

CITY OF NORTH LITTLE ROCK, ARKANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED DECEMBER 31, 2022

Cover photo by Ember Strange

On the cover:

The North Little Rock City Services center was purchased in December 2021. This is a 92,384 square foot building sitting on a 6.76 acre lot. The City condensed several locations into this one location to provide for a one-stop shop for citizens. Departments began moving into the new location in April 2023 after renovations were made to the building to fit the City's needs.



CITY OF NORTH LITTLE ROCK, ARKANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended
December 31, 2022

PREPARED BY:

DEPARTMENT OF FINANCE

Ember Strange, Chief Financial Officer

Anita Worley, Assistant Chief Financial Officer

Amanda Bonner, Comptroller

City of North Little Rock, Arkansas
Year Ended December 31, 2022

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City of North Little Rock, Arkansas
Year Ended December 31, 2022

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INTRODUCTORY SECTION





June 23, 2023

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 Annual Comprehensive Financial Report of the City of North Little Rock for the fiscal year ended December 31, 2022.

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 FORVIS, 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, 2022, 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, 2022, 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 56.25 square-miles and serves a population of 64,591 as of the 2020 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. These funds include the General Fund and various special revenue and capital project funds. For the General Fund, this comparison is presented on page 21 as part of the basic financial statements for the governmental funds. For the special revenue and capital project funds, this comparison is presented beginning on page 118 as part of the other supplementary information.

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 2022. The City's local sales taxes (which represent 67% of General Fund revenue, excluding transfers) increased 4.2% over the prior year.

Long-Term Financial Planning

North Little Rock citizens extended a one half (1/2)-Cent Local Sales Tax in August 2022 that was set to expire in December 2022. The continuation of the tax went into effect on January 1, 2023 and will expire on December 31, 2027. The continuation was a one-half percent tax for capital improvements to fund a new central fire station, a new Fire Station 11, vehicle and equipment upgrades for public safety, improvements to each community center, additional park upgrades and street, drainage and sidewalk improvements.

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 December 31, 2022, the General Fund emergency reserve was approximately \$19 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 annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the third consecutive year that the government has achieved this prestigious award.

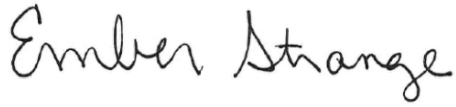
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive 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 Chief Financial Officer Anita Worley, Comptroller Amanda Bonner, Senior Accountant Keith Ivey, Accountant Samantha Elrod and Accountant Lauren Jones, as well as the services of the staff of the Finance Department and Human Resources Department. We would like to express appreciation to all members of these departments for their contributions and devotion to meeting the highest standards of accounting and financial reporting.

In addition, credit must be given to the City Council and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of North Little Rock finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Ember Strange". The script is cursive and fluid, with the first name "Ember" and last name "Strange" clearly legible.

Ember Strange
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Little Rock
Arkansas**

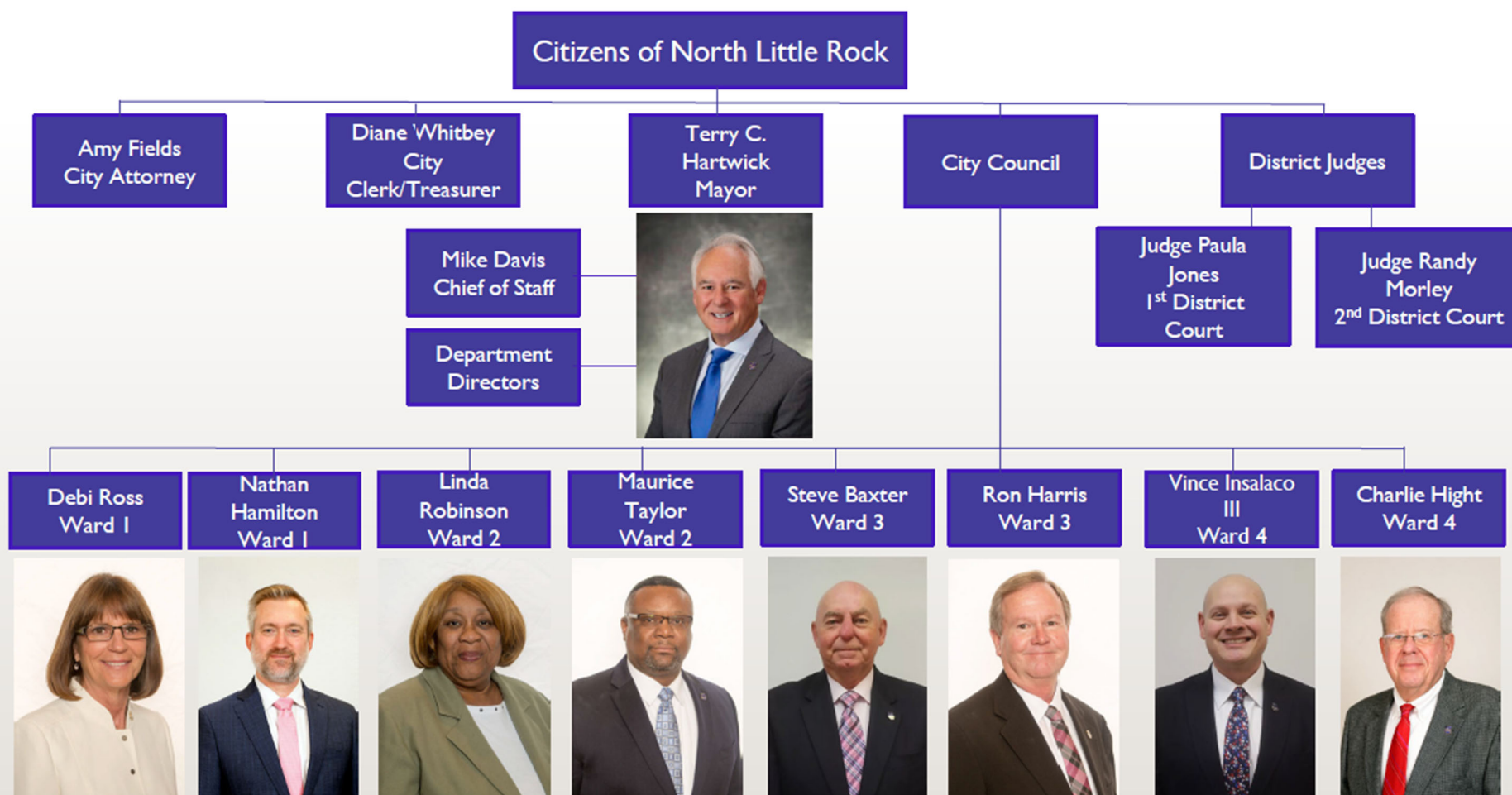
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

CITY OF NORTH LITTLE ROCK ORGANIZATIONAL CHART



City of North Little Rock, Arkansas

List of Principal Officials Year Ended December 31, 2022

Chief of Staff	Mike Davis
Police Chief	Patrick Thessing
Fire Chief	Gerald Tucker
Chief Financial Officer	Ember Strange
North Little Rock Electric Department	Ryan Wilson
Animal Services	Adam Tindall
Code Enforcement	Felecia McHenry
Construction and Building Services	Mary Beth Bowman
Communications	Shara Brazear
Community Development	Bailey Noland
Economic Development	Robert Birch
Workforce Development and Education	Colleen Carr
Emergency Services	Kim Francisco
Engineering	David Cook
Community Affairs/Fit 2 Live	LaKaisha Shelby
Hayes Senior Center	Steven Carr
History Commission	Sandra Smith
Human Resources	Betty Anderson
Information Technology	John Barber
Neighborhood Services	Dan Scott
Parks and Recreation	Randy Sandefur
Planning	Shawn Spencer
Safety	Kenny Stephens
Sanitation	Condo Breedlove
Street	Patrick Lane
Vehicle Maintenance	Kenny Brock

FINANCIAL
SECTION





14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

Independent Auditor's Report

Members of the City Council and
Honorable Terry C. Hartwick, Mayor
City of North Little Rock, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 88%, 86% and 86%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in fiscal year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual fund financial statements and schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of 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 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 City's internal control over financial reporting and compliance.

FORVIS, LLP

**Dallas, Texas
June 23, 2023**

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

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, 2022. 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, 2022 by \$245,276,802 (presented as "net position"). Within the total net position, unrestricted is a negative \$16,630,730.

- The City's total net position increased by \$33,021,704 in 2022. Net position of governmental activities increased by \$31,200,480 primarily due to increased collections of sales tax, food and lodging taxes and motor fuel taxes all due to the continued increased prices of goods, services and fuels. The increase in net position is also attributed to the transfers in from the Electric Department and the increase in grant funding the City received in 2022. In May 2022, the City received its second tranche of ARPA funding of approximately \$8.4 million. The City also had several projects that are funded through the highway department such as the Jumpstart Levy and Jumpstart Parkhill projects. Net position of business-type activities increased \$1,821,224.
- As of December 31, 2022, the City's governmental funds reports combined ending fund balances of \$81,470,003 an increase of \$9,749,416 from 2021. Approximately 50% of this amount, \$40,309,876 is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2022, the unassigned fund balance for the General Fund was \$40,370,382 or 47% of total General Fund expenditures.
- As of December 31, 2022, the net position of the proprietary funds totaled \$159,294,807. Net position increased by \$1,821,224 during the year ended December 31, 2022.
- As of December 31, 2022, net position of fiduciary funds was \$53,287,511. There was a decrease of \$6,389,006 in the total fiduciary net position held in trust for the year ended December 31, 2022 due to uncertainty in the market conditions.

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.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

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

The *Statement of Activities* presents information showing how the City's net position changed during the 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 15-16 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, 2022

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, the 2017 Capital Improvement Fund, and ARPA Fund, which are considered to be major funds. Data for the other 13 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 17-20 of this reporting package. A budget to actual comparison for the General Fund can be found on page 21 of this reporting package. Budgets for various special revenue and capital projects funds can be found on pages 118-121.

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 22-24 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 25-26 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 29-98 of this reporting package.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

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 99-121 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 2022 compared to 2021:

CITY OF NORTH LITTLE ROCK, ARKANSAS NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 105,658,047	\$ 94,979,638	\$ 72,760,725	\$ 69,614,572	\$ 178,418,772	\$ 164,594,210
Capital and leased assets	143,322,027	125,595,255	125,227,031	129,557,596	268,549,058	255,152,851
Total assets	<u>248,980,074</u>	<u>220,574,893</u>	<u>197,987,756</u>	<u>199,172,168</u>	<u>446,967,830</u>	<u>419,747,061</u>
Deferred Outflows of Resources	<u>23,066,835</u>	<u>21,312,932</u>	<u>3,088,110</u>	<u>1,684,827</u>	<u>26,154,945</u>	<u>22,997,759</u>
Total assets and deferred outflows of resources	<u>\$ 272,046,909</u>	<u>\$ 241,887,825</u>	<u>\$ 201,075,866</u>	<u>\$ 200,856,995</u>	<u>\$ 473,122,775</u>	<u>\$ 442,744,820</u>
Liabilities						
Long-term liabilities	\$ 147,279,600	\$ 156,408,506	\$ 26,223,523	\$ 26,698,593	\$ 173,503,123	\$ 183,107,099
Other liabilities	14,512,037	14,628,611	14,601,835	15,095,591	29,113,872	29,724,202
Total liabilities	<u>161,791,637</u>	<u>171,037,117</u>	<u>40,825,358</u>	<u>41,794,184</u>	<u>202,616,995</u>	<u>212,831,301</u>
Deferred Inflows of Resources	<u>24,273,277</u>	<u>16,069,193</u>	<u>955,701</u>	<u>1,589,228</u>	<u>25,228,978</u>	<u>17,658,421</u>
Net Position						
Net investment in capital assets	130,524,357	113,011,793	109,997,145	108,760,225	240,521,502	221,772,018
Restricted	19,660,092	18,931,884	1,725,938	3,106,611	21,386,030	22,038,495
Unrestricted	(64,202,454)	(77,162,162)	47,571,724	45,606,747	(16,630,730)	(31,555,415)
Total net position	<u>85,981,995</u>	<u>54,781,515</u>	<u>159,294,807</u>	<u>157,473,583</u>	<u>245,276,802</u>	<u>212,255,098</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 272,046,909</u>	<u>\$ 241,887,825</u>	<u>\$ 201,075,866</u>	<u>\$ 200,856,995</u>	<u>\$ 473,122,775</u>	<u>\$ 442,744,820</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$245,276,802 as of December 31, 2022. The largest portion of the City's net position (\$240,521,502 or 98%) 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 are 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.

City of North Little Rock, Arkansas

Management Discussion and Analysis

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An additional portion of the City's net position, \$21,386,030 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of (\$16,630,730) 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, 2022 and 2021. Governmental activities increased the City's net position by \$31,200,480 for the year ended December 31, 2022 primarily due to increased collections of sales tax, food and lodging taxes and motor fuel taxes all due to the continued increased prices of goods, services and fuels. The increase in net position is also attributed to transfers in of \$13.6 million from the Electric Department and the increase in grant funding the City received in 2022. In May 2022, the City received its second tranche of ARPA funding of approximately \$8.4 million. The City also had several projects that are funded through the highway department such as the Jumpstart Levy and Jumpstart Parkhill projects.

At the end of 2022, capital grants and contributions in governmental funds were approximately \$1.7 million above the prior year. This change is primarily associated with the City's Jumpstart Levy and Jumpstart Parkhill projects.

General tax revenue increased approximately \$4 million in the current year. This increase is due to the continued increase in price of goods and services and consumers continuing to shop online post-COVID rather than traveling to neighboring cities.

Grants not restricted to specific programs increased approximately \$6 million in the current year. In 2022, the City received its second tranche of ARPA funding and continued spending the first tranche. Several large purchases were made in 2022 using ARPA funds including a ladder truck for approximately \$1.5 million, two side loader garbage trucks for approximately \$650,000, ten new patrol cars for the police department totaling over \$500,000. These were one-time purchases made in 2022. The City spent approximately \$3.9 million in ARPA funds rehiring public sector personnel to pre-pandemic levels in 2022.

General government expense increased approximately \$5 million over the prior year. This increase is attributable to an increase in uniform and non-uniform salary and benefits combined with one-time costs to repair the field at Dickey Stephen ballfield.

The decrease in public safety expense is primarily associated with the decrease in pension expense in the current year for the Police and Fire – LOPFI plans, the Police Pension plan and the Firemen's Pension and Relief Plan. For more information on these plans see *Note 8*.

The decrease in public works expense is due to one-time maintenance projects completed in 2021 that were not ongoing in 2022.

City of North Little Rock, Arkansas

Management Discussion and Analysis

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The decrease in street and traffic expense in 2022 is primarily associated with vacant positions in the street department and fewer street maintenance supplies being bought. In 2022, emergency repairs to streets and drainage were contracted out by the public works department due to the high number of vacant positions in the street department.

In 2022, net position of business-type activities increased by approximately \$1.8 million which is fairly consistent with prior year operations. Increase in charges for services were offset by an increase in power costs.

CITY OF NORTH LITTLE ROCK, ARKANSAS CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 10,925,330	\$ 9,283,739	\$ 102,966,537	\$ 93,857,877	\$ 113,891,867	\$ 103,141,616
Operating grants and contributions	393,129	543,406	1,620,078	873,714	2,013,207	1,417,120
Capital grants	4,677,191	2,957,825	-	-	4,677,191	2,957,825
General Revenues						
Taxes	94,000,319	89,901,294	-	-	94,000,319	89,901,294
Franchise fees	4,352,373	4,055,911	-	-	4,352,373	4,055,911
Grants not restricted to specific programs	8,297,940	2,169,654	-	-	8,297,940	2,169,654
Investment Income	179,173	130,868	190,320	131,053	369,493	261,921
Miscellaneous	3,244,686	3,879,020	-	-	3,244,686	3,879,020
Total revenues	<u>126,070,141</u>	<u>112,921,717</u>	<u>104,776,935</u>	<u>94,862,644</u>	<u>230,847,076</u>	<u>207,784,361</u>
Expenses						
General government	30,660,183	25,654,068	-	-	30,660,183	25,654,068
Public safety	47,950,176	53,340,207	-	-	47,950,176	53,340,207
Public works	1,394,466	3,200,186	-	-	1,394,466	3,200,186
Street and traffic	9,786,423	10,793,629	-	-	9,786,423	10,793,629
Health and sanitation	6,551,846	6,840,427	-	-	6,551,846	6,840,427
Community development	1,446,767	615,673	-	-	1,446,767	615,673
Culture and recreation	10,427,475	9,795,437	-	-	10,427,475	9,795,437
Interest and agent fees	301,671	322,202	-	-	301,671	322,202
Electric department	-	-	89,306,365	78,828,925	89,306,365	78,828,925
Total expenses	<u>108,519,007</u>	<u>110,561,829</u>	<u>89,306,365</u>	<u>78,828,925</u>	<u>197,825,372</u>	<u>189,390,754</u>
Increases (Decreases) in Net Position						
Before Transfers	17,551,134	2,359,888	15,470,570	16,033,719	33,021,704	18,393,607
Transfers	<u>13,649,346</u>	<u>13,649,306</u>	<u>(13,649,346)</u>	<u>(13,649,306)</u>	<u>-</u>	<u>-</u>
Increases in Net Position	31,200,480	16,009,194	1,821,224	2,384,413	33,021,704	18,393,607
Net Position, Beginning of Year	<u>54,781,515</u>	<u>38,772,321</u>	<u>157,473,583</u>	<u>155,089,170</u>	<u>212,255,098</u>	<u>193,861,491</u>
Net Position, End of Year	<u>\$ 85,981,995</u>	<u>\$ 54,781,515</u>	<u>\$ 159,294,807</u>	<u>\$ 157,473,583</u>	<u>\$ 245,276,802</u>	<u>\$ 212,255,098</u>

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

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 \$81,470,003. Approximately 49% of this total amount or \$40,309,876 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 \$1,138,135, \$17,544,338, \$22,207,654, and \$270,000, respectively.

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 \$40,370,382 while total fund balance was \$60,198,348. 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 47% of total expenditures, while total fund balance represents 70% of that same amount. The General Fund's fund balance increased by \$10,319,509 during the current fiscal year. Total revenues increased approximately \$3.9 million. The primary factor for this increase was the increase in sales tax collections due to the continued increase in the cost of goods and services and consumers preferring to order online rather than going to neighboring cities to shop post-COVID. Expenditures increased approximately \$3,450,000. This increase was primarily a result of salary and benefit increases to uniform and non-uniform employees.

The 2017 Sales Tax Capital Improvement Fund has restricted fund balance of \$10,845,771 as of December 31, 2022. During 2022, fund balance decreased by \$952,356 due to planned capital outlays.

The ARPA fund is being used to account for federal grants related to the pandemic. Resources in this fund will be used in accordance with federal regulations.

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 \$47,571,724 as of December 31, 2022. The Electric Department's net position increased \$1,821,224. This increase is primarily due to additional system load.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

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 2022 there was \$2.3 million in outstanding purchase orders from 2021 rolled forward. The City also made other revisions to the original revenues and 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 \$96,092,845 as compared to the original budgeted expenditures of \$81,642,760 an increase of \$14,450,085. The majority of this increase in budgeted expenditures was an increase in Special Appropriations of \$11,884,561. This increase was due to several amendments. Two amendments were made for renovations to Dickey Stephens Field to prevent sinkholes and repair the field from the 2019 flood. The City also purchased the building and land at 4120 Baucum Pike to be the site of the new Rose City Health Clinic. Two amendments were made related to this purchase: one for demolition of the existing building and one for construction of the new building. The City also amended the budget for the costs associated with moving to the new City Services building. Overall, expenditures came in \$10.6 million under budget primarily due to the construction of the Rose City clinic building not starting until 2023 and the building renovations not being complete at the new City Services Building until 2023.

Revenue exceeded the general fund final budget by approximately \$4 million at the end of 2022. The favorable variance is primarily associated with higher than anticipated sales tax revenues due to continued increased costs of goods and services and consumers preferring to order online rather than going to neighboring cities to shop post-COVID. Final budgeted revenue exceeded the original budget by approximately \$10,000,000. The original revenue was based on historical trends. The increase in sales tax was not foreseen at the beginning of the year, it was expected to taper off as people returned to their normal lives in 2022.

CAPITAL AND LEASED ASSETS

The City's investment in capital and leased assets for its governmental and business-type activities as of December 31, 2022 amounts to \$268,549,058 net of accumulated depreciation/amortization. This investment in capital and leased 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 \$2,394,167.
- Additions to governmental buildings totaling \$861,398.
- Additions to governmental land of \$1,229,945.
- Additions to governmental vehicles of \$4,787,149.
- Additions to governmental equipment of \$1,875,482.
- Additions to governmental CIP of \$14,846,302 primarily related to the construction of the Burns Park fire station, Parkhill jumpstart project and Faulkner Lake Road construction.
- Additions to the Electrical system CIP of \$5,720,202.
- Additions to the Electrical system plant and equipment totaling \$985,747.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021	2022	2021*
Land and land rights	\$ 11,290,448	\$ 10,077,886	\$ 2,382,960	\$ 2,032,960	\$ 13,673,408	\$ 12,110,846
Construction in progress	12,607,945	24,492,510	10,359,974	8,568,235	22,967,919	33,060,745
Utility system plant and equipment	-	-	312,470,103	307,966,662	312,470,103	307,966,662
Infrastructure	64,683,480	59,772,927	-	-	64,683,480	59,772,927
Buildings	75,917,669	52,903,358	-	-	75,917,669	52,903,358
Land improvements	10,573,090	9,178,354	-	-	10,573,090	9,178,354
Vehicles	32,856,836	30,053,800	-	-	32,856,836	30,053,800
Equipment	33,172,945	31,376,029	-	-	33,172,945	31,376,029
Ships and watercraft	3,673,738	3,673,738	-	-	3,673,738	3,673,738
Right-to-use leased equipment	305,079	236,763	-	-	305,079	236,763
Right-to-use leased building	784,724	784,724	-	-	784,724	784,724
Accumulated depreciation/amortization	(102,543,927)	(95,933,347)	(199,986,006)	(189,010,261)	(302,529,933)	(284,943,608)
Total	\$ 143,322,027	\$ 107,370,743	\$ 125,227,031	\$ 129,557,596	\$ 268,549,058	\$ 256,174,338

* Fiscal year 2021 amounts have been restated for GASB 87

Additional information on the City's capital and leased assets can be found in *Note 5* in the notes to the basic financial statements.

DEBT ADMINISTRATION

At December 31, 2022, the City had \$26,685,217 outstanding debt consisting of revenue bonds, special obligation bonds, financed purchases, and lease liabilities. Of this debt, \$25,606,055 was secured by specific revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021	2022	2021*
Revenue bonds	\$ -	\$ -	\$ 15,314,659	\$ 20,924,530	\$ 15,314,659	\$ 20,924,530
Bonds payable	10,291,396	11,042,446	-	-	10,291,396	11,042,446
Financed purchases	142,038	190,976	-	-	142,038	190,976
Lease liability	937,124	1,021,487	-	-	937,124	1,021,487
Total	\$ 11,370,558	\$ 12,254,909	\$ 15,314,659	\$ 20,924,530	\$ 26,685,217	\$ 33,179,439

* Fiscal year 2021 amounts have been restated for GASB 87

Total long-term bonds, financed purchases, and lease liabilities outstanding at December 31, 2022, decreased by \$6,494,222 due to scheduled bond payments.

Additional information regarding the City's long-term debt can be found in *Note 6* of this report.

City of North Little Rock, Arkansas

Management Discussion and Analysis

December 31, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of North Little Rock has a stable economy with historically consistent and steady growth. The City has strong manufacturing, wholesale and retail trade, healthcare, education, and government sectors. Our central location and access to transportation contributes to the City's development as a regional warehousing and distribution center to companies such as Amazon, Dollar General and Lowe's. 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 2023 budget for the General Fund includes budgeted revenues of \$80,463,228, including net transfers of \$5,432,083, and expenditures of \$80,463,228.

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 Chief Financial Officer, City of North Little Rock, 700 W. 29th Street, North Little Rock, Arkansas 72114.

BASIC FINANCIAL STATEMENTS

City of North Little Rock, Arkansas

Statement of Net Position

December 31, 2022

	Primary Government			
	Governmental	Business-Type		Component
Assets	Activities	Activities	Total	Units
Cash and cash equivalents	\$ 34,541,712	\$ 28,438,669	\$ 62,980,381	\$ 10,633,060
Investments	39,337,901	17,764,923	57,102,824	11,779,100
Accounts receivable – net of allowance	28,759,457	3,343,419	32,102,876	7,740,970
Lease receivable	414,902	-	414,902	1,827,917
Prepaid expenses	1,138,135	1,559,729	2,697,864	913,133
Inventories	-	5,788,296	5,788,296	61,091
Restricted cash and cash equivalents	578,062	9,019,459	9,597,521	5,021,584
Notes receivable	-	1,435,000	1,435,000	166,830
Internal balances	887,878	(887,878)	-	-
Unbilled revenues	-	6,299,108	6,299,108	-
Capital assets – nondepreciable	23,898,393	12,742,934	36,641,327	24,206,179
Capital and leased assets – depreciable, net	119,423,634	112,484,097	231,907,731	127,122,943
Total assets	248,980,074	197,987,756	446,967,830	189,472,807
Deferred Outflows of Resources				
Deferred loss on refunding	-	84,773	84,773	-
Deferred amount related to pensions	22,482,370	2,922,899	25,405,269	5,515,655
Deferred amount related to OPEB	584,465	80,438	664,903	-
Total deferred outflows of resources	23,066,835	3,088,110	26,154,945	5,515,655
Total assets and deferred outflows of resources	\$ 272,046,909	\$ 201,075,866	\$ 473,122,775	\$ 194,988,462
Liabilities				
Accounts payable	\$ 3,883,665	\$ 3,630,529	\$ 7,514,194	\$ 1,104,570
Accrued expenses	3,449,792	605,656	4,055,448	3,204,195
Unearned revenue	5,098,342	-	5,098,342	-
Accrued interest	62,163	96,522	158,685	-
Noncurrent liabilities				
Due within one year				
Bonds payable	768,601	2,910,103	3,678,704	3,237,232
Financed purchase	50,371	-	50,371	-
Lease liability	122,333	-	122,333	-
Accrued compensated absences	936,318	155,984	1,092,302	713,469
Total OPEB liability	140,452	-	140,452	-
Customer deposits	-	7,203,041	7,203,041	-
Due in more than one year				
Bonds payable, net of amortized premium	9,522,795	12,404,556	21,927,351	42,601,998
Financed purchase	91,667	-	91,667	-
Lease liability	814,791	-	814,791	427,788
Reserve for bio-solids disposal	-	-	-	3,099,920
Net pension liability	122,041,862	11,758,063	133,799,925	7,145,669
Total OPEB liability	4,077,261	423,939	4,501,200	92,591
Accrued compensated absences	10,731,224	1,636,965	12,368,189	298,612
Total liabilities	161,791,637	40,825,358	202,616,995	61,926,044
Deferred Inflows of Resources				
Deferred amounts related to pensions	21,504,043	494,868	21,998,911	1,634,737
Deferred amount related to OPEB	2,352,990	460,833	2,813,823	-
Lease related	416,244	-	416,244	1,818,319
Total deferred inflows of resources	24,273,277	955,701	25,228,978	3,453,056
Net Position				
Net investment in capital assets	130,524,357	109,997,145	240,521,502	102,431,112
Restricted				
Debt service	896,449	1,725,938	2,622,387	4,548,624
Capital projects	10,845,771	-	10,845,771	-
Street and traffic	4,626,993	-	4,626,993	-
Parks and recreation	2,451,897	-	2,451,897	-
Community development	1,709	-	1,709	-
Police – equitable sharing	219,471	-	219,471	-
Drainage improvement	617,802	-	617,802	-
Airport	-	-	-	156,693
Library	-	-	-	33,296
Unrestricted	(64,202,454)	47,571,724	(16,630,730)	22,439,637
Total net position	85,981,995	159,294,807	245,276,802	129,609,362
Total liabilities, deferred inflows of resources, and net position	\$ 272,046,909	\$ 201,075,866	\$ 473,122,775	\$ 194,988,462

City of North Little Rock, Arkansas

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
General government	\$ 30,660,183	\$ 5,356,290	\$ 3,370	\$ -	\$ (25,300,523)	\$ -	\$ (25,300,523)	\$ -
Public safety	47,950,176	3,291,508	291,032	311,801	(44,055,835)	-	(44,055,835)	-
Public works	1,394,466	-	-	3,000,871	1,606,405	-	1,606,405	-
Street and traffic	9,786,423	46,105	-	-	(9,740,318)	-	(9,740,318)	-
Health and sanitation	6,551,846	1,405,486	-	-	(5,146,360)	-	(5,146,360)	-
Community development	1,446,767	-	98,727	1,364,519	16,479	-	16,479	-
Culture and recreation	10,427,475	825,941	-	-	(9,601,534)	-	(9,601,534)	-
Interest and fiscal charges on long-term debt	301,671	-	-	-	(301,671)	-	(301,671)	-
Total governmental activities	108,519,007	10,925,330	393,129	4,677,191	(92,523,357)	-	(92,523,357)	-
Business-type activities								
Electric Department	89,306,365	102,966,537	1,620,078	-	-	15,280,250	15,280,250	-
Total business-type activities	89,306,365	102,966,537	1,620,078	-	-	15,280,250	15,280,250	-
Total primary government	\$ 197,825,372	\$ 113,891,867	\$ 2,013,207	\$ 4,677,191	(92,523,357)	15,280,250	(77,243,107)	-
Total component units	\$ 35,179,172	\$ 27,164,994	\$ 539,654	\$ 878,926	-	-	-	(6,595,598)
General Revenues and Transfers								
General revenues:								
Taxes – sales					75,845,699	-	75,845,699	9,184,919
Taxes – other					18,154,620	-	18,154,620	4,060,635
Utility franchise taxes					4,352,373	-	4,352,373	-
Grants not restricted to specific programs					8,297,940	-	8,297,940	-
Investment income					179,173	190,320	369,493	137,197
Other					3,244,686	-	3,244,686	158,151
Transfers					13,649,346	(13,649,346)	-	-
Total general revenues and transfers					123,723,837	(13,459,026)	110,264,811	13,540,902
Change in Net Position					31,200,480	1,821,224	33,021,704	6,945,304
Net Position, Beginning of Year					54,781,515	157,473,583	212,255,098	122,664,058
Net Position, Ending of Year					\$ 85,981,995	\$ 159,294,807	\$ 245,276,802	\$ 129,609,362

City of North Little Rock, Arkansas
Balance Sheet – Governmental Funds
December 31, 2022

Assets	General Fund	2017 Sales Tax Capital Improvement	ARPA	Total Nonmajor Funds	Total
Cash and cash equivalents	\$ 24,489,404	\$ 2,625,603	\$ 1,124,136	\$ 6,302,569	\$ 34,541,712
Investments	32,387,046	6,950,855	-	-	39,337,901
Property taxes receivable – net of allowance	9,988,278	-	-	2,281,756	12,270,034
Sales tax receivable	11,538,454	-	-	2,100,413	13,638,867
Franchise tax receivable	540,661	-	-	-	540,661
Accounts receivable	396,184	-	-	4,875	401,059
Leases receivable	414,902	-	-	-	414,902
Due from other governments	5,788	-	-	1,903,048	1,908,836
Due from other funds	2,585,059	2,310,980	4,055,502	2,490,604	11,442,145
Prepays	966,118	-	-	172,017	1,138,135
Restricted cash equivalents	-	-	-	578,062	578,062
Total assets	\$ 83,311,894	\$ 11,887,438	\$ 5,179,638	\$ 15,833,344	\$ 116,212,314
Liabilities					
Accounts payable	\$ 1,837,108	\$ 955,072	\$ -	\$ 1,091,485	\$ 3,883,665
Accrued expenses	3,224,206	-	-	225,586	3,449,792
Unearned revenue	6,468	-	5,091,874	-	5,098,342
Due to other funds	8,405,273	86,595	-	2,062,399	10,554,267
Total liabilities	\$ 13,473,055	\$ 1,041,667	\$ 5,091,874	\$ 3,379,470	\$ 22,986,066
Deferred Inflows of Resources					
Unavailable revenues – property taxes	\$ 9,224,247	\$ -	\$ -	\$ 2,115,754	\$ 11,340,001
Lease related	416,244	-	-	-	416,244
Total deferred inflows of resources	\$ 9,640,491	\$ -	\$ -	\$ 2,115,754	\$ 11,756,245
Fund Balances					
Nonspendable	\$ 966,118	\$ -	\$ -	\$ 172,017	\$ 1,138,135
Restricted					
Capital projects	-	10,845,771	-	-	10,845,771
Debt service	-	-	-	686,771	686,771
Street and traffic	-	-	-	2,720,917	2,720,917
Parks and recreation	-	-	87,764	2,364,133	2,451,897
Community development	-	-	-	1,709	1,709
Police – equitable sharing	-	-	-	219,471	219,471
Drainage improvement	-	-	-	617,802	617,802
Committed	18,591,848	-	-	3,615,806	22,207,654
Assigned	270,000	-	-	-	270,000
Unassigned	40,370,382	-	-	(60,506)	40,309,876
Total fund balances	\$ 60,198,348	\$ 10,845,771	\$ 87,764	\$ 10,338,120	\$ 81,470,003
Total liabilities, deferred inflows of resources, and fund balances	\$ 83,311,894	\$ 11,887,438	\$ 5,179,638	\$ 15,833,344	\$ 116,212,314

City of North Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total fund balances – governmental funds	\$ 81,470,003
Amounts reported for governmental activities in the statement of net position are different because:	
Capital and leased assets, net of accumulated depreciation/amortization used in governmental activities are not current financial resources and therefore are not reported in the governmental funds	143,322,027
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.	11,340,001
Interest accrued on long-term debt in governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds	(62,163)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Accrued compensated absences	(11,667,542)
Total OPEB liability	(4,217,713)
Net Pension Liability	(122,041,862)
Bonds payable, including premiums	(10,291,396)
Financed purchases	(142,038)
Lease liability	(937,124)
Deferred outflows of resources and deferred inflows of resources, excluding amounts related to leases, represent flows of resources which relate to the future periods and, therefore, are not reported in the funds.	(790,198)
Net position of governmental activities	\$ 85,981,995

City of North Little Rock, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Year Ended December 31, 2022

	General Fund	2017 Sales Tax Capital Improvement	ARPA	Total Nonmajor Funds	Total
Revenues					
Taxes – sales	\$ 63,372,459	\$ -	\$ -	\$ 12,473,240	\$ 75,845,699
Taxes – other	15,181,942	-	-	1,991,937	17,173,879
Franchise fees	4,352,373	-	-	-	4,352,373
Fines and forfeitures	1,233,271	-	-	-	1,233,271
Licenses and permits	4,690,547	-	-	58,365	4,748,912
Charges for services	2,896,069	-	-	2,047,080	4,943,149
Intergovernmental	189,069	-	8,297,940	4,881,249	13,368,258
Investments earnings/(loss)	(26,138)	51,525	68,835	84,951	179,173
Miscellaneous	3,383,820	-	-	483,583	3,867,403
Total revenues	<u>\$ 95,273,412</u>	<u>\$ 51,525</u>	<u>\$ 8,366,775</u>	<u>\$ 22,020,405</u>	<u>\$ 125,712,117</u>
Expenditures					
Current					
General government					
Administration	\$ 2,499,676	\$ -	\$ -	\$ -	\$ 2,499,676
City clerk	457,322	-	-	-	457,322
Code enforcement	1,256,849	-	-	-	1,256,849
Commerce	339,735	-	-	-	339,735
Communication	306,350	-	-	-	306,350
Finance	1,422,210	-	-	-	1,422,210
Information technology	3,918,054	-	-	-	3,918,054
1st district court	684,195	-	-	-	684,195
2nd district court	517,911	-	-	-	517,911
Legal	787,689	-	-	-	787,689
Human resources	939,244	-	-	-	939,244
Planning	951,076	-	-	-	951,076
Vehicle maintenance	1,234,464	-	-	-	1,234,464
Total general government	<u>15,314,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,314,775</u>
Animal shelter	833,561	-	-	-	833,561
Community development	-	-	101,309	1,334,630	1,435,939
Emergency services	1,969,498	-	-	-	1,969,498
Fit 2 live	148,790	-	-	-	148,790
Health	88,141	-	-	-	88,141
Neighborhood services	325,993	-	-	-	325,993
Parks and recreation	-	-	392,681	8,891,722	9,284,403
Public safety – fire	19,644,828	-	-	24,577	19,669,405
Public safety – police	27,072,659	-	-	44,461	27,117,120
Public works	1,315,889	-	-	42,294	1,358,183
Sanitation	5,968,212	-	-	870	5,969,082
Senior citizens	965,944	-	-	-	965,944
Special appropriations	9,755,626	-	982,545	-	10,738,171
Street and traffic	1,911	-	-	7,731,871	7,733,782
Capital outlay	2,083,947	12,293,357	2,872,437	8,371,709	25,621,450
Debt Service					
Principal	-	-	-	663,938	663,938
Interest and agent fees	-	-	-	442,188	442,188
Total expenditures	<u>85,489,774</u>	<u>12,293,357</u>	<u>4,348,972</u>	<u>27,548,260</u>	<u>129,680,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,783,638</u>	<u>(12,241,832)</u>	<u>4,017,803</u>	<u>(5,527,855)</u>	<u>(3,968,246)</u>
Other Financing Sources (Uses)					
Transfers in	18,931,330	11,289,476	-	8,028,864	38,249,670
Transfers out	(18,413,802)	-	(3,924,525)	(2,261,997)	(24,600,324)
Leases (as lessee)	18,343	-	-	49,973	68,316
Total other financing sources (uses)	<u>535,871</u>	<u>11,289,476</u>	<u>(3,924,525)</u>	<u>5,816,840</u>	<u>13,717,662</u>
Net Change in Fund Balances	<u>10,319,509</u>	<u>(952,356)</u>	<u>93,278</u>	<u>288,985</u>	<u>9,749,416</u>
Fund Balances, Beginning of the Year	<u>49,878,839</u>	<u>11,798,127</u>	<u>(5,514)</u>	<u>10,049,135</u>	<u>71,720,587</u>
Fund Balances, End of the Year	<u>\$ 60,198,348</u>	<u>\$ 10,845,771</u>	<u>\$ 87,764</u>	<u>\$ 10,338,120</u>	<u>\$ 81,470,003</u>

The notes to the financial statements are an integral part of this statement.

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, 2022

Net change in fund balances – total governmental funds \$ 9,749,416

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/amortization expense.

Capital and leased asset purchases	25,621,450
Retirements	(622,717)
Depreciation expense	(8,130,175)
Amortization expense	(163,273)

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.	980,741
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Current year changes in long-term liabilities for compensated absences (do)/do not require the use of current financial resources; therefore, they are/(are not) reported as expenditures in the governmental funds.	297,190
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Changes to Other Post Employment Benefit (OPEB) liability, net pension liability, OPEB and pension related deferred outflows and inflows of resources (do)/do not require the use of current financial resources and therefore are/(are not) reported as expenditures in the governmental funds.	2,579,031
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Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	4,466
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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.

Principal payments:	
Financed purchases	48,938
Bonds payable	615,000
Bond premium amortization	136,050
Lease liability	152,679
Issuance of lease liability	(68,316)

Change in net position of governmental activities	<u><u>\$ 31,200,480</u></u>
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City of North Little Rock, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Year Ended December 31, 2022

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 53,680,000	\$ 7,800,000	\$ 61,480,000	\$ 63,372,459	\$ 1,892,459
Taxes – other	8,442,200	-	8,442,200	15,181,942	6,739,742
Franchise Fees	3,256,000	-	3,256,000	4,352,373	1,096,373
Fines and forfeitures	1,722,000	-	1,722,000	1,233,271	(488,729)
Licenses and permits	3,946,500	-	3,946,500	4,690,547	744,047
Charges for services	2,015,000	350,000	2,365,000	2,896,069	531,069
Intergovernmental	5,525,375	-	5,525,375	189,069	(5,336,306)
Investments earnings	114,000	-	114,000	(26,138)	(140,138)
Miscellaneous	2,533,534	1,905,110	4,438,644	3,383,820	(1,054,824)
Total revenues	\$ 81,234,609	\$ 10,055,110	\$ 91,289,719	\$ 95,273,412	\$ 3,983,693
Expenditures					
General Government					
Administration	\$ 2,515,282	\$ 122,640	\$ 2,637,922	\$ 2,499,676	\$ 138,246
City clerk	462,769	1,200	463,969	457,322	6,647
Code enforcement	1,179,059	141,210	1,320,269	1,256,849	63,420
Commerce	343,347	960	344,307	339,735	4,572
Communication	228,046	100,240	328,286	306,350	21,936
Finance	1,436,035	18,120	1,454,155	1,422,210	31,945
Information technology	4,789,002	55,387	4,844,389	3,918,054	926,335
1st District Court	682,324	1,920	684,244	684,195	49
2nd District Court	654,392	1,440	655,832	517,911	137,921
Legal	898,003	41,200	939,203	787,689	151,514
Human Resources	989,047	2,160	991,207	939,244	51,963
Planning	1,089,580	40,062	1,129,642	951,076	178,566
Vehicle Maintenance	1,231,974	3,120	1,235,094	1,234,464	630
Total general government	16,498,860	529,659	17,028,519	15,314,775	1,713,744
Animal Shelter	951,890	1,920	953,810	833,561	120,249
Emergency Services	2,475,516	4,800	2,480,316	1,969,498	510,818
Fit 2 live	269,801	(112,320)	157,481	148,790	8,691
Health	88,218	-	88,218	88,141	77
Neighborhood Services	221,324	128,280	349,604	325,993	23,611
Public Safety – Fire	20,519,642	163,488	20,683,130	19,644,828	1,038,302
Public Safety – Police	26,385,471	1,284,824	27,670,295	27,072,659	597,636
Public Works	1,292,718	204,793	1,497,511	1,315,889	181,622
Sanitation	5,633,508	358,160	5,991,668	5,968,212	23,456
Senior Citizens	1,056,984	1,920	1,058,904	965,944	92,960
Special Appropriations	6,248,828	11,884,561	18,133,389	9,755,626	8,377,763
Street and traffic	-	-	-	1,911	(1,911)
Capital Outlay	-	-	-	2,083,947	(2,083,947)
Total expenditures	81,642,760	14,450,085	96,092,845	85,489,774	10,603,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	(408,151)	(4,394,975)	(4,803,126)	9,783,638	14,586,764
Other Financing Sources (Uses)					
Transfers In	14,845,651	-	14,845,651	18,931,330	4,085,679
Transfers Out	(14,137,500)	(2,362,500)	(16,500,000)	(18,413,802)	(1,913,802)
Leases (as lessee)	-	-	-	18,343	18,343
Total other financing sources (uses)	708,151	(2,362,500)	(1,654,349)	535,871	2,190,220
Net Change in Fund Balance	300,000	(6,757,475)	(6,457,475)	10,319,509	16,776,984
Fund Balance, Beginning of the Year	49,878,839	-	49,878,839	49,878,839	-
Fund Balance, End of the Year	\$ 50,178,839	\$ (6,757,475)	\$ 43,421,364	\$ 60,198,348	\$ 16,776,984

The notes to the financial statements are an integral part of this statement.

City of North Little Rock, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2022

	Business-Type Activities Enterprise Fund Electric Department
Assets	
Current Assets	
Cash and cash equivalents	\$ 28,438,669
Investments	17,764,923
Accounts receivable – net of allowance	3,333,940
Other receivables	9,479
Notes receivable	135,000
Unbilled revenues	6,299,108
Materials and supplies	5,788,296
Prepaid expenses	1,559,729
Total current assets	<u>63,329,144</u>
Noncurrent Assets	
Restricted cash and cash equivalents	9,019,459
Notes Receivable	1,300,000
Capital Assets	
Capital assets	325,213,037
Less: accumulated depreciation	<u>(199,986,006)</u>
Total capital assets – net	125,227,031
Total noncurrent assets	<u>135,546,490</u>
Total assets	<u><u>\$ 198,875,634</u></u>
Deferred Outflows of Resources	
Deferred loss on refunding	\$ 84,773
Deferred amount related to pensions	2,922,899
Deferred amount related to OPEB	80,438
Total deferred outflows of resources	<u>3,088,110</u>
Total assets and deferred outflows of resources	<u><u>\$ 201,963,744</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 3,630,529
Accrued expenses and other liabilities	605,656
Due to other funds	887,878
Bonds payable – current portion	2,910,103
Accrued compensated absences – current portion	155,984
Accrued interest payable	96,522
Total current liabilities	<u>8,286,672</u>
Noncurrent Liabilities	
Customer deposits payable	7,203,041
Net pension liability	11,758,063
Total OPEB liability	423,939
Accrued compensated absences – noncurrent portion	1,636,965
Bonds payable – noncurrent portion	12,404,556
Total noncurrent liabilities	<u>33,426,564</u>
Total liabilities	<u>41,713,236</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	494,868
Deferred amount related to OPEB	460,833
Total deferred inflows of resources	<u>955,701</u>
Net Position	
Net investment in capital assets	109,997,145
Restricted - expendable	1,725,938
Unrestricted net position	47,571,724
Total net position	<u>159,294,807</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 201,963,744</u></u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities Enterprise Fund Electric Department
Operating Revenues	
Sales of electricity, net of uncollectible accounts	\$ 101,005,049
Penalty income	1,396,695
Miscellaneous income	564,793
Total revenues	<u>102,966,537</u>
Operating Expenses	
Salaries and fringe benefits	10,386,049
Purchased electricity and transmission costs	58,216,784
Maintenance	4,587,206
Franchise tax	367,102
Depreciation	10,857,197
Other services and charges	4,424,037
Total operating expenses	<u>88,838,375</u>
Operating Income	<u>14,128,162</u>
Nonoperating Revenues (Expenses)	
Interest and investment income	190,320
Interest expense	(459,990)
Trustee fees	(8,000)
Intergovernmental revenue	1,620,078
Total nonoperating revenues (expenses)	<u>1,342,408</u>
Income Before Transfers Out	15,470,570
Transfers to Other City Funds	<u>13,649,346</u>
Change in Net Position	1,821,224
Net Position, Beginning of Year	<u>157,473,583</u>
Net Position, End of Year	<u>\$ 159,294,807</u>

City of North Little Rock, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities Enterprise Fund Electric Department
Cash Flows from Operating Activities	
Receipts from customers	\$ 101,339,395
Payments to vendors	(8,411,005)
Payments for purchase of electricity	(58,216,784)
Payments for taxes	(367,102)
Payments to employees	(10,009,365)
Net cash flows provided by operating activities	<u>24,335,139</u>
Cash Flows from Noncapital Financing Activities	
Transfers to other departments	(13,649,346)
Net reduction of due to/from other funds	130,000
Proceeds from grants	1,620,078
Net cash flows used by noncapital financing activities	<u>(11,899,268)</u>
Cash Flows from Capital and Related Financing Activities	
Repayment of long-term debt and bonds payable	(5,609,871)
Purchase of property, plant and equipment	(6,972,903)
Interest paid	(464,977)
Trustee payments	(8,000)
Net cash flows used by capital and related financing activities	<u>(13,055,751)</u>
Cash flows from investing activities	
Proceeds from sale of investments	5,186,562
Purchase of investments	(17,980,915)
Interest on investments	190,320
Net cash flows used by investing activities	<u>(12,604,033)</u>
Net Decrease in Cash and Cash Equivalents	(13,223,913)
Cash and Cash Equivalents, Beginning of the Year	<u>50,682,041</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 37,458,128</u>
Reconciliation of Operating Income to Net Cash Provided from Operating Activities	
Operating income	\$ 14,128,162
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities	
Depreciation expense	11,303,468
(Increase) Decrease in assets and deferred outflows of resources	
Accounts receivable	(638,657)
Unbilled revenues	(988,485)
Prepaid expenses	(923,953)
Inventory	(976,329)
Deferred outflows of resources	(1,445,669)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	1,948,266
Accrued expenses	193,039
Customer deposits payable	(87,056)
Pension and OPEB	2,524,892
Compensated absences	(69,012)
Deferred inflows of resources	(633,527)
Net cash provided by operating activities	<u>\$ 24,335,139</u>

The notes to the financial statements are an integral part of this statement.

City of North Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Fund
December 31, 2022

	<u>Pension Trust</u> <u>Non-Uniform</u> <u>Employees</u> <u>Retirement</u>
Assets	
Cash and cash equivalents	\$ 2,687,554
Investments, at fair value	
Mutual funds	11,775,223
Equities	26,816,123
Corporate bonds	11,822,611
Other assets	<u>186,000</u>
Total assets	<u>53,287,511</u>
Net Position	
Net position – restricted for pensions	<u>\$ 53,287,511</u>
Total net position	<u><u>\$ 53,287,511</u></u>

City of North Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
For the Year Ended December 31, 2022

	<u>Pension Trust</u> <u>Non-Uniform</u> <u>Employees</u> <u>Retirement</u>
Additions	
Contributions	
Employer	\$ 3,566,827
Members	<u>1,507,468</u>
Total contributions	<u>5,074,295</u>
Investment income (loss)	
Interest and dividend income	1,160,935
Depreciation in fair value of investments	(7,585,166)
Less investment expense	<u>(212,672)</u>
Net investment loss	<u>(6,636,903)</u>
Total additions	<u>(1,562,608)</u>
Deductions	
Benefits paid to participants	4,748,795
Administrative expenses	<u>77,603</u>
Total deductions	<u>4,826,398</u>
Change in Net Position	(6,389,006)
Net Position Restricted for Pension Benefits, Beginning of Year	<u>59,676,517</u>
Net Position Restricted for Pension Benefits, End of Year	<u><u>\$ 53,287,511</u></u>

City of North Little Rock, Arkansas

Statement Net Position – Discretely Presented Component Units

December 31, 2022

	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	\$ 3,731,614	\$ 4,645,898	\$ 284,634	\$ 1,970,914	\$ 10,633,060
Investments	11,779,100	-	-	-	11,779,100
Accounts receivable, net of allowance	3,233,615	4,203,325	303,409	621	7,740,970
Leases receivable	-	-	1,827,917	-	1,827,917
Prepaid expenses and other	108,968	-	20,436	123,068	252,472
Inventories	60,847	244	-	-	61,091
Total current assets	18,914,144	8,849,467	2,436,396	2,094,603	32,294,610
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	3,372,669	-	-	-	3,372,669
Certificates of deposits	515,294	33,296	-	1,100,325	1,648,915
Other assets	660,661	-	-	-	660,661
Notes receivable	166,830	-	-	-	166,830
Capital assets, net	136,135,153	1,946,626	10,105,481	3,141,862	151,329,122
Total noncurrent assets	140,850,607	1,979,922	10,105,481	4,242,187	157,178,197
Total assets	159,764,751	10,829,389	12,541,877	6,336,790	189,472,807
Deferred Outflows of Resources					
Deferred outflows from pensions	4,251,181	879,443	41,851	343,180	5,515,655
Total deferred outflows of resources	4,251,181	879,443	41,851	343,180	5,515,655
Total assets and deferred outflows of resources	\$ 164,015,932	\$ 11,708,832	\$ 12,583,728	\$ 6,679,970	\$ 194,988,462
Current Liabilities					
Accounts payable	\$ 97,417	\$ 131,057	\$ 300,943	\$ 575,153	\$ 1,104,570
Other accrued liabilities	544,163	-	29,040	2,630,992	3,204,195
Bonds payable - current portion	3,237,232	-	-	-	3,237,232
Lease liability	-	427,788	-	-	427,788
Compensated absences	693,078	20,391	-	-	713,469
Total current liabilities	4,571,890	579,236	329,983	3,206,145	8,687,254
Noncurrent Liabilities					
Bonds payable – noncurrent portion	42,601,998	-	-	-	42,601,998
Reserve for bio-solids disposal	3,099,920	-	-	-	3,099,920
Net pension liability	3,740,989	2,418,325	166,781	819,574	7,145,669
Total OPEB liability	92,591	-	-	-	92,591
Compensated absences	-	115,551	-	183,061	298,612
Total noncurrent liabilities	49,535,498	2,533,876	166,781	1,002,635	53,238,790
Total liabilities	54,107,388	3,113,112	496,764	4,208,780	61,926,044
Deferred Inflows of Resources					
Deferred inflows from pensions	1,398,449	211,475	6,471	18,342	1,634,737
Lease related	-	-	1,818,319	-	1,818,319
Total deferred inflows of resources	1,398,449	211,475	1,824,790	18,342	3,453,056
Net Position					
Net investment in capital assets	90,295,923	1,518,838	10,105,481	510,870	102,431,112
Restricted - expendable	4,548,624	-	156,693	-	4,705,317
Restricted - nonexpendable	-	33,296	-	-	33,296
Unrestricted	13,665,548	6,832,111	-	1,941,978	22,439,637
Total net position	108,510,095	8,384,245	10,262,174	2,452,848	129,609,362
Total liabilities, deferred inflows of resources and net position	\$ 164,015,932	\$ 11,708,832	\$ 12,583,728	\$ 6,679,970	\$ 194,988,462

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	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	Total
Governmental Activities									
William F. Laman Public Library	\$ 3,989,054	\$ 203,206	\$ 389,654	\$ -	\$ -	\$ (3,396,194)	\$ -	\$ -	\$ (3,396,194)
Advertising and promotion	9,043,597	428,493	-	-	-	-	-	(8,615,104)	(8,615,104)
Total governmental activities	13,032,651	631,699	389,654	-	-	(3,396,194)	-	(8,615,104)	(12,011,298)
Business-type Activities									
Waste water utility	21,352,510	26,167,024	-	-	4,814,514	-	-	-	4,814,514
Airport commission	794,011	366,271	150,000	878,926	-	-	601,186	-	601,186
Total business-type activities	22,146,521	26,533,295	150,000	878,926	4,814,514	-	601,186	-	5,415,700
Total component units	\$ 35,179,172	\$ 27,164,994	\$ 539,654	\$ 878,926	4,814,514	(3,396,194)	601,186	(8,615,104)	(6,595,598)
General Revenues									
Taxes – other					-	4,060,635	-	-	4,060,635
Taxes – sales					-	-	19,530	9,165,389	9,184,919
Investment income					120,180	-	9,467	7,550	137,197
Other					34,842	8,593	(100)	114,816	158,151
Total general revenues					155,022	4,069,228	28,897	9,287,755	13,540,902
Change in Net Position					4,969,536	673,034	630,083	672,651	6,945,304
Net Position, Beginning of Year					103,540,559	7,711,211	9,632,091	1,780,197	122,664,058
Net Position, End of Year					\$ 108,510,095	\$ 8,384,245	\$ 10,262,174	\$ 2,452,848	\$ 129,609,362

Notes to Basic Financial Statements

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

Discretely Presented Component Units

Major Component Units

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

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

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

North Little Rock Airport Commission - The North Little Rock Airport Commission (Airport) 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 2022.

Nonmajor Component Unit

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.

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

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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. This fund is designated as major.

ARPA Fund - To account for grant funds received from the Coronavirus State and Local Fiscal Recovery Fund. These monies are expended to satisfy purposes as outlined by each federal program.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022

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.

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 2022 to reflect actual expenditures, and more accurately reflect actual revenues. 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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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 Fund, 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 Advertising and Promotion Commission restricted assets consist of a certificate of deposit. The principal of the endowment is permanently restricted, while investment income must be spent on reference materials.

Accounts Receivable

Accounts receivable are recorded in the General, Special Revenue, Debt Service, Proprietary fund types, and the Library and Airport component units. 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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

The electric department has a note receivable balance of \$1,435,000 as of December 31, 2022. The note is payable annually over the next eight years. The stated interest rate per the note is 5.25%.

Allowances have been established for December 31, 2022:

Primary Government

General Fund	\$ 779,148
Street Fund	160,884
Baring Cross Debt Service	31,758
Electric Department	151,174

Component Units

Waste Water Utility	\$ 29,000
Library	431,367

Lease Receivable

The City is a lessor for noncancellable leases related to land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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.

Capital and Leased Assets

Capital and leased 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 and leased 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 one year 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. Leased assets are amortized using the straight-line method over their estimated useful life or lease term whichever is shorter.

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

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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.

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.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Lease Liabilities

The City is a lessee for noncancellable leases of equipment, and a building and the Library is a lessee for a noncancellable lease of a building and equipment. The City and the Library recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City and the Library recognize lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City and the Library measure the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life for lease term, whichever is shorter.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Key estimates and judgments related to leases include how the City and the Library determine: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City and Library use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and Library generally use its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City and Library are reasonably certain to exercise.

The City and the Library monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital and leased assets and lease liabilities are reported with long-term liabilities on the statement of net position.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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 assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions and OPEB, consisting of the amount of contributions made to the pension plans after the measurement date, the difference in assumption changes, the difference in projected and actual earnings on investments, 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.

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 assets 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's deferred inflows relate to pensions and OPEB. This consists of the difference between the expected and actual experience, the difference in assumption changes, the difference in projected in actual 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 leases in the governmental funds and the government-wide financial statements. These amounts represent the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease.

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 and leased assets consists of capital and leased assets, net of accumulated depreciation/amortization, 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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022. 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 and leased 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.

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.

Adoption of New Accounting Standard

GASB Statement No. 87, *Leases*, establishes new guidance for lease accounting for lessees and lessors and eliminates the classification of leases as either operating or capital leases. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessees recognize a lease liability and an intangible right-to-use lease asset, when applicable. Lessors recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement as of January 1, 2022.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, none of the City's primary government bank balances were exposed to custodial credit risk.

At December 31, 2022, none of the City's component unit bank balances were exposed to custodial credit risk.

Summary of Carrying Values

	Primary Government
Carrying Values	
Deposits	\$ 62,765,575
Investments	120,016,662
Total	<u>\$ 182,782,237</u>

Included in the following statement of net position captions:

	Primary Government
Cash and cash equivalents	\$ 62,980,381
Investments	57,102,824
Restricted cash and cash equivalents	
Cash and cash equivalents	9,597,521
Fiduciary funds	53,101,511
Total	<u>\$ 182,782,237</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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.

Arkansas statutes also authorize the City to invest no more than 20% 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, 2022, the City had the following investments and maturities:

Type	Fair Value	Total			
		Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury obligations	\$ 45,235,608	\$ 45,235,608	\$ -	\$ -	\$ -
U.S. agencies obligations	11,867,216	-	11,867,216	-	-
Corporate bonds	11,822,611	-	11,822,611	-	-
Mutual funds	11,775,223	-	11,775,223	-	-
Money market mutual funds	12,499,881	12,499,881	-	-	-
Exchange traded funds	26,816,123	-	26,816,123	-	-
	<u>\$ 120,016,662</u>	<u>\$ 57,735,489</u>	<u>\$ 62,281,173</u>	<u>\$ -</u>	<u>\$ -</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, were subject to custodial credit risk.

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, 2022, 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. Treasury Obligations	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 \$12,499,881 which are included in cash and restricted cash and cash equivalents at December 31, 2022.

The pension trust fund had the following investments that exceeded 5% of net position:

Nonuniformed Employees' Defined Contribution Plan – GoldSachs Access UltraShort Bo, ISR Mid Cap Growth, ISR Mid Cap Value, IShares Russell 1000 Valu, JPMorgan Equity Income Fd 4, US Treas Bill 8/31/24, US Treasury Bill 4/20/23.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Foreign Currency Risk

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

Fair Value of Assets

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

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

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- 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, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
U.S. Treasury obligations	\$ 45,235,608	\$ 45,235,608	\$ -	\$ -
U.S. Agencies obligations	11,867,216	-	11,867,216	-
Corporate bonds	11,822,611	-	11,822,611	-
Mutual funds	11,775,223	11,775,223	-	-
Exchange traded funds	26,816,123	26,816,123	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments by fair value level	107,516,781	<u>\$ 83,826,954</u>	<u>\$ 23,689,827</u>	<u>\$ -</u>
Investments measured at the amortized cost				
Money market mutual funds	<u>12,499,881</u>	*		
	<hr/>			
Total investments	<u>\$ 120,016,662</u>			

* Included in Cash and Restricted Cash and Cash Equivalents Per Report

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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. The City had no investments classified as Level 3 at December 31, 2022.

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 \$12,270,034 has been recognized in the government-wide financial statements, while a receivable of \$12,270,034 and a related unavailable revenue from property taxes of \$11,340,001 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 \$4,203,325, which is recognized in the Discretely Presented Component Units Statement of Net Position.

Millage rates for 2022 taxes collectible in 2023 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, 2022

Note 4: Lease Receivable

Government Activities

The City leases a portion of its property to a business who uses the space to conduct their operations, the term of which expires 2061. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$10,841 in lease revenue and \$3,118 in interest revenue during the current fiscal year related to these leases. As of December 31, 2022, the City's receivable for lease payments was \$414,902. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of December 31, 2022, the balance of the deferred inflow of resources was \$416,244.

The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of December 31, 2022:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total Receipts
2023	\$ 7,622	\$ 7,680	\$ 15,302
2024	7,763	7,539	15,302
2025	7,907	7,395	15,302
2026	8,053	7,249	15,302
2027	8,202	7,100	15,302
2028-2032	43,346	33,164	76,510
2033-2037	47,509	29,001	76,510
2038-2042	52,071	24,439	76,510
2043-2047	57,072	19,438	76,510
2048-2052	62,553	13,957	76,510
2053-2057	68,560	7,950	76,510
2058-2061	44,244	1,648	45,892
Total	<u>\$ 414,902</u>	<u>\$ 166,560</u>	<u>\$ 581,462</u>

Discretely Presented Component Unit

The Airport leases a portion of its property to a business who uses the space to conduct their operations, the term of which expires 2111. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

The Airport recognized \$20,431 in lease revenue and \$31,083 in interest revenue during the current fiscal year related to these leases. As of December 31, 2022, the Airport's receivable for lease payments was \$1,827,917. Also, the Airport has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of December 31, 2022, the balance of the deferred inflow of resources was \$1,818,319.

The following is a schedule by year of minimum payments to be received under the Airport's leases that are included in the measurement of the lease receivable as of December 31, 2022:

Year Ending December 31,	Airport		Total Receipts
	Principal	Interest	
2023	\$ 8,150	\$ 33,766	\$ 41,916
2024	8,302	33,614	41,916
2025	8,457	33,459	41,916
2026	8,616	33,300	41,916
2027	8,776	33,140	41,916
2028-2032	46,399	163,181	209,580
2033-2037	50,915	158,665	209,580
2038-2042	55,826	153,754	209,580
2043-2047	61,235	148,345	209,580
2048-2052	67,168	142,412	209,580
2053-2057	73,676	135,904	209,580
2058-2062	80,815	128,765	209,580
2063-2067	88,645	120,935	209,580
2068-2072	97,234	112,346	209,580
2073-2077	106,655	102,925	209,580
2078-2082	116,988	92,592	209,580
2083-2087	128,323	81,257	209,580
2088-2092	140,757	68,823	209,580
2093-2097	154,395	55,185	209,580
2098-2102	169,354	40,226	209,580
2103-2107	185,762	23,818	209,580
2108-2111	161,469	6,195	167,664
Total	<u>\$ 1,827,917</u>	<u>\$ 1,902,607</u>	<u>\$ 3,730,524</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Regulated Leases

In accordance with GASB 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the City is the lessor. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S.

Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. The City has regulated leases related to its municipal airport. These leases are for use of the land and building space owned by the City. The tenant constructs or improves, owns, and maintains all the improvements on the land. These leases allow access to the land and buildings for aeronautical use. At the end of the hangar, ground, and building leases, any improvements revert to City ownership. The City had forty-one regulated leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended December 31, 2022 was approximately \$197,648.

The future principal and interest lease receipts for regulated leases as of December 31, 2022 were as follows:

Year Ending December 31,	Payment
2023	\$ 199,131
2024	226,557
2025	226,052
2026	224,704
2027	218,882
2028-2032	1,090,258
2033-2037	792,529
2038-2042	621,147
2043-2047	563,543
2048-2052	303,565
2053-2057	105,641
2058-2062	58,049
2063-2067	15,000
2068-2072	15,000
2073-2077	15,000
2078-2082	15,000
2083-2087	15,000
2088-2092	15,000
2093-2097	15,000
2098-2102	15,000
2103-2107	15,000
2108-2112	14,000
Total	<u>\$ 4,779,058</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

Note 5: Capital and Leased Assets

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

	January 1, 2022*	Increases	Transfers	Decreases	December 31, 2022
Governmental Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 10,077,886	\$ 1,229,945	\$ -	\$ (17,383)	\$ 11,290,448
Construction in progress	24,492,510	13,616,357	(25,500,922)	-	12,607,945
Total capital assets, non depreciable	34,570,396	14,846,302	(25,500,922)	(17,383)	23,898,393
Capital and leased assets, depreciable					
Infrastructure	59,772,927	2,394,167	2,516,386	-	64,683,480
Buildings and building improvements	52,903,358	861,398	22,378,436	(225,523)	75,917,669
Land Improvements	9,178,354	788,636	606,100	-	10,573,090
Vehicles	30,053,800	4,787,149	-	(1,984,113)	32,856,836
Equipment	31,376,029	1,875,482	-	(78,566)	33,172,945
Ships and watercrafts	3,673,738	-	-	-	3,673,738
Right-to-use leased equipment	236,763	68,316	-	-	305,079
Right-to-use leased building	784,724	-	-	-	784,724
Total capital and leased assets, depreciable	187,979,693	10,775,148	25,500,922	(2,288,202)	221,967,561
Less accumulated depreciation/amortization					
Infrastructure	(22,955,437)	(2,258,411)	-	-	(25,213,848)
Buildings and building improvements	(25,624,208)	(1,681,308)	-	136,308	(27,169,208)
Land Improvements	(3,567,563)	(370,060)	-	-	(3,937,623)
Vehicles	(18,713,897)	(1,962,693)	-	1,472,553	(19,204,037)
Equipment	(23,816,599)	(1,777,412)	-	74,007	(25,520,004)
Ships and watercrafts	(1,255,643)	(80,290)	-	-	(1,335,933)
Right-to-use leased equipment	-	(102,127)	-	-	(102,127)
Right-to-use leased building	-	(61,147)	-	-	(61,147)
Total accumulated depreciation/amortization	(95,933,347)	(8,293,448)	-	1,682,868	(102,543,927)
Net capital and leased assets, depreciable	92,046,346	2,481,700	25,500,922	(605,334)	119,423,634
Total governmental activities, net	\$ 126,616,742	\$ 17,328,002	\$ -	\$ (622,717)	\$ 143,322,027

* Fiscal year 2021 amounts have been restated for GASB 87

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

	January 1, 2022	Increases	Transfers	Decreases	December 31, 2022
Business-type Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 2,032,960	\$ 350,000	\$ -	\$ -	\$ 2,382,960
Construction in progress	<u>8,568,235</u>	<u>5,720,202</u>	<u>(54,112)</u>	<u>(3,874,351)</u>	<u>10,359,974</u>
Total capital assets, non depreciable	<u>10,601,195</u>	<u>6,070,202</u>	<u>(54,112)</u>	<u>(3,874,351)</u>	<u>12,742,934</u>
Capital assets, depreciable					
Plant and equipment	<u>307,966,662</u>	<u>985,747</u>	<u>(356,657)</u>	<u>3,874,351</u>	<u>312,470,103</u>
Total capital assets, depreciable	307,966,662	985,747	(356,657)	3,874,351	312,470,103
Less accumulated depreciation	<u>(189,010,261)</u>	<u>(11,303,468)</u>	<u>327,723</u>	<u>-</u>	<u>(199,986,006)</u>
Net capital assets, depreciable	<u>118,956,401</u>	<u>(10,317,721)</u>	<u>(28,934)</u>	<u>3,874,351</u>	<u>112,484,097</u>
Total business-type activities, net	<u>\$ 129,557,596</u>	<u>\$ (4,247,519)</u>	<u>\$ (83,046)</u>	<u>\$ -</u>	<u>\$ 125,227,031</u>

The Electric Department allocates a portion of total depreciation expense to various operating expense accounts. The amount of depreciation expense that was allocated as of December 31, 2022, was \$446,271.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

	January 1, 2022*	Increases	Transfers	Decreases	December 31, 2022
Component Units					
Capital assets, non-depreciable					
Land and land rights	\$ 5,222,643	\$ -	\$ -	\$ -	\$ 5,222,643
Construction in progress	10,511,264	13,804,917	(5,332,645)	-	18,983,536
Total capital assets, non depreciable	<u>15,733,907</u>	<u>13,804,917</u>	<u>(5,332,645)</u>	<u>-</u>	<u>24,206,179</u>
Capital and leased assets, depreciable					
Infrastructure	21,942,911	-	-	-	21,942,911
Buildings and Building Improvements	7,168,412	-	-	-	7,168,412
Plant	203,289,622	1,193,898	5,332,645	(119,688)	209,696,477
Equipment	2,244,797	48,419	-	-	2,293,216
Vehicles	62,655	-	-	-	62,655
Books and AV Materials	4,264,317	167,295	-	(8,292)	4,423,320
Right-to-use leased assets	1,238,575	27,707	-	-	1,266,282
Total capital and leased assets, depreciable	<u>240,211,289</u>	<u>1,437,319</u>	<u>5,332,645</u>	<u>(127,980)</u>	<u>246,853,273</u>
Less accumulated depreciation/amortization					
Infrastructure	(21,015,720)	(306,246)	-	-	(21,321,966)
Buildings and Building Improvements	(2,394,161)	(72,454)	-	-	(2,466,615)
Plant	(86,293,723)	(5,071,293)	-	108,672	(91,256,344)
Equipment	(315,649)	(111,245)	-	-	(426,894)
Vehicles	(46,542)	-	-	-	(46,542)
Books and AV Materials	(3,734,888)	(63,510)	-	8,292	(3,790,106)
Right-to-use leased assets	-	(421,863)	-	-	(421,863)
Total accumulated depreciation/amortization	<u>(113,800,683)</u>	<u>(6,046,611)</u>	<u>-</u>	<u>116,964</u>	<u>(119,730,330)</u>
Net capital and leased assets, depreciable	<u>126,410,606</u>	<u>(4,609,292)</u>	<u>5,332,645</u>	<u>(11,016)</u>	<u>127,122,943</u>
Total component units, net	<u>\$ 142,144,513</u>	<u>\$ 9,195,625</u>	<u>\$ -</u>	<u>\$ (11,016)</u>	<u>\$ 151,329,122</u>

* Fiscal year 2021 amounts have been restated for GASB 87

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

Governmental Activities

General Government

Administrative	\$ 181,686
Animal Shelter	17,576
Code Enforcement	45,100
Community Planning	10,828
Emergency Services	251,231
Finance	1,451
General government	1,411,990
Health	19,685
Legal	5,579
2nd District Court	3,263
Neighborhood Services	1,434
Human Resources	1,607
Public Safety – Fire	1,000,382
Public Safety – Police	1,464,411
Public Works	36,283
Parks & Recreation	1,144,641
Sanitation	326,148
Senior Citizens Center	240,572
Streets and Traffic	2,052,641
Vehicle Maintenance	40,014
Information Technology	36,926

Total depreciation and amortization expense – governmental activities 8,293,448

Business-Type Activities

Electric Department 10,857,197 *

Total depreciation expense – business-type activities 10,857,197

Total depreciation expense – primary government \$ 19,150,645

Component Units

Waste Water Utility	\$ 5,071,293
William F. Laman Public Library	557,827
Airport Commission	306,246
Advertising and Promotion	111,245

Total depreciation and amortization expense – component units \$ 6,046,611

* The Electric Department allocates a portion of total depreciation expense to various operating expense accounts. The amount of depreciation expense that was allocated as of December 31, 2022, was \$446,271.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

The City had approximately \$4.8 million in capital commitments outstanding at year-end. Large commitments making up this total included a ladder truck totaling \$1.5 million, street and drainage improvements of approximately \$577,000, two side loader garbage trucks totaling approximately \$553,000, building improvements to the new City Services building on 29th Street totaling approximately \$1.7 million and approximately \$500,000 in various other capital improvements.

Note 6: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	January 1, 2022*	Additions	Retirements/ Deductions	December 31, 2022	Due Within One Year
Governmental Activities					
Special obligation bonds	\$ 9,965,000	\$ -	\$ (615,000)	\$ 9,350,000	\$ 640,000
Issuance premiums	1,077,446	-	(136,050)	941,396	128,601
Financed purchase	190,976	-	(48,938)	142,038	50,371
Lease liabilities	1,021,487	68,316	(152,679)	937,124	122,333
Accrued compensated absences	11,964,732	6,371,069	(6,668,259)	11,667,542	936,318
	<u>23,198,154</u>	<u>6,439,385</u>	<u>(7,620,926)</u>	<u>23,038,100</u>	<u>1,877,623</u>
Governmental activities long-term liabilities	<u>\$ 23,198,154</u>	<u>\$ 6,439,385</u>	<u>\$ (7,620,926)</u>	<u>\$ 23,038,100</u>	<u>\$ 1,877,623</u>
Business-type Activities					
Revenue bonds	\$ 20,924,530	\$ -	\$ (5,609,871)	\$ 15,314,659	\$ 2,910,103
Accrued compensated absences	1,861,961	66,125	(135,137)	1,792,949	155,984
	<u>22,786,491</u>	<u>66,125</u>	<u>(5,745,008)</u>	<u>17,107,608</u>	<u>3,066,087</u>
Business-type activities long-term liabilities	<u>\$ 22,786,491</u>	<u>\$ 66,125</u>	<u>\$ (5,745,008)</u>	<u>\$ 17,107,608</u>	<u>\$ 3,066,087</u>
Component Units					
Waste Water Utility					
Revolving loan	\$ 43,319,547	\$ 5,862,155	\$ (3,342,472)	\$ 45,839,230	\$ 3,237,232
Reserve for Bio-Solids Disposal	1,860,200	1,239,720	-	3,099,920	-
Accrued compensated absences	745,635	-	(52,557)	693,078	693,078
William F. Laman Public Library					
Accrued compensated absences	181,883	26,869	(72,810)	135,942	20,391
Lease liability	820,574	27,707	(420,493)	427,788	-
Advertising & Promotion					
Accrued compensated absences	135,224	47,837	-	183,061	-
	<u>47,063,063</u>	<u>7,204,288</u>	<u>(3,888,332)</u>	<u>50,379,019</u>	<u>3,950,701</u>
Component unit long-term liabilities	<u>\$ 47,063,063</u>	<u>\$ 7,204,288</u>	<u>\$ (3,888,332)</u>	<u>\$ 50,379,019</u>	<u>\$ 3,950,701</u>

* Fiscal year 2021 amounts have been restated for GASB 87

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

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%. 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%. 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%. 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).

Financed Purchase

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, 2022

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%.

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% and 1.921%. Interest will be payable semiannually on July 1 and December 1 of each year, commencing July 1, 2020.

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% and at a fixed rate per annum equivalent to 2.57% for the remaining 78 months. Interest will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017.

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% and a financing fee at 1% 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

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 0.75% and a financing fee at 1% 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 semiannually over twenty years. On April 15, 2022, the Utility modified the original bond purchase agreement dated October 8, 2008, by reducing the interest rate from 1.75%% to .75%% on remaining bonds outstanding in the amount of \$7,602,004. Semiannual payments, including principal, interest, and service fee, will be reduced by \$21,341 over the life of the bonds.

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 0.75% and a financing fee at 1% 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 semiannually over twenty years. On April 15, 2022, the Utility modified the original bond purchase agreement dated October 8, 2012, by reducing the interest rate from 1.5%% to .75%% on remaining bonds outstanding in the amount of \$15,281,481. Semiannual payments, including principal, interest, and service fee, will be reduced by \$32,422 over the life of the bonds.

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 0.75% and a financing fee at 1% 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 began in April 2021 with payments to be made semiannually over twenty years. On April 15, 2022, the Utility modified the original bond purchase agreement dated October 25, 2016, by reducing the interest rate from 1.25%% to .75%% on remaining bonds outstanding in the amount of \$17,373,599. Semiannual payments, including principal, interest, and service fee, will be reduced by \$381,811 over the life of the bonds. Due to the 2016 Bond being closed out, undrawn loan funds in the amount of \$10,812,127 were de-obligated by the Utility. The de-obligation was reported to the Natural Resources Division on June 1, 2022.

In 2022, the Utility received a \$45,000,000 program award available for approved construction. The interest rate on the 2022 revolving loan fund is at 0.75% and a financing fee at 1% 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 2022 loan will begin in April 2024 with payments to be made semiannually over twenty years. At December 31, 2022, \$39,137,845 remained to be drawn.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, totaled \$660,661.

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2022:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
2019 Capital Improvement Revenue Bonds	Franchise fees for public utilities	\$ 2,337,810	\$ 853,850	36.5%	\$ 10,222,300	Until 2034
2019 Tax Increment Financing (TIF)	Property tax	189,285	101,475	54%	935,538	Until 2031
2017 Tax Increment Financing (TIF)	Property tax	189,285	95,188	50%	822,977	Until 2031
2016 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	24,985,359	1,104,387	4%	10,300,507	Until 2031
2020 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	24,985,359	4,908,544	20%	6,293,983	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 financed purchases outstanding at December 31, 2022. Principal and interest are also disclosed for component units as follows:

Year Ending December 31,	Financed Purchase		
	Principal	Interest	Total
2023	50,371	3,441	53,812
2024	51,847	1,966	53,813
2025	39,820	540	40,360
Total	\$ 142,038	\$ 5,947	\$ 147,985

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

<u>Year Ending December 31,</u>	Financed Purchase		
	Principal	Interest	Total
2023	50,371	3,441	53,812
2024	51,847	1,966	53,813
2025	39,820	540	40,360
Total	<u>\$ 142,038</u>	<u>\$ 5,947</u>	<u>\$ 147,985</u>

Business-Type Activities

<u>Year Ending December 31,</u>	Revenue Bonds		
	Principal	Interest	Total
2023	\$ 2,910,103	\$ 317,429	\$ 3,227,532
2024	2,971,911	256,013	3,227,924
2025	3,027,645	193,246	3,220,891
2026	1,000,000	153,759	1,153,759
2027	1,025,000	127,374	1,152,374
2028-2031	4,380,000	232,010	4,612,010
Total	<u>\$ 15,314,659</u>	<u>\$ 1,279,831</u>	<u>\$ 16,594,490</u>

Component Units

<u>Year Ending December 31,</u>	Revolving Loans		
	Principal	Interest	Total
2023	\$ 3,237,232	\$ 314,551	\$ 3,551,783
2024	1,897,166	333,958	2,231,124
2025	1,930,511	319,668	2,250,179
2026	1,964,443	305,125	2,269,568
2027	1,998,971	290,328	2,289,299
2028-2032	10,534,397	1,217,405	11,751,802
2033-2037	11,493,313	809,440	12,302,753
Thereafter	12,783,197	375,951	13,159,148
Total	<u>\$ 45,839,230</u>	<u>\$ 3,966,426</u>	<u>\$ 49,805,656</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Lease Liabilities

Governmental Activities

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire 2023 through 2034. The measurement of the lease payables is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

An initial lease liability was recorded in the amount of \$1,021,487 during the current fiscal year. As of December 31, 2022, the value of the lease liabilities was \$937,124. Incremental borrowing rates of 0.2580% to 3.4450% were used to measure lease liabilities. The value of the right-to-use assets as of the end of the current fiscal year was \$1,089,803 and had accumulated amortization of \$163,274.

The future principal and interest payments for lease liabilities as of December 31, 2022, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total Requirements
2023	\$ 122,333	\$ 12,721	\$ 135,054
2024	97,476	11,324	108,800
2025	91,129	9,931	101,060
2026	88,362	8,531	96,893
2027	75,894	7,156	83,050
2028-2032	327,113	21,595	348,708
2033-2034	134,817	1,840	136,657
Total	<u>\$ 937,124</u>	<u>\$ 73,098</u>	<u>\$ 1,010,222</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Discretely Presented Component Units

The Library has entered into a lease with the North Little Rock Public Building Authority (Authority) with an initial term of ten years and final maturity date of January 1, 2023, but later amended to twelve years by deferring the principal payments for 2015 and 2016 until the maturity of the Bonds, which is now January 1, 2025. During the term of the lease, the Library will pay to the Authority annual rent in an amount sufficient to pay the principal and interest on the Authority's \$782,500 Public Facilities Revenue Bonds, Series 2012- 2-A and \$2,717,500 Public Facilities Revenue Bonds, Series 2012-2-B, along with related expenses. These bonds purpose is to finance the purchase and renovation the U.S. Post Office Building at 420 Main Street in downtown North Little Rock for use as a branch library. Rent payments are due January 1 of each year beginning in 2014. As of December 31, 2022, the value of the lease liability is \$409,280. The Authority is required to make annual fixed payments of \$416,000. The lease has an interest rate of 0.38%.

The value of the right to use asset as of December 31, 2022, was \$1,238,575 with accumulated amortization of \$412,858. Required lease payment for 2023 was paid in 2022 and recorded as a prepaid in the balance sheet for governmental funds.

In January 2022, the Library entered into a 36-month lease as Lessee for the use of Kyocera - Copiers. An initial lease liability was recorded in the amount of \$27,707. As of December 31, 2022, the value of the lease liability is \$18,508. The Library is required to make monthly fixed payments of \$775. The lease has an interest rate of 0.476%. The value of the right to use asset as of December 31, 2022, was \$27,707 with accumulated amortization of \$9,005.

The future principal and interest payments for lease liabilities as of December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Library</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,300	\$ 3,212	\$ 12,512
2024	418,488	1,599	420,087
Total	<u>\$ 427,788</u>	<u>\$ 4,811</u>	<u>\$ 432,599</u>

Legal Debt Margin

The City is subject to a legal debt margin as set forth in the Constitution of the State of Arkansas, Amendments 78 and 62. General obligation debt is not to exceed 20% of assessed value and short-term financing debt is not to exceed 5% of assessed value. For additional information, see Table 13 within the Statistical Section.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Note 7: Interfund Receivables, Payables and Transfers

Interfund receivables and payables consisted of the following as of December 31, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General fund	\$ 2,585,059	\$ 8,405,273
2017 Sales tax capital Improvement fund	2,310,980	86,595
ARPA fund	4,055,502	-
Nonmajor Funds		
Street fund	194,831	188,710
Parks fund	191,548	109,312
Community development	2,975	22,651
Police Equitable Sharing	35,387	-
Sales tax capital improvement fund	2,065,859	9,507
Grant fund	4	1,732,219
Major Enterprise Funds		
Electric Department	-	887,878
Total	<u>\$ 11,442,145</u>	<u>\$ 11,442,145</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, 2022:

	<u>Interfund Transfers Out</u>				
	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	<u>Totals</u>
			<u>Other Nonmajor Governmental Funds</u>		
<u>Interfund Transfers In</u>	<u>General</u>	<u>ARPA</u>		<u>Electric Fund</u>	
Governmental Funds					
General fund	\$ -	\$ 3,924,525	\$ 1,357,459	\$ 13,649,346	\$ 18,931,330
2017 sales tax capital improvement	11,289,476	-	-	-	11,289,476
Other nonmajor governmental funds	7,124,326	-	904,538	-	8,028,864
	<u>\$ 18,413,802</u>	<u>\$ 3,924,525</u>	<u>\$ 2,261,997</u>	<u>\$ 13,649,346</u>	<u>\$ 38,249,670</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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 and (c) to fund special projects. The Electric Department transfers funds to the General Fund based on amounts directed and authorized by the City Council in the annual budget.

Note 8: 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	\$ 27,352,091	\$ 7,132,122	\$ 2,343,615	\$ 2,976,772
Nonuniform – Business-type Activities	11,758,063	2,922,899	494,868	1,449,249
Police – LOPFI	13,939,642	5,541,537	9,024,859	1,959,207
Fire – LOPFI	14,039,739	5,434,358	9,540,745	1,686,011
Police Pension	35,187,800	2,293,043	-	685,399
Firemen's Pension and Relief Fund	30,946,462	1,902,084	581,351	1,953,112
APERS	576,128	179,226	13,473	62,544
	<u>\$ 133,799,925</u>	<u>\$ 25,405,269</u>	<u>\$ 21,998,911</u>	<u>\$ 10,772,294</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

Discretely Presented Component Units	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniform – Airport	\$ 166,781	\$ 41,851	\$ 6,471	\$ 22,833
Nonuniform – Library	2,418,325	879,443	211,475	334,219
Waste Water Utility	3,740,989	4,251,181	1,398,449	606,529
APERS – Advertising and Promotion Commission	819,574	343,180	18,342	126,648
	<u>\$ 7,145,669</u>	<u>\$ 5,515,655</u>	<u>\$ 1,634,737</u>	<u>\$ 1,090,229</u>

Non-Uniformed Employees Retirement Plan

Plan Description

All full-time, non-uniformed employees of the City are eligible to participate in “The Retirement System of the City of North Little Rock” (Non-Uniformed Plan) defined benefit plan. The provisions of the Non-Uniformed Plan call for employee contributions of 5% of base salary to be paid through payroll withholdings. Each month, the City contributes 12.35% of each employee’s monthly compensation. Before January 1, 2022, the City contributed 11.85% of each employee’s monthly compensation.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Number of Participants

Membership in the Non-Uniformed Plan at December 31, 2022, is comprised of the following:

	Nonuniformed Plan
Retirees and beneficiaries receiving benefits	239
Active plan members	519
Total	758

Contributions

For the Non-Uniformed Plan as a whole, it is the actuary's opinion that the city and member contributions scheduled to be 17.60% (12.35% for employer and 5.25% for employee) 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 2022 Plan Year for the City as a whole is 21.47%. For 2022, the City's contributions to the Plan were \$3,566,827. 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, 2022, 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	105% Pub-2010, General Employees, below median income Projected with MP-2020 This mortality basis first used for the 2022 ADC
Inflation	2.50%

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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%	

Single Discount Rate

A single discount rate of 6.50% 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%. 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, 2022, was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022:

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>\$ 91,424,564</u>	<u>\$ 59,676,517</u>	<u>\$ 31,748,047</u>
Charges for the year			
Service cost	2,339,321	-	2,339,321
Interest on total pension liability	5,864,289	-	5,864,289
Difference between expected and actual return	103,392	-	103,392
Administrative expense	-	(77,603)	77,603
Benefit payments, including refunds of employee contributions	(4,748,795)	(4,748,795)	-
Contributions – employer	-	3,566,827	(3,566,827)
Contributions – employee	-	1,507,468	(1,507,468)
Net investment loss	-	(6,636,903)	6,636,903
Net changes	<u>3,558,207</u>	<u>(6,389,006)</u>	<u>9,947,213</u>
Balances as of End of Year	<u><u>\$ 94,982,771</u></u>	<u><u>\$ 53,287,511</u></u>	<u><u>\$ 41,695,260</u></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 93.8% (94.8 in prior year), the Airport's proportionate share was 0.40% (no change from prior year), and the Library's proportionate share was 5.8% (4.8% in prior year).

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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>\$ 85,756,241</u>	<u>\$ 55,976,573</u>	<u>\$ 29,779,668</u>
Charges for the year			
Service cost	2,194,283	-	2,194,283
Interest on total pension liability	5,500,703	-	5,500,703
Difference between expected and actual return	96,982	-	96,982
Administrative expense	-	(72,792)	72,792
Benefit payments, including refunds of employee contributions	(4,454,370)	(4,454,370)	-
Contributions – employer	-	3,345,684	(3,345,684)
Contributions – employee	-	1,414,005	(1,414,005)
Net investment income	-	(6,225,415)	6,225,415
Net changes	<u>3,337,598</u>	<u>(5,992,888)</u>	<u>9,330,486</u>
Balances as of End of Year	<u><u>\$ 89,093,839</u></u>	<u><u>\$ 49,983,685</u></u>	<u><u>\$ 39,110,154</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>\$ 365,698</u>	<u>\$ 238,706</u>	<u>\$ 126,992</u>
Charges for the year			
Service cost	9,357	-	9,357
Interest on total pension liability	23,457	-	23,457
Difference between expected and actual return	414	-	414
Administrative expense	-	(310)	310
Benefit payments, including refunds of employee contributions	(18,995)	(18,995)	-
Contributions – employer	-	14,267	(14,267)
Contributions – employee	-	6,030	(6,030)
Net investment income	-	(26,548)	26,548
Net changes	<u>14,233</u>	<u>(25,556)</u>	<u>39,789</u>
Balances as of End of Year	<u><u>\$ 379,931</u></u>	<u><u>\$ 213,150</u></u>	<u><u>\$ 166,781</u></u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

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>\$ 5,302,625</u>	<u>\$ 3,461,238</u>	<u>\$ 1,841,387</u>
Charges for the year			
Service cost	135,681	-	135,681
Interest on total pension liability	340,129	-	340,129
Difference between expected and actual return	5,997	-	5,997
Administrative expense	-	(4,501)	4,501
Benefit payments, including refunds of employee contributions	(275,430)	(275,430)	-
Contributions – employer	-	206,876	(206,876)
Contributions – employee	-	87,433	(87,433)
Net investment income	-	(384,940)	384,940
Net changes	<u>206,376</u>	<u>(370,562)</u>	<u>576,938</u>
Balances as of End of Year	<u><u>\$ 5,509,001</u></u>	<u><u>\$ 3,090,676</u></u>	<u><u>\$ 2,418,325</u></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%, 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%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate Assumption (6.5%)	1% Increase in Discount Rate (7.5%)
Non-Uniformed Plan – City net pension liability	\$ 50,032,776	\$ 39,110,154	\$ 30,005,674
Non-Uniformed Plan – Airport net pension liability	213,359	166,781	127,956
Non-Uniformed Plan – Library net pension liability	3,093,711	2,418,325	1,855,361
	<u><u>\$ 53,339,846</u></u>	<u><u>\$ 41,695,260</u></u>	<u><u>\$ 31,988,991</u></u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

For the year ended December 31, 2022, the City and its component units recognized pension expense of \$4,783,072, 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, 2022:

Nonuniform-Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 938,590	\$ 555,267
Changes of assumptions	1,983,149	962,240
Change in proportion	1,108,668	1,320,976
Net difference between projected and actual earnings on pension plan investments	6,024,614	-
Total	<u>\$ 10,055,021</u>	<u>\$ 2,838,483</u>

Nonuniform-Airport	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,003	\$ 2,368
Changes of assumptions	8,457	4,103
Changes in proportion	3,700	-
Net difference between projected and actual earnings on pension plan investments	25,691	-
Total	<u>\$ 41,851</u>	<u>\$ 6,471</u>

Nonuniform-Library	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,036	\$ 34,334
Changes of assumptions	122,625	59,499
Changes in proportion	326,258	117,642
Net difference between projected and actual earnings on pension plan investments	372,524	-
Total	<u>\$ 879,443</u>	<u>\$ 211,475</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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)
2023	\$ 542,149	\$ 6,231	\$ 84,076
2024	2,640,640	11,400	197,887
2025	1,771,861	7,626	126,979
2026	2,094,096	9,052	159,855
2027	200,452	1,013	51,795
Total thereafter	(32,660)	58	47,376
Total	<u>\$ 7,216,538</u>	<u>\$ 35,380</u>	<u>\$ 667,968</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	12/31/2022	-11.10%
	12/31/2021	11.35%
	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%

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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.

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

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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% 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% of his or her final average pay. A member will receive disability benefits computed in the same manner as normal retirement benefits if the member has five or more years of credit service (or 10 years of actual service if hired on or after July 1, 2013) and terminates employment because of becoming totally and permanently disabled from non-duty related causes. If the disability is determined to be duty related, a benefit is 65% of the member's final average pay. Prior to that date, the benefit was computed as if the member had completed 25 years of service.

Contributions

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

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

The employee contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to ensure that the individual system employers can honor their benefit commitments to covered employees. An individual entry age actuarial cost method valuation is used to determine normal cost. The City is required to contribute at an actuarially determined rate, which was 23.20% for participating police officers and firemen. City contributions for 2022 for police and fire to the Plan were \$2,512,422 and \$2,530,463, respectively.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

As of December 31, 2022, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

	Net Pension Liability
North Little Rock Fire	\$ 14,039,739
North Little Rock Police	\$ 13,939,642

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, 2022, 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, 2021. 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	2.77841% (2.94302% in prior year)
North Little Rock Police	2.75861% (2.84163% in prior year)

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

For the year ended December 31, 2022, the LOPFI Fire and LOPFI Police recognized pension expense of \$1,686,011 and \$1,959,207, respectively. At December 31, 2022, 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	\$ 1,663,079	\$ -
Changes of assumptions	542,142	-
Changes in proportion	595,585	934,507
Net difference between projected and actual earnings on pension plan investments	-	8,606,238
Contributions subsequent to measurement date	<u>2,633,552</u>	<u>-</u>
Total	<u><u>\$ 5,434,358</u></u>	<u><u>\$ 9,540,745</u></u>

LOPFI – Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,651,222	\$ -
Changes of assumptions	538,277	-
Change in proportion	580,094	479,980
Net difference between projected and actual earnings on pension plan investments	-	8,544,879
Contributions subsequent to the measurement date	<u>2,771,944</u>	<u>-</u>
Total	<u><u>\$ 5,541,537</u></u>	<u><u>\$ 9,024,859</u></u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

At December 31, 2022, LOPFI Police and LOPFI Fire reported \$2,771,944 and \$2,633,552 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI – Police	LOPFI – Fire
2023	\$ (913,467)	\$ (920,023)
2024	(2,394,463)	(2,411,649)
2025	(1,773,615)	(1,786,345)
2026	(1,173,721)	(1,621,922)
Total	<u>\$ (6,255,266)</u>	<u>\$ (6,739,939)</u>

Actuarial Assumptions

The total pension liability as of December 31, 2022, was determined by an actuarial valuation as of December 31, 2021, 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	7.50%, as adopted by the Board
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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. stock – large cap	21%	4.77%
U.S. stock – small cap	21%	5.47%
International equity	9%	5.97%
Emerging markets	9%	8.33%
U.S. corporate bonds	25%	0.66%
Real estate	5%	4.34%
Private equity	10%	9.05%
Total	100%	
Expected Inflation		2.25%

Discount Rate

A single discount rate of 7% 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%. 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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower (6%) or 1% higher (8%).

		1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
LOPFI – Fire	Net pension liability	\$ 28,252,894	\$ 14,039,739	\$ 2,572,414
LOPFI – Police	Net pension liability	28,051,464	13,939,642	2,554,074
		<u>\$ 56,304,358</u>	<u>\$ 27,979,381</u>	<u>\$ 5,126,488</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.

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

The Police Pension provides retirement benefits for police officers who have completed 20 years of service. Disability benefits are available to police officers 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 police officers. 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 police officers 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% of fines and forfeitures collected. The City's contributions to the Plan for 2022 were \$1,833,856. 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, 2021(measurement date), is comprised of the following:

	<u>Police Pension</u>
Retirees and beneficiaries receiving benefits	97
Members on Deferred Retirement Option Plan (DROP)	<u>2</u>
	<u><u>99</u></u>

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.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

For the December 31, 2021, 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 7.0% investment rate of return (net of administrative expenses), projected salary increases of 3.25%, which includes an inflation rate of 2.50% and no costs of living increases. The remaining amortization period at January 1, 2022, was 17 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, 2021, 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
U.S. stock – large cap	21%	4.77%
U.S. stock – small cap	21%	5.47%
International equity	9%	5.97%
Emerging markets	9%	8.33%
U.S. corporate bonds	25%	0.66%
Real estate	5%	4.34%
Private equity	10%	9.05%
	<u>100%</u>	

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.84%, and the resulting *Single Discount Rate* (SDR) is 1.84%, 2.00% in prior year.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, was measured as of December 31, 2021, 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, 2022:

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	<u>\$ 36,267,325</u>	<u>\$ (388,728)</u>	<u>\$ 36,656,053</u>
Charges for the year			
Interest on total pension liability	701,468	-	701,468
Difference between expected and actual return	(358,146)	-	(358,146)
Changes of assumptions	363,205	-	363,205
Benefit Payments, including refunds of employee contributions	(2,387,873)	(2,387,873)	-
Contributions – member	-	3,047	(3,047)
Contributions – employer	<u>-</u>	<u>2,171,733</u>	<u>(2,171,733)</u>
Net changes	<u>(1,681,346)</u>	<u>(213,093)</u>	<u>(1,468,253)</u>
Balances as of End of Year	<u><u>\$ 34,585,979</u></u>	<u><u>\$ (601,821)</u></u>	<u><u>\$ 35,187,800</u></u>

City of North Little Rock, Arkansas
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Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 1.84%, 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 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Police Pension – Net pension liability	\$ 39,349,329	\$ 35,187,800	\$ 31,593,352

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2022, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$685,399, 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, 2022:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 487	\$ -
Contributions subsequent to measurement date	<u>2,292,556</u>	<u>-</u>
Total	<u><u>\$ 2,293,043</u></u>	<u><u>\$ -</u></u>

At December 31, 2022, Police Pension reported \$2,292,556 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:

Police

Year Ending December 31,	
2023	\$ 4,359
2024	<u>(3,872)</u>
Total	<u><u>\$ 487</u></u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

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Fireman's Pension and Relief Fund

Plan Description and Funding Information

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

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

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

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

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6%. Administrative costs are financed through Fund assets approved by the Board of Trustees. The City's share of contributions was \$1,695,540 in 2022. 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, 2022

Number of Participants

Membership in the Fireman's Fund at December 31, 2021(measurement date), is comprised of the following:

	Firemen's Fund
Retirees and beneficiaries receiving benefits	105
Members on Deferred Retirement Option Plan (DROP)	<u>2</u>
Total	<u><u>107</u></u>

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, 2021, 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 7.5% investment rate of return (net of administrative expenses), projected salary increases of 3.25%, which includes an inflation rate of 2.50% and no costs of living increases. The remaining amortization period at January 1, 2022, was 17 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, 2021, 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, 2022

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
U.S. stock – large cap	21%	4.77%
U.S. stock – small cap	21%	5.47%
International equity	9%	5.97%
Emerging markets	9%	8.33%
U.S. corporate bonds	25%	0.66%
Real estate	5%	4.34%
Private equity	10%	9.05%
	<hr/>	
	100%	

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 1.84%, and the resulting *Single Discount Rate* (SDR) is 2.26%, 2.52% 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, 2022, was measured as of December 31, 2021, 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, 2022

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, 2022:

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	<u>\$ 35,165,309</u>	<u>\$ 4,212,719</u>	<u>\$ 30,952,590</u>
Charges for the year			
Interest on total pension liability	849,852	-	849,852
Difference between expected and actual return	636,101	-	636,101
Changes of assumptions	1,014,037	-	1,014,037
Benefit Payments, including refunds of employee contributions	(2,882,030)	(2,882,030)	-
Administrative expense	-	(5,104)	5,104
Contributions – member	-	2,592	(2,592)
Contributions – employer	-	1,893,613	(1,893,613)
Net investment income	-	615,017	(615,017)
Net Changes	<u>(382,040)</u>	<u>(375,912)</u>	<u>(6,128)</u>
Balances as of End of Year	<u><u>\$ 34,783,269</u></u>	<u><u>\$ 3,836,807</u></u>	<u><u>\$ 30,946,462</u></u>

Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 2.26%, 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 1.26%	Current Discount Rate 2.26%	1% Increase 3.26%
Firemen's Pension and Relief Fund – Net pension liability	\$ 34,362,227	\$ 30,946,462	\$ 27,887,309

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2022, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$1,953,112, and reported deferred outflows of resources related to pensions from the following sources for the Firemen's Pension and Relief Fund as determined by the City at December 31, 2022:

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	\$ -	\$ 581,351
Contributions subsequent to measurement date	<u>1,902,084</u>	<u>-</u>
Total	<u><u>\$ 1,902,084</u></u>	<u><u>\$ 581,351</u></u>

At December 31, 2022, the Firemen's Pension and Relief reported \$1,902,084 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:

Fire

Year Ending December 31,	
2023	\$ (146,189)
2024	(240,117)
2025	(124,084)
2026	<u>(70,961)</u>
Total	<u><u>\$ (581,351)</u></u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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% 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% for court clerks in 2022. City contributions to the plan in 2022 were \$68,423.

APERS Fiduciary Net Position

Detailed information about APERS' 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, 2022, the primary government and Advertising and Promotion Commission reported a liability of \$576,128 and \$819,574, respectively, for its proportionate share of the net pension liability. The City's proportionate share was .02136670% (.02177704% in prior year) for court clerks and .03039531% (.02522704% in prior year) for the Advertising and Promotions Commission. The net pension liability was measured as of June 30, 2022, 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, 2022.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

For the year ended December 31, 2022, the primary government and Advertising and Promotion Commission recognized pension expense of \$62,544 and \$126,648, respectively. At December 31, 2022, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Court Clerks		A&P	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 13,829	\$ 6,956	\$ 19,673	\$ 9,895
Change in proportion	9,650	6,517	94,182	8,447
Net difference between projected and actual earnings on pension plan investments	121,535	-	172,890	-
Contributions subsequent to the measurement date*	34,212	-	56,435	-
Total	<u>\$ 179,226</u>	<u>\$ 13,473</u>	<u>\$ 343,180</u>	<u>\$ 18,342</u>

*Contributions made subsequent to measurement date of June 30, 2022.

At December 31, 2022, the primary government and Advertising and Promotion Commission reported \$34,212 and \$56,435, respectively, 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, 2023. 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
2023	\$ 24,870	\$ 72,037
2024	17,742	50,889
2025	1,039	24,905
2026	84,757	120,572
2027	3,133	-
Total	<u>\$ 131,541</u>	<u>\$ 268,403</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Actuarial Assumptions

The total pension liability in the June 30, 2022, 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	25 years (7.6 years for District Judges New Plan and Paid Off Old Plan and 16 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 the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
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, 2022

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, 2022, 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	100%	

Discount Rate

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

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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

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

		1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
City	Net pension liability	\$ 915,939	\$ 576,128	\$ 295,584
A&P	Net pension liability	\$ 1,302,973	\$ 819,574	\$ 420,485

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 19.71% for the year ended December 31, 2022. 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 9: Other Postemployment Benefit Plan

Total Primary Government	Total OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
OPEB – Governmental Activities	\$ 4,217,713	\$ 584,465	\$ 2,352,990	\$ 263,918
OPEB – Business-type Activities	423,939	80,438	460,833	21,392
	<u>\$ 4,641,652</u>	<u>\$ 664,903</u>	<u>\$ 2,813,823</u>	<u>\$ 285,310</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	-
Active employees	800
	<hr/>
	825
	<hr/>

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, 2022 were \$158,754.

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Actuarial Assumptions

The City's total OPEB liability was measured as of December 31, 2022, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2022, 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	4.31% (prior year was 2.25%)
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, 2022, were as follows:

Balance at January 1, 2022	\$ 6,887,843
Changes for the year	
Service cost	337,380
Interest on total OPEB liability	160,566
Difference between expected and actual experience	(1,672,912)
Benefit payments	(177,852)
Effect of assumptions changes or inputs	(893,373)
Net Changes	(2,246,191)
Balance at December 31, 2022	\$ 4,641,652

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 4.31%, 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 (3.31%)	Current Discount Rate Assumption (4.31%)	1% Increase in Discount Rate (5.31%)
Total OPEB liability	\$ 5,059,312	\$ 4,641,652	\$ 4,256,851

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

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	<u>\$ 4,085,336</u>	<u>\$ 4,641,652</u>	<u>\$ 5,308,974</u>

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

For the year ended December 31, 2022, the City of North Little Rock recognized OPEB expense of \$263,918. At December 31, 2022, 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	\$ 28,864	\$ 1,717,991
Changes of assumptions	<u>636,039</u>	<u>1,095,832</u>
	<u>\$ 664,903</u>	<u>\$ 2,813,823</u>

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

2023	\$ (212,636)
2024	(212,636)
2025	(212,636)
2026	(212,636)
2027	(212,636)
Thereafter	<u>(1,085,740)</u>
Total	<u>\$ (2,148,920)</u>

City of North Little Rock, Arkansas

Notes to the Financial Statements

December 31, 2022

Note 10: 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. The City does not contribute to this plan.

Note 11: 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, 2022.

The Waste Water Utility was insured at December 31, 2022, 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, 2022, 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, 2022

Note 12: Commitments

In 2007, the City of North Little Rock, Arkansas entered into a power purchase agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Under the agreement, the Department is committed to acquire approximately 60 megawatts of generating capacity from the Plum Point Energy Stations, which was constructed near Osceola, Arkansas and began 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 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 2022, the Department paid \$327,383 in purchased power from MJMEUC.

The City of North Little Rock, Arkansas 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 Murray Hydroelectric Plant (Plant) to the electric system. The agreement continues as long as the City is authorized to operate the Plant, unless terminated earlier by either party on not less than 60 months advance written notice. Rates are determined based upon agreed-upon formulas, with billings to be made on a monthly basis.

During 2012, the City of North Little Rock 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 the cost of purchasing and providing power to its customers. In May of 2019, the City Council adopted Ordinance No. 9000 replacing the two-component ECR variable rider with a single component Power Cost Adjustment (PCA) rider. The PCA, in place with the new rate structure, is easier to calculate and has less variability.

During 2013, the City entered into an energy-only contract in order to capitalize on the cost effective delivery of power from the Midcontinent Independent System Operator (MISO) market. Under the 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 2022, the Department paid \$39,816,088 in purchased power from MISO.

In 2015, the City of North Little Rock, Arkansas entered into a power purchase agreement with The Energy Authority, Inc. (TEA). Under the agreement, the Department agrees to purchase certain volumes of energy at an agreed upon price. During 2022, the Department paid \$7,409,807 in purchased power from TEA.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2022

Note 13: 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, 2022. 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.

Note 14: Subsequent Events

On March 31, 2023, an EF3 tornado struck the City of North Little Rock continuing on the ground in the City for 5.5 miles. As a result of the tornado, approximately 1,600 homes were damaged and over 15,000 people had power outages. The power outages were restored within approximately a week after the tornado struck. The City estimates total costs associated with the tornado to be approximately \$35 million, however a significant amount will be covered by federal and state assistance.

REQUIRED SUPPLEMENTARY INFORMATION



City of North Little Rock, Arkansas

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

Last 8 Years

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 2,339,321	\$ 2,580,665	\$ 2,442,653	\$ 2,249,277	\$ 2,171,091	\$ 2,081,105	\$ 1,842,603	\$ 2,432,932
Interest	5,864,289	5,547,208	5,173,335	4,888,174	4,685,936	4,483,827	4,189,965	3,885,117
Difference between expected and actual experience	103,392	(18,268)	(665,282)	1,153,182	4,871	(228,243)	1,873,765	(1,495,386)
Changes in assumptions	-	1,687,692	3,043,281	-	-	-	4,089,326	(9,232,564)
Benefit payments, including refunds of plan member contributions	(4,748,795)	(4,848,129)	(3,774,079)	(4,226,370)	(3,352,897)	(3,191,730)	(2,787,461)	(2,755,249)
Net Change in Total Pension Liability	3,558,207	4,949,168	6,219,908	4,064,263	3,509,001	3,144,959	9,208,198	(7,165,150)
Total Pension Liability, Beginning of Year	91,424,564	86,475,396	80,255,488	76,191,225	72,682,224	69,537,265	60,329,067	67,494,217
Total Pension Liability, End of Year	\$ 94,982,771	\$ 91,424,564	\$ 86,475,396	\$ 80,255,488	\$ 76,191,225	\$ 72,682,224	\$ 69,537,265	\$ 60,329,067
Plan Fiduciary Net Position								
Employer contributions	\$ 3,566,827	\$ 3,193,138	\$ 2,741,804	\$ 2,462,350	\$ 2,389,157	\$ 2,220,368	\$ 1,364,281	\$ 1,133,620
Plan member contributions	1,507,468	1,351,664	1,370,902	1,231,175	1,195,958	996,081	909,519	755,749
Net investment income	(6,636,903)	6,101,015	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	(4,748,795)	(4,848,130)	(3,774,079)	(4,226,370)	(3,352,897)	(3,191,730)	(2,787,461)	(2,755,249)
Administrative expense	(77,603)	(71,689)	(76,605)	(83,747)	(70,492)	(73,790)	(52,951)	(55,210)
Net Change in Plan Fiduciary Net Position	(6,389,006)	5,725,998	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	59,676,517	53,950,519	51,719,242	44,499,080	47,560,196	43,283,201	41,696,424	44,213,809
Plan Fiduciary Net Position, End of Year	\$ 53,287,511	\$ 59,676,517	\$ 53,950,519	\$ 51,719,242	\$ 44,499,080	\$ 47,560,196	\$ 43,283,201	\$ 41,696,424
City's Net Pension Liability, End of Year	\$ 41,695,260	\$ 31,748,047	\$ 32,524,877	\$ 28,536,246	\$ 31,692,145	\$ 25,122,028	\$ 26,254,064	\$ 18,632,643
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	56.10%	65.27%	62.39%	64.44%	58.40%	65.44%	62.24%	69.11%
Covered Payroll	\$ 28,881,190	\$ 26,946,312	\$ 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	144.37%	117.82%	118.63%	115.89%	132.65%	110.33%	119.53%	94.87%

Note to Schedule:

Changes in assumptions:

In 2021, the Plan changed the mortality table improvement scale from MP-2014 to MP-2018.

At the end of 2020, the pension board approved a change that allowed anyone at the age 62 with 30 years of service to retire with 2% multiplier. At that time it was assumed everyone at age 62 would retire.

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 7 Years

Police Pension Plan

Fiscal Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ 15,917	\$ 15,204	\$ 10,573	\$ 16,248
Interest	701,468	934,706	1,160,441	1,117,341	1,250,577	1,271,018	1,312,455
Difference between expected and actual experience	(358,146)	(169,317)	712,195	517,137	686,422	(39,875)	569,326
Changes in assumptions	363,205	2,885,065	3,301,888	(1,258,960)	1,341,560	(556,753)	221,478
Benefit payments, including refunds of plan member contributions	(2,387,873)	(2,498,547)	(2,507,532)	(2,577,015)	(2,608,595)	(2,726,985)	(2,613,959)
Net Change in Total Pension Liability	(1,681,346)	1,151,907	2,666,992	(2,185,580)	685,168	(2,042,022)	(494,452)
Total Pension Liability, Beginning of Year	36,267,325	35,115,418	32,448,426	34,634,006	33,948,838	35,990,860	36,485,312
Total Pension Liability, End of Year	<u>\$ 34,585,979</u>	<u>\$ 36,267,325</u>	<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	\$ 2,171,733	\$ 2,106,247	\$ 2,111,338	\$ 2,027,867	\$ 1,984,413	\$ 1,890,091	\$ 1,790,813
Plan member contributions	3,047	3,097	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	(2,387,873)	(2,498,547)	(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	-	-	-	-	-	47,400	-
Net Change in Plan Fiduciary Net Position	(213,093)	(389,203)	(362,538)	(582,367)	(465,623)	(684,606)	(813,770)
Plan Fiduciary Net Position, Beginning of Year	(388,728)	475	363,013	945,380	1,411,003	2,095,609	2,909,379
Plan Fiduciary Net Position, End of Year	<u>\$ (601,821)</u>	<u>\$ (388,728)</u>	<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>\$ 35,187,800</u>	<u>\$ 36,656,053</u>	<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%	0.00%	0.00%	1.12%	2.73%	4.16%	5.82%
Covered Payroll	\$ 173,125	\$ 175,942	\$ 170,821	\$ 168,808	\$ 157,318	\$ 159,587	\$ 241,190
Plan's Net Pension Liability as a Percentage of Covered Payroll	20325.08%	20834.17%	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 7 Years

Firemen's Pension and Relief Fund

Fiscal Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability							
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ 10,947	\$ 5,116	\$ 4,999
Interest	849,852	1,094,731	1,333,982	1,340,002	1,538,822	1,602,202	1,699,456
Difference between expected and actual experience	636,101	(455,759)	868,397	1,231,363	26,604	(460,276)	(62,242)
Changes in assumptions	1,014,037	2,162,151	2,658,115	(318,154)	1,164,792	(373,622)	610,411
Benefit payments, including refunds of plan member contributions	(2,882,030)	(3,267,356)	(3,214,307)	(3,368,736)	(3,359,082)	(2,931,504)	(2,958,538)
Net Change in Total Pension Liability	(382,040)	(466,233)	1,646,187	(1,115,525)	(617,917)	(2,158,084)	(705,914)
Total Pension Liability, Beginning of Year	<u>35,165,309</u>	<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>	<u>38,582,795</u>
Total Pension Liability, End of Year	<u>\$ 34,783,269</u>	<u>\$ 35,165,309</u>	<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	\$ 1,893,613	\$ 1,789,674	\$ 1,646,347	\$ 1,609,846	\$ 1,695,189	\$ 1,716,157	\$ 1,555,853
Plan member contributions	2,592	2,697	4,243	4,306	8,568	15,673	17,631
Net investment income	615,017	572,318	928,740	(195,176)	1,054,331	498,767	17,659
Benefit payments, including refunds of plan member contributions	(2,882,030)	(3,267,356)	(3,214,307)	(3,368,736)	(3,359,082)	(2,931,504)	(2,958,538)
Administrative expense	(5,104)	(7,078)	(8,168)	(12,940)	(13,517)	(16,296)	(22,518)
Other	-	-	-	-	-	31,200	-
Net Change in Plan Fiduciary Net Position	(375,912)	(909,745)	(643,145)	(1,962,700)	(614,511)	(686,003)	(1,389,913)
Plan Fiduciary Net Position, Beginning of Year	<u>4,212,719</u>	<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>	<u>10,418,736</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 3,836,807</u>	<u>\$ 4,212,719</u>	<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>\$ 30,946,462</u>	<u>\$ 30,952,590</u>	<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	11.03%	11.98%	14.38%	16.96%	22.02%	23.36%	23.84%
Covered Payroll	\$ 158,095	\$ 183,387	\$ 250,678	\$ 333,149	\$ 411,211	\$ 526,042	\$ 510,473
Plan's Net Pension Liability as a Percentage of Covered Payroll	19574.60%	16878.29%	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 7 Years

LOPFI – Fire

December 31	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	2.77841%	2.94302%	2.84686%	2.67953%	2.73119%	2.74166%	2.49184%
City's proportionate share of the net pension liability	\$ 14,039,739	\$ 20,232,816	\$ 21,998,832	\$ 2,572,414	\$ 19,407,730	\$ 15,642,023	\$ 9,020,695
City's covered payroll	\$ 10,905,896	\$ 11,093,451	\$ 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 payroll	128.74%	182.39%	210.94%	26.92%	207.37%	179.64%	113.74%
Plan fiduciary net position as a percentage of the total pension liability	84.75%	77.79%	73.21%	66.09%	71.48%	72.87%	79.14%

LOPFI – Police

December 31	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	2.75861%	2.84163%	2.71348%	2.63745%	2.55587%	2.51139%	2.30461%
City's proportionate share of the net pension liability	\$ 13,939,642	\$ 19,535,772	\$ 20,968,132	\$ 2,554,074	\$ 18,161,919	\$ 14,328,255	\$ 8,342,893
City's covered payroll	\$ 10,828,177	\$ 13,375,657	\$ 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 payroll	128.73%	146.05%	155.47%	20.84%	154.13%	130.26%	77.07%
Plan fiduciary net position as a percentage of the total pension liability	84.75%	77.79%	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 8 Years

June 30	2022	2021	2020	2019	2018
City's proportion of the net pension liability	0.02136670%	0.02177704%	0.02133044%	0.02077864%	0.19836180%
City's proportionate share of the net pension liability	\$ 576,128	\$ 167,429	\$ 610,815	\$ 501,291	\$ 437,573
City's covered payroll	\$ 407,600	\$ 415,428	\$ 411,537	\$ 402,283	\$ 828,592
City's proportionate share of the net pension liability as a percentage of it covered payroll	141.35%	40.30%	148.42%	124.61%	52.81%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%

June 30	2017	2016	2015
City's proportion of the net pension liability	0.02245346%	0.02077350%	0.02105517%
City's proportionate share of the net pension liability	\$ 580,229	\$ 496,767	\$ 387,780
City's covered payroll	\$ 795,081	\$ 735,118	\$ 697,720
City's proportionate share of the net pension liability as a percentage of it covered payroll	72.98%	67.58%	55.58%
Plan fiduciary net position as a percentage of the total pension liability	75.65%	75.50%	80.39%

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

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

City of North Little Rock, Arkansas

Schedule of City's Contributions – Non-Uniformed Plan

Last 8 Years

December 31	2022	2021	2020	2019	2018
Contractually required contribution	\$ 3,763,219	\$ 4,109,313	\$ 3,879,653	\$ 3,679,618	\$ 3,098,871
Contribution in relation of the contractually required contribution	<u>3,566,827</u>	<u>3,193,138</u>	<u>2,741,804</u>	<u>2,462,350</u>	<u>2,389,157</u>
Contribution deficiency (excess)	<u>\$ 196,392</u>	<u>\$ 916,175</u>	<u>\$ 1,137,849</u>	<u>\$ 1,217,268</u>	<u>\$ 709,714</u>
City's covered payroll	\$ 28,881,190	\$ 26,946,312	\$ 27,418,040	\$ 24,623,500	\$ 26,546,189
Contributions as a percentage of covered payroll	12.35%	11.85%	10.00%	10.00%	9.00%

December 31	2017	2016	2015
Contractually required contribution	\$ 3,321,094	\$ 2,759,795	\$ 2,063,177
Contribution in relation of the contractually required contribution	<u>2,220,368</u>	<u>1,364,281</u>	<u>1,133,620</u>
Contribution deficiency (excess)	<u>\$ 1,100,726</u>	<u>\$ 1,395,514</u>	<u>\$ 929,557</u>
City's covered payroll	\$ 24,670,756	\$ 21,964,782	\$ 19,641,076
Contributions as a percentage of covered payroll	9.00%	6.21%	5.77%

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

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

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level Percentage of Pay (3.5% Growth)
Remaining amortization	15 years
Asset valuation	Market value
Investment rate of return	6.50%
Mortality	105% Pub-2010, General Employees, below median income Projected with MP-2020

City of North Little Rock, Arkansas
Schedule of City's Contributions – Police Pension
Last 7 Years

Police Pension

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%
2021	1,805,304	1,805,304	-	175,942	1026.08%
2022	1,883,856	1,883,856	-	173,125	1088.15%

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	17 years beginning January 1, 2021
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.

Other information

Notes There were no benefit changes during the year.

City of North Little Rock, Arkansas
Schedule of City's Contributions – Firemen's Pension and Relief Fund
Last 7 Years

Firemen's Pension and Relief Fund

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%
2021	1,591,524	1,591,524	-	183,387	867.85%
2022	1,695,540	1,695,540	-	158,095	1072.48%

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	17 years beginning January 1, 2021
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.

Other information

Notes There were no benefit changes during the year.

City of North Little Rock, Arkansas

Schedule of City's Contributions – LOPFI

Last 7 Years

LOPFI – Fire

December 31	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,530,463	\$ 2,602,961	\$ 2,375,754	\$ 2,092,256	\$ 1,487,237	\$ 1,517,419	\$ 1,478,724
Contribution in relation of the contractually required contribution	<u>2,530,463</u>	<u>2,602,961</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	10,905,896	11,093,451	10,429,122	9,557,042	9,359,122	8,707,186	7,931,178
Contributions as a percentage of covered payroll	23.20%	23.46%	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	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,512,422	\$ 2,513,286	\$ 2,264,444	\$ 2,059,395	\$ 1,705,029	\$ 1,626,971	\$ 1,367,615
Contribution in relation of the contractually required contribution	<u>2,512,422</u>	<u>2,513,286</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	10,828,177	13,375,657	13,486,861	12,257,002	11,783,650	10,999,885	10,825,411
Contributions as a percentage of covered payroll	23.20%	18.79%	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 8 Years

December 31	2022	2021	2020	2019	2018
Contractually required contribution	\$ 68,243	\$ 66,621	\$ 63,761	\$ 66,070	\$ 54,804
Contribution in relation of the contractually required contribution	<u>68,243</u>	<u>66,621</u>	<u>63,761</u>	<u>66,070</u>	<u>54,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	425,455	415,343	411,627	431,266	377,959
Contributions as a percentage of covered-employee payroll	16.04%	16.04%	15.49%	15.32%	14.50%

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

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

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

City of North Little Rock, Arkansas

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability, Beginning of Year	\$ 6,887,843	\$ 6,688,731	\$ 5,765,549	\$ 5,321,410	\$ 5,471,163
Changes for the year					
Service cost	337,380	357,542	244,533	299,941	258,689
Interest	160,566	144,830	193,302	201,695	172,888
Difference between expected and actual experience	(1,672,912)	-	(64,719)	-	(207,822)
Benefit payments	(177,852)	(115,186)	(161,142)	(160,545)	(150,996)
Changes of assumptions	(893,373)	(188,074)	711,208	179,508	(222,512)
Total OPEB Liability, End of Year	<u>\$ 4,641,652</u>	<u>\$ 6,887,843</u>	<u>\$ 6,688,731</u>	<u>\$ 5,842,009</u>	<u>\$ 5,321,410</u>
 Covered-Employee Payroll	 \$ 28,881,190	 \$ 26,946,312	 \$ 27,418,040	 \$ 24,623,500	 \$ 23,891,570
Total OPEB Liability as a Percentage of Covered Payroll	16.07%	25.56%	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%
December 31, 2021 - 2.25%
December 31, 2022 - 4.31%

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.

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Governmental Funds
December 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 4,260,706	\$ 96,964	\$ 1,944,899	\$ 6,302,569
Property taxes receivable	2,060,333	221,423	-	2,281,756
Sales tax receivable	2,100,413	-	-	2,100,413
Accounts receivable	4,875	-	-	4,875
Due from other governments	1,903,048	-	-	1,903,048
Due from other funds	424,745	-	2,065,859	2,490,604
Prepays	172,017	-	-	172,017
Restricted cash equivalents	-	578,062	-	578,062
Total assets	<u>\$ 10,926,137</u>	<u>\$ 896,449</u>	<u>\$ 4,010,758</u>	<u>\$ 15,833,344</u>
Liabilities				
Accounts payable	\$ 706,032	\$ -	\$ 385,453	\$ 1,091,485
Accrued expenses	225,586	-	-	225,586
Due to other funds	2,052,892	-	9,507	2,062,399
Total liabilities	<u>2,984,510</u>	<u>-</u>	<u>394,960</u>	<u>3,379,470</u>
Deferred Inflows of Resources				
Unavailable revenues – property taxes	<u>1,906,076</u>	<u>209,678</u>	<u>-</u>	<u>2,115,754</u>
Total deferred inflows of resources	<u>1,906,076</u>	<u>209,678</u>	<u>-</u>	<u>2,115,754</u>
Fund Balance				
Nonspendable	172,017	-	-	172,017
Restricted	5,924,032	686,771	-	6,610,803
Committed	-	-	3,615,806	3,615,806
Unassigned	(60,498)	-	(8)	(60,506)
Total fund balance	<u>6,035,551</u>	<u>686,771</u>	<u>3,615,798</u>	<u>10,338,120</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,926,137</u>	<u>\$ 896,449</u>	<u>\$ 4,010,758</u>	<u>\$ 15,833,344</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes – sales	\$ 12,473,240	\$ -	\$ -	\$ 12,473,240
Taxes – other	1,802,652	189,285	-	1,991,937
Licenses and permits	58,365	-	-	58,365
Charges for services	2,047,080	-	-	2,047,080
Intergovernmental	4,881,249	-	-	4,881,249
Investments earnings	36,581	9,505	38,865	84,951
Miscellaneous	483,583	-	-	483,583
Total revenues	<u>\$ 21,782,750</u>	<u>\$ 198,790</u>	<u>\$ 38,865</u>	<u>\$ 22,020,405</u>
Expenditures				
Current				
Street and traffic	\$ 7,731,871	\$ -	\$ -	\$ 7,731,871
Parks and recreation	8,891,722	-	-	8,891,722
Community development	1,334,630	-	-	1,334,630
Public safety – police	44,461	-	-	44,461
Public safety – fire	24,577	-	-	24,577
Public works	42,294	-	-	42,294
Sanitation	870	-	-	870
Capital outlay	3,725,956	-	4,645,753	8,371,709
Debt service				
Principal	48,938	615,000	-	663,938
Interest and agent fees	4,874	437,314	-	442,188
Total expenditures	<u>21,850,193</u>	<u>1,052,314</u>	<u>4,645,753</u>	<u>27,548,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(67,443)</u>	<u>(853,524)</u>	<u>(4,606,888)</u>	<u>(5,527,855)</u>
Other Financing Sources (Uses)				
Transfers In	1,529,534	854,592	5,644,738	8,028,864
Transfers Out	-	-	(2,261,997)	(2,261,997)
Leases (as lessee)	49,973	-	-	49,973
Total other financing sources (uses)	<u>1,579,507</u>	<u>854,592</u>	<u>3,382,741</u>	<u>5,816,840</u>
Net Change in Fund Balance	<u>1,512,064</u>	<u>1,068</u>	<u>(1,224,147)</u>	<u>288,985</u>
Fund Balance, Beginning of the Year	<u>4,523,487</u>	<u>685,703</u>	<u>4,839,945</u>	<u>10,049,135</u>
Fund Balance, End of the Year	<u>\$ 6,035,551</u>	<u>\$ 686,771</u>	<u>\$ 3,615,798</u>	<u>\$ 10,338,120</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2022

	Street	Parks and Recreation	Community Development
Assets			
Cash and cash equivalents	\$ 1,992,769	\$ 1,463,725	\$ 2,326
Property taxes receivable	2,060,333	-	-
Sales tax receivable	946,780	1,153,633	-
Accounts receivable	-	4,875	-
Due from other governments	-	-	229,828
Due from other funds	194,831	191,548	2,975
Prepays	65,300	106,717	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,260,013</u>	<u>\$ 2,920,498</u>	<u>\$ 235,129</u>
Liabilities			
Accounts payable	\$ 297,180	\$ 196,580	\$ 210,769
Accrued expenses	81,830	143,756	-
Due to other funds	188,710	109,312	22,651
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>567,720</u>	<u>449,648</u>	<u>233,420</u>
Deferred Inflows of Resources			
Unavailable revenues – property taxes	1,906,076	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>1,906,076</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit)			
Nonspendable	65,300	106,717	-
Restricted			
Street and traffic	2,720,917	-	-
Parks and recreation	-	2,364,133	-
Community development	-	-	1,709
Police – equitable sharing	-	-	-
Drainage improvement	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance (deficit)	<u>2,786,217</u>	<u>2,470,850</u>	<u>1,709</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 5,260,013</u>	<u>\$ 2,920,498</u>	<u>\$ 235,129</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ 184,084	\$ 617,802	\$ -	\$ 4,260,706
-	-	-	2,060,333
-	-	-	2,100,413
-	-	-	4,875
-	-	1,673,220	1,903,048
35,387	-	4	424,745
-	-	-	172,017
<u>\$ 219,471</u>	<u>\$ 617,802</u>	<u>\$ 1,673,224</u>	<u>\$ 10,926,137</u>
\$ -	\$ -	\$ 1,503	\$ 706,032
-	-	-	225,586
-	-	1,732,219	2,052,892
-	-	1,733,722	2,984,510
-	-	-	1,906,076
-	-	-	1,906,076
-	-	-	172,017
-	-	-	2,720,917
-	-	-	2,364,133
-	-	-	1,709
219,471	-	-	219,471
-	617,802	-	617,802
-	-	(60,498)	(60,498)
<u>219,471</u>	<u>617,802</u>	<u>(60,498)</u>	<u>6,035,551</u>
<u>\$ 219,471</u>	<u>\$ 617,802</u>	<u>\$ 1,673,224</u>	<u>\$ 10,926,137</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, 2022

	Street	Parks and Recreation	Community Development
Revenues			
Taxes – sales	\$ 5,590,808	\$ 6,882,432	\$ -
Taxes – other	1,802,652	-	-
Licenses and permits	-	-	-
Charges for services	-	2,047,080	-
Intergovernmental	-	-	1,463,244
Investments earnings	11,115	18,370	-
Miscellaneous	372,098	111,485	-
	<u>7,776,673</u>	<u>9,059,367</u>	<u>1,463,244</u>
Total revenues	<u>\$ 7,776,673</u>	<u>\$ 9,059,367</u>	<u>\$ 1,463,244</u>
Expenditures			
Current			
Street and traffic	\$ 7,593,176	\$ -	\$ -
Parks and recreation	-	8,879,483	-
Community development	-	-	1,334,630
Public safety – police	-	-	-
Public safety – fire	-	-	-
Public works	-	-	-
Sanitation	-	-	-
Capital outlay	90,517	352,477	-
Debt service			
Principal	-	48,938	-
Interest and agent fees	-	4,874	-
	<u>7,683,693</u>	<u>9,285,772</u>	<u>1,334,630</u>
Total expenditures	<u>7,683,693</u>	<u>9,285,772</u>	<u>1,334,630</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>92,980</u>	<u>(226,405)</u>	<u>128,614</u>
Other Financing Sources (Uses)			
Transfers In	-	1,529,534	-
Leases (as lessee)	-	49,973	-
Total other financing sources (uses)	<u>-</u>	<u>1,579,507</u>	<u>-</u>
Net Change in Fund Balance (Deficit)	92,980	1,353,102	128,614
Fund Balance (Deficit), Beginning of the Year	<u>2,693,237</u>	<u>1,117,748</u>	<u>(126,905)</u>
Fund Balance (Deficit), End of the Year	<u>\$ 2,786,217</u>	<u>\$ 2,470,850</u>	<u>\$ 1,709</u>

Equitable Sharing	Drainage Improvement	Grant	Total
\$ -	\$ -	\$ -	\$ 12,473,240
-	-	-	1,802,652
-	58,365	-	58,365
-	-	-	2,047,080
59,367	-	3,358,638	4,881,249
1,622	5,474	-	36,581
-	-	-	483,583
<u>\$ 60,989</u>	<u>\$ 63,839</u>	<u>\$ 3,358,638</u>	<u>\$ 21,782,750</u>
\$ -	\$ 138,695	\$ -	\$ 7,731,871
-	-	12,239	8,891,722
-	-	-	1,334,630
2,817	-	41,644	44,461
-	-	24,577	24,577
-	-	42,294	42,294
-	-	870	870
34,836	-	3,248,126	3,725,956
-	-	-	48,938
-	-	-	4,874
<u>37,653</u>	<u>138,695</u>	<u>3,369,750</u>	<u>21,850,193</u>
<u>23,336</u>	<u>(74,856)</u>	<u>(11,112)</u>	<u>(67,443)</u>
-	-	-	1,529,534
-	-	-	49,973
-	-	-	1,579,507
23,336	(74,856)	(11,112)	1,512,064
<u>196,135</u>	<u>692,658</u>	<u>(49,386)</u>	<u>4,523,487</u>
<u>\$ 219,471</u>	<u>\$ 617,802</u>	<u>\$ (60,498)</u>	<u>\$ 6,035,551</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2022

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Assets			
Cash and cash equivalents	\$ 96,964	\$ -	\$ 96,964
Property taxes receivable	221,423	-	221,423
Restricted cash equivalents	<u>-</u>	<u>578,062</u>	<u>578,062</u>
Total assets	<u><u>\$ 318,387</u></u>	<u><u>\$ 578,062</u></u>	<u><u>\$ 896,449</u></u>
Deferred Inflows of Resources			
Unavailable revenues – property taxes	<u>209,678</u>	<u>-</u>	<u>209,678</u>
Total deferred inflows of resources	<u><u>209,678</u></u>	<u><u>-</u></u>	<u><u>209,678</u></u>
Fund Balance			
Restricted	<u>108,709</u>	<u>578,062</u>	<u>686,771</u>
Total fund balance	<u><u>108,709</u></u>	<u><u>578,062</u></u>	<u><u>686,771</u></u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 318,387</u></u>	<u><u>\$ 578,062</u></u>	<u><u>\$ 896,449</u></u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Nonmajor Debt Service Funds
Year Ended December 31, 2022

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total
Revenues			
Taxes – other	\$ 189,285	\$ -	\$ 189,285
Investments earnings	1,491	8,014	9,505
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 190,776</u>	<u>\$ 8,014</u>	<u>\$ 198,790</u>
Expenditures			
Debt Service			
Principal	\$ 130,000	\$ 485,000	\$ 615,000
Interest and agent fees	66,663	370,651	437,314
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>196,663</u>	<u>855,651</u>	<u>1,052,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,887)</u>	<u>(847,637)</u>	<u>(853,524)</u>
Other Financing Sources			
Transfers In	-	854,592	854,592
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources	<u>-</u>	<u>854,592</u>	<u>854,592</u>
Net Change in Fund Balance	<u>(5,887)</u>	<u>6,955</u>	<u>1,068</u>
Fund Balance, Beginning of the Year	<u>114,596</u>	<u>571,107</u>	<u>685,703</u>
Fund Balance, End of the Year	<u>\$ 108,709</u>	<u>\$ 578,062</u>	<u>\$ 686,771</u>

City of North Little Rock, Arkansas
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2022

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Assets			
Cash and cash equivalents	\$ -	\$ 1,944,899	\$ -
Due from other funds	-	2,065,859	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 4,010,758</u>	<u>\$ -</u>
Liabilities			
Accounts payable	\$ -	\$ 385,445	\$ -
Due to other funds	-	9,507	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>394,952</u>	<u>-</u>
Fund Balance			
Committed	-	3,615,806	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-</u>	<u>3,615,806</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 4,010,758</u>	<u>\$ -</u>

2010 Sales Tax Capital Improvement	2019 Capital Improvement	Total
\$ -	\$ -	\$ 1,944,899
-	-	2,065,859
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,010,758</u>
\$ 8	\$ -	\$ 385,453
-	-	9,507
<u>8</u>	<u>-</u>	<u>394,960</u>
-	-	3,615,806
<u>(8)</u>	<u>-</u>	<u>(8)</u>
<u>(8)</u>	<u>-</u>	<u>3,615,798</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,010,758</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, 2022

	Parks Capital Improvement	Sales Tax Capital Improvement	Special Projects Infrastructure
Revenues			
Investments earnings	\$ 4,979	\$ 32,586	\$ 1,300
Total revenues	<u>\$ 4,979</u>	<u>\$ 32,586</u>	<u>\$ 1,300</u>
Expenditures			
Capital outlay	\$ -	\$ 4,645,753	\$ -
Total expenditures	<u>-</u>	<u>4,645,753</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,979</u>	<u>(4,613,167)</u>	<u>1,300</u>
Other Financing Sources (Uses)			
Transfers in	-	5,644,738	-
Transfers out	<u>(604,534)</u>	<u>(1,496,345)</u>	<u>(159,926)</u>
Total other financing sources	<u>(604,534)</u>	<u>4,148,393</u>	<u>(159,926)</u>
Net Change in Fund Balance	<u>(599,555)</u>	<u>(464,774)</u>	<u>(158,626)</u>
Fund Balance, Beginning of the Year	<u>599,555</u>	<u>4,080,580</u>	<u>158,626</u>
Fund Balance, End of the Year	<u>\$ -</u>	<u>\$ 3,615,806</u>	<u>\$ -</u>

2010 Sales Tax Capital Improvement	2019 Capital Improvement	Total
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,865</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,865</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,645,753</u>
<u>-</u>	<u>-</u>	<u>4,645,753</u>
<u>-</u>	<u>-</u>	<u>(4,606,888)</u>
<u>-</u>	<u>-</u>	<u>5,644,738</u>
<u>(1,188)</u>	<u>(4)</u>	<u>(2,261,997)</u>
<u>(1,188)</u>	<u>(4)</u>	<u>3,382,741</u>
<u>(1,188)</u>	<u>(4)</u>	<u>(1,224,147)</u>
<u>1,180</u>	<u>4</u>	<u>4,839,945</u>
<u><u>\$ (8)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,615,798</u></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, 2022

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 4,850,000	\$ -	\$ 4,850,000	\$ 5,590,808	\$ 740,808
Taxes – other	1,770,000	-	1,770,000	1,802,652	32,652
Licenses and permits	10,000	-	10,000	-	(10,000)
Investments earnings	10,500	-	10,500	11,115	615
Miscellaneous	530,000	105,398	635,398	372,098	(263,300)
	<u>530,000</u>	<u>105,398</u>	<u>635,398</u>	<u>372,098</u>	<u>(263,300)</u>
Total revenues	<u>\$ 7,170,500</u>	<u>\$ 105,398</u>	<u>\$ 7,275,898</u>	<u>\$ 7,776,673</u>	<u>\$ 500,775</u>
Expenditures					
Street and traffic	\$ 7,170,500	\$ 866,107	\$ 8,036,607	\$ 7,593,176	\$ 443,431
Capital outlay	-	-	-	90,517	(90,517)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,517</u>	<u>(90,517)</u>
Total expenditures	<u>7,170,500</u>	<u>866,107</u>	<u>8,036,607</u>	<u>7,683,693</u>	<u>352,914</u>
Net Change in Fund Balance	-	(760,709)	(760,709)	92,980	853,689
Fund Balance, Beginning of the Year	<u>2,693,237</u>	<u>-</u>	<u>2,693,237</u>	<u>2,693,237</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 2,693,237</u>	<u>\$ (760,709)</u>	<u>\$ 1,932,528</u>	<u>\$ 2,786,217</u>	<u>\$ 853,689</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – Parks and Recreation Fund
Year Ended December 31, 2022

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Taxes – sales	\$ 5,850,000	\$ 935,000	\$ 6,785,000	\$ 6,882,432	\$ 97,432
Charges for services	1,789,856	-	1,789,856	2,047,080	257,224
Investments earnings	10,000	-	10,000	18,370	8,370
Miscellaneous	831,500	10,273	841,773	111,485	(730,288)
Total revenues	<u>\$ 8,481,356</u>	<u>\$ 945,273</u>	<u>\$ 9,426,629</u>	<u>\$ 9,059,367</u>	<u>\$ (367,262)</u>
Expenditures					
Parks and recreation	\$ 9,231,356	\$ 1,321,833	\$ 10,553,189	\$ 8,879,483	\$ 1,673,706
Capital outlay	-	-	-	352,477	(352,477)
Debt service					
Principal	-	-	-	48,938	(48,938)
Interest and agent fees	-	-	-	4,874	(4,874)
Total expenditures	<u>9,231,356</u>	<u>1,321,833</u>	<u>10,553,189</u>	<u>9,285,772</u>	<u>1,267,417</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(750,000)</u>	<u>(376,560)</u>	<u>(1,126,560)</u>	<u>(226,405)</u>	<u>900,155</u>
Other Financing Sources (Uses)					
Transfers in	750,000	175,000	925,000	1,529,534	604,534
Leases (as lessee)	-	-	-	49,973	49,973
Total other financing sources (uses)	<u>750,000</u>	<u>175,000</u>	<u>925,000</u>	<u>1,579,507</u>	<u>654,507</u>
Net Change in Fund Balance	-	(201,560)	(201,560)	1,353,102	1,554,662
Fund Balance, Beginning of the Year	<u>1,117,748</u>	<u>-</u>	<u>1,117,748</u>	<u>1,117,748</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 1,117,748</u>	<u>\$ (201,560)</u>	<u>\$ 916,188</u>	<u>\$ 2,470,850</u>	<u>\$ 1,554,662</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, 2022

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Miscellaneous	\$ -	\$ -	\$ 654,386	\$ -	\$ (654,386)
Investments earnings	15,463	-	15,463	32,586	17,123
Total revenues	<u>\$ 15,463</u>	<u>\$ -</u>	<u>\$ 669,849</u>	<u>\$ 32,586</u>	<u>\$ (637,263)</u>
Expenditures					
Capital outlay	<u>\$ 2,969,725</u>	<u>\$ 3,314,524</u>	<u>\$ 6,284,249</u>	<u>\$ 4,645,753</u>	<u>\$ 1,638,496</u>
Total expenditures	<u>2,969,725</u>	<u>3,314,524</u>	<u>6,284,249</u>	<u>4,645,753</u>	<u>1,638,496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,954,262)</u>	<u>(3,314,524)</u>	<u>(5,614,400)</u>	<u>(4,613,167)</u>	<u>1,001,233</u>
Other Financing Sources (Uses)					
Transfers in	3,316,155	687,500	4,003,655	5,644,738	1,641,083
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,496,345)</u>	<u>(1,496,345)</u>
Total other financing sources (uses)	<u>3,316,155</u>	<u>687,500</u>	<u>4,003,655</u>	<u>4,148,393</u>	<u>144,738</u>
Net Change in Fund Balance	<u>361,893</u>	<u>(2,627,024)</u>	<u>(1,610,745)</u>	<u>(464,774)</u>	<u>1,145,971</u>
Fund Balance, Beginning of the Year	<u>4,080,580</u>	<u>-</u>	<u>4,080,580</u>	<u>4,080,580</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 4,442,473</u>	<u>\$ (2,627,024)</u>	<u>\$ 2,469,835</u>	<u>\$ 3,615,806</u>	<u>\$ 1,145,971</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, 2022

	Original Budget	Changes	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues					
Investments earnings	\$ -	\$ -	\$ -	\$ 51,525	\$ 51,525
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,525</u>	<u>\$ 51,525</u>
Expenditures					
Capital outlay	\$ 9,000,000	\$ 15,089,799	\$ 24,089,799	\$ 12,293,357	\$ 11,796,442
Total expenditures	<u>9,000,000</u>	<u>15,089,799</u>	<u>24,089,799</u>	<u>12,293,357</u>	<u>11,796,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,000,000)</u>	<u>(15,089,799)</u>	<u>(24,089,799)</u>	<u>(12,241,832)</u>	<u>11,847,967</u>
Other Financing Sources (Uses)					
Transfers in	<u>9,625,000</u>	<u>1,375,000</u>	<u>11,000,000</u>	<u>11,289,476</u>	<u>289,476</u>
Total Other Financing Sources (Uses)	<u>9,625,000</u>	<u>1,375,000</u>	<u>11,000,000</u>	<u>11,289,476</u>	<u>289,476</u>
Net Change in Fund Balance	625,000	(13,714,799)	(13,089,799)	(952,356)	12,137,443
Fund Balance, Beginning of the Year	<u>11,798,127</u>	<u>-</u>	<u>11,798,127</u>	<u>11,798,127</u>	<u>-</u>
Fund Balance, End of the Year	<u>\$ 12,423,127</u>	<u>\$ (13,714,799)</u>	<u>\$ (1,291,672)</u>	<u>\$ 10,845,771</u>	<u>\$ 12,137,443</u>

STATISTICAL
SECTION



City of North Little Rock, Arkansas

Statistical Section

(Unaudited)

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

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

Table 1

	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 59,166,958	\$ 62,915,426	\$ 64,950,657	\$ 71,815,036	\$ 77,828,156	\$ 83,669,833	\$ 88,578,170	\$ 96,586,369	\$ 113,011,793	\$ 130,524,357
Restricted	2,328,557	1,892,023	1,704,038	2,232,076	2,527,403	-	7,545,786	22,964,049	18,931,884	19,660,092
Unrestricted (deficit)	<u>27,520,685</u>	<u>31,124,594</u>	<u>9,579,065</u>	<u>(4,793,593)</u>	<u>(7,948,848)</u>	<u>(3,096,150)</u>	<u>(79,203,245)</u>	<u>(80,778,097)</u>	<u>(77,162,162)</u>	<u>(64,202,454)</u>
Total governmental activities net position	<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>	<u>\$ 54,781,515</u>	<u>\$ 85,981,995</u>
Business-type Activities										
Net investment in capital assets	\$ 85,491,569	\$ 91,572,859	\$ 101,865,437	\$ 106,379,890	\$ 113,882,253	\$ 115,621,652	\$ 105,196,767	\$ 107,272,083	\$ 108,760,225	\$ 109,997,145
Restricted	15,744,918	15,688,015	15,356,221	4,987,495	10,525,161	10,657,111	3,166,687	3,110,730	3,106,611	1,725,938
Unrestricted (deficit)	<u>(1,930,109)</u>	<u>8,513,735</u>	<u>2,148,550</u>	<u>9,028,777</u>	<u>3,628,809</u>	<u>11,104,480</u>	<u>40,675,868</u>	<u>44,706,357</u>	<u>45,606,747</u>	<u>47,571,724</u>
Total business-type activities net position	<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>	<u>\$ 157,473,583</u>	<u>\$ 159,294,807</u>
Primary Government										
Net investment in capital assets	\$ 144,658,527	\$ 154,488,285	\$ 166,816,094	\$ 178,194,926	\$ 191,710,409	\$ 199,291,485	\$ 193,774,937	\$ 203,858,452	\$ 221,772,018	\$ 240,521,502
Restricted	18,073,475	17,580,038	17,060,259	7,219,571	13,052,564	10,657,111	10,712,473	26,074,779	22,038,495	21,386,030
Unrestricted (deficit)	<u>25,590,576</u>	<u>39,638,329</u>	<u>11,727,615</u>	<u>4,235,184</u>	<u>(4,320,039)</u>	<u>8,008,330</u>	<u>(38,527,377)</u>	<u>(36,071,740)</u>	<u>(31,555,415)</u>	<u>(16,630,730)</u>
Total primary government net position	<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>	<u>\$ 212,255,098</u>	<u>\$ 245,276,802</u>

(1) 2020 governmental activities beginning net position was restated for a change in the measurement date for various pension plans. Prior years' 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 28,169,440	\$ 19,951,630	\$ 14,044,077	\$ 17,518,071	\$ 21,670,423	\$ 25,657,328	\$ 24,312,352	\$ 26,601,470	\$ 25,654,068	\$ 30,660,183
Public safety	34,598,547	38,701,265	41,160,354	54,742,749	45,907,394	42,344,278	61,910,602	59,987,367	53,340,207	47,950,176
Public works	813,200	677,643	863,116	1,113,145	1,132,566	1,028,141	2,650,674	1,782,790	3,200,186	1,394,466
Street and traffic	2,110,807	2,253,354	3,194,899	2,440,182	5,555,518	14,669,174	6,841,766	7,902,594	10,793,629	9,786,423
Health and sanitation	5,839,420	3,926,160	4,955,822	4,997,929	4,697,221	4,893,759	5,672,952	5,634,372	6,840,427	6,551,846
Community development	1,411,141	1,179,457	2,406,171	2,029,428	1,699,839	287,952	898,511	1,165,136	615,673	1,446,767
Culture and recreation	6,992,540	7,083,912	6,619,136	8,490,298	8,428,770	7,867,602	9,191,100	8,985,499	9,795,437	10,427,475
Interest and fiscal charges	237,264	105,398	63,184	37,673	48,957	36,874	315,068	411,286	322,202	301,671
Total governmental activities expenses	80,172,359	73,878,819	73,306,759	91,369,475	89,140,688	96,785,108	111,793,025	112,470,514	110,561,829	108,519,007
Business-type activities										
Electric department	83,243,071	75,909,179	72,817,920	70,454,991	72,050,817	74,677,547	73,179,016	68,631,031	78,828,925	89,306,365
Utilities Accounting Department	-	-	-	3,022,544	1,690,056	793,643	-	-	-	-
Total business-type activities expenses	83,243,071	75,909,179	72,817,920	73,477,535	73,740,873	75,471,190	73,179,016	68,631,031	78,828,925	89,306,365
Total primary government expenses	\$ 163,415,430	\$ 149,787,998	\$ 146,124,679	\$ 164,847,010	\$ 162,881,561	\$ 172,256,298	\$ 184,972,041	\$ 181,101,545	\$ 189,390,754	\$ 197,825,372
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 2,490,774	\$ 2,768,921	\$ 3,080,894	\$ 3,306,825	\$ 3,381,707	\$ 3,886,267	\$ 4,742,957	\$ 4,202,639	\$ 4,398,923	\$ 5,356,290
Public safety	3,639,677	3,610,421	3,314,597	3,255,331	2,935,147	3,323,813	3,153,614	2,258,289	1,642,960	3,291,508
Public works	-	-	-	-	-	-	-	-	183,711	-
Street and traffic	70,657	27,031	27,080	5,700	39,660	153,971	213,386	67,987	-	46,105
Health and sanitation	794,162	804,422	923,910	808,971	888,294	954,822	1,042,275	1,100,416	1,196,866	1,405,486
Culture and recreation	1,415,709	1,284,269	1,273,852	1,491,754	1,763,352	1,356,283	1,498,433	1,380,087	1,861,279	825,941
Operating grants and contributions	835,650	333,141	196,479	1,326,271	1,614,112	404,425	1,035,577	3,207,844	2,391,152	393,129
Capital grants and contributions	3,236,971	1,940,766	1,412,468	1,706,993	7,653,537	3,416,216	1,767,996	2,794,546	3,279,733	4,677,191
Total governmental activities program revenues	12,483,600	10,768,971	10,229,280	11,901,845	18,275,809	13,495,797	13,454,238	15,011,808	14,954,624	15,995,650
Business-type activities										
Charges for services										
Electric department	95,782,990	96,222,583	91,547,365	82,798,486	89,964,914	93,739,108	93,442,310	87,823,545	93,857,877	102,966,537
Utilities Accounting Department	-	-	-	2,396,386	1,590,733	960,315	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	873,714	1,620,078
Capital grants and contributions	-	-	-	-	-	-	1,500,000	62,241	-	-
Total business-type activities program revenues	95,782,990	96,222,583	91,547,365	85,194,872	91,555,647	94,699,423	94,942,310	87,885,786	94,731,591	104,586,615
Total primary government program revenues	\$ 108,266,590	\$ 106,991,554	\$ 101,776,645	\$ 97,096,717	\$ 109,831,456	\$ 108,195,220	\$ 108,396,548	\$ 102,897,594	\$ 109,686,215	\$ 120,582,265
Net (expense)/revenue										
Governmental activities	\$ (67,688,759)	\$ (63,109,848)	\$ (63,077,479)	\$ (79,467,630)	\$ (70,864,879)	\$ (83,289,311)	\$ (98,338,787)	\$ (97,458,706)	\$ (95,607,205)	\$ (92,523,357)
Business-type activities	12,539,919	20,313,404	18,729,445	11,717,337	17,814,774	19,228,233	21,763,294	19,254,755	15,902,666	15,280,250
Total primary government net expense	\$ (55,148,840)	\$ (42,796,444)	\$ (44,348,034)	\$ (67,750,293)	\$ (53,050,105)	\$ (64,061,078)	\$ (76,575,493)	\$ (78,203,951)	\$ (79,704,539)	\$ (77,243,107)

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

Table 2

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Taxes – sales	\$ 38,308,972	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871	\$ 57,921,583	\$ 61,505,034	\$ 62,161,298	\$ 72,015,308	\$ 75,845,699
Taxes – other	12,981,695	13,540,945	14,615,168	14,120,158	15,080,258	15,046,525	16,217,949	15,868,429	17,885,986	18,154,620
Utility franchise taxes	3,051,992	3,181,670	3,191,694	2,975,695	3,022,080	3,834,205	3,883,894	3,737,046	4,055,911	4,352,373
Investment income	51,789	75,000	101,692	140,856	143,579	253,047	637,273	462,260	130,868	179,173
Unrestricted grants and contributions	-	-	-	-	-	578,067	-	-	-	8,297,940
Other	1,733,171	1,854,710	996,764	2,535,766	2,529,664	1,822,856	2,176,717	2,545,631	3,879,020	3,244,686
Transfers	12,000,000	12,000,000	12,000,000	12,000,000	11,930,000	12,000,000	10,621,009	13,649,346	13,649,306	13,649,346
Total governmental activities	68,127,619	70,025,691	71,866,260	72,487,389	74,023,452	91,456,283	95,041,876	98,424,010	111,616,399	123,723,837
Business-type activities										
Investment earnings	95,118	83,313	210,467	93,787	197,214	289,464	513,794	444,439	131,053	190,320
Other	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)	(10,621,009)	(13,649,346)	(13,649,306)	(13,649,346)
Total business-type activities	(9,553,684)	(3,845,173)	(7,470,581)	(10,691,383)	(10,180,094)	(9,506,264)	(10,107,215)	(13,204,907)	(13,518,253)	(13,459,026)
Total primary government	\$ 58,573,935	\$ 66,180,518	\$ 64,395,679	\$ 61,796,006	\$ 63,843,358	\$ 81,950,019	\$ 84,934,661	\$ 85,219,103	\$ 98,098,146	\$ 110,264,811
Changes in Net Position										
Governmental activities	\$ 438,860	\$ 6,915,843	\$ 8,788,781	\$ (6,980,241)	\$ 3,158,573	\$ 8,166,972	\$ (3,296,911)	\$ 965,304	\$ 16,009,194	\$ 31,200,480
Business-type activities	2,986,235	16,468,231	11,258,864	1,025,954	7,634,680	9,721,969	11,656,079	6,049,848	2,384,413	1,821,224
Total primary government	\$ 3,425,095	\$ 23,384,074	\$ 20,047,645	\$ (5,954,287)	\$ 10,793,253	\$ 17,888,941	\$ 8,359,168	\$ 7,015,152	\$ 18,393,607	\$ 33,021,704

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
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
2021	17,885,986	72,015,308	4,055,911	93,957,205
2022	18,154,620	75,845,696	4,352,372	98,352,688

(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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,488,242	\$ 1,148,945	\$ 966,118
Committed	-	-	-	-	-	-	-	-	18,015,356	18,591,848
Assigned	6,477,762	7,911,210	10,995,941	12,308,091	7,609,980	170,288	270,000	270,000	270,000	270,000
Unassigned	<u>13,971,179</u>	<u>15,543,579</u>	<u>14,738,107</u>	<u>12,449,750</u>	<u>18,277,147</u>	<u>34,017,542</u>	<u>39,975,982</u>	<u>40,335,463</u>	<u>30,444,538</u>	<u>40,370,382</u>
Total general fund	<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>	<u>\$ 49,878,839</u>	<u>\$ 60,198,348</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,820	\$ 172,017
Restricted	6,399,966	6,262,519	10,976,446	10,473,281	11,962,162	16,715,588	16,459,696	7,501,579	17,020,792	17,544,338
Committed	-	-	-	-	-	-	13,480,478	2,995,779	4,081,760	3,615,806
Assigned	2,789,243	2,820,114	-	-	-	-	955,629	769,485	758,181	-
Unassigned	<u>(932,383)</u>	<u>(19,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,859)</u>	<u>(73,294)</u>	<u>(218,805)</u>	<u>(181,805)</u>	<u>(60,506)</u>
Total all other governmental funds	<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>	<u>\$ 21,841,748</u>	<u>\$ 21,271,655</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes – sales	\$ 38,107,045	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871	\$ 57,921,583	\$ 61,505,034	\$ 61,897,024	\$ 72,015,308	\$ 75,845,699
Taxes – other	12,561,686	13,175,818	13,630,033	13,953,068	14,724,341	14,993,301	16,203,498	15,868,429	17,426,504	17,173,879
Franchise fees	3,051,992	3,181,670	3,191,694	2,975,695	3,022,080	3,834,205	3,883,894	3,737,046	4,055,911	4,352,373
Fines and forfeitures	3,185,906	2,871,963	2,865,368	2,830,850	2,209,000	2,030,672	2,154,232	1,843,421	1,336,936	1,233,271
Licenses and permits	2,412,887	2,611,210	2,694,459	2,708,444	2,897,123	3,432,168	4,280,681	4,012,429	4,086,751	4,748,912
Charges for services	2,812,186	2,876,666	3,060,506	3,329,287	3,902,037	4,212,316	4,215,752	3,153,568	3,860,052	4,943,149
Intergovernmental	4,072,621	2,424,024	1,608,947	3,033,264	9,267,649	4,398,708	2,803,573	6,004,894	5,670,885	13,368,258
Investment earnings	51,789	75,000	101,692	140,856	143,579	253,047	637,273	462,260	130,868	179,173
Miscellaneous	1,733,171	1,925,236	1,226,722	2,418,217	3,917,791	1,822,856	2,244,764	2,483,444	3,905,986	3,867,403
Total revenues	67,989,283	68,514,953	69,340,363	72,104,595	81,401,471	92,898,856	97,928,701	99,462,515	112,489,201	125,712,117
Expenditures										
General government	8,246,407	7,748,764	7,803,010	8,426,930	9,006,554	9,109,578	12,549,794	13,422,535	14,764,091	15,314,775
Animal shelter	683,836	722,066	758,706	787,006	733,546	800,807	802,112	749,860	682,359	833,561
Community development	1,235,837	981,360	1,145,414	654,364	643,192	287,952	882,737	1,149,897	602,485	1,435,939
Emergency services	1,573,784	1,463,989	1,604,573	1,966,098	1,837,787	1,909,070	2,028,599	2,021,023	1,929,667	1,969,498
Fit 2 Live	-	132,481	146,933	155,657	127,210	173,855	184,221	189,166	181,180	148,790
Health	411,868	420,889	196,912	78,071	245,217	121,754	95,281	133,542	93,227	88,141
Neighborhood services	174,845	158,112	164,090	174,839	204,288	189,592	171,971	169,060	190,704	325,993
Parks and recreation	5,863,535	5,415,227	5,834,379	7,220,455	8,965,828	597,211	8,032,479	7,672,299	8,670,876	9,284,403
Public safety – fire	14,205,145	14,456,478	16,267,613	16,545,450	16,444,094	16,658,888	19,063,092	18,686,275	18,676,818	19,669,405
Public safety – police	21,076,234	20,900,702	21,587,940	22,524,446	23,117,459	23,776,320	23,908,322	24,570,426	24,828,088	27,117,120
Public works	831,751	647,605	849,837	1,070,419	1,147,806	1,028,141	2,613,126	1,746,623	3,156,392	1,358,183
Sanitation	5,441,511	4,452,936	4,436,801	4,441,956	4,471,118	4,598,150	5,108,572	4,987,955	6,260,984	5,969,082
Senior citizens	902,499	926,884	887,376	919,528	1,011,537	902,633	1,094,334	1,054,989	986,195	965,944
Special appropriations	7,470,713	5,888,389	5,759,614	7,424,577	12,649,392	7,310,799	6,498,909	7,464,739	7,340,137	10,738,171
Street and traffic	5,093,242	4,805,707	4,760,634	5,361,379	6,010,465	14,669,174	5,098,436	6,004,037	8,853,115	7,733,782
Capital outlay	8,697,363	5,492,017	1,611,661	4,376,727	3,706,562	9,525,001	12,320,239	23,733,371	25,647,003	25,621,450
Debt service										
Principal	2,966,550	2,958,304	3,008,807	3,672,012	414,745	442,708	400,551	682,284	594,060	663,938
Interest	170,952	122,712	93,732	46,214	42,282	40,953	48,266	487,327	469,385	442,188
Bond issuance costs	-	-	-	-	-	-	205,274	-	-	-
Total expenditures	85,046,072	77,694,622	76,918,032	85,846,128	90,779,082	92,142,586	101,106,315	114,925,408	123,926,766	129,680,363
Excess (deficiency) of revenues over (under) expenditures	(17,056,789)	(9,179,669)	(7,577,669)	(13,741,533)	(9,377,611)	756,270	(3,177,614)	(15,462,893)	(11,437,565)	(3,968,246)
Other Financing Sources (Uses)										
Transfers in	16,926,534	16,637,985	16,643,137	17,885,975	14,283,090	25,832,841	30,273,227	32,260,903	34,320,017	38,249,670
Transfers out	(5,127,861)	(4,927,307)	(4,873,095)	(5,760,814)	(2,290,922)	(13,602,841)	(18,251,657)	(18,611,557)	(20,670,711)	(24,600,324)
Leases (as lessee)	-	-	-	-	-	-	-	-	-	68,316
Net debt proceeds	5,101,640	1,281,347	-	137,000	3,610	-	11,388,976	253,902	-	-
Total other financing sources	16,900,313	12,992,025	11,770,042	12,262,161	11,995,778	12,230,000	23,410,546	13,903,248	13,649,306	13,717,662
Net change in fund balances	\$ (156,476)	\$ 3,812,356	\$ 4,192,373	\$ (1,479,372)	\$ 2,618,167	\$ 12,986,270	\$ 20,232,932	\$ (1,559,645)	\$ 2,211,741	\$ 9,749,416
Debt service as a percentage of noncapital expenditures	8.6%	4.3%	4.1%	4.6%	0.5%	0.6%	0.5%	1.3%	1.1%	1.1%

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
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
2021	17,426,504	72,015,309	4,055,911	93,497,724
2022	17,173,879	75,845,699	4,352,373	97,371,951

(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				
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%
2021	919,171,847		309,865,670	69,293,955	1,298,331,472	11.45	6,436,296,080	20%
2022	1,016,753,353		352,385,220	68,724,600	1,437,863,173	11.45	7,127,505,560	20%

Source: Pulaski County Tax Assessor.

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

Note: Tax collections shown 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
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
2021	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80
2022	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80

Tax Levies				
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
2021	14,527,186	51,998,836	39,139,572	105,665,594
2022	15,010,957	63,187,101	40,631,903	118,829,961

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

Taxes are due and payable on or before October 15. Taxes are recorded as delinquent after October 15 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, 2022

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% of the county population and receives a like proportion of the county tax. In 2022, the two cent city sales tax generated revenue of approximately \$46,490,000.

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		2022 Total	% of Total		2021 Total	% of Total
Other General Merchandise Stores	1	4,334,472	9.3%	1	4,311,646	9.9%
Building Material and Supplies Dealers	2	3,746,923	8.1%	2	3,435,092	7.9%
Grocery Stores	3	2,633,680	5.7%	3	2,448,772	5.6%
Full-Service Restaurants	4	2,379,955	5.1%	4	2,346,893	5.4%
Restaurants and Other Eating Places	5	1,800,844	3.9%	6	1,477,535	4.0%
Electric Power Generation; Transmission and Distribution	6	1,782,863	3.8%	7	1,230,700	3.4%
Electronic Shopping and Mail-Order Houses	7	1,771,285	3.8%	5	1,749,576	3.3%
Clothing Stores	8	1,153,562	2.5%	9	1,223,190	2.8%
Electronics and Appliance Stores	9	1,145,924	2.5%	8	1,451,569	2.8%
Gasoline Stations	10	<u>1,129,379</u>	2.4%	10	<u>1,050,154</u>	2.4%
Totals		<u>21,878,887</u>	47.1%		<u>20,725,129</u>	47.5%

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
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	13,292,552	93.62%
2021	14,527,186	14,321,125	98.58%
2022	15,010,957	14,652,201	97.61%

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

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

Table 11-1

	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Leases	Financed Purchase	Bond Premium	Revenue Bonds	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
Year								
2013	\$ -	\$ -	\$ 9,095,301	\$ -	\$ 68,845,000	\$ 77,940,301	3.16%	1,250.97
2014	-	-	7,418,344 ⁽²⁾	-	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%	616.38
2021	9,965,000	-	190,976	1,077,446	20,924,530	32,157,952	1.07%	497.87
2022	9,350,000	937,124	142,038	941,396	15,314,659	26,685,217	0.78%	413.14

Note: Details regarding the City's outstanding debt can be found in *Note 6* to the financial statements.

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

(2) In 2014, a \$1,281,347 note was issued to finance acquisition of sanitation trucks for the City.

(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
Ratios of Net General Bonded Debt to Assessed Value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years

Table 11-2

Year	General Bonded Debt Outstanding			Less Debt Service Fund	Net Bonded Debt	Percentage of Appraised Value ⁽¹⁾ of Property	Per Capita ⁽²⁾
	General Obligation Bonds	Bond Premium	Total				
2013	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
2014	-	-	-	-	-	0.00%	-
2015	-	-	-	-	-	0.00%	-
2016	-	-	-	-	-	0.00%	-
2017	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	0.00%	-
2019	11,005,000 ⁽³⁾	1,293,976	12,298,976	572,224	11,726,752	0.19%	188.22
2020	10,495,000	1,220,630	11,715,630	723,369	10,992,261	0.18%	176.43
2021	9,965,000	1,077,446	11,042,446	685,703	10,356,743	0.16%	166.23
2022	9,350,000	941,396	10,291,396	686,771	9,604,625	0.13%	154.16

Note: Details regarding the City's outstanding debt can be found in Note 6 to the financial statements.

(1) See the Schedule of Assessed and Appraised Value of Taxable Property for appraised value data.

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

(3) 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, 2022

Table 12

Governmental Unit	Debt Available for Retirement	Percentage Applicable	City's Share of Overlapping Debt
City of North Little Rock, Arkansas	\$ 11,370,558 ⁽¹⁾	100%	\$ 11,370,558
North Little Rock Public School District	<u>188,815,000</u>	100%	<u>188,815,000</u>
Total direct and overlapping debt	<u>\$ 200,185,558</u>		<u>\$ 200,185,558</u>

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

City of North Little Rock, Arkansas

Legal Debt Margin Information

Last Ten Years

Table 13

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 262,235,672	\$ 269,663,547	\$ 220,971,062	\$ 228,363,498	\$ 288,646,544	\$ 298,212,517	\$ 307,819,033	\$ 314,391,851	\$ 324,582,868	\$ 359,465,793
Total net debt applicable to limit	<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>255,037</u>	<u>190,976</u>	<u>9,492,038</u>
Legal debt margin	<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>\$ 314,136,814</u>	<u>\$ 324,391,892</u>	<u>\$ 349,973,755</u>
Total net debt applicable to the limit as a percentage of debt limit	2.97%	2.27%	1.41%	0.39%	0.31%	0.17%	0.06%	0.08%	0.06%	2.64%

Legal Debt Margin Calculation for 2022

Assessed value	\$ 1,437,863,173
Debt limit:	
General obligation debt limitation (1)	287,572,635
Short-term financing debt limitation (2)	<u>71,893,159</u>
Total debt limitation	<u>359,465,793</u>
Debt applicable to limit:	
General obligation and short-term financing	9,492,038
Less: Amount set aside for repayment in debt services funds	<u>-</u>
Total net debt applicable to limit	<u>9,492,038</u>
Legal debt margin	<u>\$ 349,973,755</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							
Fiscal Year	Pledged Revenues	Debt Service				Coverage Ratio	
		Principal	Interest	Total			
2020	\$ 1,956,911	\$ 445,000	\$ 411,299	\$ 856,299		2.29	
2021	2,115,396	460,000	391,850	851,850		2.48	
2022	2,337,810	485,000	368,850	853,850		2.74	

Special Assessment Bonds							
Fiscal Year	Pledged Revenues	Debt Service				Coverage Ratio	
		Principal	Interest	Total			
2020	\$ 141,664	\$ 65,000	\$ 71,050	\$ 136,050		1.04	
2021	171,336	70,000	68,938	138,938		1.23	
2022	189,285	130,000	66,663	138,939		1.36	

Business-type Activities Revenue Bonds							
Electric System Revenue Bonds							
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2020	\$ 88,267,984	\$ 57,007,701	\$ 31,260,283	\$ 5,507,807	\$ 781,379	\$ 6,289,186	4.97
2021	93,988,930	67,350,665	26,638,265	5,609,871	403,060	6,012,931	4.43
2022	102,966,537	77,981,178	24,985,359	2,910,103	317,429	3,227,532	7.74

Note: Pledged revenue bond coverage is presented starting with fiscal year 2020 and the City will build the 10 year history. Gross revenue includes interest income. Operating expenses excludes depreciation.

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
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%
2021	64,591 ⁽⁵⁾	3,219,021,667	49,837	35.2	10.7	7,685 ⁽³⁾	4.4%
2022	64,591 ⁽⁵⁾	3,433,528,378	53,158	35.4	10.7	8,139 ⁽³⁾	2.9%

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% increase in per capital personal income in Arkansas, reported by the U.S. Bureau of Economic Analysis.

(5) 2020 Census

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

Table 16

Employer	2022			2013 (1)	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Baptist Health	4,000	1	6.07%	-	
CHI St. Vincent	3,000	2	4.55%	-	
Maverick Transportation, Inc.	1,700	3	2.58%	-	
North Little Rock Public High School	1,250	4	1.90%	-	
City of North Little Rock	950	5	1.44%	-	
Pinnacle Business Solutions	900	6	1.37%	-	
Caterpillar	850	7	1.29%	-	
Ozark Waffles	850	8	1.29%	-	
University of Arkansas – Pulaski Technical College	750	9	1.14%	-	
Dow Building Services	600	10	0.91%	-	
	<u>14,850</u>		<u>22.53%</u>	<u>-</u>	

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

(1) Information was not available regarding major employers for 2013, 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Administration	10	9	8	8	8	9	9	9	9	9
City clerk	4	4	4	4	4	5	5	5	5	5
Code enforcement	13	13	14	14	14	13	13	13	13	13
Commerce	4	4	4	4	4	4	4	4	4	4
Communications	1	1	1	1	1	1	1	1	1	1
District court – First division	9	9	9	9	9	9	8	8	8	8
District court – Second division	9	9	9	9	9	9	9	9	9	9
Finance	12	12	13	13	13	14	14	14	17 ⁽⁵⁾	18
Human resources	8	8	8	8	8	8	9	9	9	9
Legal	8	8	8	8	8	8	8	8	8	8
Planning	12	12	12	12	12	12	13	13	13	13
Vehicle maintenance	13	13	13	13	13	13	13	13	14	14
Animal shelter	9	9	9	9	9	9	10	11	11	11
Emergency services	29	32	32	32	32	32	32	32	32	32
Fit 2 Live – Wellness	-	2	1	1	1	1	1	1	2	1
Neighborhood services	2	2	2	2	2	2	2	2	2	4
Fire	151	151	151	175	175	175	166 ⁽¹⁾	166	166	166
Police	238	238	238	239	240	240	239 ⁽²⁾	239	237 ⁽⁵⁾	231
Public works	11	10	11	11	11	11	11	11	11	11
Sanitation	41	41	39	39	39	39	39	39	39	39
Senior Citizens Center	8	8	8	8	8	8	8	8	8	8
Total general fund	597	600	594	619	620	622	614	615	618	614
Community development	6	6	6	5	5	5	5	4	4	4
Electric	102	103	103	101	104	131	134 ⁽³⁾	134	138	136
Information technology	-	-	-	-	-	-	21 ⁽⁴⁾	21	23	23
Parks & recreation	63	64	64	71	71	79	85	86	93	93
Street	53	53	53	53	53	58	58	58	58	58
Traffic services	13	13	13	13	13	13	14	14	15	15
Utilities accounting	43	43	43	43	43	10	- ⁽³⁾	-	-	-
Total other funds	280	282	282	286	289	296	317	317	331	329
Total personnel	877	882	876	905	909	918	931	932	949	943

(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.

(5) Three positions moved from the Police Department to the Finance Department.

City of North Little Rock, Arkansas

Operating Indicators by Function

Last Ten Years

Table 18

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Animal Shelter										
Animals Handled	3,668	3,865	3,368	3,350	3,195	3,443	2,557	2,304	2,363	2,425
Adoptions	833	674	668	722	887	968	806	563	765	1,040
Fire										
Number of uniformed employees	148	148	148	172	172	172	163	160	160	160
Fires and explosions	438	470	555	512	496	519	453	523	210	723
Rescue, emergency medical calls	5,936	6,157	6,605	7,112	7,261	7,044	6,775	6,347	5,936	8,030
Service calls	1,060	1,082	1,066	1,158	1,250	1,340	1,085	266	1,402	1,557
Good intent calls	-	-	-	-	-	-	-	-	-	1,976 (1)
False alarm calls	792	802	733	835	857	838	869	802	871	947
Other calls	2,177	2,222	1,833	2,207	2,317	2,325	2,119	3,409	4,378	352
Total calls	10,403	10,733	10,940	11,824	12,181	12,066	11,301	11,347	12,797	13,585
Police										
Number of uniformed employees	202	202	202	202	202	201	201	178	201	201
Calls for service	94,671	97,558	94,413	91,273	94,986	109,715	90,058	72,537	100,731	79,301
Arrests	7,765	8,655	8,421	8,176	7,311	7,225	6,862	6,317	5,448	7,909

Sources: Various city departments.

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

(1) In 2022, the Fire Department began tracking good intent calls.

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

Table 19

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire Stations	10	10	10	11	11	11	11	11	11	11
Police Stations	4	4	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	34	33	31	32	34	35	35	35	37	37
Number of playground areas	46	46	46	47	49	50	51	51	54	54
Number of tennis courts	40	40	40	40	40	40	40	40	50	50
Number of golf courses	3	3	2	2	2	2	2	2	2	2
Number of disc golf courses	4	4	4	4	4	4	4	4	5	5
Number of community centers	5	5	5	5	5	5	5	5	6	6
Number of swimming pools/splash pads	3	3	3	3	3	3	3	3	3	3
Number of pavilions	49	49	49	49	51	51	51	51	55	55

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 C. 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, 2022.

- (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 Accounts. 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.

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

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, 2022.

FORVIS, LLP

Dallas, Texas
June 23, 2023

SINGLE AUDIT SECTION



City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Housing and Urban Development</u>				
Direct Program:				
<i>CDBG – Entitlement Grants Cluster</i>				
COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		\$ -	\$ 336,537
Community Development Block Grants/Entitlement Grants	14.218		51,051	788,395
<i>Total CDBG – Entitlement Grants Cluster</i>			51,051	1,124,932
COVID-19 – HOME Investment Partnerships Program	14.239		-	36,362
HOME Investment Partnerships Program	14.239		166,404	173,360
Total HOME Investment Partnerships Program			166,404	209,722
Total Department of Housing and Urban Development			217,455	1,334,654
<u>Department of Justice</u>				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant	16.738		-	220,673
Total Department of Justice			-	220,673
<u>Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
Direct Program:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction Program	20.205		-	3,095,861
<i>Highway Safety Cluster</i>				
Passed through from:				
Arkansas State Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2023-02-02-18	-	12,203
Child Safety and Child Booster Seats Incentive Grants	20.613	OP-2023-02-02-18	-	8,242
National Priority Safety Programs	20.616	OP-2023-02-02-18	-	199
<i>Total Highway Safety Cluster</i>			-	20,644
Total Department of Transportation			-	3,116,505
<u>U.S. Department of Treasury</u>				
Direct Program:				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		-	8,273,497
Total U. S. Department of Treasury			-	8,273,497

City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing 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				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4441	-	914,904
Direct Program:				
Assistance to Firefighters Grant	97.044		-	86,320
Total Department of Homeland Security			-	1,001,224
Total Federal Awards Expended			\$ 217,455	\$ 13,946,553

City of North Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of North Little Rock, Arkansas (City) under programs of the federal government for the year ended December 31, 2022. 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.

Note 2: Summary of Significant Accounting Policies

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 or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

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

Note 4: Federal Loan Programs

The City did not have any federal loan programs during the year ended December 31, 2022.



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

The Honorable Mayor and Members of the 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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2023, which contained a reference to the reports of other auditors and an emphasis of matter paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

FORVIS, LLP

**Dallas, Texas
June 23, 2023**



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of North Little Rock, Arkansas' (City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

FORVIS, LLP

**Dallas, Texas
June 23, 2023**

City of North Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
 Significant deficiency(ies) identified? ☐ Yes ☒ None reported
 Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted?
☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:
 Significant deficiency(ies) identified? ☐ Yes ☒ None reported
 Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for major federal programs:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?
☐ Yes ☒ No

7. Identification of the major federal programs:

Cluster/Program	Assistance Listing Number
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036

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

9. Auditee 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, 2022

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

City of North Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
No matters are reportable.		

