



**Comprehensive Annual Financial Report
For the year ended December 31, 2019
City of Little Rock, Arkansas**

On the Cover: The Little Rock Fire Department's Station 24 opened in February 2020. Located at 8801 Stagecoach Road, it services a portion of Southwest Little Rock. Ground was broken in October 2018 for this project, which was funded by the LR CENT Sales Tax approved by voters in 2011. The building was designed by Jackson Brown Palculict Architects; Baldwin & Shell Construction Company served as the contractor for the project.

(Photo by: Scott Whiteley Carter)



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LITTLE ROCK, ARKANSAS

FISCAL YEAR ENDED DECEMBER 31, 2019

**PREPARED BY:
THE DEPARTMENT OF FINANCE**

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DIRECTOR OF FINANCE**

ANITA WORLEY

City of Little Rock, Arkansas
Year Ended December 31, 2019

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INTRODUCTORY SECTION





FROM THE DESK OF
MAYOR, **FRANK SCOTT, JR.**

June 30, 2020

To the Members of the Little Rock City Board of Directors
and the Residents 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, 2019.

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, 2019, 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, 2019, 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 of Arkansas 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 203,600, based on the latest estimates provided by Metroplan. 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, 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 30th 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 required supplementary information. Detail descriptions of the budget-to-actual variances are included in the MD&A on pages 12 – 18. 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 residents, 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, 2019 show unemployment at 3.1%, compared with a U.S. average of 3.5%, according to data from the U.S. Census Bureau.

U.S. internet sales, or e-commerce, continued rapid growth and accounted for approximately 11.4% 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.” Following the Supreme Court decision 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, during its 2019 regular session, the Arkansas General Assembly approved 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*. With sales tax as the primary revenue source for the City of Little Rock, this legislation was very important to the City’s continued growth. According to a spokesperson for the Department of Finance and Administration, 2020 sales and use tax collections on internet sales are expected to be around \$32 million for the State of Arkansas but exact estimates are difficult to ascertain. After average revenue growth of only 1.36% over the previous six (6) years, since the effective date of Act 822 on July 1, 2019, and throughout the remainder of the year, the City of Little Rock experienced positive revenue growth in each month, ranging from 4% to 8.5%. 2020 will be the first full year of tax collection associated with internet sales.

The December 2019 issue of *Metrotrends Economic Review and Outlook* reports the best summary of the region’s economy today is, once again, “slow and stable.” While there was a decline in job growth for the local business and professional services sector, the Central Arkansas region’s

financial sector grew jobs at nearly twice the U.S. average from 2017-2019. With a net deposit growth of 144% from 2005 to 2019, the Little Rock region outperformed every comparable metro area, including Oklahoma City, Nashville, Baton Rouge, and even the super-fast growing Northwest Arkansas urban region.

The December 2019 *Metrotrends Economic Review and Outlook* reports that in the first six (6) months of 2019, housing construction moved up a bit: steady overall in single-family, while ticking up in multi-family. Little Rock led the pack with \$154 million in residential construction for 2018. Multi-family construction rose by 137%, led by Little Rock, with 410 new units. The multi-family construction consisted of duplexes and small projects, with 176 units in the East Village area, as well as 180 new units on South Bowman Road. 2018 ranked as the best year for residential construction since 2007 and marked two consecutive years of rising value. In addition, 2018 nonresidential construction surpassed all previous records, including the 2004-2007 boom period. Little Rock contributed more than half, 52%, of the new, nonresidential construction in the four-county region.

Four of the City's Departments are nationally accredited. 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 became the 57th Fire Department of roughly 30,000 Departments in the United States in 2017 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. During 2019, the Little Rock Police Department completed the reaccreditation process through the Commission on Law Enforcement Agencies, Inc. In addition, the Little Rock Zoo is accredited through the American Zoo and Aquarium Association, and the Little Rock Parks and Recreation Department is accredited through the Commission on Accreditation for Parks and Recreation Agencies.

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 is a city on the rise, and the nation is taking notice. In 2019, Little Rock was recognized for the Nation's first LEED Zero Energy building at the company, Entegriety. We ranked #7 of "America's Top 10 Small Cities for Prosperity" and were included in the "Top 12 Best Places to Live," "10 U.S. Cities to Watch in 2020," and "Top 100 Places to Live in the U.S." Most recently, on June 12, 2020, Little Rock was named a bronze-level bicycle friendly community by the League of American Bicyclists. Bicycling is another easy way for residents to get physical activity. The City of Little Rock joins 482 communities across the country in the movement for safer streets and better bicycling for everyone. The Bronze Level Bicycle Friendly Community recognizes the City of Little Rock for its commitment to creating transportation and recreational resources that benefit its residents of all ages and abilities while encouraging healthier and more sustainable transportation choices.

Long-Term Financial Planning: Little Rock residents passed an additional One (1)-Cent Local Sales Tax in September 2011, which became effective on January 1, 2012. The City held several public hearings in each Ward to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks & 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 General Fund. The 3/8-Cent Sales Tax for capital projects, which expires ten (10) years from implementation (December 2021), is reflected in the Sales Tax Capital Improvements Fund. The City has kept its promise to tax payers in accordance with the spending plan outlined in Resolution No. 13,343 (July 11, 2011) and is well on its way to completing the designated capital projects. The tax increase provides funding for additional Police Officers, Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new emergency communications system. In the first eight (8) years of collection, the sales tax provided additional resources of approximately \$394.4 million, including approximately \$246.4 million for operations and \$148 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 residents 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.

Relevant Financial Policies: 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. 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 June 2019, the City adopted the first of two (2) Budget Amendments, resulting in the elimination of 50 positions. More than half of the eliminated positions were in Parks and Recreation (golf and parks maintenance), with the remainder spread throughout other General Fund Departments. The purpose of the amendment was to ensure that ongoing operating expenses were in line with projected recurring revenues. While the 2019 Adopted Budget was balanced, one-time sources of revenue were utilized that would not be available for future periods. Nearly all of the affected employees were reassigned to positions available in the Street and Waste Disposal Funds.

On December 3, 2019, the Little Rock Board of Directors approved the 2020 Adopted Budget. Overall operating expenditures total \$275,640,849, an increase of \$3,144,045, or 1.15% more than the final 2019 Amended Budget. The Operating Budget changes for 2020 are summarized below:

	2019	2019 Amended	2020	Change	% Change
General Fund	\$210,623,272	\$211,841,268	\$212,125,253	\$283,985	0.13%
Street Fund	21,599,158	21,566,158	21,339,903	(226,255)	-1.05%
Fleet Services Fund	15,419,298	14,216,048	14,333,041	116,993	0.82%
Waste Disposal Fund	21,436,769	21,436,769	23,938,605	2,501,836	11.67%
Vehicle Storage Facility	1,344,955	1,344,955	1,735,627	390,672	29.05%
Parking Garage Fund	2,091,606	2,091,606	2,168,420	76,814	3.67%
	<u>\$272,515,058</u>	<u>\$272,496,804</u>	<u>\$275,640,849</u>	<u>\$3,144,045</u>	<u>1.15%</u>

The 2020 General Fund Budget supports 1,725 full-time equivalent (FTE) positions – 1,691 serving in General Fund Departments and 34 special positions funded through grants or special project allocations. This represents a net decrease of 47 FTEs compared to 2019 Adopted Budget staffing levels. The personnel budgets for the other operating funds include 439 FTEs, representing an increase of 14 positions in the Waste Disposal Fund to a total of 144, with 219 serving in the Street Fund, 63 in Fleet Services, and 13 in Vehicle Storage. A total of 2,164 full-time positions are authorized for the primary government’s operating funds.

The Little Rock Board of Directors approved a new rate structure for sanitation and landfill fees for the Waste Disposal Fund on September 17, 2019 to be effective January 1, 2020. This is the first rate increase since 2004. The monthly residential rate for sanitation pickup increased from \$20.02 to \$28.90 per month. Class 1 landfill fees increased from \$30 to \$33 per ton, while Class 4 landfill fees increased from \$25 to \$27.50, representing a 10% increase. Compost fees also increased from \$30 to \$33 per ton. The 2020 budget for sanitation fees is approximately \$21.36 million which is a 27% increase over 2019 actuals. Landfill fees are expected to generate approximately \$2.2 million in 2020 which is approximately 11.4% over 2019. The rate increases will fund additional collection crews, vehicles and equipment, and landfill expansion needs anticipated for the next ten (10) years.

Many of the initiatives supported by the sales tax implemented in 2012, such as increasing the number of filled police positions, increased funding for building maintenance, expanded park maintenance, Zoo deferred maintenance, annual fleet replacement, information technology staffing and maintenance, and new transit routes have been implemented and maintained. The 2020 Budget continues the commitment to Little Rock residents to fill vacant public safety positions and to support the initiatives outlined in the sales tax proposal. Fire Station #24, featured

on the cover of the 2019 Comprehensive Annual Financial Report, held its grand opening on February 26, 2020. In addition, construction of the new Police Headquarters at 615 West Markham Street is underway. Both projects are funded by the 3/8-cent capital portion of the sales tax.

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 2015 to 2019. The 2020 Budget reflects a net decrease in debt service of \$630,793 associated with the 2019 retirement of the 2014, \$5.9 million note issued to advance initiatives included in the 3/8-Cent Sales Tax program, and the retirement of the 2016, \$2.85 million note for the Cromwell Building, partially offset by the 2019 addition of a \$5.65 million note utilized for the purchase of a new computer aided dispatch system, and other equipment for Police and Fire. In addition in 2019, the City entered into a capital lease for vehicles totaling \$2.9 million.

Funding of the Pulaski County Jail was continued in order to provide space for inmates in accordance with the City's primary focus on Public Safety. 2020 funding for the detention center increased \$495,952 (25%). The City is working with the County and other cities that utilize the County detention center to determine a new funding formula that is fair to all parties. 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 \$2.5 million. Other outside agency funding increases include approximately \$800,000 for Rock Region Metro, to a total of \$10.2 million, of which \$2 million is allocated to the Street Fund. In addition, funding for operation and maintenance of the Arts Center returned to the General Fund in the amount of \$700,000. The 2019 contribution was funded by a hotel gross receipts tax that is now committed to debt service on bonds issued to expand and enhance the Arts Center.

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 financially fund 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, and 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 \$4.75 million for Children, Youth and Family Programs, including youth employment, skills center funding and re-entry programming in 2020 as part of the City's emphasis to foster and enhance youth and community development. At the direction of the Board of Directors, a minimum of 10% or \$475,000 of this allocation is to be used for the Community Schools Model, including targeted wrap-around services for students and their families. In addition, Community Programs Staff continued implementation of the Youth Master Plan following a series of community forums with Little Rock residents. 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 is continued in 2020. In addition, the City has expanded the program to include additional entry-level positions available in other City Departments.

The 2020 Budget includes a contingency allocation of \$1 million or approximately 0.5% of General Fund revenues. The City of Little Rock's Management Team is committed to managing the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the residents of Little Rock expect with available resources.

On April 1, 2020, the City Board of Directors approved an amendment to the 2020 General Fund budget, which decreased expenditures by \$4.9 million in response to the potential impact of the Coronavirus (COVID-19) Pandemic. As the economic impact and duration of the COVID-19 Pandemic becomes clearer, an additional amendment will be brought forward to further adjust revenue and expenditure forecasts. In addition, on May 19, 2020 the City Board of Directors approved a resolution to authorize the use of up to \$700,000 to pay a portion of the principal of and interest on the 2018 Hotel Gross Receipts Tax Bonds due in December 2020 due to the potential impact of COVID-19 and travel restrictions on the hospitality industry and the hotel gross receipts tax revenues that secure the bonds.

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 residents of Little Rock expect with available resources.

Major Initiatives: Commercial property construction continues to show strong growth. Little Rock is experiencing growth in all sectors of the city.

The new headquarters and campus of Bank OZK in west Little Rock will be Phase 1 of a phased master, mixed-use development that sits on 33.5 total acres. The new headquarters is scheduled to open this year and is expected to spur additional economic activity in western Little Rock. 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 complete. The building will be able to support up to 900 employees. Phase 2 is to build a solar power plant that will provide enough renewable energy to power the new corporate headquarters and up to 40 other Arkansas locations.

Mid-town Little Rock has exciting developments underway with the growth of the University of Arkansas Medical Sciences (UAMS) campus. In November 2019, UAMS broke ground on a more than \$150 million energy project that includes a new \$49 million electrical power plant.

In 2019 ground was broken on a major new mixed use development at the northwest corner of Interstate 630 and University Avenue. 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.

In April 2019, the Arkansas Economic Development Commission announced that CZ-USA, the U.S. based affiliate of Czech firearms manufacturer Česká zbrojovka a.s. Uherský Brod (CZUB), had chosen Little Rock for their North American Headquarters and plans to build a new manufacturing facility on approximately 73 acres at the Port of Little Rock. CZ-USA intends to implement a two-phase approach with an investment of up to \$90 million and the creation of approximately 565 jobs over a six-year period.

Due to the success of the Fidelity Information Services (FIS) FinTech Accelerator, a rigorous twelve (12)-week program designed to accelerate the growth of early stage financial technology ventures, Little Rock is now known globally for its role in electronic banking. According to the December 2019 *Metrotrends Economic Review and Outlook*, the success of the FinTech Accelerator in partnership with the Venture Center has spurred another financial client, the Independent Community Bankers of America (ICBA) to join the roster. The ICBA ThinkTECH Accelerator 2.0 will launch this year, helping advance initiatives from the nation's nearly 5,000 community banks.

The Little Rock Technology Park moved to its current 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 as of December 2019, fifty-two (52) 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 about 180 people.

On April 1, 2020 Amazon signed a 10-year lease to open a new facility in an empty warehouse off Interstate 30 on the edge of Southwest Little Rock. In addition, plans were disclosed that Amazon is building a fulfillment center on an 83-acre site at the Port of Little Rock.

In April 2020, Costco Wholesale announced plans for a 32-acre development at the southwest corner of Chenal Parkway and Kirk Road in west Little Rock for a 165,093 square foot retail warehouse. Costco Wholesale is a membership-only retail/wholesale business, selling high-end, quality national brands and private label merchandise for commercial and personal use. Plans include an attached liquor store, an area set aside for optical examinations, a tire center, and a free-standing gas station.

In May 2020, the Little Rock Regional Chamber of Commerce announced that Arcturus Aerospace, an aerospace manufacturer located in California, will relocate its operations to Little Rock. Arcturus Aerospace is an AS9100D certified operation that provides CNC machined parts

to aircraft manufacturers. Arcturus Aerospace joins a growing aviation and aerospace sector in Metro Little Rock, Chamber officials said. Employment of aviation and aerospace-related jobs in the region is 33% above the national average. In addition, aerospace is Arkansas' number one export, accounting for more than \$1 billion in annual exports.

As Little Rock continues to invest in education, the City is proud of the accomplishments of the Little Rock School District (LRSD) students who amassed a total of \$23 million in scholarships. In 2020, LRSD will open Little Rock Southwest High School, which will be one of the largest state-of-the-art secondary campuses in Arkansas.

In 2020, the Bill and Hillary Clinton National Airport plans to construct a new \$6.9 million gate as part of the Dassault Falcon expansion. The project is part of a multi-year effort to increase the airport's surface system to handle the higher weights of bigger business jets.

The Little Rock Convention and Visitors Bureau (LRCVB) continues to showcase the City to visitors from all over the world. LRCVB hosted nearly 360 events and conventions that brought in more than 330,000 attendees, which translated to over \$75 million dollars in direct spending in Little Rock. In August 2019, the City worked with LRCVB to launch the River Market Entertainment District, which provides patrons with another recreational option in Little Rock.

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 are being 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 residents and businesses. The City's website, littlerock.gov, is designed to improve communication efforts and will undergo a comprehensive redesign through summer of 2020, and by 2021 will include full data about all proposed and new commercial developments within the City of Little Rock. In addition, the City is proud of its 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. It also produces programming regarding municipal affairs. The City launched a LR 311 Mobile App to better enable residents to access City services. The app is available for download through the Apple 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 residents. 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 data.littlerock.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 that ended December 31, 2018. The City of Little Rock has received a Certificate of Achievement for thirty-seven (37) 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, Shaunda Cooney, Czenthia Grant, Montoya McGruder, Debbie Pharr, and Nancy Warfield; Treasury Manager Scott Massanelli; the Grants Staff including Gene Brunner, Amanda Jones, and Lottie Keaton; and Purchasing Manager Abdoul Kabaou. These individuals 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

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**City of Little Rock
Arkansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

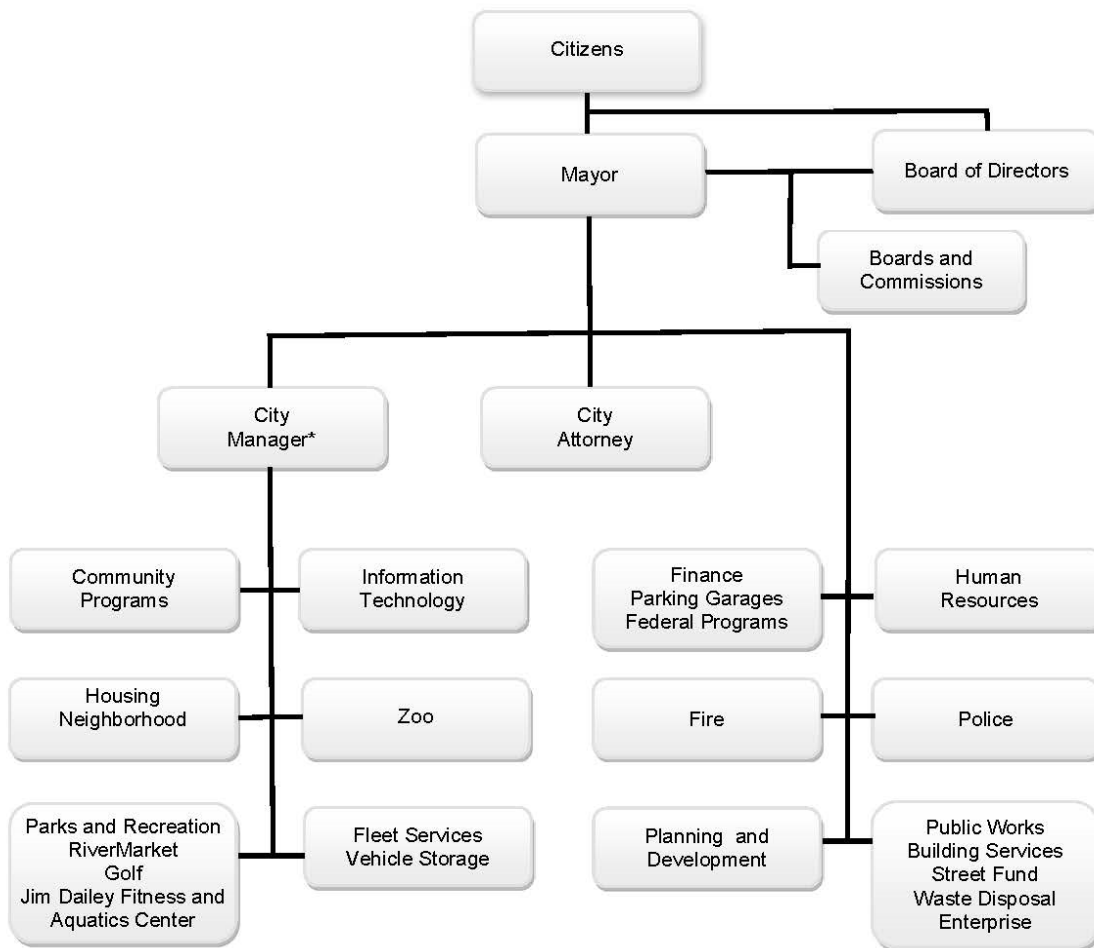
December 31, 2018

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

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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, 2019, 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 22 percent, 24 percent and 45 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, 2019, 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.

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, 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, and the schedule of expenditures of federal 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, and the schedule of expenditures of state awards 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 30, 2020, 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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
June 30, 2020

City of Little Rock, Arkansas
Management's Discussion and Analysis
December 31, 2019
(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, 2019. 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 complete 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 2019 by \$517,793,545. Of this amount, \$560,306,833 reflects the net investment in capital assets; \$116,160,785 is restricted for debt service, streets and drainage, grant funds, and other special projects; \$250,000 is restricted nonexpendable; and (\$158,924,073) is considered unrestricted.
- The City's 2019 total net position increased by \$18,467,232. Net position of the governmental activities increased \$18,688,981 and business-type activities decreased \$221,749. The unrestricted net position of the City's governmental activities decreased \$2,638,973 to (\$167,811,663). The unrestricted net position of the City's business-type activities decreased \$582,194 to \$8,887,590.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$193,270,622. The combined governmental funds balances increased \$4,309,671 from the prior year. The primary components of this change were the net increases in General Fund balances of approximately \$5.4 million, debt service funds of approximately \$2.1 million, and special revenue funds of approximately \$2 million, partially offset by a net decrease in capital project funds of approximately \$5.2 million. The components of these changes will be discussed in detail in the Financial Analysis of the Government's Funds below. Approximately \$27.4 million of the \$193,270,622 fund balances is considered unassigned at December 31, 2019, and \$153,143,988 is reported as restricted for capital improvements, debt service, streets and drainage infrastructure, grants, emergency 911, and special projects. In addition, \$2,842,127 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 \$9,792,389, respectively.
- The General Fund reported fund balance of \$39,179,978 at the end of the current year. Unassigned fund balance for the General Fund was approximately \$27.4 million or 13% of total General Fund expenditures (including transfers out). There was a \$5,430,482 increase in the total fund balance for the General Fund for the year ended December 31, 2019.

- During the current year, the City's total debt decreased by \$17,970,776 (10.4% below 2018). The key factors in this decrease were the principal payments of \$17,300,000 for general obligation bonds, \$2,105,000 for revenue bonds, \$7,018,604 for temporary notes, and \$121,546 for capital leases, partially offset by the issuance of a five-year short-term financing note in the amount of \$5,650,000, and a capital lease for vehicles in the amount of \$2,924,374.
- At the close of the current year, net position of fiduciary funds was \$114,908,352 held in trust for pension and other postemployment benefits. Total fiduciary net position held in trust increased \$17.4 million or 17.8% for the year ended December 31, 2019. The increase in net position is attributed to a net increase in investment income and the net change in the fair value of investments of \$15 million, benefits paid directly to participants of \$6.8 million, and other participant transfers and administrative expenses of \$0.3 million, net of contributions to the funds in the amount of \$9.8 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). Additional assets in the amount of \$429 thousand were transferred to LOPFI in 2019 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 \$21,830,161 to \$279,013,005 for Governmental Activities and \$331,452 for Business-Type Activities. The net pension liability of \$279,334,457 and the related net deferred outflows and inflows of resources of \$87,525,514 are discussed in detail in *Note 7* on Pages 65-95 of this report. Pension expense decreased \$7,493,249 to a total of \$41,003,300, with \$40,663,091 associated with Governmental Activities and \$340,209 associated with Business-Type Activities.
- The City's net postemployment benefits other than pensions (OPEB) liability of \$17,612,842 and the related deferred outflows and inflows of resources of \$5,687,252 are discussed in detail in *Note 8* on Pages 95-100 of this report. OPEB expense of \$2,532,152 is associated with Governmental Activities.
- At December 31, 2019, the City's discretely presented component units reported net position of \$1,012,200,386, an increase of \$48,860,878.

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 (20) 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 fourteen (14) 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	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 154,423,316	\$ 144,866,314	\$ 18,227,794	\$ 18,212,858	\$ 172,651,110	\$ 163,079,172
Noncurrent and other assets	130,021,618	131,030,101	1,362,804	1,029,896	131,384,422	132,059,997
Capital assets	<u>624,015,530</u>	<u>620,516,687</u>	<u>23,515,973</u>	<u>24,334,098</u>	<u>647,531,503</u>	<u>644,850,785</u>
Total assets	<u>908,460,464</u>	<u>896,413,102</u>	<u>43,106,571</u>	<u>43,576,852</u>	<u>951,567,035</u>	<u>939,989,954</u>
Deferred outflows of resources	<u>99,862,032</u>	<u>86,957,574</u>	<u>81,001</u>	<u>625,011</u>	<u>99,943,033</u>	<u>87,582,585</u>
Current liabilities	59,785,114	57,895,350	2,719,205	2,378,453	62,504,319	60,273,803
Long-term liabilities outstanding	<u>454,045,412</u>	<u>447,179,933</u>	<u>12,734,956</u>	<u>13,946,957</u>	<u>466,780,368</u>	<u>461,126,890</u>
Total liabilities	<u>513,830,526</u>	<u>505,075,283</u>	<u>15,454,161</u>	<u>16,325,410</u>	<u>529,284,687</u>	<u>521,400,693</u>
Deferred inflows of resources	<u>4,193,991</u>	<u>6,686,395</u>	<u>237,845</u>	<u>159,138</u>	<u>4,431,836</u>	<u>6,845,533</u>
Net investment in capital assets	543,911,661	532,916,954	16,395,172	16,407,635	560,306,833	549,324,589
Restricted - expendable	113,947,981	103,614,734	2,212,804	1,839,896	116,160,785	105,454,630
Restricted - unexpendable	250,000	250,000	-	-	250,000	250,000
Unrestricted	<u>(167,811,663)</u>	<u>(165,172,690)</u>	<u>8,887,590</u>	<u>9,469,784</u>	<u>(158,924,073)</u>	<u>(155,702,906)</u>
Total net position	<u>\$ 490,297,979</u>	<u>\$ 471,608,998</u>	<u>\$ 27,495,566</u>	<u>\$ 27,717,315</u>	<u>\$ 517,793,545</u>	<u>\$ 499,326,313</u>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$517,793,545 at the close of the most recent fiscal year.

The largest portion of the City’s net position, 108.2%, 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, 22.4%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$158,924,073) represents -30.7% of the City’s net position.

The following table provides a summary of the City's operations for the fiscal year ended December 31, 2019, with comparative totals for the fiscal year ended December 31, 2018.

Revenues	Changes in Net Position				Total	
	Governmental Activities		Business-type Activities		2019	2018
	2019	2018	2019	2018	2019	2018
<i>Program revenues:</i>						
Charges for services	\$ 32,778,620	\$ 32,783,699	\$ 23,989,049	\$ 22,882,149	\$ 56,767,669	\$ 55,665,848
Operating grants and contributions	32,172,071	29,379,100	-	-	32,172,071	29,379,100
Capital grants and contributions	9,722,917	6,328,314	-	52,807	9,722,917	6,381,121
<i>General revenues:</i>						
Property taxes	60,412,042	58,677,802	-	-	60,412,042	58,677,802
Sales taxes	132,033,373	121,474,064	-	-	132,033,373	121,474,064
Utility franchise taxes	31,182,685	29,965,553	-	-	31,182,685	29,965,553
Investment earnings	4,416,791	1,591,250	441,870	229,421	4,858,661	1,820,671
Intergovernmental revenues	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	302,718,499	280,199,782	24,430,919	23,164,377	327,149,418	303,364,159
Expenses						
General government	51,825,519	51,413,544	-	-	51,825,519	51,413,544
Public Works	38,667,619	39,017,097	-	-	38,667,619	39,017,097
Parks and recreation	17,962,635	17,180,915	-	-	17,962,635	17,180,915
River Market	1,404,893	1,353,019	-	-	1,404,893	1,353,019
Golf	2,439,255	2,594,869	-	-	2,439,255	2,594,869
Jim Dailey Fitness	953,498	944,192	-	-	953,498	944,192
Zoo	7,153,851	7,467,458	-	-	7,153,851	7,467,458
Public safety	150,880,442	152,383,192	-	-	150,880,442	152,383,192
Economic development	200,000	250,000	-	-	200,000	250,000
Education	763,492	2,501,134	-	-	763,492	2,501,134
Housing and neighborhood programs	9,373,900	9,844,864	-	-	9,373,900	9,844,864
Interest and fiscal charges on long-term debt	4,125,269	3,678,321	-	-	4,125,269	3,678,321
Waste disposal	-	-	19,132,052	16,692,777	19,132,052	16,692,777
Parking system	-	-	2,146,710	2,191,965	2,146,710	2,191,965
Fleet	63,480	483,356	-	-	63,480	483,356
Vehicle storage	-	-	1,589,571	1,586,109	1,589,571	1,586,109
Total expenses	285,813,853	289,111,961	22,868,333	20,470,851	308,682,186	309,582,812
Change in net position before transfers	16,904,646	(8,912,179)	1,562,586	2,693,526	18,467,232	(6,218,653)
Transfers	1,784,335	1,581,764	(1,784,335)	(1,581,764)	-	-
Change in net position	18,688,981	(7,330,415)	(221,749)	1,111,762	18,467,232	(6,218,653)
Net Position, Beginning of Year, as Previously Reported	471,608,998	489,789,383	27,717,315	26,605,553	499,326,313	516,394,936
Change in accounting principle	-	(10,849,970)	-	-	-	(10,849,970)
Net Position, Beginning of Year as Restated	471,608,998	478,939,413	27,717,315	26,605,553	499,326,313	505,544,966
Net Position, End of Year	\$ 490,297,979	\$ 471,608,998	\$ 27,495,566	\$ 27,717,315	\$ 517,793,545	\$ 499,326,313

Governmental Activities. Governmental activities increased the City's net position in the current year by \$18,688,981. The increase in current assets of \$9.6 million, less an increase in current liabilities of \$1.9 million, increased net position by \$7.7 million. An increase in net capital assets of \$3.5 million, and a decrease in noncurrent liabilities of \$16 million, excluding the net pension and the net OPEB liability, partially offset by a decrease in noncurrent assets of \$1.3 million, increased net position by approximately \$18.2 million. The increase in the net pension liability of \$22.5 million, partially offset by an increase in deferred outflows of \$13.4 million and a decrease in deferred inflows of resources of \$2.5 million, decreased net position by approximately \$6.6 million. The increase in the OPEB liability and the net increase in related deferred outflows and inflows, decreased net position by \$0.6 million.

Property tax represents 20% of the City's governmental revenue in 2019. Property tax revenues increased approximately \$1.7 million or 2.9% primarily due to an increase in assessed values. Sales tax represents 43.6% of the City's 2019 governmental revenue. Sales tax revenues grew \$10.6 million or 8.7% in comparison to 2018 revenues. Approximately 2% of the sales tax growth is attributed to a 2% hotel gross receipts tax levy that is dedicated to debt service on capital improvement bonds issued in December 2018. The remaining 6.7% growth in sales tax is partly attributed to 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*, enacted during the 2019 regular session of the Arkansas General Assembly, and effective beginning in July 2019. The provisions of Act 822 were consistent with the favorable 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. Combined program revenues, including intergovernmental revenues, operating grants and contributions, and capital grants and contributions increased approximately 8.2%, driven primarily by the 34.9% increase in capital grants due to an increase in Federal Department of Transportation grants. Approximately \$3 million of the increase was attributed to the Geyer Springs project.

Excluding transfers in, current year expenses were 94.4% of current year revenues.

Business-type Activities. Business-type activities decreased the City's net position by \$221,749. Key elements of this increase are as follows:

- Operating income increased net position by \$1,495,888. 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 \$66,698. Net transfers decreased net position by \$1,784,335.
- Waste Disposal net position decreased by \$1,625,742. Net income, before net contributions and transfers out of \$1,784,335, was \$158,593, which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$1,432,848 was offset by net nonoperating expense of \$318,288. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income increased net position by \$289,433.

Waste Disposal activities contribute 78.8% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 101.2% 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, 2019, the City’s governmental funds reported combined ending fund balances of \$193,270,622, an increase of \$4.3 million in comparison with the prior year. Approximately \$153.1 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 \$2.8 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 \$9.8 million, respectively. Approximately \$27.4 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, 2019, unassigned fund balance of the General Fund was \$27.4 million, while the total fund balance was \$39,179,978. 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 13% of total General Fund expenditures (including transfers out), while total fund balance represents 18.5% of that same amount.

The special revenue funds had total fund balances of \$30,441,953. The net increase in fund balances during 2019 for the funds was \$1,983,967. 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 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	\$ 826,588	\$ 23,330,564
Special Projects	216,845	3,852,264
Emergency 911	595,911	1,007,531
Grant Fund	1,519	99,533
CDBG	10,505	889,272
NSHP	(11,293)	17,086
HIPP	343,892	1,245,703

The debt service funds had total fund balances of \$23,993,079. The net increase in fund balances during 2019 was \$2,108,723. Revenues for debt service funds come from property tax, hotel gross receipts tax, or franchise fees set at the level necessary to meet debt service requirements. Net changes and ending fund balances by fund are:

	<u>Net Change</u>	<u>Ending Balance</u>
2013 Capital Improvements	\$ 532,977	\$ 14,079,716
2015 Central Arkansas Library	339,006	4,124,873
TIF #1 2014 Capital Improvement	85,934	713,563
2017 Central Arkansas Library	527,050	4,436,099
2017 Capital Improvement	5,837	20,909
2018 Hotel Gross Receipts	617,919	617,919

The capital project fund balances decreased by \$5,213,501 to total fund balances at December 31, 2019, of \$99,655,612. The decrease reflects the expenditure of approximately \$34.2 million to acquire capital assets and to perform major street and drainage maintenance, partially offset by the issuance of a five year short-term financing note in the amount of \$5.65 million and a capital lease for vehicles in the amount of \$2.93 million. Revenues for capital projects come primarily from bond proceeds and from the 3/8-cent sales tax, which generated approximately \$20.4 million in revenue in 2019, less \$3 million contributed to the General Fund for principal payments on notes issued to advance capital projects. Property tax proceeds for the Port TIF district and investment income contributed an additional \$3 million to fund balances. The net changes and ending fund balances for the capital project funds are:

	Net Change	Ending Balance
Sales Tax Capital Improvements	\$ 1,320,667	\$ 30,194,881
Capital Improvements	(6,590,080)	36,492,102
2018 Hotel Gross Receipts Tax Bonds	(2,243,444)	28,996,536
Short-Term Financing	3,032,319	3,285,177
2015 Central Arkansas Library Capital Improvement	(748,410)	428,232
Port TIF	15,447	258,684

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 \$24,732,266, \$2,920,598 and (\$157,298) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position decreased in the Waste Disposal by \$1,625,742 and increased in the River Market Garage and Vehicle Storage funds by \$1,114,560 and \$289,433, 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 \$210,623,272. The final amended General Fund budget included an increase in revenues, including transfers in, of \$3,492,091 and an increase in total appropriations of \$1,217,996, resulting in anticipated net income of \$2,274,095. The final amended budget for revenues, including transfers in, was \$214,115,363 with total appropriations for expenditures and transfers out of \$211,841,268. There were two (2) budget amendments during the year. The purpose of the budget amendments were to adjust budgeted revenues, to reflect the increase in estimated property tax revenues, sales tax revenues, intergovernmental revenues, and franchise fees, partially offset by reductions in charges for services (Parks, Zoo, Golf, and River Market), fines and fees, and licenses and permits. In addition, the budget amendment increased expenditure allocations for overtime cost in the Fire Department, other post-employment benefits, vacation/sick leave payouts for retiring employees, and for the retirement of a short-term note, while eliminating forty-four (44) full-time positions, reducing the number of golf courses from four (4) to two (2) to realign with current demand, and reducing other operating expenses to match recurring expenditures with anticipated recurring revenues. The adjustment also included the allocation of savings from authorized but vacant positions.

Budget adjustments and actual results are shown as follows:

	General Fund Budget – Revenues					Explanation
	Original Budget	Adjustments	Amended Budget	Actual	Variance	
Property Taxes	\$ 29,982,418	\$ 230,354	\$ 30,212,772	\$ 30,301,000	\$ 88,228	The original budget for property tax revenues included a growth estimate of 4%. The budget amendment included the favorable variance incurred through September. Actual revenues were approximately .03% above the amended budget.
Sales Taxes	104,027,600	2,059,700	106,087,300	108,995,027	2,907,727	The original budget included an estimate of 1.4% growth over prior year. The budget amendment reflected the implementation of Act 822 during the 2019 State Legislative Session which required collection of local sales tax from out-of-state sellers beginning in July 2019, even if the seller does not have a physical presence in the state, coupled with actual growth experienced through September. Actual revenues exceeded the amended budget by 2.7%, primarily due to an unusual one-time increase to tax revenues of 14.6% in April associated with the Electric Goods Wholesaler's NAICS category that is subject to rebate through May 2020. In addition, December results included a one-time increase of \$585,500 due to a sales tax audit.
Licenses & Permits	12,576,200	(413,900)	12,162,300	12,457,943	295,643	The original budget assumed revenues consistent with the prior year. The budget amendment reflected decreased permitting for developments through September in comparison to large developments for Bank OZK and Southwest High School in 2018. Actual results included a favorable variance in mixed drink permits and supplemental tax of 2.8% over the amended budget and approximately 8% over prior year. In addition, there was a favorable variance in building and related permits of 3.8% from the amended budget, but results were below prior year revenues by approximately 7% .
Intergovernmental	9,830,188	731,402	10,561,590	10,561,825	235	Insurance pension turnback revenues are received annually in July from the State of Arkansas. The budget amendment reflected an increase in revenues of approximately \$392,500 dedicated to the closed local Police and Fire Pension funds administered by LOPFI, and \$338,900 in funds intended 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 and salary increases for police and fire uniform personnel were the primary drivers that increased total compensation, resulting in the increase in pension turnback funds and in the related pension contributions expense.
Charges for Services	11,746,572	(666,153)	11,080,419	11,342,881	262,462	The budget amendment reflected reduced attendance at all park, zoo, and golf venues associated with heavy rains during the spring. In addition, the City closed two (2) of four (4) public golf courses in July to bring services in line with demand. Actual results included additional reimbursement for Police and Fire services of approximately \$86,800, and revenue from Pay and Display meters in the River Market of approximately \$170,730.
Fines and Fees	2,350,880	(100,660)	2,250,220	2,120,578	(129,642)	The budget amendment reflected a decline in revenues from Animal Services Fees, Warrant Service Fees, and River Market Event Service Fees. Actual fines and fees revenues were below the amended budget by approximately 5.8%, primarily associated with reduced court fines due to increased time-pay options and community service.

General Fund Budget – Revenues (continued)

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Utility Franchise Fees	\$ 29,494,250	\$ 232,500	\$ 29,726,750	\$ 29,676,835	\$ (49,915)	The original budget was based on forecasts received directly from the utility service providers. The budget amendment reflected experience through September in comparison to the original forecast. Year-end results were approximately 0.2% below the amended budget, with slightly favorable variances in telephone, long distance, water, and waste water utilities, and slightly unfavorable variances in electric, gas, and cable utilities.
Interest Earnings	391,200	-	391,200	597,101	205,901	The favorable actual variance was primarily attributed to year-end fair market value adjustments in the investment portfolio.
Contributions	-	2,141,314	2,141,314	2,270,146	128,832	The original budget for Contributions was included in Miscellaneous Revenues below. The budget amendment reflected contributions from the Little Rock Convention and Visitor's Bureau (LRCVB) for River Market operations (\$392,408), and to offset early debt service retirement of the note utilized for the purchase of the Cromwell Building (\$1,748,906). The favorable variance in actual results was primarily due to an additional contribution of approximately \$35,000 for River Market operations and donor contributions of \$93,800 for the Zoo and other special projects.
Miscellaneous	1,841,815	(920,130)	921,685	1,994,082	1,072,397	The budget amendment reflected the reclassification of contributions from LRCVB for operation of the River Market (\$317,408) and to offset scheduled debt service for the note utilized for the purchase of the Cromwell Building (\$602,722) to the Contributions line above. The favorable actual variance included revenue deposited to special projects in the amount of \$276,874 and seized funds in the amount of approximately \$47,000 that are not budgeted. In addition, revenues passed through to the closed police and fire pension funds managed by LOPFI of approximately \$429,000 were reflected in Miscellaneous Revenues. Proceeds from the sale of assets in the amount of \$265,000 were also reflected in the favorable actual variance at year-end.
Transfers In	8,382,149	-	8,579,813	6,339,470	(2,240,343)	The budget amendment reflects a transfer of pass through revenues from the closed police and fire pension fund to LOPFI which was later reclassified to miscellaneous revenues. The variance in actual results reflects the elimination of interfund transfers between the General Fund and General Fund Special Projects at year-end. Actual year-end results include a transfer from the Fleet Fund in the amount of \$750,000, and transfers from the Street and Waste Disposal funds to support overhead and special projects in the amount of \$2,276,590. In addition, transfers in includes \$3,027,970 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, and \$284,910 in excess proceeds from the Hotel Tax debt service fund available for general expenditures.
Total General Fund Revenues	\$ 210,623,272	\$ 3,492,091	\$ 214,115,363	\$ 216,656,888	\$ 2,541,525	

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

	General Fund Budget - Expenditures					Explanation
	Original Budget	Adjustments	Final Budget	Actual	Variance	
General administration	\$ 21,679,020	\$ (1,447,724)	\$ 20,231,296	\$ 21,511,508	\$ (1,280,212)	The budget amendments included the reclassification of \$500,000 in transit funding to the Street Fund, reductions to other outside agency funding of \$44,000, the elimination of an administrative position, and contract reductions of \$29,074 and \$25,000, respectively. In addition budget adjustments included savings from authorized but unfilled positions or vacancy savings of \$55,627, and the allocation of vacation and sick leave payouts for retiring employees to other departments totaling \$1,529,758. The budget amendments reducing expenditure allocations were partially offset by increased funding of \$425,000 for vacation and sick leave payouts, a net increase of \$175,000 for pension and OPEB contributions, and additional funding for 311 Services and the Performance and Innovation Division of \$135,735. The actual variance included special project expenditures (\$1.024 million) for homelessness outreach, grant match, a municipal ID program, and other projects that were included in the transfers out budget. Expenditures were over budget by approximately \$250,000, primarily associated with increased workers compensation, unemployment, information systems and networking software.
Mayor and board of directors	337,500	-	337,500	347,082	(9,582)	The unfavorable actual variance was primarily associated with training and travel expenses for members of the Board of Directors.
Community programs	566,541	(33,513)	533,028	4,704,413	(4,171,385)	The budget amendment reflected the elimination of one position. 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 \$5.125 million. The actual special project expenditures reflected in the variance were \$4.2 million.
City attorney	1,765,815	(177,270)	1,588,545	1,841,418	(252,873)	The budget amendments reflected the elimination of two deputy attorney positions (\$116,283), and savings from vacant positions (\$93,131), net of an allocation for vacation/sick payouts to the City Attorney and retiring employees (\$32,144). The actual variance was primarily due the accrual of a legal settlement. Funds have been set aside in accordance with a court order (\$258,639).
District court-first division (criminal)	1,331,175	24,460	1,355,635	1,258,223	97,412	The budget amendment reflected an additional allocation for vacation/sick payouts for retiring employees (\$45,016), partially offset by savings from vacant positions (\$20,556). Reduced part-time utilization contributed approximately \$62,000 to the favorable variance at year-end. Other personnel cost and contract savings contributed an additional \$35,400 to the favorable variance.
District court-third division (environmental)	554,856	602	555,458	503,838	51,620	The budget amendment reflected savings from vacant positions (\$12,231), net of an additional allocation for vacation/sick payouts for retiring employees (\$12,833). The actual variance at year-end is associated with additional personnel cost savings of \$34,175, and savings in supplies, repairs and maintenance, and contract expenditures of \$6,567, \$1,760, and \$9,118, respectively.
District court-second division (traffic)	1,249,913	69,929	1,319,842	1,319,927	(85)	The budget amendment reflected an allocation for vacation/sick payouts for retiring employees (\$70,540), net of savings from vacant positions (\$611). The actual variance is immaterial.

	General Fund Budget - Expenditures					Explanation
	Original Budget	Adjustments	Final Budget	Actual	Variance	
Finance	3,460,042	(149,383)	3,310,659	3,280,441	30,218	The budget amendments reflected the elimination of an accountant position (\$39,550), and savings from vacant positions (\$132,155), net of an additional allocation for vacation/sick payouts for retiring employees (\$22,322). The actual favorable variance is primarily associated with additional personnel cost savings.
Human resources	1,848,017	(50,413)	1,797,604	1,839,560	(41,956)	The budget amendments reflected the elimination of one position (\$27,799), and savings from vacant positions (\$103,679), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$21,065). In addition, the budget amendments included an additional allocation for Legal Counsel for Civil Service hearings (\$60,000). The actual variance included special project expenditures (\$77,128) for residency incentives and work boots, which were budgeted as transfers out, partially offset by a net favorable variance of \$35,174 in repairs and maintenance and contract expenses.
Information technology	5,449,495	(291,173)	5,158,322	5,015,787	142,535	The budget amendment includes savings from vacant positions (\$327,209), net of an allocation for vacation/sick payouts for retiring employees (\$36,036). The actual variance included net savings in IT software and hardware maintenance contracts.
Planning and development	2,576,596	(202,429)	2,374,167	2,356,337	17,830	The budget amendments included the elimination of a planning technician position (\$23,115), and savings from vacant positions (\$179,839), net of an allocation for vacation/sick payouts for retiring employees (\$525). The actual variance included additional savings in, personnel cost, supplies and utilities expenses (\$63,950), partially offset by special project expenditures (\$46,118) primarily associated with grant match, the I-30 Crossing project, and the extraterritorial jurisdiction study, budgeted as transfers out.
Public works	1,060,735	(3,691)	1,057,044	1,995,906	(938,862)	The budget amendment reflected savings from vacant positions (\$7,533), net of an additional allocation for vacation/sick payouts for retiring employees (\$3,842). The actual variance was primarily associated with facility improvements and repairs special project expenditures (\$976,932) included in the budget as transfers out (\$500,000) and funded by allocations carried over from 2018 (\$476,933), partially offset by savings in supplies, repairs and maintenance, and utilities (\$38,070).
Parks and recreation services	10,662,574	(1,160,957)	9,501,617	11,073,114	(1,571,497)	The budget amendments reflected the elimination of 21 positions, primarily associated with maintenance and recreation programming, and other operating expenses for a net reduction of \$361,635. In addition, the amendments included savings from vacant positions (\$883,057), net of an additional allocation for vacation/sick payouts for retiring employees (\$58,735), and \$25,000 for the West Central Radio Station operations. The actual variance included special project expenditures of \$1,580,186. Special projects expenditures included funding for the Arts Center (\$700,000), grant match for the Two Rivers Park Restroom (\$157,300), and projects and grant match budgeted in transfers out in current and prior-years, including Riverfront Drive TAP match (\$60,547), Environmental Youth Program (\$61,100) and various youth athletic programs and grant match (\$601,239). The Arts Center contribution was funded by Hotel Tax proceeds from a 1% park tax collected prior to the issuance of bonds for expansion and reconstruction of the Arts Center.

General Fund Budget - Expenditures (Continued)						
	Original Budget	Adjustments	Final Budget	Actual	Variance	Explanation
Rivermarket	\$ 1,354,146	\$ -	\$ 1,354,146	\$ 1,305,221	\$ 48,925	Expenditures for the River Market were approximately \$49,000 below budget at year-end due to savings in personnel cost and contracted services.
Golf	2,141,314	45,063	2,186,377	2,264,745	(78,368)	The budget amendments reflected an additional operating allocation for the First Tee (\$160,000) in the first half of the year, followed by the closure of the Hindman and War Memorial Golf courses generating operating savings of \$294,370 for the remainder of the year. In addition, the budget amendments included an additional allocation for vacation/sick payouts for retiring employees (\$99,433) and an additional allocation of \$80,000 associated with repairs for flood damage and equipment. The actual variance was primarily associated with land maintenance, utilities, and other contracted expenses. The additional expenses were partially offset by Golf revenues in excess of forecast (\$32,431) included in Charges for Services.
Jim Daily Fitness & Aquatics	855,474	21,624	877,098	855,754	21,344	The budget amendments reflected an increased allocation for operation of the outdoor pool (\$24,000), partially offset with savings from vacant positions (\$2,376). The favorable year-end variance is primarily associated with additional savings in personnel cost.
Zoo	6,745,800	(476,498)	6,269,302	6,472,385	(203,083)	The budget amendments reflected a reduction in operating expenses of \$46,000 associated with a modified schedule between November 1 and March 1. In addition, the budget amendments included savings from vacant positions (\$465,247), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$34,749). The actual variance is primarily associated with special project expenditures, including grant match (\$83,187), carousel maintenance, and various special events and animal enrichment programs (\$107,351). Special projects are budgeted as transfers out (grant match) with additional funding provided by donations. Other Zoo operating expenses were over budget by \$12,545.
Fire	52,217,670	877,464	53,095,134	53,046,854	48,280	The budget amendments reflected additional allocations for overtime (\$468,407) and vacation/sick payouts for retiring employees (\$220,233), and an increase in passed through pension cost of (\$242,468), net of savings from the elimination of one civilian warehouse position and other expenses (\$53,644). The actual variance at year-end is immaterial.
Police	78,785,071	(1,688,152)	77,096,919	76,872,299	224,620	The budget amendment reflects savings from vacant positions (\$2,680,472), and a reduction in operating expenses associated with the elimination of three administrative positions (\$57,178), partially offset by an increase in passed through pension cost of (\$192,770), and additional allocations for vacation/sick payouts for retiring employees (\$856,728). The favorable actual variance includes additional savings of \$325,850, primarily associated with personnel cost, partially offset by the expenditure of seized funds (\$99,451), and special project expenditures (\$1,779).
Fleet	-	-	-	95,395	(95,395)	The actual variance was associated with vehicle replacement expenditures (\$95,395), which were included in the transfers out budget.

General Fund Budget - Expenditures (Continued)						
	Original Budget	Adjustments	Final Budget	Actual	Variance	Explanation
Housing and neighborhood programs	\$ 5,712,630	\$ (695,204)	\$ 5,017,426	\$ 5,821,970	\$ (804,544)	The budget amendments reflected the elimination of five resource coordinator positions, an office assistant, and a field supervisor, generating savings of \$173,787. In addition, the budget amendments included savings from vacant positions (\$576,565), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$55,148). The actual variance includes special project expenditures included in the budget for transfers out in current and prior years (\$782,600). Projects include allocations for various neighborhood programs, weed lot maintenance, land bank activities, and residential demolition of unsafe structures. In addition, operating expenses were \$21,944 over budget at year-end.
Principal	5,846,493	1,171,831	7,018,324	7,018,604	(280)	Immaterial actual variance.
Interest	265,834	(34,208)	231,626	231,625	1	Immaterial actual variance.
Agent Fees	24,000	-	24,000	-	24,000	Immaterial actual variance.
Transfers Out	9,632,561	(82,362)	9,550,199	194,000	9,356,199	The budget amendment reflected a reduction in transfers for Prevention, Intervention, and Treatment programs of \$375,000 and in the allocation for the Cities of Service project (\$48,500). The reductions were partially offset by budget amendments to set aside funds for a legal judgement pending appeal (\$243,670), FEMA grant match for spring flooding (\$47,468), and ADA improvements to the Fitness Center parking lot (\$50,000). 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 \$5.2 million for Children, Youth and Family and Prevention, Intervention, and Treatment programs in Community Programs and the Public Works Building Maintenance allocation of \$500,000 among others. The remaining \$194,000 balance in transfers out reflects transfers to the Street Fund for parking enforcement.
Vacancy savings	(5,500,000)	5,500,000	-	-	-	The budget adjustments reflected savings achieved during the period that positions are vacant, either pending approval to fill or during the recruitment and hiring process, following the resignation or retirement of employees. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. The original budgeted vacancy savings allocation represents approximately 5% of the salaries and wages budget for authorized positions. The estimated savings was fully realized.
Total expenditures	<u>\$ 210,623,272</u>	<u>\$ 1,217,996</u>	<u>\$ 211,841,268</u>	<u>\$ 211,226,406</u>	<u>\$ 614,862</u>	

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2019, amounts to \$647,531,503 (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 increase in the City's investment in capital assets for 2019 was 0.42% (an increase of 0.56% for governmental activities and a decrease of 3.36% for business-type activities).

City of Little Rock
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 189,334,795	\$ 187,845,652	\$ 2,637,147	\$ 2,637,147	\$ 191,971,942	\$ 190,482,799
Buildings	76,353,782	80,131,492	13,102,428	13,860,900	89,456,210	93,992,392
Improvements other than buildings	9,435,392	10,970,432	818,456	1,239,155	10,253,848	12,209,587
Vehicles and equipment	18,955,498	22,890,245	5,268,760	5,541,803	24,224,258	28,432,048
Infrastructure	291,633,689	297,113,128	-	-	291,633,689	297,113,128
Construction in progress	38,302,374	21,565,738	1,689,182	1,055,093	39,991,556	22,620,831
Total	\$ 624,015,530	\$ 620,516,687	\$ 23,515,973	\$ 24,334,098	\$ 647,531,503	\$ 644,850,785

Major capital asset events during 2019 included the following:

- Infrastructure additions were \$7,467,021
- Vehicle and equipment additions were \$3,670,698
- Construction in progress additions, net of transfers for assets placed in service, were \$17,370,725
- Depreciation expense totaled \$32,261,174
- Asset retirements, net of accumulated depreciation were \$1,846,493

Additional information on the City's capital assets can be found in *Note 4* on Pages 54-56 of this report.

Long-term Debt. At December 31, 2019, the City's primary government, had \$155,622,051 of long-term bonds outstanding, including general obligation bonds of \$833,635,000, notes payable of \$13,827,223, a capital lease of \$2,802,828, and \$55,360,000 of bonds secured solely by specified revenue sources (*i.e.* revenue bonds).

City of Little Rock
Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 83,635,000	\$ 100,935,000	\$ -	\$ -	\$ 83,635,000	\$ 100,935,000
Revenue bonds	48,220,000	49,515,000	7,140,000	7,950,000	55,360,000	57,465,000
Notes payable	13,824,223	15,192,827	-	-	13,824,223	15,192,827
Capital lease obligation	2,802,828	-	-	-	2,802,828	-
Total	\$ 148,482,051	\$ 165,642,827	\$ 7,140,000	\$ 7,950,000	\$ 155,622,051	\$ 173,592,827

Total long-term bonds and notes payable outstanding at December 31, 2019, decreased \$17,970,776, a decrease of 10.4%. The net decrease includes bonded debt retirements of \$19,405,000, principal payments on short-term financing notes in the amount of \$7,018,604, and principal payments on the capital lease of \$121,546. The additions were partially offset by the issuance of a short-term note and a capital lease in the amounts of \$5,650,000 and \$2,924,374, respectively.

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.

	Moody's Investors Service	Standard & Poor's
<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, 2019, of \$134,934,065 net of premiums and discounts are well below the statutory limit of \$927,523,145. 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, including capital leases at December 31, 2019, of \$16,627,051 are well below the statutory limit of \$231,880,786. Voter approval is not required for short-term financing.

Additional information regarding the City’s long-term debt can be found in *Note 5* on Pages 57-63 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 2020 budget, adopted on December 3, 2019. The total 2020 General Fund original adopted budget is \$212,125,253, which reflects an increase of 0.7% from the original 2019 adopted budget and an increase of 0.13% from the final amended 2019 General Fund expenditure budget. Following a detail independent study of waste disposal fees, the Little Rock Board of Directors approved a new rate structure for the Waste Disposal fund’s sanitation and landfill fees on September 17, 2019 to be effective January 1, 2020. This is the first rate increase since 2004. The monthly residential rate for sanitation pickup will increase from \$20.02 to \$28.9 per month.

On April 1, 2020, the City Board of Directors approved an amendment to the 2020 General Fund budget, which decreased expenditures by \$4.9 million in response to the potential impact of the Coronavirus (COVID-19) Pandemic. As the economic impact and duration of the COVID-19 Pandemic becomes clearer, an additional amendment will be brought forward to further adjust revenue and expenditure forecasts. In addition, on May 19, 2020 the City Board of Directors approved a resolution to authorize the use of up to \$700,000 to pay a portion of the principal of and interest on the 2018 Hotel Gross Receipts Tax Bonds due in December 2020 due to the potential impact of COVID-19 and travel restrictions on the hospitality industry and the hotel gross receipts tax revenues that secure the bonds.

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–xi*. 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 2020 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 residents, taxpayers, customers, 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 4,443,076	\$ 1,533,976	\$ 5,977,052	\$ 144,445,140
Investments	24,485,534	11,597,577	36,083,111	48,805,591
Restricted cash and investments – current	15,223,654	1,025,381	16,249,035	6,542,464
Accounts receivable, net of allowance for uncollectible accounts	107,148,754	3,742,609	110,891,363	79,969,086
Interest receivable	-	204	204	46,862
Inventories	1,241,215	-	1,241,215	2,391,721
Prepaid expenses and other	1,881,083	328,047	2,209,130	3,202,345
Total current assets	<u>154,423,316</u>	<u>18,227,794</u>	<u>172,651,110</u>	<u>285,403,209</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	58,618,469	907,661	59,526,130	25,243,332
Investments	86,267,463	1,440,306	87,707,769	22,864,330
Grants and other receivables	-	-	-	535,323
Interest receivable	359,340	40,218	399,558	2,118
	<u>145,245,272</u>	<u>2,388,185</u>	<u>147,633,457</u>	<u>48,645,103</u>
Less amount required to meet current obligations	15,223,654	1,025,381	16,249,035	4,508,237
Total restricted assets	<u>130,021,618</u>	<u>1,362,804</u>	<u>131,384,422</u>	<u>44,136,866</u>
Capital assets – nondepreciable	227,637,169	4,326,329	231,963,498	205,303,653
Capital assets – depreciable, net	396,378,361	19,189,644	415,568,005	932,160,786
	<u>624,015,530</u>	<u>23,515,973</u>	<u>647,531,503</u>	<u>1,137,464,439</u>
Other assets				
Other	-	-	-	818,507
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>818,507</u>
Total noncurrent assets	<u>754,037,148</u>	<u>24,878,777</u>	<u>778,915,925</u>	<u>1,182,419,812</u>
Total assets	<u>908,460,464</u>	<u>43,106,571</u>	<u>951,567,035</u>	<u>1,467,823,021</u>
Deferred Outflows of Resources				
Deferred outflows from pensions	91,475,828	81,001	91,556,829	3,641,480
Deferred outflows from OPEB	6,087,774	-	6,087,774	2,018,483
Loss on refunding	2,298,430	-	2,298,430	8,284,837
Total deferred outflows of resources	<u>99,862,032</u>	<u>81,001</u>	<u>99,943,033</u>	<u>13,944,800</u>
Total assets and deferred outflows of resources	<u>\$ 1,008,322,496</u>	<u>\$ 43,187,572</u>	<u>\$ 1,051,510,068</u>	<u>\$ 1,481,767,821</u>

City of Little Rock, Arkansas
Statement of Net Position (Continued)
December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	\$ 6,438,797	\$ 556,014	\$ 6,994,811	\$ 8,054,503
Accrued wages payable and related liabilities	8,367,800	-	8,367,800	6,474,500
Retainage payable	490,287	-	490,287	-
Accrued expenses and other	2,169,616	147,512	2,317,128	7,563,435
Accrued interest payable	833,007	175,381	1,008,388	4,102,537
Compensated absences - current portion	10,530,211	525,180	11,055,391	2,237,816
Notes payable - current portion	5,210,168	-	5,210,168	-
Capital lease obligation - current portion	410,479	-	410,479	16,833
Bonds payable - current portion	8,770,000	850,000	9,620,000	14,770,740
Other current liabilities	8,804,030	-	8,804,030	-
Unearned revenue	7,760,719	465,118	8,225,837	1,234,456
	<u>59,785,114</u>	<u>2,719,205</u>	<u>62,504,319</u>	<u>44,454,820</u>
Total current liabilities				
Noncurrent liabilities				
Notes payable	8,614,055	-	8,614,055	-
Capital lease obligation	2,392,349	-	2,392,349	6,146
Bonds payable, net of unamortized premium and discount	126,164,065	6,270,801	132,434,866	397,919,819
Net pension liability	279,013,005	331,452	279,344,457	17,517,585
Net OPEB liability	17,612,842	-	17,612,842	4,913,554
Compensated absences	20,031,337	165,858	20,197,195	567,321
Other long-term liabilities	217,759	5,966,845	6,184,604	648,666
	<u>454,045,412</u>	<u>12,734,956</u>	<u>466,780,368</u>	<u>421,573,091</u>
Total noncurrent liabilities				
Total liabilities				
	<u>513,830,526</u>	<u>15,454,161</u>	<u>529,284,687</u>	<u>466,027,911</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	3,793,469	237,845	4,031,314	1,915,065
Deferred inflows from OPEB	400,522	-	400,522	1,624,459
	<u>4,193,991</u>	<u>237,845</u>	<u>4,431,836</u>	<u>3,539,524</u>
Total deferred inflows of resources				
Net Position				
Net investment in capital assets	543,911,661	16,395,172	560,306,833	731,070,634
Restricted - expendable				
Debt service	46,493,695	2,212,804	48,706,499	13,554,857
Grant funds (special revenue funds)	2,251,594	-	2,251,594	-
Street funds (special revenue funds)	29,930,060	-	29,930,060	-
Special projects (special revenue funds)	3,602,264	-	3,602,264	-
Capital projects (portion not in net investment in capital assets)	30,662,837	-	30,662,837	12,326,417
911 funds	1,007,531	-	1,007,531	-
Library materials	-	-	-	2,370,385
Art Center	-	-	-	72,855,956
Cemetery maintenance	-	-	-	2,808,289
	<u>113,947,981</u>	<u>2,212,804</u>	<u>116,160,785</u>	<u>103,915,904</u>
Total restricted - expendable				
Restricted - nonexpendable	250,000	-	250,000	16,032,048
Unrestricted (deficit)				
	<u>(167,811,663)</u>	<u>8,887,590</u>	<u>(158,924,073)</u>	<u>161,181,800</u>
Total net position				
	<u>490,297,979</u>	<u>27,495,566</u>	<u>517,793,545</u>	<u>1,012,200,386</u>
Total liabilities, deferred inflows of resources and net position				
	<u>\$ 1,008,322,496</u>	<u>\$ 43,187,572</u>	<u>\$ 1,051,510,068</u>	<u>\$ 1,481,767,821</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General administration	\$ 28,870,748	\$ 11,981,096	\$ 2,229,644	\$ 696,792
Board of directors	347,082	-	-	-
Community programs	4,704,413	28,031	400	-
City attorney	1,839,218	-	-	-
District court - first division (criminal)	1,273,603	15,461	-	-
District court - second division (traffic)	1,347,879	57,078	-	-
District court - third division (environment)	509,850	351,443	-	-
Courts	-	1,372,080	-	-
Finance	3,282,950	462,802	-	-
Human resources	2,045,894	57,625	30,668	-
Information technology	5,023,610	439	-	-
Planning and development	2,580,272	2,629,899	29,597	-
Public works	38,667,619	411,203	14,204,487	7,480,727
Parks and recreation services	17,962,635	1,812,398	379,399	1,204,974
Rivermarket	1,404,893	476,057	427,630	-
Golf	2,439,255	1,019,081	-	-
Jim Dailey Fitness	953,498	561,516	-	-
Zoo	7,153,851	3,391,686	80,916	116,041
Fire	58,868,639	2,869,900	5,138,014	54,591
Police	92,011,803	3,757,566	6,785,906	-
Economic development	200,000	-	-	-
Education	763,492	-	-	-
Housing and neighborhood programs	9,373,900	1,074,006	2,865,410	-
Fleet	63,480	449,253	-	169,792
Interest and fiscal charges on long-term debt	4,125,269	-	-	-
Total governmental activities	<u>285,813,853</u>	<u>32,778,620</u>	<u>32,172,071</u>	<u>9,722,917</u>
Business-Type Activities				
Waste disposal	19,132,052	18,909,436	-	-
River Market Garage	2,146,710	3,201,736	-	-
Vehicle storage	1,589,571	1,877,877	-	-
Total business-type activities	<u>22,868,333</u>	<u>23,989,049</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 308,682,186</u>	<u>\$ 56,767,669</u>	<u>\$ 32,172,071</u>	<u>\$ 9,722,917</u>
Total component units	<u>\$ 225,449,243</u>	<u>\$ 147,704,833</u>	<u>\$ 6,651,798</u>	<u>\$ 59,777,660</u>

City of Little Rock, Arkansas
Statement of Activities (Continued)
Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
Primary Government				
Governmental Activities				
General administration	\$ (13,963,216)	\$ -	\$ (13,963,216)	\$ -
Board of directors	(347,082)	-	(347,082)	-
Community programs	(4,675,982)	-	(4,675,982)	-
City attorney	(1,839,218)	-	(1,839,218)	-
District court - first division (criminal)	(1,258,142)	-	(1,258,142)	-
District court - second division (traffic)	(1,290,801)	-	(1,290,801)	-
District court - third division (environment)	(158,407)	-	(158,407)	-
Courts	1,372,080	-	1,372,080	-
Finance	(2,820,148)	-	(2,820,148)	-
Human resources	(1,957,601)	-	(1,957,601)	-
Information technology	(5,023,171)	-	(5,023,171)	-
Planning and development	79,224	-	79,224	-
Public works	(16,571,202)	-	(16,571,202)	-
Parks and recreation services	(14,565,864)	-	(14,565,864)	-
Rivermarket	(501,206)	-	(501,206)	-
Golf	(1,420,174)	-	(1,420,174)	-
Jim Dailey Fitness	(391,982)	-	(391,982)	-
Zoo	(3,565,208)	-	(3,565,208)	-
Fire	(50,806,134)	-	(50,806,134)	-
Police	(81,468,331)	-	(81,468,331)	-
Economic Development	(200,000)	-	(200,000)	-
Education	(763,492)	-	(763,492)	-
Housing and neighborhood programs	(5,434,484)	-	(5,434,484)	-
Fleet	555,565	-	555,565	-
Interest and fiscal charges on long-term debt	(4,125,269)	-	(4,125,269)	-
Total governmental activities	<u>(211,140,245)</u>	<u>-</u>	<u>(211,140,245)</u>	<u>-</u>
Business-Type Activities				
Waste disposal	-	(222,616)	(222,616)	-
River Market Garage	-	1,055,026	1,055,026	-
Vehicle storage	-	288,306	288,306	-
Total business-type activities	<u>-</u>	<u>1,120,716</u>	<u>1,120,716</u>	<u>-</u>
Total primary government	<u>(211,140,245)</u>	<u>1,120,716</u>	<u>(210,019,529)</u>	<u>-</u>
Total component units	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,314,952)</u>
General revenues				
General property taxes	60,412,042	-	60,412,042	17,877,242
Sales taxes	132,033,373	-	132,033,373	16,326,771
Utility franchise taxes	31,182,685	-	31,182,685	-
Investment income	4,416,791	441,870	4,858,661	4,726,484
Other	-	-	-	21,245,333
Transfers	1,784,335	(1,784,335)	-	-
Total general revenues and transfers	<u>229,829,226</u>	<u>(1,342,465)</u>	<u>228,486,761</u>	<u>60,175,830</u>
Change in Net Position	18,688,981	(221,749)	18,467,232	48,860,878
Net Position, Beginning of Year	471,608,998	27,717,315	499,326,313	963,339,508
Net Position, End of Year	<u>\$ 490,297,979</u>	<u>\$ 27,495,566</u>	<u>\$ 517,793,545</u>	<u>\$ 1,012,200,386</u>

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2019

	General	2013			Street	2018		Total Nonmajor Funds	Total
		Sales Tax Capital Improvements	Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)		Hotel Gross Receipts Tax Bonds			
Assets									
Cash and cash equivalents	\$ 4,254,141	\$ 4,485,884	\$ 135,475	\$ -	\$ 3,401,323	\$ 1,536	\$ 4,409,129	\$ 16,687,488	
Restricted cash	44,839	-	12,226,724	-	-	28,987,222	4,617,612	45,876,397	
Investments	19,158,184	22,643,045	683,827	37,558,475	17,165,309	7,751	11,026,927	108,243,518	
Accounts receivable, net of allowance	63,600,860	3,856,151	14,756,396	1,500	9,733,341	-	15,175,356	107,123,604	
Due from other funds	4,078,881	-	-	-	-	-	-	4,078,881	
Interest receivable	66,759	78,917	2,383	82,196	59,826	27	60,486	350,594	
Inventories	51,421	-	-	-	-	-	676,097	727,518	
Prepaid expenditures and other	1,844,050	-	-	-	20,559	-	-	1,864,609	
Total assets	\$ 93,099,135	\$ 31,063,997	\$ 27,804,805	\$ 37,642,171	\$ 30,380,358	\$ 28,996,536	\$ 35,965,607	\$ 284,952,609	
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 2,930,486	\$ 657,668	\$ -	\$ 871,230	\$ 450,298	\$ -	\$ 1,056,794	\$ 5,966,476	
Due to other funds	-	-	-	-	-	-	4,078,881	4,078,881	
Accrued wages payable and related liabilities	8,367,800	-	-	-	-	-	-	8,367,800	
Retainage payable	-	211,448	-	278,839	-	-	-	490,287	
Accrued expenditures and other	2,169,616	-	-	-	-	-	-	2,169,616	
Unearned revenue	6,869,201	-	-	-	-	-	891,518	7,760,719	
Total liabilities	20,337,103	869,116	-	1,150,069	450,298	-	6,027,193	28,833,779	
Deferred Inflows of Resources									
Unavailable revenues - traffic fines	1,142,068	-	-	-	-	-	-	1,142,068	
Unavailable revenues - property taxes	32,439,986	-	13,725,089	-	6,599,496	-	8,941,569	61,706,140	
Total deferred inflows of resources	33,582,054	-	13,725,089	-	6,599,496	-	8,941,569	62,848,208	
Fund Balances									
Nonspendable	1,895,471	-	-	-	20,559	-	926,097	2,842,127	
Restricted	-	30,194,881	14,079,716	36,492,102	23,310,005	28,996,536	20,070,748	153,143,988	
Committed	44,839	-	-	-	-	-	-	44,839	
Assigned	9,792,389	-	-	-	-	-	-	9,792,389	
Unassigned	27,447,279	-	-	-	-	-	-	27,447,279	
Total fund balances	39,179,978	30,194,881	14,079,716	36,492,102	23,330,564	28,996,536	20,996,845	193,270,622	
Total liabilities, deferred inflows of resources and fund balances	\$ 93,099,135	\$ 31,063,997	\$ 27,804,805	\$ 37,642,171	\$ 30,380,358	\$ 28,996,536	\$ 35,965,607	\$ 284,952,609	

City of Little Rock, Arkansas
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
December 31, 2019

Total fund balances — governmental funds	\$ 193,270,622
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	620,817,443
Long-term liabilities and related deferred inflows/outflows of resources that are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities consist of:	
Bonds payable	(131,855,000)
Bond issuance premiums	(3,079,065)
Notes payable	(13,824,223)
Capital lease obligation	(2,802,828)
Accrued interest payable	(833,007)
Net pension liability	(278,792,038)
Deferred inflows and outflows of resources from pensions, OPEB, and deferred loss on refunding	95,772,603
Net OPEB liability	(17,612,842)
Workers compensation liability	(217,759)
Accrued compensated absences	(30,212,800)
Property tax pension liability	(8,804,030)
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.	5,622,695
Other long-term assets such as property taxes and traffic fines are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds	<u>62,848,208</u>
Net position of governmental activities	<u>\$ 490,297,979</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2019

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)	Street	2018 Hotel Gross Receipts Tax Bonds	Total Nonmajor Funds	Total
Revenues								
General property taxes	\$ 30,301,000	\$ -	\$ 13,059,743	\$ -	\$ 6,262,344	\$ -	\$ 8,594,235	\$ 58,217,322
Sales taxes	108,995,027	20,380,381	-	-	-	-	2,657,965	132,033,373
Licenses and permits	12,457,943	-	-	-	14,330	-	104,068	12,576,341
Intergovernmental	10,561,825	-	-	-	14,179,869	-	10,203,171	34,944,865
Charges for services	11,342,881	-	-	-	16,699	-	2,686,736	14,046,316
Fines and fees	2,120,578	-	-	-	-	-	692,564	2,813,142
Utility franchise taxes	29,676,835	-	-	-	-	-	1,505,850	31,182,685
Investment income	597,101	775,953	209,696	1,357,223	574,288	652,207	250,323	4,416,791
Contributions and donations	2,270,146	-	-	-	-	-	618,826	2,888,972
Miscellaneous	1,994,082	-	-	-	77,739	-	1,271,002	3,342,823
Total revenues	210,317,418	21,156,334	13,269,439	1,357,223	21,125,269	652,207	28,584,740	296,462,630
Expenditures								
Current								
General government								
General administration	21,511,508	4,821,105	-	-	-	-	1,183,459	27,516,072
Board of directors	347,082	-	-	-	-	-	-	347,082
Community programs	4,704,413	-	-	-	-	-	-	4,704,413
City attorney	1,841,418	-	-	-	-	-	-	1,841,418
District court - first division (criminal)	1,258,223	-	-	-	-	-	1,884	1,260,107
District court - second division (traffic)	1,319,927	-	-	-	-	-	27,952	1,347,879
District court - third division (environment)	503,838	-	-	-	-	-	4,481	508,319
Finance	3,280,441	-	-	-	-	-	4,000	3,284,441
Human resources	1,839,560	-	-	-	-	-	206,058	2,045,618
Information technology	5,015,787	94,196	-	-	-	-	-	5,112,399
Planning and development	2,356,337	-	-	-	-	-	163,734	2,520,071
Total general government	43,978,534	4,915,301	-	-	-	-	1,593,984	50,487,819
Public works	1,995,906	5,708,257	-	7,947,303	20,272,664	-	4,030,040	39,954,170
Parks and recreation services	11,073,114	1,568,597	-	-	-	2,895,651	2,178,429	17,715,791
Rivermarket	1,305,221	-	-	-	-	-	-	1,305,221
Golf	2,264,745	-	-	-	-	-	-	2,264,745
Jim Dailey Fitness	855,754	-	-	-	-	-	-	855,754
Zoo	6,472,385	913,524	-	-	-	-	120,462	7,506,371
Fire	53,046,854	3,224,117	-	-	-	-	841,992	57,112,963
Police	76,872,299	112,211	-	-	-	-	4,459,998	81,444,508
Fleet	95,395	300,944	-	-	-	-	3,252,917	3,649,256
Economic development	-	-	-	-	-	-	200,000	200,000
Education	-	-	-	-	-	-	763,492	763,492
Housing and neighborhood programs	5,821,970	64,746	-	-	-	-	3,154,155	9,040,871
Debt Service								
Principal	7,018,604	-	11,320,000	-	-	-	7,396,546	25,735,150
Interest and fiscal charges	231,625	-	1,416,462	-	-	-	3,577,470	5,225,557
Total expenditures	211,032,406	16,807,697	12,736,462	7,947,303	20,272,664	2,895,651	31,569,485	303,261,668
Excess (Deficiency) of Revenues Over Expenditures	(714,988)	4,348,637	532,977	(6,590,080)	852,605	(2,243,444)	(2,984,745)	(6,799,038)
Other Financing Sources (Uses)								
Long-term debt issuance	-	-	-	-	-	-	5,650,000	5,650,000
Proceeds from capital leases	-	-	-	-	-	-	2,924,374	2,924,374
Transfers in	6,339,470	-	-	-	467,700	-	-	6,807,170
Transfers out	(194,000)	(3,027,970)	-	-	(493,717)	-	(557,148)	(4,272,835)
Total other financing sources (uses)	6,145,470	(3,027,970)	-	-	(26,017)	-	8,017,226	11,108,709
Net Change in Fund Balances	5,430,482	1,320,667	532,977	(6,590,080)	826,588	(2,243,444)	5,032,481	4,309,671
Fund Balances, Beginning of Year	33,749,496	28,874,214	13,546,739	43,082,182	22,503,976	31,239,980	15,964,364	188,960,951
Fund Balances, End of Year	\$ 39,179,978	\$ 30,194,881	\$ 14,079,716	\$ 36,492,102	\$ 23,330,564	\$ 28,996,536	\$ 20,996,845	\$ 193,270,622

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, 2019

Net change in fund balances—total governmental funds	\$ 4,309,671
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	30,344,858
Capital asset contributions	3,891,357
Retirements	(1,823,168)
Depreciation expense	(28,731,960)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued or incurred:	
Notes payable	(5,650,000)
Capital lease financing	(2,924,374)
Principal repayments:	
General obligation debt	17,300,000
Revenue bonds	1,295,000
Notes payable	7,018,604
Amortization of bond premium	991,669
Net deferred offering charges	(273,649)
Capital lease obligation	121,546
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.	2,194,720
Current year changes in accrued interest payable and property tax pension liability do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.	(20,406)
Current year changes in long-term liabilities for compensated absences and workers compensation do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.	(2,087,964)
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. These differences are reflected in deferred outflows/inflows of resources balances.	(7,260,929)
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.	(5,994)
Change in net position of governmental activities	<u>\$ 18,688,981</u>

City of Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities			Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Assets and Deferred Outflows of Resources					
Current assets					
Cash and cash equivalents	\$ 1,117,094	\$ 404,756	\$ 12,126	\$ 1,533,976	\$ 497,660
Investments	10,213,382	1,325,763	58,432	11,597,577	2,509,479
Restricted cash and investments - current	298,817	726,564	-	1,025,381	-
Accounts receivable	3,320,233	422,376	-	3,742,609	25,150
Accrued interest	-	-	204	204	8,746
Inventories	-	-	-	-	513,697
Prepaid expenses and other	115,673	212,374	-	328,047	16,474
Total current assets	<u>15,065,199</u>	<u>3,091,833</u>	<u>70,762</u>	<u>18,227,794</u>	<u>3,571,206</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	907,661	-	-	907,661	-
Investments	-	1,440,306	-	1,440,306	-
Accrued interest	35,597	4,621	-	40,218	-
	<u>943,258</u>	<u>1,444,927</u>	<u>-</u>	<u>2,388,185</u>	<u>-</u>
Less amount required to meet current obligations	298,817	726,564	-	1,025,381	-
Total restricted assets	<u>644,441</u>	<u>718,363</u>	<u>-</u>	<u>1,362,804</u>	<u>-</u>
Capital assets					
Construction in process	1,689,182	-	-	1,689,182	65,978
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	18,333,582	-	83,843	18,417,425	964,883
Furniture and equipment	3,189,407	244,552	81,765	3,515,724	1,577,678
	<u>55,311,202</u>	<u>9,782,244</u>	<u>371,453</u>	<u>65,464,899</u>	<u>6,772,051</u>
Less accumulated depreciation	37,780,580	3,859,412	308,934	41,948,926	3,573,964
Net capital assets	<u>17,530,622</u>	<u>5,922,832</u>	<u>62,519</u>	<u>23,515,973</u>	<u>3,198,087</u>
Total noncurrent assets	<u>18,175,063</u>	<u>6,641,195</u>	<u>62,519</u>	<u>24,878,777</u>	<u>3,198,087</u>
Total assets	<u>33,240,262</u>	<u>9,733,028</u>	<u>133,281</u>	<u>43,106,571</u>	<u>6,769,293</u>
Deferred outflows of resources					
Deferred outflows from pensions	72,001	-	9,000	81,001	54,001
Total deferred outflows of resources	<u>72,001</u>	<u>-</u>	<u>9,000</u>	<u>81,001</u>	<u>54,001</u>
Total assets and deferred outflows of resources	<u>\$ 33,312,263</u>	<u>\$ 9,733,028</u>	<u>\$ 142,281</u>	<u>\$ 43,187,572</u>	<u>\$ 6,823,294</u>

See Notes to Financial Statements

City of Little Rock, Arkansas
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2019

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total Enterprise Funds	
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)					
Current liabilities					
Accounts payable	\$ 426,457	\$ 57,983	\$ 71,574	\$ 556,014	\$ 472,321
Accrued expenses and other	147,512	-	-	147,512	-
Accrued interest	8,817	166,564	-	175,381	-
Compensated absences - current portion	444,187	-	80,993	525,180	333,575
Bonds payable - current portion	290,000	560,000	-	850,000	-
Unearned revenue	-	386,044	79,074	465,118	-
Total current liabilities	1,316,973	1,170,591	231,641	2,719,205	805,896
Noncurrent liabilities					
Bonds payable, net of unamortized premium and discount	628,962	5,641,839	-	6,270,801	-
Net pension liability	294,623	-	36,829	331,452	220,967
Compensated absences	161,176	-	4,682	165,858	15,173
Other long-term liabilities	5,966,845	-	-	5,966,845	-
Total noncurrent liabilities	7,051,606	5,641,839	41,511	12,734,956	236,140
Total liabilities	8,368,579	6,812,430	273,152	15,454,161	1,042,036
Deferred Inflows of Resources					
Deferred inflows from pensions	211,418	-	26,427	237,845	158,563
Total deferred inflows of resources	211,418	-	26,427	237,845	158,563
Net Position (Deficit)					
Net investment in capital assets	16,611,660	(279,007)	62,519	16,395,172	3,198,087
Restricted - expendable					
Debt service	934,441	1,278,363	-	2,212,804	-
Unrestricted (deficit)	7,186,165	1,921,242	(219,817)	8,887,590	2,424,608
Total net position (deficit)	24,732,266	2,920,598	(157,298)	27,495,566	5,622,695
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 33,312,263	\$ 9,733,028	\$ 142,281	\$ 43,187,572	\$ 6,823,294

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total Enterprise Funds	
Operating Revenues					
Charges for services	\$ 18,909,436	\$ 2,889,637	\$ 1,861,722	\$ 23,660,795	\$ 13,222,714
Licenses and permits	-	312,099	16,155	328,254	-
Total operating revenues	18,909,436	3,201,736	1,877,877	23,989,049	13,222,714
Operating Expenses					
Salaries, wages and employee benefits	6,236,843	-	732,473	6,969,316	3,503,003
Supplies and materials	1,180,810	-	45,296	1,226,106	4,524,881
Services	4,714,556	209,348	715,065	5,638,969	3,642,423
Repairs and maintenance	4,096,301	-	57,533	4,153,834	651,021
Other	-	1,304,687	23,274	1,327,961	-
Depreciation and amortization	2,906,192	254,853	15,930	3,176,975	352,239
Total operating expenses	19,134,702	1,768,888	1,589,571	22,493,161	12,673,567
Operating Income (Loss)	(225,266)	1,432,848	288,306	1,495,888	549,147
Nonoperating Revenues (Expenses)					
Investment income	381,209	59,534	1,127	441,870	35,765
Interest expense	(58,171)	(348,533)	-	(406,704)	-
Other, net	60,821	(29,289)	-	31,532	(10,698)
Net nonoperating revenues (expenses)	383,859	(318,288)	1,127	66,698	25,067
Income Before Contributions and Transfers	158,593	1,114,560	289,433	1,562,586	574,214
Contributions	-	-	-	-	169,792
Transfers Out	(1,784,335)	-	-	(1,784,335)	(750,000)
Changes in Net Position (Deficit)	(1,625,742)	1,114,560	289,433	(221,749)	(5,994)
Net Position (Deficit), Beginning of Year	26,358,008	1,806,038	(446,731)	27,717,315	5,628,689
Net Position (Deficit), End of Year	\$ 24,732,266	\$ 2,920,598	\$ (157,298)	\$ 27,495,566	\$ 5,622,695

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City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total Enterprise Funds	
Cash Flows From Operating Activities					
Receipts from customers	\$ 18,611,659	\$ 3,002,697	\$ 1,929,539	\$ 23,543,895	\$ -
Receipts from interfund services provided	-	-	-	-	13,501,624
Payments to employees	(6,134,687)	-	(734,775)	(6,869,462)	(3,470,033)
Payments to suppliers	(9,704,260)	(1,429,227)	(848,498)	(11,981,985)	(7,886,504)
Net cash provided by operating activities	2,772,712	1,573,470	346,266	4,692,448	2,145,087
Cash Flows From Noncapital Financing Activities					
Transfers to other funds	(1,784,335)	-	(277,181)	(2,061,516)	(750,000)
Net cash used in noncapital financing activities	(1,784,335)	-	(277,181)	(2,061,516)	(750,000)
Cash Flows From Capital and Related Financing Activities					
Proceeds from the sale of capital assets	81,767	-	-	81,767	-
Acquisition and construction of capital assets	(2,382,175)	-	-	(2,382,175)	(180,693)
Principal paid on long-term debt	(275,000)	(535,000)	-	(810,000)	-
Interest paid on long-term debt	(57,793)	(385,821)	-	(443,614)	-
Capital contributions	-	-	-	-	169,792
Net cash used in capital and related financing activities	(2,633,201)	(920,821)	-	(3,554,022)	(10,901)
Cash Flows From Investing Activities					
Proceeds from sale of investments	16,654,770	1,796,870	-	18,451,640	75,974
Purchase of investments	(14,797,788)	(2,254,304)	(58,432)	(17,110,524)	(1,162,767)
Interest income	390,711	58,236	923	449,870	32,334
Net cash provided by (used in) investing activities	2,247,693	(399,198)	(57,509)	1,790,986	(1,054,459)
Increase in Cash and Cash Equivalents	602,869	253,451	11,576	867,896	329,727
Cash and Cash Equivalents, Beginning of Year	1,421,886	151,305	550	1,573,741	167,933
Cash and Cash Equivalents, End of Year	\$ 2,024,755	\$ 404,756	\$ 12,126	\$ 2,441,637	\$ 497,660
Presented on the Statement of Net Position - Proprietary Funds as Follows:					
Current assets					
Cash and cash equivalents	\$ 1,117,094	\$ 404,756	\$ 12,126	\$ 1,533,976	\$ 497,660
Noncurrent assets					
Cash and cash equivalents	907,661	-	-	907,661	-
	\$ 2,024,755	\$ 404,756	\$ 12,126	\$ 2,441,637	\$ 497,660

See Notes to Financial Statements

City of Little Rock, Arkansas
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to to Net Cash Provided By Operating Activities					
Operating income (loss)	\$ (225,266)	\$ 1,432,848	\$ 288,306	\$ 1,495,888	\$ 549,147
Adjustment to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization expense	2,906,192	254,853	15,930	3,176,975	352,239
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources					
Receivables, net	(297,777)	(165,462)	-	(463,239)	1,729
Due to/due from other funds, net	-	-	-	-	277,181
Prepaid expenses	(115,673)	26,825	203	(88,645)	900,264
Inventories	-	-	-	-	35,967
Deferred outflows of resources	483,564	-	60,446	544,010	362,673
Accounts payable	41,665	57,983	(7,533)	92,115	(4,410)
Accrued expenses	361,415	(33,577)	51,662	379,500	-
Compensated absences	133,873	-	1,663	135,536	56,758
Net pension liability	(585,244)	-	(73,155)	(658,399)	(438,933)
Deferred inflows of resources	69,963	-	8,744	78,707	52,472
 Net cash provided by operating activities	 \$ 2,772,712	 \$ 1,573,470	 \$ 346,266	 \$ 4,692,448	 \$ 2,145,087

City of Little Rock, Arkansas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 8,538,330	\$ 96,433
Investments		
U.S. Government obligations	1,555,373	-
Equities	53,891,017	-
Mutual funds and other investments	50,662,881	-
Receivables		
Accounts receivable	785,098	-
Accrued interest and dividends	104,565	-
	<u>\$ 115,537,264</u>	<u>\$ 96,433</u>
Liabilities		
Accounts payable	\$ 628,912	\$ 62,988
Accrued liabilities	-	33,445
	<u>628,912</u>	<u>\$ 96,433</u>
Net Position		
Net position restricted for pensions and other postemployment benefits	<u>\$ 114,908,352</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2019

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 6,926,526
Plan members	2,257,463
Other	<u>665,763</u>
Total contributions	<u>9,849,752</u>
Investment income (loss)	
Net decrease in fair value of investments	13,225,924
Loss on sale of investments	(400,676)
Interest and dividends	<u>2,546,164</u>
Less investment expense	<u>322,515</u>
Net investment income	<u>15,048,897</u>
Total additions	<u>24,898,649</u>
Deductions	
Benefits paid directly to participants	6,766,126
Administrative expenses	232,299
Other	86,616
Special item - transfer assets to LOPFI	<u>429,090</u>
Total deductions	<u>7,514,131</u>
Change in Net Position	17,384,518
Net Position Restricted for Pensions and Other Postemployment Benefits, Beginning of Year	<u>97,523,834</u>
Net Position Restricted for Pensions and Other Postemployment Benefits, End of Year	<u><u>\$ 114,908,352</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Discretely Presented Component Units
December 31, 2019

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 33,845,203	\$ 63,392,029	\$ 47,207,908	\$ 144,445,140
Investments	-	-	48,805,591	48,805,591
Restricted cash and investments - current	4,508,237	-	2,034,227	6,542,464
Accounts receivable, net of allowance	6,945,136	2,912,302	70,111,648	79,969,086
Accrued interest receivable	26,318	-	20,544	46,862
Inventories	1,500,234	-	891,487	2,391,721
Prepaid expenses and other	769,850	944,100	1,488,395	3,202,345
Total current assets	47,594,978	67,248,431	170,559,800	285,403,209
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	11,423,392	11,791,094	2,028,846	25,243,332
Investments	9,198,843	-	13,665,487	22,864,330
Grants and other receivables	-	535,323	-	535,323
Interest receivable	-	-	2,118	2,118
	20,622,235	12,326,417	15,696,451	48,645,103
Less amounts required to meet current obligations	4,508,237	-	-	4,508,237
Total restricted assets	16,113,998	12,326,417	15,696,451	44,136,866
Capital assets				
Land	5,434,140	68,233,947	22,090,399	95,758,486
Construction in progress	79,842,800	12,488,565	17,213,802	109,545,167
Buildings, improvements and other facilities	555,612,949	460,762,854	345,713,357	1,362,089,160
Vehicles	-	2,171,155	56,802,915	58,974,070
Furniture and equipment	80,472,510	25,235,147	54,503,156	160,210,813
Books/AV material	-	-	28,226,998	28,226,998
Other	-	-	715,018	715,018
	721,362,399	568,891,668	525,265,645	1,815,519,712
Less accumulated depreciation	209,430,760	240,939,504	227,685,009	678,055,273
Net capital assets	511,931,639	327,952,164	297,580,636	1,137,464,439
Other assets	-	-	818,507	818,507
Total other assets	-	-	818,507	818,507
Total noncurrent assets	528,045,637	340,278,581	314,095,594	1,182,419,812
Total assets	575,640,615	407,527,012	484,655,394	1,467,823,021
Deferred Outflows of Resources				
Loss on refunding	8,284,837	-	-	8,284,837
Deferred outflows from pensions	2,949,378	-	692,102	3,641,480
Deferred outflows from OPEB	2,018,483	-	-	2,018,483
Total deferred outflows of resources	13,252,698	-	692,102	13,944,800
Total assets and deferred outflows of resources	\$ 588,893,313	\$ 407,527,012	\$ 485,347,496	\$ 1,481,767,821

See Notes to Financial Statements

City of Little Rock, Arkansas
Statement of Net Position (Continued)
Discretely Presented Component Units
December 31, 2019

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 524,037	\$ 3,641,872	\$ 3,888,594	\$ 8,054,503
Accrued wages payable and related liabilities	791,519	1,468,925	4,214,056	6,474,500
Accrued interest payable	2,757,196	-	1,345,341	4,102,537
Capital lease - current portion	-	-	16,833	16,833
Bonds payable - current portion	13,250,740	-	1,520,000	14,770,740
Compensated absences - current portion	939,329	-	1,298,487	2,237,816
Unearned revenue	-	349,706	884,750	1,234,456
Accrued expenses and other	6,332,347	33,294	1,197,794	7,563,435
Total current liabilities	<u>24,595,168</u>	<u>5,493,797</u>	<u>14,365,855</u>	<u>44,454,820</u>
Noncurrent Liabilities				
Capital lease obligation	-	-	6,146	6,146
Bonds payable, net of unamortized premium and discount	326,936,619	-	70,983,200	397,919,819
Net pension liability	17,183,550	-	334,035	17,517,585
Total OPEB liability	4,913,554	-	-	4,913,554
Other long-term liabilities	-	-	648,666	648,666
Compensated absences	64,616	-	502,705	567,321
Total noncurrent liabilities	<u>349,098,339</u>	<u>-</u>	<u>72,474,752</u>	<u>421,573,091</u>
Total liabilities	<u>373,693,507</u>	<u>5,493,797</u>	<u>86,840,607</u>	<u>466,027,911</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	1,047,211	-	867,854	1,915,065
Deferred inflows from OPEB	1,624,459	-	-	1,624,459
Total deferred inflows of resources	<u>2,671,670</u>	<u>-</u>	<u>867,854</u>	<u>3,539,524</u>
Net Position				
Net investment in capital assets	181,817,487	325,913,438	223,339,709	731,070,634
Restricted - expendable	8,002,459	12,326,417	83,587,028	103,915,904
Restricted - nonexpendable	-	-	16,032,048	16,032,048
Unrestricted	22,708,190	63,793,360	74,680,250	161,181,800
Total net position	<u>212,528,136</u>	<u>402,033,215</u>	<u>397,639,035</u>	<u>1,012,200,386</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 588,893,313</u>	<u>\$ 407,527,012</u>	<u>\$ 485,347,496</u>	<u>\$ 1,481,767,821</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2019

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	\$ 28,171,791	\$ 503,854	\$ 4,238,431	\$ 496,664	\$ -	\$ -	\$ (22,932,842)	\$ (22,932,842)
Total governmental activities	28,171,791	503,854	4,238,431	496,664	-	-	(22,932,842)	(22,932,842)
Business-type Activities								
Little Rock Water Reclamation Authority	56,106,429	60,751,848	127,520	2,783,315	7,556,254	-	-	7,556,254
Bill and Hillary Clinton National Airport	41,920,390	36,722,552	306,447	7,023,543	-	2,132,152	-	2,132,152
Other component units	99,250,633	49,726,579	1,979,400	49,474,138	-	-	1,929,484	1,929,484
Total business-type activities	197,277,452	147,200,979	2,413,367	59,280,996	7,556,254	2,132,152	1,929,484	11,617,890
Total component units	\$ 225,449,243	\$ 147,704,833	\$ 6,651,798	\$ 59,777,660	7,556,254	2,132,152	(21,003,358)	(11,314,952)
General revenues								
General property taxes					-	-	17,877,242	17,877,242
Sales taxes					-	-	16,326,771	16,326,771
Investment income					1,085,613	1,542,101	2,098,770	4,726,484
Other					196,960	4,829,190	16,219,183	21,245,333
Total general revenues					1,282,573	6,371,291	52,521,966	60,175,830
Change in Net Position					8,838,827	8,503,443	31,518,608	48,860,878
Net Position, Beginning of Year					203,689,309	393,529,772	366,120,427	963,339,508
Net Position, End of Year					\$ 212,528,136	\$ 402,033,215	\$ 397,639,035	\$ 1,012,200,386

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

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.

For the year ended December 31, 2019, the Airport reimbursed the City for approximately \$3.2 million in expenses incurred on behalf of the Airport. Payments included contracted police and fire services and reimbursement for utility costs associated with on-airport lighting.

There were no other significant transactions between the major component units and the City or its other component units in 2019.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Nonmajor 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, 2019

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

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, 2019

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)*, 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, 2019

The *Capital Improvements Fund (capital projects 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)*, 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 proceeds of the Hotel Gross Receipts Tax Bonds, Series 2018 issued to finance capital improvements to MacArthur Park, a municipal park operated by the City's Parks and Recreation Department. Such improvements include particularly, without limitation, renovations and additions to, and furnishings and equipment for, the Arkansas Arts Center and renovations and equipment for the MacArthur Museum of Arkansas Military History, including any necessary parking, landscaping, signage, drainage, lighting, road, and utility improvements in MacArthur Park.

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, 2019

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, 2019

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, local funds, and investment earnings. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). 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.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

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.

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.

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2019

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.

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 are 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 (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, benefit payments are recognized 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, 2019

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 and 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 and OPEB plan investments, the difference in assumption changes, changes of proportion and the difference in expected and actual experience. Deferred outflows related to contributions made to the pension plan after the measurement date will be recognized as a reduction of net pension liability in year subsequent to the current fiscal year end. The remaining amounts will be amortized to pension expense over future periods as shown within *Notes 7 and 8*.

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 and OPEB. This consists of the difference between the expected and actual experience related to the pension and OPEB plans, the difference in assumption changes, the net difference in investment experience between actual earnings and projected earnings on pension and OPEB plan investments and changes of proportion. These amounts are amortized over future periods to pension and OPEB expense as shown within *Notes 7 and 8*.

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, 2019

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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019, the Board's established amount of the reserve is \$10,000,000, which is included in unassigned fund balance of the General Fund.

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.

Pension Plan Descriptions

The City participates in six (6) defined benefit pension plans; which are comprised of two single-employer defined benefit pension plans, two (2) cost-sharing multiple employer defined benefit pension plans and two agent-multiple employer defined benefit pension plan, each of which are described and illustrated in detail in *Note 7*.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

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, 2019:

Statement No	Adoption Required in Fiscal Year
84 <i>Fiduciary Activities</i>	2020
87 <i>Leases</i>	2022
88 <i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement</i>	2020
91 <i>Conduit Debt Obligations</i>	2022
93 <i>Replacement of Interbank Offered Rates</i>	2021/2022
94 <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2023
96 <i>Subscription-Based Information Technology Arrangements</i>	2023
97 <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32</i>	Various

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, 2019

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, 2019, 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, 2019

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, 2019, 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
Alternative Investments	\$ 5,035,442	\$ 5,035,442	\$ -	\$ -	\$ -
U.S. Treasury obligations	999,810	999,810	-	-	-
U.S. Agencies obligations	103,229,224	29,588,315	73,640,909	-	-
Fixed income funds	31,484,036	31,484,036	-	-	-
Bond Mutual Funds	3,149,675	3,149,675	-	-	-
Mutual Funds	7,613,587	7,613,587	-	-	-
Money Market Mutual Funds	65,180,421	65,180,421	-	-	-
Equity Funds	52,441,243	52,441,243	-	-	-
Negotiable Certificates of Deposit	2,000,000	2,000,000	-	-	-
Municipal Bonds	4,103,157	4,103,157	-	-	-
	275,236,595	<u>\$ 201,595,686</u>	<u>\$ 73,640,909</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative Investments	2,176,220				
Money Market Fund	<u>9,105,676</u>				
	<u>\$ 286,518,491</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, 2019

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, 2019, the City’s investments not directly guaranteed by the U.S. government were rated as follows:

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

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, 2019, 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 and other employee benefit 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 – RREEF America REIT II, iShares Barclays 3-7 Year Treasury Bond, iShares Russell 1000 Value ETF, iShares Russell 1000 Growth ETF, iShares Russell 2000 Growth ETF, iShares Russell Mid-Cap Growth ETF, SPDR MFS Systematic Value Equity ETF, Goldman Sachs Fin SQ Treasury Solutions #520, CD

401(a) Money Purchase and Trust Retirement Fund – Vantagepoint Milestone 2020 R3, Vantagepoint MP Long-Term Gr R3, Vantagepoint PLUS Fund R3, Invsco Opp Glbl A, Inshndrsn Frty T, Nationwide Fixed Account

Nonuniformed Employees’ Defined Benefit Pension Plan – iShares Russell 1000 Value ETF, SPDR MFS Systematic Value Equity ETF, Federated Floating Rate Strategic Inc, Goldman Sachs Fin SQ Treasury Solution #520, United States Treasury Bill, RREEF America REIT II

2014 Nonuniformed Employees’ Defined Benefit Pension Plan – Goldman Sachs Financial Square Treasury, Goldman Sachs Access Ultra Short Bond ETF, iShares Russell 1000 Value ETF, Eaton Vance Floating Rate Adv Fund CI I

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Health Management Trust Fund – Vanguard World FS Vanguard Health Care ETF, iShares Russell 3000 ETF, iShares Russell Mid-Cap Growth ETF, Goldman Sachs Access Investment Grade, Goldman Sachs ETF TR Access Ultra Short Bd ETF

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, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Alternative Investments	\$ 5,035,442	\$ -	\$ 5,035,442	\$ -
U.S. Treasury obligations	999,810	999,810	-	-
U.S. Agencies obligations	103,229,224	-	103,229,224	-
Fixed income funds	31,484,036	31,484,036	-	-
Bond Mutual Funds	3,149,675	3,149,675	-	-
Mutual Funds	7,613,587	7,613,587	-	-
Money Market Mutual Funds	65,180,421	2,610,561	62,569,860	-
Equity Funds	52,441,243	52,441,243	-	-
Negotiable Certificates of Deposit	2,000,000	2,000,000	-	-
Municipal Bonds	4,103,157	-	4,103,157	-
	<u>\$ 275,236,595</u>	<u>\$ 100,298,912</u>	<u>\$ 174,937,683</u>	<u>\$ -</u>
Total investments by fair value level				
Investments Measured at the Net Asset Value (NAV)				
Alternative Investments	\$ 2,176,220			
Money Market Fund	9,105,676			
	<u>\$ 11,281,896</u>			

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

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:

	Primary Government
Carrying value	
Deposits	\$ 17,519,605
Investments	286,518,491
	\$ 304,038,096
Included in the following statements of net position captions	
Current Assets	
Cash and cash equivalents	\$ 5,977,052
Short-term investments	36,083,111
Noncurrent Assets	
Restricted cash and investments	147,233,899
Cash and investments – fiduciary funds	114,744,034
	\$ 304,038,096

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Note 3: Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the major governmental funds, the nonmajor governmental funds in the aggregate, enterprise funds, and internal service fund, including the applicable allowances for uncollectible accounts:

Receivables	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	Capital Improvements (Capital Projects)	Street	Nonmajor Governmental	Total Governmental Funds
Taxes	\$ 38,751,792	\$ 3,856,151	\$ 16,750,457	\$ -	\$ 10,614,634	\$ 10,917,585	\$ 80,890,619
Licenses and permits	3,614,088	-	-	-	-	10,705	3,624,793
Intergovernmental	-	-	-	-	-	4,852,084	4,852,084
Fines and fees	8,675,065	-	-	-	-	-	8,675,065
Accounts	25,198,119	-	-	1,500	22,997	699,992	25,922,608
Gross receivables	76,239,064	3,856,151	16,750,457	1,500	10,637,631	16,480,366	123,965,169
Less: allowance for uncollectibles	(12,638,204)	-	(1,994,061)	-	(904,290)	(1,305,010)	(16,841,565)
Net receivables	\$ 63,600,860	\$ 3,856,151	\$ 14,756,396	\$ 1,500	\$ 9,733,341	\$ 15,175,356	\$ 107,123,604

Receivables	Waste Disposal	River Market Garage	Total Enterprise Funds	Internal Service Fund
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	48,742	48,742	-
Intergovernmental	-	-	-	-
Fines and fees	-	-	-	-
Accounts	3,320,233	373,634	3,693,867	25,150
Gross receivables	3,320,233	422,376	3,742,609	25,150
Less: allowance for uncollectibles	-	-	-	-
Net receivables	\$ 3,320,233	\$ 422,376	\$ 3,742,609	\$ 25,150

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Note 4: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019, is presented below:

Governmental Activities	Balance January 1, 2019	Increases	Decreases	Transfers	Balance December 31, 2019
Capital Assets, nondepreciable					
Land and right-of-way	\$ 187,845,652	\$ 1,377,861	\$ (158,872)	\$ 270,154	\$ 189,334,795
Construction in progress	<u>21,565,738</u>	<u>21,890,630</u>	<u>-</u>	<u>(5,153,994)</u>	<u>38,302,374</u>
Total capital assets, nondepreciable	<u>209,411,390</u>	<u>23,268,491</u>	<u>(158,872)</u>	<u>(4,883,840)</u>	<u>227,637,169</u>
Capital Assets, depreciable					
Land improvements	22,213,385	-	-	(270,154)	21,943,231
Infrastructure	806,765,556	7,467,021	-	3,346,318	817,578,895
Buildings	124,331,833	-	(1,168,921)	-	123,162,912
Vehicles	58,870,593	3,323,603	(5,722,739)	1,754,523	58,225,980
Equipment	<u>62,546,366</u>	<u>347,095</u>	<u>(2,294,043)</u>	<u>53,153</u>	<u>60,652,571</u>
Total capital assets, depreciable	<u>1,074,727,733</u>	<u>11,137,719</u>	<u>(9,185,703)</u>	<u>4,883,840</u>	<u>1,081,563,589</u>
Less accumulated depreciation					
Land improvements	11,242,953	1,362,293	(97,407)	-	12,507,839
Infrastructure	509,652,428	16,292,778	-	-	525,945,206
Buildings	44,200,341	3,256,708	(647,919)	-	46,809,130
Vehicles	46,582,164	4,488,309	(4,732,851)	-	46,337,622
Equipment	<u>51,944,550</u>	<u>3,684,111</u>	<u>(2,043,230)</u>	<u>-</u>	<u>53,585,431</u>
Total accumulated depreciation	<u>663,622,436</u>	<u>29,084,199</u>	<u>(7,521,407)</u>	<u>-</u>	<u>685,185,228</u>
Total capital assets, depreciable, net	<u>411,105,297</u>	<u>(17,946,480)</u>	<u>(1,664,296)</u>	<u>4,883,840</u>	<u>396,378,361</u>
Total governmental activities, net	<u>\$ 620,516,687</u>	<u>\$ 5,322,011</u>	<u>\$ (1,823,168)</u>	<u>\$ -</u>	<u>\$ 624,015,530</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Business-Type Activities	Balance January 1, 2019	Increases	Decreases	Transfers	Balance December 31, 2019
Capital Assets, nondepreciable					
Land	\$ 2,637,147	\$ -	\$ -	\$ -	\$ 2,637,147
Construction in progress	1,055,093	2,382,175	-	(1,748,086)	1,689,182
Total capital assets, nondepreciable	3,692,240	2,382,175	-	(1,748,086)	4,326,329
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	18,435,074	-	(1,765,735)	1,748,086	18,417,425
Equipment	3,515,724	-	-	-	3,515,724
Total capital assets, depreciable	61,156,219	-	(1,765,735)	1,748,086	61,138,570
Less accumulated depreciation					
Landfills, Cells 1, 2 and 4 and land improvements	16,425,932	420,699	-	-	16,846,631
Buildings	7,679,434	758,472	-	-	8,437,906
Vehicles	13,268,861	1,822,492	(1,742,410)	-	13,348,943
Equipment	3,140,134	175,312	-	-	3,315,446
Total accumulated depreciation	40,514,361	3,176,975	(1,742,410)	-	41,948,926
Total capital assets, depreciable, net	20,641,858	(3,176,975)	(23,325)	1,748,086	19,189,644
Total business-type activities, net	\$ 24,334,098	\$ (794,800)	\$ (23,325)	\$ -	\$ 23,515,973

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

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

Governmental Activities

General government	
City manager	\$ 246,544
District court – first division (criminal)	13,496
District court – second division (traffic)	1,531
Finance	20,448
Human resources	276
Information technology	42,249
Planning and development	60,201
Fleet services	<u>352,239</u>
Total general government	736,984
Public works	17,424,741
Parks and recreation services	2,499,284
River Market	99,672
Golf	174,510
Jim Dailey Fitness	108,265
Zoo	711,369
Fire	2,445,302
Police	4,551,043
Housing and neighborhood programs	<u>333,029</u>
Total depreciation expense – governmental activities	<u>29,084,199</u>

Business-Type Activities

Waste disposal	2,906,192
Second and Main parking	254,853
Vehicle storage	<u>15,930</u>
Total depreciation expense – business-type activities	<u>3,176,975</u>
Total depreciation expense – primary government	<u><u>\$ 32,261,174</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Note 5: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2019, were as follows:

Governmental Activities	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 49,515,000	\$ -	\$ 1,295,000	\$ 48,220,000	\$ 1,450,000
Add issuance premiums	1,716,535	-	181,704	1,534,831	-
	<u>51,231,535</u>	<u>-</u>	<u>1,476,704</u>	<u>49,754,831</u>	<u>1,450,000</u>
General obligation bonds	100,935,000	-	17,300,000	83,635,000	7,320,000
Add issuance premiums	2,354,199	-	809,965	1,544,234	-
	<u>103,289,199</u>	<u>-</u>	<u>18,109,965</u>	<u>85,179,234</u>	<u>7,320,000</u>
Bonds payable, net	154,520,734	-	19,586,669	134,934,065	8,770,000
Notes payable	15,192,827	5,650,000	7,018,604	13,824,223	5,210,168
Capital lease obligation	-	2,924,374	121,546	2,802,828	410,479
Compensated absences	27,776,889	16,469,126	13,684,467	30,561,548	10,530,211
Other	2,031,971	1,547,594	2,164,166	1,415,399	1,197,640
	<u>199,522,421</u>	<u>26,591,094</u>	<u>42,575,452</u>	<u>183,538,063</u>	<u>26,118,498</u>
Governmental activities long-term liabilities	<u>\$ 199,522,421</u>	<u>\$ 26,591,094</u>	<u>\$ 42,575,452</u>	<u>\$ 183,538,063</u>	<u>\$ 26,118,498</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 7,950,000	\$ -	\$ 810,000	\$ 7,140,000	\$ 850,000
Less issuance discounts	(23,537)	-	(4,338)	(19,199)	-
	<u>7,926,463</u>	<u>-</u>	<u>805,662</u>	<u>7,120,801</u>	<u>850,000</u>
Bonds payable, net	7,926,463	-	805,662	7,120,801	850,000
Compensated absences	555,502	467,339	331,803	691,038	525,180
Postclosure landfill costs	5,614,005	352,840	-	5,966,845	-
	<u>5,614,005</u>	<u>352,840</u>	<u>-</u>	<u>5,966,845</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 14,095,970</u>	<u>\$ 820,179</u>	<u>\$ 1,137,465</u>	<u>\$ 13,778,684</u>	<u>\$ 1,375,180</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2019

Bonds and notes payable at December 31, 2019, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	1.0%–6.0%	2038	\$ 156,740,000	\$ 83,635,000
Revenue bonds	2.0%–5.0%	2048	50,445,000	48,220,000
Notes payable – short-term financing	1.81%–2.25%	2024	25,938,000	13,824,223
Enterprise funds				
Revenue bonds	1.0%–6.0%	2028	15,255,000	7,140,000

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 twelve (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
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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 three (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 six (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
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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, 2019, the outstanding short-term financing agreements were as follows:

2019 Short-term Financing Note – The \$5,650,000 promissory note was issued to finance the cost of the acquisition and installation of the second phase of a new computer aided dispatch system for quicker emergency response time for fire and police, the acquisition, construction and installation of *improvements* to Fire Station Number 12 and the acquisition of equipment for fire and police. Principal and interest are payable from general revenues. Due annually, payable on August 8, including interest at 2.25%.

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%. Note payable balance was paid in full during 2019.

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%.

City of Little Rock, Arkansas

Notes to Financial Statements

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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 12th 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%. Note payable balance was paid in full during 2019.

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 (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
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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, 2019.

Year	Primary Government			
	Governmental Activities		Business-Type Activities	
	General Obligation & Revenue			
	Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 8,770,000	\$ 4,701,094	\$ 850,000	\$ 373,010
2021	8,985,000	4,289,594	895,000	326,504
2022	8,975,000	3,874,094	945,000	277,416
2023	10,055,000	3,449,319	655,000	235,523
2024	10,490,000	3,093,856	685,000	201,135
2025-2029	37,300,000	11,467,250	3,110,000	420,820
2030-2034	19,935,000	7,203,731	-	-
2035-2039	13,085,000	3,983,681	-	-
2040-2044	7,290,000	2,335,363	-	-
2045-2049	6,970,000	733,218	-	-
	<u>\$ 131,855,000</u>	<u>\$ 45,131,200</u>	<u>\$ 7,140,000</u>	<u>\$ 1,834,408</u>

	Notes Payable	
	Principal	Interest
2020	\$ 5,210,168	\$ 271,366
2021	4,060,751	173,895
2022	2,217,558	97,663
2023	1,154,938	52,555
2024	1,180,808	26,642
	<u>\$ 13,824,223</u>	<u>\$ 622,121</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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Pledged Revenues

The following is a summary of pledged revenues of the City for the year ended December 31, 2019:

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	\$ 21,511,340	\$ 1,505,850	7.0%	\$ 21,056,800	Until 2033
2015 Library Construction and Refunding Bonds	Property tax	3,917,919	2,190,513	55.9%	37,403,031	Until 2037
2017 Library Refunding Bonds	Property tax	3,917,919	1,880,963	48.0%	13,865,331	Until 2027
2013 Limited Tax General Obligation Capital Improvement Bonds	Property tax	13,059,743	2,393,125	18.3%	4,502,250	Until 2021
2014 TIF #1 Capital Improvement Bond	Property tax	549,761	156,900	28.5%	4,567,050	Until 2036
2018 Limited Tax GO Capital Improvement Bonds	Property tax	13,059,743	4,463,146	34.2%	39,760,688	Until 2027
2018 Hotel Gross Receipts Tax Bonds	Hotel/motel taxes	2,657,965	1,763,731	66.4%	55,831,050	Until 2048
2007 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	2,680,926	335,806	12.5%	1,001,363	Until 2022
2003 Capital Improvement and Refunding Revenue Bonds	Specific parking revenues and other revenues in the Rivermarket Garage Fund	3,566,588	891,535	25.0%	7,973,045	Until 2028

Lease Obligations

During 2019, the City entered into a lease agreement as lessee for financing the acquisition of vehicles valued at approximately \$2,900,000. The vehicles have a five (5) year estimated useful life. This year, \$200,162 was included in depreciation expense. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending December 31	Governmental Activities
2020	\$ 524,856
2021	524,856
2022	524,856
2023	524,856
2024	1,076,634
Total minimum lease payments	3,176,058
Less: amount representing interest	(373,230)
Present value of minimum lease payments	\$ 2,802,828

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 6: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2019, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds		
General fund	\$ 4,078,881	\$ -
Nonmajor governmental funds	-	4,078,881
	4,078,881	4,078,881
Total governmental funds	4,078,881	4,078,881
Total	\$ 4,078,881	\$ 4,078,881

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, 2019, are as follows:

	Interfund Transfers Out							
	Governmental Funds				Proprietary Funds			
	General	Street	Sales Tax Capital Improvements	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Totals	
Interfund Transfers In								
Governmental Funds								
General	\$ -	\$ 493,717	\$ 3,027,970	\$ 557,148	\$ 750,000	\$ 1,510,635	\$ 6,339,470	
Street	194,000	-	-	-	-	273,700	467,700	
	\$ 194,000	\$ 493,717	\$ 3,027,970	\$ 557,148	\$ 750,000	\$ 1,784,335	\$ 6,807,170	

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

City of Little Rock, Arkansas
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Note 7: 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 two 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.

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
Assets						
Cash and cash equivalents	\$ -	\$ 126	\$ 959,119	\$ -	\$ -	\$ 7,560,102
Investments						
U. S. government obligations	-	-	555,563	999,810	-	-
Equities	-	-	9,051,238	8,561,281	-	33,294,384
Mutual funds and other investments	1,196,503	1,207,604	5,809,760	2,271,239	7,974,455	28,852,040
Receivables						
Accounts receivable	-	-	-	622,112	72,991	89,995
Accrued interest and dividends	-	-	5,281	17,767	-	81,517
Total assets	1,196,503	1,207,730	16,380,961	12,472,209	8,047,446	69,878,038
Liabilities						
Accounts payable	-	-	607,775	-	-	21,137
Total liabilities	-	-	607,775	-	-	21,137
Net Position						
Net position restricted for pensions	\$ 1,196,503	\$ 1,207,730	\$ 15,773,186	\$ 12,472,209	\$ 8,047,446	\$ 69,856,901

City of Little Rock, Arkansas
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	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
Additions						
Contributions						
Employer	\$ -	\$ -	\$ 96,675	\$ 563,400	\$ 235,327	\$ 4,137,168
Plan members	-	-	44,751	-	174,318	2,038,394
State insurance tumbback	-	-	-	-	-	-
Other	-	-	1,440	607,775	-	56,548
Total contributions	-	-	142,866	1,171,175	409,645	6,232,110
Investment income (loss)						
Net increase (decrease) in fair value of investments	(83,365)	(83,364)	1,860,569	1,037,175	1,527,438	8,211,023
Gain (loss) on sale of investments	-	-	246,917	356,954	-	(922,074)
Interest and dividends	-	-	424,077	312,049	-	1,682,796
	(83,365)	(83,364)	2,531,563	1,706,178	1,527,438	8,971,745
Less investment expense	-	-	25,690	38,455	-	258,370
Net investment income (loss)	(83,365)	(83,364)	2,505,873	1,667,723	1,527,438	8,713,375
Total additions	(83,365)	(83,364)	2,648,739	2,838,898	1,937,083	14,945,485
Deductions						
Benefits paid directly to participants	-	-	2,783,486	1,661,821	415,818	1,138,045
Administrative expenses	-	(126)	59,039	19,768	-	104,599
Other	-	-	86,453	-	163	-
Special item - transfer assets to LOPFI	98,831	330,259	-	-	-	-
Total deductions	98,831	330,133	2,928,978	1,681,589	415,981	1,242,644
Net Increase (Decrease) in Net Position	(182,196)	(413,497)	(280,239)	1,157,309	1,521,102	13,702,841
Net Position Restricted for Pensions, Beginning of Year	1,378,699	1,621,227	16,053,425	11,314,900	6,526,344	56,154,060
Net Position Restricted for Pensions, End of Year	\$ 1,196,503	\$ 1,207,730	\$ 15,773,186	\$ 12,472,209	\$ 8,047,446	\$ 69,856,901

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

Governmental Activities	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
Firemen's Pension and Relief Fund	\$ 50,364,064	\$ 8,500,480	\$ -	\$ (2,235,290)
Police Pension	52,018,151	10,188,041	-	4,442,512
Nonuniformed Plan – Government Wide	1,040,261	-	71,857	(10,265)
Nonuniformed Plan – Fleet	73,430	-	5,072	(966)
2014 Defined Benefit Plan – Government Wide	2,090,107	765,007	2,174,456	3,221,071
2014 Defined Benefit Plan – Fleet	147,537	54,001	153,491	227,370
Police – LOPFI	90,559,803	37,989,341	239,001	18,462,708
Fire – LOPFI	82,438,479	33,937,709	851,449	16,656,740
APERS	281,173	41,249	298,143	(100,789)
	<u>\$ 279,013,005</u>	<u>\$ 91,475,828</u>	<u>\$ 3,793,469</u>	<u>\$ 40,663,091</u>
Business-Type Activities *	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
Nonuniformed Plan – Waste Disposal	\$ 97,907	\$ -	6,764	\$ (725)
Nonuniformed Plan – Vehicle Storage	12,239	-	845	(121)
2014 Defined Benefit Plan – Waste Disposal	196,716	72,001	204,654	303,160
2014 Defined Benefit Plan – Vehicle Storage	24,590	9,000	25,582	37,895
	<u>331,452</u>	<u>81,001</u>	<u>237,845</u>	<u>340,209</u>
 Total Primary Government	 <u>\$ 279,344,457</u>	 <u>\$ 91,556,829</u>	 <u>\$ 4,031,314</u>	 <u>\$ 41,003,300</u>
 2014 Defined Benefit Plan Discretely Presented Component Units	 <u>\$ 348,071</u>	 <u>\$ 171,394</u>	 <u>\$ 359,832</u>	 <u>\$ 536,413</u>

* Same amounts for proprietary funds' financial statements

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
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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	276	65	-	-	84	282
Termed vested benefit	-	-	256	-	-	-
Active plan members	-	5	17	11	1,053	-
Members on Deferred Retirement Option Plan (DROP)	-	-	-	-	-	3
Total	276	70	273	11	1,137	285

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.

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

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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 ten (10) years. All firemen hired after January 1, 1983, participate in the *Arkansas Local Police and Fire Retirement System created by Act 364 of 1981*. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries, which amounted to 6% during 2019. The participants contributed 6% of their salaries in 2019. 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 \$6,604,428 in 2019. 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, 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 7% investment rate of return (net of administrative expenses), projected salary increases of 3.75%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2018, was twenty-five (25) 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, 2018 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

City of Little Rock, Arkansas
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3. Long-term expected rate of return

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

Firemen's Pension Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	28%	0.90%
Domestic equity	42%	5.30%
Foreign equity	20%	7.00%
Alternative investments	10%	6.20%
	100%	

4. Discount Rate

The discount rate used to measure the total pension liability was 7%. 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, 2019, 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.

City of Little Rock, Arkansas
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5. Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Firemen's Fund for the year ended December 31, 2019:

Changes in Net Pension Liability – Firemen's Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 115,842,811	\$ 58,037,245	\$ 57,805,566
Charges for the year:			
Interest on total pension liability	5,448,952	-	5,448,952
Change of benefit terms	7,372,380	-	7,372,380
Difference between expected and actual return	1,934,916	-	1,934,916
Changes of assumptions	(16,406,953)	-	(16,406,953)
Benefit Payments, including refunds of employee contributions	(13,727,558)	(13,727,558)	-
Administrative expense	-	(95,039)	95,039
Contributions – member	-	3,324	(3,324)
Contributions – employer	-	6,197,376	(6,197,376)
Net investment income	-	44,684	(44,684)
Other	-	(359,548)	359,548
Net Changes	<u>(15,378,263)</u>	<u>(7,936,761)</u>	<u>(7,441,502)</u>
Balances as of End of Year	<u>\$ 100,464,548</u>	<u>\$ 50,100,484</u>	<u>\$ 50,364,064</u>

6. Sensitivity to Discount Rate Changes

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

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Firemen's Pension and Relief Fund			
Net pension liability	\$ 62,327,399	\$ 50,364,064	\$ 48,070,833

City of Little Rock, Arkansas
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7. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized a reduction of pension expense, as measured in accordance with GASB Statement No. 68, of \$2,235,290, 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, 2019:

Firemen’s Pension and Relief Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 1,896,052	\$ -
Contributions subsequent to the measurement date	6,604,428	-
Total	\$ 8,500,480	\$ -

At December 31, 2019, the City reported \$6,604,428 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, 2020.

Other 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,	
2020	\$ 1,370,587
2021	171,024
2022	(117,910)
2023	472,351
Total	\$ 1,896,052

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.

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

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

Contributions to the Police Pension are set forth in Arkansas statute. The City's contribution to the Police Pension consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. The City's contributions to the Plan for 2019 were \$7,759,628.

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.

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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 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, 2019, was 22 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, 2018 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

3. Long-term expected rate of return

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

Police Pension Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	28%	0.90%
Domestic equity	42%	5.30%
Foreign equity	20%	7.00%
Alternatives	<u>10%</u>	6.20%
	<u>100%</u>	

4. Discount Rate

The discount rate used to measure the total pension liability was 7%. 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, 2019 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.

City of Little Rock, Arkansas
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5. Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Police Pension for the year ended December 31, 2019:

Changes in Net Pension Liability – Police Pension			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (a) - (b)
Balances as of Beginning of Year	\$ 96,707,283	\$ 44,285,625	\$ 52,421,658
Charges for the year:			
Interest on total pension liability	6,416,604	-	6,416,604
Difference between expected and actual return	(668,084)	-	(668,084)
Benefit Payments, including refunds of employee contributions	(10,083,026)	(10,083,026)	-
Administrative expense	-	(69,799)	69,799
Contributions – employer	-	7,385,981	(7,385,981)
Net investment income	-	(1,057,308)	1,057,308
Other	-	(106,847)	106,847
Net Changes	<u>(4,334,506)</u>	<u>(3,930,999)</u>	<u>(403,507)</u>
Balances as of End of Year	<u>\$ 92,372,777</u>	<u>\$ 40,354,626</u>	<u>\$ 52,018,151</u>

6. Sensitivity to Discount Rate Changes

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police Pension			
Net pension liability	\$ 63,742,674	\$ 52,018,151	\$ 50,030,320

City of Little Rock, Arkansas
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7. Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2019, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$4,442,512, 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, 2019:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 2,428,413	\$ -
Contributions subsequent to the measurement date	<u>7,759,628</u>	<u>-</u>
Total	<u><u>\$ 10,188,041</u></u>	<u><u>\$ -</u></u>

At December 31, 2019, the City reported \$7,759,628 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, 2020.

Other 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,	
2020	\$ 982,258
2021	424,258
2022	291,477
2023	<u>730,420</u>
Total	<u><u>\$ 2,428,413</u></u>

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 2019 were \$563,400. 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, 2019 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five(5)-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, 2019, was five (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, 2019 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

City of Little Rock, Arkansas
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3. Long-term expected rate of return

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

Nonuniformed Defined Benefit Plan Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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>	

4. Discount Rate

The discount rate used to measure the total pension liability was 6.5%. 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, 2019 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Little Rock, Arkansas
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5. Changes in the Net Pension Liability

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 for the year ended December 31, 2019:

Changes in Net Pension Liability – Nonuniformed Defined Benefit Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 14,293,900	\$ 11,314,900	\$ 2,979,000
Charges for the year:			
Service Cost	6,472	-	6,472
Interest on total pension liability	875,305	-	875,305
Transfers from DC plan	607,775	607,775	-
Difference between expected and actual return	(425,585)	-	(425,585)
Benefit Payments, including refunds of employee contributions	(1,661,821)	(1,661,821)	-
Administrative expense	-	(19,769)	19,769
Contributions – employer	-	563,400	(563,400)
Net investment income	-	1,667,724	(1,667,724)
Net Changes	<u>(597,854)</u>	<u>1,157,309</u>	<u>(1,755,163)</u>
Balances as of End of Year	<u>\$ 13,696,046</u>	<u>\$ 12,472,209</u>	<u>\$ 1,223,837</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.

6. Sensitivity to Discount Rate Changes

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

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
Nonuniformed Employees’ Defined Benefit Pension Plan			
Net pension liability	\$ 2,262,366	\$ 1,223,837	\$ 326,045

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7. Pension Expense and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the City recognized a reduction of pension expense of \$12,077, and reported deferred inflows of resources related to pensions from the following source for the Nonuniformed Plan at December 31, 2019:

Nonuniformed Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ -	\$ 84,538
Total	<u>\$ -</u>	<u>\$ 84,538</u>

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

Year Ending December 31,	
2020	\$ 14,842
2021	(9,899)
2022	105,484
2023	<u>(194,965)</u>
Total	<u>\$ (84,538)</u>

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 2019 were \$4,137,168. Contributions to the plan are made from various City governmental and business type funds, as well as the City's component units.

City of Little Rock, Arkansas
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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, 2019 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 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, 2019, 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, 2019, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

3. Long-term expected rate of return

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

2014 Defined Benefit Plan Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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>	

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4. Discount Rate

The discount rate used to measure the total pension liability was 6.5%. 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, 2019 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

5. Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the 2014 Defined Benefit Plan for the year ended December 31, 2019:

Changes in Net Pension Liability – 2014 DB Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 65,246,273	\$ 56,154,060	\$ 9,092,213
Charges for the year:			
Service Cost	5,190,179	-	5,190,179
Interest on total pension liability	4,375,275	-	4,375,275
Difference between expected and actual return	(1,066,308)	-	(1,066,308)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,138,045)	(1,138,045)	-
Administrative expense	-	(104,013)	104,013
Contributions – employer	-	4,137,168	(4,137,168)
Contributions – member	-	2,038,394	(2,038,394)
Change in proportionate share	-	-	-
Service Purchases	56,548	56,548	-
Net investment income	-	8,713,372	(8,713,372)
Other	-	(583)	583
Net Changes	7,417,649	13,702,841	(6,285,192)
Balances as of End of Year	\$ 72,663,922	\$ 69,856,901	\$ 2,807,021

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 87.6% (88.2% in prior year), the Advertising and Promotion Commission's proportionate share was 11.9% (11.3% in prior year), the Workforce Investment Board's proportionate share was 0.4% (no change from prior year), and the Little Rock Port Authority's proportionate share was 0.1% (no change from prior year), as shown on the following schedules.

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Changes in Net Pension Liability – Primary Government

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 57,879,679	\$ 49,860,347	\$ 8,019,332
Charges for the year:			
Service Cost	4,546,597	-	4,546,597
Interest on total pension liability	3,832,741	-	3,832,741
Difference between expected and actual return	(934,086)	-	(934,086)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(996,927)	(996,927)	-
Administrative expense	-	(91,115)	91,115
Contributions – employer	-	3,624,159	(3,624,159)
Contributions – member	-	1,785,633	(1,785,633)
Change in proportionate share	-	54,554	(54,554)
Service Purchases	49,536	49,536	-
Net investment income	-	7,632,914	(7,632,914)
Other	-	(511)	511
Net Changes	<u>6,497,861</u>	<u>12,058,243</u>	<u>(5,560,382)</u>
Balances as of End of Year	<u>\$ 64,377,540</u>	<u>\$ 61,918,590</u>	<u>\$ 2,458,950</u>

Changes in Net Pension Liability – Advertising and Promotion Commission

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 7,000,142	\$ 5,972,722	\$ 1,027,420
Charges for the year:			
Service Cost	617,631	-	617,631
Interest on total pension liability	520,658	-	520,658
Difference between expected and actual return	(126,891)	-	(126,891)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(135,427)	(135,427)	-
Administrative expense	-	(12,378)	12,378
Contributions – employer	-	492,323	(492,323)
Contributions – member	-	242,569	(242,569)
Change in proportionate share	-	(54,554)	54,554
Service Purchases	6,729	6,729	-
Net investment income	-	1,036,892	(1,036,892)
Other	-	(69)	69
Net Changes	<u>882,700</u>	<u>1,576,085</u>	<u>(693,385)</u>
Balances as of End of Year	<u>\$ 7,882,842</u>	<u>\$ 7,548,807</u>	<u>\$ 334,035</u>

City of Little Rock, Arkansas
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Changes in Net Pension Liability – Workforce Investment Board

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 301,206	\$ 264,837	\$ 36,369
Charges for the year:			
Service Cost	20,761	-	20,761
Interest on total pension liability	17,501	-	17,501
Difference between expected and actual return	(4,265)	-	(4,265)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(4,552)	(4,552)	-
Administrative expense	-	(416)	416
Contributions - employer	-	16,549	(16,549)
Contributions - member	-	8,154	(8,154)
Change in proportionate share	-	-	-
Service Purchases	226	226	-
Net investment income	-	34,853	(34,853)
Other	-	(2)	2
Net Changes	<u>29,671</u>	<u>54,812</u>	<u>(25,141)</u>
Balances as of End of Year	<u>\$ 330,877</u>	<u>\$ 319,649</u>	<u>\$ 11,228</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.

Changes in Net Pension Liability – Little Rock Port Authority

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of Beginning of Year	\$ 65,246	\$ 56,154	\$ 9,092
Charges for the year:			
Service Cost	5,190	-	5,190
Interest on total pension liability	4,375	-	4,375
Difference between expected and actual return	(1,066)	-	(1,066)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,138)	(1,138)	-
Administrative expense	-	(104)	104
Contributions – employer	-	4,137	(4,137)
Contributions – member	-	2,038	(2,038)
Change in proportionate share	-	-	-
Service Purchases	57	57	-
Net investment income	-	8,713	(8,713)
Other	-	(1)	1
Net Changes	<u>7,418</u>	<u>13,702</u>	<u>(6,284)</u>
Balances as of End of Year	<u>\$ 72,664</u>	<u>\$ 69,856</u>	<u>\$ 2,808</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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

6. 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:

2014 Defined Benefit Pension Plan	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
City of Little Rock	\$ 12,045,074	\$ 2,458,950	\$ (5,471,862)
Advertising & Promotion Commission	1,636,260	334,035	(743,324)
Workforce Investment Board	55,000	11,228	(24,986)
Little Rock Port Authority	13,751	2,808	(6,246)
	<u>\$ 13,750,085</u>	<u>\$ 2,807,021</u>	<u>\$ (6,246,418)</u>

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

For the year ended December 31, 2019, the City and its component units recognized pension expense of \$4,325,909, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the 2014 Defined Benefit Plan at December 31, 2019:

2014 Defined Benefit Plan - Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,215,601
Changes of assumptions	900,009	49,384
Changes of proportion	-	40,542
Net difference between expected and actual investment earnings on pension plan investments	<u>-</u>	<u>252,656</u>
Total	<u>\$ 900,009</u>	<u>\$ 2,558,183</u>

Advertising and Promotion Commission	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 300,978
Changes of assumptions	122,261	6,709
Changes of proportion	43,996	-
Net difference between expected and actual investment earnings on plan investments	<u>-</u>	<u>34,322</u>
Total	<u>\$ 166,257</u>	<u>\$ 342,009</u>

City of Little Rock, Arkansas
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Workforce Investment Board	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 10,117
Changes of assumptions	4,110	225
Changes of proportion	-	3,454
Net difference between expected and actual investment earnings on plan investments	-	1,154
Total	<u>\$ 4,110</u>	<u>\$ 14,950</u>

Little Rock Port Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,529
Changes of assumptions	1,027	56
Net difference between expected and actual investment earnings on plan investments	-	288
Total	<u>\$ 1,027</u>	<u>\$ 2,873</u>

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,	Primary Government	Advertising and Promotion Commission	Workforce Investment Board	Little Rock Port Authority
2020	\$ (24,917)	\$ (3,385)	\$ (114)	\$ (28)
2021	(181,492)	(24,655)	(829)	(207)
2022	163,180	22,167	746	186
2023	(1,074,933)	(146,024)	(4,908)	(1,227)
2024	(146,723)	(19,932)	(670)	(167)
Total thereafter	<u>(393,289)</u>	<u>(3,923)</u>	<u>(5,065)</u>	<u>(403)</u>
Total	<u>\$ (1,658,174)</u>	<u>\$ (175,752)</u>	<u>\$ (10,840)</u>	<u>\$ (1,846)</u>

City of Little Rock, Arkansas
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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 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. During 2019, 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 21.23% for participating policemen and 23.50% for participating firemen. City contributions for 2019 to the Plan were \$14,969,521.

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

At December 31, 2019, the LOPFI Police and LOPFI Fire reported a liability of \$90,559,803 and \$82,438,479, respectively, for their proportionate share of the net pension liability. The net pension liability 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 December 31, 2018. The City's proportionate share was 10.03566% and 9.13567% respectively, for LOPFI Police and LOPFI Fire compared to 9.86114% and 9.28109%, 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, 2018. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

City of Little Rock, Arkansas
Notes to Financial Statements
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For the year ended December 31, 2019 the LOPFI Police and LOPFI Fire recognized pension expense of \$18,462,708 and \$16,656,740, respectively. At December 31, 2019, LOPFI Police and LOPFI Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LOPFI – Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 4,811,166	\$ -
Assumption changes	12,395,249	-
Change in proportion	708,687	239,001
Net difference between expected and actual investment earnings on pension plan investments	11,586,718	-
Contributions subsequent to the measurement date	<u>8,487,521</u>	<u>-</u>
Total	<u>\$ 37,989,341</u>	<u>\$ 239,001</u>

LOPFI – Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 4,379,704	\$ -
Assumption changes	11,283,647	-
Change in proportion	248,871	851,449
Net difference between expected and actual investment earnings on pension plan investments	10,547,628	-
Contributions subsequent to the measurement date	<u>7,477,859</u>	<u>-</u>
Total	<u>\$ 33,937,709</u>	<u>\$ 851,449</u>

City of Little Rock, Arkansas
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At December 31, 2019, LOPFI Police and LOPFI Fire reported \$8,487,521 and \$7,477,859 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2019, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police	LOPFI Fire
2020	\$ 12,011,881	\$ 10,934,665
2021	8,569,657	7,801,137
2022	4,561,524	4,152,450
2023	4,119,757	2,720,149
Total	<u>\$ 29,262,819</u>	<u>\$ 25,608,401</u>

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	LOPFI – Police	LOPFI – Fire
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 market; 20%	Entry age normal 5-year smoothed market; 20%
Asset valuation method	corridor	corridor

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table Projected to 2018 Table, set forward two years for men.

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.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, 2018, these best estimates are summarized in the following table:

LOPFI – Police and Fire Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	28%	0.90%
Domestic equity	42%	5.30%
Foreign equity	20%	7.00%
Alternative investments	10%	6.20%
	100%	

Discount Rate

A single discount rate of 7% 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%, 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:

Local Police and Fire Retirement System (LOPFI)		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
LOPFI – Police	Net pension liability	\$ 133,654,899	\$ 90,559,803	\$ 55,833,550
LOPFI – Fire	Net pension liability	121,668,834	82,438,479	50,826,442
		\$ 255,323,733	\$ 172,998,282	\$ 106,659,992

City of Little Rock, Arkansas
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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.

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 38.99% for district judges and 15.32% for court clerks. City contributions for 2019 to the Plan were \$32,284.

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

At December 31, 2019, the City reported a liability of \$281,173 for its proportionate share of the net pension liability. The City's proportionate share was .01165470%, compared to 0.01199273% for the prior year. The net pension liability was measured as of June 30, 2019, 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, 2019.

City of Little Rock, Arkansas
Notes to Financial Statements
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For the year ended December 31, 2019, the City recognized a reduction of pension expense of \$100,789. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 7,652	\$ 418
Change in assumptions	15,261	10,809
Net difference between expected and actual investment earnings on pension plan investments	-	2,136
Change in proportion	3,668	284,780
Contributions subsequent to the measurement date	<u>14,668</u>	<u>-</u>
Total	<u>\$ 41,249</u>	<u>\$ 298,143</u>

At December 31, 2019, APERS reported \$14,668 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2019, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	APERS
2020	\$ 13,556
2021	(7,564)
2022	(336)
2023	3,895
2024	<u>(281,113)</u>
Total	<u>\$ (271,562)</u>

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 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
Notes to Financial Statements
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The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>APERS</u>
Valuation	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent-of-Payroll
Remaining Amortization	30 year closed
Asset Valuation Method	4-Year Smoothed Corridor
Investment rate of return	Market with 25%
Projected salary increase	7.15%
Inflation	3.25%-9.85%
Cost of living adjustments	3.25%
	3.0% Annual
	Compounded
	Increase

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the table below:

<u>APERS</u> <u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>Expected Real</u> <u>Rate of Return</u>
Broad domestic equity	37%	6.20%
International equity	24%	6.33%
Real assets	16%	3.32%
Absolute return	5%	3.56%
Domestic fixed	18%	1.54%
	<u>100%</u>	

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

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:

		1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
APERS	Net pension liability	\$ 450,650	\$ 281,173	\$ 141,346

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 2019, City pension expense for its contributions to the Plan was \$96,675.

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 2019, City pension expense for its contributions to the Plan was \$235,327.

Note 8: 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, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	174
Inactive plan member entitled to but not receiving benefit payments	-
Active plan members	2,016
	2,190

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 (6) 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 (6) 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 \$864 for family coverage. Contributions to the Plan by the City for the year ended December 31, 2019 were \$1,893,956.

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 2019 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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7%. 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, 2019, 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, 2019, 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.	

City of Little Rock, Arkansas
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For 2019, estimated initial year claims costs were used compared to using expected premiums paid in 2018. Mortality rates were based on the RP-2014 Mortality Table, with adjustments for mortality improvements based on scale MP-2019. In 2019, the Plan changed the mortality table improvement scale from MP-2018 to MP-2019.

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% 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:

Asset Class	Long-Term Expected Real Rate of Return
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, 2019, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at January 1, 2019	\$ 21,668,929	\$ 4,475,179	\$ 17,193,750
Changes for the year:			
Service cost	646,275	-	646,275
Interest	1,464,346	-	1,464,346
Differences between expected and actual experience	954,625	-	954,625
Contributions - employer	-	1,893,956	(1,893,956)
Net investment income	-	801,217	(801,217)
Benefit payments	(766,956)	(766,956)	-
Administrative expense	-	(49,019)	49,019
Net changes	<u>2,298,290</u>	<u>1,879,198</u>	<u>419,092</u>
Balances at December 31, 2019	<u>\$ 23,967,219</u>	<u>\$ 6,354,377</u>	<u>\$ 17,612,842</u>

Plan fiduciary net position as a percentage
of the total OPEB liability 26.5%

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	\$ 19,610,823	\$ 17,612,842	\$ 15,837,238

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	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 15,699,154	\$ 17,612,842	\$ 19,788,346

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:

	Health Management Trust Fund
Assets	
Cash and cash equivalents	\$ 18,983
Investments	
Equities	2,984,114
Mutual funds and other investments	3,351,280
Total assets	6,354,377
Net Position	
Net position restricted for other postemployment benefits	\$ 6,354,377
	Health Management Trust Fund
Additions	
Contributions	
Employer	\$ 1,893,956
Total contributions	1,893,956
Investment income	
Net increase in fair value of investments	756,448
Gain (loss) on sale of investments	(82,473)
Interest and dividends	127,242
Net investment income	801,217
Total additions	2,695,173
Deductions	
Benefits paid directly to participants	766,956
Administrative expenses	49,019
Total deductions	815,975
Net Increase in Net Position	1,879,198
Net Position Restricted for Other Postemployment Benefits, Beginning of Year	4,475,179
Net Position Restricted for Other Postemployment Benefits, End of Year	\$ 6,354,377

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, 2019, the City recognized OPEB expense of \$2,532,152. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 864,566	\$ 386,790
Changes of assumptions	5,223,208	-
Net difference between expected and actual investment earnings on OPEB plan investments	-	13,732
Total	\$ 6,087,774	\$ 400,522

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

<u>Year Ending December 31,</u>		
2020	\$	709,548
2021		709,549
2022		712,239
2023		591,240
2024		684,077
Thereafter		2,280,599
Total	\$	5,687,252

City of Little Rock, Arkansas
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Note 9: 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, 2018, to December 31, 2019:

Liability balance, January 1, 2018		\$ 1,787,102
Claims and changes in estimates		2,490,702
Claims payments		<u>(2,245,833)</u>
Liability balance, December 31, 2018		2,031,971
Claims and changes in estimates		1,547,594
Claims payments		<u>(2,147,174)</u>
Liability balance, December 31, 2019		<u>\$ 1,432,391</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 2018 to 2019; nor have settlement amounts exceeded insurance coverage for each of the past three years.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

Note 10: 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, 2019, property taxes receivable and related deferred inflows of resources of \$61,706,140 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 \$8,804,030 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.

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

Description	Millage Limit	Levied 2018 for 2019 Collections
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
	<hr/>	<hr/>
Total	<u>16.55</u>	<u>16.55</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

Note 11: 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 \$5,966,845 is based on 29.2% use of Class I Waste total constructed capacity, and 45.5% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$10,888,399 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 2019. 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 12: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2019:

Fund	<u>Deficit Amount</u>
Vehicle Storage	<u>\$ (157,298)</u>
Total deficit net position	<u><u>\$ (157,298)</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 13: Contingencies

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the City’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2019

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 14: 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, 2019, the aggregate principal amount payable on these bonds was approximately \$111,697,705.

Note 15: 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, 2019

Note 16: Fund Balances

The City classified governmental fund balances as follows:

Fund Balances	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
Nonspendable								
Inventory	\$ 51,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 676,097	\$ 727,518
Prepays	1,844,050	-	-	-	20,559	-	-	1,864,609
Trust principal	-	-	-	-	-	-	250,000	250,000
Restricted								
Debt service	-	-	14,079,716	-	-	-	9,913,363	23,993,079
Capital improvements	-	30,194,881	-	36,492,102	-	28,996,536	3,972,093	99,655,612
Streets & Drainage Infrastructure	-	-	-	-	23,310,005	-	-	23,310,005
Grants	-	-	-	-	-	-	1,575,497	1,575,497
Emergency 911	-	-	-	-	-	-	1,007,531	1,007,531
Special Projects	-	-	-	-	-	-	3,602,264	3,602,264
Committed								
Cable network	44,839	-	-	-	-	-	-	44,839
Assigned								
General fund special projects	9,792,389	-	-	-	-	-	-	9,792,389
Unassigned	27,447,279	-	-	-	-	-	-	27,447,279
Total Fund Balances	\$ 39,179,978	\$ 30,194,881	\$ 14,079,716	\$ 36,492,102	\$ 23,330,564	\$ 28,996,536	\$ 20,996,845	\$ 193,270,622

Note 17: Tax Abatement

The City of Little Rock has twelve (12) 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 (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, 964S.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 (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, 2019

Information relevant to the disclosure of taxes abated under this program for the year ended December 31, 2019, is:

Taxing Authority	Amount Due if PILOTS Were Not in Place	Actual Tax Collected Under PILOT Agreements	Tax Abatement
City of Little Rock	\$ 1,313,079	\$ 426,273	\$ 886,806
Little Rock School District	3,627,394	1,195,109	2,432,285
Pulaski County	559,348	181,584	377,764
Pulaski County Special School District	47,355	-	47,355
Total	<u>\$ 5,547,176</u>	<u>\$ 1,802,966</u>	<u>\$ 3,744,210</u>

Note 18: Discretely Presented Component Units

Little Rock Water Reclamation Authority (LRWRA)

Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Little Rock Water Reclamation Authority	Balance 1/1/2019	Additions	Disposals	Balance 12/31/2019
Capital Assets, non-depreciable				
Land	\$ 5,434,140	\$ -	\$ -	\$ 5,434,140
Construction in progress	63,786,352	50,949,620	34,893,172	79,842,800
Total capital assets, non-depreciable	69,220,492	50,949,620	34,893,172	85,276,940
Capital Assets, depreciable				
Buildings, improvements and facilities	522,528,839	33,084,110	-	555,612,949
Equipment	79,470,993	1,606,869	605,352	80,472,510
Total capital assets, depreciable	601,999,832	34,690,979	605,352	636,085,459
Less accumulated depreciation	192,996,305	17,032,333	597,878	209,430,760
Total capital assets, net	<u>\$ 478,224,019</u>	<u>\$ 68,608,266</u>	<u>\$ 34,900,646</u>	<u>\$ 511,931,639</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

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, 2019	Increases	Decreases	Balance December 31, 2019	Amounts Due in One Year
Little Rock Water Reclamation Authority					
Revenue bonds	\$ 303,401,312	\$ 40,498,373	\$ 12,097,416	\$ 331,802,269	\$ 13,250,740
Add issuance premiums	9,254,983	-	869,893	8,385,090	-
	<u>\$ 312,656,295</u>	<u>\$ 40,498,373</u>	<u>\$ 12,967,309</u>	<u>\$ 340,187,359</u>	<u>\$ 13,250,740</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
2020	\$ 13,250,740	\$ 9,597,363
2021	14,794,046	10,295,759
2022	15,565,025	10,258,254
2023	12,758,040	9,809,126
2024	13,616,460	9,381,509
2025-2029	75,202,409	39,451,054
2030-2034	87,806,842	25,659,745
2035-2039	65,539,974	9,802,989
2040-2044	17,548,523	3,828,114
2045-2049	12,982,595	1,489,068
2050-2052	2,737,615	88,569
	<u>\$ 331,802,269</u>	<u>\$ 129,661,550</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 7* 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, 2019

At December 31, 2019, LRWRA reported a liability of \$17,183,550, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, 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, 2019, LRWRA's proportion was 0.71226298%, which was an increase of 0.0813731% from its proportion measured as of June 30, 2018, of 0.69388988%.

For the year ended December 31, 2019, LRWRA recognized pension expense of \$3,703,646. At December 31, 2019, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 467,663	\$ 25,530
Changes in proportion and differences between employer contributions and proportionate share	509,162	230,598
Changes in assumptions	932,675	660,565
Net difference between projected and actual earnings on pension plan investments	-	130,518
Contributions subsequent to the measurement date	1,039,878	-
Total	\$ 2,949,378	\$ 1,047,211

The \$1,039,878 reported as deferred outflows of resources at December 31, 2019, 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, 2020. 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	
2020	\$ 972,738
2021	(423,309)
2022	61,194
2023	251,666
	\$ 862,289

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

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:

Sensitivity of Discount Rate		
1% Lower	Discount Rate	1% Higher
6.15%	7.15%	8.15%
\$ 27,540,941	\$ 17,183,550	\$ 8,638,228

Bill and Hillary Clinton National Airport (Airport)

Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Bill and Hillary Clinton National Airport	Balance 1/1/2019	Additions	Disposals	Transfers	Balance 12/31/2019
Capital Assets, non-depreciable					
Land	\$ 67,669,339	\$ 216,862	\$ -	\$ 347,746	\$ 68,233,947
Construction in progress	5,089,373	14,311,895	158,814	(6,753,889)	12,488,565
Total capital assets, non-depreciable	72,758,712	14,528,757	158,814	(6,406,143)	80,722,512
Capital Assets, depreciable					
Buildings, improvements and facilities	454,340,691	179,509	-	6,242,654	460,762,854
Vehicles	2,113,017	58,138	-	-	2,171,155
Equipment	24,067,824	1,039,287	35,453	163,489	25,235,147
Total capital assets, depreciable	480,521,532	1,276,934	35,453	6,406,143	488,169,156
Less accumulated depreciation	222,083,400	18,891,557	35,453	-	240,939,504
Total capital assets, net	\$ 331,196,844	\$ (3,085,866)	\$ 158,814	\$ -	\$ 327,952,164

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2019

Note 19: Subsequent Events

Economic Environment

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On April 1, 2020, the City Board of Directors approved an amendment to the 2020 General Fund budget, which decreased expenditures by \$4.9 million in response to the potential impact of the Coronavirus (COVID-19) Pandemic. As the economic impact and duration of the COVID-19 Pandemic becomes clearer, an additional amendment will be brought forward to further adjust revenue and expenditure forecasts. In addition, on May 19, 2020, the City Board of Directors approved a resolution to authorize the use of up to \$700,000 to pay a portion of the principal of and interest on the 2018 Hotel Gross Receipts Tax Bonds due in December 2020 due to the potential impact of COVID-19 and travel restrictions on the hospitality industry and the hotel gross receipts tax revenues that secure the bonds.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of the City's investment portfolio.

Bill and Hillary Clinton National Airport (Airport) – Coronavirus Aid, Relief, and Economic Security Act

As a result of COVID-19 and related events, the Airport received approval in April 2020 to claim approximately \$25 million of funds from the FAA in conjunction with one-time funds from the CARES Act to utilize for operating costs of the Airport.

Little Rock Water Reclamation Authority (LRWRA) – Revolving Loan Fund

During 2020, the LRWRA issued \$51,400,000 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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 29,982,418	\$ 30,212,772	\$ 30,301,000	\$ 88,228
Sales taxes	104,027,600	106,087,300	108,995,027	2,907,727
Licenses and permits	12,576,200	12,162,300	12,457,943	295,643
Intergovernmental	9,830,188	10,561,590	10,561,825	235
Charges for services	11,746,572	11,080,419	11,342,881	262,462
Fines and fees	2,350,880	2,250,220	2,120,578	(129,642)
Utility franchise fees	29,494,250	29,726,750	29,676,835	(49,915)
Investment income	391,200	391,200	597,101	205,901
Contributions	-	2,141,314	2,270,146	128,832
Miscellaneous	1,841,815	921,685	1,994,082	1,072,397
Total revenues	<u>202,241,123</u>	<u>205,535,550</u>	<u>210,317,418</u>	<u>4,781,868</u>
Expenditures				
General government:				
General administration	21,679,020	20,231,296	21,511,508	(1,280,212)
Board of directors	337,500	337,500	347,082	(9,582)
Community programs	566,541	533,028	4,704,413	(4,171,385)
City attorney	1,765,815	1,588,545	1,841,418	(252,873)
District court-first division (criminal)	1,331,175	1,355,635	1,258,223	97,412
District court-second division (traffic)	1,249,913	1,319,842	1,319,927	(85)
District court-third division (environmental)	554,856	555,458	503,838	51,620
Finance	3,460,042	3,310,659	3,280,441	30,218
Human resources	1,848,017	1,797,604	1,839,560	(41,956)
Information technology	5,449,495	5,158,322	5,015,787	142,535
Planning and development	2,576,596	2,374,167	2,356,337	17,830
Total general government	<u>40,818,970</u>	<u>38,562,056</u>	<u>43,978,534</u>	<u>(5,416,478)</u>
Public works	1,060,735	1,057,044	1,995,906	(938,862)
Parks and recreation services	10,662,574	9,501,617	11,073,114	(1,571,497)
River Market	1,354,146	1,354,146	1,305,221	48,925
Golf	2,141,314	2,186,377	2,264,745	(78,368)
Jim Daily Fitness	855,474	877,098	855,754	21,344
Zoo	6,745,800	6,269,302	6,472,385	(203,083)
Fire	52,217,670	53,095,134	53,046,854	48,280
Police	78,785,071	77,096,919	76,872,299	224,620
Fleet	-	-	95,395	(95,395)
Housing and neighborhood programs	5,712,630	5,017,426	5,821,970	(804,544)
Debt service				
Principal	5,846,493	7,018,324	7,018,604	(280)
Interest	265,834	231,626	231,625	1
Agent fees	24,000	24,000	-	24,000
Vacancy savings	(5,500,000)	-	-	-
Total expenditures	<u>200,990,711</u>	<u>202,291,069</u>	<u>211,032,406</u>	<u>(8,741,337)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,250,412</u>	<u>3,244,481</u>	<u>(714,988)</u>	<u>(3,959,469)</u>
Other Financing Sources (Uses)				
Transfers in	8,382,149	8,579,813	6,339,470	(2,240,343)
Transfers out	(9,632,561)	(9,550,199)	(194,000)	9,356,199
Total other financing sources (uses)	<u>(1,250,412)</u>	<u>(970,386)</u>	<u>6,145,470</u>	<u>7,115,856</u>
Net Change in Fund Balances	-	2,274,095	5,430,482	3,156,387
Fund Balances, Beginning of Year	<u>33,749,496</u>	<u>33,749,496</u>	<u>33,749,496</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 33,749,496</u>	<u>\$ 36,023,591</u>	<u>\$ 39,179,978</u>	<u>\$ 3,156,387</u>

City of Little Rock, Arkansas
Notes to Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2019

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 2019.

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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 6,245,930	\$ 6,185,930	\$ 6,262,344	\$ 76,414
Licenses and permits	17,600	17,600	14,330	(3,270)
Intergovernmental	13,168,100	13,923,000	14,179,869	256,869
Charges for services	18,000	18,000	16,699	(1,301)
Investment income	200,000	350,000	574,288	224,288
Miscellaneous	27,000	27,000	77,739	50,739
Total revenues	<u>19,676,630</u>	<u>20,521,530</u>	<u>21,125,269</u>	<u>603,739</u>
Expenditures				
Public works	19,110,441	18,632,441	20,272,664	(1,640,223)
Total expenditures	<u>19,110,441</u>	<u>18,632,441</u>	<u>20,272,664</u>	<u>(1,640,223)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>566,189</u>	<u>1,889,089</u>	<u>852,605</u>	<u>(1,036,484)</u>
Other Financing Sources (Uses)				
Transfers in	467,700	467,700	467,700	-
Transfers out	(2,488,717)	(2,933,717)	(493,717)	2,440,000
Total other financing sources (uses)	<u>(2,021,017)</u>	<u>(2,466,017)</u>	<u>(26,017)</u>	<u>2,440,000</u>
Net Change in Fund Balances	(1,454,828)	(576,928)	826,588	1,403,516
Fund Balances, Beginning of Year	<u>22,503,976</u>	<u>22,503,976</u>	<u>22,503,976</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 21,049,148</u>	<u>\$ 21,927,048</u>	<u>\$ 23,330,564</u>	<u>\$ 1,403,516</u>

City of Little Rock, Arkansas
Other Postemployment Benefit Plan
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 646,275	\$ 497,628	\$ 465,073
Interest	1,464,346	996,425	967,968
Differences between expected and actual experience	954,625	(333,893)	(494,955)
Changes of assumptions	-	6,512,888	-
Benefit payments	<u>(766,956)</u>	<u>(789,620)</u>	<u>(854,207)</u>
Net change in total OPEB liability	2,298,290	6,883,428	83,879
Total OPEB liability – Beginning	<u>21,668,929</u>	<u>14,785,501</u>	<u>14,701,622</u>
Total OPEB liability – Ending (a)	<u>23,967,219</u>	<u>21,668,929</u>	<u>14,785,501</u>
Plan Fiduciary Net Position			
Contributions – employer	1,893,956	1,226,087	1,385,762
Net investment income	801,217	(265,832)	283,245
Benefit payments	(766,956)	(789,620)	(854,207)
Administrative expense	<u>(49,019)</u>	<u>(46,135)</u>	<u>(39,467)</u>
Net change in plan fiduciary net position	1,879,198	124,500	775,333
Plan fiduciary net position – Beginning	<u>4,475,179</u>	<u>4,350,679</u>	<u>3,575,346</u>
Plan fiduciary net position – Ending (b)	<u>6,354,377</u>	<u>4,475,179</u>	<u>4,350,679</u>
City's net OPEB liability – Ending (a) – (b)	<u>\$ 17,612,842</u>	<u>\$ 17,193,750</u>	<u>\$ 10,434,822</u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.51%	20.65%	29.43%
Covered employee payroll	\$ 117,992,016	\$ 124,194,600	\$ 117,855,792
City's net OPEB liability as a percentage of covered employee payroll	14.93%	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

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
Other Postemployment Benefit Plan
Schedule of City Contributions
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 1,893,956	\$ 1,226,087	\$ 1,290,674
Contributions in relation to the actuarially determined contribution	<u>1,893,956</u>	<u>1,226,087</u>	<u>1,385,762</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,088)</u>
Covered employee payroll	\$ 117,992,016	\$ 124,194,600	\$ 117,855,792
Contributions as a percentage of covered employee payroll	1.61%	0.99%	1.18%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Healthcare cost trend rates	6.5% in year 1 graded downward 0.5% per year to 4.0% in year 6 and 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-2019.

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
Other Postemployment Benefit Plan
Schedule of Investment Returns
December 31, 2019

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2017	6.3%
12/31/2018	-6.8%
12/31/2019	14.9%

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
Defined Benefit Pension Plans
Schedule of Changes in the City's Net Pension Liability and Related Ratios
December 31, 2019

Firemen's Pension and Relief Fund

Fiscal Year ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Interest	\$ 5,448,952	\$ 5,807,041	\$ 5,807,041	\$ 6,088,293	\$ 6,649,073
Changes of benefit terms	7,372,380	-	-	-	-
Difference between expected and actual experience	1,934,916	(97,808)	(97,808)	(120,292)	(6,896,944)
Changes in assumptions	(16,406,953)	-	-	-	-
Benefit payments, including refunds of plan member contributions	(13,727,558)	(12,014,477)	(12,014,477)	(11,171,601)	(10,763,891)
Net Change in Total Pension Liability	(15,378,263)	(6,305,244)	(6,305,244)	(5,203,600)	(11,011,762)
Total Pension Liability, Beginning of Year	115,842,811	122,148,055	122,148,055	127,351,655	138,363,417
Total Pension Liability, End of Year	<u>\$ 100,464,548</u>	<u>\$ 115,842,811</u>	<u>\$ 115,842,811</u>	<u>\$ 122,148,055</u>	<u>\$ 127,351,655</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 6,197,376	\$ 5,683,879	\$ 5,683,879	\$ 5,424,494	\$ 5,312,855
Plan member contributions	3,324	3,388	3,388	3,324	14,993
Net investment income	44,684	5,512,667	5,512,667	1,356,915	(2,774,677)
Benefit payments, including refunds of plan member contributions	(13,727,558)	(12,014,477)	(12,014,477)	(11,171,602)	(10,763,891)
Administrative expense	(95,039)	(39,957)	(39,957)	(225,141)	(9,491)
Other	(359,548)	500,961	500,961	567,243	(121,985)
Net Change in Plan Fiduciary Net Position	(7,936,761)	(353,539)	(353,539)	(4,044,767)	(8,342,196)
Plan Fiduciary Net Position, Beginning of Year	58,037,245	58,390,784	58,390,784	62,435,551	70,777,747
Plan Fiduciary Net Position, End of Year	50,100,484	58,037,245	58,037,245	58,390,784	62,435,551
City's Net Pension Liability, End of Year	<u>\$ 50,364,064</u>	<u>\$ 57,805,566</u>	<u>\$ 57,805,566</u>	<u>\$ 63,757,271</u>	<u>\$ 64,916,104</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	49.87%	50.10%	50.10%	47.80%	49.03%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Plan's Net Pension Liability as a Percentage of Covered Payroll	NA	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
Schedule of Changes in the City's Net Pension Liability and Related Ratios
(Continued)
December 31, 2019

Police Pension Plan

Fiscal Year ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Interest	\$ 6,416,604	\$ 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	(668,084)	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	<u>(10,083,026)</u>	<u>(10,423,792)</u>	<u>(10,398,367)</u>	<u>(9,830,664)</u>	<u>(10,183,707)</u>
Net Change in Total Pension Liability	(4,334,506)	6,240,013	(3,668,663)	(441,623)	(165,773)
Total Pension Liability, Beginning of Year	<u>96,707,283</u>	<u>90,467,270</u>	<u>94,135,933</u>	<u>94,577,556</u>	<u>94,743,329</u>
Total Pension Liability, End of Year	<u>\$ 92,372,777</u>	<u>\$ 96,707,283</u>	<u>\$ 90,467,270</u>	<u>\$ 94,135,933</u>	<u>\$ 94,577,556</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 7,385,981	\$ 7,683,405	\$ 6,520,729	\$ 7,562,305	\$ 5,939,677
Net investment income	(1,057,308)	4,903,340	2,140,374	(130,408)	2,503,835
Benefit payments, including refunds of plan member contributions	(10,083,026)	(10,423,792)	(10,398,367)	(9,830,664)	(10,183,707)
Administrative expense	(69,799)	(62,862)	(67,899)	(83,836)	(59,497)
Other	<u>(106,847)</u>	<u>-</u>	<u>109,384</u>	<u>198,741</u>	<u>935,047</u>
Net Change in Plan Fiduciary Net Position	(3,930,999)	2,100,091	(1,695,779)	(2,283,862)	(864,645)
Plan Fiduciary Net Position, Beginning of Year	<u>44,285,625</u>	<u>42,185,534</u>	<u>43,881,313</u>	<u>46,165,175</u>	<u>47,029,820</u>
Plan Fiduciary Net Position, End of Year	<u>40,354,626</u>	<u>44,285,625</u>	<u>42,185,534</u>	<u>43,881,313</u>	<u>46,165,175</u>
City's Net Pension Liability, End of Year	<u>\$ 52,018,151</u>	<u>\$ 52,421,658</u>	<u>\$ 48,281,736</u>	<u>\$ 50,254,620</u>	<u>\$ 48,412,381</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	43.69%	45.79%	46.63%	46.61%	48.81%
Covered Payroll	\$ 261,209	\$ 407,678	\$ 603,022	\$ -	\$ -
Plan's Net Pension Liability as a Percentage of Covered Payroll	22106.88%	14289.58%	8043.49%	NA	NA

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

City of Little Rock, Arkansas
Defined Benefit Pension Plans
Schedule of Changes in the City's Net Pension Liability and Related Ratios
(Continued)
December 31, 2019

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 6,472	\$ 7,561	\$ 8,073	\$ 9,627	\$ 35,084
Interest	875,305	919,271	967,628	992,989	1,066,765
Transfer from DC plan	607,775	400,496	296,175	679,378	633,501
Difference between expected and actual experience	(425,585)	(315,097)	(132,527)	(144,356)	(167,591)
Changes in assumptions	-	-	-	-	1,207,785
Benefit payments, including refunds of plan member contributions	<u>(1,661,821)</u>	<u>(1,721,934)</u>	<u>(1,748,500)</u>	<u>(1,723,901)</u>	<u>(1,766,611)</u>
Net Change in Total Pension Liability	(597,854)	(709,703)	(609,151)	(186,263)	1,008,933
Total Pension Liability, Beginning of Year	<u>14,293,900</u>	<u>15,003,603</u>	<u>15,612,754</u>	<u>15,799,017</u>	<u>14,790,084</u>
Total Pension Liability, End of Year	<u>\$ 13,696,046</u>	<u>\$ 14,293,900</u>	<u>\$ 15,003,603</u>	<u>\$ 15,612,754</u>	<u>\$ 15,799,017</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 563,400	\$ 540,783	\$ 701,854	\$ 883,340	\$ 878,715
Net investment income	1,667,724	(724,323)	1,327,387	612,036	(77,820)
Benefit payments, including refunds of plan member contributions	(1,661,821)	(1,721,934)	(1,748,500)	(1,723,901)	(1,766,611)
Administrative expense	(19,769)	(18,093)	(21,430)	(19,799)	(30,007)
Other	607,775	400,496	296,175	679,377	635,094
Net Change in Plan Fiduciary Net Position	<u>1,157,309</u>	<u>(1,523,071)</u>	<u>555,486</u>	<u>431,053</u>	<u>(360,629)</u>
Plan Fiduciary Net Position, Beginning of Year	<u>11,314,900</u>	<u>12,837,971</u>	<u>12,282,485</u>	<u>11,851,431</u>	<u>12,212,060</u>
Plan Fiduciary Net Position, End of Year	<u>12,472,209</u>	<u>11,314,900</u>	<u>12,837,971</u>	<u>12,282,484</u>	<u>11,851,431</u>
City's Net Pension Liability, End of Year	<u>\$ 1,223,837</u>	<u>\$ 2,979,000</u>	<u>\$ 2,165,632</u>	<u>\$ 3,330,270</u>	<u>\$ 3,947,586</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	91.06%	79.16%	85.57%	78.67%	75.01%
Covered Payroll	\$ 327,820	\$ 431,444	\$ 504,071	\$ 672,281	\$ 641,799
Plan's Net Pension Liability as a Percentage of Covered Payroll	373.33%	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
Schedule of Changes in the City's Net Pension Liability and Related Ratios
(Continued)
December 31, 2019

2014 Defined Benefit Pension Plan

Fiscal Year ending December 31,	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 5,190,179	\$ 5,353,447	\$ 4,846,744	\$ 4,670,895	\$ 4,961,436
Service cost - service purchase	56,548	1,219,814	438,242	847,020	151,953
Interest	4,375,275	3,809,455	3,325,532	2,796,992	2,361,643
Changes of benefit terms	-	471,274	-	-	-
Difference between expected and actual experience	(1,066,308)	(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>(1,138,045)</u>	<u>(915,123)</u>	<u>(813,811)</u>	<u>(745,738)</u>	<u>(477,355)</u>
Net Change in Total Pension Liability	7,417,649	9,712,299	6,826,651	8,486,271	6,282,072
Total Pension Liability, Beginning of Year	<u>65,246,273</u>	<u>55,533,974</u>	<u>48,707,323</u>	<u>40,221,052</u>	<u>33,938,980</u>
Total Pension Liability, End of Year	<u>\$ 72,663,922</u>	<u>\$ 65,246,273</u>	<u>\$ 55,533,974</u>	<u>\$ 48,707,323</u>	<u>\$ 40,221,052</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 4,137,168	\$ 4,138,261	\$ 3,961,813	\$ 3,709,110	\$ 3,518,861
Plan member contributions	2,038,394	2,069,065	1,980,710	1,855,506	1,758,973
Contributions—employee service purchase	56,548	1,219,814	438,242	847,020	151,953
Net investment income	8,713,372	(3,389,302)	4,936,031	1,623,353	(495,929)
Benefit payments, including refunds of plan member contributions	(1,138,045)	(915,123)	(813,811)	(745,738)	(477,355)
Administrative expense	(104,013)	(99,461)	(90,323)	(83,231)	(70,248)
Other	(583)	3,014	-	-	67,868
Net Change in Plan Fiduciary Net Position	<u>13,702,841</u>	<u>3,026,268</u>	<u>10,412,662</u>	<u>7,206,020</u>	<u>4,454,123</u>
Plan Fiduciary Net Position, Beginning of Year	<u>56,154,060</u>	<u>53,127,792</u>	<u>42,715,130</u>	<u>35,509,110</u>	<u>31,054,987</u>
Plan Fiduciary Net Position, End of Year	<u>69,856,901</u>	<u>56,154,060</u>	<u>53,127,792</u>	<u>42,715,130</u>	<u>35,509,110</u>
City's Net Pension Liability, End of Year	<u>\$ 2,807,021</u>	<u>\$ 9,092,213</u>	<u>\$ 2,406,182</u>	<u>\$ 5,992,193</u>	<u>\$ 4,711,942</u>
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	96.14%	86.06%	95.67%	87.70%	88.28%
Covered Payroll	\$ 45,298,886	\$ 45,980,678	\$ 44,020,144	\$ 42,382,105	\$ 40,252,708
Plan's Net Pension Liability as a Percentage of Covered Payroll	6.20%	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
Schedule of City Contributions
December 31, 2019

Firemen's Pension and Relief Fund

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2019	13,703,688	6,604,428	7,099,260	-	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	Individual entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization	25 years beginning January 1, 2018
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.

Police Pension

Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2019	4,140,780	7,759,628	(3,618,848)	261,209	2970.66%

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, 2018
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
Schedule of City Contributions (Continued)
December 31, 2019

Nonuniformed Plan					
Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2019	563,400	563,400	-	431,444	130.58%

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 (closed in 2018)
Asset valuation	Market related value
Investment rate of return	7.0% before 2016, 6.5% after
Mortality	RP 2000 Combined Healthy Lives

2014 Defined Benefit Plan					
Fiscal Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2019	4,076,900	4,137,168	(60,268)	45,298,886	9.13%

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
Schedule of the City's Proportionate Share of the Net Pension Liability and
Contributions
December 31, 2019

LOPFI – Fire					
December 31	2019	2018	2017	2016	2015
City's proportion of the net pension liability	9.1357%	9.2811%	9.3431%	9.0473%	9.1091%
City's proportionate share of the net pension liability	\$ 82,438,479	\$ 65,951,155	\$ 53,305,095	\$ 47,477,923	\$ 32,975,778
City's covered payroll	\$ 30,229,601	\$ 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	272.71%	224.27%	181.69%	166.56%	115.99%
Plan fiduciary net position as a percentage of the total pension liability	66.09%	71.48%	72.87%	72.92%	79.14%

LOPFI – Police					
December 31	2019	2018	2017	2016	2015
City's proportion of the net pension liability	10.0357%	9.8611%	9.8034%	9.7066%	10.0287%
City's proportionate share of the net pension liability	\$ 90,559,803	\$ 70,073,033	\$ 55,931,186	\$ 50,937,762	\$ 36,304,815
City's covered payroll	\$ 38,726,243	\$ 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	233.85%	190.34%	133.19%	120.68%	85.95%
Plan fiduciary net position as a percentage of the total pension liability	66.09%	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
Schedule of the City's Proportionate Share of the Net Pension Liability and
Contributions (Continued)
December 31, 2019

LOPFI – Fire					
December 31	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,477,859	\$ 7,128,140	\$ 6,640,157	\$ 6,172,838	\$ 5,627,114
Contributions related to the contractually required contribution	(7,477,859)	(7,128,140)	(6,640,157)	(6,172,838)	(5,627,114)
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	\$ 31,820,677	\$ 30,229,601	\$ 29,407,250	\$ 29,337,988	\$ 28,505,619
Contributions as a percentage of covered payroll	23.50%	23.58%	22.58%	21.04%	19.74%

LOPFI – Police					
December 31	2019	2018	2017	2016	2015
Contractually required contribution	\$ 8,487,521	\$ 7,834,319	\$ 7,079,384	\$ 6,470,527	\$ 6,056,539
Contributions related to the contractually required contribution	(8,487,521)	(7,834,319)	(7,079,384)	(6,470,527)	(6,056,539)
Contribution deficiency (excess)	-	-	-	-	-
City's covered payroll	\$ 39,978,902	\$ 38,726,243	\$ 36,814,269	\$ 41,992,172	\$ 42,209,708
Contributions as a percentage of covered payroll	21.23%	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
Schedule of the City's Proportionate Share of the Net Pension Liability and
Contributions (Continued)
December 31, 2019

APERS						
June 30	2019	2018	2017	2016	2015	
City's proportion of the net pension liability	0.01165470%	0.01199273%	0.02944190%	0.04438351%	0.04566542%	
City's proportionate share of the net pension liability	\$ 281,173	\$ 264,552	\$ 760,820	\$ 1,061,364	\$ 841,035	
City's covered payroll	\$ 200,898	\$ 220,824	\$ 386,077	\$ 691,532	\$ 532,755	
City's proportionate share of the net pension liability as a percentage of it covered payroll	140%	120%	197%	153%	158%	
Plan fiduciary net position as a percentage of the total pension liability	78.55%	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
Schedule of the City's Proportionate Share of the Net Pension Liability and
Contributions (Continued)
December 31, 2019

<u>APERS</u>						
<u>December 31</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 32,284	\$ 34,459	\$ 206,468	\$ 211,675	\$ 212,565	
Contributions related to the contractually required contribution	(32,284)	(34,459)	(206,468)	(211,675)	(212,565)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 228,808	\$ 228,808	\$ 239,322	\$ 586,560	\$ 533,049	
Contributions as a percentage of covered payroll	14%	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
Schedule of Investment Returns
December 31, 2019

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Nonuniformed Employees' Defined Benefit Pension Plan	12/31/19	15.08%
	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	12/31/19	14.86%
	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.

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.

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 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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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.

2018 HOTEL GROSS RECEIPTS BOND – Accounts for the accumulation of resources for the payment of principal and interest on the 2018 hotel tax revenue debt of the City.

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

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.

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, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 3,674,346	\$ 80,366	\$ 654,417	\$ 4,409,129
Restricted cash	-	4,480,313	137,299	4,617,612
Investments	3,385,771	4,337,910	3,303,246	11,026,927
Accounts receivable	5,189,890	9,788,887	196,579	15,175,356
Interest receivable	10,135	1,414	48,937	60,486
Inventories	676,097	-	-	676,097
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 12,936,239</u>	<u>\$ 18,688,890</u>	<u>\$ 4,340,478</u>	<u>\$ 35,965,607</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 854,451	\$ -	\$ 202,343	\$ 1,056,794
Due to other funds	4,078,881	-	-	4,078,881
Unearned revenue	891,518	-	-	891,518
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,824,850</u>	<u>-</u>	<u>202,343</u>	<u>6,027,193</u>
 Deferred Inflows of Resources				
Unavailable revenues - property taxes	-	8,775,527	166,042	8,941,569
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>8,775,527</u>	<u>166,042</u>	<u>8,941,569</u>
 Fund Balances				
Nonspendable	926,097	-	-	926,097
Restricted	6,185,292	9,913,363	3,972,093	20,070,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>7,111,389</u>	<u>9,913,363</u>	<u>3,972,093</u>	<u>20,996,845</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,936,239</u>	<u>\$ 18,688,890</u>	<u>\$ 4,340,478</u>	<u>\$ 35,965,607</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ -	\$ 8,385,599	\$ 208,636	\$ 8,594,235
Sales taxes	-	2,657,965	-	2,657,965
Licenses and permits	104,068	-	-	104,068
Intergovernmental	10,203,171	-	-	10,203,171
Charges for services	2,686,736	-	-	2,686,736
Fines and fees	692,564	-	-	692,564
Utility franchise taxes	-	1,505,850	-	1,505,850
Investment income	71,246	124,367	54,710	250,323
Contributions and donations	618,826	-	-	618,826
Miscellaneous	1,270,332	670	-	1,271,002
Total revenues	15,646,943	12,674,451	263,346	28,584,740
Expenditures				
General government				
General administration	1,183,459	-	-	1,183,459
District court - first division (criminal)	1,884	-	-	1,884
District court - second division (traffic)	27,952	-	-	27,952
District court - third division (environment)	4,481	-	-	4,481
Finance	-	-	4,000	4,000
Human resources	206,058	-	-	206,058
Information technology	-	-	2,416	2,416
Planning and development	163,734	-	-	163,734
Total general government	1,587,568	-	6,416	1,593,984
Public works	4,030,040	-	-	4,030,040
Parks and recreation services	2,178,429	-	-	2,178,429
Zoo	120,462	-	-	120,462
Fire	642,154	-	199,838	841,992
Police	2,018,259	-	2,441,739	4,459,998
Fleet	326,038	-	2,926,879	3,252,917
Economic development	-	-	200,000	200,000
Education	-	-	763,492	763,492
Housing and neighborhood programs	3,154,155	-	-	3,154,155
Debt service				
Principal	121,546	7,275,000	-	7,396,546
Interest and fiscal charges	38,675	3,538,795	-	3,577,470
Total expenditures	14,217,326	10,813,795	6,538,364	31,569,485
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	1,429,617	1,860,656	(6,275,018)	(2,984,745)
Other Financing Sources (Uses)				
Proceeds from capital leases	-	-	2,924,374	2,924,374
Proceeds from long-term debt	-	-	5,650,000	5,650,000
Transfers out	(272,238)	(284,910)	-	(557,148)
Total other financing sources (uses)	(272,238)	(284,910)	8,574,374	8,017,226
Net Change in Fund Balances	1,157,379	1,575,746	2,299,356	5,032,481
Fund Balances, Beginning of Year	5,954,010	8,337,617	1,672,737	15,964,364
Fund Balances, End of Year	\$ 7,111,389	\$ 9,913,363	\$ 3,972,093	\$ 20,996,845

City of Little Rock, Arkansas
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets							
Cash and cash equivalents	\$ 1,224,122	\$ 112,509	\$ 896,357	\$ 484,338	\$ 18,285	\$ 938,735	\$ 3,674,346
Investments	2,817,871	567,900	-	-	-	-	3,385,771
Accounts receivable	12,623	325,183	4,793,116	14,232	-	44,736	5,189,890
Interest receivable	8,156	1,979	-	-	-	-	10,135
Inventories	-	-	-	394,818	-	281,279	676,097
Total assets	<u>\$ 4,062,772</u>	<u>\$ 1,007,571</u>	<u>\$ 5,689,473</u>	<u>\$ 893,388</u>	<u>\$ 18,285</u>	<u>\$ 1,264,750</u>	<u>\$ 12,936,239</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	176,562	40	675,440	1,740	350	319	854,451
Due to other funds	-	-	4,056,928	2,376	849	18,728	4,078,881
Unearned revenue	33,946	-	857,572	-	-	-	891,518
Total liabilities	<u>210,508</u>	<u>40</u>	<u>5,589,940</u>	<u>4,116</u>	<u>1,199</u>	<u>19,047</u>	<u>5,824,850</u>
Fund Balances							
Nonspendable	250,000	-	-	394,818	-	281,279	926,097
Restricted	3,602,264	1,007,531	99,533	494,454	17,086	964,424	6,185,292
Total fund balances	<u>3,852,264</u>	<u>1,007,531</u>	<u>99,533</u>	<u>889,272</u>	<u>17,086</u>	<u>1,245,703</u>	<u>7,111,389</u>
Total liabilities and fund balances	<u>\$ 4,062,772</u>	<u>\$ 1,007,571</u>	<u>\$ 5,689,473</u>	<u>\$ 893,388</u>	<u>\$ 18,285</u>	<u>\$ 1,264,750</u>	<u>\$ 12,936,239</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues							
Licenses and permits	\$ 104,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,068
Intergovernmental	565,240	-	7,110,897	1,562,305	29	964,700	10,203,171
Charges for services	1,289,401	1,396,944	-	-	-	391	2,686,736
Fines and fees	692,564	-	-	-	-	-	692,564
Investment income	48,808	12,038	10,298	64	38	-	71,246
Contribution and donations	480,297	-	138,529	-	-	-	618,826
Miscellaneous	763,798	-	-	(2,700)	325	508,909	1,270,332
Total revenues	3,944,176	1,408,982	7,259,724	1,559,669	392	1,474,000	15,646,943
Expenditures							
General government							
General administration	42,542	-	1,140,917	-	-	-	1,183,459
District court - first division (criminal)	1,884	-	-	-	-	-	1,884
District court – second division (traffic)	27,952	-	-	-	-	-	27,952
District court – third division (environment)	4,481	-	-	-	-	-	4,481
Human resources	206,058	-	-	-	-	-	206,058
Planning and development	132,692	-	31,042	-	-	-	163,734
Total general government	415,609	-	1,171,959	-	-	-	1,587,568
Public works							
Parks and recreation services	23,349	-	4,006,691	-	-	-	4,030,040
Zoo	1,261,556	-	916,873	-	-	-	2,178,429
Fire	4,069	-	116,393	-	-	-	120,462
Police	594,300	-	47,854	-	-	-	642,154
Fleet	332,155	813,071	873,033	-	-	-	2,018,259
Housing and neighborhood programs	326,038	-	-	-	-	-	326,038
Debt Service	337,796	-	125,402	1,549,164	11,685	1,130,108	3,154,155
Principal	121,546	-	-	-	-	-	121,546
Interest and fiscal charges	38,675	-	-	-	-	-	38,675
Total expenditures	3,455,093	813,071	7,258,205	1,549,164	11,685	1,130,108	14,217,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	489,083	595,911	1,519	10,505	(11,293)	343,892	1,429,617
Other Financing Sources (Uses)							
Transfers out	(272,238)	-	-	-	-	-	(272,238)
Total other financing uses	(272,238)	-	-	-	-	-	(272,238)
Net Change in Fund Balances	216,845	595,911	1,519	10,505	(11,293)	343,892	1,157,379
Fund Balances, Beginning of Year	3,635,419	411,620	98,014	878,767	28,379	901,811	5,954,010
Fund Balances, End of Year	\$ 3,852,264	\$ 1,007,531	\$ 99,533	\$ 889,272	\$ 17,086	\$ 1,245,703	\$ 7,111,389

City of Little Rock, Arkansas
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019

	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	2018 Hotel Gross Receipts	Total
Assets						
Cash and cash equivalents	\$ 16,486	\$ 2,958	\$ 59,169	\$ 1,753	\$ -	\$ 80,366
Restricted cash	3,714,494	520,791	-	-	245,028	4,480,313
Investments	83,213	170,073	4,065,499	19,125	-	4,337,910
Accounts receivable	4,434,339	547,318	4,434,339	-	372,891	9,788,887
Interest receivable	290	52	1,041	31	-	1,414
	<u>8,248,822</u>	<u>1,241,192</u>	<u>8,560,048</u>	<u>20,909</u>	<u>617,919</u>	<u>18,688,890</u>
Total assets						
Deferred Inflows of Resources and Fund Balances						
Deferred Inflows of Resources						
Unavailable revenues - property taxes	4,123,949	527,629	4,123,949	-	-	8,775,527
	<u>4,123,949</u>	<u>527,629</u>	<u>4,123,949</u>	<u>-</u>	<u>-</u>	<u>8,775,527</u>
Total deferred inflows of resources						
Fund Balances						
Restricted	4,124,873	713,563	4,436,099	20,909	617,919	9,913,363
	<u>4,124,873</u>	<u>713,563</u>	<u>4,436,099</u>	<u>20,909</u>	<u>617,919</u>	<u>9,913,363</u>
Total fund balances						
Total deferred inflows of resources and fund balances	<u>\$ 8,248,822</u>	<u>\$ 1,241,192</u>	<u>\$ 8,560,048</u>	<u>\$ 20,909</u>	<u>\$ 617,919</u>	<u>\$ 18,688,890</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2019

	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	2018 Hotel Gross Receipts	Total
Revenues						
General property taxes	\$ 3,917,919	\$ 549,761	\$ 3,917,919	\$ -	\$ -	\$ 8,385,599
Sales taxes	-	-	-	-	2,657,965	2,657,965
Utility franchise fees	-	-	-	1,505,850	-	1,505,850
Investment income	44,050	9,586	50,469	8,267	11,995	124,367
Miscellaneous	100	-	-	570	-	670
Total revenues	<u>3,962,069</u>	<u>559,347</u>	<u>3,968,388</u>	<u>1,514,687</u>	<u>2,669,960</u>	<u>12,674,451</u>
Expenditures						
Debt Service						
Principal	2,675,000	320,000	2,985,000	870,000	425,000	7,275,000
Interest and fiscal charges	948,063	153,413	456,338	638,850	1,342,131	3,538,795
Total expenditures	<u>3,623,063</u>	<u>473,413</u>	<u>3,441,338</u>	<u>1,508,850</u>	<u>1,767,131</u>	<u>10,813,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>339,006</u>	<u>85,934</u>	<u>527,050</u>	<u>5,837</u>	<u>902,829</u>	<u>1,860,656</u>
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	(284,910)	(284,910)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,910)</u>	<u>(284,910)</u>
Net Change in Fund Balances	339,006	85,934	527,050	5,837	617,919	1,575,746
Fund Balances, Beginning of Year	<u>3,785,867</u>	<u>627,629</u>	<u>3,909,049</u>	<u>15,072</u>	<u>-</u>	<u>8,337,617</u>
Fund Balances, End of Year	<u>\$ 4,124,873</u>	<u>\$ 713,563</u>	<u>\$ 4,436,099</u>	<u>\$ 20,909</u>	<u>\$ 617,919</u>	<u>\$ 9,913,363</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2019

	2015 Central Arkansas			Total
	Short-Term Financing	Library Capital Improvement	Port TIF	
Assets				
Cash and cash equivalents	\$ 575,004	\$ 41,797	\$ 37,616	\$ 654,417
Restricted cash	-	137,299	-	137,299
Investments	2,902,400	210,977	189,869	3,303,246
Accounts receivable	-	-	196,579	196,579
Interest receivable	10,116	38,159	662	48,937
Total assets	<u>3,487,520</u>	<u>428,232</u>	<u>424,726</u>	<u>4,340,478</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	202,343	-	-	202,343
Total liabilities	<u>202,343</u>	<u>-</u>	<u>-</u>	<u>202,343</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	-	-	166,042	166,042
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>166,042</u>	<u>166,042</u>
Fund Balances				
Restricted	3,285,177	428,232	258,684	3,972,093
Total fund balances	<u>3,285,177</u>	<u>428,232</u>	<u>258,684</u>	<u>3,972,093</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,487,520</u>	<u>\$ 428,232</u>	<u>\$ 424,726</u>	<u>\$ 4,340,478</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2019

	Short-Term Financing	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
Revenues				
General property taxes	\$ -	\$ -	\$ 208,636	\$ 208,636
Investment income	32,817	15,082	6,811	54,710
Total revenues	32,817	15,082	215,447	263,346
Expenditures				
General government				
Finance	4,000	-	-	4,000
Information technology	2,416	-	-	2,416
Total general government	6,416	-	-	6,416
Fire	199,838	-	-	199,838
Police	2,441,739	-	-	2,441,739
Fleet	2,926,879	-	-	2,926,879
Economic development	-	-	200,000	200,000
Education	-	763,492	-	763,492
Total expenditures	5,574,872	763,492	200,000	6,538,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,542,055)	(748,410)	15,447	(6,275,018)
Other Financing Sources				
Proceeds from capital leases	2,924,374	-	-	2,924,374
Proceeds from long-term debt	5,650,000	-	-	5,650,000
Total other financing sources	8,574,374	-	-	8,574,374
Net Change in Fund Balances	3,032,319	(748,410)	15,447	2,299,356
Fund Balances, Beginning of Year	252,858	1,176,642	243,237	1,672,737
Fund Balances, End of Year	\$ 3,285,177	\$ 428,232	\$ 258,684	\$ 3,972,093

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, 2019

	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	
Assets								
Cash and cash equivalents	\$ -	\$ 126	\$ 959,119	\$ -	\$ -	\$ 7,560,102	\$ 18,983	\$ 8,538,330
Investments								
U. S. government obligations	-	-	555,563	999,810	-	-	-	1,555,373
Equities	-	-	9,051,238	8,561,281	-	33,294,384	2,984,114	53,891,017
Mutual funds and other investments	1,196,503	1,207,604	5,809,760	2,271,239	7,974,455	28,852,040	3,351,280	50,662,881
Receivables								
Accounts receivable	-	-	-	622,112	72,991	89,995	-	785,098
Accrued interest and dividends	-	-	5,281	17,767	-	81,517	-	104,565
Total assets	1,196,503	1,207,730	16,380,961	12,472,209	8,047,446	69,878,038	6,354,377	115,537,264
Liabilities								
Accounts payable	-	-	607,775	-	-	21,137	-	628,912
Total liabilities	-	-	607,775	-	-	21,137	-	628,912
Net Position								
Net position restricted for pensions and other postemployment benefits	<u>\$ 1,196,503</u>	<u>\$ 1,207,730</u>	<u>\$ 15,773,186</u>	<u>\$ 12,472,209</u>	<u>\$ 8,047,446</u>	<u>\$ 69,856,901</u>	<u>\$ 6,354,377</u>	<u>\$ 114,908,352</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, 2019

	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	
Additions								
Contributions								
Employer	\$ -	\$ -	\$ 96,675	\$ 563,400	\$ 235,327	\$ 4,137,168	\$ 1,893,956	\$ 6,926,526
Plan members	-	-	44,751	-	174,318	2,038,394	-	2,257,463
Other	-	-	1,440	607,775	-	56,548	-	665,763
Total contributions	-	-	142,866	1,171,175	409,645	6,232,110	1,893,956	9,849,752
Investment income (loss)								
Net increase (decrease) in fair value of investments	(83,365)	(83,364)	1,860,569	1,037,175	1,527,438	8,211,023	756,448	13,225,924
Gain (loss) on sale of investments	-	-	246,917	356,954	-	(922,074)	(82,473)	(400,676)
Interest and dividends	-	-	424,077	312,049	-	1,682,796	127,242	2,546,164
Less investment expense	(83,365)	(83,364)	2,531,563	1,706,178	1,527,438	8,971,745	801,217	15,371,412
	-	-	25,690	38,455	-	258,370	-	322,515
Net investment income (loss)	(83,365)	(83,364)	2,505,873	1,667,723	1,527,438	8,713,375	801,217	15,048,897
Total additions	(83,365)	(83,364)	2,648,739	2,838,898	1,937,083	14,945,485	2,695,173	24,898,649
Deductions								
Benefits paid directly to participants	-	-	2,783,486	1,661,821	415,818	1,138,045	766,956	6,766,126
Administrative expenses	-	(126)	59,039	19,768	-	104,599	49,019	232,299
Other	-	-	86,453	-	163	-	-	86,616
Special item - transfer assets to LOPFI	98,831	330,259	-	-	-	-	-	429,090
Total deductions	98,831	330,133	2,928,978	1,681,589	415,981	1,242,644	815,975	7,514,131
Change in Net Position	(182,196)	(413,497)	(280,239)	1,157,309	1,521,102	13,702,841	1,879,198	17,384,518
Net Position Restricted for Pensions and Other Postemployment Benefits, Beginning of Year	1,378,699	1,621,227	16,053,425	11,314,900	6,526,344	56,154,060	4,475,179	97,523,834
Net Position Restricted for Pensions and Other Postemployment Benefits, End of Year	\$ 1,196,503	\$ 1,207,730	\$ 15,773,186	\$ 12,472,209	\$ 8,047,446	\$ 69,856,901	\$ 6,354,377	\$ 114,908,352

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Assets				
Cash and cash equivalents	\$ 122,018	\$ -	\$ 25,585	\$ 96,433
	<u>\$ 122,018</u>	<u>\$ -</u>	<u>\$ 25,585</u>	<u>\$ 96,433</u>
Liabilities				
Accounts payable	\$ 88,573	\$ -	\$ 25,585	\$ 62,988
Accrued liabilities	33,445	-	-	33,445
	<u>\$ 122,018</u>	<u>\$ -</u>	<u>\$ 25,585</u>	<u>\$ 96,433</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, 2019

	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
Assets											
Current assets											
Cash and cash equivalents	\$ 38,848	\$ 23,321	\$ 7,123,807	\$ 6,152,060	\$ 4,559,644	\$ 4,581,334	\$ 560,195	\$ 18,233,539	\$ 134,554	\$ 5,800,606	\$ 47,207,908
Investments	-	-	-	-	2,500,000	-	339,868	45,965,723	-	-	48,805,591
Restricted cash and investments - current	-	-	2,034,227	-	-	-	-	-	-	-	2,034,227
Accrued interest receivable	-	-	-	-	12,734	3,131	4,679	-	-	-	20,544
Accounts receivable, net of allowance	-	-	2,358,303	2,542,483	6,174,604	454,624	51,917	39,186,482	201,224	19,142,011	70,111,648
Inventories	-	-	-	-	312,773	496,760	26,468	55,486	-	-	891,487
Prepaid expenses and other	-	-	616,803	82,740	249,806	103,322	28,392	104,197	-	303,135	1,488,395
Total current assets	38,848	23,321	12,133,140	8,777,283	13,809,561	5,639,171	1,011,519	103,545,427	335,778	25,245,752	170,559,800
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	30,010	-	-	379,519	-	-	257,344	-	-	1,361,973	2,028,846
Investments	2,010,884	1,000,517	-	-	1,700,000	-	2,259,352	-	-	6,694,734	13,665,487
Interest receivable	-	-	2,118	-	-	-	-	-	-	-	2,118
	2,040,894	1,000,517	2,118	379,519	1,700,000	-	2,516,696	-	-	8,056,707	15,696,451
Less amounts required to meet current obligations	-	-	-	-	-	-	-	-	-	-	-
Total restricted assets	2,040,894	1,000,517	2,118	379,519	1,700,000	-	2,516,696	-	-	8,056,707	15,696,451
Capital assets											
Land	10,400	13,089	4,178,128	11,160,698	832,282	1,737,512	-	-	-	4,158,290	22,090,399
Construction in progress	-	-	158,785	8,206,411	395,945	-	131,169	8,313,212	-	8,280	17,213,802
Buildings, improvements and other facilities	446,427	99,211	134,431,738	33,539,102	14,213,831	41,076,803	4,583,008	57,465	-	117,265,772	345,713,357
Vehicles	206,601	-	5,806,787	-	8,522,252	42,257,624	-	-	9,651	-	56,802,915
Furniture and equipment	-	-	3,102,938	673,862	12,244,685	12,507,435	10,991,433	900,728	78,959	14,003,116	54,503,156
Books/AV materials	-	-	-	-	-	-	-	-	-	28,226,998	28,226,998
Other	-	-	395,273	-	-	-	-	-	-	319,745	715,018
	663,428	112,300	148,073,649	53,580,073	36,208,995	97,579,374	15,705,610	9,271,405	88,610	163,982,201	525,265,645
Less accumulated depreciation	231,051	27,284	40,778,514	21,776,640	19,004,550	56,872,799	11,710,884	535,006	85,289	76,662,992	227,685,009
Net capital assets	432,377	85,016	107,295,135	31,803,433	17,204,445	40,706,575	3,994,726	8,736,399	3,321	87,319,209	297,580,636
Other assets	-	10,494	-	-	9,825	-	-	798,188	-	-	818,507
Total other assets	-	10,494	-	-	9,825	-	-	798,188	-	-	818,507
Total noncurrent assets	2,473,271	1,096,027	107,297,253	32,182,952	18,914,270	40,706,575	6,511,422	9,534,587	3,321	95,375,916	314,095,594
Deferred Outflows Of Resources											
Deferred outflows of resources											
Deferred outflows of resources from pensions	-	-	692,102	-	-	-	-	-	-	-	692,102
Total deferred outflows of resources	-	-	692,102	-	-	-	-	-	-	-	692,102
Total assets and deferred outflows of resources	\$ 2,512,119	\$ 1,119,348	\$ 120,122,495	\$ 40,960,235	\$ 32,723,831	\$ 46,345,746	\$ 7,522,941	\$ 113,080,014	\$ 339,099	\$ 120,621,668	\$ 485,347,496

City of Little Rock, Arkansas
Combining Statement of Net Position (Continued)
Nonmajor Discretely Presented Component Units
December 31, 2019

	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
Liabilities, Deferred Inflows of Resources and Net Position											
Current liabilities											
Accounts payable	\$ -	\$ -	\$ 682,130	\$ 516,698	\$ 439,069	\$ 216,383	\$ 205,231	\$ 1,203,738	\$ 405,141	\$ 220,204	\$ 3,888,594
Accrued wages payable and related liabilities	1,445	-	583,252	-	1,792,197	1,543,746	-	-	-	293,416	4,214,056
Accrued interest payable	-	-	1,345,341	-	-	-	-	-	-	-	1,345,341
Bonds payable - current portion	-	-	1,305,000	-	-	-	-	-	-	215,000	1,520,000
Capital lease payable - current portion	-	-	-	-	-	-	-	16,833	-	-	16,833
Compensated absences - current portion	-	-	412,955	123,433	-	-	-	-	-	762,099	1,298,487
Unearned revenue	-	-	479,118	167,713	-	-	132,455	105,464	-	-	884,750
Accrued expenses and other	-	-	624,793	78,640	37,335	7,014	73,906	371,348	4,758	-	1,197,794
Total current liabilities	1,445	-	5,432,589	886,484	2,268,601	1,767,143	411,592	1,697,383	409,899	1,490,719	14,365,855
Noncurrent liabilities											
Bonds payable, net of unamortized premium	-	-	61,822,301	4,395,859	-	-	-	-	-	4,765,040	70,983,200
Capital lease obligation	-	-	-	-	-	-	-	6,146	-	-	6,146
Net pension liability	-	-	334,035	-	-	-	-	-	-	-	334,035
Other long-term liabilities	-	-	-	54,443	-	-	-	-	-	594,223	648,666
Compensated absences	-	-	-	168,348	-	-	-	-	-	334,357	502,705
Total noncurrent liabilities	-	-	62,156,336	4,618,650	-	-	-	6,146	-	5,693,620	72,474,752
Total liabilities	1,445	-	67,588,925	5,505,134	2,268,601	1,767,143	411,592	1,703,529	409,899	7,184,339	86,840,607
Deferred Inflows of Resources											
Deferred inflows from pensions	-	-	867,854	-	-	-	-	-	-	-	867,854
Total deferred inflows of resources	-	-	867,854	-	-	-	-	-	-	-	867,854
Net Position											
Net investment in capital assets	432,377	85,016	44,020,365	27,202,401	17,204,445	40,706,575	3,994,726	7,351,314	3,321	82,339,169	223,339,709
Restricted - expendable	1,892,788	915,501	33,940	378,905	-	2,408,424	2,731,129	72,855,956	-	2,370,385	83,587,028
Restricted - nonexpendable	-	-	-	-	-	-	-	15,128,170	-	903,878	16,032,048
Unrestricted	185,509	118,831	7,611,411	7,873,795	13,250,785	1,463,604	385,494	16,041,045	(74,121)	27,823,897	74,680,250
Total net position	2,510,674	1,119,348	51,665,716	35,455,101	30,455,230	44,578,603	7,111,349	111,376,485	(70,800)	113,437,329	397,639,035
Total liabilities, deferred inflows of resources and net position	\$ 2,512,119	\$ 1,119,348	\$ 120,122,495	\$ 40,960,235	\$ 32,723,831	\$ 46,345,746	\$ 7,522,941	\$ 113,080,014	\$ 339,099	\$ 120,621,668	\$ 485,347,496

City of Little Rock, Arkansas
Combining Statement of Activities
Nonmajor Discretely Presented Component Units
Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library System	\$ 25,868,687	\$ 503,854	\$ 2,014,362	\$ 496,664	\$ (22,853,807)	\$ -	\$ (22,853,807)
Little Rock Workforce Development Board	2,303,104	-	2,224,069	-	(79,035)	-	(79,035)
Total governmental activities	28,171,791	503,854	4,238,431	496,664	(22,932,842)	-	(22,932,842)
Business-type Activities							
Oakland Fraternal Cemetery	246,805	173,517	-	-	-	(73,288)	(73,288)
Mt. Holly Cemetery	200,141	195,242	-	-	-	(4,899)	(4,899)
Little Rock Advertising and Promotion Commission	22,005,639	6,474,101	-	-	-	(15,531,538)	(15,531,538)
Little Rock Port Authority	4,702,262	4,361,900	-	3,421,525	-	3,081,163	3,081,163
Little Rock Ambulance Authority	33,235,831	33,063,786	-	-	-	(172,045)	(172,045)
Central Arkansas Transit Authority	23,873,463	2,318,051	-	5,377,460	-	(16,177,952)	(16,177,952)
Museum of Discovery	3,525,132	1,547,673	-	1,302,248	-	(675,211)	(675,211)
Arkansas Arts Center	11,461,360	1,592,309	1,979,400	39,372,905	-	31,483,254	31,483,254
Total business-type activities	99,250,633	49,726,579	1,979,400	49,474,138	-	1,929,484	1,929,484
Total component units	\$ 127,422,424	\$ 50,230,433	\$ 6,217,831	\$ 49,970,802	(22,932,842)	1,929,484	(21,003,358)
General revenues							
General property taxes					17,877,242	-	17,877,242
Sales taxes					1,129,541	15,197,230	16,326,771
Investment income					743,968	1,354,802	2,098,770
Other					1,090,475	15,128,708	16,219,183
Total general revenues					20,841,226	31,680,740	52,521,966
Change in net position					(2,091,616)	33,610,224	31,518,608
Net Position, Beginning of Year					115,458,145	250,662,282	366,120,427
Net Position, End of Year					\$ 113,366,529	\$ 284,272,506	\$ 397,639,035

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Discretely Presented Component Units
Year Ended December 31, 2019

	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	Total
Operating Revenues									
Charges for goods and services	\$ 173,517	\$ 195,242	\$ 6,474,101	\$ 4,361,900	\$ 31,266,037	\$ 2,318,051	\$ 1,495,566	\$ 1,592,309	\$ 47,876,723
Other	-	-	-	-	1,797,749	-	52,107	1,979,400	3,829,256
Total operating revenues	173,517	195,242	6,474,101	4,361,900	33,063,786	2,318,051	1,547,673	3,571,709	51,705,979
Operating Expenses									
Salaries, wages and employee benefits	105,598	123,726	8,632,647	1,202,240	23,523,836	13,133,869	1,743,846	4,288,371	52,754,133
Supplies and materials	8,541	16,779	40,879	242,615	1,360,441	2,717,043	276,809	1,091,167	5,754,274
Services	7,773	5,510	3,031,370	632,519	2,473,194	1,514,201	334,340	4,394,162	12,393,069
Utilities	6,524	6,726	1,468,054	85,799	693,882	365,215	535,585	297,737	3,459,522
Repairs and maintenance	103,757	40,783	863,773	887,244	1,128,252	-	48,991	272,296	3,345,096
Other	10,082	4,136	1,735,537	393,078	1,682,148	1,213,730	22,391	385,345	5,446,447
Depreciation and amortization	4,530	2,481	3,625,544	1,071,830	2,264,536	4,929,405	563,170	730,181	13,191,677
Total operating expenses	246,805	200,141	19,397,804	4,515,325	33,126,289	23,873,463	3,525,132	11,459,259	96,344,218
Operating Income (Loss)	(73,288)	(4,899)	(12,923,703)	(153,425)	(62,503)	(21,555,412)	(1,977,459)	(7,887,550)	(44,638,239)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	-	1,675,000	-	13,489,607	-	906,383	16,070,990
General property taxes	-	-	15,197,230	-	-	-	-	-	15,197,230
Donations, contributions and grants received	-	-	-	3,421,525	-	5,377,460	1,302,248	39,372,905	49,474,138
Investment income	-	-	193,122	172,619	199,955	44,878	407,028	337,200	1,354,802
Interest expense	-	-	(2,607,835)	(186,937)	(109,542)	-	-	(2,101)	(2,906,415)
Other, net	-	89,066	23,907	(728,883)	502,934	-	-	(829,306)	(942,282)
Net nonoperating revenues (expenses)	-	89,066	12,806,424	4,353,324	593,347	18,911,945	1,709,276	39,785,081	78,248,463
Change in Net Position	(73,288)	84,167	(117,279)	4,199,899	530,844	(2,643,467)	(268,183)	31,897,531	33,610,224
Net Position, Beginning of Year	2,583,962	1,035,181	51,782,995	31,255,202	29,924,386	47,222,070	7,379,532	79,478,954	250,662,282
Net Position, End of Year	\$ 2,510,674	\$ 1,119,348	\$ 51,665,716	\$ 35,455,101	\$ 30,455,230	\$ 44,578,603	\$ 7,111,349	\$ 111,376,485	\$ 284,272,506

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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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Financial Trends (Tables 1–5)	
These schedules contain trend information to assist the reader in understanding how the City’s financial performance and well-being have changed over time.....	142
Revenue Capacity (Tables 6–10)	
These schedules contain information to help the reader assess the City’s most significant revenue sources, local sales taxes, and property taxes	147
Debt Capacity (Tables 11–15)	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.....	152
Demographic and Economic Information (Tables 16–17)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City’s financial activities take place	157
Operating Information (Tables 18–20)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to services the City provides and the activities it performs	159

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

Table 1

	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015 ⁽³⁾	2016	2017	2018 ⁽⁴⁾	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 543,911,661
Restricted	21,106,638	23,201,045	24,208,928	13,951,009	14,801,039	11,414,278	64,200,510	95,016,332	103,864,734	114,197,981
Unrestricted (deficit)	(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)	(167,811,663)
Total governmental activities net position	\$ 484,122,020	\$ 483,997,215	\$ 511,466,968	\$ 581,982,476	\$ 589,466,696	\$ 479,895,929	\$ 483,575,123	\$ 489,789,383	\$ 471,608,998	\$ 490,297,979
Business-type activities										
Net investment in capital assets	\$ 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	\$ 16,395,172
Restricted	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	2,212,804
Unrestricted (deficit)	(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	8,887,590
Total business-type activities net position	\$ 26,037,620	\$ 25,030,319	\$ 16,559,528	\$ 18,563,993	\$ 20,884,192	\$ 22,436,353	\$ 24,581,155	\$ 26,605,553	\$ 27,717,315	\$ 27,495,566
Primary government										
Net investment in capital assets	\$ 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	\$ 560,306,833
Restricted	25,954,321	28,874,611	27,978,176	16,807,973	17,781,223	14,516,806	65,938,411	96,775,924	105,704,630	116,410,785
Unrestricted (deficit)	(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)	(158,924,073)
Total primary government net position	\$ 510,159,640	\$ 509,027,534	\$ 528,026,496	\$ 600,546,469	\$ 610,350,888	\$ 502,332,282	\$ 508,156,278	\$ 516,394,936	\$ 499,326,313	\$ 517,793,545

(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.

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City of Little Rock, Arkansas

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Table 2

	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 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	\$ 51,825,519
Public works	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	38,667,619
Parks and recreation services	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	17,962,635
Rivermarket	-	-	-	1,298,266	1,337,298	1,298,563	1,284,327	1,331,241	1,353,019	1,404,893
Golf	-	-	-	2,162,056	2,420,678	2,434,632	2,551,972	2,526,247	2,594,869	2,439,255
Jim Dailey Fitness	-	-	-	983,422	1,389,915	988,633	1,004,748	1,009,427	944,192	953,498
Zoo	-	-	-	6,927,190	6,920,847	10,754,587	7,466,778	7,419,725	7,467,458	7,153,851
Fire	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	58,868,639
Police	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	92,011,803
Economic development	-	-	-	-	-	-	-	528,000	250,000	200,000
Education	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	763,492
Housing and neighborhood programs	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	9,373,900
Fleet	-	-	2,758,088	2,714,412	3,397,637	1,164,920	1,918,738	896,094	483,356	63,480
Interest and fiscal charges on long-term debt	3,862,600	3,248,126	3,804,266	4,203,511	5,096,215	4,830,546	4,641,761	3,608,458	3,678,321	4,125,269
Total governmental activities expenses	209,649,174	205,993,444	237,116,685	248,422,789	257,185,759	252,018,721	271,433,041	271,764,220	289,111,961	285,813,853
Business-type activities										
Presidential park	913,050	1,284,265	636,683	-	-	-	-	-	-	-
Waste disposal	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	19,132,052
Rivermarket garage	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	2,146,710
Riverfront park	977,075	1,085,632	1,283,222	-	-	-	-	-	-	-
Zoo	4,818,113	5,138,281	6,125,411	-	-	-	-	-	-	-
Vehicle Storage	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	1,589,571
Golf courses	2,227,607	2,342,219	2,443,065	-	-	-	-	-	-	-
Fitness center	1,147,343	1,037,736	1,000,345	-	-	-	-	-	-	-
Concessions services	1,712	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	27,029,763	27,713,669	29,192,629	18,180,020	17,125,952	17,738,248	18,287,827	18,219,309	20,470,851	22,868,333
Total primary government expenses	\$ 236,678,937	\$ 233,707,113	\$ 266,309,314	\$ 266,602,809	\$ 274,311,711	\$ 269,756,969	\$ 289,720,868	\$ 289,983,529	\$ 309,582,812	\$ 308,682,186
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 16,955,954
Public works	1,080,184	350,298	560,006	387,436	593,298	571,436	422,907	365,621	325,421	411,203
Parks and recreation services	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	1,812,398
Rivermarket	-	-	-	650,259	617,337	605,207	551,711	524,584	558,919	476,057
Golf	-	-	-	1,497,233	1,581,520	1,476,467	1,306,904	1,426,564	1,283,538	1,019,081
Jim Dailey Fitness	-	-	-	638,214	920,051	495,687	455,025	449,846	455,880	561,516
Zoo	-	-	-	3,579,391	3,869,582	3,798,687	4,191,378	4,202,332	3,440,997	3,391,686
Fire	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	2,869,900
Police	3,697,419	3,306,547	3,162,965	5,253,340	3,322,195	3,221,294	3,622,692	3,430,233	2,821,198	3,757,566
Education	-	-	-	-	-	-	-	-	886	-
Fleet	-	-	100,151	343,534	229,248	-	-	-	689,291	449,253
Housing and neighborhood programs	543,179	1,566,311	1,179,396	458,891	669,271	945,430	794,696	822,456	1,437,279	1,074,006
Operating grants and contributions	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	32,172,071
Capital grants and contributions	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	9,722,917
Total governmental activities program revenues	\$ 38,173,839	\$ 43,814,203	\$ 41,575,042	\$ 42,174,241	\$ 38,750,091	\$ 38,578,221	\$ 42,848,043	\$ 38,546,985	\$ 68,491,113	\$ 74,673,608

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

Table 2

Business-type activities										
Charges for services										
Waste disposal	\$ 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	\$ 18,909,436
Rivermarket garage	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	3,201,736
Riverfront park	358,709	493,906	631,316	-	-	-	-	-	-	-
Zoo	3,018,702	3,436,370	3,508,321	-	-	-	-	-	-	-
Vehicle storage	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	1,877,877
Golf courses	1,461,666	1,551,889	1,797,901	-	-	-	-	-	-	-
Fitness center	744,609	755,754	683,632	-	-	-	-	-	-	-
Capital grants and contributions	2,112,812	2,072,015	3,250,743	-	170,289	-	17,482	1,521	52,807	-
Total business-type activities program revenues	26,875,275	27,860,180	29,882,315	22,088,860	21,115,269	21,457,756	22,186,268	21,985,835	22,934,956	23,989,049
Total primary government program revenues	\$ 65,049,114	\$ 71,674,383	\$ 71,457,357	\$ 64,263,101	\$ 59,865,360	\$ 60,035,977	\$ 65,034,311	\$ 60,532,820	\$ 91,426,069	\$ 98,662,657
Net (expense)/revenue										
Governmental activities	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	\$ (206,248,548)	\$ (218,435,668)	\$ (213,440,500)	\$ (228,584,998)	\$ (233,217,235)	\$ (220,620,848)	\$ (211,140,245)
Business-type activities	(154,488)	146,511	689,686	3,908,840	3,989,317	3,719,508	3,898,441	3,766,526	2,464,105	1,120,716
Total primary government net expense	\$ (171,629,823)	\$ (162,032,730)	\$ (194,851,957)	\$ (202,339,708)	\$ (214,446,351)	\$ (209,720,992)	\$ (224,686,557)	\$ (229,450,709)	\$ (218,156,743)	\$ (210,019,529)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General Property taxes	\$ 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	\$ 60,412,042
Sales taxes	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	132,033,373
Utility franchise taxes	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	31,182,685
Investment income (loss)	129,215	74,319	144,886	(116,617)	1,131,952	775,618	559,560	1,094,589	1,591,250	4,416,791
Unrestricted grants and contributions	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	-	-	735,885	(148,720)	-	-	-	7,428,860	-	-
Transfers	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	1,784,335
Total governmental activities	176,900,200	162,054,436	223,011,396	220,139,029	225,919,888	225,428,843	232,264,192	239,431,495	213,290,433	229,829,226
Business-type activities										
Investment earnings	19,797	32,106	23,771	(28,446)	135,013	111,523	47,467	138,478	229,421	441,870
Special item - transfer of net pension obligation	-	-	-	57,079,030	-	-	-	-	-	-
Transfers	(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)	(1,784,335)
Total business-type activities	(68,345)	(1,153,812)	(9,160,477)	55,389,004	(1,669,118)	(1,704,575)	(1,753,639)	(1,742,128)	(1,352,343)	(1,342,465)
Total primary government	\$ 176,831,855	\$ 160,900,624	\$ 213,850,919	\$ 275,528,033	\$ 224,250,770	\$ 223,724,268	\$ 230,510,553	\$ 237,689,367	\$ 211,938,090	\$ 228,486,761
Changes in Net Position										
Governmental activities	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	\$ 13,890,481	\$ 7,484,220	\$ 11,988,343	\$ 3,679,194	\$ 6,214,260	\$ (7,330,415)	\$ 18,688,981
Business-type activities	(222,833)	(1,007,301)	(8,470,791)	59,297,844	2,320,199	2,014,933	2,144,802	2,024,398	1,111,762	(221,749)
Change in accounting principle	-	-	-	(668,352)	-	(122,021,882)	-	-	(10,849,970)	-
Total primary government	\$ 5,202,032	\$ (1,132,106)	\$ 18,998,962	\$ 72,519,973	\$ 9,804,419	\$ (108,018,606)	\$ 5,823,996	\$ 8,238,658	\$ (17,068,623)	\$ 18,467,232

- (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

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
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
2019	60,412,042	132,033,373 (2)	31,182,685	223,628,100

(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.

(2) Includes the 2% Hotel Gross Receipts Tax that is pledged to debt service on the 2018 Hotel Tax Bonds.

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

Table 4

		Pre-GASB 54								
		2010								
General Fund										
Reserved	\$		1,368,619							
Unreserved			24,642,501							
Total general fund	\$		<u>26,011,120</u>							
All other governmental funds										
Reserved	\$		2,368,171							
Unreserved, reported in:										
Special revenue funds			4,623,440							
Capital projects funds			20,523,651							
Debt service funds			17,369,848							
Total all other governmental funds	\$		<u>44,885,110</u>							
		Post-GASB 54								
		2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	\$	13,255,910	\$ 1,163,347 ⁽²⁾	\$ 1,329,476	\$ 1,251,251	\$ 1,020,087	\$ 4,922,789	\$ 1,940,301	1,920,362	\$ 1,895,471
Committed		374,900	368,577	337,892	336,610	300,264	49,105	44,839	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	9,792,389
Unassigned		10,904,042	17,456,493 ⁽³⁾	24,369,411 ⁽⁵⁾	24,713,596	25,567,858	24,009,361	24,414,818	22,175,496	27,447,279
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>	<u>\$ 39,179,978</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	\$ 946,656
Restricted		46,731,379	77,448,650 ⁽⁴⁾	131,954,068 ⁽⁶⁾	117,940,944 ⁽⁷⁾	123,848,447	108,948,051	82,193,945	154,176,682 ⁽⁸⁾	153,143,988
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>	<u>\$ 154,090,644</u>

- (1) 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 *Note 1* for more discussion on these classifications.
- (2) 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.
- (3) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (4) 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.
- (5) 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.
- (6) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.
- (7) The decrease in restricted fund balance is associated with the expenditures in the 2012 Central Arkansas Library Fund and the 2013 Capital Improvement Fund.
- (8) 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes ⁽¹⁾	\$ 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	\$ 221,433,380
Licenses and permits	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	12,576,341
Intergovernmental	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	34,944,865
Charges for services	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	14,046,316
Fines and fees	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	2,813,142
Investment income (loss)	129,215	74,319	144,886	(116,609)	1,131,960	775,618	559,559	1,094,588	1,591,250	4,416,791
Miscellaneous	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	6,231,795
Total revenues	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	296,462,630
Expenditures										
General government	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	50,687,819
Public works	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	39,954,170
Parks and recreation and zoo	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	17,715,791
Rivermarket	-	-	-	1,188,197	1,227,229	1,188,494	1,183,258	1,234,672	1,256,450	1,305,221
Golf	-	-	-	2,386,863	2,376,310	2,390,265	2,507,605	2,482,543	2,414,872	2,264,745
Jim Dailey Fitness	-	-	-	847,283	1,253,776	855,515	896,483	901,162	869,902	855,754
Zoo	-	-	-	7,096,614	7,486,377	7,370,338	7,474,065	7,509,037	7,669,263	7,506,371
Fire department	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	57,112,963
Police department	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	81,444,508
Housing and neighborhood programs	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	9,040,871
Fleet	-	-	-	-	-	665,112	1,918,739	921,145	1,014,420	3,649,256
Education	-	-	-	-	-	5,761,938	9,989,686	6,988,877	2,501,134	763,492
Debt service										
Principal	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	25,735,150
Interest and fiscal charges	4,067,509	3,460,671	3,003,040	4,180,925	5,297,890	5,027,652	4,682,416	4,561,399	3,115,344	5,225,557
Bond issuance costs	-	-	107,193	148,720	-	117,481	-	493,386	1,182,751	-
Total expenditures	203,076,482	205,819,645	249,883,293	259,564,559	282,477,906	276,343,888	292,810,265	296,044,325	288,660,273	303,261,668
Deficiency of revenues under expenditures	(9,443,367)	(4,676,772)	(779,292)	(7,661,723)	(25,984,136)	(16,329,032)	(27,820,405)	(27,493,882)	(14,550,092)	(6,799,038)
Other financing sources (uses)										
Transfers in	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	6,807,170
Transfers out	(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)	(4,272,835)
Bonds issued	-	4,600,000	49,595,001	65,805,000	2,615,000	42,530,000	11,978,000	39,050,000	76,045,000	5,650,000
Premium on bonds issued	-	-	756,028	2,051,949	-	112,763	-	2,407,764	1,455,501	-
Payments to refunded bond escrow agent	-	-	(6,350,143)	-	-	(17,247,291)	-	(40,736,244)	-	-
Capital leases	-	-	-	-	5,916,000	-	-	-	-	2,924,374
Total other financing sources	324,420	6,520,503	31,976,080	69,814,529	10,459,131	27,626,314	13,779,106	3,102,126	80,082,265	11,108,709
Net change in fund balances	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788	\$ 62,152,806	\$ (15,525,005)	\$ 11,297,282	\$ (14,041,299)	\$ (24,391,756)	\$ 65,532,173	\$ 4,309,671
Debt service as a percentage of noncapital expenditures	10.5%	12.4%	13.7%	7.8%	10.4%	12.2%	10.2%	11.9%	9.8%	11.3%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 147.

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
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
2019	58,217,322	132,033,373 (2)	31,182,685	221,433,380

(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.

(2) Includes the 2% Hotel Gross Receipts Tax that is pledged to debt service on the 2018 Hotel Tax Bonds.

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		Real	Utility				
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%
2019	3,524,794,031		867,123,910	245,697,775	4,637,615,716	16.55	23,014,561,860	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	City of Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
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
2019	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00

Tax Levies

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	282,759,109
2019	59,626,225	57,637,586	175,659,292	292,923,103

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, 2019

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 December 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 2019, the combined 1.5-cent city sales tax generated revenue of \$81,521,519. The City's share of the county 1-cent tax generated revenue of \$44,299,184.

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

Little Rock Top Ten 1/2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
All Other General Merchandise	\$ 6,537,516	8.09%
Grocery Stores	5,767,762	7.38%
Full Service Restaurants	5,074,116	6.77%
Building Materials and Supplies Dealers	3,653,106	4.72%
Electronics and Appliance Stores	2,949,030	3.72%
Clothing Stores	2,918,617	3.47%
Electric Power Generation, Transmission and Distribution	2,612,291	3.17%
Traveler Accommodation	2,413,876	3.01%
Automotive Equipment Rental and Leasing	2,198,661	2.71%
Professional and Commercial Equipment and Supplies Wholesalers	2,045,873	2.46%
Totals	<u>\$ 36,170,848</u>	<u>45.50%</u>

Little Rock Top Ten 1 Cent County Sales Taxpayers Industry	Tax Collected	% of Total
All Other General Merchandise	\$ 4,438,908	10.47%
Full Service Restaurants	2,840,717	6.70%
Grocery Stores	2,821,867	6.66%
Building Materials and Supplies Dealers	2,380,620	5.62%
Electric Power Generation, Transmission and Distribution	1,920,294	4.53%
Electronics and Appliance Stores	1,441,872	3.40%
Clothing Stores	1,219,088	2.88%
Traveler Accommodation	1,064,013	2.51%
Telecommunications	1,043,631	2.46%
Food Services and Drinking Places	998,367	2.36%
Totals	<u>\$ 20,169,377</u>	<u>47.59%</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
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%
2019	59,626,225	54,658,989	91.67%	3,206,963	57,865,952	97.05%

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 ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds				
2010	\$ 67,685,580	\$ 20,022,050	\$ 8,056,677	\$ -	\$ 30,929,532	\$ 126,693,839	2.58%	\$ 654.67	
2011	53,404,122	18,481,001	8,316,847	-	30,248,087	110,450,057	2.12%	570.73	
2012	61,274,083 ⁽²⁾	28,588,343 ⁽³⁾	23,383,504 ⁽⁴⁾	-	16,307,477 ⁽³⁾	129,553,407	2.42%	669.44	
2013	114,087,394 ⁽⁵⁾	26,962,094	25,472,446 ⁽⁶⁾	-	13,816,450	180,338,384	3.31%	931.87	
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 ⁽⁷⁾	51,231,535	15,192,827	-	7,926,463	177,640,024	2.81%	917.92	
2019	85,179,234	49,754,831	13,824,223	2,802,828 ⁽⁸⁾	7,120,801	158,681,917	2.20%	819.96	

Note: Details regarding the City's outstanding debt can be found in *Note 5* to the financial statements.

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

(2) 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.

(3) 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 of the City.

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

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

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

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

(8) In 2019, the City entered into a Capital Lease for the acquisition of City vehicles.

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 ⁽¹⁾	Per Capita ⁽²⁾
2010	\$ 67,685,580	\$ 16,529,241	\$ 51,156,339	1.42%	\$ 264.34
2011	53,404,122	17,518,930	35,885,192	0.96%	185.43
2012	61,274,083 ⁽³⁾	19,342,676	41,931,407	1.11%	216.67
2013	114,087,394 ⁽⁴⁾	16,923,578	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 ⁽⁵⁾	22,255,918	81,033,281	1.82%	418.72
2019	85,179,234	21,678,709	63,500,525	1.37%	328.13

Note: Details regarding the City's outstanding debt can be found in *Note 5* 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 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.

(4) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance various capital improvements for the City.

(5) 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
Direct and Overlapping Governmental Activities Debt
December 31, 2019

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	\$ 158,681,917 ⁽¹⁾	100%	\$ 158,681,917
Little Rock Public School District	<u>254,315,508</u>	100%	<u>254,315,508</u>
Total direct and overlapping debt	<u>\$ 412,997,425</u>		<u>\$ 412,997,425</u>

⁽¹⁾ The City's overlapping debt is calculated by taking the governmental activities debt and adding the general obligations bonds, the revenue bonds, notes payable, and the capital lease obligation.

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

Table 14

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 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	\$ 1,159,403,929
Total net debt applicable to limit	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	80,127,576
Legal debt margin	\$ 824,122,887	\$ 887,938,320	\$ 878,601,850	\$ 843,156,895	\$ 893,966,280	\$ 896,991,146	\$ 955,080,056	\$ 993,637,501	\$ 993,637,501	\$ 1,079,276,353
Total net debt applicable to the limit as a percentage of debt limit	8.71%	4.70%	6.82%	12.70%	10.68%	11.38%	9.69%	7.48%	8.82%	6.91%

Legal Debt Margin Calculation for 2019

Assessed value	\$ 4,637,615,716
Debt limit:	
General obligation debt limitation (1)	927,523,143
Short-term financing debt limitation (2)	<u>231,880,786</u>
Total Debt Limitation	<u>1,159,403,929</u>
Debt applicable to limit:	
General obligation and short-term financing	101,806,285
Less: Amount set aside for repayment in debt services funds	<u>21,678,709</u>
Total net debt applicable to limit	<u>80,127,576</u>
Legal debt margin	<u>\$ 1,079,276,353</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
Pledged Revenue Bond Coverage
Last Ten Years

Table 15

Governmental Activities Revenue Bonds*						Business-type Activities Revenue Bonds*							
2013 Limited Capital Improvement and Refunding Revenue Bonds						Waste Disposal Revenue Bonds							
Fiscal Year	Pledged		Debt Service Requirements			Coverage	Pledged Revenues	Operating Expenses ⁽⁵⁾	Net Available Revenues ⁽⁴⁾	Debt Service Requirements			Coverage
	Revenues ⁽¹⁾	Principal	Interest	Total	Principal					Interest	Total		
2018	\$ 12,604,900	\$ 1,980,000	\$ 1,307,536	\$ 3,287,536	3.83	\$ 18,291,143	\$ 14,359,447	\$ 3,931,696	\$ 260,000	\$ 76,188	\$ 336,188	11.69	
2019	13,059,743	2,085,000	308,125	2,393,125	5.46	18,909,436	16,228,510	2,680,926	275,000	60,806	335,806	7.98	
Hotel Gross Receipts Tax Bonds						Downtown Parking Projects Bonds							
Fiscal Year	Pledged		Debt Service Requirements			Coverage	Pledged Revenues ⁽⁶⁾	Operating Expenses ⁽⁵⁾	Net Available Revenue	Debt Service Requirements			Coverage
	Revenues ⁽²⁾	Principal	Interest	Total	Principal					Interest	Total		
2018	\$ -	\$ -	\$ -	\$ -	-	\$ 2,977,508	\$ 1,489,472	\$ 1,488,036	\$ 510,000	\$ 381,830	\$ 891,830	1.67	
2019	2,657,965	425,000	1,338,731	1,763,731	1.51	3,566,588	1,514,035	2,052,553	535,000	356,535	891,535	2.30	
Special Assessment Bonds													
Fiscal Year	Assessment		Debt Service Requirements			Coverage							
	Collections ⁽³⁾	Principal	Interest	Total									
2018	\$ 401,816	\$ -	\$ 156,900	\$ 156,900	2.56								
2019	549,761	-	156,900	156,900	3.50								

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

* Primary government pledged revenue bond coverage is presented starting with fiscal year 2018

- (1) Capital Improvement and Refunding Revenue Bonds are backed by the 3 mills annual ad valorem tax levied by the City on all taxable and real personal property located within the jurisdictional limits of the City.
- (2) Hotel Gross Receipts Tax Bonds are backed by 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.
- (3) Special Assessment Bonds are backed by ad valorem tax receipts derived with respect to the real property within the City's Redevelopment District No. 1.
- (4) Waste Disposal Revenue Bonds are backed with a pledge of net revenues of the waste collection and disposal system.
- (5) Operating expenses do not include interest or depreciation expenses.
- (6) 2003 Capital Improvement and Refunding Revenue Bonds are backed with a pledge of specific parking revenues and other revenues in the Rivermarket Garage Fund.

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

Table 16

Year	Population	Personal Income ⁽²⁾	Per Capita Income ⁽²⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2010	193,524 ⁽⁴⁾	\$ 4,906,220,448	\$ 25,352	37.0	13.8	27,950 ⁽³⁾	6.1%
2011	193,524 ⁽⁴⁾	5,205,408,552	26,898	35.1	13.8	27,626 ⁽³⁾	7.3%
2012	193,524 ⁽⁴⁾	5,350,164,504	27,646	36.8	15.8	27,344 ⁽³⁾	6.8%
2013	193,524 ⁽⁴⁾	5,448,087,648	28,152	36.6	15.8	27,369 ⁽³⁾	6.7%
2014	193,524 ⁽⁴⁾	5,686,122,168	29,382	36.1	15.8	26,943 ⁽³⁾	5.9%
2015	193,524 ⁽⁴⁾	5,632,516,020	29,105	35.6	15.8	26,767 ⁽³⁾	4.8%
2016	193,524 ⁽⁴⁾	6,170,125,692	31,883	36.6	12.5	26,239 ⁽³⁾	3.5%
2017	193,524 ⁽⁴⁾	5,936,929,272	30,678	35.9	15.4	25,930 ⁽³⁾	3.0%
2018	193,524 ⁽⁴⁾	6,331,911,756	32,719	36.00	15.6	25,685 ⁽³⁾	3.3%
2019	193,524 ⁽⁴⁾	7,224,250,920	37,330	37.2	17.2	23,237 ⁽³⁾	3.4%

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	2019			2010	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
State of Arkansas (MSA)	35,200	1	18.87%	32,900	1
Local Government (MSA)	26,500	2	14.21%		
Federal Government (MSA)	10,200	3	5.47%	9,500	2
University of Arkansas Medical Sciences	9,700	4	5.20%	8,500	3
Baptist Health	7,340	5	3.94%	6,160	5
Little Rock Air Force Base	4,500	6	2.41%		
Arkansas Children's Hospital	4,370	7	2.34%	2,830	8
Little Rock School District	3,968	8	2.13%		
CHI St. Vincent Health System	3,970	9	2.13%		
Pulaski County Special School District	3,000	10	1.61%		
Central Arkansas Veterans Health Care				3,500	7
Entergy Arkansas				2,740	10
Acxiom				4,380	6
Public School Districts				7,400	4
Arkansas Blue Cross and Blue Shield				2,740	9
	108,748		58.31%	80,650	

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
General Administration	47	48	47	47	47	47	63	67	69	32
Racial Cultural Diversity	3	3	2	2	2	2	-	-	-	-
City Clerk	2	2	2	2	2	2	3	3	3	-
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
Community Programs	6	7	10	10	10	11	13	11	13	12
City Attorney	18	18	18	18	18	19	20	18	18	16
District Court - First Division	21	21	21	21	21	21	20	20	20	20
District Court - Second Division	17	17	17	17	17	17	18	18	18	18
District Court - Third Division	7	7	7	7	8	8	8	8	8	7
Finance	40	40	40	41	41	42	43	43	42	41
Human Resources	18	18	19	19	19	20	20	22	23	22
Management Support/Information Technology	37	38	38	39	39	39	39	39	39	39
Planning and Development	39	39	39	39	39	39	39	39	39	38
Housing and Neighborhood Programs	94	94	96	103	103	104	105	107	106	98
Public Works	13	13	13	13	13	13	12	12	12	12
Parks and Recreation	100	100	117	119	122	127	130	128	129	106
Golf	21	21	21	21	21	22	22	21	20	14
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	8	8
Zoo	45	46	56	59	59	61	62	63	62	62
Fire	408	408	421	421	421	421	422	421	433	432
Police	698	697	709	716	716	717	733	748	748	744
Total General Fund	1,644	1,647	1,703	1,724	1,728	1,742	1,782	1,798	1,811	1,722
Waste Disposal	112	112	112	113	113	113	113	121	121	130
Public Works - Street	210	210	211	213	213	213	216	215	216	216
Fleet Services	60	60	59	61	61	61	63	63	63	63
Vehicle Storage Facility	17	15	15	15	15	15	13	13	13	13
Total Other Funds	399	397	397	402	402	402	405	412	413	422
Total Personnel	2,043	2,044	2,100	2,126	2,130	2,144	2,187	2,210	2,224	2,144

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Planning and Development										
Total building permits issued	3,832	3,304	2,011	2,000	2,024	2,059	2,276	2,283	1,957	2,015
Estimated building cost	\$ 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	\$ 551,240,708
New commercial construction permits	26	155	94	38	62	45	40	50	31	76
Commercial construction value	\$ 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	\$ 85,798,573
New residential construction permits	361	344	349	359	343	335	337	481	329	413
Residential construction value	\$ 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	\$ 125,590,680
Fire										
Number of uniformed employees	403	403	403	415	415	415	416	416	414	426
Fires and explosions	1,557	1,452	1,595	1,241	1,274	1,302	1,274	1,296	1,288	1,131
Overpressure rupture, explosion, overheat (no fire)	65	62	96	62	76	72	116	-	112	69
Rescue, emergency medical calls	15,256	15,259	15,890	16,312	16,934	17,985	18,455	21,246	21,431	20,280
Hazardous condition, standby	1,130	1,298	1,420	1,233	1,383	1,371	1,384	1,095	1,065	1,088
Service calls	1,210	1,295	1,437	1,440	1,503	1,638	1,780	1,882	2,184	2,320
Good intent calls	3,523	3,332	3,426	3,846	3,839	3,419	3,179	3,841	4,301	3,910
False alarm calls	2,644	2,648	2,753	2,770	3,258	4,343	3,790	3,504	4,046	4,155
Natural disaster calls	17	75	37	22	26	17	47	27	46	60
Other calls	179	134	136	140	685	437	-	-	144	117
Total calls	25,984	25,555	26,790	27,066	28,978	30,584	30,025	32,891	34,617	33,130
Police										
Number of uniformed employees	557	557	577	574	574	574	590	593	594	594
Calls for service	143,540	143,226	157,093	158,635	150,367	162,844	162,363	159,051	153,828	153,786
Arrests	15,446	10,154	9,778	8,847	9,289	8,373	9,097	10,321	11,291	11,018
Accidents (fatality and serious injury)	5,039	5,218	5,308	5,029	12,622	12,465	11,200	12,275	12,274	44
Training man hours	13,625	10,825	36,780	37,568	38,507	16,230	30,241	31,000	130,000	111,360
Uniform Crime Reporting (UCR) Part I offenses	16,057	16,662	17,330	17,358	16,494	14,932	16,849	17,030	15,694	15,185
Clearance rate - all crimes	19.47%	38.00%	21.66%	18.83%	20.13%	20.70%	7.23%	15.77%	14.80%	18.19%
Public Works										
Miles of graded and surface treatment	425	422	422	422	422	422	419	419	408	408
Drainage ditches maintained	1,578	1,578	1,578	1,578	1,578	1,578	1,571	1,571	1,571	1,571
Traffic signals repaired	2,125	1,832	293	2,568	2,288	2,179	2,096	1,557	1,799	1,707
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$ 21.00	\$ 20.99	\$ 20.99	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02	\$ 22.02
On-Call service	24,620	27,135	25,601	26,649	28,148	25,523	28,098	31,124	36,929	40,815
KB's service	7,499	6,242	5,164	8,675	6,864	6,198	9,014	7,379	7,925	7,546
Roll-off service	1,839	2,139	1,973	2,058	1,935	1,149	1,136	752	769	779
Carts	5,852	5,874	5,742	5,501	5,121	6,667	6,220	5,134	4,993	4,994
Dead animals collected	451	343	329	265	309	328	312	384	520	392
Curbside recycling tonnage	5,414	5,688	9,307	10,287	10,219	9,839	9,381	8,795	8,596	7,682
Class I and IV tonnage	102,500	101,283	104,226	131,773	119,013	124,617	135,104	134,752	136,232	143,020
Yard Waste tonnage	25,226	32,585	30,690	47,881	30,562	27,529	28,978	27,053	23,775	24,200
Parks and Recreation										
Total recorded parks attendance	1,672,000 (1)	611,722	604,702	617,537	613,042	675,314	612,066	599,452	545,888	210,687
Zoo attendance	274,621	307,123	323,040	313,762	307,046	267,314	280,279	265,268	237,653	240,229
Zoo outreach program	39,240	37,307	21,584	37,018	18,700	46,202	22,626	40,424	35,238	20,844

Sources: Various city departments.

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

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

(2) 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire Stations	20	20	21	21	21	21	21	21	21	22
Police Stations	11	10	10	10	11	11	11	11	10	10
Public Works										
Miles of Streets	2,443	2,434	2,448	2,461	2,465	2,468	2,478	2,485	2,490	2,490
Miles of paved - permanent streets	2,018	2,016	2,026	2,039	2,046	2,050	2,057	2,066	2,082	2,082
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	357	357	359	361	361	363	367	369	373	373
Miles of sanitary sewer	1,320	1,345	1,400	1,365	1,368	1,375	1,384	1,385	1,385	1,399
Solid waste containers purchased	2,688	3,032	4,176	3,654	2,138	1,740	2,900	4,110	5,220	4,130
Parks and Recreation										
Acreage	6,246	6,313	6,315	6,319	6,077	6,077	6,077	6,078	6,141	6,140
Number of parks	58	59	59	59	62	62	63	63	63	63
Number of playgrounds	45	45	46	46	46	46	42	42	42	44
Number of tennis courts	48	48	48	48	48	48	43	41	41	41
Number of basketball courts	37	37	37	37	37	37	35	35	35	36
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	2
Number of ball fields	25	25	25	25	25	29	26	26	25	25
Number of play fields	20	20	20	20	22	22	22	22	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	-	-	1	1	3	1	1	1	1	1
Number of community centers	4	4	4	5	4	6	6	6	8	8
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	3	3	3	3	2	3	3	3	3	3
Number of soccer fields	9	9	9	9	12	12	13	13	13	13
Number of pavilions	22	22	22	22	28	28	31	33	32	32
Number of volleyball courts	8	9	9	9	8	10	13	13	17	17

Source: Various city departments.

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

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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 (City), complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2019.

- (1) Arkansas Municipal Accounting Law, §14-59-101 et seq.
- (2) Arkansas District Courts and City Courts Accounting Law, §16-10-201 et seq.
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204
- (4) Budgets, purchases and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.
- (5) Investment of public funds, § 19-1-501 et seq.
- (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 Accounts. 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, 2019, is fairly stated, in all material respects.

This report is intended solely for the information and use of the board of directors, 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 30, 2020

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SINGLE AUDIT SECTION



**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, 2019, 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 30, 2020. Our report 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*.

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 30, 2020

**Report on Compliance for the 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 the 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 the City's major federal program for the year ended December 31, 2019. The City's major federal program is 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, Little Rock Workforce Investment Board, and Little Rock Port Authority, which expended \$4,449,786, \$5,755,879, \$6,212,584, \$2,224,069, and \$2,561,525, respectively, in federal awards, which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2019. 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 the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 30, 2020

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

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
<u>Department of Housing and Urban Development Programs</u>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 49,446	\$ 1,564,224
<i>Total CDBG - Entitlement Grants Cluster</i>			49,446	1,564,224
HOME Investment Partnerships Program	14.239	N/A	55,811	828,575
Housing Opportunities for Persons with Aids (HOPWA)	14.241	N/A	97,574	301,530
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	N/A	-	(15,062)
Continuum of Care Program	14.267	N/A	-	62,813
Total Department of Housing and Urban Development			202,831	2,742,080
<u>Department of Interior Programs</u>				
Pass-Through From:				
Department of Arkansas Heritage				
Historic Preservation Fund Grants-In-Aid	15.904	18 CLG 08, 18 CLG 13, 19 CLG	-	31,041
Total Department of Interior			-	31,041
<u>Department of Justice Programs</u>				
Pass-Through From:				
Arkansas Department of Finance and Administration				
Crime Victim Assistance	16.575	2016-VA-GX-0015/180442-16VG, 2018-V2-GX-0058/190444-18VG, 2016-VA-GX-0015/180442-16OTP	-	121,711
Direct Program:				
Crime Victim Assistance/Discretionary Grants	16.582	N/A	-	42,727
Pass-Through From:				
Arkansas Department of Finance and Administration				
Violence Against Women Formula Grants	16.588	2017-WF-AX-0018/180441-17SV, 2019-WF-AX-0034/190444-19SL	-	42,509
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	85,691
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	346,376
Equitable Sharing Program	16.922	N/A	-	44,944
Total Department of Justice			-	683,958
<u>Department of Labor</u>				
Pass-Through From:				
Little Rock Workforce Development Board				
WIOA National Dislocated Worker Grants / WIA				
National Emergency Grants	17.277	EM-33976-19-60-A-5	-	43,558
Total Department of Labor			-	43,558
<u>Department of Transportation Programs</u>				
<i>Highway Planning and Construction Cluster</i>				
Pass-Through From:				
Arkansas Department of Transportation				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	JOB #061481, JOB #061491 (TAP-15), JOB #061526, JOB #061539, JOB 060907, JOB 061468, JOB#061490	-	4,255,188
Recreational Trails Program	20.219	JOB #061569	-	64,000
<i>Total Highway Planning and Construction Cluster</i>			-	4,319,188
Total Department of Transportation Programs			-	4,319,188

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019

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
<u>Department of Treasury</u>				
Direct Program:				
Equitable Sharing	21.016	N/A	\$ -	\$ 189,077
Total Department of Treasury			-	189,077
<u>National Endowment for the Arts</u>				
Pass-Through From:				
Arkansas Arts Council				
Promotion of the Arts Partnership Agreements	45.025	8911	-	2,000
Total National Endowment for the Arts			-	2,000
<u>United States Environmental Protection Agency</u>				
Pass-Through From:				
Pulaski County				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Oakland Fraternal Mausoleum	-	23,967
Total United States Environmental Protection Agency			-	23,967
<u>United States Department of Education</u>				
Pass-Through From:				
Arkansas Department of Education				
Twenty-First Century Community Learning Centers	84.287C	S287C160004, S287C180004	-	101,162
Total United States Department of Education			-	101,162
<u>Corporation for National and Community Service</u>				
Pass-Through From:				
Arkansas Department of Human Services				
AmeriCorps	94.006	4600040629, 4600042917	-	62,589
Total Corporation for National and Community Service			-	62,589
<u>Department of Homeland Security Programs</u>				
Pass-Through From:				
Arkansas Natural Resources Commission				
Flood Mitigation Assistance	97.029	FEMA-PJ-06-AR-2017-005	-	125,935
Arkansas Department of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4441-DR-AR	-	177,309
Hazard Mitigation Grant	97.039	FEMA-4226-DR-AR-#6	-	1,930
Emergency Management Performance Grants (EMPG)	97.042	EMT-2018-EP-00002, EMT-2019-EP-00002-S01	-	67,423
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	-	47,208
Pass-Through From:				
Arkansas Department of Emergency Management				
Homeland Security Grant Program	97.067	HSGP MMRS 2017, HSGP MMRS 2018, LETPA (LRFD/BOMB) 17, LETPA (LRFD/BOMB) 18, LETPA (LRPD/SWAT) 2017, LETPA (LRPD/SWAT) 2018, SHSGP 2017	-	632,311
Total Department of Homeland Security Programs			-	1,052,116
Total Expenditures of Federal Awards			\$ 202,831	\$ 9,250,736

The accompanying notes are an integral part of this Schedule.

City of Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Note 1: Basis of Presentation

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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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.

Note 3: Indirect Cost Rate

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

Note 4: Federal Loan Programs

The City did not have any federal loan programs during the year ended December 31, 2019.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

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 the major federal awards program:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor's report issued on compliance for the major federal award program:

Unmodified Qualified Adverse Disclaimer

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7. Identification of the major federal program:

Cluster/Program

Highway Planning and Construction Cluster

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, 2019

Section II – Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding
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No matters are reportable.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2019

Section III – Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

Reference Number	Summary of Finding	Status
No matters are reportable.		

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OTHER INFORMATION



City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2019

Program Grantor/Program Title	State Awards
Arkansas Department of Emergency Management	
EMO PSAP Act 442 of 13	\$ 2,376
Arkansas Department of Finance and Administration	
GIF ACT 117	13
Arkansas Department of Health	
FY19 Trauma Training	646
Arkansas Department of Parks, Heritage and Tourism	
Pass-through Arkansas Department of Heritage	80,545
Arkansas Historic Preservation Program	290
Old Statehouse	2,500
Small Museum Grant	
Pass-through Arkansas State Parks	
Outdoor Recreation Grant Program	<u>457,417</u>
Total State Awards	<u><u>\$ 543,787</u></u>

