



**Comprehensive Annual Financial Report  
for the year ended December 31, 2018  
City of Little Rock, Arkansas**

**On the Cover:** The Vogel Schwartz Sculpture Garden, located in Riverfront Park opened in 2009 with seven sculptures. In 2017, an expansion opened, which more than quadrupled the size. The 7,000 square foot sculpture garden is now home to over seventy sculptures, with more being added each year.

The five sculptures on the cover are (clockwise from upper left) *Shortcut* by Jane DeDecker, *Big Bill* by Tim Cotterill, *Fiesta* by Carol Gold, *Grown* by Michael Warrick, and the Sculpture Garden's signature sculpture, *Infinity* by Kathleen Caricof.

(Photos by: Scott Whiteley Carter)

# **City of Little Rock, Arkansas**

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

The Department of Finance

Sara Lenehan, CPA  
Director of Finance

Anita Worley  
Assistant Director of Finance

**City of Little Rock, Arkansas**  
**Year Ended December 31, 2018**

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## **INTRODUCTORY SECTION**





FROM THE DESK OF  
MAYOR FRANK SCOTT, JR.

June 27, 2019

To the Members of the Little Rock City Board of Directors  
and the Citizens of the City of 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, and the Board of Directors exercised that option. Accordingly, we hereby issue the Comprehensive Annual Financial Report of the City of Little Rock for the fiscal year ended December 31, 2018.

This report consists of Management's representations concerning the finances of the City of 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 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 Little Rock's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Little Rock's comprehensive framework of internal controls has been designed to provide reasonable 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 Little Rock's financial statements have been audited by BKD, LLP, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Little Rock for the fiscal year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2018, 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 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 included in the City of Little Rock’s Comprehensive Annual Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Little Rock’s MD&A can be found immediately following the report of the independent auditor.

#### Profile of the Government:

The City of Little Rock, incorporated in 1831, is located in the central part of the State, and is considered to be one of the top growth areas in the State. The City of Little Rock currently occupies a land area of 123 square-miles and serves a population of 198,541, based on the latest estimates provided by the US Census Bureau. The City of Little Rock is empowered 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 governing body.

The City of Little Rock has operated under the Council-Manager form of government since 1957. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and ten (10) other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, and ratifying the hiring of both the City Manager and City Attorney. In accordance with Ordinance No. 19,791, adopted June 12, 2007, and by approval of voters at an election held on August 14, 2007, the Mayor is the full-time Chief Executive Officer of the City, with authority over issues such as preparation of the City Budget, and with Board and Commission appointment authority, and veto power. The Mayor provides direction and assigns duties to the City Manager, who serves as the Chief Administrative Officer of the City. The City Board of Directors are part-time, and all are elected on a non-partisan basis.

The City of Little Rock provides a full range of services, including Police and Fire protection, the construction and maintenance of streets and other infrastructure, and recreational activities and cultural events. Several services are provided through separate Boards and Commissions which act as a component of the City of Little Rock and therefore have been included as an integral part of the City of Little Rock’s financial statements. Additional information regarding the discretely presented 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 Little Rock’s financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the Mayor and the City Manager. The Mayor and the City Manager then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold

public hearings on the proposed budget and to adopt a final budget on or before December 30<sup>th</sup> for the ensuing year. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., Zoo). Department Directors may make transfers of appropriations within a Department. Transfers of appropriations between Departments require the special approval of the Mayor and City Manager, unless the amount is above \$50,000, and then it requires the approval of the Board of Directors. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 111 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 113.

#### Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Little Rock operates.

Local Economy: The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens, balanced with the resources available to the City, in an efficient, cost effective and transparent manner.

The comparative figures for the City of Little Rock as of December 31, 2018, show unemployment at 3.6%, compared with a U.S. average of 3.9%, according to data from the Arkansas Department of Workforce Services (ADWS). In addition, ADWS compiled data from the U.S. Bureau of the Census to determine areas or sectors in which Little Rock's share of jobs within the Central Arkansas region ranks above average. These sectors include: Information; Finance and Insurance; Public Administration; Management of Companies and Enterprises; Health Care and Social Assistance; and Professional; Scientific; and Technical Services.

U.S. Internet sales, or e-commerce, continued rapid growth accounting for approximately 8.9% of total sales. Internet sales have more than doubled in a decade, from less than 3% in 2006. According to Metroplan, which cited "Special Report: E-commerce," in *Economist* on October 28, 2017, "a Euromonitor projection suggests e-commerce may account for one-sixth of all retail sales by 2021." E-commerce sales had an advantage over local retailers in Arkansas and other states that were unable to collect Sales and Use Tax on online sales. The City is pleased with the United States Supreme Court ruling on *South Dakota v. Wayfair, Inc.* in which the court held that states may charge tax on purchases made from out-of-state sellers, even if the seller does not have a physical presence in the taxing state. Act 822 - *To Reform the Tax Laws Concerning the Levy and Collection of Sales and Use Tax, the Apportionment and Allocation of Income for Tax Purposes, Corporate Income Tax Rates, and Net Operating Losses; and to Declare an Emergency* - was enacted during the 2019 regular session of the Arkansas General Assembly. The provisions of Act 822 relating to collection of sales and use tax are consistent with *South Dakota v. Wayfair, Inc.*

The December 2018 *Metrotrends Economic Review and Outlook* reports that the Central Arkansas regional economy is traditionally oriented toward services. However, in recent years, the region has shown an upward manufacturing trend. Manufacturing's share of the U.S. gross domestic product (GDP) has declined slightly from 2010 to 2017, but the local share has increased. Local

GDP outgrew jobs in manufacturing by a factor of seven to one. By comparison, U.S. manufacturing GDP trailed job growth. The Little Rock metro's high ratio of GDP growth to job growth in manufacturing suggest a competitive advantage in manufacturing productivity. The Central Arkansas region ranks high in steel and metal products, which account for nearly one in four local manufacturing jobs. One of the region's biggest manufacturing competitive advantages lies with the Little Rock Port Authority, which accounts for about 1,600 manufacturing and 3,400 total jobs. The Port has major transportation advantages, connected to the regional freeway network, with direct access to two major rail lines (Union Pacific and Burlington Northern), and barge traffic via the Arkansas River that provides low-cost shipping to much of middle North America.

According to information presented in the December 2018 *Metrotrends Economic Review and Outlook*, in the first six (6) months of 2018, construction dropped in comparison with an abnormally high level in the first six months of 2017. Still, single-family construction actually rose by 11%, led by Little Rock, with 173 new units. The overall decline can be attributed to the drop in multi-family (down 72%). Little Rock was the leader in this area as well with 134 units. Multi-family starts were confined to the region's three largest cities, Little Rock, North Little Rock, and Conway during the first half of 2018. For Little Rock the multi-family construction consisted of duplexes and small projects mostly in western portions, as well as a 130-unit retirement complex, also in western Little Rock. Multi-family activity increased in the third quarter, with two new complexes in western Little Rock. This suggests a multi-family growth trend above the national average in six of the past seven quarters.

In 2017, the Little Rock Fire Department (LRFD) achieved a major goal by being awarded International Accreditation from the Center of Public Safety Excellence, the only Fire Service Accreditation Program in the world. With this designation, LRFD becomes the 57<sup>th</sup> Fire Department of roughly 30,000 Departments in the United States to have both an Insurance Services Office (ISO) Class 1 Rating and International Accreditation. These highly acclaimed designations place the Department in the top 0.19% of all Fire Departments in the United States.

Little Rock residents enjoy some of the best water in the country. Per *Sperling's Best Places*, Little Rock's water quality received a rating of 90 on a 1-100 scale (National average: 55).

Little Rock was named the 23<sup>rd</sup> Best Small City in the Resonance *2018 America's Best Cities Report* (<https://www.bestcities.org/rankings/americas-best-cities-small/little-rock/>). The article stated, "There's nothing little about Little Rock's appeal to business and entrepreneurship." Little Rock ranks 5<sup>th</sup> among small cities for attracting and retaining Fortune 500 companies. The combination of competitive incentives, powerful and diverse corporate presence, business friendly taxes, talent and investment, and some of the most affordable housing among state capitals were cited as reasons for the ranking. Moody's Investors Service also ranked the Little Rock metropolitan area No. 2 for Most Diverse Regional Economy.

Arkansas was recently ranked No. 1 in "Best Communication of Business Incentives." Arkansas was second only to Ohio in biggest gains. The Arkansas Economic Development Commission noted that, "What this tells us is that we are building momentum, we are capitalizing on our strengths, and we are working to improve our critical areas."

In December 2018, Little Rock was named as one of America's top 15 cities with a low cost of living and high quality of life. <https://www.badcredit.org/studies/15-cities-where-the-american-dream-is-still-attainable/> The analysts researched Niche.com's list of U.S. cities with the lowest cost of living and then looked at crime rates, commute times, employment, walkability, and other factors to determine its rankings. Key findings included a cost of living 4% below the national average, median household income of \$48,463, and average commute time of 18.6 minutes. Brittney Mayer, senior analyst and author of the report said, "While the American Dream may feel far away to many Americans, our study shows it's still possible to find a city with a great quality of life that doesn't require a six-figure income. The 15 cities on our list maintain a low cost of living without sacrificing the necessities for a high quality of life, including offering affordable homes and a vibrant community."

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-Cent Local Sales Tax in September 2011, which became effective on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each Ward to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between on-going operating needs and capital needs. The 5/8-cent permanent increase in sales tax for operations is reflected in the 2018 Adopted Budget. The 3/8-cent, ten (10)-year sales tax for capital projects, which expires in 2021, is reflected in the Sales Tax Capital Improvements Fund. The tax increase provides funding for additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new emergency communications system. In the first seven (7) years of collection, the new sales tax provided additional resources of approximately \$340 million, including approximately \$212.4 million for operations and \$127.6 million for capital projects.

On February 21, 2012, the Little Rock City Board of Directors approved Resolution No. 13,440, which appointed the Little Rock Citizen's Evaluation of New Tax (LR CENT) Committee. The Committee, which is made of two (2) Co-Chairs, individuals from each of the City's seven (7) Wards and three (3) At-Large Members, meets on a quarterly basis to evaluate the spending of the additional revenue that results from the One (1)-Cent Sales Tax increase.

Little Rock citizens approved the issuance of Limited Tax Capital Improvement Bonds not to exceed \$105 million for street and drainage improvements. Up to \$73.5 million of the Bonds are dedicated to street improvements with the remaining \$31.5 million available for drainage improvements throughout the City. The Bonds are secured by a three (3)-mill Ad Valorem Tax on taxable property located within the City of Little Rock. On July 24, 2013, the City issued the first series of Bonds in the amount of \$58,105,000. The second series of Bonds in the amount of \$43,475,000 was issued on November 28, 2018. In addition, in December 2018, the City issued \$32,570,000 in Hotel Gross Receipts Tax Bonds to finance a portion of the costs of improvements to MacArthur Park. The improvements include renovations and additions to, and furnishings and equipment for, the Arkansas Arts Center and the MacArthur Museum of Arkansas Military History.

In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. The General Fund goal was to set aside the greater of \$10,000,000, or 10%, of General Fund revenues in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. In 2016, the City's Management Team increased the reserve to \$10 million, with the intent of gradually increasing the designated reserve to achieve 10% of General Fund revenues over the next few years.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, reductions have mainly been accomplished through attrition. With the passage of the additional One (1)-Cent Local Sales Tax in 2011, positions were filled and new positions were added, particularly in the areas of Public Safety and Parks and Recreation. The 2019 General Fund Budget supports 1,737 full-time equivalent (FTE) positions, a net increase of seventeen (17) FTEs compared to 2018 staffing levels. Staffing includes fifteen (15) Police positions previously funded by a COPS grant. In addition, twelve (12) new Firefighters are included in the 2019 Budget to prepare for the opening of Station #24 in Southwest Little Rock in 2020. These additions are partially offset by a net reduction of ten (10) positions in other departments. There were twenty-one (21) uniform officer positions vacant at year-end, with a rookie class of twenty-four (24) that began on February 18, 2019.

Many of the initiatives supported by the new sales tax, such as increased funding for building maintenance, expanded park maintenance, Zoo deferred maintenance, operations and staffing, annual fleet replacement, information technology staffing and maintenance, and new transit routes were implemented during 2012 and 2013. The 2019 Budget continues the commitment to Little Rock citizens to fill vacant public safety positions and to support the initiatives outlined in the sales tax proposal.

Short-term financing notes are authorized under Amendment No. 78 to the Arkansas Constitution for the acquisition, construction and installation of real and tangible personal property having an expected useful life of more than one (1)-year. The notes are repaid from general revenues over a period of five (5) years. Principal and interest payments are included in the General Fund Budget for notes issued from 2014 to 2017. The City did not issue short-term financing in 2018. The 2019 Budget reflects a net decrease in debt service of \$1,615,033 associated with the 2018 retirement of the 2013 \$7.7 million note issued to advance initiatives included in the 3/8-Cent Sales Tax program. The City plans the issuance of a \$5,650,000 short-term note in 2019 to fund all or a portion of the costs of (i) the second phase of a computer aided dispatch system for quicker emergency response time for police and fire, (ii) the acquisition, construction, equipping and furnishing of improvements to Fire Station Number 12, and (iii) the acquisition of equipment for Police and Fire.

Funding of the Pulaski County Jail was continued in order to provide space for prisoners in accordance with the City's primary focus on Public Safety. In addition, an extra allocation is available from a \$20 local jail fine to contribute toward operations for expanded Pulaski County Jail space. Combined, the funding for the jail is budgeted at approximately \$2 million.

A Homeless Services Task Force was established in 2006 to address chronic homelessness within our community. The City has partnered with North Little Rock to provide for the operation of the Jericho Way Day Resource Center. The services provided to homeless individuals and families are focused on finding housing, job referral and case management services, medical, dental and psychiatric assistance. In addition, both municipalities are working with the various support groups in Central Arkansas as part of the on-going process to address the needs of homeless individuals and families.

The City is appropriating approximately \$5.5 million for Children, Youth and Family Programs, including youth employment, skills center funding and re-entry programming in 2019 as part of the City's emphasis to foster and enhance youth and community development. In addition, Community Programs Staff continued implementation of the Youth Master Plan following a series of community forums with Little Rock citizens. City Staff will continue to work with community groups, neighborhood associations, the faith-based community, and other groups to ensure resources are targeted appropriately. In addition, the City continued an in-house program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The program has been extremely successful and will be continued in 2019. In addition, the City has expanded the program to include additional entry-level positions available in other City Departments.

The 2019 Budget includes a contingency allocation of \$1 million or approximately 0.5% of General Fund revenues. On June 4, 2019, the City Board of Directors approved an amendment to the 2019 budget, which increased anticipated revenues by \$184,950, and reduced expenditure allocations by \$2,089,145, resulting in a budget that anticipates increasing General Fund balances by \$2.3 million by December 31, 2019. The Mayor, City Manager, and Board of Directors took action to align ongoing operating expenditures included in the budget with recurring revenues. The City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

Major Initiatives: Commercial property construction continues to show strong growth.

On September 20, 2017, Bank of the Ozarks unveiled plans for the new company headquarters in Little Rock. *Arkansas Business* reported that the 247,000 square-foot project, located at the northwest corner of Cantrell Road and Chenonceau Boulevard, would begin before the end of 2017. The investment is anticipated to be in excess of \$100 million. Approximately 500 employees currently working in three (3) locations are expected to move into the building when construction is completed in late 2019 or early 2020. The building will be able to support up to 900 employees.

In April 2018, *Arkansas Business* reported the \$44 million purchase of the northwest corner of Interstate 630 and University Avenue by Provident Realty Advisors Inc. that occurred in 2016 has led to a new medical office building that opened in March 2018 with more new construction on the way. The project is called The District in Midtown. It is envisioned as an eleven (11) building, 57,120-square foot array of restaurant dominated retailers and two (2) hotels with 197 rooms. Nine (9) proposed building sites are marked along the perimeter bordering the interstate right of way and University Avenue. Two (2) more are planned to the north of a traffic circle at the heart of the site plan, where Sears now stands. A 107-room hotel is penciled in where Doctors Plaza now sits. Demolition recently began on the site, starting the redevelopment.

In 2016, Fidelity Information Services (FIS) sponsored its inaugural start-up accelerator in Little Rock devoted to financial technology. FIS, based in Jacksonville, Florida, is a global banking technology services provider whose origins trace back to Systematics of Little Rock. FIS maintains a large campus in West Little Rock that employs approximately 1,300 workers with a focus on product development. The FinTech Accelerator is a rigorous twelve (12)-week program designed to accelerate the growth of early stage financial technology ventures. The ten (10) participating ventures are selected through a highly-competitive review process. It is housed out of the Venture Center, which shares space with the Little Rock Technology Park in Downtown Little Rock. Following the success of the 2016, FinTech Accelerator, Governor Asa Hutchinson and FIS Officials announced that it would return to Little Rock in 2017 and 2018, instead of moving to other municipalities around the world in which FIS has a presence. The partnership with the Venture Center and Little Rock Technology Park has been a key factor to the success of FinTech Accelerator. Launched in 2014, the Venture Center announced in May 2018 that it had created 192 jobs in the last year. This brings the number of jobs that member companies have created to more than 637 since 2014. The Venture Center in conjunction with the University Of Arkansas Clinton School Of Public Service conducted a six-month economic impact analysis that determined that entrepreneurs who interact with the Venture Center daily or weekly have created more jobs and have a higher total capital raise. The center said its member startups have raised \$57 million to date. In October 2018, the Independent Community Bankers of America (ICBA) announced it is partnering with the Venture Center to launch the ICBA ThinkTech Accelerator, a community bank-focused fintech accelerator program.

After being located in a temporary space, the Little Rock Technology Park opened in its new location in March 2017. The development consists of two (2) renovated, nearly 100 year-old buildings, designed to form an integrated environment for start-up and mature technology companies. The facility opened with twelve (12) initial companies and by the end of the 3<sup>rd</sup> Quarter of 2017, thirty-two (32) companies call the Little Rock Technology Park home. In December 2018, *Arkansas Business* reported the unveiling of renderings for the second phase of the six-phase Little Rock Technology Park. Phase II will be built on the empty lot between the park's current home at 417 Main St. and the KATV building at the corner of Main and Fourth streets. Phase II plans include wet/dry laboratories on the third, fourth and fifth floors; offices in front of the building; meeting spaces; locker rooms; indoor bicycle storage; and a small catering space. The building would be LEED-certified as energy efficient. In addition, Phase II would also feature a restaurant type space with an outdoor patio on the first floor and a meeting/conference room that could seat approximately 180 people.



Most recently, in April 2019, Czech firearms manufacturer CZ-USA announced plans to locate their North American Headquarters and build a new manufacturing facility on approximately 73 acres at the Port of Little Rock. CZ-USA plans to implement a two (2)-phase approach with an investment of up to \$90 million and create approximately 565 jobs over a six (6)-year period. “As CZ looked to increase our presence in North America, it engaged in a multi-state search for the ideal location,” said Bogdán Heczko, CA-USA chairman of the board. “The Arkansas workforce, culture, business climate and industry support cleared the way for us to choose Little Rock as our new home.”

The City will continue to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax, or other forms of revenue for the City. The revenue anticipated from the 3/8-Cent Sales Tax of \$38,000,000, or 19.4%, for capital projects is dedicated to jobs and economic development through 2021. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure. Job recruitment and economic infrastructure commitments to date include awards to Welspun Tubular, LLC, Martial Arts Services, Inc., FedEx, CZ-USA, the Little Rock Technology Park, and land acquisition at the Little Rock Port Authority.

The City’s long-term outlook remains bright; most indicators continue showing competitive advantages in the local metropolitan area. Job losses in some sectors have been balanced, even in recession, by gains in areas with future potential. As indicated above, economic projects are in development in all areas of the City – from Downtown, to Midtown, Southwest Little Rock and West Little Rock.

The City of Little Rock has made great strides in the utilization of technology to communicate with local citizens and businesses. The City’s new website, [www.littlerock.gov](http://www.littlerock.gov), is set up to improve communication efforts. In addition, the City is proud of its local government access channel LRTV, which broadcasts information regarding the activities of the Little Rock City Board of Directors through live and taped coverage of Board Meetings and other official proceedings; and produces programming regarding municipal affairs. The City launched a LR 311 Mobile App to enable citizens to access City services. The app is available for download through the App Store or Google Play Store. In March 2016, City Officials announced that Little Rock was one of only twenty-seven (27) municipalities around the U.S. participating in the What Works Cities Initiative through Bloomberg Philanthropies, part of an effort to embrace open data, create a framework for its usage, and make it readily available to citizens. The City unveiled an Open Data Portal that includes several data sets covering such topics as planning and permitting, public safety statistics, 311 Requests, and the location of Police, Fire and Neighborhood Resource Centers. The data sets are live on the main data portal located at <https://data.littlerockar.gov/>.


Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. The City of Little Rock has received a Certificate of Achievement for thirty-six (36) years total. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1)-year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efforts of certain individuals: Assistant Finance Director Anita Worley; Comptroller Debbie Carreiro, and the Accounting and Reporting Staff including Ben Damgaard, Lance Carroll, Czenthia Grant, Montoya McGruder, Debbie Pharr, and Nancy Warfield; Treasury Manager Scott Massanelli; Grants Manager Caran Curry, and the Grants Staff including Gene Brunner, Amanda Jones, and Lottie Keaton; Purchasing Manager Abdoul Kabaou; and Fiscal Systems Administrator Jonathan Burns should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Board of Directors, the City Manager, and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,

  
Frank Scott, Jr.  
Mayor

  
Sara Lenehan, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

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**City of Little Rock  
Arkansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

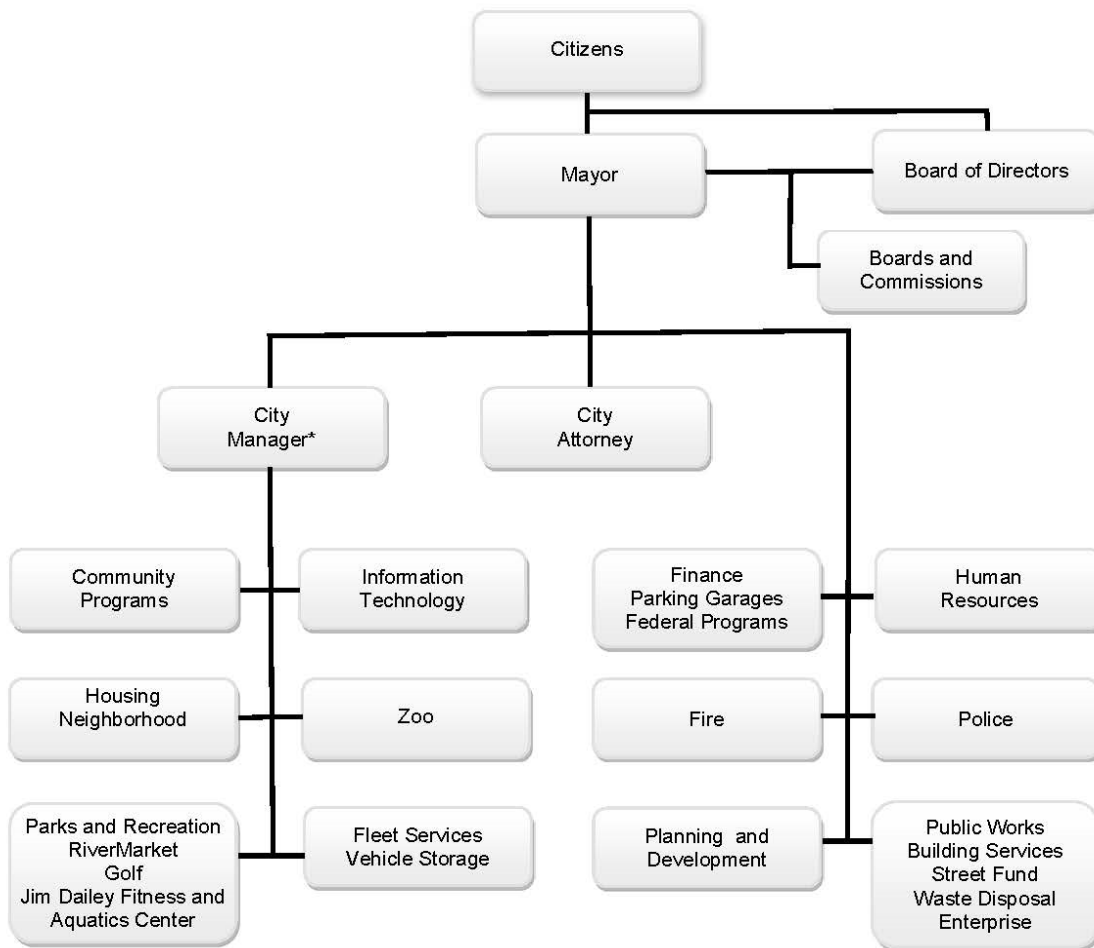
**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO



# City of Little Rock



**\* City Manager**

At the direction of the Mayor, the City Manager provides oversight to the departments of Finance, Police, Fire, Planning and Development, Public Works, and Human Resources; however those department leaders report directly to the Mayor.

The City Manager provides day-to-day direction to the remaining six departments: Information Technology, Zoo, Parks and Recreation, Housing and Neighborhood Programs, Community Programs, and Fleet Services.

**Elected Officials:**

Frank Scott, Jr.	Mayor
B. J. Wyrick	Vice-Mayor, Director – Ward 7
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Kathy Webb	Director – Ward 3
Capi Peck	Director – Ward 4
Lance Hines	Director – Ward 5
Doris Wright	Director – Ward 6
Dean Kumpuris	Director – Position 8
Gene Fortson	Director – Position 9
Joan Adcock	Director – Position 10
Melanie Martin	District Court First Division Judge
Victor Fleming	District Court Second Division Judge
Mark Leverett	District Court Third Division Judge

**Appointed Officials:**

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

**FINANCIAL  
SECTION**

## Independent Auditor's Report

Honorable Frank Scott Jr., Mayor  
and Members of the Board of Directors  
City of Little Rock, Arkansas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which represent 21 percent, 22 percent and 49 percent, respectively, of the assets and deferred outflow of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, introductory and statistical sections, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements Federal Awards*, and the schedule of expenditures of state awards as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
June 27, 2019

**City of Little Rock, Arkansas**  
**Management's Discussion and Analysis**  
**December 31, 2018**  
**(Unaudited)**

The following discussion and analysis of the City of Little Rock's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2018. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

**Financial Highlights**

- The City continued to implement projects and initiatives supported by the additional one-cent local sales tax approved by the citizens of Little Rock that became effective on January 1, 2012. The tax supplements the 1/2-cent sales tax that has been in place since 1994. The additional one-cent tax includes a 5/8-cent ongoing tax for operations and a 3/8-cent ten (10) year limited tax to fund specified capital projects.
- Total assets and deferred outflows of the City exceeded total liabilities and deferred inflows at the close of 2018 by \$499,326,313. Of this amount, \$549,324,589 reflects the net investment in capital assets; \$105,454,630 is restricted for debt service, streets and drainage, grant funds and other special projects; \$250,000 is restricted nonexpendable; and (\$155,702,906) is considered unrestricted.
- The City's 2018 total net position decreased by \$6,218,653. Net position of the governmental activities decreased \$7,330,415 and business-type activities increased \$1,111,762. In addition, beginning net position was decreased by \$10,849,970 to reflect the change in accounting principle associated with the implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The unrestricted net position of the City's governmental activities decreased \$28,889,342 to (\$165,172,690). The unrestricted net position of the City's business-type activities increased \$322,299 to \$9,469,784.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$188,960,951. The combined governmental funds balances increased \$65,532,173 from the prior year. The primary components of this change were the net increase in capital project funds of approximately \$65.5 million, the net increase in debt service funds of approximately \$4.1 million, and the net increase in special revenue funds of \$2.8 million, partially offset by a net decrease in General Fund balances of approximately \$6.85 million. The components of these changes will be discussed in detail in the Financial Analysis of the Government's Funds below. Approximately \$22.2 million of the \$188,960,951 fund balances is considered unassigned at December 31, 2018, and \$154,176,682 is reported as restricted for capital improvements, debt service, streets and drainage infrastructure, grants, emergency 911, and special projects. In addition, \$2,955,135 of the governmental fund balances is nonspendable, primarily representing inventories and prepaid expenditures. The committed and assigned portions of the fund balances were \$44,839 and \$9,608,799, respectively.

- The General Fund reported fund balance of \$33,749,496 at the end of the current year. Unassigned fund balance for the General Fund was approximately \$22.2 million or 10.3% of total General Fund expenditures (including transfers out). There was a \$6,845,023 decrease in the total fund balance for the General Fund for the year ended December 31, 2018.
- During the current year, the City's total debt increased by \$52.5 million (43.3% above 2017). The key factors in this increase were the issuance of a second series of general obligation bonds for street and drainage projects in the amount of \$43,475,000, and the issuance of hotel gross receipts tax bonds in the amount of \$32,570,000, partially offset by principal payments of \$14,515,000 for general obligation bonds, \$1,700,000 for revenue bonds, and \$7,337,724 for temporary notes.
- At the close of the current year, net position of fiduciary funds was \$97,523,834 held in trust for pension and other post-employment benefits. Total fiduciary net position held in trust decreased \$59.4 million for the year ended December 31, 2018. The decrease in net position is attributed to a net decrease in investment income and the net change in the fair value of investments of \$5.5 million, benefits paid directly to participants of \$19.5 million, and other participant transfers and administrative expenses of \$1.3 million, net of contributions to the funds in the amount of \$12 million. In addition, in 2018, the Board agreed to transfer the administration of the Firemen's Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System (LOPFI). Assets in the amount of \$45 million were transferred to LOPFI and are excluded from the City's financial statements. The remaining assets are held in a fiduciary fund with the City until they can be liquidated.
- The City's net pension liability increased \$37,142,005 to \$256,524,445 for Governmental Activities and \$989,851 for Business-Type Activities. The net pension liability of \$257,514,296 and the related net deferred outflows and inflows of resources of \$72,258,617 are discussed in detail in *Note 6* on Pages 63-95 of this report. Pension expense increased \$14,844,957 to a total of \$48,496,549, with \$48,025,646 associated with Governmental Activities and \$470,903 associated with Business-Type Activities.
- The City implemented GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The net OPEB liability of the City of \$17,193,750 and the related deferred outflows and inflows of resources of \$5,906,356 are discussed in detail in *Note 7* on Pages 95-100 of this report. OPEB expense of \$1,913,351 is associated with Governmental Activities. In addition, beginning net position was reduced by \$10,849,970 to reflect the change in accounting principle. The effects of GASB Statement No. 75 are not reflected in the 2017 financial information.
- At December 31, 2018, the City's component units reported net position of \$963,108,158, an increase of \$61,688,665. In addition, beginning net position was reduced by \$5,546,800 to reflect a change in accounting principle.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 that of a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, as applicable, with the difference 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 government's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future periods (*e.g.*, uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety, and development. The business-type activities of the City include a solid waste system, vehicle storage and parking garage operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also, the following discretely presented component units:

- Little Rock Water Reclamation Authority
- Bill and Hillary Clinton National Airport
- Oakland Fraternal Cemetery
- Mt. Holly Cemetery
- Little Rock Advertising and Promotion Commission
- Little Rock Port Authority
- Little Rock Ambulance Authority
- Central Arkansas Transit Authority (dba Rock Region Metro)
- Museum of Discovery

- Arkansas Arts Center
- Little Rock Workforce Development Board
- Central Arkansas Library System

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on Page 37.

The government-wide financial statements can be found on Pages 22-23 of this report.

**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, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 impact 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 twenty-three (23) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Capital Improvement Fund, the 2013 Capital Improvement Fund (debt service), the Capital Improvements Fund (capital projects), the Street Fund, and the 2018 Hotel Gross Receipts Tax (capital projects) which are considered to be major funds. Data from the other seventeen (17) governmental funds are 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 24-27 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, vehicle storage and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions for fleet operations. The services provided by the internal service fund predominantly benefit the governmental rather than the business-type activities. They have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, vehicle storage and parking garage operations. The Waste Disposal Fund and River Market Garage Fund are considered to be major enterprise funds of the City. The Fleet Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on Pages 28-30 of this report.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 31-32 of this report.

**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 financial statements can be found on Pages 35-110 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund budget, Street Fund budget and the City's pension and other postemployment benefit information. The City adopts an annual appropriation budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on Page 111 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on Pages 128-141 of this report.

## Government-wide Financial Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 144,866,314	\$ 172,253,654	\$ 18,212,858	\$ 17,169,011	\$ 163,079,172	\$ 189,422,665
Noncurrent and other assets	131,030,101	40,761,237	1,029,896	989,592	132,059,997	41,750,829
Capital assets	<u>620,516,687</u>	<u>625,970,148</u>	<u>24,334,098</u>	<u>24,390,224</u>	<u>644,850,785</u>	<u>650,360,372</u>
Total assets	<u>896,413,102</u>	<u>838,985,039</u>	<u>43,576,852</u>	<u>42,548,827</u>	<u>939,989,954</u>	<u>881,533,866</u>
Deferred outflows of resources	<u>86,957,574</u>	<u>56,306,776</u>	<u>625,011</u>	<u>147,092</u>	<u>87,582,585</u>	<u>56,453,868</u>
Current liabilities	57,895,350	58,525,072	2,378,453	2,323,504	60,273,803	60,848,576
Long-term liabilities outstanding	<u>447,179,933</u>	<u>344,074,545</u>	<u>13,946,957</u>	<u>13,602,729</u>	<u>461,126,890</u>	<u>357,677,274</u>
Total liabilities	<u>505,075,283</u>	<u>402,599,617</u>	<u>16,325,410</u>	<u>15,926,233</u>	<u>521,400,693</u>	<u>418,525,850</u>
Deferred inflows of resources	<u>6,686,395</u>	<u>2,902,815</u>	<u>159,138</u>	<u>164,133</u>	<u>6,845,533</u>	<u>3,066,948</u>
Net investment in capital assets	532,916,954	531,056,399	16,407,635	15,698,476	549,324,589	546,754,875
Restricted - expendable	103,614,734	94,766,332	1,839,896	1,759,592	105,454,630	96,525,924
Restricted - unexpendable	250,000	250,000	-	-	250,000	250,000
Unrestricted	<u>(165,172,690)</u>	<u>(136,283,348)</u>	<u>9,469,784</u>	<u>9,147,485</u>	<u>(155,702,906)</u>	<u>(127,135,863)</u>
Total net position	<u>\$ 471,608,998</u>	<u>\$ 489,789,383</u>	<u>\$ 27,717,315</u>	<u>\$ 26,605,553</u>	<u>\$ 499,326,313</u>	<u>\$ 516,394,936</u>

Certain reclassifications to the 2017 net position classifications have been made.

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 \$499,326,313 at the close of the most recent fiscal year.

The largest portion of the City's net position, 110%, reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be utilized to liquidate these liabilities. An additional portion of the City's net position, 21.1%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$155,702,906) represents -31.2% of the City's net position.

The following table provides a summary of the City's operations for the fiscal year ended December 31, 2018, with comparative totals for the fiscal year ended December 31, 2017.

Revenues	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<i>Program revenues:</i>						
Charges for services	\$ 32,783,699	\$ 32,647,795	\$ 22,882,149	\$ 21,984,314	\$ 55,665,848	\$ 54,632,109
Operating grants and contributions	29,379,100	4,330,755	-	-	29,379,100	4,330,755
Capital grants and contributions	6,328,314	1,568,435	52,807	1,521	6,381,121	1,569,956
<i>General revenues:</i>						
Property taxes	58,677,802	56,421,850	-	-	58,677,802	56,421,850
Sales taxes	121,474,064	120,269,724	-	-	121,474,064	120,269,724
Utility franchise taxes	29,965,553	29,326,328	-	-	29,965,553	29,326,328
Investment earnings (loss)	1,591,250	1,094,589	229,421	138,478	1,820,671	1,233,067
Intergovernmental revenues	-	23,009,538	-	-	-	23,009,538
Other	-	7,428,860	-	-	-	7,428,860
<b>Total revenues</b>	<b>280,199,782</b>	<b>276,097,874</b>	<b>23,164,377</b>	<b>22,124,313</b>	<b>303,364,159</b>	<b>298,222,187</b>
<b>Expenses</b>						
General government	51,413,544	52,444,900	-	-	51,413,544	52,444,900
Public Works	39,017,097	36,221,854	-	-	39,017,097	36,221,854
Parks and recreation	17,180,915	14,871,467	-	-	17,180,915	14,871,467
River Market	1,353,019	1,331,241	-	-	1,353,019	1,331,241
Golf	2,594,869	2,526,247	-	-	2,594,869	2,526,247
Jim Dailey Fitness	944,192	1,009,427	-	-	944,192	1,009,427
Zoo	7,467,458	7,419,725	-	-	7,467,458	7,419,725
Public safety	152,383,192	133,833,665	-	-	152,383,192	133,833,665
Economic development	250,000	528,000	-	-	250,000	528,000
Education	2,501,134	7,130,903	-	-	2,501,134	7,130,903
Housing and neighborhood programs	9,844,864	9,942,239	-	-	9,844,864	9,942,239
Interest on long-term debt	2,487,557	3,109,197	-	-	2,487,557	3,109,197
Agent fees and issue costs on long-term debt	1,190,764	499,261	-	-	1,190,764	499,261
Waste disposal	-	-	16,692,777	14,846,883	16,692,777	14,846,883
Parking system	-	-	2,191,965	1,964,207	2,191,965	1,964,207
Fleet	483,356	896,094	-	-	483,356	896,094
Vehicle storage	-	-	1,586,109	1,408,219	1,586,109	1,408,219
<b>Total expenses</b>	<b>289,111,961</b>	<b>271,764,220</b>	<b>20,470,851</b>	<b>18,219,309</b>	<b>309,582,812</b>	<b>289,983,529</b>
Change in net position before transfers	(8,912,179)	4,333,654	2,693,526	3,905,004	(6,218,653)	8,238,658
Transfers	1,581,764	1,880,606	(1,581,764)	(1,880,606)	-	-
<b>Change in net position</b>	<b>(7,330,415)</b>	<b>6,214,260</b>	<b>1,111,762</b>	<b>2,024,398</b>	<b>(6,218,653)</b>	<b>8,238,658</b>
Net Position, Beginning of Year, as Previously Reported	489,789,383	483,575,123	26,605,553	24,581,155	516,394,936	508,156,278
Change in accounting principle	(10,849,970)	-	-	-	(10,849,970)	-
Net Position, Beginning of Year as Restated	478,939,413	483,575,123	26,605,553	24,581,155	505,544,966	508,156,278
<b>Net Position, End of Year</b>	<b>\$ 471,608,998</b>	<b>\$ 489,789,383</b>	<b>\$ 27,717,315</b>	<b>\$ 26,605,553</b>	<b>\$ 499,326,313</b>	<b>\$ 516,394,936</b>



**Governmental Activities.** Governmental activities decreased the City's net position in the current year by \$7,330,415. The decrease in current assets of \$27.4 million, net of a decrease in current liabilities of \$0.6 million, decreased net position by \$26.8 million. An increase in noncurrent assets of \$90.3 million, offset by a decrease in net capital assets of \$5.5 million and an increase in noncurrent liabilities of \$49.4 million, excluding the net pension and the net OPEB liability, increased net position by approximately \$35.1 million. The increase in the net pension liability of \$36.5 million offset by an increase in deferred outflows of \$24.6 million, net of an increase in deferred inflows of resources of \$3.3 million, decreased net position by approximately \$15.2 million. The change in accounting principle, associated with the implementation of GASB Statement No. 75— *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, decreased beginning net position by \$10.8 million, and decreased net position in the current year by \$0.4 million.

Property tax represents 20.9% of the City's governmental revenue in 2018. Property tax revenues increased approximately \$2.3 million primarily due to an increase in assessed values. Sales tax represents 43.4% of the City's 2018 governmental revenue. Sales tax revenues grew 1.0% in comparison to 2017 revenues. Combined intergovernmental revenues, operating grants and contributions, and capital grants and contributions were comparable to revenues a year ago.

Excluding transfers in, current year expenses were 103% of current year revenues.

**Business-type Activities.** Business-type activities increased the City's net position by \$1,111,762. Key elements of this increase are as follows:

- Operating income increased net position by \$2,628,381. Net nonoperating revenues, including the net gain on disposal of capital assets, other income, and investment income, partially offset by interest expense, increased net position by \$12,388. Net transfers decreased net position by \$1,581,764.
- Waste Disposal net position increased by \$265,712. Net income, before net contributions and transfers out of \$1,528,957, was \$1,794,669, which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$831,616 was offset by net nonoperating expense of \$400,280. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income increased net position by \$414,714.

Waste Disposal activities contribute 79.9% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 95.4% of current year operating revenues.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of December 31, 2018, the City's governmental funds reported combined ending fund balances of \$188,960,951, an increase of \$65.5 million in comparison with the prior year. Approximately \$154.2 million is reported as *restricted fund balance* for capital improvements, debt service, streets and drainage infrastructure, grants, emergency 911, and special projects. In addition, approximately \$3.0 million of the governmental fund balances is *nonspendable*, representing primarily inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$44,839 and \$9.6 million, respectively. Approximately \$22.2 million constitutes *unassigned fund balance* and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the city. At December 31, 2018, unassigned fund balance of the General Fund was \$22.2 million, while the total fund balance was \$33,749,496. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 10.3% of total General Fund expenditures (including transfers out), while total fund balance represents 15.7% of that same amount.

The special revenue funds had total fund balances of \$28,457,986. The net increase in fund balances during 2018 for the funds was \$2,779,134. Special revenues come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to an increase in Street Fund revenues primarily associated with funding from the state ½ cent sales tax allocated to the City for street construction, resurfacing and other road related projects. Unspent funds are being reserved for future street projects. Net changes and ending fund balances by fund are:

	<u>Net Change</u>	<u>Ending Balance</u>
Street	\$ 3,009,236	\$ 22,503,976
Special Projects	(231,893)	3,635,419
Emergency 911	340,977	411,620
Grant Fund	(700,558)	98,014
CDBG	49,587	878,767
NSHP	(901)	28,379
HIPP	312,686	901,811

The debt service funds had total fund balances of \$21,884,356. The net increase in fund balances during 2018 was \$4,107,173. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. In 2018, the second series of capital improvement bonds for street and drainage projects was issued in parity with the 2013 capital improvement bonds. Net changes and ending fund balances by fund are:

	<u>Net Change</u>	<u>Ending Balance</u>
2013 Capital Improvements	\$ 517,316	\$ 13,546,739
2007 Capital Improvement	(327)	-
2002 Junior Lien	(41)	-
2012 Central Arkansas Library	(423,074)	-
2015 Central Arkansas Library	127,528	3,785,867
TIF #1 2014 Capital Improvement	250,542	627,629
2017 Central Arkansas Library	3,621,726	3,909,049
2017 Capital Improvement	13,503	15,072

The capital project fund balances increased by \$65,490,889 to total fund balances at December 31, 2018, of \$104,869,113. The increase reflects the 2018 issuance of the second series of capital improvement bonds for street and drainage projects in the amount of \$43,475,000 with related premiums of \$994,141, and the issuance of hotel gross receipts bonds in the amount of \$32,570,000 with related premiums of \$461,360. In addition, the proceeds were reduced by bond issuance costs of \$397,456 and \$780,795, respectively. In accordance with the terms of the City ordinance for each fund, approximately \$25.1 million was used to acquire capital assets or for major street and drainage maintenance. Revenues for capital projects come primarily from bond proceeds and from the 3/8-cent sales tax, which generated approximately \$19 million in revenue in 2018, less \$4.6 million contributed to the General Fund for principal payments on notes issued to advance capital projects. In addition, the General Fund was reimbursed \$1 million from the proceeds of the hotel gross receipts tax bonds in accordance with the reimbursement resolution for improvements at the MacArthur Museum of Military History. Investment income and property tax proceeds for the Port TIF district contributed an additional \$0.8 million to fund balances. The net changes and ending fund balances for the capital project funds are:

	<u>Net Change</u>	<u>Ending Balance</u>
Sales Tax Capital Improvements	\$ (526,139)	\$ 28,874,214
Capital Improvements	39,431,087	43,082,182
2018 Hotel Gross Receipts Tax Bonds	31,239,980	31,239,980
Short-Term Financing	(2,093,141)	252,858
TIF #1 2014 Capital Improvement	(194)	-
2015 Central Arkansas Library Capital Improvement	(2,481,914)	1,176,642
Port TIF	(78,790)	243,237

**Proprietary Funds.** The City's proprietary funds provide the same information found in the government-wide financial statements, but with more detail.

Net position (deficit) at the end of the year amounted to \$26,358,008, \$1,806,038 and (\$446,731) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position increased in the Waste Disposal, River Market Garage and Vehicle Storage funds by \$265,712, \$431,336 and \$414,714, respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The original budget included revenues and expenditures of \$208,963,275. The final amended General Fund budget included a reduction in revenues, including transfers in, of \$1,083,425 and an increase in total appropriations of \$1,847,485, resulting in an anticipated net loss of \$2,930,910. The final amended budget for revenues, including transfers in, was \$207,879,850 with total appropriations for expenditures and transfers out of \$210,810,760. The purpose of the budget amendment was to adjust budgeted revenues to reflect the decrease in estimated property tax revenues, sales tax revenues, franchise fees, net charges for services (Parks, Zoo, Golf, River Market, Police Services, Fire Services, and False Alarms), and fines and fees, partially offset by increases in licenses and permits, intergovernmental revenues and investment income. In addition, the budget amendment increased expenditure allocations for additional personnel cost in the Police and Fire Departments associated with a sick leave incentive program and overtime. The adjustment also included the allocation of savings from authorized but vacant positions. Additional allocations were made to accommodate vacation/sick payouts for retiring employees, to fund the purchase of case management software for the City Attorney's office, and to provide additional golf funding.

Budget adjustments and actual results are shown as follows:

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$ 29,556,818	\$ (625,000)	\$ 28,931,818	\$ 29,315,097	\$ 383,279	The original budget for property tax revenues included a growth estimate of 3%. The original charge received from the county in February for taxes assessed in the previous year for collection in 2018 showed a growth rate of only 1.5%. The amendment reflects the reduction in the original charge. Actual revenues were approximately 1% above the amended budget.
Sales Taxes	104,615,000	(1,974,000)	102,641,000	102,466,908	(174,092)	The original budget included an estimate of 2.5% growth over prior year. The budget amendment reflects actual growth of 0.5% experienced through May, with a forecast of 1.7% for the remaining months of the year, resulting in a net annual growth expectation of 1.17%. Actual growth in the last quarter was slightly below expectations. Annual results trailed the amended budget by 0.17%.
Licenses & Permits	11,834,410	518,000	12,352,410	12,240,035	(112,375)	The original budget assumed revenues consistent with the prior year. The budget amendment reflects increased permitting associated with developments throughout the City. The unfavorable actual variance at year-end is approximately 1% below the amended budget, primarily due to the timing of projects.
Intergovernmental	9,311,100	435,903	9,747,003	9,747,003	-	Insurance pension turnback revenues are received annually in July from the State of Arkansas. The budget amendment reflects an increase in revenues dedicated to the closed local Police and Fire Pension funds and to offset approximately 40% of the contribution to LOPFI for active uniform police and fire members. An increase in the number of filled police positions increased compensation, driving an increase in pension contributions and in the related turnback funds.
Charges for Services	11,745,080	(790,300)	10,954,780	10,905,989	(48,791)	The budget amendment reflects reduced attendance at all park, zoo, and golf venues associated with unfavorable weather in the winter and heavy rains during the spring. In addition, false alarm revenues were reduced with improved alarm compliance. Actual results were closely aligned with the amended budget.
Fines and Fees	2,384,350	(140,000)	2,244,350	2,271,541	27,191	The budget amendment reflects a decline in revenues from the three district courts. Fewer tickets were issued in comparison to the previous year, and a new court system allows for smaller minimum installment payments on fines, with payment schedules over a longer period of time. The change in payment terms and an increase in the number of defendants choosing community service has reduced fine and fee revenues. Actual fine revenues were below the amended budget by approximately 1%.

	General Fund Budget – Revenue (continued)					Explanation
	Original Budget	Adjustments	Amended Budget	Actual	Variance	
Utility Franchise Fees	29,479,000	(1,233,000)	28,246,000	28,461,091	215,091	The original budget was based on forecasts received directly from the utility service providers. The budget amendment includes a decrease in Entergy franchise fees of approximately \$2.1 million, primarily associated with the Tax Cut and Jobs Act of 2017. The resulting federal tax reduction realized by the utilities eliminated the need for rate increases, associated with cost recovery, which had been previously approved by the Public Service Commission (PSC). In early 2018, the Governor of Arkansas directed the PSC to review the rates and reconsider the approved increases. As a result, utility rate increases were reversed by Entergy and CenterPoint, and credits were provided to customers for the impact of the federal tax reductions that occurred prior to the rate adjustment. The negative impact of the rate adjustment to franchise fee revenues was partially offset by increased revenue associated with a one-time adjustment to waste-water franchise fees and increased revenue from CenterPoint experienced in the first half of the year. The favorable variance at year-end is primarily due to an increase in electricity usage of an average of 10% from June to October over the same period a year-ago due to the hot weather.
Interest Earnings	315,000	50,000	365,000	483,904	118,904	The budget amendment reflects the increase in interest rates. The portfolio has capitalized on short term interest rates. Investment income has increased 24% from 2017. The City's policy of staying fully invested during a rising interest rate environment has significantly increased investment income.
Contributions	-	-	-	1,245,471	1,245,471	Contributions were budgeted in Miscellaneous revenue. Actual revenues include contributions from the Little Rock Convention and Visitor's Bureau for operation of the River Market (\$419,679), and to offset debt service associated with the purchase of the Cromwell Building (\$602,722).
Miscellaneous	1,947,130	-	1,947,130	2,574,564	627,434	The favorable actual variance includes revenue deposited to special projects in the amount of approximately \$1.5 million and seized funds in the amount of approximately \$167,000 that is not budgeted, partially offset by the reclassification of contributions noted above. The special project revenue includes approximately \$1.2 million from a new 1% Parks Hospitality tax dedicated to improvements and future debt service for a voter approved bond issue to fund improvements in MacArthur Park and to expand and upgrade the Arkansas Arts Center.
Carryover - prior year	780,000	-	780,000	-	(780,000)	The adopted budget called for the utilization of \$780,000 in prior year earnings (carryover). The prior year earnings had been closed to the unrestricted General Fund balance in previous years. Utilization of carryover reduces unrestricted General Fund balance.

General Fund Budget – Revenue (continued)						
Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation	
Transfers In	6,995,387	-	9,670,359	8,572,805	(1,097,554)	The budget amendment reflects a transfer in from Fleet Fund of \$1 million, and transfers from General Fund Special Projects of approximately \$1.7 million to offset anticipated revenue reductions and increased expenditures included in the budget amendment. Transfers between the General Fund and General Fund Special Projects are eliminated between transfers in and transfers out at year-end. Actual results include the transfer from Fleet noted above, and transfers from the Street and Waste Disposal funds to support overhead and special projects. In addition, transfers in includes a transfer from the 3/8-cent sales tax fund to offset the principal portion of debt service on short-term notes utilized to advance capital projects supported by the special tax.
Total General Fund Revenue	<u>\$ 208,963,275</u>	<u>\$ (1,083,425)</u>	<u>\$ 207,879,850</u>	<u>\$ 208,284,408</u>	<u>\$ 404,558</u>	

Expenditures, budget adjustments, and actual results by General Fund department are shown below.

General Fund Budget - Expenditures						
Original Budget	Adjustments	Final Budget	Actual	Variance	Explanation	
General administration	\$ 22,849,991	\$ (1,100,555)	\$ 21,749,436	\$ 22,839,085	\$ (1,089,649)	The budget amendment is primarily associated with savings from authorized but unfilled positions or vacancy savings (\$115,010), and the allocation of vacation and sick leave payouts for retiring employees to other departments (\$1,258,945). In addition, the amendment includes an additional allocation of \$273,400 for vacation and sick leave payouts. The actual variance includes special project expenditures (\$1.2 million) for homelessness outreach, grant match, a municipal ID program, and other projects that were included in the transfers out budget.
Mayor and board of directors	337,241	-	337,241	356,508	(19,267)	The unfavorable actual variance is primarily associated with the host city breakfast provided for the Municipal League's annual conference in Little Rock.
Community programs	599,306	-	599,306	5,729,515	(5,130,209)	The actual variance is primarily associated with the special project expenditures for Children, Youth and Family and Prevention, Intervention, and Treatment programs, which are budgeted as transfers out in the amount of \$5.5 million. The actual special project expenditures reflected in the variance are \$5.1million.
City attorney	1,838,375	222,299	2,060,674	2,737,881	(677,207)	The budget amendment reflects savings from vacant positions (\$38,805), net of an allocation for vacation/sick payouts to the City Attorney and retiring employees (\$105,104). In addition, the budget amendment includes an additional allocation for case management software in the amount of \$156,000. The actual variance is primarily due the accrual of a legal settlement pending the outcome of the appeal. Funds have been set aside in accordance with a court order (\$673,903).

	General Fund Budget - Expenditures (Continued)					Explanation
	Original Budget	Adjustments	Final Budget	Actual	Variance	
District court-first division (criminal)	1,312,284	(44,674)	1,267,610	1,167,145	100,465	The budget amendment reflects savings from vacant positions (\$45,287), partially offset by an allocation for vacation/sick payouts for retiring employees (\$613). Reduced part-time utilization contributed approximately \$62,000 to the favorable variance at year-end. In addition, supplies and contract expenses were below budget by approximately \$12,000 and \$23,000, respectively.
District court-third division (environmental)	558,459	(34,622)	523,837	516,887	6,950	The budget amendment reflects savings from vacant positions (\$53,015), net of an additional allocation for vacation/sick payouts for retiring employees (\$18,393). The actual variance at year-end is primarily associated with savings in contract expenses.
District court-second division (traffic)	1,235,948	(15,101)	1,220,847	1,210,210	10,637	The budget amendment reflects savings from vacant positions (\$16,313), net of an allocation for vacation/sick payouts for retiring employees (\$1,212). The actual variance is primarily associated with additional personnel cost savings.
Finance	3,611,965	(77,378)	3,534,587	3,741,013	(206,426)	The budget amendment reflects savings from vacant positions (\$84,149), net of an additional allocation for vacation/sick payouts for retiring employees (\$6,771). The actual variance is primarily associated with special project expenditures of approximately \$256,000 for software implementation funded by a transfer in from the Fleet fund last year, partially offset by additional savings in personnel cost.
Human resources	1,900,756	(53,236)	1,847,520	1,951,024	(103,504)	The budget amendment reflects savings from vacant positions (\$57,364), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$4,128). The actual variance includes special project expenditures (\$95,176) for residency incentives and work boots, which were budgeted as transfers out. The remaining variance (\$8,322) is primarily associated with additional personnel expenditures.
Information technology	5,155,305	(675,261)	4,480,044	4,621,094	(141,050)	The budget amendment includes savings from vacant positions (\$301,151), and a transfer out (\$395,000) to fund a special project to upgrade the City's phone system and for other IT software and hardware, net of an allocation for vacation/sick payouts for retiring employees (\$20,890). The actual variance includes expenditure of funds set aside in a prior year special project for the final phase of the VoIP phone system upgrade and other IT projects (\$143,183).
Planning and development	2,659,265	(230,510)	2,428,755	2,700,701	(271,946)	The budget amendment includes savings from vacant positions (\$237,952), net of an allocation for vacation/sick payouts for retiring employees (\$7,442). The actual variance includes special project expenditures (\$300,107) primarily associated with the I-30 Crossing project (\$71,627), and the extraterritorial jurisdiction study (\$224,220), funded by prior-year transfers out, partially offset by additional savings in, supplies and utilities expenses.
Public works	1,100,254	(40,960)	1,059,294	1,779,427	(720,133)	The budget amendment reflects savings from vacant positions (\$40,960). The actual variance is primarily associated with facility improvements and repairs special project expenditures (\$804,039) included in the budget as transfers out (\$975,000), partially offset by savings in repairs and maintenance (\$64,000) and utilities (\$30,000).

	General Fund Budget - Expenditures (Continued)					Explanation
	Original Budget	Adjustments	Final Budget	Actual	Variance	
Parks and recreation services	10,637,313	(514,494)	10,122,819	12,385,441	(2,262,622)	The budget amendment reflects savings from vacant positions (\$538,552) and the reclassification of Marathon expenses (\$20,000) net of an additional allocation for vacation/sick payouts for retiring employees (\$44,058). The actual variance includes special project expenditures (\$2,271,106). Special projects expenditures include MacArthur Park and Arts Center improvements from the 1% Parks Hospitality Tax (\$1,897,278), and projects budgeted in transfers out in current and prior-years, including Parks Master Plan expenses (\$74,662), Park Lighting projects (\$61,539), and various youth athletic programs and grant match (\$229,000).
Rivermarket	1,276,715	-	1,276,715	1,256,450	20,265	Expenditures for the River Market were approximately \$20,000 below budget at year-end.
Golf	2,321,299	64,783	2,386,082	2,414,872	(28,790)	The budget amendment reflects an additional operating allocation for the First Tee (\$90,000), and an additional allocation for vacation/sick payouts for retiring employees (\$17,420), partially offset by savings from vacant positions (\$42,637). The actual variance is primarily associated with additional contract expenses and pro-shop supplies.
Jim Daily Fitness & Aquatics	908,180	(3,155)	905,025	869,902	35,123	The budget amendment reflects savings from vacant positions (\$7,573), net of an additional allocation for vacation/sick payouts for retiring employees (\$4,418). The favorable year-end variance is primarily associated with additional savings in part-time personnel cost.
Zoo	6,938,356	(363,629)	6,574,727	6,899,645	(324,918)	The budget amendment reflects savings from vacant positions (\$403,554), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$39,925). The actual variance is primarily associated with special project expenditures, including grant match (\$85,000), carousel maintenance, and various special events and animal enrichment programs (\$211,000). Special projects are budgeted as transfers out (grant match) with additional funding provided by donations.
Fire	49,939,645	278,277	50,217,922	51,182,230	(964,308)	The budget amendment reflects an additional allocation for overtime (\$650,000), and an allocation for vacation/sick payouts for retiring employees (\$454,912), net of a reduction in passed through pension cost of (\$138,935), and savings from vacant positions (\$687,700). The actual variance at year-end is primarily associated with overtime and other compensation adjustments (\$739,000), and major fire truck maintenance and repairs (\$400,000), partially offset by savings in supplies and materials.
Police	75,742,987	(941,036)	74,801,951	75,770,597	(968,646)	The budget amendment reflects savings from vacant positions (\$3,081,615), and the reclassification of Marathon security expenses (\$38,500), and a reduction in passed through pension cost of (\$80,980), partially offset by additional allocations for vacation/sick payouts for retiring employees (\$515,559), and an additional allocation for police sick leave incentives (\$1,744,500). The actual variance includes additional operating expenses (\$504,000) associated with personnel cost and utilities, partially offset by savings in fuel cost. In addition, the actual variance includes special project expenditures (\$372,109), which were budgeted as transfers out, and expenditure of seized funds (\$92,200). Special projects expenditures include Police recruitment (\$150,000), fleet replacement expenditures (\$196,000), and other projects (\$26,200).



	General Fund Budget - Expenditures (Continued)					Explanation
	Original Budget	Adjustments	Final Budget	Actual	Variance	
Fleet	-	-	-	642,859	(642,859)	The actual variance is associated with vehicle replacement expenditures (\$674,206), which were budgeted as transfers out (\$850,000).
Housing and neighborhood programs	5,780,017	(518,263)	5,261,754	6,382,607	(1,120,853)	The budget amendment reflects savings from vacant positions (\$536,363), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$18,100). The actual variance includes special project expenditures included in the budget for transfers out in current and prior years (\$1,062,000). Projects include allocations for various neighborhood programs, weed lot maintenance, land bank activities, and residential demolition of unsafe structures. In addition, operating expenses were approximately \$59,000 over budget due to unanticipated software maintenance expenses at year-end.
Principal	7,337,682	-	7,337,682	7,337,724	(42)	Immaterial actual variance.
Interest	389,678	-	389,678	389,497	181	Immaterial actual variance.
Agent Fees	24,000	-	24,000	-	24,000	Immaterial actual variance.
Transfers Out	11,008,254	(605,000)	10,403,254	247,117	10,156,137	The budget amendment reflects the reversal of the contingency allocation to help offset revenue reductions and expenditure additions included in the amendment (\$1,000,000). In addition, Information Technology savings (\$395,000) was set aside for utilization in the 2019 budget. The actual variance is primarily associated with transfers to general fund special projects. The actual expenditures for the projects are reflected in the appropriate departments above. Examples include the allocation of approximately \$5.5 million for Children, Youth and Family and Prevention, Intervention, and Treatment programs in Community Programs and the Fleet replacement allocation of \$850,000 among others.
Vacancy savings						The budget adjustment reflects savings achieved by maintaining vacant positions. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. The vacancy savings allocation was fully realized.
	(6,500,000)	6,500,000	-	-	-	
Total expenditures	\$ 208,963,275	\$ 1,847,485	\$ 210,810,760	\$ 215,129,431	\$ (4,318,671)	

## Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of December 31, 2018, amounts to \$644,850,785 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, and drainage systems. The total decrease in the City's investment in capital assets for 2018 was 0.85% (a decrease of 0.87% for governmental activities and a decrease of 0.23% for business-type activities).

**City of Little Rock**  
**Capital Assets, Net of Depreciation**

	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 187,845,652	\$ 186,801,358	\$ 2,637,147	\$ 2,637,147	\$ 190,482,799	\$ 189,438,505
Buildings	80,131,492	80,999,638	13,860,900	14,756,615	93,992,392	95,756,253
Improvements other than buildings	10,970,432	11,481,204	1,239,155	1,541,421	12,209,587	13,022,625
Vehicles and equipment	22,890,245	25,962,860	5,541,803	5,455,041	28,432,048	31,417,901
Infrastructure	297,113,128	300,651,731	-	-	297,113,128	300,651,731
Construction in progress	21,565,738	20,073,357	1,055,093	-	22,620,831	20,073,357
Total	<u>\$ 620,516,687</u>	<u>\$ 625,970,148</u>	<u>\$ 24,334,098</u>	<u>\$ 24,390,224</u>	<u>\$ 644,850,785</u>	<u>\$ 650,360,372</u>

Major capital asset events during 2018 included the following:

- Infrastructure additions, including right-of-way were \$13,832,840
- Vehicle and equipment additions were \$8,436,507
- Building additions were \$2,171,606
- Construction in progress transfers for assets placed in service, net of additions, were \$2,574,474
- Land improvements additions were \$941,349
- Depreciation expense totaled \$33,104,997
- Asset retirements, net of accumulated depreciation were \$334,366

Additional information on the City's capital assets can be found in *Note 3* on Pages 53-55 of this report.

**Long-term Debt.** At December 31, 2018, the City's primary government, had \$165,642,827 of long-term bonds outstanding, including general obligation bonds of \$100,935,000, notes payable of \$15,192,827 and \$57,465,000 of bonds secured solely by specified revenue sources (*i.e.* revenue bonds).

**City of Little Rock**  
**General Obligation and Revenue Bonds Outstanding**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds and notes payable	\$ 116,127,827	\$ 94,505,551	\$ -	\$ -	\$ 116,127,827	\$ 94,505,551
Revenue bonds	<u>49,515,000</u>	<u>17,875,000</u>	<u>7,950,000</u>	<u>8,720,000</u>	<u>57,465,000</u>	<u>26,595,000</u>
Total	<u>\$ 165,642,827</u>	<u>\$ 112,380,551</u>	<u>\$ 7,950,000</u>	<u>\$ 8,720,000</u>	<u>\$ 173,592,827</u>	<u>\$ 121,100,551</u>

Total long-term bonds and notes payable outstanding at December 31, 2018, increased \$52,492,276, an increase of 43.4%. The net increase includes the issuance of general obligation and revenue bonds in the amounts of \$43,475,000 and \$32,570,000, respectively. The additions were partially offset by bonded debt retirements of \$16,215,000, and principal payments on short-term financing notes in the amount of \$7,337,724.

The City’s general obligation bond rating by Standard & Poor’s Corporation and Moody’s Investors Service, Inc. are “AA” and “Aa1”, respectively. The City’s bond ratings are shown in the following table.

	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's</b>
<u>General Obligation Debt</u>		
2013 Capital Improvement Bonds	Aa1	AA
2015 Library Capital Improvement and Refunding Bonds	Not Rated	AA
2017 Library Refunding Bonds	Aa1	Not Rated
TIF #1 2014 Capital Improvement	Not Rated	Not Rated
2018 Capital Improvement Bonds	Aa1	AA
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	A-
2007 Waste Disposal Capital Improvement Bonds	Aa2	AA-
2017 Capital Improvement Refunding Bond	Not Rated	AA-
2018 Hotel Gross Receipts Tax Bonds	Not Rated	AA

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation and governmental revenue bonds at December 31, 2018, of \$154,520,734 net of premiums and discounts are well below the statutory limit of \$891,793,691. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. Outstanding short-term financings at December 31, 2018, of \$15,192,827 are well below the statutory limit of \$222,948,423. Voter approval is not required for short-term financing.

Additional information regarding the City’s long-term debt can be found in *Note 4* on Pages 56-62 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

The City’s elected and appointed officials considered many factors when setting the 2019 budget, adopted on December 18, 2019. The total 2019 General Fund original adopted budget is \$210,623,272, which reflects an increase of 0.8% from the original 2018 adopted budget and a decrease of 0.09% from the final amended 2018 General Fund budget. On June 4, 2019, the City Board of Directors approved an amendment to the 2019 budget, which increased anticipated revenues by \$184,950, and reduced expenditure allocations by \$2,089,145, resulting in a budget that anticipates increasing General Fund balances by \$2.3 million at year-end. The Mayor, City Manager, and Board of Directors took action to align ongoing operating expenditures included in the budget with recurring revenues. City officials are encouraged by economic development in all sectors of the City as discussed in the letter of transmittal in the introductory section of this report on Pages *i-x*. The Mayor and the Board of Directors continue to place the highest premium on safety for the people of Little Rock and City employees. In order to meet the objectives of the 2019 budget, the City recognized the need to continue its pattern of cost containment designed to promote long-term fiscal stability.

### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director’s Office, 500 West Markham, Room 208, Little Rock, Arkansas 72201.

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# **Financial Statements**

**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 3,626,155	\$ 1,011,751	\$ 4,637,906	\$ 122,829,951
Investments	21,994,405	12,959,795	34,954,200	37,637,456
Restricted cash and investments – current	16,361,726	999,720	17,361,446	8,197,814
Accounts receivable, net of allowance for uncollectible accounts	98,423,000	3,279,370	101,702,370	68,313,191
Internal balances	277,181	(277,181)	-	-
Due from fiduciary funds	12,310	-	12,310	-
Inventories	1,414,128	-	1,414,128	2,582,168
Prepaid expenses and other	2,757,409	239,403	2,996,812	2,809,945
<b>Total current assets</b>	<b>144,866,314</b>	<b>18,212,858</b>	<b>163,079,172</b>	<b>242,370,525</b>
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	56,109,908	561,990	56,671,898	33,224,365
Investments	90,916,663	1,419,204	92,335,867	18,598,292
Grants and other receivables	-	-	-	494,361
Interest receivable	365,256	48,422	413,678	3,409
	147,391,827	2,029,616	149,421,443	52,320,427
Less amount required to meet current obligations	16,361,726	999,720	17,361,446	8,197,814
<b>Total restricted assets</b>	<b>131,030,101</b>	<b>1,029,896</b>	<b>132,059,997</b>	<b>44,122,613</b>
Capital assets – nondepreciable	209,411,390	3,693,221	213,104,611	169,203,055
Capital assets – depreciable, net	411,105,297	20,640,877	431,746,174	938,423,397
	620,516,687	24,334,098	644,850,785	1,107,626,452
Other assets				
Other	-	-	-	795,649
<b>Total other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>795,649</b>
<b>Total noncurrent assets</b>	<b>751,546,788</b>	<b>25,363,994</b>	<b>776,910,782</b>	<b>1,152,544,714</b>
<b>Total assets</b>	<b>896,413,102</b>	<b>43,576,852</b>	<b>939,989,954</b>	<b>1,394,915,239</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows from pensions	78,041,527	625,011	78,666,538	4,365,787
Deferred outflows from OPEB	6,343,968	-	6,343,968	1,516,554
Loss on refunding	2,572,079	-	2,572,079	9,116,181
<b>Total deferred outflows of resources</b>	<b>86,957,574</b>	<b>625,011</b>	<b>87,582,585</b>	<b>14,998,522</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 983,370,676</b>	<b>\$ 44,201,863</b>	<b>\$ 1,027,572,539</b>	<b>\$ 1,409,913,761</b>

**City of Little Rock, Arkansas**  
**Statement of Net Position (Continued)**  
**December 31, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 6,521,205	\$ 463,899	\$ 6,985,104	\$ 6,213,391
Accrued wages payable and related liabilities	7,581,957	-	7,581,957	4,904,939
Accrued expenses and other	1,989,023	138,937	2,127,960	15,180,417
Accrued interest payable	1,215,275	189,720	1,404,995	-
Compensated absences - current portion	9,739,957	328,864	10,068,821	2,171,979
Notes payable - current portion	5,846,451	-	5,846,451	679,800
Capital lease obligation - current portion	-	-	-	31,407
Bonds payable - current portion	9,300,000	810,000	10,110,000	13,898,941
Other current liabilities	8,401,356	-	8,401,356	-
Unearned revenue	7,300,126	447,033	7,747,159	1,356,491
Total current liabilities	<u>57,895,350</u>	<u>2,378,453</u>	<u>60,273,803</u>	<u>44,437,365</u>
<b>Noncurrent liabilities</b>				
Notes payable	9,346,376	-	9,346,376	1,397,221
Capital lease obligation	-	-	-	22,980
Bonds payable, net of unamortized premium and discount	145,220,734	7,116,463	152,337,197	375,256,448
Net pension liability	256,524,445	989,851	257,514,296	16,334,180
Net OPEB liability	17,193,750	-	17,193,750	5,389,218
Compensated absences	18,036,932	226,638	18,263,570	606,425
Other long-term liabilities	857,696	5,614,005	6,471,701	841,368
Total noncurrent liabilities	<u>447,179,933</u>	<u>13,946,957</u>	<u>461,126,890</u>	<u>399,847,840</u>
Total liabilities	<u>505,075,283</u>	<u>16,325,410</u>	<u>521,400,693</u>	<u>444,285,205</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows from pensions	6,248,783	159,138	6,407,921	2,191,834
Deferred inflows from OPEB	437,612	-	437,612	328,564
Total deferred inflows of resources	<u>6,686,395</u>	<u>159,138</u>	<u>6,845,533</u>	<u>2,520,398</u>
<b>Net Position</b>				
Net investment in capital assets	532,916,954	16,407,635	549,324,589	730,331,053
Restricted - expendable				
Debt service	43,551,073	1,839,896	45,390,969	6,274,457
Grant funds (special revenue funds)	1,906,971	-	1,906,971	280,466
Street funds (special revenue funds)	28,827,795	-	28,827,795	-
Special projects (special revenue funds)	3,385,419	-	3,385,419	-
Capital projects (portion not in net investment in capital assets)	25,531,856	-	25,531,856	11,864,719
911 funds	411,620	-	411,620	-
Drug abuse	-	-	-	2,229,606
Library materials	-	-	-	2,209,091
Art Fund	-	-	-	38,413,864
Cemetery maintenance	-	-	-	911,495
Total restricted - expendable	<u>103,614,734</u>	<u>1,839,896</u>	<u>105,454,630</u>	<u>62,183,698</u>
Restricted - nonexpendable	250,000	-	250,000	16,024,750
Unrestricted (deficit)	(165,172,690)	9,469,784	(155,702,906)	154,568,657
Total net position	<u>471,608,998</u>	<u>27,717,315</u>	<u>499,326,313</u>	<u>963,108,158</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 983,370,676</u>	<u>\$ 44,201,863</u>	<u>\$ 1,027,572,539</u>	<u>\$ 1,409,913,761</u>

# City of Little Rock, Arkansas

## Statement of Activities

### Year Ended December 31, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General administration	\$ 25,760,312	\$ 10,947,243	\$ 403,439	\$ 1,288,698	(13,120,932)	\$ -	\$ (13,120,932)	\$ -
Board of Directors	356,508	-	-	-	(356,508)	-	(356,508)	-
Community programs	5,750,745	28,936	10,100	-	(5,711,709)	-	(5,711,709)	-
City attorney	2,585,077	-	-	-	(2,585,077)	-	(2,585,077)	-
District court - first division (criminal)	1,182,830	38,556	-	-	(1,144,274)	-	(1,144,274)	-
District court - second division (traffic)	1,218,235	61,656	-	-	(1,156,579)	-	(1,156,579)	-
District court - third division (environment)	518,418	379,396	-	-	(139,022)	-	(139,022)	-
Courts	-	1,446,034	-	-	1,446,034	-	1,446,034	-
Finance	3,803,386	593,363	230,973	37,479	(2,941,571)	-	(2,941,571)	-
Human resources	2,236,371	56,714	27,134	-	(2,152,523)	-	(2,152,523)	-
Information technology	5,189,003	506	-	-	(5,188,497)	-	(5,188,497)	-
Planning and development	2,812,659	2,761,952	43,882	-	(6,825)	-	(6,825)	-
Public works	39,017,097	325,421	13,676,628	2,872,587	(22,142,461)	-	(22,142,461)	-
Parks and recreation services	17,180,915	2,573,039	221,481	309,671	(14,076,724)	-	(14,076,724)	-
Rivemarket	1,353,019	558,919	419,679	-	(374,421)	-	(374,421)	-
Golf	2,594,869	1,283,538	-	1,509,518	198,187	-	198,187	-
Jim Dailey Fitness	944,192	455,880	-	-	(488,312)	-	(488,312)	-
Zoo	7,467,458	3,440,997	203,406	310,361	(3,512,694)	-	(3,512,694)	-
Fire	55,250,732	2,882,895	4,777,374	-	(47,590,463)	-	(47,590,463)	-
Police	97,132,460	2,821,198	6,882,673	-	(87,428,589)	-	(87,428,589)	-
Economic Development	250,000	-	-	-	(250,000)	-	(250,000)	-
Education	2,501,134	886	-	-	(2,500,248)	-	(2,500,248)	-
Housing and neighborhood programs	9,844,864	1,437,279	2,482,331	-	(5,925,254)	-	(5,925,254)	-
Fleet	483,356	689,291	-	-	205,935	-	205,935	-
Interest expense on long-term debt	2,487,557	-	-	-	(2,487,557)	-	(2,487,557)	-
Agent fees and issue costs on long-term debt	1,190,764	-	-	-	(1,190,764)	-	(1,190,764)	-
Total governmental activities	289,111,961	32,783,699	29,379,100	6,328,314	(220,620,848)	-	(220,620,848)	-
<b>Business-Type Activities</b>								
Waste disposal	16,692,777	18,291,143	-	52,807	-	1,651,173	1,651,173	-
River Market Garage	2,191,965	2,590,183	-	-	-	398,218	398,218	-
Vehicle storage	1,586,109	2,000,823	-	-	-	414,714	414,714	-
Total business-type activities	20,470,851	22,882,149	-	52,807	-	2,464,105	2,464,105	-
Total primary government	\$ 309,582,812	\$ 55,665,848	\$ 29,379,100	\$ 6,381,121	\$ (220,620,848)	\$ 2,464,105	\$ (218,156,743)	\$ -
Total component units	\$ 217,889,792	\$ 196,574,071	\$ 3,790,664	\$ 2,778,487	\$ -	\$ -	\$ -	\$ (14,746,570)
<b>General revenues</b>								
General property taxes					58,677,802	-	58,677,802	17,065,410
Sales taxes					121,474,064	-	121,474,064	16,439,501
Utility franchise taxes					29,965,553	-	29,965,553	-
Investment income					1,591,250	229,421	1,820,671	3,280,903
Grants and contributions not restricted to specific programs					-	-	-	29,221,789
Other					-	-	-	10,427,632
Transfers					1,581,764	(1,581,764)	-	-
Total general revenues and transfers					213,290,433	(1,352,343)	211,938,090	76,435,235
Change in Net Position					(7,330,415)	1,111,762	(6,218,653)	61,688,665
Net Position, Beginning of Year, as Previously Reported					489,789,383	26,605,553	516,394,936	906,966,293
Change in accounting principle					(10,849,970)	-	(10,849,970)	(5,546,800)
Net Position, Beginning of Year, as Restated					478,939,413	26,605,553	505,544,966	901,419,493
Net Position, End of Year					\$ 471,608,998	\$ 27,717,315	\$ 499,326,313	\$ 963,108,158



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**City of Little Rock, Arkansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	2013					2018		Total
	General	Sales Tax Capital Improvements	Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)	Street	Hotel Gross Receipts Tax Bonds	Other Governmental Funds	
<b>Assets</b>								
Cash and cash equivalents	\$ 4,089,158	\$ 2,833,816	\$ 22,615	\$ 22,386	\$ 2,076,087	\$ -	\$ 2,790,855	\$ 11,834,917
Restricted cash	44,839	-	12,329,206	492	-	30,442,598	4,916,078	47,733,213
Investments	17,615,527	24,079,068	192,159	43,815,413	17,635,087	882,285	7,268,843	111,488,382
Accounts receivable	60,113,355	3,468,809	14,175,844	1,500	9,121,396	-	11,515,217	98,396,121
Due from other funds	1,090,844	-	-	-	-	-	-	1,090,844
Due from fiduciary funds	12,310	-	-	-	-	-	-	12,310
Interest receivable	65,794	89,968	718	82,907	65,891	3,297	51,366	359,941
Inventories	123,957	-	-	-	-	-	740,507	864,464
Prepaid expenditures and other	1,796,405	-	-	-	6,635	-	37,631	1,840,671
<b>Total assets</b>	<b>\$ 84,952,189</b>	<b>\$ 30,471,661</b>	<b>\$ 26,720,542</b>	<b>\$ 43,922,698</b>	<b>\$ 28,905,096</b>	<b>\$ 31,328,180</b>	<b>\$ 27,320,497</b>	<b>\$ 273,620,863</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 2,589,578	\$ 1,597,447	\$ -	\$ 840,516	\$ 76,727	\$ 88,200	\$ 852,006	\$ 6,044,474
Due to other funds	-	-	-	-	-	-	1,090,844	1,090,844
Accrued wages payable and related liabilities	7,581,957	-	-	-	-	-	-	7,581,957
Accrued expenditures and other	1,988,449	-	-	-	574	-	-	1,989,023
Unearned revenue	6,584,249	-	-	-	-	-	715,877	7,300,126
<b>Total liabilities</b>	<b>18,744,233</b>	<b>1,597,447</b>	<b>-</b>	<b>840,516</b>	<b>77,301</b>	<b>88,200</b>	<b>2,658,727</b>	<b>24,006,424</b>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues - traffic fines	1,229,703	-	-	-	-	-	-	1,229,703
Unavailable revenues - property taxes	31,228,757	-	13,173,803	-	6,323,819	-	8,697,406	59,423,785
<b>Total deferred inflows of resources</b>	<b>32,458,460</b>	<b>-</b>	<b>13,173,803</b>	<b>-</b>	<b>6,323,819</b>	<b>-</b>	<b>8,697,406</b>	<b>60,653,488</b>
<b>Fund Balances</b>								
Nonspendable	1,920,362	-	-	-	6,635	-	1,028,138	2,955,135
Restricted	-	28,874,214	13,546,739	43,082,182	22,497,341	31,239,980	14,936,226	154,176,682
Committed	44,839	-	-	-	-	-	-	44,839
Assigned	9,608,799	-	-	-	-	-	-	9,608,799
Unassigned	22,175,496	-	-	-	-	-	-	22,175,496
<b>Total fund balances</b>	<b>33,749,496</b>	<b>28,874,214</b>	<b>13,546,739</b>	<b>43,082,182</b>	<b>22,503,976</b>	<b>31,239,980</b>	<b>15,964,364</b>	<b>188,960,951</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 84,952,189</b>	<b>\$ 30,471,661</b>	<b>\$ 26,720,542</b>	<b>\$ 43,922,698</b>	<b>\$ 28,905,096</b>	<b>\$ 31,328,180</b>	<b>\$ 27,320,497</b>	<b>\$ 273,620,863</b>

**City of Little Rock, Arkansas**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2018**

Total fund balance—governmental funds	\$ 188,960,951
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and are not reported in the funds.	617,136,356
Liabilities and related deferred inflows/outflows of resources that are not due and payable in the current period are not reported in the funds:	
Bonds payable	(150,450,000)
Bond issuance premiums	(4,070,734)
Notes payable	(15,192,827)
Accrued interest payable	(1,215,275)
Net pension liability	(255,864,545)
Deferred inflows and outflows of resources from pensions, OPEB, and deferred loss on refunding	79,960,596
Net OPEB liability	(17,193,750)
Workers compensation liability	(857,696)
Accrued compensated absences	(27,484,899)
Property tax pension liability	(8,401,356)
The internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	5,628,689
Other long-term assets are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds	60,653,488
Net position of governmental activities	\$ 471,608,998

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2018**

	2013				2018			Total
	General	Sales Tax Capital Improvements	Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)	Street	Hotel Gross Receipts Tax Bonds	Other Governmental Funds	
<b>Revenues</b>								
General property taxes	\$ 29,315,097	\$ -	\$ 12,604,900	\$ -	\$ 6,054,531	\$ -	\$ 8,130,536	\$ 56,105,064
Sales taxes	102,466,908	19,007,156	-	-	-	-	-	121,474,064
Licenses and permits	12,240,035	-	-	-	13,600	-	61,546	12,315,181
Intergovernmental	9,747,003	-	-	-	13,593,645	-	6,760,546	30,101,194
Charges for services	10,905,989	-	-	-	13,308	-	2,099,161	13,018,458
Fines and fees	2,271,541	-	-	-	-	-	735,426	3,006,967
Utility franchise taxes	28,461,091	-	-	-	-	-	1,504,462	29,965,553
Investment income	483,904	401,551	123,253	161,554	233,100	(10,585)	198,473	1,591,250
Contributions and donations	1,245,471	-	-	-	-	-	871,693	2,117,164
Miscellaneous	2,574,564	-	-	-	26,898	-	1,813,824	4,415,286
<b>Total revenues</b>	<b>199,711,603</b>	<b>19,408,707</b>	<b>12,728,153</b>	<b>161,554</b>	<b>19,935,082</b>	<b>(10,585)</b>	<b>22,175,667</b>	<b>274,110,181</b>
<b>Expenditures</b>								
<b>General government</b>								
General administration	22,839,085	2,592,096	-	-	-	-	1,885,438	27,316,619
Board of Directors	356,508	-	-	-	-	-	-	356,508
Community programs	5,729,515	-	-	-	-	-	21,230	5,750,745
City attorney	2,737,881	-	-	-	-	-	-	2,737,881
District court - first division (criminal)	1,167,145	-	-	-	-	-	1,019	1,168,164
District court - second division (traffic)	1,210,210	-	-	-	-	-	8,025	1,218,235
District court - third division (environment)	516,887	-	-	-	-	-	-	516,887
Finance	3,741,013	-	-	-	-	-	913,703	4,654,716
Human resources	1,951,024	-	-	-	-	-	300,474	2,251,498
Information technology	4,621,094	243,418	-	-	-	-	2,824	4,867,336
Planning and development	2,700,701	-	-	-	-	-	146,689	2,847,390
<b>Total general government</b>	<b>47,571,063</b>	<b>2,835,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,279,402</b>	<b>53,685,979</b>
Public works	1,779,427	9,016,908	-	4,802,152	16,949,446	-	405,164	32,953,097
Parks and recreation services	12,385,441	2,142,217	-	-	-	-	2,350,310	16,877,968
Rivemarket	1,256,450	-	-	-	-	-	-	1,256,450
Golf	2,414,872	-	-	-	-	-	-	2,414,872
Jim Dailey Fitness	869,902	-	-	-	-	-	-	869,902
Zoo	6,899,645	571,947	-	-	-	-	197,671	7,669,263
Fire	51,182,230	485,459	-	-	-	-	665,867	52,333,556
Police	75,770,597	295,072	-	-	-	-	4,017,455	80,083,124
Fleet	642,859	5,122	-	-	-	-	366,439	1,014,420
Economic development	-	-	-	-	-	-	250,000	250,000
Education	-	-	-	-	-	-	2,501,134	2,501,134
Housing and neighborhood programs	6,382,607	15,083	-	-	-	-	3,271,999	9,669,689
<b>Debt Service</b>								
Principal	7,337,724	-	11,605,000	-	-	-	3,840,000	22,782,724
Interest	389,497	-	602,437	-	-	-	2,115,397	3,107,331
Bond issuance costs	-	-	-	397,456	-	780,795	4,500	1,182,751
Agent fees	-	-	3,400	-	-	-	4,613	8,013
<b>Total expenditures</b>	<b>214,882,314</b>	<b>15,367,322</b>	<b>12,210,837</b>	<b>5,199,608</b>	<b>16,949,446</b>	<b>780,795</b>	<b>23,269,951</b>	<b>288,660,273</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(15,170,711)</b>	<b>4,041,385</b>	<b>517,316</b>	<b>(5,038,054)</b>	<b>2,985,636</b>	<b>(791,380)</b>	<b>(1,094,284)</b>	<b>(14,550,092)</b>
<b>Other Financing Sources (Uses)</b>								
Long-term debt issuance	-	-	-	43,475,000	-	32,570,000	-	76,045,000
Premiums on debt issuance	-	-	-	994,141	-	461,360	-	1,455,501
Transfers in	8,572,805	-	-	-	520,817	-	426,118	9,519,740
Transfers out	(247,117)	(4,567,524)	-	-	(497,217)	(1,000,000)	(626,118)	(6,937,976)
<b>Total other financing sources (uses)</b>	<b>8,325,688</b>	<b>(4,567,524)</b>	<b>-</b>	<b>44,469,141</b>	<b>23,600</b>	<b>32,031,360</b>	<b>(200,000)</b>	<b>80,082,265</b>
<b>Net Change in Fund Balances</b>	<b>(6,845,023)</b>	<b>(526,139)</b>	<b>517,316</b>	<b>39,431,087</b>	<b>3,009,236</b>	<b>31,239,980</b>	<b>(1,294,284)</b>	<b>65,532,173</b>
<b>Fund Balances, Beginning of Year</b>	<b>40,594,519</b>	<b>29,400,353</b>	<b>13,029,423</b>	<b>3,651,095</b>	<b>19,494,740</b>	<b>-</b>	<b>17,258,648</b>	<b>123,428,778</b>
<b>Fund Balances, End of Year</b>	<b>\$ 33,749,496</b>	<b>\$ 28,874,214</b>	<b>\$ 13,546,739</b>	<b>\$ 43,082,182</b>	<b>\$ 22,503,976</b>	<b>\$ 31,239,980</b>	<b>\$ 15,964,364</b>	<b>\$ 188,960,951</b>

**City of Little Rock, Arkansas**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2018**

Net change in fund balances—total governmental funds	\$ 65,532,173
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	21,291,000
Capital asset contributions	3,488,388
Retirements	(29,476)
Depreciation expense	(30,146,493)
Governmental funds report debt as expenditures. However, for government-wide statements, the liability must be properly reflected in the statement of net position.	
Debt issued or incurred:	
General obligation bonds	(44,469,141)
Revenue bonds	(33,031,360)
Principal repayments:	
General obligation bonds	14,515,000
Revenue bonds	930,000
Notes payable	7,337,724
Amortization of loss on debt refunding, bond premiums and discounts	915,802
Revenues that do not provide current financial resources, such as property taxes and fines and fees are not reported as revenues for the funds but are reported as revenues in the statement of activities.	
	2,572,738
Expenses that do not require current financial resources (such as interest, workers compensation, compensated absences, etc.) are not reported as expenses for the funds but are reported as expenses in the statement of activities. Amount represents expenditures in excess of expenses.	
	(172,655)
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities.	
	(15,855,415)
The internal service fund is used to charge the costs of fleet management to individual funds. The change in net position of this fund is included in governmental activities in the statement of activities.	
	<u>(208,700)</u>
Change in net position of governmental activities	<u><u>\$ (7,330,415)</u></u>

**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 859,896	\$ 151,305	\$ 550	\$ 1,011,751	\$ 167,933
Investments	12,070,364	889,431	-	12,959,795	1,422,686
Restricted cash and investments - current	286,452	713,268	-	999,720	-
Due from other funds	-	-	-	-	277,181
Accounts receivable	3,022,456	256,914	-	3,279,370	26,879
Accrued interest	-	-	-	-	5,315
Inventories	-	-	-	-	549,664
Prepaid expenses and other	-	239,199	204	239,403	916,738
	16,239,168	2,250,117	754	18,490,039	3,366,396
<b>Noncurrent assets</b>					
<b>Restricted assets</b>					
Cash and cash equivalents	561,990	-	-	561,990	-
Investments	-	1,419,204	-	1,419,204	-
Accrued interest	45,099	3,323	-	48,422	-
	607,089	1,422,527	-	2,029,616	-
Less amount required to meet current obligations	286,452	713,268	-	999,720	-
	320,637	709,259	-	1,029,896	-
<b>Capital assets</b>					
Construction in process	1,055,093	-	-	1,055,093	27,572
Land	1,814,495	822,652	-	2,637,147	270,154
Land improvements	4,164,120	-	174,802	4,338,922	-
Landfills, Cells 1, 2 and 4	13,326,165	-	-	13,326,165	-
Buildings and improvements	12,794,251	8,715,040	31,043	21,540,334	3,893,358
Vehicles	18,351,231	-	83,843	18,435,074	1,025,757
Furniture and equipment	3,189,407	244,552	81,765	3,515,724	1,577,678
	54,694,762	9,782,244	371,453	64,848,459	6,794,519
Less accumulated depreciation	36,616,799	3,604,557	293,005	40,514,361	3,414,188
	18,077,963	6,177,687	78,448	24,334,098	3,380,331
Total noncurrent assets	18,398,600	6,886,946	78,448	25,363,994	3,380,331
Total assets	34,637,768	9,137,063	79,202	43,854,033	6,746,727
<b>Deferred outflows of resources</b>					
Deferred outflows from pensions	555,565	-	69,446	625,011	416,674
Total deferred outflows of resources	555,565	-	69,446	625,011	416,674
Total assets and deferred outflows of resources	\$ 35,193,333	\$ 9,137,063	\$ 148,648	\$ 44,479,044	\$ 7,163,401

See Notes to Financial Statements

**City of Little Rock, Arkansas**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**December 31, 2018**

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
<b>Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 384,792	\$ -	\$ 79,107	\$ 463,899	\$ 476,731
Due to other funds	-	-	277,181	277,181	-
Accrued expenses and other	138,937	-	-	138,937	-
Accrued interest	11,452	178,268	-	189,720	-
Compensated absences - current portion	277,982	-	50,882	328,864	191,976
Bonds payable - current portion	275,000	535,000	-	810,000	-
Unearned revenue	-	419,621	27,412	447,033	-
Total current liabilities	1,088,163	1,132,889	434,582	2,655,634	668,707
<b>Noncurrent liabilities</b>					
Bonds payable, net of unamortized premium and discount	918,327	6,198,136	-	7,116,463	-
Net pension liability	879,867	-	109,984	989,851	659,900
Compensated absences	193,508	-	33,130	226,638	100,014
Other long-term liabilities	5,614,005	-	-	5,614,005	-
Total noncurrent liabilities	7,605,707	6,198,136	143,114	13,946,957	759,914
Total liabilities	8,693,870	7,331,025	577,696	16,602,591	1,428,621
<b>Deferred Inflows of Resources</b>					
Deferred inflows from pensions	141,455	-	17,683	159,138	106,091
Total deferred inflows of resources	141,455	-	17,683	159,138	106,091
<b>Net Position (Deficit)</b>					
Net investment in capital assets	16,884,636	(555,449)	78,448	16,407,635	3,380,331
Restricted - expendable					
Debt service	595,637	1,244,259	-	1,839,896	-
Unrestricted (deficit)	8,877,735	1,117,228	(525,179)	9,469,784	2,248,358
Total net position (deficit)	26,358,008	1,806,038	(446,731)	27,717,315	5,628,689
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 35,193,333	\$ 9,137,063	\$ 148,648	\$ 44,479,044	\$ 7,163,401

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2018**

	<b>Business-Type Activities</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Waste Disposal</b>	<b>River Market Garage</b>	<b>Vehicle Storage (Nonmajor)</b>	<b>Total</b>	
<b>Operating Revenues</b>					
Charges for services	\$ 18,291,143	\$ 2,278,740	\$ 1,990,823	\$ 22,560,706	\$ 13,091,424
Licenses and permits	-	311,443	10,000	321,443	-
Total operating revenues	<u>18,291,143</u>	<u>2,590,183</u>	<u>2,000,823</u>	<u>22,882,149</u>	<u>13,091,424</u>
<b>Operating Expenses</b>					
Salaries, wages and employee benefits	5,739,140	-	717,161	6,456,301	3,505,495
Supplies and materials	1,267,774	-	52,661	1,320,435	5,490,360
Services	3,990,194	138,751	755,036	4,883,981	2,489,149
Repairs and maintenance	3,362,339	-	34,407	3,396,746	569,480
Other	-	1,350,721	5,045	1,355,766	-
Depreciation and amortization	2,549,645	269,095	21,799	2,840,539	324,742
Total operating expenses	<u>16,909,092</u>	<u>1,758,567</u>	<u>1,586,109</u>	<u>20,253,768</u>	<u>12,379,226</u>
<b>Operating Income</b>	<u>1,382,051</u>	<u>831,616</u>	<u>414,714</u>	<u>2,628,381</u>	<u>712,198</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	196,303	33,118	-	229,421	42,644
Interest expense	(73,696)	(404,147)	-	(477,843)	-
Other, net	290,011	(29,251)	-	260,760	7,983
Net nonoperating revenues (expenses)	<u>412,618</u>	<u>(400,280)</u>	<u>-</u>	<u>12,338</u>	<u>50,627</u>
<b>Income Before Contributions and Transfers</b>	<u>1,794,669</u>	<u>431,336</u>	<u>414,714</u>	<u>2,640,719</u>	<u>762,825</u>
<b>Contributions</b>	52,807	-	-	52,807	28,475
<b>Transfers Out</b>	(1,581,764)	-	-	(1,581,764)	(1,000,000)
	<u>(1,528,957)</u>	<u>-</u>	<u>-</u>	<u>(1,528,957)</u>	<u>(971,525)</u>
<b>Changes in Net Position (Deficit)</b>	265,712	431,336	414,714	1,111,762	(208,700)
<b>Net Position (Deficit), Beginning of Year</b>	<u>26,092,296</u>	<u>1,374,702</u>	<u>(861,445)</u>	<u>26,605,553</u>	<u>5,837,389</u>
<b>Net Position (Deficit), End of Year</b>	<u>\$ 26,358,008</u>	<u>\$ 1,806,038</u>	<u>\$ (446,731)</u>	<u>\$ 27,717,315</u>	<u>\$ 5,628,689</u>



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**City of Little Rock, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2018**

	<b>Business-Type Activities</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Waste Disposal</b>	<b>River Market Garage</b>	<b>Vehicle Storage (Nonmajor)</b>	<b>Total</b>	
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 18,275,409	\$ 2,318,565	\$ 1,983,147	\$ 22,577,121	\$ -
Receipts from interfund services provided	-	-	-	-	13,536,509
Payments to employees	(5,636,630)	-	(705,567)	(6,342,197)	(3,446,747)
Payments to suppliers	(8,017,562)	(1,462,646)	(827,020)	(10,307,228)	(9,414,859)
Net cash provided by operating activities	4,621,217	855,919	450,560	5,927,696	674,903
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfers to other funds	(1,581,764)	-	(450,410)	(2,032,174)	(1,000,000)
Net cash used in noncapital financing activities	(1,581,764)	-	(450,410)	(2,032,174)	(1,000,000)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Proceeds from the sale of capital assets	597,789	-	-	597,789	-
Purchase of capital assets	(3,089,304)	-	-	(3,089,304)	(166,408)
Principal paid on long-term debt	(260,000)	(510,000)	-	(770,000)	-
Interest paid on long-term debt	(78,343)	(409,756)	-	(488,099)	-
Capital contributions	52,807	-	-	52,807	28,475
Net cash used in capital and related financing activities	(2,777,051)	(919,756)	-	(3,696,807)	(137,933)
<b>Cash Flows From Investing Activities</b>					
Proceeds from sale of investments	6,634,225	566,804	-	7,201,029	1,428,308
Purchase of investments	(7,818,103)	(628,262)	-	(8,446,365)	(1,179,526)
Interest income	188,555	32,690	-	221,245	51,047
Net cash provided by (used in) investing activities	(995,323)	(28,768)	-	(1,024,091)	299,829
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(732,921)	(92,605)	150	(825,376)	(163,201)
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,154,807	243,910	400	2,399,117	331,134
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,421,886</u>	<u>\$ 151,305</u>	<u>\$ 550</u>	<u>\$ 1,573,741</u>	<u>\$ 167,933</u>
<b>Presented on the Statement of Net Position - Proprietary Funds as Follows:</b>					
Current assets					
Cash and cash equivalents	\$ 859,896	\$ 151,305	\$ 550	\$ 1,011,751	\$ 167,933
Noncurrent assets					
Cash and cash equivalents	561,990	-	-	561,990	-
	<u>\$ 1,421,886</u>	<u>\$ 151,305</u>	<u>\$ 550</u>	<u>\$ 1,573,741</u>	<u>\$ 167,933</u>

See Notes to Financial Statements

**City of Little Rock, Arkansas**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended December 31, 2018**

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
<b>Reconciliation of Operating Income to to Net Cash Provided By Operating Activities</b>					
Operating income	\$ 1,382,051	\$ 831,616	\$ 414,714	\$ 2,628,381	\$ 712,198
Adjustment to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization expense	2,549,645	269,095	21,799	2,840,539	324,742
Changes in assets and liabilities					
Receivables, net	(15,734)	(218,901)	-	(234,635)	(5,327)
Due to/due from other funds, net	-	-	-	-	450,412
Prepaid expenses	7,347	26,826	803	34,976	(915,567)
Inventories	-	-	-	-	(5,609)
Deferred outflows of resources	(452,944)	-	(56,620)	(509,564)	(339,709)
Accounts payable	142,938	-	19,326	162,264	55,306
Accrued expenses	452,460	(52,717)	(16,013)	383,730	-
Compensated absences	23,060	-	67,104	90,164	(840)
Net pension liability	536,836	-	(553)	536,283	402,627
Deferred inflows of resources	(4,442)	-	-	(4,442)	(3,330)
	<u>\$ 4,621,217</u>	<u>\$ 855,919</u>	<u>\$ 450,560</u>	<u>\$ 5,927,696</u>	<u>\$ 674,903</u>
Net cash provided by operating activities	<u>\$ 4,621,217</u>	<u>\$ 855,919</u>	<u>\$ 450,560</u>	<u>\$ 5,927,696</u>	<u>\$ 674,903</u>

**City of Little Rock, Arkansas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2018**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,177,673	\$ 122,018
Investments		
U.S. Government obligations	4,551,071	-
Equities	39,631,704	-
Mutual funds and other investments	41,867,860	-
Receivables		
Accounts receivable	970,428	-
Accrued interest and dividends	137,970	-
	<u>\$ 98,336,706</u>	<u>\$ 122,018</u>
<b>Liabilities</b>		
Accounts payable	\$ 812,872	\$ 88,573
Accrued liabilities	-	33,445
	<u>812,872</u>	<u>\$ 122,018</u>
<b>Net Position</b>		
Net position restricted for pensions and postemployment benefits other than pensions	<u>\$ 97,523,834</u>	

**City of Little Rock, Arkansas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended December 31, 2018**

	<b><u>Pension and Other Employee Benefit Trust Funds</u></b>
<b>Additions</b>	
Contributions	
Employer	\$ 6,833,204
Plan members	2,321,781
State insurance turnback	1,188,865
Other	<u>1,607,707</u>
Total contributions	<u>11,951,557</u>
Investment income (loss)	
Net decrease in fair value of investments	(8,440,212)
Loss on sale of investments	(548,031)
Interest and dividends	<u>4,157,541</u>
	(4,830,702)
Less investment expense	<u>704,816</u>
Net investment loss	<u>(5,535,518)</u>
Total additions	<u>6,416,039</u>
<b>Deductions</b>	
Benefits paid directly to participants	19,523,960
Administrative expenses	98,630
Other	1,154,237
Special item - transfer assets to LOPFI	<u>45,046,633</u>
Total deductions	<u>65,823,460</u>
<b>Change in Net Position</b>	(59,407,421)
<b>Net Position Restricted for Pensions and Postemployment Benefits Other Than Pensions, Beginning of Year</b>	<u>156,931,255</u>
<b>Net Position Restricted for Pensions and Postemployment Benefits Other Than Pensions, End of Year</b>	<u><u>\$ 97,523,834</u></u>

**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**December 31, 2018**

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 26,203,394	\$ 52,737,697	\$ 43,888,860	\$ 122,829,951
Investments	-	-	37,637,456	37,637,456
Restricted cash and investments - current	5,580,431	-	2,617,383	8,197,814
Accounts receivable, net of allowance	6,698,722	4,213,297	57,401,172	68,313,191
Accrued interest receivable	55,214	-	44,251	99,465
Inventories	1,533,657	-	1,048,511	2,582,168
Prepaid expenses and other	855,719	391,616	1,463,145	2,710,480
	<u>40,927,137</u>	<u>57,342,610</u>	<u>144,100,778</u>	<u>242,370,525</u>
<b>Noncurrent Assets</b>				
Restricted assets				
Cash and cash equivalents	15,414,461	9,517,677	8,292,227	33,224,365
Investments	7,044,843	-	11,553,449	18,598,292
Grants and other receivables	-	494,361	-	494,361
Interest receivable	-	-	3,409	3,409
	<u>22,459,304</u>	<u>10,012,038</u>	<u>19,849,085</u>	<u>52,320,427</u>
Less amounts required to meet current obligations	<u>5,580,431</u>	<u>-</u>	<u>2,617,383</u>	<u>8,197,814</u>
Total restricted assets	<u>16,878,873</u>	<u>10,012,038</u>	<u>17,231,702</u>	<u>44,122,613</u>
Capital assets				
Land	5,434,140	67,669,339	21,248,968	94,352,447
Construction in progress	63,786,352	5,089,373	5,974,883	74,850,608
Buildings, improvements and other facilities	522,528,839	454,340,691	354,919,622	1,331,789,152
Vehicles	-	2,113,017	54,896,825	57,009,842
Furniture and equipment	79,470,993	24,067,824	57,796,403	161,335,220
Books/AV material	-	-	27,488,272	27,488,272
Other	-	-	709,168	709,168
	<u>671,220,324</u>	<u>553,280,244</u>	<u>523,034,141</u>	<u>1,747,534,709</u>
Less accumulated depreciation	<u>192,996,305</u>	<u>222,083,400</u>	<u>224,828,552</u>	<u>639,908,257</u>
Net capital assets	<u>478,224,019</u>	<u>331,196,844</u>	<u>298,205,589</u>	<u>1,107,626,452</u>
Other assets				
	<u>-</u>	<u>-</u>	<u>795,649</u>	<u>795,649</u>
Total other assets	<u>-</u>	<u>-</u>	<u>795,649</u>	<u>795,649</u>
Total noncurrent assets	<u>495,102,892</u>	<u>341,208,882</u>	<u>316,232,940</u>	<u>1,152,544,714</u>
Total assets	<u>536,030,029</u>	<u>398,551,492</u>	<u>460,333,718</u>	<u>1,394,915,239</u>
<b>Deferred Outflows of Resources</b>				
Loss on refunding	9,116,181	-	-	9,116,181
Deferred outflows from pensions	3,462,493	-	903,294	4,365,787
Deferred outflows from OPEB	1,516,554	-	-	1,516,554
Total deferred outflows of resources	<u>14,095,228</u>	<u>-</u>	<u>903,294</u>	<u>14,998,522</u>
Total assets and deferred outflows of resources	<u>\$ 550,125,257</u>	<u>\$ 398,551,492</u>	<u>\$ 461,237,012</u>	<u>\$ 1,409,913,761</u>

See Notes to Financial Statements

**City of Little Rock, Arkansas**  
**Statement of Net Position (Continued)**  
**Discretely Presented Component Units**  
**December 31, 2018**

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 397,973	\$ 3,121,745	\$ 2,693,673	\$ 6,213,391
Accrued wages payable and related liabilities	719,484	1,512,907	2,672,548	4,904,939
Notes payable - current portion	-	-	679,800	679,800
Capital lease - current portion	-	-	31,407	31,407
Bonds payable - current portion	12,085,562	-	1,813,379	13,898,941
Compensated absences - current portion	922,449	-	1,249,530	2,171,979
Unearned revenue	-	355,439	1,001,052	1,356,491
Accrued expenses and other	8,820,329	31,629	6,328,459	15,180,417
Total current liabilities	<u>22,945,797</u>	<u>5,021,720</u>	<u>16,469,848</u>	<u>44,437,365</u>
<b>Noncurrent Liabilities</b>				
Capital lease obligation	-	-	22,980	22,980
Bonds payable, net of unamortized premium and discount	300,570,733	-	74,685,715	375,256,448
Notes payable	-	-	1,397,221	1,397,221
Net pension liability	15,306,760	-	1,027,420	16,334,180
Total OPEB liability	5,389,218	-	-	5,389,218
Other long-term liabilities	-	-	841,368	841,368
Compensated absences	59,237	-	547,188	606,425
Total noncurrent liabilities	<u>321,325,948</u>	<u>-</u>	<u>78,521,892</u>	<u>399,847,840</u>
Total liabilities	<u>344,271,745</u>	<u>5,021,720</u>	<u>94,991,740</u>	<u>444,285,205</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows from pensions	1,835,639	-	356,195	2,191,834
Deferred inflows from OPEB	328,564	-	-	328,564
Total deferred inflows of resources	<u>2,164,203</u>	<u>-</u>	<u>356,195</u>	<u>2,520,398</u>
<b>Net Position</b>				
Net investment in capital assets	178,984,742	329,340,024	222,006,287	730,331,053
Restricted - expendable	7,147,197	10,012,038	45,024,463	62,183,698
Restricted - nonexpendable	-	-	16,024,750	16,024,750
Unrestricted	17,557,370	54,177,710	82,833,577	154,568,657
Total net position	<u>203,689,309</u>	<u>393,529,772</u>	<u>365,889,077</u>	<u>963,108,158</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 550,125,257</u>	<u>\$ 398,551,492</u>	<u>\$ 461,237,012</u>	<u>\$ 1,409,913,761</u>

**City of Little Rock, Arkansas**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 27,929,246	\$ 534,242	\$ 3,790,664	\$ 2,778,487	\$ -	\$ -	\$ (20,825,853)	\$ (20,825,853)
Total governmental activities	27,929,246	534,242	3,790,664	2,778,487	-	-	(20,825,853)	(20,825,853)
Business-type Activities								
Little Rock Water Reclamation Authority	54,322,816	60,887,364	-	-	6,564,548	-	-	6,564,548
Bill and Hillary Clinton National Airport	42,415,791	34,435,726	-	-	-	(7,980,065)	-	(7,980,065)
Other component units	93,221,939	100,716,739	-	-	-	-	7,494,800	7,494,800
Total business-type activities	189,960,546	196,039,829	-	-	6,564,548	(7,980,065)	7,494,800	6,079,283
Total component units	\$ 217,889,792	\$ 196,574,071	\$ 3,790,664	\$ 2,778,487	6,564,548	(7,980,065)	(13,331,053)	(14,746,570)
General revenues								
General property taxes					-	-	17,065,410	17,065,410
Sales taxes					-	-	16,439,501	16,439,501
Investment income					779,716	1,061,875	1,439,312	3,280,903
Grants and contributions not restricted to specific programs					2,786,302	8,679,438	17,756,049	29,221,789
Other					177,843	4,654,384	5,595,405	10,427,632
Total general revenues					3,743,861	14,395,697	58,295,677	76,435,235
Change in Net Position					10,308,409	6,415,632	44,964,624	61,688,665
Net Position, Beginning of Year, as Previously Reported					198,927,700	387,114,140	320,924,453	906,966,293
Change in accounting principle					(5,546,800)	-	-	(5,546,800)
Net Position, Beginning of Year, as Restated					193,380,900	387,114,140	320,924,453	901,419,493
Net Position, End of Year					\$ 203,689,309	\$ 393,529,772	\$ 365,889,077	\$ 963,108,158



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

The City of Little Rock, Arkansas (City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city manager form of government. Ten elected directors and the Mayor set policy and employ the City Manager. 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 and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under these criteria, the following are included in the primary government reporting entity:

***Discretely Presented Component Units***

***Major Component Units:***

***Little Rock Water Reclamation Authority (LRWRA)*** – The Mayor appoints the governing body of LRWRA with City Board approval. LRWRA receives no financial benefit from the City and provides water treatment services primarily to the citizens of Little Rock; however, the City has the power to impose its will on the LRWRA.

***Bill and Hillary Clinton National Airport (Airport)*** – The Airport is controlled by a seven-member commission appointed by the Mayor with City Board approval. The City has the power to impose its will on the Airport. The Airport primarily serves the central Arkansas area.

There were no significant transactions between the major component units and the City or its other component units in 2018.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

#### **Other Component Units:**

***Little Rock Advertising and Promotion Commission (Commission)*** – The governing body of the Commission is appointed by the Commission subject to City Board approval. 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 convention and tourism industry and oversees the Little Rock Convention and Visitors Bureau.

***Little Rock Port Authority (LRPA)*** – The governing board of the LRPA is appointed by the Mayor with City Board approval. The City has the power to impose its will on the LRPA. LRPA operates the Port of Little Rock, which includes railroad and river port loading facilities and a foreign trade zone.

***Little Rock Ambulance Authority (LRAA)*** – The LRAA, known publicly as Metropolitan Emergency Medical Services (MEMS), has a governing body of seven members, five of whom are appointed by the City Board. The City Board must also approve any rate changes for LRAA. LRAA provides emergency medical transportation services to the greater metropolitan area.

***Central Arkansas Transit Authority (CATA)*** – CATA, which provides public transportation services to the greater metropolitan area, annually receives an operating subsidy from the City equal to 67% of the operating deficit. The City’s contributions to CATA are vital to its operations. In addition, five of the 13 members of its Board of Directors are appointed by the City Board. Based on the level of financial dependency that CATA has on the City, the City has concluded that the nature and significance of this relationship warrant inclusion of CATA in the City’s reporting entity as a discretely presented component unit.

***Museum of Discovery (Museum) and Arkansas Arts Center (Arts Center)*** – The Museum and the Arts Center, serving the greater metropolitan area’s cultural needs, receive significant operating subsidies from the City annually. The governing bodies of the Museum and the Arts Center are appointed with City Board approval. The City has the power to impose its will on both organizations. Additionally, the City owns the facility of the Arts Center. The Arts Center has a fiscal year end of June 30.

***Central Arkansas Library System (CALS)*** – CALS, providing Central Arkansas with library services, receives financial benefit from the City in the form of tax revenue, levied by the City but collected by the Library, and other nonoperating subsidies. In addition, six of the nine members of its Board of Trustees are appointed by the City Board.

***Oakland Fraternal Cemetery (Cemetery)*** – The governing board of the Cemetery is appointed by the City Board. The City has the power to impose its will on the Cemetery. Additionally, the City owns the land that is occupied by the Cemetery. The Cemetery operates the Perpetual Care Fund to invest monies to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Cemetery Board.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***Mt. Holly Cemetery (Mt. Holly)*** –The governing board of Mt. Holly is appointed by the City Board. The City has the power to impose its will on Mt. Holly. Additionally, the City owns the land that is occupied by Mt. Holly. Mt. Holly operates the Perpetual Care Fund to invest monies to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Mt. Holly Board.

***Little Rock Workforce Development Board (LRWDB)*** – LRWDB is a non-profit organization created to provide job training. The sitting Mayor of the City of Little Rock serves as the chief executive officer and appoints the board members. The City has the power to impose its will on the Board. The LRWDB has a fiscal year end of June 30.

Complete financial statements of the individual component units, except for Mt. Holly Cemetery and Oakland Fraternal Cemetery, which do not issue separate financial statements, can be obtained from their respective administrative offices.

**Administrative Offices**

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Little Rock Water Reclamation Authority  
 221 East Capitol Avenue  
 Little Rock, Arkansas 72202

Arkansas Arts Center  
 Ninth and Commerce  
 Little Rock, Arkansas 72202

Little Rock Advertising and Promotion Commission  
 7 Statehouse Plaza  
 Little Rock, Arkansas 72201

Little Rock Port Authority  
 7500 Lindsey Road  
 Little Rock, Arkansas 72206

Little Rock Ambulance Authority  
 1101 West 8th Street  
 Little Rock, Arkansas 72201

Central Arkansas Transit Authority  
 901 North Maple  
 North Little Rock, Arkansas 72114

Bill and Hillary Clinton National Airport  
 1 Airport Drive  
 Little Rock, Arkansas 72202

Central Arkansas Library System  
 100 Rock Street  
 Little Rock, Arkansas 72201

Museum of Discovery  
 500 President Clinton Avenue, Suite 150  
 Little Rock, Arkansas 72201

Little Rock Workforce Development Board  
 300 South University Avenue, Suite D14  
 Little Rock, Arkansas 72205-5209

Oakland Fraternal Cemetery  
 2101 Barber Street  
 Little Rock, Arkansas 72206

Mount Holly Cemetery  
 1 Sunset Drive  
 Little Rock, Arkansas 72206

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

#### ***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. Exceptions to this general rule are charges between the government's waste disposal and vehicle storage functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. 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 funds. Separate statements for each fund type-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 and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The *Sales Tax Capital Improvements Fund (capital projects fund)*, designated as a major fund, accounts for the capital expenditures that are derived from the 3/8 cent capital sales tax dollars.

The *2013 Capital Improvements Fund (debt service fund)* accounts for the accumulation of resources for the payment of principal and interest on the 2013 limited tax general obligation debt of the City.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

The *Capital Improvements Fund (capital projects fund)*, designated as a major fund, accounts for the proceeds of the 2013 Limited Tax General Obligation Capital Improvement Bonds issued to finance various capital improvements for the City.

The *Street Fund, (special revenue fund)*, designated as a major fund, accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks.

The *2018 Hotel Gross Receipts Tax Bonds Fund (capital projects fund)*, accounts for the accumulation of resources for the payment of principal and interest on the 2018 tax revenue debt of the City.

The City reports the following major enterprise funds:

The *Waste Disposal Fund*, accounts for the activities of the City's waste disposal operations.

The *River Market Garage Fund* accounts for the operations of the City's two downtown parking garages.

*Special Revenue Funds* – The special revenue funds, which include federal grants, 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 restricted 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 restricted for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

*Internal Service Fund* – The internal service fund is used to account for centralized services provided to City departments on a cost-reimbursement basis. The City's internal service fund is the Fleet Service Fund.

*Enterprise Fund* – The nonmajor enterprise fund is used to account for vehicle storage whose operations are financed primarily or partially through user charges.

*Trust Funds* – Accounts for assets held in trust for the Police Pension, Firemen's Pension and Relief Fund, Nonuniformed Employees' Defined Contribution Plan, Nonuniformed Employees' Defined Benefit Pension Plan, 2014 Defined Benefit Plan, the 401(a) Money Purchase and Trust Retirement Fund and the Health Management Trust Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

*Agency Fund* – Accounts for monies collected and held by the courts until they are disbursed to various governmental agencies.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

During the course of operations, the government 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. 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 and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### ***Measurement Focus and Basis of Accounting***

##### **Government-wide, Proprietary and Fiduciary Funds**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

# **City of Little Rock, Arkansas**

## **Notes to Financial Statements**

### **Year Ended December 31, 2018**

#### **Governmental Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and obligations for workers' compensation, which are recognized as expenditures when payment is due. Pension expenditures are recognized when contributed to a plan or when expected to be liquidated with expendable available financial resources.

#### ***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 and 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.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include demand deposits, cash on hand, certificates of deposit and short-term instruments with original maturities at purchase of 90 days or less. The City uses a pooled cash account for operating purposes in which all funds, except the pension trust and agency funds, have an interest.

#### ***Investments and Investment Income***

All investments in the City's Pension and Other Employee Benefit Trust Funds are carried at fair value. For all other funds, investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments, except alternative investments, are carried at fair value. Fair value is determined using quoted market prices for all investments other than collateralized mortgage obligations and alternative investments. Fair value of collateralized mortgage obligations is estimated using a published pricing service. Alternative investments are measured using the net asset value per share of the investee or the investee's proportionate share of capital accounts.

# **City of Little Rock, Arkansas**

## **Notes to Financial Statements**

### **Year Ended December 31, 2018**

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made, except where required otherwise by bond indentures or City policy.

#### ***Inventories***

Inventories consist of supplies, which are valued at cost, and merchandise and renovated housing available-for-sale (funded by grant programs) valued at the lower of average cost or market value. The costs of governmental fund type inventories are recorded as expenditures when purchased/constructed.

#### ***Prepaid Items***

Prepaid items in governmental funds are accounted for under the consumption method.

#### ***Capital Assets***

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

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets, which are defined as having a constructed cost greater than \$250,000.

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from 15–50 years for infrastructure, 10–75 years for buildings and 3–25 years for land improvements, vehicles and equipment.

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 proprietary funds. Debt premiums, discounts, and deferred losses on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums, 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.



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***Compensated Absences***

City employees earn sick pay and vacation leave benefits on the basis of length of service time. Subject to certain restrictions, City employees are compensated (historically from the fund that the employee is assigned) for unused sick and vacation time upon leaving the City's employment. All sick pay and vacation leave is accrued when incurred in the government-wide 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 resignations and retirements. For governmental activities, the liability for compensated absences is generally liquidated from the general fund.

***Unearned Revenue***

Unearned revenue consists mainly of business licenses received in advance.

***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 (the 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 net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Health Management Trust Fund (HMT) Plan and additions to/deductions from the Plan's fiduciary net position 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. Investments are reported at fair value.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded and new debt. In addition, the city has deferred outflows related to pensions & OPEB, consisting of the amount of contributions made to the pension plans after the measurement date, the net difference in investment experience between actual earnings and projected earnings on pension & OPEB plan investments, the difference in assumption changes, and the difference in expected and actual experience. Deferred outflows related to contributions made to the pension plan after the measurement date will be recognized as a reduction of net pension liability in year subsequent to the current fiscal year end. The remaining amounts will be amortized to pension expense over future periods as shown within *Notes 6 & 7*.

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include unavailable revenues in the governmental funds. The City also has deferred inflows related to pensions & OPEB. This consists of the difference between the expected and actual experience related to the pension & OPEB plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension & OPEB expense as shown within *Note 6 & 7*.

***Net Position/Fund Balance***

Net position of the government-wide financial statements and proprietary funds of the City are classified in four components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets and other (non-debt) capital related liabilities as of fiscal year end, including accounts payable and retainage payable, plus capital-related deferred outflows of resources (such as a loss on refunding of outstanding capital debt). Restricted expendable net position are 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 are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the City, such as permanent endowments. Unrestricted net position is remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are used first.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

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

*Nonspendable* – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

*Restricted* – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Committed fund balances may be used only for the specific purposes determined by ordinance of the Board of Directors. Commitments may be changed or lifted only by issuance of an ordinance by the Board of Directors.

*Assigned* – Assigned fund balances are intended to be used by the City for specific purposes as determined by the Mayor, City Manager or the Board of Directors. The Mayor and City Manager are allowed to assign funds up to \$49,999. Any assignment of \$50,000 or more must be approved by the Board of Directors through a resolution. 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* – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **Stabilization Arrangement**

The City has a general fund reserve, which was established by the City's financial policy. The general fund goal is to set aside \$10 million or ten (10) percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund, absent express action of the Board. The restricted reserve shall be maintained at that level thereafter. The monies in the reserve fund are readily available for appropriation or expenditure, but are used if there is a need to do so because of some extraordinary circumstance not foreseen during the year. Funds can be used, at the Board's discretion, to meet a unique opportunity for the overall well-being of the City unforeseen during the regular budget process, to continue to operate budgeted City services at the level set forth in the annual budget after a catastrophic event or some unforeseen economic downturn that could not be reasonably predicted during the annual budget process, or to meet some legal obligation imposed upon the City as a result of administrative or legal action not reasonably anticipated during the annual budget process. As of December 31, 2018, the Board's established amount of the reserve is \$10,000,000, which is included in unassigned fund balance of the General Fund.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end. The general fund, general fund special projects fund, and the seized money fund are combined into a single, aggregated presentation in the general fund financial statements. Both the general fund special projects fund and the seized money fund do not have appropriated budgets, since other means control the use of these resources (e.g., seized funds) and sometimes span a period of more than one fiscal year. As a result, for the year ended December 31, 2018, expenditures exceed appropriations in the general fund budgetary schedules.

***Pension Plan Descriptions***

The City participates in seven defined benefit pension plans; which are comprised of three single-employer defined benefit pension plans, three cost-sharing multiple employer defined benefit pension plans and one agent-multiple employer defined benefit pension plan, each of which are described and illustrated in detail in *Note 6*.

***Adoption of Accounting Principles***

***GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)***

Effective January 1, 2018, the City implemented GASB 75. This statement changes the focus of OPEB accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date. Adoption of GASB 75 resulted in adjustments to beginning government-wide net position – governmental activities.

Adoption of GASB 75 had no impact on the proprietary fund financial statements or the business-type activities at the government-wide level.

Adoption of GASB 75 resulted in the following adjustments to beginning net position at January 1, 2018:

	<b>Governmental Activities</b>
<b>Net Position at January 1, 2018, as Previously Reported</b>	\$ 489,789,383
Recording of OPEB items - implementation of GASB 75:	
Recording of net OPEB liability as of January 1, 2018	(10,434,822)
Deferred inflows of resources - OPEB items	(165,308)
Elimination of OPEB asset as previously reported at January 1, 2018	(249,840)
<b>Adjustment to beginning net position for GASB 75 implementation</b>	<b>(10,849,970)</b>
<b>Total Net Position, Beginning of Year, as Restated</b>	<b>\$ 478,939,413</b>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89)***

GASB 89 requires that interest costs incurred before the end of a construction period be recognized as expenses/expenditures in the period in which the costs are incurred. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was early adopted by the City in fiscal year 2018 and did not have a material effect on the City's financial statements.

***Change in Accounting Principle***

The Board of Trustees of the Little Rock Firemen's Pension and Relief Fund elected to have its Pension Fund administered by the Arkansas Local Police and Fire Retirement System (LOPFI) during September 2018. Therefore, during 2018, the City transferred administration of its Firemen's Pension and Relief Fund Pension (Firemen's Fund) to the Local Police and Fire Retirement System (LOPFI). This effectively changed the plan type from a single-employer, defined benefit pension plan to an agent multiple-employer defined benefit pension plan. As a result of this change, the Plan's measurement date changed from the City's fiscal year end (December 31, 2018) to the agent's measurement date (December 31, 2017). The majority of 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 rest are held in a fiduciary fund on the City's financials. The effect of this change to the financial statements resulted in no change in the related net pension liability recorded by the City for 2018, because the prior year also had a measurement date of December 31, 2017. Additionally, there was no deferral at December 31, 2017 for contributions subsequent to the measurement date. The effect of the change on beginning net position was insignificant. If the measurement date had remained 12/31/18, the net pension liability would have been \$56,102,116 instead of the currently reported balance of \$57,805,566, a change of \$1,703,450.

***Future Adoption of Accounting Pronouncements***

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2018:

<b>Statement No.</b>		<b>Adoption Required in Fiscal Year</b>
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2019
87	<i>Leases</i>	2020
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement</i>	2019

The impact of these standards on the City's net position has not been determined.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

#### Note 2: Deposits and Investments

##### ***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

City 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 at 104%. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

State statutes require all time and demand deposits to be fully insured or collateralized. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements. At December 31, 2018, none of the City's primary government bank balances were exposed to custodial credit risk.

##### ***Investments***

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

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 act 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 deposit.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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 state, municipality or political subdivision; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest 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 District of Columbia. The pension and other employee benefit trust funds are authorized to also invest in common stocks, investment grade corporate bonds and other appropriate securities.

At December 31, 2018, the City had the following investments and maturities:

Type	Fair Value	Primary Government			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 114,426,696	\$ 114,426,696	\$ -	\$ -	\$ -
U.S. treasury obligations	10,498,335	\$ 10,498,335	-	-	-
Corporate bonds	4,263,844	4,263,844	-	-	-
Municipal bond	4,044,814	4,044,814	-	-	-
Alternative investments	7,586,545	7,586,545	-	-	-
Bond mutual funds	11,312,105	11,312,105	-	-	-
Certificate of deposit	2,675,000	2,675,000	-	-	-
Money market mutual funds	65,137,689	65,137,689	-	-	-
	219,945,028	<u>\$ 219,945,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stock mutual funds	16,658,888				
Corporate stocks	<u>35,569,798</u>				
	<u>\$ 272,173,714</u>				

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

Interest Rate Risk – The City’s policy does not limit the maturity of any single debt security. The City employs a maturity-spacing strategy regarding its investment portfolio. This includes a balanced or laddered maturity strategy with equal spacing of maturities held. The rationale for an equal maturity strategy is to provide the portfolio with some reinvestment risk protection, spreading reinvestment out over the full interest rate cycle. That is, there will be a relatively continuous cash flow over time from maturity laddering and these funds can be reinvested at the then current rates. The effects of overall interest rate change will tend to be averaged, and the extremes of return and risk will be truncated.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies. At December 31, 2018, the City’s investments not directly guaranteed by the U.S. government were rated as follows:

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

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, 2018 were subject to custodial credit risk.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. A fund generally may invest no more than 10% of its total assets in the purchase of a single security.

Pension trust funds had the following investments that exceeded five percent of net position:

***Firemen’s Pension*** – Capital Point Partners, L.P.

***Police Pension*** – Capital Point Partners, L.P.

***Nonuniformed Employees’ Defined Contribution Plan*** – iShares Russell Midcap Growth, iShares Russell 1000 Value, iShares Russell 1000 Growth, Ssga Active Mfs Systematic Value Equity Etf, Reef America Reit Ii, Columbia Acorn International Fund Instl 2 Class, T Rowe Price Intl Discovery Fund Investor Class

***401(a) Money Purchase and Trust Retirement Fund*** – Vantagepoint Milestone 2020 R3, Vantagepoint MP Lng-Trm Gr R3, Vantagepoint PLUS Fund R3

***Nonuniformed Employees’ Defined Benefit Pension Plan*** – iShares Russell 1000 Value, iShares Russell 1000 Growth, Reef America Reit Ii, T Rowe Price Intl Discovery Fund Investor Class, Federated Fltg Rate Strategic Income Fund

***2014 Nonuniformed Employees’ Defined Benefit Pension Plan*** – Goldman Sachs Financial Square Treasury, iShares Russell 1000 Growth ETF, iShares Russell 1000 Value ETF, Eaton Vance Floating Rate Adv Fund Cl I

***Health Management Trust Fund*** – iShares Russell 1000 Value Etf, iShares Russell Midcap Growth Etf, Blackrock Total Return Fund Class A, Eaton Vance Floating Rate Advantage Fund Class I, Goldman Sachs High Quality Floating Rate Fund Class I, Goldman Sachs Strategic Income Fund Class I, Pimco Income Fund Class I, Jpmorgan Ultra-short Income Etf.



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Fair Value of Assets** – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2018</b>				
Alternative Investments	\$ 7,586,545	\$ -	\$ 7,586,545	\$ -
U.S. Treasury obligations	10,498,335	10,498,335	-	-
U.S. agencies obligations	114,426,696	-	114,426,696	-
Corporate bonds	4,263,844	4,263,844	-	-
Bond Mutual Funds	11,312,105	11,312,105	-	-
Mutual Funds	16,658,888	16,658,888	-	-
Money Market Mutual Funds	65,137,689	7,011,420	58,126,269	-
Corporate stocks	35,569,798	35,569,798	-	-
Negotiable Certificates of Deposit	2,675,000	2,675,000	-	-
Municipal Bonds	4,044,814	-	4,044,814	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments by fair value level	\$ 272,173,714	\$ 87,989,390	\$ 184,184,324	\$ -

**Investments Measured at the Net Asset Value (NAV)**

None

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Investments**

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. Level 3 includes several real estate funds that invest primarily in U.S. commercial real estate. These investments can never be redeemed with the funds. Distributions from each fund will be made as the underlying investments of the fund are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next 7 to 10 years.

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	<b>Primary Government</b>
Carrying value	
Deposits	\$ 13,776,483
Investments	272,173,714
	\$ 285,950,197
Included in the following statements of net position captions	
Current Assets	
Cash and cash equivalents	\$ 4,637,906
Short-term investments	34,954,200
Noncurrent Assets	
Restricted cash and investments	149,007,765
Cash and investments – fiduciary funds	97,350,326
	\$ 285,950,197

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2018, is presented below:

<b>Governmental Activities</b>	<b>Balance January 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31, 2018</b>
Capital Assets, nondepreciable					
Land and right-of-way	\$ 186,801,358	\$ 1,044,294	\$ -	\$ -	\$ 187,845,652
Construction in progress	20,073,357	17,299,177	-	(15,806,796)	21,565,738
<b>Total capital assets, nondepreciable</b>	<b>206,874,715</b>	<b>18,343,471</b>	<b>-</b>	<b>(15,806,796)</b>	<b>209,411,390</b>
Capital Assets, depreciable					
Land improvements	21,272,036	414,419	-	526,930	22,213,385
Infrastructure	793,977,010	1,711,144	-	11,077,402	806,765,556
Buildings	122,160,227	1,095,099	-	1,076,507	124,331,833
Vehicles	55,347,394	2,509,714	321,216	1,334,701	58,870,593
Equipment	59,988,484	766,626	-	1,791,256	62,546,366
<b>Total capital assets, depreciable</b>	<b>1,052,745,151</b>	<b>6,497,002</b>	<b>321,216</b>	<b>15,806,796</b>	<b>1,074,727,733</b>
Less accumulated depreciation					
Land improvements	9,790,832	1,452,121	-	-	11,242,953
Infrastructure	493,325,279	16,327,149	-	-	509,652,428
Buildings	41,160,589	3,039,752	-	-	44,200,341
Vehicles	42,363,415	4,510,489	291,740	-	46,582,164
Equipment	47,009,603	4,934,947	-	-	51,944,550
<b>Total accumulated depreciation</b>	<b>633,649,718</b>	<b>30,264,458</b>	<b>291,740</b>	<b>-</b>	<b>663,622,436</b>
<b>Total capital assets, depreciable, net</b>	<b>419,095,433</b>	<b>(23,767,456)</b>	<b>29,476</b>	<b>15,806,796</b>	<b>411,105,297</b>
<b>Total governmental activities, net</b>	<b>\$ 625,970,148</b>	<b>\$ (5,423,985)</b>	<b>\$ 29,476</b>	<b>\$ -</b>	<b>\$ 620,516,687</b>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

<b>Business-Type Activities</b>	<b>Balance January 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance December 31, 2018</b>
Capital Assets, nondepreciable					
Land	\$ 2,637,147	\$ -	\$ -	\$ -	\$ 2,637,147
Construction in progress	-	1,055,093		-	1,055,093
Total capital assets, nondepreciable	<u>2,637,147</u>	<u>1,055,093</u>	<u>-</u>	<u>-</u>	<u>3,692,240</u>
Capital Assets, depreciable					
Landfills, Cells 1, 2,3,4 and 5 and land improvements	17,665,087	-	-	-	17,665,087
Buildings	21,540,334	-	-	-	21,540,334
Vehicles	17,355,965	2,033,230	954,121	-	18,435,074
Equipment	3,514,744	980		-	3,515,724
Total capital assets, depreciable	<u>60,076,130</u>	<u>2,034,210</u>	<u>954,121</u>	<u>-</u>	<u>61,156,219</u>
Less accumulated depreciation					
Landfills, Cells 1, 2 and 4 and land improvements	16,123,666	302,266	-	-	16,425,932
Buildings	6,783,719	895,715	-	-	7,679,434
Vehicles	12,478,474	1,439,618	649,231	-	13,268,861
Equipment	2,937,194	202,940	-	-	3,140,134
Total accumulated depreciation	<u>38,323,053</u>	<u>2,840,539</u>	<u>649,231</u>	<u>-</u>	<u>40,514,361</u>
Total capital assets, depreciable, net	<u>21,753,077</u>	<u>(806,329)</u>	<u>304,890</u>	<u>-</u>	<u>20,641,858</u>
Total business-type activities, net	<u>\$ 24,390,224</u>	<u>\$ 248,764</u>	<u>\$ 304,890</u>	<u>\$ -</u>	<u>\$ 24,334,098</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

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

**Governmental Activities**

General government	
City manager	\$ 271,173
District court – first division (criminal)	14,666
District court – second division (traffic)	1,531
Finance	12,038
Human resources	276
Information technology	624,664
Planning and development	57,584
Fleet services	<u>117,965</u>
Total general government	1,099,897
Public works	17,550,020
Parks and recreation services	2,650,312
River Market	96,569
Golf	179,997
Jim Dailey Fitness	108,265
Zoo	778,959
Fire	2,467,535
Police	4,984,968
Housing and neighborhood programs	<u>347,936</u>
Total depreciation expense – governmental activities	<u>30,264,458</u>

**Business-Type Activities**

Waste disposal	2,549,645
Second and Main parking	269,095
Vehicle storage	<u>21,799</u>
Total depreciation expense – business-type activities	<u>2,840,539</u>
Total depreciation expense – primary government	<u><u>\$ 33,104,997</u></u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2018, were as follows:

<b>Governmental Activities</b>	<b>Balance January 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2018</b>	<b>Amounts Due in One Year</b>
Bonds payable					
Revenue bonds	\$ 17,875,000	\$ 32,570,000	\$ 930,000	\$ 49,515,000	\$ 1,295,000
Add issuance premiums	1,620,588	461,360	365,413	1,716,535	-
	<u>19,495,588</u>	<u>33,031,360</u>	<u>1,295,413</u>	<u>51,231,535</u>	<u>1,295,000</u>
General obligation bonds	71,975,000	43,475,000	14,515,000	100,935,000	8,005,000
Add issuance premiums	2,158,457	994,141	798,399	2,354,199	-
	<u>74,133,457</u>	<u>44,469,141</u>	<u>15,313,399</u>	<u>103,289,199</u>	<u>8,005,000</u>
Bonds payable, net	93,629,045	77,500,501	16,608,812	154,520,734	9,300,000
Notes payable	22,530,551	-	7,337,724	15,192,827	5,846,451
Compensated absences	28,285,220	13,406,706	13,915,037	27,776,889	9,739,957
Other	1,787,102	2,490,702	2,245,833	2,031,971	1,174,275
Total governmental activities long-term liabilities	<u>\$ 146,231,918</u>	<u>\$ 93,397,909</u>	<u>\$ 40,107,406</u>	<u>\$ 199,522,421</u>	<u>\$ 26,060,683</u>
<b>Business-Type Activities</b>					
Bonds payable					
Revenue bonds	\$ 8,720,000	\$ -	\$ 770,000	\$ 7,950,000	\$ 810,000
Less issuance discounts	(28,252)	-	(4,715)	(23,537)	-
Bonds payable, net	8,691,748	-	765,285	7,926,463	810,000
Compensated absences	530,779	406,432	381,709	555,502	328,864
Postclosure landfill costs	5,169,537	444,468	-	5,614,005	-
Total business-type activities long-term liabilities	<u>\$ 14,392,064</u>	<u>\$ 850,900</u>	<u>\$ 1,146,994</u>	<u>\$ 14,095,970</u>	<u>\$ 1,138,864</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

Bonds and notes payable at December 31, 2018, were as follows:

<b>Primary Government</b>	<b>Interest Rates</b>	<b>Final Maturity</b>	<b>Original Issue</b>	<b>Total Outstanding</b>
General long-term obligations				
General obligation bonds	1.0%–6.0%	2038	\$ 156,740,000	\$ 100,935,000
Revenue bonds	2.0%–5.0%	2048	50,445,000	49,515,000
Notes payable – short-term financing	1.38%–1.89%	2020	29,054,000	15,192,827
Enterprise funds				
Revenue bonds	1.0%–6.0%	2028	15,255,000	7,950,000

**Governmental Activities**

**2015 Library Construction and Refunding Bonds** – Bonds in the amount of \$36,620,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, and the City of Little Rock Residential Housing and Public Facilities Board Capital Improvement Revenue Bonds, Series 2007 (debt of Central Arkansas Library) and to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. The City issued the 2015 series to refund the Library Construction Bonds, Series 2008, and Series 2009, obtain additional funding for capital projects, and extend repayment period of existing debt. Reduction of debt service payments and economic gain related to this refunding was minimal.

**2017 Library Refunding Bonds** – Bonds in the amount of \$15,925,000 were issued to refund the City’s outstanding Library Construction and Improvement Bonds, Series 2012, and to pay the costs of issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$291,294. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City refunded bonds to reduce its total debt service payments over 12 years by \$2,225,317 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$1,636,845. The bonds are limited tax obligations payable solely from a 0.9 mill annual ad valorem tax. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1.

**2013 Limited Tax General Obligation Capital Improvement Bonds** – Bonds in the amount of \$58,105,000 were issued to finance street and drainage capital improvements for the City. The Series 2013 Bonds are limited tax general obligations of the City, secured by all proceeds derived from the 3 mills annual ad valorem tax levied by the City on all taxable and real and personal property located within the jurisdictional limits of the City. Principal payments are due annually on October 1 with final payment scheduled in 2033. Interest payments are due semiannually on April 1 and October 1.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

***Tax Incremental Financing 2014 Capital Improvement Bonds*** – The 2014 Tax Incremental Financing 2014 Capital Improvement Bonds for \$2,615,000 were issued in April 2014. The bonds are special obligations of the City secured by and payable solely by a pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City’s Redevelopment District No. 1. The bond proceeds were used to finance the cost of acquisition, construction, and equipping of a major street system within Development District No. 1. The principal payment is due fully at maturity in 2036. Interest payments are due semiannually on March 1 and September 1.

***Limited Tax General Obligations Capital Improvement Bonds, Series 2018*** – Bonds in the amount of \$43,475,000 were issued to finance street and drainage capital improvements for the City. The Series 2018 Bonds are limited tax general obligations of the City, secured by all proceeds derived from the 3 mills annual ad valorem tax levied by the City on all taxable and real and personal property located within the jurisdictional limits of the City. Principal payments are due annually on April 1 with final payment scheduled in 2023. Interest payments are due semiannually on April 1 and October 1.

***Capital Improvements Refunding Revenue Bonds, Series 2017*** – The Capital Improvements Refunding Revenue Bonds, Series 2017 in the amount of \$17,875,000 were issued to advance refund the 2009 Parks and Recreation Capital Improvement Construction Revenue Bonds – Series A and Series B, to current refund the 2007 Capital Improvement Revenue Refunding Bonds and the 2002 Capital Improvement Junior Lien Revenue Bonds, to pay a premium for a municipal bond debt service reserve insurance policy and to pay expenses of issuing the Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,262,388. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City refunded the bonds to reduce its total debt service payments over 6 years by \$8,612,773 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$4,178,697.

The Series 2017 bonds are not general obligations of the City but are special obligations secured solely by a pledge of revenues received by the City from all franchise fees charged to public utilities for the privilege of utilizing the City’s streets and right-of-way. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1.

***Hotel Gross Receipts Tax Bonds, Series 2018*** – The Hotel Gross Receipts Tax Bonds, Series 2018 for \$32,570,000 were issued to finance a portion of the costs of improvements to parks and the arts center. The Series 2018 bonds are not general obligations of the City but are special obligations secured solely by a pledge of revenues received by the City from all hotel gross receipt taxes from the renting, leasing or otherwise furnishing of hotel, motel, bed and breakfast or short-term condominium or apartment rental accommodations for sleeping for profit in the City. Principal payments are due annually on December 1. Interest payments are due semiannually on June 1 and December 1.



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Notes Payable**

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, allowing cities and counties to obtain short-term financing agreements for the purpose of acquiring, constructing, installing, or renting real property or tangible personal property having an expected useful life of more than one year. These financing agreements may not mature over a period to exceed five years and may have fixed or variable interest rates to be repaid with general fund revenues. At December 31, 2018, the outstanding short-term financing agreements were as follows:

***2017 Short-term Financing Note*** – The \$5,250,000 promissory note was issued to finance the cost of acquiring sixty police vehicles, Lawson ERP financial system application add-ons, a Socrata performance measurement dashboard and to complete phase I of the CAD system upgrade. Principal and interest are payable from general revenues. Due annually, payable on August 8, including interest at 1.81%.

***2016 Short-term Financing Note (1)*** – The \$4,525,000 promissory note was issued to finance the cost of acquiring self-contained breathing apparatus for the Little Rock Fire Department, the acquisition and installation of a fire suppression system for the City's main information data center, the acquisition of vehicles and equipment, the acquisition and installation of information technology equipment, and the acquisition and installation of new planning and permitting software and field devices with interest payable from general revenues. Due annually, payable on June 10, including interest at 1.541%.

***2016 Short-term Financing Note (2)*** – The \$2,850,000 promissory note was issued to finance the acquisition of a facility located at 101 South Spring Street in the City with principal and interest payable from general revenues. Due annually, payable on October 25, including interest at 1.89%.

***2016 Short-term Financing Note (3)*** – The \$4,603,000 promissory note was issued to finance all or a portion of the costs of the construction of, and the acquisition and installation of equipment for, the Southwest Fire Station and the acquisition of vehicles and equipment for the Little Rock Fire Department with principal and interest payable from general revenues. Due annually, payable on December 22, including interest at 1.85%.

***2015 Short-term Financing Note*** – The \$5,910,000 promissory note was issued to finance the cost of acquiring, constructing, and equipping West Central Community Center and acquiring police vehicles and equipment with principal and interest payable from general revenues. Due annually, payable on June 24, including interest at 1.81%.

***2014 Short-term Financing Note*** – The \$5,916,000 promissory note was issued to finance the cost of acquiring, constructing and equipping the final phase of the 12<sup>th</sup> Street Station, acquiring fire vehicles and equipment and acquiring and installing information technology equipment and software with principal and interest payable from general revenues. Due annually, payable on June 27, including interest at 1.46%.

# City of Little Rock, Arkansas

## Notes to Financial Statements

### Year Ended December 31, 2018

**2013 Short-term Financing Note** – The \$7,700,000 promissory note was issued to finance the cost of acquiring land, software, and equipment and constructing buildings for the City’s Police, Fire, and Information Technology Departments with principal and interest payable from general revenues. Due annually, payable on July 30, including interest at 1.61%. Balance was paid in full in 2018.

#### **Other Liabilities**

Other liabilities are typically funded by general revenues of the governmental activity that incurred the liability.

#### **Business-Type Activities**

**Revenue Bonds** – Revenue bonds are comprised of various issues for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing additions and improvements of City facilities.

**2007 Waste Disposal Revenue Bonds** – On March 12, 2007, the City issued \$3,400,000 in 2007 Waste Disposal Refunding and Improvement Bonds with an interest rate ranging from 5.38% to 5.75%. These bonds were issued to finance all or a portion of the costs of betterments and improvements to the System (the Project), fund a debt service reserve and pay expenses of issuing the bonds. The bonds constitute special obligations of the City, secured by a pledge of net revenues derived from the System. Interest payments are due semiannually each May 1 and November 1. To the extent not previously redeemed, the Bonds maturing on May 1, 2022, are subject to mandatory sinking fund redemption. These bonds are also subject to optional redemption at direction of the City beginning May 1, 2014.

**2003 Capital Improvement and Refunding Revenue Bonds (Downtown Parking Projects)** – On July 1, 2003, the City issued \$11,855,000 in 2003 Capital Improvement Revenue Bonds (Downtown Parking Projects) with an interest rate ranging from 4.8% to 5.4%. The bonds were issued to finance the construction of a new parking deck and advance refund the 1997 Capital Revenue Bonds (Second and Main Street Project) – Series 1997 previously used to construct a parking deck. The bonds constitute special obligations of the City, payable solely from the revenues of the two parking decks, together with all other parking revenues of the City that were not previously pledged by the City. Interest payments are due semiannually each January 1 and July 1. These bonds are subject to redemption in part by sinking fund installments due on July 1. These bonds are also subject to optional redemption at direction of the City beginning July 1, 2013. Extraordinary redemption may occur in the event that excess project funds exist.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**Year Ended December 31, 2018**

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2018.

Year	Primary Government			
	Governmental Activities		Business-Type Activities	
	General Obligation & Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 9,300,000	\$ 5,054,227	\$ 810,000	\$ 417,341
2020	8,770,000	4,936,038	850,000	373,010
2021	9,185,000	4,519,538	895,000	326,504
2022	9,605,000	4,083,288	945,000	277,416
2023	10,055,000	3,642,763	655,000	236,848
2024-2028	50,650,000	13,502,841	3,795,000	620,630
2029-2033	20,700,000	8,184,650	-	-
2034-2038	16,630,000	4,653,281	-	-
2039-2043	7,010,000	2,615,763	-	-
2044-2048	8,545,000	1,083,731	-	-
	<u>\$ 150,450,000</u>	<u>\$ 52,276,120</u>	<u>\$ 7,950,000</u>	<u>\$ 2,251,749</u>

	Notes Payable	
	Principal	Interest
2019	\$ 5,846,451	\$ 220,801
2020	4,710,718	131,041
2021	3,547,625	64,590
2022	1,088,033	19,693
2023	-	-
	<u>\$ 15,192,827</u>	<u>\$ 436,125</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

The following is a summary of pledged revenues of the City for the year ended December 31, 2018:

Debt	Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
2017 Revenue Refunding Bonds	Franchise Fees for public utilities	\$ 20,154,897	\$ 1,504,462	7.5%	\$ 22,562,650	Until 2033
2015 Library Construction and Refunding Bonds	Property tax	3,781,525	2,240,513	59.2%	41,544,294	Until 2038
2017 Library Refunding Bonds	Property tax	3,781,525	359,024	9.5%	17,498,481	Until 2027
2013 Limited Tax General Obligation Capital Improvement Bonds	Property tax	12,604,900	3,287,536	26.1%	7,819,125	Until 2028
2014 TIF #1 Capital Improvement Bond	Property tax	401,816	156,900	39.0%	5,360,750	Until 2036
2018 Limited Tax GO Capital Improvement Bonds	Property tax	12,604,900	-	0.0%	50,346,037	Until 2028
2007 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	3,931,666	336,188	8.6%	1,337,169	Until 2022
2003 Capital improvement and Refunding Revenue Bonds	Specific parking revenues and other revenues in the Rivermarket Garage Fund	2,977,508	890,505	29.9%	8,864,580	Until 2028

**Note 5: Interfund Balances and Transfers**

Interfund receivables and payables as of December 31, 2018, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Primary Government</b>		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 1,103,154	\$ -
Grant fund	-	1,087,167
HIPP fund	-	3,677
Total governmental funds	<u>1,103,154</u>	<u>1,090,844</u>
Proprietary Funds		
Internal service fund	277,181	-
Vehicle storage fund	-	277,181
Total proprietary funds	<u>277,181</u>	<u>277,181</u>
Fiduciary Funds		
Firemen's pension	-	12,310
Total fiduciary funds	<u>-</u>	<u>12,310</u>
Total	<u>\$ 1,380,335</u>	<u>\$ 1,380,335</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

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 for the year ended December 31, 2018, are as follows:

Interfund Transfers In	Interfund Transfers Out								Totals
	Governmental Funds					Proprietary Funds			
	General	Street	Sales Tax Capital Improvements	Hotel Gross Receipts Capital Improvement	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal		
Governmental Funds									
General	\$ -	\$ 497,217	\$ 4,567,524	\$ 1,000,000	\$ 200,000	\$ 1,000,000	\$ 1,308,064	\$ 8,572,805	
Street	247,117	-	-	-	-	-	273,700	520,817	
Other Nonmajor Governmental Funds	-	-	-	-	426,118	-	-	426,118	
	<u>\$ 247,117</u>	<u>\$ 497,217</u>	<u>\$ 4,567,524</u>	<u>\$ 1,000,000</u>	<u>\$ 626,118</u>	<u>\$ 1,000,000</u>	<u>\$ 1,581,764</u>	<u>\$ 9,519,740</u>	

Transfers are used to fund special projects and meet debt service requirements.

**Note 6: Pension Plans**

***Pension Trust Funds***

Substantially all of the City’s employees receive retirement benefits. The City sponsors two single-employer defined benefit pension plans and two defined contribution pension plans. The Defined Benefit Pension Plan, the 2014 Defined Benefit Plan, the Nonuniformed Employees’ Defined Contribution Plan, and 401(a) Money Purchase and Trust Retirement Fund are reported as pension funds by the City. Separate stand-alone financial reports are not issued for these plans except for the 2014 Defined Benefit Plan.

In addition, the City participates in two agent agent-multiple employer defined benefit pension plans. 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 rest of the plan assets are held in a fiduciary funds with the City: The Firemen’s Pension and Relief Fund and The Police Pension.

The City also contributes to three cost-sharing multiple employer defined benefit pension plans. The assets of 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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

The statement of fiduciary net position and the statement of changes in fiduciary net position for the Employee Retirement Plans are below:

	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 243,714	\$ 2,067,589	\$ 85,431	\$ -	\$ 8,653,510
Investments						
U. S. government obligations	-	-	51,996	-	-	4,499,075
Equities	-	-	8,114,096	-	-	29,648,053
Mutual funds and other investments	1,378,699	1,389,800	6,217,284	10,856,936	6,766,607	12,780,339
Receivables						
Accounts receivable	-	-	-	400,496	114,582	455,350
Accrued interest and dividends	-	-	2,956	17,281	-	117,733
<b>Total assets</b>	<b>1,378,699</b>	<b>1,633,514</b>	<b>16,453,921</b>	<b>11,360,144</b>	<b>6,881,189</b>	<b>56,154,060</b>
<b>Liabilities</b>						
Accounts payable	-	12,287	400,496	45,244	354,845	-
<b>Total liabilities</b>	<b>-</b>	<b>12,287</b>	<b>400,496</b>	<b>45,244</b>	<b>354,845</b>	<b>-</b>
<b>Net Position</b>						
Net position restricted for pensions	\$ 1,378,699	\$ 1,621,227	\$ 16,053,425	\$ 11,314,900	\$ 6,526,344	\$ 56,154,060
<b>Additions</b>						
Contributions						
Employer	-	503,324	122,466	540,783	302,283	4,138,261
Plan members	-	3,324	83,893	-	165,499	2,069,065
State insurance turnback	-	1,188,865	-	-	-	-
Other	-	-	5,490	382,403	-	1,219,814
<b>Total contributions</b>	<b>-</b>	<b>1,695,513</b>	<b>211,849</b>	<b>923,186</b>	<b>467,782</b>	<b>7,427,140</b>
Investment income (loss)						
Net increase (decrease) in fair value of investments	(195,359)	(176,063)	(1,679,591)	(995,142)	(379,664)	(4,664,504)
Gain(loss) on sale of investments	-	267,517	(159,843)	(147,998)	-	(468,144)
Interest and dividends	-	900,390	687,693	466,656	-	1,979,182
Less investment expense	(195,359)	991,844	(1,151,741)	(676,484)	(379,664)	(3,153,466)
Less investment expense	-	240,692	84,002	47,839	-	332,283
<b>Net investment income (loss)</b>	<b>(195,359)</b>	<b>751,152</b>	<b>(1,235,743)</b>	<b>(724,323)</b>	<b>(379,664)</b>	<b>(3,485,749)</b>
<b>Total additions</b>	<b>(195,359)</b>	<b>2,446,665</b>	<b>(1,023,894)</b>	<b>198,863</b>	<b>88,118</b>	<b>3,941,391</b>
<b>Deductions</b>						
Benefits paid directly to participants	-	13,364,958	1,317,452	1,721,934	1,414,873	915,123
Administrative expenses	-	52,495	-	-	-	-
Other	-	398,597	400,496	-	355,144	-
Special item - transfer assets to LOPFI	-	45,046,633	-	-	-	-
<b>Total deductions</b>	<b>-</b>	<b>58,862,683</b>	<b>1,717,948</b>	<b>1,721,934</b>	<b>1,770,017</b>	<b>915,123</b>
<b>Income (Loss) Before Employee Directed Transfers</b>		<b>(56,416,018)</b>	<b>(2,741,842)</b>	<b>(1,523,071)</b>	<b>(1,681,899)</b>	<b>3,026,268</b>
<b>Net Increase (Decrease) in Net Position</b>	<b>(195,359)</b>	<b>(56,416,018)</b>	<b>(2,741,842)</b>	<b>(1,523,071)</b>	<b>(1,681,899)</b>	<b>3,026,268</b>
<b>Net Position Restricted for Pensions, Beginning of Year</b>	<b>1,574,058</b>	<b>58,037,245</b>	<b>18,795,267</b>	<b>12,837,971</b>	<b>8,208,243</b>	<b>53,127,792</b>
<b>Net Position Restricted for Pensions, End of Year</b>	<b>\$ 1,378,699</b>	<b>\$ 1,621,227</b>	<b>\$ 16,053,425</b>	<b>\$ 11,314,900</b>	<b>\$ 6,526,344</b>	<b>\$ 56,154,060</b>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

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.

<b>Governmental Activities</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense (Income)</b>
Firemen's Pension and Relief Fund	\$ 57,805,566	\$ 7,158,049	\$ -	\$ -
Police Pension	52,421,658	7,431,395	111,549	14,399,746
Nonuniformed Plan – Government Wide	2,532,149	930,876	-	213,979
Nonuniformed Plan – Fleet	178,740	65,709	-	15,104
2014 Defined Benefit Plan – Government Wide	6,816,432	4,972,012	1,502,967	4,201,727
2014 Defined Benefit Plan – Fleet	481,160	350,966	106,091	296,593
Police – LOPFI	70,073,033	29,381,515	2,144,571	14,825,482
Fire – LOPFI	65,951,155	27,697,375	1,924,810	14,186,563
APERS	264,552	53,630	458,795	(113,548)
	<u>\$ 256,524,445</u>	<u>\$ 78,041,527</u>	<u>\$ 6,248,783</u>	<u>\$ 48,025,646</u>
<b>Business-Type Activities *</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Pension Expense</b>
Nonuniformed Plan – Waste Disposal	\$ 238,320	\$ 87,611	\$ -	\$ 23,124
Nonuniformed Plan – Vehicle Storage	29,791	10,952	-	2,890
2014 Defined Benefit Plan – Waste Disposal	641,547	467,954	141,456	395,457
2014 Defined Benefit Plan – Vehicle Storage	80,193	58,494	17,682	49,432
	<u>989,851</u>	<u>625,011</u>	<u>159,138</u>	<u>470,903</u>
	<u>\$ 257,514,296</u>	<u>\$ 78,666,538</u>	<u>\$ 6,407,921</u>	<u>\$ 48,496,549</u>
<b>2014 Defined Benefit Plan Discretely Presented Component Units</b>	<u>\$ 1,072,881</u>	<u>\$ 802,906</u>	<u>\$ 236,816</u>	<u>\$ 661,336</u>

\* Same amounts for proprietary funds' financial statements

**A. Summary of Significant Accounting Policies**

Basis of Accounting

The City of Little Rock's financial statements for its defined benefit and defined contribution plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Determine Fair Value of Investments

The fair value of investments other than mutual funds is determined using quoted market prices. The fair value of investments in mutual funds is determined using the fund's current per share price.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

**B. Covered Employees Information**

Employees covered by benefit terms consisted of the following at the measurement date:

	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan	2014 Defined Benefit Plan	Police Pension
Retirees and beneficiaries receiving benefits	286	67	-	-	68	294
Termed vested benefit	-	-	265	-	89	-
Active plan members	-	6	20	20	1,057	-
Members on Deferred Retirement Option Plan (DROP)	1	-	-	-	-	7
Total	<u>287</u>	<u>73</u>	<u>285</u>	<u>20</u>	<u>1,214</u>	<u>301</u>

**C. Firemen's Pension and Relief Fund (Firemen's Fund)**

1. Plan Description and Funding Information

The **Firemen's Pension and Relief Fund (Firemen's 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 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 rest are held in a fiduciary fund with the City.

This plan transfer resulted in a plan change from single-employer to multi-employer and a related change in measurement date to a year in arrears.

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](http://www.lopfi-prb.com).

The Firemen's Fund provides retirement benefits for firemen who have completed 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.



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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 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. Additionally, the City contributes a percentage of the firemen's salaries, which amounted to 6% during 2018. The participants contributed 6% of their salaries in 2018. Participant contributions are returned without interest if the participant terminates covered employment. 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 \$6,253,162. The liability for the Firemen's Fund has typically been liquidated from the general fund.

2. 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, 2017 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 5% investment rate of return (net of administrative expenses), projected salary increases of 4.2% - 8.0%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2017, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the 1983 Group Annuity Table for males, set back five years for 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, 2017 actuarial valuation were based on the results of an actuarial experience study for the period 2007 through 2012.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. 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:

<b>Firemen's Pension and Relief Fund Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Domestic fixed income	80%	2.25%
Domestic equity	10%	4.75%
Foreign equity	0%	6.25%
Cash	10%	0.25%
	<u>100%</u>	

3. Discount Rate

The discount rate used to measure the total pension liability was 5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the 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 the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2018 was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Firemen's Fund as determined by the City at December 31, 2017:

<b>Changes in Net Pension Liability – Firemen's Plan</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 122,148,055	\$ 58,390,784	\$ 63,757,271
Charges for the year:			
Interest on total pension liability	5,807,041	-	5,807,041
Difference between expected and actual return	(97,808)	-	(97,808)
Benefit Payments, including refunds of employee contributions	(12,014,477)	(12,014,477)	-
Administrative expense	-	(39,957)	39,957
Contributions – member	-	3,388	(3,388)
Contributions – employer	-	5,683,879	(5,683,879)
Net investment income	-	5,512,667	(5,512,667)
Other	-	500,961	(500,961)
Net Changes	<u>(6,305,244)</u>	<u>(353,539)</u>	<u>(5,951,705)</u>
Balances as of end of year	<u>\$ 115,842,811</u>	<u>\$ 58,037,245</u>	<u>\$ 57,805,566</u>

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4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		<b>1% Decrease 4.0%</b>	<b>Current Discount Rate 5.0%</b>	<b>1% Increase 6.0%</b>
Firemen's Pension and Relief Fund	Net pension liability	\$ 67,675,759	\$ 57,805,566	\$ 49,173,513

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2018, the City did not recognize pension expense, as measured in accordance with GASB Statement No. 68, due to the change in measurement date and the insignificant effect of beginning net position from the change, and reported deferred outflows of resources related to pensions from the following sources for the Firemen's Fund, as determined by the City at December 31, 2018:

<b>Firemen's Pension and Relief Fund</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Investment Experience	\$ 904,887	\$ -
Contributions subsequent to the measurement date	<u>6,253,162</u>	<u>-</u>
Total	<u>\$ 7,158,049</u>	<u>\$ -</u>

At December 31, 2018, the City reported \$6,253,162 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction in the net pension liability for the year ending December 31, 2019. Other deferred outflows of resources related to the plan will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>Deferred Outflow of Resources</b>
2019	\$ 898,238
2020	898,238
2021	(301,326)
2022	<u>(590,263)</u>
Total	<u>\$ 904,887</u>

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**D. Police Pension**

1. 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 State of Arkansas Act #16, as amended. The majority of 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 rest are held in a fiduciary fund on the City's books.

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](http://www.lopfi-prb.com).

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

Contributions to the Police Pension are set forth in Arkansas statute. The City's contribution to the Police Pension consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. The City's contributions to the Plan for 2018 were \$7,683,405.

2. Actuarial Methods and Assumptions

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

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

For the December 31, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 7.00% investment rate of return (net of administrative expenses), projected salary increases of 3.75%, which includes an inflation rate of 2.75% and no costs of living increases. The remaining amortization period at December 31, 2018, was 23 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the RP-2000 Combined Mortality Table, projected to 2017, and set forward two years for men. 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, 2017 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

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:

<b>Police Pension Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Domestic fixed income	27%	0.78%
Domestic equity	42%	5.58%
Foreign equity	18%	7.38%
Alternatives	10%	6.23%
Cash	3%	0.00%
	<u>100%</u>	

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3. Discount Rate

The discount rate used to measure the total pension liability was 7 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the 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 the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2018 was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended are as follows for the Police Pension as determined by the City at December 31, 2018:

<b>Changes in Net Pension Liability – Police Pension</b>			
	<b>Total Pension Liability (a)</b>	<b>Net Position (b)</b>	<b>Liability (a) - (b)</b>
Balances as of beginning of year	\$ 90,467,270	\$ 42,185,534	\$ 48,281,736
Charges for the year:			
Interest on total pension liability	6,607,291	-	6,607,291
Difference between expected and actual return	1,089,772	-	1,089,772
Changes of assumptions	4,132,801	-	4,132,801
Change in benefit terms	4,833,941	-	4,833,941
Benefit Payments, including refunds of employee contributions	(10,423,792)	(10,423,792)	-
Administrative expense	-	(62,862)	62,862
Contributions – employer	-	7,683,405	(7,683,405)
Net investment income	-	4,903,340	(4,903,340)
Other	-	-	-
Net Changes	<u>6,240,013</u>	<u>2,100,091</u>	<u>4,139,922</u>
Balances as of end of year	<u>\$ 96,707,283</u>	<u>\$ 44,285,625</u>	<u>\$ 52,421,658</u>

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Police Pension			
Net pension liability	\$ 60,104,126	\$ 52,421,658	\$ 45,816,534

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5. Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2018, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$14,399,746, 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, 2018:

<b>Police Pension</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Investment Experience	\$ -	\$ 111,549
Contributions subsequent to the measurement date	7,431,395	-
Total	<u>\$ 7,431,395</u>	<u>\$ 111,549</u>

At December 31, 2018, the City reported \$7,431,395 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2019.

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

<b>Year Ending December 31,</b>	<b>Net Deferred Outflow of Resources</b>
2019	\$ 381,715
2020	251,839
2021	(306,161)
2022	(438,942)
Total	<u>\$ (111,549)</u>

***E. Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)***

1. Plan Description and Funding Information

The ***Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)*** is a single-employer defined benefit pension plan established under Arkansas state law. Benefit provisions are established and amended by City Ordinance #11088. Plan assets are administered by a Board of Trustees.

The Nonuniformed Plan provides retirement, disability and survivor benefits to participating employees and/or their beneficiaries or dependents who have met eligibility requirements set forth in the Plan's benefit provisions.

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Under the original provisions of the Nonuniformed Plan, participants and the City were required to contribute a certain percentage of the participant's salary. Effective January 1, 1978, the Plan was frozen. Contributions continued to be required through December 31, 1980. As of January 1, 1981, participants of the Nonuniformed Plan became participants in the City of Little Rock Nonuniformed Employees' Defined Contribution Plan (Defined Contribution Plan), which became effective for all regular, nonuniformed employees of the City as of that date. Currently, the only contributions the City makes to the Plan on an annual basis are those required to make the Plan actuarially sound. These contributions are made on a one year lag. Contributions during 2018 were \$540,783. Administrative costs are financed by the Nonuniformed Plan Fund. The liability for the Nonuniformed Plan has typically been liquidated from the general fund, fleet, waste disposal, and vehicle storage funds.

2. 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, 2018 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 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2018, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. 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, 2018 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.



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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation of the plan and the long-term expected real rates of return are shown in the table below:

<b>Nonuniformed Defined Benefit Plan Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	<u>100%</u>	

3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the 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 the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2018 was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the Nonuniformed Plan as determined by the City at December 31, 2018:

<b>Changes in Net Pension Liability – Nonuniformed Plan</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 15,003,603	\$ 12,837,971	\$ 2,165,632
Charges for the year:			
Service Cost	7,561	-	7,561
Interest on total pension liability	919,271	-	919,271
Transfers from DC plan	400,496	400,496	-
Difference between expected and actual return	(315,097)	-	(315,097)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,721,934)	(1,721,934)	-
Administrative expense	-	(18,093)	18,093
Contributions – employer	-	540,783	(540,783)
Net investment income	-	(724,323)	724,323
Other	-	-	-
Net Changes	<u>(709,703)</u>	<u>(1,523,071)</u>	<u>813,368</u>
Balances as of end of year	<u>\$ 14,293,900</u>	<u>\$ 11,314,900</u>	<u>\$ 2,979,000</u>

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities), and Vehicle Storage (business-type activities) on the basis of covered payroll, as shown on the following four schedules:

<b>Changes in Net Pension Liability – Nonuniformed Plan (Government-Wide)</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 12,753,063	\$ 10,912,275	\$ 1,840,787
Charges for the year:			
Service Cost	6,426	-	6,426
Interest on total pension liability	781,380	-	781,380
Transfers from DC plan	340,422	340,422	-
Difference between expected and actual return	(267,832)	-	(267,832)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,463,644)	(1,463,644)	-
Administrative expense	-	(15,379)	15,379
Contributions – employer	-	459,666	(459,666)
Net investment income	-	(615,675)	615,675
Other	-	-	-
Net Changes	<u>(603,249)</u>	<u>(1,294,610)</u>	<u>691,362</u>
Balances as of end of year	<u>\$ 12,149,814</u>	<u>\$ 9,617,665</u>	<u>\$ 2,532,149</u>

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**Changes in Net Pension Liability – Nonuniformed Plan (Waste Disposal)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 1,200,288	\$ 1,027,038	\$ 173,251
Charges for the year:			
Service Cost	605	-	605
Interest on total pension liability	73,542	-	73,542
Transfers from DC plan	32,040	32,040	-
Difference between expected and actual return	(25,208)	-	(25,208)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(137,755)	(137,755)	-
Administrative expense	-	(1,447)	1,447
Contributions – employer	-	43,263	(43,263)
Net investment income	-	(57,946)	57,946
Other	-	-	-
Net Changes	<u>(56,776)</u>	<u>(121,846)</u>	<u>65,069</u>
Balances as of end of year	<u>\$ 1,143,512</u>	<u>\$ 905,192</u>	<u>\$ 238,320</u>

**Changes in Net Pension Liability – Nonuniformed (Fleet)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 900,216	\$ 770,278	\$ 129,938
Charges for the year:			
Service Cost	454	-	454
Interest on total pension liability	55,156	-	55,156
Transfers from DC plan	24,030	24,030	-
Difference between expected and actual return	(18,906)	-	(18,906)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(103,316)	(103,316)	-
Administrative expense	-	(1,086)	1,086
Contributions – employer	-	32,447	(32,447)
Net investment income	-	(43,459)	43,459
Other	-	-	-
Net Changes	<u>(42,582)</u>	<u>(91,384)</u>	<u>48,802</u>
Balances as of end of year	<u>\$ 857,634</u>	<u>\$ 678,894</u>	<u>\$ 178,740</u>

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<b>Changes in Net Pension Liability – Nonuniformed Plan (Vehicle Storage)</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 150,036	\$ 128,380	\$ 21,656
Charges for the year:			
Service Cost	76	-	77
Interest on total pension liability	9,193	-	9,193
Transfers from DC plan	4,005	4,005	-
Difference between expected and actual return	(3,151)	-	(3,151)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(17,219)	(17,219)	-
Administrative expense	-	(181)	181
Contributions – employer	-	5,408	(5,408)
Net investment income	-	(7,243)	7,243
Other	-	-	-
Net Changes	<u>(7,097)</u>	<u>(15,231)</u>	<u>8,135</u>
Balances as of end of year	<u>\$ 142,939</u>	<u>\$ 113,149</u>	<u>\$ 29,791</u>

4. Sensitivity to Discount Rate Changes

The following presents the City’s net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease 5.5%</b>	<b>Current Discount Rate 6.5%</b>	<b>1% Increase 7.5%</b>
Nonuniformed Employees’ Defined Benefit Pension Plan			
Net pension liability	\$ 4,095,618	\$ 2,979,000	\$ 1,986,856

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5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$255,097, and reported deferred outflows of resources related to pensions from the following source for the Nonuniformed Plan, as determined by the City at December 31, 2018:

Nonuniformed Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 1,095,148	\$ -
Total	<u>\$ 1,095,148</u>	<u>\$ -</u>

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

Year Ending December 31,	Net Reduction in Pension Expense
2019	\$ 399,829
2020	209,806
2021	185,065
2022	<u>300,448</u>
Total	<u>\$ 1,095,148</u>

**F. 2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)**

1. Plan Description and Funding Information

The **2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)** is a single-employer defined benefit pension plan established under Arkansas state law. Benefit provisions are established by City Ordinance #20778.

The 2014 Defined Benefit Plan provides retirement, disability and survivor benefits to participating employees and/or their beneficiaries or dependents who have met eligibility requirements set forth in the Plan's benefit provisions.

Under the provisions of the 2014 Defined Benefit Plan, the City contributes 9% of the participant's salary. The participants contribute 4.5% of their salaries. City contributions during 2018 were \$4,138,261. Contributions to the plan are made from various city governmental and business type funds.

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2. 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, 2018 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 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and various future weighted average rates of cost of living adjustments (COLA) were calculated and it was decided to use a 1.5% COLA as a single point estimate of the two-thirds CPI described in the plan. The remaining amortization period at December 31, 2018, was 15 years using a level percent of salary basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. 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, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

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 shown in the table below:

<b>2014 Defined Benefit Plan Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	<hr/> <hr/> 100%	

**City of Little Rock, Arkansas**  
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3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the 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 the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2018 was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended are as follows for the 2014 Defined Benefit Plan as determined by the City at December 31, 2018:

<b>Changes in Net Pension Liability – 2014 DB Plan</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 55,533,974	\$ 53,127,792	\$ 2,406,182
Charges for the year:			
Service Cost	5,353,447	-	5,353,447
Interest on total pension liability	3,809,455	-	3,809,455
Difference between expected and actual return	(226,568)	-	(226,568)
Changes of assumptions	471,274	-	471,274
Benefit Payments, including refunds of employee contributions	(915,123)	(915,123)	-
Administrative expense	-	(99,461)	99,461
Contributions – employer	-	4,138,261	(4,138,261)
Contributions – member	-	2,069,065	(2,069,065)
Service Purchases	1,219,814	1,219,814	-
Net investment income	-	(3,389,302)	3,389,302
Other	-	3,014	(3,014)
Net Changes	<u>9,712,299</u>	<u>3,026,268</u>	<u>6,686,031</u>
Balances as of end of year	<u>\$ 65,246,273</u>	<u>\$ 56,154,060</u>	<u>\$ 9,092,213</u>

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities), Vehicle Storage (business-type activities), Advertising and Promotion Commission (component unit), Workforce Investment Board (component unit) and Little Rock Port Authority (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 88.2%, the Advertising and Promotion Commission's proportionate share was 11.3%, the Workforce Investment Board's proportionate share was 0.4%, and the Little Rock Port Authority's proportionate share was 0.1%, as shown on the following seven schedules. There were no changes in proportionate share from prior year to current year.

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**Changes in Net Pension Liability – City of Little Rock Government-Wide**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 41,916,414	\$ 40,112,499	\$ 1,803,915
Charges for the year:			
Service Cost	4,013,479	-	4,013,479
Interest on total pension liability	2,855,948	-	2,855,948
Difference between expected and actual return	(169,858)	-	(169,858)
Changes of assumptions	353,314	-	353,314
Benefit Payments, including refunds of employee contributions	(686,068)	(686,068)	-
Administrative expense	-	(74,566)	74,566
Contributions – employer	-	3,102,454	(3,102,454)
Contributions – member	-	1,551,178	(1,551,178)
Service Purchases	914,495	914,495	-
Net investment income	-	(2,540,960)	2,540,960
Other	-	2,261	(2,261)
Net Changes	<u>7,281,311</u>	<u>2,268,794</u>	<u>5,012,516</u>
Balances as of end of year	<u>\$ 49,197,724</u>	<u>\$ 42,381,293</u>	<u>\$ 6,816,431</u>

**Changes in Net Pension Liability – City of Little Rock Waste Disposal**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 3,945,074	\$ 3,775,294	\$ 169,780
Charges for the year:			
Service Cost	377,739	-	377,739
Interest on total pension liability	268,795	-	268,795
Difference between expected and actual return	(15,987)	-	(15,987)
Changes of assumptions	33,253	-	33,253
Benefit Payments, including refunds of employee contributions	(64,571)	(64,571)	-
Administrative expense	-	(7,018)	7,018
Contributions – employer	-	291,996	(291,996)
Contributions – member	-	145,993	(145,993)
Service Purchases	86,070	86,070	-
Net investment income	-	(239,149)	239,149
Other	-	213	(213)
Net Changes	<u>685,300</u>	<u>213,533</u>	<u>471,766</u>
Balances as of end of year	<u>\$ 4,630,374</u>	<u>\$ 3,988,827</u>	<u>\$ 641,547</u>



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**Changes in Net Pension Liability – City of Little Rock Fleet**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 2,958,806	\$ 2,831,471	\$ 127,335
Charges for the year:			
Service Cost	283,304	-	283,304
Interest on total pension liability	201,596	-	201,596
Difference between expected and actual return	(11,990)	-	(11,990)
Changes of assumptions	24,940	-	24,940
Benefit Payments, including refunds of employee contributions	(48,428)	(48,428)	-
Administrative expense	-	(5,263)	5,263
Contributions – employer	-	218,997	(218,997)
Contributions – member	-	109,495	(109,495)
Service Purchases	64,553	64,553	-
Net investment income	-	(179,362)	179,362
Other	-	160	(160)
Net Changes	<u>513,975</u>	<u>160,150</u>	<u>353,825</u>
Balances as of end of year	<u>\$ 3,472,781</u>	<u>\$ 2,991,621</u>	<u>\$ 481,160</u>

**Changes in Net Pension Liability – City of Little Rock Vehicle Storage**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 493,134	\$ 471,912	\$ 21,223
Charges for the year:			
Service Cost	47,217	-	47,217
Interest on total pension liability	33,599	-	33,599
Difference between expected and actual return	(1,998)	-	(1,998)
Changes of assumptions	4,157	-	4,157
Benefit Payments, including refunds of employee contributions	(8,071)	(8,071)	-
Administrative expense	-	(877)	877
Contributions – employer	-	36,499	(36,499)
Contributions – member	-	18,249	(18,249)
Service Purchases	10,759	10,759	-
Net investment income	-	(29,894)	29,894
Other	-	27	(27)
Net Changes	<u>85,662</u>	<u>26,692</u>	<u>58,971</u>
Balances as of end of year	<u>\$ 578,797</u>	<u>\$ 498,603</u>	<u>\$ 80,193</u>

**City of Little Rock, Arkansas**  
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**Changes in Net Pension Liability – Advertising and Promotion Commission**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 5,902,652	\$ 5,630,754	\$ 271,898
Charges for the year:			
Service Cost	604,940	-	604,940
Interest on total pension liability	430,468	-	430,468
Difference between expected and actual return	(25,602)	-	(25,602)
Changes of assumptions	53,254	-	53,254
Benefit Payments, including refunds of employee contributions	(103,409)	(103,409)	-
Administrative expense	-	(11,239)	11,239
Contributions – employer	-	467,623	(467,623)
Contributions – member	-	233,804	(233,804)
Service Purchases	137,839	137,839	-
Net investment income	-	(382,991)	382,991
Other	-	341	(341)
Net Changes	<u>1,097,490</u>	<u>341,968</u>	<u>755,522</u>
Balances as of end of year	<u>\$ 7,000,142</u>	<u>\$ 5,972,722</u>	<u>\$ 1,027,420</u>

**Changes in Net Pension Liability – Workforce Investment Board**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 262,357	\$ 252,733	\$ 9,624
Charges for the year:			
Service Cost	21,414	-	21,414
Interest on total pension liability	15,238	-	15,238
Difference between expected and actual return	(906)	-	(906)
Changes of assumptions	1,885	-	1,885
Benefit Payments, including refunds of employee contributions	(3,660)	(3,660)	-
Administrative expense	-	(398)	398
Contributions - employer	-	16,553	(16,553)
Contributions - member	-	8,276	(8,276)
Service Purchases	4,879	4,879	-
Net investment income	-	(13,557)	13,557
Other	-	11	(11)
Net Changes	<u>38,849</u>	<u>12,104</u>	<u>26,745</u>
Balances as of end of year	<u>\$ 301,206</u>	<u>\$ 264,837</u>	<u>\$ 36,369</u>

Note: The Workforce Investment Board follows standards established by the Financial Accounting Standards Board and is not required to record the net pension liability.

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<b>Changes in Net Pension Liability – Little Rock Port Authority</b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of beginning of year	\$ 55,534	\$ 53,128	\$ 2,406
Charges for the year:			
Service Cost	5,353	-	5,353
Interest on total pension liability	3,809	-	3,809
Difference between expected and actual return	(227)	-	(227)
Changes of assumptions	471	-	471
Benefit Payments, including refunds of employee contributions	(915)	(915)	-
Administrative expense	-	(99)	99
Contributions – employer	-	4,138	(4,138)
Contributions – member	-	2,069	(2,069)
Service Purchases	1,220	1,220	-
Net investment income	-	(3,389)	3,389
Other	-	3	(3)
Net Changes	<u>9,712</u>	<u>3,026</u>	<u>6,686</u>
Balances as of end of year	<u>\$ 65,246</u>	<u>\$ 56,154</u>	<u>\$ 9,092</u>

Note: The net pension liability was immaterial to the Little Rock Port Authority's financial statements and was not recorded in their financial statements.

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		<b>1% Decrease 5.5%</b>	<b>Current Discount Rate 6.5%</b>	<b>1% Increase 7.5%</b>
<b>2014 Defined Benefit Pension Plan</b>				
City of Little Rock	Net pension liability	\$ 16,863,927	\$ 8,019,332	\$ 823,166
Advertising & Promotion Commission	Net pension liability	2,160,571	1,027,420	105,462
Workforce Investment Board	Net pension liability	76,480	36,369	3,733
Little Rock Port Authority	Net pension liability	<u>19,120</u>	<u>9,092</u>	<u>933</u>
		<u>\$ 19,120,098</u>	<u>\$ 9,092,213</u>	<u>\$ 933,294</u>

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

For the year ended December 31, 2018, the City and its component units recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$5,604,545, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the 2014 Defined Benefit Plan, as determined by the City at December 31, 2018:

<b>2014 Defined Benefit Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 1,676,956
Changes of assumptions	1,087,407	62,154
Changes of proportion	29,017	29,086
Net difference between expected and actual investment earnings on pension plan investments	<u>4,733,002</u>	<u>-</u>
Total	<u>\$ 5,849,426</u>	<u>\$ 1,768,196</u>
<b>Advertising and Promotion Commission</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 214,848
Changes of assumptions	139,316	7,963
Changes of proportion	24,212	-
Net difference between expected and actual investment earnings on plan investments	<u>606,382</u>	<u>-</u>
Total	<u>\$ 769,911</u>	<u>\$ 222,811</u>
<b>Workforce Investment Board</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 7,605
Changes of assumptions	4,932	282
Changes of proportion	-	4,146
Net difference between expected and actual investment earnings on plan investments	<u>21,465</u>	<u>-</u>
Total	<u>\$ 26,396</u>	<u>\$ 12,033</u>
<b>Little Rock Port Authority</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 1,901
Changes of assumptions	1,233	70
Net difference between expected and actual investment earnings on plan investments	<u>5,366</u>	<u>-</u>
Total	<u>\$ 6,599</u>	<u>\$ 1,972</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,	2014 Defined Benefit Plan Net Deferred Outflow of Resources	Advertising and Promotion Commission Net Deferred Outflow of Resources	Workforce Investment Board Net Deferred Outflow of Resources	Little Rock Port Authority Net Deferred Outflow of Resources
2019	1,429,333	186,779	5,791	1,620
2020	956,914	126,254	3,649	1,085
2021	799,197	106,056	2,934	907
2022	1,146,299	150,520	4,507	1,299
2023	(100,298)	(9,194)	(1,146)	(114)
Total thereafter	<u>(150,215)</u>	<u>(13,315)</u>	<u>(1,372)</u>	<u>(170)</u>
Total	<u>\$ 4,081,230</u>	<u>\$ 547,100</u>	<u>\$ 14,363</u>	<u>\$ 4,627</u>

**Local Police and Fire Retirement System (LOPFI)**

The *Local Police and Fire Retirement System (LOPFI)* is a statewide cost-sharing multiple-employer defined benefit pension plan that provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the 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](http://www.lopfi-prb.com) or by contacting the following:

Arkansas Local Police and Fire Retirement System  
P.O. Drawer 34164  
Little Rock, Arkansas 72203  
501.682.1745

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 19.23% for participating policemen and 22.58% for participating firemen. City contributions for 2018 to the Plan were \$14,962,459.

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

At December 31, 2018, the LOPFI Police and LOPFI Fire reported a liability of \$70,073,033 and \$65,951,155, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The City's proportionate share was 9.86114% and 9.28109% respectively, for LOPFI Police and LOPFI Fire compared to 9.8034% and 9.3431%, respectively, for the prior year. The allocation percentages are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended December 31, 2017. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

For the year ended December 31, 2018 the LOPFI Police and LOPFI Fire recognized pension expense of \$14,825,482 and \$14,186,563, respectively. At December 31, 2018, LOPFI Police and LOPFI Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>LOPFI – Police</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 3,508,143	\$ 6,068
Assumption changes	17,914,835	-
Change in proportion	124,218	502,186
Net difference between expected and actual investment earnings on pension plan investments	-	1,636,317
Contributions subsequent to the measurement date	7,834,319	-
Total	<u>\$ 29,381,515</u>	<u>\$ 2,144,571</u>

<b>LOPFI – Fire</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 3,301,781	\$ 5,707
Assumption changes	16,861,041	-
Change in proportion	406,413	379,036
Net difference between expected and actual investment earnings on pension plan investments	-	1,540,067
Contributions subsequent to the measurement date	7,128,140	-
Total	<u>\$ 27,697,375</u>	<u>\$ 1,924,810</u>

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At December 31, 2018, LOPFI Police and LOPFI Fire reported \$7,834,319 and \$7,128,140 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police Net Deferred Outflow of Resources	LOPFI Fire Net Deferred Outflow of Resources
2019	\$ 7,655,457	\$ 7,537,158
2020	7,321,252	7,218,645
2021	3,958,695	4,013,976
2022	216,095	203,385
2023	251,126	(328,739)
Total	<u>\$ 19,402,625</u>	<u>\$ 18,644,425</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>LOPFI – Police</u>	<u>LOPFI – Fire</u>
Wage inflation	3.75%	3.75%
Price inflation	2.75%	2.75%
Salary increases	4.25% - 18.75%, including inflation	4.25% - 18.75%, including inflation
Investment rate of return	7.75%	7.75%
Actuarial cost method	Entry age normal 5-year smoothed	Entry age normal 5-year smoothed
Asset valuation method	market; 20%	market; 20%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table Projected to 2017 Table, set forward two years for men.

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future 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 weighting 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, 2017, these best estimates are summarized in the following table:

<b>LOPFI – Police and Fire Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Fixed income	27%	0.78%
Domestic equity	42%	5.58%
Foreign equity	18%	7.38%
Alternative investments	10%	6.23%
Cash	3%	0.00%
	<u>100%</u>	

**Discount Rate**

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments. 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City’s net pension liability, calculated using a single discount rate of 7.00 percent, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

		<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
<b>Local Police and Fire Retirement System (LOPFI)</b>				
LOPFI – Police	Net pension liability	\$ 110,369,165	\$ 70,073,033	\$ 37,597,571
LOPFI – Fire	Net pension liability	<u>103,877,052</u>	<u>65,951,155</u>	<u>35,386,014</u>
		<u>\$ 214,246,217</u>	<u>\$ 136,024,188</u>	<u>\$ 72,983,585</u>



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***Arkansas Public Employees Retirement System (APERS)***

The following plan description of the Arkansas Public Employees Retirement System (APERS) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information. Detailed information about the pension plan fiduciary net pension is available in a separately issued APERS financial report. That report may be obtained from the internet at [www.apers.org](http://www.apers.org).

APERS is a cost-sharing multiple-employer defined benefit pension plan, which provides benefits for the City's municipal judges and court clerks. 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 (the 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.

Contributions are set forth in Arkansas statute. The City is required to contribute at an actuarially determined rate, which was 25.55% for district judges and 14.50% for court clerks. City contributions for 2018 to the Plan were \$34,459.

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

At December 31, 2018, the City reported a liability of \$264,522 for its proportionate share of the net pension liability. The City's proportionate share was .01199273%, compared to 0.2944190% for the prior year. The net pension liability was measured as of June 30, 2018, 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, 2018.

**City of Little Rock, Arkansas**  
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For the year ended December 31, 2018, the City recognized a reduction of pension expense of \$113,548. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>APERS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 4,207	\$ 2,597
Change in assumptions	30,131	16,361
Net difference between expected and actual investment earnings on pension plan investments	-	6,694
Change in proportion	1,528	433,143
Contributions subsequent to the measurement date	<u>17,764</u>	<u>-</u>
Total	<u>\$ 53,630</u>	<u>\$ 458,795</u>

At December 31, 2018, APERS reported \$17,764 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>APERS Net Deferred Outflow of Resources</b>
2019	\$ 19,153
2020	8,450
2021	(13,282)
2022	(5,845)
2023	<u>(431,405)</u>
Total	<u>\$ (422,929)</u>

**Actuarial Assumptions**

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

**City of Little Rock, Arkansas**  
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The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>APERS</u>
Valuation	June 30, 2018
Actuarial Cost Method	Entry Age Normal
	Level Percent-of-
Amortization Method	Payroll
Remaining Amortization	21 year closed
	4-Year Smoothed
	Market with 25%
Asset Valuation Method	Corridor
Investment rate of return	7.15%
Projected salary increase	3.25%-9.85%
Inflation	3.25%
	3.0% Annual
Cost of living adjustments	Compounded

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, 2018 are summarized in the table below:

<u>APERS Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Broad domestic equity	37%	5.97%
International equity	24%	6.54%
Real assets	16%	4.59%
Absolute return	5%	3.15%
Domestic fixed	18%	0.83%
	<u>100%</u>	

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City’s net pension liability, calculated using a single discount rate of 7.15 percent, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

			<b>1% Decrease 6.15%</b>		<b>Current Discount Rate 7.15%</b>		<b>1% Increase 8.15%</b>
APERS	Net pension liability	\$	432,529	\$	264,552	\$	125,984

**Defined Contribution Plans**

The *Nonuniformed Employees’ Defined Contribution Plan (Nonuniformed Contribution Plan)* is a defined contribution plan administered by an independent fiduciary agent, but governed by a Board of Trustees consisting of City officials. The Nonuniformed Contribution Plan provides retirement, disability and survivor benefits for nonuniformed full-time employees who have met eligibility requirements as defined by the Plan, with the exception of certain executives and officials who are enrolled in alternate plans. The Nonuniformed Contribution Plan began on January 1, 1981; benefit provisions are established by City Resolution #6482, as amended. The amount of benefits to be paid to any participant depends solely on amounts contributed to the Plan plus investment earnings.

The Plan requires that employees contribute no less than 3.5% and may contribute an additional 10% of their base salary. Only contributions up to 3.5% are pre-tax. The City is required to contribute 4% of covered payroll each pay period. Participants become fully vested in employer contributions and investment earnings credited to their account after five years of service. Nonvested City contributions and investment earnings are forfeited when participants leave covered employment and are transferred to a separate account, which may be used to reduce City contributions. During 2018, City pension expense for its contributions to the Plan was \$1,317,452.

**City of Little Rock, Arkansas**  
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The *401(a) Money Purchase and Trust Retirement Fund* is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City’s required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established, and can be amended, by action of the City’s Board of Directors. During 2018, City pension expense for its contributions to the Plan was \$1,414,873.

**Note 7: Other Postemployment Benefits**

***General Information about the OPEB Plan***

*Plan Description:* The City of Little Rock sponsors and administers an informal single-employer defined benefit other postemployment benefit health care plan (Health Management Trust Fund). 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 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.

*Employees covered by benefit terms:* At December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	205
Inactive plan member entitled to but not receiving benefit payments	-
Active plan members	1,908
	2,113

**City of Little Rock, Arkansas**  
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*Contributions:* The contribution requirements of plan members are established by the City and may be amended as needed for the first six months of retirement. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City’s health insurance plan. After paying full premiums for six months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). Retired participants pay monthly premiums between \$115 for single coverage and \$817 for family coverage. Contributions to the Plan by the City for the year ended December 31, 2018 were \$1,226,087.

**Investments**

*Investment Policy.* The plan’s policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2018 is as follows:

Asset Class	Target Allocation Policy
Fixed Income	20%
Money Market	3%
Mutual Funds	40%
Equity	37%

*Rate of return.* For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was -6.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The City’s net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.00%
Healthcare cost trend rates	6.5% in year 1, graded downward 0.5% per year to 4.0% in year 6 and later.

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For 2018, estimated initial year claims costs were used compared to using expected premiums paid in 2017. Mortality rates were based on the RP-2014 Mortality Table, with adjustments for mortality improvements based on scale MP-2018. In 2017, the Plan changed the mortality table improvement scale from MP-2017 to MP-2018.

The long-term expected rate of return on OPEB plan investments used is a proxy for annual long-term asset returns that are expected based on this allocation. In order to demonstrate the sufficiency of the 7.0% annual return assumption, the Plan has assumed that the mutual fund investments reflect both equities and fixed income investments.

The long-term expected rate of return on OPEB 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 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 target asset allocation (see the discussion of the Plan’s investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	1.5%
Money Market	0.5%
Mutual Funds	2.8%
Equity	8.5%

*Discount rate.* The discount rate used to measure the total OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**City of Little Rock, Arkansas**  
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*Net OPEB Liability of the City:* The components of the net OPEB liability of the City at December 31, 2018, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 1/1/18</b>	\$ 14,785,501	\$ 4,350,679	\$ 10,434,822
Changes for the year:			
Service cost	497,628	-	497,628
Interest	996,425	-	996,425
Differences between expected and actual experience	(333,893)	-	(333,893)
Changes of assumptions	6,512,888	-	6,512,888
Contributions - employer	-	1,226,087	(1,226,087)
Net investment income	-	(265,832)	265,832
Benefit payments	(789,620)	(789,620)	-
Administrative expense	-	(46,135)	46,135
Net changes	<u>6,883,428</u>	<u>124,500</u>	<u>6,758,928</u>
<b>Balances at 12/31/18</b>	<u>\$ 21,668,929</u>	<u>\$ 4,475,179</u>	<u>\$ 17,193,750</u>

Plan fiduciary net position as a percentage  
of the total OPEB liability 20.7%

*Sensitivity of the net OPEB liability to changes in the discount rate:* The following presents the net OPEB liability of the Health Management Trust Fund, as well as what the Health Management Trust Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate of 7.0%:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 18,947,425	\$ 17,193,750	\$ 15,632,653

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:* The following presents the net OPEB liability of Health Management Trust Fund, as well as what Health Management Trust Fund's net OPEB liability would be if calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.5% - 3.0%)	Healthcare Cost Trend Rates (6.5% - 4.0%)	1% Increase (7.5% - 5.0%)
Net OPEB liability	\$ 15,520,606	\$ 17,193,750	\$ 19,090,669



**City of Little Rock, Arkansas**  
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*OPEB plan fiduciary net position.* The statement of fiduciary net position and the statement of changes in fiduciary net position for the Health Management Trust Fund (OPEB) are below:

	<b>Health Management Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 127,429
Investments	
Equities	1,869,555
Mutual funds and other investments	<u>2,478,195</u>
Total assets	<u>4,475,179</u>
<b>Net Position</b>	
Net position restricted for other employee benefits	<u>\$ 4,475,179</u>
<b>Additions</b>	
Contributions	
Employer	<u>\$ 1,226,087</u>
Total contributions	<u>1,226,087</u>
Investment income (loss)	
Net increase (decrease) in fair value of investments	(349,889)
Gain (loss) on sale of investments	(39,563)
Interest and dividends	<u>123,620</u>
Net investment income (loss)	<u>(265,832)</u>
Total additions	<u>960,255</u>
<b>Deductions</b>	
Benefits paid directly to participants	789,620
Administrative expenses	<u>46,135</u>
Total deductions	<u>835,755</u>
<b>Net Increase in Net Position</b>	124,500
<b>Net Position Restricted for Other Employee Benefits, Beginning of Year</b>	<u>4,350,679</u>
<b>Net Position Restricted for Other Employee Benefits, End of Year</b>	<u>\$ 4,475,179</u>

**City of Little Rock, Arkansas**  
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***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2018, the City recognized OPEB expense of \$1,913,351. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 437,612
Changes of assumptions	5,868,048	-
Net difference between expected and actual investment earnings on OPEB plan investments	<u>475,920</u>	<u>-</u>
Total	<u>\$ 6,343,968</u>	<u>\$ 437,612</u>

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

<b><u>Year Ending December 31,</u></b>	
2019	\$ 712,325
2020	712,325
2021	712,326
2022	715,016
2023	594,018
Thereafter	<u>2,460,346</u>
Total	<u>\$ 5,906,356</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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**Note 8: Risk Management**

***Workers' Compensation***

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2017, to December 31, 2018:

Liability balance, January 1, 2017		\$	1,300,492
Claims and changes in estimates			1,183,573
Claims payments			<u>(696,963)</u>
Liability balance, December 31, 2017			1,787,102
Claims and changes in estimates			2,490,702
Claims payments			<u>(2,245,833)</u>
Liability balance, December 31, 2018		\$	<u><u>2,031,971</u></u>

***Insurance Coverage***

The City and its component units have various insurance policies to cover their potential liability risk areas, *i.e.*, automobile, personal property, contents and outside structures and workers' compensation. The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2017 to 2018; nor have settlement amounts exceeded insurance coverage for each of the past three years.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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**Note 9: Property Taxes**

City property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner. If proceeds from the sale are sufficient to cover all claims, the City will collect on the past due property taxes. Pulaski County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2018, property taxes receivable and related deferred inflows of resources of \$59,423,785 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. The government-wide financial statements also include \$8,401,356 in the other current liabilities, which is the 1 mil property tax levy for the Policemen’s & Fireman’s pension and relief and fund. This revenue is due to the closed Policemen’s pension and relief fund administered by the Local Police and Fire Retirement System (LOPFI). In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

Mileages available to finance City operations and for other purposes are as follows:

<b>Description</b>	<b>Millage Limit</b>	<b>Levied 2017 for 2018 Collections</b>
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.80	1.80
Firemen’s relief and pension fund	1.00	1.00
Policemen’s pension and relief fund	1.00	1.00
Roads	1.45	1.45
<b>Total</b>	<b>16.55</b>	<b>16.55</b>

**City of Little Rock, Arkansas**  
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**Note 10: Landfill Closure and Postclosure Care Cost**

Federal and state laws and regulations require the Solid Waste Landfill to close the landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$5,614,005 is based on 21% use of Class I Waste total constructed capacity, and 35.8% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$10,654,011 for final closure and postclosure of the entire landfill, which is expected to close in or about the year 2065. These amounts are based on engineering estimates of what it would cost to perform all closure and postclosure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency’s Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

**Note 11: Other Required Disclosures**

The following enterprise fund has a deficit net position as of December 31, 2018:

<b>Fund</b>	<b><u>Deficit Amount</u></b>
Vehicle Storage	<u>\$ (446,731)</u>
Total deficit net position	<u><u>\$ (446,731)</u></u>

The deficit net position is the result of revenues inadequate to cover expenses, including depreciation, in the current and/or prior years.

**Note 12: Contingencies**

The City participates in several federal financial assistance programs. The City’s grant programs have been audited in accordance with the provisions of the *Single Audit Act of 1984*, as amended by the *Single Audit Act Amendments of 1996*, and are subject to resolution of previously identified questioned costs. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time.

# **City of Little Rock, Arkansas**

## **Notes to Financial Statements**

### **December 31, 2018**

The City has an ongoing agreement with the Central Arkansas Transit Authority (CATA) to finance 72% of its operating deficits. The City could continue to be required to fund CATA's operating deficits if the current level of services is to be maintained in the future.

The City is a member of the Arkansas Municipal Legal Defense Program (AMLDP), which provides extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and their officials and employees; which will not exceed 25% of the Program's available funds at the time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. In the opinion of the City Attorney, the amount of financial exposure to the City as a result of litigation matters handled by the Program is not significant to the City.

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts and alleged violations of state and federal laws. It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current status of all of the legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

#### **Note 13: Conduit Debt Obligations**

From time to time, the City has issued economic development and other revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial, health care facilities and other deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither, the City, the State nor any political subdivision thereof, is obligated in any manner for repayment of the bonds.

As of December 31, 2018, the aggregate principal amount payable on these bonds was approximately \$111,953,429.

#### **Note 14: Jointly Governed Organization**

In 2001, the City of Little Rock and the City of North Little Rock entered into an agreement to create an entity to own and operate a consolidated water system. The created entity serves customers located within the corporate limits of the City parties. Under GASB 14, the entity is considered a jointly governed organization.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 15: Fund Balance**

The City classified governmental fund balances as follows:

	General Fund	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)	Street	2018 Hotel Gross Receipts Tax Bonds	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>								
Nonspendable								
Inventory	\$ 123,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,507	\$ 864,464
Prepays	1,796,405	-	-	-	6,635	-	37,631	1,840,671
Trust principal	-	-	-	-	-	-	250,000	250,000
Restricted								
Debt service	-	-	13,546,739	-	-	-	8,337,617	21,884,356
Capital improvements	-	28,874,214	-	43,082,182	-	31,239,980	1,672,737	104,869,113
Streets & Drainage Infrastructure	-	-	-	-	22,497,341	-	-	22,497,341
Grants	-	-	-	-	-	-	1,166,464	1,166,464
Emergency 911	-	-	-	-	-	-	411,620	411,620
Special Projects	-	-	-	-	-	-	3,347,788	3,347,788
Committed								
Cable network	44,839	-	-	-	-	-	-	44,839
Assigned								
General fund special projects	9,608,799	-	-	-	-	-	-	9,608,799
Unassigned	22,175,496	-	-	-	-	-	-	22,175,496
<b>Total Fund Balances</b>	<b>\$ 33,749,496</b>	<b>\$ 28,874,214</b>	<b>\$ 13,546,739</b>	<b>\$ 43,082,182</b>	<b>\$ 22,503,976</b>	<b>\$ 31,239,980</b>	<b>\$ 15,964,364</b>	<b>\$ 188,960,951</b>

**Note 16: Tax Abatement**

The City of Little Rock has eleven (11) active Payment in Lieu of Taxes Agreements (PILOTS) associated with the issuance of industrial development bonds under the provisions of the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. §§ 14-164-201 to 224, for the purpose of financing substantial industrial projects consisting of the acquisition of land, construction of buildings, and acquisition and installation of equipment located within the City (the “project”). The project is leased by the City to the company that will be utilizing the bond proceeds, pursuant to one or more lease agreements (collectively, the “Lease”), for rentals sufficient to pay debt service on the bonds. The Lease provides that the company is obligated to pay all taxes and assessments levied and assessed on the project during the term of the Lease. The company is informed and understands that, notwithstanding the provisions of the lease, under Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Arkansas Supreme Court in *Wayland v. Snapp*, 233 Ark. 57, 334 S.W.2nd 633 (1960), and *Pulaski County v. Jacuzzi Bros. Div.*, 332 Ark. 91, 964 S.W.2nd 788 (1998), and Ark. Code Ann. §§ 14-164-701 to 703, the project will be exempt from ad valorem taxes because it is owned by the City and used for a public purpose within the meaning of the applicable Constitutional and statutory provisions affording the exemption. Thus, the company understands that it, as Lessee of the project owned by the City, will, in fact, pay no ad valorem taxes on the project property under the provisions of the Lease. The City does not wish to lose all tax revenues, which would otherwise be received by it if the property involved were privately owned. Therefore, to induce the City to proceed with the issuance of the bonds for the industrial development project, which will inure to the benefit of the company, and for other valuable consideration, the company agrees to pay the City an annual sum equal to amounts ranging from 0% to 35% of the amount which would be payable as ad valorem taxes that would have to be paid on the project to the State of Arkansas, the City, Pulaski County, the Little Rock School District, and/or other political subdivisions of the State of Arkansas (the “taxing authorities”) if the project were not exempt from ad valorem taxes under the provisions of the Constitution of the State of Arkansas as referenced above.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

Information relevant to the disclosure of taxes abated under this program for the year ended December 31, 2018 is:

<b>Taxing Authority</b>	<b>Amount Due if PILOTS Were Not in Place</b>	<b>Actual Tax Collected Under PILOT Agreements</b>	<b>Tax Abatement</b>
City of Little Rock	\$ 1,311,551	\$ 419,230	\$ 892,321
Little Rock School District	3,623,111	1,171,757	2,451,354
Pulaski County	558,697	178,585	380,112
Pulaski County Special School District	<u>47,355</u>	<u>3,165</u>	<u>44,190</u>
Total	<u>\$ 5,540,714</u>	<u>\$ 1,772,737</u>	<u>\$ 3,767,977</u>

**Note 17: Discretely Presented Component Units**

***Little Rock Water Reclamation Authority (LRWRA)***

**Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

<b>Little Rock Water Reclamation Authority</b>	<b>Balance 1/1/18</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 12/31/2018</b>
Capital Assets, non-depreciable				
Land	\$ 5,434,140	\$ -	\$ -	\$ 5,434,140
Construction in progress	<u>65,961,867</u>	<u>33,663,908</u>	<u>35,839,423</u>	<u>63,786,352</u>
Total capital assets, non-depreciable	71,396,007	33,663,908	35,839,423	69,220,492
Capital Assets, depreciable				
Buildings, improvements and facilities	490,866,540	31,671,486	9,187	522,528,839
Equipment	<u>77,667,199</u>	<u>3,505,901</u>	<u>1,702,107</u>	<u>79,470,993</u>
Total capital assets, depreciable	568,533,739	35,177,387	1,711,294	601,999,832
Less accumulated depreciation	<u>178,292,894</u>	<u>16,099,423</u>	<u>1,396,012</u>	<u>192,996,305</u>
Total capital assets, net	<u>\$ 461,636,852</u>	<u>\$ 52,741,872</u>	<u>\$ 36,154,705</u>	<u>\$ 478,224,019</u>



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

**Long-Term Liabilities**

Long-term debt consists of Sewer Revenue Bonds for which the changes in the year are as follows:

Component Units	Balance, January 1, 2018	Increases	Decreases	Balance December 31, 2018	Amounts Due in One Year
<b>Little Rock Water Reclamation Authority</b>					
Revenue bonds	\$ 294,239,648	\$ 21,213,973	\$ 12,052,309	\$ 303,401,312	\$ 12,085,562
Add issuance premiums	10,170,285	-	915,302	9,254,983	-
	<u>\$ 304,409,933</u>	<u>\$ 21,213,973</u>	<u>\$ 12,967,611</u>	<u>\$ 312,656,295</u>	<u>\$ 12,085,562</u>

The annual requirements to amortize sewer bond indebtedness outstanding, and scheduled, including interest are as follows:

Year	Little Rock Water Reclamation Authority	
	Principal	Interest
2019	\$ 12,085,562	\$ 9,245,754
2020	12,901,159	9,356,967
2021	13,877,039	9,470,307
2022	14,412,778	9,105,595
2023	11,559,597	8,669,989
2024-2028	66,116,482	36,761,972
2029-2033	77,795,029	24,513,672
2034-2038	70,093,354	9,333,363
2039-2043	14,441,080	2,598,371
2044-2048	7,912,802	873,872
2049-2051	2,206,430	63,465
	<u>\$ 303,401,312</u>	<u>\$ 119,993,327</u>

**Net Pension Liability**

LRWRA participates in the Arkansas Public Employees Retirement System (APERS). The general information and actuarial assumptions related to this plan can be found in *Note 6* above. See below for information about LRWRA's Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

At December 31, 2018 and 2017, LRWRA reported a liability of \$15,306,760 and \$18,490,096, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. LRWRA's proportion of the net pension liability was based on LRWRA's contributions to the pension plan relative to the contributions of all participating APERS members. At June 30, 2018, LRWRA's proportion was 0.69388988%, which was a decrease of 0.02163220% from its proportion measured as of June 30, 2017, of 0.71552208%.

For the years ended December 31, 2018 and 2017, LRWRA recognized pension expense of \$2,603,437 and \$3,483,540, respectively. At December 31, 2018 and 2017, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 243,433	\$ 160,683
Changes in proportion and differences between employer contributions and proportionate share	451,618	341,021
Changes in assumptions	1,741,592	946,603
Net difference between projected and actual earnings on pension plan investments	-	387,332
Contributions subsequent to the measurement date	1,025,850	-
Total	\$ 3,462,493	\$ 1,835,639

The \$1,025,850 reported as deferred outflows of resources at December 31, 2018, related to pensions resulting from LRWRA's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. 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 Ended December 31	
2019	\$ 1,239,001
2020	538,133
2021	(824,619)
2022	(351,511)
	\$ 601,004

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*  
The following presents the proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

<b>Sensitivity of Discount Rate</b>		
<b>1% Lower</b>	<b>Discount Rate</b>	<b>1% Higher</b>
<b>6.15%</b>	<b>7.15%</b>	<b>8.15%</b>
\$ 25,025,787	\$ 15,306,790	\$ 7,289,340

**Bill and Hillary Clinton National Airport (Airport)**

**Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

<b>Bill and Hillary Clinton National Airport</b>	<b>Balance 1/1/2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance 12/31/2018</b>
Capital Assets, non-depreciable					
Land	\$ 67,557,913	\$ 111,426	\$ -	\$ -	\$ 67,669,339
Construction in progress	13,105,583	12,264,125	266,888	(20,013,447)	5,089,373
Total capital assets, non-depreciable	80,663,496	12,375,551	266,888	(20,013,447)	72,758,712
Capital Assets, depreciable					-
Buildings, improvements and facilities	440,003,488	935,695	4,244,837	17,646,345	454,340,691
Vehicles	2,113,017	-	-		2,113,017
Equipment	21,527,497	487,261	314,036	2,367,102	24,067,824
Total capital assets, depreciable	463,644,002	1,422,956	4,558,873	20,013,447	480,521,532
Less accumulated depreciation	206,316,590	18,047,361	2,280,551		222,083,400
Total capital assets, net	\$ 337,990,908	\$ (4,248,854)	\$ 2,545,210	\$ -	\$ 331,196,844

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 18: Subsequent Events**

The primary government did not have any recognized or unrecognized subsequent events occurring after December 31, 2018, the date of the statement of net position/balance sheet.

***Little Rock Water Reclamation Authority (LRWRA)***

During 2019, the LRWRA issued \$18,000,000 in revolving loan funds that will be used for construction activities.

## **Required Supplementary Information**

**City of Little Rock, Arkansas**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
General property taxes	\$ 29,556,818	\$ 28,931,818	\$ 29,315,097	\$ 383,279
Sales taxes	104,615,000	102,641,000	102,466,908	(174,092)
Licenses and permits	11,834,410	12,352,410	12,240,035	(112,375)
Intergovernmental	9,311,100	9,747,003	9,747,003	-
Charges for services	11,745,080	10,954,780	10,905,989	(48,791)
Fines and fees	2,384,350	2,244,350	2,271,541	27,191
Utility franchise fees	29,479,000	28,246,000	28,461,091	215,091
Investment income	315,000	365,000	483,904	118,904
Contributions	-	-	1,245,471	1,245,471
Miscellaneous	1,947,130	1,947,130	2,574,564	627,434
<b>Total revenues</b>	<b>201,187,888</b>	<b>197,429,491</b>	<b>199,711,603</b>	<b>2,282,112</b>
<b>Expenditures</b>				
<b>General government:</b>				
General administration	22,849,991	21,749,436	22,839,085	(1,089,649)
Board of directors	337,241	337,241	356,508	(19,267)
Community programs	599,306	599,306	5,729,515	(5,130,209)
City attorney	1,838,375	2,060,674	2,737,881	(677,207)
District court-first division (criminal)	1,312,284	1,267,610	1,167,145	100,465
District court-second division (traffic)	1,235,948	1,220,847	1,210,210	10,637
District court-third division (environmental)	558,459	523,837	516,887	6,950
Finance	3,611,965	3,534,587	3,741,013	(206,426)
Human resources	1,900,756	1,847,520	1,951,024	(103,504)
Information technology	5,155,305	4,480,044	4,621,094	(141,050)
Planning and development	2,659,265	2,428,755	2,700,701	(271,946)
<b>Total general government</b>	<b>42,058,895</b>	<b>40,049,857</b>	<b>47,571,063</b>	<b>(7,521,206)</b>
Public works	1,100,254	1,059,294	1,779,427	(720,133)
Parks and recreation services	10,637,313	10,122,819	12,385,441	(2,262,622)
River Market	1,276,715	1,276,715	1,256,450	20,265
Golf	2,321,299	2,386,082	2,414,872	(28,790)
Jim Daily Fitness	908,180	905,025	869,902	35,123
Zoo	6,938,356	6,574,727	6,899,645	(324,918)
Fire	49,939,645	50,217,922	51,182,230	(964,308)
Police	75,742,987	74,801,951	75,770,597	(968,646)
Fleet	-	-	642,859	(642,859)
Housing and neighborhood programs	5,780,017	5,261,754	6,382,607	(1,120,853)
Debt service				
Principal	7,337,682	7,337,682	7,337,724	(42)
Interest	389,678	389,678	389,497	181
Agent fees	24,000	24,000	-	24,000
Vacancy savings	(6,500,000)	-	-	-
<b>Total expenditures</b>	<b>197,955,021</b>	<b>200,407,506</b>	<b>214,882,314</b>	<b>(14,474,808)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	<b>3,232,867</b>	<b>(2,978,015)</b>	<b>(15,170,711)</b>	<b>(12,192,696)</b>
<b>Other Financing Sources (Uses)</b>				
Carryover—prior year	780,000	780,000	-	(780,000)
Transfers in	6,995,387	9,670,359	8,572,805	(1,097,554)
Transfers out	(11,008,254)	(10,403,254)	(247,117)	10,156,137
<b>Total other financing sources (uses)</b>	<b>(3,232,867)</b>	<b>47,105</b>	<b>8,325,688</b>	<b>8,278,583</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(2,930,910)</b>	<b>(6,845,023)</b>	<b>(3,914,113)</b>
<b>Fund Balances, Beginning of Year</b>	<b>40,594,519</b>	<b>40,594,519</b>	<b>40,594,519</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 40,594,519</b>	<b>\$ 37,663,609</b>	<b>\$ 33,749,496</b>	<b>\$ (3,914,113)</b>

**City of Little Rock, Arkansas**  
**Notes to Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2018**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the General Fund by the Mayor and City Manager. The budget reflects revenues expected to be received during the year and expenditures expected to be incurred. The Mayor and City Manager are required by city and state law to submit these Required Supplementary Information budgets to the Board of Directors for approval. The Board of Directors subsequently adopts this budget by City ordinance by December 30. Departmental expenditures relating to budget items may not exceed their appropriated amounts without approval. As specified in the budget ordinance, the Mayor and City Manager have authority to approve budget transfers between departments up to \$50,000. Transfers over this amount must receive Board of Directors' approval. The original budget of the General Fund was amended during 2018.

Appropriations for special projects are made each year by the Board of Directors to finance specific events and capital outlays. These projects are carried forward each year until they are fully expended or repealed by Board of Directors' ordinance.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedule – General Fund* presents the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

**City of Little Rock, Arkansas**  
**Budgetary Comparison Schedule**  
**Street Fund**  
**Year Ended December 31, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
General property taxes	\$ 6,120,430	\$ 6,120,430	\$ 6,054,531	\$ (65,899)
Licenses and permits	18,500	18,500	13,600	(4,900)
Intergovernmental	12,920,500	12,920,500	13,593,645	673,145
Charges for services	18,400	18,400	13,308	(5,092)
Investment income	162,500	162,500	233,100	70,600
Miscellaneous	32,300	32,300	26,898	(5,402)
<b>Total revenues</b>	<u>19,272,630</u>	<u>19,272,630</u>	<u>19,935,082</u>	<u>662,452</u>
<b>Expenditures</b>				
Public works	<u>18,282,139</u>	<u>18,282,139</u>	<u>16,949,446</u>	<u>1,332,693</u>
<b>Total expenditures</b>	<u>18,282,139</u>	<u>18,282,139</u>	<u>16,949,446</u>	<u>1,332,693</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>990,491</u>	<u>990,491</u>	<u>2,985,636</u>	<u>1,995,145</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	826,726	826,726	520,817	(305,909)
Transfers out	<u>(2,687,217)</u>	<u>(2,687,217)</u>	<u>(497,217)</u>	<u>2,190,000</u>
<b>Total other financing sources (uses)</b>	<u>(1,860,491)</u>	<u>(1,860,491)</u>	<u>23,600</u>	<u>1,884,091</u>
<b>Net Change in Fund Balances</b>	(870,000)	(870,000)	3,009,236	3,879,236
<b>Fund Balances, Beginning of Year</b>	<u>19,494,740</u>	<u>19,494,740</u>	<u>19,494,740</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 18,624,740</u>	<u>\$ 18,624,740</u>	<u>\$ 22,503,976</u>	<u>\$ 3,879,236</u>



**City of Little Rock, Arkansas**  
**Required Supplementary Information**  
**Other Postemployment Benefit Plan**  
**Schedule of Changes in the City's Net OPEB Liability and Related Ratios**  
**Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 497,628	\$ 465,073
Interest	996,425	967,968
Changes in benefit terms	-	-
Differences between expected and actual experience	(333,893)	(494,955)
Changes of assumptions	6,512,888	-
Benefit payments	<u>(789,620)</u>	<u>(854,207)</u>
Net change in total OPEB liability	6,883,428	83,879
Total OPEB liability – Beginning	<u>14,785,501</u>	<u>14,701,622</u>
Total OPEB liability – Ending (a)	<u><u>21,668,929</u></u>	<u><u>14,785,501</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions – employer	1,226,087	1,385,762
Net investment loss	(265,832)	283,245
Benefit payments	(789,620)	(854,207)
Administrative expense	<u>(46,135)</u>	<u>(39,467)</u>
Net change in plan fiduciary net position	124,500	775,333
Plan fiduciary net position – Beginning	<u>4,350,679</u>	<u>3,575,346</u>
Plan fiduciary net position – Ending (b)	<u><u>4,475,179</u></u>	<u><u>4,350,679</u></u>
City's net OPEB liability – Ending (a) – (b)	<u><u>17,193,750</u></u>	<u><u>10,434,822</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	20.65%	29.43%
Covered employee payroll	\$ 124,194,600	\$ 117,855,792
City's net OPEB liability as a percentage of covered employee payroll	13.84%	8.85%

**Notes to Schedule:**

Changes of assumptions:

In 2018, the Plan changed the mortality table improvement scale from MP- 2017 to MP-2018. Also, the Plan has incorporated estimated initial year claims costs into the valuation rather than valuing the plan using expected premiums paid.

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.*

**City of Little Rock, Arkansas**  
**Required Supplementary Information**  
**Other Postemployment Benefit Plan**  
**Schedule of City Contributions**  
**Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 1,226,087	\$ 1,290,674
Contributions in relation to the actuarially determined contribution	<u>1,226,087</u>	<u>1,385,762</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>(95,088)</u></u>
Covered employee payroll	\$ 124,194,600	\$ 117,855,792
Contributions as a percentage of employee payroll	0.99%	1.18%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
	6.5% in year 1 graded downward
	0.5% per year to 4.0% in year 6 and
Healthcare cost trend rates	later.
Investment rate of return	7%
Retirement age	Experience-based table of rates that
	are specific to the type of eligibility
	condition.
Mortality	RP-2014 Mortality Table, with improvement scale MP-2018.

Other information:

*The information in this schedule has been determined as of the most recent fiscal year end (December 31) and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.*

**City of Little Rock, Arkansas**  
**Required Supplementary Information**  
**Other Postemployment Benefit Plan**  
**Schedule of Investment Returns**  
**Year Ended December 31, 2018**

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2017	6.3%
12/31/2018	-6.8%

**Other Information:**

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

**City of Little Rock, Arkansas**  
**Required Supplementary Information**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of Changes in the City’s Net Pension Liability and Related Ratios**  
**Year Ended December 31, 2018**

**Firemen's Pension and Relief Fund**

Fiscal Year ending December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Interest	\$ 5,807,041	\$ 5,807,041	\$ 6,088,293	\$ 6,649,073
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(97,808)	(97,808)	(120,292)	(6,896,944)
Changes in assumptions	-	-	-	-
Benefit payments, including refunds of plan member contributions	<u>(12,014,477)</u>	<u>(12,014,477)</u>	<u>(11,171,601)</u>	<u>(10,763,891)</u>
<b>Net Change in Total Pension Liability</b>	(6,305,244)	(6,305,244)	(5,203,600)	(11,011,762)
<b>Total Pension Liability, Beginning of Year</b>	<u>122,148,055</u>	<u>122,148,055</u>	<u>127,351,655</u>	<u>138,363,417</u>
<b>Total Pension Liability, End of Year</b>	<u>\$ 115,842,811</u>	<u>\$ 115,842,811</u>	<u>\$ 122,148,055</u>	<u>\$ 127,351,655</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 5,683,879	\$ 5,683,879	\$ 5,424,494	\$ 5,312,855
Plan member contributions	3,388	3,388	3,324	14,993
Net investment income	5,512,667	5,512,667	1,356,915	(2,774,677)
Benefit payments, including refunds of plan member contributions	(12,014,477)	(12,014,477)	(11,171,602)	(10,763,891)
Administrative expense	(39,957)	(39,957)	(225,141)	(9,491)
Other	<u>500,961</u>	<u>500,961</u>	<u>567,243</u>	<u>(121,985)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(353,539)	(353,539)	(4,044,767)	(8,342,196)
<b>Plan Fiduciary Net position, Beginning of Year</b>	<u>58,390,784</u>	<u>58,390,784</u>	<u>62,435,551</u>	<u>70,777,747</u>
<b>Plan Fiduciary Net Position, End of Year</b>	\$ 58,037,245	\$ 58,037,245	\$ 58,390,784	\$ 62,435,551
<b>City's Net Pension Liability, End of Year</b>	<u>\$ 57,805,566</u>	<u>\$ 57,805,566</u>	<u>\$ 63,757,271</u>	<u>\$ 64,916,104</u>
<b>Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	50.10%	50.10%	47.80%	49.03%
<b>Covered Payroll</b>	-	-	-	-
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	NA	NA	NA	NA

Plan Note: In FY2018, Plan assets were transferred to LOPFI, resulting in a change in measurement date.

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of Changes in the City’s Net Pension Liability and Related Ratios**  
**Year Ended December 31, 2018**

**Police Pension Plan**

Fiscal Year ending December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ -	\$ -	\$ -	\$ -
Service cost - service purchase	-	-	-	-
Interest	6,607,291	6,892,598	7,172,978	7,172,118
Changes of benefit terms	4,833,941	-	-	-
Difference between expected and actual experience	1,089,772	(162,894)	626,074	2,845,816
Changes in assumptions	4,132,801	-	1,589,989	-
Benefit payments, including refunds of plan member contributions	(10,423,792)	(10,398,367)	(9,830,664)	(10,183,707)
<b>Net Change in Total Pension Liability</b>	<b>6,240,013</b>	<b>(3,668,663)</b>	<b>(441,623)</b>	<b>(165,773)</b>
<b>Total Pension Liability, Beginning of Year</b>	<b>90,467,270</b>	<b>94,135,933</b>	<b>94,577,556</b>	<b>94,743,329</b>
<b>Total Pension Liability, End of Year</b>	<b>\$ 96,707,283</b>	<b>\$ 90,467,270</b>	<b>\$ 94,135,933</b>	<b>\$ 94,577,556</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 7,683,405	\$ 6,520,729	\$ 7,562,305	\$ 5,939,677
Plan member contributions	-	-	-	-
Contributions - employee service purchase	-	-	-	-
Net investment income	4,903,340	2,140,374	(130,408)	2,503,835
Benefit payments, including refunds of plan member contributions	(10,423,792)	(10,398,367)	(9,830,664)	(10,183,707)
Administrative expense	(62,862)	(67,899)	(83,836)	(59,497)
Other	-	109,384	198,741	935,047
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,100,091</b>	<b>(1,695,779)</b>	<b>(2,283,862)</b>	<b>(864,645)</b>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<b>42,185,534</b>	<b>43,881,313</b>	<b>46,165,175</b>	<b>47,029,820</b>
<b>Plan Fiduciary Net Position, End of Year</b>	<b>\$ 44,285,625</b>	<b>\$ 42,185,534</b>	<b>\$ 43,881,313</b>	<b>\$ 46,165,175</b>
<b>City's Net Pension Liability, End of Year</b>	<b>\$ 52,421,658</b>	<b>\$ 48,281,736</b>	<b>\$ 50,254,620</b>	<b>\$ 48,412,381</b>
<b>Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>45.79%</b>	<b>46.63%</b>	<b>46.61%</b>	<b>48.81%</b>
<b>Covered Payroll</b>	<b>407,678</b>	<b>603,022</b>	<b>-</b>	<b>-</b>
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>14289.58%</b>	<b>8043.49%</b>	<b>NA</b>	<b>NA</b>

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**Year Ended December 31, 2018**

**Nonuniformed Employees' Defined Benefit Plan**

Fiscal Year ending December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ 7,561	\$ 8,073	\$ 9,627	\$ 35,084
Interest	919,271	967,628	992,989	1,066,765
Transfer from DC plan	400,496	296,175	679,378	633,501
Difference between expected and actual experience	(315,097)	(132,527)	(144,356)	(167,591)
Changes in assumptions	-	-	-	1,207,785
Benefit payments, including refunds of plan member contributions	<u>(1,721,934)</u>	<u>(1,748,500)</u>	<u>(1,723,901)</u>	<u>(1,766,611)</u>
<b>Net Change in Total Pension Liability</b>	<b>(709,703)</b>	<b>(609,151)</b>	<b>(186,263)</b>	<b>1,008,933</b>
<b>Total Pension Liability, Beginning of Year</b>	<u>15,003,603</u>	<u>15,612,754</u>	<u>15,799,017</u>	<u>14,790,084</u>
<b>Total Pension Liability, End of Year</b>	<u>\$ 14,293,900</u>	<u>\$ 15,003,603</u>	<u>\$ 15,612,754</u>	<u>\$ 15,799,017</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 540,783	\$ 701,854	\$ 883,340	\$ 878,715
Plan member contributions	-	-	-	-
Net investment income	(724,323)	1,327,387	612,036	(77,820)
Benefit payments, including refunds of plan member contributions	(1,721,934)	(1,748,500)	(1,723,901)	(1,766,611)
Administrative expense	(18,093)	(21,430)	(19,799)	(30,007)
Other	400,496	296,175	679,377	635,094
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(1,523,071)</u>	<u>555,486</u>	<u>431,053</u>	<u>(360,629)</u>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<u>12,837,971</u>	<u>12,282,485</u>	<u>11,851,431</u>	<u>12,212,060</u>
<b>Plan Fiduciary Net Position, End of Year</b>	<u>\$ 11,314,900</u>	<u>\$ 12,837,971</u>	<u>\$ 12,282,484</u>	<u>\$ 11,851,431</u>
<b>City's Net Pension Liability, End of Year</b>	<u>\$ 2,979,000</u>	<u>\$ 2,165,632</u>	<u>\$ 3,330,270</u>	<u>\$ 3,947,586</u>
<b>Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	79.16%	85.57%	78.67%	75.01%
<b>Covered Payroll</b>	431,444	504,071	672,281	641,799
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	690.47%	429.63%	495.37%	615.08%

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of City Contributions**  
**Year Ended December 31, 2018**

**2014 Defined Benefit Pension Plan**

Fiscal Year ending December 31,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service Cost	\$ 5,353,447	\$ 4,846,744	\$ 4,670,895	\$ 4,961,436
Service cost - service purchase	1,219,814	438,242	847,020	151,953
Interest	3,809,455	3,325,532	2,796,992	2,361,643
Changes of benefit terms	471,274	-	-	-
Difference between expected and actual experience	(226,568)	(970,056)	(932,229)	(588,761)
Changes in assumptions	-	-	1,849,331	(126,844)
Benefit payments, including refunds of plan member contributions	<u>(915,123)</u>	<u>(813,811)</u>	<u>(745,738)</u>	<u>(477,355)</u>
<b>Net Change in Total Pension Liability</b>	9,712,299	6,826,651	8,486,271	6,282,072
<b>Total Pension Liability, Beginning of Year</b>	<u>55,533,974</u>	<u>48,707,323</u>	<u>40,221,052</u>	<u>33,938,980</u>
<b>Total Pension Liability, End of Year</b>	<u>\$ 65,246,273</u>	<u>\$ 55,533,974</u>	<u>\$ 48,707,323</u>	<u>\$ 40,221,052</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 4,138,261	\$ 3,961,813	\$ 3,709,110	\$ 3,518,861
Plan member contributions	2,069,065	1,980,710	1,855,506	1,758,973
Contributions—employee service purchase	1,219,814	438,242	847,020	151,953
Net investment income	(3,389,302)	4,936,031	1,623,353	(495,929)
Benefit payments, including refunds of plan member contributions	(915,123)	(813,811)	(745,738)	(477,355)
Administrative expense	(99,461)	(90,323)	(83,231)	(70,248)
Other	3,014	-	-	67,868
<b>Net Change in Plan Fiduciary Net Position</b>	<u>3,026,268</u>	<u>10,412,662</u>	<u>7,206,020</u>	<u>4,454,123</u>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<u>53,127,792</u>	<u>42,715,130</u>	<u>35,509,110</u>	<u>31,054,987</u>
<b>Plan Fiduciary Net Position, End of Year</b>	<u>\$ 56,154,060</u>	<u>\$ 53,127,792</u>	<u>\$ 42,715,130</u>	<u>\$ 35,509,110</u>
<b>City's Net Pension Liability, End of Year</b>	<u>\$ 9,092,213</u>	<u>\$ 2,406,182</u>	<u>\$ 5,992,193</u>	<u>\$ 4,711,942</u>
<b>Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	86.06%	95.67%	87.70%	88.28%
<b>Covered Payroll</b>	45,980,678	44,020,144	42,382,105	40,252,708
<b>Plan's Net Pension Liability as a Percentage of Covered Payroll</b>	19.77%	5.47%	14.14%	11.71%

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of City Contributions**  
**Year Ended December 31, 2018**

**Firemen's Pension and Relief Fund**

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 16,048,838	\$ 5,312,855	\$ 10,735,983	-	NA
2016	15,407,946	5,424,494	9,983,452	-	NA
2017	15,273,095	5,683,879	9,589,216	-	NA
2018	15,273,095	6,253,162	9,019,933	-	NA

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

Plan Note: In FY2018, Plan assets were transferred to LOPFI, resulting in a change in measurement date.

**Key Assumptions for ADC:**

Cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization	5 years
Asset valuation	Market value of assets
Investment rate of return	5%
Mortality	1983 GAM

**Police Pension**

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 3,875,821	\$ 6,633,686	\$ (2,757,865)	-	NA
2016	3,228,943	7,562,305	(4,333,362)	-	NA
2017	3,404,129	6,520,729	(3,116,600)	603,022	1081.34%
2018	3,704,417	6,604,417	(2,900,000)	407,678	1620.01%

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	22 years beginning January 1, 2016
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.75%
Mortality	RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. Disabled lives, the mortality rates are the rates applicable to nondisabled lives set forward 10 years.



**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of City Contributions (Continued)**  
**Year Ended December 31, 2018**

<b>Nonuniformed Plan</b>						
<b>Year Ended December 31,</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>	
2015	\$ 878,715	\$ 878,715	\$ -	\$ 672,281	130.71%	
2016	883,340	883,340	-	641,799	137.63%	
2017	701,854	701,854	-	548,887	127.87%	
2018	540,783	540,783	-	504,071	107.28%	

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

**Key Assumptions for ADC:**

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

<b>2014 Defined Benefit Plan</b>						
<b>Year Ended December 31,</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>	
2015	\$ 3,424,938	\$ 3,518,861	\$ (93,923)	\$ 40,252,708	8.74%	
2016	3,252,674	3,709,110	(456,436)	42,382,105	8.75%	
2017	3,666,878	3,961,813	(294,935)	44,020,144	9.00%	
2018	3,577,297	4,138,261	(560,964)	45,980,678	9.00%	

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

**Key Assumptions for ADC:**

Cost method	Entry age normal
Amortization method	Level percent of salary
Remaining amortization	15 years
Asset valuation	Market value
Investment rate of return	6.5%
Mortality	RP 2000 Combined Healthy Lives Projected to 2020 with Scale AA

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of the City’s Proportionate Share of the Net Pension Liability and**  
**Contributions**  
**Year Ended December 31, 2018**

<b>LOPFI – Fire</b>					
<b>December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
City's proportion of the net pension liability	9.2811%	9.3431%	9.0473%	9.1091%	
City's proportionate share of the net pension liability	\$ 65,951,155	\$ 53,305,095	\$ 47,477,923	\$ 32,975,778	
City's covered payroll	\$ 29,407,250	\$ 29,337,988	\$ 28,505,619	\$ 28,430,617	
City's proportionate share of the net pension liability as a percentage of covered payroll	224.27%	181.69%	166.56%	115.99%	
Plan fiduciary net position as a percentage of the total pension liability	71.48%	72.87%	72.92%	79.14%	

<b>LOPFI – Police</b>					
<b>December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
City's proportion of the net pension liability	9.8611%	9.8034%	9.7066%	10.0287%	
City's proportionate share of the net pension liability	\$ 70,073,033	\$ 55,931,186	\$ 50,937,762	\$ 36,304,815	
City's covered payroll	\$ 36,814,269	\$ 41,992,172	\$ 42,209,708	\$ 42,239,324	
City's proportionate share of the net pension liability as a percentage of covered payroll	190.34%	133.19%	120.68%	85.95%	
Plan fiduciary net position as a percentage of the total pension liability	71.48%	72.87%	72.92%	79.14%	

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

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of the City’s Proportionate Share of the Net Pension Liability and**  
**Contributions (Continued)**  
**Year Ended December 31, 2018**

<b>LOPFI – Fire</b>					
<b>December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Contractually required contribution	\$ 7,128,140	\$ 6,640,157	\$ 6,172,838	\$ 5,627,114	
Contributions related to the contractually required contribution	(7,128,140)	(6,640,157)	(6,172,838)	(5,627,114)	
Contribution deficiency (excess)	-	-	-	-	
City's covered payroll	\$ 30,229,601	\$ 29,407,250	\$ 29,337,988	\$ 28,505,619	
Contributions as a percentage of covered payroll	23.58%	22.58%	21.04%	19.74%	

<b>LOPFI – Police</b>					
<b>December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Contractually required contribution	\$ 7,834,319	\$ 7,079,384	\$ 6,470,527	\$ 6,056,539	
Contributions related to the contractually required contribution	(7,834,319)	(7,079,384)	(6,470,527)	(6,056,539)	
Contribution deficiency (excess)	-	-	-	-	
City's covered payroll	\$ 38,726,243	\$ 36,814,269	\$ 41,992,172	\$ 42,209,708	
Contributions as a percentage of covered payroll	20.23%	19.23%	15.41%	14.35%	

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

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of the City’s Proportionate Share of the Net Pension Liability and**  
**Contributions (Continued)**  
**Year Ended December 31, 2018**

<b>APERS</b>					
<b>June 30</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	
City's proportion of the net pension liability	0.01199273%	0.02944190%	0.04438351%	0.04566542%	
City's proportionate share of the net pension liability	\$ 264,552	\$ 760,820	\$ 1,061,364	\$ 841,035	
City's covered payroll	\$ 220,824	\$ 386,077	\$ 691,532	\$ 532,755	
City's proportionate share of the net pension liability as a percentage of it covered payroll	120%	197%	153%	158%	
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	80.39%	80.39%	

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

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of the City’s Proportionate Share of the Net Pension Liability and**  
**Contributions (Continued)**  
**Year Ended December 31, 2018**

<u>APERS</u>					
<u>December 31</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 34,459	\$ 206,468	\$ 211,675	\$ 212,565	
Contributions related to the contractually required contribution	(34,459)	(206,468)	(211,675)	(212,565)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 228,808	\$ 239,322	\$ 586,560	\$ 533,049	
Contributions as a percentage of covered payroll	15%	86%	36%	40%	

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

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

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedule of Investment Returns**  
**Year Ended December 31, 2018**

	<b>Fiscal Year Ending</b>	<b>Annual Money-weighted Rate of Return</b>
Firemen’s Pension and Relief Fund	12/31/17	10.76%
	12/31/16	2.42%
	12/31/15	-4.30%
Nonuniformed Employees’ Defined Benefit Pension Plan	12/31/18	-5.82%
	12/31/17	11.16%
	12/31/16	5.20%
	12/31/15	-0.64%
2014 Defined Benefit Pension Plan	12/31/18	-6.02%
	12/31/17	10.86%
	12/31/16	4.24%
	12/31/15	-1.48%

## **NONMAJOR GOVERNMENTAL FUNDS**

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

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

**EMERGENCY 9-1-1 FUND** – Accounts for remittances for emergency telephone service charges by local telephone companies. These monies are used to establish and operate the uniform emergency telephone number network (9-1-1) for Little Rock.

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

**COMMUNITY DEVELOPMENT FUND (CDBG)** – Accounts for CDBG and other funds received from the U.S. Department of Housing and Urban Development. These monies are expended to provide housing or housing assistance to qualifying citizens, to improve neighborhood streets and drainage and to operate community health and recreation facilities.

**NEIGHBORHOOD HOUSING SPECIAL PROJECT FUND (NHSP)** – Accounts for the proceeds of Community Development Block Grant – Section 108 Guaranteed Loan Program and other City funds that are utilized to provide housing and housing assistance to qualifying citizens and to improve neighborhood infrastructure.

**HOME INVESTMENT PARTNERSHIP FUND (HIPP)** – Accounts for HOME and other funds received from the U.S. Department of Housing and Urban Development. These monies are expended to provide housing or housing assistance to qualifying citizens, to improve neighborhood streets and drainage and to operate community health and recreation facilities.

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

**2007 CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS** – The 2007 Capital Improvement Revenue Refunding Bonds were issued to advance refund the 1998 Street and Drainage Bonds and to pay the cost associated with the issuance of the Series 2007 Bonds. The bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

**2002 CAPITAL IMPROVEMENT JUNIOR LIEN REVENUE BONDS** – 2002 Capital Improvement Junior Lien Revenue Bonds are special obligation bonds payable through the year 2018. Funding is obtained from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City. The bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

**2012 CENTRAL ARKANSAS LIBRARY** – The 2012 Central Arkansas Library bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2012 Bonds are limited obligations, payable solely from the collections of the Library Tax. The bonds were refunded in 2017 with the issuance of the 2017 Library Refunding Bonds.

**2015 CENTRAL ARKANSAS LIBRARY** – The 2015 Central Arkansas Library bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2015 Bonds are limited obligations, payable solely from the collections of the Library Tax.

**2017 CENTRAL ARKANSAS LIBRARY** – The 2017 Central Arkansas Library Refunding Bonds were issued to refund the City's outstanding Library Construction and Improvement Bonds, Series 2012, and to pay the costs of issuance of the bonds. The bonds are limited tax obligations payable solely from a 0.9 mill annual ad valorem tax.

**TIF #1 2014 CAPITAL IMPROVEMENT BOND** – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.

**2017 CAPITAL IMPROVEMENTS REFUNDING REVENUE BOND** – The Capital Improvements Refunding Revenue Bonds, Series 2017 were issued to advance refund the 2009 Parks and Recreation Capital Improvement Construction Revenue Bonds – Series A and Series B, to current refund the 2007 Capital Improvement Revenue Refunding Bonds and the 2002 Capital Improvement Junior Lien Revenue Bonds, to pay a premium for a municipal bond debt service reserve insurance policy and to pay expenses of issuing the Bonds. The Series 2017 bonds are not general obligations of the City but are special obligations secured solely by a pledge of revenues received by the City from all franchise fees charged to public utilities for the privilege of utilizing the City's streets and right-of-way.

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

**SHORT TERM FINANCING** – Accounts for proceeds of 2011 Short Term Financing to acquire capital equipment, vehicles and an enterprise resource planning system for the City.

**TIF #1 2014 CAPITAL IMPROVEMENT FUND** – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.



**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**

**TAX INCREMENT FINANCING PORT** – The Tax Incremental Financing Development District established within the Port of the City of Little Rock was set up in order to levy taxes on property located within the redevelopment district and to the school board of any school district that includes property located within the redevelopment district. Funds from this levy are to be used for public infrastructure projects including reconstruction of streets within the redevelopment district to bring them to interstate-weight capable standards, installation of water and sewer lines to areas within the redevelopment district that are currently not served, construction of dockside improvements including cranes and warehouses, construction of additional railroad facilities and site preparation.

**2015 CENTRAL ARKANSAS LIBRARY** – The 2015 Central Arkansas Library Bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries.

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2018**

<b>Assets</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
Cash and cash equivalents	\$ 2,271,739	\$ 420,288	\$ 98,828	\$ 2,790,855
Restricted cash	-	4,053,896	862,182	4,916,078
Investments	3,180,180	3,248,917	839,746	7,268,843
Accounts receivable	2,194,070	9,111,295	209,852	11,515,217
Interest receivable	10,169	635	40,562	51,366
Inventories	740,507	-	-	740,507
Prepaid expenditures and other	37,631	-	-	37,631
<b>Total assets</b>	<b>\$ 8,434,296</b>	<b>\$ 16,835,031</b>	<b>\$ 2,051,170</b>	<b>\$ 27,320,497</b>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 673,565	\$ 4,500	\$ 173,941	\$ 852,006
Due to other funds	1,090,844	-	-	1,090,844
Unearned revenue	715,877	-	-	715,877
<b>Total liabilities</b>	<b>2,480,286</b>	<b>4,500</b>	<b>173,941</b>	<b>2,658,727</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - property taxes	-	8,492,914	204,492	8,697,406
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>8,492,914</b>	<b>204,492</b>	<b>8,697,406</b>
<b>Fund Balances</b>				
Nonspendable	1,028,138	-	-	1,028,138
Restricted	4,925,872	8,337,617	1,672,737	14,936,226
<b>Total fund balances</b>	<b>5,954,010</b>	<b>8,337,617</b>	<b>1,672,737</b>	<b>15,964,364</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,434,296</b>	<b>\$ 16,835,031</b>	<b>\$ 2,051,170</b>	<b>\$ 27,320,497</b>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2018**

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues</b>				
General property taxes	\$ -	\$ 7,964,866	\$ 165,670	\$ 8,130,536
Licenses and permits	61,546	-	-	61,546
Intergovernmental	6,760,546	-	-	6,760,546
Charges for services	2,099,161	-	-	2,099,161
Fines and fees	735,426	-	-	735,426
Utility franchise taxes	-	1,504,462	-	1,504,462
Investment income	25,910	83,959	88,604	198,473
Contributions and donations	871,693	-	-	871,693
Miscellaneous	1,812,938	886	-	1,813,824
	<u>12,367,220</u>	<u>9,554,173</u>	<u>254,274</u>	<u>22,175,667</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
<b>General government</b>				
General administration	1,808,984	-	76,454	1,885,438
Community programs	21,230	-	-	21,230
District court - first division (criminal)	1,019	-	-	1,019
District court - second division (traffic)	8,025	-	-	8,025
Finance	287,352	-	626,351	913,703
Human resources	300,474	-	-	300,474
Information technology	-	-	2,824	2,824
Planning and development	54,374	-	92,315	146,689
	<u>2,481,458</u>	<u>-</u>	<u>797,944</u>	<u>3,279,402</u>
<b>Total general government</b>				
Public works	405,164	-	-	405,164
Parks and recreation services	2,350,310	-	-	2,350,310
Zoo	197,671	-	-	197,671
Fire	573,244	-	92,623	665,867
Police	2,752,061	-	1,265,394	4,017,455
Fleet	365,415	-	1,024	366,439
Economic development	-	-	250,000	250,000
Education	-	-	2,501,134	2,501,134
Housing and neighborhood programs	3,271,999	-	-	3,271,999
<b>Debt service</b>				
Principal	-	3,840,000	-	3,840,000
Interest	-	2,115,397	-	2,115,397
Bond issuance costs	-	4,500	-	4,500
Agent fees	-	4,613	-	4,613
	<u>12,397,322</u>	<u>5,964,510</u>	<u>4,908,119</u>	<u>23,269,951</u>
<b>Total expenditures</b>				
<b>Excess (Deficiency) of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(30,102)</u>	<u>3,589,663</u>	<u>(4,653,845)</u>	<u>(1,094,284)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	426,118	-	426,118
Transfers out	<u>(200,000)</u>	<u>(425,924)</u>	<u>(194)</u>	<u>(626,118)</u>
	<u>(200,000)</u>	<u>194</u>	<u>(194)</u>	<u>(200,000)</u>
<b>Total other financing sources (uses)</b>				
<b>Net Change in Fund Balances</b>	<u>(230,102)</u>	<u>3,589,857</u>	<u>(4,654,039)</u>	<u>(1,294,284)</u>
<b>Fund Balances, Beginning of Year</b>	<u>6,184,112</u>	<u>4,747,760</u>	<u>6,326,776</u>	<u>17,258,648</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,954,010</u>	<u>\$ 8,337,617</u>	<u>\$ 1,672,737</u>	<u>\$ 15,964,364</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2018**

	<b>Special Projects</b>	<b>Emergency 911</b>	<b>Grant Fund</b>	<b>CDBG</b>	<b>NHSP</b>	<b>HIPP</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 890,983	\$ 25,409	\$ 456,073	\$ 433,636	\$ 25,212	\$ 440,426	\$ 2,271,739
Investments	2,956,192	215,901	-	4,932	3,155	-	3,180,180
Accounts receivable	14,075	302,945	1,641,713	95,590	-	139,747	2,194,070
Interest receivable	9,332	807	-	18	12	-	10,169
Inventories	-	-	-	380,540	-	359,967	740,507
Prepaid expenditures and other	37,631	-	-	-	-	-	37,631
<b>Total assets</b>	<b>\$ 3,908,213</b>	<b>\$ 545,062</b>	<b>\$ 2,097,786</b>	<b>\$ 914,716</b>	<b>\$ 28,379</b>	<b>\$ 940,140</b>	<b>\$ 8,434,296</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	237,521	133,442	232,001	35,949	-	34,652	673,565
Due to other funds	-	-	1,087,167	-	-	3,677	1,090,844
Unearned revenue	35,273	-	680,604	-	-	-	715,877
<b>Total liabilities</b>	<b>272,794</b>	<b>133,442</b>	<b>1,999,772</b>	<b>35,949</b>	<b>-</b>	<b>38,329</b>	<b>2,480,286</b>
<b>Fund Balances</b>							
Nonspendable	287,631	-	-	380,540	-	359,967	1,028,138
Restricted	3,347,788	411,620	98,014	498,227	28,379	541,844	4,925,872
<b>Total fund balances</b>	<b>3,635,419</b>	<b>411,620</b>	<b>98,014</b>	<b>878,767</b>	<b>28,379</b>	<b>901,811</b>	<b>5,954,010</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,908,213</b>	<b>\$ 545,062</b>	<b>\$ 2,097,786</b>	<b>\$ 914,716</b>	<b>\$ 28,379</b>	<b>\$ 940,140</b>	<b>\$ 8,434,296</b>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended December 31, 2018**

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
<b>Revenues</b>							
Licenses and permits	\$ 61,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,546
Intergovernmental	535,572	-	4,016,158	908,893	-	1,299,923	6,760,546
Charges for services	835,787	1,263,374	-	-	-	-	2,099,161
Fines and fees	735,426	-	-	-	-	-	735,426
Investment income	4,102	1,654	20,219	(64)	(4)	3	25,910
Contribution and donations	387,232	-	484,461	-	-	-	871,693
Miscellaneous	993,512	-	-	85,755	371	733,300	1,812,938
Total revenues	<u>3,553,177</u>	<u>1,265,028</u>	<u>4,520,838</u>	<u>994,584</u>	<u>367</u>	<u>2,033,226</u>	<u>12,367,220</u>
<b>Expenditures</b>							
General government							
General administration	32,554	-	1,776,430	-	-	-	1,808,984
Community programs	21,230	-	-	-	-	-	21,230
District court - first division (criminal)	1,019	-	-	-	-	-	1,019
District court – second division (traffic)	8,025	-	-	-	-	-	8,025
Finance	-	-	287,352	-	-	-	287,352
Human resources	300,474	-	-	-	-	-	300,474
Planning and development	45,412	-	8,962	-	-	-	54,374
Total general government	<u>408,714</u>	<u>-</u>	<u>2,072,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,481,458</u>
Public works	37,018	-	368,146	-	-	-	405,164
Parks and recreation services	1,310,656	-	1,039,654	-	-	-	2,350,310
Zoo	70,564	-	127,107	-	-	-	197,671
Fire	572,034	-	1,210	-	-	-	573,244
Police	500,315	924,051	1,327,695	-	-	-	2,752,061
Fleet	365,415	-	-	-	-	-	365,415
Housing and neighborhood programs	320,354	-	284,840	944,997	1,268	1,720,540	3,271,999
Total expenditures	<u>3,585,070</u>	<u>924,051</u>	<u>5,221,396</u>	<u>944,997</u>	<u>1,268</u>	<u>1,720,540</u>	<u>12,397,322</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(31,893)</u>	<u>340,977</u>	<u>(700,558)</u>	<u>49,587</u>	<u>(901)</u>	<u>312,686</u>	<u>(30,102)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers out	(200,000)	-	-	-	-	-	(200,000)
Total other financing uses	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
<b>Net Change in Fund Balances</b>	<u>(231,893)</u>	<u>340,977</u>	<u>(700,558)</u>	<u>49,587</u>	<u>(901)</u>	<u>312,686</u>	<u>(230,102)</u>
<b>Fund Balances, Beginning of Year</b>	<u>3,867,312</u>	<u>70,643</u>	<u>798,572</u>	<u>829,180</u>	<u>29,280</u>	<u>589,125</u>	<u>6,184,112</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,635,419</u>	<u>\$ 411,620</u>	<u>\$ 98,014</u>	<u>\$ 878,767</u>	<u>\$ 28,379</u>	<u>\$ 901,811</u>	<u>\$ 5,954,010</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2018**

	2007 Capital Improvement	2002 Junior Lien	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	Total
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 239	\$ 419,007	\$ 1,042	\$ 420,288
Restricted cash	-	-	-	3,484,252	569,644	-	-	4,053,896
Investments	-	-	-	-	42,587	3,192,333	13,997	3,248,917
Accounts receivable	-	-	-	4,260,488	590,319	4,260,488	-	9,111,295
Interest receivable	-	-	-	-	8	594	33	635
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,744,740</u>	<u>1,202,797</u>	<u>7,872,422</u>	<u>15,072</u>	<u>16,835,031</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	-	-	-	-	-	4,500	-	4,500
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenues - property taxes	-	-	-	3,958,873	575,168	3,958,873	-	8,492,914
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,958,873</u>	<u>575,168</u>	<u>3,958,873</u>	<u>-</u>	<u>8,492,914</u>
<b>Fund Balances</b>								
Restricted	-	-	-	3,785,867	627,629	3,909,049	15,072	8,337,617
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,785,867</u>	<u>627,629</u>	<u>3,909,049</u>	<u>15,072</u>	<u>8,337,617</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,744,740</u>	<u>\$ 1,202,797</u>	<u>\$ 7,872,422</u>	<u>\$ 15,072</u>	<u>\$ 16,835,031</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended December 31, 2018**

	2007 Capital Improvement	2002 Junior Lien	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	Total
<b>Revenues</b>								
General property taxes	\$ -	\$ -	\$ -	\$ 3,781,525	\$ 401,816	\$ 3,781,525	\$ -	\$ 7,964,866
Charges for services	-	-	-	-	-	-	-	-
Utility franchise fees	-	-	-	-	-	-	1,504,462	1,504,462
Investment income	-	-	2,482	32,516	7,045	27,281	14,635	83,959
Miscellaneous	-	-	-	-	-	886	-	886
Total revenues	-	-	2,482	3,814,041	408,861	3,809,692	1,519,097	9,554,173
<b>Expenditures</b>								
Debt Service								
Principal	-	-	-	2,660,000	-	250,000	930,000	3,840,000
Interest	-	-	-	1,025,013	156,900	359,022	574,462	2,115,397
Bond issuance costs	-	-	-	-	-	4,500	-	4,500
Agent fees	-	-	-	1,500	1,613	-	1,500	4,613
Total expenditures	-	-	-	3,686,513	158,513	613,522	1,505,962	5,964,510
<b>Excess (Deficiency) of Revenues Over</b>	-	-	2,482	127,528	250,348	3,196,170	13,135	3,589,663
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	-	-	-	194	425,556	368	426,118
Transfers out	(327)	(41)	(425,556)	-	-	-	-	(425,924)
Total other financing uses	(327)	(41)	(425,556)	-	194	425,556	368	194
<b>Net Change in Fund Balances</b>	(327)	(41)	(423,074)	127,528	250,542	3,621,726	13,503	3,589,857
<b>Fund Balances, Beginning of Year</b>	327	41	423,074	3,658,339	377,087	287,323	1,569	4,747,760
<b>Fund Balances, End of Year</b>	\$ -	\$ -	\$ -	\$ 3,785,867	\$ 627,629	\$ 3,909,049	\$ 15,072	\$ 8,337,617

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
**Year Ended December 31, 2018**

	Short-Term Financing	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 44,791	\$ -	\$ 29,073	\$ 24,964	\$ 98,828
Restricted cash	-	-	862,182	-	862,182
Investments	380,586	-	247,040	212,120	839,746
Accounts receivable	-	-	-	209,852	209,852
Interest receivable	1,422	-	38,347	793	40,562
Total assets	<u>\$ 426,799</u>	<u>\$ -</u>	<u>\$ 1,176,642</u>	<u>\$ 447,729</u>	<u>\$ 2,051,170</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	173,941	-	-	-	173,941
Total liabilities	<u>173,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,941</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - property taxes	-	-	-	204,492	204,492
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,492</u>	<u>204,492</u>
<b>Fund Balances</b>					
Restricted	252,858	-	1,176,642	243,237	1,672,737
Total fund balances	<u>252,858</u>	<u>-</u>	<u>1,176,642</u>	<u>243,237</u>	<u>1,672,737</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 426,799</u>	<u>\$ -</u>	<u>\$ 1,176,642</u>	<u>\$ 447,729</u>	<u>\$ 2,051,170</u>



**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year Ended December 31, 2018**

	Short-Term Financing	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
<b>Revenues</b>					
General property taxes	\$ -	\$ -	\$ -	\$ 165,670	\$ 165,670
Investment income	63,844	-	19,220	5,540	88,604
<b>Total revenues</b>	<b>63,844</b>	<b>-</b>	<b>19,220</b>	<b>171,210</b>	<b>254,274</b>
<b>Expenditures</b>					
General government					
General administration	76,454	-	-	-	76,454
Finance	626,351	-	-	-	626,351
Information technology	2,824	-	-	-	2,824
Planning and development	92,315	-	-	-	92,315
<b>Total general government</b>	<b>797,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>797,944</b>
Fire	92,623	-	-	-	92,623
Police	1,265,394	-	-	-	1,265,394
Fleet	1,024	-	-	-	1,024
Economic development	-	-	-	250,000	250,000
Education	-	-	2,501,134	-	2,501,134
<b>Total expenditures</b>	<b>2,156,985</b>	<b>-</b>	<b>2,501,134</b>	<b>250,000</b>	<b>4,908,119</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,093,141)</b>	<b>-</b>	<b>(2,481,914)</b>	<b>(78,790)</b>	<b>(4,653,845)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	-	(194)	-	-	(194)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(194)</b>	<b>-</b>	<b>-</b>	<b>(194)</b>
<b>Net Change in Fund Balances</b>	<b>(2,093,141)</b>	<b>(194)</b>	<b>(2,481,914)</b>	<b>(78,790)</b>	<b>(4,654,039)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,345,999</b>	<b>194</b>	<b>3,658,556</b>	<b>322,027</b>	<b>6,326,776</b>
<b>Fund Balances, End of Year</b>	<b>\$ 252,858</b>	<b>\$ -</b>	<b>\$ 1,176,642</b>	<b>\$ 243,237</b>	<b>\$ 1,672,737</b>

## **FIDUCIARY FUNDS**

### **TRUST FUNDS**

**Trust Funds** account for assets held in the Firemen's Pension and Relief Fund, the Police Pension Fund, the Nonuniformed Employees' Defined Contribution Plan, the Nonuniformed Employees' Defined Benefit Pension Plan, the 401(a) Money Purchase and Trust Retirement Fund, the 2014 Defined Benefit Plan and Health Management Trust. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

### **AGENCY FUND**

The **Agency Fund** accounts for monies collected and held by the courts until they are disbursed to various governmental agencies.

**City of Little Rock, Arkansas**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**December 31, 2018**

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ 243,714	\$ 2,067,589	\$ 85,431	\$ -	\$ 8,653,510	\$ 127,429	\$ 11,177,673
Investments								
U. S. government obligations	-	-	51,996	-	-	4,499,075	-	4,551,071
Equities	-	-	8,114,096	-	-	29,648,053	1,869,555	39,631,704
Mutual funds and other investments	1,378,699	1,389,800	6,217,284	10,856,936	6,766,607	12,780,339	2,478,195	41,867,860
Receivables								
Accounts receivable	-	-	-	400,496	114,582	455,350	-	970,428
Accrued interest and dividends	-	-	2,956	17,281	-	117,733	-	137,970
Total assets	<u>1,378,699</u>	<u>1,633,514</u>	<u>16,453,921</u>	<u>11,360,144</u>	<u>6,881,189</u>	<u>56,154,060</u>	<u>4,475,179</u>	<u>98,336,706</u>
<b>Liabilities</b>								
Accounts payable	-	12,287	400,496	45,244	354,845	-	-	812,872
Total liabilities	<u>-</u>	<u>12,287</u>	<u>400,496</u>	<u>45,244</u>	<u>354,845</u>	<u>-</u>	<u>-</u>	<u>812,872</u>
<b>Net Position</b>								
Net position restricted for pensions and other employee benefits	<u>\$ 1,378,699</u>	<u>\$ 1,621,227</u>	<u>\$ 16,053,425</u>	<u>\$ 11,314,900</u>	<u>\$ 6,526,344</u>	<u>\$ 56,154,060</u>	<u>\$ 4,475,179</u>	<u>\$ 97,523,834</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**Year Ended December 31, 2018**

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Pension Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
<b>Additions</b>								
Contributions								
Employer	\$ -	\$ 503,324	\$ 122,466	\$ 540,783	\$ 302,283	\$ 4,138,261	\$ 1,226,087	\$ 6,833,204
Plan members	-	3,324	83,893	-	165,499	2,069,065	-	2,321,781
State insurance tumback	-	1,188,865	-	-	-	-	-	1,188,865
Other	-	-	5,490	382,403	-	1,219,814	-	1,607,707
Total contributions	-	1,695,513	211,849	923,186	467,782	7,427,140	1,226,087	11,951,557
Investment income (loss)								
Net increase (decrease) in fair value of investments	(195,359)	(176,063)	(1,679,591)	(995,142)	(379,664)	(4,664,504)	(349,889)	(8,440,212)
Gain (loss) on sale of investments	-	267,517	(159,843)	(147,998)	-	(468,144)	(39,563)	(548,031)
Interest and dividends	-	900,390	687,693	466,656	-	1,979,182	123,620	4,157,541
Less investment expense	(195,359)	991,844	(1,151,741)	(676,484)	(379,664)	(3,153,466)	(265,832)	(4,830,702)
	-	240,692	84,002	47,839	-	332,283	-	704,816
Net investment income (loss)	(195,359)	751,152	(1,235,743)	(724,323)	(379,664)	(3,485,749)	(265,832)	(5,535,518)
Total additions	(195,359)	2,446,665	(1,023,894)	198,863	88,118	3,941,391	960,255	6,416,039
<b>Deductions</b>								
Benefits paid directly to participants	-	13,364,958	1,317,452	1,721,934	1,414,873	915,123	789,620	19,523,960
Administrative expenses	-	52,495	-	-	-	-	46,135	98,630
Other	-	398,597	400,496	-	355,144	-	-	1,154,237
Special item - transfer assets to LOPFI	-	45,046,633	-	-	-	-	-	45,046,633
Total deductions	-	58,862,683	1,717,948	1,721,934	1,770,017	915,123	835,755	65,823,460
<b>Change in Net Position</b>	(195,359)	(56,416,018)	(2,741,842)	(1,523,071)	(1,681,899)	3,026,268	124,500	(59,407,421)
<b>Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year</b>	1,574,058	58,037,245	18,795,267	12,837,971	8,208,243	53,127,792	4,350,679	156,931,255
<b>Net Position Restricted for Pensions and Other Employee Benefits, End of Year</b>	\$ 1,378,699	\$ 1,621,227	\$ 16,053,425	\$ 11,314,900	\$ 6,526,344	\$ 56,154,060	\$ 4,475,179	\$ 97,523,834

**City of Little Rock, Arkansas**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund – Court Fund**  
**Year Ended December 31, 2018**

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Assets</b>				
Cash and cash equivalents	\$ 128,239	\$ -	\$ 6,221	\$ 122,018
	<u>\$ 128,239</u>	<u>\$ -</u>	<u>\$ 6,221</u>	<u>\$ 122,018</u>
<b>Liabilities</b>				
Accounts payable	\$ 94,792	\$ -	\$ 6,219	\$ 88,573
Due to other funds	-	-	-	-
Accrued liabilities	33,447	-	2	33,445
	<u>\$ 128,239</u>	<u>\$ -</u>	<u>\$ 6,221</u>	<u>\$ 122,018</u>

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**NONMAJOR DISCRETELY PRESENTED  
COMPONENT UNITS**

**City of Little Rock, Arkansas**  
**Combining Statement of Net Position**  
**Nonmajor Discretely Presented Component Units**  
**December 31, 2018**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Little Rock Advertising and Promotion Commission	Little Rock Port Authority	Little Rock Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Little Rock Workforce Development Board	Central Arkansas Library System	Total
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 46,989	\$ 36,189	\$ 7,957,695	\$ 8,275,490	\$ 5,328,300	\$ 5,443,095	\$ 890,515	\$ 10,835,579	\$ 25,628	\$ 5,049,380	\$ 43,888,860
Investments	-	-	-	-	2,950,000	-	2,474,260	32,213,196	-	-	37,637,456
Restricted cash and investments - current	-	-	2,016,574	-	600,809	-	-	-	-	-	2,617,383
Accrued interest receivable	-	-	-	-	30,172	9,400	4,679	-	-	-	44,251
Accounts receivable, net of allowance	-	-	2,343,768	472,602	6,082,717	246,229	70,124	29,816,292	392,156	17,977,284	57,401,172
Inventories	-	-	-	-	318,824	604,307	36,797	88,583	-	-	1,048,511
Prepaid expenses and other	-	-	554,519	67,811	328,519	70,789	31,924	152,845	-	256,738	1,463,145
<b>Total current assets</b>	<b>46,989</b>	<b>36,189</b>	<b>12,872,556</b>	<b>8,815,903</b>	<b>15,639,341</b>	<b>6,373,820</b>	<b>3,508,299</b>	<b>73,106,495</b>	<b>417,784</b>	<b>23,283,402</b>	<b>144,100,778</b>
<b>Noncurrent assets</b>											
<b>Restricted assets</b>											
Cash and cash equivalents	110,000	-	2,016,574	2,921,877	600,809	-	-	-	-	2,642,967	8,292,227
Investments	1,812,634	911,495	-	-	4,700,000	-	-	-	-	4,129,320	11,553,449
Interest receivable	-	-	3,409	-	-	-	-	-	-	-	3,409
<b>Total restricted assets</b>	<b>1,922,634</b>	<b>911,495</b>	<b>2,019,983</b>	<b>2,921,877</b>	<b>5,300,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,772,287</b>	<b>19,849,085</b>
Less amounts required to meet current obligations	-	-	2,016,574	-	600,809	-	-	-	-	-	2,617,383
<b>Total restricted assets</b>	<b>1,922,634</b>	<b>911,495</b>	<b>3,409</b>	<b>2,921,877</b>	<b>4,700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,772,287</b>	<b>17,231,702</b>
<b>Capital assets</b>											
Land	87,668	13,089	4,178,128	10,270,648	646,923	1,737,512	-	156,710	-	4,158,290	21,248,968
Construction in progress	-	-	40,047	2,836,509	238,958	-	29,160	2,830,209	-	-	5,974,883
Buildings, improvements and other facilities	336,099	99,211	133,600,498	32,367,269	14,213,831	40,123,015	4,456,413	15,021,947	-	114,701,339	354,919,622
Vehicles	207,305	-	5,751,360	-	7,932,968	40,995,541	-	-	9,651	-	54,896,825
Furniture and equipment	25,661	-	3,102,423	590,965	11,490,253	11,689,932	10,977,897	5,837,197	78,959	14,003,116	57,796,403
Books/AV materials	-	-	-	-	-	-	-	-	-	27,488,272	27,488,272
Other	-	-	389,423	-	-	-	-	-	-	319,745	709,168
<b>Total capital assets</b>	<b>656,733</b>	<b>112,300</b>	<b>147,061,879</b>	<b>46,065,391</b>	<b>34,522,933</b>	<b>94,546,000</b>	<b>15,463,470</b>	<b>23,846,063</b>	<b>88,610</b>	<b>160,670,762</b>	<b>523,034,141</b>
Less accumulated depreciation	367,425	24,803	37,523,347	20,720,363	17,491,516	52,022,187	11,189,721	15,041,626	82,725	70,364,839	224,828,552
<b>Net capital assets</b>	<b>289,308</b>	<b>87,497</b>	<b>109,538,532</b>	<b>25,345,028</b>	<b>17,031,417</b>	<b>42,523,813</b>	<b>4,273,749</b>	<b>8,804,437</b>	<b>5,885</b>	<b>90,305,923</b>	<b>298,205,589</b>
Other assets	-	-	-	-	9,900	-	-	785,749	-	-	795,649
<b>Total other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,900</b>	<b>-</b>	<b>-</b>	<b>785,749</b>	<b>-</b>	<b>-</b>	<b>795,649</b>
<b>Total noncurrent assets</b>	<b>2,211,942</b>	<b>998,992</b>	<b>109,541,941</b>	<b>28,266,905</b>	<b>21,741,317</b>	<b>42,523,813</b>	<b>4,273,749</b>	<b>9,590,186</b>	<b>5,885</b>	<b>97,078,210</b>	<b>316,232,940</b>
<b>Deferred Outflows Of Resources</b>											
<b>Deferred outflows of resources</b>											
Deferred outflows of resources from pensions	-	-	903,294	-	-	-	-	-	-	-	903,294
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>903,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>903,294</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,258,931</b>	<b>\$ 1,035,181</b>	<b>\$ 123,317,791</b>	<b>\$ 37,082,808</b>	<b>\$ 37,380,658</b>	<b>\$ 48,897,633</b>	<b>\$ 7,782,048</b>	<b>\$ 82,696,681</b>	<b>\$ 423,669</b>	<b>\$ 120,361,612</b>	<b>\$ 461,237,012</b>



**City of Little Rock, Arkansas**  
**Combining Statement of Net Position (Continued)**  
**Nonmajor Discretely Presented Component Units**  
**December 31, 2018**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Little Rock Advertising and Promotion Commission	Little Rock Port Authority	Little Rock Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Little Rock Workforce Development Board	Central Arkansas Library System	Total
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>											
<b>Current liabilities</b>											
Accounts payable	\$ -	\$ -	\$ 467,872	\$ 346,454	\$ 434,551	\$ 130,227	\$ 113,833	\$ 402,839	\$ 410,337	\$ 387,560	\$ 2,693,673
Accrued wages payable and related liabilities	-	-	793,656	82,311	-	1,538,256	-	-	-	258,325	2,672,548
Bonds payable - current portion	-	-	1,245,000	180,000	388,379	-	-	-	-	-	1,813,379
Notes payable - current portion	-	-	569,800	-	-	-	-	-	-	110,000	679,800
Capital lease payable - current portion	-	-	-	-	-	-	-	31,407	-	-	31,407
Compensated absences - current portion	-	-	393,424	102,567	-	-	-	-	5,097	748,442	1,249,530
Unearned revenue	-	-	391,809	260,000	18,475	-	121,302	167,512	-	41,954	1,001,052
Accrued expenses and other	-	-	1,876,235	-	1,778,455	7,080	73,700	2,592,989	-	-	6,328,459
Total current liabilities	-	-	5,737,796	971,332	2,619,860	1,675,563	308,835	3,194,747	415,434	1,546,281	16,469,848
<b>Noncurrent liabilities</b>											
Bonds payable, net of unamortized premium	-	-	63,241,273	4,633,010	4,836,412	-	-	-	-	1,975,020	74,685,715
Notes payable	-	-	1,172,112	-	-	-	-	-	-	225,109	1,397,221
Capital lease obligation	-	-	-	-	-	-	-	22,980	-	-	22,980
Net pension liability	-	-	1,027,420	-	-	-	-	-	-	-	1,027,420
Other long-term liabilities	-	-	-	70,745	-	-	-	-	-	770,623	841,368
Compensated absences	-	-	-	152,519	-	-	-	-	-	394,669	547,188
Total noncurrent liabilities	-	-	65,440,805	4,856,274	4,836,412	-	-	22,980	-	3,365,421	78,521,892
Total liabilities	-	-	71,178,601	5,827,606	7,456,272	1,675,563	308,835	3,217,727	415,434	4,911,702	94,991,740
<b>Deferred Inflows of Resources</b>											
Deferred inflows from pensions	-	-	356,195	-	-	-	-	-	-	-	356,195
Total deferred inflows of resources	-	-	356,195	-	-	-	-	-	-	-	356,195
<b>Net Position</b>											
Net investment in capital assets	289,308	87,497	43,292,717	22,980,582	11,806,626	42,523,813	4,273,749	8,750,050	5,885	87,996,060	222,006,287
Restricted - expendable	-	911,495	33,940	379,132	600,809	2,195,666	280,466	38,413,864	-	2,209,091	45,024,463
Restricted - nonexpendable	-	-	-	-	-	-	-	15,092,058	-	932,692	16,024,750
Unrestricted	1,969,623	36,189	8,456,338	7,895,488	17,516,951	2,502,591	2,918,998	17,222,982	2,350	24,312,067	82,833,577
Total net position	2,258,931	1,035,181	51,782,995	31,255,202	29,924,386	47,222,070	7,473,213	79,478,954	8,235	115,449,910	365,889,077
Total liabilities, deferred inflows of resources and net position	\$ 2,258,931	\$ 1,035,181	\$ 123,317,791	\$ 37,082,808	\$ 37,380,658	\$ 48,897,633	\$ 7,782,048	\$ 82,696,681	\$ 423,669	\$ 120,361,612	\$ 461,237,012

**City of Little Rock, Arkansas**  
**Combining Statement of Activities**  
**Nonmajor Discretely Presented Component Units**  
**Year Ended December 31, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities							
Central Arkansas Library System	\$ 25,906,496	\$ 534,242	\$ 1,770,283	\$ 2,778,487	\$ (20,823,484)	\$ -	\$ (20,823,484)
Little Rock Workforce Development Board	2,022,750	-	2,020,381	-	(2,369)	-	(2,369)
Total governmental activities	<u>27,929,246</u>	<u>534,242</u>	<u>3,790,664</u>	<u>2,778,487</u>	<u>(20,825,853)</u>	<u>-</u>	<u>(20,825,853)</u>
Business-type Activities							
Oakland Fraternal Cemetery	249,545	156,490	-	-	-	(93,055)	(93,055)
Mt. Holly Cemetery	86,188	97,481	-	-	-	11,293	11,293
Little Rock Advertising and Promotion Commission	18,649,301	6,248,889	-	-	-	(12,400,412)	(12,400,412)
Little Rock Port Authority	4,010,910	4,070,799	-	-	-	59,889	59,889
Little Rock Ambulance Authority	32,272,572	32,785,710	-	-	-	513,138	513,138
Central Arkansas Transit Authority	22,334,709	2,306,934	-	-	-	(20,027,775)	(20,027,775)
Museum of Discovery	3,672,069	1,620,772	-	-	-	(2,051,297)	(2,051,297)
Arkansas Arts Center	11,946,645	53,429,664	-	-	-	41,483,019	41,483,019
Total business-type activities	<u>93,221,939</u>	<u>100,716,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,494,800</u>	<u>7,494,800</u>
Total component units	<u>\$ 121,151,185</u>	<u>\$ 101,250,981</u>	<u>\$ 3,790,664</u>	<u>\$ 2,778,487</u>	<u>(20,825,853)</u>	<u>7,494,800</u>	<u>(13,331,053)</u>
General revenues							
General property taxes					17,065,410	-	17,065,410
Sales taxes					1,142,444	15,297,057	16,439,501
Investment income (loss)					(61,903)	1,501,215	1,439,312
Grants and contributions not restricted to specific programs					-	17,756,049	17,756,049
Other					796,131	4,799,274	5,595,405
Total general revenues					<u>18,942,082</u>	<u>39,353,595</u>	<u>58,295,677</u>
Change in net position					(1,883,771)	46,848,395	44,964,624
Net Position, Beginning of Year					<u>117,341,916</u>	<u>203,582,537</u>	<u>320,924,453</u>
Net Position, End of Year					<u>\$ 115,458,145</u>	<u>\$ 250,430,932</u>	<u>\$ 365,889,077</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Discretely Presented Component Units**  
**Year Ended December 31, 2018**

	<b>Oakland Fraternal Cemetery</b>	<b>Mt. Holly Cemetery</b>	<b>Little Rock Advertising and Promotion Commission</b>	<b>Little Rock Port Authority</b>	<b>Little Rock Ambulance Authority</b>	<b>Central Arkansas Transit Authority</b>	<b>Museum of Discovery</b>	<b>Arkansas Arts Center</b>	<b>Total</b>
<b>Operating Revenues</b>									
Charges for goods and services	\$ 156,490	\$ 97,481	\$ 6,248,889	\$ 4,070,799	\$ 31,117,623	\$ 2,306,934	\$ 1,620,772	\$ 1,429,142	\$ 47,048,130
Other	-	-	-	-	1,668,087	-	-	52,000,522	53,668,609
Total operating revenues	156,490	97,481	6,248,889	4,070,799	32,785,710	2,306,934	1,620,772	53,429,664	100,716,739
<b>Operating Expenses</b>									
Salaries, wages and employee benefits	102,141	50,084	8,507,631	1,058,888	23,011,419	12,788,066	501,835	4,059,569	50,079,633
Supplies and materials	9,678	15,677	41,320	143,820	1,381,959	2,274,150	-	1,125,866	4,992,470
Services	7,592	5,123	2,582,981	455,267	2,460,419	1,122,972	2,131,254	4,528,503	13,294,111
Utilities	7,394	2,870	1,386,917	64,421	661,490	347,741	-	305,171	2,776,004
Repairs and maintenance	99,458	9,954	938,742	926,153	981,875	-	-	798,424	3,754,606
Other	4,627	-	1,667,259	278,031	1,612,754	876,414	461,248	429,527	5,329,860
Depreciation and amortization	18,655	2,480	3,524,451	1,084,330	2,162,656	4,925,366	577,732	699,585	12,995,255
Total operating expenses	249,545	86,188	18,649,301	4,010,910	32,272,572	22,334,709	3,672,069	11,946,645	93,221,939
<b>Operating Income (Loss)</b>	<b>(93,055)</b>	<b>11,293</b>	<b>(12,400,412)</b>	<b>59,889</b>	<b>513,138</b>	<b>(20,027,775)</b>	<b>(2,051,297)</b>	<b>41,483,019</b>	<b>7,494,800</b>
<b>Nonoperating Revenue (Expenses)</b>									
Intergovernmental revenue	-	-	-	75,000	-	5,104,993	-	943,166	6,123,159
General property taxes	-	-	15,297,057	-	-	-	-	-	15,297,057
Donations, contributions and grants received	-	-	-	1,460,590	-	13,202,426	1,137,385	1,955,648	17,756,049
Investment income (loss)	-	-	423,624	135,674	195,307	33,570	(187,410)	900,450	1,501,215
Interest expense	-	-	(2,702,470)	(191,201)	(164,451)	-	-	(5,442)	(3,063,564)
Other, net	(181,471)	(96,835)	(26,700)	445,862	520,471	-	-	1,078,352	1,739,679
Net nonoperating revenues (expenses)	(181,471)	(96,835)	12,991,511	1,925,925	551,327	18,340,989	949,975	4,872,174	39,353,595
<b>Change in Net Position</b>	<b>(274,526)</b>	<b>(85,542)</b>	<b>591,099</b>	<b>1,985,814</b>	<b>1,064,465</b>	<b>(1,686,786)</b>	<b>(1,101,322)</b>	<b>46,355,193</b>	<b>46,848,395</b>
<b>Net Position, Beginning of Year</b>	<b>2,533,457</b>	<b>1,120,723</b>	<b>51,191,896</b>	<b>29,269,388</b>	<b>28,859,921</b>	<b>48,908,856</b>	<b>8,574,535</b>	<b>33,123,761</b>	<b>203,582,537</b>
<b>Net Position, End of Year</b>	<b>\$ 2,258,931</b>	<b>\$ 1,035,181</b>	<b>\$ 51,782,995</b>	<b>\$ 31,255,202</b>	<b>\$ 29,924,386</b>	<b>\$ 47,222,070</b>	<b>\$ 7,473,213</b>	<b>\$ 79,478,954</b>	<b>\$ 250,430,932</b>

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## **Statistical Section**

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

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

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

**Table 1**

	2009	2010	2011	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014	2015 <sup>(3)</sup>	2016	2017	2018 <sup>(4)</sup>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568	\$ 539,105,312	\$ 549,795,437	\$ 547,314,893	\$ 546,408,833	\$ 531,056,399	\$ 532,916,954
Restricted	19,792,771	21,106,638	23,201,045	24,208,928	13,951,009	14,801,039	11,414,278	64,200,510	94,766,332	103,864,734
Unrestricted (deficit)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)	28,926,155	24,870,220	(78,833,242)	(127,034,220)	(136,283,348)	(165,172,690)
<b>Total governmental activities net position</b>	<b>\$ 478,697,155</b>	<b>\$ 484,122,020</b>	<b>\$ 483,997,215</b>	<b>\$ 511,466,968</b>	<b>\$ 581,982,476</b>	<b>\$ 589,466,696</b>	<b>\$ 479,895,929</b>	<b>\$ 483,575,123</b>	<b>\$ 489,539,383</b>	<b>\$ 471,608,998</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518	\$ 9,423,026	\$ 12,152,186	\$ 12,345,577	\$ 14,721,612	\$ 15,698,476	\$ 16,407,635
Restricted	8,324,557	4,847,683	5,673,566	3,769,248	2,856,964	2,980,184	3,102,528	1,737,901	1,759,592	1,839,896
Unrestricted (deficit)	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762	6,284,003	5,751,822	6,988,248	8,121,642	9,147,485	9,469,784
<b>Total business-type activities net position</b>	<b>\$ 26,260,453</b>	<b>\$ 26,037,620</b>	<b>\$ 25,030,319</b>	<b>\$ 16,559,528</b>	<b>\$ 18,563,993</b>	<b>\$ 20,884,192</b>	<b>\$ 22,436,353</b>	<b>\$ 24,581,155</b>	<b>\$ 26,605,553</b>	<b>\$ 27,717,315</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086	\$ 548,528,338	\$ 561,947,623	\$ 559,660,470	\$ 561,130,445	\$ 546,754,875	\$ 549,324,589
Restricted	28,117,328	25,954,321	28,874,611	27,978,176	16,807,973	17,781,223	14,516,806	65,938,411	96,525,924	105,704,630
Unrestricted (deficit)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)	35,210,158	30,622,042	(71,844,994)	(118,912,578)	(127,135,863)	(155,702,906)
<b>Total primary government net position</b>	<b>\$ 504,957,608</b>	<b>\$ 510,159,640</b>	<b>\$ 509,027,534</b>	<b>\$ 528,026,496</b>	<b>\$ 600,546,469</b>	<b>\$ 610,350,888</b>	<b>\$ 502,332,282</b>	<b>\$ 508,156,278</b>	<b>\$ 516,144,936</b>	<b>\$ 499,326,313</b>

(1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.

(2) At the end of 2013 the City transferred administration of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of unrestricted net position of the governmental activities.

(3) During 2015, the City adopted Governmental Accounting Standards Board Statements 68 and 71. This is the primary reason for the significant decrease of unrestricted net position of the governmental activities.

(4) During 2018, the City adopted Governmental Accounting Standards Board Statement 75. This is the primary reason for the significant decrease of unrestricted net position of the governmental activities.

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

**Table 2**

	2009	2010	2011	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 33,803,817	\$ 36,758,227	\$ 35,467,227	\$ 45,722,245	\$ 48,076,292	\$ 50,079,445	\$ 55,582,516	\$ 53,272,987	\$ 52,444,900	\$ 51,413,544
Public works	31,689,645	30,920,716	32,290,725	36,100,501	36,968,065	39,260,053	39,559,132	39,423,882	36,221,854	39,017,097
Parks and recreation services	9,886,376	9,032,115	6,740,682	10,131,868	11,209,542	11,436,512	11,324,541	13,144,116	14,871,467	17,180,915
Rivermarket	-	-	-	-	1,298,266	1,337,298	1,298,563	1,284,327	1,331,241	1,353,019
Golf	-	-	-	-	2,162,056	2,420,678	2,434,632	2,551,972	2,526,247	2,594,869
Jim Dailey Fitness	-	-	-	-	983,422	1,389,915	988,633	1,004,748	1,009,427	944,192
Zoo	-	-	-	-	6,927,190	6,920,847	10,754,587	7,466,778	7,419,725	7,467,458
Fire	46,217,347	48,582,390	49,007,470	49,271,456	48,798,721	48,017,977	36,708,372	51,670,486	54,864,567	55,250,732
Police	64,103,539	62,432,868	63,028,974	66,192,652	64,480,813	74,326,931	71,455,621	75,772,406	78,969,098	97,132,460
Economic development	-	-	-	-	-	-	-	-	528,000	250,000
Education	5,282,591	9,439,254	5,747,801	10,523,654	11,361,720	6,505,814	5,773,774	10,131,712	7,130,903	2,501,134
Housing and neighborhood programs	7,815,231	8,621,004	10,462,439	12,611,955	9,238,779	6,996,437	10,142,884	9,149,127	9,942,239	9,844,864
Fleet	-	-	-	-	2,714,412	3,397,637	1,164,920	1,918,738	896,094	483,356
Interest expense on long-term debt	3,654,132	3,849,820	3,222,981	3,791,250	4,203,511	5,096,215	4,680,035	4,641,761	3,109,197	2,487,557
Agent fees and issue costs on long-term debt	9,546	12,780	25,145	13,016	-	1,190,764	150,511	-	499,261	1,190,764
<b>Total governmental activities expenses</b>	<b>202,462,224</b>	<b>209,649,174</b>	<b>205,993,444</b>	<b>234,358,597</b>	<b>248,422,789</b>	<b>258,376,523</b>	<b>252,018,721</b>	<b>271,433,041</b>	<b>271,764,220</b>	<b>289,111,961</b>
<b>Business-type activities</b>										
Presidential park	727,723	913,050	1,284,265	636,683	-	-	-	-	-	-
Waste disposal	13,805,966	14,158,228	13,967,043	14,715,628	15,117,230	13,854,376	14,401,947	14,790,357	14,846,883	16,692,777
Rivermarket garage	1,648,216	1,585,450	1,658,341	1,703,329	1,729,131	1,938,758	1,985,775	2,087,989	1,964,207	2,191,965
Riverfront park	932,726	977,075	1,085,632	1,283,222	-	-	-	-	-	-
Zoo	4,816,545	4,818,113	5,138,281	6,125,411	-	-	-	-	-	-
Vehicle Storage	1,271,451	1,201,185	1,200,152	1,284,946	1,333,659	1,332,818	1,350,526	1,409,481	1,408,219	1,586,109
Golf courses	2,323,844	2,227,607	2,342,219	2,443,065	-	-	-	-	-	-
Fitness center	1,031,479	1,147,343	1,037,736	1,000,345	-	-	-	-	-	-
Concessions services	104,090	1,712	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>26,662,040</b>	<b>27,029,763</b>	<b>27,713,669</b>	<b>29,192,629</b>	<b>18,180,020</b>	<b>17,125,952</b>	<b>17,738,248</b>	<b>18,287,827</b>	<b>18,219,309</b>	<b>20,470,851</b>
<b>Total primary government expenses</b>	<b>\$ 229,124,264</b>	<b>\$ 236,678,937</b>	<b>\$ 233,707,113</b>	<b>\$ 263,551,226</b>	<b>\$ 266,602,809</b>	<b>\$ 275,502,475</b>	<b>\$ 269,756,969</b>	<b>\$ 289,720,868</b>	<b>\$ 289,983,529</b>	<b>\$ 309,582,812</b>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490	\$ 15,945,908	\$ 16,062,816	\$ 16,717,877	\$ 19,383,270	\$ 16,018,807	\$ 16,314,356
Public works	395,554	1,080,184	350,298	560,006	387,436	593,298	571,436	422,907	365,621	325,421
Parks and recreation services	1,276,650	2,374,906	2,665,666	1,379,534	1,998,020	1,506,979	1,539,875	2,360,546	2,729,707	2,573,039
Rivermarket	-	-	-	-	650,259	617,337	605,207	551,711	524,584	558,919
Golf	-	-	-	-	1,497,233	1,581,520	1,476,467	1,306,904	1,426,564	1,283,538
Jim Dailey Fitness	-	-	-	-	638,214	920,051	495,687	455,025	449,846	455,880
Zoo	-	-	-	-	3,579,391	3,869,582	3,798,687	4,191,378	4,202,332	3,440,997
Fire	2,197,020	2,639,543	2,512,542	2,525,884	1,260,256	2,602,223	2,562,979	2,724,322	2,677,645	2,882,895
Police	3,278,652	3,697,419	3,306,547	3,162,965	5,253,340	3,322,195	3,231,294	3,622,692	3,430,233	2,821,198
Education	-	-	-	-	-	-	-	-	-	886
Fleet	-	-	-	100,151	343,534	229,248	-	689,291	-	689,291
Housing and neighborhood programs	462,390	543,179	1,566,311	1,179,396	458,891	669,271	945,430	794,696	822,456	1,437,279
Operating grants and contributions	19,126,353	8,929,758	10,885,382	12,873,846	8,133,436	5,396,151	6,041,316	4,619,575	4,330,755	29,379,100
Capital grants and contributions	1,432,306	4,592,275	8,151,956	4,313,770	2,028,323	1,379,420	591,966	2,415,017	1,568,435	6,328,314
<b>Total governmental activities program revenues</b>	<b>42,294,315</b>	<b>38,173,839</b>	<b>43,814,203</b>	<b>41,575,042</b>	<b>42,174,241</b>	<b>38,750,091</b>	<b>38,578,221</b>	<b>43,537,334</b>	<b>38,546,985</b>	<b>68,491,113</b>



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

**Table 2**

<b>Business-type activities</b>										
<b>Charges for services</b>										
Presidential park	684	-	-	-	-	-	-	-	-	-
Waste disposal	16,303,264	16,133,281	16,405,458	16,511,682	18,588,177	17,452,777	17,761,020	17,975,553	17,959,296	18,291,143
Rivemarket garage	1,676,830	1,846,258	1,855,989	2,138,957	2,138,022	2,144,882	2,500,013	2,873,719	2,560,451	2,590,183
Riverfront park	300,074	358,709	493,906	631,316	-	-	-	-	-	-
Zoo	3,057,010	3,018,702	3,436,370	3,508,321	-	-	-	-	-	-
Vehicle storage	1,203,642	1,199,238	1,288,799	1,359,763	1,362,661	1,347,321	1,196,723	1,319,514	1,464,567	2,000,823
Golf courses	1,372,751	1,461,666	1,551,889	1,797,901	-	-	-	-	-	-
Fitness center	761,485	744,609	755,754	683,632	-	-	-	-	-	-
Concessions services	37,589	-	-	-	-	-	-	-	-	-
Capital grants and contributions	516,796	2,112,812	2,072,015	3,250,743	-	170,289	-	17,482	1,521	52,807
<b>Total business-type activities program revenues</b>	<b>25,230,125</b>	<b>26,875,275</b>	<b>27,860,180</b>	<b>29,882,315</b>	<b>22,088,860</b>	<b>21,115,269</b>	<b>21,457,756</b>	<b>22,186,268</b>	<b>21,985,835</b>	<b>22,934,956</b>
<b>Total primary government program revenues</b>	<b>\$ 67,524,440</b>	<b>\$ 65,049,114</b>	<b>\$ 71,674,383</b>	<b>\$ 71,457,357</b>	<b>\$ 64,263,101</b>	<b>\$ 59,865,360</b>	<b>\$ 60,035,977</b>	<b>\$ 65,723,602</b>	<b>\$ 60,532,820</b>	<b>\$ 91,426,069</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (192,783,555)	\$ (206,248,548)	\$ (219,626,432)	\$ (213,440,500)	\$ (227,895,707)	\$ (233,217,235)	\$ (220,620,848)
Business-type activities	(1,431,915)	(154,488)	146,511	689,686	3,908,840	3,989,317	3,719,508	3,898,441	3,766,526	2,464,105
<b>Total primary government net expense</b>	<b>\$ (161,599,824)</b>	<b>\$ (171,629,823)</b>	<b>\$ (162,032,730)</b>	<b>\$ (192,093,869)</b>	<b>\$ (202,339,708)</b>	<b>\$ (215,637,115)</b>	<b>\$ (209,720,992)</b>	<b>\$ (223,997,266)</b>	<b>\$ (229,450,709)</b>	<b>\$ (218,156,743)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
General Property taxes	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	\$ 52,833,701	\$ 51,570,745	\$ 50,469,150	\$ 57,028,881	\$ 56,421,850	\$ 58,677,802
Sales taxes	63,112,194	64,137,449	64,964,351	111,987,226	112,749,306	114,294,652	118,312,110	118,220,534	120,269,724	121,474,064
Utility franchise taxes	29,932,458	29,348,059	29,137,883	29,176,325	29,707,701	29,898,410	31,065,494	29,599,082	29,326,328	29,965,553
Investment income (loss)	291,043	129,215	74,319	144,886	(116,617)	1,131,952	775,618	559,560	1,094,589	1,591,250
Unrestricted grants and contributions	18,887,563	35,189,761	15,293,373	22,250,304	23,452,078	27,219,998	22,990,373	25,055,029	23,009,538	-
Other	(246,757)	-	-	735,885	(148,720)	-	-	-	7,428,860	-
Transfers	2,306,053	88,142	1,185,918	9,184,248	1,661,580	1,804,131	1,816,098	1,801,106	1,880,606	1,581,764
<b>Total governmental activities</b>	<b>159,531,264</b>	<b>176,900,200</b>	<b>162,054,436</b>	<b>223,011,396</b>	<b>220,139,029</b>	<b>225,919,888</b>	<b>225,428,843</b>	<b>232,264,192</b>	<b>239,431,495</b>	<b>213,290,433</b>
<b>Business-type activities</b>										
Investment earnings	80,586	19,797	32,106	23,771	(28,446)	135,013	111,523	47,467	138,478	229,421
Other	(9,805)	-	-	-	-	-	-	-	-	-
Special item - transfer of net pension obligation	-	-	-	-	57,079,600	-	-	-	-	-
Transfers	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	(1,661,580)	(1,804,131)	(1,816,098)	(1,801,106)	(1,880,606)	(1,581,764)
<b>Total business-type activities</b>	<b>(2,235,272)</b>	<b>(68,345)</b>	<b>(1,153,812)</b>	<b>(9,160,477)</b>	<b>55,389,034</b>	<b>(1,669,118)</b>	<b>(1,704,575)</b>	<b>(1,753,639)</b>	<b>(1,742,128)</b>	<b>(1,352,343)</b>
<b>Total primary government</b>	<b>\$ 157,295,992</b>	<b>\$ 176,831,855</b>	<b>\$ 160,900,624</b>	<b>\$ 213,850,919</b>	<b>\$ 275,528,063</b>	<b>\$ 224,250,770</b>	<b>\$ 223,724,268</b>	<b>\$ 230,510,553</b>	<b>\$ 237,689,367</b>	<b>\$ 211,938,090</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 30,227,841	\$ 13,890,481	\$ 6,293,456	\$ 11,988,343	\$ 4,368,485	\$ 6,214,260	\$ (7,330,415)
Business-type activities	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	59,297,874	2,320,199	2,014,933	2,144,802	2,024,398	1,111,762
Change in accounting principle	-	-	-	-	(668,352)	-	(122,021,882)	-	-	(10,849,970)
<b>Total primary government</b>	<b>\$ (4,303,832)</b>	<b>\$ 5,202,032</b>	<b>\$ (1,132,106)</b>	<b>\$ 21,757,050</b>	<b>\$ 72,520,003</b>	<b>\$ 8,613,655</b>	<b>\$ (108,018,606)</b>	<b>\$ 6,513,287</b>	<b>\$ 8,238,658</b>	<b>\$ (17,068,623)</b>

(1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.

(2) At the end of 2013 the City transferred administration and related net pension obligation of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of the unrestricted net position of the governmental activities.

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

**Table 3**

<b>Year</b>	<b>General Property Taxes</b>	<b>Sales Taxes</b>	<b>Utility Franchise Taxes</b>	<b>Total</b>
2009	\$ 45,248,710	\$ 63,112,194	\$ 29,932,458	\$ 138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
2012	49,532,522	111,987,226 (1)	29,176,325	190,696,073
2013	52,833,701	112,749,306	29,707,701	195,290,708
2014	51,570,745	114,294,652	29,898,410	195,763,807
2015	50,469,150	118,312,110	31,065,494	199,846,754
2016	57,028,881	118,220,534	29,599,082	204,848,497
2017	56,421,850	120,269,724	29,326,328	206,017,902
2018	58,677,802	121,474,064	29,965,553	210,117,419

(1) The citizens of Little Rock passed an additional one-cent local sales tax in September 2011 which went into effect on January 1, 2012.

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

**Table 4**

	<b>Pre-GASB 54</b>								
	<b>2009</b>	<b>2010</b>							
General Fund									
Reserved	\$ 1,219,426	\$ 1,368,619							
Unreserved	21,061,786	24,642,501							
Total general fund	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>							
All other governmental funds									
Reserved	\$ 3,197,741	\$ 2,368,171							
Unreserved, reported in:									
Special revenue funds	2,846,175	4,623,440							
Capital projects funds	35,096,989 <sup>(1)</sup>	20,523,651							
Debt service funds	16,593,060	17,369,848							
Total all other governmental funds	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>							
			<b>Post-GASB 54</b>						
	<b>2011 (2)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
General fund									
Nonspendable	\$ 13,255,910	\$ 1,163,347 <sup>(3)</sup>	\$ 1,329,476	\$ 1,251,251	\$ 1,020,087	\$ 4,922,789	\$ 1,940,301	\$ 1,920,362	
Committed	374,900	368,577	337,892	336,610	300,264	49,105	44,839	44,839	
Assigned	1,473,304	7,502,079	9,487,930	8,009,164	12,331,036	11,141,556	14,194,561	9,608,799	
Unassigned	10,904,042	17,456,493 <sup>(4)</sup>	24,369,411 <sup>(6)</sup>	24,713,596	25,567,858	24,009,361	24,414,818	22,175,496	
Total general fund	<u>\$ 26,008,156</u>	<u>\$ 26,490,496</u>	<u>\$ 35,524,709</u>	<u>\$ 34,310,621</u>	<u>\$ 39,219,245</u>	<u>\$ 40,122,811</u>	<u>\$ 40,594,519</u>	<u>\$ 33,749,496</u>	
All other governmental funds									
Nonspendable	\$ 407,391	\$ -	\$ 1,229,513	\$ 1,532,884	\$ 1,647,604	\$ 1,382,990	\$ 640,314	\$ 1,034,773	
Restricted	46,731,379	77,448,650 <sup>(5)</sup>	131,954,068 <sup>(7)</sup>	117,940,944 <sup>(8)</sup>	123,848,447	108,948,051	82,193,945	154,176,682	
Unassigned	(406,965)	(2,397)	(2,618,735)	(3,219,899)	(2,853,464)	(2,633,318)	-	-	
Total all other governmental funds	<u>\$ 46,731,805</u>	<u>\$ 77,446,253</u>	<u>\$ 130,564,846</u>	<u>\$ 116,253,929</u>	<u>\$ 122,642,587</u>	<u>\$ 107,697,723</u>	<u>\$ 82,834,259</u>	<u>\$ 155,211,455</u>	

- (1) The increase in fund balance in the capital projects funds is associated with the 2009 Central Arkansas Library Capital Improvements Bond and the 2009 Parks and Recreation Capital Improvements bond issued to finance capital improvements.
- (2) In 2011 the City implemented GASB 54 which changed the fund balance classification types. Prior to 2011 fund balance was either reserved or unreserved. With the implementation of GASB 54 there are now 5 fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. See page 46-47 for more discussion on these classifications.
- (3) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics and Zoo Enterprise funds which eliminated \$12.1 million in nonspendable fund balance.
- (4) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (5) The increase in restricted fund balance is associated with 3/8 capital portion of the new sales tax in addition to the debt service and capital projects associated with the issuance of the 2012 Library Capital Improvement and Refunding Bonds.
- (6) The increase in unassigned fund balance is associated with the excess receipts of approximately \$6.9 million that resulted when the 2004 Limited Tax Bonds were deceased.
- (7) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.
- (8) The decrease in restricted fund balance is associated with the expenditures in the 2012 Central Arkansas Library Fund and the 2013 Capital Improvement Fund.
- (9) The increase in restricted fund balance is associated with the issuance of the 2018 Limited Tax General Obligation Capital Improvement Bonds and the 2018 Hotel Gross Receipts Tax Bonds.

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

**Table 5**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes <sup>(1)</sup>	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338	\$ 191,323,825	\$ 194,663,920	\$ 199,880,800	\$ 202,216,633	\$ 204,081,781	\$ 207,544,681
Licenses and permits	9,491,852	9,378,966	9,716,395	10,137,945	10,602,406	11,116,890	11,098,754	11,348,110	12,032,656	12,315,181
Intergovernmental	23,758,563	25,854,883	30,013,617	31,893,228	27,403,766	26,327,221	26,216,512	26,048,300	28,908,728	30,101,194
Charges for services	5,896,703	6,967,081	7,160,751	7,084,384	14,045,775	14,176,733	13,515,573	13,843,724	13,935,093	13,018,458
Fines and fees	3,866,793	4,646,215	4,322,127	4,030,384	4,395,755	4,044,070	3,704,630	3,681,279	3,078,148	3,006,967
Investment income (loss)	291,043	129,215	74,319	144,886	(116,609)	1,131,960	775,618	559,559	1,094,588	1,591,250
Miscellaneous	3,257,697	6,262,854	7,128,631	4,339,836	4,247,918	5,032,976	4,822,969	7,292,255	5,419,449	6,532,450
Total revenues	185,115,550	193,633,115	201,142,873	249,104,001	251,902,836	256,493,770	260,014,856	264,989,860	268,550,443	274,110,181
<b>Expenditures</b>										
General government	47,240,799	50,036,950	40,265,241	57,247,916	61,183,366	58,771,868	50,921,165	51,281,442	53,947,370	53,935,979
Public works	19,131,584	20,331,363	24,626,577	25,760,174	26,713,458	33,693,594	33,928,160	41,316,142	39,128,675	32,953,097
Parks and recreation and zoo	10,671,631	11,868,398	9,402,332	10,612,514	15,318,714	12,626,851	12,898,624	16,192,534	13,054,954	16,877,968
Rivermarket	-	-	-	-	1,188,197	1,227,229	1,188,494	1,183,258	1,234,672	1,256,450
Golf	-	-	-	-	2,386,863	2,376,310	2,390,265	2,507,605	2,482,543	2,414,872
Jim Dailey Fitness	-	-	-	-	847,283	1,253,776	855,515	896,483	901,162	869,902
Zoo	-	-	-	-	7,096,614	7,486,377	7,370,338	7,474,065	7,509,037	7,669,263
Fire department	37,943,802	36,670,692	39,865,309	46,728,504	44,669,680	46,506,763	46,461,030	50,119,894	50,702,393	52,333,556
Police department	58,971,285	55,751,125	56,817,357	71,360,040	72,904,543	82,062,673	72,434,859	72,974,267	76,847,967	80,083,124
Housing and neighborhood programs	8,368,709	8,790,445	11,262,328	12,695,568	8,740,138	9,154,001	10,182,817	9,249,603	9,649,948	9,669,689
Fleet	-	-	-	-	-	-	665,112	1,918,739	921,145	1,014,420
Education	-	-	-	-	-	-	5,761,938	9,989,686	6,988,877	2,501,134
Debt service										
Principal	12,571,500	15,560,000	20,119,830	22,368,344	14,186,058	22,020,574	26,140,438	23,024,131	27,620,797	22,782,724
Interest	3,510,734	4,054,730	3,435,526	2,990,024	4,161,306	5,276,039	4,994,622	4,663,739	4,533,869	3,107,331
Bond issuance costs	95,173	-	-	107,193	148,720	1,182,751	117,481	-	493,386	1,182,751
Other charges	9,545	12,779	25,145	13,016	19,619	21,851	33,030	18,677	27,530	8,013
Total expenditures	198,514,762	203,076,482	205,819,645	249,883,293	259,564,559	283,660,657	276,343,888	292,810,265	296,044,325	288,660,273
Deficiency of revenues under expenditures	(13,399,212)	(9,443,367)	(4,676,772)	(779,292)	(7,661,723)	(27,166,887)	(16,329,032)	(27,820,405)	(27,493,882)	(14,550,092)
<b>Other financing sources (uses)</b>										
Transfers in	10,100,179	7,160,928	6,927,781	9,671,846	16,823,595	10,179,324	10,783,984	11,276,919	13,344,426	9,519,740
Transfers out	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)	(14,866,015)	(8,251,193)	(8,553,142)	(9,475,813)	(10,963,820)	(6,937,976)
Bonds issued	35,830,000	-	4,600,000	49,595,001	65,805,000	2,615,000	42,530,000	11,978,000	39,050,000	76,045,000
Premium on bonds issued	-	-	-	756,028	2,051,949	1,455,501	112,763	-	2,407,764	1,455,501
Discount on bonds issued	(249,215)	-	-	-	-	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(6,350,143)	-	-	(17,247,291)	-	(40,736,244)	-
Capital leases	-	-	-	-	-	5,916,000	-	-	-	-
Total other financing sources	38,845,549	324,420	6,520,503	31,976,080	69,814,529	11,914,632	27,626,314	13,779,106	3,102,126	80,082,265
Net change in fund balances	\$ 25,446,337	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788	\$ 62,152,806	\$ (15,252,255)	\$ 11,297,282	\$ (14,041,299)	\$ (24,391,756)	\$ 65,532,173
Debt service as a percentage of noncapital expenditures	8.6%	10.5%	12.4%	13.7%	7.8%	10.4%	12.2%	10.2%	11.9%	9.8%

(1 See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 151.

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

**Table 6**

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2009	\$ 45,508,247	\$ 63,112,194	\$ 29,932,458	\$ 138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
2012	50,309,787	111,987,226 (1)	29,176,325	191,473,338
2013	48,866,818	112,749,306	29,707,701	191,323,825
2014	50,470,858	114,294,652	29,898,410	194,663,920
2015	50,503,196	118,312,110	31,065,494	199,880,800
2016	54,397,017	118,220,534	29,599,082	202,216,633
2017	54,485,729	120,269,724	29,326,328	204,081,781
2018	56,105,064	121,474,064	29,965,553	207,544,681

(1) The citizens of Little Rock passed an additional one-cent local sales tax in September 2011 which went into effect on January 1, 2012.

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

**Table 7**

Year	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Utility	Real	Utility				
2009	\$ 2,629,177,832	\$ -	\$ 740,067,682	\$ 230,741,218	\$ 3,599,986,732	17.05	\$ 17,999,933,660	20%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20%
2012	2,732,143,368	-	800,186,894	239,180,450	3,771,510,712	16.65 (1)	18,857,553,560	20%
2013	2,840,238,586	-	765,722,146	257,211,894	3,863,172,626	16.65	19,315,863,130	20%
2014	2,933,524,621	-	794,658,400	275,131,285	4,003,314,306	16.65	20,122,674,340	20%
2015	3,008,366,567	-	787,937,640	252,624,940	4,048,929,147	16.55 (2)	20,201,526,950	20%
2016	3,117,379,881	-	858,956,525	253,978,240	4,230,314,646	16.55	21,050,648,700	20%
2017	3,213,577,682	-	842,285,575	239,815,220	4,295,678,477	16.55	21,347,370,760	20%
2018	3,383,252,274	-	835,678,550	239,937,630	4,458,868,454	16.55	22,119,142,820	20%

Source: Pulaski County Tax Assessor.

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

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

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

Both are considered personal PSC accounts.

(1) The direct tax rate was reduced 1 mill for the 2012 Library Capital Improvement and Refunding Bonds and 3 mills for the future issuance of up to \$105 million in capital improvement bonds approved by voters on September 11, 2012.

(2) The direct tax rate was reduced 1 mill for the 2015 Library Capital Improvement and Refunding Bonds.

**City of 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	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2009	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2010	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2011	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2012	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2013	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2014	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2015	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2016	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2017	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2018	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00

**Tax Levies**

2009	\$	48,789,133	\$	45,743,106	\$	148,109,308	\$	242,641,547
2010		49,499,645		46,344,553		148,559,430		244,403,628
2011		49,687,697		46,915,434		148,192,735		244,795,866
2012		51,282,012		48,464,111		152,324,353		252,070,476
2013		50,385,921		49,084,104		153,876,053		253,346,078
2014		51,613,055		50,553,806		156,509,422		258,676,283
2015		53,396,476		52,080,512		161,329,413		266,806,401
2016		53,782,561		53,185,616		161,724,101		268,692,278
2017		56,364,487		55,175,845		168,350,134		279,890,466
2018		57,324,101		55,667,587		169,767,421		282,759,110

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 10. Taxes are recorded as delinquent after October 10 and a 10 percent penalty is added.

State statutory limits on City tax rate:

General operation	5 mills
General improvement bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pension and policemen's pension	1 mill each

# City of Little Rock, Arkansas

## Principal Sales Taxpayers

### December 31, 2018

The City of Little Rock, Arkansas' largest own-source revenue is sales taxes. The City's sale taxes revenues are generated from two separate tax levies; a permanent one and one-eighth (1.125)-cent local general sales tax, and a three-eighth (0.375)-cent local sales tax for capital improvements, which sunsets in 2021 unless it is extended by voters. Taxes are assessed based on the point of sale. In addition, the City receives a portion of the county's one (1.0)-cent sales tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2018, the combined 1.5-cent city sales tax generated revenue of \$76,028,622. The City's share of the county 1-cent tax generated revenue of \$42,380,735.

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

**Table 9**

<b>Little Rock Top Ten 1 1/2 Cent Sales Taxpayers Industry</b>	<b>Tax Collected</b>	<b>% of Total</b>
All Other General Merchandise	\$ 6,148,003	8.09%
Grocery Stores	5,609,530	7.38%
Full Service Restaurants	5,150,430	6.77%
Building Materials and Supplies Dealers	3,585,733	4.72%
Electronics and Appliance Stores	2,825,911	3.72%
Clothing Stores	2,638,879	3.47%
Electric Power Generation, Transmission and Distribution	2,407,556	3.17%
Traveler Accommodation	2,288,508	3.01%
Automotive Equipment Rental and Leasing	2,059,744	2.71%
Professional and Commercial Equipment and Supplies Wholesalers	1,868,518	2.46%
Totals	<u>\$ 34,582,812</u>	<u>45.50%</u>

<b>Little Rock Top Ten 1 Cent County Sales Taxpayers Industry</b>	<b>Tax Collected</b>	<b>% of Total</b>
All Other General Merchandise	\$ 4,290,001	10.21%
Full Service Restaurants	2,883,446	6.80%
Grocery Stores	2,769,774	6.54%
Building Materials and Supplies Dealers	2,367,044	5.59%
Electric Power Generation, Transmission and Distribution	1,802,761	4.25%
Electronics and Appliance Stores	1,424,925	3.36%
Clothing Stores	1,239,283	2.92%
Traveler Accommodation	1,024,592	2.42%
Telecommunications	889,609	2.10%
Food Services and Drinking Places	886,930	2.09%
Totals	<u>\$ 19,578,365</u>	<u>46.28%</u>



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

**Table 10**

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections of Delinquent Levies	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 48,789,133	\$ 43,092,225	88.32%	\$ 2,590,493	\$ 45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
2012	51,282,012	46,805,016	91.27%	3,200,327	50,005,343	97.51%
2013	50,385,921	45,233,261	89.77%	2,832,651	48,065,912	95.40%
2014	51,613,055	47,315,821	91.67%	2,805,622	50,121,443	97.11%
2015	53,396,476	48,850,999	91.49%	2,564,574	51,415,573	96.29%
2016	53,782,561	49,486,679	92.01%	2,606,358	52,093,037	96.86%
2017	56,364,487	50,946,371	90.39%	2,742,826	53,689,197	95.25%
2018	57,324,101	52,552,647	91.68%	3,137,897	55,690,544	97.15%

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

## City of Little Rock, Arkansas

### Ratios of Outstanding Debt by Type Last Ten Years

Table 11

Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Revenue Bonds	Notes Payable	Revenue Bonds	Capital Leases			
2009	\$ 82,039,575 <sup>(2)</sup>	\$ 21,268,099 <sup>(3)</sup>	\$ 13,177,436	\$ 36,860,937	\$ 92,462	\$ 153,346,047	3.33%	837.35
2010	67,685,580	20,022,050	8,056,677	30,929,532	-	126,693,839	2.74%	691.81
2011	53,404,122	18,481,001	8,316,847	30,248,087	-	110,450,057	2.12%	570.73
2012	61,274,083 <sup>(4)</sup>	28,588,343 <sup>(5)</sup>	23,383,504 <sup>(6)</sup>	16,307,477 <sup>(5)</sup>	-	129,553,407	2.42%	667.66
2013	114,087,394 <sup>(7)</sup>	26,962,094	25,472,446 <sup>(8)</sup>	13,816,450	-	180,338,384	3.21%	904.55
2014	102,395,291	25,265,845	25,312,871	12,401,141	-	165,375,148	2.91%	854.55
2015	106,214,395	23,491,830	23,907,433	10,935,832	-	164,549,490	2.92%	850.28
2016	93,476,815	21,642,815	27,321,300	9,405,524	-	151,846,454	2.46%	784.64
2017	74,133,457	19,495,588	22,530,551	8,691,748	-	124,851,344	2.10%	645.15
2018	103,289,199 <sup>(9)</sup>	51,231,535	15,192,827	7,926,463	-	177,640,024	2.81%	873.94

Note: Details regarding the City's outstanding debt can be found in *Note 4* to the financial statements.

(1) See *Table 16*, Schedule of Demographic and Economic Statistics for personal income and population data.

(2) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.

(3) In 2009, the City issued \$7,830,000 of bonds to finance parks and recreation capital improvements. The bonds are special obligations payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.

(4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.

(5) In 2012 the City transferred the 2009 parks and recreation capital improvement refunding bonds series B in the amount of approximately \$11.8 million from business-type to governmental activities due to the consolidation of the recreation service funds with the general fund. The transfer did not impact the outstanding debt of the City.

(6) The increase in notes payable is associated with the issuance of \$18,580,000 of 2012 short term financing notes.

(7) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance street and drainage improvements for the City.

(8) In 2013, the City issued \$7.7 million of short-term financing notes.

(9) In 2018, the City issued \$43,475,000 in limited tax general obligation bonds to finance street and drainage improvements for the City.

**City of Little Rock, Arkansas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

**Table 12**

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2009	\$ 82,039,575	\$ 15,200,770 <sup>(3)</sup>	\$ 66,838,805	1.84%	362.36
2010	67,685,580	16,529,241	51,156,339	1.41%	278.16
2011	53,404,122	17,518,930	35,885,192	0.96%	185.43
2012	61,274,083	19,342,676 <sup>(4)</sup>	41,931,407	1.08%	211.30
2013	114,087,394	16,923,578 <sup>(5)</sup>	97,163,816	2.52%	502.08
2014	102,395,291	20,845,865	81,549,426	2.04%	421.39
2015	106,214,395	14,880,687	91,333,708	2.26%	471.95
2016	93,476,815	18,299,509	75,177,306	1.78%	388.47
2017	74,133,457	16,381,890	57,751,567	1.34%	298.42
2018	103,289,199	22,255,918	81,033,281	1.82%	418.72

Note: Details regarding the City's outstanding debt can be found in *Note 4* to the financial statements.

- (1) See *Table 7*, Schedule of Assessed and Appraised Value of Taxable Property for property value data.
- (2) See *Table 16*, Schedule of Demographic and Economic Statistics for personal income and population data.
- (3) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.
- (5) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance various capital improvements for the City.

**City of Little Rock, Arkansas**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2018**

**Table 13**

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$ 165,642,589 <sup>(1)</sup>	100%	\$ 165,642,589
Little Rock Public School District	<u>268,321,915</u>	100%	<u>268,321,915</u>
Total direct and overlapping debt	<u>\$ 433,964,504</u>		<u>\$ 433,964,504</u>

<sup>(1)</sup> The City's overlapping debt is calculated by taking the governmental activities debt and adding the general obligations bonds, the revenue bonds and the notes payable.

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

**Table 14**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678	\$ 965,793,157	\$ 1,000,828,577	\$ 1,012,232,287	\$ 1,057,578,662	\$ 1,073,919,619	\$ 1,114,742,114
Total net debt applicable to limit	99,033,270	78,652,436	43,822,917	64,275,828	122,636,262	106,862,297	115,241,141	102,498,606	80,282,118	98,331,753
Legal debt margin	\$ 800,963,413	\$ 824,122,887	\$ 887,938,320	\$ 878,601,850	\$ 843,156,895	\$ 893,966,280	\$ 896,991,146	\$ 955,080,056	\$ 993,637,501	\$ 1,016,410,361
Total net debt applicable to the limit as a percentage of debt limit	11.00%	8.71%	4.70%	6.82%	12.70%	10.68%	11.38%	9.69%	7.48%	8.82%

**Legal Debt Margin Calculation for 2018**

Assessed value	\$ 4,458,968,454
Debt limit:	
General obligation debt limitation (1)	891,793,691
Short-term financing debt limitation (2)	222,948,423
Total Debt Limitation	<u>1,114,742,114</u>
Debt applicable to limit:	
General obligation and short-term financing	118,482,026
Less: Amount set aside for repayment in debt services funds	<u>20,150,273</u>
Total net debt applicable to limit	<u>98,331,753</u>
Legal debt margin	<u>\$ 1,016,410,361</u>

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

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

# City of Little Rock, Arkansas

## Revenue Bond Coverage

### Last Ten Years

	Operating Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue	Principal <sup>(3)</sup>	Debt Service Requirements Interest	Total	Coverage
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Bill and Hillary Clinton							
National Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	<u>\$ 79,007,286</u>	<u>\$ 64,627,799</u>	<u>\$ 14,379,487</u>	<u>\$ 9,609,106</u>	<u>\$ 13,052,723</u>	<u>\$ 22,661,829</u>	<u>0.63</u>
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Bill and Hillary Clinton							
National Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	<u>\$ 78,325,368</u>	<u>\$ 64,198,449</u>	<u>\$ 14,126,919</u>	<u>\$ 10,868,285</u>	<u>\$ 13,533,251</u>	<u>\$ 24,401,536</u>	<u>0.58</u>
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Bill and Hillary Clinton							
National Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	<u>\$ 82,870,388</u>	<u>\$ 64,402,141</u>	<u>\$ 18,468,247</u>	<u>\$ 11,356,052</u>	<u>\$ 13,050,932</u>	<u>\$ 24,406,984</u>	<u>0.76</u>
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Bill and Hillary Clinton							
National Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
Total	<u>\$ 84,607,671</u>	<u>\$ 61,662,487</u>	<u>\$ 22,945,184</u>	<u>\$ 12,023,577</u>	<u>\$ 12,363,171</u>	<u>\$ 24,386,748</u>	<u>0.94</u>
2012 Wastewater Utility	\$ 43,547,696	\$ 31,653,755	\$ 11,893,941	\$ 8,359,601	\$ 11,332,518	\$ 19,692,119	0.60
Bill and Hillary Clinton							
National Airport	29,021,156	19,639,947	9,381,209	2,745,000	1,050,806	3,795,806	2.47
A&P Commission	16,197,970	12,069,527	4,128,443	1,940,000	460,568	2,400,568	1.72
Total	<u>\$ 88,766,822</u>	<u>\$ 63,363,229</u>	<u>\$ 25,403,593</u>	<u>\$ 13,044,601</u>	<u>\$ 12,843,892</u>	<u>\$ 25,888,493</u>	<u>0.98</u>
2013 Wastewater Utility	\$ 48,141,512	\$ 32,730,309	\$ 15,411,203	\$ 8,632,477	\$ 11,845,306	\$ 20,477,783	0.75
Bill and Hillary Clinton							
National Airport	30,628,890	19,844,695	10,784,195	1,160,000	495,998	1,655,998	6.51
A&P Commission	17,217,912	13,177,614	4,040,298	2,080,000	317,494	2,397,494	1.69
Total	<u>\$ 95,988,314</u>	<u>\$ 65,752,618</u>	<u>\$ 30,235,696</u>	<u>\$ 11,872,477</u>	<u>\$ 12,658,798</u>	<u>\$ 24,531,275</u>	<u>1.23</u>

**City of Little Rock, Arkansas**  
**Revenue Bond Coverage (continued)**  
**Last Ten Years**

**Table 15**

	<b>Operating</b>	<b>Operating</b>	<b>Net Revenue</b>	<b>Principal <sup>(3)</sup></b>	<b>Debt Service Requirements</b>		<b>Coverage</b>
	<b>Revenue <sup>(1)</sup></b>	<b>Expenses <sup>(2)</sup></b>			<b>Interest</b>	<b>Total</b>	
2014 Wastewater Utility	\$ 51,214,190	\$ 23,313,891	\$ 27,900,299	\$ 9,023,866	\$ 10,562,391	\$ 19,586,257	1.42
Bill and Hillary Clinton							
National Airport	30,733,404	20,101,509	10,631,895	1,565,000	452,118	2,017,118	5.27
A&P Commission	16,679,718	11,495,998	5,183,720	1,115,000	2,880,581	3,995,581	1.30
<b>Total</b>	<b>\$ 98,627,312</b>	<b>\$ 54,911,398</b>	<b>\$ 43,715,914</b>	<b>\$ 11,703,866</b>	<b>\$ 13,895,090</b>	<b>\$ 25,598,956</b>	<b>1.71</b>
2015 Wastewater Utility	\$ 51,175,869	\$ 23,956,665	\$ 27,219,204	\$ 9,495,548	\$ 9,257,270	\$ 18,752,818	1.45
A&P Commission	17,031,779	11,057,348	5,974,431	1,130,000	2,869,431	3,999,431	1.49
<b>Total</b>	<b>\$ 68,207,648</b>	<b>\$ 35,014,013</b>	<b>\$ 33,193,635</b>	<b>\$ 10,625,548</b>	<b>\$ 12,126,701</b>	<b>\$ 22,752,249</b>	<b>1.46</b>
2016 Wastewater Utility	\$ 53,470,585	\$ 35,122,586	\$ 18,347,999	\$ 11,069,175	\$ 9,193,366	\$ 20,262,541	0.91
A&P Commission	20,089,114	13,350,223	6,738,891	1,160,000	2,835,531	3,995,531	1.69
<b>Total</b>	<b>\$ 73,559,699</b>	<b>\$ 48,472,809</b>	<b>\$ 25,086,890</b>	<b>\$ 12,229,175</b>	<b>\$ 12,028,897</b>	<b>\$ 24,258,072</b>	<b>1.03</b>
2017 Wastewater Utility	\$ 55,286,393	\$ 36,696,561	\$ 18,589,832	\$ 11,761,167	\$ 9,531,429	\$ 21,292,596	0.87
A&P Commission	22,158,308	14,484,239	7,674,069	1,195,000	2,800,731	3,995,731	1.92
<b>Total</b>	<b>\$ 77,444,701</b>	<b>\$ 51,180,800</b>	<b>\$ 26,263,901</b>	<b>\$ 12,956,167</b>	<b>\$ 12,332,160</b>	<b>\$ 25,288,327</b>	<b>1.04</b>
2018 Wastewater Utility	\$ 60,887,364	\$ 38,223,391	\$ 22,663,973	\$ 12,085,562	\$ 9,245,754	\$ 21,331,316	1.06
A&P Commission	22,005,361	15,124,850	6,880,511	1,245,000	2,752,931	3,997,931	1.72
Port Authority	4,531,680	2,926,580	1,605,100	180,000	195,313	375,313	4.28
<b>Total</b>	<b>\$ 87,424,405</b>	<b>\$ 56,274,821</b>	<b>\$ 31,149,584</b>	<b>\$ 13,510,562</b>	<b>\$ 12,193,998</b>	<b>\$ 25,704,560</b>	<b>1.21</b>

Note: Amounts shown are for the City's Discretely Presented Component Units:

- (1) Includes proceeds from long-term debt and various nonoperating revenues (intergovernmental revenue and local tax levy).
- (2) Excludes depreciation.
- (3) Includes bond defeasance.

	<b>Pledged</b>	<b>Operating</b>	<b>Net Revenue</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
	<b>Revenue <sup>(4)</sup></b>	<b>Expenses <sup>(5)</sup></b>		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
River Market Garage	\$ 2,977,508	\$ 1,489,472	\$ 1,488,036	\$ 535,000	\$ 356,535	\$ 891,535	1.67

- (4) Includes all revenues of the City derived from the ownership, control and operation of the City's various parking facilities.
- (5) Excludes depreciation.

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

**Table 16**

<b>Year</b>	<b>Population</b>	<b>Personal Income <sup>(2)</sup></b>	<b>Per Capita Income <sup>(2)</sup></b>	<b>Median Age</b>	<b>Percent of Population Age 25+ MA/Professional Degree or Higher</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2009	183,133 <sup>(1)</sup>	4,642,787,816	25,352	37	13.8	27,866 <sup>(3)</sup>	6.1%
2010	193,524 <sup>(4)</sup>	4,906,220,448	25,352	37	13.8	27,950 <sup>(3)</sup>	6.1%
2011	193,524 <sup>(4)</sup>	5,205,408,552	26,898	35.1	13.8	27,626 <sup>(3)</sup>	7.3%
2012	193,524 <sup>(4)</sup>	5,350,164,504	27,646	36.8	15.8	27,344 <sup>(3)</sup>	6.8%
2013	193,524 <sup>(4)</sup>	5,448,087,648	28,152	36.6	15.8	27,369 <sup>(3)</sup>	6.7%
2014	193,524 <sup>(4)</sup>	5,686,122,168	29,382	36.1	15.8	26,943 <sup>(3)</sup>	5.9%
2015	193,524 <sup>(4)</sup>	5,632,516,020	29,105	35.6	15.8	26,767 <sup>(3)</sup>	4.8%
2016	193,524 <sup>(4)</sup>	6,170,125,692	31,883	36.6	12.5	26,239 <sup>(3)</sup>	3.5%
2017	193,524 <sup>(4)</sup>	6,090,840,798	30,678	35.9	15.4	25,930 <sup>(3)</sup>	3.0%
2018	193,524 <sup>(4)</sup>	6,498,189,714	32,719	36	15.6	25,685 <sup>(3)</sup>	3.3%

Data Sources: Metroplan - Council of Local Governments, Pulaski County, Little Rock Public Schools, State Library

(1) 2000 Census

(2) The State Library provides per capita income. Personal Income is a calculation of per capita income multiplied by the population.

(3) Little Rock Public Schools

(4) 2010 Census



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

**Table 17**

Employer	2018			2009	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
State of Arkansas (MSA)	35,200	1	18.87%	35,200	1
Local Government (MSA)	26,500	2	14.21%	26,500	2
Federal Government (MSA)	10,200	3	5.47%	10,200	3
University of Arkansas Medical Sciences	9,702	4	5.20%	9,100	4
Baptist Health	7,336	5	3.93%	6,590	5
Little Rock Air Force Base	4,500	6	2.41%	4,500	6
Arkansas Children's Hospital	4,372	7	2.34%	4,000	7
Little Rock School District	3,968	8	2.13%	3,500	8
CHI St. Vincent Health System	3,000	9	1.61%		
Pulaski County Special School District	2,700	10	1.45%		
Central Arkansas Veterans Health Care				2,800	9
Entergy Arkansas				2,740	10
	107,478		57.63%	105,130	

Source: Metroplan - Council of Local Governments

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

**Table 18**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
General Administration	3	3	3	3	3	3	3	3	3	3
Racial Cultural Diversity	3	3	3	2	2	2	2	-	-	-
City Clerk	2	2	2	2	2	2	2	3	3	3
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
311 Communications Center	-	-	-	-	-	-	-	6	6	6
City Manager	15	14	14	14	14	14	14	17	19	20
Community Programs	7	6	7	10	10	10	11	13	11	13
City Attorney	19	18	18	18	18	18	19	20	18	18
Little Rock Television	3	3	3	4	4	4	4	4	4	4
District Court - First Division	21	21	21	21	21	21	21	20	20	20
District Court - Second Division	20	17	17	17	17	17	17	18	18	18
District Court - Third Division	7	7	7	7	7	8	8	8	8	8
Finance	44	40	40	40	41	41	42	43	43	42
Human Resources	21	18	18	19	19	19	20	20	22	23
Management Support/Information Technology	36	37	38	38	39	39	39	39	39	39
Planning and Development	41	39	39	39	39	39	39	39	39	39
Housing and Neighborhood Programs	98	94	94	96	103	103	104	105	107	106
Public Works	13	13	13	13	13	13	13	12	12	12
Parks and Recreation	105	100	100	117	119	122	127	130	128	129
Golf	24	21	21	21	21	21	22	22	21	20
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	9	8
Zoo	50	45	46	56	59	59	61	62	63	62
Fire	409	408	408	421	421	421	421	422	421	433
Police	698	698	697	709	716	716	717	733	748	748
<b>Total General Fund</b>	<b>1,649</b>	<b>1,617</b>	<b>1,619</b>	<b>1,677</b>	<b>1,698</b>	<b>1,702</b>	<b>1,716</b>	<b>1,749</b>	<b>1,763</b>	<b>1,775</b>
River Market										
River Market	4	-	-	-	-	-	-	-	-	-
Waste Disposal	119	112	112	112	113	113	113	113	121	121
Public Works - Street	209	210	210	211	213	213	213	216	215	216
Fleet Services	60	60	60	59	61	61	61	63	63	63
Vehicle Storage Facility	17	17	15	15	15	15	15	13	13	13
<b>Total Other Funds</b>	<b>409</b>	<b>399</b>	<b>397</b>	<b>397</b>	<b>402</b>	<b>402</b>	<b>402</b>	<b>405</b>	<b>412</b>	<b>413</b>
<b>Total Personnel</b>	<b>2,058</b>	<b>2,016</b>	<b>2,016</b>	<b>2,074</b>	<b>2,100</b>	<b>2,104</b>	<b>2,118</b>	<b>2,154</b>	<b>2,175</b>	<b>2,188</b>

# City of Little Rock, Arkansas

## Operating Indicators by Function/Program

### Last Ten Years

**Table 19**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Planning and Development</b>										
Total building permits issued	3,690	3,832	3,304	2,011	2,000	2,024	2,059	2,276	2,283	1,957
Estimated building cost	\$ 394,776,760	\$ 343,976,010	\$ 356,450,894	\$ 391,789,405	\$ 385,865,486	\$ 593,559,207	\$ 414,586,125	\$ 448,913,149	\$ 502,609,225	\$ 617,187,924
New commercial construction permits	31	26	155	94	38	62	45	40	50	31
Commercial construction value	\$ 63,687,048	\$ 58,935,859	\$ 134,734,044	\$ 115,487,012	\$ 86,866,172	\$ 189,748,670	\$ 137,075,636	\$ 116,870,836	\$ 138,433,381	\$ 295,268,496
New residential construction permits	351	361	344	349	359	343	335	337	481	329
Residential construction value	\$ 84,919,683	\$ 74,161,071	\$ 68,783,123	\$ 78,991,948	\$ 96,044,242	\$ 92,447,772	\$ 89,366,181	\$ 97,554,075	\$ 130,595,311	\$ 108,394,465
<b>Fire</b>										
Number of uniformed employees	402	403	403	403	415	415	415	416	416	414
Fires and explosions	1,256	1,557	1,452	1,595	1,241	1,274	1,302	1,274	1,296	1,288
Overpressure rupture, explosion, overhead (no fire)	61	65	62	96	62	76	72	116	-	112
Rescue, emergency medical calls	14,690	15,256	15,259	15,890	16,312	16,934	17,985	18,455	21,246	21,431
Hazardous condition, standby	1,178	1,130	1,298	1,420	1,233	1,383	1,371	1,384	1,095	1,065
Service calls	1,241	1,210	1,295	1,437	1,440	1,503	1,638	1,780	1,882	2,184
Good intent calls	3,327	3,523	3,332	3,426	3,846	3,839	3,419	3,179	3,841	4,301
False alarm calls	2,714	2,644	2,648	2,753	2,770	3,258	4,343	3,790	3,504	4,046
Natural disaster calls	29	17	75	37	22	26	17	47	27	46
Other calls	132	179	134	136	140	685	437	-	-	144
<b>Total calls</b>	<b>24,628</b>	<b>25,984</b>	<b>25,555</b>	<b>26,790</b>	<b>27,066</b>	<b>28,978</b>	<b>30,584</b>	<b>30,025</b>	<b>32,891</b>	<b>34,617</b>
<b>Police</b>										
Number of uniformed employees	557	557	557	577	574	574	574	590	593	594
Calls for service	148,409	143,540	143,226	157,093	158,635	150,367	162,844	162,363	159,051	153,828
Arrests	15,445	15,446	10,154	9,778	8,847	9,289	8,373	9,097	10,321	11,291
Accidents (fatality and serious injury)	5,056	5,039	5,218	5,308	5,029	12,622	12,465	11,200	12,275	12,274
Training man hours	13,525	13,625	10,825	36,780	37,568	38,507	16,230	30,241	31,000	130,000
Uniform Crime Reporting (UCR) Part I offenses	17,775	16,057	16,662	17,330	17,358	16,494	14,932	16,849	17,030	15,694
Clearance rate - all crimes	19.22%	19.47%	38.00%	21.66%	18.83%	20.13%	20.70%	7.23%	15.77%	14.80%
<b>Public Works</b>										
Miles of graded and surface treatment	392	425	422	422	422	422	422	419	419	408
Drainage ditches maintained	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,571	1,571	1,571
Traffic signals repaired	3,100	2,125	1,832	293	2,568	2,288	2,179	2,096	1,557	1,799
<b>Solid Waste/Garbage Collections</b>										
Solid waste disposal monthly service rate	\$ 21.00	\$ 21.00	\$ 20.99	\$ 20.99	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02
On-Call service	27,900	24,620	27,135	25,601	26,649	28,148	25,523	28,098	31,124	36,929
KB's service	8,898	7,499	6,242	5,164	8,675	6,864	6,198	9,014	7,379	7,925
Roll-off service	2,108	1,839	2,139	1,973	2,058	1,935	1,149	1,136	752	769
Carts	5,664	5,852	5,874	5,742	5,501	5,121	6,667	6,220	5,134	4,993
Dead animals collected	303	451	343	329	265	309	328	312	384	520
Curbside recycling tonnage	5,240	5,414	5,688	9,307	10,287	10,219	9,839	9,381	8,795	8,596
Class I and IV tonnage	113,740	102,500	101,283	104,226	131,773	119,013	124,617	135,104	134,752	136,232
Yard Waste tonnage	26,663	25,226	32,585	30,690	47,881	30,562	27,529	28,978	27,053	23,775
<b>Parks and Recreation</b>										
Total recorded parks attendance	64,686	1,672,000	611,722	604,702	617,537	613,042	675,314	612,066	599,452	545,888
Zoo attendance	277,530	274,621	307,123	323,040	313,762	307,046	267,314	280,279	265,268	237,653
Zoo outreach program	74,153	39,240	37,307	21,584	37,018	18,700	46,202	22,626	40,424	35,238

Sources: Various city departments.

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

(1 In 2009, the parks department changed the method in which they recorded parks attendance

(2 In 2010, the parks department changed back to the method in which they recorded parks attendance prior to 2009.

(3 In 2017, the fire department changed systems and was not able to track this information. They anticipate being able to track it in the future.

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

**Table 20**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire Stations	20	20	20	21	21	21	21	21	21	21
Police Stations	11	11	10	10	10	11	11	11	11	10
Public Works										
Miles of Streets	2,601	2,443	2,434	2,448	2,461	2,465	2,468	2,478	2,485	2,490
Miles of paved - permanent streets	2,164	2,018	2,016	2,026	2,039	2,046	2,050	2,057	2,066	2,082
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	355	357	357	359	361	361	363	367	369	373
Miles of sanitary sewer	1,312	1,320	1,345	1,400	1,365	1,368	1,375	1,384	1,385	1,385
Solid waste containers purchased	2,688	2,688	3,032	4,176	3,654	2,138	1,740	2,900	4,110	5,220
Parks and Recreation										
Acreage	6,080	6,246	6,313	6,315	6,319	6,077	6,077	6,077	6,078	6,141
Number of parks	56	58	59	59	59	62	62	63	63	63
Number of playgrounds	45	45	45	46	46	46	46	42	42	42
Number of tennis courts	52	48	48	48	48	48	48	43	41	41
Number of basketball courts	37	37	37	37	37	37	37	35	35	35
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	3	3	3	3	3	3	3	3	3
Number of ball fields	25	25	25	25	25	25	29	26	26	25
Number of play fields	20	20	20	20	20	22	22	22	22	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	-	-	1	1	3	1	1	1	1
Number of community centers	5	4	4	4	5	4	6	6	6	8
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	3	3	3	3	3	2	3	3	3	3
Number of soccer fields	9	9	9	9	9	12	12	13	13	13
Number of pavilions	22	22	22	22	22	28	28	31	33	32
Number of volleyball courts	8	8	9	9	9	8	10	13	13	17

Source: Various city departments.

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

## **Other Required Report**

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

Honorable Frank Scott Jr., Mayor  
and Members of the Board of Directors  
City of Little Rock, Arkansas

We have examined management's assertions that the City of Little Rock, Arkansas, complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2018.

- (1) Arkansas Municipal Account Law of 1973, §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.
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107

Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on 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 management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, 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.

In our opinion, management's assertion that the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2018, is fairly stated, in all material respects.

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

*BKD, LLP*

Dallas, Texas  
June 27, 2019

## **Single Audit Section**

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

**Independent Auditor's Report**

Honorable Frank Scott Jr., Mayor  
and Members of the Board of Directors  
City of Little Rock, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (City), as of and for the year ended December 31, 2018, 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 27, 2019, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principle. Our report also includes a reference to other auditors who audited the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority 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. The financial statements of Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances or reportable noncompliance associated with these component units.

***Internal Control Over Financial Reporting***

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

**BKD, LLP**

Dallas, Texas  
June 27, 2019

**Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over Compliance**  
**Independent Auditor's Report**

Honorable Frank Scott Jr., Mayor  
and Members of the Board of Directors  
City of Little Rock, Arkansas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Little Rock, Arkansas's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Bill and Hillary Clinton National Airport, Little Rock Water Reclamation Authority and Little Rock Workforce Investment Board and Little Rock Port Authority, which received \$4,388,392, \$8,213,582, \$3,354,377, \$2,020,381 and \$1,216,840, respectively, in federal awards. These amounts are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

**BKD, LLP**

Dallas, Texas  
June 27, 2019

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<b><u>Department of Housing and Urban Development Programs</u></b>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 243,697	\$ 939,448
<i>Total CDBG - Entitlement Grants Cluster</i>			243,697	939,448
HOME Investment Partnerships Program	14.239	N/A	-	1,231,657
Housing Opportunities for Persons with Aids (HOPWA)	14.241	N/A	480,753	488,884
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	N/A	-	5,548
Continuum of Care Program	14.267	N/A	-	59,225
<b>Total Department of Housing and Urban Development</b>			<b>724,450</b>	<b>2,724,762</b>
<b><u>Department of Interior Programs</u></b>				
Direct Program:				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	215,140	217,365
Pass-Through From:				
Department of Arkansas Heritage				
Historic Preservation Fund Grants-In-Aid	15.904	16-CLG-09, 18 CLG 08	-	1,962
<b>Total Department of Interior</b>			<b>215,140</b>	<b>219,327</b>
<b><u>Department of Justice Programs</u></b>				
Pass-Through From:				
Arkansas Department of Finance and Administration				
Violence Against Women Formula Grants	16.588	#2017-WF-AX-0018/#180441-17SV, #2014-WF-AX-0026/#170442-14SS, #2016-WF-AX-0003/#170442-16SV	-	33,143
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	606,281
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	519,772
Equitable Sharing Program	16.922	N/A	-	48,567
<b>Total Department of Justice</b>			<b>-</b>	<b>1,207,763</b>
<b><u>Department of Transportation Programs</u></b>				
<b><i>Highway Planning and Construction Cluster</i></b>				
Pass-Through From:				
Arkansas Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	JOB #060907 (S), JOB #061416 SRTS (2012), JOB #061491 (TAP-15), JOB #061526, JOB #061490	-	312,491
<i>Total Highway Planning and Construction Cluster</i>			-	312,491
<b>Total Department of Transportation Programs</b>			<b>-</b>	<b>312,491</b>

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<b><u>Department of Treasury</u></b>				
Direct Program:				
Treasury Forfeiture Fund Program	21.016	N/A	\$ -	\$ 119,932
<b>Total Department of Treasury</b>			-	<b>119,932</b>
<b><u>United States Environmental Protection Agency</u></b>				
Pass-Through From:				
Arkansas Natural Resources Commission Water Quality Cooperative Agreements	66.463	C996103-24 PROJECT 16-600	-	266,290
<b>Total United States Environmental Protection Agency</b>			-	<b>266,290</b>
<b><u>United States Department of Education</u></b>				
Pass-Through From:				
Arkansas Department of Education 21st Century Community Learning Centers	84.287C	S287C180004	-	15,035
<b>Total United States Department of Education</b>			-	<b>15,035</b>
<b><u>Corporation for National and Community Service</u></b>				
Pass-Through From:				
Arkansas Department of Human Services AmeriCorps	94.006	4600037743, 4600040629, 4600042917	-	215,386
<b>Total Corporation for National and Community Service</b>			-	<b>215,386</b>
<b><u>Department of Homeland Security Programs</u></b>				
Pass-Through From:				
Arkansas Natural Resources Commission Flood Mitigation Assistance Program	97.029	FEMA-PJ-06-AR-2016-002, FEMA-PJ-06-AR-2017-005	-	1,000
Arkansas Department of Emergency Management Hazard Mitigation Grant	97.039	FEMA-4226-DR-AR-#6	-	95,475
Emergency Management Performance Grants (EMPG)	97.042	EMPG 2017, EMPG 2018, EMT-2018-EP-00002	-	50,291
Homeland Security Grant Program	97.067	FY15HSGP-EMW-2015-SS-00054-S01, FY16 SECONDARY AWARD, HSGP MMRS 2016, HSGP MMRS 2017, HSGP MMRS 2018, LETPA (LRFD/BOMB) 16, LETPA (LRFD/BOMB) 17, LETPA (LRPD/SWAT) 2017, LETPA (LRPD/SWAT/CBRNE) 2016, LETPA-BOMB FY15, SHSGP 2016, SHSGP 2017, SHSGP-HAZMAT FY15	-	1,122,056
<b>Total Department of Homeland Security Programs</b>			-	<b>1,268,822</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 939,590</b>	<b>\$ 6,349,808</b>

**City of Little Rock, Arkansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2018**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Little Rock, Arkansas (City) under programs of the federal government for the year ended December 31, 2018. 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.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City did not have any federal loan programs during the year ended December 31, 2018.

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of State Awards**  
**Year Ended December 31, 2018**

Program Grantor/Program Title	State Awards
<b>Arkansas Department of Finance and Administration</b>	
Act 1210 River Trail	\$ 834,744
GIF War Memorial Trail	5,530
EMO PSAP	6,806
<b>Arkansas Department of Health</b>	
Trauma Training Site FY18	1,211
<b>Arkansas Department of Heritage</b>	
Heritage MacArthur Museum Renovation	82,774
Heritage Oakland Fraternal Stone and Gate Restoration	24,986
Heritage Oakland Fraternal Mausoleum Roof	10,150
<b>Arkansas Department of Parks and Tourism</b>	
Outdoor Recreation	35,851
<b>Arkansas Development Finance Authority</b>	
Arkansas Housing Trust Fund	<u>10,228</u>
Total State Awards	<u>\$ 1,012,280</u>

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2018**

**Section I - Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies) identified?       Yes       None reported

Material weakness(es) identified?       Yes       No

3. Noncompliance considered material to the financial statements noted?

Yes       No

*Federal Awards*

4. Internal control over compliance for 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 award programs:

Unmodified       Qualified       Adverse       Disclaimer



**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes       No

7. Identification of major federal programs:

Cluster/Program	CFDA Number
HOME Investment Partnerships Program	14.239
Homeland Security Grant Program	97.067

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

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

Yes       No

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

**Section III – Federal Award Findings & Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**City of Little Rock, Arkansas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		