

Murillo, Kacy

Subject: RE: City of Little Rock Financial Assurance Reports

From: Lenehan, Sara [<mailto:slenehan@littlerock.gov>]
Sent: Thursday, May 5, 2022 4:19 PM
To: Speake, Susan
Cc: Worley, Anita; Carreiro, Debbie; Charles, Nathan
Subject: City of Little Rock Financial Assurance Reports

AFIN: 60-01701
PMT#: 0031-SCYW
Received <i>By Kacy Murillo at 10:08 am, Aug 9, 2022</i>
DOC ID#: 82439
TO: SS>FILE <KM

Ms. Speake,

Please find the City of Little Rock Landfill Assurance Reports attached. Please send a return email to confirm receipt of the reports.

Thanks,

Sara Lenehan, CPA
Chief Financial Officer
City of Little Rock
500 W. Markham, Room 208
Little Rock, Arkansas 72201-1427

slenehan@littlerock.gov
501.371.6806

**RCRA SUBTITLE D FINANCIAL ASSURANCE CHECKLIST
LOCAL GOVERNMENT FINANCIAL TEST**

Facility Name: City of Little Rock Municipal Landfill

Permit No. 0266-S4J

FINANCIAL TEST: An owner or operator with the financial assets to absorb the costs of closure, post-closure care, and corrective action may comply with financial assurance requirements by using the financial test.

TEST COVERS: Closure Post-Closure Care

 Corrective Action

Facility/Government Name: City of Little Rock Municipal Landfill 10803

Address: Ironton Cutoff

Contact Person/Title: Nathan Charles; Solid Waste Service Manager

Contact Phone No.: (501) 888-4581

Government's Fiscal Year Ends: December 31, 2021

Closure Cost Estimate (Agency Approved): \$1,115,659

Source Document / Date: Class 4 LF AEIR / April 2022

Post-Closure Cost Estimate (Agency Approved): \$22,865 * 20% = \$4,573

Source Document / Date: Class 4 LF AEIR / April 2022

Corrective Action (Agency Approved): _____

Source Document / Date: _____

Reviewed by: *Sara Lenahan*

Date: 5/5/2022

FINANCIAL COMPONENT

Facility Name: City of Little Rock Municipal Landfill Permit No. 0031-SCYW, 0266-S1, 0266-S4J

YES	NO	QUESTION										
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the local government owner or operator pass one of the financial tests outlined on below?										
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p align="center">BOND RATING REQUIREMENT</p> <p>Is the current bond rating of the owner or operator adequate?</p> <p>Indicate the appropriate Bond Rating and the source:</p> <table border="0"> <tr> <td><input type="checkbox"/> <u>Standard and Poor's</u></td> <td><input type="checkbox"/> <u>Moody's</u></td> </tr> <tr> <td><input type="checkbox"/> AAA</td> <td><input type="checkbox"/> Aaa</td> </tr> <tr> <td><input checked="" type="checkbox"/> AA</td> <td><input checked="" type="checkbox"/> Aa1</td> </tr> <tr> <td><input type="checkbox"/> A</td> <td><input type="checkbox"/> A</td> </tr> <tr> <td><input type="checkbox"/> BBB</td> <td><input type="checkbox"/> Baa</td> </tr> </table> <p>[Reg.22.1405 (f)(1)(i)(A)]</p>	<input type="checkbox"/> <u>Standard and Poor's</u>	<input type="checkbox"/> <u>Moody's</u>	<input type="checkbox"/> AAA	<input type="checkbox"/> Aaa	<input checked="" type="checkbox"/> AA	<input checked="" type="checkbox"/> Aa1	<input type="checkbox"/> A	<input type="checkbox"/> A	<input type="checkbox"/> BBB	<input type="checkbox"/> Baa
<input type="checkbox"/> <u>Standard and Poor's</u>	<input type="checkbox"/> <u>Moody's</u>											
<input type="checkbox"/> AAA	<input type="checkbox"/> Aaa											
<input checked="" type="checkbox"/> AA	<input checked="" type="checkbox"/> Aa1											
<input type="checkbox"/> A	<input type="checkbox"/> A											
<input type="checkbox"/> BBB	<input type="checkbox"/> Baa											
<input type="checkbox"/>	<input type="checkbox"/>	<p align="center">OR</p> <p align="center">FINANCIAL RATIO ALTERNATIVE</p> <p>Does the owner or operator satisfy each of the following financial ratios based on the owner or operator's most recent audited annual financial statements:</p> <p><input type="checkbox"/> <u>Cash + Marketable securities</u> > or = 0.05 Total Expenditures</p> <p><input type="checkbox"/> <u>Annual Debt Service</u> < 0.20 Total Expenditures</p> <p>[Reg.22.1405 (f)(1)(B) (a) and (b)]</p>										
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Has the local government owner or operator prepared its financial statements to conform with Generally Accepted Accounting Principles for governments and have its financial statements audited by an independent certified public accountant (or appropriate State Agency)? [Reg.22.1405 (f)(1)(ii)]										
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is the local government currently in default on any outstanding general obligation bond? [Reg.22.1405 (f)(1)(iii)(A)]										
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the local government have any outstanding general obligation bonds rated lower than Baa as issued by Moodys or BBB as issued by Standard and Pooers? [Reg.22.1405 (f)(1)(iii)(B)]										
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Has the local government operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years? [Reg.22.1405 (f)(1)(iii)(C)]										
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Has the local government received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under paragraph Reg.22.1405(f)(1)(ii). [Reg.22.1405(f)(1)(iii)(D)]										

RECORDKEEPING AND REPORTING REQUIREMENTS

Facility Name: City of Little Rock Municipal Landfill Permit No. 0031-SCYW, 0266-S1, 0266-S4J

The local government owner or operator must place the following documentation in the facility's operating record and furnish the information to the Director for approval:

YES	NO	Documentation
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p><u>A letter signed by the local government's chief financial officer that:</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Lists all the current costs estimates covered by a financial test, as described in Reg.22.1405 (f)(4). <input type="checkbox"/> Provides evidence and certifies that the local government meets the conditions of the financial component, as described in Reg.22.1405 (f)(1)(ii), and Reg.22.1405 (f)(1)(iii); and <input type="checkbox"/> Certifies that the local government meets the conditions of the public service component and calculation of costs to be assured, as described in Reg.22.1405 (f)(2), and Reg.22.1405 (f)(4). <p>[Reg.22.1405 (f)(3)(i)(A) (a)(b) and (c)]</p> <p><i>An example letter containing requirements above is attached.</i></p>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The local government's independently audited year-end financial statements for the latest fiscal year, including the unqualified opinion of the auditor who must be an independent, certified public accountant or an appropriate State agency that conducts equivalent comprehensive audits.</p> <p>[Reg.22.1405 (f)(3)(i)(B)]</p>
08/11/09 – Spoke with Susan Speake. Believe N/A	<input type="checkbox"/>	<p>A report to the local government from the local government's independent certified public accountant or the appropriate State agency based on performing an agreed upon procedures engagement relative to the financial ratios required by Reg.22.1405 (f)(1)(i)(B), if applicable, and the requirements of Reg.22.1405 (f)(1)(ii) and Reg.22.1405 (f)(1)(iii)(C) and (D). The CPA or State agency's report should state the procedures performed and the CPA or State agency's findings.</p> <p>[Reg.22.1405 (f)(3)(i)(C)]</p>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>A copy of the comprehensive annual financial report (CAFR) used to comply with Reg.22.1405(f)(2) or certification that the requirements of General Accounting Standards Board Statement 18 have been met.</p> <p>(2020 Annual Comprehensive Financial Report)</p> <p>https://www.littlerock.gov/media/7212/2020-city-of-little-rock-annual-comprehensive-financial-report.pdf</p> <p>[Reg.22.1405 (f)(3)(i)(D)]</p>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Has the local government operated at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years?</p> <p>[Reg.22.1405 (f)(1)(iii)(C)]</p>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Has the local government received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under paragraph Reg.22.1405(f)(1)(ii).</p> <p>[Reg.22.1405(f)(1)(iii)(D)]</p>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Has the local government owner or operator updated the information and placed the updated information in the operating record within 180 days following the close of the local government's fiscal year?</p> <p>Date the updated information received by the Department? <u>April 15, 2022</u></p> <p>[Reg.22.1405 (f)(3)(iii)]</p>

PUBLIC NOTICE COMPONENT

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Has the local government placed a reference to the closure and post-closure care costs assured through the financial test into its next comprehensive annual financial report (CAFR). Disclosure must include the following:</p> <ul style="list-style-type: none"><input type="checkbox"/> Nature and source of closure and post-closure care requirements;<input type="checkbox"/> Reported liability at the balance sheet date;<input type="checkbox"/> Estimated total closure and Post-closure care cost remaining to be recognized;<input type="checkbox"/> Percentage of landfill capacity used to date;<input type="checkbox"/> Estimated landfill life in years.<input type="checkbox"/> Reference to corrective action costs, if applicable; <p><i>(For closure and post-closure costs, conformance with Government Accounting Standards Board Statement 18 assures compliance with this public notice component)</i></p> <p>[Reg.22.1405(f)(2)]</p>
-------------------------------------	--------------------------	--

Reviewed by: Sara Lenahan

Date: 5/5/2022

Comments: _____



City of Little Rock

Department of Finance

Sara Lenehan – Chief Financial Officer

500 West Markham, Room 208

Little Rock, AR 72201-1493

(501) 371-6806

slenehan@littlerock.gov

May 5, 2022

Director

Arkansas Department of Environmental Quality

5301 Northshore Drive

North Little Rock, Arkansas 72118-5317

I am the chief financial officer of the City of Little Rock, Arkansas. This letter is in support of this government's use of the Local Government Financial Test to demonstrate financial assurance for closure and/or post-closure costs, as specified in Regulation 22, Chapter 14.

1. The City of Little Rock is the owner or operator of the following facilities in Arkansas for which financial assurance for closure or post-closure care is demonstrated through the financial test specified in Reg.22.1405 (f). The current closure and/or post-closure cost estimates covered by the test are shown for each facility.

a. **Class 1**

Name & Permit Number City of Little Roc Municipal Landfill, 0266-S1

AFIN 60-01071

Physical Location 10803 Ironton Cutoff, Little Rock, AR 72206,

Closure Cost Estimate \$8,219,993

Post-Closure Cost Estimate \$1,733,324

b. **Class 4**

Name & Permit Number City of Little Roc Municipal Landfill, 0266-S4J

AFIN 60-01071

Physical Location 10803 Ironton Cutoff, Little Rock, AR 72206,

Closure Cost Estimate \$1,115,659

Post-Closure Cost Estimate \$4,573

c. **Transfer Station**

Name & Permit Number None

d. **Compost Facility**

Name & Permit Number City of Little Roc Municipal Landfill, 0031-SCYW

AFIN 60-01071

Physical Location 10803 Ironton Cutoff, Little Rock, AR 72206,

Closure Cost Estimate \$190,064

- e. **Other Permitted Waste Facility**
Name & Permit Number None

2. The fiscal year of this local government ends on December 31, 2021.
3. The City of Little Rock has provided evidence (attached) and certifies that the City of Little Rock meets the conditions of the Financial Component [Reg.22.1405 (f)(1)(i)].

PARAGRAPH A:

BOND RATING REQUIREMENT

Is the current bond rating of the owner or operator adequate? Yes

Indicate the appropriate Bond Rating and the source:

Standard and Poor's

Moody's

AAA

Aaa

X AA

X Aa1

A

A

BBB

Baa

PARAGRAPH B:

FINANCIAL RATIO ALTERNATIVE

Does the owner or operator satisfy each of the following financial ratios based on the owner or operator's most recent audited annual financial statements: N/A

Cash + Marketable securities > or = 0.05 Total Expenditures

Annual Debt Service < 0.20 Total Expenditures

4. The City of Little Rock has provided evidence [2020-city-of-little-rock-annual-comprehensive-financial-report.pdf \(littlerock.gov\)](#) and certifies that the City of Little Rock has prepared its financial statements in conformity with Generally Accepted Accounting Principles for governments and has had these financial statements audited by an independent certified public accountant (or appropriate State agency). [Reg.22.1405 (f)(1)(ii)].
5. The City of Little Rock has provided evidence [2020-city-of-little-rock-annual-comprehensive-financial-report.pdf \(littlerock.gov\)](#) and certifies that the City of Little Rock meets the following conditions [Reg.22.1405(f)(1)(iii)]:
 - a. The City of Little Rock is not currently in default on any outstanding general obligation bonds;
 - b. The City of Little Rock does not have any outstanding general obligation bonds rated lower than Baa as issued by Moodys or BBB as issued by Standard and Poors;
 - c. The City of Little Rock has not operated at a deficit equal to five percent (5%) or more of total annual revenue in each of the past two years;

- d. The City of Little Rock has not received an adverse opinion, disclaimer of opinion, or other qualified opinion from the independent certified public accountant (or appropriate State agency) auditing its financial statement as required under Paragraph Reg.22.1405(f)(1)(ii).
- 6. The City of Little Rock has provided evidence (**Note 11, pg. 98 of 2020 Annual Comprehensive Financial Report (ACFR)**) and certifies that the City of Little Rock meets the conditions [Reg.22.1405(f)(2)].
- 7. The City of Little Rock has provided evidence (attached) and certifies that the City of Little Rock meets the conditions Reg.22.1405(f)(4):
 - a. If the City of Little Rock does not assure other environmental obligations through a financial test, it may assure closure, post-closure care, and corrective action costs that equal up to 43 percent of the local government's total annual revenue.
 - b. If the City of Little Rock assures other environmental obligations through a financial test, including those associated with UIC facilities under 40 CFR Part 280, PCB storage facilities under 40CFR Part 761, and hazardous waste treatment, storage, and disposal facilities under 40 CFR Parts 264 and 265, it must add those costs to the closure, post-closure care, and corrective action costs it seeks to assure under this paragraph. The total that may be assured must not exceed 43 percent of the local government's total annual revenue.

Using the Statement of Activities (found on page 22 of the 2020 ACFR) the maximum assurance amount allowed the City is \$327,313,633 * 43% = \$140,744,862. Closure and post-closure costs through the year 2065 are estimated to be \$18,599,254 (Note 11, page 98 of the 2020 ACFR).

- c. For those costs that exceed the limits set in Reg.22.1405 (f)(4)(i) and (ii), the City of Little Rock certifies that they have obtained an alternate financial assurance mechanism.
Not applicable as the City of Little Rock meets criteria in Reg. 22.1405 (f)(4)(i) and (ii).

I hereby certify that the wording of this letter is in compliance with wording specified in APC&EC Regulation 22.1405 (f)(3)(i)(A)(a) and (b), as such regulations were constituted on the date shown immediately below.

Signature Sara Lenehan

Name Sara Lenehan

Title City of Little Rock – Finance Director

Date May 5, 2022

Attachments:

Summary of Closure and Postclosure Cost Estimates from the Annual Financial Assurance Update report prepared by FTN Associates, Ltd., 3 Innwood Circle, Suite 220, Little Rock AR 72211, FTN No. R04010-2287-001 on April 15, 2022

Excerpts from the City of Little Rock 2020 Annual Comprehensive Financial Report for the Year Ended December 31, 2020

- Independent Auditor's Report – BKD
- Statement of Activities
- Footnote 11 – Landfill Closure and Postclosure Care Cost

Table 5.1. Summary of closure and post-closure cost estimates for the Class 1 and Class 4 landfills and the composting facility.

Line Item		Cost
100% of Closure Cost Estimates of Class 1 Landfill	From Table 4.1	\$8,219,993
20% of Post-Closure Cost Estimates of Class 1 Landfill	From Table 4.3	\$1,733,324
Total Financial Assurance for the Class 1 Landfill		\$9,953,317
100% of Closure Cost Estimates of Class 4 Landfill	From Table 4.4	\$1,115,659
20% of Post-Closure Cost Estimates of Class 4 Landfill	From Table 4.6	\$4,573
Total Financial Assurance for the Class 4 Landfill		\$1,120,232
100% of Closure Cost Estimates of the Composting Facility	From Table 4.7	\$190,064
Total Financial Assurance for the Composting Facility		\$190,064
TOTAL FINANCIAL ASSURANCE		\$11,263,613

Independent Auditor's Report

Honorable Frank Scott Jr., Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
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, 2020, 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, 25 percent and 42 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*.

Honorable Frank Scott Jr., Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
Little Rock, Arkansas
Page 2

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, 2020, 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.

Honorable Frank Scott Jr., Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
Little Rock, Arkansas
Page 3

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 29, 2021, 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 29, 2021

City of Little Rock, Arkansas

Statement of Activities

Year Ended December 31, 2020

Functions/Programs Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
General administration	\$ 32,251,207	\$ 10,321,953	\$ 7,882,038	\$ 817,724	\$ (13,229,492)	\$ -	\$ (13,229,492)	\$ -
Board of Directors	317,253	-	-	-	(317,253)	-	(317,253)	-
Community programs	1,709,191	34,625	-	-	(1,674,566)	-	(1,674,566)	-
City attorney	1,598,481	6,965	-	-	(1,591,516)	-	(1,591,516)	-
District court - first division (criminal)	1,210,833	6,702	-	-	(1,204,131)	-	(1,204,131)	-
District court - second division (traffic)	1,215,001	42,442	-	-	(1,172,559)	-	(1,172,559)	-
District court - third division (environment)	489,802	163,387	-	-	(326,415)	-	(326,415)	-
Courts	-	747,502	-	-	747,502	-	747,502	-
Finance	3,306,865	324,758	286,148	-	(2,695,959)	-	(2,695,959)	-
Human resources	1,867,961	83,811	23,200	-	(1,760,950)	-	(1,760,950)	-
Information technology	5,797,460	693	-	-	(5,796,767)	-	(5,796,767)	-
Planning and development	2,471,129	2,421,890	4,181	-	(45,058)	-	(45,058)	-
Public works	38,618,295	1,812,185	14,680,237	3,836,652	(18,289,221)	-	(18,289,221)	-
Parks and recreation services	41,645,355	868,641	292,205	374,673	(40,109,836)	-	(40,109,836)	-
Rivermarket	887,997	191,914	321,794	-	(374,289)	-	(374,289)	-
Golf	1,912,674	960,326	-	-	(952,348)	-	(952,348)	-
Jim Dailey Fitness	764,511	135,895	-	-	(628,616)	-	(628,616)	-
Zoo	6,439,107	1,313,288	36,861	344,112	(4,744,846)	-	(4,744,846)	-
Fire	64,046,333	1,826,533	10,647,043	-	(51,572,757)	-	(51,572,757)	-
Police	92,249,026	6,954,354	4,079,042	229,450	(80,986,180)	-	(80,986,180)	-
Fleet	81,144	559,309	-	-	478,165	-	478,165	-
Economic development	205,360	-	-	-	(205,360)	-	(205,360)	-
Education	27,000	-	-	-	(27,000)	-	(27,000)	-
Housing and neighborhood programs	8,089,873	889,668	2,326,118	-	(4,874,087)	-	(4,874,087)	-
Fiscal changes on long term debt	4,626,302	-	-	-	(4,626,302)	-	(4,626,302)	-
Total governmental activities	<u>311,828,160</u>	<u>29,666,841</u>	<u>40,578,867</u>	<u>5,602,611</u>	<u>(235,979,841)</u>	<u>-</u>	<u>(235,979,841)</u>	<u>-</u>
Business-Type Activities								
Waste disposal	21,657,734	23,534,488	-	-	-	1,876,754	1,876,754	-
River Market Garage	1,521,759	2,507,294	-	-	-	985,535	985,535	-
Vehicle storage	1,447,768	1,853,295	-	-	-	405,527	405,527	-
Total business-type activities	<u>24,627,261</u>	<u>27,895,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,267,816</u>	<u>3,267,816</u>	<u>-</u>
Total primary government	<u>\$ 336,455,421</u>	<u>\$ 57,561,918</u>	<u>\$ 40,578,867</u>	<u>\$ 5,602,611</u>	<u>\$ (235,979,841)</u>	<u>\$ 3,267,816</u>	<u>\$ (232,712,025)</u>	<u>\$ -</u>
Total component units	<u>\$ 217,083,547</u>	<u>\$ 127,033,609</u>	<u>\$ 45,709,611</u>	<u>\$ 48,798,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,458,317</u>
General revenues								
General property taxes					61,054,723	-	61,054,723	18,557,772
Sales taxes					130,975,321	-	130,975,321	12,922,037
Utility franchise taxes					29,714,100	-	29,714,100	-
Investment income					1,691,383	134,710	1,826,093	25,685
Other					-	-	-	5,912,974
Transfers					1,909,301	(1,909,301)	-	-
Total general revenues and transfers					<u>225,344,828</u>	<u>(1,774,591)</u>	<u>223,570,237</u>	<u>37,418,468</u>
Change in Net Position					(10,635,013)	1,493,225	(9,141,788)	41,876,785
Net Position, Beginning of Year					490,297,979	27,495,566	517,793,545	1,012,268,011
Net Position, End of Year					<u>\$ 479,662,966</u>	<u>\$ 28,988,791</u>	<u>\$ 508,651,757</u>	<u>\$ 1,054,144,796</u>

See Notes to Financial Statements

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2020

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 \$7,480,189 is based on 67.9% use of Class I Waste total constructed capacity, and 48.5% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,119,065 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 2020. 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: Contingencies

Federal Grant Programs

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

Central Arkansas Transit Authority

The City has an ongoing agreement with the Central Arkansas Transit Authority (CATA) to finance approximately 70% 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.

Risk Management

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