, operating grants and contributions in governmental funds exceeded the prior year by approximately \$5 million. This change is primarily associated with several COVID-19 specific grants the City received in 2020 to respond to the COVID-19 Pandemic as well as reimbursements received in relation to the 2019 flood.

The decrease in public works expense in 2020 is primarily associated with the flood in May and June of 2019.

The primary change in business-type activities is related to the lower cost of power. When the cost of power is lower, this is passed on to customers and which causes a correlated decrease in charges for services.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2020

CITY OF NORTH LITTLE ROCK, ARKANSAS
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 9,009,418	\$ 10,650,665	\$ 87,823,545	\$ 93,442,310	\$ 96,832,963	\$ 104,092,975
Operating grants and contributions	3,207,844	1,035,577	-	-	3,207,844	1,035,577
Capital grants	2,794,546	1,767,996	62,241	1,500,000	2,856,787	3,267,996
General Revenues						
Taxes	78,029,727	77,722,983	-	-	78,029,727	77,722,983
Franchise fees	3,737,046	3,883,894	-	-	3,737,046	3,883,894
Investment Income	462,260	637,273	444,439	513,794	906,699	1,151,067
Miscellaneous	2,545,631	2,176,717	-	-	2,545,631	2,176,717
Total revenues	<u>99,786,472</u>	<u>97,875,105</u>	<u>88,330,225</u>	<u>95,456,104</u>	<u>188,116,697</u>	<u>193,331,209</u>
Expenses						
General government	26,601,470	24,312,352	-	-	26,601,470	24,312,352
Public safety	59,987,367	61,910,602	-	-	59,987,367	61,910,602
Public works	1,782,790	2,650,674	-	-	1,782,790	2,650,674
Street and traffic	7,902,594	6,841,766	-	-	7,902,594	6,841,766
Health and sanitation	5,634,372	5,672,952	-	-	5,634,372	5,672,952
Community development	1,165,136	898,511	-	-	1,165,136	898,511
Culture and recreation	8,985,499	9,191,100	-	-	8,985,499	9,191,100
Interest and agent fees	411,286	315,068	-	-	411,286	315,068
Electric department	-	-	68,631,031	73,179,016	68,631,031	73,179,016
Total expenses	<u>112,470,514</u>	<u>111,793,025</u>	<u>68,631,031</u>	<u>73,179,016</u>	<u>181,101,545</u>	<u>184,972,041</u>
Increases (Decreases) in Net Position Before Transfers	(12,684,042)	(13,917,920)	19,699,194	22,277,088	7,015,152	8,359,168
Transfers	<u>13,649,346</u>	<u>10,621,009</u>	<u>(13,649,346)</u>	<u>(10,621,009)</u>	<u>-</u>	<u>-</u>
Increases (Decreases) in Net Position	<u>965,304</u>	<u>(3,296,911)</u>	<u>6,049,848</u>	<u>11,656,079</u>	<u>7,015,152</u>	<u>8,359,168</u>
Net Position, Beginning of Year, As Previously Reported	16,920,711	-	149,039,322	137,383,243	165,960,033	137,383,243
Change in Accounting Principle (Note 13)	<u>20,886,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,886,306</u>	<u>-</u>
Net Position, Beginning of Year, As Restated	<u>37,807,017</u>	<u>20,217,622</u>	<u>149,039,322</u>	<u>137,383,243</u>	<u>186,846,339</u>	<u>157,600,865</u>
Net Position, End of Year	<u>\$ 38,772,321</u>	<u>\$ 16,920,711</u>	<u>\$ 155,089,170</u>	<u>\$ 149,039,322</u>	<u>\$ 193,861,491</u>	<u>\$ 165,960,033</u>

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 \$69,508,846. Approximately 57.7 percent of this total amount or \$40,116,658 constitutes unassigned fund balances available for spending. The remainder of the fund balances are either nonspendable, restricted, committed, or assigned by designation by management for encumbrances. These amounts are \$1,488,242, \$23,868,682, \$2,995,779, and \$1,039,485, respectively.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2020

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 \$40,335,463 while total fund balance was \$42,093,705. 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 51 percent of total expenditures, while total fund balance represents 53 percent of that same amount. The General Fund's fund balance increased by \$1,847,723 during the current fiscal year. Total revenues decreased approximately \$1,057,000. The primary factor for this increase in fund balance was due to departments being very conservative in their spending. Once the COVID-19 pandemic began the Mayor implemented a spending freeze.

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 \$44,706,357 as of December 31, 2020. The Electric Department's net position increased \$6,049,848. Operations were consistent with prior year.

General Fund Budgetary Highlights

Each January the departments evaluate their outstanding purchase orders that need to be rolled forward to the current year budget. In 2020 there was \$4.3 million in outstanding purchase orders from 2019 rolled forward. The City also made other 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 \$84,319,304 as compared to the original budgeted expenditures of \$72,059,178 an increase of \$12,260,126. The majority of this increase in budgeted expenditures were increases in Public Works of \$2,713,562, Public Safety-Police of \$1,160,762, and Special Appropriations of \$7,481,417. Special appropriations increase was due primarily to three amendments. The first being the purchase order roll, the second being an amendment for \$2,995,851 for the 600 Main Building and lastly a transfer of \$2.6 million to the airport for their expansion project.

Revenue exceeded the general fund original budget by approximately \$2.6 million at the end of 2020. The favorable variance is primarily associated with higher than anticipated sales tax revenues due to the influx of federal assistance to taxpayers to boost the economy.

Expenses in the general fund ended the year approximately \$10.8 million below amended budget. This favorable variance is partially due to the spending freeze the Mayor implemented due to the COVID-19 Pandemic, vacancy savings throughout the year and the timing of the completion of capital projects.

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2020

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$240,905,618 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 \$2,980,328.
- Additions to governmental buildings totaling \$3,502,430.
- Additions to governmental land of \$382,982.
- Additions to governmental vehicles of \$3,465,368.
- Additions to governmental equipment of \$1,820,540.
- Additions to the Electrical system plant and equipment totaling \$7,617,699.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land rights	\$ 8,450,236	\$ 8,942,185	\$ 2,032,960	\$ 2,032,960	\$ 10,483,196	\$ 10,975,145
Construction in progress	19,718,492	9,686,657	6,317,103	7,442,884	26,035,595	17,129,541
Utility system plant and equipment	-	-	305,475,929	297,286,397	305,475,929	297,286,397
Infrastructure	51,778,639	46,363,784	-	-	51,778,639	46,363,784
Buildings	46,087,668	43,460,249	-	-	46,087,668	43,460,249
Land improvements	8,833,695	8,757,916	-	-	8,833,695	8,757,916
Vehicles	27,951,380	25,638,596	-	-	27,951,380	25,638,596
Equipment	29,949,206	28,128,666	-	-	29,949,206	28,128,666
Ships and watercraft	3,673,738	3,673,738	-	-	3,673,738	3,673,738
Accumulated depreciation	(89,072,311)	(83,609,463)	(180,291,117)	(170,150,474)	(269,363,428)	(253,759,937)
Total	\$ 107,370,743	\$ 91,042,328	\$ 133,534,875	\$ 136,611,767	\$ 240,905,618	\$ 227,654,095

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, 2020, the City had \$38,403,003 outstanding debt consisting of revenue bonds, special obligation bond, and notes payable. Of this debt, \$38,147,967 was secured by specific revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 26,432,337	\$ 31,415,000	\$ 26,432,337	\$ 31,415,000
Bonds payable	11,715,630	12,298,976	-	-	11,715,630	12,298,976
Notes payable	255,036	173,418	-	-	255,036	173,418
Total	\$ 11,970,666	\$ 12,472,394	\$ 26,432,337	\$ 31,415,000	\$ 38,403,003	\$ 43,887,394

City of North Little Rock, Arkansas
Management Discussion and Analysis
December 31, 2020

Total long-term bonds and notes payable outstanding at December 31, 2020 decreased by \$5,484,391. The decrease is due primarily to scheduled payments. Series 2020 Electric System Refunding Revenue Bonds were issued in the current year to refund the 2012 bonds which resulted in an economic gain of \$720,652.

Additional information regarding the City's long-term debt can be found in *Note 5* of this report.

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 2021 budget for the General Fund includes budgeted revenues of \$77,202,300, net transfers of \$2,834,907, and expenditures of \$77,202,300.

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 of Net Position
Year Ended December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 54,187,745	\$ 40,948,244	\$ 95,135,989	\$ 9,209,698
Investments	-	3,082,031	3,082,031	10,167,548
Accounts receivable - net of allowance	23,569,885	3,678,475	27,248,360	8,037,608
Prepaid expenses	1,640,028	1,725,640	3,365,668	1,337,400
Inventories	-	3,722,751	3,722,751	30,981
Restricted cash and cash equivalents	3,568,372	10,554,620	14,122,992	2,778,254
Notes receivable	-	1,635,000	1,635,000	175,673
Internal balances	2,535,161	(2,535,161)	-	-
Unbilled revenues	-	6,047,401	6,047,401	-
Capital assets – nondepreciable	28,168,728	8,350,063	36,518,791	16,537,793
Capital assets – depreciable, net	79,202,015	125,184,812	204,386,827	122,533,206
Total assets	<u>192,871,934</u>	<u>202,393,876</u>	<u>395,265,810</u>	<u>170,808,161</u>
Deferred Outflows of Resources				
Deferred loss on refunding	-	169,545	169,545	-
Deferred amount related to pensions	22,294,056	1,507,549	23,801,605	2,780,478
Deferred amount related to OPEB	730,583	100,546	831,129	-
Total deferred outflows of resources	<u>23,024,639</u>	<u>1,777,640</u>	<u>24,802,279</u>	<u>2,780,478</u>
Total assets and deferred outflows of resources	<u>\$ 215,896,573</u>	<u>\$ 204,171,516</u>	<u>\$ 420,068,089</u>	<u>\$ 173,588,639</u>
Liabilities				
Accounts payable	\$ 2,160,292	\$ 1,544,524	\$ 3,704,816	\$ 667,632
Accrued expenses	3,910,326	663,419	4,573,745	3,506,756
Unearned revenue	21,949	-	21,949	-
Accrued interest	70,629	190,442	261,071	-
Noncurrent liabilities				
Due within one year				
Bonds payable	530,000	5,507,807	6,037,807	3,430,003
Notes payable	64,156	-	64,156	-
Accrued compensated absences	701,059	95,006	796,065	869,215
Total OPEB liability	136,075	-	136,075	-
Customer deposits	-	7,147,379	7,147,379	-
Due in more than one year				
Bonds payable, net of amortized premium	11,185,630	20,924,530	32,110,160	42,721,590
Notes payable	190,880	-	190,880	-
Reserve for bio-solids disposal	-	-	-	1,685,690
Net pension liability	130,830,544	9,139,491	139,970,035	4,949,815
Total OPEB liability	5,847,850	704,806	6,552,656	140,768
Accrued compensated absences	10,845,827	1,754,052	12,599,879	269,731
Total liabilities	<u>166,495,217</u>	<u>47,671,456</u>	<u>214,166,673</u>	<u>58,241,200</u>
Deferred Inflows of Resources				
Deferred amounts related to pensions	10,352,397	1,269,862	11,622,259	983,776
Deferred amount related to OPEB	276,638	141,028	417,666	-
Total deferred inflows of resources	<u>10,629,035</u>	<u>1,410,890</u>	<u>12,039,925</u>	<u>983,776</u>
Net Position				
Net investment in capital assets	96,586,369	107,272,083	203,858,452	90,004,175
Restricted				
Debt service	904,655	3,110,730	4,015,385	3,502,244
Capital projects	16,367,103	-	16,367,103	-
Street and traffic	3,958,187	-	3,958,187	-
Parks and recreation	937,339	-	937,339	-
Police – equitable sharing	126,187	-	126,187	-
Drainage improvement	670,578	-	670,578	-
Airport	-	-	-	3,033,646
Library	-	-	-	33,296
Unrestricted	(80,778,097)	44,706,357	(36,071,740)	17,790,302
Total net position	<u>38,772,321</u>	<u>155,089,170</u>	<u>193,861,491</u>	<u>114,363,663</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 215,896,573</u>	<u>\$ 204,171,516</u>	<u>\$ 420,068,089</u>	<u>\$ 173,588,639</u>

City of North Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2020

Functions/Programs Primary Government	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		
Governmental activities								
General government	\$ 26,601,470	\$ 4,202,639	\$ 507,405	\$ 74,988	\$ (21,816,438)	\$ -	\$ (21,816,438)	\$ -
Public safety	59,987,367	2,258,289	2,531,957	257,343	(54,939,778)	-	(54,939,778)	-
Public works	1,782,790	-	-	1,001,184	(781,606)	-	(781,606)	-
Street and traffic	7,902,594	67,987	-	-	(7,834,607)	-	(7,834,607)	-
Health and sanitation	5,634,372	1,100,416	2,500	29,223	(4,502,233)	-	(4,502,233)	-
Community development	1,165,136	-	-	1,055,498	(109,638)	-	(109,638)	-
Culture and recreation	8,985,499	1,380,087	165,982	376,310	(7,063,120)	-	(7,063,120)	-
Interest and fiscal charges on long-term debt	411,286	-	-	-	(411,286)	-	(411,286)	-
Total governmental activities	112,470,514	9,009,418	3,207,844	2,794,546	(97,458,706)	-	(97,458,706)	-
Business-type activities								
Electric Department	68,631,031	87,823,545	-	62,241	-	19,254,755	19,254,755	-
Total business-type activities	68,631,031	87,823,545	-	62,241	-	19,254,755	19,254,755	-
Total primary government	\$ 181,101,545	\$ 96,832,963	\$ 3,207,844	\$ 2,856,787	(97,458,706)	19,254,755	(78,203,951)	-
Total component units	\$ 30,000,319	\$ 23,870,480	\$ 4,483,291	\$ 238,013	-	-	-	(1,408,535)
General revenues								
Taxes – sales					62,161,298	-	62,161,298	6,803,328
Taxes – other					15,868,429	-	15,868,429	3,395,437
Utility franchise taxes					3,737,046	-	3,737,046	-
Investment income					462,260	444,439	906,699	165,509
Other					2,545,631	-	2,545,631	69,090
Transfers					13,649,346	(13,649,346)	-	-
Total general revenues and transfers					98,424,010	(13,204,907)	85,219,103	10,433,364
Change in Net Position					965,304	6,049,848	7,015,152	9,024,829
Net Position, Beginning of Year, As Previously Reported					16,920,711	149,039,322	165,960,033	105,338,834
Change in Accounting Principle (Note 13)					20,886,306	-	20,886,306	-
Net Position, Beginning of Year, As Restated					37,807,017	149,039,322	186,846,339	105,338,834
Net Position, End of Year					\$ 38,772,321	\$ 155,089,170	\$ 193,861,491	\$ 114,363,663

City of North Little Rock, Arkansas
Balance Sheet – Governmental Funds
December 31, 2020

	General Fund	2017 Sales Tax Capital Improvement	Total Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 31,803,043	\$ 14,565,775	\$ 7,818,927	\$ 54,187,745
Property taxes receivable - net of allowance	8,506,264	-	1,943,117	10,449,381
Sales tax receivable	10,060,211	-	1,710,977	11,771,188
Franchise tax receivable	475,591	-	-	475,591
Accounts receivable	143,501	-	5,535	149,036
Due from other governments	-	-	724,689	724,689
Due from other funds	7,230,643	2,631,260	2,092,310	11,954,213
Prepaid expenses	1,488,242	-	151,786	1,640,028
Restricted cash equivalents	-	-	3,568,372	3,568,372
Total assets	\$ 59,707,495	\$ 17,197,035	\$ 18,015,713	\$ 94,920,243
Liabilities				
Accounts payable	\$ 779,799	\$ 551,098	\$ 829,395	\$ 2,160,292
Accrued expenses	3,735,292	-	175,034	3,910,326
Unearned revenue	21,949	-	-	21,949
Due to other funds	5,022,807	278,834	4,117,411	9,419,052
Total liabilities	\$ 9,559,847	\$ 829,932	\$ 5,121,840	\$ 15,511,619
Deferred Inflows of Resources				
Unavailable revenues – property taxes	8,053,943	-	1,845,835	9,899,778
Total deferred inflows of resources	\$ 8,053,943	\$ -	\$ 1,845,835	\$ 9,899,778
Fund Balances				
Nonspendable	\$ 1,488,242	\$ -	\$ -	\$ 1,488,242
Restricted				
Capital projects	-	16,367,103	2,750,468	19,117,571
Debt service	-	-	723,369	723,369
Street and traffic	-	-	2,293,638	2,293,638
Parks and recreation	-	-	937,339	937,339
Police – equitable sharing	-	-	126,187	126,187
Drainage improvement	-	-	670,578	670,578
Committed	-	-	2,995,779	2,995,779
Assigned	270,000	-	769,485	1,039,485
Unassigned	40,335,463	-	(218,805)	40,116,658
Total fund balances	\$ 42,093,705	\$ 16,367,103	\$ 11,048,038	\$ 69,508,846
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,707,495	\$ 17,197,035	\$ 18,015,713	\$ 94,920,243

City of North Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total fund balances – governmental funds	\$ 69,508,846
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	107,370,743
Property taxes are recognized as revenue in the period in which levied in the government-wide financial statements, but are reported as unavailable revenue in the governmental funds.	9,899,778
Interest accrued on long-term debt in governmental activities are not due and payable in the current period and therefore is not reported in the governmental funds	(70,629)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Accrued compensated absences	(11,546,886)
Total OPEB liability	(5,983,925)
Net Pension Liability	(130,830,544)
Bonds payable, including premiums	(11,715,630)
Notes payable	(255,036)
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>12,395,604</u>
Net position of governmental activities	<u>\$ 38,772,321</u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
Year Ended December 31, 2020

	General Fund	2017 Sales Tax Capital Improvement	Total Nonmajor Funds	Total
Revenues				
Taxes – sales	\$ 51,757,746	\$ -	\$ 10,139,278	\$ 61,897,024
Taxes – other	14,076,241	-	1,792,188	15,868,429
Franchise fees	3,737,046	-	-	3,737,046
Fines and forfeitures	1,843,421	-	-	1,843,421
Licenses and permits	4,002,867	-	9,562	4,012,429
Charges for services	1,880,880	-	1,272,688	3,153,568
Intergovernmental	209,028	-	5,795,866	6,004,894
Investments earnings	281,525	82,640	98,095	462,260
Miscellaneous	1,604,213	1,262	877,969	2,483,444
	<u>\$ 79,392,967</u>	<u>\$ 83,902</u>	<u>\$ 19,985,646</u>	<u>\$ 99,462,515</u>
Total revenues				
Expenditures				
General government				
Administration	\$ 2,042,700	\$ -	\$ 102,381	\$ 2,145,081
City clerk	382,668	-	-	382,668
Code enforcement	1,100,753	-	-	1,100,753
Commerce	312,621	-	-	312,621
Communication	200,437	-	-	200,437
Finance	957,223	-	-	957,223
Information technology	3,837,478	-	-	3,837,478
1st district court	544,545	-	-	544,545
2nd district court	506,590	-	-	506,590
Legal	674,489	-	-	674,489
Human resources	757,645	-	-	757,645
Planning	948,949	-	-	948,949
Vehicle maintenance	1,054,056	-	-	1,054,056
Total general government	<u>13,320,154</u>	<u>-</u>	<u>102,381</u>	<u>13,422,535</u>
Animal shelter	749,860	-	-	749,860
Community development	-	-	1,149,897	1,149,897
Emergency services	1,886,906	-	134,117	2,021,023
Fit 2 live	189,047	-	119	189,166
Health	104,319	-	29,223	133,542
Neighborhood services	169,060	-	-	169,060
Parks and recreation	-	-	7,672,299	7,672,299
Public safety – fire	18,580,948	-	105,327	18,686,275
Public safety – police	24,461,805	-	108,621	24,570,426
Public works	1,530,791	-	215,832	1,746,623
Sanitation	4,987,955	-	-	4,987,955
Senior citizens	1,054,989	-	-	1,054,989
Special appropriations	7,464,739	-	-	7,464,739
Street and traffic	-	-	6,004,037	6,004,037
Capital outlay	4,340,572	4,050,369	15,342,430	23,733,371
Debt Service				
Principal	-	-	682,284	682,284
Interest and agent fees	-	-	487,327	487,327
Total expenditures	<u>78,841,145</u>	<u>4,050,369</u>	<u>32,033,894</u>	<u>114,925,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>551,822</u>	<u>(3,966,467)</u>	<u>(12,048,248)</u>	<u>(15,462,893)</u>
Other Financing Sources (Uses)				
Notes issued	-	-	253,902	253,902
Transfers in	16,547,850	9,203,542	6,509,511	32,260,903
Transfers out	(15,251,949)	-	(3,359,608)	(18,611,557)
Total other financing sources (uses)	<u>1,295,901</u>	<u>9,203,542</u>	<u>3,403,805</u>	<u>13,903,248</u>
Net Change in Fund Balances	1,847,723	5,237,075	(8,644,443)	(1,559,645)
Fund Balances, Beginning of the Year	<u>40,245,982</u>	<u>11,130,028</u>	<u>19,692,481</u>	<u>71,068,491</u>
Fund Balances, End of the Year	<u>\$ 42,093,705</u>	<u>\$ 16,367,103</u>	<u>\$ 11,048,038</u>	<u>\$ 69,508,846</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, 2020

Net change in fund balances – total governmental funds	\$ (1,559,645)
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	23,733,371
Retirements	59,683
Depreciation expense	(7,464,639)
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.	
	264,274
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.	
	(384,661)
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.	
	(14,187,502)
Interest accrued on notes payable in governmental activities are not due and payable and therefore are not reported as expenditures in the governmental funds. This is the net change in accrued interest payable.	
	2,695
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 premiums, discounts 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:	
Notes payable	(253,902)
Principal payments:	
Notes payable	172,284
Bonds payable	510,000
Bond premium amortization	73,346
	965,304
Change in net position of governmental activities	\$ 965,304

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual – General Fund
December 31, 2020

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 49,065,000	\$ -	\$ 49,065,000	\$ 51,757,746	\$ 2,692,746
Taxes – other	8,157,200	280,000	8,437,200	14,076,241	5,639,041
Franchise Fees	3,011,000	-	3,011,000	3,737,046	726,046
Fines and forfeitures	2,141,750	-	2,141,750	1,843,421	(298,329)
Licenses and permits	4,094,500	-	4,094,500	4,002,867	(91,633)
Charges for services	2,634,830	-	2,634,830	1,880,880	(753,950)
Intergovernmental	4,500,000	378,000	4,878,000	209,028	(4,668,972)
Investments earnings	93,000	-	93,000	281,525	188,525
Miscellaneous	1,344,950	1,095,515	2,440,465	1,604,213	(836,252)
Total revenues	\$ 75,042,230	\$ 1,753,515	\$ 76,795,745	\$ 79,392,967	\$ 2,597,222
Expenditures					
General Government					
Administration	\$ 2,472,659	\$ 21,080	\$ 2,493,739	\$ 2,042,700	\$ 451,039
City clerk	381,245	16,587	397,832	382,668	15,164
Code enforcement	1,140,329	6,594	1,146,923	1,100,753	46,170
Commerce	320,274	2,418	322,692	312,621	10,071
Communication	198,010	708	198,718	200,437	(1,719)
Finance	1,120,209	7,082	1,127,291	957,223	170,068
Information technology	3,723,183	93,192	3,816,375	3,837,478	(21,103)
1st District Court	669,165	6,163	675,328	544,545	130,783
2nd District Court	616,557	5,733	622,290	506,590	115,700
Legal	839,230	7,045	846,275	674,489	171,786
Human Resources	849,062	5,249	854,311	757,645	96,666
Planning	1,022,293	44,335	1,066,628	948,949	117,679
Vehicle Maintenance	1,052,440	6,864	1,059,304	1,054,056	5,248
Total general government	14,404,656	223,050	14,627,706	13,320,154	1,307,552
Animal Shelter	889,964	4,669	894,633	749,860	144,773
Emergency Services	2,354,493	15,733	2,370,226	1,886,906	483,320
Fit 2 live	223,315	3,134	226,449	189,047	37,402
Health	87,485	15,000	102,485	104,319	(1,834)
Neighborhood Services	190,764	1,120	191,884	169,060	22,824
Public Safety – Fire	18,665,516	691,948	19,357,464	18,580,948	776,516
Public Safety – Police	23,720,270	1,160,762	24,881,032	24,461,805	419,227
Public Works	1,336,968	2,713,562	4,050,530	1,530,791	2,519,739
Sanitation	5,365,569	15,633	5,381,202	4,987,955	393,247
Senior Citizens	1,190,747	27,290	1,218,037	1,054,989	163,048
Special Appropriations	7,352,614	7,481,417	14,834,031	7,464,739	7,369,292
Capital Outlay	-	-	-	4,340,572	(4,340,572)
Total expenditures	75,782,361	12,353,318	88,135,679	78,841,145	9,294,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	(740,131)	(10,599,803)	(11,339,934)	551,822	11,891,756
Other Financing Sources (Uses)					
Transfers In	12,000,000	2,530,341	14,530,341	16,547,850	2,017,509
Transfers Out	(14,980,805)	-	(14,980,805)	(15,251,949)	(271,144)
Total other financing sources (uses)	(2,980,805)	2,530,341	(450,464)	1,295,901	1,746,365
Net Change in Fund Balance	(3,720,936)	(8,069,462)	(11,790,398)	1,847,723	13,638,121
Fund Balance, Beginning of the Year	40,245,982	-	40,245,982	40,245,982	-
Fund Balance, End of the Year	\$ 36,525,046	\$ (8,069,462)	\$ 28,455,584	\$ 42,093,705	\$ 13,638,121

City of North Little Rock, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2020

	<u>Business-Type Activities Enterprise Fund Electric Department</u>
Assets	
Current Assets	
Cash & cash equivalents	\$ 40,948,244
Investments	3,082,031
Accounts receivable – net of allowance	3,662,445
Other receivables	16,030
Due from other funds	290,582
Unbilled revenues	6,047,401
Materials and supplies	3,722,751
Prepaid expenses	1,725,640
Total current assets	<u>59,495,124</u>
Noncurrent Assets	
Restricted cash & cash equivalents	10,554,620
Notes Receivable	1,635,000
Capital Assets	
Capital assets	313,825,992
Less: accumulated depreciation	<u>(180,291,117)</u>
Total capital assets – net	<u>133,534,875</u>
Total noncurrent assets	<u>145,724,495</u>
Total assets	<u>\$ 205,219,619</u>
Deferred Outflows of Resources	
Deferred loss on refunding	\$ 169,545
Deferred amount related to pensions	1,507,549
Deferred amount related to OPEB	100,546
Total deferred outflows of resources	<u>1,777,640</u>
Total assets and deferred outflows of resources	<u>\$ 206,997,259</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 1,544,524
Accrued expenses and other liabilities	663,419
Due to other funds	2,825,743
Bonds payable – current portion	5,507,807
Accrued compensated absences – current portion	95,006
Accrued interest payable	190,442
Total current liabilities	<u>10,826,941</u>
Noncurrent Liabilities	
Customer deposits payable	7,147,379
Net pension liability	9,139,491
Total OPEB liability	704,806
Accrued compensated absences – noncurrent portion	1,754,052
Bonds payable – noncurrent portion	20,924,530
Total noncurrent liabilities	<u>39,670,258</u>
Total liabilities	<u>50,497,199</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	1,269,862
Deferred amount related to OPEB	141,028
Total deferred inflows of resources	<u>1,410,890</u>
Net Position	
Net investment in capital assets	107,272,083
Restricted - expendable	3,110,730
Unrestricted net position	44,706,357
Total net position	<u>155,089,170</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 206,997,259</u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities Enterprise Fund Electric Department
Operating Revenues	
Sales of electricity, net of uncollectible accounts	\$ 86,010,755
Penalty income	934,538
Miscellaneous income	878,252
Total revenues	87,823,545
Operating Expenses	
Salaries and fringe benefits	9,666,504
Purchased electricity	40,112,092
Maintenance	2,850,060
Franchise tax	709,617
Depreciation	11,038,516
Other services and charges	3,669,428
Total operating expenses	68,046,217
Operating Income	19,777,328
Nonoperating Revenues (Expenses)	
Interest and investment income	444,439
Interest expense	(443,426)
Bond issuance cost	(137,888)
Trustee fees	(3,500)
Intergovernmental revenue	62,241
Total nonoperating revenues (expenses)	(78,134)
Income Before Transfers Out	19,699,194
Transfers Out	(13,649,346)
Change in Net Position	6,049,848
Net Position, Beginning of Year	149,039,322
Net Position, End of Year	\$ 155,089,170

City of North Little Rock, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities Enterprise Fund Electric Department
Cash Flows from Operating Activities	
Receipts from customers	\$ 86,954,259
Payments to vendors	(4,601,153)
Payments for purchase of electricity	(40,112,092)
Payments for taxes	(709,617)
Payments to employees	(8,502,868)
Net cash flows provided by operating activities	33,028,529
Cash Flows from Noncapital Financing Activities	
Transfers to other funds	(13,649,346)
Repayment of loans to other funds	65,000
Net cash flows used by noncapital financing activities	(13,584,346)
Cash Flows from Capital and Related Financing Activities	
Repayment of long-term debt and bonds payable	(4,982,663)
Purchase of property, plant and equipment	(7,961,624)
Interest paid	(838,845)
Bond issuance cost	(137,888)
Trustee payments	(3,500)
Proceeds from grants	62,241
Net cash flows used by capital and related financing activities	(13,862,279)
Cash flows from investing activities	
Proceeds from sale of investments	12,021,132
Purchase of investments	(2,000,000)
Interest on investments	444,439
Net cash flows provided by investing activities	10,465,571
Net Increase in Cash and Cash Equivalents	16,047,475
Cash and Cash Equivalents, Beginning of the Year	35,455,389
Cash and Cash Equivalents, End of the Year	\$ 51,502,864
Reconciliation of Operating Income to Net Cash Provided from Operating Activities	
Operating income	\$ 19,777,328
Adjustments to Reconcile Operating Income to Net Cash Provided from (Used By) Operating Activities	
Depreciation expense	11,038,516
(Increase) Decrease in assets and deferred outflows of resources:	
Accounts receivable	(593,183)
Unbilled revenues	(276,103)
Prepaid expenses	177,312
Inventory	(491,435)
Deferred outflows of resources	(9,400)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	1,717,628
Accrued expenses	9,651
Customer deposits payable	505,179
Pension and OPEB	1,299,484
Compensated absences	125,906
Deferred inflows of resources	(252,354)
Net cash provided by operating activities	\$ 33,028,529

City of North Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Fund
December 31, 2020

	<u>Pension Trust Non-Uniform Employees Retirement Fund</u>
Assets	
Cash and cash equivalents	\$ 2,668,629
Investments, at fair value	
Mutual funds	16,161,117
Equities	34,549,196
Corporate bonds	416,372
Other assets	<u>155,204</u>
 Total assets	 <u>53,950,518</u>
Net Position	
Net position – restricted for pensions	<u>\$ 53,950,518</u>
 Total net position	 <u><u>\$ 53,950,518</u></u>

City of North Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
For the Year Ended December 31, 2020

	Pension Trust Non-Uniform Employees Retirement Fund
Additions	
Contributions	
Employer	\$ 2,741,804
Members	1,370,902
Total contributions	4,112,706
Investment income	
Interest and dividend income	1,034,787
Appreciation in fair value of investments	1,118,328
Less investment expense	(183,860)
Net investment gain	1,969,255
Total additions	6,081,961
Deductions	
Benefits paid to participants	3,774,079
Administrative expenses	76,605
Total deductions	3,850,684
Change in Net Position	2,231,277
Net Position Restricted for Pension Benefits, Beginning of Year	51,719,241
Net Position Restricted for Pension Benefits, End of Year	\$ 53,950,518

City of North Little Rock, Arkansas
Statement Net Position – Discretely Presented Component Units
December 31, 2020

	Major Component Units			Nonmajor Component Unit	Total Component Units
	Waste Water Utility	William F. Laman Public Library	Airport Commission	Advertising and Promotion Commission	
Assets					
Cash and cash equivalents	\$ 2,269,225	\$ 3,484,101	2,815,394	\$ 640,978	\$ 9,209,698
Investments	9,716,916	-	-	450,632	10,167,548
Accounts receivable, net of allowance	4,032,543	3,661,094	343,040	931	8,037,608
Prepaid expenses and other	81,053	421,542	12,491	65,028	580,114
Inventories	30,677	304	-	-	30,981
Total current assets	16,130,414	7,567,041	3,170,925	1,157,569	28,025,949
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	2,232,850	-	-	-	2,232,850
Certificates of deposits	512,108	33,296	-	-	545,404
Other assets	757,286	-	-	-	757,286
Notes receivable	175,673	-	-	-	175,673
Capital assets, net	128,203,154	879,463	6,667,466	3,320,916	139,070,999
Total noncurrent assets	131,881,071	912,759	6,667,466	3,320,916	142,782,212
Total assets	148,011,485	8,479,800	9,838,391	4,478,485	170,808,161
Deferred Outflows of Resources					
Deferred outflows from pensions	2,251,234	301,355	26,478	201,411	2,780,478
Total deferred outflows of resources	2,251,234	301,355	26,478	201,411	2,780,478
Total assets and deferred outflows of resources	\$ 150,262,719	\$ 8,781,155	\$ 9,864,869	\$ 4,679,896	\$ 173,588,639
Current Liabilities					
Accounts payable	\$ 587,360	\$ 61,527	10,154	\$ 8,591	\$ 667,632
Other accrued liabilities	584,998	-	6,527	2,915,231	3,506,756
Bonds payable - current portion	3,430,003	-	-	-	3,430,003
Compensated absences	841,170	28,045	-	-	869,215
Total current liabilities	5,443,531	89,572	16,681	2,923,822	8,473,606
Noncurrent Liabilities					
Bonds payable – noncurrent portion	42,721,590	-	-	-	42,721,590
Reserve for bio-solids disposal	1,685,690	-	-	-	1,685,690
Net pension liability	2,451,855	1,626,244	130,100	741,616	4,949,815
Total OPEB liability	140,768	-	-	-	140,768
Compensated absences	-	158,922	-	110,809	269,731
Total noncurrent liabilities	46,999,903	1,785,166	130,100	852,425	49,767,594
Total liabilities	52,443,434	1,874,738	146,781	3,776,247	58,241,200
Deferred Inflows of Resources					
Deferred inflows from pensions	617,194	336,408	16,976	13,198	983,776
Total deferred inflows of resources	617,194	336,408	16,976	13,198	983,776
Net Position					
Net investment in capital assets	82,051,561	879,463	6,667,466	405,685	90,004,175
Restricted - expendable	3,502,244	-	3,033,646	-	6,535,890
Restricted - nonexpendable	-	33,296	-	-	33,296
Unrestricted	11,648,286	5,657,250	-	484,766	17,790,302
Total net position	97,202,091	6,570,009	9,701,112	890,451	114,363,663
Total liabilities, deferred inflows of resources and net position	\$ 150,262,719	\$ 8,781,155	\$ 9,864,869	\$ 4,679,896	\$ 173,588,639

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, 2020

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	\$ 3,368,590	\$ 57,179	\$ 345,952	\$ -	\$ -	\$ (2,965,459)	\$ -	\$ -	\$ (2,965,459)
Advertising & Promotion	7,202,766	363,721	-	-	-	-	-	(6,839,045)	(6,839,045)
Total governmental activities	10,571,356	420,900	345,952	-	-	(2,965,459)	-	(6,839,045)	(9,804,504)
Business-type Activities									
Waste Water Utility	18,843,428	23,087,092	1,506,807	-	5,750,471	-	-	-	5,750,471
Airport Commission	585,535	362,488	2,630,532	238,013	-	-	2,645,498	-	2,645,498
Total business-type activities	19,428,963	23,449,580	4,137,339	238,013	5,750,471	-	2,645,498	-	8,395,969
Total component units	\$ 30,000,319	\$ 23,870,480	\$ 4,483,291	\$ 238,013	5,750,471	(2,965,459)	2,645,498	(6,839,045)	(1,408,535)
General revenues									
Taxes - other	-	-	-	-	-	3,395,437	-	-	3,395,437
Taxes - sales	-	-	-	-	-	-	6,372	6,796,956	6,803,328
Investment income	-	-	-	-	150,370	-	7,493	7,646	165,509
Other	-	-	-	-	5,066	6,339	-	57,685	69,090
Total general revenues	-	-	-	-	155,436	3,401,776	13,865	6,862,287	10,433,364
Change in Net Position					5,905,907	436,317	2,659,363	23,242	9,024,829
Net Position, Beginning of Year					91,296,184	6,133,692	7,041,749	867,209	105,338,834
Net Position, End of Year					\$ 97,202,091	\$ 6,570,009	\$ 9,701,112	\$ 890,451	\$ 114,363,663

Notes to Basic Financial Statements

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2020

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.

Under the provisions of GASB Statement No. 84, *Fiduciary Activities*, which was adopted by the City in 2020, The Retirement System of The City of North Little Rock (The Non-Uniformed Employees Retirement Plan) is presented as a fiduciary component unit in the City's fiduciary fund statements. The plan has been reported as a pension trust fund in prior years and, under GASB 84, continues to be reported as a pension trust fund. No other changes in financial presentation resulted from the adoption of GASB 84.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2020

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.

There were no other significant transactions between the major component units and the City or its other component unit in 2020.

Nonmajor Component Units

North Little Rock Advertising and Promotion Commission - The governing body of the commission is appointed by the City Council. The City has the power to impose its will on the Commission. The Commission serves as the sales and advertising office for the City's tourism industry.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2020

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.

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.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2020

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.

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.

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
Notes to the Financial Statements
December 31, 2020

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, 2020

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 2020 to reflect actual expenditures. 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
December 31, 2020

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 \$1,635,000 as of December 31, 2020. The note is payable annually over the next nine years. The stated interest rate per the note is 5.25 percent.

Allowances have been established for December 31, 2020:

Primary Government

General Fund	\$ 700,343
Street Fund	144,743
Baring Cross Debt Service	9,541
Electric Department	761,089

Component Units

Waste Water Utility	\$ 10,000
---------------------	-----------

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

December 31, 2020

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
December 31, 2020

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 between projected and actual earnings, the difference in assumption changes, 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

December 31, 2020

The City also has deferred outflows related to loss on bond refunding which will be amortized over the life of the refunding bond or new bond, whichever is shorter.

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, the difference in assumption changes, the net difference in investment experience between actual earnings and projected earnings on 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, 2020. 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
Notes to the Financial Statements
December 31, 2020

Committed fund balance - Committed fund balances may be used only for the specific purposes determined by ordinance of the City Council. Commitments may be changed or lifted only by issuance of an ordinance by the City Council.

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.

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, 2020, none of the City's primary government bank balances were exposed to custodial credit risk.

At December 31, 2020, 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
December 31, 2020

Summary of Carrying Values

Carrying Values	<u>Primary Government</u>
Deposits	\$ 86,229,231
Investments	<u>79,907,095</u>
Total	<u><u>\$ 166,136,326</u></u>

Included in the following statement of net position captions:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 95,135,989
Investments	3,082,031
Restricted cash and investments	
Cash and cash equivalents	14,122,992
Fiduciary funds	<u>53,795,314</u>
Total	<u><u>\$ 166,136,326</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
Notes to the Financial Statements
December 31, 2020

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, 2020, 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. agencies obligations	\$ 3,082,031	\$ 3,082,031	\$ -	\$ -	\$ -
Corporate bonds	416,372	416,372	-	-	-
Mutual funds	16,161,117	-	16,161,117	-	-
Money market mutual funds	25,698,379	25,698,379	-	-	-
Exchange traded funds	34,549,196	-	34,549,196	-	-
	<u>\$ 79,907,095</u>	<u>\$ 29,196,782</u>	<u>\$ 50,710,313</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, 2020, were subject to custodial credit risk.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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, 2020, 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 \$25,698,379 which are included in cash and restricted cash at December 31, 2020.

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 Russel Mid Cap Growth EFT, iShares Trust Russell 1000 Growth EFT, Goldman Sachs Access Ultra Short Bond EFT, Goldman Sachs Access Ultra Short Bond EFT, and Vanguard Short-term Corporation Bond.

Foreign Currency Risk

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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
- 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, 2020:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Primary Government				
U.S. agencies obligations	\$ 3,082,031	\$ -	\$ 3,082,031	\$ -
Corporate bonds	416,372	-	416,372	-
Mutual funds	16,161,117	16,161,117	-	-
Exchange traded funds	<u>34,549,196</u>	<u>34,549,196</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	54,208,716	<u>\$ 50,710,313</u>	<u>\$ 3,498,403</u>	<u>\$ -</u>
Investments measured at the amortized cost				
Money market mutual funds	<u>25,698,379</u> *			
Total investments	<u>\$ 79,907,095</u>			

* Included in Cash and Cash Equivalents Per Report

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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.

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 \$10,449,381 has been recognized in the government-wide financial statements, while a receivable of \$10,449,381 and a related unavailable revenue from property taxes of \$9,899,778 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 \$3,661,094, which is recognized in the Discretely Presented Component Units Statement of Net Position.

Millage rates for 2020 taxes collectible in 2021 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Note 4: Capital Assets

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

	January 1, 2020	Increases	Transfers	Decreases	December 31, 2020
Governmental Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 8,942,185	\$ 382,982	\$ 181,117	\$ (1,056,048)	\$ 8,450,236
Construction in progress	9,686,657	11,552,354	(1,520,519)	-	19,718,492
Total capital assets, non depreciable	<u>18,628,842</u>	<u>11,935,336</u>	<u>(1,339,402)</u>	<u>(1,056,048)</u>	<u>28,168,728</u>
Capital assets, depreciable					
Infrastructure	46,363,784	2,980,328	926,743	1,507,784	51,778,639
Buildings and Building Improvements	43,460,249	3,502,430	366,249	(1,241,260)	46,087,668
Land Improvements	8,757,916	29,369	46,410	-	8,833,695
Vehicles	25,638,596	3,465,368	-	(1,152,584)	27,951,380
Equipment	28,128,666	1,820,540	-	-	29,949,206
Ships and watercrafts	3,673,738	-	-	-	3,673,738
Total capital assets, depreciable	<u>156,022,949</u>	<u>11,798,035</u>	<u>1,339,402</u>	<u>(886,060)</u>	<u>168,274,326</u>
Less accumulated depreciation					
Infrastructure	(19,096,022)	(1,760,021)	-	-	(20,856,043)
Buildings and Building Improvements	(23,883,765)	(1,312,138)	-	947,334	(24,248,569)
Land Improvements	(2,887,609)	(334,683)	-	-	(3,222,292)
Vehicles	(16,722,751)	(1,726,715)	-	1,054,457	(17,395,009)
Equipment	(19,924,253)	(2,250,792)	-	-	(22,175,045)
Ships and watercrafts	(1,095,063)	(80,290)	-	-	(1,175,353)
Total accumulated depreciation	<u>(83,609,463)</u>	<u>(7,464,639)</u>	<u>-</u>	<u>2,001,791</u>	<u>(89,072,311)</u>
Net capital assets, depreciable	<u>72,413,486</u>	<u>4,333,396</u>	<u>1,339,402</u>	<u>3,117,522</u>	<u>79,202,015</u>
Total governmental activities, net	<u>\$ 91,042,328</u>	<u>\$ 16,268,732</u>	<u>\$ -</u>	<u>\$ 2,061,474</u>	<u>\$ 107,370,743</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

The following is a summary of changes in the capital assets of business-type activities:

	January 1, 2020	Increases	Transfers	Decreases	December 31, 2020
Business-type Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 2,032,960	\$ -	\$ -	\$ -	\$ 2,032,960
Construction in progress	7,442,884	5,796,702	(6,922,483)	-	6,317,103
Total capital assets, non depreciable	9,475,844	5,796,702	(6,922,483)	-	8,350,063
Capital assets, depreciable					
Plant and equipment	296,732,449	2,212,358	6,922,483	(391,361)	305,475,929
Total capital assets, depreciable	296,732,449	2,212,358	6,922,483	(391,361)	305,475,929
Less accumulated depreciation	(169,596,526)	(11,038,516)	-	343,925	(180,291,117)
Net capital assets, depreciable	127,135,923	(8,826,158)	6,922,483	(47,436)	125,184,812
Total business-type activities, net	\$ 136,611,767	\$ (3,029,456)	\$ -	\$ (47,436)	\$ 133,534,875

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

	January 1, 2020	Increases	Transfers	Decreases	December 31, 2020
Component Units					
Capital assets, non-depreciable					
Land and land rights	\$ 5,222,643	\$ -	\$ -	\$ -	\$ 5,222,643
Construction in progress	9,148,747	10,481,716	(8,006,352)	(308,961)	11,315,150
Total capital assets, non depreciable	14,371,390	10,481,716	(8,006,352)	(308,961)	16,537,793
Capital assets, depreciable					
Infrastructure	21,643,950	-	-	298,961	21,942,911
Buildings and Building Improvements	4,201,861	3,029,560	-	(63,009)	7,168,412
Plant	187,345,462	301,947	8,006,352	(260,150)	195,393,611
Equipment	2,222,116	71,074	-	(69,924)	2,223,266
Vehicles	62,655	-	-	-	62,655
Books and AV Materials	3,967,920	229,585	-	(55,229)	4,142,276
Total capital assets, depreciable	219,443,964	3,632,166	8,006,352	(149,351)	230,933,131
Less accumulated depreciation					
Infrastructure	(20,406,820)	(302,284)	-	-	(20,709,104)
Buildings and Building Improvements	(2,243,989)	(75,840)	-	-	(2,319,829)
Plant	(76,983,226)	(4,670,996)	-	193,479	(81,460,743)
Equipment	(152,242)	(97,023)	-	43,963	(205,302)
Vehicles	(40,587)	(5,955)	-	-	(46,542)
Books and AV Materials	(3,612,095)	(101,539)	-	55,229	(3,658,405)
Total accumulated depreciation	(103,438,959)	(5,253,637)	-	292,671	(108,399,925)
Net capital assets, depreciable	116,005,005	(1,621,471)	8,006,352	143,320	122,533,206
Total component units, net	\$ 130,376,395	\$ 8,860,245	\$ -	\$ (165,641)	\$ 139,070,999

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Depreciation expense was charged to functions/programs of the primary government and component units as follows:

Governmental Activities

General Government

Administrative	\$ 8,717
Animal Shelter	20,322
Code Enforcement	33,689
Community Planning	15,239
Emergency Services	266,020
Finance	121
General government	1,051,346
Health	23,217
Legal	5,524
1st District Court	5,519
Neighborhood Services	1,117
Human Resources	3,298
Public Safety – Fire	922,896
Public Safety – Police	1,301,476
Public Works	36,167
Parks & Recreation	1,313,200
Sanitation	300,492
Senior Citizens Center	229,161
Streets and Traffic	1,898,557
Information Technology	<u>28,561</u>

Total depreciation expense – governmental activities 7,464,639

Business-Type Activities

Electric Department	<u>11,038,516</u>
---------------------	-------------------

Total depreciation expense – business-type activities 11,038,516

Total depreciation expense – primary government \$ 18,503,155

Component Units

Waste Water Utility	\$ 4,670,996
William F. Laman Public Library	183,334
Airport Commission	302,284
Advertising and Promotion	<u>97,023</u>

Total depreciation expense – component units \$ 5,253,637

The City had approximately \$3.9 million in capital outstanding commitments as year-end. There was one single commitment for a ladder truck totaling \$1.3 million. The truck was received and paid for in January 2021.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Note 5: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements/ Deductions	December 31, 2020	Due Within One Year
Governmental Activities					
Special obligation bonds	\$ 11,005,000	\$ -	\$ (510,000)	\$ 10,495,000	\$ 530,000
Issuance premiums	1,293,976	-	(73,346)	1,220,630	-
Notes payable	173,418	253,902	(172,284)	255,036	64,156
Accrued compensated absences	11,162,225	964,744	(580,083)	11,546,886	701,059
	<u>\$ 23,634,619</u>	<u>\$ 1,218,646</u>	<u>\$ (1,335,713)</u>	<u>\$ 23,517,552</u>	<u>\$ 1,295,215</u>
Governmental activities long-term liabilities					
	<u>\$ 23,634,619</u>	<u>\$ 1,218,646</u>	<u>\$ (1,335,713)</u>	<u>\$ 23,517,552</u>	<u>\$ 1,295,215</u>
Business-type Activities					
Revenue bonds	\$ 31,415,000	\$ 16,479,710	\$(21,462,373)	\$ 26,432,337	\$ 5,507,807
Accrued compensated absences	1,723,152	227,513	(101,607)	1,849,058	95,006
	<u>\$ 33,138,152</u>	<u>\$ 16,707,223</u>	<u>\$(21,563,980)</u>	<u>\$ 28,281,395</u>	<u>\$ 5,602,813</u>
Business-type activities long-term liabilities					
	<u>\$ 33,138,152</u>	<u>\$ 16,707,223</u>	<u>\$(21,563,980)</u>	<u>\$ 28,281,395</u>	<u>\$ 5,602,813</u>
Component Units					
Waste Water Utility					
Revolving loan	\$ 45,891,253	\$ 2,426,885	\$ (2,166,545)	\$ 46,151,593	\$ 3,430,003
Reserve for Bio-Solids Disposal	2,547,471	-	(861,781)	1,685,690	-
Accrued compensated absences	730,358	110,812	-	841,170	841,170
William F. Laman Public Library					
Accrued compensated absences	165,172	46,571	(24,776)	186,967	28,045
Advertising & Promotion					
Accrued compensated absences	71,594	39,215	-	110,809	-
	<u>\$ 49,405,848</u>	<u>\$ 2,623,483</u>	<u>\$ (3,053,102)</u>	<u>\$ 48,976,229</u>	<u>\$ 4,299,218</u>
Component unit long-term liabilities					
	<u>\$ 49,405,848</u>	<u>\$ 2,623,483</u>	<u>\$ (3,053,102)</u>	<u>\$ 48,976,229</u>	<u>\$ 4,299,218</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 5.25 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
Notes to the Financial Statements
December 31, 2020

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.

Short Term Financing Obligations, Series 2020

The \$250,000 note was issued to finance and acquire golf carts for the North Little Rock Burns Park Golf Course. Payments of principal and interest of \$4,485 beginning on October 15, 2020 and continuing on the same day of each month thereafter until September 15, 2025, at which date all principal and accrued interest will be due and payable. The interest rate is 2.89 percent.

Business-Type Activities

Series 2020 Electric System Revenue Bonds

On March 6, 2020 the Department issued a Series 2020 A & B refunding revenue bond totaling \$16,479,710. Principal on the bond shall be paid annually, on a graduated basis, on July 1 of each year, commencing July 1, 2020, with the final payment due July 1, 2025. The bond shall bear interest rates ranging between 1.853 percent and 1.921 percent. Interest will be payable semiannually on July 1 and December 1 of each year, commencing July 1, 2020.

As a result of the refunding, the Department reduced its total debt services requirements by \$768,577, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$720,652.

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. 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
Notes to the Financial Statements
December 31, 2020

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.

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, 2020, \$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, 2020, totaled \$757,286.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2020:

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	\$ 1,956,911	\$ 856,299	43.8%	\$ 11,928,000	Until 2034
2019 Tax Increment Financing (TIF)	Property tax	\$ 141,664	\$ 41,575	29%	\$ 1,078,490	Until 2031
2017 Tax Increment Financing (TIF)	Property tax	\$ 141,664	\$ 94,575	67%	\$ 1,015,625	Until 2031
2016 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	\$ 30,815,844	\$ 1,142,909	4%	\$ 12,568,197	Until 2031
2020 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	\$ 30,815,844	\$ 1,153,599	4%	\$ 16,920,534	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, 2020. Principal and interest are also disclosed for component units as follows:

<u>Year Ending December 31,</u>	<u>Special Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	530,000	460,788	990,788
2022	615,000	435,513	1,050,513
2023	640,000	405,838	1,045,838
2024	680,000	374,900	1,054,900
2025	705,000	342,038	1,047,038
2026-2030	4,045,000	1,184,425	5,229,425
2031-2034	3,280,000	323,613	3,603,613
Total	<u>\$ 10,495,000</u>	<u>\$ 3,527,115</u>	<u>\$ 14,022,115</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

<u>Year Ending December 31,</u>	Notes Payable		Total
	Principal	Interest	
2021	64,156	6,703	70,859
2022	48,873	4,939	53,812
2023	50,324	3,488	53,812
2024	51,812	2,000	53,812
2025	39,871	487	40,358
Total	<u>\$ 255,036</u>	<u>\$ 17,617</u>	<u>\$ 272,653</u>

Business-Type Activities

<u>Year Ending December 31,</u>	Revenue Bonds		Total
	Principal	Interest	
2021	5,507,807	781,379	6,289,186
2022	5,609,871	583,642	6,193,513
2023	2,910,102	431,531	3,341,633
2024	2,971,910	431,531	3,403,441
2025	3,027,647	193,246	3,220,893
2026-2030	5,265,000	503,704	5,768,704
2031	1,140,000	131,361	1,271,361
Total	<u>\$ 26,432,337</u>	<u>\$ 3,056,394</u>	<u>\$ 29,488,731</u>

Component Units

<u>Year Ending December 31,</u>	Revolving Loans		Total
	Principal	Interest	
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	3,102,563	967,888	4,070,451
2026-2030	16,701,376	3,770,108	20,471,484
2031-2035	12,422,025	1,935,777	14,357,802
Total	<u>\$ 46,151,593</u>	<u>\$ 11,351,043</u>	<u>\$ 57,502,636</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Note 6: Interfund Receivables, Payables and Transfers

Interfund receivables and payables consisted of the following as of December 31, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General fund	\$ 7,230,643	\$ 5,022,807
Nonmajor Funds		
Street fund	490,126	236,847
Parks fund	84,017	1,755,608
Community development	-	329,369
Sales tax capital improvement fund	1,433,999	196,808
Grant fund	-	930,716
2017 Sales tax capital improvement fund	2,631,260	278,834
Special Projects Infrastructure	84,168	451,490
2019 Baring Cross TIF	-	176,048
2017 Baring Cross TIF	-	40,525
Major Enterprise Funds		
Electric fund	<u>290,582</u>	<u>2,825,743</u>
Total	<u>\$ 12,244,795</u>	<u>\$ 12,244,795</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, 2020:

<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>			<u>Totals</u>
	<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
	<u>General</u>	<u>Other Nonmajor Governmental</u>	<u>Electric Fund</u>	
Governmental Funds				
General fund	\$ -	\$ 2,898,504	\$ 13,649,346	\$ 16,547,850
2017 Sales Tax Capital Improvement fund	9,203,542	-	-	9,203,542
Other nonmajor governmental funds	<u>6,048,407</u>	<u>461,104</u>	<u>-</u>	<u>6,509,511</u>
	<u>\$ 15,251,949</u>	<u>\$ 3,359,608</u>	<u>\$ 13,649,346</u>	<u>\$ 32,260,903</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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.

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	\$ 21,628,744	\$ 3,816,987	\$ 4,429,267	\$ 3,814,109
Nonuniform – Business-Type Activities	9,139,491	1,507,549	1,269,862	1,753,827
Police – LOPFI	20,968,132	7,047,818	2,532,341	5,561,887
Fire – LOPFI	21,998,832	7,490,593	2,824,188	5,761,544
Police Pension	35,114,943	2,103,592	43,393	5,152,183
Firemen's Pension and Relief Fund	30,509,078	1,698,996	493,837	4,410,692
APERS	610,815	136,070	29,371	109,545
	<u>\$ 139,970,035</u>	<u>\$ 23,801,605</u>	<u>\$ 11,622,259</u>	<u>\$ 26,563,787</u>
Discretely Presented Component Units	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniform – Airport	\$ 130,100	\$ 26,478	\$ 16,976	\$ 27,303
Nonuniform – Library	1,626,244	301,355	336,408	305,316
Waste Water Utility	2,451,855	2,251,234	617,194	706,972
APERS – Advertising and Promotion Commission	741,616	201,411	13,198	168,129
	<u>\$ 4,949,815</u>	<u>\$ 2,780,478</u>	<u>\$ 983,776</u>	<u>\$ 1,207,720</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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.

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, 2020, is comprised of the following:

	Nonuniformed Plan
Retirees and beneficiaries receiving benefits	218
Active plan members	512
Total	730

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 2020, the City’s contributions to the Plan were \$2,741,804. Contributions to the plan are made from various city governmental and business type funds, as well as the City’s component units.

Actuarial Assumptions

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

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	100%	

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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, 2020, was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date.

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, 2020:

Changes in Net Pension Liability – Nonuniformed Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	<u>\$ 80,255,488</u>	<u>\$ 51,719,242</u>	<u>\$ 28,536,246</u>
Charges for the year			
Service cost	2,442,653		2,442,653
Interest on total pension liability	5,173,335		5,173,335
Changes in benefit terms	3,043,282		3,043,282
Difference between expected and actual return	(665,281)		(665,281)
Administrative expense		(76,605)	76,605
Benefit payments, including refunds of employee contributions	(3,774,079)	(3,774,079)	-
Contributions – employer		2,741,804	(2,741,804)
Contributions – employee		1,370,902	(1,370,902)
Net investment income		1,969,255	(1,969,255)
Net changes	<u>6,219,910</u>	<u>2,231,277</u>	<u>3,988,633</u>
Balances as of End of Year	<u>\$ 86,475,398</u>	<u>\$ 53,950,519</u>	<u>\$ 32,524,879</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 94.6 percent (94.4 in prior year), the Airports proportionate share was 0.40 percent (no change from prior year), and the Library's proportionate share was 5.0 percent (5.2 percent in prior year).

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Changes in Net Pension Liability – Nonuniformed Plan (Primary Government)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	<u>\$ 75,921,692</u>	<u>\$ 48,926,403</u>	<u>\$ 26,995,289</u>
Charges for the year			
Service cost	2,310,750	-	2,310,750
Interest on total pension liability	4,893,975	-	4,893,975
Changes in benefit terms	2,878,945	-	2,878,945
Difference between expected and actual return	(629,356)	-	(629,356)
Administrative expense	-	(72,168)	72,168
Benefit payments, including refunds of employee contributions	(3,570,279)	(3,570,279)	-
Contributions – employer	-	2,593,747	(2,593,747)
Contributions – employee	-	1,296,873	(1,296,873)
Net investment income	-	1,862,915	(1,862,915)
Net changes	<u>5,884,035</u>	<u>2,111,089</u>	<u>3,772,946</u>
Balances as of End of Year	<u><u>\$ 81,805,727</u></u>	<u><u>\$ 51,037,492</u></u>	<u><u>\$ 30,768,235</u></u>

Changes in Net Pension Liability – Nonuniformed Plan (Airport)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	<u>\$ 321,022</u>	<u>\$ 206,877</u>	<u>\$ 114,145</u>
Charges for the year			
Service cost	9,771	-	9,771
Interest on total pension liability	20,693	-	20,693
Changes in benefit terms	12,173	-	12,173
Difference between expected and actual return	(2,661)	-	(2,661)
Administrative expense	-	(307)	307
Benefit payments, including refunds of employee contributions	(15,096)	(15,096)	-
Contributions – employer	-	10,967	(10,967)
Contributions – employee	-	5,484	(5,484)
Net investment income	-	7,877	(7,877)
Net changes	<u>24,880</u>	<u>8,924</u>	<u>15,955</u>
Balances as of End of Year	<u><u>\$ 345,902</u></u>	<u><u>\$ 215,801</u></u>	<u><u>\$ 130,100</u></u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Changes in Net Pension Liability – Nonuniformed Plan (Library)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	<u>\$ 4,012,774</u>	<u>\$ 2,585,962</u>	<u>\$ 1,426,812</u>
Charges for the year			
Service cost	122,133	-	122,133
Interest on total pension liability	258,667	-	258,667
Changes in benefit terms	152,164	-	152,164
Difference between expected and actual return	(33,264)	-	(33,264)
Administrative expense	-	(3,830)	3,830
Benefit payments, including refunds of employee contributions	(188,704)	(188,704)	-
Contributions – employer	-	137,090	(137,090)
Contributions – employee	-	68,545	(68,545)
Net investment income	-	98,463	(98,463)
Net changes	<u>310,996</u>	<u>111,564</u>	<u>199,432</u>
Balances as of End of Year	<u>\$ 4,323,770</u>	<u>\$ 2,697,526</u>	<u>\$ 1,626,244</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	\$ 41,740,838	\$ 30,768,235	\$ 22,951,182
Non-Uniformed Plan – Airport net pension liability	176,494	130,100	97,045
Non-Uniformed Plan – Library net pension liability	<u>2,206,175</u>	<u>1,626,244</u>	<u>1,213,065</u>
	<u>\$ 44,123,507</u>	<u>\$ 32,524,579</u>	<u>\$ 24,261,292</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the City and its component units recognized pension expense of \$5,900,555, 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, 2020:

Nonuniform-Primary Government	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 1,569,669	\$ 1,103,530
Changes of assumptions	1,719,332	2,911,337
Change in proportion	1,688,206	1,684,262
Net difference between projected and actual earnings on pension plan investments	<u>347,329</u>	<u>-</u>
Total	<u>\$ 5,324,536</u>	<u>\$ 5,699,129</u>

Nonuniform-Airport	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 6,637	\$ 4,666
Changes of assumptions	7,270	12,310
Changes in proportion	11,102	-
Net difference between projected and actual earnings on pension plan investments	<u>1,469</u>	<u>-</u>
Total	<u>\$ 26,478</u>	<u>\$ 16,976</u>

Nonuniform-Library	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 82,963	\$ 58,326
Changes of assumptions	90,874	153,876
Changes in proportion	109,160	124,206
Net difference between projected and actual earnings on pension plan investments	<u>18,358</u>	<u>-</u>
Total	<u>\$ 301,355</u>	<u>\$ 336,408</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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)
2021	\$ (244,108)	\$ 2,728	\$ (1,875)
2022	42,388	3,939	13,268
2023	(1,153,263)	(1,116)	(49,927)
2024	962,969	4,053	46,143
2025	86,641	279	(17,218)
Total thereafter	<u>(69,220)</u>	<u>(381)</u>	<u>(25,444)</u>
Total	<u>\$ (374,593)</u>	<u>\$ 9,502</u>	<u>\$ (35,053)</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	12/31/2020	3.80%
	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
Notes to the Financial Statements
December 31, 2020

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 or 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 18.79 percent for participating policemen and 23.50 percent for participating firemen. City contributions for 2020 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, 2020, 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
Notes to the Financial Statements
December 31, 2020

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, 2020, are based on the ratio of each employer's contributions to the total employer contributions of the group for the fiscal year ended December 31, 2020. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to 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)

For the year ended December 31, 2020, the LOPFI Fire and LOPFI Police recognized pension expense of \$5,761,544 and \$5,561,887, respectively. At December 31, 2020, 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	-	2,656,820
Contributions subsequent to measurement date	2,607,905	
Total	\$ 7,490,593	\$ 2,824,188

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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	-	2,532,341
Contributions subsequent to the measurement date	<u>2,513,003</u>	<u>-</u>
Total	<u>\$ 7,047,818</u>	<u>\$ 2,532,341</u>

At December 31, 2020, LOPFI Police and LOPFI Fire reported \$2,513,003 and \$2,607,905 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2020, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	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
Notes to the Financial Statements
December 31, 2020

Actuarial Assumptions

The total pension liability as of December 31, 2020, 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	2.50%
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 2017 valuation pursuant to an experience study of the period 2012 – 2016.
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.

The long term expected rate of return on pension plan investments was determined using a building block method in which expected future and real rates of return (expected returns, net of pension plan investment expense, and Inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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
Notes to the Financial Statements
December 31, 2020

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	<u>33,410,332</u>	<u>20,968,132</u>	<u>10,934,580</u>
		<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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 2020 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, 2020, 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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
Notes to the Financial Statements
December 31, 2020

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, 2020, 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, 2020:

Changes in Net Pension Liability – Police Pension			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year, as Restated	<u>\$ 32,448,426</u>	<u>\$ 363,013</u>	<u>\$ 32,085,413</u>
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, 2020

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, 2020, 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, 2020:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 43,393
Contributions subsequent to measurement date	2,103,592	-
Total	\$ 2,103,592	\$ 43,393

At December 31, 2020, Police Pension reported \$2,103,592 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2020, related to pensions will be recognized in pension expense as follows:

Police

Year Ending December 31,	
2021	\$ (25,799)
2022	(18,081)
2023	4,359
2024	(3,872)
Total	\$ (43,393)

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 \$1,457,352 in 2020. 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
December 31, 2020

Number of Participants

Membership in the Fireman’s Fund at December 31, 2020, 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
Notes to the Financial Statements
December 31, 2020

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, 2020, 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
December 31, 2020

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, 2020:

Changes in Net Pension Liability – Firemen’s Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year, as Restated	<u>\$ 33,985,355</u>	<u>\$ 5,765,609</u>	<u>\$ 28,219,746</u>
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
December 31, 2020

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2020, 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, 2020:

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
Contributions subsequent to measurement date	<u>1,698,996</u>	<u>-</u>
Total	<u>\$ 1,698,996</u>	<u>\$ 493,837</u>

At December 31, 2020, Police Pension reported \$1,698,996 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2020, related to pensions will be recognized in pension expense as follows:

Fire

Year Ending December 31,	
2021	\$ (190,607)
2022	(165,096)
2023	(22,103)
2024	<u>(116,031)</u>
Total	<u>\$ (493,837)</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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.

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 five years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with five 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 five 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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 2020. City contributions to the plan in 2020 were \$63,761.

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, 2020, the primary government reported a liability of \$610,815 for its proportionate share of the net pension liability. The City's proportionate share was .02133044 percent (.02077864 percent in prior year) for court clerks and .02589817 percent (.02418614 percent in prior year) for the Advertising and Promotions Commission. The net pension liability was measured as of June 30, 2020, 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, 2020.

For the year ended December 31, 2020, the primary government recognized pension expense of \$109,545. At December 31, 2020, 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	\$ 8,109	\$ 404	\$ 9,845	\$ 491
Assumption changes	7,653	10,465	9,292	12,707
Change in proportion	22,833	14,694	63,869	-
Net difference between projected and actual earnings on pension plan investments	68,440	3,808	78,472	-
Contributions subsequent to the measurement date*	29,035	-	39,933	-
Total	<u>\$ 136,070</u>	<u>\$ 29,371</u>	<u>\$ 201,411</u>	<u>\$ 13,198</u>

*Contributions made subsequent to measurement date of June 30, 2020.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

At December 31, 2020, the primary government reported \$29,035 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Court Clerks	A&P
2021	\$ 5,395	\$ 35,772
2022	18,623	45,153
2023	26,368	43,639
2024	19,139	23,716
2025	8,139	-
Total	<u>\$ 77,664</u>	<u>\$ 148,280</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	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	26 years (7.6 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
December 31, 2020

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, 2020, are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
Total	<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
December 31, 2020

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	\$ 930,317	\$ 610,815	\$ 347,154
A&P	Net pension liability	\$ 1,129,536	\$ 741,616	\$ 421,494

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, 2020. 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	\$ 5,983,925	\$ 730,583	\$ 276,638	\$ 422,213
OPEB – Business-type Activities	704,806	100,546	141,028	53,382
	<u>\$ 6,688,731</u>	<u>\$ 831,129</u>	<u>\$ 417,666</u>	<u>\$ 475,595</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	-
Active employees	803
	822

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, 2020 were \$161,142.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

Actuarial Assumptions

The City's total OPEB liability was measured as of December 31, 2020, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2020, 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	1.93% (prior year was 3.26%)
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, 2020, were as follows:

Balance at January 1, 2020	<u>\$ 5,765,549</u>
Changes for the year	
Service cost	244,533
Interest on total OPEB liability	193,302
Difference between expected and actual experience	(64,719)
Benefit payments	(161,142)
Effect of assumptions changes or inputs	<u>711,208</u>
Net Changes	<u>923,182</u>
Balance at December 31, 2020	<u>\$ 6,688,731</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 1.93 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 (0.93%)	Current Discount Rate Assumption (1.93%)	1% Increase in Discount Rate (2.93%)
Total OPEB liability	<u>\$ 7,254,976</u>	<u>\$ 6,688,731</u>	<u>\$ 6,148,891</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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	\$ 5,782,286	\$ 6,688,731	\$ 7,794,427

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

For the year ended December 31, 2020, the City of North Little Rock recognized OPEB expense of \$475,595. At December 31, 2020, 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	\$ 36,080	\$ 250,783
Changes of assumptions	795,049	166,883
	\$ 831,129	\$ 417,666

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		
2021	\$	37,760
2022		37,760
2023		37,760
2024		37,760
2025		37,760
Thereafter		224,663
Total	\$	413,463

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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, 2020.

The Waste Water Utility was insured at December 31, 2020, 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, 2020, 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
Notes to the Financial Statements
December 31, 2020

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. During 2020, the Electric Department paid approximately \$14,700,000 in purchased power from MJMEUC.

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. During 2020, the Electric Department paid approximately \$10,000,000 in purchased power from MISO.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2020

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, 2020. 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, 2020

Note 13: Restatement of Prior Year Financial Statements

The City has chosen to change its measurement date for the following four pension plans: LOPFI - Police, LOPFI - Fire, Police Pension, and the Fireman’s Pension and Relief Fund. The City’s new measurement date will be the date one-year before the current fiscal year end. Prior to the change, the measurement date had been the same as its current fiscal year end. This restatement was made in order to enable the City to provide more timely financial statements. This change in accounting principle 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, 2019, were affected by the change in accounting principle.

	Government- Wide
	Governmental Activities
Net Position, Beginning of Year, as Previously Reported	\$ 16,920,711
Change in Accounting Principle	
Net Pension Liability	306,427
Deferred Outflows of Resources – Pensions	14,988,569
Deferred Inflows of Resources – Pensions	5,591,310
Adjustment to beginning net position	20,886,306
Net Position, Beginning of Year, as Restated	\$ 37,807,017

The change in accounting principle above had the following impact on change in net position for 2019; an increase in change in net position by approximately \$8,300,000 for governmental activities.



REQUIRED SUPPLEMENTARY INFORMATION

City of North Little Rock, Arkansas

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last 6 Years

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year Ending December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 2,442,653	\$ 2,249,277	\$ 2,171,091	\$ 2,081,105	\$ 1,842,603	\$ 2,432,932
Interest	5,173,335	4,888,174	4,685,936	4,483,827	4,189,965	3,885,117
Difference between expected and actual experience	(665,281)	1,153,182	4,871	(228,243)	1,873,765	(1,495,386)
Changes in assumptions	3,043,282	-	-	-	4,089,326	(9,232,564)
Benefit payments, including refunds of plan member contributions	<u>(3,774,079)</u>	<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	6,219,910	4,064,263	3,509,001	3,144,959	9,208,198	(7,165,150)
Total Pension Liability, Beginning 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>	<u>67,494,217</u>
Total Pension Liability, End of Year	<u>\$ 86,475,398</u>	<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	\$ 2,741,804	\$ 2,462,350	\$ 2,389,157	\$ 2,220,368	\$ 1,364,281	\$ 1,133,620
Plan member contributions	1,370,902	1,231,175	1,195,958	996,081	909,519	755,749
Net investment income	1,969,255	7,836,754	(3,222,842)	4,326,066	2,153,389	(1,596,295)
Benefit payments, including refunds of plan member contributions	(3,774,079)	(4,226,370)	(3,352,897)	(3,191,730)	(2,787,461)	(2,755,249)
Administrative expense	<u>(76,605)</u>	<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	2,231,277	7,220,162	(3,061,116)	4,276,995	1,586,777	(2,517,385)
Plan Fiduciary Net Position, Beginning 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>	<u>44,213,809</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 53,950,519</u>	<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>\$ 32,524,879</u>	<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	62.39%	64.44%	58.40%	65.44%	62.24%	69.11%
Covered Payroll	\$ 27,418,040	\$ 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	118.63%	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,	2020	2019	2018	2017	2016
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	20556.57%	19007.05%	21414.35%	20388.78%	14053.34%

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,	2020	2019	2018	2017	2016
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	<u>5,122,464</u>	<u>5,765,609</u>	<u>7,728,309</u>	<u>8,342,820</u>	<u>9,028,823</u>
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	2020	2019	2018	2017	2016
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 payroll	\$ 10,429,122	\$ 9,557,042	\$ 9,359,122	\$ 8,707,186	\$ 7,931,178
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	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	2020	2019	2018	2017	2016
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 payroll	\$ 13,486,861	\$ 12,257,002	\$ 11,783,650	\$ 10,999,885	\$ 10,825,411
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	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 6 Years

June 30	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.02133044%	0.02077864%	0.19836180%	0.02245346%	0.02077350%
City's proportionate share of the net pension liability	\$ 610,815	\$ 501,291	\$ 437,573	\$ 580,229	\$ 496,767
City's covered payroll	\$ 411,537	\$ 402,283	\$ 828,592	\$ 795,081	\$ 735,118
City's proportionate share of the net pension liability as a percentage of it covered payroll	148.42%	124.61%	52.81%	142.08%	127.96%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%
<hr/>					
June 30	2015				
City's proportion of the net pension liability	0.02105517%				
City's proportionate share of the net pension liability	\$ 387,780				
City's covered payroll	\$ 697,720				
City's proportionate share of the net pension liability as a percentage of it covered payroll	103.55%				
Plan fiduciary net position as a percentage of the total pension liability	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 6 Years

<u>December 31</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,879,653	\$ 3,679,618	\$ 3,098,871	\$ 3,321,094	\$ 2,759,795
Contribution in relation of the contractually required contribution	<u>2,741,804</u>	<u>2,462,350</u>	<u>2,389,157</u>	<u>2,220,368</u>	<u>1,364,281</u>
Contribution deficiency (excess)	<u>\$ 1,137,849</u>	<u>\$ 1,217,268</u>	<u>\$ 709,714</u>	<u>\$ 1,100,726</u>	<u>\$ 1,395,514</u>
City's covered payroll	\$ 27,418,040	\$ 24,623,500	\$ 26,546,189	\$ 24,670,756	\$ 21,964,782
Contributions as a percentage of covered payroll	10.00%	10.00%	9.00%	9.00%	6.21%

<u>December 31</u>	<u>2015</u>
Contractually required contribution	\$ 2,063,177
Contribution in relation of the contractually required contribution	<u>1,133,620</u>
Contribution deficiency (excess)	<u>\$ 929,557</u>
City's covered payroll	\$ 19,641,076
Contributions as a percentage of covered payroll	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	15 years
Asset valuation	Market related value
Investment rate of return	6.50%
Mortality	RP-2014 Table

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
2016	\$ 1,586,655	\$ 1,586,655	\$ -	\$ 241,190	657.84%
2017	1,626,971	1,626,971	-	159,587	1019.49%
2018	1,705,029	1,705,029	-	157,318	1083.81%
2019	1,708,560	1,708,560	-	168,808	1012.13%
2020	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
2016	\$ 1,367,855	\$ 1,367,855	\$ -	\$ 510,473	267.96%
2017	1,517,418	1,517,418	-	526,042	288.46%
2018	1,487,237	1,487,237	-	411,211	361.67%
2019	1,458,360	1,458,360	-	333,149	437.75%
2020	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	2020	2019	2018	2017	2016
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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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	2020	2019	2018	2017	2016
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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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

<u>December 31</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 63,761	\$ 66,070	\$ 54,804	\$ 58,679	\$ 54,575
Contribution in relation of the contractually required contribution	<u>63,761</u>	<u>66,070</u>	<u>54,804</u>	<u>58,679</u>	<u>54,575</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	411,627	431,266	377,959	401,636	370,754
Contributions as a percentage of covered-employee payroll	15.49%	15.32%	14.50%	14.61%	14.72%

<u>December 31</u>	<u>2015</u>
Contractually required contribution	\$ 55,139
Contribution in relation of the contractually required contribution	<u>55,139</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered payroll	368,084
Contributions as a percentage of covered-employee payroll	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability, Beginning of Year	\$ 5,765,549	\$ 5,321,410	\$ 5,471,163
Changes for the year			
Service cost	244,533	299,941	258,689
Interest	193,302	201,695	172,888
Difference between expected and actual experience	(64,719)	-	(207,822)
Benefit payments	(161,142)	(160,545)	(150,996)
Changes of assumptions	<u>711,208</u>	<u>179,508</u>	<u>(222,512)</u>
Total OPEB Liability, End of Year	<u>\$ 6,688,731</u>	<u>\$ 5,842,009</u>	<u>\$ 5,321,410</u>
Covered-employee Payroll	\$ 27,418,040	\$ 24,623,500	\$ 23,891,570
Total OPEB Liability as a Percentage of Covered-employee Payroll	24.40%	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%
- December 31, 2020 - 1.93%

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.

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, 2020

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 4,524,558	\$ 116,220	\$ 3,178,149	\$ 7,818,927
Property taxes receivable	1,756,013	187,104	-	1,943,117
Sales tax receivable	1,710,977	-	-	1,710,977
Accounts receivable	5,535	-	-	5,535
Due from other governments	724,689	-	-	724,689
Prepays	151,786	-	-	151,786
Due from other funds	574,143	-	1,518,167	2,092,310
Restricted cash equivalents	-	641,856	2,926,516	3,568,372
	<u>\$ 9,447,701</u>	<u>\$ 945,180</u>	<u>\$ 7,622,832</u>	<u>\$ 18,015,713</u>
Liabilities				
Accounts payable	\$ 546,641	\$ -	\$ 282,754	\$ 829,395
Accrued expenses	175,034	-	-	175,034
Due to other funds	3,252,540	40,525	824,346	4,117,411
	<u>3,974,215</u>	<u>40,525</u>	<u>1,107,100</u>	<u>5,121,840</u>
Deferred Inflows of Resources				
Unavailable revenues – property taxes	1,664,549	181,286	-	1,845,835
	<u>1,664,549</u>	<u>181,286</u>	<u>-</u>	<u>1,845,835</u>
Fund Balance				
Restricted	4,027,742	723,369	2,750,468	7,501,579
Committed	-	-	2,995,779	2,995,779
Assigned	-	-	769,485	769,485
Unassigned	(218,805)	-	-	(218,805)
	<u>3,808,937</u>	<u>723,369</u>	<u>6,515,732</u>	<u>11,048,038</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 9,447,701</u>	<u>\$ 945,180</u>	<u>\$ 7,622,832</u>	<u>\$ 18,015,713</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes – sales	\$ 10,139,278	\$ -	\$ -	\$ 10,139,278
Taxes – other	1,650,524	141,664	-	1,792,188
Charges for services	1,272,688	-	-	1,272,688
Licenses and Permits	9,562	-	-	9,562
Intergovernmental	5,795,866	-	-	5,795,866
Investments earnings	19,894	5,197	73,004	98,095
Miscellaneous	231,832	-	646,137	877,969
	<u>\$ 19,119,644</u>	<u>\$ 146,861</u>	<u>\$ 719,141</u>	<u>\$ 19,985,646</u>
Expenditures				
Street and traffic	\$ 6,004,037	\$ -	\$ -	\$ 6,004,037
Administration	102,381	-	-	102,381
Parks and recreation	7,672,299	-	-	7,672,299
Community development	1,149,897	-	-	1,149,897
Health	29,223	-	-	29,223
Fit 2 Live - Wellness	119	-	-	119
Emergency services	134,117	-	-	134,117
Public safety – police	108,621	-	-	108,621
Public safety – fire	105,327	-	-	105,327
Public works	215,832	-	-	215,832
Capital outlay	2,382,885	-	12,959,545	15,342,430
Debt service				
Principal	172,284	510,000	-	682,284
Interest and agent fees	4,978	482,349	-	487,327
	<u>18,082,000</u>	<u>992,349</u>	<u>12,959,545</u>	<u>32,033,894</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,037,644</u>	<u>(845,488)</u>	<u>(12,240,404)</u>	<u>(12,048,248)</u>
Other Financing Sources (Uses)				
Notes issued	253,902	-	-	253,902
Transfers In	576,858	996,633	4,936,020	6,509,511
Transfers Out	(3,191,608)	-	(168,000)	(3,359,608)
	<u>(2,360,848)</u>	<u>996,633</u>	<u>4,768,020</u>	<u>3,403,805</u>
Net Change in Fund Balance	(1,323,204)	151,145	(7,472,384)	(8,644,443)
Fund Balance, Beginning of the Year	<u>5,132,141</u>	<u>572,224</u>	<u>13,988,116</u>	<u>19,692,481</u>
Fund Balance, End of the Year	<u>\$ 3,808,937</u>	<u>\$ 723,369</u>	<u>\$ 6,515,732</u>	<u>\$ 11,048,038</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2020

	<u>Street</u>	<u>Parks and Recreation</u>	<u>Community Development</u>
Assets			
Cash and cash equivalents	\$ 1,458,786	\$ 1,885,101	\$ 252,325
Property taxes receivable	1,756,013	-	-
Sales tax receivable	843,567	867,410	-
Accounts receivable	-	5,535	-
Prepaid Expenses	63,515	88,271	-
Due from other governments	-	-	-
Due from other funds	490,126	84,017	-
	<u>\$ 4,612,007</u>	<u>\$ 2,930,334</u>	<u>\$ 252,325</u>
Liabilities			
Accounts payable	\$ 358,407	\$ 134,949	\$ 47,131
Accrued expenses	58,566	102,438	11,434
Due to other funds	236,847	1,755,608	329,369
	<u>653,820</u>	<u>1,992,995</u>	<u>387,934</u>
Deferred Inflows of Resources			
Unavailable revenues – property taxes	1,664,549	-	-
	<u>1,664,549</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit)			
Restricted			
Street and traffic	2,293,638	-	-
Parks and recreation	-	937,339	-
Police – equitable sharing	-	-	-
Drainage improvement	-	-	-
Unassigned	-	-	(135,609)
	<u>2,293,638</u>	<u>937,339</u>	<u>(135,609)</u>
Total fund balance (deficit)	<u>2,293,638</u>	<u>937,339</u>	<u>(135,609)</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ 4,612,007</u>	<u>\$ 2,930,334</u>	<u>\$ 252,325</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ 126,187	\$ 670,578	\$ 131,581	\$ 4,524,558
-	-	-	1,756,013
-	-	-	1,710,977
-	-	-	5,535
-	-	-	151,786
-	-	724,689	724,689
-	-	-	574,143
<u>\$ 126,187</u>	<u>\$ 670,578</u>	<u>\$ 856,270</u>	<u>\$ 9,447,701</u>
\$ -	\$ -	6,154	\$ 546,641
-	-	2,596	175,034
-	-	930,716	3,252,540
-	-	939,466	3,974,215
-	-	-	1,664,549
-	-	-	1,664,549
-	-	-	2,293,638
-	-	-	937,339
126,187	-	-	126,187
-	670,578	-	670,578
-	-	(83,196)	(218,805)
<u>126,187</u>	<u>670,578</u>	<u>(83,196)</u>	<u>3,808,937</u>
<u>\$ 126,187</u>	<u>\$ 670,578</u>	<u>\$ 856,270</u>	<u>\$ 9,447,701</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, 2020

	<u>Street</u>	<u>Parks and Recreation</u>	<u>Community Development</u>
Revenues			
Taxes – sales	\$ 4,704,938	\$ 5,434,340	\$ -
Taxes – other	1,650,524	-	-
Charges for services	-	1,235,023	-
Licenses and permits	9,562	-	-
Intergovernmental	7,250	-	1,055,498
Investments earnings	12,466	3,167	-
Miscellaneous	61,169	132,803	-
	<u>\$ 6,445,909</u>	<u>\$ 6,805,333</u>	<u>\$ 1,055,498</u>
Expenditures			
Street and traffic	\$ 6,001,795	\$ -	\$ -
Administration	-	-	-
Parks and recreation	-	7,200,796	-
Community development	-	-	1,149,897
Health	-	-	-
Fit 2 Live - wellness	-	-	-
Emergency services	-	-	-
Public safety – police	-	-	-
Public safety – fire	-	-	-
Public works	-	-	-
Capital outlay	1,351,279	258,798	-
Debt service	-	-	-
Principal	-	172,284	-
Interest and agent fees	-	4,978	-
	<u>7,353,074</u>	<u>7,636,856</u>	<u>1,149,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(907,165)</u>	<u>(831,523)</u>	<u>(94,399)</u>
Other Financing Sources (Uses)			
Notes issued	-	253,902	-
Transfers In	8,227	568,631	-
Transfers Out	(23,650)	(351,197)	-
Total Other Financing Sources (Uses)	<u>(15,423)</u>	<u>471,336</u>	<u>-</u>
Net Change in Fund Balance (Deficit)	<u>(922,588)</u>	<u>(360,187)</u>	<u>(94,399)</u>
Fund Balance (Deficit), Beginning of the Year	<u>3,216,226</u>	<u>1,297,526</u>	<u>(41,210)</u>
Fund Balance (Deficit), End of the Year	<u>\$ 2,293,638</u>	<u>\$ 937,339</u>	<u>\$ (135,609)</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ -	\$ -	\$ -	\$ 10,139,278
-	-	-	1,650,524
-	37,665	-	1,272,688
-	-	-	9,562
74,355	-	4,658,763	5,795,866
514	3,747	-	19,894
37,860	-	-	231,832
<u>\$ 112,729</u>	<u>\$ 41,412</u>	<u>\$ 4,658,763</u>	<u>\$ 19,119,644</u>
\$ -	\$ -	\$ 2,242	\$ 6,004,037
-	-	102,381	102,381
-	-	471,503	7,672,299
-	-	-	1,149,897
-	-	29,223	29,223
-	-	119	119
-	-	134,117	134,117
31,434	-	77,187	108,621
-	-	105,327	105,327
-	-	215,832	215,832
17,625	-	755,183	2,382,885
-	-	-	-
-	-	-	172,284
-	-	-	4,978
<u>49,059</u>	<u>-</u>	<u>1,893,114</u>	<u>18,082,000</u>
<u>63,670</u>	<u>41,412</u>	<u>2,765,649</u>	<u>1,037,644</u>
-	-	-	253,902
-	-	-	576,858
-	-	(2,816,761)	(3,191,608)
-	-	(2,816,761)	(2,360,848)
63,670	41,412	(51,112)	(1,323,204)
62,517	629,166	(32,084)	5,132,141
<u>\$ 126,187</u>	<u>\$ 670,578</u>	<u>\$ (83,196)</u>	<u>\$ 3,808,937</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2020

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Assets			
Cash and cash equivalents	\$ 116,220	\$ -	\$ 116,220
Property taxes receivable	187,104	-	187,104
Restricted cash equivalents	-	641,856	641,856
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 303,324</u>	<u>\$ 641,856</u>	<u>\$ 945,180</u>
Liabilities			
Due from other funds	\$ 40,525	\$ -	\$ 40,525
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>40,525</u>	<u>-</u>	<u>40,525</u>
Deferred Inflows of Resources			
Unavailable revenues – property taxes	181,286	-	181,286
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>181,286</u>	<u>-</u>	<u>181,286</u>
Fund Balance			
Restricted	81,513	641,856	723,369
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>81,513</u>	<u>641,856</u>	<u>723,369</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 303,324</u>	<u>\$ 641,856</u>	<u>\$ 945,180</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, 2020

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Revenues			
Taxes – other	\$ 141,664	\$ -	\$ 141,664
Investments earnings	2,240	2,957	5,197
	<u>\$ 143,904</u>	<u>\$ 2,957</u>	<u>\$ 146,861</u>
Expenditures			
Debt Service			
Principal	\$ 65,000	\$ 445,000	\$ 510,000
Interest and agent fees	71,050	411,299	482,349
	<u>136,050</u>	<u>856,299</u>	<u>992,349</u>
Excess of Revenues Over Expenditures	<u>7,854</u>	<u>(853,342)</u>	<u>(845,488)</u>
Other Financing Sources			
Transfers In	-	996,633	996,633
	<u>-</u>	<u>996,633</u>	<u>996,633</u>
Net Change in Fund Balance	7,854	143,291	151,145
Fund Balance, Beginning of the Year	<u>73,659</u>	<u>498,565</u>	<u>572,224</u>
Fund Balance, End of the Year	<u>\$ 81,513</u>	<u>\$ 641,856</u>	<u>\$ 723,369</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2020

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Assets			
Cash and cash equivalents	\$ 597,358	\$ 2,003,492	\$ 541,569
Due from other funds	-	1,433,999	84,168
Restricted cash equivalents	-	-	-
Total assets	<u>\$ 597,358</u>	<u>\$ 3,437,491</u>	<u>\$ 625,737</u>
Liabilities			
Accounts payable	\$ -	\$ 280,634	\$ 2,120
Due to other funds	-	196,808	451,490
Total liabilities	<u>-</u>	<u>477,442</u>	<u>453,610</u>
Fund Balance			
Restricted	-	-	-
Committed	-	2,960,049	-
Assigned	<u>597,358</u>	<u>-</u>	<u>172,127</u>
Total fund balance	<u>597,358</u>	<u>2,960,049</u>	<u>172,127</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 597,358</u>	<u>\$ 3,437,491</u>	<u>\$ 625,737</u>

2010 Sales Tax Capital Improvement	2019 Capital Improvement	Baring Cross TIF	Total
\$ 35,730	\$ -	\$ -	\$ 3,178,149
-	-	-	1,518,167
-	2,750,468	176,048	2,926,516
<u>\$ 35,730</u>	<u>\$ 2,750,468</u>	<u>\$ 176,048</u>	<u>\$ 7,622,832</u>
\$ -	\$ -	\$ -	\$ 282,754
-	-	176,048	824,346
-	-	176,048	1,107,100
-	2,750,468	-	2,750,468
35,730	-	-	2,995,779
-	-	-	769,485
<u>35,730</u>	<u>2,750,468</u>	<u>-</u>	<u>6,515,732</u>
<u>\$ 35,730</u>	<u>\$ 2,750,468</u>	<u>\$ 176,048</u>	<u>\$ 7,622,832</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, 2020

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Revenues			
Investments earnings	\$ 3,071	\$ 15,677	\$ 1,926
Miscellaneous	3,550	-	641,998
Total revenues	<u>\$ 6,621</u>	<u>\$ 15,677</u>	<u>\$ 643,924</u>
Expenditures			
Capital outlay	<u>\$ 293,278</u>	<u>\$ 3,804,299</u>	<u>\$ 877,658</u>
Total expenditures	<u>293,278</u>	<u>3,804,299</u>	<u>877,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(286,657)</u>	<u>(3,788,622)</u>	<u>(233,734)</u>
Other Financing Sources (Uses)			
Transfers in	334,247	4,601,773	-
Transfers out	<u>-</u>	<u>(168,000)</u>	<u>-</u>
Total other financing sources	<u>334,247</u>	<u>4,433,773</u>	<u>-</u>
Net Change in Fund Balance	47,590	645,151	(233,734)
Fund Balance (Deficit), Beginning of the Year	<u>549,768</u>	<u>2,314,898</u>	<u>405,861</u>
Fund Balance, End of the Year	<u>\$ 597,358</u>	<u>\$ 2,960,049</u>	<u>\$ 172,127</u>

2010 Sales Tax Capital Improvement	2019 Capital Improvement	Baring Cross TIF	Total
\$ 178	\$ 52,152	\$ -	\$ 73,004
-	589	-	646,137
<u>\$ 178</u>	<u>\$ 52,741</u>	<u>\$ -</u>	<u>\$ 719,141</u>
\$ -	\$ 7,317,221	\$ 667,089	\$ 12,959,545
-	7,317,221	667,089	12,959,545
<u>178</u>	<u>(7,264,480)</u>	<u>(667,089)</u>	<u>(12,240,404)</u>
-	-	-	4,936,020
-	-	-	(168,000)
-	-	-	4,768,020
178	(7,264,480)	(667,089)	(7,472,384)
<u>35,552</u>	<u>10,014,948</u>	<u>667,089</u>	<u>13,988,116</u>
<u>\$ 35,730</u>	<u>\$ 2,750,468</u>	<u>\$ -</u>	<u>\$ 6,515,732</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, 2020

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 4,704,938	\$ 3,004,938
Taxes – other	4,450,000	-	4,450,000	1,650,524	(2,799,476)
Licenses and permits	-	-	-	9,562	9,562
Intergovernmental	-	-	-	7,250	7,250
Investments earnings	12,000	-	12,000	12,466	466
Miscellaneous	1,600,137	-	1,600,137	61,169	(1,538,968)
Total revenues	\$ 7,762,137	\$ -	\$ 7,762,137	\$ 6,445,909	\$ (1,316,228)
Expenditures					
Street and traffic	\$ 6,387,208	\$ -	\$ 6,387,208	\$ 6,001,795	\$ 385,413
Capital outlay	1,351,279	1,280,881	2,632,160	1,351,279	1,280,881
Total expenditures	7,738,487	1,280,881	9,019,368	7,353,074	1,666,294
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,650	(1,280,881)	(1,257,231)	(907,165)	350,066
Other Financing Sources (Uses)					
Transfers In	-	-	-	8,227	8,227
Transfers out	(23,650)	-	(23,650)	(23,650)	-
Total other financing sources (uses)	(23,650)	-	(23,650)	(15,423)	8,227
Net Change in Fund Balance	-	(1,280,881)	(1,280,881)	(922,588)	358,293
Fund Balance, Beginning of the Year	3,216,226	-	3,216,226	3,216,226	-
Fund Balance, End of the Year	\$ 3,216,226	\$ (1,280,881)	\$ 1,935,345	\$ 2,293,638	\$ 358,293

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, 2020

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Taxes – sales	\$ 6,021,487	\$ -	\$ 6,021,487	\$ 5,434,340	\$ (587,147)
Charges for services	1,654,130	-	1,654,130	1,235,023	(419,107)
Investments earnings	9,000	-	9,000	3,167	(5,833)
Miscellaneous	792,671	87,500	880,171	132,803	(747,368)
	<u>\$ 8,477,288</u>	<u>\$ 87,500</u>	<u>\$ 8,564,788</u>	<u>\$ 6,805,333</u>	<u>\$ (1,759,455)</u>
Total revenues					
Expenditures					
Parks and recreation	\$ 8,331,693	\$ 148,683	\$ 8,480,376	\$ 7,200,796	\$ 1,279,580
Capital outlay	-	-	-	258,798	(258,798)
Debt service					
Principal	-	-	-	172,284	(172,284)
Interest and agent fees	-	-	-	4,978	(4,978)
	<u>8,331,693</u>	<u>148,683</u>	<u>8,480,376</u>	<u>7,636,856</u>	<u>843,520</u>
Total expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>145,595</u>	<u>(61,183)</u>	<u>84,412</u>	<u>(831,523)</u>	<u>(915,935)</u>
Other Financing Sources (Uses)					
Notes issued	-	-	-	253,902	(253,902)
Transfers in	450,000	-	450,000	568,631	118,631
Transfers out	(595,595)	-	(595,595)	(351,197)	244,398
	<u>(145,595)</u>	<u>-</u>	<u>(145,595)</u>	<u>471,336</u>	<u>109,127</u>
Total other financing sources (uses)					
Net Change in Fund Balance					
	-	(61,183)	(61,183)	(360,187)	(806,808)
Fund Balance, Beginning of the Year					
	<u>1,297,526</u>	<u>-</u>	<u>1,297,526</u>	<u>1,297,526</u>	<u>-</u>
Fund Balance, End of the Year					
	<u>\$ 1,297,526</u>	<u>\$ (61,183)</u>	<u>\$ 1,236,343</u>	<u>\$ 937,339</u>	<u>\$ (806,808)</u>

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, 2020

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,055,498	\$ 1,055,498
Miscellaneous	-	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055,498</u>	<u>\$ 1,055,498</u>
Expenditures					
Community development	\$ -	\$ 2,341,026	\$ 2,341,026	\$ 1,149,897	\$ 1,191,129
Total expenditures	<u>-</u>	<u>2,341,026</u>	<u>2,341,026</u>	<u>1,149,897</u>	<u>1,191,129</u>
Net Change in Fund Balance	-	(2,341,026)	(2,341,026)	(94,399)	2,246,627
Fund Balance, Beginning of the Year	<u>(41,210)</u>	<u>-</u>	<u>(41,210)</u>	<u>(41,210)</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ (41,210)</u>	<u>\$ (2,341,026)</u>	<u>\$ (2,382,236)</u>	<u>\$ (135,609)</u>	<u>\$ 2,246,627</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, 2020

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Intergovernmental	\$ 61,500	\$ -	\$ 61,500	\$ 74,355	\$ 12,855
Investments earnings	500	-	500	514	14
Miscellaneous	8,000	-	8,000	37,860	29,860
	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>112,729</u>	<u>42,729</u>
Total revenues	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 112,729</u>	<u>\$ 42,729</u>
Expenditures					
Public safety – police (including capital outlay)	\$ 70,000	\$ -	\$ 70,000	\$ 49,059	\$ 20,941
	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>49,059</u>	<u>20,941</u>
Total expenditures	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>49,059</u>	<u>20,941</u>
Net Change in Fund Balance	-	-	-	63,670	63,670
Fund Balance, Beginning of the Year	<u>62,517</u>	<u>-</u>	<u>62,517</u>	<u>62,517</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 62,517</u>	<u>\$ -</u>	<u>\$ 62,517</u>	<u>\$ 126,187</u>	<u>\$ 63,670</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, 2020

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Investments earnings	\$ 750	\$ -	\$ 750	\$ 3,071	\$ 2,321
Miscellaneous	-	-	-	3,550	3,550
Total revenues	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 6,621</u>	<u>\$ 5,871</u>
Expenditures					
Parks and recreation (including capital outlay)	\$ 810,750	\$ 14,952	\$ 825,702	\$ 293,278	\$ 532,424
Total expenditures	<u>810,750</u>	<u>14,952</u>	<u>825,702</u>	<u>293,278</u>	<u>532,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(810,000)</u>	<u>(14,952)</u>	<u>(824,952)</u>	<u>(286,657)</u>	<u>538,295</u>
Other Financing Sources (Uses)					
Transfers In	<u>810,000</u>	<u>-</u>	<u>810,000</u>	<u>334,247</u>	<u>(475,753)</u>
Total other financing sources (uses)	<u>810,000</u>	<u>-</u>	<u>810,000</u>	<u>334,247</u>	<u>(475,753)</u>
Net Change in Fund Balance	-	(14,952)	(14,952)	47,590	62,542
Fund Balance, Beginning of the Year	<u>549,768</u>	<u>-</u>	<u>549,768</u>	<u>549,768</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 549,768</u>	<u>\$ (14,952)</u>	<u>\$ 534,816</u>	<u>\$ 597,358</u>	<u>\$ 62,542</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, 2020

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Investments earnings	\$ 20,000	\$ -	\$ 20,000	\$ 15,677	\$ (4,323)
Total revenues	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 15,677</u>	<u>\$ (4,323)</u>
Expenditures					
Capital outlay	\$ 3,737,480	\$ 2,915,963	\$ 6,653,443	\$ 3,804,299	\$ 2,849,144
Total expenditures	<u>3,737,480</u>	<u>2,915,963</u>	<u>6,653,443</u>	<u>3,804,299</u>	<u>2,849,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,717,480)</u>	<u>(2,915,963)</u>	<u>(6,633,443)</u>	<u>(3,788,622)</u>	<u>2,844,821</u>
Other Financing Sources (Uses)					
Transfers in	4,375,000	-	4,375,000	4,601,773	226,773
Transfers out	<u>(168,000)</u>	<u>-</u>	<u>(168,000)</u>	<u>(168,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,207,000</u>	<u>-</u>	<u>4,207,000</u>	<u>4,433,773</u>	<u>226,773</u>
Net Change in Fund Balance	489,520	(2,915,963)	(2,426,443)	645,151	3,071,594
Fund Balance, Beginning of the Year	<u>2,314,898</u>	<u>-</u>	<u>2,314,898</u>	<u>2,314,898</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 2,804,418</u>	<u>\$ (2,915,963)</u>	<u>\$ (111,545)</u>	<u>\$ 2,960,049</u>	<u>\$ 3,071,594</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, 2020

	Original Budget	Changes	Final Budget	Actual	Favorable (Unfavorable)
Revenues					
Investments earnings	\$ -	\$ -	\$ -	\$ 1,926	\$ 1,926
Miscellaneous	-	-	-	641,998	641,998
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,924</u>	<u>\$ 643,924</u>
Expenditures					
Capital outlay	<u>\$ -</u>	<u>\$ 826,991</u>	<u>\$ 826,991</u>	<u>\$ 877,658</u>	<u>\$ (50,667)</u>
Total expenditures	<u>-</u>	<u>826,991</u>	<u>826,991</u>	<u>877,658</u>	<u>(50,667)</u>
Net Change in Fund Balance	-	(826,991)	(826,991)	(233,734)	593,257
Fund Balance, Beginning of the Year	<u>405,861</u>	-	<u>405,861</u>	<u>405,861</u>	-
Fund Balance, End of the Year	<u>\$ 405,861</u>	<u>\$ (826,991)</u>	<u>\$ (421,130)</u>	<u>\$ 172,127</u>	<u>\$ 593,257</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, 2020

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Investments earnings	\$ -	\$ -	\$ -	\$ 82,640	\$ 82,640
Miscellaneous	-	-	-	1,262	1,262
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,902</u>	<u>\$ 83,902</u>
Expenditures					
Capital outlay	<u>\$ 8,750,000</u>	<u>\$ 7,306,994</u>	<u>\$ 16,056,994</u>	<u>\$ 4,050,369</u>	<u>\$ 12,006,625</u>
Total expenditures	<u>8,750,000</u>	<u>7,306,994</u>	<u>16,056,994</u>	<u>4,050,369</u>	<u>12,006,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,750,000)</u>	<u>(7,306,994)</u>	<u>(16,056,994)</u>	<u>(3,966,467)</u>	<u>12,090,527</u>
Other Financing Sources (Uses)					
Transfers in	<u>8,750,000</u>	<u>-</u>	<u>8,750,000</u>	<u>9,203,542</u>	<u>453,542</u>
Total Other Financing Sources (Uses)	<u>8,750,000</u>	<u>-</u>	<u>8,750,000</u>	<u>9,203,542</u>	<u>453,542</u>
Net Change in Fund Balance	-	(7,306,994)	(7,306,994)	5,237,075	12,544,069
Fund Balance, Beginning of the Year	<u>11,130,028</u>	<u>-</u>	<u>11,130,028</u>	<u>11,130,028</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 11,130,028</u>	<u>\$ (7,306,994)</u>	<u>\$ 3,823,034</u>	<u>\$ 16,367,103</u>	<u>\$ 12,544,069</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 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.

Contents Page

Financial Trends (Tables 1–6)

These schedules contain trend information to assist the reader in understanding how the City’s financial performance and well-being have changed over time 118

Revenue Capacity (Tables 7-10)

These schedules contain information to help the reader assess the City’s most significant revenue sources, local sales taxes, and property taxes 125

Debt Capacity (Tables 11–14)

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future 129

Demographic and Economic Information (Table 15)

This schedule offers demographic and economic indicators to assist the reader in understanding the environment within which the City’s financial activities take place 133

Operating Information (Tables 16-19)

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to services the City provides and the activities it performs 134

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

Table 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 96,586,369
Restricted	621,211	519,375	2,328,557	1,892,023	1,704,038	2,232,076	2,527,403	-	7,545,786	22,964,049
Unrestricted (deficit)	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)	(80,778,097)
Total governmental activities net position	<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>	<u>\$ 38,772,321</u>
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 107,272,083
Restricted	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	3,110,730
Unrestricted (deficit)	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	44,706,357
Total business-type activities net position	<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>	<u>\$ 155,089,170</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 203,858,452
Restricted	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	26,074,779
Unrestricted (deficit)	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)	(36,071,740)
Total primary government net position	<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>	<u>\$ 193,861,491</u>

(1) 2020 governmental activities beginning net position was restated for a change in the measurement date for various pension plans. Prior year's net position have not been updated for this change.

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 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	\$ 26,601,470
Public safety	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	59,987,367
Public works	1,063,724	1,052,433	813,200	677,643	863,116	1,113,145	1,132,566	1,028,141	2,650,674	1,782,790
Street and traffic	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	7,902,594
Health and sanitation	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	5,634,372
Community development	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	1,165,136
Culture and recreation	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	8,985,499
Interest and fiscal charges	264,788	232,890	237,264	105,398	63,184	37,673	48,957	36,874	315,068	411,286
Total governmental activities expenses	<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>	<u>112,470,514</u>
Business-type activities										
Electric department	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	68,631,031
Utilities Accounting Department					-	3,022,544	1,690,056	793,643	-	-
Total business-type activities expenses	<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>	<u>68,631,031</u>
Total primary government expenses	<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>	<u>\$ 181,101,545</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 4,202,639
Public safety	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	2,258,289
Street and traffic	707	36,504	70,657	27,031	27,080	5,700	39,660	153,971	213,386	67,987
Health and sanitation	633,240	721,565	794,162	804,422	923,910	808,971	888,294	954,822	1,042,275	1,100,416
Culture and recreation	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	1,380,087
Operating grants and contributions	6,843,943	2,210,404	835,650	333,141	196,479	1,326,271	1,614,112	404,425	1,035,577	3,207,844
Capital grants and contributions	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	2,794,546
Total governmental activities program revenues	<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>	<u>15,011,808</u>
Business-type activities										
Charges for services										
Electric department	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	87,823,545
Utilities Accounting Department	-	-	-	-	-	2,396,386	1,590,733	960,315	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	1,500,000	62,241
Total business-type activities program revenues	<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>	<u>87,885,786</u>
Total primary government program revenues	<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>	<u>\$ 102,897,594</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (97,458,706)
Business-type activities	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	19,254,755
Total primary government net expense	<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>	<u>\$ (78,203,951)</u>

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Taxes – sales	\$ 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	\$ 62,161,298
Taxes – other	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	15,868,429
Utility franchise taxes	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	3,737,046
Investment income (loss)	61,836	61,029	51,789	75,000	101,692	140,856	143,579	253,047	637,273	462,260
Unrestricted grants and contributions	-	-	-	-	-	-	-	578,067	-	-
Other	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	2,545,631
Transfers	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	13,649,346
Total governmental activities	<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>	<u>98,424,010</u>
Business-type activities										
Investment earnings	994,939	500,750	95,118	83,313	210,467	93,787	197,214	289,464	513,794	444,439
Other	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	(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)	(13,649,346)
Total business-type activities	<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>	<u>(13,204,907)</u>
Total primary government	<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>	<u>\$ 85,219,103</u>
Changes in Net Position										
Governmental activities	\$ 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)	\$ 965,304
Business-type activities	(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	6,049,848
Total primary government	<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>	<u>\$ 7,015,152</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
2011	\$ 11,407,038	\$ 36,560,908	\$ 2,977,798	\$ 50,945,744
2012	12,428,865	37,316,637	2,754,180	52,399,682
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
2020	15,868,429	62,161,298	3,737,046	81,766,773

(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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,488,242
Committed	200,000	-	-	-	-	-	-	-	-	-
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	12,164,584	19,279,287	13,971,179	15,543,579	14,738,107	12,449,750	18,277,147	34,017,542	39,975,982	40,335,463
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>\$ 42,093,705</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	\$ 7,501,579
Committed	-	-	-	-	-	-	-	-	13,480,478	2,995,779
Assigned	-	4,855,689	2,789,243	2,820,114	-	-	-	-	955,629	769,485
Unassigned	(14,418)	-	(932,383)	(19,301)	-	-	-	(67,859)	(73,294)	(218,805)
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>\$ 11,048,038</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes – sales	\$ 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	\$ 61,897,024
Taxes – other	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	15,868,429
Franchise fees	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	3,737,046
Fines and forfeitures	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	1,843,421
Licenses and permits	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	4,012,429
Charges for services	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	3,153,568
Intergovernmental	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	6,004,894
Investment earnings	61,836	61,029	51,789	75,000	101,692	140,856	143,579	253,047	637,273	462,260
Miscellaneous	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	2,483,444
Total revenues	<u>67,161,575</u>	<u>71,695,741</u>	<u>67,989,283</u>	<u>68,514,953</u>	<u>69,340,363</u>	<u>72,104,595</u>	<u>81,401,471</u>	<u>92,898,856</u>	<u>97,928,701</u>	<u>99,462,515</u>
Expenditures										
General government	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	13,422,535
Animal shelter	658,547	710,062	683,836	722,066	758,706	787,006	733,546	800,807	802,112	749,860
Community development	3,542,093	4,193,464	1,235,837	981,360	1,145,414	654,364	643,192	287,952	882,737	1,149,897
Emergency services	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	2,021,023
Fit 2 Live	-	-	-	132,481	146,933	155,657	127,210	173,855	184,221	189,166
Health	371,777	404,550	411,868	420,889	196,912	78,071	245,217	121,754	95,281	133,542
Main Street Argenta	1,230	-	-	-	-	-	-	-	-	-
Neighborhood services	133,163	154,354	174,845	158,112	164,090	174,839	204,288	189,592	171,971	169,060
Parks and recreation	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	7,672,299
Public safety – fire	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	18,686,275
Public safety – police	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	24,570,426
Public works	1,033,183	1,025,014	831,751	647,605	849,837	1,070,419	1,147,806	1,028,141	2,613,126	1,746,623
RV Park	130	-	-	-	-	-	-	-	-	-
Sanitation	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	4,987,955
Senior citizens	796,843	918,477	902,499	926,884	887,376	919,528	1,011,537	902,633	1,094,334	1,054,989
Special appropriations	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	7,464,739
Street and traffic	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	6,004,037
Capital outlay	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	23,733,371
Debt service										
Principal	2,122,129	2,182,711	2,966,550	2,958,304	3,008,807	3,672,012	414,745	442,708	400,551	682,284
Interest	264,788	232,890	170,952	122,712	93,732	46,214	42,282	40,953	48,266	487,327
Bond issuance costs	-	-	-	-	-	-	-	-	205,274	-
Total expenditures	<u>77,392,620</u>	<u>84,060,228</u>	<u>85,046,072</u>	<u>77,694,622</u>	<u>76,918,032</u>	<u>85,846,128</u>	<u>90,779,082</u>	<u>92,142,586</u>	<u>101,106,315</u>	<u>114,925,408</u>
Deficiency of revenues under expenditures	<u>(10,231,045)</u>	<u>(12,364,487)</u>	<u>(17,056,789)</u>	<u>(9,179,669)</u>	<u>(7,577,669)</u>	<u>(13,741,533)</u>	<u>(9,377,611)</u>	<u>756,270</u>	<u>(3,177,614)</u>	<u>(15,462,893)</u>
Other Financing Sources (Uses)										
Transfers in	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	32,260,903
Transfers out	(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)	(18,611,557)
Net debt proceeds	1,300,000	-	5,101,640	1,281,347	-	137,000	3,610	-	11,388,976	253,902
Total other financing sources	<u>13,085,458</u>	<u>11,695,741</u>	<u>16,900,313</u>	<u>12,992,025</u>	<u>11,770,042</u>	<u>12,262,161</u>	<u>11,995,778</u>	<u>12,230,000</u>	<u>23,410,546</u>	<u>13,903,248</u>
Net change in fund balances	<u>\$ 2,854,413</u>	<u>\$ (668,746)</u>	<u>\$ (156,476)</u>	<u>\$ 3,812,356</u>	<u>\$ 4,192,373</u>	<u>\$ (1,479,372)</u>	<u>\$ 2,618,167</u>	<u>\$ 12,986,270</u>	<u>\$ 20,232,932</u>	<u>\$ (1,559,645)</u>
Debt service as a percentage of noncapital expenditures	12.7%	8.0%	8.6%	10.5%	10.5%	13.7%	7.8%	0.7%	0.6%	1.3%

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
2011	\$ 10,595,179	\$ 36,560,908	\$ 2,977,798	\$ 50,133,885
2012	12,214,147	37,316,637	2,754,180	52,284,964
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
2020	15,868,429	61,897,024	3,737,046	81,502,499

(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				
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%
2020	897,561,277	295,703,490	64,302,635	1,257,567,402	11.45	6,238,993,180	20%

Source: Pulaski County Tax Assessor.

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

Note: Tax collections show do not include Act 9 Real Estate Valuations.

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
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
2020	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80

Tax Levies

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
2020	14,197,870	50,794,124	38,868,908	103,860,902

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 16. Taxes are recorded as delinquent after October 16 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, 2020

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 2020, the two cent city sales tax generated revenue of approximately \$36,800,000.

According to Arkansas State Statutes, the City is required to keep the identity of individual taxpayers confidential. Therefore, the City of North Little Rock is not able to identify the top 10 taxpayers. 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	\$ 4,016,965	10.90%
Building materials and supplies dealers	3,061,401	8.30%
Grocery stores	2,494,870	6.80%
Full service restaurants	2,317,725	6.30%
Electric power generation, transmission, and distribution	1,810,949	4.90%
Electric Shopping and Mail-Order Houses Total	1,434,838	3.90%
Electronics and appliance stores	1,153,243	3.10%
Restaurants and other eating places	971,745	2.60%
Gasoline stations	926,366	2.50%
Automotive parts, accessories, and tire stores	916,806	2.50%
Totals	<u>\$ 19,104,908</u>	<u>51.80%</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
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%
2020	14,197,870	13,292,553	93.62%

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 ⁽⁴⁾	-	173,418	1,293,976	31,415,000	43,887,394	1.55%	704.41	
2020	10,495,000	-	255,036	1,220,630	26,432,337	38,403,003	1.32%	616.17	

Note: Details regarding the City's outstanding debt can be found in *Note 4* 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 2011 bonds.

(4) In 2019, the City issued Series 2019-A Capital Improvement Revenue bonds in the amount of \$9,305,000 for the acquisition, construction, and equipping of a new police and courts building.

City of North Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2020

Table 12

Governmental Unit	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
City of North Little Rock, Arkansas	\$ 11,957,666 ⁽¹⁾	100%	\$ 11,957,666
North Little Rock Public School District	<u>196,060,000</u>	100%	<u>196,060,000</u>
Total direct and overlapping debt	<u>\$ 208,017,666</u>		<u>\$ 208,017,666</u>

(1) The City's overlapping debt is equal to the total governmental activities debt found in Table 11.

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

Table 13

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 314,391,851
Total net debt applicable to limit	<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>	<u>255,036</u>
Legal debt margin	<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>	<u>\$ 314,136,815</u>
Total net debt applicable to the limit as a percentage of debt limit	3.25%	4.28%	2.97%	2.27%	1.41%	0.39%	0.31%	0.17%	0.06%	0.08%

Legal Debt Margin Calculation for 2020

Assessed value	\$ 1,257,567,402
Debt limit	
General obligation debt limitation (1)	251,513,480
Short-term financing debt limitation (2)	<u>62,878,370</u>
Total debt limitation	<u>314,391,851</u>
Debt applicable to limit	
General obligation and short-term financing	255,036
Less: Amount set aside for repayment in debt services funds	<u>-</u>
Total net debt applicable to limit	<u>255,036</u>
Legal debt margin	<u>\$ 314,136,815</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 Ratio	
2020	\$ 1,956,911	\$ 445,000	\$ 411,299	\$ 856,299	2.29	

Special Assessment Bonds						
Debt Service						
Fiscal Year	Pledged Revenues	Principal	Interest	Total	Coverage Ratio	
2020	\$ 141,664	\$ 65,000	\$ 71,050	\$ 136,050	1.04	

Business-type Activities Revenue Bonds						
Electric System Revenue Bonds						
Debt Service						
Gross Revenue	Operating Expenses	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
\$88,267,984	\$ 57,007,701	\$ 31,260,283	\$ 5,507,807	\$ 781,379	\$ 6,289,186	4.97

Note: Pledged revenue bond coverage is presented starting with fiscal year 2020 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
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	11.8	8,076 ⁽³⁾	3.2%
2020	62,304 ⁽¹⁾	2,900,874,240	46,560	37.3	11.9	8,017 ⁽³⁾	4.3%

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.

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

Table 16

Employer	2020			2010 (1)	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Federal Government	2,000	1	3.03%	-	
North Little Rock School District	1,600	2	2.43%	-	
Union Pacific	1,500	3	2.28%	-	
Baptist Health	1,400	4	2.12%	-	
Maverick Transportation, Inc.	925	5	1.40%	-	
City of North Little Rock	850	6	1.29%	-	
Caterpillar	750	7	1.14%	-	
National Guard Professional Education Center	750	8	0.99%	-	
L'Oreal USA Products	650	9	1.14%	-	
Southern Glazer's Wine and Spirits	600	10	0.91%	-	
	11,025		16.73%	-	

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administration	10	10	10	9	8	8	8	9	9	9
City Clerk	4	4	4	4	4	4	4	5	5	5
Code Enforcement	13	13	13	13	14	14	14	13	13	13
Commerce	4	4	4	4	4	4	4	4	4	4
Communications	-	-	1	1	1	1	1	1	1	1
District Court – First Division	9	9	9	9	9	9	9	9	8	8
District Court – Second Division	9	9	9	9	9	9	9	9	9	9
Finance	11	11	12	12	13	13	13	14	14	14
Fiscal Control	2	2	-	-	-	-	-	-	-	-
Human Resources	8	8	8	8	8	8	8	8	9	9
Legal	7	8	8	8	8	8	8	8	8	8
Planning	8	8	12	12	12	12	12	12	13	13
Vehicle Maintenance	13	13	13	13	13	13	13	13	13	13
Animal Shelter	9	9	9	9	9	9	9	9	10	11
Emergency Services	25	29	29	32	32	32	32	32	32	32
Fit 2 Live – Wellness	-	-	-	2	1	1	1	1	1	1
Health	5	5	5	5	-	-	-	-	-	-
Neighborhood Services	2	2	2	2	2	2	2	2	2	2
Fire	151	151	151	151	151	175	175	175	166 ⁽¹⁾	166
Police	238	238	238	238	238	239	240	240	239 ⁽²⁾	239
Public Works	15	15	11	10	11	11	11	11	11	11
Sanitation	42	42	41	41	39	39	39	39	39	39
Senior Citizens Center	7	7	8	8	8	8	8	8	8	8
Total general fund	<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>	<u>615</u>
Community Development	6	6	6	6	6	5	5	5	5	4
Electric	103	102	102	103	103	101	104	131	134 ⁽³⁾	134
Information Technology	-	-	-	-	-	-	-	-	21 ⁽⁴⁾	21
Parks & Recreation	61	62	63	64	64	71	71	79	85	86
Street	53	53	53	53	53	53	53	58	58	58
Traffic Services	12	12	13	13	13	13	13	13	14	14
Utilities Accounting	43	43	43	43	43	43	43	10	- ⁽³⁾	-
Total other funds	<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>	<u>317</u>
Total personnel	<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>	<u>932</u>

(1) The decrease in Fire Department personnel is related to grant-funded positions terminated upon expiration of funding.
(2) One position 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Animal Shelter										
Animals Handled	3,702	3,809	3,668	3,865	3,368	3,350	3,195	3,443	2,557	2,304
Adoptions	873	841	833	674	668	722	887	968	806	563
Fire										
Number of uniformed employees	148	148	148	148	148	172	172	172	163	160
Fires and explosions	-	-	438	470	555	512	496	519	453	523
Rescue, emergency medical calls	-	-	5,936	6,157	6,605	7,112	7,261	7,044	6,775	6,347
Service calls	-	-	1,060	1,082	1,066	1,158	1,250	1,340	1,085	1,320
False alarm calls	-	-	792	802	733	835	857	838	869	802
Other calls	-	-	2,177	2,222	1,833	2,207	2,317	2,325	2,119	3,409 ⁽²⁾
Total calls	10,821 ⁽¹⁾	10,981 ⁽¹⁾	10,849 ⁽¹⁾	10,733	10,792	11,996	12,181	12,066	11,301	12,401
Police										
Number of uniformed employees	202	202	202	202	202	202	202	201	201	178
Calls for service	94,217	97,271	94,671	97,558	94,413	91,273	94,986	109,715	90,058	72,537
Arrests	7,411	7,588	7,765	8,655	8,421	8,176	7,311	7,225	6,862	6,317

Sources: Various city departments.

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

(1) Only total calls for service data available

(2) Increased due to COVID-19 calls being classified as other

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

Table 19

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire Stations	10	10	10	10	10	11	11	11	11	11
Police Stations	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	34	34	34	33	31	32	34	35	35	35
Number of playground areas	46	46	46	46	46	47	49	50	51	51
Number of tennis courts	40	40	40	40	40	40	40	40	40	40
Number of golf courses	3	3	3	3	2	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	51	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 Terry Hartwick, 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, 2020.

- (1) Arkansas Municipal Accounting Law, §14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, §16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; 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, 2020.

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
May 27, 2021



SINGLE AUDIT SECTION

City of North Little Rock, Arkansas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

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		\$ -	\$ 37,549
Passed through from:				
Central Arkansas Planning and Development District				
<i>Economic Development Cluster</i>				
Investments for Public Works and Economic Development				
Facilities	11.300	08-01-05264	-	381,469
<i>Total Economic Development Cluster</i>			-	419,018
Total U. S. Department of Commerce				419,018
<u>Department of Housing and Urban Development</u>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		-	40,324
Community Development Block Grants/Entitlement Grants	14.218		56,403	847,557
<i>Total CDBG - Entitlement Grants Cluster</i>			56,403	887,881
HOME Investment Partnerships Program	14.239		161,520	175,734
Total Department of Housing and Urban Development				1,063,615
<u>U.S. Department of the Interior</u>				
Direct Program:				
Historic Preservation Fund Grants-In-Aid	15.904		-	43,403
Total U. S. Department of the Interior				43,403
<u>Department of Justice</u>				
Passed through from:				
Arkansas Department of Finance and Administration				
COVID-19 Coronavirus Emergency Supplemental Fund	16.034	2020-VD-BX-0427	-	102,381
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738		-	63,851
Equitable Sharing Program	16.922		-	30,493
Total Department of Justice				196,725
<u>Department of Transportation</u>				
<u>Highway Planning and Construction Cluster</u>				
Direct Program:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205		-	206,254
Passed through from:				
Arkansas Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	TAPC-9315(54)	-	16,000
				222,254
<i>Total Highway Planning and Construction Cluster</i>				
				222,254
<u>Highway Safety Cluster</u>				
Passed through from:				
Arkansas State Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2020-02-02-18	-	2,306
National Priority Safety Programs	20.616	OP-2020-02-02-18	-	9,998
<i>Total Highway Safety Cluster</i>				
				12,304
Total Department of Transportation				234,558
<u>U.S. Department of Treasury</u>				
Passed through from:				
Arkansas Department of Finance and Administration				
COVID-19 Coronavirus Relief Fund	21.019	None Provided	-	2,468,344
Total U. S. Department of Treasury				2,468,344

City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020

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-2019-EP-00002-S01	\$ -	\$ 49,880
Disaster Grants				
Public Assistance (Presidentially Declared Disasters)	97.036	4441	-	1,011,350
Direct Program:				
Assistance to Firefighters Grant	97.044		-	61,924
Total Department of Homeland Security			-	1,123,154
Total Federal Awards Expended			\$ 217,923	\$ 5,548,817

City of North Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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, 2020.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 \$1,866,182 in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2020.

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, 2020.

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2021, which contained a reference to the reports of other auditors and an Emphasis of Matter paragraph regarding a change in accounting principle.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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
Page 143

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
May 27, 2021

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, 2020. 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 \$1,866,182 in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2020. 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, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on 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
Page 146

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
May 27, 2021

City of North Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

7. The City's major federal programs were:

Cluster/Program	CFDA Number
<i>CDBG Entitlement Grants Cluster</i>	
COVID-19 Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grants/Entitlement Grants	14.218
 COVID-19 Coronavirus Relief Fund	 21.019

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, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

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, 2020

Reference Number	Summary of Finding	Status
2019-001	Finding: The City's financial statements required prior period adjustments for proper financial statement presentation. We suggest that 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.	Implemented. See separate auditee document for detail of corrective action taken.