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CITY OF NORTH LITTLE ROCK ELECTRIC DEPARTMENT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2016 AND 2015

TABLE OF CONTENTS

CRAFT, VEACH & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS
Members of the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of North Little Rock, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the City of North Little Rock Electric Department (the "Department"), a component unit of the City of North Little Rock, Arkansas, which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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 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.

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, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

P.O. Box 13986 • Maumelle, AR 72113 | 8410 Counts Massie Road • North Little Rock, AR 72113 | (501) 753-0808 | Fax (501) 753-6706

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Department and do not purport to, and do not present fairly the financial position of the City of North Little Rock as of December 31, 2016 and 2015, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-5), budgetary comparison information (page 21), and historical pension information (pages 22-23) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2017, on our consideration of the Department'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 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 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 Department's internal control over financial reporting and compliance.

Craft, Veach & Company

Craft, Veach & Company, PLC
North Little Rock, Arkansas
July 10, 2017

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This section presents management's analysis of the City of North Little Rock Electric Department's (NLRED) financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Overview

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the utility's financial condition and performance.

The financial statements report information about the NLRED using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, notes to the financial statements and other supporting schedules.

The statement of net position presents the financial position of the NLRED on a full accrual historical cost basis. This statement presents information on all of the assets and liabilities with the difference reported as net position. Over time, increases and decreases in net position are an indicator of whether the financial position of the NLRED is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the 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.

The statement of cash flows presents changes in cash and cash equivalents resulting from operational, financing, and investing activities. This statement presents cash receipts and disbursement information only.

The notes to the financial statements and supplementary information are provided to disclose information that is essential to a full understanding of the material data provided in the statements.

The financial statements were prepared by NLRED staff from its detailed transactions for the years ending December 31, 2016 and 2015. The financial statements were audited and adjusted, if material, during the independent external audit process.

Financial Analysis

The financial statements on pages 6 through 8 provide information about the financial activities of NLRED. The following information is an analysis of the year presented.

Statement of Net Position

As of December 31, 2016, total assets were $180,155,225 and exceeded total liabilities of $59,455,392 by $120,699,833. Of the total net position, $106,064,951 was invested in capital assets, $2,680,415 was restricted for debt service, $2,307,080 was restricted for working capital, and $10,387,549 was unrestricted.

	2016	2015
Current Assets	$ 42,280,274	$ 56,521,033
Total Property, Plant & Equipment	137,874,951	137,188,855
Deferred Outflows of Resources	2,493,469	965,349
Current Liabilities	11,426,860	13,273,328
Non-current Liabilities	48,028,532	59,140,855
Deferred Inflows of Resources	1,753,307	2,469,813
Net Position		
Net investment in capital assets	106,064,951	101,448,855
Restricted for debt service	2,680,415	5,207,013
Restricted for working capital	2,307,080	10,149,208
Unrestricted net position	10,387,549	2,986,165

The current ratio is an indication of short-term liquidity and is calculated by dividing current assets by current liabilities. A resulting number greater than one indicates current assets in excess of current needs that can be applied in future periods. The current ratio for NLRED was 3.70 for 2016, compared 4.26 for 2015. Another ratio that is computed from this statement is the debt utilization ratio, which indicates what percentage the total debt is to total assets. This ratio is calculated by dividing total debt by total assets. The debt utilization ratios for the years ending December 31, 2016 and 2015 were 33% and 37%, respectively.

The following were net capital improvements, additions or replacements for 2016 (the figures are approximate):

Murray Hydro Electric Generation Plant	$ 1,584,000
Distribution System - Bayou Meto Substation	6,129,000
Distribution System - Poles, Wire, Transformers, Conductors, etc. (Bayou Meto)	3,773,000
Distribution System - Poles, Wire, Transformers, Conductors, etc. (Other Projects)	4,300,000
AMI (Advanced Meter Infrastructure - Smart Meters)	484,000
Office Furniture and Fixtures, Computers, Communication and Misc. Equipment	451,000
Transportation, Tools, and Power Equipment	1,182,000
CWIP - Net of Transfers to Property, Plant & Equipment	(9,134,000)
Total Capital Improvements	$ 8,769,000

Statement of Revenues, Expenses, and Changes in Net Position

For the year-ending December 31, 2016, operating revenues were $82,798,486 and operating expenses were $68,003,396. Non-operating revenues and (expenses) totaled $(1,146,336) which consisted of non-operating revenues of $1,305,259, and non-operating expenses of $2,451,595. Transfers to the City were $12,000,000. The result was an increase in net position in the amount of $1,648,754.

	2016	2015
Operating Revenues	$ 82,798,486	$ 89,147,960
Operating Expenses	68,003,396	66,580,268
Non-operating and Federal Contract Revenues	1,305,259	4,525,146
Non-operating Expenses	2,451,595	3,301,571
Transfers to the City	12,000,000	12,000,000
Increase (Decrease) in Net Position	$ 1,648,754	$ 11,791,267

The NLRED operating revenues for 2016 decreased $6,349,474 from 2015. The main reason for the decrease was the reduction in customer billings due to a negative Energy Cost Recovery adjustment factor (ECR) in 2016 as compared to the ECR in 2015. The majority of NLRED operating revenue is derived from residential and commercial customers. In 2016, the NLRED had an average of 33,413 residential customers, 4,933 commercial customers, and 141 large users.

Operating expenses, not including depreciation expense, increased 1% in 2016. Depreciation expense increased 11% in 2016.

Non-operating revenues decreased 71% in 2016 mainly due to a $2,880,478 reduction of Federal Contract Revenue by the U.S. Corp of Engineers for the Bayou Meto Pump Station project. The total Award was $9,712,928. The Pump Station was completed in 2015.

Non-operating expenses decreased 26% in 2016 due to $830,000 reduction in Bond interest expense and $66,000 reduction in Loss on disposal of equipment (replacement of non-fully depreciated old meters by new Smart Meters).

Pension Plan Disclosure

As per the Government Accounting Standards Board, Statements No. 67 and No. 68, *Accounting and Financial Reporting for Pensions*, provides guidance for the financial reports of most pension plans for state and local governments that provide their employees with pension benefits. Please see Note 6 in the accompanying audit notes to the financial statements.

Budget-to-Actual Comparison

The budget is prepared internally by NLRED based on the prior year's activity. The previous year amounts are adjusted to reflect anticipated activity for the current year. As with any budget, there are differences between anticipated and actual results.

Actual operating revenues were less than budgeted by approximately $9,700,000. Operating expenses, not including depreciation, were approximately $781,000 less than the amount budgeted. The change in Net Position was approximately $9,400,000 less than the amount budgeted.

See "Budgetary Comparison Schedule" on page 21 of the Audit.

CITY OF NORTH LITTLE ROCK
ELECTRIC DEPARTMENT

STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,936,778	$ 25,968,081
Hydro maintenance fund	4,000,000	4,000,000
Restricted cash	4,987,495	15,356,224
Accounts receivable, net of allowance of $474,245 and $475,088, for 2016 and 2015, respectively	3,328,933	3,385,111
Other receivables	162,064	163,914
Unbilled revenue	4,079,000	4,125,000
Materials and supplies	2,805,404	2,195,111
Prepaid expenses	1,980,600	1,327,592
Total Current Assets	42,280,274	56,521,033
Property, Plant, and Equipment:		
Property, plant, and equipment	281,952,602	273,183,053
Less accumulated depreciation	(144,077,651)	(135,994,198)
Total Property, Plant, and Equipment	137,874,951	137,188,855
TOTAL ASSETS	180,155,225	193,709,888
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding of bonds	708,663	-
Deferred amounts related to pensions	1,784,806	965,349
Total Deferred Outflows of Resources	2,493,469	965,349
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	182,648,694	194,675,237
LIABILITIES		
Current liabilities:		
Accounts payable	4,293,034	4,639,561
Accrued expenses and other liabilities	2,263,010	2,007,267
Bonds payable - current portion	4,295,000	5,800,000
Accrued interest payable	575,816	826,500
Total Current Liabilities	11,426,860	13,273,328
Noncurrent liabilities:		
Accrued pension liability	6,668,532	4,825,855
Bonds payable, net of current portion	41,360,000	54,315,000
Total Noncurrent Liabilities	48,028,532	59,140,855
TOTAL LIABILITIES	59,455,392	72,414,183
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	1,753,307	2,469,813
NET POSITION		
Net investment in capital assets	106,064,951	101,448,855
Restricted for debt service	2,680,415	5,207,013
Restricted for working capital	2,307,080	10,149,208
Unrestricted net position	10,387,549	2,986,165
TOTAL NET POSITION	121,439,995	119,791,241
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND TOTAL NET POSITION	$ 182,648,694	$ 194,675,237

See accompanying notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating revenues:		
Sale of electricity, net of uncollectible accounts	$ 82,798,486	$ 89,147,960
Operating expenses:		
Purchased electricity	44,277,167	43,695,782
Depreciation	8,548,592	7,731,661
Distribution system maintenance	3,165,791	3,011,877
Other distribution expenses	3,050,781	3,069,782
Customer records and collection expense	2,435,287	2,556,576
General and administrative	1,238,391	1,379,298
Franchise tax	1,026,244	1,067,942
Operating expenses	1,065,823	1,006,111
Generation plant maintenance	1,139,414	1,103,430
General plant maintenance	549,838	576,428
Other generation plant expenses	580,700	412,476
Conservation	340,930	412,391
Property and liability insurance	322,477	347,141
Regulatory fees	261,961	209,373
Total operating expenses	68,003,396	66,580,268
Operating income	14,795,090	22,567,692
Nonoperating revenues (expenses):		
Interest and investment income	90,429	206,194
Interest expense	(1,962,159)	(2,792,285)
Pension expense	(306,714)	(260,327)
Trustee fees	(10,481)	(10,320)
Penalty income	790,455	943,156
Miscellaneous income	424,375	495,318
Federal contract revenue	-	2,880,478
Loss on disposal of equipment	(172,241)	(238,639)
Total nonoperating revenues (expenses)	(1,146,336)	1,223,575
Income before transfers out	13,648,754	23,791,267
Transfers out	12,000,000	12,000,000
Increase (decrease) in net position	1,648,754	11,791,267
Cumulative effect of change in accounting principle - GASB 68	-	(6,069,992)
Net position, beginning of year	119,791,241	114,069,966
Net position, end of year	$ 121,439,995	$ 119,791,241

See accompanying notes to the financial statements.

	2016	2015
Cash flows from operating activities:		
Receipts from customers	$ 82,901,507	$ 89,730,795
Payments to vendors	(9,128,752)	(7,216,112)
Payments for purchase of electricity	(44,277,167)	(43,695,782)
Payments for taxes	(947,602)	(1,144,579)
Payments to employees	(5,875,921)	(5,475,050)
Net cash flows provided (used) by operating activities	22,672,065	32,199,272
Cash flows from noncapital financing activities:		
Transfers to other departments	(12,000,000)	(12,000,000)
Penalty income	790,455	943,156
Net cash flows provided (used) by noncapital financing activities	(11,209,545)	(11,056,844)
Cash flows from capital and related financing activities:		
Repayment of long-term debt and bonds payable	(14,460,000)	(5,675,000)
Purchase of property, plant and equipment	(9,985,369)	(13,632,209)
Interest paid	(2,931,987)	(2,228,416)
Federal contract receipts	-	2,880,478
Other receipts	424,375	495,317
Net cash flows provided (used) by capital and related financing activities	(26,952,981)	(18,159,830)
Cash flows from investing activities:		
Interest on investments	90,429	206,194
Net cash flows provided (used) by investing activities	90,429	206,194
Net increase (decrease) in cash and cash equivalents	(15,400,032)	3,188,792
Cash and cash equivalents - beginning of the year	45,324,305	42,135,513
Cash and cash equivalents - end of the year	$ 29,924,273	$ 45,324,305
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 14,795,090	$ 22,567,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	9,127,032	8,225,810
(Increase) decrease in assets:		
Accounts receivable	56,178	322,056
Other receivables	1,850	(110,748)
Unbilled revenues	46,000	248,000
Prepaid expenses	(653,008)	(611,750)
Inventory	(610,293)	178,718
Increase (decrease) in liabilities:		
Accounts payable	(346,527)	1,028,996
Accrued expenses	255,743	610,825
Net cash provided by operating activities	$ 22,672,065	$ 32,459,599
Supplemental disclosure of noncash transactions investing and financing activities:		
Amortization deferred on bond refunding, included in interest expense	$ 88,583	$ 626,839

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Operations and Reporting Entity

The City of North Little Rock Electric Department (the "Department") generates and provides electrical power to residents and businesses of the City of North Little Rock, Arkansas (the "City"), and other communities in Pulaski County, Arkansas. The Department extends credit to customers on an unsecured basis. The financial statements present only the Department, an enterprise fund, and are not intended to present the financial position of the City of North Little Rock, Arkansas.

The Department has adopted Government Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Basis of Accounting

The financial statements of the Department have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. As a component unit of the City of North Little Rock, the Department has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments.* GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – restricted; net investment in capital assets; and unrestricted.

> <u>Restricted</u> – consists of constraints placed on net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
>
> <u>Net investment in capital assets</u> – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
>
> <u>Unrestricted</u> – consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Department's policy is to first apply restricted resources when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

The Department recognizes revenue and expenses using the accrual method 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 Department distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the Department. Operating expense for the proprietary funds include the cost of personnel, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Department considers certificates of deposits and all highly liquid cash investments with original maturities of less than three months to be cash equivalents.

Hydro Maintenance Fund

On November 23, 2015, the City Council approved Resolution No. 8886, which establishes a fund dedicated to manage expenses associated with maintenance of the Murray Hydroelectric Plant without incurring debt and anticipates that the overhaul of Unit 1 will occur within the next two fiscal cycles.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Department utilizes the allowance method of accounting for uncollectible accounts receivable. The Department reviews their customer accounts on a monthly basis and records a reserve for specific amounts that management determines may not be collected, which generally will include accounts that are more than 90 days past due. In addition, the Department has established a general reserve for potential uncollectible accounts based on historical bad debts. Amounts are written off at the point when collection attempts have been exhausted, which is usually nine months after the account is past due. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management believes the Department's processes effectively address its exposure to doubtful accounts, changes in economic, industry, or specific customer conditions may require adjustment to the allowance recorded by the Department. Accounts receivable are net of an allowance for doubtful accounts of $474,245 and $475,088 at both December 31, 2016 and 2015, respectively.

Debt Issuance Expenses

Debt issuance expenses are recorded as expenses in the year that they are incurred.

Inventory

Inventory consists of materials and supplies valued at the lower of cost or market, using the average cost method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost unless otherwise noted. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets ranging from five to fifty years. The cost of additions to property, plant and equipment include contractual work, direct labor, materials and allocable overhead. Costs of repairs and maintenance that do not improve or extend the assets lives are charged to expense as incurred.

Restricted Assets

The Department's bond agreements restrict certain assets for the payment of debt service, capital improvements, and repairs and maintenance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Department policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off, or in limited circumstances, as a cash payment. The Department has accrued a liability for vacation and sick leave pay, which has been earned but not taken by employees.

Transfers to General Fund

The Department transfers funds to the General Fund of the City of North Little Rock, Arkansas based on amounts directed and authorized by the City Council in the annual budget. These transfers are accounted for as operating transfers. The amounts of these transfers of $12,000,000 for each of the years ended December 31, 2016 and 2015.

Date of Management's Review

Management has evaluated subsequent events through July 10, 2017, that date on which the financial statements were available to be issued.

NOTE 2: DESCRIPTION OF FUNDS

The Department complies with all state and local laws and regulations as well as the provisions of certain contracts requiring the use of separate funds. The required funds used by the Department include the following:

Operation and Maintenance Fund

The Operating and Maintenance Fund is used to pay the reasonable and necessary monthly expenses of operation, and repair and maintenance of the electric system. The fund is maintained by required monthly transfers from the Revenue Fund.

Revenue Bond Fund

On the next to last business day of each month, there shall be paid to this fund a sum equal to one-sixth of the next installment of interest, one-twelfth of the next installment of principal, and the estimated fees for the trustee for the current month until such time as there is accumulated in the fund an amount equal to the maximum annual debt service on all bonds outstanding.

Surplus Fund

Any surplus in the Revenue Fund after making all disbursements and making all required deposits described above including the correction of any deficiencies may be used for any lawful municipal purpose including early redemption of outstanding bonds or for the construction of extensions, betterments, and improvements to the electric system.

NOTE 3: DEPOSITS, INVESTMENTS, AND INVESTMENT INCOME

Investment return includes dividend, interest, and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments. Investment return is included in unrestricted net position.

Interest rate risk – The Department has no formal policy to limit its exposure to fair value losses due to rising interest rates.

NOTE 3: DEPOSITS, INVESTMENTS, AND INVESTMENT INCOME (Continued)

Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Provisions of debt agreements require the investments by the Department be rated no less than Aa by Moody's Investors Service and AA by Standard and Poor's Investor Service. There were no such investments at December 31, 2016 and 2015.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. There were no such investments at December 31, 2016 and 2015.

Concentration of credit risk – The Department places no limit on the amount that may be invested in any one issuer. The Department had amounts deposited in common trust and money market funds totaling $2,680,415 and $5,207,013 which are included in cash, hydro maintenance fund and restricted cash at December 31, 2016 and 2015, respectively.

Total investment return for the years ended December 31, 2016 and 2015 is comprised of the following:

	2016	2015
Interest and investment income	90,429	206,194
Net unrealized gains (losses) reported at fair value	-	-
	90,429	206,194

NOTE 4: PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at December 31, 2016 and 2015, respectively:

	2015	Additions	Transfers	Disposals	2016
Land	$ 2,032,960	$ -	$ -	$ -	$ 2,032,960
Plant and Equipment	258,365,256	1,251,176	17,867,890	(1,215,820)	276,268,502
Construction in Process	12,784,837	8,734,193	(17,867,890)	-	3,651,140
	273,183,053	9,985,369	-	(1,215,820)	281,952,602
Less: Accumulated Depreciation	(135,994,198)	(9,127,032)	-	1,043,579	(144,077,651)
	$ 137,188,855	$ 858,337	$ -	$ (172,241)	$ 137,874,951

	2014	Additions	Transfers	Disposals	2015
Land	$ 2,032,960	$ -	$ -	$ -	$ 2,032,960
Plant and Equipment	240,714,851	953,164	17,683,882	(986,641)	258,365,256
Construction in Process	17,789,674	12,679,045	(17,683,882)	-	12,784,837
	260,537,485	13,632,209	-	(986,641)	273,183,053
Less: Accumulated Depreciation	(128,516,390)	(8,225,810)	-	748,002	(135,994,198)
	$ 132,021,095	$ 5,406,399	$ -	$ (238,639)	$ 137,188,855

NOTE 4: PROPERTY, PLANT, AND EQUIPMENT (Continued)

The Department allocates a portion of total depreciation expense across to various operating expense accounts. The amount of depreciation expense that was allocated as of December 31, 2016 and 2015 was $578,440 and $494,149, respectively.

NOTE 5: LONG-TERM DEBT

On May 1, 2011, the Department issued $16,000,000 revenue bonds. The interest rate on the Series 2011 Revenue bonds is 5.1%. Annual sinking fund payments sufficient to redeem principal plus interest at rates ranging from 2.3% to 5.1% are required; redeemable at the City of North Little Rock, Arkansas' option, as a whole or in part, at 100% of the principal amount plus accrued interest at any date on 45 days' notice. On November 1, 2016 the Department placed the remaining bond proceeds from the Series 2011 bonds into an escrow account. This move allows for the Department to save money by choosing advance refunding of the bonds. An advance refunding takes advantage of current market conditions by issuing bonds now. The bond proceeds will remain in the escrow account until they can be optionally redeemed on May 1, 2018.

On June 1, 2012, the Department issued bonds totaling $55,780,000. The interest rates on the Series 2012A, 2012B, and 2012C Revenue bonds range between 3.0% and 5.0%. Annual sinking fund payments sufficient to redeem principal plus interest at rates ranging from 2.6% to 5.0% are required; redeemable at the City of North Little Rock, Arkansas' option, as a whole or in part, at 100% of the principal amount plus accrued interest at any date on 30 days' notice. The 2012A and 2012B bonds were issued for the refunding of the 1992, 1997 and 2009 Series bonds and to provide $7,000,000 for capital improvements. The 2012C bonds were issued to finance working capital of $10,185,000 for the Department. On August 1, 2016 the Department redeemed the 2012C bonds with excess reserves in order to reduce annual debt payments of approximately $1,480,000.

On November 1, 2016, the Department issued a Series 2016 refunding revenue bond totaling $13,850,000. Principal on the Bond shall be paid annually, on a graduated basis, on May 1 of each year, commencing May 1, 2017 with the final payment due May 1, 2031. The weighted average maturity of the Bond shall not exceed 8.5 years. The Bond shall bear interest at a fixed rate per annum for 96 months equivalent to 2.47% and at a fixed rate per annum equivalent to 2.57% for the remaining 78 months. Interest will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2017. The bond proceeds of the Series 2016 bond will be invested until the optional redemption date of the Series 2011 bonds.

As a result of this refunding, $3,313,567 of deferred bond issuance costs was recognized and amortized over the remaining life of the old bonds. As of December 31, 2016 and 2015, $708,663 and $0, respectively, remained in deferred bond costs and is reported as a deferred outflow of resources.

The following is a summary of the bonds payable activity for the years ended December 31, 2016 and 2015, respectively:

2015	Additions	Retirements	2016
$ 60,115,000	$ 13,550,000	$ (28,010,000)	$ 45,655,000

2014	Additions	Retirements	2015
$ 65,790,000	$ -	$ (5,675,000)	$ 60,115,000

NOTE 5: LONG-TERM DEBT (Continued)

Aggregate payments of the bonds outstanding are as follows for the years ending December 31:

	Series 2012	Series 2016	Total
Principal:			
2017	$ 4,000,000	$ 295,000	$ 4,295,000
2018	4,095,000	815,000	4,910,000
2019	4,195,000	840,000	5,035,000
2020	4,305,000	855,000	5,160,000
2021	4,445,000	880,000	5,325,000
2022-2026	10,770,000	4,755,000	15,525,000
2027-2031	-	5,405,000	5,405,000
Thereafter	-	-	-
	$ 31,810,000	$ 13,845,000	$ 45,655,000

	Series 2012	Series 2016	Total
Interest:			
2017	$ 1,037,009	$ 342,997	$ 1,380,006
2018	948,016	329,044	1,277,060
2019	845,293	308,319	1,153,612
2020	733,609	287,909	1,021,518
2021	600,386	265,366	865,752
2022-2026	944,912	993,294	1,938,206
2027-2031	-	359,385	359,385
Thereafter	-	-	-
	$ 5,109,225	$ 2,886,314	$ 7,995,539

The City of North Little Rock, Arkansas will maintain rates sufficient to produce net revenues equal to at least 125% of the annual debt service. Net revenues are defined as all revenues derived from operations of the electric system, including profits from all funds maintained under bond indenture except the project fund, less extraordinary income items and after reduction for normal operating expenses (exclusive of depreciation and noncash items and interest expense). For the years ended December 31, 2016 and 2015, the Department was in compliance with this covenant.

All revenues derived from the operation of the Department shall be deposited in the Revenue Bond Fund. Revenues deposited shall be expended into the following funds in the following order of priorities: Operation and Maintenance Fund, Revenue Bond Fund, and Surplus Fund.

NOTE 6: NON-UNIFORMED EMPLOYEES RETIREMENT PLAN

The Department implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB 68*. The provisions of these statements were effective for financial statements for fiscal years beginning after June 15, 2014. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Plan Description

All full-time employees of the Department are participants of "The Retirement System of the City of North Little Rock" (the "Non-uniformed Plan") defined benefit plan. The provisions of the Non-uniformed Plan call for employee contributions of 4% of gross earnings to be paid through payroll withholdings. Each month, the Department contributes 6% of each employee's monthly compensation.

The Non-uniformed Plan is a single-employer, defined benefit plan established under Arkansas state law. The Non-uniformed Plan assets are administered by an independent fiduciary agent, but governed by a Board of Trustees. The Non-uniformed Plan provides retirement, disability, and survivor benefits to all regular, full time, non-uniformed employees of the Department. The amount of benefits to be paid to any participant depends solely on amounts contributed to the plan plus investment earnings.

Benefits Provided

The Non-uniformed Plan provides retirement, disability and death benefits to plan members. Retirement benefits are determined as a percentage of the member's Final Average Earnings.

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

- At age 65
- At age 62 with 5 years of service

Members may retire with a reduced benefit at age 55 with at least 10 years of service.

Members are eligible for disability benefits at age 50 with 10 years of service.

Death benefits are paid to a surviving spouse based upon age and length of service.

Contributions

For the Non-uniformed Plan as a whole, it is the actuary's opinion that the city and member contributions of 10% as required by the Non-uniformed Plan are not expected to be sufficient to finance the cost of benefits earned by members during the year. The recommended contribution level for the 2017 Plan Year for the City as a whole is 19.45%. For 2016, the Department's contributions to the Plan were $334,398.

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

The Plan's collective net pension liability of $26,254,064 was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Each component unit's proportion of the net pension liability was based on the component unit's share of contributions to the pension plan relative to the total contributions of all participating component units.

NOTE 6: NON-UNIFORMED EMPLOYEES RETIREMENT PLAN (Continued)

At December 31, 2016, the Department's proportion was 25.4% and the Department recorded a liability of $6,668,532 for its proportionate share of the net pension liability.

For the year ended December 31, 2016, the Department recognized pension expense of $711,332. At December 31, 2016, the Department reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ 127,633
Changes of actuarial assumptions	923,279	(1,823,945)
Changes in proportion	-	(56,995)
Net difference between projected and actual earnings onpension plan investments	861,527	-
	$ 1,784,806	$ (1,753,307)

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

2017	2018	2019	2020	2021	Thereafter
$ 132,952	$ 132,952	$ 132,952	$ (103,726)	$ (141,599)	$ -

NOTE 6: NON-UNIFORMED EMPLOYEES RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Pay
Remaining Amortization Period	15 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.5%
Salary Increases	4.0% Annually
Mortality Table	Based on the Retirement Plans 2014 Mortality Table
Average Service Life of All Members	11.26 years

Cost of Living Adjustment (COLA)

The plan does not provide cost of living adjustments (COLA), and none are anticipated or included in these calculations.

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	40%	2.25%
Domestic Equity	40%	4.75%
Foreign Equity	12%	6.25%
Alternatives	4%	4.50%
Cash	4%	0.25%
Total	100%	
Expected Inflation		2.50%

NOTE 6: NON-UNIFORMED EMPLOYEES RETIREMENT PLAN (Continued)

Single Discount Rate

A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was not available to make all projected future benefit payments of current plan members. Therefore, the calculated single discount rate calculated was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department's Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
The Department's proportionate share of the net pension liability	$ 9,478,036	$ 6,668,532	$ 4,427,773

The Funding Policy of the City of North Little Rock (City) was to contribute the 6% of payroll as that is defined in the plan document. During the October 2016 City Council meeting, the City agreed to increase the contribution rate to 9% with an annual review in the future. There will be a plan amendment to make this change in contribution rate effective as of January 1, 2017 and it will be included in the 2017 budget of the City.

NOTE 7: RELATED PARTY TRANSACTIONS

The Utilities Accounting Department of the City of North Little Rock, Arkansas, under the direction of the Department of Finance of the City, performs customer billing, collection services and accounts receivable recordkeeping for the Department. The Utilities Accounting Department charges the Department for this service based on the number of bills rendered. Charges for services totaled approximately $2,300,000 each year for the years ended December 31, 2016 and 2015.

Service deposits for Department customers are collected and maintained by the Utilities Accounting Department. Interest earnings on deposit funds invested are recorded by the Department and reflected in these financial statements.

Charges by the Department to the North Little Rock Street Department for the electricity usage amounted to approximately $120,000 for the years ended December 31, 2016 and 2015.

NOTE 8: LITIGATION

In the normal course of business, the Department is, from time to time, subject to allegations that may or do result in litigation. The Department evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any. Based on management's evaluation, no amounts were accrued for expected losses as of December 31, 2016 and 2015. Events could occur that would cause the estimate of the ultimate loss to differ materially in the near term.

NOTE 9: OTHER POST-EMPLOYMENT BENEFIT PLAN

Department employees participate in another post-employment benefit plan (the "OPEB Plan") sponsored by the City of North Little Rock, Arkansas. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* ("GASB 45") requires that employers providing post-employment benefits other than pensions record and disclose annual other post-employment benefit ("OPEB") cost and a net OPEB obligation in their financial statements and disclose other information about their OPEB plans, including the unfunded actuarial liability ("UAAL").

The OPEB Plan allows employees to continue health insurance coverage beyond retirement. Although retirees are required to pay 100% of the group premium for continued coverage, the higher the cost of covering retirees results in a subsidy to those retirees, which is reflected in the recorded OPEB cost.

Based on an actuarial valuation performed as of January 1, 2017, the Department recorded OPEB cost of $20,286 for 2016; $16,105 for 2015; and $38,343 for 2014. The net OPEB obligation was $267,305, $247,019, and $230,914 as of December 31, 2016, December 31, 2015, and December 31, 2014, respectively. The Department's share of the UAAL, which is not recorded in the financial statements, was $238,620 as of the actuarial date of January 1, 2017 and $253,999 as of the actuarial date of January 1, 2015. The UAAL will be included in annual OPEB cost over an amortization period of 30 years. The OPEB obligation and UAAL were computed using a discount rate of 5.5% and healthcare cost inflation rate of 5%. Additional OPEB Plan disclosures, including required supplementary information, required by GASB 45 may be found in the 2016 Comprehensive Annual Financial Report for the City of North Little Rock, Arkansas.

The projection of future benefit payment for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 10: COMMITMENTS

As described below, the City of North Little Rock, Arkansas ("the City") has entered into both long-term and short-term commitments to acquire wholesale electricity for resale to customers by the Department.

The City constructed Murray Hydro in 1989. The City has an agreement with Entergy Arkansas, Inc. ("Entergy") to interconnect Murray Hydro with Entergy's transmission facilities and the City's distribution facilities such that energy generated at Murray can be delivered to customers. The agreement continues as long as the City is authorized to operate the Plant, unless terminated earlier by either party on not less than 60 months advance written notice. Rates are determined based upon agreed-upon formulas, with billings to be made on a monthly basis.

In 2007, the City entered into a power purchase agreement with the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"). Under the agreement, the City is committed to acquire approximately 60 megawatts of generating capacity from PPES, which was constructed near Osceola, Arkansas and began power generation in 2010. The agreement runs through December 31, 2050, but may end prior to that date if the plant is retired, if certain termination provisions apply, or if otherwise agreed to by the parties. Under the agreement, the City will pay its proportionate share of the fixed and variable costs of operating the plant and its share of MJMEUC's administrative and other costs associated with the contract.

During 2012, the City established an adjustable Energy Cost Recovery Rider ("ECR") as a component of its electric rate structure. The ECR is designed to generate increases or decreases in billings to customers depending on increases or decreases in the cost purchasing and providing power to its customers.

In December 2013, the City became a part of the Midcontinent Independent System Operator, Inc. ("MISO") market which provided greater flexibility in the procurement of wholesale electricity, and related services. On October 26, 2015, the City adopted a Risk Management Policy to govern market participation in MISO. On November 23, 2015, the City entered into a resource management agreement with TEA to conduct bilateral and market transactions on behalf of the City. In 2016, the City entered into contracts through TEA for the purchase of 466.5 GWh of energy to be delivered through 2021 for $13.9M, resulting in a unit cost of $29.89/MWh. Although the City's contract with TEA may be terminated on 180 days' notice, all contracts entered by TEA on behalf of the City will remain effective. Quarterly and annual risk management compliance reports are submitted to City Council and are available for public inspection that reflects all transactions of the previous period.

On May 8, 2017, the City entered into an agreement with L'Oreal to interconnect L'Oreal's 1200kw solar facility with the City's distribution system. Through the agreement, the City purchases all energy generated at the City's avoided cost of power, currently calculated at $47.71/MWh. L'Oreal is estimated to produce 1997 MWh of electricity annually resulting in annual City purchases of approximately $95,000. The agreement terminates 25 years after execution.

NOTE 11: FEDERAL CONTRACT REVENUE

In 2015, the Department provided services to the Department of the Army to upgrade an electric substation for $9,712,928. The Department earned and recorded as revenue $2,880,478 for the year ending December 31, 2015. The project was completed in 2015 and no revenue was received for the project in 2016.

SUPPLEMENTARY INFORMATION

	Original and Final Budget	2016 Actual	Actual Over (Under) Budget
Operating revenues:			
Sale of electricity, net of uncollectible accounts	$ 92,500,000	$ 82,798,486	$ (9,701,514)
Operating expenses:			
Purchased electricity	44,760,000	44,277,167	(482,833)
Depreciation	8,704,859	8,548,592	(156,267)
Distribution system maintenance	3,010,000	3,165,791	155,791
Other distribution expenses	3,141,000	3,050,781	(90,219)
Customer records and collection expense	2,600,000	2,435,287	(164,713)
General and administrative	1,360,000	1,238,391	(121,609)
Franchise tax	1,070,000	1,026,244	(43,756)
Operating expenses	1,120,000	1,065,823	(54,177)
Generation plant maintenance	1,100,000	1,139,414	39,414
General plant maintenance	576,000	549,838	(26,162)
Other generation plant expenses	524,000	580,700	56,700
Conservation	305,000	340,930	35,930
Property and liability insurance	420,000	322,477	(97,523)
Regulatory fees	250,000	261,961	11,961
Total operating expenses	68,940,859	68,003,396	(937,463)
Operating income	23,559,141	14,795,090	(8,764,051)
Nonoperating revenues (expenses):			
Interest income	200,000	90,429	(109,571)
Interest expense	(1,972,641)	(1,962,159)	10,482
Other income (expenses)	1,237,000	725,394	(511,606)
Total nonoperating revenues (expenses)	(535,641)	(1,146,336)	(610,695)
Income before transfers out	23,023,500	13,648,754	(9,374,746)
Transfers out	12,000,000	12,000,000	-
Increase (decrease) in net position	11,023,500	1,648,754	(9,374,746)
Net position, beginning of year	119,791,241	119,791,241	-
Net position, end of year	$ 130,814,741	$ 121,439,995	$ (9,374,746)

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Department's proportion of the net pension liability	25.4%	25.9%
Department's proportionate share of the net pension liability	$ 6,668,532	$ 4,825,855
Department's covered-employee payroll	$ 5,583,222	$ 5,076,918
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.44%	95.05%
Plan Fiduciary net position as a percentage of the total pension liability	62.24%	69.11%

*Information for years prior to 2015 is not available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 YEARS*
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015	2014
Actuarially determined contribution	$ 743,127	$ 574,707	$ 562,954
Contributions in relation to the actuarially determined contribution	(334,398)	(304,615)	(309,917)
Contribution deficiency (excess)	408,729	270,092	253,037
Covered-employee payroll	$ 5,583,222	$ 5,076,918	$ 5,169,458
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%

*Information for years prior to 2014 is not available.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of North Little Rock, Arkansas

We have audited, in accordance with the 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 City of North Little Rock Electric Department (the "Department"), a component unit of the City of North Little Rock, Arkansas, as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated July 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 Department'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 Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Craft, Veach & Company

Craft, Veach & Company, PLC
North Little Rock, Arkansas
July 10, 2017

Findings Required to be Reported by *Government Auditing Standards*:

Reference Number	Finding
	None.

Prior year findings required to be reported by *Government Auditing Standards*:

Reference Number	Finding	Status
	None.	