

CITY OF NORTH LITTLE ROCK, ARKANSAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2024



Cover photo by Ember Strange

On the Cover:

The splash pad in Burns Park opened on May 30, 2025. The splash pad was part of the new Funland park rebuilt after the March 31, 2023 tornado destroyed the original Funland. The new park includes state of the art play equipment for all ages and capabilities and the state of the art splash pad. Throughout the Annual Comprehensive Financial Report you will find pictures of the new Funland taken by Jeff Caplinger.

CITY OF NORTH LITTLE ROCK
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended December 31, 2024



PREPARED BY:

DEPARTMENT OF FINANCE

Ember Strange, Chief Financial Officer

Anita Worley, Assistant Chief Financial Officer

Amanda Bonner, Comptroller

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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

June 19, 2025

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, 2024.

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, LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of North Little Rock for the fiscal year ended December 31, 2024, 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 unmodified opinions that the City of North Little Rock's financial statements for the fiscal year ended December 31, 2024, 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 the 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 and Recreation Fund, Sales Tax Capital Improvement Fund and the 2023 Sales Tax Capital Improvement Fund. For the General Fund, this comparison is presented on page 20 as part of the basic financial statements for the governmental funds. For the other funds, this comparison is presented beginning on page 120 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 2024. Lowe's completed a 1.2 million square foot distribution center in October 2023. The facility costs approximately \$120 million to build. It is equipped with technology to manage the distribution of home improvement products. Next door to the Lowe's distribution center is the new 1 million square foot Dollar General Distribution Center. Construction on this facility was completed in 2024. This investment totaled \$160 million.

The City's local sales taxes (which represent 65% of General Fund revenue, excluding transfers) decreased 2.3% over the prior year. This decrease is attributed to the recovery efforts of the March 2023 tornado. Many people lost everything and had to rebuild from the ground up.

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 Chief Financial Officer 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, 2024, the General Fund emergency reserve was approximately \$20.1 million.

Awards and Acknowledgements

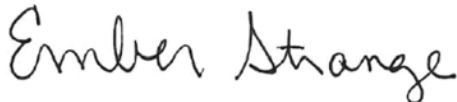
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Little Rock for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the fifth 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 unfailing 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**

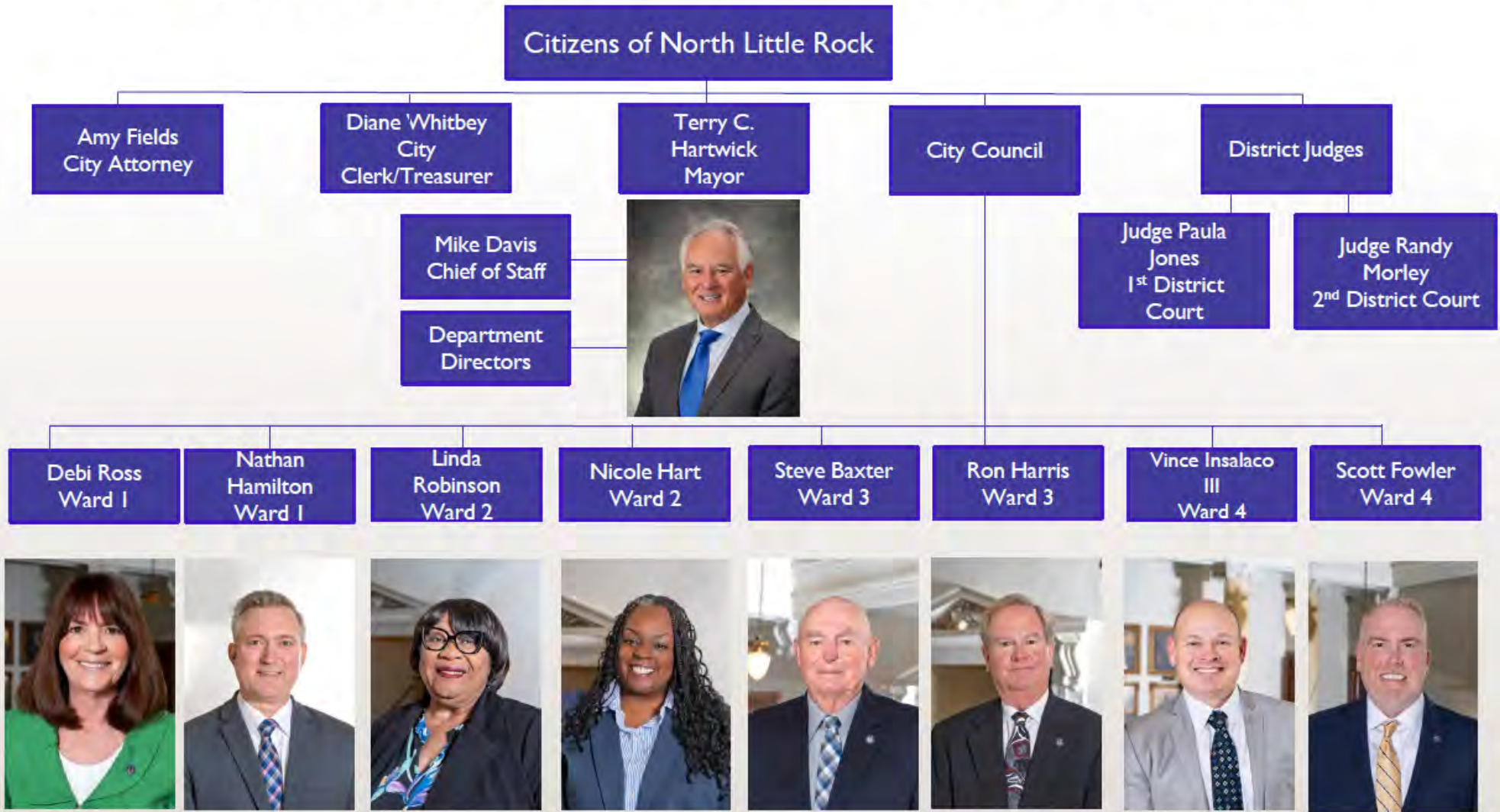
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

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, 2024

| | |
|---------------------------------------|------------------|
| 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 Bailey |
| Emergency Services | Kim Francisco |
| Engineering | David Cook |
| Fit 2 Live | Vacant |
| Hays 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 |
| Streets | 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, 2024, 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, 2024, 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 87%, 87%, and 84%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units as of December 31, 2024. 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 and other auditors 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 June 19, 2025, 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
June 19, 2025**

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024**

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, 2024. 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, 2024 by \$322,351,493 (presented as "net position"). Unrestricted net position is \$25,979,184.

- The City's total net position increased by \$31,711,185 in 2024. Net position of governmental activities increased by \$23,303,036. Net position of business-type activities increased \$8,408,149.
- As of December 31, 2024, the City's governmental funds reports combined ending fund balances of \$87,709,381 an increase of \$7,146,003 from 2024. Approximately 42% of this amount, \$37,011,697 is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2024, the unassigned fund balance for the General Fund was \$37,020,668 or 38% of total General Fund expenditures.
- As of December 31, 2024, the net position of the proprietary funds totaled \$183,923,132. Net position increased by \$8,408,149 during the year ended December 31, 2024.
- As of December 31, 2024, net position of fiduciary funds was \$66,788,893. There was an increase of \$7,184,685 in the total fiduciary net position restricted for pension benefits for the year ended December 31, 2024 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.

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).

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024**

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 North Little Rock Public Library System, 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 12-15 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.

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 13 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 10 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 16-19 of this reporting package. A budget to actual comparison for the General Fund can be found on page 20 of this reporting package. Budgets for various special revenue and capital projects funds can be found on pages 120-123.

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 21-24 of this reporting package.

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024**

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 25-26 of this reporting package.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-90 of this reporting package.

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 91-123 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 2024 compared to 2023:

City of North Little Rock, Arkansas
Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 107,914,407 | \$ 105,896,263 | \$ 86,143,919 | \$ 84,100,011 | \$ 194,058,326 | \$ 189,996,274 |
| Capital, lease, and subscription assets | 177,253,010 | 161,217,254 | 129,375,253 | 128,068,444 | 306,628,263 | 289,285,698 |
| Total assets | 285,167,417 | 267,113,517 | 215,519,172 | 212,168,455 | 500,686,589 | 479,281,972 |
| Deferred outflows of resources | 27,609,073 | 37,055,565 | 966,941 | 2,236,894 | 28,576,014 | 39,292,459 |
| Total assets and deferred outflows of resources | 312,776,490 | 304,169,082 | 216,486,113 | 214,405,349 | 529,262,603 | 518,574,431 |
| Long-term liabilities | 154,646,589 | 164,093,333 | 18,778,863 | 22,820,191 | 173,425,452 | 186,913,524 |
| Other liabilities | 9,752,701 | 15,182,986 | 12,869,663 | 15,380,498 | 22,622,364 | 30,563,484 |
| Total liabilities | 164,399,290 | 179,276,319 | 31,648,526 | 38,200,689 | 196,047,816 | 217,477,008 |
| Deferred inflows of resources | 9,948,839 | 9,767,438 | 914,455 | 689,677 | 10,863,294 | 10,457,115 |
| Net investment in capital assets | 164,397,705 | 149,323,912 | 119,871,318 | 115,367,289 | 284,269,023 | 264,691,201 |
| Restricted | 10,297,319 | 12,612,466 | 1,805,967 | 1,786,631 | 12,103,286 | 14,399,097 |
| Unrestricted | (36,266,663) | (46,811,053) | 62,245,847 | 58,361,063 | 25,979,184 | 11,550,010 |
| Total net position | 138,428,361 | 115,125,325 | 183,923,132 | 175,514,983 | 322,351,493 | 290,640,308 |
| Total liabilities, deferred inflows of resources, and net position | \$ 312,776,490 | \$ 304,169,082 | \$ 216,486,113 | \$ 214,405,349 | \$ 529,262,603 | \$ 518,574,431 |

City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024

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 \$322,351,493 as of December 31, 2024. The largest portion of the City's net position (\$284,269,023 or 88%) 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.

An additional portion of the City's net position, \$12,103,286 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 \$25,979,184.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended December 31, 2024 and 2023. Governmental activities increased the City's net position by \$23,303,036 for the year ended December 31, 2024. Total revenues, excluding transfers, decreased approximately \$10 million compared to the prior year. However, governmental revenues, excluding transfers exceeded governmental expenditures by approximately \$10 million contributing to the increase in net position. In 2023 the City was struck by an EF3 tornado resulting in millions of dollars of one-time unplanned expenditures that did not carryover to the current year. The increase in net position is also attributed to transfers in of \$13.9 million from the Electric Department.

At the end of 2024, operating grants and contributions in governmental funds were approximately \$14 million less than the prior year and \$3.2 million less than 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 31, 2023 tornado.

Grants not restricted to specific programs increased approximately \$875,000 in the current year. In 2022, the City received its second tranche of ARPA funding and continued spending the first tranche. In 2024, the City expended the remaining ARPA funds on two pumper trucks, a line truck and a bucket truck.

Miscellaneous revenue increased by approximately \$2 million as a result of properties that were sold in 2024 that were no longer available for sale, specifically, property sold in downtown to Argenta Hospitality for the future site of the Tempo by Hilton hotel.

General government expense decreased approximately \$16.4 million over the prior year. This decrease is primarily a result of the March 31, 2023 tornado and the costs associated with debris removal around the City and in Burns Park in 2023.

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

The decrease in public works expense is due to the Burns Park pavement repairs that were a result of the tornado that occurred on March 31, 2023.

The increase in street and traffic expense in 2024 is primarily associated with a 2.5% raise given at the beginning of the year.

The decrease in culture and recreation is associated with one time expenses in 2023 related to the 2023 tornado.

City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024

In 2024, net position of business-type activities increased by approximately \$8.4 million. Charges for services decreased approximately \$4 million due to less kWh usage as weather was milder than the previous year and one of the Electric Department's largest customers closing operations in October 2023, which reduced demand significantly during 2024. The majority of the Electric Department operating revenue is derived from residential and commercial customers. Operating expenses decreased in 2024 as well due to below average power costs, resulting in the increase in net position.

City of North Little Rock, Arkansas
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 12,130,730 | \$ 10,968,870 | \$ 102,263,034 | \$ 106,771,617 | \$ 114,393,764 | \$ 117,740,487 |
| Operating grants and contributions | 2,202,404 | 16,153,352 | 287,128 | 3,443,908 | 2,489,532 | 19,597,260 |
| Capital grants | 5,002,001 | 4,773,558 | - | - | 5,002,001 | 4,773,558 |
| General revenues | | | | | | |
| Taxes | 99,853,696 | 100,428,185 | - | - | 99,853,696 | 100,428,185 |
| Franchise taxes | 4,283,043 | 4,587,543 | - | - | 4,283,043 | 4,587,543 |
| Grants not restricted to specific programs | 2,982,271 | 2,109,603 | - | - | 2,982,271 | 2,109,603 |
| Investment income | 2,648,766 | 2,642,811 | 1,838,285 | 1,858,330 | 4,487,051 | 4,501,141 |
| Miscellaneous | 2,898,696 | 899,707 | - | - | 2,898,696 | 899,707 |
| Total revenues | 132,001,607 | 142,563,629 | 104,388,447 | 112,073,855 | 236,390,054 | 254,637,484 |
| Expenses | | | | | | |
| General government | 33,822,606 | 50,216,265 | - | - | 33,822,606 | 50,216,265 |
| Public safety | 58,016,021 | 44,671,828 | - | - | 58,016,021 | 44,671,828 |
| Public works | 2,383,848 | 2,959,471 | - | - | 2,383,848 | 2,959,471 |
| Street and traffic | 9,233,849 | 8,950,164 | - | - | 9,233,849 | 8,950,164 |
| Health and sanitation | 7,131,884 | 7,088,623 | - | - | 7,131,884 | 7,088,623 |
| Community development | 1,019,042 | 950,774 | - | - | 1,019,042 | 950,774 |
| Culture and recreation | 10,788,074 | 11,935,917 | - | - | 10,788,074 | 11,935,917 |
| Interest and agent fees | 253,247 | 296,603 | - | - | 253,247 | 296,603 |
| Electric department | - | - | 82,030,298 | 82,204,333 | 82,030,298 | 82,204,333 |
| Total expenses | 122,648,571 | 127,069,645 | 82,030,298 | 82,204,333 | 204,678,869 | 209,273,978 |
| Increases in net position before transfers | 9,353,036 | 15,493,984 | 22,358,149 | 29,869,522 | 31,711,185 | 45,363,506 |
| Transfers | 13,950,000 | 13,649,346 | (13,950,000) | (13,649,346) | - | - |
| Increase in net position | 23,303,036 | 29,143,330 | 8,408,149 | 16,220,176 | 31,711,185 | 45,363,506 |
| Net position, beginning of year | 115,125,325 | 85,981,995 | 175,514,983 | 159,294,807 | 290,640,308 | 245,276,802 |
| Net position, end of year | \$ 138,428,361 | \$ 115,125,325 | \$ 183,923,132 | \$ 175,514,983 | \$ 322,351,493 | \$ 290,640,308 |

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.

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87,709,381. Approximately 42% of this total amount or \$37,011,697 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 \$1,797,726, \$7,779,819, \$38,280,166, and \$2,839,973, 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 \$37,020,668 while total fund balance was \$61,493,566. 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 38% of total expenditures, while total fund balance represents 64% of that same amount. The General Fund's fund balance increased by \$7,555,933 during the current fiscal year. Total revenues increased approximately \$0.7 million. Expenditures decreased \$8,905,968. This decrease was a result of one time 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 in 2023.

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 ARPA Fund's fund balance decreased \$390,242 to zero at the end of the year. The City planned expenditures to ensure funds were spent by the end of 2024.

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 decreased approximately \$14.7 million in 2024. This decrease is associated with the FEMA Disaster Aid Funding as a result of the March 31, 2023 tornado, resulting in less expenditures in 2024.

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 \$62,245,847 as of December 31, 2024. The Electric Department's net position increased \$8,408,149. Charges for services decreased approximately \$4 million due to less kWh usage as weather was milder than the previous year and one of the Electric Department's largest customers closing operations in October 2023, which reduced demand significantly during 2024. The majority of the Electric Department operating revenue is derived from residential and commercial customers. Operating expenses decreased in 2024 as well due to below average power costs, resulting in the increase in net position.

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 2024 there was approximately \$3 million in outstanding purchase orders from 2023 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 \$101,073,513 as compared to the original budgeted expenditures of \$91,907,815 an increase of \$9,165,698. The majority of this increase in budgeted expenditures was an increase in capital outlay of \$4,885,956. 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 North Little Rock Event Center, costs of completing the Rose City Health Clinic not spent in the prior year, and renovations to the history commission. Additionally, approximately \$1.6 million of the budgeted increase in expenditures is due to increase in public safety costs.

City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024

Actual revenue exceeded the general fund amended budget by approximately \$4 million at the end of 2024. The favorable variance is primarily associated with higher than anticipated tax revenues due to continued increased costs of goods and services. Final budgeted revenue exceeded the original budget by approximately \$5.4 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, 2024 amounts to \$306,628,263 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 \$476,002.
- Additions to governmental land of \$842,258.
- Additions to governmental land improvements of \$113,963.
- Additions to governmental vehicles of \$3,235,357.
- Additions to governmental equipment of \$1,879,082.
- Additions to governmental CIP of \$18,829,697 primarily related to the construction of Fire Station 11, Central Fire Station, Funland and renovations related to the Animal Shelter and North Little Rock Community Center.
- Additions to the Electrical system CIP of \$10,046,228.
- Additions to the Electrical system plant and equipment totaling \$2,961,238.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land and land rights | \$ 11,432,480 | \$ 11,512,894 | \$ 2,382,960 | \$ 2,382,960 | \$ 13,815,440 | \$ 13,895,854 |
| Construction in progress | 16,622,815 | 16,241,889 | 12,409,625 | 12,016,108 | 29,032,440 | 28,257,997 |
| Utility system plant and equipment | - | - | 322,547,441 | 318,136,766 | 322,547,441 | 318,136,766 |
| Infrastructure | 77,635,730 | 69,221,327 | - | - | 77,635,730 | 69,221,327 |
| Buildings | 97,279,731 | 87,309,259 | - | - | 97,279,731 | 87,309,259 |
| Land improvements | 11,048,906 | 10,159,589 | - | - | 11,048,906 | 10,159,589 |
| Vehicles | 36,833,383 | 34,217,582 | - | - | 36,833,383 | 34,217,582 |
| Equipment | 39,030,322 | 37,085,920 | - | - | 39,030,322 | 37,085,920 |
| Ships and watercraft | 3,677,016 | 3,673,738 | - | - | 3,677,016 | 3,673,738 |
| Subscription assets | 1,304,728 | 466,457 | 507,186 | 627,852 | 1,811,914 | 1,094,309 |
| Leased equipment | 615,333 | 645,847 | - | - | 615,333 | 645,847 |
| Leased building | 1,136,205 | 784,724 | - | - | 1,136,205 | 784,724 |
| Accumulated depreciation/amortization | (119,363,639) | (110,101,971) | (208,471,959) | (205,095,242) | (327,835,598) | (315,197,213) |
| Total | \$ 177,253,010 | \$ 161,217,255 | \$ 129,375,253 | \$ 128,068,444 | \$ 306,628,263 | \$ 289,285,699 |

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

**City of North Little Rock, Arkansas
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2024**

Debt Administration

At December 31, 2024, the City had \$20,475,211 outstanding debt consisting of revenue bonds, special obligation bonds, financed purchases, and subscription and lease liabilities. Of this debt, \$18,154,643 was secured by specific revenue sources.

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue bonds | \$ - | \$ - | \$ 9,432,646 | \$ 12,404,556 | \$ 9,432,646 | \$ 12,404,556 |
| Bonds payable | 8,721,997 | 9,522,795 | - | - | 8,721,997 | 9,522,795 |
| Financed purchases | 39,821 | 91,667 | - | - | 39,821 | 91,667 |
| Subscription liability | 870,616 | 183,029 | 71,289 | 338,986 | 941,905 | 522,015 |
| Lease liability | 1,338,842 | 1,193,699 | - | - | 1,338,842 | 1,193,699 |
| Total | \$ 10,971,276 | \$ 10,991,190 | \$ 9,503,935 | \$ 12,743,542 | \$ 20,475,211 | \$ 23,734,732 |

Total long-term bonds, financed purchases, and lease liabilities outstanding at December 31, 2024, decreased by \$3,259,521 due to scheduled payments. Additional information regarding the City's long-term debt can be found in Note 6 of this report.

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 2025 budget for the General Fund includes budgeted revenues of \$95,334,825 including net transfers in of \$6,957,939, and expenditures of \$95,332,729.

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.

City of North Little Rock, Arkansas
Statement of Net Position
December 31, 2024

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 28,567,287 | \$ 35,351,316 | \$ 63,918,603 | \$ 15,264,695 |
| Investments | 40,709,290 | 13,903,323 | 54,612,613 | 13,826,625 |
| Accounts receivable - net of allowance | 34,183,135 | 5,827,792 | 40,010,927 | 9,549,799 |
| Lease receivable | 409,349 | - | 409,349 | 1,811,465 |
| Prepays | 1,797,726 | 2,376,708 | 4,174,434 | 1,359,079 |
| Inventories | - | 13,704,258 | 13,704,258 | 48,508 |
| Restricted cash and cash equivalents | 645,135 | 9,528,185 | 10,173,320 | 6,011,513 |
| Notes receivable | - | 1,155,000 | 1,155,000 | 158,380 |
| Internal balances | 1,602,485 | (1,602,485) | - | - |
| Unbilled revenues | - | 5,899,822 | 5,899,822 | - |
| Capital assets - nondepreciable | 28,055,295 | 14,792,585 | 42,847,880 | 12,278,893 |
| Capital, lease, and subscription assets - depreciable, net | 149,197,715 | 114,582,668 | 263,780,383 | 146,307,866 |
| Total assets | 285,167,417 | 215,519,172 | 500,686,589 | 206,616,823 |
| Deferred Outflows of Resources | | | | |
| Deferred amount related to pensions | 27,078,460 | 893,468 | 27,971,928 | 3,757,063 |
| Deferred amount related to OPEB | 530,613 | 73,473 | 604,086 | - |
| Total deferred outflows of resources | 27,609,073 | 966,941 | 28,576,014 | 3,757,063 |
| Total assets and deferred outflows of resources | \$ 312,776,490 | \$ 216,486,113 | \$ 529,262,603 | \$ 210,373,886 |

City of North Little Rock, Arkansas
Statement of Net Position
December 31, 2024

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Liabilities | | | | |
| Accounts payable | \$ 3,275,335 | \$ 822,983 | \$ 4,098,318 | \$ 2,166,776 |
| Accrued expenses | 3,479,430 | 1,041,816 | 4,521,246 | 3,430,131 |
| Unearned revenue | 132,716 | - | 132,716 | - |
| Accrued interest payable | 52,572 | 86,065 | 138,637 | - |
| Noncurrent Liabilities | | | | |
| Due within one year | | | | |
| Bonds and loan payable | 817,601 | 3,027,646 | 3,845,247 | 4,602,344 |
| Financed purchase | 39,821 | - | 39,821 | - |
| Lease liability | 191,855 | - | 191,855 | - |
| Subscription liability | 365,044 | 49,487 | 414,531 | 12,991 |
| Compensated absences | 1,214,706 | 162,300 | 1,377,006 | 1,243,647 |
| Total OPEB liability | 183,621 | - | 183,621 | - |
| Customer deposits | - | 7,679,366 | 7,679,366 | - |
| Due in more than one year | | | | |
| Bonds and loan payable, net of amortized premiums | 7,904,396 | 6,405,000 | 14,309,396 | 35,476,977 |
| Lease liability | 1,146,987 | - | 1,146,987 | - |
| Subscription liability | 505,572 | 21,802 | 527,374 | 13,389 |
| Reserve for bio-solid disposal | - | - | - | 1,168,750 |
| Net pension liability | 131,145,252 | 10,343,362 | 141,488,614 | 5,936,923 |
| Total OPEB liability | 2,196,552 | 260,118 | 2,456,670 | 143,914 |
| Compensated absences | 11,747,830 | 1,748,581 | 13,496,411 | 257,520 |
| Total liabilities | 164,399,290 | 31,648,526 | 196,047,816 | 54,453,362 |
| Deferred Inflows of Resources | | | | |
| Deferred amounts related to pensions | 5,639,798 | 345,684 | 5,985,482 | 1,650,042 |
| Deferred amount related to OPEB | 3,905,226 | 568,771 | 4,473,997 | - |
| Lease related | 403,815 | - | 403,815 | 1,777,458 |
| Total deferred inflows of resources | 9,948,839 | 914,455 | 10,863,294 | 3,427,500 |
| Net Position | | | | |
| Net investment in capital assets | 164,397,705 | 119,871,318 | 284,269,023 | 115,157,685 |
| Restricted | | | | |
| Debt service | 1,106,050 | 1,805,967 | 2,912,017 | 5,432,097 |
| Street and traffic | 6,125,874 | - | 6,125,874 | - |
| Parks and recreation | 1,995,642 | - | 1,995,642 | - |
| Community development | 2,262 | - | 2,262 | - |
| Police - equitable sharing | 292,855 | - | 292,855 | - |
| Drainage improvement | 774,636 | - | 774,636 | - |
| Airport | - | - | - | 1,340,099 |
| Library | - | - | - | 33,296 |
| Unrestricted | (36,266,663) | 62,245,847 | 25,979,184 | 30,529,847 |
| Total net position | 138,428,361 | 183,923,132 | 322,351,493 | 152,493,024 |
| Total liabilities, deferred inflows of resources and net position | \$ 312,776,490 | \$ 216,486,113 | \$ 529,262,603 | \$ 210,373,886 |

City of North Little Rock, Arkansas
Statement of Activities
For the Year Ended December 31, 2024

| Functions/Programs | Expenses | Program Revenues | | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government | \$ 33,822,606 | \$ 6,076,250 | \$ 50,899 | \$ 594,505 |
| Public safety | 58,016,021 | 2,064,087 | 224,672 | 119,178 |
| Public works | 2,383,848 | - | - | 3,286,707 |
| Street and traffic | 9,233,849 | 141,404 | - | - |
| Health and sanitation | 7,131,884 | 1,755,727 | - | - |
| Community development | 1,019,042 | - | - | - |
| Culture and recreation | 10,788,074 | 2,093,262 | 1,926,833 | 1,001,611 |
| Interest and fiscal charges | 253,247 | - | - | - |
| Total governmental activities | <u>122,648,571</u> | <u>12,130,730</u> | <u>2,202,404</u> | <u>5,002,001</u> |
| Business-type activities | | | | |
| Electric Department | 82,030,298 | 102,263,034 | 287,128 | - |
| Total business-type activities | <u>82,030,298</u> | <u>102,263,034</u> | <u>287,128</u> | <u>-</u> |
| Total primary government | <u>\$ 204,678,869</u> | <u>\$ 114,393,764</u> | <u>\$ 2,489,532</u> | <u>\$ 5,002,001</u> |
| Component Units | | | | |
| Component units | 35,643,846 | 30,581,924 | 131,411 | 1,634,416 |
| Total component units | <u>\$ 35,643,846</u> | <u>\$ 30,581,924</u> | <u>\$ 131,411</u> | <u>\$ 1,634,416</u> |
| General Revenues and Transfers | | | | |
| General revenues: | | | | |
| Sales taxes | | | | |
| Other taxes | | | | |
| Franchise taxes | | | | |
| 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 |
|------------------------------------|-------------------------------------|------------------------|----------------------------|
| \$ (27,100,952) | \$ - | \$ (27,100,952) | \$ - |
| (55,608,084) | - | (55,608,084) | - |
| 902,859 | - | 902,859 | - |
| (9,092,445) | - | (9,092,445) | - |
| (5,376,157) | - | (5,376,157) | - |
| (1,019,042) | - | (1,019,042) | - |
| (5,766,368) | - | (5,766,368) | - |
| (253,247) | - | (253,247) | - |
| <u>(103,313,436)</u> | <u>-</u> | <u>(103,313,436)</u> | <u>-</u> |
| - | 20,519,864 | 20,519,864 | - |
| - | 20,519,864 | 20,519,864 | - |
| <u>\$ (103,313,436)</u> | <u>\$ 20,519,864</u> | <u>\$ (82,793,572)</u> | <u>\$ -</u> |
| | | | <u>(3,296,095)</u> |
| | | | <u>\$ (3,296,095)</u> |
| 78,972,144 | - | 78,972,144 | 10,179,788 |
| 20,881,552 | - | 20,881,552 | 4,993,275 |
| 4,283,043 | - | 4,283,043 | - |
| 2,982,271 | - | 2,982,271 | - |
| 2,648,766 | 1,838,285 | 4,487,051 | 1,182,621 |
| 2,898,696 | - | 2,898,696 | 250,112 |
| 13,950,000 | (13,950,000) | - | - |
| <u>126,616,472</u> | <u>(12,111,715)</u> | <u>114,504,757</u> | <u>16,605,796</u> |
| 23,303,036 | 8,408,149 | 31,711,185 | 13,309,701 |
| <u>115,125,325</u> | <u>175,514,983</u> | <u>290,640,308</u> | <u>139,183,323</u> |
| <u>\$ 138,428,361</u> | <u>\$ 183,923,132</u> | <u>\$ 322,351,493</u> | <u>\$ 152,493,024</u> |

City of North Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2024

| | General | ARPA | Grant | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------|---------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 14,033,479 | \$ - | \$ - | \$ 14,533,808 | \$ 28,567,287 |
| Investments | 33,830,173 | - | - | 6,879,117 | 40,709,290 |
| Property taxes receivable - net of allowance | 11,530,043 | - | - | 2,674,143 | 14,204,186 |
| Sales tax receivable | 11,776,925 | - | - | 2,232,574 | 14,009,499 |
| Franchise tax receivable | 442,264 | - | - | - | 442,264 |
| Accounts receivable | 810,664 | - | - | - | 810,664 |
| Leases receivable | 409,349 | - | - | - | 409,349 |
| Due from other governments | 12,245 | - | 4,334,591 | 369,686 | 4,716,522 |
| Due from other funds | 6,469,936 | - | 2,498 | 4,026,973 | 10,499,407 |
| Prepays | 1,517,118 | - | - | 280,608 | 1,797,726 |
| Restricted cash equivalents | - | - | - | 645,135 | 645,135 |
| Total assets | \$ 80,832,196 | \$ - | \$ 4,337,089 | \$ 31,642,044 | \$ 116,811,329 |
| Liabilities | | | | | |
| Accounts payable | \$ 1,827,506 | \$ - | \$ 79,960 | \$ 1,367,870 | \$ 3,275,336 |
| Accrued expenses | 3,152,664 | - | 2,790 | 323,976 | 3,479,430 |
| Unearned revenue | 6,468 | - | 126,248 | - | 132,716 |
| Due to other funds | 3,468,224 | - | 4,137,062 | 1,291,636 | 8,896,922 |
| Total liabilities | 8,454,862 | - | 4,346,060 | 2,983,482 | 15,784,404 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue - property taxes | 10,479,953 | - | - | 2,433,776 | 12,913,729 |
| Lease related | 403,815 | - | - | - | 403,815 |
| Total deferred inflows of resources | 10,883,768 | - | - | 2,433,776 | 13,317,544 |
| Fund Balances | | | | | |
| Nonspendable | 1,517,118 | - | - | 280,608 | 1,797,726 |
| Restricted for | | | | | |
| Debt service | - | - | - | 837,077 | 837,077 |
| Street and traffic | - | - | - | 3,877,347 | 3,877,347 |
| Parks and recreation | - | - | - | 1,995,642 | 1,995,642 |
| Community development | - | - | - | 2,262 | 2,262 |
| Police - equitable sharing | - | - | - | 292,855 | 292,855 |
| Drainage improvement | - | - | - | 774,636 | 774,636 |
| Committed | 20,115,807 | - | - | 18,164,359 | 38,280,166 |
| Assigned | 2,839,973 | - | - | - | 2,839,973 |
| Unassigned | 37,020,668 | - | (8,971) | - | 37,011,697 |
| Total fund balances (deficit) | 61,493,566 | - | (8,971) | 26,224,786 | 87,709,381 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 80,832,196 | \$ - | \$ 4,337,089 | \$ 31,642,044 | \$ 116,811,329 |

City of North Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

| | |
|---|-----------------------|
| Total fund balances – governmental funds | \$ 87,709,381 |
| 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 | 177,253,010 |
| 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. | 12,913,729 |
| 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 | (52,572) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds | |
| Accrued compensated absences | (12,962,536) |
| Total OPEB liability | (2,380,173) |
| Net Pension Liability | (131,145,252) |
| Bonds payable, including premiums | (8,721,997) |
| Financed purchases | (39,821) |
| Lease liability | (1,338,842) |
| Subscription liability | (870,616) |
| 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>18,064,050</u> |
| Net position of governmental activities | <u>\$ 138,428,361</u> |

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

| | General | ARPA | Grant | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------|--------------------|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes - sales | \$ 66,345,703 | \$ - | \$ - | \$ 12,626,441 | \$ 78,972,144 |
| Taxes - other | 17,691,839 | - | - | 2,463,832 | 20,155,671 |
| Franchise fees | 4,283,043 | - | - | - | 4,283,043 |
| Fines and forfeitures | 2,057,329 | - | - | - | 2,057,329 |
| Licenses and permits | 4,489,583 | - | - | 141,404 | 4,630,987 |
| Charges for services | 3,201,239 | - | - | 2,093,262 | 5,294,501 |
| Intergovernmental | 224,672 | 2,982,271 | 5,002,001 | 2,059,212 | 10,268,156 |
| Investment earnings | 1,769,726 | 162,753 | - | 716,287 | 2,648,766 |
| Miscellaneous | 2,645,728 | - | 58,899 | 260,502 | 2,965,129 |
| Total revenues | 102,708,862 | 3,145,024 | 5,060,900 | 20,360,940 | 131,275,726 |
| Expenditures | | | | | |
| General Government | | | | | |
| Administration | 3,523,093 | - | - | - | 3,523,093 |
| City clerk | 492,186 | - | - | - | 492,186 |
| Code enforcement | 1,592,001 | - | 34,000 | - | 1,626,001 |
| Communication | 426,426 | - | - | - | 426,426 |
| Finance | 1,857,715 | - | - | - | 1,857,715 |
| Information technology | 4,301,787 | - | - | - | 4,301,787 |
| 1st district court | 674,225 | - | - | - | 674,225 |
| 2nd district court | 510,909 | - | - | - | 510,909 |
| Legal | 870,687 | - | - | - | 870,687 |
| Human resources | 965,774 | - | - | - | 965,774 |
| Planning | 1,179,530 | - | - | - | 1,179,530 |
| Vehicle maintenance | 1,338,249 | - | - | - | 1,338,249 |
| Total general government | 17,732,582 | - | 34,000 | - | 17,766,582 |
| Animal shelter | 1,039,856 | - | 14,849 | - | 1,054,705 |
| Community development | - | - | - | 1,004,240 | 1,004,240 |
| Emergency services | 2,831,284 | - | 24,210 | - | 2,855,494 |
| Fit 2 live | 99,861 | - | - | - | 99,861 |
| Health | 97,873 | - | - | - | 97,873 |
| Neighborhood services | 448,179 | - | - | - | 448,179 |
| Parks and recreation | 254,483 | - | 63,636 | 9,228,337 | 9,546,456 |
| Public safety - fire | 21,448,576 | - | - | - | 21,448,576 |
| Public safety - police | 30,656,632 | - | 33,852 | 17,488 | 30,707,972 |
| Public works | 891,221 | - | 911,038 | 543,260 | 2,345,519 |
| Sanitation | 6,481,882 | - | - | - | 6,481,882 |
| Senior citizens center | 1,075,387 | - | - | - | 1,075,387 |
| Special appropriations | 7,699,560 | 575,754 | - | - | 8,275,314 |
| Street and traffic | - | - | - | 6,949,427 | 6,949,427 |
| Capital outlay | 4,813,944 | 1,922,045 | 1,722,482 | 19,186,003 | 27,644,474 |
| Debt service | - | - | - | - | - |
| Principal retirement | 622,556 | - | - | 731,846 | 1,354,402 |
| Interest and fiscal charges | - | - | - | 378,666 | 378,666 |
| Total expenditures | 96,193,876 | 2,497,799 | 2,804,067 | 38,039,267 | 139,535,009 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 6,514,986 | 647,225 | 2,256,833 | (17,678,327) | (8,259,283) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 19,076,598 | - | - | 19,790,937 | 38,867,535 |
| Transfers out | (19,490,937) | (1,037,467) | (2,215,031) | (2,174,100) | (24,917,535) |
| Leases and Subscriptions | 1,455,286 | - | - | - | 1,455,286 |
| Total other financing sources (uses) | 1,040,947 | (1,037,467) | (2,215,031) | 17,616,837 | 15,405,286 |
| Net Change in Fund Balances | 7,555,933 | (390,242) | 41,802 | (61,490) | 7,146,003 |
| Fund Balances (Deficit), Beginning of Year | 53,937,633 | 390,242 | (50,773) | 26,286,276 | 80,563,378 |
| Fund Balances (Deficit), End of Year | \$ 61,493,566 | \$ - | \$ (8,971) | \$ 26,224,786 | \$ 87,709,381 |

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, 2024

Net change in fund balances - total governmental funds \$ 7,146,003

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 | 27,644,474 |
| Retirements | (1,217,154) |
| Depreciation expense | (9,786,990) |
| Amortization expense | (604,575) |

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.

725,882

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.

(1,395,250)

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.

766,110

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.

4,621

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 | 51,846 |
| Bonds payable | 680,000 |
| Bond premium amortization | 120,798 |
| Lease liability | 206,338 |
| Subscription liability | 416,219 |
| Issuance of lease and subscription liabilities | (1,455,286) |

| | |
|---|---------------|
| Change in net position of governmental activities | \$ 23,303,036 |
|---|---------------|

City of North Little Rock, Arkansas
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2024

| | Original Budget | Changes | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|-----------------------|----------------------|----------------------|---|
| Revenues | | | | | |
| Taxes - sales | \$ 62,650,000 | \$ 2,750,000 | \$ 65,400,000 | \$ 66,345,703 | \$ 945,703 |
| Taxes - other | 9,830,000 | 700,000 | 10,530,000 | 17,691,839 | 7,161,839 |
| Franchise fees | 3,273,850 | - | 3,273,850 | 4,283,043 | 1,009,193 |
| Fines and forfeitures | 1,532,400 | - | 1,532,400 | 2,057,329 | 524,929 |
| Licenses and permits | 4,572,750 | 190,000 | 4,762,750 | 4,489,583 | (273,167) |
| Charges for services | 2,435,000 | 700,000 | 3,135,000 | 3,201,239 | 66,239 |
| Intergovernmental | 5,912,318 | - | 5,912,318 | 224,672 | (5,687,646) |
| Investment earnings | 1,030,000 | 358,000 | 1,388,000 | 1,769,726 | 381,726 |
| Miscellaneous | 1,844,897 | 722,625 | 2,567,522 | 2,645,728 | 78,206 |
| Total revenues | 93,081,215 | 5,420,625 | 98,501,840 | 102,708,862 | 4,207,022 |
| Expenditures | | | | | |
| General Government | | | | | |
| Administration | 3,638,871 | 3,547 | 3,642,418 | 3,523,093 | 119,325 |
| City clerk | 533,668 | - | 533,668 | 492,186 | 41,482 |
| Code enforcement | 1,379,728 | 250,454 | 1,630,182 | 1,592,001 | 38,181 |
| Communication | 426,391 | 40,000 | 466,391 | 426,426 | 39,965 |
| Finance | 1,962,377 | - | 1,962,377 | 1,857,715 | 104,662 |
| Information technology | 5,184,525 | 266,500 | 5,451,025 | 4,301,787 | 1,149,238 |
| 1st district court | 762,966 | - | 762,966 | 674,225 | 88,741 |
| 2nd district court | 666,404 | - | 666,404 | 510,909 | 155,495 |
| Legal | 957,254 | - | 957,254 | 870,687 | 86,567 |
| Human resources | 1,120,442 | - | 1,120,442 | 965,774 | 154,668 |
| Planning | 1,231,502 | 15,062 | 1,246,564 | 1,179,530 | 67,034 |
| Vehicle maintenance | 1,378,738 | - | 1,378,738 | 1,338,249 | 40,489 |
| Total general government | 19,242,866 | 575,563 | 19,818,429 | 17,732,582 | 2,085,847 |
| Animal shelter | 1,065,074 | - | 1,065,074 | 1,039,856 | 25,218 |
| Emergency services | 2,780,480 | 212,361 | 2,992,841 | 2,831,284 | 161,557 |
| Fit 2 live | 151,037 | - | 151,037 | 99,861 | 51,176 |
| Health | 105,435 | - | 105,435 | 97,873 | 7,562 |
| Neighborhood services | 468,092 | - | 468,092 | 448,179 | 19,913 |
| Parks and recreation | - | - | - | 254,483 | (254,483) |
| Public safety - fire | 22,574,453 | 41,254 | 22,615,707 | 21,448,576 | 1,167,131 |
| Public safety - police | 29,593,945 | 1,432,119 | 31,026,064 | 30,656,632 | 369,432 |
| Public works | 881,913 | - | 881,913 | 891,221 | (9,308) |
| Sanitation | 6,061,699 | 600,000 | 6,661,699 | 6,481,882 | 179,817 |
| Senior citizens center | 1,090,593 | - | 1,090,593 | 1,075,387 | 15,206 |
| Special appropriations | 7,382,039 | 1,418,445 | 8,800,484 | 7,699,560 | 1,100,924 |
| Capital outlay | 510,189 | 4,885,956 | 5,396,145 | 4,813,944 | 582,201 |
| Debt service | | | | | |
| Principal retirement | - | - | - | 622,556 | (622,556) |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 91,907,815 | 9,165,698 | 101,073,513 | 96,193,876 | 4,879,637 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,173,400 | (3,745,073) | (2,571,673) | 6,514,986 | 9,086,659 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 15,824,100 | - | 15,824,100 | 19,076,598 | 3,252,498 |
| Transfers out | (16,997,500) | (746,000) | (17,743,500) | (19,490,937) | (1,747,437) |
| Leases (as lessee) | - | - | - | 1,455,286 | 1,455,286 |
| Total other financing sources (uses) | (1,173,400) | (746,000) | (1,919,400) | 1,040,947 | 2,960,347 |
| Net Change in Fund Balances | - | (4,491,073) | (4,491,073) | 7,555,933 | 12,047,006 |
| Fund Balances, Beginning of Year | 53,937,633 | - | 53,937,633 | 53,937,633 | - |
| Fund Balances, End of Year | \$ 53,937,633 | \$ (4,491,073) | \$ 49,446,560 | \$ 61,493,566 | \$ 12,047,006 |

See Notes to the Financial Statements

City of North Little Rock, Arkansas
Statement of Net Position
Proprietary Fund
December 31, 2024

| | Business-Type Activities |
|--|--|
| | Enterprise Fund Electric Department |
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 35,351,316 |
| Investments | 13,903,323 |
| Accounts receivable - net of allowance | 5,770,655 |
| Other receivables | 57,137 |
| Notes receivable | 145,000 |
| Unbilled revenues | 5,899,822 |
| Materials and supplies | 13,704,258 |
| Prepaid expenses | 2,376,708 |
| Total current assets | <u>77,208,219</u> |
| Noncurrent assets | |
| Restricted cash and cash equivalents | 9,528,185 |
| Notes receivable | 1,010,000 |
| Total non-current assets | <u>10,538,185</u> |
| Capital and Subscription Assets | |
| Property, plant, and equipment | 337,340,026 |
| Subscription assets | 507,186 |
| Less: accumulated depreciation and amortization | <u>(208,471,959)</u> |
| Total capital and subscription assets | <u>129,375,253</u> |
| Total assets | <u>217,121,657</u> |
| Deferred Outflows of Resources | |
| Deferred outflows of resources - Pension | 893,468 |
| Deferred outflows of resources - OPEB | 73,473 |
| Total deferred outflows of resources | <u>966,941</u> |
| Total assets and deferred outflows of resources | <u>\$ 218,088,598</u> |
| Liabilities | |
| Current liabilities | |
| Accounts payable | \$ 822,983 |
| Accrued expenses and other liabilities | 1,041,816 |
| Due to other funds | 1,602,485 |
| Bonds payable - current portion | 3,027,646 |
| Subscription liability - current portion | 49,487 |
| Accrued compensated absences | 162,300 |
| Accrued interest payable | 86,065 |
| Total current liabilities | <u>6,792,782</u> |
| Noncurrent liabilities | |
| Customer deposits payable | 7,679,366 |
| Net pension liability | 10,343,362 |
| Total OPEB liability | 260,118 |
| Accrued compensated absences - noncurrent portion | 1,748,581 |
| Bonds payable - noncurrent portion | 6,405,000 |
| Subscription liability - noncurrent portion | 21,802 |
| Total noncurrent liabilities | <u>26,458,229</u> |
| Total liabilities | <u>33,251,011</u> |
| Deferred Inflows of Resources | |
| Deferred inflows of resources - Pension | 345,684 |
| Deferred inflows of resources - OPEB | 568,771 |
| Total deferred inflows of resources | <u>914,455</u> |
| Net Position | |
| Net investment in capital assets | 119,871,318 |
| Restricted for debt service | 1,805,967 |
| Unrestricted net position | 62,245,847 |
| Total net position | <u>183,923,132</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 218,088,598</u> |

City of North Little Rock, Arkansas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2024

| | Business-Type Activities |
|--|--|
| | Enterprise Fund Electric Department |
| Operating Revenues | |
| Sale of electricity, net of uncollectible accounts | \$ 100,416,895 |
| Penalty income | 1,324,826 |
| Miscellaneous income | 521,313 |
| Total operating revenues | <u>102,263,034</u> |
| Operating Expenses | |
| Salaries and fringe benefits | 9,865,186 |
| Purchased electricity and transmission costs | 50,380,844 |
| Maintenance | 4,998,450 |
| Franchise tax | 372,210 |
| Depreciation and amortization | 10,910,441 |
| Other services and charges | 4,780,479 |
| Total operating expenses | <u>81,307,610</u> |
| Operating Income | <u>20,955,424</u> |
| Nonoperating Revenues (Expenses) | |
| Interest and investment income | 1,838,285 |
| Interest expense | (512,028) |
| Trustee fees | (10,000) |
| Loss on disposal of plant and equipment | (200,660) |
| Intergovernmental revenue | 287,128 |
| Total nonoperating revenues (expenses), net | <u>1,402,725</u> |
| Income Before Transfers Out | 22,358,149 |
| Transfers to Other City Funds | <u>13,950,000</u> |
| Increase in Net Position | 8,408,149 |
| Net Position, Beginning of Year | <u>175,514,983</u> |
| Net Position, End of Year | <u>\$ 183,923,132</u> |

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City of North Little Rock, Arkansas
Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2024

| | Business-Type Activities |
|---|--|
| | Enterprise Fund Electric Department |
| Cash Flows from Operating Activities | |
| Receipts from customers | \$ 103,010,940 |
| Payments to vendors | (17,379,702) |
| Payments for purchase of electricity | (50,380,844) |
| Payments for taxes | (372,210) |
| Payments to employees | (9,384,827) |
| | <hr/> |
| Net cash provided by operating activities | 25,493,357 |
| Cash Flows from Noncapital Financing Activities | |
| Transfers to other departments | (13,950,000) |
| Net reduction of notes receivable | 145,000 |
| | <hr/> |
| Net cash used for noncapital financing activities | (13,805,000) |
| Cash Flows from Capital and Related Financing Activities | |
| Repayment of revenue bonds | (2,971,910) |
| Repayment of subscription liability | (327,653) |
| Purchase of property, plant, and equipment | (13,007,466) |
| Interest paid | (489,565) |
| Proceeds from grants | 287,128 |
| Trustee payments | (10,000) |
| | <hr/> |
| Net cash used for capital and related financing activities | (16,519,466) |
| Cash Flows from Investing Activities | |
| Proceeds from sale of investments | 31,130,238 |
| Purchase of investments | (29,400,809) |
| Interest on investments | 1,838,285 |
| | <hr/> |
| Net cash provided by investing activities | 3,567,714 |
| Net Decrease in Cash and Cash Equivalents | (1,263,395) |
| Cash and Cash Equivalents, Beginning of the Year | <hr/> 46,142,896 |
| Cash and Cash Equivalents, End of the Year | <hr/> <hr/> \$ 44,879,501 |

City of North Little Rock, Arkansas
Statement of Cash Flows - Proprietary Fund (Continued)
For the Year Ended December 31, 2024

| | Business-Type Activities |
|---|--|
| | Enterprise Fund Electric Department |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating income | \$ 20,955,424 |
| Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities | |
| Depreciation expense | 11,559,953 |
| (Increase) Decrease in assets and deferred outflows of resources | |
| Accounts receivable | 750,606 |
| Unbilled revenues | (2,700) |
| Prepaid expenses | (919,583) |
| Inventory | (4,542,568) |
| Deferred outflows of resources | 1,227,566 |
| Increase (decrease) in liabilities and deferred inflows of resources | |
| Accounts payable | (3,090,078) |
| Accrued expenses | (142,426) |
| Customer deposits payable | 444,370 |
| Pension and OPEB | (1,087,273) |
| Compensated absences | 115,288 |
| Deferred inflows of resources | 224,778 |
| Net cash provided by operating activities | <u>\$ 25,493,357</u> |
| Supplement Disclosure of Noncash Investing, Capital, and Financing Activities | |
| Addition of subscription assets via long-term obligations | \$ 59,956 |
| Loss on disposal of plant and equipment | \$ 200,660 |

City of North Little Rock, Arkansas
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2024

| | <u>Pension Trust</u> <u>Non-Uniformed</u> <u>Employees</u> <u>Retirement</u> |
|--|---|
| Assets | |
| Cash and cash equivalents | \$ 11,508,944 |
| Investments, at fair value | |
| Mutual funds - fixed income | 5,476,254 |
| Mutual funds - equities | 45,809,499 |
| Corporate bonds | 3,977,018 |
| Other assets | 17,178 |
| | <hr/> |
| Total assets | 66,788,893 |
| | <hr/> |
| Net Position | |
| Net position - restricted for pension benefits | \$ 66,788,893 |
| | <hr/> |
| Total net position | \$ 66,788,893 |
| | <hr/> <hr/> |

City of North Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended December 31, 2024

| | <u>Pension Trust</u> <u>Non-Uniformed</u> <u>Employees</u> <u>Retirement</u> |
|--|---|
| Additions | |
| Contributions | |
| Employer | \$ 4,120,409 |
| Members | 1,751,561 |
| | <hr/> |
| Total contributions | 5,871,970 |
| | <hr/> |
| Investment income | |
| Interest and dividend income | 1,463,413 |
| Appreciation in fair value of investments | 6,168,648 |
| Less investment expense | (243,796) |
| | <hr/> |
| Net investment income | 7,388,265 |
| | <hr/> |
| Total additions | 13,260,235 |
| | <hr/> |
| Deductions | |
| Benefits paid to participants | 5,992,292 |
| Administrative expenses | 83,258 |
| | <hr/> |
| Total deductions | 6,075,550 |
| | <hr/> |
| Change in Net Position | 7,184,685 |
| | <hr/> |
| Net Position Restricted for Pension Benefits, Beginning of Year | 59,604,208 |
| | <hr/> |
| Net Position Restricted for Pension Benefits, End of Year | \$ 66,788,893 |
| | <hr/> <hr/> |

City of North Little Rock, Arkansas
Statement of Net Position - Discretely Presented Component Units
December 31, 2024

| | Major Component Units | | | Nonmajor Component Unit | Total Component Units |
|---|------------------------|---|-----------------------|--|-----------------------------|
| | Waste Water Utility | North Little Rock Public Library System | Airport Commission | Advertising and Promotion Commission | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 9,114,470 | \$ 3,700,325 | \$ 360,364 | \$ 2,089,536 | \$ 15,264,695 |
| Investments | 13,826,625 | - | - | - | 13,826,625 |
| Accounts receivable, net of allowance | 2,610,607 | 5,035,410 | 1,884,614 | 19,168 | 9,549,799 |
| Leases receivable | - | - | 1,811,465 | - | 1,811,465 |
| Prepaid expenses and other | 111,966 | - | 43,301 | 219,884 | 375,151 |
| Inventories | 48,264 | 244 | - | - | 48,508 |
| Total current assets | 25,711,932 | 8,735,979 | 4,099,744 | 2,328,588 | 40,876,243 |
| Noncurrent Assets | | | | | |
| Restricted assets | | | | | |
| Cash and cash equivalents | 2,476,889 | 33,296 | - | - | 2,510,185 |
| Certificates of deposits | 2,055,030 | - | - | 1,446,298 | 3,501,328 |
| Other assets | 983,928 | - | - | - | 983,928 |
| Notes receivable | 158,380 | - | - | - | 158,380 |
| Capital assets, net | 141,862,244 | 2,048,026 | 10,997,334 | 3,679,155 | 158,586,759 |
| Total noncurrent assets | 147,536,471 | 2,081,322 | 10,997,334 | 5,125,453 | 165,740,580 |
| Total assets | 173,248,403 | 10,817,301 | 15,097,078 | 7,454,041 | 206,616,823 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows from pensions | 2,566,940 | 966,403 | 9,051 | 214,669 | 3,757,063 |
| Total deferred outflows of resources | 2,566,940 | 966,403 | 9,051 | 214,669 | 3,757,063 |
| Total assets and deferred outflows of resources | \$ 175,815,343 | \$ 11,783,704 | \$ 15,106,129 | \$ 7,668,710 | \$ 210,373,886 |
| Current Liabilities | | | | | |
| Accounts payable | \$ 236,965 | \$ 191,046 | \$ 1,109,168 | \$ 629,597 | \$ 2,166,776 |
| Other accrued liabilities | 363,337 | - | 846,049 | 2,220,745 | 3,430,131 |
| Bonds payable - current portion | 4,602,344 | - | - | - | 4,602,344 |
| Subscription liability | - | 12,991 | - | - | 12,991 |
| Compensated absences | 998,717 | 45,445 | - | 199,485 | 1,243,647 |
| Total current liabilities | 6,201,363 | 249,482 | 1,955,217 | 3,049,827 | 11,455,889 |
| Noncurrent Liabilities | | | | | |
| Bonds payable - noncurrent portion | 35,476,977 | - | - | - | 35,476,977 |
| Reserve for bio-solids disposal | 1,168,750 | - | - | - | 1,168,750 |
| Net pension liability | 2,045,632 | 2,923,124 | 112,428 | 855,739 | 5,936,923 |
| Total OPEB liability | 143,914 | - | - | - | 143,914 |
| Subscription liability | - | 13,389 | - | - | 13,389 |
| Compensated absences | - | 257,520 | - | - | 257,520 |
| Total noncurrent liabilities | 38,835,273 | 3,194,033 | 112,428 | 855,739 | 42,997,473 |
| Total liabilities | 45,036,636 | 3,443,515 | 2,067,645 | 3,905,566 | 54,453,362 |
| Deferred Inflows of Resources | | | | | |
| Deferred inflows from pensions | 1,476,925 | 111,909 | 26,221 | 34,987 | 1,650,042 |
| Lease related | - | - | 1,777,458 | - | 1,777,458 |
| Total deferred inflows of resources | 1,476,925 | 111,909 | 1,803,679 | 34,987 | 3,427,500 |
| Net Position | | | | | |
| Net investment in capital assets | 101,782,923 | 2,021,646 | 9,894,706 | 1,458,410 | 115,157,685 |
| Restricted - expendable | 5,432,097 | - | 1,340,099 | - | 6,772,196 |
| Restricted - nonexpendable | - | 33,296 | - | - | 33,296 |
| Unrestricted | 22,086,762 | 6,173,338 | - | 2,269,747 | 30,529,847 |
| Total net position | 129,301,782 | 8,228,280 | 11,234,805 | 3,728,157 | 152,493,024 |
| Total liabilities, deferred inflows of resources and net position | \$ 175,815,343 | \$ 11,783,704 | \$ 15,106,129 | \$ 7,668,710 | \$ 210,373,886 |

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, 2024

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | | Total |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|---|----------------------|------------------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Waste Water Utility | North Little Rock Public Library System | Airport Commission | Advertising & Promotion Commission | |
| Governmental Activities | | | | | | | | | |
| North Little Rock | | | | | | | | | |
| Public Library System | \$ 5,715,513 | \$ 262,327 | \$ 131,411 | \$ - | \$ - | \$ (5,321,775) | \$ - | \$ - | \$ (5,321,775) |
| Advertising and promotion | 10,187,529 | 543,444 | - | - | - | - | - | (9,644,085) | (9,644,085) |
| Total governmental activities | 15,903,042 | 805,771 | 131,411 | - | - | (5,321,775) | - | (9,644,085) | (14,965,860) |
| Business-type Activities | | | | | | | | | |
| Waste water utility | 18,567,978 | 29,229,847 | - | - | 10,661,869 | - | - | - | 10,661,869 |
| Airport commission | 1,172,826 | 546,306 | - | 1,634,416 | - | - | 1,007,896 | - | 1,007,896 |
| Total business-type activities | 19,740,804 | 29,776,153 | - | 1,634,416 | 10,661,869 | - | 1,007,896 | - | 11,669,765 |
| Total component units | <u>\$ 35,643,846</u> | <u>\$ 30,581,924</u> | <u>\$ 131,411</u> | <u>\$ 1,634,416</u> | 10,661,869 | (5,321,775) | 1,007,896 | (9,644,085) | (3,296,095) |
| General Revenues | | | | | | | | | |
| Taxes - other | | | | | - | 4,993,275 | - | - | 4,993,275 |
| Taxes - sales | | | | | - | - | 27,169 | 10,152,619 | 10,179,788 |
| Investment income | | | | | 1,129,956 | - | 5,140 | 47,525 | 1,182,621 |
| Other | | | | | 27,737 | 16,722 | 122,210 | 83,443 | 250,112 |
| Total general revenues | | | | | 1,157,693 | 5,009,997 | 154,519 | 10,283,587 | 16,605,796 |
| Change in Net Position | | | | | 11,819,562 | (311,778) | 1,162,415 | 639,502 | 13,309,701 |
| Net Position, Beginning of Year | | | | | 117,482,220 | 8,540,058 | 10,072,390 | 3,088,655 | 139,183,323 |
| Net Position, End of Year | | | | | <u>\$ 129,301,782</u> | <u>\$ 8,228,280</u> | <u>\$ 11,234,805</u> | <u>\$ 3,728,157</u> | <u>\$ 152,493,024</u> |

Notes to the 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 discretely presented 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.

North Little Rock Public Library System - The North Little Rock Public Library System (Library) provides North Little Rock with library services, receives a financial benefit from the City in the form of property tax revenue, levied by the City but collected by the Library and has had to request subsidies in the past. In addition, the City owns the land and building the main Library is on and the City 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 2024.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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 North Little Rock Public Library System 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

North Little Rock Public Library System
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:

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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 funds:

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. This fund is designated as a major fund.

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.

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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.

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. 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 North Little Rock Public Library System restricted assets (donor endowment) consist of a certificate of deposit. The Advertising and Promotion Commission restricted assets consist of a certificate of deposit. The principal of the endowment is permanently restricted, while investment income must be spent on reference materials.

Accounts Receivable

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

The electric department has a note receivable balance of \$1,155,000 as of December 31, 2024. The note is payable annually over the next seven years. The stated interest rate per the note is 5.25%.

Allowances have been established for December 31, 2024:

Primary Government

| | | |
|---------------------------|----|---------|
| General Fund | \$ | 915,729 |
| Street Fund | | 189,095 |
| Baring Cross Debt Service | | 41,172 |
| Electric Department | | 139,850 |

Component Units

| | | |
|-----------------------|----|---------|
| Waste Water Utility | \$ | 10,000 |
| Public Library System | | 503,541 |

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.

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 North Little Rock Public Library System 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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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 North Little Rock Public Library System 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 North Little Rock Public Library System is provided using the straight-line method over estimated useful lives ranging from one to twenty years.

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

Long-Term Obligations

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

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

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. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City measures 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 determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses 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 is reasonably certain to exercise.

The City monitors 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.

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, and (3) 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.

City of North Little Rock, Arkansas
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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 retirements. For governmental activities, the liability for compensated absences is generally liquidated from the general fund.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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.

City of North Little Rock, Arkansas
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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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, 2024. The North Little Rock Public Library System has restricted nonexpendable net position of \$33,296 at December 31, 2024.

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.

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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 Standards

The City adopted GASB Statement No. 101, *Compensated Absences*, which was effective for the City beginning in fiscal year 2024. The objective of this statement is to better meet the financial statement needs of users by updating the recognition and measurement guidance for compensated absences. Implementation of GASB 101 did not affect beginning net position as of January 1, 2024 and did not have a material impact on the City.

Future Adoption of Accounting Standards

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to December 31, 2024. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 102, *Certain Risk Disclosures*: The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for the City's fiscal year ended December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*: The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This standard is effective for the City's fiscal year ended December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for the City's fiscal year ended December 31, 2026.

City of North Little Rock, Arkansas
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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, 2024, none of the City's primary government bank balances were exposed to custodial credit risk.

At December 31, 2024, none of the City's component unit bank balances were exposed to custodial credit risk.

Summary of Carrying Values

Carrying values below are summarized for the primary government and pension trust fiduciary fund:

Carrying Values

| | |
|-------------|----------------------------------|
| Deposits | \$ 85,600,867 |
| Investments | <u>109,875,384</u> |
| Total | <u><u>\$ 195,476,251</u></u> |

Included in the following statement of net position captions for the primary government and pension trust fiduciary fund:

| | |
|--------------------------------------|----------------------------------|
| Cash and cash equivalents | \$ 63,918,603 |
| Investments | 54,612,613 |
| Restricted cash and cash equivalents | |
| Cash and cash equivalents | 10,173,320 |
| Fiduciary fund | <u>66,771,715</u> |
| Total | <u><u>\$ 195,476,251</u></u> |

City of North Little Rock, Arkansas
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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, 2024, the City had the following investments and maturities:

| Type | Fair Value | Total | | | |
|---------------------------|-----------------------|-----------------------|---------------------|-------------|--------------|
| | | Maturities in Years | | | |
| | | Less than 1 | 1 - 5 | 6 - 10 | More than 10 |
| U.S. Treasury obligations | \$ 51,677,438 | \$ 51,677,438 | \$ - | \$ - | \$ - |
| U.S. Agencies obligations | 6,912,193 | - | 6,912,193 | - | - |
| Mutual funds | 5,476,254 | 5,476,254 | - | - | - |
| Money market mutual funds | 11,661,200 | 11,661,200 | - | - | - |
| Exchange traded funds | 45,809,499 | 45,809,499 | - | - | - |
| | <u>\$ 121,536,584</u> | <u>\$ 114,624,391</u> | <u>\$ 6,912,193</u> | <u>\$ -</u> | <u>\$ -</u> |

Interest Rate Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2024, were subject to custodial credit risk.

City of North Little Rock, Arkansas
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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Provisions of debt agreements require that investments by the City in government obligations not directly guaranteed by the U.S. Government be rated no less than Aa by Moody’s Investor Service and AA by Standard and Poor’s Investor Service. At December 31, 2024, 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 \$11,661,200 which are included in cash and restricted cash and cash equivalents at December 31, 2024.

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

Nonuniformed Employees’ Defined Benefit Plan – FDIC Ultra Insured Fund I, Goldman Sachs Access Investment Grade Corp Bd ETF, Goldman Sachs Activebeta US Large Cap Equity Etf Actvbeta Lrg, Putnam Equity Income Fund Class A Large Cap Value Y, iShares Russell 1000 Growth ETF, iShares Russell Mid-Cap Growth ETF, and iShares Russell Mid-Cap Value ETF.

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

City of North Little Rock, Arkansas
Notes to the Financial Statements
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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, 2024:

| | <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 | \$ 51,677,438 | \$ 51,677,438 | \$ - | \$ - |
| U.S. Agencies obligations | 6,912,193 | - | 6,912,193 | - |
| Mutual funds | 5,476,254 | 5,476,254 | - | - |
| Equities | 45,809,499 | 45,809,499 | - | - |
| | | | | |
| Total investments by fair value level | 109,875,384 | <u>\$ 102,963,191</u> | <u>\$ 6,912,193</u> | <u>\$ -</u> |
| | | | | |
| Investments measured at the amortized cost - Money market mutual funds | <u>11,661,200 *</u> | | | |
| | | | | |
| Total investments | <u>\$ 121,536,584</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, 2024.

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 \$14,204,186 has been recognized in the government-wide financial statements, while a receivable of \$14,204,186 and a related unavailable revenue from property taxes of \$12,913,729 have been recognized in the governmental fund statements.

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The North Little Rock Public Library System has recorded a receivable and a related revenue in the amount of \$5,035,410, which is recognized in the Discretely Presented Component Units Statement of Net Position.

Millage rates for 2024 taxes collectible in 2025 were 5.00 for the General Fund, 3.00 for the Library, 1.00 for the Police pension, 1.00 for the Fire pension, and 1.45 for the Street Fund.

Note 4: Lease Receivable

Governmental 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 \$22,407 in lease revenue and \$8,139 in interest revenue during the current fiscal year related to these leases. As of December 31, 2024, the City's receivable for lease payments was \$409,349. 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, 2024, the balance of the deferred inflow of resources was \$403,815.

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, 2024:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | | |
|---------------------------------|--------------------------------|-------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Receipts</u> |
| 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 | 8,508 | 6,793 | 15,301 |
| 2030-2034 | 44,963 | 31,545 | 76,508 |
| 2035-2039 | 49,282 | 27,226 | 76,508 |
| 2040-2044 | 54,015 | 22,493 | 76,508 |
| 2045-2049 | 59,202 | 17,306 | 76,508 |
| 2050-2054 | 64,888 | 11,620 | 76,508 |
| 2055-2059 | 71,120 | 5,388 | 76,508 |
| 2060-2061 | 15,025 | 278 | 15,303 |
| Total | <u>\$ 409,349</u> | <u>\$ 151,511</u> | <u>\$ 560,860</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.

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The Airport recognized \$20,430 in lease revenue and \$33,614 in interest revenue during the current fiscal year related to these leases. As of December 31, 2024, the Airport's receivable for lease payments was \$1,811,465. 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, 2024, the balance of the deferred inflow of resources was \$1,777,458.

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, 2024:

| Year Ending December 31, | Airport | | Total Receipts |
|--------------------------|---------------------|---------------------|---------------------|
| | Principal | Interest | |
| 2025 | \$ 8,457 | \$ 33,459 | \$ 41,916 |
| 2026 | 8,615 | 33,301 | 41,916 |
| 2027 | 8,776 | 33,140 | 41,916 |
| 2028 | 8,940 | 32,976 | 41,916 |
| 2029 | 9,107 | 32,809 | 41,916 |
| 2030-2034 | 48,148 | 161,432 | 209,580 |
| 2035-2039 | 52,813 | 156,767 | 209,580 |
| 2040-2044 | 57,930 | 151,650 | 209,580 |
| 2045-2049 | 63,543 | 146,037 | 209,580 |
| 2050-2054 | 69,700 | 139,880 | 209,580 |
| 2055-2059 | 76,453 | 133,127 | 209,580 |
| 2060-2064 | 83,860 | 125,720 | 209,580 |
| 2065-2069 | 91,985 | 117,595 | 209,580 |
| 2070-2074 | 110,674 | 98,906 | 209,580 |
| 2075-2079 | 100,898 | 108,682 | 209,580 |
| 2080-2084 | 121,397 | 88,183 | 209,580 |
| 2085-2089 | 133,159 | 76,421 | 209,580 |
| 2090-2094 | 146,061 | 63,519 | 209,580 |
| 2095-2099 | 160,213 | 49,367 | 209,580 |
| 2100-2104 | 175,736 | 33,844 | 209,580 |
| 2105-2109 | 192,763 | 16,817 | 209,580 |
| 2110-2111 | 82,237 | 1,595 | 83,832 |
| Total | <u>\$ 1,811,465</u> | <u>\$ 1,835,227</u> | <u>\$ 3,646,692</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 regulated leases during the year that had terms exceeding one year. The regulated leases for the City's municipal airport are agreements where the Lessee agrees to use the premises as airport hangars, or either as aircraft charter and freight services, aircraft engine, accessory maintenance and sales, flight instruction, aircraft sales, aircraft rental, hangar storage of aircraft and tiedown of aircrafts. The hangars must be used for aviation purposes meaning having an aircraft in flying condition or in an active state of repair or building. Any other use must be approved by the Airport Commission. The Lessee must agree that its use of the property will conform to all federal laws and regulations, state laws, local ordinances, and operational rules and regulations of the North Little Rock Airport Commission. The revenue recognized for these leases during the fiscal year ended December 31, 2024 was approximately \$200,000.

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The future principal and interest lease receipts for regulated leases as of December 31, 2024 were as follows:

| <u>Year Ending December 31,</u> | <u>Payment</u> |
|---------------------------------|---------------------|
| 2025 | \$ 226,052 |
| 2026 | 224,704 |
| 2027 | 218,882 |
| 2028 | 213,705 |
| 2029 | 219,172 |
| 2030-2034 | 1,050,690 |
| 2035-2039 | 649,751 |
| 2040-2044 | 622,762 |
| 2045-2049 | 469,622 |
| 2050-2054 | 203,749 |
| 2055-2059 | 77,885 |
| 2060-2064 | 33,396 |
| 2065-2069 | 15,000 |
| 2070-2074 | 15,000 |
| 2075-2079 | 15,000 |
| 2080-2084 | 15,000 |
| 2085-2089 | 15,000 |
| 2090-2094 | 15,000 |
| 2095-2099 | 15,000 |
| 2100-2104 | 15,000 |
| 2105-2109 | 15,000 |
| 2110-2112 | 8,000 |
| | <hr/> |
| Total | <u>\$ 4,353,370</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Note 5: Capital, Lease and Subscription Assets

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

| | <u>January 1, 2024</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>December 31, 2024</u> |
|---|----------------------------|----------------------|---------------------|-----------------------|------------------------------|
| Governmental Activities | | | | | |
| Capital assets, non-depreciable | | | | | |
| Land and land rights | \$ 11,512,894 | \$ 842,258 | \$ - | \$ (922,672) | \$ 11,432,480 |
| Construction in progress | <u>16,241,889</u> | <u>18,829,697</u> | <u>(18,355,875)</u> | <u>(92,896)</u> | <u>16,622,815</u> |
| Total capital assets, non depreciable | <u>27,754,783</u> | <u>19,671,955</u> | <u>(18,355,875)</u> | <u>(1,015,568)</u> | <u>28,055,295</u> |
| Capital, lease, and subscription assets, depreciable/amortizable | | | | | |
| Infrastructure | 69,221,327 | 789,551 | 7,881,141 | (256,289) | 77,635,730 |
| Buildings and building improvements | 87,309,259 | 476,002 | 9,555,057 | (60,587) | 97,279,731 |
| Land Improvements | 10,159,589 | 113,963 | 788,201 | (12,847) | 11,048,906 |
| Vehicles | 34,217,582 | 3,235,357 | - | (619,556) | 36,833,383 |
| Equipment | 37,085,920 | 1,879,082 | 131,476 | (66,156) | 39,030,322 |
| Ships and watercrafts | 3,673,738 | 3,278 | - | - | 3,677,016 |
| Subscription assets | 466,457 | 1,123,805 | - | (285,534) | 1,304,728 |
| Lease equipment | 645,847 | - | - | (30,514) | 615,333 |
| Lease building | <u>784,724</u> | <u>351,481</u> | <u>-</u> | <u>-</u> | <u>1,136,205</u> |
| Total capital, lease, and subscription assets, depreciable/amortizable | <u>243,564,443</u> | <u>7,972,519</u> | <u>18,355,875</u> | <u>(1,331,483)</u> | <u>268,561,354</u> |
| Less accumulated depreciation/amortization | | | | | |
| Infrastructure | (27,645,942) | (2,770,733) | - | 168,723 | (30,247,952) |
| Buildings and building improvements | (28,933,569) | (2,522,133) | - | 60,587 | (31,395,115) |
| Land Improvements | (3,573,679) | (429,573) | - | 2,302 | (4,000,950) |
| Vehicles | (20,892,545) | (2,103,536) | - | 555,346 | (22,440,735) |
| Equipment | (27,165,423) | (1,880,711) | - | 26,890 | (29,019,244) |
| Ships and watercrafts | (1,416,223) | (80,304) | - | - | (1,496,527) |
| Subscription assets | (217,022) | (401,843) | - | 285,535 | (333,330) |
| Lease equipment | (135,274) | (130,064) | - | 30,514 | (234,824) |
| Lease building | <u>(122,294)</u> | <u>(72,668)</u> | <u>-</u> | <u>-</u> | <u>(194,962)</u> |
| Total accumulated depreciation/amortization | <u>(110,101,971)</u> | <u>(10,391,565)</u> | <u>-</u> | <u>1,129,897</u> | <u>(119,363,639)</u> |
| Net capital, lease, and subscription assets, depreciable/amortizable | <u>133,462,472</u> | <u>(2,419,046)</u> | <u>18,355,875</u> | <u>(201,586)</u> | <u>149,197,715</u> |
| Total governmental activities, net | <u>\$ 161,217,255</u> | <u>\$ 17,252,909</u> | <u>\$ -</u> | <u>\$ (1,217,154)</u> | <u>\$ 177,253,010</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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

| | <u>January 1, 2024</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>December 31, 2024</u> |
|---|----------------------------|---------------------|---------------------|--------------------|------------------------------|
| Business-type Activities | | | | | |
| Capital assets, non-depreciable | | | | | |
| Land and land rights | \$ 2,382,960 | \$ - | \$ - | \$ - | \$ 2,382,960 |
| Construction in progress | 12,016,108 | 10,046,228 | - | (9,652,711) | 12,409,625 |
| | | | | | |
| Total capital assets, non depreciable | <u>14,399,068</u> | <u>10,046,228</u> | <u>-</u> | <u>(9,652,711)</u> | <u>14,792,585</u> |
| | | | | | |
| Capital assets, depreciable | | | | | |
| Plant and equipment | 318,136,766 | 2,961,238 | (8,203,274) | 9,652,711 | 322,547,441 |
| Subscription assets | 627,852 | 59,956 | (180,622) | - | 507,186 |
| | | | | | |
| Total capital and subscription assets, being depreciated/amortized | <u>318,764,618</u> | <u>3,021,194</u> | <u>(8,383,896)</u> | <u>9,652,711</u> | <u>323,054,627</u> |
| | | | | | |
| Less accumulated depreciation and amortization for: | | | | | |
| Plant and equipment | (204,897,454) | (11,222,444) | 8,002,614 | - | (208,117,284) |
| Subscription assets | (197,788) | (337,509) | 180,622 | - | (354,675) |
| | | | | | |
| Total accumulated depreciation and amortization | <u>(205,095,242)</u> | <u>(11,559,953)</u> | <u>8,183,236</u> | <u>-</u> | <u>(208,471,959)</u> |
| | | | | | |
| Net capital assets, depreciable/amortizable | <u>113,669,376</u> | <u>(8,538,759)</u> | <u>(200,660)</u> | <u>9,652,711</u> | <u>114,582,668</u> |
| | | | | | |
| Total business-type activities, net | <u>\$ 128,068,444</u> | <u>\$ 1,507,469</u> | <u>\$ (200,660)</u> | <u>\$ -</u> | <u>\$ 129,375,253</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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

| | <u>January 1, 2024</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>December 31, 2024</u> |
|---|----------------------------|---------------------|---------------------|------------------|------------------------------|
| Component Units | | | | | |
| Capital assets, non-depreciable | | | | | |
| Land and land rights | \$ 5,222,643 | \$ 203,540 | \$ - | \$ - | \$ 5,426,183 |
| Construction in progress | 9,157,562 | 10,063,138 | (12,367,990) | - | 6,852,710 |
| | | | | | |
| Total capital assets, non depreciable | <u>14,380,205</u> | <u>10,266,678</u> | <u>(12,367,990)</u> | <u>-</u> | <u>12,278,893</u> |
| | | | | | |
| Capital, lease and subscription assets, depreciable/amortizable | | | | | |
| Infrastructure | 21,942,911 | - | - | - | 21,942,911 |
| Buildings and Building Improvements | 12,077,702 | 242,116 | - | - | 12,319,818 |
| Plant | 220,468,062 | 1,757,330 | 11,904,928 | (114,901) | 234,015,419 |
| Equipment | 2,308,660 | 10,503 | 463,062 | - | 2,782,225 |
| Vehicles | 524,724 | - | - | - | 524,724 |
| Books and AV Materials | 4,604,210 | 176,844 | - | (6,283) | 4,774,771 |
| Subscription assets | 85,909 | 40,180 | - | (85,909) | 40,180 |
| Lease assets | 1,682,282 | - | - | - | 1,682,282 |
| | | | | | |
| Total capital, lease and subscription assets, depreciable/amortizable | <u>263,694,460</u> | <u>2,226,973</u> | <u>12,367,990</u> | <u>(207,093)</u> | <u>278,082,330</u> |
| | | | | | |
| Less accumulated depreciation/amortization | | | | | |
| Infrastructure | (21,664,882) | (435,882) | - | - | (22,100,764) |
| Buildings and Building Improvements | (2,539,069) | (90,342) | - | - | (2,629,411) |
| Plant | (96,217,826) | (5,082,640) | - | 114,901 | (101,185,565) |
| Equipment | (567,969) | (73,219) | - | - | (641,188) |
| Vehicles | (46,542) | - | - | - | (46,542) |
| Books and AV Materials | (3,845,318) | (59,912) | - | 6,284 | (3,898,946) |
| Subscription assets | (51,740) | (39,935) | - | 85,908 | (5,767) |
| Lease assets | (843,957) | (422,324) | - | - | (1,266,281) |
| | | | | | |
| Total accumulated depreciation/amortization | <u>(125,777,303)</u> | <u>(6,204,254)</u> | <u>-</u> | <u>207,093</u> | <u>(131,774,464)</u> |
| | | | | | |
| Net capital, lease and subscription assets, depreciable/amortizable | <u>137,917,157</u> | <u>(3,977,281)</u> | <u>12,367,990</u> | <u>-</u> | <u>146,307,866</u> |
| | | | | | |
| Total component units, net | <u>\$ 152,297,362</u> | <u>\$ 6,289,397</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 158,586,759</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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

| | |
|---|----------------------|
| Governmental Activities | |
| General Government | |
| Administrative | \$ 37,942 |
| Animal Shelter | 25,101 |
| Code Enforcement | 31,928 |
| Community Planning | 14,802 |
| Emergency Services | 110,425 |
| Equitable Sharing | 26,389 |
| Finance | 1,451 |
| General government | 2,272,209 |
| Health | 20,000 |
| Legal | 5,200 |
| 2nd District Court | 3,047 |
| Neighborhood Services | 1,916 |
| Human Resources | 1,938 |
| Public Safety – Fire | 1,284,733 |
| Public Safety – Police | 1,977,187 |
| Public Works | 38,329 |
| Parks & Recreation | 1,241,618 |
| Sanitation | 432,268 |
| Senior Citizens Center | 285,947 |
| Streets and Traffic | 2,284,422 |
| Vehicle Maintenance | 45,274 |
| Information Technology | 249,439 |
| Total depreciation and amortization expense – governmental activities | <u>10,391,565</u> |
| Business-Type Activities | |
| Electric Department | <u>10,910,441</u> |
| Total depreciation expense – business-type activities | <u>10,910,441</u> |
| Total depreciation expense – primary government | <u>\$ 21,302,006</u> |
| Component Units | |
| Waste Water Utility | \$ 5,082,640 |
| North Little Rock Public Library System | 612,513 |
| Airport Commission | 435,882 |
| Advertising and Promotion | <u>73,219</u> |
| Total depreciation and amortization expense – component units | <u>\$ 6,204,254</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, 2024, was \$649,512 .

The City had approximately \$9.6 million in capital commitments outstanding at year-end. Large commitments making up this total included two pumper trucks totaling \$1.7 million, construction costs of improvements to the North Little Rock Community Center of approximately \$280,000, design costs of the North Little Rock Event Center of approximately \$370,000, a Bearcat for the police department costing approximately \$395,000, capital costs of approximately \$790,000 to rebuild Funland in Burns Park from the 2023 tornado, a new generator for the City Services building costing approximately \$480,000, and approximately \$485,000 in various other capital improvements.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Note 6: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2024:

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Retirements/ Deductions</u> | <u>Ending Balances</u> | <u>Due Within One Year</u> |
|---|-------------------------------|----------------------|------------------------------------|----------------------------|------------------------------------|
| Governmental Activities | | | | | |
| Special obligation bonds | \$ 8,710,000 | \$ - | \$ (680,000) | \$ 8,030,000 | \$ 705,000 |
| Issuance premiums | 812,795 | - | (120,798) | 691,997 | 112,601 |
| Financed purchases | 91,667 | - | (51,846) | 39,821 | 39,821 |
| Subscription liability | 183,029 | 1,103,805 | (416,218) | 870,616 | 365,044 |
| Lease liabilities | 1,193,699 | 351,481 | (206,338) | 1,338,842 | 191,855 |
| Accrued compensated absences | <u>11,567,286</u> | <u>8,551,235</u> | <u>(7,155,985)</u> | <u>12,962,536</u> | <u>1,214,706</u> |
| Governmental activities long-term liabilities | <u>\$ 22,558,476</u> | <u>\$ 10,006,521</u> | <u>\$ (8,631,185)</u> | <u>\$ 23,933,812</u> | <u>\$ 2,629,027</u> |
| Business-type Activities | | | | | |
| Revenue bonds | \$ 12,404,556 | \$ - | \$ (2,971,910) | \$ 9,432,646 | \$ 3,027,646 |
| Subscription liability | 338,986 | 59,956 | (327,653) | 71,289 | 49,487 |
| Accrued compensated absences | <u>1,795,593</u> | <u>238,647</u> | <u>(123,359)</u> | <u>1,910,881</u> | <u>162,300</u> |
| Business-type activities long-term liabilities | <u>\$ 14,539,135</u> | <u>\$ 298,603</u> | <u>\$ (3,422,922)</u> | <u>\$ 11,414,816</u> | <u>\$ 3,239,433</u> |
| Component Units | | | | | |
| Waste Water Utility | | | | | |
| Revolving loan | \$ 42,750,951 | \$ 2,187,707 | \$ (4,859,337) | \$ 40,079,321 | \$ 4,602,344 |
| Reserve for Bio-Solids Disposal | 3,099,920 | - | (1,931,170) | 1,168,750 | - |
| Accrued compensated absences | 728,798 | 269,919 | - | 998,717 | 998,717 |
| North Little Rock Public Library System | | | | | |
| Subscription liabilities | 24,304 | 40,180 | (38,104) | 26,380 | 12,991 |
| Lease liability | 9,276 | - | (9,276) | - | - |
| Accrued compensated absences | 151,355 | 286,882 | (135,272) | 302,965 | 45,445 |
| Advertising & Promotion | | | | | |
| Accrued compensated absences | <u>192,969</u> | <u>6,516</u> | <u>-</u> | <u>199,485</u> | <u>199,485</u> |
| Component unit long-term liabilities | <u>\$ 46,957,573</u> | <u>\$ 2,791,204</u> | <u>\$ (6,973,159)</u> | <u>\$ 42,775,618</u> | <u>\$ 5,858,982</u> |

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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

The City issued the Series 2017-3 Tax Incremental Bonds in the amount of \$1,105,000 in 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 Purchases - Short Term Financing Obligations, Series 2020

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

Business-Type Activities

Series 2020 Electric System Revenue Bonds

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

Series 2016 Electric System Revenue Bonds

On November 1, 2016, the City issued the Electric System Revenue Refunding Bonds Series 2016 in the amount of \$13,850,000. The bonds were issued to refund the Series 2011 bonds. Principal on the Bond shall be paid annually, on a graduated basis, on May 1 of each year, commencing May 1, 2017, with the final payment due May 1, 2031. The weighted average maturity of the Bond shall not exceed 8.5 years. The Bond shall bear interest at a fixed rate per annum for 96 months equivalent to 2.47% and at a fixed rate per annum equivalent to 2.57% for the remaining 78 months. Interest will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017.

Discretely Presented Component Units

Waste Water Utility Revolving Loans

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

In 2001, the Utility received a \$10,000,000 program award available for approved construction. The interest rate on the 2001 revolving loan fund is at 2.25% and a financing fee at 1% of the outstanding principal with semiannual payments of interest and financing fees 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 fees 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 fees during the project construction period. Repayment of principal, interest and financing fee of the 2012 loan began in April 2016 with payments to be made semiannually over twenty years. On April 15, 2022, the Utility modified the original bond purchase agreement dated October 8, 2012, by reducing the interest rate from 1.5% to .75% on remaining bonds outstanding in the amount of \$15,281,481. Semiannual payments, including principal, interest, and service fee, will be reduced by \$32,422 over the life of the bonds.

In 2016, the Utility received a \$30,000,000 program award available for approved construction. The interest rate on the 2016 revolving loan fund is at 0.75% and a financing fee at 1% of the outstanding principal with semiannual payments of interest and financing fees 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 fees 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, 2024, \$36,801,183 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, 2024 was \$900,178.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2024:

| <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 | \$ 1,872,667 | \$ 854,350 | 46% | \$ 8,518,350 | Until 2034 |
| 2019 Tax Increment Financing (TIF) | Property tax | 254,724 | 104,913 | 41% | 727,301 | Until 2031 |
| 2017 Tax Increment Financing (TIF) | Property tax | 254,724 | 95,638 | 38% | 634,426 | Until 2031 |
| 2016 Electric System Revenue Refunding Bonds | Net revenues of the electric utility | 33,704,150 | 1,147,061 | 3% | 8,067,572 | Until 2031 |
| 2020 Electric System Revenue Refunding Bonds | Net revenues of the electric utility | 33,704,150 | 2,100,281 | 6% | 2,097,177 | Until 2025 |

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on the revenue bonds and financed purchases outstanding at December 31, 2024. Principal and interest are also disclosed for component units as follows:

Governmental Activities

| <u>Year Ending December 31,</u> | <u>Special Obligation Bonds</u> | | |
|---------------------------------|---------------------------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 705,000 | \$ 342,038 | \$ 1,047,038 |
| 2026 | 735,000 | 307,925 | 1,042,925 |
| 2027 | 775,000 | 272,300 | 1,047,300 |
| 2028 | 810,000 | 234,751 | 1,044,751 |
| 2029 | 845,000 | 201,888 | 1,046,888 |
| 2030-2034 | 4,160,000 | 491,175 | 4,651,175 |
| Total | <u>\$ 8,030,000</u> | <u>\$ 1,850,077</u> | <u>\$ 9,880,077</u> |

| <u>Year Ending December 31,</u> | <u>Financed Purchase</u> | | |
|---------------------------------|--------------------------|-----------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 39,821 | \$ 540 | \$ 40,361 |
| Total | <u>\$ 39,821</u> | <u>\$ 540</u> | <u>\$ 40,361</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Business-Type Activities

| <u>Year Ending December 31,</u> | Revenue Bonds | | |
|---------------------------------|----------------------|-------------------|----------------------|
| | Principal | Interest | Total |
| 2025 | \$ 3,027,646 | \$ 218,960 | \$ 3,246,606 |
| 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 | 1,080,000 | 72,583 | 1,152,583 |
| 2030-2031 | 2,250,000 | 58,778 | 2,308,778 |
| Total | <u>\$ 9,432,646</u> | <u>\$ 732,103</u> | <u>\$ 10,164,749</u> |

Component Units

| <u>Year Ending December 31,</u> | Revolving Loans | | |
|---------------------------------|------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2025 | \$ 4,602,344 | \$ 319,668 | \$ 4,922,012 |
| 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 | 2,069,859 | 259,947 | 2,329,806 |
| 2030-2034 | 10,907,969 | 1,057,302 | 11,965,271 |
| 2035-2039 | 11,900,889 | 634,765 | 12,535,654 |
| Thereafter | 4,600,739 | 175,513 | 4,776,252 |
| Total | <u>\$ 40,079,321</u> | <u>\$ 3,317,917</u> | <u>\$ 43,397,238</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 2039. 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, 2024, the value of the lease liabilities was \$1,338,842. 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 \$1,751,538 and had accumulated amortization of \$429,786.

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The future principal and interest payments for lease liabilities as of December 31, 2024, are as follows:

| <u>Year Ending December 31,</u> | Governmental Activities | | |
|---------------------------------|--------------------------------|-------------------|---------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
| 2025 | \$ 191,855 | \$ 26,963 | \$ 218,818 |
| 2026 | 191,798 | 22,852 | 214,650 |
| 2027 | 182,116 | 18,691 | 200,807 |
| 2028 | 120,985 | 15,120 | 136,105 |
| 2029 | 84,148 | 13,217 | 97,365 |
| 2030-2034 | 455,150 | 41,400 | 496,550 |
| 2035-2039 | 112,790 | 9,081 | 121,871 |
| Total | <u>\$ 1,338,842</u> | <u>\$ 147,324</u> | <u>\$ 1,486,166</u> |

Subscription Liability

Governmental Activities

The City's governmental activities have agreements for various software, the terms of which expire in various years through 2029. As of December 31, 2024, the value of the subscription liability was \$870,616. 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, 2024 was \$1,304,728 and had accumulated amortization of \$333,330.

The City's proprietary fund has agreements for various software, the terms of which expire in various years through 2026. As of December 31, 2024, the value of the subscription liability was \$71,289. 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, 2024 was \$507,186 and had accumulated amortization of \$354,675.

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> |
|------|-------------------|------------------|-------------------|
| 2025 | \$ 365,044 | \$ 21,523 | \$ 386,567 |
| 2026 | 284,744 | 12,030 | \$ 296,774 |
| 2027 | 117,689 | 4,729 | \$ 122,418 |
| 2028 | 61,265 | 2,249 | \$ 63,514 |
| 2029 | 41,874 | 471 | \$ 42,345 |
| | <u>\$ 870,616</u> | <u>\$ 41,002</u> | <u>\$ 911,618</u> |

Business-Type Activities

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|------------------|-----------------|------------------|
| 2025 | \$ 49,487 | \$ 2,276 | \$ 51,763 |
| 2026 | 21,802 | 614 | 22,416 |
| | <u>\$ 71,289</u> | <u>\$ 2,890</u> | <u>\$ 74,179</u> |

Discretely Presented Component Unit

The Library has subscription IT arrangements to conduct its operations, the terms of which expire through 2026.

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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.

As of December 31, 2024, the value of the subscription liabilities was \$26,380. An incremental borrowing rate of 2.61% to 3.76% was used to measure subscription liabilities. The value of the subscription assets as of December 31, 2024 was \$40,180 and had accumulated amortization of \$5,767.

Component Unit

| | Library | | Total |
|-------|------------------|-----------------|------------------|
| | Principal | Interest | |
| 2025 | \$ 12,991 | \$ 809 | \$ 13,800 |
| 2026 | 13,389 | 410 | 13,799 |
| Total | <u>\$ 26,380</u> | <u>\$ 1,219</u> | <u>\$ 27,599</u> |

Legal Debt Margin

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

Note 7: Interfund Receivables, Payables and Transfers

Interfund receivables and payables consisted of the following as of December 31, 2024:

| | Interfund Receivables | Interfund Payables |
|---|----------------------------------|-------------------------------|
| Major Governmental Funds | | |
| General Fund | \$ 6,469,936 | \$ 3,468,224 |
| Grant Fund | 2,498 | 4,137,062 |
| Nonmajor Funds | | |
| Street Fund | 553,166 | 109,278 |
| Parks and Recreation Fund | 41,835 | 210,717 |
| Community Development Fund | - | 367,781 |
| Equitable Sharing Fund | 9,184 | - |
| Sales Tax Capital Improvement Fund | 1,041,281 | 118,947 |
| 2023 Sales Tax Capital Improvement Fund | 2,381,507 | 484,913 |
| Major Enterprise Fund | | |
| Electric Department | - | 1,602,485 |
| Total | <u>\$ 10,499,407</u> | <u>\$ 10,499,407</u> |

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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, 2024:

| Interfund Transfers In | Interfund Transfers Out | | | | | Totals |
|-----------------------------------|-------------------------|---------------------|---------------------|-----------------------------------|----------------------|----------------------|
| | Governmental Funds | | | Other Nonmajor Governmental Funds | Proprietary Fund | |
| | General | ARPA | Grant | | Electric Fund | |
| Governmental Funds | | | | | | |
| General fund | \$ - | \$ 1,037,467 | \$ 2,215,031 | \$ 1,874,100 | \$ 13,950,000 | \$ 19,076,598 |
| Other nonmajor governmental funds | 19,490,937 | - | - | 300,000 | - | 19,790,937 |
| | <u>\$ 19,490,937</u> | <u>\$ 1,037,467</u> | <u>\$ 2,215,031</u> | <u>\$ 2,174,100</u> | <u>\$ 13,950,000</u> | <u>\$ 38,867,535</u> |

Monthly sales tax revenue deposits are made into the General Fund. Therefore a transfer must be made to the Sales Tax Capital Improvement Fund and the 2023 Sales Tax Capital Improvement Fund for each respective funds' share of the monthly sales tax deposit. Transfers from the General Fund to these two funds related to sales tax revenues totaled approximately \$17.6 million in 2024. The Parks Fund receives an operating subsidy from the General Fund each year and a transfer in from the Sales Tax Capital Improvement Fund for capital purchases. Transfers in to the Parks Fund from these two funds were approximately \$1 million in 2024. The Grant Fund and ARPA fund are both used to track federal funds. Transfers are used between these two funds and other funds in the City to move expenses being reimbursed with federal funds. The Electric Department transfers funds to the General Fund based on amounts directed and authorized by the City Council in lieu of franchise fees and to cover costs associated with services from the accounting, human resources, information technology and legal departments.

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 cost-sharing, multiple-employer defined benefit pension plan; and the LOPFI Police Pension and Firemen's Pension and Relief Fund plans, which are state-wide agent, multi-employer defined benefit plans. The City also contributes to the Arkansas Public Employees Retirement System (APERS), a state-wide cost-sharing, 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.

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

| Primary Government | Net Pension Liability | Deferred Outflows | Deferred Inflows | Pension Expense (Income) |
|--|------------------------------|--------------------------|-------------------------|---------------------------------|
| Nonuniform – Governmental Activities | \$ 24,097,036 | \$ 2,621,629 | \$ 1,688,243 | \$ 3,413,664 |
| Nonuniform – Business-type Activities | 10,343,362 | 893,468 | 345,684 | 1,536,122 |
| Police – LOPFI | 29,724,807 | 11,162,412 | 1,483,300 | 4,390,386 |
| Fire – LOPFI | 25,638,442 | 8,694,234 | 2,414,088 | 2,599,784 |
| Police Pension | 26,289,570 | 2,285,046 | - | 1,504,620 |
| Firemen's Pension and Relief Fund | 24,827,998 | 2,186,053 | - | 1,367,694 |
| APERS | 567,399 | 129,086 | 54,167 | 102,551 |
| | <u>\$ 141,488,614</u> | <u>\$ 27,971,928</u> | <u>\$ 5,985,482</u> | <u>\$ 14,914,821</u> |
| Discretely Presented Component Units | Net Pension Liability | Deferred Outflows | Deferred Inflows | Pension Expense |
| Nonuniform – Airport | \$ 112,428 | \$ 9,051 | \$ 26,221 | \$ 11,739 |
| Nonuniform – Library | 2,923,124 | 966,403 | 111,909 | 559,714 |
| Waste Water Utility | 2,045,632 | 2,566,940 | 1,476,925 | 795,263 |
| APERS – Advertising and Promotion Commission | 855,739 | 214,669 | 34,987 | 191,940 |
| | <u>\$ 5,936,923</u> | <u>\$ 3,757,063</u> | <u>\$ 1,650,042</u> | <u>\$ 1,558,656</u> |

Non-Uniformed Employees Retirement Plan

Plan Description

All full-time, non-uniformed employees of the City are eligible to participate in “The Retirement System of the City of North Little Rock” (Non-Uniformed Plan) defined benefit plan. The provisions of the Non-Uniformed Plan call for employee contributions of 5.25% 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.

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Number of Participants

Membership in the Non-Uniformed Plan at December 31, 2024, is comprised of the following:

| | Non-Uniformed Plan |
|--|-------------------------------|
| Retirees and beneficiaries receiving benefits | 256 |
| Inactives employees entitled to but not yet receiving benefits | 13 |
| Active plan members | <u>536</u> |
| Total | <u><u>805</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 2024 Plan Year for the City as a whole is 18.72%. For 2024, the City's contributions to the Plan were \$4,120,409.

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

Actuarial Assumptions

The total pension liability in the December 31, 2024, 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 | 6.50% |
| 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:

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| 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, 2024, was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of this date.

Changes in Total Pension Liability

Changes in the total pension liability, plan fiduciary net pension and the net pension liability through the respective fiscal years ended, are as follows for the Plan as determined by the City at December 31, 2024:

| Changes in Net Pension Liability – Non-Uniformed Plan | | | |
|---|------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances as of Beginning of Year | \$ 100,282,421 | \$ 59,604,208 | \$ 40,678,213 |
| Charges for the year | | | |
| Service cost | 2,575,900 | - | 2,575,900 |
| Interest on total pension liability | 6,407,325 | - | 6,407,325 |
| Difference between expected and actual return | 991,489 | - | 991,489 |
| Administrative expense | - | (83,258) | 83,258 |
| Benefit payments, including refunds of employee contributions | (5,992,292) | (5,992,292) | - |
| Contributions – employer | - | 4,120,409 | (4,120,409) |
| Contributions – employee | - | 1,751,561 | (1,751,561) |
| Net investment income | - | 7,388,265 | (7,388,265) |
| Net changes | 3,982,422 | 7,184,685 | (3,202,263) |
| Balances as of End of Year | \$ 104,264,843 | \$ 66,788,893 | \$ 37,475,950 |

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The above amounts are allocated between government-wide (governmental activities), Electric (business-type activities), Airport (component unit) and the North Little Rock Public Library System (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 91.9% (93.2% in prior year), the Airport's proportionate share was 0.30% (0.30% in prior year), and the Library's proportionate share was 7.8% (6.5% in prior year).

Changes in Net Pension Liability – Non-Uniformed Plan (Primary Government)

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--|--|
| Balances as of Beginning of Year | <u>\$ 92,146,256</u> | <u>\$ 54,762,980</u> | <u>\$ 37,383,276</u> |
| Charges for the year | | | |
| Service cost | 2,367,252 | - | 2,367,252 |
| Interest on total pension liability | 5,888,333 | - | 5,888,333 |
| Difference between expected and actual return | 911,178 | - | 911,178 |
| Administrative expense | - | (76,514) | 76,514 |
| Benefit payments, including refunds of employee contributions | (5,546,916) | (5,546,916) | - |
| Contributions – employer | - | 3,786,656 | (3,786,656) |
| Contributions – employee | - | 1,609,684 | (1,609,684) |
| Net investment income | - | 6,789,815 | (6,789,815) |
| | <u>3,619,847</u> | <u>6,562,725</u> | <u>(2,942,878)</u> |
| Balances as of End of Year | <u>\$ 95,766,103</u> | <u>\$ 61,325,706</u> | <u>\$ 34,440,398</u> |

Changes in Net Pension Liability – Non-Uniformed Plan (Airport)

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--|--|
| Balances as of Beginning of Year | <u>\$ 354,135</u> | <u>\$ 232,100</u> | <u>\$ 122,035</u> |
| Charges for the year | | | |
| Service cost | 7,728 | - | 7,728 |
| Interest on total pension liability | 19,222 | - | 19,222 |
| Difference between expected and actual return | 2,974 | - | 2,974 |
| Administrative expense | - | (250) | 250 |
| Benefit payments, including refunds of employee contributions | (17,977) | (17,977) | - |
| Contributions – employer | - | 12,361 | (12,361) |
| Contributions – employee | - | 5,255 | (5,255) |
| Net investment income | - | 22,165 | (22,165) |
| | <u>11,947</u> | <u>21,554</u> | <u>(9,607)</u> |
| Balances as of End of Year | <u>\$ 366,082</u> | <u>\$ 253,654</u> | <u>\$ 112,428</u> |

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Changes in Net Pension Liability – Non-Uniformed 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 | \$ 7,822,029 | \$ 4,649,128 | \$ 3,172,901 |
| Charges for the year | | | |
| Service cost | 200,920 | - | 200,920 |
| Interest on total pension liability | 499,771 | - | 499,771 |
| Difference between expected and actual return | 77,336 | - | 77,336 |
| Administrative expense | - | (6,494) | 6,494 |
| Benefit payments, including refunds of employee contributions | (467,399) | (467,399) | - |
| Contributions – employer | - | 321,392 | (321,392) |
| Contributions – employee | - | 136,622 | (136,622) |
| Net investment income | - | 576,285 | (576,285) |
| Net changes | <u>310,629</u> | <u>560,405</u> | <u>(249,777)</u> |
| Balances as of End of Year | <u>\$ 8,132,658</u> | <u>\$ 5,209,533</u> | <u>\$ 2,923,124</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's net pension liability | \$ 46,166,889 | \$ 34,440,398 | \$ 24,670,157 |
| Non-Uniformed Plan – Airport's net pension liability | 150,708 | 112,428 | 80,534 |
| Non-Uniformed Plan – Library's net pension liability | 3,918,408 | 2,923,124 | 2,093,876 |
| | <u>\$ 50,236,005</u> | <u>\$ 37,475,950</u> | <u>\$ 26,844,567</u> |

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

For the year ended December 31, 2024, the City and its component units recognized pension expense of \$5,521,241, 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, 2024:

| Non-Uniformed - Primary Government | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 2,107,937 | \$ 181,878 |
| Changes of assumptions | 664,709 | - |
| Change in proportion | 742,451 | 1,391,971 |
| Net difference between projected and actual earnings on pension plan investments | - | 460,078 |
| Total | <u>\$ 3,515,097</u> | <u>\$ 2,033,927</u> |
| | | |
| Non-Uniformed - Airport | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 6,881 | \$ 594 |
| Changes of assumptions | 2,170 | - |
| Change in proportion | - | 24,125 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,502 |
| Total | <u>\$ 9,051</u> | <u>\$ 26,221</u> |
| | | |
| Non-Uniformed - Library | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 178,911 | \$ 15,437 |
| Changes of assumptions | 56,417 | - |
| Change in proportion | 731,075 | 57,423 |
| Net difference between projected and actual earnings on pension plan investments | - | 39,049 |
| Total | <u>\$ 966,403</u> | <u>\$ 111,909</u> |

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

| Year Ending December 31, | Non- Uniformed Plan (Primary Government) | Non- Uniformed Plan (Airport) | Non- Uniformed Plan (Library) |
|-----------------------------|--|--|--|
| 2025 | \$ 930,901 | \$ (1,433) | \$ 201,050 |
| 2026 | 1,246,362 | (364) | 241,057 |
| 2027 | (609,096) | (6,393) | 92,802 |
| 2028 | (417,251) | (5,736) | 119,291 |
| 2029 | 262,775 | (3,668) | 126,547 |
| Thereafter | 67,479 | 424 | 73,747 |
| Total | <u>\$ 1,481,170</u> | <u>\$ (17,170)</u> | <u>\$ 854,494</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-Uniformed Plan | 12/31/2024 | 12.42% |
| | 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 a separate audited GAAP-basis postemployment benefit plan report. This report may be obtained by visiting the LOPFI website: www.lopfi-prb.com.

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Benefits Provided

Benefit Program 1 provides benefits to a member with five or more years (10 or more years for members hired after July 1, 2013) of credited service in force who has attained his or her normal retirement age consist of an annuity equal to the following:

- a. For each year of paid service resulting from employment in a position not also covered by social security, 2.94% 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

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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 2024 for police and fire to the Plan were \$3,747,812 and \$3,082,104, respectively.

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

As of December 31, 2024, 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 | \$ 25,638,442 |
| North Little Rock Police | \$ 29,724,807 |

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, 2024, 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, 2023. 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 | 2.56144% | (2.71215% in prior year) |
| North Little Rock Police | 2.96970% | (2.85858% in prior year) |

For the year ended December 31, 2024, the LOPFI Fire and LOPFI Police recognized pension expense of \$2,599,784 and \$4,390,386, respectively. At December 31, 2024, 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 | \$ 3,643,631 | \$ - |
| Changes of assumptions | 111,872 | 1,390,635 |
| Changes in proportion | 907,983 | 92,665 |
| Net difference between projected and actual earnings on pension plan investments | 2,751,114 | - |
| Contributions subsequent to measurement date | 3,747,812 | - |
| Total | <u>\$ 11,162,412</u> | <u>\$ 1,483,300</u> |

City of North Little Rock, Arkansas
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| LOPFI – Fire | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 3,142,729 | \$ - |
| Changes of assumptions | 96,492 | 1,199,460 |
| Changes in proportion | - | 1,214,628 |
| Net difference between projected and actual earnings on pension plan investments | 2,372,909 | - |
| Contributions subsequent to measurement date | <u>3,082,104</u> | <u>-</u> |
| Total | <u>\$ 8,694,234</u> | <u>\$ 2,414,088</u> |

At December 31, 2024, LOPFI Police and LOPFI Fire reported \$3,747,812 and \$3,082,104 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | LOPFI – Police | LOPFI – Fire |
|-------------------------------------|-----------------------|---------------------|
| 2025 | \$ 1,743,471 | \$ 447,957 |
| 2026 | 2,536,490 | 1,467,804 |
| 2027 | 2,823,095 | 2,292,952 |
| 2028 | <u>(1,171,756)</u> | <u>(1,010,671)</u> |
| Total | <u>\$ 5,931,300</u> | <u>\$ 3,198,042</u> |

Actuarial Assumptions

The total pension liability as of December 31, 2024, was determined by an actuarial valuation as of December 31, 2023, 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 | 2.25% |
| Salary Increases | 3.50% to 18.00%, including inflation |
| Investment Rate of Return | 7.25%, 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 2021 valuation pursuant to an experience study of the period 2017-2020. |

City of North Little Rock, Arkansas
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Mortality

The healthy post-retirement tables used were the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Disabled Retiree tables for males and females. The death-in-service mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

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, 2024, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|------------------------|--------------------------|---|
| U.S. stock – large cap | 21% | 5.62% |
| U.S. stock – small cap | 21% | 5.86% |
| International equity | 9% | 6.92% |
| Emerging markets | 9% | 8.95% |
| U.S. corporate bonds | 25% | 2.29% |
| Real estate | 5% | 3.61% |
| Private equity | 10% | 9.48% |
| 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.

City of North Little Rock, Arkansas
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Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using a single discount rate of 7.25%, 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%).

| | | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|----------------|-----------------------|------------------------------|--|------------------------------|
| LOPFI – Fire | Net pension liability | \$ 40,188,215 | \$ 25,638,442 | \$ 13,869,838 |
| LOPFI – Police | Net pension liability | 46,593,586 | 29,724,807 | 16,080,473 |
| | | <u>\$ 86,781,801</u> | <u>\$ 55,363,249</u> | <u>\$ 29,950,311</u> |

Pension Plan Fiduciary Net Position

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

Police Pension

Plan Description and Funding Information

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

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

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.

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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 2024 were \$2,285,046. 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, 2023 (measurement date), is comprised of the following:

| | <u>Police Pension</u> |
|--|---------------------------|
| Retirees and beneficiaries receiving benefits | 90 |
| Members on Deferred Retirement Option Plan (DROP) | <u>1</u> |
| | <u><u>91</u></u> |

Actuarial Methods and Assumptions

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

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

For the December 31, 2023, 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 3.00%, which includes an inflation rate of 2.25% and no costs of living increases. The remaining amortization period at January 1, 2023, was 15 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, 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, 2023, actuarial valuation were based on the results of an actuarial experience study for the period 2017 through 2020.

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

| Police Pension Asset Class | Target Allocation | Long-term Expected Real of Return |
|---------------------------------------|------------------------------|--|
| U.S. stock – large cap | 21% | 5.62% |
| U.S. stock – small cap | 21% | 5.86% |
| International equity | 9% | 6.92% |
| Emerging markets | 9% | 8.95% |
| U.S. corporate bonds | 25% | 2.29% |
| Real estate | 5% | 3.61% |
| Private equity | 10% | 9.48% |
| | <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 3.77%, and the resulting *Single Discount Rate* (SDR) is 3.77%, 4.05% 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, 2024, 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 that date.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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, 2024:

| 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 | \$ 26,074,158 | \$ (995,400) | \$ 27,069,558 |
| Charges for the year | | | |
| Interest on total pension liability | 1,009,717 | - | 1,009,717 |
| Difference between expected and actual return | (129,783) | - | (129,783) |
| Changes of assumptions | 628,558 | - | 628,558 |
| Benefit Payments, including refunds of employee contributions | (2,285,755) | (2,285,755) | - |
| Contributions – member | - | - | - |
| Contributions – employer | - | 2,288,480 | (2,288,480) |
| Net changes | <u>(777,263)</u> | <u>2,725</u> | <u>(779,988)</u> |
| Balances as of End of Year | <u>\$ 25,296,895</u> | <u>\$ (992,675)</u> | <u>\$ 26,289,570</u> |

Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 3.77%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease 2.77% | Current Discount Rate 3.77% | 1% Increase 4.77% |
|--|----------------------------------|--|----------------------------------|
| Police Pension – Net pension liability | \$ 28,756,554 | \$ 26,289,570 | \$ 24,124,723 |

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

For the year ended December 31, 2024, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$1,504,620, 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, 2024:

| <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 | \$ - | \$ - |
| Contributions subsequent to measurement date | <u>2,285,046</u> | <u>-</u> |
| Total | <u>\$ 2,285,046</u> | <u>\$ -</u> |

At December 31, 2024, Police Pension reported \$2,285,046 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, 2025.

Firemen’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.

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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 \$2,065,024 in 2024. 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, 2023 (measurement date), is comprised of the following:

| | Firemen's Fund |
|--|---------------------------|
| Retirees and beneficiaries receiving benefits | 97 |
| Members on Deferred Retirement Option Plan (DROP) | 1 |
| | 98 |

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.

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For the December 31, 2023, 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 3.00%, which includes an inflation rate of 2.25% and no costs of living increases. The remaining amortization period at January 1, 2023, was 15 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, 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, 2023, actuarial valuation were based on the results of an actuarial experience study for the period 2017 through 2020.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

| Firemen's Pension Asset Class | Target Allocation | Long-term Expected Real of Return |
|--|------------------------------|--|
| U.S. stock – large cap | 21% | 5.62% |
| U.S. stock – small cap | 21% | 5.86% |
| International equity | 9% | 6.92% |
| Emerging markets | 9% | 8.95% |
| U.S. corporate bonds | 25% | 2.29% |
| Real estate | 5% | 3.61% |
| Private equity | 10% | 9.48% |
| | 100% | |

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 3.77%, and the resulting *Single Discount Rate* (SDR) is 3.92%, 4.28% 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, 2024, 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 that date.

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

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Fireman's Fund for the year ended December 31, 2024:

| 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 | \$ 27,949,083 | \$ 2,448,128 | \$ 25,500,955 |
| Charges for the year | | | |
| Interest on total pension liability | 1,130,943 | - | 1,130,943 |
| Difference between expected and actual return | (241,037) | - | (241,037) |
| Changes of assumptions | 739,109 | - | 739,109 |
| Benefit Payments, including refunds of employee contributions | (3,050,352) | (3,050,352) | - |
| Administrative expense | - | (2,492) | 2,492 |
| Contributions – member | - | - | - |
| Contributions – employer | - | 2,007,020 | (2,007,020) |
| Net investment income | - | 297,444 | (297,444) |
| Net changes | <u>(1,421,337)</u> | <u>(748,380)</u> | <u>(672,957)</u> |
| Balances as of End of Year | <u>\$ 26,527,746</u> | <u>\$ 1,699,748</u> | <u>\$ 24,827,998</u> |

Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 3.92%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease 2.92% | Current Discount Rate 3.92% | 1% Increase 4.92% |
|--|----------------------------------|--|----------------------------------|
| Firemen's Pension and Relief Fund - Net pension liability | \$ 27,065,790 | \$ 24,827,998 | \$ 22,825,672 |

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

For the year ended December 31, 2024, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$1,367,694, 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, 2024:

| <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 | \$ 121,029 | \$ - |
| Contributions subsequent to measurement date | <u>2,065,024</u> | <u>-</u> |
| Total | <u>\$ 2,186,053</u> | <u>\$ -</u> |

At December 31, 2024, the Firemen’s Pension and Relief reported \$2,065,024 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to pensions will be recognized in pension expense as follows:

Fire

| <u>Year Ending December 31,</u> | |
|---------------------------------|-------------------|
| 2025 | \$ (8,202) |
| 2026 | 44,921 |
| 2027 | 115,884 |
| 2028 | <u>(31,574)</u> |
| Total | <u>\$ 121,029</u> |

Arkansas Public Employees Retirement System (APERS)

Plan Description

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

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

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

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

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

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

Members may retire with a reduced benefit at age 55 with at least 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 2024. City contributions to the plan in 2024 were \$79,365.

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
December 31, 2024

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

At December 31, 2024, the primary government and Advertising and Promotion Commission reported a liability of \$567,399 and \$855,739, respectively, for its proportionate share of the net pension liability. The City's proportionate share was .02280432% (.02457768% in prior year) for court clerks and .03439295% (.03347401% in prior year) for the Advertising and Promotions Commission. The net pension liability was measured as of June 30, 2024, 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, 2024.

For the year ended December 31, 2024, the primary government and Advertising and Promotion Commission recognized pension expense of \$102,551 and \$191,940, respectively. At December 31, 2024, the City and its component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Primary Government | | Advertising and Promotion Commission | |
|--|--------------------------------|-------------------------------|--------------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences in expected and actual experience | \$ 22,020 | \$ 23,198 | \$ 33,209 | \$ 34,987 |
| Change in proportion | 31,149 | 30,969 | 68,376 | - |
| Net difference between projected and actual earnings on pension plan investments | 16,460 | - | 24,825 | - |
| Change of assumptions | 19,774 | - | 29,822 | - |
| Contributions subsequent to the measurement date* | 39,683 | - | 58,437 | - |
| Total | <u>\$ 129,086</u> | <u>\$ 54,167</u> | <u>\$ 214,669</u> | <u>\$ 34,987</u> |

*Contributions made subsequent to measurement date of June 30, 2024.

At December 31, 2024, the primary government and Advertising and Promotion Commission reported \$39,683 and \$58,437, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

City of North Little Rock, Arkansas
Notes to the Financial Statements
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, | Primary Government | Advertising and Promotion Commission |
|-------|-----------------------------|-----------------------|--|
| 2025 | | \$ (4,985) | \$ 38,971 |
| 2026 | | 78,325 | \$ 136,410 |
| 2027 | | (24,706) | (33,655) |
| 2028 | | (13,579) | (20,481) |
| 2029 | | 181 | - |
| Total | | \$ 35,236 | \$ 121,245 |

Actuarial Assumptions

The total pension liability in the June 30, 2024, 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 | 16 years (5.6 years for District Judges New Plan and Paid Off Old Plan and 12 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 | 3.6281% |
| Cost of living adjustments | 3.0% annual compounded increase |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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, 2024, are summarized in the table below:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|-----------------------|--------------------------|---|
| Broad Domestic Equity | 39% | 5.03% |
| International Equity | 17% | 6.34% |
| Real Assets | 16% | 4.51% |
| Private Equity | 5% | 9.00% |
| Hedge Funds | 2% | 3.63% |
| Domestic Fixed | 21% | 3.38% |
| | | |
| Total | 100% | |

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:

| | | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|--------------------------------------|-----------------------|------------------------------|--|------------------------------|
| Primary Government | Net pension liability | \$ 968,188 | \$ 567,399 | \$ 236,979 |
| Advertising and Promotion Commission | Net pension liability | \$ 1,460,198 | \$ 855,739 | \$ 357,406 |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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 15.38% and 18.51% for the year ended December 31, 2024 and 2023, 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 (Income)</u> |
|---------------------------------|---------------------------------|------------------------------|-----------------------------|--------------------------|
| Total Primary Government | | | | |
| OPEB – Governmental Activities | \$ 2,380,173 | \$ 530,613 | \$ 3,905,226 | \$ (29,169) |
| OPEB – Business-type Activities | <u>260,118</u> | <u>73,473</u> | <u>568,771</u> | <u>(15,674)</u> |
| | <u>\$ 2,640,291</u> | <u>\$ 604,086</u> | <u>\$ 4,473,997</u> | <u>\$ (44,843)</u> |

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.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 23 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 819 |
| | 842 |

Premiums

Retired participants must pay the same premium as the city is charging active employees. Retired participants pay monthly premiums between \$572.50 for single coverage and \$1,292.50 for family coverage. Benefits paid by the City for the year ended December 31, 2024 were \$219,629.

Actuarial Assumptions

The City's total OPEB liability was measured as of December 31, 2024, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2024, 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 | 4.28% (prior year was 4.00%) |
| Mortality Table | Based on RP 2014 Mortality Rate |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

Total OPEB Liability

The components of the total OPEB liability of the City at December 31, 2024, were as follows:

| | |
|---|----------------------------|
| Balance at January 1, 2024 | <u>\$ 4,955,511</u> |
| Changes for the year | |
| Service cost | 204,268 |
| Interest on total OPEB liability | 201,998 |
| Difference between expected and actual experience | (2,436,203) |
| Benefit payments | (219,629) |
| Effect of assumptions changes or inputs | <u>(65,654)</u> |
| Net Changes | <u>(2,315,220)</u> |
| Balance at December 31, 2024 | <u><u>\$ 2,640,291</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 4.28%, 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 (3.28%)</u> | <u>Current Discount Rate Assumptions Rate (4.28%)</u> | <u>1% Increase in Discount Rate (5.28%)</u> |
|----------------------|---|---|---|
| Total OPEB liability | <u>\$ 2,881,575</u> | <u>\$ 2,640,291</u> | <u>\$ 2,418,199</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>\$ 2,315,411</u> | <u>\$ 2,640,291</u> | <u>\$ 3,032,716</u> |

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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

For the year ended December 31, 2024, the City of North Little Rock recognized OPEB income of \$44,843. At December 31, 2024, the City of North Little Rock reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences in expected and actual experience | \$ 21,648 | \$ 3,552,790 |
| Changes of assumptions | <u>582,438</u> | <u>921,207</u> |
| | <u>\$ 604,086</u> | <u>\$ 4,473,997</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

| | |
|------------|-----------------------|
| 2025 | \$ (451,109) |
| 2026 | (451,109) |
| 2027 | (451,109) |
| 2028 | (451,109) |
| 2029 | (451,106) |
| Thereafter | <u>(1,614,369)</u> |
| Total | <u>\$ (3,869,911)</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 North Little Rock Public Library System, 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, 2024.

The Waste Water Utility was insured at December 31, 2024, 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, 2024, 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 Electric 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 Electric Department will pay its proportionate share of the fixed and variable costs of operating the plant and its share of MJMEUC's administrative and other costs associated with the contract. During 2024, the Electric Department paid \$15,225,140 in purchased power from MJMEUC.

The City of North Little Rock, Arkansas has an agreement with Entergy whereby Entergy has interconnected its transmission facilities with the City's facilities to transmit the hydroelectric power and energy generated at Murray Hydroelectric Plant (Plant) to the electric system. The agreement continues as long as the City is authorized to operate the Plant, unless terminated earlier by either party on not less than 60 months advance written notice. Rates are determined based upon agreed-upon formulas, with billings to be made on a monthly basis.

During 2012, the City of North Little Rock established an adjustable Energy Cost Recovery Rider (ECR) as a component of its electric rate structure. The ECR is designed to generate increases or decreases in billings to customers depending on increases or decreases in the cost of purchasing and providing power to its customers. In May of 2019, the City Council adopted Ordinance No. 9000 replacing the two-component ECR variable rider with a single component Power Cost Adjustment (PCA) rider. The PCA, in place with the new rate structure, is easier to calculate and has less variability.

During 2013, the City entered into an energy-only contract in order to capitalize on the cost effective delivery of power from the Midcontinent Independent System Operator (MISO) market. Under the contract, the City will begin managing the output of its generation resources in the market by selling excess energy into the market at the current market price. When those resources produce insufficient energy, the City will purchase replacement energy from the market at the current market price. During 2024, the Electric Department paid \$14,535,984 in purchased power from MISO.

City of North Little Rock, Arkansas
Notes to the Financial Statements
December 31, 2024

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 Electric Department agrees to purchase certain volumes of energy at an agreed upon price. During 2024, the Electric Department paid \$8,848,432 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, 2024. 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 Uniform Guidance. 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



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City of North Little Rock, Arkansas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last 10 Years

Non-Uniformed Employees Defined Benefit Plan

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-----------------------|-----------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service cost | \$ 2,575,900 | \$ 2,367,018 | \$ 2,339,321 | \$ 2,580,665 |
| Interest | 6,407,325 | 6,092,597 | 5,864,289 | 5,547,208 |
| Difference between expected and actual experience | 991,489 | 1,708,079 | 103,392 | (18,268) |
| Changes in assumptions | - | - | - | 1,687,692 |
| Benefit payments, including refunds of plan member contributions | <u>(5,992,292)</u> | <u>(4,868,044)</u> | <u>(4,748,795)</u> | <u>(4,848,129)</u> |
| Net Change in Total Pension Liability | 3,982,422 | 5,299,650 | 3,558,207 | 4,949,168 |
| Total Pension Liability, Beginning of Year | <u>100,282,421</u> | <u>94,982,771</u> | <u>91,424,564</u> | <u>86,475,396</u> |
| Total Pension Liability, End of Year | <u>\$ 104,264,843</u> | <u>\$ 100,282,421</u> | <u>\$ 94,982,771</u> | <u>\$ 91,424,564</u> |
| Plan Fiduciary Net Position | | | | |
| Employer contributions | 4,120,409 | 3,856,072 | 3,566,827 | 3,193,138 |
| Plan member contributions | 1,751,561 | 1,639,133 | 1,507,468 | 1,351,664 |
| Net investment income | 7,388,265 | 5,768,881 | (6,636,903) | 6,101,015 |
| Benefit payments, including refunds of plan member contributions | <u>(5,992,292)</u> | <u>(4,868,044)</u> | <u>(4,748,795)</u> | <u>(4,848,130)</u> |
| Administrative expense | <u>(83,258)</u> | <u>(79,345)</u> | <u>(77,603)</u> | <u>(71,689)</u> |
| Net Change in Plan Fiduciary Net Position | 7,184,685 | 6,316,697 | (6,389,006) | 5,725,998 |
| Plan Fiduciary Net Position, Beginning of Year | <u>59,604,208</u> | <u>53,287,511</u> | <u>59,676,517</u> | <u>53,950,519</u> |
| Plan Fiduciary Net Position, End of Year | <u>\$ 66,788,893</u> | <u>\$ 59,604,208</u> | <u>\$ 53,287,511</u> | <u>\$ 59,676,517</u> |
| City's Net Pension Liability, End of Year | <u>\$ 37,475,950</u> | <u>\$ 40,678,213</u> | <u>\$ 41,695,260</u> | <u>\$ 31,748,047</u> |
| | | | | |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 64.06% | 59.44% | 56.10% | 65.27% |
| Covered Payroll | \$ 33,363,636 | \$ 31,223,255 | \$ 28,881,190 | \$ 26,946,312 |
| Plan's Net Pension Liability as a Percentage of Covered Payroll | 112.33% | 130.28% | 144.37% | 117.82% |

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.

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|----|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 2,442,653 | \$ 2,249,277 | \$ 2,171,091 | \$ 2,081,105 | \$ 1,842,603 | \$ 2,432,932 |
| | 5,173,335 | 4,888,174 | 4,685,936 | 4,483,827 | 4,189,965 | 3,885,117 |
| | (665,282) | 1,153,182 | 4,871 | (228,243) | 1,873,765 | (1,495,386) |
| | 3,043,281 | - | - | - | 4,089,326 | (9,232,564) |
| | <u>(3,774,079)</u> | <u>(4,226,370)</u> | <u>(3,352,897)</u> | <u>(3,191,730)</u> | <u>(2,787,461)</u> | <u>(2,755,249)</u> |
| | 6,219,908 | 4,064,263 | 3,509,001 | 3,144,959 | 9,208,198 | (7,165,150) |
| | <u>80,255,488</u> | <u>76,191,225</u> | <u>72,682,224</u> | <u>69,537,265</u> | <u>60,329,067</u> | <u>67,494,217</u> |
| \$ | <u>86,475,396</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> |
| | 2,741,804 | 2,462,350 | 2,389,157 | 2,220,368 | 1,364,281 | 1,133,620 |
| | 1,370,902 | 1,231,175 | 1,195,958 | 996,081 | 909,519 | 755,749 |
| | 1,969,255 | 7,836,754 | (3,222,842) | 4,326,066 | 2,153,389 | (1,596,295) |
| | <u>(3,774,079)</u> | <u>(4,226,370)</u> | <u>(3,352,897)</u> | <u>(3,191,730)</u> | <u>(2,787,461)</u> | <u>(2,755,249)</u> |
| | <u>(76,605)</u> | <u>(83,747)</u> | <u>(70,492)</u> | <u>(73,790)</u> | <u>(52,951)</u> | <u>(55,210)</u> |
| | 2,231,277 | 7,220,162 | (3,061,116) | 4,276,995 | 1,586,777 | (2,517,385) |
| | <u>51,719,242</u> | <u>44,499,080</u> | <u>47,560,196</u> | <u>43,283,201</u> | <u>41,696,424</u> | <u>44,213,809</u> |
| \$ | <u>53,950,519</u> | <u>\$ 51,719,242</u> | <u>\$ 44,499,080</u> | <u>\$ 47,560,196</u> | <u>\$ 43,283,201</u> | <u>\$ 41,696,424</u> |
| \$ | <u>32,524,877</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> |
| | 62.39% | 64.44% | 58.40% | 65.44% | 62.24% | 69.11% |
| \$ | 27,418,040 | \$ 24,623,500 | \$ 23,891,570 | \$ 22,770,923 | \$ 21,964,782 | \$ 19,641,076 |
| | 118.63% | 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 9 Years

Police Pension Plan

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - |
| Interest | 1,009,717 | 611,617 | 701,468 | 934,706 |
| Difference between expected and actual experience | (129,783) | 9,291 | (358,146) | (169,317) |
| Changes in assumptions | 628,558 | (6,440,925) | 363,205 | 2,885,065 |
| Benefit payments, including refunds of plan member contributions | <u>(2,285,755)</u> | <u>(2,691,804)</u> | <u>(2,387,873)</u> | <u>(2,498,547)</u> |
| Net Change in Total Pension Liability | <u>(777,263)</u> | <u>(8,511,821)</u> | <u>(1,681,346)</u> | <u>1,151,907</u> |
| Total Pension Liability, Beginning of Year | <u>26,074,158</u> | <u>34,585,979</u> | <u>36,267,325</u> | <u>35,115,418</u> |
| Total Pension Liability, End of Year | <u>\$ 25,296,895</u> | <u>\$ 26,074,158</u> | <u>\$ 34,585,979</u> | <u>\$ 36,267,325</u> |
| Plan Fiduciary Net Position | | | | |
| Employer contributions | 2,288,480 | 2,295,127 | 2,171,733 | 2,106,247 |
| Plan member contributions | - | 3,098 | 3,047 | 3,097 |
| Net investment income | - | - | - | - |
| Benefit payments, including refunds of plan member contributions | (2,285,755) | (2,691,804) | (2,387,873) | (2,498,547) |
| Administrative expense | - | - | - | - |
| Other | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | <u>2,725</u> | <u>(393,579)</u> | <u>(213,093)</u> | <u>(389,203)</u> |
| Plan Fiduciary Net Position, Beginning of Year | <u>(995,400)</u> | <u>(601,821)</u> | <u>(388,728)</u> | <u>475</u> |
| Plan Fiduciary Net Position, End of Year | <u>\$ (992,675)</u> | <u>\$ (995,400)</u> | <u>\$ (601,821)</u> | <u>\$ (388,728)</u> |
| City's Net Pension Liability, End of Year | <u>\$ 26,289,570</u> | <u>\$ 27,069,558</u> | <u>\$ 35,187,800</u> | <u>\$ 36,656,053</u> |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered Payroll | \$ 112,158 | \$ 120,345 | \$ 173,125 | \$ 175,942 |
| Plan's Net Pension Liability as a Percentage of Covered Payroll | 23439.76% | 22493.30% | 20325.08% | 20834.17% |

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, 2021 - 2.00% | December 31, 2016 - 3.67% |
| December 31, 2022 - 1.84% | December 31, 2017 - 3.83% |
| December 31, 2023 - 4.05% | December 31, 2018 - 3.35% |
| December 31, 2024 - 3.77% | December 31, 2019 - 3.72% |
| | December 31, 2020 - 2.76% |

| 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ 15,917 | \$ 15,204 | \$ 10,573 | \$ 16,248 |
| 1,160,441 | 1,117,341 | 1,250,577 | 1,271,018 | 1,312,455 |
| 712,195 | 517,137 | 686,422 | (39,875) | 569,326 |
| 3,301,888 | (1,258,960) | 1,341,560 | (556,753) | 221,478 |
| <u>(2,507,532)</u> | <u>(2,577,015)</u> | <u>(2,608,595)</u> | <u>(2,726,985)</u> | <u>(2,613,959)</u> |
| 2,666,992 | (2,185,580) | 685,168 | (2,042,022) | (494,452) |
| <u>32,448,426</u> | <u>34,634,006</u> | <u>33,948,838</u> | <u>35,990,860</u> | <u>36,485,312</u> |
| <u>\$ 35,115,418</u> | <u>\$ 32,448,426</u> | <u>\$ 34,634,006</u> | <u>\$ 33,948,838</u> | <u>\$ 35,990,860</u> |
| 2,111,338 | 2,027,867 | 1,984,413 | 1,890,091 | 1,790,813 |
| 2,924 | (13,040) | 6,179 | 7,608 | 10,961 |
| 31,005 | (18,924) | 154,359 | 101,074 | 4,546 |
| <u>(2,507,532)</u> | <u>(2,577,015)</u> | <u>(2,608,595)</u> | <u>(2,726,985)</u> | <u>(2,613,959)</u> |
| (273) | (1,255) | (1,979) | (3,794) | (6,131) |
| - | - | - | 47,400 | - |
| <u>(362,538)</u> | <u>(582,367)</u> | <u>(465,623)</u> | <u>(684,606)</u> | <u>(813,770)</u> |
| <u>363,013</u> | <u>945,380</u> | <u>1,411,003</u> | <u>2,095,609</u> | <u>2,909,379</u> |
| <u>\$ 475</u> | <u>\$ 363,013</u> | <u>\$ 945,380</u> | <u>\$ 1,411,003</u> | <u>\$ 2,095,609</u> |
| <u>\$ 35,114,943</u> | <u>\$ 32,085,413</u> | <u>\$ 33,688,626</u> | <u>\$ 32,537,835</u> | <u>\$ 33,895,251</u> |
| 0.00% | 1.12% | 2.73% | 4.16% | 5.82% |
| \$ 170,821 | \$ 168,808 | \$ 157,318 | \$ 159,587 | \$ 241,190 |
| 20556.57% | 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 9 Years

Firemen's Pension and Relief Fund

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - |
| Interest | 1,130,943 | 754,578 | 849,852 | 1,094,731 |
| Difference between expected and actual experience | (241,037) | 384,748 | 636,101 | (455,759) |
| Changes in assumptions | 739,109 | (5,183,797) | 1,014,037 | 2,162,151 |
| Benefit payments, including refunds of plan member contributions | <u>(3,050,352)</u> | <u>(2,789,715)</u> | <u>(2,882,030)</u> | <u>(3,267,356)</u> |
| Net Change in Total Pension Liability | (1,421,337) | (6,834,186) | (382,040) | (466,233) |
| Total Pension Liability, Beginning of Year | <u>27,949,083</u> | <u>34,783,269</u> | <u>35,165,309</u> | <u>35,631,542</u> |
| Total Pension Liability, End of Year | <u>\$ 26,527,746</u> | <u>\$ 27,949,083</u> | <u>\$ 34,783,269</u> | <u>\$ 35,165,309</u> |
| Plan Fiduciary Net Position | | | | |
| Employer contributions | 2,007,020 | 1,902,882 | 1,893,613 | 1,789,674 |
| Plan member contributions | - | 1,249 | 2,592 | 2,697 |
| Net investment income | 297,444 | (499,811) | 615,017 | 572,318 |
| Benefit payments, including refunds of plan member contributions | (3,050,352) | (2,789,715) | (2,882,030) | (3,267,356) |
| Administrative expense | (2,492) | (3,284) | (5,104) | (7,078) |
| Other | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | (748,380) | (1,388,679) | (375,912) | (909,745) |
| Plan Fiduciary Net Position, Beginning of Year | <u>2,448,128</u> | <u>3,836,807</u> | <u>4,212,719</u> | <u>5,122,464</u> |
| Plan Fiduciary Net Position, End of Year | <u>\$ 1,699,748</u> | <u>\$ 2,448,128</u> | <u>\$ 3,836,807</u> | <u>\$ 4,212,719</u> |
| City's Net Pension Liability, End of Year | <u>\$ 24,827,998</u> | <u>\$ 25,500,955</u> | <u>\$ 30,946,462</u> | <u>\$ 30,952,590</u> |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 6.41% | 8.76% | 11.03% | 11.98% |
| Covered Payroll | \$ 128,606 | \$ 164,710 | \$ 158,095 | \$ 183,387 |
| Plan's Net Pension Liability as a Percentage of Covered Payroll | 19305.47% | 15482.34% | 19574.60% | 16878.29% |

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, 2021 - 2.52% | December 31, 2016 - 4.40% |
| December 31, 2022 - 2.26% | December 31, 2017 - 4.52% |
| December 31, 2023 - 4.28% | December 31, 2018 - 4.01% |
| December 31, 2024 - 3.92% | December 31, 2019 - 4.12% |
| | December 31, 2020 - 3.22% |

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ 10,947 | \$ 5,116 | \$ 4,999 |
| 1,333,982 | 1,340,002 | 1,538,822 | 1,602,202 | 1,699,456 |
| 868,397 | 1,231,363 | 26,604 | (460,276) | (62,242) |
| 2,658,115 | (318,154) | 1,164,792 | (373,622) | 610,411 |
| <u>(3,214,307)</u> | <u>(3,368,736)</u> | <u>(3,359,082)</u> | <u>(2,931,504)</u> | <u>(2,958,538)</u> |
| 1,646,187 | (1,115,525) | (617,917) | (2,158,084) | (705,914) |
| 33,985,355 | 35,100,880 | 35,718,797 | 37,876,881 | 38,582,795 |
| <u>\$ 35,631,542</u> | <u>\$ 33,985,355</u> | <u>\$ 35,100,880</u> | <u>\$ 35,718,797</u> | <u>\$ 37,876,881</u> |
| 1,646,347 | 1,609,846 | 1,695,189 | 1,716,157 | 1,555,853 |
| 4,243 | 4,306 | 8,568 | 15,673 | 17,631 |
| 928,740 | (195,176) | 1,054,331 | 498,767 | 17,659 |
| <u>(3,214,307)</u> | <u>(3,368,736)</u> | <u>(3,359,082)</u> | <u>(2,931,504)</u> | <u>(2,958,538)</u> |
| (8,168) | (12,940) | (13,517) | (16,296) | (22,518) |
| - | - | - | 31,200 | - |
| <u>(643,145)</u> | <u>(1,962,700)</u> | <u>(614,511)</u> | <u>(686,003)</u> | <u>(1,389,913)</u> |
| 5,765,609 | 7,728,309 | 8,342,820 | 9,028,823 | 10,418,736 |
| <u>\$ 5,122,464</u> | <u>\$ 5,765,609</u> | <u>\$ 7,728,309</u> | <u>\$ 8,342,820</u> | <u>\$ 9,028,823</u> |
| <u>\$ 30,509,078</u> | <u>\$ 28,219,746</u> | <u>\$ 27,372,571</u> | <u>\$ 27,375,977</u> | <u>\$ 28,848,058</u> |
| 14.38% | 16.96% | 22.02% | 23.36% | 23.84% |
| \$ 250,678 | \$ 333,149 | \$ 411,211 | \$ 526,042 | \$ 510,473 |
| 12170.62% | 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 9 Years

LOPFI - Fire

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 2.56144% | 2.71215% | 2.77841% | 2.94302% |
| City's proportionate share of the net pension liability | \$ 25,638,442 | \$ 28,957,404 | \$ 14,039,739 | \$ 20,232,816 |
| City's covered payroll | \$ 11,782,018 | \$ 11,235,915 | \$ 10,905,896 | \$ 11,093,451 |
| City's proportionate share of the net pension liability as a percentage of covered payroll | 217.61% | 257.72% | 128.74% | 182.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.50% | 69.20% | 84.75% | 77.79% |

LOPFI - Police

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 2.96970% | 2.85858% | 2.75861% | 2.84163% |
| City's proportionate share of the net pension liability | \$ 29,724,807 | \$ 30,520,827 | \$ 13,939,642 | \$ 19,535,772 |
| City's covered payroll | \$ 13,659,917 | \$ 11,842,547 | \$ 10,828,177 | \$ 13,375,657 |
| City's proportionate share of the net pension liability as a percentage of covered payroll | 217.61% | 257.72% | 128.73% | 146.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.50% | 69.20% | 84.75% | 77.79% |

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.

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------|--------------|---------------|---------------|--------------|
| 2.84686% | 2.67953% | 2.73119% | 2.74166% | 2.49184% |
| \$ 21,998,832 | \$ 2,572,414 | \$ 19,407,730 | \$ 15,642,023 | \$ 9,020,695 |
| \$ 10,429,122 | \$ 9,557,042 | \$ 9,359,122 | \$ 8,707,186 | \$ 7,931,178 |
| 210.94% | 26.92% | 207.37% | 179.64% | 113.74% |
| 73.21% | 66.09% | 71.48% | 72.87% | 79.14% |

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------|---------------|---------------|---------------|---------------|
| 2.71348% | 2.63745% | 2.55587% | 2.51139% | 2.30461% |
| \$ 20,968,132 | \$ 2,554,074 | \$ 18,161,919 | \$ 14,328,255 | \$ 8,342,893 |
| \$ 13,486,861 | \$ 12,257,002 | \$ 11,783,650 | \$ 10,999,885 | \$ 10,825,411 |
| 155.47% | 20.84% | 154.13% | 130.26% | 77.07% |
| 73.21% | 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 10 Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability | 0.02280432% | 0.02457768% | 0.02136670% | 0.02177704% |
| City's proportionate share of the net pension liability | \$ 567,399 | \$ 716,239 | \$ 576,128 | \$ 167,429 |
| City's covered payroll | \$ 518,145 | \$ 591,234 | \$ 407,600 | \$ 434,864 |
| City's proportionate share of the net pension liability as a percentage of covered payroll | 109.51% | 121.14% | 141.35% | 38.50% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.61% | 77.94% | 78.31% | 93.57% |

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.

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 0.02133044% | 0.02077864% | 0.19836180% | 0.02245346% | 0.02077350% | 0.02105517% |
| \$ 610,815 | \$ 501,291 | \$ 437,573 | \$ 580,229 | \$ 496,767 | \$ 387,780 |
| \$ 411,537 | \$ 402,283 | \$ 828,592 | \$ 795,081 | \$ 735,118 | \$ 697,720 |
| 148.42% | 124.61% | 52.81% | 72.98% | 67.58% | 55.58% |
| 75.38% | 78.55% | 79.59% | 75.65% | 75.50% | 80.39% |

City of North Little Rock, Arkansas
Schedule of City's Contributions - Non-Uniformed
Employees Defined Benefit Plan
Last 10 Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|---------------------|-------------------|-------------------|
| Contractually required contribution | \$ 4,207,155 | \$ 5,064,412 | \$ 3,763,219 | \$ 4,109,313 |
| Contribution in relation of the contractually required contribution | <u>4,120,409</u> | <u>3,856,072</u> | <u>3,566,827</u> | <u>3,193,138</u> |
| Contribution deficiency (excess) | <u>\$ 86,746</u> | <u>\$ 1,208,340</u> | <u>\$ 196,392</u> | <u>\$ 916,175</u> |
| City's covered payroll | \$ 33,363,636 | \$ 31,223,255 | \$ 28,881,190 | \$ 26,946,312 |
| Contributions as a percentage of covered payroll | 12.35% | 12.35% | 12.35% | 11.85% |

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

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. This mortality basis first used for the 2022 actuarial determined contributions. |

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| \$ 3,879,653 | \$ 3,897,900 | \$ 3,282,702 | \$ 3,518,108 | \$ 2,923,512 | \$ 2,185,569 |
| 2,741,804 | 2,462,350 | 2,389,157 | 2,220,368 | 1,364,281 | 1,133,620 |
| <u>\$ 1,137,849</u> | <u>\$ 1,435,550</u> | <u>\$ 893,545</u> | <u>\$ 1,297,740</u> | <u>\$ 1,559,231</u> | <u>\$ 1,051,949</u> |
| \$ 27,418,040 | \$ 24,623,500 | \$ 23,891,570 | \$ 22,770,923 | \$ 21,964,782 | \$ 19,641,076 |
| 10.00% | 10.00% | 10.00% | 9.75% | 6.21% | 5.77% |

City of North Little Rock, Arkansas
Schedule of City's Contributions - Police Pension Plan
Last 9 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 | \$ - | \$ 241,190 | 674.56% |
| 2017 | 1,705,029 | 1,705,029 | - | 159,587 | 1068.40% |
| 2018 | 1,708,560 | 1,708,560 | - | 157,318 | 1086.05% |
| 2019 | 1,813,500 | 1,813,500 | - | 168,808 | 1074.30% |
| 2020 | 1,805,304 | 1,805,304 | - | 170,821 | 1056.84% |
| 2021 | 1,883,856 | 1,883,856 | - | 175,942 | 1070.73% |
| 2022 | 2,009,328 | 2,009,328 | - | 173,125 | 1160.62% |
| 2023 | 2,009,328 | 2,009,328 | - | 120,345 | 1669.64% |
| 2024 | 2,285,046 | 2,285,046 | - | 112,158 | 2037.35% |

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 | 15 years beginning January 1, 2023 |
| Asset valuation | 5-year smoothed market; 20% corridor |
| Investment rate of return | 7.25% |
| Mortality | Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, Disabled Retiree and Employee mortality tables for males and females. The tables were adjusted for fully generational mortality improvements using Scale MP-2020. |

Other Information

Notes There were no benefit changes during the year.

City of North Little Rock, Arkansas
Schedule of City's Contributions - Firemen's Pension and Relief Fund
Last 9 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 | \$ - | \$ 510,473 | 297.26% |
| 2017 | 1,487,237 | 1,487,237 | - | 526,042 | 282.72% |
| 2018 | 1,458,360 | 1,458,360 | - | 411,211 | 354.65% |
| 2019 | 1,457,352 | 1,457,352 | - | 333,149 | 437.45% |
| 2020 | 1,591,524 | 1,591,524 | - | 250,678 | 634.89% |
| 2021 | 1,695,540 | 1,695,540 | - | 183,387 | 924.57% |
| 2022 | 1,695,540 | 1,695,540 | - | 158,095 | 1072.48% |
| 2023 | 1,796,748 | 1,796,748 | - | 164,710 | 1090.86% |
| 2024 | 2,065,024 | 2,065,024 | - | 128,606 | 1605.70% |

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 | 15 years beginning January 1, 2023 |
| Asset valuation | 5-year smoothed market; 20% corridor |
| Investment rate of return | 7.25% |
| Mortality | Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, Disabled Retiree and Employee mortality tables for males and females. The tables were adjusted for fully generational mortality improvements using Scale MP-2020. |

Other Information

| | |
|-------|--|
| Notes | There were no benefit changes during the year. |
|-------|--|

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

LOPFI - Fire

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 3,082,104 | \$ 2,824,477 | \$ 2,630,131 | \$ 2,530,463 |
| Contribution in relation of the contractually required contribution | <u>3,082,104</u> | <u>2,824,477</u> | <u>2,630,131</u> | <u>2,530,463</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 11,782,018 | \$ 12,393,492 | \$ 11,235,915 | \$ 10,905,896 |
| Contributions as a percentage of covered payroll | 26.16% | 22.79% | 23.41% | 23.20% |

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>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 3,747,812 | \$ 3,275,646 | \$ 2,772,133 | \$ 2,512,422 |
| Contribution in relation of the contractually required contribution | <u>3,747,812</u> | <u>3,275,646</u> | <u>2,772,133</u> | <u>2,512,422</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 13,659,917 | \$ 14,373,172 | \$ 11,842,547 | \$ 10,828,177 |
| Contributions as a percentage of covered payroll | 27.44% | 22.79% | 23.41% | 23.20% |

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.

| 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 2,602,961 | \$ 2,375,754 | \$ 2,092,256 | \$ 1,487,237 | \$ 1,517,419 |
| <u>2,602,961</u> | <u>2,375,754</u> | <u>2,092,256</u> | <u>1,487,237</u> | <u>1,517,419</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 11,093,451 | \$ 10,429,122 | \$ 9,557,042 | \$ 9,359,122 | \$ 8,707,186 |
| 23.46% | 22.78% | 21.89% | 15.89% | 17.43% |

| 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 2,513,286 | \$ 2,264,444 | \$ 2,059,395 | \$ 1,705,029 | \$ 1,626,971 |
| <u>2,513,286</u> | <u>2,264,444</u> | <u>2,059,395</u> | <u>1,705,029</u> | <u>1,626,971</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 13,375,657 | \$ 13,486,861 | \$ 12,257,002 | \$ 11,783,650 | \$ 10,999,885 |
| 18.79% | 16.79% | 16.80% | 14.47% | 14.79% |

City of North Little Rock, Arkansas
Schedule of City's Contributions - APERS
Last 10 Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 80,367 | \$ 79,536 | \$ 68,243 | \$ 66,621 |
| Contribution in relation of the contractually required contribution | <u>80,367</u> | <u>79,536</u> | <u>68,243</u> | <u>66,621</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 524,791 | \$ 521,776 | \$ 425,455 | \$ 415,343 |
| Contributions as a percentage of covered payroll | 15.31% | 15.24% | 16.04% | 16.04% |

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

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 63,761 | \$ 66,070 | \$ 54,804 | \$ 58,679 | \$ 54,575 | \$ 55,139 |
| <u>63,761</u> | <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> | <u>\$ -</u> |
| \$ 411,627 | \$ 431,266 | \$ 377,959 | \$ 401,636 | \$ 370,754 | \$ 368,084 |
| 15.49% | 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, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability, Beginning of Year | \$ 4,955,511 | \$ 4,641,652 | \$ 6,887,843 | \$ 6,688,731 | \$ 5,765,549 | \$ 5,321,410 | \$ 5,471,163 |
| Changes for the year | | | | | | | |
| Service cost | 204,268 | 192,501 | 337,380 | 357,542 | 244,533 | 299,941 | 258,689 |
| Interest | 201,998 | 203,799 | 160,566 | 144,830 | 193,302 | 201,695 | 172,888 |
| Difference between expected and actual experience | (2,436,203) | - | (1,672,912) | - | (64,719) | - | (207,822) |
| Benefit payments | (219,629) | (211,274) | (177,852) | (115,186) | (161,142) | (160,545) | (150,996) |
| Changes in assumptions | (65,654) | 128,833 | (893,373) | (188,074) | 711,208 | 179,508 | (222,512) |
| Total OPEB Liability, End of Year | <u>\$ 2,640,291</u> | <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 | \$ 33,363,636 | \$ 31,223,255 | \$ 28,881,190 | \$ 26,946,312 | \$ 27,418,040 | \$ 24,623,500 | \$ 23,891,570 |
| Plan's Total OPEB Liability as a Percentage of Covered - Employee Payroll | 7.91% | 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%
- December 31, 2024 - 4.28%

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, 2024

| | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|---|----------------------------|-------------------------|-----------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,916,298 | \$ 173,243 | \$ 9,444,267 | \$ 14,533,808 |
| Investments | - | - | 6,879,117 | 6,879,117 |
| Property taxes receivable - net of allowance | 2,386,471 | 287,672 | - | 2,674,143 |
| Sales tax receivable | 2,232,574 | - | - | 2,232,574 |
| Due from other governments | 369,686 | - | - | 369,686 |
| Due from other funds | 604,185 | - | 3,422,788 | 4,026,973 |
| Prepays | 280,608 | - | - | 280,608 |
| Restricted cash equivalents | - | 645,135 | - | 645,135 |
| | <u>\$ 10,789,822</u> | <u>\$ 1,106,050</u> | <u>\$ 19,746,172</u> | <u>\$ 31,642,044</u> |
| Liabilities | | | | |
| Accounts payable | \$ 389,917 | \$ - | \$ 977,953 | \$ 1,367,870 |
| Accrued expenses | 323,976 | - | - | 323,976 |
| Due to other funds | 687,776 | - | 603,860 | 1,291,636 |
| | <u>1,401,669</u> | <u>-</u> | <u>1,581,813</u> | <u>2,983,482</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | 2,164,803 | 268,973 | - | 2,433,776 |
| | <u>2,164,803</u> | <u>268,973</u> | <u>-</u> | <u>2,433,776</u> |
| Fund Balances | | | | |
| Nonspendable | 280,608 | - | - | 280,608 |
| Restricted | | | | |
| Debt service | - | 837,077 | - | 837,077 |
| Street and traffic | 3,877,347 | - | - | 3,877,347 |
| Parks and recreation | 1,995,642 | - | - | 1,995,642 |
| Community development | 2,262 | - | - | 2,262 |
| Police - equitable sharing | 292,855 | - | - | 292,855 |
| Drainage improvement | 774,636 | - | - | 774,636 |
| Committed | - | - | 18,164,359 | 18,164,359 |
| | <u>7,223,350</u> | <u>837,077</u> | <u>18,164,359</u> | <u>26,224,786</u> |
| Total fund balances | <u>7,223,350</u> | <u>837,077</u> | <u>18,164,359</u> | <u>26,224,786</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 10,789,822</u> | <u>\$ 1,106,050</u> | <u>\$ 19,746,172</u> | <u>\$ 31,642,044</u> |

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

| | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|----------------------------|-------------------------|-----------------------------|---|
| Revenues | | | | |
| Taxes - sales | \$ 12,626,441 | \$ - | \$ - | \$ 12,626,441 |
| Taxes - other | 2,209,108 | 254,724 | - | 2,463,832 |
| Licenses and permits | 141,404 | - | - | 141,404 |
| Charges for services | 2,093,262 | - | - | 2,093,262 |
| Intergovernmental | 2,059,212 | - | - | 2,059,212 |
| Investment earnings | 130,297 | 41,827 | 544,163 | 716,287 |
| Miscellaneous | 260,472 | 30 | - | 260,502 |
| Total revenues | 19,520,196 | 296,581 | 544,163 | 20,360,940 |
| Expenditures | | | | |
| Community development | 1,004,240 | - | - | 1,004,240 |
| Parks and recreation | 9,228,337 | - | - | 9,228,337 |
| Public safety - police | 17,488 | - | - | 17,488 |
| Public works | - | - | 543,260 | 543,260 |
| Street and traffic | 6,949,427 | - | - | 6,949,427 |
| Capital outlay | 2,515,966 | - | 16,670,037 | 19,186,003 |
| Debt service | | | | |
| Principal retirement | 51,846 | 680,000 | - | 731,846 |
| Interest and fiscal charges | 1,966 | 376,700 | - | 378,666 |
| Total expenditures | 19,769,270 | 1,056,700 | 17,213,297 | 38,039,267 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (249,074) | (760,119) | (16,669,134) | (17,678,327) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,325,000 | 851,685 | 17,614,252 | 19,790,937 |
| Transfers out | - | - | (2,174,100) | (2,174,100) |
| Total other financing sources (uses) | 1,325,000 | 851,685 | 15,440,152 | 17,616,837 |
| Net Change in Fund Balances | 1,075,926 | 91,566 | (1,228,982) | (61,490) |
| Fund Balances, Beginning of Year | 6,147,424 | 745,511 | 19,393,341 | 26,286,276 |
| Fund Balances, End of Year | \$ 7,223,350 | \$ 837,077 | \$ 18,164,359 | \$ 26,224,786 |

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City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Special Revenue
December 31, 2024

| | <u>Street</u> | <u>Parks and Recreation</u> | <u>Community Development</u> | <u>Equitable Sharing</u> |
|---|---------------------|-----------------------------|------------------------------|--------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 2,621,765 | \$ 1,233,963 | \$ 2,263 | \$ 283,671 |
| Property taxes receivable - net of allowance | 2,386,471 | - | - | - |
| Sales tax receivable | 933,902 | 1,298,672 | - | - |
| Due from other governments | - | - | 369,686 | - |
| Due from other funds | 553,166 | 41,835 | - | 9,184 |
| Prepays | 83,724 | 196,666 | 218 | - |
| Total assets | <u>\$ 6,579,028</u> | <u>\$ 2,771,136</u> | <u>\$ 372,167</u> | <u>\$ 292,855</u> |
| Liabilities | | | | |
| Accounts payable | \$ 212,410 | \$ 175,601 | \$ 1,906 | \$ - |
| Accrued expenses | 131,466 | 192,510 | - | - |
| Due to other funds | 109,278 | 210,717 | 367,781 | - |
| Total liabilities | <u>453,154</u> | <u>578,828</u> | <u>369,687</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | 2,164,803 | - | - | - |
| Total deferred inflows of resources | <u>2,164,803</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable | 83,724 | 196,666 | 218 | - |
| Restricted | | | | |
| Street and traffic | 3,877,347 | - | - | - |
| Parks and recreation | - | 1,995,642 | - | - |
| Community development | - | - | 2,262 | - |
| Police - equitable sharing | - | - | - | 292,855 |
| Drainage improvement | - | - | - | - |
| Total fund balances | <u>3,961,071</u> | <u>2,192,308</u> | <u>2,480</u> | <u>292,855</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 6,579,028</u> | <u>\$ 2,771,136</u> | <u>\$ 372,167</u> | <u>\$ 292,855</u> |

| <u>Drainage Improvement</u> | <u>Total Special Revenue Funds</u> |
|---------------------------------|--|
| \$ 774,636 | \$ 4,916,298 |
| - | 2,386,471 |
| - | 2,232,574 |
| - | 369,686 |
| - | 604,185 |
| - | 280,608 |
| <u>\$ 774,636</u> | <u>\$ 10,789,822</u> |
| | |
| \$ - | \$ 389,917 |
| - | 323,976 |
| - | 687,776 |
| <u>-</u> | <u>1,401,669</u> |
| | |
| - | 2,164,803 |
| <u>-</u> | <u>2,164,803</u> |
| | |
| - | 280,608 |
| - | 3,877,347 |
| - | 1,995,642 |
| - | 2,262 |
| - | 292,855 |
| <u>774,636</u> | <u>774,636</u> |
| | |
| <u>774,636</u> | <u>7,223,350</u> |
| | |
| <u>\$ 774,636</u> | <u>\$ 10,789,822</u> |

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Special Revenue
For the Year Ended December 31, 2024

| | <u>Street</u> | <u>Parks and Recreation</u> | <u>Community Development</u> | <u>Equitable Sharing</u> |
|--|---------------------|-----------------------------|------------------------------|--------------------------|
| Revenues | | | | |
| Taxes - sales | \$ 5,317,135 | \$ 7,309,306 | \$ - | \$ - |
| Taxes - other | 2,209,108 | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | 2,093,262 | - | - |
| Intergovernmental | - | - | 1,916,833 | 142,379 |
| Investment earnings | 69,496 | 35,227 | - | 6,270 |
| Miscellaneous | 129,237 | 128,349 | - | 2,886 |
| Total revenues | <u>7,724,976</u> | <u>9,566,144</u> | <u>1,916,833</u> | <u>151,535</u> |
| Expenditures | | | | |
| Community development | - | - | 1,004,240 | - |
| Parks and recreation | - | 9,228,337 | - | - |
| Public safety - police | - | - | - | 17,488 |
| Street and traffic | 6,949,427 | - | - | - |
| Capital outlay | 689,164 | 782,821 | 911,154 | 70,770 |
| Debt service | | | | |
| Principal retirement | - | 51,846 | - | - |
| Interest and fiscal charges | - | 1,966 | - | - |
| Total expenditures | <u>7,638,591</u> | <u>10,064,970</u> | <u>1,915,394</u> | <u>88,258</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>86,385</u> | <u>(498,826)</u> | <u>1,439</u> | <u>63,277</u> |
| Other Financing Sources | | | | |
| Transfers in | 310,000 | 1,015,000 | - | - |
| Total other financing sources | <u>310,000</u> | <u>1,015,000</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 396,385 | 516,174 | 1,439 | 63,277 |
| Fund Balances, Beginning of Year | <u>3,564,686</u> | <u>1,676,134</u> | <u>1,041</u> | <u>229,578</u> |
| Fund Balances, End of Year | <u>\$ 3,961,071</u> | <u>\$ 2,192,308</u> | <u>\$ 2,480</u> | <u>\$ 292,855</u> |

| <u>Drainage Improvement</u> | <u>Total Special Revenue Funds</u> |
|---------------------------------|--|
| \$ - | \$ 12,626,441 |
| - | 2,209,108 |
| 141,404 | 141,404 |
| - | 2,093,262 |
| - | 2,059,212 |
| 19,304 | 130,297 |
| - | 260,472 |
| <u>160,708</u> | <u>19,520,196</u> |
| - | 1,004,240 |
| - | 9,228,337 |
| - | 17,488 |
| - | 6,949,427 |
| 62,057 | 2,515,966 |
| - | 51,846 |
| - | 1,966 |
| <u>62,057</u> | <u>19,769,270</u> |
| <u>98,651</u> | <u>(249,074)</u> |
| <u>-</u> | <u>1,325,000</u> |
| <u>-</u> | <u>1,325,000</u> |
| 98,651 | 1,075,926 |
| <u>675,985</u> | <u>6,147,424</u> |
| <u>\$ 774,636</u> | <u>\$ 7,223,350</u> |

City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Debt Service
December 31, 2024

| | <u>Baring Cross Debt Service</u> | <u>2019 Capital Improvement Debt Service</u> | <u>Total Debt Service Funds</u> |
|--|--------------------------------------|--|---|
| Assets | | | |
| Cash and cash equivalents | \$ 173,243 | \$ - | \$ 173,243 |
| Property taxes receivable - net of allowance | 287,672 | - | 287,672 |
| Restricted cash equivalents | - | 645,135 | 645,135 |
| | <u>\$ 460,915</u> | <u>\$ 645,135</u> | <u>\$ 1,106,050</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - property taxes | \$ 268,973 | \$ - | \$ 268,973 |
| | <u>268,973</u> | <u>-</u> | <u>268,973</u> |
| Fund Balances | | | |
| Restricted for | | | |
| Debt service | <u>191,942</u> | <u>645,135</u> | <u>837,077</u> |
| | <u>191,942</u> | <u>645,135</u> | <u>837,077</u> |
| | <u>\$ 460,915</u> | <u>\$ 645,135</u> | <u>\$ 1,106,050</u> |
| Total liabilities, deferred inflows of resources and fund balances | | | |

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Debt Service
For the Year Ended December 31, 2024

| | Baring Cross Debt Service | 2019 Capital Improvement Debt Service | Total Debt Service Funds |
|--|--------------------------------------|--|---|
| Revenues | | | |
| Taxes - other | \$ 254,724 | \$ - | \$ 254,724 |
| Investment earnings | 5,366 | 36,461 | 41,827 |
| Miscellaneous | 30 | - | 30 |
| Total revenues | <u>260,120</u> | <u>36,461</u> | <u>296,581</u> |
| Expenditures | | | |
| Debt service | | | |
| Principal retirement | 145,000 | 535,000 | 680,000 |
| Interest and fiscal charges | 55,550 | 321,150 | 376,700 |
| Total expenditures | <u>200,550</u> | <u>856,150</u> | <u>1,056,700</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>59,570</u> | <u>(819,689)</u> | <u>(760,119)</u> |
| Other Financing Sources | | | |
| Transfers in | - | 851,685 | 851,685 |
| Total other financing sources | <u>-</u> | <u>851,685</u> | <u>851,685</u> |
| Net Change in Fund Balances | 59,570 | 31,996 | 91,566 |
| Fund Balances, Beginning of Year | <u>132,372</u> | <u>613,139</u> | <u>745,511</u> |
| Fund Balances, End of Year | <u>\$ 191,942</u> | <u>\$ 645,135</u> | <u>\$ 837,077</u> |

City of North Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds - Nonmajor Capital Projects
December 31, 2024

| | Sales Tax Capital Improvement | 2017 Sales Tax Capital Improvement | 2023 Sales Tax Capital Improvement | Total Capital Projects Funds |
|---|--|---|---|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 4,891,445 | \$ 188,642 | \$ 4,364,180 | \$ 9,444,267 |
| Investments | - | - | 6,879,117 | 6,879,117 |
| Due from other funds | 1,041,281 | - | 2,381,507 | 3,422,788 |
| Total assets | <u>\$ 5,932,726</u> | <u>\$ 188,642</u> | <u>\$ 13,624,804</u> | <u>\$ 19,746,172</u> |
| Liabilities | | | | |
| Accounts payable | \$ 58,218 | \$ 188,642 | \$ 731,093 | \$ 977,953 |
| Due to other funds | 118,947 | - | 484,913 | 603,860 |
| Total liabilities | <u>177,165</u> | <u>188,642</u> | <u>1,216,006</u> | <u>1,581,813</u> |
| Fund Balances | | | | |
| Committed | <u>5,755,561</u> | <u>-</u> | <u>12,408,798</u> | <u>18,164,359</u> |
| Total fund balances | <u>5,755,561</u> | <u>-</u> | <u>12,408,798</u> | <u>18,164,359</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 5,932,726</u> | <u>\$ 188,642</u> | <u>\$ 13,624,804</u> | <u>\$ 19,746,172</u> |

City of North Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor Capital Projects
For the Year Ended December 31, 2024

| | <u>Sales Tax Capital Improvement</u> | <u>2017 Sales Tax Capital Improvement</u> | <u>2023 Sales Tax Capital Improvement</u> | <u>Total Capital Projects Funds</u> |
|--|--|---|---|---|
| Revenues | | | | |
| Investment earnings | \$ 110,989 | \$ 157,835 | \$ 275,339 | \$ 544,163 |
| Total revenues | <u>110,989</u> | <u>157,835</u> | <u>275,339</u> | <u>544,163</u> |
| Expenditures | | | | |
| Public works | 543,260 | - | - | 543,260 |
| Capital outlay | <u>3,538,140</u> | <u>3,392,423</u> | <u>9,739,474</u> | <u>16,670,037</u> |
| Total expenditures | <u>4,081,400</u> | <u>3,392,423</u> | <u>9,739,474</u> | <u>17,213,297</u> |
| Deficiency of Revenues Under Expenditures | <u>(3,970,411)</u> | <u>(3,234,588)</u> | <u>(9,464,135)</u> | <u>(16,669,134)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 5,871,419 | - | 11,742,833 | 17,614,252 |
| Transfers out | <u>(1,695,100)</u> | <u>-</u> | <u>(479,000)</u> | <u>(2,174,100)</u> |
| Total other financing sources (uses) | <u>4,176,319</u> | <u>-</u> | <u>11,263,833</u> | <u>15,440,152</u> |
| Net Change in Fund Balances | 205,908 | (3,234,588) | 1,799,698 | (1,228,982) |
| Fund Balances, Beginning of Year | <u>5,549,653</u> | <u>3,234,588</u> | <u>10,609,100</u> | <u>19,393,341</u> |
| Fund Balances, End of Year | <u>\$ 5,755,561</u> | <u>\$ -</u> | <u>\$ 12,408,798</u> | <u>\$ 18,164,359</u> |

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Street Fund
For the Year Ended December 31, 2024

| | <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 | \$ 5,500,000 | \$ - | \$ 5,500,000 | \$ 5,317,135 | \$ (182,865) |
| Taxes - other | 1,825,000 | 200,000 | 2,025,000 | 2,209,108 | 184,108 |
| Licenses & permits | 10,000 | - | 10,000 | - | (10,000) |
| Investment earnings | 40,000 | - | 40,000 | 69,496 | 29,496 |
| Miscellaneous | 320,359 | 65,661 | 386,020 | 129,237 | (256,783) |
| Total revenues | <u>7,695,359</u> | <u>265,661</u> | <u>7,961,020</u> | <u>7,724,976</u> | <u>(236,044)</u> |
| Expenditures | | | | | |
| Street and traffic | 6,598,186 | 464,115 | 7,062,301 | 6,949,427 | 112,874 |
| Capital outlay | 1,407,173 | - | 1,407,173 | 689,164 | 718,009 |
| Total expenditures | <u>8,005,359</u> | <u>464,115</u> | <u>8,469,474</u> | <u>7,638,591</u> | <u>830,883</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(310,000)</u> | <u>(198,454)</u> | <u>(508,454)</u> | <u>86,385</u> | <u>594,839</u> |
| Other Financing Sources | | | | | |
| Transfers in | 310,000 | - | 310,000 | 310,000 | - |
| Total other financing sources | <u>310,000</u> | <u>-</u> | <u>310,000</u> | <u>310,000</u> | <u>-</u> |
| Net Change in Fund Balance (Deficit) | <u>-</u> | <u>(198,454)</u> | <u>(198,454)</u> | <u>396,385</u> | <u>594,839</u> |
| Fund Balance, Beginning of Year | <u>3,564,686</u> | <u>-</u> | <u>3,564,686</u> | <u>3,564,686</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 3,564,686</u> | <u>\$ (198,454)</u> | <u>\$ 3,366,232</u> | <u>\$ 3,961,071</u> | <u>\$ 594,839</u> |

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Parks and Recreation Fund
For the Year Ended December 31, 2024

| | <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 | \$ 6,775,000 | \$ 350,000 | \$ 7,125,000 | \$ 7,309,306 | \$ 184,306 |
| Charges for services | 2,010,310 | 15,000 | 2,025,310 | 2,093,262 | 67,952 |
| Investment earnings | 34,101 | - | 34,101 | 35,227 | 1,126 |
| Miscellaneous | 53,500 | 84,770 | 138,270 | 128,349 | (9,921) |
| Total revenues | <u>8,872,911</u> | <u>449,770</u> | <u>9,322,681</u> | <u>9,566,144</u> | <u>243,463</u> |
| Expenditures | | | | | |
| Parks and recreation | 9,533,461 | (292,157) | 9,241,304 | 9,228,337 | 12,967 |
| Capital outlay | 300,000 | 905,395 | 1,205,395 | 782,821 | 422,574 |
| Principal retirement | 52,000 | - | 52,000 | 51,846 | 154 |
| Interest and fiscal charges | 2,450 | - | 2,450 | 1,966 | 484 |
| Total expenditures | <u>9,887,911</u> | <u>613,238</u> | <u>10,501,149</u> | <u>10,064,970</u> | <u>436,179</u> |
| Deficiency of Revenues Under Expenditures | <u>(1,015,000)</u> | <u>(163,468)</u> | <u>(1,178,468)</u> | <u>(498,826)</u> | <u>679,642</u> |
| Other Financing Sources | | | | | |
| Transfers in | <u>1,015,000</u> | <u>-</u> | <u>1,015,000</u> | <u>1,015,000</u> | <u>-</u> |
| Total other financing sources | <u>1,015,000</u> | <u>-</u> | <u>1,015,000</u> | <u>1,015,000</u> | <u>-</u> |
| Net Change in Fund Balance (Deficit) | <u>-</u> | <u>(163,468)</u> | <u>(163,468)</u> | <u>516,174</u> | <u>679,642</u> |
| Fund Balance, Beginning of Year | <u>1,676,134</u> | <u>-</u> | <u>1,676,134</u> | <u>1,676,134</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 1,676,134</u> | <u>\$ (163,468)</u> | <u>\$ 1,512,666</u> | <u>\$ 2,192,308</u> | <u>\$ 679,642</u> |

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - Sales Tax Capital Improvement Fund
For the Year Ended December 31, 2024

| | <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 | \$ 51,609 | \$ - | \$ 51,609 | \$ 110,989 | \$ 59,380 |
| Total revenues | <u>51,609</u> | <u>-</u> | <u>51,609</u> | <u>110,989</u> | <u>59,380</u> |
| Expenditures | | | | | |
| Public works | - | 542,204 | 542,204 | 543,260 | (1,056) |
| Capital outlay | <u>2,104,009</u> | <u>4,644,258</u> | <u>6,748,267</u> | <u>3,538,140</u> | <u>3,210,127</u> |
| Total expenditures | <u>2,104,009</u> | <u>5,186,462</u> | <u>7,290,471</u> | <u>4,081,400</u> | <u>3,209,071</u> |
| Deficiency of Revenues Under Expenditures | <u>(2,052,400)</u> | <u>(5,186,462)</u> | <u>(7,238,862)</u> | <u>(3,970,411)</u> | <u>3,268,451</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 5,562,500 | 250,000 | 5,812,500 | 5,871,419 | 58,919 |
| Transfers out | <u>(1,695,100)</u> | <u>-</u> | <u>(1,695,100)</u> | <u>(1,695,100)</u> | <u>-</u> |
| Total other financing sources | <u>3,867,400</u> | <u>250,000</u> | <u>4,117,400</u> | <u>4,176,319</u> | <u>58,919</u> |
| Net Change in Fund Balance (Deficit) | <u>1,815,000</u> | <u>(4,936,462)</u> | <u>(3,121,462)</u> | <u>205,908</u> | <u>3,327,370</u> |
| Fund Balance, Beginning of Year | <u>5,549,653</u> | <u>-</u> | <u>5,549,653</u> | <u>5,549,653</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 7,364,653</u> | <u>\$ (4,936,462)</u> | <u>\$ 2,428,191</u> | <u>\$ 5,755,561</u> | <u>\$ 3,327,370</u> |

City of North Little Rock, Arkansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual - 2023 Sales Tax Capital Improvement Fund
For the Year Ended December 31, 2024

| | <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 | \$ 37,000 | \$ - | \$ 37,000 | \$ 275,339 | \$ 238,339 |
| Total revenues | <u>37,000</u> | <u>-</u> | <u>37,000</u> | <u>275,339</u> | <u>238,339</u> |
| Expenditures | | | | | |
| Capital outlay | <u>10,683,000</u> | <u>9,825,921</u> | <u>20,508,921</u> | <u>9,739,474</u> | <u>10,769,447</u> |
| Total expenditures | <u>10,683,000</u> | <u>9,825,921</u> | <u>20,508,921</u> | <u>9,739,474</u> | <u>10,769,447</u> |
| Deficiency of Revenues Under Expenditures | <u>(10,646,000)</u> | <u>(9,825,921)</u> | <u>(20,471,921)</u> | <u>(9,464,135)</u> | <u>11,007,786</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 11,125,000 | 500,000 | 11,625,000 | 11,742,833 | 117,833 |
| Transfers out | <u>(479,000)</u> | <u>-</u> | <u>(479,000)</u> | <u>(479,000)</u> | <u>-</u> |
| Total other financing sources | <u>10,646,000</u> | <u>500,000</u> | <u>11,146,000</u> | <u>11,263,833</u> | <u>117,833</u> |
| Net Change in Fund Balance (Deficit) | - | (9,325,921) | (9,325,921) | 1,799,698 | 11,125,619 |
| Fund Balance, Beginning of Year | <u>10,609,100</u> | <u>-</u> | <u>10,609,100</u> | <u>10,609,100</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 10,609,100</u> | <u>\$ (9,325,921)</u> | <u>\$ 1,283,179</u> | <u>\$ 12,408,798</u> | <u>\$ 11,125,619</u> |

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STATISTICAL SECTION



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

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

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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 126

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Debt Capacity (Tables 11–14)

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Demographic and Economic Information (Table 15)

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Operating Information (Tables 16-19)

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

Table 1

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 64,950,657 | \$ 71,815,036 | \$ 77,828,156 | \$ 83,669,833 |
| Restricted | 1,704,038 | 2,232,076 | 2,527,403 | - |
| Unrestricted | <u>9,579,065</u> | <u>(4,793,593)</u> | <u>(7,948,848)</u> | <u>(3,096,150)</u> |
| Total governmental activities net position | <u>\$ 76,233,760</u> | <u>\$ 69,253,519</u> | <u>\$ 72,406,711</u> | <u>\$ 80,573,683</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 101,865,437 | \$ 106,379,890 | \$ 113,882,253 | \$ 115,621,652 |
| Restricted | 15,356,221 | 4,987,495 | 10,525,161 | 10,657,111 |
| Unrestricted | <u>2,148,550</u> | <u>9,028,777</u> | <u>3,628,809</u> | <u>11,104,480</u> |
| Total business-type activities net position | <u>\$ 119,370,208</u> | <u>\$ 120,396,162</u> | <u>\$ 128,036,223</u> | <u>\$ 137,383,243</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 166,816,094 | \$ 178,194,926 | \$ 191,710,409 | \$ 199,291,485 |
| Restricted | 17,060,259 | 7,219,571 | 13,052,564 | 10,657,111 |
| Unrestricted | <u>11,727,615</u> | <u>4,235,184</u> | <u>(4,320,039)</u> | <u>8,008,330</u> |
| Total primary government net position | <u>\$ 195,603,968</u> | <u>\$ 189,649,681</u> | <u>\$ 200,442,934</u> | <u>\$ 217,956,926</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.

| 2019 | 2020 (A) | 2021 | 2022 | 2023 | 2024 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 88,578,170 | \$ 96,586,369 | \$ 113,011,793 | \$ 130,524,357 | \$ 149,323,912 | \$ 164,397,705 |
| 7,545,786 | 22,964,049 | 18,931,884 | 19,660,092 | 12,612,466 | 10,297,319 |
| <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>(36,266,663)</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> | <u>\$ 138,428,361</u> |
| | | | | | |
| \$ 105,196,767 | \$ 107,272,083 | \$ 108,760,225 | \$ 109,997,145 | \$ 115,367,289 | \$ 119,871,318 |
| 3,166,687 | 3,110,730 | 3,106,611 | 1,725,938 | 1,786,631 | 1,805,967 |
| <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>62,245,847</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> | <u>\$ 183,923,132</u> |
| | | | | | |
| \$ 193,774,937 | \$ 203,858,452 | \$ 221,772,018 | \$ 240,521,502 | \$ 264,691,201 | \$ 284,269,023 |
| 10,712,473 | 26,074,779 | 22,038,495 | 21,386,030 | 14,399,097 | 12,103,286 |
| <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>25,979,184</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> | <u>\$ 322,351,493</u> |

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

Table 2

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| Governmental activities | | | | |
| General government | \$ 14,044,077 | \$ 17,518,071 | \$ 21,670,423 | \$ 25,657,328 |
| Public safety | 41,160,354 | 54,742,749 | 45,907,394 | 42,344,278 |
| Public works | 863,116 | 1,113,145 | 1,132,566 | 1,028,141 |
| Street and traffic | 3,194,899 | 2,440,182 | 5,555,518 | 14,669,174 |
| Health and sanitation | 4,955,822 | 4,997,929 | 4,697,221 | 4,893,759 |
| Community development | 2,406,171 | 2,029,428 | 1,699,839 | 287,952 |
| Culture and recreation | 6,619,136 | 8,490,298 | 8,428,770 | 7,867,602 |
| Interest and fiscal charges | 63,184 | 37,673 | 48,957 | 36,874 |
| Total governmental activities expenses | <u>73,306,759</u> | <u>91,369,475</u> | <u>89,140,688</u> | <u>96,785,108</u> |
| Business-type activities | | | | |
| Electric department | 72,817,920 | 70,454,991 | 72,050,817 | 74,677,547 |
| Utilities Accounting Department | - | 3,022,544 | 1,690,056 | 793,643 |
| Total business-type activities expenses | <u>72,817,920</u> | <u>73,477,535</u> | <u>73,740,873</u> | <u>75,471,190</u> |
| Total primary government expenses | <u>\$ 146,124,679</u> | <u>\$ 164,847,010</u> | <u>\$ 162,881,561</u> | <u>\$ 172,256,298</u> |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| General government | \$ 3,080,894 | \$ 3,306,825 | \$ 3,381,707 | \$ 3,886,267 |
| Public safety | 3,314,597 | 3,255,331 | 2,935,147 | 3,323,813 |
| Public works | - | - | - | - |
| Street and traffic | 27,080 | 5,700 | 39,660 | 153,971 |
| Community development | 923,910 | 808,971 | 888,294 | 954,822 |
| Culture and recreation | 1,273,852 | 1,491,754 | 1,763,352 | 1,356,283 |
| Operating grants and contributions | 196,479 | 1,326,271 | 1,614,112 | 404,425 |
| Capital grants and contributions | 1,412,468 | 1,706,993 | 7,653,537 | 3,416,216 |
| Total governmental activities program revenues | <u>10,229,280</u> | <u>11,901,845</u> | <u>18,275,809</u> | <u>13,495,797</u> |
| Business-type activities | | | | |
| Charges for services | | | | |
| Electric department | 91,547,365 | 82,798,486 | 89,964,914 | 93,739,108 |
| Utilities Accounting Department | - | 2,396,386 | 1,590,733 | 960,315 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | - | - | - | - |
| Total business-type activities program revenues | <u>91,547,365</u> | <u>85,194,872</u> | <u>91,555,647</u> | <u>94,699,423</u> |
| Total primary government program revenues | <u>\$ 101,776,645</u> | <u>\$ 97,096,717</u> | <u>\$ 109,831,456</u> | <u>\$ 108,195,220</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (63,077,479) | \$ (79,467,630) | \$ (70,864,879) | \$ (83,289,311) |
| Business-type activities | <u>18,729,445</u> | <u>11,717,337</u> | <u>17,814,774</u> | <u>19,228,233</u> |
| Total primary government net expense | <u>\$ (44,348,034)</u> | <u>\$ (67,750,293)</u> | <u>\$ (53,050,105)</u> | <u>\$ (64,061,078)</u> |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 24,312,352 | \$ 26,601,470 | \$ 25,654,068 | \$ 30,660,183 | \$ 50,216,265 | \$ 33,822,606 |
| | 61,910,602 | 59,987,367 | 53,340,207 | 47,950,176 | 44,671,828 | 58,016,021 |
| | 2,650,674 | 1,782,790 | 3,200,186 | 1,394,466 | 2,959,471 | 2,383,848 |
| | 6,841,766 | 7,902,594 | 10,793,629 | 9,786,423 | 8,950,164 | 9,233,849 |
| | 5,672,952 | 5,634,372 | 6,840,427 | 6,551,846 | 7,088,623 | 7,131,884 |
| | 898,511 | 1,165,136 | 615,673 | 1,446,767 | 950,774 | 1,019,042 |
| | 9,191,100 | 8,985,499 | 9,795,437 | 10,427,475 | 11,935,917 | 10,788,074 |
| | 315,068 | 411,286 | 322,202 | 301,671 | 296,603 | 253,247 |
| | <u>111,793,025</u> | <u>112,470,514</u> | <u>110,561,829</u> | <u>108,519,007</u> | <u>127,069,645</u> | <u>122,648,571</u> |
| | 73,179,016 | 68,631,031 | 78,828,925 | 89,306,365 | 82,204,333 | 82,030,298 |
| | - | - | - | - | - | - |
| | <u>73,179,016</u> | <u>68,631,031</u> | <u>78,828,925</u> | <u>89,306,365</u> | <u>82,204,333</u> | <u>82,030,298</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> | <u>204,678,869</u> |
| \$ | 4,742,957 | \$ 4,202,639 | \$ 4,398,923 | \$ 5,356,290 | \$ 5,635,592 | \$ 6,076,250 |
| | 3,153,614 | 2,258,289 | 1,642,960 | 3,291,508 | 2,096,952 | 2,064,087 |
| | - | - | 183,711 | - | - | - |
| | 213,386 | 67,987 | - | 46,105 | 38,695 | 141,404 |
| | 1,042,275 | 1,100,416 | 1,196,866 | 1,405,486 | 1,489,316 | 1,755,727 |
| | 1,498,433 | 1,380,087 | 1,861,279 | 825,941 | 1,708,315 | 2,093,262 |
| | 1,035,577 | 3,207,844 | 2,391,152 | 393,129 | 16,153,352 | 2,202,404 |
| | 1,767,996 | 2,794,546 | 3,279,733 | 4,677,191 | 4,773,558 | 5,002,001 |
| | <u>13,454,238</u> | <u>15,011,808</u> | <u>14,954,624</u> | <u>15,995,650</u> | <u>31,895,780</u> | <u>19,335,135</u> |
| | 93,442,310 | 87,823,545 | 93,857,877 | 102,966,537 | 106,771,617 | 102,263,034 |
| | - | - | - | - | - | - |
| | - | - | 873,714 | 1,620,078 | 3,443,908 | 287,128 |
| | 1,500,000 | 62,241 | - | - | - | - |
| | <u>94,942,310</u> | <u>87,885,786</u> | <u>94,731,591</u> | <u>104,586,615</u> | <u>110,215,525</u> | <u>102,550,162</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> | <u>121,885,297</u> |
| \$ | (98,338,787) | \$ (97,458,706) | \$ (95,607,205) | \$ (92,523,357) | \$ (95,173,865) | \$ (103,313,436) |
| | 21,763,294 | 19,254,755 | 15,902,666 | 15,280,250 | 28,011,192 | 20,519,864 |
| \$ | <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> | <u>(82,793,572)</u> |

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

Table 2

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|----------------------|-----------------------|----------------------|----------------------|
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities | | | | |
| General revenues | | | | |
| Taxes – sales | \$ 40,960,942 | \$ 40,714,914 | \$ 41,317,871 | \$ 57,921,583 |
| Taxes – other | 14,615,168 | 14,120,158 | 15,080,258 | 15,046,525 |
| Utility franchise taxes | 3,191,694 | 2,975,695 | 3,022,080 | 3,834,205 |
| Investment income | 101,692 | 140,856 | 143,579 | 253,047 |
| Unrestricted grants and contributions | - | - | - | 578,067 |
| Other | 996,764 | 2,535,766 | 2,529,664 | 1,822,856 |
| Transfers | 12,000,000 | 12,000,000 | 11,930,000 | 12,000,000 |
| Total governmental activities | <u>71,866,260</u> | <u>72,487,389</u> | <u>74,023,452</u> | <u>91,456,283</u> |
| Business-type activities | | | | |
| Investment earnings | 210,467 | 93,787 | 197,214 | 289,464 |
| Other | 4,318,952 | 1,214,830 | 1,622,692 | 2,204,272 |
| Transfers | (12,000,000) | (12,000,000) | (12,000,000) | (12,000,000) |
| Total business-type activities | <u>(7,470,581)</u> | <u>(10,691,383)</u> | <u>(10,180,094)</u> | <u>(9,506,264)</u> |
| Total primary government | <u>\$ 64,395,679</u> | <u>\$ 61,796,006</u> | <u>\$ 63,843,358</u> | <u>\$ 81,950,019</u> |
| Changes in Net Position | | | | |
| Governmental activities | \$ 8,788,781 | \$ (6,980,241) | \$ 3,158,573 | \$ 8,166,972 |
| Business-type activities | 11,258,864 | 1,025,954 | 7,634,680 | 9,721,969 |
| Total primary government | <u>\$ 20,047,645</u> | <u>\$ (5,954,287)</u> | <u>\$ 10,793,253</u> | <u>\$ 17,888,941</u> |

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| \$ 61,505,034 | \$ 62,161,298 | \$ 72,015,308 | \$ 75,845,699 | \$ 80,691,742 | \$ 78,972,144 |
| 16,217,949 | 15,868,429 | 17,885,986 | 18,154,620 | 19,736,443 | 20,881,552 |
| 3,883,894 | 3,737,046 | 4,055,911 | 4,352,373 | 4,587,543 | 4,283,043 |
| 637,273 | 462,260 | 130,868 | 179,173 | - | 2,648,766 |
| - | - | - | 8,297,940 | 2,109,603 | 2,982,271 |
| 2,176,717 | 2,545,631 | 3,879,020 | 3,244,686 | 899,707 | 2,898,696 |
| 10,621,009 | 13,649,346 | 13,649,306 | 13,649,346 | 13,649,346 | 13,950,000 |
| <u>95,041,876</u> | <u>98,424,010</u> | <u>111,616,399</u> | <u>123,723,837</u> | <u>121,674,384</u> | <u>126,616,472</u> |
| 513,794 | 444,439 | 131,053 | 190,320 | - | 1,838,285 |
| - | - | - | - | - | - |
| <u>(10,621,009)</u> | <u>(13,649,346)</u> | <u>(13,649,306)</u> | <u>(13,649,346)</u> | <u>(13,649,346)</u> | <u>(13,950,000)</u> |
| <u>(10,107,215)</u> | <u>(13,204,907)</u> | <u>(13,518,253)</u> | <u>(13,459,026)</u> | <u>(13,649,346)</u> | <u>(12,111,715)</u> |
| <u>\$ 84,934,661</u> | <u>\$ 85,219,103</u> | <u>\$ 98,098,146</u> | <u>\$ 110,264,811</u> | <u>\$ 108,025,038</u> | <u>\$ 114,504,757</u> |
| \$ (3,296,911) | \$ 965,304 | \$ 16,009,194 | \$ 31,200,480 | \$ 26,500,519 | \$ 23,303,036 |
| 11,656,079 | 6,049,848 | 2,384,413 | 1,821,224 | 14,361,846 | 8,408,149 |
| <u>\$ 8,359,168</u> | <u>\$ 7,015,152</u> | <u>\$ 18,393,607</u> | <u>\$ 33,021,704</u> | <u>\$ 40,862,365</u> | <u>\$ 31,711,185</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> |
|-------------|------------------------|------------------------|--|---------------|
| 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 |
| 2024 | 20,881,552 | 78,972,144 | 4,283,043 | 104,136,739 |

(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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Committed | - | - | - | - |
| Assigned | 10,995,941 | 12,308,991 | 7,609,980 | 170,288 |
| Unassigned | <u>14,738,107</u> | <u>12,449,750</u> | <u>18,277,147</u> | <u>34,017,542</u> |
| Total general fund | <u>\$ 25,734,048</u> | <u>\$ 24,758,741</u> | <u>\$ 25,887,127</u> | <u>\$ 34,187,830</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | 10,976,446 | 10,473,281 | 11,962,162 | 16,715,588 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>(67,859)</u> |
| Total all other government funds | <u>\$ 10,976,446</u> | <u>\$ 10,473,281</u> | <u>\$ 11,962,162</u> | <u>\$ 16,647,729</u> |

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ 1,488,242 | \$ 1,148,945 | \$ 966,118 | \$ 1,531,725 | \$ 1,517,118 |
| - | - | 18,015,356 | 18,591,848 | 20,115,807 | 20,115,807 |
| 270,000 | 270,000 | 270,000 | 270,000 | 3,761,615 | 2,839,973 |
| <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>37,020,668</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> | <u>\$ 61,493,566</u> |
| \$ - | \$ - | \$ 162,820 | \$ 172,017 | \$ 195,746 | \$ 280,608 |
| 16,459,696 | 7,501,579 | 17,020,792 | 17,544,338 | 10,322,019 | 7,779,819 |
| 13,480,478 | 2,995,779 | 4,081,760 | 3,615,806 | 16,158,753 | 18,164,359 |
| 955,629 | 769,485 | 758,181 | - | - | - |
| <u>(73,294)</u> | <u>(218,805)</u> | <u>(181,805)</u> | <u>(60,506)</u> | <u>(50,773)</u> | <u>(8,971)</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> | <u>\$ 26,215,815</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------------|-----------------------|---------------------|----------------------|
| Revenues | | | | |
| Taxes – sales | \$ 40,960,942 | \$ 40,714,914 | \$ 41,317,871 | \$ 57,921,583 |
| Taxes – other | 13,630,033 | 13,953,068 | 14,724,341 | 14,993,301 |
| Franchise fees | 3,191,694 | 2,975,695 | 3,022,080 | 3,834,205 |
| Fines and forfeitures | 2,865,368 | 2,830,850 | 2,209,000 | 2,030,672 |
| Licenses and permits | 2,694,459 | 2,708,444 | 2,897,123 | 3,432,168 |
| Charges for services | 3,060,506 | 3,329,287 | 3,902,037 | 4,212,316 |
| Intergovernmental | 1,608,947 | 3,033,264 | 9,267,649 | 4,398,708 |
| Investment earnings | 101,692 | 140,856 | 143,579 | 253,047 |
| Miscellaneous | 1,226,722 | 2,418,217 | 3,917,791 | 1,822,856 |
| Total revenues | <u>69,340,363</u> | <u>72,104,595</u> | <u>81,401,471</u> | <u>92,898,856</u> |
| Expenditures | | | | |
| General government | 7,803,010 | 8,426,930 | 9,006,554 | 9,109,578 |
| Animal shelter | 758,706 | 787,006 | 733,546 | 800,807 |
| Community development | 1,145,414 | 654,364 | 643,192 | 287,952 |
| Emergency services | 1,604,573 | 1,966,098 | 1,837,787 | 1,909,070 |
| Fit 2 Live | 146,933 | 155,657 | 127,210 | 173,855 |
| Health | 196,912 | 78,071 | 245,217 | 121,754 |
| Neighborhood services | 164,090 | 174,839 | 204,288 | 189,592 |
| Parks and recreation | 5,834,379 | 7,220,455 | 8,965,828 | 597,211 |
| Public safety – fire | 16,267,613 | 16,545,450 | 16,444,094 | 16,658,888 |
| Public safety – police | 21,587,940 | 22,524,446 | 23,117,459 | 23,776,320 |
| Public works | 849,837 | 1,070,419 | 1,147,806 | 1,028,141 |
| Sanitation | 4,436,801 | 4,441,956 | 4,471,118 | 4,598,150 |
| Senior citizens center | 887,376 | 919,528 | 1,011,537 | 902,633 |
| Special appropriations | 5,759,614 | 7,424,577 | 12,649,392 | 7,310,799 |
| Street and traffic | 4,760,634 | 5,361,379 | 6,010,465 | 14,669,174 |
| Capital outlay | 1,611,661 | 4,376,727 | 3,706,562 | 9,525,001 |
| Debt service | | | | |
| Principal | 3,008,807 | 3,672,012 | 414,745 | 442,708 |
| Interest | 93,732 | 46,214 | 42,282 | 40,953 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>76,918,032</u> | <u>85,846,128</u> | <u>90,779,082</u> | <u>92,142,586</u> |
| Excess of revenues | | | | |
| Over (under) expenditures | (7,577,669) | (13,741,533) | (9,377,611) | 756,270 |
| Other Financing Sources (Uses) | | | | |
| Transfer in | 16,643,137 | 17,885,975 | 14,283,090 | 25,832,841 |
| Transfer out | (4,873,095) | (5,760,814) | (2,290,922) | (13,602,841) |
| Leases (as lessee) | - | - | - | - |
| Net debt proceeds | - | 137,000 | 3,610 | - |
| Total other financing sources (uses) | <u>11,770,042</u> | <u>12,262,161</u> | <u>11,995,778</u> | <u>12,230,000</u> |
| Net change in fund balance | <u>\$ 4,192,373</u> | <u>\$ (1,479,372)</u> | <u>\$ 2,618,167</u> | <u>\$ 12,986,270</u> |
| Debt service as a percentage of noncapital expenditures | 4.1% | 4.6% | 0.5% | 0.6% |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|--------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| \$ | 61,505,034 | \$ 61,897,024 | \$ 72,015,308 | \$ 75,845,699 | \$ 80,691,742 | \$ 78,972,144 |
| | 16,203,498 | 15,868,429 | 17,426,504 | 17,173,879 | 18,888,596 | 20,155,671 |
| | 3,883,894 | 3,737,046 | 4,055,911 | 4,352,373 | 4,587,543 | 4,283,043 |
| | 2,154,232 | 1,843,421 | 1,336,936 | 1,233,271 | 1,422,105 | 2,057,329 |
| | 4,280,681 | 4,012,429 | 4,086,751 | 4,748,912 | 5,183,173 | 4,630,987 |
| | 4,215,752 | 3,153,568 | 3,860,052 | 4,943,149 | 4,363,592 | 5,294,501 |
| | 2,803,573 | 6,004,894 | 5,670,885 | 13,368,258 | 23,037,907 | 10,268,156 |
| | 637,273 | 462,260 | 130,868 | 179,173 | 2,642,811 | 2,648,766 |
| | 2,244,764 | 2,483,444 | 3,905,986 | 3,867,403 | 1,702,065 | 2,965,129 |
| | <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> | <u>131,275,726</u> |
| | 12,549,794 | 13,422,535 | 14,764,091 | 15,314,775 | 31,734,143 | 17,766,582 |
| | 802,112 | 749,860 | 682,359 | 833,561 | 974,776 | 1,054,705 |
| | 882,737 | 1,149,897 | 602,485 | 1,435,939 | 940,218 | 1,004,240 |
| | 2,028,599 | 2,021,023 | 1,929,667 | 1,969,498 | 2,561,553 | 2,855,494 |
| | 184,221 | 189,166 | 181,180 | 148,790 | 131,513 | 99,861 |
| | 95,281 | 133,542 | 93,227 | 88,141 | 105,434 | 97,873 |
| | 171,971 | 169,060 | 190,704 | 325,993 | 445,017 | 448,179 |
| | 8,032,479 | 7,672,299 | 8,670,876 | 9,284,403 | 10,842,534 | 9,546,456 |
| | 19,063,092 | 18,686,275 | 18,676,818 | 19,669,405 | 20,659,468 | 21,448,576 |
| | 23,908,322 | 24,570,426 | 24,828,088 | 27,117,120 | 29,021,592 | 30,707,972 |
| | 2,613,126 | 1,746,623 | 3,156,392 | 1,358,183 | 2,926,302 | 2,345,519 |
| | 5,108,572 | 4,987,955 | 6,260,984 | 5,969,082 | 6,416,809 | 6,481,882 |
| | 1,094,334 | 1,054,989 | 986,195 | 965,944 | 969,803 | 1,075,387 |
| | 6,498,909 | 7,464,739 | 7,340,137 | 10,738,171 | 13,960,936 | 8,275,314 |
| | 5,098,436 | 6,004,037 | 8,853,115 | 7,733,782 | 6,738,415 | 6,949,427 |
| | 12,320,239 | 23,733,371 | 25,647,003 | 25,621,450 | 27,593,484 | 27,644,474 |
| | 400,551 | 682,284 | 594,060 | 663,938 | 1,081,591 | 1,354,402 |
| | 48,266 | 487,327 | 469,385 | 442,188 | 430,174 | 378,666 |
| | 205,274 | - | - | - | - | - |
| | <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> | <u>139,535,009</u> |
| | (3,177,614) | (15,462,893) | (11,437,565) | (3,968,246) | (15,014,228) | (8,259,283) |
| | 30,273,227 | 32,260,903 | 34,320,017 | 38,249,670 | 36,345,065 | 38,867,535 |
| | (18,251,657) | (18,611,557) | (20,670,711) | (24,600,324) | (22,695,719) | (24,917,535) |
| | - | - | - | 68,316 | - | 1,455,286 |
| | 11,388,976 | 253,902 | - | - | - | - |
| | <u>23,410,546</u> | <u>13,903,248</u> | <u>13,649,306</u> | <u>13,717,662</u> | <u>13,649,346</u> | <u>15,405,286</u> |
| \$ | <u>20,232,932</u> | <u>\$ (1,559,645)</u> | <u>\$ 2,211,741</u> | <u>\$ 9,749,416</u> | <u>\$ (1,364,882)</u> | <u>\$ 7,146,003</u> |
| | 0.5% | 1.3% | 1.1% | 1.1% | 1.2% | 1.6% |

**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> |
|-------------|------------------------|------------------------|--|---------------|
| 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 |
| 2024 | 20,155,671 | 78,972,144 | 4,283,043 | 103,410,858 |

(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 | Utility | |
| 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 |
| 2024 | 1,160,568,503 | 399,990,020 | 78,716,110 | 1,639,274,633 |

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 | 5,500,550,940 | 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% |
| 11.45 | 8,116,960,430 | 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 |
| 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 |
| 2024 | 11.45 | 11.45 | 7.05 | 7.05 | 48.30 | 48.30 | 66.80 | 66.80 |

Tax Levies

| | | | | | | |
|------|--|------------|------------|------------|----|-------------|
| 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 |
| 2024 | | 17,960,332 | 73,945,271 | 46,111,732 | | 138,017,335 |

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, 2024

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 2024, the two cent city sales tax generated revenue of approximately \$46,970,000.

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 | | 2024 Total | % of Total | | 2023 Total | % of Total |
|--|----|-----------------------|-----------------------|----|-----------------------|-----------------------|
| Other General Merchandise Stores | 1 | 4,659,390 | 9.7% | 1 | 4,668,760 | 9.7% |
| Building Material and Supplies Dealers | 2 | 4,062,335 | 8.4% | 2 | 4,639,221 | 9.6% |
| Grocery Stores | 3 | 2,871,853 | 6.0% | 3 | 2,703,588 | 5.6% |
| Full-Service Restaurants | 4 | 2,319,766 | 4.8% | 4 | 2,459,349 | 5.1% |
| Restaurants and Other Eating Places | 5 | 2,085,952 | 4.3% | 5 | 2,048,986 | 4.3% |
| Electric Power Generation; Transmission and Distribution | 6 | 1,628,139 | 3.4% | 6 | 1,891,512 | 3.9% |
| Electronic Shopping and Mail-Order Houses | 7 | 1,873,106 | 3.9% | 7 | 1,824,303 | 3.8% |
| Clothing Stores | 8 | 1,209,226 | 2.5% | 8 | 1,248,059 | 2.6% |
| Electronics and Appliance Stores | 9 | 1,179,626 | 2.4% | 9 | 1,223,701 | 2.5% |
| Automotive Parts Accessories; and Tire Retailers | 10 | 1,105,673 | 2.3% | | | |
| Gasoline Stations | | | | 10 | 1,219,443 | 2.5% |
| Totals | | <u>22,995,066</u> | 47.7% | | <u>23,926,922</u> | 49.6% |

**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 |
| 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% |
| 2024 | \$ 17,125,627 | \$ 16,762,198 | 97.88% |

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 |
| 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 |
| 2024 | 8,030,000 | 1,338,842 | 870,616 | 39,821 | 691,997 |

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 | | | |
| 60,115,000 | \$ - | 64,524,537 | 2.45% | 1,035.64 |
| 45,655,000 | - | 46,537,137 | 1.74% | 746.94 |
| 41,360,000 (B) | - | 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 | 338,986 | 23,734,732 | 0.64% | 359.38 |
| 9,432,646 | 71,289 | 20,475,211 | 0.22% | 124.94 |

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

| <u>General Bonded Debt Outstanding</u> | | | | |
|--|---|-------------------------|--------------|-----------------------------------|
| <u>Year</u> | <u>General Obligation Bonds</u> | <u>Bond Premium</u> | <u>Total</u> | <u>Less Debt Service Fund</u> |
| 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 | 745,512 |
| 2024 | 8,030,000 | 691,997 | 8,721,997 | 837,077 |

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% | - |
| 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 |
| 8,777,283 | 0.11% | 135.89 |
| 7,884,920 | 0.10% | 122.07 |

City of North Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2024

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 | \$ 10,971,276 (A) | 100.00% | \$ 10,971,276 |
| North Little Rock Public School District | <u>186,710,000</u> | 100.00% | <u>186,710,000</u> |
| Total Direct and Overlapping Debt | <u>\$ 197,681,276</u> | | <u>\$ 197,681,276</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 220,971,062 | \$ 228,363,498 | \$ 288,646,544 | \$ 298,212,517 |
| Total net debt applicable to limit | <u>3,109,537</u> | <u>882,137</u> | <u>886,677</u> | <u>508,969</u> |
| Legal debt margin | <u>\$ 217,861,525</u> | <u>\$ 227,481,361</u> | <u>\$ 287,759,867</u> | <u>\$ 297,703,548</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 1.41% | 0.39% | 0.31% | 0.17% |

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>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 307,819,033 | \$ 314,391,851 | \$ 324,582,868 | \$ 359,465,793 | \$ 387,977,974 | \$ 409,818,658 |
| 173,418 | 255,037 | 190,976 | 9,492,038 | 9,801,667 | 8,069,821 |
| <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> | <u>\$ 401,748,837</u> |
| 0.06% | 0.08% | 0.06% | 2.64% | 2.53% | 1.97% |

Legal Debt Margin Calculation for 2024

| | |
|--|-----------------------|
| Assessed value | \$ 1,639,274,633 |
| Debt limit | |
| General obligation debt limitation (A) | 327,854,927 |
| Short-term financing debt limitation (B) | <u>81,963,732</u> |
| Total debt limitation | <u>409,818,659</u> |
| Debt applicable to limit | |
| General obligation and short-term financing | 8,069,821 |
| Less: Amount set aside for repayment in debt services funds | <u>-</u> |
| Total net debt applicable to limit | <u>8,069,821</u> |
| Legal debt margin | <u>\$ 401,748,838</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 | | |
| 2024 | 1,872,667 | 535,000 | 319,350 | 854,350 | 2.19 | | |
| 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 | | |
| 2024 | 254,724 | 145,000 | 55,550 | 200,550 | 1.27 | | |
| 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 | 106,771,617 | 70,862,619 | 35,908,998 | 2,971,911 | 256,013 | 3,227,924 | 11.12 |
| 2024 | 104,101,319 | 70,397,169 | 33,704,150 | 2,971,910 | 275,432 | 3,247,342 | 10.38 |

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> |
|-------------|-------------------|--------------------------------|----------------------------------|-----------------------|
| 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 |
| 2024 | 64,591 (E) | 3,840,774,633 | 59,463 | 37.4 |

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 |
|---|------------------------------|------------------------------|
| 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% |
| 9.5% | 8,576 (C) | 3.6% |

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

Table 16

| Employer | 2024 | | | 2015 (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 2015, 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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | |
| Administration | 8 | 8 | 8 | 9 | 9 | 9 |
| City clerk | 4 | 4 | 4 | 5 | 5 | 5 |
| Code enforcement | 14 | 14 | 14 | 13 | 13 | 13 |
| Commerce | 4 | 4 | 4 | 4 | 4 | 4 |
| Communications | 1 | 1 | 1 | 1 | 1 | 1 |
| District court - First division | 9 | 9 | 9 | 9 | 8 | 8 |
| District court - Second division | 9 | 9 | 9 | 9 | 9 | 9 |
| Finance | 13 | 13 | 13 | 14 | 14 | 14 |
| Human Resources | 8 | 8 | 8 | 8 | 9 | 9 |
| Legal | 8 | 8 | 8 | 8 | 8 | 8 |
| Planning | 12 | 12 | 12 | 12 | 13 | 13 |
| Vehicle maintenance | 13 | 13 | 13 | 13 | 13 | 13 |
| Animal shelter | 9 | 9 | 9 | 9 | 10 | 11 |
| Emergency services | 32 | 32 | 32 | 32 | 32 | 32 |
| Fit 2 Live - Wellness | 1 | 1 | 1 | 1 | 1 | 1 |
| Neighborhood services | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | 151 | 175 | 175 | 175 | 166 (A) | 166 |
| Police | 238 | 239 | 240 | 240 | 239 (B) | 239 |
| Public works | 11 | 11 | 11 | 11 | 11 | 11 |
| Engineering | | | | | | |
| Sanitation | 39 | 39 | 39 | 39 | 39 | 39 |
| Senior Citizens Center | 8 | 8 | 8 | 8 | 8 | 8 |
| Total general fund | <u>594</u> | <u>619</u> | <u>620</u> | <u>622</u> | <u>614</u> | <u>615</u> |
| Community development | 6 | 5 | 5 | 5 | 5 | 4 |
| Electric | 103 | 101 | 104 | 131 | 134 (C) | 134 |
| Information technology | - | - | - | - | 21 (D) | 21 |
| Parks and recreation | 64 | 71 | 71 | 79 | 85 | 86 |
| Street | 53 | 53 | 53 | 58 | 58 | 58 |
| Traffic services | 13 | 13 | 13 | 13 | 14 | 14 |
| Utilities accounting | 43 | 43 | 43 | 10 | - (C) | - |
| Total other funds | <u>282</u> | <u>286</u> | <u>289</u> | <u>296</u> | <u>317</u> | <u>317</u> |
| Total personnel | <u>876</u> | <u>905</u> | <u>909</u> | <u>918</u> | <u>931</u> | <u>932</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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------|-------------|-------------|-------------|
| 9 | 9 | 13 | 14 |
| 5 | 5 | 4 | 4 |
| 13 | 13 | 13 | 13 |
| 4 | 4 | - | - |
| 1 | 1 | 2 | 2 |
| 8 | 8 | 8 | 8 |
| 9 | 9 | 9 | 9 |
| 17 (E) | 18 | 22 | 22 |
| 9 | 9 | 9 | 9 |
| 8 | 8 | 7 | 7 |
| 13 | 13 | 13 | 13 |
| 14 | 14 | 14 | 14 |
| 11 | 11 | 11 | 11 |
| 32 | 32 | 33 | 33 |
| 2 | 1 | 1 | 1 |
| 2 | 4 | 4 | 5 |
| 166 | 166 | 166 | 166 |
| 237 (E) | 231 | 230 | 231 |
| 11 | 11 | 5 | 5 |
| 39 | 39 | 39 | 39 |
| 8 | 8 | 8 | 8 |
| <u>618</u> | <u>614</u> | <u>611</u> | <u>614</u> |
| 4 | 4 | 4 | 4 |
| 138 | 136 | 135 | 142 |
| 23 | 23 | 23 | 24 |
| 93 | 93 | 95 | 93 |
| 58 | 58 | 58 | 58 |
| 15 | 15 | 17 | 16 |
| - | - | - | - |
| <u>331</u> | <u>329</u> | <u>332</u> | <u>337</u> |
| <u>949</u> | <u>943</u> | <u>943</u> | <u>951</u> |

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

Table 18

| <u>Function</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Animal Shelter | | | | | |
| Animals Handled | 3,368 | 3,350 | 3,195 | 3,443 | 2,557 |
| Adoptions | 668 | 722 | 887 | 968 | 806 |
| Fire | | | | | |
| Number of uniformed employees | 148 | 172 | 172 | 172 | 163 |
| Fires and explosions | 555 | 512 | 496 | 519 | 453 |
| Rescue, emergency medical calls | 6,605 | 7,112 | 7,261 | 7,044 | 6,775 |
| Service calls | 1,066 | 1,158 | 1,250 | 1,340 | 1,085 |
| Good intent calls | - | - | - | - | - |
| False alarm calls | 733 | 835 | 857 | 838 | 869 |
| Other calls | 1,833 | 2,207 | 2,317 | 2,325 | 2,119 |
| Total calls | <u>10,792</u> | <u>11,824</u> | <u>12,181</u> | <u>12,066</u> | <u>11,301</u> |
| Police | | | | | |
| Number of uniformed employees | 202 | 202 | 202 | 201 | 201 |
| Calls for service | 94,413 | 91,273 | 94,986 | 109,715 | 90,058 |
| Arrests | 8,421 | 8,176 | 7,311 | 7,225 | 6,862 |

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>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---------------|---------------|---------------|---------------|---------------|
| 2,304 | 2,363 | 2,425 | 3,187 | 3,443 |
| 563 | 765 | 1,040 | 1,274 | 968 |
| 160 | 160 | 160 | 163 | 163 |
| 523 | 210 | 723 | 624 | 617 |
| 6,347 | 5,936 | 8,030 | 7,826 | 8,857 |
| 266 | 1,402 | 1,557 | 1,534 | 2,221 |
| - | - | 1,976 (A) | 1,965 | 2,372 |
| 802 | 871 | 947 | 1,008 | 974 |
| <u>3,409</u> | <u>4,378</u> | <u>352</u> | <u>504</u> | <u>430</u> |
| <u>11,347</u> | <u>12,797</u> | <u>13,585</u> | <u>13,461</u> | <u>15,471</u> |
| 178 | 201 | 201 | 201 | 201 |
| 72,537 | 100,731 | 79,301 | 93,372 | 89,746 |
| 6,317 | 5,448 | 7,909 | 3,576 | 5,463 |

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

Table 19

| Function | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire Stations | 10 | 11 | 11 | 11 | 11 | 11 |
| Police Stations | 4 | 4 | 4 | 4 | 4 | 4 |
| Parks and Recreation | | | | | | |
| Number of parks | 31 | 32 | 34 | 35 | 35 | 35 |
| Number of playground areas | 46 | 47 | 49 | 50 | 51 | 51 |
| Number of tennis courts | 40 | 40 | 40 | 40 | 40 | 40 |
| Number of golf courses | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of disc golf courses | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of pickleball courts | - | - | - | - | - | - |
| 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 | 51 | 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>2021</u> | <u>2022</u> | <u>2023 *</u> | <u>2024</u> |
|-------------|-------------|---------------|-------------|
| 11 | 11 | 11 | 11 |
| 4 | 4 | 4 | 4 |
| 37 | 37 | 37 | 37 |
| 54 | 54 | 54 | 54 |
| 40 | 40 | 40 | 40 |
| 2 | 2 | 2 | 2 |
| 5 | 5 | 2 | 3 |
| - | - | - | 12 |
| 5 | 5 | 5 | 5 |
| 3 | 3 | 3 | 3 |
| 55 | 55 | 55 | 55 |

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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, 2024.

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

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

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements 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, 2024.

Forvis Mazars, LLP

**Dallas, Texas
June 19, 2025**

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SINGLE AUDIT SECTION



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**City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--|-----------------------------------|--|---------------------------|----------------------------|
| Department of Housing and Urban Development | | | | |
| Direct Programs: | | | | |
| <i>CDBG – Entitlement Grants Cluster</i> | | | | |
| COVID-19 – Community Development Block Grants/Entitlement Grants | 14.218 | | \$ - | \$ 1,141 |
| Community Development Block Grants/Entitlement Grants | 14.218 | | 77,346 | 1,114,707 |
| <i>Total CDBG – Entitlement Grants Cluster</i> | | | <u>77,346</u> | <u>1,115,848</u> |
| COVID-19 – HOME Investment Partnerships Program | 14.239 | | 332,294 | 380,527 |
| HOME Investment Partnerships Program | 14.239 | | 390,478 | 419,019 |
| Total HOME Investment Partnerships Program | | | <u>722,772</u> | <u>799,546</u> |
| Total Department of Housing and Urban Development | | | <u>800,118</u> | <u>1,915,394</u> |
| Department of Justice | | | | |
| Passed through from: | | | | |
| National Recreation and Park Association | | | | |
| Juvenile Mentoring Program | 16.726 | 15PJDP-22-GG-03844-MENT | - | 25,514 |
| Direct Program: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | - | 2,050 |
| Total Department of Justice | | | <u>-</u> | <u>27,564</u> |
| Department of Transportation | | | | |
| Direct Programs: | | | | |
| Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs | 20.106 | | - | 1,470,428 |
| Highway Planning and Construction | 20.205 | | - | 341,288 |
| Passed through from: | | | | |
| Arkansas State Police | | | | |
| <i>Highway Safety Cluster</i> | | | | |
| State and Community Highway Safety | 20.600 | OP-2023-02-02-18 | - | 165 |
| <i>Total Highway Safety Cluster</i> | | | <u>-</u> | <u>165</u> |
| Total Department of Transportation | | | <u>-</u> | <u>1,811,881</u> |
| Department of Treasury | | | | |
| Direct Program: | | | | |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | - | 3,000,049 |
| Total Department of Treasury | | | <u>-</u> | <u>3,000,049</u> |
| Department of Energy | | | | |
| Direct Program: | | | | |
| Energy Efficiency and Conservation Block Grant Program (EECBG) | 81.128 | | - | 128,080 |
| Total Department of Energy | | | <u>-</u> | <u>128,080</u> |

**City of North Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

(Continued)

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Provided to Subrecipients</u> | <u>Total Federal Expenditures</u> |
|---|--|---|----------------------------------|-----------------------------------|
| Department of Homeland Security | | | | |
| Passed through from: | | | | |
| Arkansas Department of Emergency Management Disaster Grants – Public Assistance (Presidentially Declared Disasters) | 97.036 | 4698 | - | 4,366,242 |
| Emergency Management Performance Grants | 97.042 | EMT-2021-EP-00008-S01, EMT-2022-EP-00002-S01 | - | 24,210 |
| BRIC: Building Resilient Infrastructure and Communities | 97.047 | EMT-2022-BR-014-0007 | - | 34,036 |
| Total Department of Homeland Security | | | <u>-</u> | <u>4,424,488</u> |
| Total Federal Awards Expended | | | <u>\$ 800,118</u> | <u>\$ 11,307,456</u> |

City of North Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

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, 2024. 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

Governmental funds and proprietary funds account for the City's federal grant activity. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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, 2024.

Note 5. FEMA Expenditures

During the fiscal year ended December 31, 2023, the City incurred substantial costs related to the tornado of 2023. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under ALN 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At December 31, 2023, only some of the City's PWs from this storm had been approved by FEMA. As a result, there was \$2,230,587 of expenditures and the related revenues which were not recorded for financial statement purposes and not on the Schedule of Expenditures of Federal Awards at December 31, 2023. As of December 31, 2024, these expenditures have been recognized on the Schedule of Expenditures of Federal Awards and the related revenues recorded in the financial statements as the PWs were approved by FEMA during the fiscal year.

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 19, 2025.

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
June 19, 2025**

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, 2024. 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor’s report. The City’s corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
June 19, 2025**

**City of North Little Rock, Arkansas
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2024**

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 |
|--|----------------------------------|
| CDBG Entitlement Grants Cluster | 14.218 |
| COVID-19 - HOME Investment Partnerships Program | 14.239 |
| Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs | 20.106 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 |

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

Section II – Financial Statement Findings

| Reference Number | Finding |
|---------------------|----------------------------|
| | No matters are reportable. |

Section III – Federal Award Findings and Questioned Costs

| Reference Number | Finding |
|------------------|--|
| 2024-001 | <p>Finding: Reporting</p> <p>CDBG – Entitlement Grants Cluster Assistance Listing Number: 14.218 Department of Housing and Urban Development, Award Number B-24-MC-05-0005, Award Year 2024</p> <p>Criteria: In accordance with 2 CFR Part 170 and FAR 52.204-10(a), a recipient must report subaward data through the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) for each first-tier subaward or subaward amendment that results in an obligation of \$30,000 or more in federal funds.</p> <p>Condition: We noted the City did not submit the required report in FSRS during the year ended December 31, 2024 for a first-tier subaward resulting in an obligation of \$36,000.</p> <p>Questioned Costs: None</p> <p>Context: We identified and tested one first-tier subaward that was required to be reported in FSRS for the year ended December 31, 2024, and noted the report was not submitted as described above.</p> <p>Effect: Failure to report subaward obligations in FSRS could lead to inaccurate reporting information in FSRS. In addition, failure to report subaward obligations in FSRS could result in noncompliance with meeting the transparency requirements outlined in the <i>Coronavirus Aid, Relief, and Economic Security Act</i>.</p> <p>Cause: Controls over reporting were not sufficiently operating during the year primarily due to staffing issues and turnover within the Grants Department.</p> <p>Identification as a Repeat Finding: Not applicable.</p> <p>Recommendation: We recommend that the City develop a process for reviewing and tracking the reporting of subaward obligations in FSRS.</p> <p>Views of Responsible Officials: We agree with the finding. See separate report for planned corrective actions.</p> |

| Reference Number | Finding |
|------------------|---|
| 2024-002 | <p data-bbox="370 390 597 420">Finding: Reporting</p> <p data-bbox="370 436 1398 495">Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs</p> <p data-bbox="370 497 812 527">Assistance Listing Number: 20.106</p> <p data-bbox="370 529 1425 558">Department of Transportation, Award Number 3-05-0047-031-2023, Award Year 2023</p> <p data-bbox="370 560 1425 590">Department of Transportation, Award Number 3-05-0047-032-2024, Award Year 2024</p> <p data-bbox="370 604 1474 785">Criteria: In accordance with 2 CFR section 200.328, recipients must use the standard financial reporting forms when reporting to the federal awarding agency. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the federal awarding agency. Recipients use the Federal Financial Report (FFR) (SF-425/SF-425A) as a standardized format to report expenditures under federal awards, as well as, when applicable, cash status (lines 10.a, 10.b, and 10c).</p> <p data-bbox="370 802 1442 892">Condition: We noted the City did not complete and submit the required annual Federal Financial Reports (SF-425) for the two awards identified above during the year ended December 31, 2024.</p> <p data-bbox="370 909 678 938">Questioned Costs: None</p> <p data-bbox="370 972 1463 1062">Context: We identified and tested both FFR (SF-425) reports that were required to be completed and submitted for the year ended December 31, 2024, and noted the reports were not submitted as described above.</p> <p data-bbox="370 1096 1474 1215">Effect: Failure to complete and submit reports could lead to inaccurate reporting of information to the Federal Aviation Administration. In addition, failure to submit required reports to the Federal Aviation Administration could result in noncompliance and revocation of awarded grant funds.</p> <p data-bbox="370 1249 1471 1308">Cause: Controls over reporting were not sufficiently operating during the year primarily due to staffing issues and turnover within the Airport Department.</p> <p data-bbox="370 1341 984 1371">Identification as a Repeat Finding: Not applicable.</p> <p data-bbox="370 1404 1479 1463">Recommendation: We recommend that the City develop a process for reviewing and tracking the submission of FFR reporting to the Federal Aviation Administration.</p> <p data-bbox="370 1497 1463 1556">Views of Responsible Officials: We agree with the finding. See separate report for planned corrective actions.</p> |

**City of North Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024**

| Reference Number | Summary of Finding | Status |
|-----------------------------|----------------------------|---------------|
| | No matters are reportable. | |

