

CITY OF NORTH LITTLE ROCK, ARKANSAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023



Cover photo by Jeff Caplinger

On the Cover:

The pickleball courts in Burns Park opened on November 8, 2023. This 12-court facility will provide much needed playing space for the growing number of pickleball enthusiasts locally and across our state. "Pickleball is the fastest growing sport around. I am glad we now have such a nice, outdoor facility for the pickleball community to enjoy." shared Mayor Hartwick.

CITY OF NORTH LITTLE ROCK, ARKANSAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended December 31, 2023



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
Table of Contents
December 31, 2023

Contents

Introductory Section

Letter of Transmittal i

GFOA Certificate of Achievement for Excellence in Financial Reporting iv

Organizational Chart v

List of Principal Officials. vi

Financial Section

Independent Auditor’s Report 1

Management’s Discussion and Analysis 4

Government-wide Financial Statements

Statement of Net Position 14

Statement of Activities 16

Fund Financial Statements

Governmental Funds

Balance Sheet – Governmental Funds 18

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position 19

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds. 20

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 21

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – General Fund. 22

Proprietary Funds

Statement of Net Position – Proprietary Funds 23

Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Funds. 24

City of North Little Rock, Arkansas
Table of Contents
December 31, 2023

Statement of Cash Flows – Proprietary Funds	25
Fiduciary Fund	
Statement of Fiduciary Net Position – Fiduciary Fund	27
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	28
Discretely Presented Component Units	
Statement of Net Position – Discretely Presented Component Units	29
Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units	30
Notes to the Financial Statements	32
Required Supplementary Information	
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Non-Uniform Plan	95
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Police Pension	97
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Fireman's Pension and Relief Fund	99
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios – LOPFI	101
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios – APERS	103
Schedule of City's Contributions – Non-Uniformed Plan	105
Schedule of City's Contributions – Police Pension	107
Schedule of City's Contributions – Fireman's Pension and Relief Fund	108
Schedule of City's Contributions – LOPFI	109
Schedule of City's Contributions – APERS	111
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	113

City of North Little Rock, Arkansas
Table of Contents
December 31, 2023

Other Supplementary Information

Nonmajor Governmental Funds

Combining Balance Sheet 114

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 115

Special Revenue Funds – Nonmajor

Combining Balance Sheet 116

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 118

Debt Service Funds – Nonmajor

Combining Balance Sheet 120

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 121

Capital Projects Funds – Nonmajor

Combining Balance Sheet 122

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 124

Budgetary Comparison Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Street Fund 126

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Parks and Recreation Fund 127

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Sales Tax Capital Improvement Fund 128

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – 2023 Sales Tax Capital Improvement Fund 129

Statistical Section (Unaudited)

Net Position by Component – Accrual Basis of Accounting 132

Changes in Net Position – Accrual Basis of Accounting 134

General Governmental Tax Revenues by Source – Accrual Basis of Accounting 138

Fund Balance of Governmental Funds – Modified Accrual Basis of Accounting 139

City of North Little Rock, Arkansas
Table of Contents
December 31, 2023

Changes in Fund Balance of Governmental Funds – Modified Accrual Basis of Accounting	141
General Governmental Tax Revenues by Source – Modified Accrual Basis of Accounting	143
Assessed and Appraised Value of Taxable Property	144
Property Tax Rates and Tax Levies of Direct and Overlapping Governments	146
Principal Sales Taxpayers	147
Property Tax Levies and Collections	148
Ratios of Outstanding Debt by Type	149
Ratios of Net General Bonded Debt to Assessed Value and Net Value Bonded Debt Per Capita	151
Direct and Overlapping Governmental Activities Debt	153
Legal Debt Margin Information	154
Pledged Revenue Bond Coverage	156
Demographic and Economic Statistics	157
North Little Rock Area Principal Employers	159
Full-time Equivalent City Government Employees by Function	160
Operating Indicators by Function	162
Capital Asset Statistics by Function	164
Other Required Report	
Independent Accountant’s Report on Compliance with Certain Arkansas State Acts	166
Single Audit Section	
Schedule of Expenditures of Federal Awards	167
Notes to the Schedule of Expenditures of Federal Awards	168
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – Independent Auditor’s Report	169
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report	171
Schedule of Findings and Questioned Costs	174

City of North Little Rock, Arkansas
Table of Contents
December 31, 2023

Summary Schedule of Prior Audit Findings	176
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INTRODUCTORY SECTION



EMBER STRANGE
Chief Financial Officer



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

July 16, 2024

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, 2023.

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 Mazars, 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, 2023, 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, 2023, 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, Street Fund, Parks Fund, Sales Tax Capital Improvement Fund and the 2023 Sales Tax Capital Improvement Fund. For the General Fund, this comparison is presented on page 22 as part of the basic financial statements for the governmental funds. For the other funds, this comparison is presented beginning on page 131 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 2023. The City's local sales taxes (which represent 67% of General Fund revenue, excluding transfers) increased 7.2% over the prior year.

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. All power outages were restored within approximately one week after the tornado struck. As of the date of this report, the City has spent approximately \$33.5 million on recovery efforts and has been reimbursed approximately \$17 million from the federal government.

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 which will 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, 2023, the General Fund emergency reserve was approximately \$20 million.

Awards and Acknowledgements

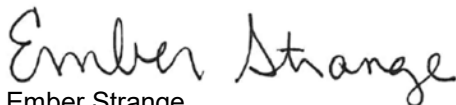
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Little Rock for its comprehensive annual financial report for the fiscal year ended December 31, 2022. This was the fourth 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the dedicated efforts of the City's Assistant Chief Financial Officer Anita Worley, Comptroller Amanda Bonner, Senior Accountant Keith Ivey, 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 unflinching support for maintaining the highest standards of professionalism in the management of the City of North Little Rock finances.

Respectfully submitted,



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**

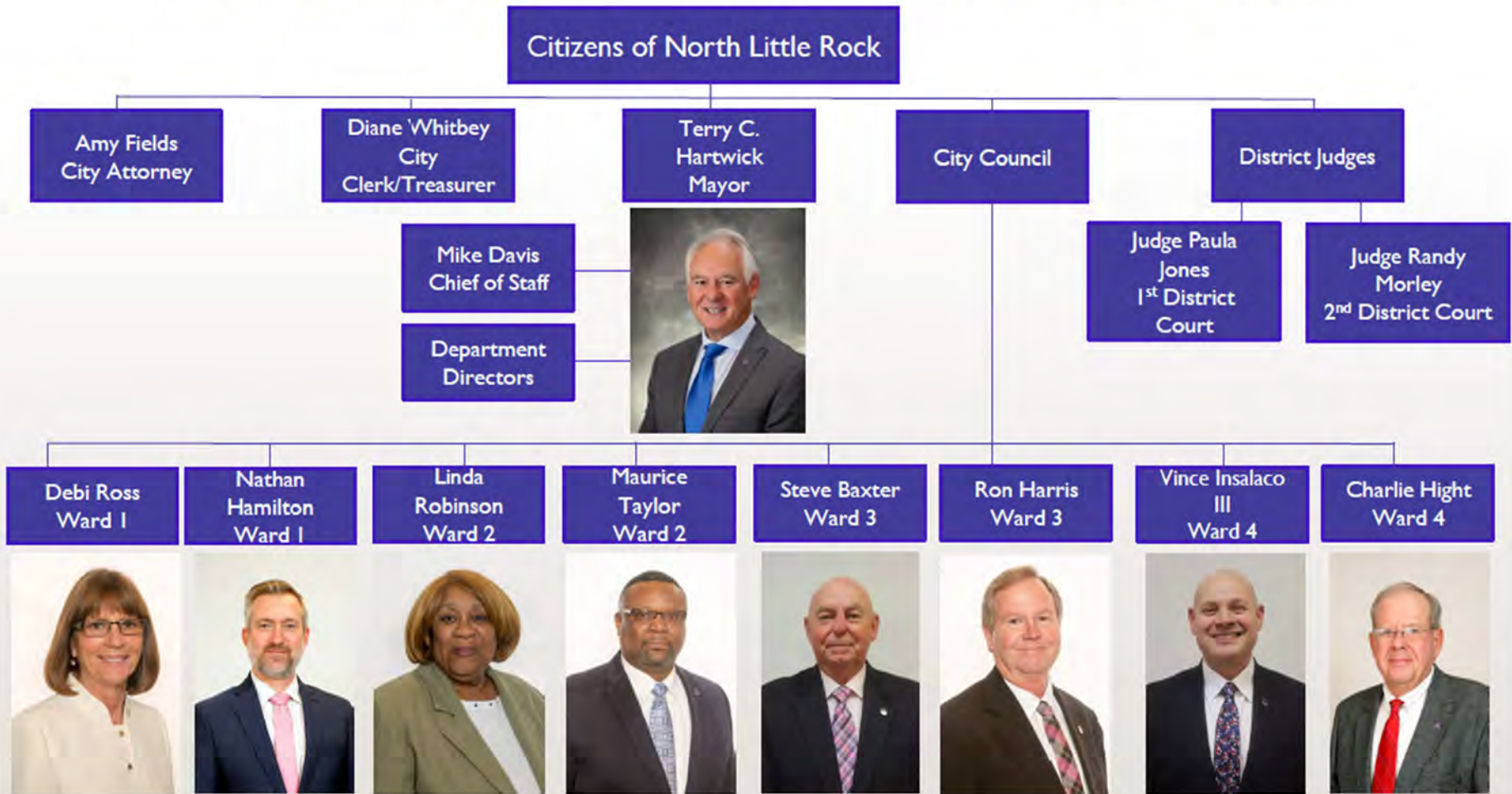
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF NORTH LITTLE ROCK ORGANIZATIONAL CHART



City of North Little Rock, Arkansas

List of Principal Officials Year Ended December 31, 2023

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	Colleen Carr
Emergency Services	Kim Francisco
Engineering	David Cook
Community Affairs/Fit 2 Live	Vacant
Hayes Senior Center	Dustin Free
History Commission	Sandra Smith
Human Resources	Betty Anderson
Information Technology	John Barber
Neighborhood Services	Dan Scott
Planning	Shawn Spencer
Safety/Parks and Recreation	Kenny Stephens
Sanitation	Condo Breedlove
Street	Patrick Lane
Vehicle Maintenance	Kenny Brock

FINANCIAL SECTION



Independent Auditor's Report

Members of the City Council and
Honorable Terry 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, 2023, 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 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, 2023, 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 North Little Rock Waste Water Utility and North Little Rock Advertising and Promotion Commission, component units of the City, which represent 88%, 87%, and 87%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units as of December 31, 2023. 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.

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 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 the 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 the 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 July 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Dallas, Texas
July 16, 2024**

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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, 2023. 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, 2023 by \$290,640,308 (presented as "net position"). Unrestricted net position is \$11,550,010.

- The City's total net position increased by \$45,363,506 in 2023. Net position of governmental activities increased by \$29,143,330 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. On March 31, 2023, an EF3 tornado struck the City continuing on the ground in the city limits for 5.5 miles. As a result of the tornado, approximately 1,600 homes were damaged and over 15,000 people had power outages. This major storm event attributed to the increase in the tax collections as residents bought the needed supplies and materials to rebuild and people from out of town traveled to the City to help those effected and stayed in the hotels. The increase in net position is also attributed to the increase in investment income due to more funds being invested at a higher interest rate and receiving transfers in of \$13.6 million from the Electric Department. Net position of business-type activities increased \$16,220,176.
- As of December 31, 2023, the City's governmental funds reports combined ending fund balances of \$80,563,378 a decrease of \$906,625 from 2023. Approximately 35% of this amount, \$28,477,713 is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2023, the unassigned fund balance for the General Fund was \$28,528,486 or 27% of total General Fund expenditures.
- As of December 31, 2023, the net position of the proprietary funds totaled \$175,514,983. Net position increased by \$16,220,176 during the year ended December 31, 2023.
- As of December 31, 2023, net position of fiduciary funds was \$59,604,208 . There was an increase of \$6,316,697 in the total fiduciary net position held in trust for the year ended December 31, 2023 due to improvements 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's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 14-17 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's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 14 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 ARPA Fund, and the Grant Fund, which are considered to be major funds. Data for the other 11 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 18-21 of this reporting package. A budget to actual comparison for the General Fund can be found on page 22 of this reporting package. Budgets for various special revenue and capital projects funds can be found on pages 131-134.

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 23-26 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 27-28 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 32-98 of this reporting package.

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 100-134 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 2023 compared to 2022:

City of North Little Rock, Arkansas
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Current and other assets	\$ 105,896,263	\$ 105,658,047	\$ 84,100,011	\$ 72,760,725	\$ 189,996,274	\$ 178,418,772
Capital, lease, and subscription assets	161,217,254	143,322,027	128,068,444	125,227,031	289,285,698	268,549,058
Total assets	267,113,517	248,980,074	212,168,455	197,987,756	479,281,972	446,967,830
Deferred outflows of resources	37,055,565	23,066,835	2,236,894	3,088,110	39,292,459	26,154,945
Total assets and deferred outflows of resources	304,169,082	272,046,909	214,405,349	201,075,866	518,574,431	473,122,775
Long-term liabilities	164,093,333	147,279,600	22,820,191	26,223,523	186,913,524	173,503,123
Other liabilities	15,182,986	14,512,037	15,380,498	14,601,835	30,563,484	29,113,872
Total liabilities	179,276,319	161,791,637	38,200,689	40,825,358	217,477,008	202,616,995
Deferred inflows of resources	9,767,438	24,273,277	689,677	955,701	10,457,115	25,228,978
Net investment in capital assets	149,323,912	130,524,357	115,367,289	109,997,145	264,691,201	240,521,502
Restricted	12,612,466	19,660,092	1,786,631	1,725,938	14,399,097	21,386,030
Unrestricted	(46,811,053)	(64,202,454)	58,361,063	47,571,724	11,550,010	(16,630,730)
Total net position	115,125,325	85,981,995	175,514,983	159,294,807	290,640,308	245,276,802
Total liabilities, deferred inflows of resources, and net position	\$ 304,169,082	\$ 272,046,909	\$ 214,405,349	\$ 201,075,866	\$ 518,574,431	\$ 473,122,775

**Balances have not been restated for the adoption of GASB 96*

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 \$290,640,308 as of December 31, 2023. The largest portion of the City's net position (\$264,691,201 or 91%) 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's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

An additional portion of the City's net position, \$14,399,097 represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, which may be used to meet ongoing obligations of the City, totaled \$11,550,010.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended December 31, 2023 and 2022. Governmental activities increased the City's net position by \$29,143,330 for the year ended December 31, 2023 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. On March 31, 2023, an EF3 tornado struck the City continuing on the ground in the city limits for 5.5 miles. As a result of the tornado, approximately 1,600 homes were damaged and over 15,000 people had power outages. This major storm event attributed to the increase in the tax collections as residents bought the needed supplies and materials to rebuild and people from out of town traveled to the City to help those effected and stayed in the hotels. The increase in net position is also attributed to the increase in investment income due to more funds being invested at a higher interest rate as well. The increase in net position is also attributed to transfers in of \$13.6 million from the Electric Department.

At the end of 2023, operating grants and contributions in governmental funds were approximately \$15.8 million above the prior year and \$1.8 million above the prior year in the business-type activities. These changes are primarily associated with the FEMA Disaster Aid funding as a result of the March 31st tornado.

General tax revenue increased approximately \$6.4 million in the current year. This increase is due to the continued increase in price of goods and services and a result of the March 31st tornado as mentioned above.

Grants not restricted to specific programs decreased approximately \$6.2 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, and ten new patrol cars for the police department totaling over \$500,000. These were one-time purchases made in 2022. In 2023, these large purchases were not made. There are several large outstanding commitments that will be expended by December 31, 2024 to close out the ARPA funds, including two pumper trucks, two line trucks and a bucket truck.

Investment income increased approximately \$2.5 million as a result of more funds being invested at higher interest rates than the prior year.

Miscellaneous revenue decreased by approximately \$2.3 million as a result of properties that were sold in 2022 that were no longer available for sale in 2023.

General government expense increased approximately \$19.6 million over the prior year. This increase is primarily a result of the March 31st tornado and the costs associated with debris removal around the City and in Burns Park. More than 600,000 cubic yards of debris was removed from the City resulting in a cost of approximately \$18 million. The remainder of the increase is associated with a 2.5% raise that went into effect on January 7, 2023, for all full-time employees and elected officials as well as an additional 2% raise effective March 31, 2023 for employees efforts related to the tornado cleanup.

The increase in public safety expense is primarily associated with the raises associated with the police and fire union contracts and the increased overtime costs associated with the March 31st tornado.

The increase in public works expense is due to the Burns Park pavement repairs that were a result of the tornado that occurred on March 31st.

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

The decrease in street and traffic expense in 2023 is primarily associated with vacant positions in the street department.

The increase in culture and recreation is associated with a 2.5% raise that went into effect on January 7, 2023, for all full-time employees as well as an additional 2% raise effective March 31, 2023 for employees efforts related to the tornado cleanup. This increase is also associated with the extra overtime employees worked during the tornado and protective measures that were taken to protect the public welfare such as hiring security to patrol Burns Park.

In 2023, net position of business-type activities increased by approximately \$16.2 million which is primarily due to an increase in charges for services of approximately \$3.8 million due to additional system load of 514,650kWh as weather was not as mild as the previous year. Another reason for the increase in net position of business-type activities is that operating expenses, including depreciation and amortization, decreased by approximately \$7.1 million. This decrease is due to below average purchase power costs in 2023 after being well above average in 2022 due to a volatile market.

**City of North Little Rock, Arkansas
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2023	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 10,968,870	\$ 10,925,330	\$ 106,771,617	\$ 102,966,537	\$ 117,740,487	\$ 113,891,867
Operating grants and contributions	16,153,352	393,129	3,443,908	1,620,078	19,597,260	2,013,207
Capital grants	4,773,558	4,677,191	-	-	4,773,558	4,677,191
General revenues						
Taxes	100,428,185	94,000,319	-	-	100,428,185	94,000,319
Franchise fees	4,587,543	4,352,373	-	-	4,587,543	4,352,373
Grants not restricted to specific programs	2,109,603	8,297,940	-	-	2,109,603	8,297,940
Investment income	2,642,811	179,173	1,858,330	190,320	4,501,141	369,493
Miscellaneous	899,707	3,244,686	-	-	899,707	3,244,686
Total revenues	142,563,629	126,070,141	112,073,855	104,776,935	254,637,484	230,847,076
Expenses						
General government	50,216,265	30,660,183	-	-	50,216,265	30,660,183
Public safety	44,671,828	47,950,176	-	-	44,671,828	47,950,176
Public works	2,959,471	1,394,466	-	-	2,959,471	1,394,466
Street and traffic	8,950,164	9,786,423	-	-	8,950,164	9,786,423
Health and sanitation	7,088,623	6,551,846	-	-	7,088,623	6,551,846
Community development	950,774	1,446,767	-	-	950,774	1,446,767
Culture and recreation	11,935,917	10,427,475	-	-	11,935,917	10,427,475
Interest and agent fees	296,603	301,671	-	-	296,603	301,671
Electric department	-	-	82,204,333	89,306,365	82,204,333	89,306,365
Total expenses	127,069,645	108,519,007	82,204,333	89,306,365	209,273,978	197,825,372
Increases in net position before transfers	15,493,984	17,551,134	29,869,522	15,470,570	45,363,506	33,021,704
Transfers	13,649,346	13,649,346	(13,649,346)	(13,649,346)	-	-
Increase in net position	29,143,330	31,200,480	16,220,176	1,821,224	45,363,506	33,021,704
Net position, beginning of year	85,981,995	54,781,515	159,294,807	157,473,583	245,276,802	212,255,098
Net position, end of year	\$ 115,125,325	\$ 85,981,995	\$ 175,514,983	\$ 159,294,807	\$ 290,640,308	\$ 245,276,802

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 \$80,563,378. Approximately 35% of this total amount or \$28,477,713 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 \$1,727,471, \$10,322,019 \$36,274,560 , and \$3,761,615, 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 \$28,528,486 while total fund balance was \$53,937,633. 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 27% of total expenditures, while total fund balance represents 51% of that same amount. The General Fund's fund balance decreased by \$6,260,715 during the current fiscal year. Total revenues increased approximately \$6.7 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 an increase in goods and materials needed in the City to rebuild homes and businesses as a result of the March 31st tornado. Expenditures increased \$19,610,070. This increase was a result of salary and benefit increases to uniform and non-uniform employees, expenses related to the March 31st tornado for debris removal and emergency protective measures, the purchase of the Barber College building in Downtown North Little Rock and construction of the water and wastewater infrastructure at the Tulip Farms development.

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.

The Grant Fund accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program. Grant fund revenue and associated expenditures increased approximately 16.3 million in 2023. This increase is associated with the FEMA Disaster Aid Funding as a result of the March 31st tornado.

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 \$58,361,063 as of December 31, 2023. The Electric Department's net position increased \$16,220,176. This increase is primarily due to an increase in charges for services of approximately \$3.8 million due to additional system load of 514,650kWh as weather was not as mild as the previous year. Another reason for the increase in net position of the proprietary fund is that operating expenses, including depreciation and amortization, decreased by approximately \$7.2 million. This decrease is due to below average purchase power costs in 2023 after being well above average in 2022 due to a volatile market.

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 2023 there was \$3 million in outstanding purchase orders from 2022 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 \$103,296,544 as compared to the original budgeted expenditures of \$85,599,070 an increase of \$17,697,474. The majority of this increase in budgeted expenditures was an increase in Special Appropriations of \$16,605,856. Capital expenditures are typically spent out of one of the capital improvement funds, however there are times when the budget is amended for capital expenditures out of the general fund. In this case, the capital expenditures are budgeted in the Special Appropriations division. This increase was due to several amendments: an amendment for costs associated with the March 31st tornado, an amendment for the purchase of the Barber College building in Downtown North Little Rock and an amendment for the construction of the water and wastewater infrastructure at the Tulip Farms development.

Actual revenue exceeded the general fund amended budget by approximately \$10 million at the end of 2023. The favorable variance is primarily associated with higher than anticipated sales tax revenues due to continued increased costs of goods and services and a higher demand for goods and services as related to the March 31st tornado. Final budgeted revenue exceeded the original budget by approximately \$4.7 million. 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.

Capital, Lease and Subscription Assets

The City's investment in capital, lease and subscription assets for its governmental and business-type activities as of December 31, 2023 amounts to \$289,285,698 net of accumulated depreciation/amortization. This investment in capital, lease and subscription 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:

- Additions to governmental buildings totaling \$2,651,579.
- Additions to governmental land of \$264,560
- Additions to governmental land improvements of \$859,389
- Additions to governmental vehicles of \$1,711,999
- Additions to governmental equipment of \$2,388,729
- Additions to governmental CIP of \$19,256,971 primarily related to the construction of the Burns Park Fire Station, Fire Station 11, Central Fire Station Parkhill jumpstart project, Faulkner Lake Road construction and the construction of the roads in Burns Park.
- Additions to the Electrical system CIP of \$11,314,360.
- Additions to the Electrical system plant and equipment totaling \$2,540,212.
- Additions to the Electrical system subscription assets totaling \$621,525.

City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Land and land rights	\$ 11,512,894	\$ 11,290,448	\$ 2,382,960	\$ 2,382,960	\$ 13,895,854	\$ 13,673,408
Construction in progress	16,241,889	12,607,945	12,016,108	10,359,974	28,257,997	22,967,919
Utility system plant and equipment	-	-	318,136,766	312,470,103	318,136,766	312,470,103
Infrastructure	69,221,327	64,683,480	-	-	69,221,327	64,683,480
Buildings	87,309,259	75,917,669	-	-	87,309,259	75,917,669
Land improvements	10,159,589	10,573,090	-	-	10,159,589	10,573,090
Vehicles	34,217,582	32,856,836	-	-	34,217,582	32,856,836
Equipment	37,085,920	33,172,945	-	-	37,085,920	33,172,945
Ships and watercraft	3,673,738	3,673,738	-	-	3,673,738	3,673,738
Subscription assets	466,457	-	627,852	-	1,094,309	-
Leased equipment	645,846	305,079	-	-	645,846	305,079
Leased building	784,724	784,724	-	-	784,724	784,724
Accumulated depreciation/amortization	(110,101,971)	(102,543,927)	(205,095,242)	(199,986,006)	(315,197,213)	(302,529,933)
Total	\$ 161,217,254	\$ 143,322,027	\$ 128,068,444	\$ 125,227,031	\$ 289,285,698	\$ 268,549,058

**Balances have not been restated for the adoption of GASB 96*

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, 2023, the City had \$23,734,732 outstanding debt consisting of revenue bonds, special obligation bonds, financed purchases, subscription and lease liabilities. Of this debt, \$21,927,351 was secured by specific revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Revenue bonds	\$ -	\$ -	\$ 12,404,556	\$ 15,314,659	\$ 12,404,556	\$ 15,314,659
Bonds payable	9,522,795	10,291,396	-	-	9,522,795	10,291,396
Financed purchases	91,667	142,038	-	-	91,667	142,038
Subscription liability	183,029	-	338,986	-	522,015	-
Lease liability	1,193,699	937,124	-	-	1,193,699	937,124
Total	\$ 10,991,190	\$ 11,370,558	\$ 12,743,542	\$ 15,314,659	\$ 23,734,732	\$ 26,685,217

**Balances have not been restated for the adoption of GASB 96*

Total long-term bonds, financed purchases, and lease liabilities outstanding at December 31, 2023, decreased by \$2,950,485 due to scheduled 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's Discussion and Analysis (Unaudited)
Year Ended December 31, 2023**

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 2024 budget for the General Fund includes budgeted revenues of \$86,213,101 including net transfers in of \$6,833,114, and expenditures of \$86,213,101.

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.

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City of North Little Rock, Arkansas
Statement of Net Position
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 34,213,464	\$ 37,056,774	\$ 71,270,238	\$ 12,819,207
Investments	35,400,692	15,632,752	51,033,444	14,979,661
Accounts receivable - net of allowance	31,443,015	6,578,398	38,021,413	7,681,277
Lease receivable	428,510	-	428,510	1,819,767
Prepays	1,727,471	1,457,125	3,184,596	1,446,267
Inventories	-	9,161,690	9,161,690	47,241
Restricted cash and cash equivalents	613,139	9,086,122	9,699,261	6,374,558
Notes receivable	-	1,300,000	1,300,000	162,594
Internal balances	2,069,972	(2,069,972)	-	-
Unbilled revenues	-	5,897,122	5,897,122	-
Capital assets - nondepreciable	27,754,783	14,399,068	42,153,851	14,380,205
Capital, lease, and subscription assets - depreciable, net	133,462,471	113,669,376	247,131,847	137,917,157
Total assets	267,113,517	212,168,455	479,281,972	197,627,934
Deferred Outflows of Resources				
Deferred loss on refunding	-	42,387	42,387	-
Deferred amount related to pensions	36,441,641	2,109,520	38,551,161	4,633,078
Deferred amount related to OPEB	613,924	84,987	698,911	-
Total deferred outflows of resources	37,055,565	2,236,894	39,292,459	4,633,078
Total assets and deferred outflows of resources	\$ 304,169,082	\$ 214,405,349	\$ 518,574,431	\$ 202,261,012

City of North Little Rock, Arkansas
Statement of Net Position
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	\$ 5,395,421	\$ 3,445,574	\$ 8,840,995	\$ 2,705,484
Accrued expenses	4,018,238	1,184,242	5,202,480	3,269,838
Unearned revenue	3,305,156	-	3,305,156	-
Accrued interest payable	57,193	105,989	163,182	-
Noncurrent Liabilities				
Due within one year				
Bonds and loan payable	800,798	2,971,911	3,772,709	4,859,338
Financed purchase	51,846	-	51,846	-
Lease liability	178,732	-	178,732	9,276
Subscription liability - current portion	138,847	267,697	406,544	24,304
Compensated absences	1,083,969	170,089	1,254,058	751,501
OPEB liability	152,786	-	152,786	-
Customer deposits	-	7,234,996	7,234,996	-
Due in more than one year				
Bonds and loan payable, net of amortized premiums	8,721,997	9,432,645	18,154,642	37,891,613
Financed purchase	39,821	-	39,821	-
Lease liability	1,014,967	-	1,014,967	-
Subscription liability	44,182	71,289	115,471	-
Reserve for bio-solid disposal	-	-	-	3,099,920
Net pension liability	139,449,890	11,227,187	150,677,077	6,685,505
OPEB liability	4,339,159	463,566	4,802,725	138,777
Compensated absences	10,483,317	1,625,504	12,108,821	321,621
Total liabilities	179,276,319	38,200,689	217,477,008	59,757,177
Deferred Inflows of Resources				
Deferred amounts related to pensions	7,234,154	278,665	7,512,819	1,522,623
Deferred amount related to OPEB	2,107,062	411,012	2,518,074	-
Lease related	426,222	-	426,222	1,797,889
Total deferred inflows of resources	9,767,438	689,677	10,457,115	3,320,512
Net Position				
Net investment in capital assets	149,323,912	115,367,289	264,691,201	106,980,981
Restricted				
Debt service	991,301	1,786,631	2,777,932	5,911,162
Capital projects	3,234,588	-	3,234,588	-
Street and traffic	5,532,704	-	5,532,704	-
Parks and recreation	1,948,187	-	1,948,187	-
Community development	123	-	123	-
Police - equitable sharing	229,578	-	229,578	-
Drainage improvement	675,985	-	675,985	-
Airport	-	-	-	148,095
Library	-	-	-	33,296
Unrestricted	(46,811,053)	58,361,063	11,550,010	26,109,789
Total net position	115,125,325	175,514,983	290,640,308	139,183,323
Total liabilities, deferred inflows of resources and net position	\$ 304,169,082	\$ 214,405,349	\$ 518,574,431	\$ 202,261,012

City of North Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 50,216,265	\$ 5,635,592	\$ 15,792,118	\$ -
Public safety	44,671,828	2,096,952	166,388	609,371
Public works	2,959,471	-	-	1,597,970
Street and traffic	8,950,164	38,695	-	-
Health and sanitation	7,088,623	1,489,316	-	-
Community development	950,774	-	110,091	826,495
Culture and recreation	11,935,917	1,708,315	84,755	1,739,722
Interest and fiscal charges	296,603	-	-	-
Total governmental activities	<u>127,069,645</u>	<u>10,968,870</u>	<u>16,153,352</u>	<u>4,773,558</u>
Business-type activities				
Electric Department	<u>82,204,333</u>	<u>106,771,617</u>	<u>3,443,908</u>	<u>-</u>
Total business-type activities	<u>82,204,333</u>	<u>106,771,617</u>	<u>3,443,908</u>	<u>-</u>
Total primary government	<u>\$ 209,273,978</u>	<u>\$ 117,740,487</u>	<u>\$ 19,597,260</u>	<u>\$ 4,773,558</u>
Component Unit				
Component units	<u>34,887,311</u>	<u>28,558,070</u>	<u>194,941</u>	<u>188,936</u>
Total component unit	<u>\$ 34,887,311</u>	<u>\$ 28,558,070</u>	<u>\$ 194,941</u>	<u>\$ 188,936</u>
General Revenues and Transfers				
General revenues:				
Sales taxes				
Other taxes				
Franchise fees				
Grants not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (28,788,555)	\$ -	\$ (28,788,555)	\$ -
(41,799,117)	-	(41,799,117)	-
(1,361,501)	-	(1,361,501)	-
(8,911,469)	-	(8,911,469)	-
(5,599,307)	-	(5,599,307)	-
(14,188)	-	(14,188)	-
(8,403,125)	-	(8,403,125)	-
(296,603)	-	(296,603)	-
<u>(95,173,865)</u>	<u>-</u>	<u>(95,173,865)</u>	<u>-</u>
-	28,011,192	28,011,192	-
-	28,011,192	28,011,192	-
<u>\$ (95,173,865)</u>	<u>\$ 28,011,192</u>	<u>\$ (67,162,673)</u>	<u>\$ -</u>
			(5,945,364)
			<u>\$ (5,945,364)</u>
80,691,742	-	80,691,742	9,966,500
19,736,443	-	19,736,443	4,466,026
4,587,543	-	4,587,543	-
2,109,603	-	2,109,603	-
2,642,811	1,858,330	4,501,141	847,975
899,707	-	899,707	238,824
<u>13,649,346</u>	<u>(13,649,346)</u>	<u>-</u>	<u>-</u>
<u>124,317,195</u>	<u>(11,791,016)</u>	<u>112,526,179</u>	<u>15,519,325</u>
<u>29,143,330</u>	<u>16,220,176</u>	<u>45,363,506</u>	<u>9,573,961</u>
<u>85,981,995</u>	<u>159,294,807</u>	<u>245,276,802</u>	<u>129,609,362</u>
<u>\$ 115,125,325</u>	<u>\$ 175,514,983</u>	<u>\$ 290,640,308</u>	<u>\$ 139,183,323</u>

City of North Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2023

	General	ARPA	Grant	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 15,505,934	\$ 138,468	\$ -	\$ 18,569,062	\$ 34,213,464
Investments	27,964,464	4,329,734	-	3,106,494	35,400,692
Property taxes receivable - net of allowance	10,752,006	-	-	2,467,977	13,219,983
Sales tax receivable	11,964,392	-	-	2,017,444	13,981,836
Franchise tax receivable	662,970	-	-	-	662,970
Accounts receivable	201,583	-	-	5,475	207,058
Leases receivable	428,510	-	-	-	428,510
Due from other governments	9,182	-	3,192,243	169,743	3,371,168
Due from other funds	4,857,321	-	23,881	4,236,875	9,118,077
Prepays	1,531,725	-	-	195,746	1,727,471
Restricted cash equivalents	-	-	-	613,139	613,139
Total assets	\$ 73,878,087	\$ 4,468,202	\$ 3,216,124	\$ 31,381,955	\$ 112,944,368
Liabilities					
Accounts payable	\$ 1,371,069	\$ 62,459	\$ 1,511,031	\$ 2,450,936	\$ 5,395,495
Accrued expenses	3,762,188	-	-	255,976	4,018,164
Unearned revenue	6,468	2,982,271	316,417	-	3,305,156
Due to other funds	4,477,106	1,033,230	1,439,449	98,320	7,048,105
Total liabilities	9,616,831	4,077,960	3,266,897	2,805,232	19,766,920
Deferred Inflows of Resources					
Unavailable revenue - property taxes	9,897,401	-	-	2,290,447	12,187,848
Lease related	426,222	-	-	-	426,222
Total deferred inflows of resources	10,323,623	-	-	2,290,447	12,614,070
Fund Balances					
Nonspendable	1,531,725	-	-	195,746	1,727,471
Restricted for					
Capital projects	-	-	-	3,234,588	3,234,588
Debt service	-	-	-	745,511	745,511
Street and traffic	-	-	-	3,488,047	3,488,047
Parks and recreation	-	390,242	-	1,557,945	1,948,187
Community development	-	-	-	123	123
Police - equitable sharing	-	-	-	229,578	229,578
Drainage improvement	-	-	-	675,985	675,985
Committed	20,115,807	-	-	16,158,753	36,274,560
Assigned	3,761,615	-	-	-	3,761,615
Unassigned	28,528,486	-	(50,773)	-	28,477,713
Total fund balances	53,937,633	390,242	(50,773)	26,286,276	80,563,378
Total liabilities, deferred inflows of resources and fund balances	\$ 73,878,087	\$ 4,468,202	\$ 3,216,124	\$ 31,381,955	\$ 112,944,368

City of North Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

Total fund balances – governmental funds	\$ 80,563,378
Amounts reported for governmental activities in the statement of net position are different because	
Capital, lease, and subscription assets, net of accumulated depreciation/amortization used in governmental activities are not current financial resources and therefore are not reported in the governmental funds	161,217,254
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.	12,187,848
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	(57,193)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	
Accrued compensated absences	(11,567,286)
Total OPEB liability	(4,491,945)
Net Pension Liability	(139,449,890)
Bonds payable, including premiums	(9,522,795)
Financed purchases	(91,667)
Lease liability	(1,193,699)
Subscription liability	(183,029)
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.	<u>27,714,349</u>
Net position of governmental activities	<u>\$ 115,125,325</u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	General	ARPA	Grant	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes - sales	\$ 67,926,455	\$ -	\$ -	\$ 12,765,287	\$ 80,691,742
Taxes - other	16,679,373	-	-	2,209,223	18,888,596
Franchise fees	4,587,543	-	-	-	4,587,543
Fines and forfeitures	1,422,105	-	-	-	1,422,105
Licenses and permits	5,115,036	-	-	68,137	5,183,173
Charges for services	2,655,275	-	-	1,708,317	4,363,592
Intergovernmental	207,578	2,109,603	19,728,085	992,641	23,037,907
Investment earnings	1,826,194	294,065	-	522,552	2,642,811
Miscellaneous	1,540,824	-	-	161,241	1,702,065
Total revenues	101,960,383	2,403,668	19,728,085	18,427,398	142,519,534
Expenditures					
General Government					
Administration	2,160,774	-	15,412,796	-	17,573,570
City clerk	484,022	-	-	-	484,022
Code enforcement	1,406,927	-	6,000	-	1,412,927
Commerce	37,606	-	-	-	37,606
Communication	270,493	-	-	-	270,493
Finance	1,760,178	-	-	-	1,760,178
Information technology	4,634,188	-	-	-	4,634,188
1st district court	722,197	-	-	-	722,197
2nd district court	517,613	-	-	-	517,613
Legal	855,702	-	-	-	855,702
Human resources	1,026,384	-	-	-	1,026,384
Planning	1,137,999	-	-	-	1,137,999
Vehicle maintenance	1,301,264	-	-	-	1,301,264
Total general government	16,315,347	-	15,418,796	-	31,734,143
Animal shelter	973,167	-	1,609	-	974,776
Community development	-	-	-	940,218	940,218
Emergency services	2,483,138	-	78,415	-	2,561,553
Fit 2 live	131,513	-	-	-	131,513
Health	105,434	-	-	-	105,434
Neighborhood services	445,017	-	-	-	445,017
Parks and recreation	-	-	1,416,379	9,426,155	10,842,534
Public safety - fire	20,659,468	-	-	-	20,659,468
Public safety - police	28,842,418	50,000	121,199	7,975	29,021,592
Public works	1,371,672	-	1,554,630	-	2,926,302
Sanitation	6,416,809	-	-	-	6,416,809
Senior citizens	969,803	-	-	-	969,803
Special appropriations	13,534,936	426,000	-	-	13,960,936
Street and traffic	-	-	-	6,738,415	6,738,415
Capital outlay	12,462,458	1,019,813	473,235	13,637,978	27,593,484
Debt service	-	-	-	-	-
Principal retirement	371,328	-	-	710,263	1,081,591
Interest and fiscal charges	17,336	-	-	412,838	430,174
Total expenditures	105,099,844	1,495,813	19,064,263	31,873,842	157,533,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,139,461)	907,855	663,822	(13,446,444)	(15,014,228)
Other Financing Sources (Uses)					
Transfers in	16,156,911	-	-	20,188,154	36,345,065
Transfers out	(19,717,897)	(605,377)	(654,097)	(1,718,348)	(22,695,719)
Leases and Subscriptions	439,732	-	-	18,525	458,257
Total other financing sources (uses)	(3,121,254)	(605,377)	(654,097)	18,488,331	14,107,603
Net Change in Fund Balances	(6,260,715)	302,478	9,725	5,041,887	(906,625)
Fund Balances, Beginning of Year	60,198,348	87,764	(60,498)	21,244,389	81,470,003
Fund Balances, End of Year	\$ 53,937,633	\$ 390,242	\$ (50,773)	\$ 26,286,276	\$ 80,563,378

See Notes to the Financial Statements

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
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ (906,625)

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, lease, and subscription asset purchases	27,593,484
Retirements	(803,752)
Depreciation expense	(8,930,156)
Amortization expense	(393,916)

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.

904,847

Current year changes in long-term liabilities for compensated absences do require the use of current financial resources; therefore, they are reported as expenditures in the governmental funds.

100,256

Changes to Other Post Employment Benefit (OPEB) liability, net pension liability, OPEB and pension related deferred outflows and inflows of resources require the use of current financial resources and therefore are reported as expenditures in the governmental funds.

10,822,287

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.

4,970

The issuance of long-term debt (e.g., bonds, leases, and subscriptions) 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	50,371
Bonds payable	640,000
Bond premium amortization	128,601
Lease liability	166,792
Subscription liability	224,428
Issuance of lease and subscription liabilities	<u>(458,257)</u>

Change in net position of governmental activities

\$ 29,143,330

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual - General Fund
Year Ended December 31, 2023

	Original Budget	Changes	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues					
Taxes - sales	\$ 57,750,000	\$ 5,500,000	\$ 63,250,000	\$ 67,926,455	\$ 4,676,455
Taxes - other	8,810,000	-	8,810,000	16,679,373	7,869,373
Franchise fees	3,196,000	-	3,196,000	4,587,543	1,391,543
Fines and forfeitures	1,507,400	-	1,507,400	1,422,105	(85,295)
Licenses and permits	3,967,750	203,385	4,171,135	5,115,036	943,901
Charges for services	2,370,000	-	2,370,000	2,655,275	285,275
Intergovernmental	5,339,352	-	5,339,352	207,578	(5,131,774)
Investment earnings	715,105	300,000	1,015,105	1,826,194	811,089
Miscellaneous	2,250,809	20,290	2,271,099	1,540,824	(730,275)
Total revenues	85,906,416	6,023,675	91,930,091	101,960,383	10,030,292
Expenditures					
General Government					
Administration	2,645,577	173,320	2,818,897	2,160,774	658,123
City clerk	500,998	836	501,834	484,022	17,812
Code enforcement	1,258,034	2,727	1,260,761	1,406,927	(146,166)
Commerce	352,998	(315,393)	37,605	37,606	(1)
Communication	272,475	285	272,760	270,493	2,267
Finance	1,609,447	244,239	1,853,686	1,760,178	93,508
Information technology	5,135,842	139,629	5,275,471	4,634,188	641,283
1st district court	696,486	1,565	698,051	722,197	(24,146)
2nd district court	633,528	1,041	634,569	517,613	116,956
Legal	867,428	61,633	929,061	855,702	73,359
Human resources	1,035,175	2,610	1,037,785	1,026,384	11,401
Planning	1,150,644	49,179	1,199,823	1,137,999	61,824
Vehicle maintenance	1,321,040	2,681	1,323,721	1,301,264	22,457
Total general government	17,479,672	364,352	17,844,024	16,315,347	1,528,677
Animal shelter	963,248	1,998	965,246	973,167	(7,921)
Emergency services	2,329,549	77,321	2,406,870	2,483,138	(76,268)
Fit 2 live	144,197	231	144,428	131,513	12,915
Health	105,435	-	105,435	105,434	1
Neighborhood services	436,080	29,880	465,960	445,017	20,943
Public safety - fire	21,445,813	86,081	21,531,894	20,659,468	872,426
Public safety - police	27,206,339	346,103	27,552,442	28,842,418	(1,289,976)
Public works	1,351,083	177,664	1,528,747	1,371,672	157,075
Sanitation	5,867,262	6,338	5,873,600	6,416,809	(543,209)
Senior citizens	1,079,281	1,650	1,080,931	969,803	111,128
Special appropriations	7,191,111	16,605,856	23,796,967	13,534,936	10,262,031
Capital outlay	-	-	-	12,462,458	(12,462,458)
Debt service					
Principal retirement	-	-	-	371,328	(371,328)
Interest and fiscal charges	-	-	-	17,336	(17,336)
Total expenditures	85,599,070	17,697,474	103,296,544	105,099,844	(1,803,300)
Excess (Deficiency) of Revenues Over (Under) Expenditures	307,346	(11,673,799)	(11,366,453)	(3,139,461)	8,226,992
Other Financing Sources (Uses)					
Transfers in	17,124,737	-	17,124,737	16,156,911	(967,826)
Transfers out	(17,432,083)	(1,730,000)	(19,162,083)	(19,717,897)	(555,814)
Leases (as lessee)	-	-	-	439,732	439,732
Total other financing sources (uses)	(307,346)	(1,730,000)	(2,037,346)	(3,121,254)	(1,083,908)
Net Change in Fund Balances	-	(13,403,799)	(13,403,799)	(6,260,715)	7,143,084
Fund Balances, Beginning of Year	60,198,348		60,198,348	60,198,348	-
Fund Balances, End of Year	\$ 60,198,348	\$ (13,403,799)	\$ 46,794,549	\$ 53,937,633	\$ 7,143,084

See Notes to the Financial Statements

City of North Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities
	Enterprise Fund Electric Department
Assets	
Current assets	
Cash and cash equivalents	\$ 37,056,774
Investments	15,632,752
Accounts receivable - net of allowance	6,567,769
Other receivables	10,629
Notes receivable	145,000
Unbilled revenues	5,897,122
Materials and supplies	9,161,690
Prepaid expenses	1,457,125
Total current assets	<u>75,928,861</u>
Noncurrent assets	
Restricted cash and cash equivalents	9,086,122
Notes receivable	1,155,000
Total other non-current assets	<u>10,241,122</u>
Capital and Subscription Assets	
Property, plant, and equipment	332,535,834
Subscription assets	627,852
Less: accumulated depreciation and amortization	(205,095,242)
Total capital and subscription assets	<u>128,068,444</u>
Total assets	<u>214,238,427</u>
Deferred Outflows of Resources	
Deferred loss on refunding	42,387
Deferred outflows of resources - Pension	2,109,520
Deferred outflows of resources - OPEB	84,987
Total deferred outflows of resources	<u>2,236,894</u>
Total assets and deferred outflows of resources	<u>\$ 216,475,321</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 3,445,574
Accrued expenses and other liabilities	1,184,242
Due to other funds	2,069,972
Bonds payable - current portion	2,971,911
Subscription liability - current portion	267,697
Accrued compensated absences - current portion	170,089
Accrued interest payable	105,989
Total current liabilities	<u>10,215,474</u>
Noncurrent liabilities	
Customer deposits payable	7,234,996
Net pension liability	11,227,187
Total OPEB liability	463,566
Accrued compensated absences - noncurrent portion	1,625,504
Bonds payable - noncurrent portion	9,432,645
Subscription liability - noncurrent portion	71,289
Total noncurrent liabilities	<u>30,055,187</u>
Total liabilities	<u>40,270,661</u>
Deferred Inflows of Resources	
Deferred inflows of resources - Pension	278,665
Deferred inflows of resources - OPEB	411,012
Total deferred inflows of resources	<u>689,677</u>
Net Position	
Net investment in capital assets	115,367,289
Restricted - expendable	1,786,631
Unrestricted net position	58,361,063
Total net position	<u>175,514,983</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 216,475,321</u>

City of North Little Rock, Arkansas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities
	Enterprise Fund Electric Department
Operating Revenues	
Sale of electricity, net of uncollectible accounts	\$ 105,120,915
Penalty income	1,393,744
Miscellaneous income	256,958
Total operating revenues	<u>106,771,617</u>
Operating Expenses	
Salaries and fringe benefits	9,020,237
Purchased electricity and transmission costs	50,804,855
Maintenance	5,495,039
Franchise tax	356,183
Depreciation and amortization	10,786,109
Other services and charges	5,186,305
Total operating expenses	<u>81,648,728</u>
Operating Income	<u>25,122,889</u>
Nonoperating Revenues (Expenses)	
Interest and investment income	1,858,330
Interest expense	(541,605)
Trustee fees	(14,000)
Intergovernmental revenue	3,443,908
Total nonoperating revenues (expenses), net	<u>4,746,633</u>
Income Before Transfers Out	29,869,522
Transfers to Other City Funds	<u>13,649,346</u>
Increase in Net Position	16,220,176
Net Position, Beginning of Year	<u>159,294,807</u>
Net Position, End of Year	<u><u>\$ 175,514,983</u></u>

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City of North Little Rock, Arkansas
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities
	Enterprise Fund Electric Department
Cash Flows from Operating Activities	
Receipts from customers	\$ 103,938,624
Payments to vendors	(11,743,033)
Payments for purchase of electricity	(50,804,855)
Payments for taxes	(356,183)
Payments to employees	(8,966,036)
	<hr/>
Net cash flows provided by operating activities	32,068,517
Cash Flows from Noncapital Financing Activities	
Transfers to other departments	(13,649,346)
Net reduction of due to/from other funds	135,000
	<hr/>
Net cash flows used by noncapital financing activities	(13,514,346)
Cash Flows from Capital and Related Financing Activities	
Repayment of revenue bonds	(2,910,103)
Repayment of subscription liability	(288,866)
Purchase of property, plant, and equipment	(13,601,091)
Interest paid	(489,752)
Proceeds from capital grants	3,443,908
Trustee payments	(14,000)
	<hr/>
Net cash flows provided by capital and related financing activities	(13,859,904)
Cash flows from investing activities	
Proceeds from sale of investments	36,779,808
Purchase of investments	(34,647,637)
Interest on investments	1,858,330
	<hr/>
Net cash flows provided by investing activities	3,990,501
Net Increase in Cash and Cash Equivalents	8,684,768
Cash and Cash Equivalents, Beginning of the Year	<hr/> 37,458,128
Cash and Cash Equivalents, End of the Year	<hr/> <hr/> \$ 46,142,896

	Business-Type Activities Enterprise Fund Electric Department
	<hr/>
Reconciliation of Operating Income to Net Cash Provided from Operating Activities	
Operating income	\$ 25,122,889
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities	
Depreciation expense	11,387,530
(Increase) Decrease in assets and deferred outflows of resources	
Accounts receivable	(3,234,979)
Unbilled revenues	401,986
Prepaid expenses	102,604
Inventory	(3,373,394)
Deferred outflows of resources	808,830
Increase (decrease) in liabilities and deferred inflows of resources	
Accounts payable	997,139
Accrued expenses	578,586
Customer deposits payable	31,955
Pension and OPEB	(491,249)
Compensated absences	2,644
Deferred inflows of resources	(266,024)
	<hr/>
Net cash provided by operating activities	<u>\$ 32,068,517</u>
Supplement Disclosure of Noncash Investing, Capital, and Financing Activities	
Addition of subscription assets via long-term obligations	\$ 621,525

City of North Little Rock, Arkansas
Statement of Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Pension Trust</u> <u>Non-Uniform</u> <u>Employees</u> <u>Retirement</u>
Assets	
Cash and cash equivalents	\$ 4,677,689
Investments, at fair value	
Mutual funds	3,061,443
Equities	40,787,971
Corporate bonds	10,859,584
Other assets	<u>217,521</u>
Total assets	<u>59,604,208</u>
Net Position	
Net position - restricted for pensions	<u>\$ 59,604,208</u>
Total net position	<u><u>\$ 59,604,208</u></u>

City of North Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended December 31, 2023

	<u>Pension Trust</u> <u>Non-Uniform</u> <u>Employees</u> <u>Retirement</u>
Additions	
Contributions	
Employer	\$ 3,856,072
Members	1,639,133
	<hr/>
Total Contributions	5,495,205
	<hr/>
Investment income	
Interest and dividend income	1,440,182
Appreciation in fair value of investments	4,541,569
Less investment expense	(212,870)
	<hr/>
Net investment income	5,768,881
	<hr/>
Total additions	11,264,086
	<hr/>
Deductions	
Benefits paid to participants	4,868,044
Administrative expenses	79,345
	<hr/>
Total deductions	4,947,389
	<hr/>
Change in Net Position	6,316,697
	<hr/>
Net Position Restricted for Pension Benefits, Beginning of Year	53,287,511
	<hr/>
Net Position Restricted for Pension Benefits, End of Year	<u>\$ 59,604,208</u>

City of North Little Rock, Arkansas
Statement of Net Position - Discretely Presented Component Units
December 31, 2023

	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	\$ 6,868,073	\$ 3,727,396	\$ 240,362	\$ 1,983,376	\$ 12,819,207
Investments	14,979,661	-	-	-	14,979,661
Accounts receivable, net of allowance	2,992,335	4,555,488	133,406	48	7,681,277
Leases receivable	-	-	1,819,767	-	1,819,767
Prepaid expenses and other	262,619	-	33,291	119,087	414,997
Inventories	46,997	244	-	-	47,241
Total current assets	25,149,685	8,283,128	2,226,826	2,102,511	37,762,150
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	4,389,553	33,296	-	-	4,422,849
Certificates of deposits	526,376	-	-	1,425,333	1,951,709
Other assets	1,031,270	-	-	-	1,031,270
Notes receivable	162,594	-	-	-	162,594
Capital assets, net	136,469,253	2,400,581	9,932,858	3,494,670	152,297,362
Total noncurrent assets	142,579,046	2,433,877	9,932,858	4,920,003	159,865,784
Total assets	167,728,731	10,717,005	12,159,684	7,022,514	197,627,934
Deferred Outflows of Resources					
Deferred outflows from pensions	3,310,065	920,522	21,650	380,841	4,633,078
Total deferred outflows of resources	3,310,065	920,522	21,650	380,841	4,633,078
Total assets and deferred outflows of resources	\$ 171,038,796	\$ 11,637,527	\$ 12,181,334	\$ 7,403,355	\$ 202,261,012
Current Liabilities					
Accounts payable	1,830,662	161,706	108,244	604,872	2,705,484
Other accrued liabilities	687,049	-	50,939	2,531,850	3,269,838
Bonds payable - current portion	4,859,338	-	-	-	4,859,338
Lease liability	-	9,276	-	-	9,276
Subscription liability	-	24,304	-	-	24,304
Compensated absences	728,798	22,703	-	-	751,501
Total current liabilities	8,105,847	217,989	159,183	3,136,722	11,619,741
Noncurrent Liabilities					
Bonds payable - noncurrent portion	37,891,613	-	-	-	37,891,613
Reserve for bio-solids disposal	3,099,920	-	-	-	3,099,920
Net pension liability	2,943,891	2,644,084	122,035	975,495	6,685,505
Total OPEB liability	138,777	-	-	-	138,777
Compensated absences	-	128,652	-	192,969	321,621
Total noncurrent liabilities	44,074,201	2,772,736	122,035	1,168,464	48,137,436
Total liabilities	52,180,048	2,990,725	281,218	4,305,186	59,757,177
Deferred Inflows of Resources					
Deferred inflows from pensions	1,376,528	106,744	29,837	9,514	1,522,623
Lease related	-	-	1,797,889	-	1,797,889
Total deferred inflows of resources	1,376,528	106,744	1,827,726	9,514	3,320,512
Net Position					
Net investment in capital assets	93,718,302	2,367,001	9,932,858	962,820	106,980,981
Restricted - expendable	5,919,725	-	139,532	-	6,059,257
Restricted - nonexpendable	-	33,296	-	-	33,296
Unrestricted	17,844,193	6,139,761	-	2,125,835	26,109,789
Total net position	117,482,220	8,540,058	10,072,390	3,088,655	139,183,323
Total liabilities, deferred inflows of resources and net position	\$ 171,038,796	\$ 11,637,527	\$ 12,181,334	\$ 7,403,355	\$ 202,261,012

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, 2023

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	\$ 4,750,125	\$ 223,459	\$ 194,941	\$ -	\$ -	\$ (4,331,725)	\$ -	\$ -	\$ (4,331,725)
Advertising and promotion	9,926,660	488,230	-	-	-	-	-	(9,438,430)	(9,438,430)
Total governmental services	14,676,785	711,689	194,941	-	-	(4,331,725)	-	(9,438,430)	(13,770,155)
Business-type Activities									
Waste water utility	19,345,963	27,405,527	-	-	8,059,564	-	-	-	8,059,564
Airport commission	864,563	440,854	-	188,936	-	-	(234,773)	-	(234,773)
Total business-type activities	20,210,526	27,846,381	-	188,936	8,059,564	-	(234,773)	-	7,824,791
Total component units	<u>\$ 34,887,311</u>	<u>\$ 28,558,070</u>	<u>\$ 194,941</u>	<u>\$ 188,936</u>	8,059,564	(4,331,725)	(234,773)	(9,438,430)	(5,945,364)
General Revenues									
Taxes - other	-	-	-	-	-	4,466,026	-	-	4,466,026
Taxes - sales	-	-	-	-	-	-	21,109	9,945,391	9,966,500
Investment income	-	-	-	-	799,836	-	6,285	41,854	847,975
Other	-	-	-	-	112,725	21,512	17,595	86,992	238,824
Total general revenues	-	-	-	-	912,561	4,487,538	44,989	10,074,237	15,519,325
Change in Net Position	-	-	-	-	8,972,125	155,813	(189,784)	635,807	9,573,961
Net Position, Beginning of Year	-	-	-	-	108,510,095	8,384,245	10,262,174	2,452,848	129,609,362
Net Position, End of Year	-	-	-	-	<u>\$ 117,482,220</u>	<u>\$ 8,540,058</u>	<u>\$ 10,072,390</u>	<u>\$ 3,088,655</u>	<u>\$ 139,183,323</u>

Notes to Basic Financial Statements

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 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.

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.

There were no significant transactions between the major component units and the City or its other component unit in 2023.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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.

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:

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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.

ARPA Fund - To account for grant funds received from the Coronavirus State and Local Fiscal Recovery Fund to address the Covid-19 pandemic and the corresponding economic downturn.

Grant Fund - To account for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program.

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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.

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 and subscription 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 lease and subscription assets, are reported as expenditures in governmental funds. Issuance of long term debt and financing through leases and subscriptions 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 resolution 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 2023 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 resolution. Appropriations lapse at the end of each year.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short-term instruments with original maturities of three months or less at the date of purchase. For purposes of the statement of cash flows of the Enterprise 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Accounts Receivable

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

The electric department has a note receivable balance of \$1,300,000 as of December 31, 2023. 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, 2023:

Primary Government

General Fund	\$ 893,352
Street Fund	184,485
Baring Cross Debt Service	38,553
Electric Department	143,244

Component Units

Waste Water Utility	\$ 10,000
Library	465,582

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
Year Ended December 31, 2023

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, which are recognized as expenditures as they are consumed, 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 Assets

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

In connection with the adoption of GASB Statement No. 34, the City adopted a capitalization policy for infrastructure assets of \$250,000. The City defined machinery and equipment to be capitalized as those assets with value or cost greater than \$2,500 and an estimated useful life greater than one year. The cost of City additions includes contractual work, direct labor, materials and allocable overhead. For the Waste Water Utility, assets are constructed by utility work crews, independent contractors financed by utility funds, contributions to the Utility by independently financed waste water improvement districts, and contributions to the Utility by real estate developers in conjunction with property development. Assets acquired from improvement districts and real estate developers result in donated capital and have been so classified. The William F. Laman Public Library defines capital assets as assets with an initial cost of more than \$10,000 and a minimum estimated useful life of 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.

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

Long-Term Obligations

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 Assets and 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.

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, lease, and subscription assets and lease liabilities are reported with long-term liabilities on the statement of net position.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Subscription Assets and Liability

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

Key estimates and judgments related to subscriptions include how the City determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, (3) and subscription payments.

- The City uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Subscription assets are reported with capital, lease, and subscription assets and subscription 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
Year Ended December 31, 2023

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 years 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 and 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 assets consists of capital, lease, and subscription 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.

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, 2023. The William F. Laman Library has restricted nonexpendable net position of \$33,296 .

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, lease, and subscription 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

The City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was effective for the City beginning in fiscal year 2023. This statement addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e., software licensing). This statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability, provides capitalization criteria, and requires footnote disclosure. Implementation of GASB 96 did not have a material impact on the City.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023, none of the City's primary government bank balances were exposed to custodial credit risk.

At December 31, 2023, none of the City's component unit bank balances were exposed to custodial credit risk.

Summary of Carrying Values

	Primary Government
Carrying Values	
Deposits	\$ 85,647,188
Investments	105,742,442
	<hr/>
Total	<u>\$ 191,389,630</u>

Included in the following statement of net position captions:

	Primary Government
Cash and cash equivalents	\$ 71,270,238
Investments	51,033,444
Restricted cash and cash equivalents	
Cash and cash equivalents	9,699,261
Fiduciary funds	59,386,687
	<hr/>
Total	<u>\$ 191,389,630</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023, the City had the following investments and maturities:

Type	Fair Value	Total			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury obligations	\$ 54,718,636	\$ 54,718,636	\$ -	\$ -	\$ -
U.S. Agencies obligations	7,174,392	-	7,174,392	-	-
Mutual funds	3,061,443	3,061,443	-	-	-
Money market mutual funds	20,524,720	20,524,720	-	-	-
Exchange traded funds	40,787,971	40,787,971	-	-	-
	<u>\$ 126,267,162</u>	<u>\$ 119,092,770</u>	<u>\$ 7,174,392</u>	<u>\$ -</u>	<u>\$ -</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023, 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, 2023, the City's investments not directly guaranteed by the U.S. government were rated as follows:

<u>Investment Type</u>	<u>Rating Agency</u>	<u>Rating</u>
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 \$20,524,720 which are included in cash and restricted cash and cash equivalents at December 31, 2023.

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

Nonuniformed Employees' Defined Benefit Plan – Federated Homes Treasury Obligations Fund Money Market #068, Goldman Sachs Activebeta US Large Cap Equity Etf Actvbeta Lrg, iShares Russell 1000 Growth ETF, iShares Russell 1000 Value ETF, iShares Russell Mid-Cap Growth ETF, iShares Russell Mid-Cap Value ETF, United States Treasury Ust 3.250, 08/31/24.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Primary Government				
U.S. Treasury obligations	\$ 54,718,636	\$ 54,718,636	\$ -	\$ -
U.S. Agencies obligations	7,174,392	-	7,174,392	-
Mutual funds	3,061,443	3,061,443	-	-
Equities	40,787,971	40,787,971	-	-
Total investments by fair value level	105,742,442	<u>\$ 98,568,050</u>	<u>\$ 7,174,392</u>	<u>\$ -</u>
Investments measured at the amortized cost - Money market mutual funds	<u>20,524,720 *</u>			
Total investments	<u>\$ 126,267,162</u>			

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The City had no investments classified as Level 3 at December 31, 2023.

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 \$13,219,982 has been recognized in the government-wide financial statements, while a receivable of \$13,219,982 and a related unavailable revenue from property taxes of \$12,187,848 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 \$4,555,488, which is recognized in the Discretely Presented Component Units Statement of Net Position.

Millage rates for 2023 taxes collectible in 2024 were 5.00 for the General Fund, 3.80 for the Library, 1.00 for the Police pension, 1.00 for the Fire pension, 1.3 for capital improvements, and 1.45 for the Street Fund.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 terms of which expire in various years through 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 \$13,154 in lease revenue and \$7,680 in interest revenue during the current fiscal year related to these leases. As of December 31, 2023, the City's receivable for lease payments was \$428,510. 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, 2023, the balance of the deferred inflow of resources was \$426,222.

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, 2023:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
2024	\$ 19,163	\$ 8,139	\$ 27,302
2025	17,737	7,565	25,302
2026	8,053	7,249	15,302
2027	8,202	7,100	15,302
2028	8,354	6,948	15,302
2029-2033	44,148	32,362	76,510
2034-2038	48,388	28,122	76,510
2039-2043	53,035	23,475	76,510
2044-2048	58,128	18,382	76,510
2049-2053	63,711	12,799	76,510
2054-2058	69,829	6,681	76,510
2059-2061	29,762	842	30,604
Total	<u>\$ 428,510</u>	<u>\$ 159,664</u>	<u>\$ 588,174</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 terms of which expire in various years through 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.

The Airport recognized \$20,431 in lease revenue and \$33,766 in interest revenue during the current fiscal year related to these leases. As of December 31, 2023, the Airport's receivable for lease payments was \$1,819,767. 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, 2023, the balance of the deferred inflow of resources was \$1,797,889.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023:

Year Ending December 31,	Airport		Total Receipts
	Principal	Interest	
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	8,940	32,976	41,916
2029-2033	47,266	162,314	209,580
2034-2038	51,845	157,735	209,580
2039-2043	56,868	152,712	209,580
2044-2048	62,378	147,202	209,580
2049-2053	68,422	141,158	209,580
2054-2058	75,052	134,528	209,580
2059-2063	82,323	127,257	209,580
2064-2068	90,300	119,280	209,580
2069-2073	99,049	110,531	209,580
2074-2078	108,646	100,934	209,580
2079-2083	119,172	90,408	209,580
2084-2088	130,719	78,861	209,580
2089-2093	143,384	66,196	209,580
2094-2098	157,277	52,303	209,580
2099-2103	172,515	37,065	209,580
2104-2108	189,230	20,350	209,580
2109-2111	122,230	3,518	125,748
Total	<u>\$ 1,819,767</u>	<u>\$ 1,868,841</u>	<u>\$ 3,688,608</u>

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 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, 2023 was approximately \$200,000.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

The future principal and interest lease receipts for regulated leases as of December 31, 2023 were as follows:

<u>Year Ending December 31,</u>	<u>Payment</u>
2024	\$ 226,557
2025	226,052
2026	224,704
2027	218,882
2028	213,705
2029-2033	1,093,149
2034-2038	699,863
2039-2043	621,821
2044-2048	534,218
2049-2053	237,492
2054-2058	91,763
2059-2063	45,723
2064-2068	15,000
2069-2073	15,000
2074-2078	15,000
2079-2083	15,000
2084-2088	15,000
2089-2093	15,000
2094-2098	15,000
2099-2103	15,000
2104-2108	15,000
2109-2112	11,000
	<hr/>
Total	<u>\$ 4,579,929</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Note 5: Capital, Lease and Subscription Assets

The following is a summary of changes in the capital, lease and subscription assets of governmental activities:

	January 1, 2023*	Increases	Transfers	Decreases	December 31, 2023
Governmental Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 11,290,448	\$ 264,560	\$ -	\$ (42,114)	\$ 11,512,894
Construction in progress	12,607,945	19,256,971	(15,623,027)	-	16,241,889
Total capital assets, non depreciable	<u>23,898,393</u>	<u>19,521,531</u>	<u>(15,623,027)</u>	<u>(42,114)</u>	<u>27,754,783</u>
Capital, lease, and subscription assets, depreciable/amortizable					
Infrastructure	64,683,480	-	4,537,847	-	69,221,327
Buildings and building improvements	75,917,669	2,651,579	9,276,413	(536,402)	87,309,259
Land Improvements	10,573,090	859,389	-	(1,272,890)	10,159,589
Vehicles	32,856,836	1,711,999	-	(351,253)	34,217,582
Equipment	33,172,945	2,388,729	1,808,767	(284,521)	37,085,920
Ships and watercrafts	3,673,738	-	-	-	3,673,738
Subscription assets	429,567	36,890	-	-	466,457
Leased equipment	305,079	423,367	-	(82,600)	645,846
Leased building	784,724	-	-	-	784,724
Total capital, lease, and subscription assets, depreciable/amortizable	<u>222,397,128</u>	<u>8,071,953</u>	<u>15,623,027</u>	<u>(2,527,666)</u>	<u>243,564,442</u>
Less accumulated depreciation/amortization					
Infrastructure	(25,213,848)	(2,432,094)	-	-	(27,645,942)
Buildings and building improvements	(27,169,208)	(2,188,707)	-	424,346	(28,933,569)
Land Improvements	(3,937,623)	(387,606)	-	751,550	(3,573,679)
Vehicles	(19,204,037)	(2,037,093)	-	348,585	(20,892,545)
Equipment	(25,520,004)	(1,804,366)	-	158,947	(27,165,423)
Ships and watercrafts	(1,335,933)	(80,290)	-	-	(1,416,223)
Subscription assets	-	(217,022)	-	-	(217,022)
Leased equipment	(102,127)	(115,747)	-	82,600	(135,274)
Leased building	(61,147)	(61,147)	-	-	(122,294)
Total accumulated depreciation/amortization	<u>(102,543,927)</u>	<u>(9,324,072)</u>	<u>-</u>	<u>1,766,028</u>	<u>(110,101,971)</u>
Net capital, lease, and subscription assets, depreciable/amortizable	<u>119,853,201</u>	<u>(1,252,119)</u>	<u>15,623,027</u>	<u>(761,638)</u>	<u>133,462,471</u>
Total governmental activities, net	<u>\$ 143,751,594</u>	<u>\$ 18,269,412</u>	<u>\$ -</u>	<u>\$ (803,752)</u>	<u>\$ 161,217,254</u>

* Beginning balance amounts have been restated for GASB 96.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

	January 1, 2023*	Increases	Transfers	Decreases	December 31, 2023
Business-type Activities					
Capital assets, non-depreciable					
Land and land rights	\$ 2,382,960	\$ -	\$ -	\$ -	\$ 2,382,960
Construction in progress	10,359,974	11,314,360	(243,923)	(9,414,303)	12,016,108
Total capital assets, non depreciable	<u>12,742,934</u>	<u>11,314,360</u>	<u>(243,923)</u>	<u>(9,414,303)</u>	<u>14,399,068</u>
Capital assets, depreciable					
Plant and equipment	312,470,103	2,540,212	(6,287,852)	9,414,303	318,136,766
Subscription assets	6,327	621,525	-	-	627,852
Total capital and subscription assets, being depreciated/amortized	<u>312,476,430</u>	<u>3,161,737</u>	<u>(6,287,852)</u>	<u>9,414,303</u>	<u>318,764,618</u>
Less accumulated depreciation and amortization for:					
Plant and equipment	(199,986,006)	(11,189,742)	6,278,294	-	(204,897,454)
Subscription assets	-	(197,788)	-	-	(197,788)
Total accumulated depreciation and amortization	<u>(199,986,006)</u>	<u>(11,387,530)</u>	<u>6,278,294</u>	<u>-</u>	<u>(205,095,242)</u>
Net capital assets, depreciable	<u>112,490,424</u>	<u>(8,225,793)</u>	<u>(9,558)</u>	<u>9,414,303</u>	<u>113,669,376</u>
Total business-type activities, net	<u>\$ 125,233,358</u>	<u>\$ 3,088,567</u>	<u>\$ (253,481)</u>	<u>\$ -</u>	<u>\$ 128,068,444</u>

* Beginning balance amounts have been restated for GASB 96.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

The following is a summary of changes in the capital, lease and subscription assets of component units:

	<u>January 1, 2022*</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>December 31, 2023</u>
Component Units					
Capital assets, non-depreciable					
Land and land rights	\$ 5,222,643				\$ 5,222,643
Construction in progress	18,983,536	4,698,728	(14,524,702)		9,157,562
Total capital assets, non depreciable	<u>24,206,179</u>	<u>4,698,728</u>	<u>(14,524,702)</u>	<u>-</u>	<u>14,380,205</u>
Capital, lease and subscription assets, depreciable/amortizable					
Infrastructure	21,942,911	-			21,942,911
Buildings and Building Improvements	7,168,412	569,507	4,339,783		12,077,702
Plant	209,696,477	1,265,382	9,765,500	(259,297)	220,468,062
Equipment	2,293,216	15,444			2,308,660
Vehicles	62,655	42,650	419,419	-	524,724
Books and AV Materials	4,423,320	192,175		(11,285)	4,604,210
Subscription assets	85,909	-			85,909
Leased assets	1,266,282	416,000			1,682,282
Total capital, lease and subscription assets, depreciable/amortizable	<u>246,939,182</u>	<u>2,501,158</u>	<u>14,524,702</u>	<u>(270,582)</u>	<u>263,694,460</u>
Less accumulated depreciation/amortization					
Infrastructure	(21,321,966)	(342,916)			(21,664,882)
Buildings and Building Improvements	(2,466,615)	(72,454)			(2,539,069)
Plant	(91,256,344)	(5,188,438)		226,956	(96,217,826)
Equipment	(426,894)	(141,075)			(567,969)
Vehicles	(46,542)	-			(46,542)
Books and AV Materials	(3,790,106)	(63,510)		8,298	(3,845,318)
Subscription assets	-	(51,740)			(51,740)
Leased assets	(421,863)	(422,094)			(843,957)
Total accumulated depreciation/amortization	<u>(119,730,330)</u>	<u>(6,282,227)</u>	<u>-</u>	<u>235,254</u>	<u>(125,777,303)</u>
Net capital, lease and subscription assets, depreciable/amortizable	<u>127,208,852</u>	<u>(3,781,069)</u>	<u>14,524,702</u>	<u>(35,328)</u>	<u>137,917,157</u>
Total component units, net	<u>\$ 151,415,031</u>	<u>\$ 917,659</u>	<u>\$ -</u>	<u>\$ (35,328)</u>	<u>\$ 152,297,362</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

Governmental Activities	
General Government	
Administrative	\$ 337,173
Animal Shelter	17,884
Code Enforcement	37,174
Community Planning	10,556
Emergency Services	94,227
Equitable Sharing	38,569
Finance	1,451
General government	1,532,124
Health	11,689
Legal	5,579
2nd District Court	3,047
Neighborhood Services	1,750
Human Resources	1,607
Public Safety – Fire	1,106,004
Public Safety – Police	1,971,446
Public Works	33,169
Parks & Recreation	1,093,383
Sanitation	423,178
Senior Citizens Center	246,377
Streets and Traffic	2,211,749
Vehicle Maintenance	41,263
Information Technology	104,673
Total depreciation and amortization expense – governmental activities	<u>9,324,072</u>
Business-Type Activities	
Electric Department	<u>10,786,109</u>
Total depreciation expense – business-type activities	<u>10,786,109</u>
Total depreciation expense – primary government	<u>\$ 20,110,181</u>
Component Units	
Waste Water Utility	\$ 5,188,438
William F. Laman Public Library	609,798
Airport Commission	342,916
Advertising and Promotion	141,075
Total depreciation and amortization expense – component units	<u>\$ 6,282,227</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, 2023, was \$601,421 .

The City had approximately \$14.2 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 \$2.4 million, construction costs on Fire Station 11 of approximately \$4.5 million, construction costs on the Rose City Health Clinic of approximately \$1.6 million, new police vehicles totaling \$1 million, capital costs of approximately \$2.5 million to rebuild structures in Burns Park from the tornado, and approximately \$700,000 in various other capital improvements.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Note 6: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:

	Beginning Balances *	Additions	Retirements/ Deductions	Ending Balances	Due Within One Year
Governmental Activities					
Special obligation bonds	\$ 9,350,000	\$ -	\$ (640,000)	\$ 8,710,000	\$ 680,000
Issuance premiums	941,396	-	(128,601)	812,795	120,798
Financed purchase	142,038	-	(50,371)	91,667	51,846
Subscription liability	372,567	34,890	(224,428)	183,029	138,847
Lease liabilities	937,124	423,367	(166,792)	1,193,699	178,732
Accrued compensated absences	11,667,542	5,806,110	(5,906,366)	11,567,286	1,083,969
	<u>\$ 23,410,667</u>	<u>\$ 6,264,367</u>	<u>\$ (7,116,558)</u>	<u>\$ 22,558,476</u>	<u>\$ 2,254,192</u>
Governmental activities long-term liabilities					
Business-type Activities					
Revenue bonds	\$ 15,314,659	\$ -	\$ (2,910,103)	\$ 12,404,556	\$ 2,971,911
Accrued compensated absences	1,792,949	196,376	(193,732)	1,795,593	170,089
Subscription liability	6,327	621,525	(288,866)	338,986	267,697
	<u>\$ 17,113,935</u>	<u>\$ 817,901</u>	<u>\$ (3,392,701)</u>	<u>\$ 14,539,135</u>	<u>\$ 3,409,697</u>
Business-type activities long-term liabilities					
Component Units					
Waste Water Utility					
Revolving loan	\$ 45,839,230	\$ 148,954	\$ (3,237,233)	\$ 42,750,951	\$ 4,859,338
Reserve for Bio-Solids Disposal	3,099,920	-	-	3,099,920	-
Accrued compensated absences	693,078	35,720	-	728,798	728,798
William F. Laman Public Library					
Accrued compensated absences	135,942	60,577	(45,164)	151,355	22,703
Subscription liabilities	85,909	-	(61,605)	24,304	24,304
Lease liability	427,788	416,000	(834,512)	9,276	9,276
Advertising & Promotion					
Accrued compensated absences	183,061	9,908	-	192,969	-
	<u>\$ 50,464,928</u>	<u>\$ 671,159</u>	<u>\$ (4,178,514)</u>	<u>\$ 46,957,573</u>	<u>\$ 5,644,419</u>
Component unit long-term liabilities					

*Beginning balances have been restated for GASB 96

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 2019A 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.

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%.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 semiannual 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 semiannually over twenty years.

In 2008, the Utility received a \$14,000,000 program award available for approved construction. The interest rate on the 2008 revolving loan fund is at 0.75% and a financing fee at 1% of the outstanding principal with semiannual 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 semiannual 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 semiannual 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 semiannual 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, 2023, \$38,988,890 remained to be drawn.

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, 2023 was \$1,003,796.

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2023:

<u>Debt</u>	<u>Revenue Pledged</u>	<u>Total Pledged Revenue</u>	<u>Current Year Debt Service Requirements</u>	<u>Percentage Portion of Pledged Revenue Stream</u>	<u>Remaining Principal and Interest</u>	<u>Period Revenue Will Not Be Available For Other Purposes</u>
2019 Capital Improvement Revenue Bonds	Franchise fees for public utilities	\$ 2,452,151	\$ 849,600	35%	\$ 9,372,700	Until 2034
2019 Tax Increment Financing (TIF)	Property tax	215,538	103,326	48%	832,213	Until 2031
2017 Tax Increment Financing (TIF)	Property tax	215,538	92,913	43%	730,065	Until 2031
2016 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	37,767,328	1,150,033	3%	9,214,634	Until 2031
2020 Electric System Revenue Refunding Bonds	Net revenues of the electric utility	37,767,328	2,096,523	6%	4,197,457	Until 2025

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023. Principal and interest are also disclosed for component units as follows:

<u>Year Ending December 31,</u>	Financed Purchase		
	Principal	Interest	Total
2024	\$ 51,846	\$ 1,966	\$ 53,812
2025	39,821	540	40,361
Total	<u>\$ 91,667</u>	<u>\$ 2,506</u>	<u>\$ 94,173</u>

Business-Type Activities

<u>Year Ending December 31,</u>	Revenue Bonds		
	Principal	Interest	Total
2024	\$ 2,971,911	\$ 275,432	\$ 3,247,343
2025	3,027,645	218,960	3,246,605
2026	1,000,000	153,759	1,153,759
2027	1,025,000	127,374	1,152,374
2028	1,050,000	100,649	1,150,649
2029-2031	3,330,000	131,361	3,461,361
Total	<u>\$ 12,404,556</u>	<u>\$ 1,007,535</u>	<u>\$ 13,412,091</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Component Units

Year Ending December 31,	Revolving Loans		
	Principal	Interest	Total
2024	\$ 4,859,338	\$ 333,958	\$ 5,193,296
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	2,034,107	275,269	2,309,376
2029-2033	10,719,555	1,138,051	11,857,606
2034-2038	11,695,327	722,863	12,418,190
Thereafter	7,548,699	266,613	7,815,312
Total	<u>\$ 42,750,951</u>	<u>\$ 3,651,875</u>	<u>\$ 46,402,826</u>

Lease Liabilities

Governmental Activities

The City leases property and equipment from various third parties to conduct its operations, the terms of which expire in various years 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.

As of December 31, 2023, the value of the lease liabilities was \$1,193,699. 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 \$1,430,570 and had accumulated amortization of \$257,568.

The future principal and interest payments for lease liabilities as of December 31, 2023, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total Requirements
2024	\$ 178,732	\$ 20,189	\$ 198,921
2025	174,489	16,693	191,182
2026	173,882	13,132	187,014
2027	163,631	9,540	173,171
2028	101,914	6,555	108,469
2029-2033	338,781	16,901	355,682
2034	62,270	404	62,674
Total	<u>\$ 1,193,699</u>	<u>\$ 83,414</u>	<u>\$ 1,277,113</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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. The bonds purpose is to finance the purchase and renovation of 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, 2023, the value of the lease liability is \$0. Required lease payments for the Library's fiscal years 2024 and 2025 were paid in 2023 and recorded as reduction of the lease liability

The value of the right to use asset as of December 31, 2023 , was \$1,654,575 with accumulated amortization of \$825,716. 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, 2023, the value of the lease liability is \$9,276. 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, 2023, was \$27,707 with accumulated amortization of \$18,241.

The future principal and interest payments for lease liabilities as of December 31, 2023, are as follows:

Component Units

Year Ending December 31,	Library		
	Principal	Interest	Total
2024	\$ 9,276	\$ 24	\$ 9,300
Total	\$ 9,276	\$ 24	\$ 9,300

Subscription Liability

Governmental Activities

The City's governmental activities have agreements for various software, the terms of which expire in various years through 2025. An initial subscription liability was recorded in the amount of \$372,567. As of December 31, 2023, the value of the subscription liability was \$183,029. An incremental borrowing rate of 2.61% to 3.76% was used to measure the subscription liability. The value of the right-to-use assets as of December 31, 2023 was \$466,457 and had accumulated amortization of \$217,022.

The City's proprietary fund has agreements for various software, the terms of which expire in various years through 2026. An initial subscription liability was recorded in the amount of \$6,327. As of December 31, 2023, the value of the subscription liability was \$338,986. An incremental borrowing rate of 2.61% to 3.76% was used to measure the subscription liability. The value of the right-to-use assets as of December 31, 2023 was \$627,852 and had accumulated amortization of \$197,788.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Total future minimum subscription payments are as follows for the years ending December 31:

Governmental Activities

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2024	\$ 138,847	\$	5,225	\$	144,072
2025	44,182		1,266		45,448
	<u>\$ 183,029</u>	<u>\$</u>	<u>6,491</u>	<u>\$</u>	<u>189,520</u>

Business-Type Activities

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2024	\$ 267,697	\$	10,480	\$	278,177
2025	49,487		2,276		51,763
2026	21,802		614		22,416
	<u>\$ 338,986</u>	<u>\$</u>	<u>13,370</u>	<u>\$</u>	<u>352,356</u>

Discretely Presented Component Unit

The Library has subscription IT arrangements to conduct its operations, the terms of which expires in 2024 through 2025. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription 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 subscription incentives payable.

An initial subscription liability was recorded in the amount of \$85,909. As of December 31, 2023, the value of the subscription liabilities was \$24,304. An incremental borrowing rate of 2.61% to 3.76% was used to measure subscription liabilities. The value of the right-to-use subscription assets as of December 31, 2023 was \$85,909 and had accumulated amortization of \$51,740.

Component Unit

	<u>Library</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 24,304	\$ 692	\$ 24,996
Total	<u>\$ 24,304</u>	<u>\$ 692</u>	<u>\$ 24,996</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
Year Ended December 31, 2023

Note 7: Interfund Receivables, Payables and Transfers

Interfund receivables and payables consisted of the following as of December 31, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General fund	\$ 4,857,321	\$ 4,477,106
ARPA fund	-	1,033,230
Grant fund	23,881	1,439,449
Nonmajor Funds		
Street fund	235,969	3,689
Parks fund	179,032	6,985
Community development	-	35,735
Sales tax capital improvement fund	1,162,185	44,411
2017 Sales tax capital Improvement fund	536,825	7,500
2023 Sales tax capital Improvement fund	2,122,864	-
Major Enterprise Funds		
Electric Department	-	2,069,972
 Total	 <u>\$ 9,118,077</u>	 <u>\$ 9,118,077</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, 2023:

	<u>Interfund Transfers Out</u>					<u>Totals</u>
	<u>Governmental Funds</u>				<u>Proprietary Funds</u>	
	<u>General</u>	<u>ARPA</u>	<u>Grant Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Electric Fund</u>	
<u>Interfund Transfers In</u>						
Governmental Funds						
General fund		\$ 605,377	\$ 483,840	\$ 1,418,348	\$ 13,649,346	\$ 16,156,911
Other nonmajor governmental funds	19,717,897	-	170,257	300,000		20,188,154
	<u>\$ 19,717,897</u>	<u>\$ 605,377</u>	<u>\$ 654,097</u>	<u>\$ 1,718,348</u>	<u>\$ 13,649,346</u>	<u>\$ 36,345,065</u>

Transfers are used to: (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (b) to 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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. Pension liabilities are generally liquidated in the General Fund.

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.

<u>Primary Government</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Income)</u>
Nonuniform – Governmental Activities	\$ 26,684,907	\$ 5,714,407	\$ 1,429,271	\$ 2,356,353
Nonuniform – Business-type Activities	11,227,187	2,109,520	278,665	1,159,528
Police – LOPFI	30,520,827	13,768,978	2,654,257	5,258,979
Fire – LOPFI	28,957,404	12,250,083	3,138,630	4,520,878
Police Pension	27,069,558	2,288,930	3,872	(5,818,756)
Firemen's Pension and Relief Fund	25,500,955	2,162,130	-	(4,278,636)
APERS	716,239	257,113	8,124	147,845
	<u>\$ 150,677,077</u>	<u>\$ 38,551,161</u>	<u>\$ 7,512,819</u>	<u>\$ 3,346,191</u>
<u>Discretely Presented Component Units</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
Nonuniform – Airport	\$ 122,035	\$ 21,650	\$ 29,837	\$ 15,213
Nonuniform – Library	2,644,084	920,522	106,744	306,227
Waste Water Utility	2,943,891	3,310,065	1,376,528	1,028,283
APERS – Advertising and Promotion Commission	975,495	380,841	9,514	224,741
	<u>\$ 6,685,505</u>	<u>\$ 4,633,078</u>	<u>\$ 1,522,623</u>	<u>\$ 1,574,464</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 5.25% of base salary to be paid through payroll withholdings. Each month, the City contributes 12.35% 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.

Number of Participants

Membership in the Non-Uniformed Plan at December 31, 2023, is comprised of the following:

	Nonuniformed Plan
Retirees and beneficiaries receiving benefits	246
Inactives employees entitled to but not yet receiving benefits	18
Active plan members	<u>529</u>
Total	<u><u>793</u></u>

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 2023 Plan Year for the City as a whole is 20.49%. For 2023, the City’s contributions to the Plan were \$3,856,072.

Contributions to the plan are made from various city governmental and business type funds, as well as the City’s component units.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Actuarial Assumptions

The total pension liability in the December 31, 2023, 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	14 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%

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
US Stock - Large Cap	35%	4.00%
US Stock - Mid/Small Cap	20%	5.25%
Foreign Equity (Developed)	5%	4.25%
Alternatives	0%	3.75%
Fixed Income	35%	3.50%
Cash	5%	0.50%
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, 2023, was measured as of December 31, 2023, 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
Year Ended December 31, 2023

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, 2023:

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	\$ 94,982,771	\$ 53,287,511	\$ 41,695,260
Charges for the year			
Service cost	2,367,018	-	2,367,018
Interest on total pension liability	6,092,597	-	6,092,597
Difference between expected and actual return	1,708,079	-	1,708,079
Administrative expense	-	(79,345)	79,345
Benefit payments, including refunds of employee contributions	(4,868,044)	(4,868,044)	-
Contributions – employer	-	3,856,072	(3,856,072)
Contributions – employee	-	1,639,133	(1,639,133)
Net investment loss	-	5,768,881	(5,768,881)
Net changes	<u>5,299,650</u>	<u>6,316,697</u>	<u>(1,017,047)</u>
Balances as of End of Year	<u>\$ 100,282,421</u>	<u>\$ 59,604,208</u>	<u>\$ 40,678,213</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 93.2% (93.8 in prior year), the Airport's proportionate share was 0.30% (0.40% in prior year), and the Library's proportionate share was 6.5% (5.8% in prior year).

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances as of Beginning of Year	\$ 88,843,664	\$ 49,983,685	\$ 38,859,979
Charges for the year			
Service cost	2,206,061	-	2,206,061
Interest on total pension liability	5,678,302	-	5,678,302
Difference between expected and actual return	1,591,930	-	1,591,930
Administrative expense	-	(73,950)	73,950
Benefit payments, including refunds of employee contributions	(4,537,017)	(4,537,017)	-
Contributions – employer	-	3,593,859	(3,593,859)
Contributions – employee	-	1,527,672	(1,527,672)
Net investment income	-	5,376,597	(5,376,597)
Net changes	<u>4,939,276</u>	<u>5,887,161</u>	<u>(947,885)</u>
Balances as of End of Year	<u>\$ 93,782,940</u>	<u>\$ 55,870,846</u>	<u>\$ 37,912,094</u>

Changes in Net Pension Liability – Nonuniformed Plan (Airport)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances as of Beginning of Year	\$ 338,236	\$ 213,150	\$ 125,086
Charges for the year			
Service cost	7,101	-	7,101
Interest on total pension liability	18,278	-	18,278
Difference between expected and actual return	5,124	-	5,124
Administrative expense	-	(238)	238
Benefit payments, including refunds of employee contributions	(14,604)	(14,604)	-
Contributions – employer	-	11,568	(11,568)
Contributions – employee	-	4,917	(4,917)
Net investment income	-	17,307	(17,307)
Net changes	<u>15,899</u>	<u>18,950</u>	<u>(3,051)</u>
Balances as of End of Year	<u>\$ 354,135</u>	<u>\$ 232,100</u>	<u>\$ 122,035</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Changes in Net Pension Liability – Nonuniformed Plan (Library)

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances as of Beginning of Year	\$ 5,800,869	\$ 3,090,676	\$ 2,710,193
Charges for the year			
Service cost	153,856	-	153,856
Interest on total pension liability	396,019	-	396,019
Difference between expected and actual return	111,025	-	111,025
Administrative expense	-	(5,157)	5,157
Benefit payments, including refunds of employee contributions	(316,423)	(316,423)	-
Contributions – employer	-	250,645	(250,645)
Contributions – employee	-	106,544	(106,544)
Net investment income	-	374,977	(374,977)
Net changes	<u>344,477</u>	<u>410,586</u>	<u>(66,109)</u>
Balances as of End of Year	<u>\$ 6,145,346</u>	<u>\$ 3,501,262</u>	<u>\$ 2,644,084</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:

	<u>1% Decrease in Discount Rate (5.5%)</u>	<u>Current Discount Rate Assumption (6.5%)</u>	<u>1% Increase in Discount Rate (7.5%)</u>
Non-Uniformed Plan – City net pension liability	\$ 49,339,851	\$ 37,912,094	\$ 28,388,061
Non-Uniformed Plan – Airport net pension liability	158,819	122,035	91,378
Non-Uniformed Plan – Library net pension liability	3,441,084	2,644,084	1,979,854
	<u>\$ 52,939,754</u>	<u>\$ 40,678,213</u>	<u>\$ 30,459,293</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

For the year ended December 31, 2023, the City and its component units recognized pension expense of \$3,837,321, 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, 2023:

Nonuniform-Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,935,106	\$ 275,461
Changes of assumptions	1,322,285	-
Change in proportion	1,097,553	1,432,475
Net difference between projected and actual earnings on pension plan investments	<u>3,468,983</u>	<u>-</u>
Total	<u>\$ 7,823,927</u>	<u>\$ 1,707,936</u>
Nonuniform-Airport	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,229	\$ 887
Changes of assumptions	4,255	-
Change in proportion	-	28,950
Net difference between projected and actual earnings on pension plan investments	<u>11,166</u>	<u>-</u>
Total	<u>\$ 21,650</u>	<u>\$ 29,837</u>
Nonuniform-Library	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,959	\$ 19,211
Changes of assumptions	92,219	-
Change in proportion	451,408	87,533
Net difference between projected and actual earnings on pension plan investments	<u>241,936</u>	<u>-</u>
Total	<u>\$ 920,522</u>	<u>\$ 106,744</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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)
2024	\$ 2,395,632	\$ 3,084	\$ 237,736
2025	1,532,518	254	160,224
2026	1,852,614	1,324	195,596
2027	(28,971)	(4,706)	73,468
2028	165,720	(4,049)	97,109
Total thereafter	198,478	(4,094)	49,645
Total	<u>\$ 6,115,991</u>	<u>\$ (8,187)</u>	<u>\$ 813,778</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	12/31/2023	10.77%
	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%
	12/31/2015	-3.65%

Arkansas Local Police and Fire Retirement System (LOPFI)

Plan Description

The City participates in the LOPFI, a state-wide cost-sharing, multi-employer defined benefit plan administered by a seven-member Board of Trustees and created by Act 364 of the 1981 Arkansas General Assembly. LOPFI provides retirement benefits for uniformed employees. LOPFI issues separate audited GAAP-basis postemployment benefit plan report. This report may be obtained by visiting the LOPFI website: www.lopfi-prb.com.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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.

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 22.79% for participating police officers and firemen. City contributions for 2023 for police and fire to the Plan were \$3,275,646 and \$2,824,477, respectively.

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

As of December 31, 2023, the City reported net pension liability for their proportionate share of the net pension liability of each plan as follows:

	<u>Net Pension Liability</u>
North Little Rock Fire	\$ 28,957,404
North Little Rock Police	\$ 30,520,827

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, 2023, 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, 2022. 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:

	<u>Proportionate Share Percentage</u>
North Little Rock Fire	2.71215% (2.77841% in prior year)
North Little Rock Police	2.85858% (2.75861% in prior year)

For the year ended December 31, 2023, the LOPFI Fire and LOPFI Police recognized pension expense of \$4,520,878 and \$5,258,979, respectively. At December 31, 2023, LOPFI Fire and LOPFI Police reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>LOPFI – Police</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,006,253	\$ -
Changes of assumptions	332,735	2,366,479
Changes in proportion	725,050	287,778
Net difference between projected and actual earnings on pension plan investments	7,429,294	-
Contributions subsequent to measurement date	3,275,646	-
Total	<u>\$ 13,768,978</u>	<u>\$ 2,654,257</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

At December 31, 2023, LOPFI Police and LOPFI Fire reported \$3,275,646 and \$2,824,477 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to pensions will be recognized in pension expense as follows:

	Year Ending December 31,	LOPFI – Police	LOPFI – Fire
2024		\$ 592,547	\$ 562,194
2025		1,235,893	1,172,585
2026		2,060,276	1,954,739
2027		3,950,359	2,597,458
Total		\$ 7,839,075	\$ 6,286,976

Actuarial Assumptions

The total pension liability as of December 31, 2023, was determined by an actuarial valuation as of December 31, 2022, 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
Year Ended December 31, 2023

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, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. stock – large cap	21%	4.05%
U.S. stock – small cap	21%	4.65%
International equity	9%	5.27%
Emerging markets	9%	7.49%
U.S. corporate bonds	25%	-0.35%
Real estate	5%	3.76%
Private equity	10%	9.10%
Total	100%	
Expected Inflation		2.25%

Discount Rate

A single discount rate of 7.25% 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 7.25%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using a single discount rate of 7.25%, 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 (6.25%) or 1% higher (8.25%).

		<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
LOPFI – Fire	Net pension liability	\$ 43,119,239	\$ 28,957,404	\$ 17,497,223
LOPFI – Police	Net pension liability	45,447,267	30,520,827	18,441,906
		\$ 88,566,506	\$ 59,478,231	\$ 35,939,129

**City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023**

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.

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 2023 were \$2,288,930. 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, 2022 (measurement date), is comprised of the following:

	Police Pension
Retirees and beneficiaries receiving benefits	93
Members on Deferred Retirement Option Plan (DROP)	1
	<u>94</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2022, 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 7.25% 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 16 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, 2022, 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 of Return
U.S. stock – large cap	21%	4.05%
U.S. stock – small cap	21%	4.65%
International equity	9%	5.27%
Emerging markets	9%	7.49%
U.S. corporate bonds	25%	-0.35%
Real estate	5%	3.76%
Private equity	10%	9.10%
	100%	

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.05%, and the resulting *Single Discount Rate* (SDR) is 4.05%, 1.84% in prior year.

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

The City's net pension liability as of December 31, 2023, 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 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, 2023:

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	\$ 34,585,979	\$ (601,821)	\$ 35,187,800
Charges for the year			
Interest on total pension liability	611,617	-	611,617
Difference between expected and actual return	9,291	-	9,291
Changes of assumptions	(6,440,925)	-	(6,440,925)
Benefit Payments, including refunds of employee contributions	(2,691,804)	(2,691,804)	-
Contributions – member	-	3,098	(3,098)
Contributions – employer	-	2,295,127	(2,295,127)
Net changes	(8,511,821)	(393,579)	(8,118,242)
Balances as of End of Year	\$ 26,074,158	\$ (995,400)	\$ 27,069,558

Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 4.05%, 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 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
Police Pension – Net pension liability	\$ 29,608,065	\$ 27,069,558	\$ 24,839,926

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2023, the City recognized pension income, as measured in accordance with GASB Statement No. 68, of \$5,818,756, 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, 2023:

<u>Police Pension</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,872
Contributions subsequent to measurement date	<u>2,288,930</u>	<u>-</u>
Total	<u>\$ 2,288,930</u>	<u>\$ 3,872</u>

At December 31, 2023, Police Pension reported \$2,288,930 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, 2024. Other amounts reported as deferred inflows of resources at December 31, 2023, related to pensions will be recognized in pension expense as follows:

Police

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

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 \$2,007,470 in 2023. The liability for the Firemen’s Fund has typically been liquidated from the general fund.

Number of Participants

Membership in the Fireman’s Fund at December 31, 2022 (measurement date), is comprised of the following:

	Firemen's Fund
Retirees and beneficiaries receiving benefits	100
Members on Deferred Retirement Option Plan (DROP)	2
	102

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
Year Ended December 31, 2023

For the December 31, 2022, 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 7.25% 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 16 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, 2022, 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:

Firemen's Pension Asset Class	Target Allocation	Long-term Expected Real of Return
U.S. stock – large cap	21%	4.05%
U.S. stock – small cap	21%	4.65%
International equity	9%	5.27%
Emerging markets	9%	7.49%
U.S. corporate bonds	25%	-0.35%
Real estate	5%	3.76%
Private equity	10%	9.10%
	<u>100%</u>	

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting *Single Discount Rate* (SDR) is 4.28%, 2.26% 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, 2023, 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 that date.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023:

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	\$ 34,783,269	\$ 3,836,807	\$ 30,946,462
Charges for the year			
Interest on total pension liability	754,578	-	754,578
Difference between expected and actual return	384,748	-	384,748
Changes of assumptions	(5,183,797)	-	(5,183,797)
Benefit Payments, including refunds of employee contributions	(2,789,715)	(2,789,715)	-
Administrative expense	-	(3,284)	3,284
Contributions – member	-	1,249	(1,249)
Contributions – employer	-	1,902,882	(1,902,882)
Net investment income	-	(499,811)	499,811
Net changes	<u>(6,834,186)</u>	<u>(1,388,679)</u>	<u>(5,445,507)</u>
Balances as of End of Year	<u>\$ 27,949,083</u>	<u>\$ 2,448,128</u>	<u>\$ 25,500,955</u>

Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 4.28%, 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 3.28%	Current Discount Rate 4.28%	1% Increase 5.28%
Firemen's Pension and Relief Fund - Net pension liability	\$ 27,792,319	\$ 25,500,955	\$ 23,401,697

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2023, the City recognized pension income, as measured in accordance with GASB Statement No. 68, of \$4,278,636, 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, 2023:

<u>Firemen’s Pension and Relief Fund</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 154,660	\$ -
Contributions subsequent to measurement date	<u>2,007,470</u>	<u>-</u>
Total	<u>\$ 2,162,130</u>	<u>\$ -</u>

At December 31, 2023, the Firemen’s Pension and Relief reported \$2,007,470 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to pensions will be recognized in pension expense as follows:

Fire

<u>Year Ending December 31,</u>	
2024	\$ (92,662)
2025	23,371
2026	76,494
2027	<u>147,457</u>
Total	<u>\$ 154,660</u>

Arkansas Public Employees Retirement System (APERS)

Plan Description

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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.

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 2023. City contributions to the plan in 2023 were \$83,455.

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>.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

At December 31, 2023, the primary government and Advertising and Promotion Commission reported a liability of \$716,239 and \$975,495, respectively, for its proportionate share of the net pension liability. The City's proportionate share was .02457768% (.02136670% in prior year) for court clerks and .03347401% (.03039531% in prior year) for the Advertising and Promotions Commission. The net pension liability was measured as of June 30, 2023, 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, 2023.

For the year ended December 31, 2023, the primary government and Advertising and Promotion Commission recognized pension expense of \$147,845 and \$224,741, respectively. At December 31, 2023, the City and its component unit 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	\$ 40,430	\$ 3,935	\$ 55,065	\$ 5,359
Change in proportion	52,137	4,189	100,420	4,155
Net difference between projected and actual earnings on pension plan investments	89,146	-	121,414	-
Change of assumptions	33,672		45,860	
Contributions subsequent to the measurement date*	41,728	-	58,082	-
Total	\$ 257,113	\$ 8,124	\$ 380,841	\$ 9,514

*Contributions made subsequent to measurement date of June 30, 2023.

At December 31, 2023, the primary government and Advertising and Promotion Commission reported \$41,728 and \$58,082, 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, 2024. 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
2024		\$ 37,989	\$ 94,713
2025		18,776	66,322
2026		108,565	160,404
2027		41,931	(8,194)
Total		\$ 207,261	\$ 313,245

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Actuarial Assumptions

The total pension liability in the June 30, 2023, 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	23 years (6.6 years for District Judges New Plan and Paid Off Old Plan and 15 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	3.7241%
Cost of living adjustments	3.0% annual compounded increase

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, 2023, are summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Assets	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fixed	18%	1.79%
Total	100%	

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Discount Rate

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

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

The following presents the plan's net pension liability, calculated using a single discount rate of 7.00%, 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:

		<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
City	Net pension liability	\$ 1,141,621	\$ 716,239	\$ 365,765
A&P	Net pension liability	\$ 1,554,851	\$ 975,495	\$ 498,160

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 18.51 and 19.71% for the year ended December 31, 2023 and 2022, respectively. 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

	<u>Total OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Total Primary Government				
OPEB – Governmental Activities	\$ 4,491,945	\$ 613,924	\$ 2,107,062	\$ 189,827
OPEB – Business-type Activities	<u>463,566</u>	<u>84,987</u>	<u>411,012</u>	<u>5,549</u>
	<u>\$ 4,955,511</u>	<u>\$ 698,911</u>	<u>\$ 2,518,074</u>	<u>\$ 195,376</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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, 2023, 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
	825

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, 2023 were \$211,274.

Actuarial Assumptions

The City's total OPEB liability was measured as of December 31, 2023, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2023, 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	4.00% (prior year was 4.31%)
Mortality Table	Based on retirement Plans 2014 Mortality Rate

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

Total OPEB Liability

The components of the total OPEB liability of the City at December 31, 2023, were as follows:

Balance at January 1, 2023	<u>\$ 4,641,652</u>
Changes for the year	
Service cost	192,501
Interest on total OPEB liability	203,799
Difference between expected and actual experience	-
Benefit payments	(211,274)
Effect of assumptions changes or inputs	<u>128,833</u>
Net Changes	<u>313,859</u>
Balance at December 31, 2023	<u><u>\$ 4,955,511</u></u>

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

Regarding the sensitivity of the Total OPEB Liability to changes in the single discount rate calculated using a single discount rate of 4.00%, 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:

	<u>1% Decrease in Discount Rate (3.00%)</u>	<u>Current Discount Rate Assumptions Rate (4.00%)</u>	<u>1% Increase in Discount Rate (5.00%)</u>
Total OPEB liability	<u>\$ 5,401,544</u>	<u>\$ 4,955,511</u>	<u>\$ 4,544,191</u>

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:

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Current Health Care Trend Cost (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
Total OPEB liability	<u>\$ 4,360,920</u>	<u>\$ 4,955,511</u>	<u>\$ 5,668,346</u>

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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

For the year ended December 31, 2023, the City of North Little Rock recognized OPEB expense of \$195,376. At December 31, 2023, 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	\$ 25,256	\$ 1,539,099
Changes of assumptions	673,655	978,975
	<u>\$ 698,911</u>	<u>\$ 2,518,074</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

2024	\$ (200,924)
2025	(200,924)
2026	(200,924)
2027	(200,924)
2028	(200,924)
Thereafter	<u>(814,543)</u>
Total	<u>\$ (1,819,163)</u>

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, 2023.

The Waste Water Utility was insured at December 31, 2023, 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, 2023, with RSUI Indemnity Co. for blanket property coverage. Further information is available in the audited financial statements of the Utility.

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 2023, the Department paid \$14,798,546 in purchased power from MJMEUC.

City of North Little Rock, Arkansas
Notes to the Financial Statements
Year Ended December 31, 2023

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 2023, the Department paid \$13,908,746 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 2023, the Department paid \$9,407,901 in purchased power from TEA.

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, 2023. 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.

REQUIRED SUPPLEMENTARY INFORMATION



City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 9 Years

Nonuniformed Employees' Defined Benefit Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ 2,367,018	\$ 2,339,321	\$ 2,580,665	\$ 2,442,653
Interest	6,092,597	5,864,289	5,547,208	5,173,335
Difference between expected and actual experience	1,708,079	103,392	(18,268)	(665,282)
Changes in assumptions	-	-	1,687,692	3,043,281
Benefit payments, including refunds of plan member contributions	<u>(4,868,044)</u>	<u>(4,748,795)</u>	<u>(4,848,129)</u>	<u>(3,774,079)</u>
Net Change in Total Pension Liability	5,299,650	3,558,207	4,949,168	6,219,908
Total Pension Liability, Beginning of Year	<u>94,982,771</u>	<u>91,424,564</u>	<u>86,475,396</u>	<u>80,255,488</u>
Total Pension Liability, End of Year	<u>\$ 100,282,421</u>	<u>\$ 94,982,771</u>	<u>\$ 91,424,564</u>	<u>\$ 86,475,396</u>
Plan Fiduciary Net Position				
Employer contributions	3,856,072	3,566,827	3,193,138	2,741,804
Plan member contributions	1,639,133	1,507,468	1,351,664	1,370,902
Net investment income	5,768,881	(6,636,903)	6,101,015	1,969,255
Benefit payments, including refunds of plan member contributions	<u>(4,868,044)</u>	<u>(4,748,795)</u>	<u>(4,848,130)</u>	<u>(3,774,079)</u>
Administrative expense	<u>(79,345)</u>	<u>(77,603)</u>	<u>(71,689)</u>	<u>(76,605)</u>
Net Change in Plan Fiduciary Net Position	6,316,697	(6,389,006)	5,725,998	2,231,277
Plan Fiduciary Net Position, Beginning of Year	<u>53,287,511</u>	<u>59,676,517</u>	<u>53,950,519</u>	<u>51,719,242</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 59,604,208</u>	<u>\$ 53,287,511</u>	<u>\$ 59,676,517</u>	<u>\$ 53,950,519</u>
City's Net Pension Liability, End of Year	<u>\$ 40,678,213</u>	<u>\$ 41,695,260</u>	<u>\$ 31,748,047</u>	<u>\$ 32,524,877</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	59.44%	56.10%	65.27%	62.39%
Covered Payroll	\$ 31,223,255	\$ 28,881,190	\$ 26,946,312	\$ 27,418,040
Plan's Net Pension Liability as a Percentage of Covered Payroll	130.28%	144.37%	117.82%	118.63%

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.

	2019	2018	2017	2016	2015
\$	2,249,277	\$ 2,171,091	\$ 2,081,105	\$ 1,842,603	\$ 2,432,932
	4,888,174	4,685,936	4,483,827	4,189,965	3,885,117
	1,153,182	4,871	(228,243)	1,873,765	(1,495,386)
	-	-	-	4,089,326	(9,232,564)
	<u>(4,226,370)</u>	<u>(3,352,897)</u>	<u>(3,191,730)</u>	<u>(2,787,461)</u>	<u>(2,755,249)</u>
	4,064,263	3,509,001	3,144,959	9,208,198	(7,165,150)
	<u>76,191,225</u>	<u>72,682,224</u>	<u>69,537,265</u>	<u>60,329,067</u>	<u>67,494,217</u>
\$	<u>80,255,488</u>	<u>\$ 76,191,225</u>	<u>\$ 72,682,224</u>	<u>\$ 69,537,265</u>	<u>\$ 60,329,067</u>
	2,462,350	2,389,157	2,220,368	1,364,281	1,133,620
	1,231,175	1,195,958	996,081	909,519	755,749
	7,836,754	(3,222,842)	4,326,066	2,153,389	(1,596,295)
	<u>(4,226,370)</u>	<u>(3,352,897)</u>	<u>(3,191,730)</u>	<u>(2,787,461)</u>	<u>(2,755,249)</u>
	<u>(83,747)</u>	<u>(70,492)</u>	<u>(73,790)</u>	<u>(52,951)</u>	<u>(55,210)</u>
	7,220,162	(3,061,116)	4,276,995	1,586,777	(2,517,385)
	<u>44,499,080</u>	<u>47,560,196</u>	<u>43,283,201</u>	<u>41,696,424</u>	<u>44,213,809</u>
\$	<u>51,719,242</u>	<u>\$ 44,499,080</u>	<u>\$ 47,560,196</u>	<u>\$ 43,283,201</u>	<u>\$ 41,696,424</u>
\$	<u>28,536,246</u>	<u>\$ 31,692,145</u>	<u>\$ 25,122,028</u>	<u>\$ 26,254,064</u>	<u>\$ 18,632,643</u>
	64.44%	58.40%	65.44%	62.24%	69.11%
\$	24,623,500	\$ 23,891,570	\$ 22,770,923	\$ 21,964,782	\$ 19,641,076
	115.89%	132.65%	110.33%	119.53%	94.87%

City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 8 Years

Police Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	611,617	701,468	934,706	1,160,441
Difference between expected and actual experience	9,291	(358,146)	(169,317)	712,195
Changes in assumptions	(6,440,925)	363,205	2,885,065	3,301,888
Benefit payments, including refunds of plan member contributions	(2,691,804)	(2,387,873)	(2,498,547)	(2,507,532)
Net Change in Total Pension Liability	(8,511,821)	(1,681,346)	1,151,907	2,666,992
Total Pension Liability, Beginning of Year	34,585,979	36,267,325	35,115,418	32,448,426
Total Pension Liability, End of Year	<u>\$ 26,074,158</u>	<u>\$ 34,585,979</u>	<u>\$ 36,267,325</u>	<u>\$ 35,115,418</u>
Plan Fiduciary Net Position				
Employer contributions	2,295,127	2,171,733	2,106,247	2,111,338
Plan member contributions	3,098	3,047	3,097	2,924
Net investment income	-	-	-	31,005
Benefit payments, including refunds of plan member contributions	(2,691,804)	(2,387,873)	(2,498,547)	(2,507,532)
Administrative expense	-	-	-	(273)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	(393,579)	(213,093)	(389,203)	(362,538)
Plan Fiduciary Net Position, Beginning of Year	(601,821)	(388,728)	475	363,013
Plan Fiduciary Net Position, End of Year	<u>\$ (995,400)</u>	<u>\$ (601,821)</u>	<u>\$ (388,728)</u>	<u>\$ 475</u>
City's Net Pension Liability, End of Year	<u>\$ 27,069,558</u>	<u>\$ 35,187,800</u>	<u>\$ 36,656,053</u>	<u>\$ 35,114,943</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 120,345	\$ 173,125	\$ 175,942	\$ 170,821
Plan's Net Pension Liability as a Percentage of Covered Payroll	22493.30%	20325.08%	20834.17%	20556.57%

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.

Changes of Assumption: Changes of assumptions reflect the effects of changes in the discount rate each period. The following are discount rates used in each period:

- December 31, 2019 - 2.76%
- December 31, 2020 - 2.00%
- December 31, 2021 - 1.84%
- December 31, 2022 - 4.05%

2019	2018	2017	2016
\$ 15,917	\$ 15,204	\$ 10,573	\$ 16,248
1,117,341	1,250,577	1,271,018	1,312,455
517,137	686,422	(39,875)	569,326
(1,258,960)	1,341,560	(556,753)	221,478
<u>(2,577,015)</u>	<u>(2,608,595)</u>	<u>(2,726,985)</u>	<u>(2,613,959)</u>
(2,185,580)	685,168	(2,042,022)	(494,452)
34,634,006	33,948,838	35,990,860	36,485,312
<u>\$ 32,448,426</u>	<u>\$ 34,634,006</u>	<u>\$ 33,948,838</u>	<u>\$ 35,990,860</u>
2,027,867	1,984,413	1,890,091	1,790,813
(13,040)	6,179	7,608	10,961
(18,924)	154,359	101,074	4,546
(2,577,015)	(2,608,595)	(2,726,985)	(2,613,959)
(1,255)	(1,979)	(3,794)	(6,131)
-	-	47,400	-
<u>(582,367)</u>	<u>(465,623)</u>	<u>(684,606)</u>	<u>(813,770)</u>
945,380	1,411,003	2,095,609	2,909,379
<u>\$ 363,013</u>	<u>\$ 945,380</u>	<u>\$ 1,411,003</u>	<u>\$ 2,095,609</u>
<u>\$ 32,085,413</u>	<u>\$ 33,688,626</u>	<u>\$ 32,537,835</u>	<u>\$ 33,895,251</u>
1.12%	2.73%	4.16%	5.82%
\$ 168,808	\$ 157,318	\$ 159,587	\$ 241,190
19007.05%	21414.35%	20388.78%	14053.34%

City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 8 Years

Firemen's Pension and Relief Fund

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	754,578	849,852	1,094,731	1,333,982
Difference between expected and actual experience	384,748	636,101	(455,759)	868,397
Changes in assumptions	(5,183,797)	1,014,037	2,162,151	2,658,115
Benefit payments, including refunds of plan member contributions	<u>(2,789,715)</u>	<u>(2,882,030)</u>	<u>(3,267,356)</u>	<u>(3,214,307)</u>
Net Change in Total Pension Liability	(6,834,186)	(382,040)	(466,233)	1,646,187
Total Pension Liability, Beginning of Year	<u>34,783,269</u>	<u>35,165,309</u>	<u>35,631,542</u>	<u>33,985,355</u>
Total Pension Liability, End of Year	<u>\$ 27,949,083</u>	<u>\$ 34,783,269</u>	<u>\$ 35,165,309</u>	<u>\$ 35,631,542</u>
Plan Fiduciary Net Position				
Employer contributions	1,902,882	1,893,613	1,789,674	1,646,347
Plan member contributions	1,249	2,592	2,697	4,243
Net investment income	(499,811)	615,017	572,318	928,740
Benefit payments, including refunds of plan member contributions	(2,789,715)	(2,882,030)	(3,267,356)	(3,214,307)
Administrative expense	(3,284)	(5,104)	(7,078)	(8,168)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(1,388,679)	(375,912)	(909,745)	(643,145)
Plan Fiduciary Net Position, Beginning of Year	<u>3,836,807</u>	<u>4,212,719</u>	<u>5,122,464</u>	<u>5,765,609</u>
Plan Fiduciary Net Position, End of Year	<u>\$ 2,448,128</u>	<u>\$ 3,836,807</u>	<u>\$ 4,212,719</u>	<u>\$ 5,122,464</u>
City's Net Pension Liability, End of Year	<u>\$ 25,500,955</u>	<u>\$ 30,946,462</u>	<u>\$ 30,952,590</u>	<u>\$ 30,509,078</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	8.76%	11.03%	11.98%	14.38%
Covered Payroll	\$ 164,710	\$ 158,095	\$ 183,387	\$ 250,678
Plan's Net Pension Liability as a Percentage of Covered Payroll	15482.34%	19574.60%	16878.29%	12170.62%

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.

Changes of Assumptions: Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates use in each period:

December 31, 2019 - 3.22%
December 31, 2020 - 2.52%
December 31, 2021 - 2.26%
December 31, 2022 - 4.28%

2019	2018	2017	2016
\$ -	\$ 10,947	\$ 5,116	\$ 4,999
1,340,002	1,538,822	1,602,202	1,699,456
1,231,363	26,604	(460,276)	(62,242)
(318,154)	1,164,792	(373,622)	610,411
<u>(3,368,736)</u>	<u>(3,359,082)</u>	<u>(2,931,504)</u>	<u>(2,958,538)</u>
(1,115,525)	(617,917)	(2,158,084)	(705,914)
<u>35,100,880</u>	<u>35,718,797</u>	<u>37,876,881</u>	<u>38,582,795</u>
<u>\$ 33,985,355</u>	<u>\$ 35,100,880</u>	<u>\$ 35,718,797</u>	<u>\$ 37,876,881</u>
1,609,846	1,695,189	1,716,157	1,555,853
4,306	8,568	15,673	17,631
(195,176)	1,054,331	498,767	17,659
<u>(3,368,736)</u>	<u>(3,359,082)</u>	<u>(2,931,504)</u>	<u>(2,958,538)</u>
(12,940)	(13,517)	(16,296)	(22,518)
-	-	31,200	-
<u>(1,962,700)</u>	<u>(614,511)</u>	<u>(686,003)</u>	<u>(1,389,913)</u>
<u>7,728,309</u>	<u>8,342,820</u>	<u>9,028,823</u>	<u>10,418,736</u>
<u>\$ 5,765,609</u>	<u>\$ 7,728,309</u>	<u>\$ 8,342,820</u>	<u>\$ 9,028,823</u>
<u>\$ 28,219,746</u>	<u>\$ 27,372,571</u>	<u>\$ 27,375,977</u>	<u>\$ 28,848,058</u>
16.96%	22.02%	23.36%	23.84%
\$ 333,149	\$ 411,211	\$ 526,042	\$ 510,473
8470.61%	6656.58%	5204.14%	5651.24%

City of North Little Rock, Arkansas
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios - LOPFI
Last 8 Years

LOPFI - Fire

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	2.71215%	2.77841%	2.94302%	2.84686%
City's proportionate share of the net pension liability	\$ 28,957,404	\$ 14,039,739	\$ 20,232,816	\$ 21,998,832
City's covered payroll	\$ 11,235,915	\$ 10,905,896	\$ 11,093,451	\$ 10,429,122
City's proportionate share of the net pension liability as a percentage of covered payroll	257.72%	128.74%	182.39%	210.94%
Plan fiduciary net position as a percentage of the total pension liability	69.20%	84.75%	77.79%	73.21%

LOPFI - Police

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	2.85858%	2.75861%	2.84163%	2.71348%
City's proportionate share of the net pension liability	\$ 30,520,827	\$ 13,939,642	\$ 19,535,772	\$ 20,968,132
City's covered payroll	\$ 11,842,547	\$ 10,828,177	\$ 13,375,657	\$ 13,486,861
City's proportionate share of the net pension liability as a percentage of covered payroll	257.72%	128.73%	146.05%	155.47%
Plan fiduciary net position as a percentage of the total pension liability	69.20%	84.75%	77.79%	73.21%

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.

2019	2018	2017	2016
2.67953%	2.73119%	2.74166%	2.49184%
\$ 2,572,414	\$ 19,407,730	\$ 15,642,023	\$ 9,020,695
\$ 9,557,042	\$ 9,359,122	\$ 8,707,186	\$ 7,931,178
26.92%	207.37%	179.64%	113.74%
66.09%	71.48%	72.87%	79.14%

2019	2018	2017	2016
2.63745%	2.55587%	2.51139%	2.30461%
\$ 2,554,074	\$ 18,161,919	\$ 14,328,255	\$ 8,342,893
\$ 12,257,002	\$ 11,783,650	\$ 10,999,885	\$ 10,825,411
20.84%	154.13%	130.26%	77.07%
66.09%	71.48%	72.87%	79.14%

City of North Little Rock, Arkansas
Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios - APERS
Last 9 Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.02457768%	0.02136670%	0.02177704%	0.02133044%
City's proportionate share of the net pension liability	\$ 716,239	\$ 576,128	\$ 167,429	\$ 610,815
City's covered payroll	\$ 553,501	\$ 407,600	\$ 415,428	\$ 411,537
City's proportionate share of the net pension liability as a percentage of covered payroll	129.40%	141.35%	40.30%	148.42%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%

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.

2019	2018	2017	2016	2015
0.02077864%	0.19836180%	0.02245346%	0.02077350%	0.02105517%
\$ 501,291	\$ 437,573	\$ 580,229	\$ 496,767	\$ 387,780
\$ 402,283	\$ 828,592	\$ 795,081	\$ 735,118	\$ 697,720
124.61%	52.81%	72.98%	67.58%	55.58%
78.55%	79.59%	75.65%	75.50%	80.39%

City of North Little Rock, Arkansas
Schedule of City's Contributions - Non-Uniformed Plan
Last 9 Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 5,064,412	\$ 3,763,219	\$ 4,109,313	\$ 3,879,653
Contribution in relation of the contractually required contribution	3,856,072	3,566,827	3,193,138	2,741,804
Contribution deficiency (excess)	<u>\$ 1,208,340</u>	<u>\$ 196,392</u>	<u>\$ 916,175</u>	<u>\$ 1,137,849</u>
City's covered payroll	\$ 31,223,255	\$ 28,881,190	\$ 26,946,312	\$ 27,418,040
Contributions as a percentage of covered payroll	12.35%	12.35%	11.85%	10.00%

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	14 years
Asset valuation	Market value
Investment rate of return	6.50%
Mortality	105% Pub-2010, General Employees, below median income Projected with MP-2020

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 3,897,900	\$ 3,282,702	\$ 3,518,108	\$ 2,923,512	\$ 2,185,569
2,462,350	2,389,157	2,220,368	1,364,281	1,133,620
<u>\$ 1,435,550</u>	<u>\$ 893,545</u>	<u>\$ 1,297,740</u>	<u>\$ 1,559,231</u>	<u>\$ 1,051,949</u>
\$ 24,623,500	\$ 23,891,570	\$ 22,770,923	\$ 21,964,782	\$ 19,641,076
10.00%	10.00%	9.75%	6.21%	5.77%

City of North Little Rock, Arkansas
Schedule of City's Contributions - Police Pension
Last 8 Years

Police Pension

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percent of Covered Payroll
2016	\$ 1,626,971	\$ 1,626,971	\$ -	\$ 159,587	1019.49%
2017	1,705,029	1,705,029	-	157,318	1083.81%
2018	1,708,560	1,708,560	-	168,808	1012.13%
2019	1,813,500	1,813,500	-	170,821	1061.64%
2020	1,805,304	1,805,304	-	175,942	1026.08%
2021	1,883,856	1,883,856	-	173,125	1088.15%
2022	2,009,328	2,009,328	-	120,345	1669.64%
2023	2,288,930	2,288,930	-	N/A	N/A

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	16 years beginning Januar 1, 2022
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.25%
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.
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City of North Little Rock, Arkansas
Schedule of City's Contributions - Firemen's Pension and Relief Fund
Last 8 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 Percent of Covered Payroll
2016	\$ 1,517,418	\$ 1,517,418	\$ -	\$ 526,042	288.46%
2017	1,487,237	1,487,237	-	411,211	361.67%
2018	1,458,360	1,458,360	-	333,149	437.75%
2019	1,457,352	1,457,352	-	250,678	581.36%
2020	1,591,524	1,591,524	-	183,387	867.85%
2021	1,695,540	1,695,540	-	158,095	1072.48%
2022	1,695,540	1,695,540	-	164,710	1029.41%
2023	2,007,470	2,007,470	-	N/A	N/A

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	16 years beginning Januar 1, 2022
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.25%
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.
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City of North Little Rock, Arkansas
Schedule of City's Contributions - LOPFI
Last 8 Years

LOPFI - Fire

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 2,824,477	\$ 2,630,131	\$ 2,530,463	\$ 2,602,961
Contribution in relation of the contractually required contribution	<u>2,824,477</u>	<u>2,630,131</u>	<u>2,530,463</u>	<u>2,602,961</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 12,393,492	\$ 11,235,915	\$ 10,905,896	\$ 11,093,451
Contributions as a percentage of covered payroll	22.79%	23.41%	23.20%	23.46%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 3,275,646	\$ 2,772,133	\$ 2,512,422	\$ 2,513,286
Contribution in relation of the contractually required contribution	<u>3,275,646</u>	<u>2,772,133</u>	<u>2,512,422</u>	<u>2,513,286</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 14,373,172	\$ 11,842,547	\$ 10,828,177	\$ 13,375,657
Contributions as a percentage of covered payroll	22.79%	23.41%	23.20%	18.79%

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,375,754	\$ 2,092,256	\$ 1,487,237	\$ 1,517,419
<u>2,375,754</u>	<u>2,092,256</u>	<u>1,487,237</u>	<u>1,517,419</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,429,122	\$ 9,557,042	\$ 9,359,122	\$ 8,707,186
22.78%	21.89%	15.89%	17.43%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,264,444	\$ 2,059,395	\$ 1,705,029	\$ 1,626,971
<u>2,264,444</u>	<u>2,059,395</u>	<u>1,705,029</u>	<u>1,626,971</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,486,861	\$ 12,257,002	\$ 11,783,650	\$ 10,999,885
16.79%	16.80%	14.47%	14.79%

City of North Little Rock, Arkansas
Schedule of City's Contributions - APERS
Last 9 Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 83,455	\$ 68,243	\$ 66,621	\$ 63,761
Contribution in relation of the contractually required contribution	<u>83,455</u>	<u>68,243</u>	<u>66,621</u>	<u>63,761</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 553,501	\$ 425,455	\$ 415,343	\$ 411,627
Contributions as a percentage of covered payroll	15.08%	16.04%	16.04%	15.49%

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 66,070	\$ 54,804	\$ 58,679	\$ 54,575	\$ 55,139
<u>66,070</u>	<u>54,804</u>	<u>58,679</u>	<u>54,575</u>	<u>55,139</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 431,266	\$ 377,959	\$ 401,636	\$ 370,754	\$ 368,084
15.32%	14.50%	14.61%	14.72%	14.98%

City of North Little Rock, Arkansas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability, Beginning of Year	\$ 4,641,652	\$ 6,887,843	\$ 6,688,731	\$ 5,765,549	\$ 5,321,410	\$ 5,471,163
Changes for the year						
Service cost	192,501	337,380	357,542	244,533	299,941	258,689
Interest	203,799	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	(211,274)	(177,852)	(115,186)	(161,142)	(160,545)	(150,996)
Changes in assumptions	128,833	(893,373)	(188,074)	711,208	179,508	(222,512)
Total Pension Liability, End of Year	<u>\$ 4,955,511</u>	<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	\$ 31,223,255	\$ 28,881,190	\$ 26,946,312	\$ 27,418,040	\$ 24,623,500	\$ 23,891,570
Plan's Net Pension Liability as a Percentage of Covered - Employee Payroll	15.87%	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%
- December 31, 2023 - 4.00%

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



City of North Little Rock, Arkansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,237,530	\$ 116,884	\$ 14,214,648	\$ 18,569,062
Investments	-	-	3,106,494	3,106,494
Property taxes receivable - net of allowance	2,206,699	261,278	-	2,467,977
Sales tax receivable	2,017,444	-	-	2,017,444
Accounts receivable	5,475	-	-	5,475
Due from other governments	169,743	-	-	169,743
Due from other funds	415,001	-	3,821,874	4,236,875
Prepays	195,746	-	-	195,746
Restricted cash equivalents	-	613,139	-	613,139
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,247,638</u>	<u>\$ 991,301</u>	<u>\$ 21,143,016</u>	<u>\$ 31,381,955</u>
Liabilities				
Accounts payable	\$ 753,172	\$ -	\$ 1,697,764	\$ 2,450,936
Accrued expenses	255,976	-	-	255,976
Due to other funds	46,409	-	51,911	98,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,055,557</u>	<u>-</u>	<u>1,749,675</u>	<u>2,805,232</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	2,044,657	245,790	-	2,290,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>2,044,657</u>	<u>245,790</u>	<u>-</u>	<u>2,290,447</u>
Fund Balances				
Nonspendable	195,746	-	-	195,746
Restricted				
Capital projects	-	-	3,234,588	3,234,588
Debt service	-	745,511	-	745,511
Street and traffic	3,488,047	-	-	3,488,047
Parks and recreation	1,557,945	-	-	1,557,945
Community development	123	-	-	123
Police - equitable sharing	229,578	-	-	229,578
Drainage improvement	675,985	-	-	675,985
Committed	-	-	16,158,753	16,158,753
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,147,424</u>	<u>745,511</u>	<u>19,393,341</u>	<u>26,286,276</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,247,638</u>	<u>\$ 991,301</u>	<u>\$ 21,143,016</u>	<u>\$ 31,381,955</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues				
Taxes - sales	\$ 12,765,287	\$ -	\$ -	\$ 12,765,287
Taxes - other	1,993,685	215,538	-	2,209,223
Licenses and permits	68,137	-	-	68,137
Charges for services	1,708,317	-	-	1,708,317
Intergovernmental	992,641	-	-	992,641
Investment earnings	125,645	38,223	358,684	522,552
Miscellaneous	161,203	30	8	161,241
Total revenues	<u>17,814,915</u>	<u>253,791</u>	<u>358,692</u>	<u>18,427,398</u>
Expenditures				
Current				
Community development	938,648	-	1,570	940,218
Parks and recreation	9,426,155	-	-	9,426,155
Public safety - police	7,975	-	-	7,975
Street and traffic	6,738,415	-	-	6,738,415
Capital outlay	1,748,566	-	11,889,412	13,637,978
Debt service				
Principal retirement	70,263	640,000	-	710,263
Interest and fiscal charges	5,200	407,638	-	412,838
Total expenditures	<u>18,935,222</u>	<u>1,047,638</u>	<u>11,890,982</u>	<u>31,873,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,120,307)</u>	<u>(793,847)</u>	<u>(11,532,290)</u>	<u>(13,446,444)</u>
Other Financing Sources (Uses)				
Transfers in	1,153,157	852,587	18,182,410	20,188,154
Transfers out	-	-	(1,718,348)	(1,718,348)
Leases and Subscriptions	18,525	-	-	18,525
Total other financing sources (uses)	<u>1,171,682</u>	<u>852,587</u>	<u>16,464,062</u>	<u>18,488,331</u>
Net Change in Fund Balances	51,375	58,740	4,931,772	5,041,887
Fund Balances, Beginning of Year	<u>6,096,049</u>	<u>686,771</u>	<u>14,461,569</u>	<u>21,244,389</u>
Fund Balances, End of Year	<u>\$ 6,147,424</u>	<u>\$ 745,511</u>	<u>\$ 19,393,341</u>	<u>\$ 26,286,276</u>

City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Special Revenue
December 31, 2023

	<u>Street</u>	<u>Parks and Recreation</u>	<u>Community Development</u>	<u>Equitable Sharing</u>
Assets				
Cash and cash equivalents	\$ 2,501,096	\$ 822,713	\$ 3,658	\$ 234,078
Property taxes receivable - net of allowance	2,206,699	-	-	-
Sales tax receivable	928,133	1,089,311	-	-
Accounts receivable	-	5,475	-	-
Due from other governments	-	-	169,743	-
Due from other funds	235,969	179,032	-	-
Prepays	76,639	118,189	918	-
Total assets	<u>\$ 5,948,536</u>	<u>\$ 2,214,720</u>	<u>\$ 174,319</u>	<u>\$ 234,078</u>
Liabilities				
Accounts payable	\$ 236,687	\$ 374,442	\$ 137,543	\$ 4,500
Accrued expenses	98,817	157,159	-	-
Due to other funds	3,689	6,985	35,735	-
Total liabilities	<u>339,193</u>	<u>538,586</u>	<u>173,278</u>	<u>4,500</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	<u>2,044,657</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,044,657</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	76,639	118,189	918	-
Restricted				
Street and traffic	3,488,047	-	-	-
Parks and recreation	-	1,557,945	-	-
Community development	-	-	123	-
Police - equitable sharing	-	-	-	229,578
Drainage improvement	-	-	-	-
Total fund balances	<u>3,564,686</u>	<u>1,676,134</u>	<u>1,041</u>	<u>229,578</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,948,536</u>	<u>\$ 2,214,720</u>	<u>\$ 174,319</u>	<u>\$ 234,078</u>

<u>Drainage Improvement</u>	<u>Total Special Revenue Fund</u>
\$ 675,985	\$ 4,237,530
-	2,206,699
-	2,017,444
-	5,475
-	169,743
-	415,001
-	195,746
<u>\$ 675,985</u>	<u>\$ 9,247,638</u>

\$ -	\$ 753,172
-	255,976
-	46,409
<u>-</u>	<u>1,055,557</u>
<u>-</u>	<u>2,044,657</u>
<u>-</u>	<u>2,044,657</u>
-	195,746
-	3,488,047
-	1,557,945
-	123
-	229,578
<u>675,985</u>	<u>675,985</u>
<u>675,985</u>	<u>6,147,424</u>
<u>\$ 675,985</u>	<u>\$ 9,247,638</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Special Revenue
Year Ended December 31, 2023

	<u>Street</u>	<u>Parks and Recreation</u>	<u>Community Development</u>	<u>Equitable Sharing</u>
Revenues				
Taxes - sales	\$ 5,430,029	\$ 7,335,258	\$ -	\$ -
Taxes - other	1,993,685	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	1,708,317	-	-
Intergovernmental	-	-	937,980	54,661
Investment earnings	57,860	46,244	-	5,358
Miscellaneous	85,290	66,725	-	9,188
Total revenues	<u>7,566,864</u>	<u>9,156,544</u>	<u>937,980</u>	<u>69,207</u>
Expenditures				
Current				
Community development	-	-	938,648	-
Parks and recreation	-	9,426,155	-	-
Public safety - police	-	-	-	7,975
Street and traffic	6,738,415	-	-	-
Capital outlay	41,804	1,629,500	-	51,125
Debt service				
Principal retirement	8,167	62,096	-	-
Interest and fiscal charges	9	5,191	-	-
Total expenditures	<u>6,788,395</u>	<u>11,122,942</u>	<u>938,648</u>	<u>59,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>778,469</u>	<u>(1,966,398)</u>	<u>(668)</u>	<u>10,107</u>
Other Financing Sources				
Transfers in	-	1,153,157	-	-
Leases and Subscriptions	-	18,525	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,171,682</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>778,469</u>	<u>(794,716)</u>	<u>(668)</u>	<u>10,107</u>
Fund Balances, Beginning of Year	<u>2,786,217</u>	<u>2,470,850</u>	<u>1,709</u>	<u>219,471</u>
Fund Balances, End of Year	<u>\$ 3,564,686</u>	<u>\$ 1,676,134</u>	<u>\$ 1,041</u>	<u>\$ 229,578</u>

<u>Drainage Improvement</u>	<u>Total Special Revenue Fund</u>
\$ -	\$ 12,765,287
-	1,993,685
68,137	68,137
-	1,708,317
-	992,641
16,183	125,645
-	161,203
84,320	17,814,915
-	938,648
-	9,426,155
-	7,975
-	6,738,415
26,137	1,748,566
-	70,263
-	5,200
26,137	18,935,222
58,183	(1,120,307)
-	1,153,157
-	18,525
-	1,171,682
58,183	51,375
617,802	6,096,049
\$ 675,985	\$ 6,147,424

City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Debt Service
December 31, 2023

	<u>Baring Cross Debt Service</u>	<u>2019 Capital Improvement Debt Service</u>	<u>Total Debt Service Fund</u>
Assets			
Cash and cash equivalents	\$ 116,884	\$ -	\$ 116,884
Property taxes receivable - net of allowance	261,278	-	261,278
Restricted cash equivalents	-	613,139	613,139
	<u>378,162</u>	<u>613,139</u>	<u>991,301</u>
Total assets	<u>\$ 378,162</u>	<u>\$ 613,139</u>	<u>\$ 991,301</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	\$ 245,790	\$ -	\$ 245,790
	<u>245,790</u>	<u>-</u>	<u>245,790</u>
Total deferred inflows of resources	<u>245,790</u>	<u>-</u>	<u>245,790</u>
Fund Balance			
Debt service	<u>132,372</u>	<u>613,139</u>	<u>745,511</u>
Total fund balances	<u>132,372</u>	<u>613,139</u>	<u>745,511</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 378,162</u>	<u>\$ 613,139</u>	<u>\$ 991,301</u>

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Debt Service
Year Ended December 31, 2023

	Baring Cross Debt Service	2019 Capital Improvement Debt Service	Total Debt Service Fund
Revenues			
Taxes - other	\$ 215,538	\$ -	\$ 215,538
Investment earnings	4,333	33,890	38,223
Miscellaneous	30	-	30
Total revenues	<u>219,901</u>	<u>33,890</u>	<u>253,791</u>
Expenditures			
Debt service			
Principal retirement	135,000	505,000	640,000
Interest and fiscal charges	61,238	346,400	407,638
Total expenditures	<u>196,238</u>	<u>851,400</u>	<u>1,047,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,663</u>	<u>(817,510)</u>	<u>(793,847)</u>
Other Financing Sources			
Transfers in	-	852,587	852,587
Total other financing sources	<u>-</u>	<u>852,587</u>	<u>852,587</u>
Net Change in Fund Balances	23,663	35,077	58,740
Fund Balances, Beginning of Year	<u>108,709</u>	<u>578,062</u>	<u>686,771</u>
Fund Balances, End of Year	<u>\$ 132,372</u>	<u>\$ 613,139</u>	<u>\$ 745,511</u>

City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Capital Projects
December 31, 2023

	Sales Tax Capital Improvement	2010 Sales Tax Capital Improvement	2017 Sales Tax Capital Improvement	2023 Sales Tax Capital Improvement
Assets				
Cash and cash equivalents	\$ 4,691,065	\$ -	\$ 500,921	\$ 9,022,662
Investments	-	-	3,106,494	-
Due from other funds	1,162,185	-	536,825	2,122,864
Total assets	<u>\$ 5,853,250</u>	<u>\$ -</u>	<u>\$ 4,144,240</u>	<u>\$ 11,145,526</u>
Liabilities				
Accounts payable	\$ 259,186	\$ -	\$ 902,152	\$ 536,426
Due to other funds	44,411	-	7,500	-
Total liabilities	<u>303,597</u>	<u>-</u>	<u>909,652</u>	<u>536,426</u>
Fund Balances				
Capital projects	-	-	3,234,588	-
Committed	5,549,653	-	-	10,609,100
Total fund balances	<u>5,549,653</u>	<u>-</u>	<u>3,234,588</u>	<u>10,609,100</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,853,250</u>	<u>\$ -</u>	<u>\$ 4,144,240</u>	<u>\$ 11,145,526</u>

**Total
Capital
Projects
Fund**

\$ 14,214,648
3,106,494
3,821,874
\$ 21,143,016

\$ 1,697,764
51,911
1,749,675

3,234,588
16,158,753
19,393,341

\$ 21,143,016

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Capital Projects
Year Ended December 31, 2023

	<u>Sales Tax Capital Improvement</u>	<u>2010 Sales Tax Capital Improvement</u>	<u>2017 Sales Tax Capital Improvement</u>	<u>2023 Sales Tax Capital Improvement</u>
Revenues				
Investment earnings	\$ 51,595	\$ -	\$ 245,101	\$ 61,988
Miscellaneous	-	8	-	-
Total revenues	<u>51,595</u>	<u>8</u>	<u>245,101</u>	<u>61,988</u>
Expenditures				
Community development	1,570	-	-	-
Capital outlay	<u>2,458,633</u>	<u>-</u>	<u>7,856,284</u>	<u>1,574,495</u>
Total expenditures	<u>2,460,203</u>	<u>-</u>	<u>7,856,284</u>	<u>1,574,495</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,408,608)</u>	<u>8</u>	<u>(7,611,183)</u>	<u>(1,512,507)</u>
Other Financing Sources (Uses)				
Transfers in	6,060,803	-	-	12,121,607
Transfers out	<u>(1,718,348)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,342,455</u>	<u>-</u>	<u>-</u>	<u>12,121,607</u>
Net Change in Fund Balances	1,933,847	8	(7,611,183)	10,609,100
Fund Balances, Beginning of Year	<u>3,615,806</u>	<u>(8)</u>	<u>10,845,771</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,549,653</u>	<u>\$ -</u>	<u>\$ 3,234,588</u>	<u>\$ 10,609,100</u>

**Total
Capital
Projects
Fund**

\$ 358,684
8

358,692

1,570
11,889,412

11,890,982

(11,532,290)

18,182,410
(1,718,348)

16,464,062

4,931,772

14,461,569

\$ 19,393,341

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Street Fund
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Taxes - sales	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 5,430,029	\$ 430,029
Taxes - other	1,825,000	-	1,825,000	1,993,685	168,685
Investment earnings	15,000	-	15,000	57,860	42,860
Miscellaneous	353,500	-	353,500	85,290	(268,210)
Total revenues	<u>7,193,500</u>	<u>-</u>	<u>7,193,500</u>	<u>7,566,864</u>	<u>373,364</u>
Expenditures					
Street and traffic	7,193,500	528,563	7,722,063	6,738,415	983,648
Capital outlay	-	-	-	41,804	(41,804)
Principal retirement	-	-	-	8,167	(8,167)
Interest and fiscal charges	-	-	-	9	(9)
Total expenditures	<u>7,193,500</u>	<u>528,563</u>	<u>7,722,063</u>	<u>6,788,395</u>	<u>933,668</u>
Net Change in Fund Balances	-	(528,563)	(528,563)	778,469	1,307,032
Fund Balances, Beginning of Year	<u>2,786,217</u>	<u>-</u>	<u>2,786,217</u>	<u>2,786,217</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,786,217</u>	<u>\$ (528,563)</u>	<u>\$ 2,257,654</u>	<u>\$ 3,564,686</u>	<u>\$ 1,307,032</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual - Parks and Recreation Fund
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Taxes - sales	\$ 6,237,800	\$ 800,000	\$ 7,037,800	\$ 7,335,258	\$ 297,458
Charges for services	1,880,956	(392,900)	1,488,056	1,708,317	220,261
Investment earnings	15,000	-	15,000	46,244	31,244
Miscellaneous	755,500	-	755,500	66,725	(688,775)
Total revenues	<u>8,889,256</u>	<u>407,100</u>	<u>9,296,356</u>	<u>9,156,544</u>	<u>(139,812)</u>
Expenditures					
Parks and recreation	9,639,256	3,829,723	13,468,979	9,426,155	4,042,824
Capital outlay	-	-	-	1,629,500	(1,629,500)
Principal retirement	-	-	-	62,096	(62,096)
Interest and fiscal charges	-	-	-	5,191	(5,191)
Total expenditures	<u>9,639,256</u>	<u>3,829,723</u>	<u>13,468,979</u>	<u>11,122,942</u>	<u>2,346,037</u>
Deficiency of Revenues Under Expenditures	<u>(750,000)</u>	<u>(3,422,623)</u>	<u>(4,172,623)</u>	<u>(1,966,398)</u>	<u>2,206,225</u>
Other Financing Sources					
Transfers in	750,000	232,900	982,900	1,153,157	170,257
Leases (as lessee)	-	-	-	18,525	18,525
Total other financing sources	<u>750,000</u>	<u>232,900</u>	<u>982,900</u>	<u>1,171,682</u>	<u>188,782</u>
Net Change in Fund Balances (Deficit)	-	(3,189,723)	(3,189,723)	(794,716)	2,395,007
Fund Balances, Beginning of Year	<u>2,470,850</u>	-	<u>2,470,850</u>	<u>2,470,850</u>	-
Fund Balances (Deficit), End of Year	<u>\$ 2,470,850</u>	<u>\$ (3,189,723)</u>	<u>\$ (718,873)</u>	<u>\$ 1,676,134</u>	<u>\$ 2,395,007</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Sales Tax Capital Improvement Fund
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Changes</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
Investment earnings	\$ 15,000	\$ -	\$ 15,000	\$ 51,595	\$ 36,595
Total revenues	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>51,595</u>	<u>36,595</u>
Expenditures					
Community development	-	-	-	1,570	(1,570)
Capital outlay	<u>2,969,172</u>	<u>2,574,983</u>	<u>5,544,155</u>	<u>2,458,633</u>	<u>3,085,522</u>
Total expenditures	<u>2,969,172</u>	<u>2,574,983</u>	<u>5,544,155</u>	<u>2,460,203</u>	<u>3,083,952</u>
Deficiency of Revenues Under Expenditures	<u>(2,954,172)</u>	<u>(2,574,983)</u>	<u>(5,529,155)</u>	<u>(2,408,608)</u>	<u>3,120,547</u>
Other Financing Sources (Uses)					
Transfers in	5,125,000	500,000	5,625,000	6,060,803	435,803
Transfers out	<u>(1,718,348)</u>	<u>-</u>	<u>(1,718,348)</u>	<u>(1,718,348)</u>	<u>-</u>
Total other financing sources	<u>3,406,652</u>	<u>500,000</u>	<u>3,906,652</u>	<u>4,342,455</u>	<u>435,803</u>
Net Change in Fund Balances (Deficit)	<u>452,480</u>	<u>(2,074,983)</u>	<u>(1,622,503)</u>	<u>1,933,847</u>	<u>3,556,350</u>
Fund Balances, Beginning of Year	<u>3,615,806</u>	<u>-</u>	<u>3,615,806</u>	<u>3,615,806</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ 4,068,286</u>	<u>\$ (2,074,983)</u>	<u>\$ 1,993,303</u>	<u>\$ 5,549,653</u>	<u>\$ 3,556,350</u>

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - 2023 Sales Tax Capital Improvement
Year Ended December 31, 2023

	Original Budget	Changes	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ 61,988	\$ 61,988
Total revenues	-	-	-	61,988	61,988
Expenditures					
Capital outlay	-	8,425,000	8,425,000	1,574,495	6,850,505
Total expenditures	-	8,425,000	8,425,000	1,574,495	6,850,505
Deficiency of Revenues Under Expenditures	-	(8,425,000)	(8,425,000)	(1,512,507)	6,912,493
Other Financing Sources					
Transfers in	-	9,425,000	9,425,000	12,121,607	2,696,607
Total other financing sources	-	9,425,000	9,425,000	12,121,607	2,696,607
Net Change in Fund Balances (Deficit)	-	1,000,000	1,000,000	10,609,100	9,609,100
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances (Deficit), End of Year	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 10,609,100	\$ 9,609,100

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.

Contents Page

Financial Trends (Tables 1–6)

These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time 132

Revenue Capacity (Tables 7-10)

These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes 144

Debt Capacity (Tables 11–14)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 149

Demographic and Economic Information (Table 15)

This schedule offers demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place. . . 157

Operating Information (Tables 16-19)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs 159

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

Table 1

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities				
Net invested in capital assets	\$ 62,915,426	\$ 64,950,657	\$ 71,815,036	\$ 77,828,156
Restricted	1,892,023	1,704,038	2,232,076	2,527,403
Unrestricted	31,124,594	9,579,065	(4,793,593)	(7,948,848)
Total governmental activities net position	<u>\$ 95,932,043</u>	<u>\$ 76,233,760</u>	<u>\$ 69,253,519</u>	<u>\$ 72,406,711</u>
Business-type activities				
Net invested in capital assets	\$ 91,572,859	\$ 101,865,437	\$ 106,379,890	\$ 113,882,253
Restricted	15,688,015	15,356,221	4,987,495	10,525,161
Unrestricted	8,513,735	2,148,550	9,028,777	3,628,809
Total business-type activities net position	<u>\$ 115,774,609</u>	<u>\$ 119,370,208</u>	<u>\$ 120,396,162</u>	<u>\$ 128,036,223</u>
Primary government				
Net invested in capital assets	\$ 154,488,285	\$ 166,816,094	\$ 178,194,926	\$ 191,710,409
Restricted	17,580,038	17,060,259	7,219,571	13,052,564
Unrestricted	39,638,329	11,727,615	4,235,184	(4,320,039)
Total primary government net position	<u>\$ 211,706,652</u>	<u>\$ 195,603,968</u>	<u>\$ 189,649,681</u>	<u>\$ 200,442,934</u>

(A) 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.

2018	2019	2020 (A)	2021	2022	2023
\$ 83,669,833	\$ 88,578,170	\$ 96,586,369	\$ 113,011,793	\$ 130,524,357	\$ 149,323,912
-	7,545,786	22,964,049	18,931,884	19,660,092	12,612,466
<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>	<u>(46,811,053)</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>	<u>\$ 115,125,325</u>
\$ 115,621,652	\$ 105,196,767	\$ 107,272,083	\$ 108,760,225	\$ 109,997,145	\$ 115,367,289
10,657,111	3,166,687	3,110,730	3,106,611	1,725,938	1,786,631
<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>	<u>58,361,063</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>	<u>\$ 175,514,983</u>
\$ 199,291,485	\$ 193,774,937	\$ 203,858,452	\$ 221,772,018	\$ 240,521,502	\$ 264,691,201
10,657,111	10,712,473	26,074,779	22,038,495	21,386,030	14,399,097
<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>	<u>11,550,010</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>	<u>\$ 290,640,308</u>

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

Table 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Governmental activities				
General government	\$ 19,951,630	\$ 14,044,077	\$ 17,518,071	\$ 21,670,423
Public safety	38,701,265	41,160,354	54,742,749	45,907,394
Public works	677,643	863,116	1,113,145	1,132,566
Street and traffic	2,253,354	3,194,899	2,440,182	5,555,518
Health and sanitation	3,926,160	4,955,822	4,997,929	4,697,221
Community development	1,179,457	2,406,171	2,029,428	1,699,839
Culture and recreation	7,083,912	6,619,136	8,490,298	8,428,770
Interest and fiscal charges	105,398	63,184	37,673	48,957
Total governmental activities expenses	<u>73,878,819</u>	<u>73,306,759</u>	<u>91,369,475</u>	<u>89,140,688</u>
Business-type activities				
Electric department	75,909,179	72,817,920	70,454,991	72,050,817
Utilities Accounting Department	-	-	3,022,544	1,690,056
Total business-type activities expenses	<u>75,909,179</u>	<u>72,817,920</u>	<u>73,477,535</u>	<u>73,740,873</u>
Total primary government expenses	<u>\$ 149,787,998</u>	<u>\$ 146,124,679</u>	<u>\$ 164,847,010</u>	<u>\$ 162,881,561</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 2,768,921	\$ 3,080,894	\$ 3,306,825	\$ 3,381,707
Public safety	3,610,421	3,314,597	3,255,331	2,935,147
Public works	-	-	-	-
Street and traffic	27,031	27,080	5,700	39,660
Community development	804,422	923,910	808,971	888,294
Culture and recreation	1,284,269	1,273,852	1,491,754	1,763,352
Operating grants and contributions	333,141	196,479	1,326,271	1,614,112
Capital grants and contributions	1,940,766	1,412,468	1,706,993	7,653,537
Total governmental activities program revenues	<u>10,768,971</u>	<u>10,229,280</u>	<u>11,901,845</u>	<u>18,275,809</u>
Business-type activities				
Charges for services				
Electric department	96,222,583	91,547,365	82,798,486	89,964,914
Utilities Accounting Department	-	-	2,396,386	1,590,733
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>96,222,583</u>	<u>91,547,365</u>	<u>85,194,872</u>	<u>91,555,647</u>
Total primary government program revenues	<u>\$ 106,991,554</u>	<u>\$ 101,776,645</u>	<u>\$ 97,096,717</u>	<u>\$ 109,831,456</u>
Net (Expense)/Revenue				
Governmental activities	\$ (63,109,848)	\$ (63,077,479)	\$ (79,467,630)	\$ (70,864,879)
Business-type activities	<u>20,313,404</u>	<u>18,729,445</u>	<u>11,717,337</u>	<u>17,814,774</u>
Total primary government net expense	<u>\$ (42,796,444)</u>	<u>\$ (44,348,034)</u>	<u>\$ (67,750,293)</u>	<u>\$ (53,050,105)</u>

2018	2019	2020	2021	2022	2023
\$ 25,657,328	\$ 24,312,352	\$ 26,601,470	\$ 25,654,068	\$ 30,660,183	\$ 50,216,265
42,344,278	61,910,602	59,987,367	53,340,207	47,950,176	44,671,828
1,028,141	2,650,674	1,782,790	3,200,186	1,394,466	2,959,471
14,669,174	6,841,766	7,902,594	10,793,629	9,786,423	8,950,164
4,893,759	5,672,952	5,634,372	6,840,427	6,551,846	7,088,623
287,952	898,511	1,165,136	615,673	1,446,767	950,774
7,867,602	9,191,100	8,985,499	9,795,437	10,427,475	11,935,917
36,874	315,068	411,286	322,202	301,671	296,603
96,785,108	111,793,025	112,470,514	110,561,829	108,519,007	127,069,645
74,677,547	73,179,016	68,631,031	78,828,925	89,306,365	82,204,333
793,643	-	-	-	-	-
75,471,190	73,179,016	68,631,031	78,828,925	89,306,365	82,204,333
<u>\$ 172,256,298</u>	<u>\$ 184,972,041</u>	<u>\$ 181,101,545</u>	<u>\$ 189,390,754</u>	<u>\$ 197,825,372</u>	<u>\$ 209,273,978</u>
\$ 3,886,267	\$ 4,742,957	\$ 4,202,639	\$ 4,398,923	\$ 5,356,290	\$ 5,635,592
3,323,813	3,153,614	2,258,289	1,642,960	3,291,508	2,096,952
-	-	-	183,711	-	-
153,971	213,386	67,987	-	46,105	38,695
954,822	1,042,275	1,100,416	1,196,866	1,405,486	1,489,316
1,356,283	1,498,433	1,380,087	1,861,279	825,941	1,708,315
404,425	1,035,577	3,207,844	2,391,152	393,129	16,153,352
3,416,216	1,767,996	2,794,546	3,279,733	4,677,191	4,773,558
13,495,797	13,454,238	15,011,808	14,954,624	15,995,650	31,895,780
93,739,108	93,442,310	87,823,545	93,857,877	102,966,537	106,771,617
960,315	-	-	-	-	-
-	-	-	873,714	1,620,078	3,443,908
-	1,500,000	62,241	-	-	-
94,699,423	94,942,310	87,885,786	94,731,591	104,586,615	110,215,525
<u>\$ 108,195,220</u>	<u>\$ 108,396,548</u>	<u>\$ 102,897,594</u>	<u>\$ 109,686,215</u>	<u>\$ 120,582,265</u>	<u>\$ 142,111,305</u>
\$ (83,289,311)	\$ (98,338,787)	\$ (97,458,706)	\$ (95,607,205)	\$ (92,523,357)	\$ (95,173,865)
19,228,233	21,763,294	19,254,755	15,902,666	15,280,250	28,011,192
<u>\$ (64,061,078)</u>	<u>\$ (76,575,493)</u>	<u>\$ (78,203,951)</u>	<u>\$ (79,704,539)</u>	<u>\$ (77,243,107)</u>	<u>\$ (67,162,673)</u>

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

Table 2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
General revenues				
Taxes – sales	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871
Taxes – other	13,540,945	14,615,168	14,120,158	15,080,258
Utility franchise taxes	3,181,670	3,191,694	2,975,695	3,022,080
Investment income	75,000	101,692	140,856	143,579
Unrestricted grants and contributions	-	-	-	-
Other	1,854,710	996,764	2,535,766	2,529,664
Transfers	12,000,000	12,000,000	12,000,000	11,930,000
Total governmental activities	<u>70,025,691</u>	<u>71,866,260</u>	<u>72,487,389</u>	<u>74,023,452</u>
Business-type activities				
Investment earnings	83,313	210,467	93,787	197,214
Other	8,071,514	4,318,952	1,214,830	1,622,692
Transfers	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
Total business-type activities	<u>(3,845,173)</u>	<u>(7,470,581)</u>	<u>(10,691,383)</u>	<u>(10,180,094)</u>
Total primary government	<u>\$ 66,180,518</u>	<u>\$ 64,395,679</u>	<u>\$ 61,796,006</u>	<u>\$ 63,843,358</u>
Changes in Net Position				
Governmental activities	\$ 6,915,843	\$ 8,788,781	\$ (6,980,241)	\$ 3,158,573
Business-type activities	16,468,231	11,258,864	1,025,954	7,634,680
Total primary government	<u>\$ 23,384,074</u>	<u>\$ 20,047,645</u>	<u>\$ (5,954,287)</u>	<u>\$ 10,793,253</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 57,921,583	\$ 61,505,034	\$ 62,161,298	\$ 72,015,308	\$ 75,845,699	\$ 80,691,742
15,046,525	16,217,949	15,868,429	17,885,986	18,154,620	19,736,443
3,834,205	3,883,894	3,737,046	4,055,911	4,352,373	4,587,543
253,047	637,273	462,260	130,868	179,173	2,642,811
578,067	-	-	-	8,297,940	2,109,603
1,822,856	2,176,717	2,545,631	3,879,020	3,244,686	899,707
12,000,000	10,621,009	13,649,346	13,649,306	13,649,346	13,649,346
<u>91,456,283</u>	<u>95,041,876</u>	<u>98,424,010</u>	<u>111,616,399</u>	<u>123,723,837</u>	<u>124,317,195</u>
289,464	513,794	444,439	131,053	190,320	1,858,330
2,204,272	-	-	-	-	-
(12,000,000)	(10,621,009)	(13,649,346)	(13,649,306)	(13,649,346)	(13,649,346)
<u>(9,506,264)</u>	<u>(10,107,215)</u>	<u>(13,204,907)</u>	<u>(13,518,253)</u>	<u>(13,459,026)</u>	<u>(11,791,016)</u>
<u>\$ 81,950,019</u>	<u>\$ 84,934,661</u>	<u>\$ 85,219,103</u>	<u>\$ 98,098,146</u>	<u>\$ 110,264,811</u>	<u>\$ 112,526,179</u>
\$ 8,166,972	\$ (3,296,911)	\$ 965,304	\$ 16,009,194	\$ 31,200,480	\$ 29,143,330
9,721,969	11,656,079	6,049,848	2,384,413	1,821,224	16,220,176
<u>\$ 17,888,941</u>	<u>\$ 8,359,168</u>	<u>\$ 7,015,152</u>	<u>\$ 18,393,607</u>	<u>\$ 33,021,704</u>	<u>\$ 45,363,506</u>

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

Table 3

<u>Year</u>	<u>Taxes Other</u>	<u>Taxes Sales</u>	<u>Utility Franchise Taxes</u>	<u>Total</u>
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 (A)	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
2023	19,736,443	80,691,741	4,587,543	105,015,727

(A) 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.

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

Table 4

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	7,911,210	10,995,941	12,308,991	7,609,980
Unassigned	<u>15,543,579</u>	<u>14,738,107</u>	<u>12,449,750</u>	<u>18,277,147</u>
Total general fund	<u>\$ 23,454,789</u>	<u>\$ 25,734,048</u>	<u>\$ 24,758,741</u>	<u>\$ 25,887,127</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	6,262,519	10,976,446	10,473,281	11,962,162
Committed	-	-	-	-
Assigned	2,820,114	-	-	-
Unassigned	<u>(19,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other government funds	<u>\$ 9,063,332</u>	<u>\$ 10,976,446</u>	<u>\$ 10,473,281</u>	<u>\$ 11,962,162</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ -	\$ -	\$ 1,488,242	\$ 1,148,945	\$ 966,118	\$ 1,531,725
-	-	-	18,015,356	18,591,848	20,115,807
170,288	270,000	270,000	270,000	270,000	3,761,615
<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>	<u>28,528,486</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>	<u>\$ 53,937,633</u>
\$ -	\$ -	\$ -	\$ 162,820	\$ 172,017	\$ 195,746
16,715,588	16,459,696	7,501,579	17,020,792	17,544,338	10,322,019
-	13,480,478	2,995,779	4,081,760	3,615,806	16,158,753
-	955,629	769,485	758,181	-	-
<u>(67,859)</u>	<u>(73,294)</u>	<u>(218,805)</u>	<u>(181,805)</u>	<u>(60,506)</u>	<u>(50,773)</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>	<u>\$ 26,625,745</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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Taxes – sales	\$ 39,373,366	\$ 40,960,942	\$ 40,714,914	\$ 41,317,871
Taxes – other	13,175,818	13,630,033	13,953,068	14,724,341
Franchise fees	3,181,670	3,191,694	2,975,695	3,022,080
Fines and forfeitures	2,871,963	2,865,368	2,830,850	2,209,000
Licenses and permits	2,611,210	2,694,459	2,708,444	2,897,123
Charges for services	2,876,666	3,060,506	3,329,287	3,902,037
Intergovernmental	2,424,024	1,608,947	3,033,264	9,267,649
Investment earnings	75,000	101,692	140,856	143,579
Miscellaneous	1,925,236	1,226,722	2,418,217	3,917,791
Total revenues	<u>68,514,953</u>	<u>69,340,363</u>	<u>72,104,595</u>	<u>81,401,471</u>
Expenditures				
General government	7,748,764	7,803,010	8,426,930	9,006,554
Animal shelter	722,066	758,706	787,006	733,546
Community development	981,360	1,145,414	654,364	643,192
Emergency services	1,463,989	1,604,573	1,966,098	1,837,787
Fit 2 Live	132,481	146,933	155,657	127,210
Health	420,889	196,912	78,071	245,217
Neighborhood services	158,112	164,090	174,839	204,288
Parks and recreation	5,415,227	5,834,379	7,220,455	8,965,828
Public safety – fire	14,456,478	16,267,613	16,545,450	16,444,094
Public safety – police	20,900,702	21,587,940	22,524,446	23,117,459
Public works	647,605	849,837	1,070,419	1,147,806
Sanitation	4,452,936	4,436,801	4,441,956	4,471,118
Senior citizens	926,884	887,376	919,528	1,011,537
Special appropriations	5,888,389	5,759,614	7,424,577	12,649,392
Street and traffic	4,805,707	4,760,634	5,361,379	6,010,465
Capital outlay	5,492,017	1,611,661	4,376,727	3,706,562
Debt service				
Principal	2,958,304	3,008,807	3,672,012	414,745
Interest	122,712	93,732	46,214	42,282
Bond issuance costs	-	-	-	-
Total expenditures	<u>77,694,622</u>	<u>76,918,032</u>	<u>85,846,128</u>	<u>90,779,082</u>
Excess of revenues				
Over (under) expenditures	(9,179,669)	(7,577,669)	(13,741,533)	(9,377,611)
Other Financing Sources (Uses)				
Transfer in	16,637,985	16,643,137	17,885,975	14,283,090
Transfer out	(4,927,307)	(4,873,095)	(5,760,814)	(2,290,922)
Leases (as lessee)	-	-	-	-
Net debt proceeds	1,281,347	-	137,000	3,610
Total other financing sources (uses)	<u>12,992,025</u>	<u>11,770,042</u>	<u>12,262,161</u>	<u>11,995,778</u>
Net change in fund balance	<u>\$ 3,812,356</u>	<u>\$ 4,192,373</u>	<u>\$ (1,479,372)</u>	<u>\$ 2,618,167</u>
Debt service as a percentage of noncapital expenditures	4.3%	4.1%	4.6%	0.5%

	2018	2019	2020	2021	2022	2023
\$	57,921,583	\$ 61,505,034	\$ 61,897,024	\$ 72,015,308	\$ 75,845,699	\$ 80,691,742
	14,993,301	16,203,498	15,868,429	17,426,504	17,173,879	18,888,596
	3,834,205	3,883,894	3,737,046	4,055,911	4,352,373	4,587,543
	2,030,672	2,154,232	1,843,421	1,336,936	1,233,271	1,422,105
	3,432,168	4,280,681	4,012,429	4,086,751	4,748,912	5,183,173
	4,212,316	4,215,752	3,153,568	3,860,052	4,943,149	4,363,592
	4,398,708	2,803,573	6,004,894	5,670,885	13,368,258	23,037,907
	253,047	637,273	462,260	130,868	179,173	2,642,811
	1,822,856	2,244,764	2,483,444	3,905,986	3,867,403	1,702,065
	<u>92,898,856</u>	<u>97,928,701</u>	<u>99,462,515</u>	<u>112,489,201</u>	<u>125,712,117</u>	<u>142,519,534</u>
	9,109,578	12,549,794	13,422,535	14,764,091	15,314,775	31,734,143
	800,807	802,112	749,860	682,359	833,561	974,776
	287,952	882,737	1,149,897	602,485	1,435,939	940,218
	1,909,070	2,028,599	2,021,023	1,929,667	1,969,498	2,561,553
	173,855	184,221	189,166	181,180	148,790	131,513
	121,754	95,281	133,542	93,227	88,141	105,434
	189,592	171,971	169,060	190,704	325,993	445,017
	597,211	8,032,479	7,672,299	8,670,876	9,284,403	10,842,534
	16,658,888	19,063,092	18,686,275	18,676,818	19,669,405	20,659,468
	23,776,320	23,908,322	24,570,426	24,828,088	27,117,120	29,021,592
	1,028,141	2,613,126	1,746,623	3,156,392	1,358,183	2,926,302
	4,598,150	5,108,572	4,987,955	6,260,984	5,969,082	6,416,809
	902,633	1,094,334	1,054,989	986,195	965,944	969,803
	7,310,799	6,498,909	7,464,739	7,340,137	10,738,171	13,960,936
	14,669,174	5,098,436	6,004,037	8,853,115	7,733,782	6,738,415
	9,525,001	12,320,239	23,733,371	25,647,003	25,621,450	27,593,484
	442,708	400,551	682,284	594,060	663,938	1,081,591
	40,953	48,266	487,327	469,385	442,188	430,174
	-	205,274	-	-	-	-
	<u>92,142,586</u>	<u>101,106,315</u>	<u>114,925,408</u>	<u>123,926,766</u>	<u>129,680,363</u>	<u>157,533,762</u>
	756,270	(3,177,614)	(15,462,893)	(11,437,565)	(3,968,246)	(15,014,228)
	25,832,841	30,273,227	32,260,903	34,320,017	38,249,670	36,345,065
	(13,602,841)	(18,251,657)	(18,611,557)	(20,670,711)	(24,600,324)	(22,695,719)
	-	-	-	-	68,316	458,257
	-	11,388,976	253,902	-	-	-
	<u>12,230,000</u>	<u>23,410,546</u>	<u>13,903,248</u>	<u>13,649,306</u>	<u>13,717,662</u>	<u>14,107,603</u>
\$	<u>12,986,270</u>	<u>\$ 20,232,932</u>	<u>\$ (1,559,645)</u>	<u>\$ 2,211,741</u>	<u>\$ 9,749,416</u>	<u>\$ (906,625)</u>
	0.6%	0.5%	1.3%	1.1%	1.1%	1.2%

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

Table 6

<u>Year</u>	<u>Taxes Other</u>	<u>Taxes Sales</u>	<u>Utility Franchise Taxes</u>	<u>Total</u>
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 (A)	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
2023	18,888,596	80,691,741	4,587,543	104,167,880

(A) 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.

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**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
	Real	Real	Real	Utility	
2014	\$ 758,072,584	\$ 261,348,185	\$ 59,233,420	\$ 1,078,654,189	
2015	782,619,329	260,164,425	62,071,555	1,104,855,309	
2016	796,981,751	282,164,000	62,671,740	1,141,817,491	
2017	809,452,684	283,349,520	61,783,970	1,154,586,174	
2018	848,276,771	279,631,280	64,942,015	1,192,850,066	
2019	875,224,375	291,576,805	64,474,950	1,231,276,130	
2020	897,561,277	295,703,490	64,302,635	1,257,567,402	
2021	919,171,847	309,865,670	69,293,955	1,298,331,472	
2022	1,016,753,353	352,385,220	68,724,600	1,437,863,173	
2023	1,085,558,131	390,426,450	75,927,315	1,551,911,896	

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.

Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
11.45	\$ 5,373,637,980	20%
11.45	5,500,550,940	20%
11.45	5,683,179,740	20%
11.45	5,740,783,620	20%
11.45	5,930,166,770	20%
11.45	6,118,376,710	20%
11.45	6,238,993,180	20%
11.45	6,436,296,080	20%
11.45	7,127,505,560	20%
11.45	7,686,757,410	20%

**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
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
2023	11.45	11.45	7.05	7.05	48.30	48.30	66.80	66.80

Tax Levies

2014	\$	11,976,874	\$	42,943,103	\$	36,560,743	\$	91,480,720
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
2023		16,625,460		69,507,995		43,940,710		130,074,165

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, 2023

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 2023, the two cent city sales tax generated revenue of approximately \$48,485,000.

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		2023 Total	% of Total		2022 Total	% of Total
Other General Merchandise Stores	1	4,668,760	9.7%	1	4,334,472	9.3%
Building Material and Supplies Dealers	2	4,639,221	9.6%	2	3,746,923	8.1%
Grocery Stores	3	2,703,588	5.6%	3	2,633,680	5.7%
Full-Service Restaurants	4	2,459,349	5.1%	4	2,379,955	5.1%
Restaurants and Other Eating Places	5	2,048,986	4.3%	6	1,800,844	3.9%
Electric Power Generation; Transmission and Distribution	6	1,891,512	3.9%	7	1,782,863	3.8%
Electronic Shopping and Mail-Order Houses	7	1,824,303	3.8%	5	1,771,285	3.8%
Clothing Stores	8	1,248,059	2.6%	9	1,153,562	2.5%
Electronics and Appliance Stores	9	1,223,701	2.5%	8	1,145,924	2.5%
Gasoline Stations	10	<u>1,219,443</u>	2.5%	10	<u>1,129,379</u>	2.4%
Totals		<u>23,926,922</u>	49.6%		<u>21,878,887</u>	47.1%

**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
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%
2023	\$ 16,625,460	\$ 15,448,796	92.92%

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.

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

Table 11-1

Year	Governmental Activities				
	General Obligation Bonds	Leases	Subscriptions	Financed Purchase	Bond Premium
2014	\$ -	\$ -	\$ -	\$ 7,418,344 (B)	\$ -
2015	-	-	-	4,409,537	-
2016	-	-	-	882,137	-
2017	-	-	-	1,926,678	-
2018	-	-	-	1,483,969	-
2019	11,005,000 (C)	-	-	173,418	1,293,976
2020	10,495,000	-	-	255,036	1,220,630
2021	9,965,000	-	-	190,976	1,077,446
2022	9,350,000	937,124	-	142,038	941,396
2023	8,710,000	1,193,699	183,029	91,667	812,795

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

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

(B) 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.

(C) 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.

Business-Type Activities		Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
Revenue Bonds	Subscriptions			
\$ 65,790,000	\$ -	\$ 73,208,344	2.84%	1,175.02
60,115,000	-	64,524,537	2.45%	1,035.64
45,655,000 (B)	-	46,537,137	1.74%	746.94
41,360,000	-	43,286,678	1.58%	694.77
36,450,000	-	37,933,969	1.34%	608.85
31,415,000	-	43,887,394	1.55%	704.41
26,432,337	-	38,403,003	1.32%	616.38
20,924,530	-	32,157,952	1.07%	497.87
15,314,659	-	26,685,217	0.78%	413.14
12,404,556	183,029	23,578,775	0.64%	151.75

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

General Bonded Debt Outstanding				
Year	General Obligation Bonds	Bond Premium	Total	Less Debt Service Fund
2014	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	11,005,000 (C)	1,293,976	12,298,976	572,224
2020	10,495,000	1,220,630	11,715,630	723,369
2021	9,965,000	1,077,446	11,042,446	685,703
2022	9,350,000	941,396	10,291,396	686,771
2023	8,710,000	812,795	9,522,795	745,511

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

- (A) See the Schedule of Assessed and Appraised Value of Taxable Property for appraised value data.
- (B) See the Schedule of Demographic and Economic Statistics for personal income and population data.
- (C) 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.

<u>Net Bonded Debt</u>	<u>Percentage of Appraised Value (A) of Property</u>	<u>Per Capita (B)</u>
\$ -	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
-	0.00%	-
11,726,752	0.19%	188.22
10,992,261	0.18%	176.43
10,356,743	0.16%	160.34
9,604,625	0.13%	148.70
8,777,284	0.11%	135.89

City of North Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
For the Year Ending December 31, 2023

Table 12

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u> (B)	<u>City's Share of Overlapping Debt</u>
City of North Little Rock, Arkansas	\$ 10,991,190 (A)	100.00%	\$ 10,991,190
North Little Rock Public School District	<u>187,815,000</u>	100.00%	<u>187,815,000</u>
Total Direct and Overlapping Debt	<u>\$ 198,806,190</u>		<u>\$ 198,806,190</u>

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

Note: (B) The percentage of overlapping debt applicable is estimated using taxable assessed property values within the City.

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

Table 13

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 269,663,547	\$ 220,971,062	\$ 228,363,498	\$ 288,646,544
Total net debt applicable to limit	<u>6,118,344</u>	<u>3,109,537</u>	<u>882,137</u>	<u>886,677</u>
Legal debt margin	<u>\$ 263,545,203</u>	<u>\$ 217,861,525</u>	<u>\$ 227,481,361</u>	<u>\$ 287,759,867</u>
Total net debt applicable to the limit as a percentage of debt limit	2.27%	1.41%	0.39%	0.31%

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.

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 298,212,517	\$ 307,819,033	\$ 314,391,851	\$ 324,582,868	\$ 359,465,793	\$ 387,977,974
508,969	173,418	255,037	190,976	9,492,038	9,801,667
<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>	<u>\$ 378,176,307</u>
0.17%	0.06%	0.08%	0.06%	2.64%	2.53%

Legal Debt Margin Calculation for 2023

Assessed value	\$ 1,551,911,896
Debt limit	
General obligation debt limitation (A)	310,382,379
Short-term financing debt limitation (B)	<u>77,595,595</u>
Total debt limitation	<u>387,977,974</u>
Debt applicable to limit	
General obligation and short-term financing	8,801,667
Less: Amount set aside for repayment in debt services funds	<u>-</u>
Total net debt applicable to limit	<u>8,801,667</u>
Legal debt margin	<u>\$ 379,176,307</u>

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

Table 14

Governmental Activities Revenue Bonds							
2019 Capital Improvement Revenue Bonds							
Debt Service							
Fiscal Year	Pledged Revenues	Principal	Interest	Total	Coverage Ratio		
2020	\$ 1,956,911	\$ 445,000	\$ 411,299	\$ 856,299	2.29		
2021	2,115,396	460,000	391,850	851,850	2.48		
2022	2,337,810	485,000	368,850	853,850	2.74		
2023	2,452,151	505,000	344,600	849,600	2.89		

Special Assessment Bonds							
Debt Service							
Fiscal Year	Pledged Revenues	Principal	Interest	Total	Coverage Ratio		
2020	\$ 141,664	\$ 65,000	\$ 71,050	\$ 136,050	1.04		
2021	171,336	70,000	68,938	138,938	1.23		
2022	189,285	130,000	66,663	196,663	0.96		
2023	215,538	135,000	61,238	196,238	1.10		

Business-type Activities Revenue Bonds							
Electric System Revenue Bonds							
Fiscal Year	Gross Revenue	Operating Expenses	Net Available Revenue	Debt Service		Debt Service	
				Principal	Interest	Total	Coverage Ratio
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
2023	108,629,947	70,862,619	37,767,328	2,971,911	256,013	3,227,924	11.70

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

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

Table 15

<u>Year</u>	<u>Population</u>	<u>Personal Income (B)</u>	<u>Per Capita Income (B)</u>	<u>Median Age</u>
2014	62,304 (A)	\$ 2,582,126,976	\$ 41,444	36.4
2015	62,304 (A)	2,636,331,456	42,314	36.5
2016	62,304 (A)	2,676,766,752	42,963	36.7
2017	62,304 (A)	2,735,207,904	43,901	36.9
2018	62,304 (A)	2,835,579,648	45,512	37.3
2019	62,304 (A)	2,946,169,248	47,287 (D)	37.3
2020	62,304 (A)	2,900,874,240	46,560	37.3
2021	64,591 (E)	3,219,021,667	49,837	35.2
2022	64,591 (E)	3,433,528,378	53,158	35.4
2023	64,591 (E)	3,607,278,168	55,848	37.9

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

(A) 2010 Census

(B) 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.

(C) North Little Rock School District

(D) 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.

(E) 2020 Census

Percent of Population Age 25+ Grad/Professional Degree or Higher	School Enrollment	Unemployment Rate
10.2%	8,576 (C)	5.4%
11.1%	8,413 (C)	4.5%
11.7%	8,405 (C)	3.5%
12.1%	8,427 (C)	3.3%
11.8%	8,145 (C)	3.3%
11.8%	8,076 (C)	3.2%
11.9%	8,017 (C)	4.3%
10.7%	7,685 (C)	4.4%
10.7%	8,139 (C)	2.9%
9.5%	8,254 (C)	3.2%

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

Table 16

Employer	2023			2014 (A)	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Baptist Health	4,000	1	6.19%	-	-
CHI St. Vincent	3,000	2	4.64%	-	-
Maverick Transportation, Inc.	2,500	3	3.87%	-	-
North Little Rock Public High School	1,200	4	1.86%	-	-
City of North Little Rock	984	5	1.52%	-	-
Pinnacle Business Solutions	919	6	1.42%	-	-
Ozark Waffles	850	7	1.32%	-	-
Dow Building Services	600	8	0.93%	-	-
University of Arkansas - Pulaski Technical College	567	9	0.88%	-	-
Amazon	500	10	0.77%	-	-
	<u>15,120</u>		<u>23.40%</u>	<u>-</u>	

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

(A) Information was not available regarding major employers for 2014, but the City is working toward building a ten-year history.

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

Table 17

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government						
Administration	9	8	8	8	9	9
City clerk	4	4	4	4	5	5
Code enforcement	13	14	14	14	13	13
Commerce	4	4	4	4	4	4
Communications	1	1	1	1	1	1
District court - First division	9	9	9	9	9	8
District court - Second division	9	9	9	9	9	9
Finance	12	13	13	13	14	14
Human Resources	8	8	8	8	8	9
Legal	8	8	8	8	8	8
Planning	12	12	12	12	12	13
Vehicle maintenance	13	13	13	13	13	13
Animal shelter	9	9	9	9	9	10
Emergency services	32	32	32	32	32	32
Fit 2 Live - Wellness	2	1	1	1	1	1
Neighborhood services	2	2	2	2	2	2
Fire	151	151	175	175	175	166 (A)
Police	238	238	239	240	240	239 (B)
Public works	10	11	11	11	11	11
Sanitation	41	39	39	39	39	39
Senior Citizens Center	8	8	8	8	8	8
Total general fund	<u>595</u>	<u>594</u>	<u>619</u>	<u>620</u>	<u>622</u>	<u>614</u>
Community development	6	6	5	5	5	5
Electric	103	103	101	104	131	134 (C)
Information technology	-	-	-	-	-	21 (D)
Parks and recreation	64	64	71	71	79	85
Street	53	53	53	53	58	58
Traffic services	13	13	13	13	13	14
Utilities accounting	43	43	43	43	10	- (C)
Total other funds	<u>282</u>	<u>282</u>	<u>286</u>	<u>289</u>	<u>296</u>	<u>317</u>
Total personnel	<u>877</u>	<u>876</u>	<u>905</u>	<u>909</u>	<u>918</u>	<u>931</u>

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

(B) One position moved from the Police Department to the Information Technology Department.

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

(D) A central Information Technology Department was established.

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
9	9	9	13
5	5	5	4
13	13	13	13
4	4	4	-
1	1	1	2
8	8	8	8
9	9	9	9
14	17 (E)	18	22
9	9	9	9
8	8	8	7
13	13	13	13
13	14	14	14
11	11	11	11
32	32	32	33
1	2	1	1
2	2	4	4
166	166	166	166
239	237 (E)	231	230
11	11	11	5
39	39	39	39
8	8	8	8
<u>615</u>	<u>618</u>	<u>614</u>	<u>611</u>
4	4	4	4
134	138	136	135
21	23	23	23
86	93	93	95
58	58	58	58
14	15	15	17
-	-	-	-
<u>317</u>	<u>331</u>	<u>329</u>	<u>332</u>
<u>932</u>	<u>949</u>	<u>943</u>	<u>943</u>

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

Table 18

Function	2014	2015	2016	2017	2018
Animal Shelter					
Animals Handled	3,865	3,368	3,350	3,195	3,443
Adoptions	674	668	722	887	968
Fire					
Number of uniformed employees	148	148	172	172	172
Fires and explosions	470	555	512	496	519
Rescue, emergency medical calls	6,157	6,605	7,112	7,261	7,044
Service calls	1,082	1,066	1,158	1,250	1,340
Good intent calls	-	-	-	-	-
False alarm calls	802	733	835	857	838
Other calls	2,222	1,833	2,207	2,317	2,325
Total calls	10,733	10,792	11,824	12,181	12,066
Police					
Number of uniformed employees	202	202	202	202	201
Calls for service	97,558	94,413	91,273	94,986	109,715
Arrests	8,655	8,421	8,176	7,311	7,225

Sources: Various city departments.

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

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



<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2,557	2,304	2,363	2,425	3,187
806	563	765	1,040	1,274
163	160	160	160	163
453	523	210	723	624
6,775	6,347	5,936	8,030	7,826
1,085	266	1,402	1,557	1,534
-	-	-	1,976 (A)	1,965
869	802	871	947	1,008
<u>2,119</u>	<u>3,409</u>	<u>4,378</u>	<u>352</u>	<u>504</u>
<u>11,301</u>	<u>11,347</u>	<u>12,797</u>	<u>13,585</u>	<u>13,461</u>
201	178	201	201	201
90,058	72,537	100,731	79,301	93,372
6,862	6,317	5,448	7,909	3,576

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

Table 19

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

* On March 31, 2023 a tornado hit the City of North Little Rock damaging 1 disc golf course and 11 pavilions. As of the date of this report, the City has replaced the disc golf course and all 11 pavilions have been replaced.

Sources: Various city departments.

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 *</u>
11	11	11	11
4	4	4	4
35	37	37	37
51	54	54	54
40	50	50	50
2	2	2	2
4	5	5	2
5	6	6	6
3	3	3	3
51	55	55	55

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, 2023.

- 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, 2023.

Forvis Mazars, LLP

**Dallas, Texas
July 16, 2024**

SINGLE AUDIT SECTION



**City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023**

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 Programs:				
<i>CDBG – Entitlement Grants Cluster</i>				
COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		\$ -	\$ 289,998
Community Development Block Grants/Entitlement Grants	14.218		69,457	203,937
<i>Total CDBG – Entitlement Grants Cluster</i>			<u>69,457</u>	<u>493,935</u>
COVID-19 – HOME Investment Partnerships Program	14.239		-	60,791
HOME Investment Partnerships Program	14.239		366,377	383,859
Total HOME Investment Partnerships Program			<u>366,377</u>	<u>444,650</u>
Total Department of Housing and Urban Development			<u>435,834</u>	<u>938,585</u>
<u>Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607		-	11,497
Edward Byrne Memorial Justice Assistance Grant	16.738		-	62,905
			<u>-</u>	<u>74,402</u>
Passed through from:				
National Recreation and Park Association				
Juvenile Mentoring Program	16.726	15PJDP-22-GG-03844-MENT	-	3,753
			<u>-</u>	<u>3,753</u>
Total Department of Justice			<u>-</u>	<u>78,155</u>
<u>Department of Transportation</u>				
Direct Program:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction Program	20.205		-	1,554,629
Passed through from:				
Arkansas State Police				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	OP-2023-02-02-18	-	214
Child Safety and Child Booster Seats Incentive Grants	20.613	OP-2023-02-02-18	-	5,958
National Priority Safety Programs	20.616	OP-2024-02-02-18	-	2,179
<i>Total Highway Safety Cluster</i>			<u>-</u>	<u>8,351</u>
Total Department of Transportation			<u>-</u>	<u>1,562,980</u>
<u>U.S. Department of Treasury</u>				
Direct Program:				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,101,191
Total U. S. Department of Treasury			<u>-</u>	<u>2,101,191</u>
<u>Department of Homeland Security</u>				
Passed through from:				
Arkansas Department of Emergency Management				
Emergency Management Performance Grants	97.042	EMT-2021-EP-00008-S01, EMT-2022-EP-00002-S01	-	78,415
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4698	-	20,957,579
Total Department of Homeland Security			<u>-</u>	<u>21,035,994</u>
Total Federal Awards Expended			<u>\$ 435,834</u>	<u>\$ 25,716,905</u>

City of North Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

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, 2023. 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, 2023.

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 16, 2024.

Our report includes a reference to other auditors who audited the financial statements of North Little Rock Waste Water Utility and North Little Rock Advertising and Promotion Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 Mazars, LLP

**Dallas, Texas
July 16, 2024**

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, 2023. 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, 2023.

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.

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

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 Mazars, LLP

**Dallas, Texas
July 16, 2024**

**City of North Little Rock, Arkansas
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2023**

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, 2023**

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, 2023**

Reference Number	Summary of Finding	Status
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No matters are reportable.

