

Comprehensive Annual Financial Report City of Little Rock, Arkansas



**For The Year Ended
December 31, 2011**

With a daunting \$8 million dollar budget shortfall on the horizon, City leaders asked the citizens of Little Rock to support them in their effort to increase an inadequate ½-cent sales tax that had been in place for the past seventeen (17) years. On September 13, 2011, the citizens of Little Rock approved a one (1)-cent sales tax increase that would allow the City to fill critical positions that have remained vacant for many years and would provide Little Rock with the opportunity to move forward with much needed programs and projects. The tax increase, which includes a permanent 5/8-cent operations tax and a 3/8-cent ten (10)-year capital tax, will provide additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities and a new emergency communications system.

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, will meet on a quarterly basis to evaluate the spending of the additional revenue that will come as a result of the recently enacted one (1)-cent sales tax increase.

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**CITY OF LITTLE ROCK,
ARKANSAS**

**FISCAL YEAR ENDED
DECEMBER 31, 2011**

**PREPARED BY:
THE DEPARTMENT OF FINANCE**

**SARA LENEHAN, CPA
DIRECTOR OF FINANCE**

**EMBER STRANGE
COMPTROLLER**

City of Little Rock, Arkansas
Year Ended December 31, 2011

Contents

Introductory Section

Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	x
Organizational Structure.....	xi
List of Elected and Appointed Officials.....	xii

Financial Section

Independent Accountants' Report on Financial Statements and Supplementary Information	1
--	----------

Management's Discussion and Analysis	4
---	----------

Financial Statements

Statement of Net Assets.....	20
Statement of Activities	21
Balance Sheet – Governmental Funds.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	23
Statement of Fund Net Assets – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Assets – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Assets	28
Statement of Net Assets – Discretely Presented Component Units	29
Statement of Activities – Discretely Presented Component Units	30
Notes to Financial Statements	31

City of Little Rock, Arkansas
Year Ended December 31, 2011

Contents (Continued)

Required Supplementary Information

Budgetary Comparison Schedule – General Fund.....	78
Notes to Required Supplementary Information.....	79
Schedules of Employer Contributions.....	80
Schedules of Funding Progress.....	81

Other Supplementary Information

Nonmajor Governmental Funds

Combining Balance Sheet	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
Special Revenue Funds - Nonmajor:	
Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86
Debt Service Funds – Nonmajor:	
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Capital Project Funds – Nonmajor:	
Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Budgetary Comparison Schedule – Street Fund.....	91

City of Little Rock, Arkansas
Year Ended December 31, 2011

Contents (Continued)

Nonmajor Enterprise Funds

Combining Statement of Fund Net Assets	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	93
Combining Statement of Cash Flows	94

Fiduciary Funds

Combining Statement of Fiduciary Net Assets	95
Combining Statement of Changes in Fiduciary Net Assets.....	96
Statement of Changes in Assets and Liabilities – Agency Fund – Court Fund.....	97

Nonmajor Discretely Presented Component Units

Combining Statement of Net Assets.....	98
Combining Statement of Activities	99
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	100
Combining Statement of Cash Flows – Business-Type Activities	101
Combining Statement of Cash Flows – Nonmajor Business-Type Activities.....	102

Statistical Section

Net Assets by Component – Accrual Basis of Accounting	103
Changes in Net Assets – Accrual Basis of Accounting	104
General Governmental Tax Revenues by Source – Accrual Basis of Accounting.....	105
Fund Balances of Governmental Funds – Modified Accrual Basis of Accounting.....	106
Changes in Fund Balances, Governmental Funds	107
General Governmental Tax Revenues by Source – Modified Accrual Basis of Accounting	108
Assessed and Appraised Value of Taxable Property	109
Property Tax Rates and Tax Levies of Direct and Overlapping Governments	110
Principal Sales Taxpayers.....	111
Property Tax Levies and Collections.....	112
Ratios of Outstanding Debt by Type	113

City of Little Rock, Arkansas
Year Ended December 31, 2011

Contents (Continued)

Ratios of General Bonded Debt Outstanding	114
Direct and Overlapping Governmental Activities Debt	115
Legal Debt Margin Information	116
Revenue Bond Coverage	117
Demographic and Economic Statistics	118
Principal Employers	119
Full-time Equivalent City Government Employees by Function	120
Operating Indicators by Function/Program	121
Capital Asset Statistics by Function	122

Other Required Report

Independent Accountants' Report on Compliance With Certain State Acts	123
---	-----

Single Audit Section

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	124
Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	126
Schedule of Expenditures of Federal Awards	128
Schedule of Expenditures of State Awards	130
Schedule of Findings and Questioned Costs	131
Summary Schedule of Prior Audit Findings.....	136

INTRODUCTORY SECTION



City of Little Rock

Bruce T. Moore
City Manager

City Hall, Room 203
500 W. Markham
Little Rock, Arkansas 72201-1427
(501) 371-4510
Fax: (501) 371-4498
www.littlerock.org
citymanager@littlerock.org

June 27, 2012

To the Honorable Mayor, Members of the Board of Directors,
and Citizens of the City of Little Rock:

State Law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. 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, 2011.

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, 2011, 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 accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2011, 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 accountants 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 accountants.

Profile of the Government:

The City of Little Rock, incorporated in 1831, is located in the central part of the State, and is considered to be one of the top growth areas in the State. The City of Little Rock currently occupies a land area of 123 square miles and serves a population of 193,524. 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, appointing committees and hiring both the City Manager and City Attorney. The Mayor's position is full-time and City Board Members are part-time and all are elected on a non-partisan basis. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the various Department Directors.

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 legally 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 all twelve (12) of these legally separate entities 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 City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor 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 no later than December 31st, the close of the City of Little Rock's fiscal 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; however, require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the Board of Director's approval. 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 78 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 91.

Factors Affecting Financial Condition:

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

Local Economy: The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens in the midst of an uncertain, but stabilizing, economic climate.

In December 2011, national unemployment dropped to 8.5% on a seasonally adjusted basis after peaking at 10.1% in 2010, the highest U.S. unemployment rate since 1983. According to the Arkansas Institute for Economic Advancement at the University of Arkansas at Little Rock (UALR), the seasonally adjusted Little Rock metro area unemployment rate was 7% in November 2011, down from 7.5% in October. Unemployment for the City of Little Rock was 6.3% in November. Little Rock had approximately 7,300 unemployed residents during 2011, compared with about 4,700 in 2008, prior to the economic downturn. Little Rock remains a vital employment center, accounting for approximately 53% of all jobs, by place of work, in the Little Rock-North Little Rock metropolitan areas. A large component of the City's workforce is in the areas of health care, education and public administration. These sectors are less vulnerable to national employment trends.

Little Rock's housing markets have felt the boom-bust cycle of recent years; however, they have been less severely affected than the U.S. average. Permits for single-family units decreased to 328 in 2011 from 341 in 2010, still far below the 700-plus permits that occurred annually from 2003-2007; however, there was a significant increase in the number of multi-family units permitted in 2011. For example, the City of Little Rock approved permits for 514 more units during the first half of 2011 than during the full years 2008, 2009, and 2010. The growth in Little Rock's apartment market reflects the City's role as a job center during difficult economic times and the change in demographics. The 2010 Census results show that Little Rock has a higher share of young adults in the twenty (20) – thirty-four (34) age groups at 23.4% than the U.S. average at 20.3%. Young adults are delaying home purchases longer than average

due to economic uncertainty, a factor which affects multi-family housing demand. This trend is expected to continue in 2012. Office construction increased in terms of square footage; however, total commercial square footage permitted decreased in 2011.

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.

In March 2011, Little Rock was recognized as being one of the Top Six (6) Happiest Cities in America. The results were based on a Gallup Poll and released by *Businessinsider.com*, referencing satisfied residents at 91.8% and optimistic residents at 68.6%. Factors included the local employment level, economic growth, and other quality of life issues. In addition, in March 2011, the City of Little Rock was ranked second on the *Forbes.com* list of America's Cleanest Cities. This ranking considered the most recent Environmental Protection Agency data regarding air quality and the toxic release inventory. The ranking is a testament to the strong environmental stewardship among citizens and businesses in the community.

The University of Arkansas at Little Rock (UALR) William H. Bowen School of Law was named among the nation's best value law schools in 2011 in *PreLaw Magazine*. Among the items the magazine rankings take into account are in-state tuition, debt and the percent of graduates employed nine months after graduation, in addition to bar passage. In addition, *U.S. News and World Report* ranked UALR Engineering among the nation's top programs. UALR's program ranks behind only Virginia Military Institute and The Citadel, small military colleges, among public universities in the south and is ranked 60th overall, up from 64th in 2010.

In September 2011, Inman News announced that on-line real estate valuation and search company Zillow ranked Little Rock eighth nationally among metros with the greatest gain in real estate value. Zillow calculated the U.S. metro areas that have experienced the largest gains in home values over the past five (5) years, based on the company's home-value estimates and its Zillow Home Value Index, which is generated from those value estimates. The five (5)-year gains in estimated value ranged from 0.6% to 16.9%, while the estimated gains in dollar value ranged from \$667 to \$21,444. Little Rock's gain was 1.5% and \$1,802.

Forbes named Little Rock America's Sixth Best Mid-Size City for jobs; up from an overall ranking of fifteenth in 2010.

Most recently, in December 2011, the Milken Institute ranked Little Rock America's Nineteenth (19th) Best Performing Metro, jumping from 93rd. Among the ranked categories, Little Rock ranked fifth in one (1)-year wages and salaries growth (2008 – 2009), 12th in one (1)-year relative High Tech GDP growth (2009-2010) and 17th in five (5)-year relative High Tech GDP growth (2005-2010). The Best-Performing Cities Index includes measures of job, wage and technology performance to rank the nation's 200 large metropolitan areas.

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-cent local sales tax in September 2011 that went into effect on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each of the seven (7) Wards to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between ongoing operating needs and capital needs. The five-eighths (5/8)-cent permanent increase in sales tax for operations is reflected in the 2012 adopted budget. The three-eighths (3/8)-cent temporary sales tax for capital projects, which expires in ten (10) years (2021), will be deposited to a new capital projects fund. The tax increase will provide funding for additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new emergency communications system. Primarily due to the passage of the new sales tax, the City's adopted budget for 2012 includes an overall increase in expenditures of 14.7% from the 2011 original budget and an increase of 14.3% from the 2011 final amended budget.

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, will meet on a quarterly basis to evaluate the spending of the additional revenue that will come as a result of the recently enacted one (1)-cent sales tax increase.

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. Prior to 2006, the Board had increased the reserve to \$9,418,000. The Board's goal is to have at least 10% of budgeted General Fund revenues in the reserve. Ten percent of the 2011 General Fund revenue budget is approximately \$13,437,000. Due to increased public safety costs and a slower rate of growth of sales tax collections in the last few years, funds have not been available to increase the reserve since 2006. However, the 2012 General Fund Budget includes a contingency appropriation of \$1,586,000, or 1%, of estimated revenue. Contingency appropriations, which are not utilized during the fiscal year to meet unforeseen needs, will be added to the restricted reserve until the desired level is achieved.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate

growth rate prior to the economic downturn in 2008, revenue growth has not kept pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. The 2010 Budget included a reduction of forty-two (42) full-time positions from prior year staffing levels. The 2011 Budget included the same number of authorized full-time positions as the 2010 Budget. With the passage of the one (1)-cent sales tax increase, the 2012 Budget reflects the addition of fifty-seven (57) positions and includes funding to fill vacant public safety positions, maintain positions previously funded by grants, and fill other Parks and Zoo positions required to maintain accreditation.

The City is appropriating approximately \$5.5 million for children, youth and family programs, including youth employment, skills center funding, and reentry programming in 2012 as part of City's emphasis to foster and enhance youth and community development. 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 is beginning an in-house pilot 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 City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

Major Initiatives: The City of Little Rock was awarded \$8.6 million in Neighborhood Stabilization Funds (NSP2) to eliminate blighted, vacant, foreclosed and abandoned properties in Little Rock. Funds are being utilized for redevelopment and revitalization efforts for 100 properties in the Central High and other targeted neighborhoods. The U.S. Department of Housing and Urban Development (HUD) has given the City of Little Rock the highest grade possible - an A - for its progress in utilizing these grant funds. HUD recently released a report which graded each of the fifty-nine (59) cities across the country that received a portion of the \$1.9 billion dollars in NSP2 funding. The grant stipulated that each city had to spend half of their grant money to acquire and redevelop foreclosed and abandoned properties by February 11, 2012. The City of Little Rock reached that benchmark in December, 2011.

The William J. Clinton Presidential Library and Museum and Heifer International's headquarters in downtown Little Rock anchor the River Market District and generate increased tourism in the City. In addition, other significant attractions in the Riverfront Park and River Market District have recently opened such as the Vogel-Schwartz Sculpture Garden and the Riverfest Walkway and Sturgis Plaza featuring La Petite

Roche, the City of Little Rock's namesake. Other new attractions in the River Market funded by private donations, State grants, and awards under the American Recovery and Reinvestment Act of 2009 include the William E. "Bill" Clark Wetlands Park and a pedestrian/bicycle bridge stretching from the Clinton Center grounds across the Arkansas River. The bridge links downtown attractions in Little Rock and North Little Rock and provides a third Arkansas River crossing along the fourteen (14)-mile River Trail loop. The newest projects were completed in 2011.

In June 2011, ACCESS opened a 6,700 square-foot therapy gym in Little Rock, offering diagnostics, therapy and education to individuals' ages zero (0) – thirty-five (35) with developmental delays and disabilities. This facility will provide ACCESS students and outpatient clients who are diagnosed with autism, feeding disorders, hearing and language impairments, sensory integration disorders and more with speech-language, occupational and physical therapy.

Business expansions in the City include the completion of a \$30 million facility by Welspun in June 2011. The Little Rock plant, Welspun Tubular, is in its third year of operation with more than 600 employees, more than double its 2010 Little Rock workforce. Welspun's total investment in the Little Rock facility, its first large-diameter pipe manufacturing plant in North America, now stands at \$180 million. Its investment in Arkansas is one of the largest in state history. The expansion includes new equipment, land development, additional storage space and over 22,000 feet of rail track that will enable Welspun Tubular to fulfill orders with short notice. Welspun has shipped more than 6.6 million feet of pipe throughout the continent, the equivalent of more than 10,000 rail cars, from its Little Rock plant.

On February 23, 2012, Welspun announced plans to expand again, adding 200 jobs and investing an additional \$100 million in its Little Rock Port facility, bringing the total investment to \$280 million. Pipe produced by Welspun is primarily used in the gas and oil industry. Through this expansion, Welspun will increase their product line of steel pipes to include the production of six (6)-inch to twenty (20)-inch ERW steel pipes.

Southwest Power Pool, Inc., an organization that provides services to sixty-five (65) members in the electricity utility industry in nine (9) states, recently unveiled a new \$62 million headquarters campus in Little Rock. The company, located at 16100 Pride Valley in West Little Rock, will consolidate three (3) central Arkansas locations into a single, twenty (20)-acre headquarters campus. The campus contains a 34,000 square-foot control center, a 150,000 square-foot administration building and a two (2)-story parking deck. The campus is designed and situated so that the company can add another administration building below the parking deck if future requirements occur. Southwest Power Pool has been hiring for the past three (3) years, and the new campus will allow it to expand from its current 525 employees to approximately 600 employees. It is adding degreed professionals in the engineering, information technology, accounting, legal and business analysis fields.

Little Rock has become a solid market for new apartment construction. Three (3) large multi-family projects under construction in Little Rock and North Little Rock, including The Ridge at Chenal Valley, 312 units; Riverside at Rockwater, 264 units; and phase 2 of John Burkhalter's Fontaine Bleau Apartments, 144 units represent 720 units.

Telecommunications continues to be a strong industry for the City of Little Rock. On April 19, 2012, Windstream Corporation unveiled a new multimillion-dollar data center. The 30,000 square-foot center, located at 15707 Chenal Parkway in Little Rock, provides cloud hosting and business services for clients in Central Arkansas, as well as redundant data storage for other clients across the country. The center's two 2,250-kilowatt generators create enough electricity to power entire neighborhoods. Most of the customers using the center will have business applications that must remain secure and available 24/7. Clients will include mainly financial companies, software service firms, government agencies and hospitals.

Most recently, on May 5, 2012, UALR dedicated its new nanotechnology center. The \$15 million, 50,000 square-foot UALR Center for Integrative Nanotechnology Sciences (CINS) is five (5) levels, and consists of offices, classrooms, conference rooms, labs, cold rooms and a greenhouse. The CINS will serve as a point of collaboration between the State's research universities, specifically the nanotechnology research being conducted at UALR, the University of Arkansas for Medical Sciences, and the system's flagship campus in Fayetteville. Elected officials praised UALR's "investment in the future" citing the center's ability to attract future high-paying jobs to the state, its potential with national security, and its long-term impact on the quality of life through nanotech research being done in the areas of cancer treatment and other health-care applications.

The City, in partnership with the Little Rock Regional Chamber of Commerce, 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. \$38,000,000, or 19.4%, of the revenue anticipated from the new three-eighths (3/8)-cent temporary sales tax for capital projects is dedicated to jobs and economic development over the next ten (10) years. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. The City of Little Rock has received a Certificate of Achievement for twenty-nine (29) years total, except for fiscal years 1997-1999. 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.

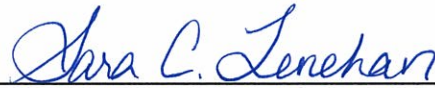
A Certificate of Achievement is valid for a period of one (1)-year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efforts of certain individuals. Comptroller Ember Strange, and the Accounting and Reporting Staff including Alan Bohannon, Donna Facen, Abdoul Kabaou, Nancy Warfield, Anita Worley, and Colleen Young; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grant Staff including Gene Brunner, Debbie Carreiro, and Lottie Keaton, 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 Mayor, the Board of Directors 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,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Department Director

(This Page Intentionally Left Blank)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Little Rock
Arkansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



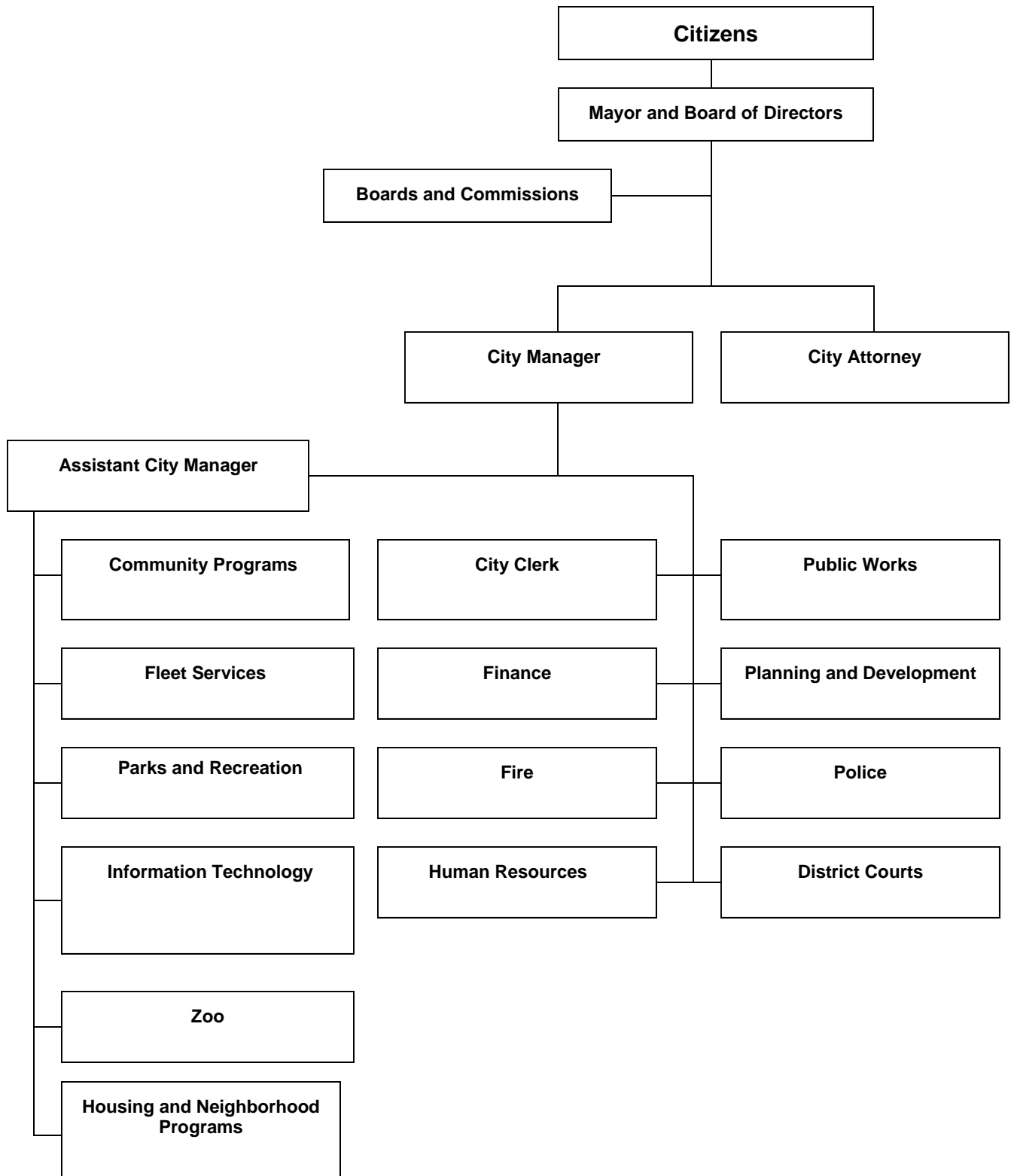
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

City of Little Rock Organizational Chart



Elected Officials:

Mark Stodola	Mayor
Dean Kumpuris	Vice-Mayor, Director – Position 8
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Stacy Hurst	Director – Ward 3
Brad Cazort	Director – Ward 4
Lance Hines	Director – Ward 5
Doris Wright	Director – Ward 6
B. J. Wyrick	Director – Ward 7
Gene Fortson	Director – Position 9
Joan Adcock	Director – Position 10
Alice Lightle	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

(This Page Intentionally Left Blank)

FINANCIAL SECTION

Independent Accountants' Report on Financial Statements and Supplementary Information

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas

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 as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of \$941,770,365 and \$106,238,438, respectively, and represent 88% and 93% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2011 and for the year then ended. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, 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 of material misstatement. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History, 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*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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 of Little Rock, Arkansas as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
Page 2

As discussed in Note 1 to the financial statements, in 2011 the City changed its method of accounting for fund balances in accordance with the Governmental Accounting Standards Board's Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information including the other supplementary information section and schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
Page 3

Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections and schedule of expenditures of state awards listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide an assurance on it.

BKD, LLP

June 27, 2012

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2011

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, 2011. 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

- Total assets of the City exceeded total liabilities at the close of 2011 by \$509,027,534. Of this amount, \$527,090,449 is invested in capital assets, net of related debt, \$28,874,611 is restricted for debt service, grant funds and other special projects, and (\$46,937,526) is considered unrestricted. The unrestricted net assets (deficit) of the City's governmental activities decreased \$5,901,266 to (\$37,574,646) primarily due to an increase in the net pension obligation. The unrestricted net assets (deficit) of the City's business-type activities are (\$9,362,880).
- The City's reported total net assets decreased by \$1,132,106 in 2011. Net assets of the governmental activities decreased \$124,805 (0.03% of beginning net assets). Net assets of the business-type activities decreased \$1,007,301 (3.9% of beginning net assets) primarily due to the transfer of debt service savings from the issuance of the Waste Disposal Revenue Bonds – Series 2010, which refunded the Waste Disposal Revenue Bonds – Series 2002, from the Waste Disposal Fund to the General Fund in 2011.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$72,739,961. The combined governmental funds fund balances increased \$1,843,731 from the prior year. The primary components of this change were an increase of approximately \$3.6 million in special revenue funds and an increase of approximately \$2.3 million in debt service funds, partially offset by a decrease of approximately \$4 million in capital project funds. The decreases in capital project funds were primarily due to library improvements and parks and recreation improvements funded by prior year bond issues. Approximately \$10,500,000 of the \$72,739,961 fund balances is considered unassigned at December 31, 2011 and \$46,731,379 is reported as restricted for capital projects or debt service. In addition, \$13,633,301 of the governmental fund balances is nonspendable, representing balances due from other funds and prepaid expenditures. The committed and assigned portions of the fund balances were \$374,900 and \$1,473,304, respectively.
- The General Fund reported fund balance of \$26,008,156 at the end of the current year. Unassigned fund balance for the General Fund was \$10,904,042 or 7.6% of total General Fund expenditures (including transfers out). There was a \$2,964 decrease in the total fund balance for the General Fund for the year ended December 31, 2011.
- The City's total debt decreased by \$16,279,830 (12.8% below 2010) during the current year. The key factors in this decrease were the issuance of \$4,600,000 2011 Short Term Financing Notes, offset by principal payments of \$2,095,000 for revenue bonds, \$14,445,000 for general obligation bonds, and \$4,339,830 for temporary notes.

- At the close of the current year, net assets of fiduciary funds were \$172,189,780 all held in trust for pension and other post-employment benefits. There was a decrease of \$11,068,263 in the total fiduciary net assets held in trust for the year ended December 31, 2011. The decrease in net assets is attributed to contributions to the funds in the amount of \$15,754,466, investment income and a net decrease in the fair value of investments of (\$334,892), benefits paid directly to participants of \$25,947,309, and other investment and administrative expenses of \$540,528.
- The City's component units reported net assets of \$704,902,855 as of December 31, 2011, an increase of \$35,879,006 compared to December 31, 2010.

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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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, a parks and recreation 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 component units:

- Little Rock Wastewater Utility
- Bill and Hillary Clinton National Airport (formerly the Little Rock 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
- Arkansas Museum of Science and History
- Arkansas Arts Center
- Little Rock Workforce Investment 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 33.

The government-wide financial statements can be found on pages 20-21 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-two (22) 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 and the 2004 Bond Fund which are considered to be major funds. Data from the other twenty (20) 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 22-23 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, recreation services, 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, recreation services, vehicle storage, and parking garage operations. The Waste Disposal Fund, Presidential Park Fund, River Market Garage Fund and Zoo Fund are considered to be major enterprise funds of the City. Individual fund data for each nonmajor enterprise fund is provided in the form of *combining statements* elsewhere in the report. The Fleet Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on pages 24-26 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 27–28 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 31–77 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 and the City’s pension information. The City adopts an annual appropriation budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on page 78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 83–97 of this report.

City of Little Rock, Arkansas Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 114,602,510	\$ 111,922,508	\$ 3,367,681	\$ 958,445	\$ 117,970,191	\$ 112,880,953
Noncurrent and other assets	30,988,991	30,347,106	953,754	3,163,841	31,942,745	33,510,947
Capital assets	561,519,330	569,568,447	58,034,233	59,610,165	619,553,563	629,178,612
Total assets	<u>707,110,831</u>	<u>711,838,061</u>	<u>62,355,668</u>	<u>63,732,451</u>	<u>769,466,499</u>	<u>775,570,512</u>
Current liabilities	44,862,825	45,025,820	6,168,064	4,007,153	51,030,889	49,032,973
Long-term liabilities outstanding	178,250,791	182,690,220	31,157,285	33,687,678	209,408,076	216,377,898
Total liabilities	<u>223,113,616</u>	<u>227,716,040</u>	<u>37,325,349</u>	<u>37,694,831</u>	<u>260,438,965</u>	<u>265,410,871</u>
Net assets	<u>\$ 483,997,215</u>	<u>\$ 484,122,020</u>	<u>\$ 25,030,319</u>	<u>\$ 26,037,620</u>	<u>\$ 509,027,534</u>	<u>\$ 510,159,640</u>
Invested in capital assets, net of related debt	\$ 498,370,816	\$ 494,688,762	\$ 28,719,633	\$ 28,680,633	\$ 527,090,449	\$ 523,369,395
Restricted	23,201,045	21,106,638	5,673,566	4,847,683	28,874,611	25,954,321
Unrestricted	(37,574,646)	(31,673,380)	(9,362,880)	(7,490,696)	(46,937,526)	(39,164,076)
Total net assets	<u>\$ 483,997,215</u>	<u>\$ 484,122,020</u>	<u>\$ 25,030,319</u>	<u>\$ 26,037,620</u>	<u>\$ 509,027,534</u>	<u>\$ 510,159,640</u>

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The City’s assets exceeded liabilities by \$509,027,534 at the close of the most recent fiscal year.

The largest portion of the City’s net assets (104%) 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 are 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 used to liquidate these liabilities. An additional portion of the City’s net assets (6%) represents resources that

are subject to restrictions as to how they may be used. The remaining balance of unrestricted (deficit) net assets of (\$46,805,414) is reflective of the growing pension obligation associated with the closed police and fire pension and relief funds.

Revenues	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<i>Program revenues:</i>						
Charges for services	\$ 24,776,865	\$ 24,651,806	\$ 25,788,165	\$ 24,762,463	\$ 50,565,030	\$ 49,414,269
Operating grants and contributions	10,885,382	8,929,758	-	-	10,885,382	8,929,758
Capital grants and contributions	8,151,956	4,592,275	2,072,015	2,112,812	10,223,971	6,705,087
<i>General revenues:</i>						
Property taxes	51,398,592	48,007,574	-	-	51,398,592	48,007,574
Sales taxes	64,964,351	64,137,449	-	-	64,964,351	64,137,449
Utility franchise taxes	29,137,883	29,348,059	-	-	29,137,883	29,348,059
Investment earnings	74,319	129,215	32,106	19,797	106,425	149,012
Intergovernmental revenues	15,293,373	35,189,761	-	-	15,293,373	35,189,761
Other	-	-	-	-	-	-
Total revenues	204,682,721	214,985,897	27,892,286	26,895,072	232,575,007	241,880,969
Expenses						
General government	31,127,397	36,758,227	-	-	31,127,397	36,758,227
Public Works	32,290,725	30,920,716	-	-	32,290,725	30,920,716
Parks and recreation	6,740,682	9,032,115	5,749,852	5,266,787	12,490,534	14,298,902
Public safety	112,036,444	111,015,258	-	-	112,036,444	111,015,258
Education	5,747,801	9,439,254	-	-	5,747,801	9,439,254
Housing and neighborhood programs	10,462,439	8,621,004	-	-	10,462,439	8,621,004
Pinciple on long-term debt	4,339,830	-	-	-	4,339,830	-
Interest on long-term debt	3,222,981	3,849,820	-	-	3,222,981	3,849,820
Agent fees on long-term debt	25,145	12,779	-	-	25,145	12,779
Waste disposal	-	-	13,967,043	14,158,228	13,967,043	14,158,228
Parking system	-	-	1,658,341	1,585,450	1,658,341	1,585,450
Zoo	-	-	5,138,281	4,818,113	5,138,281	4,818,113
Vehicle storage	-	-	1,200,152	1,201,185	1,200,152	1,201,185
Total expenses	205,993,444	209,649,174	27,713,669	27,029,763	233,707,113	236,678,937
Change in net assets before transfers	(1,310,723)	5,336,723	178,617	(134,691)	(1,132,106)	5,202,032
Transfers	1,185,918	88,142	(1,185,918)	(88,142)	-	-
Change in net assets	(124,805)	5,424,865	(1,007,301)	(222,833)	(1,132,106)	5,202,032
Net assets – January 1	484,122,020	478,697,155	26,037,620	26,260,453	510,159,640	504,957,608
Net assets – December 31	\$ 483,997,215	\$ 484,122,020	\$ 25,030,319	\$ 26,037,620	\$ 509,027,534	\$ 510,159,640

Governmental Activities. Governmental activities decreased the City’s net assets by \$124,805. The increase in current assets of \$2,680,002 and the increase in noncurrent assets of \$641,886 were offset by a decrease in net capital assets, current liabilities, and non-current liabilities of \$8,049,117, \$162,995, and \$4,439,429 respectively.

Property tax represents 25% of the City’s governmental revenue in 2011. Sales tax represents 32% of the City’s governmental revenue in 2011. The increase in operating grants and contributions is primarily associated with Neighborhood Stabilization Program 2 (NSP2) grants awarded to the City under the American Recovery and Reinvestment Act. Reimbursements for grant funds expended under this and other housing and community development programs increased approximately \$2.7 million. The increase in capital grants and contributions is primarily associated with federal and state grant funds and donations from the Clinton Foundation for construction of the Clinton Bridge. Intergovernmental revenues decreased approximately \$19.8 million; primarily due to private developer capital contributions in 2010 associated with large street construction projects in west Little Rock.

Current year expenses were 100.6% of current year revenues. The decrease in general government expense is primarily due to the reclassification of principal on long term debt associated with payments on short-term financing notes, which were included in general government expense in prior years. The total in 2011 of \$4,339,830 is listed separately above and compares to approximately \$5.5 million included in general government expense in 2010. The increase in housing and neighborhood program expenses is primarily due to expenditure of grant funds for neighborhood stabilization projects.

Business-type Activities. Business-type activities decreased the City's net assets by \$1,007,301. Key elements of this decrease are as follows:

- Operating loss decreased net assets by \$366,477. Nonoperating expenses, primarily interest expense, decreased net assets by \$1,526,921. Contributions and donations of primarily capital assets increased net assets by \$2,072,015. Net transfers decreased net assets by \$1,185,918.
- Presidential Park net assets decreased by \$469,708. Transfers in from park enterprise funds revenues of \$802,811 were the primary source of revenue. Interest expense on the parks and recreation bonds of \$607,284 was the primary expense.
- Waste Disposal net assets decreased by \$1,300,714. Net income, before net transfers out of \$3,752,205, was \$2,451,491 which was generated primarily by waste disposal and landfill services. The excess transfers out represent one-time savings in debt service costs from issuance of the 2010 Waste Disposal Bonds to refund the 2002 Waste Disposal Bonds. These savings were transferred to the General Fund in 2011.
- River Market Garage operating income of \$746,605 was offset by net nonoperating expense of \$546,101. The primary component of net nonoperating expense was interest.
- Zoo net assets increased by \$1,293,428. Net loss, before net transfers in of \$1,178,857, was \$1,699,126 which was generated primarily by zoo operating expenses. In addition, capital contributions of approximately \$1.8 million increased net assets.
- Other nonmajor enterprise funds operating loss decreased net assets by \$1,575,391. Net transfers in of \$784,885 and capital contributions and donations of \$258,318 partially offset the operating loss resulting in an overall decrease in net assets for nonmajor enterprise funds of \$530,545.

Waste Disposal activities contribute 64% of the operating revenue to the business-type activities. Current year operating expenses for business-type activities were 101% 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, 2011, the City's governmental funds reported combined ending fund balances of \$72,739,961, an increase of \$1,843,731 in comparison with the prior year. Approximately \$46,700,000 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$13,663,301 of the governmental fund balances is *nonspendable*, representing balances due from other funds and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$374,900 and \$1,473,304, respectively. Approximately \$10,500,000 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, 2011, unassigned fund balance of the General Fund was \$10,904,042, while the total fund balance was \$26,008,156. 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 7.6% of total General Fund expenditures (including transfers out), while total fund balance represents 18% of that same amount.

The special revenue funds had total fund balances of \$10,594,451. The net increase in fund balances during 2011 for the funds was \$3,602,840. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to a reduction in expenditures as multi-year special projects and infrastructure projects were completed and an increase in program revenues in the CDBG fund. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 1,022,213	\$ 3,849,865
Special Projects	1,614,955	4,779,850
Infrastructure	(867)	57,862
Emergency 911	0	2,822
CDBG	1,069,239	1,184,797
NHSP	33,268	189,932
HIPP	(113,969)	531,719
Grant	(21,999)	(2,396)

The debt service funds had total fund balances of \$19,641,765. The net increase in fund balances during 2011 for the funds was \$2,271,917. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Revenues for the 2009A Parks and Recreation debt service come from park enterprise revenues. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 540	\$ 19,693
2002 Junior Lien Bonds	(1,194)	20,788
2004 Bond Fund	464,337	11,735,402
2004 Central Arkansas Library	164,183	2,240,369
2008 & 2009 Central Arkansas Library	1,638,913	4,907,781
2009A Parks and Recreation	5,138	717,732

The capital project fund balances decreased by \$4,028,062 to total fund balances at December 31, 2011 of \$16,495,589. In accordance with the terms of the City ordinance for each fund, \$7,738,541 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. The City issued a new short-term financing note in the fourth quarter of 2011 in the amount of \$4.6 million, primarily for the acquisition of fire, street, and waste disposal vehicles and equipment. The net changes and ending fund balances for the capital project funds were:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (53,741)	\$ 978,603
1995 Capital Improvement	(9)	0
1988 Capital Improvement	(165,270)	862,500
Short Term Financing	3,986,475	5,652,966

2004 Capital Improvements	(225,332)	47,863
2008 Central Arkansas Library	(6,377,601)	7,828,258
2009A Parks and Recreation	(1,192,584)	1,125,399

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

Net assets at the end of the year amounted to \$13,406,998, \$758,907, \$158,487, \$8,349,692 and \$2,356,235 for Waste Disposal, Presidential Park, River Market Garage, Zoo and other proprietary funds operations, respectively. Net assets increased in the River Market Garage and Zoo fund by \$238 and \$1,293,428, respectively. Net assets decreased in the Waste Disposal, Presidential Park and other proprietary funds by \$1,300,714, \$469,708 and \$530,545 respectively. Other 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 final amended General Fund budget had total appropriation of \$17,088 less than the original budget. The total original appropriations, including those for transfers out, were \$134,371,418, while the final appropriations were for \$134,354,330. The primary purpose of the budget amendment was to reduce expense appropriations due to declines in revenue associated with the national economic downturn and changes in utility franchise fees. Revenue budget adjustments and actual results are shown below.

**City of Little Rock
General Fund Budget – Revenue**

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$17,245,148	\$150,000	\$17,395,148	\$24,973,554	\$7,578,406	The budget adjustment reflects an increase primarily associated with collection of delinquent accounts. The original budget was based on the annual charge which was only 0.38% above the previous year. Actual results include approximately \$7 million in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. This levy is not included in the General Fund budget. Excluding the special levy, property tax revenues were approximately \$558,000 above budget and 4.1% better than the previous year.
Sales Taxes	65,224,701	(1,304,555)	63,920,146	64,964,351	1,044,205	Sales tax revenues were originally budgeted at a 1.8% growth rate from the previous year. However, sales tax revenues through the first three quarters of the year were very volatile from month to month, averaging a decrease of 0.33% from the previous year. The budget amendment reflects the trend through 09/30/11. Sales tax results in the fourth quarter were much stronger than anticipated, showing signs that consumer confidence in the economy is improving. Year-end revenues exceeded the amended budget by approximately \$1 million, but were still below the original budget by approximately 0.5%.
Licenses & Permits	9,051,195	600,000	9,651,195	9,680,095	28,900	The budget adjustment reflects the tremendous success of a new rental registration program which resulted in the addition of over 10,000 new residential units and generated assessments of approximately \$200,000. In addition, the budget for business license revenues and alcohol permits was adjusted to reflect strong collections through the first three quarters of the year. Actual results were consistent with the amended budget.
Intergovernmental	1,178,000	495,467	1,673,467	3,539,464	1,865,997	The original budget anticipated no change in the State allocation of pension turn back funds. The budget adjustment reflects the increased allocation experienced. Actual results include \$1.865 million in pension insurance turn back revenue collected on behalf of the fire and police pension funds, which is not included in the General Fund budget.

**City of Little Rock
General Fund Budget – Revenue**

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Charges for Services	4,947,900	100,000	5,047,900	4,750,471	(297,429)	The budget adjustment reflects an increase in revenue generated by demand for police reports due to implementation of a new on-line reporting tool. Actual results reflect a decrease in 911 service reimbursements due to a decline in the use of land line telephones and a change in remittance from monthly to quarterly receipts.
Fines & Fees	3,563,220	(245,000)	3,318,220	3,301,547	(16,673)	The budget adjustment reflects a decrease in traffic fines primarily due to a reduction in the number of tickets issued partially associated with vacant police positions. In addition, there were fewer enforcement days in the first quarter of the year associated with winter weather events that closed many schools and businesses. Actual results were consistent with the amended budget.
Franchise Fees	26,902,357	202,000	27,104,357	27,380,049	275,692	The budget adjustment reflects an increase in electric, water and fiber optics franchise fees and a decline in telephone and gas franchise fees. The increases in electric and water fees were associated primarily with increased usage during the hot dry summer. The decline in gas fees were associated with lower natural gas prices included in the rate charged to customers in the first half of the year. Actual results reflect better than anticipated electric and gas revenues in the fourth quarter due to increased usage and minor fuel rate adjustments.
Interest Earnings	11,300	0	11,300	16,750	5,450	Immaterial variance.
Transfers In	3,401,406	0	3,401,406	4,376,406	975,000	Actual revenue includes transfers from the Street Fund and Waste Disposal Fund for special projects including Access Ramps, Board and Secure funding, Demolition, and Weed Lot maintenance. Transfers for special projects are not included in the General Fund budget.
All Other Revenues	<u>846,191</u>	<u>(15,000)</u>	<u>831,191</u>	<u>1,406,692</u>	<u>575,501</u>	Actual revenue includes revenue from police seized property and special projects which are not budgeted.
Total General Fund Revenue	<u>\$ 132,371,418</u>	<u>\$ (17,088)</u>	<u>\$ 132,354,330</u>	<u>\$ 144,389,379</u>	<u>\$ 12,035,049</u>	

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

City of Little Rock General Fund Budget – Expenditures						
	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
General Administration	\$20,217,914	\$(191,354)	\$ 20,026,560	\$ 16,640,332	\$3,386,228	The budget adjustment is primarily associated with vacancy savings and the allocation of vacation and sick leave payouts for retiring employees to other departments. The actual variance includes approximately \$4.3 million in debt service which is included in the general administration budget, but classified separately in actual expenditures below. This is partially offset by \$734,000 in special project expenditures that are budgeted as transfers out. The remainder of the variance is primarily due to an increase in General Fund workers compensation claims and vacation/sick payouts to the high number of retirees at year-end.
Board of Directors	233,632	0	233,632	208,546	25,086	The favorable variance in actual expenditures at year-end is primarily attributed to unspent travel appropriations.
Community Programs	324,459	(50,578)	273,881	2,418,924	(2,145,043)	The budget adjustment reflects savings from maintaining one (1) vacant position throughout the year. The actual variance is primarily associated with the special project expenditure allocation for Children, Youth and Family and Prevention, Intervention, and Treatment programs which are budgeted as transfers out.
City Attorney	1,559,402	(78,458)	1,480,944	1,400,685	80,259	The budget adjustment primarily reflects savings from vacant positions. The actual favorable variance is associated with additional savings in personnel cost.
District Court – First Division	1,299,580	(125,060)	1,174,520	1,130,264	44,256	The budget adjustment reflects savings from maintaining three (3) vacant positions throughout the year. The actual favorable variance includes other employee benefit savings.
District Court – Third Division	526,734	(38,480)	488,254	490,597	(2,343)	The budget adjustment reflects savings from maintaining one (1) vacant position throughout the year.
District Court – Second Division	1,141,280	(24,976)	1,116,304	1,103,153	13,151	The budget adjustment reflects savings from one (1) position that was vacant a portion of the year. The actual favorable variance is associated with savings in supplies and contract expenditures.
Finance	2,548,393	(12,429)	2,535,964	2,502,468	33,496	The budget adjustment reflects savings from vacant positions partially offset by vacation/sick payouts for retiring employees. The actual favorable variance includes additional savings in other employee benefits.
Human Resources	1,337,147	(167,923)	1,169,224	1,197,185	(27,961)	The budget adjustment reflects savings from maintaining three (3) vacant positions for the majority of the year. The actual variance includes special project expenditures that are budgeted as transfers out.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Information Technology	\$3,391,349	\$(339,890)	\$3,051,459	\$2,981,413	\$70,046	The budget adjustment reflects savings from maintaining eight (8) vacant positions for the majority of the year. The actual favorable variance includes additional contract expenditure savings.
Planning & Development	2,256,555	(480,399)	1,776,156	1,749,464	26,692	The budget adjustment reflects savings from maintaining thirteen (13) vacant positions for the majority of the year. The actual favorable variance includes additional employee benefit savings.
Public Works	1,183,187	(154,111)	1,029,076	1,406,487	(377,411)	The budget adjustment reflects savings from maintaining three (3) vacant positions for the majority of the year. The actual variance includes special project expenditures for facility improvements and repairs of approximately \$487,000 that are budgeted as transfers out, partially offset by additional contract and personnel cost savings.
Parks & Recreation	7,179,034	(671,369)	6,507,665	7,062,060	(554,395)	The budget adjustment reflects savings from maintaining eighteen (18) vacant positions for the majority of the year. The unfavorable actual variance includes special project expenditures for youth athletic and summer programs with expenditures of approximately \$490,000 that are budgeted as transfers out. An additional \$65,000 is associated primarily with part-time and overtime cost due to the high number of vacant positions.
Fire	34,059,385	277,203	34,336,588	38,850,899	(4,514,311)	The budget adjustment is associated with a reallocation of the diesel fuel budget to the Police Department, savings from vacant positions, and an additional allocation for vacation/sick payouts for retiring employees. The actual variance is primarily associated with approximately \$4.5 million in contributions to the Fire Pension fund supported by a separate property tax levy and state turn back funds that are not budgeted.
Police	51,455,947	(3,440,616)	48,015,331	53,169,845	(5,154,514)	The budget adjustment is associated with approximately \$3.7 million in savings from over seventy (70) vacant positions for the majority of the year, partially offset by a reallocation of the diesel fuel budget from the Fire Department. The actual variance is associated with approximately \$4.4 million in contributions to the Police Pension fund supported by a separate property tax levy and state turn back funds that are not budgeted. An additional \$550,000 is associated with additional overtime cost incurred due to the high number of vacant positions. The remaining variance is due to the expenditure of Seized Money funds that are not budgeted.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Housing & Neighborhoods	\$4,304,437	\$ (589,398)	\$3,715,039	\$4,230,609	\$(515,570)	The budget adjustment reflects savings from maintaining eighteen (18) vacant positions for the majority of the year. The actual variance is associated with special project allocations for Board and Secure, Weed Lot Maintenance, and Demolition funded by transfers from the Waste Disposal fund. These special projects are not included in the annual General Fund budget.
Debt Service	—	—	—	4,339,830	(4,339,830)	Actual includes principal payments on temporary notes which were budgeted in general administration.
Transfers Out	6,852,983	209,400	7,062,383	3,509,582	3,552,801	The budget adjustment reflects an additional allocation for homelessness outreach special projects. The actual variance includes budgeted transfers to fund various special projects. The actual expenditures for these projects are reflected in the appropriate departments above.
Vacancy Savings	(5,500,000)	5,861,350	361,350	—	361,350	The budget adjustment reflects savings achieved through 9/30/11 by maintaining vacant positions of \$5,453,544, partially offset by an increase to the vacancy requirement of \$1.6 million. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. Actual vacancy savings achieved were approximately \$7.4 million, which exceeded the amended annual budget target of \$7.1 million by approximately \$361,000.
Total General Fund Expenditures	<u>\$ 134,371,418</u>	<u>\$ (17,088)</u>	<u>\$ 134,354,330</u>	<u>\$144,392,343</u>	<u>\$ (10,038,013)</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, 2011, amounts to \$619,553,563 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, and drainage systems. The total decrease in the City’s investment in capital assets for 2011 was 1.5% (a 1.4% decrease for governmental activities and a 2.6% decrease for business-type activities).

City of Little Rock
Capital Assets, net of depreciation

	Governmental Activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 158,349,490	\$ 157,511,268	\$ 19,951,571	\$ 19,951,570	\$ 178,301,061	\$ 177,462,838
Buildings	46,546,445	47,204,776	29,361,235	27,760,482	75,907,680	74,965,258
Improvements other than buildings	9,496,417	7,442,316	4,971,430	5,862,693	14,467,847	13,305,009
Vehicles and equipment	14,055,742	17,736,480	3,478,911	5,222,037	17,534,653	22,958,517
Infrastructure	324,910,972	329,894,703	-	-	324,910,972	329,894,703
Construction in progress	8,160,265	9,778,905	271,086	813,383	8,431,351	10,592,288
Total	\$ 561,519,330	\$ 569,568,447	\$ 58,034,233	\$ 59,610,165	\$ 619,553,563	\$ 629,178,612

Major capital asset events during 2011 included the following:

- Infrastructure additions were \$10,865,942
- Vehicle and equipment additions were \$2,365,120
- Building additions were \$3,568,797
- Construction in progress additions were \$4,875,584
- Land and other improvements additions were \$4,300,993
- Depreciation expense totaled \$27,543,194

The City entered into an agreement with Motorola on December 21, 2011, for the installation of a new 911 communication system. The contract amount is for \$8,725,905. At year end, no expenditures had been incurred in relation to this contract.

Additional information on the City's capital assets can be found in *Note 3* on pages 45-48 of this report.

Long-term Debt. At December 31, 2011, the City, the primary government, had \$111,041,847 of long-term bonds outstanding, including general obligation bonds of \$53,025,000, notes payable of \$8,316,847 and \$49,700,000 of bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Little Rock
General Obligation and Revenue Bonds Outstanding

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds and notes payable	\$ 61,341,847	\$ 75,526,677	\$ -	\$ -	\$ 61,341,847	\$ 75,526,677
Revenue bonds	<u>18,735,000</u>	<u>20,070,000</u>	<u>30,965,000</u>	<u>31,725,000</u>	<u>49,700,000</u>	<u>51,795,000</u>
Total	\$ 80,076,847	\$ 95,596,677	\$ 30,965,000	\$ 31,725,000	\$ 111,041,847	\$ 127,321,677

Total long-term bonds and notes payable outstanding at December 31, 2011 decreased \$16,279,830, a decrease of 12.8%. The net decrease includes the issuance of 2011 short-term financing notes in the amount of \$4,600,000 less bonded debt retirements of \$16,540,000 and short-term financing notes retired in the amount of \$4,339,830.

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investors Service, Inc. are "AA" and "Aa2", respectively. The City's bond ratings are shown in the following table.

	Moody's Investors Service	Standard & Poor's
<u>General Obligation Debt</u>		
2004 Library Refunding and Capital Improvement Bonds	Not Rated	AA
2004 Capital Improvement Bonds	Aa2	AA
2008 Library Capital Improvement Bonds	Not Rated	AA
2009 Library Capital Improvement Bonds	Not Rated	AA
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	BBB+
2002 Capital Improvement Junior Lien	Not Rated	A+
2007 Capital Improvement Revenue Refunding Bonds	Aa3	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	AA-
2009 Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
2010 Waste Disposal Refunding Revenue Bonds	A1	AA-
<u>Discrete Components</u>		
1990 Sewer Revenue	Not Rated	Not Rated
1991 Sewer Revenue	Not Rated	Not Rated
1996 Sewer Revenue	Not Rated	Not Rated
1999 Sewer Revenue	Not Rated	Not Rated
2001 Sewer Revenue	Not Rated	Not Rated
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	Aa3	Not Rated
2007A Sewer Construction Bonds	Aa3	Not Rated
2007C Sewer Construction Bonds	Aa3	AA+
2008 Sewer Revenue	Aa3	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2009B Sewer Revenue	Aa3	Not Rated
1993 A&P Refunding	A2	Not Rated
2003 A&P Refunding	Not Rated	Not Rated
2003 Airport Refunding	A2	A-
1999A Airport Revenue	A2	A-
1999B Airport Revenue	A2	A-
2007 Airport Revenue Refunding and Improvement Bonds	Not Rated	A-

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 bonds at December 31, 2011 of \$53,025,000 are well below the statutory limit of \$745,408,990. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. Outstanding short-term financings at December 31, 2011 of \$8,316,847 are well below the statutory limit of \$186,352,247. Voter approval is not required for short-term financing.

Additional information regarding the City's long-term debt can be found in *Note 4* on pages 49-57 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 2012 budget. With stagnant revenue in many areas due to the lingering effects of the economic downturn, the City considered the impact on its two primary revenue sources: sales tax and franchise fees. The Mayor and

Board of Directors decided that it was important to: 1) put the highest premium on safety for the people of Little Rock and City employees, and 2) adopt a budget designed to promote long-term fiscal stability by creating additional budget reserves. In order to meet the objectives of the 2012 budget, the City recognized the need to increase the local sales tax rate, invest in the City's public safety, infrastructure, economic development, and parks and recreation facilities, and continue its pattern of cost containment. Citizens of Little Rock passed an additional one (1)-cent local sales tax in September 2011 that went into effect on January 1, 2012. Five-eighths (5/8)-cent is a permanent increase for operations and three-eighths (3/8)-cent is a temporary tax for capital projects, which expires in ten (10) years. The total 2012 General Fund budget is \$158,559,815 which reflects an increase of 18% from the original 2011 adopted budget and an increase of 18.01% from the final amended 2011 General Fund budget.

Request for Information

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

Financial Statements

City of Little Rock, Arkansas
Statement of Net Assets
December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,550,070	\$ 6,503,054	\$ 11,053,124	\$ 47,259,798
Investments	2,818,910	3,403,252	6,222,162	20,018,273
Restricted cash and investments – current	11,859,302	3,328,079	15,187,381	7,323,494
Accounts receivable, net of allowance for uncollectible accounts	78,485,912	2,884,490	81,370,402	31,180,751
Interest receivable	-	2,089	2,089	-
Internal balances	12,895,683	(12,895,683)	-	-
Inventories	1,959,064	125,738	2,084,802	2,192,246
Prepaid expenses and other	2,033,569	16,662	2,050,231	7,179,573
Total current assets	114,602,510	3,367,681	117,970,191	115,154,135
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	17,900,515	2,439,098	20,339,613	37,942,172
Investments	24,233,351	893,560	25,126,911	29,940,323
Grants and other receivables	-	-	-	478,191
Interest receivable	38,080	15,689	53,769	46,809
	42,171,946	3,348,347	45,520,293	68,407,495
Less amount required to meet current obligations	11,859,302	3,328,079	15,187,381	7,323,494
Total restricted assets	30,312,644	20,268	30,332,912	61,084,001
Capital assets – non-depreciable	166,509,755	20,222,657	186,732,412	308,198,294
Capital assets – depreciable, net	395,009,575	37,811,576	432,821,151	587,224,659
	561,519,330	58,034,233	619,553,563	895,422,953
Other assets				
Deferred bond issue costs	437,993	933,486	1,371,479	555,491
Net OPEB asset	238,354	-	238,354	-
Other	-	-	-	785,384
Total other assets	676,347	933,486	1,609,833	1,340,875
Total noncurrent assets	592,508,321	58,987,987	651,496,308	957,847,829
Total assets	\$ 707,110,831	\$ 62,355,668	\$ 769,466,499	\$ 1,073,001,964

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 1,840,125	\$ 558,784	\$ 2,398,909	\$ 15,182,261
Accrued wages payable and related liabilities	5,240,525	-	5,240,525	3,031,251
Accrued expenses and other	728,540	9,590	738,130	3,417,702
Accrued interest payable	1,055,958	598,079	1,654,037	-
Compensated absences - current portion	6,700,721	506,510	7,207,231	1,781,515
Notes payable - current portion	3,513,344	-	3,513,344	2,285,000
Bonds payable - current portion	7,290,000	2,730,000	10,020,000	12,117,212
Due to fiduciary funds	7,443,886	-	7,443,886	-
Other current liabilities	-	1,022,894	1,022,894	-
Unearned revenue	11,049,726	742,207	11,791,933	5,559,988
Total current liabilities	44,862,825	6,168,064	51,030,889	43,386,503
Noncurrent liabilities				
Notes payable	4,803,503	-	4,803,503	-
Bonds payable, net of unamortized premium and discount	64,595,123	27,518,087	92,113,210	281,726,235
Net pension obligation	92,853,077	-	92,853,077	-
Compensated absences	14,949,271	608,575	15,557,846	182,790
Other long-term liabilities	1,049,817	3,030,623	4,080,440	42,784,033
Total noncurrent liabilities	178,250,791	31,157,285	209,408,076	324,712,606
Total liabilities	223,113,616	37,325,349	260,438,965	368,099,109
Net Assets (Deficit)				
Invested in capital assets, net of related debt	498,370,816	28,719,633	527,090,449	536,230,129
Restricted - expendable				
Debt service	19,641,765	5,357,038	24,998,803	19,321,056
Developer contribution account	277,662	-	277,662	-
Stormwater retention	305,850	-	305,850	-
Court automation	249,526	-	249,526	-
Grant funds	1,904,052	-	1,904,052	2,225,065
Cable network	374,900	-	374,900	-
Drug abuse	55,243	-	55,243	5,116,676
State acts	392,047	-	392,047	-
Zoo promotions	-	316,528	316,528	-
Passenger facility charges	-	-	-	27,661,055
Library materials	-	-	-	777,476
Art fund	-	-	-	1,338,204
Cemetery maintenance	-	-	-	2,609,758
Total restricted - expendable	23,201,045	5,673,566	28,874,611	59,049,290
Restricted - unexpendable	-	-	-	4,451,102
Unrestricted (deficit)	(37,574,646)	(9,362,880)	(46,937,526)	105,172,334
Total net assets	483,997,215	25,030,319	509,027,534	704,902,855
Total liabilities and net assets	\$ 707,110,831	\$ 62,355,668	\$ 769,466,499	\$ 1,073,001,964

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Units
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 14,885,235	\$ 9,163,924	\$ 1,757,125	\$ 213,695	\$ (3,750,491)	\$ -	\$ (3,750,491)	\$ -
Board of Directors	208,546	-	-	-	(208,546)	-	(208,546)	-
Community programs	2,451,070	36,300	24,475	-	(2,390,295)	-	(2,390,295)	-
City attorney	1,400,685	-	-	-	(1,400,685)	-	(1,400,685)	-
District court - first division (criminal)	1,143,760	471,863	-	-	(671,897)	-	(671,897)	-
District court - second division (traffic)	1,120,611	1,319,703	-	-	199,092	-	199,092	-
District court - third division (environment)	496,769	640,949	-	-	144,180	-	144,180	-
Finance	2,767,056	629,449	-	-	(2,137,607)	-	(2,137,607)	-
Human resource	1,401,425	178,318	-	-	(1,223,107)	-	(1,223,107)	-
Information technology	3,454,687	30,246	-	-	(3,424,441)	-	(3,424,441)	-
Planning and development	1,797,553	1,904,749	22,600	-	129,796	-	129,796	-
Public works	32,290,725	350,298	351,777	7,406,354	(24,182,296)	-	(24,182,296)	-
Parks and recreation services	6,740,682	2,665,666	103	163,000	(3,911,913)	-	(3,911,913)	-
Fire	49,007,470	2,512,542	493,966	135,602	(45,865,360)	-	(45,865,360)	-
Police	63,028,974	3,306,547	1,888,352	-	(57,834,075)	-	(57,834,075)	-
Education	5,747,801	-	-	-	(5,747,801)	-	(5,747,801)	-
Housing and neighborhood programs	10,462,439	1,566,311	6,346,984	233,305	(2,315,839)	-	(2,315,839)	-
Principle on long-term debt	4,339,830	-	-	-	(4,339,830)	-	(4,339,830)	-
Interest expense on long-term debt	3,222,981	-	-	-	(3,222,981)	-	(3,222,981)	-
Agent fees on long-term debt	25,145	-	-	-	(25,145)	-	(25,145)	-
Total governmental activities	<u>205,993,444</u>	<u>24,776,865</u>	<u>10,885,382</u>	<u>8,151,956</u>	<u>(162,179,241)</u>	<u>-</u>	<u>(162,179,241)</u>	<u>-</u>
Business-Type Activities								
Presidential park	1,284,265	-	-	-	(1,284,265)	(1,284,265)	-	-
Waste disposal	13,967,043	16,405,458	-	-	-	2,438,415	2,438,415	-
Rivermarket garage	1,658,341	1,855,989	-	-	-	197,648	197,648	-
River Market	1,085,632	493,906	-	250,000	-	(341,726)	(341,726)	-
Zoo	5,138,281	3,436,370	-	1,813,697	-	111,786	111,786	-
Vehicle storage	1,200,152	1,288,799	-	5,318	-	93,965	93,965	-
Golf courses	2,342,219	1,551,889	-	-	-	(790,330)	(790,330)	-
Fitness center	1,037,736	755,754	-	3,000	-	(278,982)	(278,982)	-
Total business-type activities	<u>27,713,669</u>	<u>25,788,165</u>	<u>-</u>	<u>2,072,015</u>	<u>-</u>	<u>146,511</u>	<u>146,511</u>	<u>-</u>
Total primary government	<u>\$ 233,707,113</u>	<u>\$ 50,565,030</u>	<u>\$ 10,885,382</u>	<u>\$ 10,223,971</u>	<u>\$ (162,179,241)</u>	<u>\$ 146,511</u>	<u>\$ (162,032,730)</u>	<u>\$ -</u>

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 39,827,816	\$ 41,343,263	\$ -	\$ -	-	-	-	1,515,447
National Airport	25,201,284	27,522,515	-	-	-	-	-	2,321,231
All other component units	87,514,031	36,522,578	3,039,488	5,711,331	-	-	-	(42,240,634)
Total component units	<u>\$ 152,543,131</u>	<u>\$ 105,388,356</u>	<u>\$ 3,039,488</u>	<u>\$ 5,711,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,403,956)</u>

General revenues

General property taxes	51,398,592	-	51,398,592	14,823,587
Sales taxes	64,964,351	-	64,964,351	11,036,777
Utility franchise taxes	29,137,883	-	29,137,883	-
Investment income	74,319	32,106	106,425	893,695
Grants and contributions not restricted to specific programs	15,293,373	-	15,293,373	32,181,967
Other	-	-	-	15,346,936
Transfers	1,185,918	(1,185,918)	-	-
Total general revenues and transfers	<u>162,054,436</u>	<u>(1,153,812)</u>	<u>160,900,624</u>	<u>74,282,962</u>
Change in Net Assets	(124,805)	(1,007,301)	(1,132,106)	35,879,006
Net Assets, Beginning of Year	<u>484,122,020</u>	<u>26,037,620</u>	<u>510,159,640</u>	<u>669,023,849</u>
Net Assets, End of Year	<u>\$ 483,997,215</u>	<u>\$ 25,030,319</u>	<u>\$ 509,027,534</u>	<u>\$ 704,902,855</u>

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2011

	General	2004 Bond Fund	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 778,371	\$ 7,195,722	\$ 14,513,932	\$ 22,488,025
Restricted cash	-	-	16,241,209	16,241,209
Investments	272,206	3,854,529	6,422,437	10,549,172
Accounts receivable	44,279,810	12,341,656	18,681,888	75,303,354
Due from other funds	17,059,420	-	-	17,059,420
Interest receivable	884	12,513	24,429	37,826
Inventories	-	-	1,516,362	1,516,362
Prepaid expenditures and other	901,730	-	407,391	1,309,121
	<u>\$ 63,292,421</u>	<u>\$ 23,404,420</u>	<u>\$ 57,807,648</u>	<u>\$ 144,504,489</u>
Total assets	<u>\$ 63,292,421</u>	<u>\$ 23,404,420</u>	<u>\$ 57,807,648</u>	<u>\$ 144,504,489</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 876,313	\$ -	\$ 781,328	\$ 1,657,641
Due to other funds	472,861	-	4,072,606	4,545,467
Accrued wages payable and related liabilities	5,240,525	-	-	5,240,525
Accrued expenditures and other	728,540	-	-	728,540
Deferred revenue	29,966,026	11,669,018	17,957,311	59,592,355
	<u>37,284,265</u>	<u>11,669,018</u>	<u>22,811,245</u>	<u>71,764,528</u>
Total liabilities	<u>37,284,265</u>	<u>11,669,018</u>	<u>22,811,245</u>	<u>71,764,528</u>
Fund Balances				
Nonspendable	13,255,910	-	407,391	13,663,301
Restricted	-	11,735,402	34,995,977	46,731,379
Committed	374,900	-	-	374,900
Assigned	1,473,304	-	-	1,473,304
Unassigned	10,904,042	-	(406,965)	10,497,077
	<u>26,008,156</u>	<u>11,735,402</u>	<u>34,996,403</u>	<u>72,739,961</u>
Total fund balances	<u>26,008,156</u>	<u>11,735,402</u>	<u>34,996,403</u>	<u>72,739,961</u>
	<u>\$ 63,292,421</u>	<u>\$ 23,404,420</u>	<u>\$ 57,807,648</u>	<u>\$ 144,504,489</u>
Total liabilities and fund balances	<u>\$ 63,292,421</u>	<u>\$ 23,404,420</u>	<u>\$ 57,807,648</u>	<u>\$ 144,504,489</u>

See Notes to Financial Statements

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance per statement	72,739,961
Capital assets used in governmental activities are not financial and are not reported in the funds.	560,107,474
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(71,760,000)
Bond issuance premiums	(898,323)
Deferred issuance discounts	773,200
Notes payable	(8,316,847)
Accrued interest payable	(1,055,958)
Net pension obligation	(92,853,077)
Net OPEB asset	238,354
Workers compensation liability	(1,049,816)
Accrued compensated absences	(21,400,822)
Other	(3,542,160)
An 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 assets.	2,472,599
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>48,542,629</u>
	<u><u>\$ 483,997,215</u></u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2011

	General	2004 Bond Fund	Other Governmental Funds	Total
Revenues				
General property taxes	\$ 24,973,554	\$ 11,583,056	\$ 12,068,189	\$ 48,624,799
Sales taxes	64,964,351	-	-	64,964,351
Licenses and permits	9,680,095	-	36,300	9,716,395
Intergovernmental	3,539,464	-	26,474,153	30,013,617
Charges for services	4,750,471	-	2,410,280	7,160,751
Fines and fees	3,301,547	-	1,020,580	4,322,127
Utility franchise taxes	27,380,049	-	1,757,834	29,137,883
Investment income	16,750	19,206	38,363	74,319
Contributions and donations	331,388	-	2,363,499	2,694,887
Miscellaneous	1,075,304	-	3,358,440	4,433,744
Total revenues	140,012,973	11,602,262	49,527,638	201,142,873
Expenditures				
General government				
General administration	16,640,332	-	1,969,181	18,609,513
Board of Directors	208,546	-	-	208,546
Community programs	2,418,924	-	32,146	2,451,070
City attorney	1,400,685	-	-	1,400,685
District court - first division (criminal)	1,130,264	-	-	1,130,264
District court - second division (traffic)	1,103,153	-	9,917	1,113,070
District court - third division (environment)	490,597	-	6,172	496,769
Finance	2,502,468	-	50,056	2,552,524
Human resource	1,197,185	-	122,494	1,319,679
Information technology	2,981,413	-	331,150	3,312,563
Planning and development	1,749,464	-	94,152	1,843,616
Total general government	31,823,031	-	2,615,268	34,438,299
Public works	1,406,487	-	23,220,090	24,626,577
Parks and recreation services	7,062,060	-	2,062,465	9,124,525
Zoo	-	-	277,807	277,807
Fire	38,850,899	-	1,014,410	39,865,309
Police	53,169,845	-	3,647,512	56,817,357
Fleet	-	-	79,141	79,141
Education	-	-	5,747,801	5,747,801
Housing and neighborhood programs	4,230,609	-	7,031,719	11,262,328
Debt Service				
Principal	4,339,830	10,365,000	5,415,000	20,119,830
Interest	-	772,425	2,663,101	3,435,526
Agent fees	-	500	24,645	25,145
Total expenditures	140,882,761	11,137,925	53,798,959	205,819,645
Excess (Deficiency) of Revenues Over (Under) Expenditures	(869,788)	464,337	(4,271,321)	(4,676,772)
Other Financing Sources				
Long-term debt issuance	-	-	4,600,000	4,600,000
Transfers in	4,376,406	-	2,551,375	6,927,781
Transfers out	(3,509,582)	-	(1,497,696)	(5,007,278)
Total other financing sources (uses)	866,824	-	5,653,679	6,520,503
Net Change in Fund Balances	(2,964)	464,337	1,382,358	1,843,731
Fund Balances, Beginning of Year	26,011,120	11,271,065	33,614,045	70,896,230
Fund Balances, End of Year	\$ 26,008,156	\$ 11,735,402	\$ 34,996,403	\$ 72,739,961

See Notes to Financial Statements

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,843,731
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	15,338,963
Capital asset contributions	1,622,207
Depreciation expense	(23,897,713)
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.	1,745,367
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	20,119,830
Expenses that do not require current financial resources (such as interest, litigation, compensated absences, etc.) are not reported as expenses for the funds but are reported as expenses in the statement of activities.	(5,394,319)
Net pension obligation and/or assets do not require current financial resources and are not recorded in governmental funds. However, for government-wide statements, the liabilities and assets are recorded and a corresponding increase/decrease in expense is recognized.	(10,968,776)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net assets of this fund is included in governmental activities in the statement of activities.	<u>(534,095)</u>
Change in net assets of governmental activities	<u>\$ (124,805)</u>

City of Little Rock, Arkansas
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 4,690,492	\$ 539,160	\$ 804,533	\$ 468,869	\$ 6,503,054	\$ 146,326
Investments	-	2,511,830	247,789	426,946	216,687	3,403,252	78,114
Restricted cash and investments - current	505,140	2,183,667	639,272	-	-	3,328,079	-
Accounts receivable	-	2,581,096	297,850	-	5,544	2,884,490	100,552
Accrued interest	-	-	-	1,386	703	2,089	254
Inventories	-	-	-	101,583	24,155	125,738	442,702
Prepaid expenses and other	-	8,888	-	-	7,774	16,662	724,448
Total current assets	505,140	11,975,973	1,724,071	1,334,448	723,732	16,263,364	1,492,396
Noncurrent assets							
Restricted assets							
Cash and cash equivalents	1,920,586	-	518,512	-	-	2,439,098	-
Investments	-	-	893,560	-	-	893,560	-
Accrued interest	6,731	8,154	804	-	-	15,689	-
	1,927,317	8,154	1,412,876	-	-	3,348,347	-
Less amount required to meet current obligations	505,140	2,183,667	639,272	-	-	3,328,079	-
Total restricted assets	1,422,177	(2,175,513)	773,604	-	-	20,268	-
Capital assets							
Land	10,911,566	1,814,495	822,652	1,259,387	5,143,471	19,951,571	275,459
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	-	10,895,701	-
Construction in progress	-	19,084	-	252,002	-	271,086	-
Buildings and improvements	6,452	16,943,602	8,715,040	11,005,485	8,014,465	44,685,044	1,777,880
Vehicles	-	13,110,860	-	415,671	533,610	14,060,141	835,785
Furniture and equipment	-	3,869,900	-	1,223,895	1,410,925	6,504,720	709,088
	10,918,018	46,653,642	9,537,692	14,156,440	15,102,471	96,368,263	3,598,212
Less accumulated depreciation	1,855	29,260,942	1,885,512	2,879,256	4,306,465	38,334,030	2,186,356
Net capital assets	10,916,163	17,392,700	7,652,180	11,277,184	10,796,006	58,034,233	1,411,856
Other assets							
Deferred bond issue costs	225,415	232,813	475,258	-	-	933,486	-
Total other assets	225,415	232,813	475,258	-	-	933,486	-
Total noncurrent assets	12,563,755	15,450,000	8,901,042	11,277,184	10,796,006	58,987,987	1,411,856
Total assets	\$ 13,068,895	\$ 27,425,973	\$ 10,625,113	\$ 12,611,632	\$ 11,519,738	\$ 75,251,351	\$ 2,904,252

See Notes to Financial Statements

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ -	\$ 168,935	\$ -	\$ 240,545	\$ 149,304	\$ 558,784	\$ 182,483
Due to other funds	541,503	-	-	3,727,464	8,626,716	12,895,683	-
Accrued expenses and other	-	8,747	-	843	-	9,590	-
Accrued interest	295,140	53,667	249,272	-	-	598,079	-
Compensated absences - current portion	-	203,713	-	144,990	157,807	506,510	117,124
Bonds payable - current portion	210,000	2,130,000	390,000	-	-	2,730,000	-
Other current liabilities	-	1,022,894	-	-	-	1,022,894	-
Unearned revenue	-	-	681,833	-	60,374	742,207	-
Total current liabilities	1,046,643	3,587,956	1,321,105	4,113,842	8,994,201	19,063,747	299,607
Noncurrent liabilities							
Bonds payable, net of unamortized premium and discount	11,263,345	7,109,221	9,145,521	-	-	27,518,087	-
Compensated absences	-	291,175	-	148,098	169,302	608,575	132,046
Other long-term liabilities	-	3,030,623	-	-	-	3,030,623	-
Total noncurrent liabilities	11,263,345	10,431,019	9,145,521	148,098	169,302	31,157,285	132,046
Total liabilities	12,309,988	14,018,975	10,466,626	4,261,940	9,163,503	50,221,032	431,653
Net Assets							
Invested in capital assets, net of related debt	(331,767)	8,386,294	(1,408,083)	11,277,183	10,796,006	28,719,633	1,411,856
Restricted - expendable							
Debt service	1,764,288	2,429,147	1,163,603	-	-	5,357,038	-
Zoo promotions	-	-	-	316,528	-	316,528	-
Unrestricted (deficit)	(673,614)	2,591,557	402,967	(3,244,019)	(8,439,771)	(9,362,880)	1,060,743
Total net assets	758,907	13,406,998	158,487	8,349,692	2,356,235	25,030,319	2,472,599
Total liabilities and net assets	\$ 13,068,895	\$ 27,425,973	\$ 10,625,113	\$ 12,611,632	\$ 11,519,738	\$ 75,251,351	\$ 2,904,252

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds		
Operating Revenues							
Charges for services	\$ -	\$ 16,375,542	\$ 1,593,046	\$ 3,397,187	\$ 3,989,984	\$ 25,355,759	\$ 10,574,283
Licenses and permits	-	-	262,943	-	21,060	284,003	-
Fines and fees	-	-	-	-	75,299	75,299	-
Miscellaneous	-	29,916	-	39,183	4,005	73,104	7,291
Total operating revenues	-	16,405,458	1,855,989	3,436,370	4,090,348	25,788,165	10,581,574
Operating Expenses							
Salaries, wages and employee benefits	-	4,331,441	-	2,384,382	2,644,892	9,360,715	2,673,454
Supplies and materials	-	1,456,205	229	852,378	323,265	2,632,077	5,699,718
Services	-	2,807,669	73,537	1,202,582	1,897,214	5,981,002	1,802,275
Repairs and maintenance	-	2,537,880	-	215,284	380,950	3,134,114	84,469
Other	642,016	-	785,573	-	5,257	1,432,846	-
Depreciation and amortization	28,559	2,437,468	250,045	483,655	414,161	3,613,888	123,354
Total operating expenses	670,575	13,570,663	1,109,384	5,138,281	5,665,739	26,154,642	10,383,270
Operating Income (Loss)	(670,575)	2,834,795	746,605	(1,701,911)	(1,575,391)	(366,477)	198,304
Nonoperating Revenues (Expenses)							
Interest income	11,746	13,076	2,856	2,785	1,643	32,106	2,186
Interest expense	(607,284)	(391,085)	(547,208)	-	-	(1,545,577)	-
Other, net	(6,406)	(5,295)	(1,749)	-	-	(13,450)	-
Net nonoperating revenues (expenses)	(601,944)	(383,304)	(546,101)	2,785	1,643	(1,526,921)	2,186
Income (Loss) Before Contributions and Transfers	(1,272,519)	2,451,491	200,504	(1,699,126)	(1,573,748)	(1,893,398)	200,490
Contributions	-	-	-	1,813,697	258,318	2,072,015	-
Transfers In	802,811	-	-	1,680,054	1,678,038	4,160,903	-
Transfers Out	-	(3,752,205)	(200,266)	(501,197)	(893,153)	(5,346,821)	(734,585)
	802,811	(3,752,205)	(200,266)	2,992,554	1,043,203	886,097	(734,585)
Changes in Net Assets	(469,708)	(1,300,714)	238	1,293,428	(530,545)	(1,007,301)	(534,095)
Net Assets, Beginning of Year	1,228,615	14,707,712	158,249	7,056,264	2,886,780	26,037,620	3,006,694
Net Assets, End of Year	\$ 758,907	\$ 13,406,998	\$ 158,487	\$ 8,349,692	\$ 2,356,235	\$ 25,030,319	\$ 2,472,599

(This Page Intentionally Left Blank)

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Operating Activities							
Receipts from customers	\$ -	\$ 16,323,609	\$ 1,855,989	\$ 3,397,187	\$ 4,065,322	\$ 25,642,107	\$ 10,495,458
Other receipts	-	29,916	-	39,183	19,733	88,832	7,291
Payments to employees	-	(4,305,296)	-	(2,370,630)	(2,454,185)	(9,130,111)	(2,682,037)
Payments to suppliers	-	(1,456,205)	(171,349)	12,987	(297,090)	(1,911,657)	(5,739,642)
Payments to service providers	-	(2,807,669)	(73,537)	(1,202,582)	(1,926,297)	(6,010,085)	(1,969,048)
Other payments	(159,989)	(2,229,781)	(807,328)	(296,005)	(411,365)	(3,904,468)	(212,544)
Net cash provided by (used in) operating activities	(159,989)	5,554,574	803,775	(419,860)	(1,003,882)	4,774,618	(100,522)
Noncapital Financing Activities							
Transfers from other funds	802,811	-	-	1,680,054	1,678,038	4,160,903	-
Transfers to other funds	-	(3,752,205)	(200,266)	(501,197)	(893,153)	(5,346,821)	(734,585)
Net cash provided by (used in) noncapital financing activities	802,811	(3,752,205)	(200,266)	1,178,857	784,885	(1,185,918)	(734,585)
Capital and Related Financing Activities							
Proceeds from the sale of capital assets	-	25,544	-	-	-	25,544	-
Purchase of capital assets	-	(34,793)	-	(1,895,236)	(47,324)	(1,977,353)	-
Principal paid on long-term debt	(205,000)	(180,000)	(375,000)	-	-	(760,000)	-
Interest paid on long-term debt	(590,280)	(364,938)	(547,208)	-	-	(1,502,426)	-
Capital contributions	-	-	-	1,813,695	258,319	2,072,014	-
Net cash provided by (used in) capital and related financing activities	(795,280)	(554,187)	(922,208)	(81,541)	210,995	(2,142,221)	0
Investing Activities							
Proceeds from sale of investments	102,525	10,228,255	1,305,857	1,396,286	986,697	14,019,620	959,767
Purchase of investments	-	(8,373,232)	(826,008)	(1,423,233)	(722,330)	(11,344,803)	(260,393)
Interest income	11,746	16,802	-	2,793	2,248	33,589	2,186
Net cash provided by (used in) investing activities	114,271	1,871,825	479,849	(24,154)	266,615	2,708,406	701,560
Increase (Decrease) in Cash and Cash Equivalents	(38,187)	3,120,007	159,401	653,302	258,613	4,153,136	(133,547)
Cash and Cash Equivalents, Beginning of Year	1,958,773	1,570,485	898,271	151,231	210,256	4,789,016	279,873
Cash and Cash Equivalents, End of Year	<u>\$ 1,920,586</u>	<u>\$ 4,690,492</u>	<u>\$ 1,057,672</u>	<u>\$ 804,533</u>	<u>\$ 468,869</u>	<u>\$ 8,942,152</u>	<u>\$ 146,326</u>
Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:							
Current assets							
Cash and cash equivalents	\$ -	\$ 4,690,492	\$ 539,160	\$ 804,533	\$ 468,869	\$ 6,503,054	\$ 146,326
Noncurrent assets							
Cash and cash equivalents	1,920,586	-	518,512	-	-	2,439,098	-
	<u>\$ 1,920,586</u>	<u>\$ 4,690,492</u>	<u>\$ 1,057,672</u>	<u>\$ 804,533</u>	<u>\$ 468,869</u>	<u>\$ 8,942,152</u>	<u>\$ 146,326</u>

See Notes to Financial Statements

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to to Net Cash Provided By (Used In) Operating Activities							
Operating income (loss)	\$ (670,575)	\$ 2,834,795	\$ 746,605	\$ (1,701,911)	\$ (1,575,391)	\$ (366,477)	\$ 198,304
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	28,559	2,437,468	250,045	483,655	414,161	3,613,888	123,354
(Gain) loss on disposal of assets	-	-	-	-	(2,510)	(2,510)	1,215
Changes in assets and liabilities							
Receivables, net	(8,630)	(51,932)	(171,120)	713,792	3,707	485,817	(76,963)
Due to/due from other funds, net	541,503	-	-	(80,426)	232,212	693,289	-
Prepaid expenses	-	2,885	-	-	(5,524)	(2,639)	(166,773)
Inventories	-	-	-	(25,546)	(7,195)	(32,741)	(39,924)
Accounts payable	(44,440)	104,471	-	176,821	6,197	243,049	(131,152)
Accrued expenses	-	174,005	(65,774)	13,755	(69,539)	52,447	(8,583)
Bond issue costs	(6,406)	52,882	44,019	-	-	90,495	-
Net cash provided by (used in) operating activities	\$ (159,989)	\$ 5,554,574	\$ 803,775	\$ (419,860)	\$ (1,003,882)	\$ 4,774,618	\$ (100,522)

City of Little Rock, Arkansas
Statement of Fiduciary Net Assets – Fiduciary Funds
December 31, 2011

	<u>Employee Benefit Plans</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 8,035,648	\$ 206,520
Investments		
U. S. Government obligations	4,181,673	-
Equities	51,872,038	-
Mutual funds and other investments	99,408,617	-
Receivables		
Accounts receivable	171,741	21,849
Due from other funds	7,469,848	-
Accrued interest and dividends	1,073,980	-
	<u>1,073,980</u>	<u>-</u>
Total Assets	<u>\$ 172,213,545</u>	<u>\$ 228,369</u>
Liabilities		
Accounts payable	-	28,310
Accrued liabilities	336	200,059
Due to other funds	23,429	-
	<u>23,429</u>	<u>-</u>
Total Liabilities	<u>23,765</u>	<u>\$ 228,369</u>
Net Assets		
Net assets held in trust	<u>\$ 172,189,780</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2011

	Employee Benefit Plans
Additions	
Contributions	
Employer	\$ 3,008,070
Plan members	1,823,992
Property taxes contributed from general fund	7,276,288
State insurance turnback and guarantee fund	1,678,377
Other	1,967,739
	15,754,466
Total contributions	
Investment income (loss)	
Net decrease in fair value of investments	(4,547,147)
Interest and dividends	4,823,589
	276,442
Less investment expense	611,334
	(334,892)
Net investment loss	
Total additions	15,419,574
Deductions	
Benefits paid directly to participants	25,947,309
Administrative expenses	522,727
Other	17,801
	26,487,837
Total deductions	
Change in Net Assets	(11,068,263)
Net Assets Held in Trust, Beginning of Year	183,258,043
Net Assets Held in Trust, End of Year	\$ 172,189,780

City of Little Rock, Arkansas
Statement of Net Assets
Discretely Presented Component Units
December 31, 2011

	Wastewater Utility	National Airport	Other Component Units	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 5,546,257	\$ 24,882,658	\$ 16,830,883	\$ 47,259,798
Investments	-	-	20,018,273	20,018,273
Restricted cash and investments - current	3,933,661	-	3,389,833	7,323,494
Accounts receivable, net of allowance	2,866,015	898,281	27,416,455	31,180,751
Accrued interest receivable	-	-	10,801	10,801
Inventories	1,423,355	-	768,891	2,192,246
Prepaid expenses and other	4,820,240	349,953	1,998,579	7,168,772
Total current assets	<u>18,589,528</u>	<u>26,130,892</u>	<u>70,433,715</u>	<u>115,154,135</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	34,161,356	3,780,816	37,942,172
Investments	15,198,931	3,718,779	11,022,613	29,940,323
Grants and other receivables	-	478,191	-	478,191
Interest receivable	45,108	-	1,701	46,809
	<u>15,244,039</u>	<u>38,358,326</u>	<u>14,805,130</u>	<u>68,407,495</u>
Less amounts required to meet current obligations	<u>3,933,661</u>	<u>-</u>	<u>3,389,833</u>	<u>7,323,494</u>
Total restricted assets	<u>11,310,378</u>	<u>38,358,326</u>	<u>11,415,297</u>	<u>61,084,001</u>
Capital assets				
Land	3,437,291	63,338,628	11,976,260	78,752,179
Construction in progress	170,037,696	47,741,199	11,667,220	229,446,115
Buildings, improvements and other facilities	296,306,960	331,668,976	203,851,263	831,827,199
Vehicles	-	-	38,232,416	38,232,416
Furniture and equipment	42,531,307	12,076,326	32,702,468	87,310,101
Books/AV material	-	-	17,279,788	17,279,788
Other	-	-	3,972,875	3,972,875
	<u>512,313,254</u>	<u>454,825,129</u>	<u>319,682,290</u>	<u>1,286,820,673</u>
Less accumulated depreciation	<u>115,533,397</u>	<u>151,221,701</u>	<u>124,642,622</u>	<u>391,397,720</u>
Net capital assets	<u>396,779,857</u>	<u>303,603,428</u>	<u>195,039,668</u>	<u>895,422,953</u>
Other assets				
Deferred bond issue costs	-	515,340	40,151	555,491
Other	-	-	785,384	785,384
Total other assets	<u>-</u>	<u>515,340</u>	<u>825,535</u>	<u>1,340,875</u>
Total noncurrent assets	<u>408,090,235</u>	<u>342,477,094</u>	<u>207,280,500</u>	<u>957,847,829</u>
Total assets	<u>\$ 426,679,763</u>	<u>\$ 368,607,986</u>	<u>\$ 277,714,215</u>	<u>\$ 1,073,001,964</u>

See Notes to Financial Statements

Liabilities and Net Assets	Wastewater Utility	National Airport	Other Component Units	Total
Current liabilities				
Accounts payable	\$ 5,598,176	\$ 5,134,431	\$ 4,449,654	\$ 15,182,261
Accrued wages payable and related liabilities	257,538	1,165,221	1,608,492	3,031,251
Notes payable - current portion	-	-	2,285,000	2,285,000
Bonds payable - current portion	7,193,658	2,615,000	2,308,554	12,117,212
Compensated absences - current portion	739,704	-	1,041,811	1,781,515
Unearned revenue	-	3,804,565	1,755,423	5,559,988
Accrued expenses and other	-	196,510	3,221,192	3,417,702
Total current liabilities	<u>13,789,076</u>	<u>12,915,727</u>	<u>16,681,700</u>	<u>43,386,503</u>
Noncurrent liabilities				
Bonds payable, net of unamortized premium and discount	249,815,190	21,892,985	10,018,060	281,726,235
Other long term liabilities	-	41,050,467	1,733,566	42,784,033
Compensated absences	30,587	-	152,203	182,790
Total noncurrent liabilities	<u>249,845,777</u>	<u>62,943,452</u>	<u>11,923,377</u>	<u>324,712,606</u>
Total liabilities	<u>263,634,853</u>	<u>75,859,179</u>	<u>28,605,077</u>	<u>368,099,109</u>
Net Assets				
Invested in capital assets, net of related debt	139,771,009	231,881,367	164,577,753	536,230,129
Restricted - expendable	8,799,064	38,183,047	12,067,179	59,049,290
Restricted - nonexpendable	-	-	4,451,102	4,451,102
Unrestricted	14,474,837	22,684,393	68,013,104	105,172,334
Total net assets	<u>163,044,910</u>	<u>292,748,807</u>	<u>249,109,138</u>	<u>704,902,855</u>
Total liabilities and net assets	<u>\$ 426,679,763</u>	<u>\$ 368,607,986</u>	<u>\$ 277,714,215</u>	<u>\$ 1,073,001,964</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 21,096,700	\$ 409,445	\$ 3,039,488	\$ 5,711,331	\$ -	\$ -	\$ (11,936,436)	\$ (11,936,436)
Total governmental activities	21,096,700	409,445	3,039,488	5,711,331	-	-	(11,936,436)	(11,936,436)
Business-type Activities								
Wastewater Utility	39,827,816	41,343,263	-	-	1,515,447	-	-	1,515,447
National Airport	25,201,284	27,522,515	-	-	-	2,321,231	-	2,321,231
Other component units	66,417,331	36,113,133	-	-	-	-	(30,304,198)	(30,304,198)
Total business-type activities	131,446,431	104,978,911	0	0	1,515,447	2,321,231	(30,304,198)	(26,467,520)
Total component units	<u>\$ 152,543,131</u>	<u>\$ 105,388,356</u>	<u>\$ 3,039,488</u>	<u>\$ 5,711,331</u>	1,515,447	2,321,231	(42,240,634)	(38,403,956)
General revenues								
General property taxes					-	-	14,823,587	14,823,587
Sales taxes					-	-	11,036,777	11,036,777
Investment income					417,297	350,194	126,204	893,695
Grants and contributions not restricted to specific programs					1,598,275	8,058,402	22,525,290	32,181,967
Other					1,791,630	5,430,062	8,125,244	15,346,936
Total general revenues and transfers					3,807,202	13,838,658	56,637,102	74,282,962
Change in Net Assets					5,322,649	16,159,889	14,396,468	35,879,006
Net Assets, Beginning of Year					157,722,261	276,588,918	234,712,670	669,023,849
Net Assets, End of Year					<u>\$ 163,044,910</u>	<u>\$ 292,748,807</u>	<u>\$ 249,109,138</u>	<u>\$ 704,902,855</u>

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2011

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

The City of Little Rock, Arkansas (the 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). Enterprise funds and similar component units also apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. 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 defined benefit, defined contribution and other employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

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:

Blended Component Units

Community Development Block Grant Fund (CDBG) – The City Board of Directors acts as the governing body of the CDBG fund. CDBG resources are used primarily for street improvements, housing programs, and various community services that benefit the City.

Waste Disposal Revenue Fund (Waste Disposal) – Waste Disposal is a legally separate fund which has the same governing body as the City. The City has the power to impose its will on Waste Disposal and has a financial benefit or burden relationship with Waste Disposal. Waste Disposal primarily serves the City's solid waste disposal requirements.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Discretely Presented Component Units

Major Component Units:

Little Rock Wastewater Utility (LRWWU) – The City Manager appoints the governing body of LRWWU with City Board approval. LRWWU 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 LRWWU.

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

There were no significant transactions between the major component units and the City or its other component units in 2011.

Other Component Units:

Little Rock Advertising and Promotion Commission (Commission) – The governing body of the Commission is appointed by the Mayor of Little Rock subject to City Board approval. The City has the power to impose its will on the Commission. The Commission acts autonomously and 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 City Manager with City Board approval. The City has the power to impose its will on the LRPA. LRPA independently operates the Port of Little Rock which includes railroad and riverport 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 eight 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 65% of the operating deficit. The City's contributions to CATA are vital to its operations. In addition, 5 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 body 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.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2011

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 which is occupied by the Cemetery. The Cemetery operates the Perpetual Care Fund to invest moneys 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.

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 which is occupied by Mt. Holly. Mt. Holly operates the Perpetual Care Fund to invest moneys 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 Investment Board (LRWIB) – LRWIB 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 LRWIB has a fiscal year end of June 30.

Complete financial statements of the individual component units, except for Mt. Holly Cemetery can be obtained from their respective administrative offices.

Administrative Offices

Little Rock Wastewater Utility
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 Investment Board
300 South University Avenue, Suite D14
Little Rock, Arkansas 72205-5209

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Administrative Offices

Oakland Fraternal Cemetery
2101 Barber Street
Little Rock, Arkansas 72206

Mount Holly Cemetery
1 Sunset Drive
Little Rock, Arkansas 72206

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

The *2004 Bond Fund (debt service fund)* accounts for the accumulation of resources for the payment of principal and interest on the \$70,635,000 limited tax general obligation debt of the City.

The City reports the following major enterprise funds:

The *Presidential Park Fund* accounts for the activities for the site of the William J. Clinton Presidential Library.

The *Waste Disposal Fund*, a blended component unit of the City, 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.

The *Zoo Fund* manages the operations of the zoo and for the purpose of acquiring, renovating, expanding and refurbishing additions and improvements to zoo facilities.

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 for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

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 Funds – The enterprise funds are used to account for the various parks and recreation services funds (golf courses, river market and fitness center) and vehicle storage whose operations are financed primarily or partially through user charges.

Trust Funds – Accounts for assets held in trust for the Policemen's Pension and Relief Fund, Firemen's Pension and Relief Fund, Nonuniformed Employees' Defined Contribution Plan, Nonuniformed Employees' Defined Benefit Pension Plan 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
December 31, 2011

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.

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.

Governmental Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments and Investment Income

All investments in the City's Pension 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 are carried at fair value. Fair value is determined using quoted market prices for all investments other than collateralized mortgage obligations. Fair value of collateralized mortgage obligations is estimated using a published pricing service.

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, 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 fair value at the date of donation.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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

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

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities, business-type activities and component units. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums, discounts and deferred losses on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount. Debt issuance costs are deferred and amortized over the life of the related debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

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 which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. All sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. For governmental activities, the liability for compensated absences are generally liquidated from the general fund.

Deferred Revenue

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$44,855,032 of unearned lease revenue at the National Airport.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Net Assets/Fund Balance

Fund balance of the proprietary funds and net assets of the government-wide financial statements of the City are classified in four components. Net assets invested in capital assets, net of related debt, consist 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. Restricted expendable net assets 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 assets 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 assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, 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.

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 resolution or ordinance of the Board of Directors. Commitments may be changed or lifted only by issuance of a resolution or 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 City Manager. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Stabilization Arrangement

The City has a general fund reserve which was established by City ordinance. The general fund goal is to set aside \$10 million or 10 percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund on or before December 31, 2005, 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 of 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, 2011, the Board's established amount of the reserve is \$9,418,000 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.

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, 2011:

<u>Statement No.</u>	<u>Adoption Required in Fiscal Year</u>
61 The Financial Reporting Entity: Omnibus	2012
63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position	2012
64 Derivative Instruments: Application of Hedge Accounting Termination Provisions	2012
65 Items Previously Reported as Assets and Liabilities	2012
66 Technical Corrections - 2012	2013

Change in Accounting Principles

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting, and Governmental Fund Type Definitions* during 2011. The statement established fund balance classifications that comprise a hierarchy based primarily on the extension which a government is bound to observe constraints imposed upon the use of the resources reports in governmental funds. The implementation of the statement had no effect on beginning fund balances.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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.

At December 31, 2011, none of the City's primary government bank balances were exposed to custodial credit risk. Of the City's component units combined bank balances of \$89,135,631, \$460,000 were uninsured and uncollateralized.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by 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 deposits.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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 trust funds are authorized to also invest in common stocks, investment grade corporate bonds, and other appropriate securities.

At December 31, 2011, the City had the following investments and maturities:

Type	Fair Value	Primary Government			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 19,573,867	\$ 19,573,867	\$ -	\$ -	\$ -
U.S. agencies obligations	21,843,716	7,813,176	14,030,540	-	-
Corporate bonds	6,534,363	1,721,416	4,812,947	-	-
Bond mutual funds	27,096,909	27,096,909	-	-	-
Money market mutual funds	8,625,190	8,625,190	-	-	-
	83,674,045	<u>\$ 64,830,558</u>	<u>\$ 18,843,487</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual funds	75,314,853				
Corporate stocks	<u>38,388,417</u>				
	<u>\$ 197,377,315</u>				

Type	Fair Value	Component Units			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 2,430,684	\$ 2,430,684	\$ -	\$ -	\$ -
U.S. agencies obligations	12,342,467	864,557	517,597	5,038,091	5,922,222
Corporate bonds	6,782,970	3,848,820	1,394,071	635,660	904,419
Money market mutual funds	4,028,271	4,028,271	-	-	-
	25,584,392	<u>\$ 11,172,332</u>	<u>\$ 1,911,668</u>	<u>\$ 5,673,751</u>	<u>\$ 6,826,641</u>
Mutual funds	14,566,560				
Corporate stocks	<u>1,504,058</u>				
	<u>\$ 41,655,010</u>				

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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.

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, 2011, the City’s and its component units’ 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	AAA/Aaa
Corporate Bonds	S&P/Moody’s	B to AAA/B ₃ 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. Excluding fiduciary funds, at December 31, 2011, the City’s investments are fully collateralized or are fully guaranteed by the full faith and credit of the U.S. government. The City’s collateral is held in an account with the Federal Reserve. Monthly “Collateral Reports” are sent to the City’s accounting department.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Summary of Carrying Values

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

	<u>Primary Government</u>	<u>Component Units</u>
Carrying value		
Deposits	\$ 29,068,991	\$ 89,135,631
Investments	<u>197,377,315</u>	<u>41,655,010</u>
	<u>\$ 226,446,306</u>	<u>\$ 130,790,641</u>
Included in the following statements of net assets captions		
Current Assets		
Cash and cash equivalents	\$ 11,053,124	\$ 51,193,459
Short-term investments	6,222,162	6,219,928
Noncurrent Assets		
Restricted cash and investments	45,466,524	50,583,412
Cash and investments – fiduciary funds	<u>163,704,496</u>	<u>22,793,842</u>
	<u>\$ 226,446,306</u>	<u>\$ 130,790,641</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2011, is presented below:

Governmental Activities	Balance December 31, 2010	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2011
Capital Assets, non-depreciable				
Land	\$ 157,511,268	\$ 1,574,541	\$ 736,319	\$ 158,349,490
Construction in progress	9,778,905	4,666,922	6,285,562	8,160,265
Total capital assets, non-depreciable	<u>167,290,173</u>	<u>6,241,463</u>	<u>7,021,881</u>	<u>166,509,755</u>
Capital Assets, depreciable				
Land Improvements	9,152,279	2,700,251	5,698	11,846,832
Infrastructure	712,022,665	10,865,942	-	722,888,607
Buildings	67,334,644	1,176,717	-	68,511,361
Vehicles	37,816,812	1,682	798,429	37,020,065
Equipment	31,985,847	2,260,677	650,309	33,596,215
Total capital assets, depreciable	<u>858,312,247</u>	<u>17,005,269</u>	<u>1,454,436</u>	<u>873,863,080</u>
Less accumulated depreciation				
Land Improvements	1,709,963	640,832	380	2,350,415
Infrastructure	382,127,962	15,849,673	-	397,977,635
Buildings	20,129,868	1,835,048	-	21,964,916
Vehicles	30,184,727	1,928,889	673,066	31,440,550
Equipment	21,881,452	3,766,625	528,089	25,119,988
Total accumulated depreciation	<u>456,033,972</u>	<u>24,021,067</u>	<u>1,201,535</u>	<u>478,853,504</u>
Total capital assets, depreciable, net	<u>402,278,274</u>	<u>(7,015,798)</u>	<u>252,901</u>	<u>395,009,575</u>
Total governmental activities, net	<u>\$ 569,568,447</u>	<u>\$ (774,335)</u>	<u>\$ 7,274,782</u>	<u>\$ 561,519,330</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Business-Type Activities	Balance December 31, 2010	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2011
Capital Assets, non-depreciable				
Land	\$ 19,951,570	\$ 1	\$ -	\$ 19,951,571
Construction in progress	813,383	208,662	750,959	271,086
Total capital assets, non-depreciable	20,764,953	208,663	750,959	20,222,657
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4 and land improvements	17,340,467	26,200	-	17,366,667
Buildings	35,828,074	2,392,080	6,076	38,214,078
Vehicles	14,346,203	-	286,062	14,060,141
Equipment	6,421,882	102,761	19,923	6,504,720
Total capital assets, depreciable	73,936,626	2,521,041	312,061	76,145,606
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4 and land improvements	11,477,774	917,463	-	12,395,237
Buildings	8,067,592	786,422	1,171	8,852,843
Vehicles	11,020,392	1,312,208	259,023	12,073,577
Equipment	4,525,656	506,034	19,317	5,012,373
Total accumulated depreciation, net	35,091,414	3,522,127	279,511	38,334,030
Total capital assets, depreciable	38,845,212	(1,001,086)	32,550	37,811,576
Total business-type activities, net	\$ 59,610,165	\$ (792,423)	\$ 783,509	\$ 58,034,233

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Component Units	Balance December 31, 2010	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2011
Capital Assets, non-depreciable				
Land	\$ 78,100,335	\$ 651,844	\$ -	\$ 78,752,179
Construction in progress	222,617,623	45,041,834	38,213,342	229,446,115
Total capital assets, non-depreciable	<u>300,717,958</u>	<u>45,693,678</u>	<u>38,213,342</u>	<u>308,198,294</u>
Capital Assets, depreciable				
Buildings, improvements and facilities	795,965,134	36,712,163	850,099	831,827,198
Vehicles	39,674,326	1,074,810	2,649,745	38,099,391
Equipment	84,441,028	7,969,385	994,412	91,416,001
Books and audio visual material	15,745,975	1,533,815	-	17,279,790
Total capital assets, depreciable	<u>935,826,463</u>	<u>47,290,173</u>	<u>4,494,256</u>	<u>978,622,380</u>
Less accumulated depreciation	<u>363,583,845</u>	<u>31,394,967</u>	<u>3,581,091</u>	<u>391,397,721</u>
Total capital assets, depreciable, net	<u>572,242,618</u>	<u>15,895,206</u>	<u>913,165</u>	<u>587,224,659</u>
Total component units, net	<u>\$ 872,960,576</u>	<u>\$ 61,588,884</u>	<u>\$ 39,126,507</u>	<u>\$ 895,422,953</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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

Governmental Activities

General government	
Mayor and Board of Directors	\$ 367,872
City manager	173,035
Cable TV	3,385
District court – first division (criminal)	13,496
District court – second division (traffic)	7,541
Finance	257,798
Human resource	81,746
Information technology	293,495
Planning and development	15,045
Fleet services	<u>131,860</u>
Total general government	1,345,273
Public works	16,307,780
Parks and recreation services	1,474,266
Fire	1,935,593
Police	2,775,125
Housing and neighborhood programs	<u>183,030</u>
Total depreciation expense – governmental activities	<u>24,021,067</u>

Business-Type Activities

Presidential park	165
Waste disposal	2,412,245
Second and main parking	220,186
Riverfront park	100,272
Zoo	483,655
Vehicle storage	19,416
Golf courses	92,316
Fitness center	<u>193,872</u>
Total depreciation expense - business-type activities	<u>3,522,127</u>
Total depreciation expense - primary government	<u><u>\$ 27,543,194</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2011, were as follows:

Governmental Activities	Balance December 31, 2010	Increases	Decreases	Balance December 31, 2011	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 20,070,000	\$ -	\$ 1,335,000	\$ 18,735,000	\$ 1,145,000
Less deferred issuance discounts	265,044	-	9,250	255,794	-
Add issuance premiums	2,094	-	299	1,795	-
	<u>19,807,050</u>	<u>-</u>	<u>1,326,049</u>	<u>18,481,001</u>	<u>1,145,000</u>
General obligation bonds	67,470,000	-	14,445,000	53,025,000	6,145,000
Less deferred issuance discounts	553,230	-	35,824	517,406	-
Add issuance premiums	983,810	-	87,282	896,528	-
	<u>67,900,580</u>	<u>-</u>	<u>14,496,458</u>	<u>53,404,122</u>	<u>6,145,000</u>
Bonds payable, net	87,707,630	-	15,822,507	71,885,123	7,290,000
Notes payable	8,056,677	4,600,000	4,339,830	8,316,847	3,513,344
Compensated absences	22,268,779	8,062,524	8,681,311	21,649,992	6,700,721
Net pension obligation	81,884,301	10,968,776	-	92,853,077	-
Other	1,241,203	1,262,846	781,964	1,722,085	672,269
Total governmental activities long-term liabilities	<u>\$ 201,158,590</u>	<u>\$ 24,894,146</u>	<u>\$ 29,625,612</u>	<u>\$ 196,427,124</u>	<u>\$ 18,176,334</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 31,725,000	\$ -	\$ 760,000	\$ 30,965,000	\$ 2,730,000
Less deferred issuance discounts	1,298,580	-	581,667	716,913	-
Add issuance premiums	503,112	-	503,112	-	-
	<u>30,929,532</u>	<u>-</u>	<u>681,445</u>	<u>30,248,087</u>	<u>2,730,000</u>
Bonds payable, net	30,929,532	-	681,445	30,248,087	2,730,000
Compensated absences	1,168,245	459,821	512,981	1,115,085	506,510
Postclosure landfill costs	3,796,837	256,680	-	4,053,517	1,022,894
Total business-type activities long-term liabilities	<u>\$ 35,894,614</u>	<u>\$ 716,501</u>	<u>\$ 1,194,426</u>	<u>\$ 35,416,689</u>	<u>\$ 4,259,404</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Component Units	Balance, December 31, 2010	Increases	Decreases	Balance December 31, 2011	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 10,353,999	\$ -	\$ 1,985,445	\$ 8,368,554	\$ 2,123,554
Add issuance premiums	728,641		144,956	583,685	-
	<u>11,082,640</u>	<u>-</u>	<u>2,130,401</u>	<u>8,952,239</u>	<u>2,123,554</u>
Central Arkansas Library					
Revenue bonds	3,547,500	-	173,125	3,374,375	185,000
Compensated absences	932,084	72,989	-	1,005,073	1,005,073
	<u>4,479,584</u>	<u>72,989</u>	<u>173,125</u>	<u>4,379,448</u>	<u>1,190,073</u>
Little Rock Port Authority					
Compensated absences	214,540	64,032	101,059	177,513	25,310
Postretirement health insurance	59,301		9,738	49,563	4,490
	<u>273,841</u>	<u>64,032</u>	<u>110,797</u>	<u>227,076</u>	<u>29,800</u>
Little Rock Workforce Investment Board					
Compensated absences	5,561	5,867	-	11,428	11,428
Arkansas Arts Center					
Various notes payable	2,338,549	37,254	174,681	2,201,122	2,181,574
Arkansas Museum of Science and History					
Various notes payable	115,400	77,100	77,500	115,000	115,000
National Airport					
Bonds payable					
Revenue bonds	27,030,000	-	2,515,000	24,515,000	2,615,000
Less deferred issuance discounts	343,263	-	58,239	285,024	-
Add issuance premiums	344,265	-	66,256	278,009	-
	<u>27,031,002</u>	<u>-</u>	<u>2,523,017</u>	<u>24,507,985</u>	<u>2,615,000</u>
Other long-term liabilities	48,659,597	-	3,804,565	44,855,032	3,804,565
	<u>72,864,379</u>	<u>-</u>	<u>6,327,582</u>	<u>69,363,017</u>	<u>6,419,565</u>
Wastewater Utility					
Revenue bonds	261,457,242	19,175,878	24,515,760	256,117,360	7,250,023
Add issuance premiums	626,805	594,506	329,826	891,485	(56,365)
Compensated absences	650,353	133,704	13,766	770,291	739,704
	<u>262,119,138</u>	<u>19,904,088</u>	<u>24,859,352</u>	<u>257,779,136</u>	<u>7,933,362</u>
Total component units long-term liabilities	<u>\$ 354,233,768</u>	<u>\$ 20,161,330</u>	<u>\$ 33,853,438</u>	<u>\$ 343,028,466</u>	<u>\$ 20,004,356</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Bonds and notes payable at December 31, 2011, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	2.0% – 4.75%	2039	\$ 127,635,000	\$ 53,025,000
Revenue bonds	2.0% – 5.5 %	2039	24,810,000	18,735,000
Notes payable – short-term financing	3.55% – 6.235 %	2013	16,882,500	8,316,847
Enterprise funds				
Revenue bonds	2.0% – 4.75%	2039	33,945,000	30,965,000

Governmental Activities

2009A Capital Improvement Construction Revenue Bonds – Bonds in the amount of \$7,830,000 were issued for the purposes of acquiring, constructing, equipping, renovating, expanding and refurbishing certain zoo, parks, and recreation facilities of the City. The Series 2009 bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1.

2007 Capital Improvement Revenue Refunding Bonds - Bonds in the amount of \$13,350,000 were issued to finance the advance refunding of the City’s Capital Improvement Revenue Bonds, Series 1998A which was called and paid in full on October 1, 2008, and to pay the cost associated with the issuance of the Series 2007 Bonds. The Series 2007 bonds are not general obligations of the City but are special obligation bonds payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way. Principal payments are due annually on October 1 with final payment scheduled in 2019. Bonds maturing on and after October 1, 2017 are subject to optional redemption prior to maturity in inverse order of maturities in whole. Interest payments are due semiannually on April 1 and October 1.

2004 Limited Tax General Obligation Capital Improvement – Bonds in the amount of \$70,635,000 were issued to finance capital improvements, to fund capitalized interest and to pay the costs of issuance of the bonds. These bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property located within the jurisdictional limits of the City. The tax shall continue until sufficient monies are accumulated to retire the Series 2004 bonds. The special tax collections cannot be used for any purpose other than payment of debt service on the bonds. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1. The bonds are subject to mandatory redemption from surplus tax collections on each April 1, in whole or in part, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

2004A and 2004B Library Improvement and Refunding Bonds – Bonds in the amount of \$25,000,000 were issued to refund the Series 1999B Library Improvement and Refunding Bonds and the Series 2002 Library Improvement Bonds, 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 and to pay the costs of issuance of the bonds. The Series 2004A and Series 2004B bonds are limited obligations of the City, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. Mandatory redemption may occur in the event that excess proceeds exist.

2008 Library Construction and Improvement Bonds – Bonds in the amount of \$4,000,000 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 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. Mandatory redemption may occur in the event that excess proceeds exist.

2009 Library Construction and Improvement Bonds – Bonds in the amount of \$28,000,000 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 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. Mandatory redemption may occur in the event that excess proceeds exist.

2002 Capital Improvement Junior Lien Revenue Bonds – Bonds in the amount of \$3,630,000 were issued to finance the improvements of infrastructure, the costs of issuance and to fund the debt service reserve. The Series 2002 bonds are special obligation bonds of the City, payable solely from the franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City. Principal payments are due annually on October 1 with final payment scheduled in 2018. Interest payments are due semiannually on April 1 and October 1. Bonds maturing on or after October 1, 2012 are subject to optional redemption at the direction of the City. Extraordinary redemption may occur in the event that excess proceeds exist.

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, 2011, the outstanding short-term financing agreements were as follows:

2011 Short-term Financing Note – The \$4,600,000 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$968,859, on December 22, including interest at 1.75%.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2011

2008 Short-term Financing Note – The \$4,991,500 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$1,143,133, on October 9, including interest at 4.69%.

2007 Short-term Financing Note – The \$1,372,000 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$327,793, on July 19, including interest at 6.24%.

2007 Short-term Financing Note – The \$5,919,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$1,321,894, on May 1, including interest at 3.79%.

2006 Short-term Financing Note – The \$6,550,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$1,465,526, on April 25, including interest at 3.86%.

The City also has entered into two loan guarantee commitments with the U.S. Department of Housing and Urban Development (HUD) for the purpose of acquiring, constructing or installing real property to be repaid with Community Development Block Grant (CDBG) funds or related program income. These notes payable with HUD at December 31, 2011, were as follows:

Section 108 Loan – Kramer School (the school) – This \$830,000 promissory note was issued to construct and improve the school. Increasing principal payments due annually on August 1, with interest payments due semi-annually on August 1 and February 1, at a variable interest rate secured by the school and pledged CDBG funds.

Section 108 Loan – Infrastructure – This \$1,240,000 promissory note was issued to construct and improve infrastructure capital assets. Increasing principal payments due annually on August 1, with interest payments due semi-annually on August 1 and February 1, at a variable interest rate secured by pledged CDBG funds.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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

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

Waste Disposal Revenue Bonds - Series 2010 - The \$6,570,000 of bonds were issued to refund the Waste Disposal Revenue Bonds – Series 2002, fund a debt service reserve, and pay expenses of issuing the bonds. The Series 2010 Bonds are special obligations secured by the pledge of and payable from the net revenues derived from the operations of the City’s waste collection and disposal system. Principal payments are due annually on May 1 with final payment scheduled in 2014. Interest payments are due semiannually on May 1 and November 1.

As a result of the refunding, the City reduced its total debt service requirements by \$3,705,559 which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$272,776.

2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B - Bonds in the amount of \$12,120,000 were issued for the purpose of refunding the City’s outstanding Capital Improvement Revenue Bonds (Parks and Recreation Projects) Series 1998A, fund a debt service reserve, fund an operating reserve and pay the costs of issuing the Series 2009B bonds. The Series 2009 bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities and from funds and moneys pledged to the payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

These bonds are secured by Wastewater Utility revenues. These bond funds consist of cash and investments and are classified as unrestricted or restricted assets in the accompanying statement of net assets based on the intended use of the funds.

The 1990, 1991, and 1996 Series Sewer Revenue Bonds are part of \$7,000,000, \$6,000,000, and \$6,000,000 bond issues, respectively. The 1999 Series Sewer Revenue Bonds are a \$12,000,000 series and are subordinate to all previous bond issues. The 2001 Series Sewer Revenue Bonds (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues respectively and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In November 2009, the City issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements. In July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue Bond, to establish a debt service reserve for the Series 2011 Bond, and to pay the cost of issuing the 2011 Sewer Bond.

National Airport

Revenue Bonds

Special Obligation Bonds Dated September 1, 1999 - The \$27,860,000 Special Obligation Bonds dated September 1, 1999, were issued in two series: Series A of \$24,730,000, and Series B of \$3,130,000. The bonds were issued to finance expansion of the terminal building and construction of a parking deck and related facilities and improvements, to fund a debt service reserve, and to pay issuance costs. The bonds are special obligations payable solely from the revenues of the Airport and amounts on deposit in certain accounts established under a master and supplemental indenture. The Series 1999A Term Bonds maturing on November 1, 2016 and 2019, are subject to redemption in part by operation of sinking fund installments beginning November 1, 2015. The Series 1999A Bonds maturing November 1, in the years 2010 through 2014 and 2019 are subject to optional redemption on or after November 1, 2009, and the Series 1999A Bonds maturing on November 1, 2016, are subject to optional redemption on or after November 1, 2006.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Series A principal payments are due annually on November 1. Series B principal payments are due annually on November 1. Interest payments are due semi-annually on May 1 and November 1 of each year.

City of Little Rock, Arkansas, Airport Revenue Refunding Bonds – Series 2003 – The \$7,060,000 Special Obligation Bonds dated July 1, 2003, were issued to currently refund the \$3,540,000 outstanding principal of the City of Little Rock, Arkansas, Airport Revenue Refunding Bonds, Series 1994 and to advance refund the \$4,020,000 outstanding principal of the City of Little Rock, Arkansas, Airport Revenue Refunding Bonds, Series 1995, to fund a debt service reserve and to pay issuance costs. The bonds are special obligations payable solely from net revenues of the Airport and amounts on deposit in certain accounts established under the Master and Supplemental Indentures. The bonds are subject to redemption in part by sinking fund installments beginning November 1, 2008.

Principal payments are due annually on November 1, and interest payments at a rate of 3.20% to 5.00% are due semi-annually on May 1 and November 1 of each year.

City of Little Rock, Arkansas, Airport Revenue Refunding and Improvement Bonds - Series 2007 – The \$12,715,000 Special Obligation Bonds dated January 1, 2007, were issued in two series: Series A for \$3,600,000, and Series B for \$9,115,000, to currently refund \$3,705,000 of the City of Little Rock, Arkansas, Airport Revenue Refunding Bonds, Series 1999, to finance the acquisition of real and personal property and constructing improvements for the Airport, to fund a debt service reserve, and to pay issuance costs. The bonds are special obligations payable solely from net revenues of the Airport and amounts on deposit in certain accounts established under the Master and Supplemental Indentures. The bonds are subject to redemption in part by sinking fund installments beginning November 1, 2015.

Principal payments are due annually on November 1, beginning in 2007, and interest payments at a rate of 4.00% to 5.00% are due semi-annually on May 1 and November 1 of each year, commencing May 1, 2007.

Advertising and Promotion Commission Bonds

Advertising and Promotion Commission Bonds - Series 1993 - The Series 1993 Advertising and Promotion Commission Bonds were issued for the purpose of refinancing the outstanding revenue bonds Series 1986, which had been issued to refinance the original Series 1980 bond issue for the construction of a convention center. Serial bond principal payments are due each August 1 (excluding 2005 through 2006). Interest payments are due each February 1 and August 1.

The serial bonds as presented on the statement of net assets include \$728,641 of unamortized premium. These bonds are collateralized by proceeds of the 2% hotel and gross receipts tax levy.

Advertising and Promotion Commission Bonds - Series 2007B – During 2007, the City of Little Rock Taxable General Revenues Note, Series 2007-B, was issued to finance an HVAC project in the Statehouse Convention Center. The note, in the amount of \$1,372,000, is payable by Little Rock Advertising and Promotion Commission. Principal and interest payments are due in annual installments of \$327,793, with final payment due July 17, 2012.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Central Arkansas Library System

Central Arkansas Library Debt Administration – During 2006, the library obtained a bond totaling \$1,310,000 to expand the Maumelle Public Library. The bond bears interest, payable semiannually, at rates of 4.25% to 4.80% and are due in semiannual installments, which begin March 15, 2007 and continue until 2021. In 2007, the Library issued a 2007 Capital Improvement and Refunding Bond to pay off a previously issued note and assist with the remodeling of the Geyer and Adam building. The bond bears interest at 4.8% and is due in semi-annual installments through September 2027.

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, 2011. Principal and interest are also disclosed for the component units as follows:

Year	Primary Government				Component Units	
	Governmental Activities		Business-Type Activities		Revenue Bonds	
	General Obligation & Revenue Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 7,290,000	\$ 2,954,263	\$ 2,730,000	\$ 1,384,622	\$ 12,208,577	\$ 12,523,250
2013	7,565,000	2,675,390	3,015,000	1,309,711	12,634,601	12,011,358
2014	8,265,000	2,377,441	1,640,000	1,238,791	13,172,476	11,447,497
2015	4,200,000	2,137,091	1,700,000	1,175,687	12,297,397	10,879,536
2016	4,375,000	1,963,605	1,770,000	1,105,122	18,462,624	12,252,582
2017 - 2021	19,655,000	6,886,488	5,380,000	4,211,038	52,929,738	44,097,100
2022 - 2026	11,065,000	3,791,098	5,410,000	3,399,156	45,978,498	34,373,747
2027 - 2031	5,840,000	1,375,057	3,730,000	2,074,443	49,423,280	25,217,198
2032 - 2036	1,715,000	738,788	2,755,000	1,321,925	59,741,223	12,579,370
2037 - 2039	1,790,000	178,200	2,835,000	454,163	15,530,000	804,454
	<u>\$ 71,760,000</u>	<u>\$ 25,077,421</u>	<u>\$ 30,965,000</u>	<u>\$ 17,674,658</u>	<u>\$ 292,378,414</u>	<u>\$ 176,186,092</u>
	Notes Payable				Notes Payable	
	Principal		Interest		Principal	
	Interest				Interest	
2012	\$ 3,513,344	\$ 248,283			\$ 2,316,122	\$ 98,167
2013	1,995,767	116,173			-	-
2014	919,723	49,135			-	-
2015	935,818	33,040			-	-
2016	952,195	16,663			-	-
	<u>\$ 8,316,847</u>	<u>\$ 463,294</u>			<u>\$ 2,316,122</u>	<u>\$ 98,167</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2011, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 17,059,420	\$ 67,671
Emergency 911 fund	-	662,117
CDBG fund	-	721,753
HIPP fund	-	23,180
Grant fund	-	2,581,440
2009A Parks & Recreation CI fund	-	84,116
Governmental Funds to/from Fiduciary Funds		
General fund	-	405,190
Total governmental funds	17,059,420	4,545,467
Proprietary Funds		
River Market	-	2,517,803
Presidential Park	-	541,503
Zoo	-	3,727,464
Vehicle storage	-	863,359
Golf courses	-	5,245,554
Total proprietary funds	-	12,895,683
Fiduciary Funds		
Policemen's pension	3,734,924	9,647
Firemen's pension	3,734,924	13,782
Total fiduciary funds	7,469,848	23,429
Government-Wide		
Governmental Activities	-	7,064,689
Total	\$ 24,529,268	\$ 24,529,268

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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.

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen's and Policemen's Pension Plans. A portion of the amounts receivable by the pension funds from the General Fund are not accrued on the General Fund financial statements as they are not recognizable under the modified accrual basis of accounting because the amounts due to the pension funds are not expected to be liquidated with available expendable resources. However, \$7,064,689 of the amounts receivable by the pension funds from the General fund has been included in the governmental activities statement of net assets as due to fiduciary funds.

Interfund transfers in and transfers out as of December 31, 2011, are as follows:

Interfund Transfers In	Interfund Transfers Out							Totals
	Governmental Funds				Proprietary Funds			
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Rivermarket Garage	Zoo	Other Nonmajor Enterprise Funds	
Governmental Funds								
General	\$ -	\$ 504,335	\$ 543,773	\$ 3,292,054	\$ -	\$ 8,106	\$ 28,138	\$ 4,376,406
Other Nonmajor Governmental Funds	251,490	943,361	190,812	460,151	200,266	187,374	317,921	2,551,375
Proprietary Funds								
Presidential Park	-	-	-	-	-	305,717	497,094	802,811
Zoo	1,680,054	-	-	-	-	-	-	1,680,054
Other Nonmajor Enterprise Funds	1,578,038	50,000	-	-	-	-	50,000	1,678,038
	<u>\$ 3,509,582</u>	<u>\$ 1,497,696</u>	<u>\$ 734,585</u>	<u>\$ 3,752,205</u>	<u>\$ 200,266</u>	<u>\$ 501,197</u>	<u>\$ 893,153</u>	<u>\$ 11,088,684</u>

Transfers are used to fund special projects, meet debt service requirements and subsidize the operating budget of the enterprise funds.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 6: Pension Plans

Pension Trust Funds

Substantially all of the City's employees receive retirement benefits. The City sponsors three single employer defined benefit plans and two defined contribution plans. The City also contributes to the Local Police and Fire Retirement System, a statewide agent multiple-employer defined benefit pension plan. 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.

A. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

B. Membership Information

Membership of each plan consisted of the following at December 31, 2011:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	303	294	96	-	-
Active plan members	-	-	15	758	31
Members on Deferred Retirement Option Plan (DROP)	7	21	-	-	-
Total	<u>310</u>	<u>315</u>	<u>111</u>	<u>758</u>	<u>31</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

C. Financial Information

Separate financial reports are not issued on each plan; however, complete financial information, which has been subjected to auditing procedures, has been included in the supplementary information. The following is the condensed financial information of the pension trust funds:

Statement of Fiduciary Net Assets						
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Contribution Plan	Nonuniformed Benefit Plan	401 (a) Contribution Plan	Health Management Trust Fund
Assets						
Cash and cash equivalents	\$ 876,152	\$ 4,881,790	\$ 1,451,050	\$ 800,301	\$ -	\$ 26,355
Investments	43,471,440	61,397,830	33,848,505	8,353,241	6,883,902	1,507,410
Receivables	4,268,642	4,279,598	9,980	5,337	149,892	2,120
Total assets	<u>48,616,234</u>	<u>70,559,218</u>	<u>35,309,535</u>	<u>9,158,879</u>	<u>7,033,794</u>	<u>1,535,885</u>
Liabilities						
Accrued liabilities	213	123	-	-	-	-
Due to other funds	9,647	13,782	-	-	-	-
Total liabilities	<u>9,860</u>	<u>13,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets						
Net assets held in trust for pension benefits	<u>\$ 48,606,374</u>	<u>\$ 70,545,313</u>	<u>\$ 35,309,535</u>	<u>\$ 9,158,879</u>	<u>\$ 7,033,794</u>	<u>\$ 1,535,885</u>
Statement of Changes in Fiduciary Net Assets						
Additions						
Contributions	\$ 5,137,871	\$ 4,980,122	\$ 2,587,313	\$ 2,405,184	\$ 643,976	\$ -
Net investment income	570,386	(905,255)	219,547	(62,615)	(198,629)	41,674
Total additions	<u>5,708,257</u>	<u>4,074,867</u>	<u>2,806,860</u>	<u>2,342,569</u>	<u>445,347</u>	<u>41,674</u>
Deductions						
Benefits paid directly to participants	9,923,844	10,471,695	3,922,461	1,621,312	7,997	-
Administrative expenses and other	137,569	207,078	180,635	-	-	15,246
Total deductions	<u>10,061,413</u>	<u>10,678,773</u>	<u>4,103,096</u>	<u>1,621,312</u>	<u>7,997</u>	<u>15,246</u>
Change in Net Assets	(4,353,156)	(6,603,906)	(1,296,236)	721,257	437,350	26,428
Net Assets Held in Trust For Pension Benefits, Beginning of Year	<u>52,959,530</u>	<u>77,149,219</u>	<u>36,605,771</u>	<u>8,437,622</u>	<u>6,596,444</u>	<u>1,509,457</u>
Net Assets Held in Trust For Pension Benefits, End of Year	<u>\$ 48,606,374</u>	<u>\$ 70,545,313</u>	<u>\$ 35,309,535</u>	<u>\$ 9,158,879</u>	<u>\$ 7,033,794</u>	<u>\$ 1,535,885</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

D. Plan Descriptions and Funding Information

The ***Policemen's Pension and Relief Fund (Policemen's Fund)*** is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #16, as amended. Policemen's Fund assets are administered by a Board of Trustees.

The Policemen's Fund 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 Policemen's Fund 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 Deferred Retirement Option Plan (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 Policemen's Fund is effectively closed to new members.

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund 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. Additionally, the City contributes a percentage of the policemen's salaries, which amounted to 6% during 2011. The participants contributed 6% of their salaries in 2011. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2011 contributions to the Policemen's Fund were \$5,137,871. The City's share of contributions was \$4,543,791 and included \$3,638,144 in property taxes and \$870,561 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2011, the City's total payroll for all employees amounted to \$96,915,095, including police and fire personnel. Total police personnel payroll amounted to \$37,047,985. There are no active police employees covered by this plan.

As of December 31, 2010, the most recent actuarial valuation date, the PPRF was 40% funded. The actuarial accrued liability for benefits was \$122,302,790, and the actuarial value of assets was \$49,007,372, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,295,418. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2011

The *Firemen's Pension and Relief Fund (Firemen's Fund)* is a single-employer defined benefit pension plan administered by the City, established in accordance with legislation enacted by the Arkansas General Assembly. Benefit provisions are established by State of Arkansas Act #14, as amended. Fund assets are administered by a Board of Trustees.

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

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries which amounted to 6% during 2011. The participants contributed 6% of their salaries in 2011. 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. Total 2011 contributions to the Firemen's Fund were \$4,980,122. The City's share of contributions was \$4,694,206 and included \$3,638,144 in property taxes and \$807,816 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2011, the City's total payroll for all employees amounted to \$96,915,095, including police and fire personnel. Total fire personnel payroll amounted to \$25,508,802. There are no active fire employees covered by this plan.

As of December 31, 2010, the most recent actuarial valuation date, the FPRF was 50% funded. The actuarial accrued liability for benefits was \$146,560,047, and the actuarial value of assets was \$73,204,203 resulting in an unfunded actuarial accrued liability (UAAL) of \$73,355,844. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

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.

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 2011 were \$1,184,109. Administrative costs are financed by the Nonuniformed Plan Fund.

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. The Nonuniformed Plan uses the aggregate cost method in calculating the annual required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

As of January 1, 2011, the most recent actuarial valuation date, the Nonuniformed Plan was 80% funded. The actuarial accrued liability for benefits was \$13,740,039, and the actuarial value of assets was \$11,052,598 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,687,441. The covered payroll (annual payroll of active employees covered by the plan) was \$1,363,205 and the ratio of the UAAL to the covered payroll was 197%.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

2011 Annual Pension Cost and Net Pension Obligation			
	Policemen's Fund	Firemen's Fund	Nonuniformed Plan
Annual required contributions	\$ 16,526,312	\$ 16,539,937	\$ 1,184,109
Interest on net pension obligation	2,566,046	1,479,704	-
Adjustment to annual required contribution	(11,571,602)	(6,672,736)	-
Annual pension cost	7,520,756	11,346,905	1,184,109
Contributions made	4,122,360	3,776,525	1,184,109
Increase (decrease) in net pension obligation	3,398,396	7,570,380	-
Net pension obligation, beginning of the year	51,320,913	29,594,079	969,309
Net pension obligation, end of the year	\$ 54,719,309	\$ 37,164,459	\$ 969,309

Actuarial Assumptions

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 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.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations are performed biennially and the last evaluation was as of December 31, 2010. Actuarial assumptions used in evaluating the fund include entry age cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2011, was 30 years.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2009	\$ 8,148,037	54%	\$ 46,607,295
	12/31/2010	9,117,099	48%	51,320,913
	12/31/2011	7,520,756	55%	54,719,309
Firemen's Fund	12/31/2009	\$ 11,077,509	40%	\$ 19,479,042
	12/31/2010	14,203,845	29%	29,594,079
	12/31/2011	11,346,905	33%	37,164,459
Nonuniformed Plan	12/31/2009	\$ 1,085,570	35%	\$ 969,309
	12/31/2010	1,085,570	100%	969,309
	12/31/2011	1,184,109	100%	969,309

Net pension obligations have historically been the responsibility of the General Fund. In prior years, the actuarial value of assets was equal to the market value reported by the City less any benefits payable at year end. Defined contribution accounts are excluded from plan assets for purposes of determining the employer contribution requirement of the plan.

The asset valuation method was changed effective with the December 31, 2009 valuation from market value to smoothed market value over 5 years.

Agent Multiple-Employer Defined Benefit Pension Plan

The ***Local Police and Fire Retirement System (LOPFI)*** is a statewide agent multiple-employer retirement program 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 by contacting the following:

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 13.23% for participating policemen and 16.58% for participating firemen.

For 2011, the City's annual pension cost was \$3,363,898 for policemen and \$3,198,075 for firemen, which was equal to the required and actual contributions. Neither Plan has a net pension obligation (NPO). The required contributions were determined as part of the December 31, 2010, actuarial valuation using the entry age actuarial cost method.

Actuarial assumptions used were entry age cost method, level percent amortization method, 30 year amortization period for active participants, five-year smoothed market valuation method, 8% investment rate of return, 4% salary increases, 3% postretirement annual increases, and 4% inflation. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2010, was 30 years.

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
LOPFI – Policemen	12/31/2009	\$ 3,249,621	100%	\$ -
	12/31/2010	3,453,082	100%	-
	12/31/2011	3,363,898	100%	-
LOPFI – Firemen	12/31/2009	\$ 2,865,112	100%	\$ -
	12/31/2010	3,150,753	100%	-
	12/31/2011	3,198,075	100%	-

For the year ended December 31, 2011, the City's total payroll for all employees amounted to \$96,915,095, including police and fire personnel. Total police and fire personnel payroll amounted to \$37,047,985 and \$25,508,802 respectively. Total police and fire covered payroll amounted to \$28,392,368 and \$20,659,705 respectively. Covered payroll refers to all recurring compensation paid by the City to active employees covered by the Arkansas Local Police and Fire Retirement System.

As of December 31, 2010, the most recent actuarial valuation date, the Police plan was 76% funded. The actuarial accrued liability for benefits was \$127,062,706 and the actuarial value of assets was \$95,933,742 resulting in an unfunded actuarial accrued liability (UAAL) of \$31,128,964. The covered payroll (annual payroll of active police employees covered by the plan) was \$28,392,368 and the ratio of the UAAL to the covered payroll was 110%.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2011

As of December 31, 2010, the most recent actuarial valuation date, the Fire plan was 78% funded. The actuarial accrued liability for benefits was \$94,394,618 and the actuarial value of assets was \$73,553,374 resulting in an unfunded actuarial accrued liability (UAAL) of \$20,841,244. The covered payroll (annual payroll of active police employees covered by the plan) was \$20,659,705 and the ratio of the UAAL to the covered payroll was 101%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 2011, employer and employee contributions to the Plan were \$1,249,006 and \$1,338,307, respectively.

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 2011, employer and employee contributions to the plan were \$291,623 and \$352,353 respectively.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Actuarial Assumptions

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation (actuarial valuations are performed bi-annually) follows:

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan	Local Police and Fire Retirement System – Policemen	Local Police and Fire Retirement System – Firemen
Actuarial valuation date	12/31/2010	12/31/2010	1/1/2011	12/31/2010	12/31/2010
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Not applicable	Level percent open	Level percent open
Remaining amortization period	5 years	5 years	Not applicable	30 years	30 years
Asset valuation method	Market	Market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:					
Investment rate of return*	5%	5%	8%	8%	8%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4%	4%
*Includes inflation at	4%	4%	0%	4%	4%
Cost-of-living adjustments	None	None	None	None	None

Note 7: Other Postemployment Benefits

Plan Description: The City of Little Rock sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. In addition, members employed at least 5 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed for the first six months of retirement. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. After paying full premiums for six months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). The plan has 180 retired participants who pay monthly premiums between \$86 for single coverage and \$692 for family coverage.

Annual OPEB Cost and Net OPEB Obligation: The City's other postemployment benefit (OPEB) cost is typically funded by the general fund. The City's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 795,217
30-year amortization of beginning of year net OPEB assets	19,414
Interest on net OPEB asset	<u>(16,863)</u>
Annual OPEB Cost	797,768
Total annual employer contribution	<u>(795,217)</u>
Decrease in net OPEB asset	(2,551)
Net OPEB asset – beginning of year	<u>240,905</u>
Net OPEB asset – end of year	<u>\$ 238,354</u>

The components of the annual required contribution (ARC) calculation reflecting a 30-year amortization period is as follows:

Service cost	\$ 245,850
Amortization of unfunded obligation	497,343
Interest to end-of-year	<u>52,024</u>
ARC	<u>\$ 795,217</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2011 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/11	\$797,768	130%	\$238,354
12/31/10	\$788,459	130%	\$240,905
12/31/09	\$854,854	155%	\$466,392

Funded Status and Funding Progress: As of January 1, 2010, the most recent actuarial valuation date, the OPEB plan was 17.5% funded. The actuarial accrued liability for benefits was \$8,090,330, and the actuarial value of assets was \$1,418,340, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,671,990. The covered payroll (annual payroll of active employees covered by the plan) was \$92,343,032, and the ratio of the UAAL to the covered payroll was 7.23%.

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: 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.

In the January 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 8: Risk Management

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2010 to December 31, 2011:

Liability balance, January 1, 2010	\$ 986,655
Claims and changes in estimates	875,003
Claims payments	<u>(620,455)</u>
Liability balance, December 31, 2010	1,241,203
Claims and changes in estimates	1,262,846
Claims payments	<u>(781,964)</u>
 Liability balance, December 31, 2011	 <u><u>\$ 1,722,085</u></u>

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2010 to 2011; 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, 2011

Note 9: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2011, property taxes receivable and related deferred revenues of \$48,542,629 have been recorded in the governmental funds. In the government-wide statement of net assets, property taxes are considered earned at the time levied. 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:

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2010 for 2011 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	3.30	3.30
Library capital improvement bonds	2.00	2.00
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	<u>1.45</u>	<u>1.45</u>
Total	<u><u>17.05</u></u>	<u><u>17.05</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the new 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 \$4,053,517 is based on 19.25% use of Class I Waste total constructed capacity, and 33.57% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,627,697 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 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following governmental and enterprise funds have deficit net assets as of December 31, 2011:

Fund	<u>Deficit Amount</u>
Golf Courses	\$ (2,270,202)
Vehicle Storage	(789,269)
Grant Fund	<u>(2,396)</u>
 Total deficit net assets	 <u>\$ (3,061,867)</u>

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 12: Contingencies

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

The City has an ongoing agreement with the Central Arkansas Transit Authority (CATA) to finance 65% of its operating deficits. The City could continue to be required to fund CATA's operating deficits if the current level of services is to be maintained in the future.

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

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

Note 13: Conduit Debt Obligations

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

As of December 31, 2011, the aggregate principal amount payable on these bonds was approximately \$225,375,494.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 14: Jointly Governed Organization

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

Note 15: Fund Balance

The City classified governmental fund balances as follows:

	<u>General Fund</u>	<u>2004 Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances				
Nonspendable:				
Due from other funds	\$ 12,354,180	\$ -	\$ -	\$ 12,354,180
Prepays	901,730	-	407,391	1,309,121
Restricted				
Debt service	-	11,735,402	8,884,966	20,620,368
Grant funds	-	-	1,906,448	1,906,448
Library capital projects	-	-	7,828,258	7,828,258
Street capital projects	-	-	3,849,865	3,849,865
Parks and recreation capital projects	-	-	1,125,399	1,125,399
Infrastructure	-	-	57,862	57,862
Capital projects	-	-	6,563,329	6,563,329
General administration special projects	-	-	265,662	265,662
Community programs special projects	-	-	39,351	39,351
Courts special projects	-	-	307,422	307,422
Finance special projects	-	-	904,373	904,373
Human resources special projects	-	-	192,172	192,172
Information technology special projects	-	-	2,524	2,524
Planning and development special projects	-	-	37,759	37,759
Housing and neighborhood programs special projects	-	-	130,683	130,683
Public works special projects	-	-	744,887	744,887
Parks special projects	-	-	1,258,013	1,258,013
Fire special projects	-	-	402,852	402,852
Police special projects	-	-	231,915	231,915
Fleet special projects	-	-	262,237	262,237
Committed				
Cable network	374,900	-	-	374,900
Assigned				
General administration special projects	136,497	-	-	136,497
Community programs special projects	626,659	-	-	626,659
Finance special projects	132,480	-	-	132,480
Human resources special projects	5,309	-	-	5,309
Housing and neighborhood programs special projects	309,197	-	-	309,197
Public works special projects	263,162	-	-	263,162
Unassigned	10,904,042	-	(406,965)	10,497,077
Total Fund Balances	\$ 26,008,156	\$ 11,735,402	\$ 34,996,403	\$ 72,739,961

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2011

Note 16: Subsequent Events

Little Rock citizens passed an additional one (1) cent local sales tax in September 2011 which went into effect on January 1, 2012. The tax adds to the ½ cent tax that had been in place for seventeen (17) years, since 1994. The tax increase, which includes a permanent 5/8 cent tax for operations and a 3/8 cent ten (10) year capital tax, will provide additional Police Officers, Code Enforcement Officers, new Fire and Police facilities and a new emergency communications system. Prior to the election, the Little Rock City Board of Directors approved Resolution No. 13,343 to state the uses of the new tax levies. In addition, Resolution No. 13,440 was approved on February 21, 2012 which appointed the Little Rock Citizen's Evaluation of New Tax (LR CENT) Committee. The Committee, made up of two (2) Co-Chairs, representatives from each of the City's seven (7) Wards, and three (3) At-Large members, will meet on a quarterly basis to evaluate the spending of the additional revenue resulting from the one (1) cent tax increase.

Subsequent to year end, the City issued an \$18,580,000 promissory note to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues.

Note 17: Contractual Commitment

The City entered into an agreement with Motorola on December 21, 2011, for the installation of a new 911 communication system. The contract amount is for \$8,725,905. At year end, no expenditures had been incurred in relation to this contract.

(This Page Intentionally Left Blank)

REQUIRED SUPPLEMENTARY INFORMATION

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 17,245,148	\$ 17,395,148	\$ 24,973,554	\$ 7,578,406
Sales taxes	65,224,701	63,920,146	64,964,351	1,044,205
Licenses and permits	9,051,195	9,651,195	9,680,095	28,900
Intergovernmental	1,178,000	1,673,467	3,539,464	1,865,997
Charges for services	4,947,900	5,047,900	4,750,471	(297,429)
Fines and fees	3,563,220	3,318,220	3,301,547	(16,673)
Utility franchise fees	26,902,357	27,104,357	27,380,049	275,692
Investment income	11,300	11,300	16,750	5,450
Miscellaneous	846,191	831,191	1,406,692	575,501
Total revenues	128,970,012	128,952,924	140,012,973	11,060,049
Expenditures				
General government:				
General administration	20,217,914	20,026,560	16,640,332	3,386,228
Board of directors	233,632	233,632	208,546	25,086
Community programs	324,459	273,881	2,418,924	(2,145,043)
City attorney	1,559,402	1,480,944	1,400,685	80,259
District court-first division (criminal)	1,299,580	1,174,520	1,130,264	44,256
District court-third division (environmental)	526,734	488,254	490,597	(2,343)
District court-second division (traffic)	1,141,280	1,116,304	1,103,153	13,151
Finance	2,548,393	2,535,964	2,502,468	33,496
Human resources	1,337,147	1,169,224	1,197,185	(27,961)
Information technology	3,391,349	3,051,459	2,981,413	70,046
Planning and development	2,256,555	1,776,156	1,749,464	26,692
Total general government	34,836,445	33,326,898	31,823,031	1,503,867
Public works	1,183,187	1,029,076	1,406,487	(377,411)
Parks and recreation services	7,179,034	6,507,665	7,062,060	(554,395)
Fire	34,059,385	34,336,588	38,850,899	(4,514,311)
Police	51,455,947	48,015,331	53,169,845	(5,154,514)
Housing and neighborhood programs	4,304,437	3,715,039	4,230,609	(515,570)
Debt service				
Principal	-	-	4,339,830	(4,339,830)
Vacancy savings	(5,500,000)	361,350	-	361,350
Total expenditures	127,518,435	127,291,947	140,882,761	(13,590,814)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	1,451,577	1,660,977	(869,788)	(2,530,765)
Other Financing Sources (Uses)				
Transfers in	3,401,406	3,401,406	4,376,406	975,000
Transfers out	(6,852,983)	(7,062,383)	(3,509,582)	3,552,801
Total other financing sources (uses)	(3,451,577)	(3,660,977)	866,824	4,527,801
Net Change in Fund Balances	(2,000,000)	(2,000,000)	(2,964)	1,997,036
Fund Balances, Beginning of Year	26,011,120	26,011,120	26,011,120	-
Fund Balances, End of Year	\$ 24,011,120	\$ 24,011,120	\$ 26,008,156	\$ 1,997,036

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2011

Budgets and Budgetary Accounting

An annual operating budget is prepared for the General Fund by the City Manager. The budget reflects revenues expected to be received during the year and expenditures expected to be incurred. The City Manager is 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 31. Departmental expenditures relating to budget items may not exceed their appropriated amounts without approval. As specified in the budget ordinance, the City Manager has 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 2011.

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
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Employer Contributions
Year Ended December 31, 2011

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Policemen's Pension and Relief Fund	2005	\$ 12,390,853	62%
	2006	12,702,038	34%
	2007	12,702,038	39%
	2008	11,319,361	37%
	2009	14,536,473	31%
	2010	17,295,532	25%
	2011	16,526,312	25%
Firemen's Pension and Relief Fund	2005	5,161,220	79%
	2006	7,275,892	79%
	2007	8,175,513	60%
	2008	8,926,574	46%
	2009	12,985,428	34%
	2010	17,621,937	23%
	2011	16,539,937	23%
Nonuniformed Employees' Defined Benefit Pension Plan	2005	637,219	145%
	2006	582,380	94%
	2007	305,877	109%
	2008	305,877	114%
	2009	1,085,570	35%
	2010	1,085,570	100%
	2011	1,184,109	100%
Local Police and Fire Retirement System – Policemen	2005	2,511,092	100%
	2006	2,626,371	100%
	2007	3,038,453	100%
	2008	3,247,330	100%
	2009	3,249,621	100%
	2010	3,249,621	100%
	2011	3,363,898	100%
Local Police and Fire Retirement System – Firemen	2005	2,174,645	100%
	2006	2,497,129	100%
	2007	2,824,518	100%
	2008	2,974,426	100%
	2009	2,865,112	100%
	2010	2,865,112	100%
	2011	3,198,075	100%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2011

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
Policemen's Pension and Relief Fund	12/31/03	\$ 61,704,750	\$ 119,454,990	\$ 57,750,240	52%	150,796	38297%
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A
	12/31/07	66,039,832	117,741,185	51,701,353	56%	-	N/A
	12/31/08	49,419,658	116,774,702	67,355,044	42%	-	N/A
	12/31/09	48,503,598	125,307,101	76,803,503	39%	-	N/A
	12/31/10	49,007,372	122,302,790	73,295,418	40%	-	N/A
Firemen's Pension and Relief Fund	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%
	12/31/07	87,533,202	128,341,579	40,808,377	68%	51,914	78608%
	12/31/08	69,120,422	120,255,298	51,134,876	57%	50,640	100977%
	12/31/09	72,865,809	146,915,849	74,050,040	50%	-	N/A
	12/31/10	73,204,203	146,560,047	73,355,844	50%	-	N/A
Local Police and Fire Retirement System - Policemen	12/31/04	58,678,303	60,913,436	2,235,133	96%	20,415,382	11%
	12/31/05	66,004,978	67,925,639	1,920,661	97%	21,266,161	9%
	12/31/06	74,905,451	76,842,810	1,937,359	97%	23,570,761	8%
	12/31/07	87,095,526	87,708,314	612,788	99%	25,257,302	2%
	12/31/08	87,957,162	101,698,119	13,740,957	86%	26,570,903	52%
	12/31/09	90,502,939	121,370,759	30,867,820	75%	28,625,116	108%
	12/31/10	95,933,742	127,062,706	31,128,964	76%	28,392,368	110%
Local Police and Fire Retirement System - Firemen	12/31/04	40,512,700	47,400,387	6,887,687	85%	14,997,552	46%
	12/31/05	46,596,328	52,990,455	6,394,127	88%	16,110,508	40%
	12/31/06	55,563,161	58,575,344	3,012,183	95%	16,444,539	18%
	12/31/07	65,748,849	68,063,672	2,314,823	97%	18,187,495	13%
	12/31/08	67,898,073	78,005,898	10,107,825	87%	18,389,676	55%
	12/31/09	69,350,775	90,972,554	21,621,779	76%	20,514,645	105%
	12/31/10	73,553,374	94,394,618	20,841,244	78%	20,659,705	101%
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/08	10,833,304	12,185,081	2,573,410	70%	1,602,197	160%
	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%
	1/1/10	10,287,483	13,617,399	3,329,916	76%	1,556,556	214%
	1/1/11	11,052,598	13,740,039	2,687,441	80%	1,363,205	197%

Note: The Nonuniformed Employees' Defined Benefit Pension Plan uses the aggregate cost method in calculating the annual actuarially required contribution. This method does not identify or separately amortized unfunded actuarial accrued liabilities. Information about funding status and funding progress has been prepared using the entry age actuarial cost method and is intended to serve as a surrogate for funded status and funding progress of the plan.

City of Little Rock, Arkansas
Required Supplemental Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1/1/2007	\$ 0	\$5,832,000	\$5,832,000	0.0%	\$84,153,636	6.93%
1/1/2008	492,000	7,021,378	6,529,378	7.0%	93,691,631	6.97%
1/1/2009	1,032,761	7,342,781	6,310,020	14.1%	96,229,262	6.56%
1/1/2010	1,418,340	8,090,330	6,671,990	17.5%	92,343,032	7.23%

The required contribution was determined as part of the latest actuarial evaluation using the projected unit credit actuarial cost method. The actuarial assumptions used included (a) 7.0% rate of return on investments, (b) an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 4.0% after five years, and (c) mortality rates based on the 1983 Group Annuity Mortality Table, and (d) salary increases of 3.7%. The unfunded actuarial accrued liability is being amortized using level dollar amount over 30 years based on an open group.

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.

STREET FUND – Accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks.

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

INFRASTRUCTURE FUND – Accounts for monies received from new franchise fee agreements.

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

2008/2009 CENTRAL ARKANSAS LIBRARY – The 2008/2009 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 and to pay the costs of issuance of the bonds.

2009A PARKS AND RECREATION – The 2009A Parks and Recreation bonds were issued for the purposes of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain zoo, parks, and recreation facilities of the City. The Series 2009 bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.

2004 CENTRAL ARKANSAS LIBRARY – The 2004 Central Arkansas Library bonds were issued for the purpose of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System. The Series 2004 bonds are limited obligations, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution.

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.

1998 CAPITAL IMPROVEMENT FUND – The Series 1998A Bonds are issued for the purpose of acquiring, constructing, equipping, renovating, expanding and refurbishing certain street, sidewalk, curb, gutter, drainage and other related infrastructure improvements, including payment of a portion of the interest on the Series 1998A Bonds during the construction period.

1995 CAPITAL IMPROVEMENTS FUND – Accounts for the proceeds of the 1995 Series B Capital Improvement Bonds issued to finance the costs of various capital improvements for the City, including streets, parks, drainage, firefighting, police and community centers.

1988 CAPITAL IMPROVEMENTS FUND - Accounts for the proceeds of the 1988 Capital Improvement Bonds issued to finance improvements to the streets and drainage systems, parks, arts center, museum and Robinson Auditorium, as well as to construct a new police substation, a library branch and two fire stations.

SHORT TERM FINANCING – Accounts for proceeds of 2006, 2007, 2008 and 2011 Short Term Financing to acquire capital equipment, vehicles and an enterprise resource planning system for the City.

2004 CAPITAL IMPROVEMENTS – The 2004 Capital Improvements were issued to finance the advance refunding of the City's Capital Improvement Revenue Bonds, Series 1998A and to pay the cost associated with the issuance of the Series 2004 Bonds. The Series 2007 bonds are not general obligation of the City but are special obligations payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

2008 AND 2009 CENTRAL ARKANSAS LIBRARY CAPITAL IMPROVEMENTS – The 2008 and 2009 Central Arkansas Library capital improvement bonds were issued for the purpose of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System.

2009A PARKS AND RECREATION CAPITAL PROJECTS – The 2009A Parks and Recreation Bonds were issued for the purposes of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain zoo, parks, and recreation facilities of the City. The Series 2009 bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2011

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 7,308,483	\$ 2,294,691	\$ 4,910,758	\$ 14,513,932
Restricted cash	-	7,167,051	9,074,158	16,241,209
Investments	2,562,697	1,229,196	2,630,544	6,422,437
Accounts receivable	11,213,847	7,468,037	4	18,681,888
Interest receivable	8,319	7,574	8,536	24,429
Inventories	1,516,362	-	-	1,516,362
Prepaid expenditures and other	407,391	-	-	407,391
	<u>\$ 23,017,099</u>	<u>\$ 18,166,549</u>	<u>\$ 16,624,000</u>	<u>\$ 57,807,648</u>
Total assets				
	<u>\$ 23,017,099</u>	<u>\$ 18,166,549</u>	<u>\$ 16,624,000</u>	<u>\$ 57,807,648</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 737,033	\$ -	\$ 44,295	\$ 781,328
Due to other funds	3,988,490	-	84,116	4,072,606
Deferred revenue	7,697,125	10,260,186	-	17,957,311
	<u>12,422,648</u>	<u>10,260,186</u>	<u>128,411</u>	<u>22,811,245</u>
Total liabilities	<u>12,422,648</u>	<u>10,260,186</u>	<u>128,411</u>	<u>22,811,245</u>
Fund Balances				
Nonspendable	407,391	-	-	407,391
Restricted	10,594,025	7,906,363	16,495,589	34,995,977
Unassigned	(406,965)	-	-	(406,965)
	<u>10,594,451</u>	<u>7,906,363</u>	<u>16,495,589</u>	<u>34,996,403</u>
Total fund balances	<u>10,594,451</u>	<u>7,906,363</u>	<u>16,495,589</u>	<u>34,996,403</u>
Total liabilities and fund balances	<u>\$ 23,017,099</u>	<u>\$ 18,166,549</u>	<u>\$ 16,624,000</u>	<u>\$ 57,807,648</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor
Year Ended December 31, 2011

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ 5,082,791	\$ 6,985,398	\$ -	\$ 12,068,189
Licenses and permits	36,300	-	-	36,300
Intergovernmental	26,474,153	-	-	26,474,153
Charges for services	2,410,280	-	-	2,410,280
Fines and fees	1,020,580	-	-	1,020,580
Utility franchise taxes	-	1,757,834	-	1,757,834
Investment income	7,138	17,870	13,355	38,363
Contributions and donations	2,363,499	-	-	2,363,499
Miscellaneous	3,358,440	-	-	3,358,440
	<u>40,753,181</u>	<u>8,761,102</u>	<u>13,355</u>	<u>49,527,638</u>
Total revenues				
Expenditures				
General government				
General administration	1,969,181	-	-	1,969,181
Community programs	32,146	-	-	32,146
District court - second division (traffic)	9,917	-	-	9,917
District court - third division (environment)	6,172	-	-	6,172
Finance	50,056	-	-	50,056
Human resource	122,494	-	-	122,494
Information technology	90,830	-	240,320	331,150
Planning and development	94,152	-	-	94,152
	<u>2,374,948</u>	<u>-</u>	<u>240,320</u>	<u>2,615,268</u>
Total general government				
Public works	23,045,206	-	174,884	23,220,090
Parks and recreation services	1,116,141	-	946,324	2,062,465
Zoo	13,000	-	264,807	277,807
Fire	1,012,306	-	2,104	1,014,410
Police	3,324,719	-	322,793	3,647,512
Fleet	79,141	-	-	79,141
Education	-	-	5,747,801	5,747,801
Housing and neighborhood programs	6,992,211	-	39,508	7,031,719
Debt service				
Principal	-	5,415,000	-	5,415,000
Interest	-	2,663,101	-	2,663,101
Agent fees	-	12,081	12,564	24,645
	<u>37,957,672</u>	<u>8,090,182</u>	<u>7,751,105</u>	<u>53,798,959</u>
Total expenditures				
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>2,795,509</u>	<u>670,920</u>	<u>(7,737,750)</u>	<u>(4,271,321)</u>
Other Financing Sources (Uses)				
Long-term debt issuance	-	-	4,600,000	4,600,000
Transfers in	1,414,706	1,136,660	9	2,551,375
Transfers out	(607,375)	-	(890,321)	(1,497,696)
	<u>807,331</u>	<u>1,136,660</u>	<u>3,709,688</u>	<u>5,653,679</u>
Total other financing sources				
Net Change in Fund Balances	3,602,840	1,807,580	(4,028,062)	1,382,358
Fund Balances, Beginning of Year	<u>6,991,611</u>	<u>6,098,783</u>	<u>20,523,651</u>	<u>33,614,045</u>
Fund Balances, End of Year	<u>\$ 10,594,451</u>	<u>\$ 7,906,363</u>	<u>\$ 16,495,589</u>	<u>\$ 34,996,403</u> 84

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds - Nonmajor
December 31, 2011

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets									
Cash and cash equivalents	\$ 1,406,440	\$ 3,306,512	\$ 45,702	\$ -	\$ 1,620,310	\$ 527,094	\$ 140,545	\$ 261,880	\$ 7,308,483
Investments	753,040	1,769,183	24,481	-	-	-	15,993	-	2,562,697
Accounts receivable	6,927,753	13,628	-	306,013	3,674,003	211,445	40,200	40,805	11,213,847
Interest receivable	2,445	5,743	79	-	-	-	52	-	8,319
Inventories	-	-	-	-	-	1,257,776	-	258,586	1,516,362
Prepaid expenditures and other	-	-	-	407,391	-	-	-	-	407,391
Total assets	<u>\$ 9,089,678</u>	<u>\$ 5,095,066</u>	<u>\$ 70,262</u>	<u>\$ 713,404</u>	<u>\$ 5,294,313</u>	<u>\$ 1,996,315</u>	<u>\$ 196,790</u>	<u>\$ 561,271</u>	<u>\$ 23,017,099</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 127,114	\$ 301,588	\$ 12,400	\$ 48,465	\$ 144,471	\$ 89,765	\$ 6,858	\$ 6,372	\$ 737,033
Due to other funds	-	-	-	662,117	2,581,440	721,753	-	23,180	3,988,490
Deferred revenue	5,112,699	13,628	-	-	2,570,798	-	-	-	7,697,125
Total liabilities	<u>5,239,813</u>	<u>315,216</u>	<u>12,400</u>	<u>710,582</u>	<u>5,296,709</u>	<u>811,518</u>	<u>6,858</u>	<u>29,552</u>	<u>12,422,648</u>
Fund Balances (deficit)									
Nonspendable	-	-	-	407,391	-	-	-	-	407,391
Restricted	3,849,865	4,779,850	57,862	-	-	1,184,797	189,932	531,719	10,594,025
Unassigned	-	-	-	(404,569)	(2,396)	-	-	-	(406,965)
Total fund balances (deficit)	<u>3,849,865</u>	<u>4,779,850</u>	<u>57,862</u>	<u>2,822</u>	<u>(2,396)</u>	<u>1,184,797</u>	<u>189,932</u>	<u>531,719</u>	<u>10,594,451</u>
Total liabilities and fund balances (deficits)	<u>\$ 9,089,678</u>	<u>\$ 5,095,066</u>	<u>\$ 70,262</u>	<u>\$ 713,404</u>	<u>\$ 5,294,313</u>	<u>\$ 1,996,315</u>	<u>\$ 196,790</u>	<u>\$ 561,271</u>	<u>\$ 23,017,099</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - Nonmajor
Year Ended December 31, 2011

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	\$ 5,082,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,082,791
Licenses and permits	-	36,300	-	-	-	-	-	-	36,300
Intergovernmental	9,111,335	398,609	-	-	10,447,544	5,614,575	23,887	878,203	26,474,153
Charges for services	14,362	1,003,054	-	1,392,864	-	-	-	-	2,410,280
Fines and fees	-	1,020,580	-	-	-	-	-	-	1,020,580
Investment income	2,660	3,034	146	-	1,283	-	15	-	7,138
Contribution and donations	-	420,687	-	-	1,942,812	-	-	-	2,363,499
Miscellaneous	217,046	1,878,816	-	-	900	1,279,348	86,809	(104,479)	3,358,440
Total revenues	14,428,194	4,761,080	146	1,392,864	12,392,539	6,893,923	110,711	773,724	40,753,181
Expenditures									
General government									
General administration	-	114,275	-	-	1,854,906	-	-	-	1,969,181
Community programs	-	-	-	-	32,146	-	-	-	32,146
District court - second division (traffic)	-	9,917	-	-	-	-	-	-	9,917
Finance	-	50,056	-	-	-	-	-	-	50,056
Human resource	-	122,494	-	-	-	-	-	-	122,494
Information technology	-	90,830	-	-	-	-	-	-	90,830
Planning and development	-	76,381	-	-	17,771	-	-	-	94,152
Total general government	-	470,125	-	-	1,904,823	-	-	-	2,374,948
Public works									
Public works	13,932,023	1,016,685	1,013	-	8,095,485	-	-	-	23,045,206
Parks and recreation services	-	1,112,789	-	-	3,352	-	-	-	1,116,141
Zoo	-	-	-	-	13,000	-	-	-	13,000
Fire	-	299,366	-	-	712,940	-	-	-	1,012,306
Police	-	246,917	-	1,392,864	1,684,938	-	-	-	3,324,719
Fleet	-	79,141	-	-	-	-	-	-	79,141
Housing and neighborhood programs	-	202,391	-	-	-	5,824,684	77,443	887,693	6,992,211
Total expenditures	13,932,023	3,427,414	1,013	1,392,864	12,414,538	5,824,684	77,443	887,693	37,957,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	496,171	1,333,666	(867)	-	(21,999)	1,069,239	33,268	(113,969)	2,795,509
Other Financing Sources (Uses)									
Transfers in	1,045,299	369,407	-	-	-	-	-	-	1,414,706
Transfers out	(519,257)	(88,118)	-	-	-	-	-	-	(607,375)
Total other financing sources (uses)	526,042	281,289	-	-	-	-	-	-	807,331
Net Change in Fund Balances	1,022,213	1,614,955	(867)	-	(21,999)	1,069,239	33,268	(113,969)	3,602,840
Fund Balances, Beginning of Year	2,827,652	3,164,895	58,729	2,822	19,603	115,558	156,664	645,688	6,991,611
Fund Balances, End of Year	\$ 3,849,865	\$ 4,779,850	\$ 57,862	\$ 2,822	\$ (2,396)	\$ 1,184,797	\$ 189,932	\$ 531,719	\$ 10,594,451

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds - Nonmajor
December 31, 2011

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2004 Central Arkansas Library	Total
Assets						
Cash and cash equivalents	\$ 12,808	\$ 13,521	\$ 2,176,848	\$ 2,123	\$ 89,391	\$ 2,294,691
Restricted cash	2	-	4,558,155	710,884	1,898,010	7,167,051
Investments	6,861	7,243	1,166,071	1,137	47,884	1,229,196
Accounts receivable	-	-	201,081	-	7,266,956	7,468,037
Interest receivable	22	24	3,785	3,588	155	7,574
Total assets	<u>\$ 19,693</u>	<u>\$ 20,788</u>	<u>\$ 8,105,940</u>	<u>\$ 717,732</u>	<u>\$ 9,302,396</u>	<u>\$ 18,166,549</u>
Liabilities and Fund Balances						
Liabilities						
Deferred revenue	\$ -	\$ -	\$ 3,198,159	\$ -	\$ 7,062,027	\$ 10,260,186
Total liabilities	<u>-</u>	<u>-</u>	<u>3,198,159</u>	<u>-</u>	<u>7,062,027</u>	<u>10,260,186</u>
Fund Balances						
Restricted	<u>19,693</u>	<u>20,788</u>	<u>4,907,781</u>	<u>717,732</u>	<u>2,240,369</u>	<u>7,906,363</u>
Total fund balances	<u>19,693</u>	<u>20,788</u>	<u>4,907,781</u>	<u>717,732</u>	<u>2,240,369</u>	<u>7,906,363</u>
Total liabilities and fund balances	<u>\$ 19,693</u>	<u>\$ 20,788</u>	<u>\$ 8,105,940</u>	<u>\$ 717,732</u>	<u>\$ 9,302,396</u>	<u>\$ 18,166,549</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds - Nonmajor
Year Ended December 31, 2011

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2004 Central Arkansas Library	Total
Revenues						
General property taxes	\$ -	\$ -	\$ 3,474,285	\$ -	\$ 3,511,113	\$ 6,985,398
Utility franchise fees	1,441,387	316,447	-	-	-	1,757,834
Investment income	2,291	557	8,608	5,975	439	17,870
Total revenues	<u>1,443,678</u>	<u>317,004</u>	<u>3,482,893</u>	<u>5,975</u>	<u>3,511,552</u>	<u>8,761,102</u>
Expenditures						
Debt Service						
Principal	980,000	225,000	1,225,000	130,000	2,855,000	5,415,000
Interest	461,388	91,448	1,247,845	371,926	490,494	2,663,101
Agent fees	1,750	1,750	2,500	4,206	1,875	12,081
Total expenditures	<u>1,443,138</u>	<u>318,198</u>	<u>2,475,345</u>	<u>506,132</u>	<u>3,347,369</u>	<u>8,090,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>540</u>	<u>(1,194)</u>	<u>1,007,548</u>	<u>(500,157)</u>	<u>164,183</u>	<u>670,920</u>
Other Financing Sources (Uses)						
Transfers in	-	-	631,365	505,295	-	1,136,660
Total other financing sources	<u>-</u>	<u>-</u>	<u>631,365</u>	<u>505,295</u>	<u>-</u>	<u>1,136,660</u>
Net Change in Fund Balances	540	(1,194)	1,638,913	5,138	164,183	1,807,580
Fund Balances, Beginning of Year	<u>19,153</u>	<u>21,982</u>	<u>3,268,868</u>	<u>712,594</u>	<u>2,076,186</u>	<u>6,098,783</u>
Fund Balances, End of Year	<u>\$ 19,693</u>	<u>\$ 20,788</u>	<u>\$ 4,907,781</u>	<u>\$ 717,732</u>	<u>\$ 2,240,369</u>	<u>\$ 7,906,363</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds - Nonmajor
December 31, 2011

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	Total
Assets								
Cash and cash equivalents	\$ 638,781	\$ -	\$ 561,009	\$ 3,677,672	\$ 31,132	\$ 2,164	\$ -	\$ 4,910,758
Restricted cash	-	-	-	-	-	7,824,931	1,249,227	9,074,158
Investments	342,176	-	300,515	1,970,017	16,677	1,159	-	2,630,544
Accounts receivable	-	-	-	-	-	4	-	4
Interest receivable	1,111	-	976	6,395	54	-	-	8,536
Total assets	<u>\$ 982,068</u>	<u>\$ -</u>	<u>\$ 862,500</u>	<u>\$ 5,654,084</u>	<u>\$ 47,863</u>	<u>\$ 7,828,258</u>	<u>\$ 1,249,227</u>	<u>\$ 16,624,000</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 3,465	\$ -	\$ -	\$ 1,118	\$ -	\$ -	\$ 39,712	\$ 44,295
Due to other funds	-	-	-	-	-	-	84,116	84,116
Total liabilities	<u>3,465</u>	<u>-</u>	<u>-</u>	<u>1,118</u>	<u>-</u>	<u>-</u>	<u>123,828</u>	<u>128,411</u>
Fund Balances								
Restricted	<u>978,603</u>	<u>0</u>	<u>862,500</u>	<u>5,652,966</u>	<u>47,863</u>	<u>7,828,258</u>	<u>1,125,399</u>	<u>16,495,589</u>
Total liabilities and fund balances	<u>\$ 982,068</u>	<u>\$ -</u>	<u>\$ 862,500</u>	<u>\$ 5,654,084</u>	<u>\$ 47,863</u>	<u>\$ 7,828,258</u>	<u>\$ 1,249,227</u>	<u>\$ 16,624,000</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds - Nonmajor
Year Ended December 31, 2011

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	Total
Revenues								
Investment income and unrealized gains	\$ 2,712	\$ -	\$ 2,667	\$ 5,174	\$ 1,037	\$ 1,565	\$ 200	\$ 13,355
Total revenues	2,712	-	2,667	5,174	1,037	1,565	200	13,355
Expenditures								
General government								
Information technology	-	-	-	240,320	-	-	-	240,320
Total general government	-	-	-	240,320	-	-	-	240,320
Public works	6,938	-	167,946	-	-	-	-	174,884
Parks and recreation services	-	-	-	-	-	-	946,324	946,324
Zoo	-	-	-	1,410	16,937	-	246,460	264,807
Fire	-	-	-	2,104	-	-	-	2,104
Police	-	-	-	322,793	-	-	-	322,793
Education	-	-	-	-	-	5,747,801	-	5,747,801
Housing and neighborhood programs	-	-	-	39,508	-	-	-	39,508
Debt service								
Agent fees	-	-	-	12,564	-	-	-	12,564
Total expenditures	6,938	-	167,946	618,699	16,937	5,747,801	1,192,784	7,751,105
Excess (Deficiency) of Revenues Over Expenditures	(4,226)	-	(165,279)	(613,525)	(15,900)	(5,746,236)	(1,192,584)	(7,737,750)
Other Financing Sources (Uses)								
Long-term debt issuance	-	-	-	4,600,000	-	-	-	4,600,000
Transfers in	-	-	9	-	-	-	-	9
Transfers out	(49,515)	(9)	-	-	(209,432)	(631,365)	-	(890,321)
Total other financing sources (uses)	(49,515)	(9)	9	4,600,000	(209,432)	(631,365)	-	3,709,688
Net Change in Fund Balances	(53,741)	(9)	(165,270)	3,986,475	(225,332)	(6,377,601)	(1,192,584)	(4,028,062)
Fund Balances, Beginning of Year	1,032,344	9	1,027,770	1,666,491	273,195	14,205,859	2,317,983	20,523,651
Fund Balances, End of Year	\$ 978,603	\$ -	\$ 862,500	\$ 5,652,966	\$ 47,863	\$ 7,828,258	\$ 1,125,399	\$ 16,495,589

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General Property taxes	\$ 4,875,213	\$ 4,875,213	\$ 5,082,791	\$ 207,578
Intergovernmental	9,052,000	9,052,000	9,111,335	59,335
Charges for services	7,000	7,000	14,362	7,362
Investment income	1,000	1,000	2,660	1,660
Miscellaneous	15,000	89,000	217,046	128,046
	<u>13,950,213</u>	<u>14,024,213</u>	<u>14,428,194</u>	<u>403,981</u>
Expenditures				
Public works	14,698,626	14,772,626	13,932,023	840,603
	<u>14,698,626</u>	<u>14,772,626</u>	<u>13,932,023</u>	<u>840,603</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(748,413)</u>	<u>(748,413)</u>	<u>496,171</u>	<u>1,244,584</u>
Other Financing Sources (Uses)				
Transfers in	1,214,630	1,214,630	1,045,299	(169,331)
Transfers out	(466,217)	(466,217)	(519,257)	(53,040)
	<u>748,413</u>	<u>748,413</u>	<u>526,042</u>	<u>(222,371)</u>
Net Change in Fund Balances				
	-	-	1,022,213	1,022,213
Fund Balances, Beginning of Year				
	<u>2,827,652</u>	<u>2,827,652</u>	<u>2,827,652</u>	<u>-</u>
Fund Balances, End of Year				
	<u>\$ 2,827,652</u>	<u>\$ 2,827,652</u>	<u>\$ 3,849,865</u>	<u>\$ 1,022,213</u>

NONMAJOR ENTERPRISE FUNDS

The **Enterprise Funds** account for the activities that are financed and operated in a manner similar to private business or for which periodic determination of revenues, expenses and net income is considered desirable. The primary government directly manages the enterprise funds.

RIVERMARKET – Established January 1, 1998, to manage the operations of the amphitheater and river market.

VEHICLE STORAGE – Established January 1, 2002, to manage the operations of the vehicle storage facility.

GOLF COURSES – Established January 1, 1998, to manage the operations of the golf courses and for the purpose of acquiring, renovating, expanding and refurbishing additions and improvements to golf facilities.

FITNESS CENTER – Established January 1, 1998, to manage the operations of the Jim Dailey Fitness and Aquatics Center.

City of Little Rock, Arkansas
Combining Statement of Fund Net Assets
Enterprise Funds – Nonmajor
December 31, 2011

Assets	River Market	Vehicle Storage	Golf Courses	Fitness Center	Total
Current assets					
Cash and cash equivalents	\$ 61,857	\$ 400	\$ 2,050	\$ 404,562	\$ 468,869
Investments	-	-	-	216,687	216,687
Accounts receivable	5,544	-	-	-	5,544
Accrued interest	-	-	-	703	703
Inventories	-	-	24,155	-	24,155
Prepaid expenses and other	7,774	-	-	-	7,774
Total current assets	<u>75,175</u>	<u>400</u>	<u>26,205</u>	<u>621,952</u>	<u>723,732</u>
Noncurrent assets					
Capital assets					
Land	2,339,531	-	2,803,940	-	5,143,471
Buildings and improvements	3,708,271	205,845	476,207	3,624,142	8,014,465
Vehicles	-	49,479	476,569	7,562	533,610
Furniture and equipment	49,061	42,410	691,824	627,630	1,410,925
	<u>6,096,863</u>	<u>297,734</u>	<u>4,448,540</u>	<u>4,259,334</u>	<u>15,102,471</u>
Less accumulated depreciation	<u>1,242,474</u>	<u>107,955</u>	<u>1,238,387</u>	<u>1,717,649</u>	<u>4,306,465</u>
Net capital assets	<u>4,854,389</u>	<u>189,779</u>	<u>3,210,153</u>	<u>2,541,685</u>	<u>10,796,006</u>
Total noncurrent assets	<u>4,854,389</u>	<u>189,779</u>	<u>3,210,153</u>	<u>2,541,685</u>	<u>10,796,006</u>
Total assets	<u>\$ 4,929,564</u>	<u>\$ 190,179</u>	<u>\$ 3,236,358</u>	<u>\$ 3,163,637</u>	<u>\$ 11,519,738</u>

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Total
Liabilities and Net Assets					
Current liabilities					
Accounts payable	\$ 66,426	\$ 5,417	\$ 64,961	\$ 12,500	\$ 149,304
Due to other funds	2,517,803	863,359	5,245,554	-	8,626,716
Compensated absences - current portion	-	31,203	81,028	45,576	157,807
Unearned revenue	-	50,851	9,523	-	60,374
	<u>2,584,229</u>	<u>950,830</u>	<u>5,401,066</u>	<u>58,076</u>	<u>8,994,201</u>
Noncurrent liabilities					
Compensated absences	<u>17,552</u>	<u>28,618</u>	<u>105,494</u>	<u>17,638</u>	<u>169,302</u>
	<u>17,552</u>	<u>28,618</u>	<u>105,494</u>	<u>17,638</u>	<u>169,302</u>
	<u>2,601,781</u>	<u>979,448</u>	<u>5,506,560</u>	<u>75,714</u>	<u>9,163,503</u>
Net Assets (Deficit)					
Invested in capital assets, net of related debt	4,854,389	189,779	3,210,153	2,541,685	10,796,006
Unrestricted (deficit)	<u>(2,526,606)</u>	<u>(979,048)</u>	<u>(5,480,355)</u>	<u>546,238</u>	<u>(8,439,771)</u>
	<u>2,327,783</u>	<u>(789,269)</u>	<u>(2,270,202)</u>	<u>3,087,923</u>	<u>2,356,235</u>
	<u>\$ 4,929,564</u>	<u>\$ 190,179</u>	<u>\$ 3,236,358</u>	<u>\$ 3,163,637</u>	<u>\$ 11,519,738</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Funds – Nonmajor
Year Ended December 31, 2011

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Total
Operating Revenues					
Charges for services	\$ 418,607	\$ 1,263,734	\$ 1,551,889	\$ 755,754	\$ 3,989,984
Licenses and permits	-	21,060	-	-	21,060
Fines and fees	75,299	-	-	-	75,299
Miscellaneous	-	4,005	-	-	4,005
Total operating revenues	<u>493,906</u>	<u>1,288,799</u>	<u>1,551,889</u>	<u>755,754</u>	<u>4,090,348</u>
Operating Expenses					
Salaries, wages and employee benefits	356,569	575,439	1,220,151	492,733	2,644,892
Supplies and materials	45,780	52,488	181,837	43,160	323,265
Services	544,125	511,639	575,635	265,815	1,897,214
Repairs and maintenance	38,886	29,550	270,992	41,522	380,950
Other	-	3,335	1,288	634	5,257
Depreciation and amortization	100,272	27,701	92,316	193,872	414,161
Total operating expenses	<u>1,085,632</u>	<u>1,200,152</u>	<u>2,342,219</u>	<u>1,037,736</u>	<u>5,665,739</u>
Operating Income (Loss)	<u>(591,726)</u>	<u>88,647</u>	<u>(790,330)</u>	<u>(281,982)</u>	<u>(1,575,391)</u>
Nonoperating Revenues					
Interest income	-	-	-	1,643	1,643
Net nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,643</u>	<u>1,643</u>
Income (Loss) Before Contributions and Transfers	<u>(591,726)</u>	<u>88,647</u>	<u>(790,330)</u>	<u>(280,339)</u>	<u>(1,573,748)</u>
Contributions	250,000	5,318	-	3,000	258,318
Transfers In	250,000	-	1,076,752	351,286	1,678,038
Transfers Out	<u>-</u>	<u>-</u>	<u>(666,301)</u>	<u>(226,852)</u>	<u>(893,153)</u>
	<u>500,000</u>	<u>5,318</u>	<u>410,451</u>	<u>127,434</u>	<u>1,043,203</u>
Changes in Net Assets	(91,726)	93,965	(379,879)	(152,905)	(530,545)
Net Assets (Deficit), Beginning of Year	<u>2,419,509</u>	<u>(883,234)</u>	<u>(1,890,323)</u>	<u>3,240,828</u>	<u>2,886,780</u>
Net Assets (Deficit), End of Year	<u>\$ 2,327,783</u>	<u>\$ (789,269)</u>	<u>\$ (2,270,202)</u>	<u>\$ 3,087,923</u>	<u>\$ 2,356,235</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Enterprise Funds - Nonmajor
Year Ended December 31, 2011

	<u>River Market</u>	<u>Vehicle Storage</u>	<u>Golf Courses</u>	<u>Fitness Center</u>	<u>Total</u>
Operating Activities					
Receipts from customers	\$ 493,906	\$ 1,263,734	\$ 1,551,928	\$ 755,754	\$ 4,065,322
Other receipts	-	21,060	(1,327)	-	19,733
Payments to employees	(347,513)	(600,027)	(953,900)	(552,745)	(2,454,185)
Payments to suppliers	(36,231)	(52,488)	(165,211)	(43,160)	(297,090)
Payments to service providers	(544,125)	(526,455)	(575,635)	(280,082)	(1,926,297)
Other payments	(38,885)	(63,818)	(266,506)	(42,156)	(411,365)
Net cash provided by (used in) operating activities	<u>(472,848)</u>	<u>42,006</u>	<u>(410,651)</u>	<u>(162,389)</u>	<u>(1,003,882)</u>
Noncapital Financing Activities					
Transfers from other funds	250,000	-	1,076,752	351,286	1,678,038
Transfers to other funds	-	-	(666,301)	(226,852)	(893,153)
Net cash provided by (used in) noncapital financing activities	<u>250,000</u>	<u>0</u>	<u>410,451</u>	<u>124,434</u>	<u>784,885</u>
Capital and Related Financing Activities					
Purchase of capital assets	-	(47,324)	-	-	(47,324)
Capital contributions	250,000	5,318	-	3,001	258,319
Net cash provided by (used in) capital and related financing activities	<u>250,000</u>	<u>(42,006)</u>	<u>0</u>	<u>3,001</u>	<u>210,995</u>
Investing Activities					
Proceeds from sale of investments	-	-	-	986,697	986,697
Purchase of investments	-	-	-	(722,330)	(722,330)
Interest income	-	-	-	2,248	2,248
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,615</u>	<u>266,615</u>
Increase (Decrease) in Cash and Cash Equivalents	27,152	-	(200)	231,661	258,613
Cash and Cash Equivalents, Beginning of Year	34,705	400	2,250	172,901	210,256
Cash and Cash Equivalents, End of Year	<u>\$ 61,857</u>	<u>\$ 400</u>	<u>\$ 2,050</u>	<u>\$ 404,562</u>	<u>\$ 468,869</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In)					
Operating Activities					
Operating income (loss)	\$ (591,726)	\$ 88,647	\$ (790,330)	\$ (281,982)	\$ (1,575,391)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization expense	100,272	27,701	92,316	193,872	414,161
Gain (loss) on disposal of assets	-	(4,005)	1,495	-	(2,510)
Changes in assets and liabilities					
Receivables, net	3,707	-	-	-	3,707
Due to/due from other funds, net	-	(30,933)	263,145	-	232,212
Prepaid expenses	(5,524)	-	-	-	(5,524)
Inventories	-	-	(7,195)	-	(7,195)
Accounts payable	11,366	(14,723)	23,821	(14,267)	6,197
Accrued expenses	9,057	(24,681)	6,097	(60,012)	(69,539)
Net cash provided by (used in) operating activities	<u>\$ (472,848)</u>	<u>\$ 42,006</u>	<u>\$ (410,651)</u>	<u>\$ (162,389)</u>	<u>\$ (1,003,882)</u>

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the Policemen's Pension and Relief Fund, the Firemen's Pension and Relief Fund, the Nonuniformed Employees' Defined Contribution Plan, the Nonuniformed Employees' Defined Benefit Pension Plan, the 401(a) Money Purchase and Trust Retirement Fund 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 Assets
December 31, 2011

	Employee Retirement Plans						Total
	Policemen's Pension And Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Assets							
Cash and cash equivalents	\$ 876,152	\$ 4,881,790	\$ 1,451,050	\$ 800,301	\$ -	\$ 26,355	\$ 8,035,648
Investments							
U. S. government obligations	-	-	3,532,982	648,691	-	-	4,181,673
Equities	11,954,926	22,172,432	13,165,725	3,570,600	-	1,008,355	51,872,038
Mutual funds and other investments	31,516,514	39,225,398	17,149,798	4,133,950	6,883,902	499,055	99,408,617
Receivables							
Accounts receivable	21,849	-	-	-	149,892	-	171,741
Due from other funds	3,734,924	3,734,924	-	-	-	-	7,469,848
Accrued interest and dividends	511,869	544,674	9,980	5,337	-	2,120	1,073,980
Total assets	48,616,234	70,559,218	35,309,535	9,158,879	7,033,794	1,535,885	172,213,545
Liabilities							
Accrued liabilities	213	123	-	-	-	-	336
Due to other funds	9,647	13,782	-	-	-	-	23,429
Total liabilities	9,860	13,905	-	-	-	-	23,765
Net Assets							
Net assets held in trust	<u>\$ 48,606,374</u>	<u>\$ 70,545,313</u>	<u>\$ 35,309,535</u>	<u>\$ 9,158,879</u>	<u>\$ 7,033,794</u>	<u>\$ 1,535,885</u>	<u>\$ 172,189,780</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2011

	Employee Retirement Plans						Total
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Additions							
Contributions							
Employer	\$ 35,086	\$ 248,246	\$ 1,249,006	\$ 1,184,109	\$ 291,623	\$ -	\$ 3,008,070
Plan members	35,086	98,246	1,338,307	-	352,353	-	1,823,992
Property taxes contributed from general fund	3,638,144	3,638,144	-	-	-	-	7,276,288
State insurance turnback and guarantee fund from general fund	870,561	807,816	-	-	-	-	1,678,377
Other	558,994	187,670	-	1,221,075	-	-	1,967,739
Total contributions	5,137,871	4,980,122	2,587,313	2,405,184	643,976	-	15,754,466
Investment income							
Net decrease in fair value of investments	(860,113)	(2,740,908)	(536,116)	(212,138)	(198,629)	757	(4,547,147)
Interest and dividends	1,653,533	2,177,537	755,663	195,939	-	40,917	4,823,589
	793,420	(563,371)	219,547	(16,199)	(198,629)	41,674	276,442
Less investment expense	223,034	341,884	-	46,416	-	-	611,334
Net investment income (loss)	570,386	(905,255)	219,547	(62,615)	(198,629)	41,674	(334,892)
Total additions	5,708,257	4,074,867	2,806,860	2,342,569	445,347	41,674	15,419,574
Deductions							
Benefits paid directly to participants	9,923,844	10,471,695	3,922,461	1,621,312	7,997	-	25,947,309
Administrative expenses	129,402	197,444	180,635	-	-	15,246	522,727
Other	8,167	9,634	-	-	-	-	17,801
Total deductions	10,061,413	10,678,773	4,103,096	1,621,312	7,997	15,246	26,487,837
Change in Net Assets	(4,353,156)	(6,603,906)	(1,296,236)	721,257	437,350	26,428	(11,068,263)
Net Assets Held in Trust, Beginning of Year	52,959,530	77,149,219	36,605,771	8,437,622	6,596,444	1,509,457	183,258,043
Net Assets Held in Trust, End of Year	\$ 48,606,374	\$ 70,545,313	\$ 35,309,535	\$ 9,158,879	\$ 7,033,794	\$ 1,535,885	\$ 172,189,780

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Assets				
Cash and cash equivalents	\$ 193,772	\$ 12,748	\$ -	\$ 206,520
Accounts receivable	-	21,849	-	21,849
	<u>\$ 193,772</u>	<u>\$ 34,597</u>	<u>\$ -</u>	<u>\$ 228,369</u>
Liabilities				
Accrued liabilities	<u>\$ 193,772</u>	<u>\$ 12,748</u>	<u>\$ -</u>	<u>\$ 228,369</u>

(This Page Intentionally Left Blank)

DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Assets
Discretely Presented Component Units – Nonmajor
December 31, 2011

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 27,749	\$ 50,928	\$ 990,587	\$ 3,624,679	\$ 960,744	\$ 3,553,341	\$ 222,319	\$ 556,399	\$ 16,510	\$ 6,827,627	\$ 16,830,883
Investments	-	-	-	-	3,840,000	-	-	16,178,273	-	-	20,018,273
Restricted cash and investments - current	-	-	2,379,928	-	-	-	1,009,905	-	-	-	3,389,833
Accrued interest receivable	-	-	-	-	10,801	-	-	-	-	-	10,801
Accounts receivable, net of allowance	27,500	-	1,402,619	292,748	4,355,432	13,113	3,165,912	2,490,954	119,866	15,548,311	27,416,455
Inventories	-	-	-	-	293,873	367,864	26,101	81,053	-	-	768,891
Prepaid expenses and other	-	-	281,688	48,473	316,573	499,259	24,351	171,681	-	656,554	1,998,579
Total current assets	55,249	50,928	5,054,822	3,965,900	9,777,423	4,433,577	4,448,588	19,478,360	136,376	23,032,492	70,433,715
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	1,833,998	-	-	-	1,009,905	-	-	936,913	3,780,816
Investments	2,320,458	936,391	3,755,898	-	2,289,823	-	-	-	-	1,720,043	11,022,613
Interest receivable	-	-	24	-	-	-	1,677	-	-	-	1,701
	2,320,458	936,391	5,589,920	-	2,289,823	-	1,011,582	-	-	2,656,956	14,805,130
Less amounts required to meet current obligations	-	-	2,379,928	-	-	-	1,009,905	-	-	-	3,389,833
Total restricted assets	2,320,458	936,391	3,209,992	-	2,289,823	-	1,677	-	-	2,656,956	11,415,297
Capital assets											
Land	73,711	13,089	3,172,328	4,240,643	260,781	1,684,690	-	139,278	-	2,391,740	11,976,260
Construction in progress	-	-	193,217	37,374	735,339	-	8,096,461	-	-	2,604,829	11,667,220
Buildings, improvements and other facilities	136,696	99,211	53,267,892	28,380,836	1,390,072	34,503,750	1,209,245	14,714,719	-	70,148,842	203,851,263
Vehicles	141,825	-	-	-	6,323,674	31,766,917	-	-	-	-	38,232,416
Furniture and equipment	22,509	-	3,938,486	118,899	4,941,980	6,414,388	4,401,004	4,307,352	-	8,557,850	32,702,468
Books/AV materials	-	-	-	-	-	-	-	-	-	17,279,788	17,279,788
Other	-	-	2,699,782	-	961,438	-	-	-	-	311,655	3,972,875
	374,741	112,300	63,271,705	32,777,752	14,613,284	74,369,745	13,706,710	19,161,349	-	101,294,704	319,682,290
Less accumulated depreciation	202,845	7,441	28,197,130	13,296,778	10,777,382	29,817,169	3,092,505	10,160,239	-	29,091,133	124,642,622
Net capital assets	171,896	104,859	35,074,575	19,480,974	3,835,902	44,552,576	10,614,205	9,001,110	-	72,203,571	195,039,668
Other assets											
Deferred bond issue costs	-	-	40,151	-	-	-	-	-	-	-	40,151
Other	-	-	4,589	-	6,135	-	-	755,366	-	19,294	785,384
Total other assets	-	-	44,740	-	6,135	-	-	755,366	-	19,294	825,535
Total noncurrent assets	2,492,354	1,041,250	38,329,307	19,480,974	6,131,860	44,552,576	10,615,882	9,756,476	-	74,879,821	207,280,500
Total assets	\$ 2,547,603	\$ 1,092,178	\$ 43,384,129	\$ 23,446,874	\$ 15,909,283	\$ 48,986,153	\$ 15,064,470	\$ 29,234,836	\$ 136,376	\$ 97,912,313	\$ 277,714,215

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ -	\$ -	\$ 687,781	\$ 125,913	\$ 399,523	\$ 71,184	\$ 2,154,501	\$ 154,074	\$ 125,029	\$ 731,649	\$ 4,449,654
Accrued wages payable and related liabilities	-	-	236,673	43,296	-	1,043,143	-	-	5,540	279,840	1,608,492
Bonds payable - current portion	-	-	2,123,554	-	-	-	-	-	-	185,000	2,308,554
Notes payable - current portion	-	-	-	-	-	-	115,000	2,170,000	-	-	2,285,000
Capital lease payable - current portion	-	-	-	-	-	-	-	11,574	-	-	11,574
Compensated absences - current portion	-	-	-	25,310	-	-	-	-	11,428	1,005,073	1,041,811
Deferred revenue	-	-	156,699	-	114,947	-	105,775	1,336,048	-	41,954	1,755,423
Accrued expenses and other	2,562	-	627,782	4,490	625,258	4,434	51,730	404,936	-	1,500,000	3,221,192
Total current liabilities	2,562	-	3,832,489	199,009	1,139,728	1,118,761	2,427,006	4,076,632	141,997	3,743,516	16,681,700

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	6,828,685	-	-	-	-	-	-	3,189,375	10,018,060
Capital lease obligation	-	-	-	-	-	-	-	19,548	-	-	19,548
Other long-term liabilities	-	-	-	45,073	1,034,709	-	-	-	-	653,784	1,733,566
Compensated absences	-	-	-	152,203	-	-	-	-	-	-	152,203
Total noncurrent liabilities	-	-	6,828,685	197,276	1,034,709	-	-	19,548	-	3,843,159	11,923,377
Total liabilities	2,562	-	10,661,174	396,285	2,174,437	1,118,761	2,427,006	4,096,180	141,997	7,586,675	28,605,077

Net Assets (deficit)

Invested in capital assets, net of related debt	171,896	104,859	26,162,487	19,480,974	3,835,902	44,552,576	-	1,439,863	-	68,829,196	164,577,753
Restricted - expendable	1,673,367	936,391	3,499,548	-	-	1,617,128	2,225,065	1,338,204	-	777,476	12,067,179
Restricted - nonexpendable	-	-	-	-	-	-	-	4,078,984	-	372,118	4,451,102
Unrestricted	699,778	50,928	3,060,920	3,569,615	9,898,944	1,697,688	10,412,399	18,281,605	(5,621)	20,346,848	68,013,104
Total net assets (deficit)	2,545,041	1,092,178	32,722,955	23,050,589	13,734,846	47,867,392	12,637,464	25,138,656	(5,621)	90,325,638	249,109,138
Total liabilities and net assets	\$ 2,547,603	\$ 1,092,178	\$ 43,384,129	\$ 23,446,874	\$ 15,909,283	\$ 48,986,153	\$ 15,064,470	\$ 29,234,836	\$ 136,376	\$ 97,912,313	\$ 277,714,215

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 19,130,653	\$ 409,445	\$ 1,076,264	\$ 5,711,331	\$ (11,933,613)	\$ -	\$ (11,933,613)
Workforce Investment Board	1,966,047	-	1,963,224	-	(2,823)	-	(2,823)
				-			
Total governmental activities	<u>21,096,700</u>	<u>409,445</u>	<u>3,039,488</u>	<u>5,711,331</u>	<u>(11,936,436)</u>	<u>-</u>	<u>(11,936,436)</u>
Business-type Activities							
Oakland Fraternal Cemetery	312,957	64,860	-	-	-	(248,097)	(248,097)
Mt. Holly Cemetery	192,309	78,437	-	-	-	(113,872)	(113,872)
Advertising and Promotion Commission	13,459,486	2,772,522	-	-	-	(10,686,964)	(10,686,964)
Port Authority	2,328,722	2,525,867	-	-	-	197,145	197,145
Ambulance Authority	19,823,675	20,592,873	-	-	-	769,198	769,198
Central Arkansas Transit	18,795,588	2,248,509	-	-	-	(16,547,079)	(16,547,079)
Museum of Discovery	3,296,727	473,328	-	-	-	(2,823,399)	(2,823,399)
Arkansas Arts Center	8,207,867	7,356,737	-	-	-	(851,130)	(851,130)
Total business-type activities	<u>66,417,331</u>	<u>36,113,133</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,304,198)</u>	<u>(30,304,198)</u>
Total component units	<u>\$ 87,514,031</u>	<u>\$ 36,522,578</u>	<u>\$ 3,039,488</u>	<u>\$ 5,711,331</u>	<u>(11,936,436)</u>	<u>(30,304,198)</u>	<u>(42,240,634)</u>
General revenues							
General property taxes					14,823,587	-	14,823,587
Sales taxes					-	11,036,777	11,036,777
Investment income					114,807	11,397	126,204
Grants and contributions not restricted to specific programs					-	22,525,290	22,525,290
Other					1,220,250	6,904,994	8,125,244
Total general revenues					<u>16,158,644</u>	<u>40,478,458</u>	<u>56,637,102</u>
Change in net assets					4,222,208	10,174,260	14,396,468
Net Assets, Beginning of Year					86,097,809	148,614,861	234,712,670
Net Assets, End of Year					<u>\$ 90,320,017</u>	<u>\$ 158,789,121</u>	<u>\$ 249,109,138</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2011

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 64,860	\$ 78,437	\$ 1,557,274	\$ 2,525,867	\$ 20,185,904	\$ 2,248,509	\$ 473,328	\$ 2,452,668	\$ 29,586,847
Other	-	-	1,215,248	-	406,969	-	-	4,904,069	6,526,286
Total operating revenues	64,860	78,437	2,772,522	2,525,867	20,592,873	2,248,509	473,328	7,356,737	36,113,133
Operating Expenses									
Salaries, wages and employee benefits	120,290	91,972	5,629,806	810,660	14,596,970	10,043,327	205,242	2,685,330	34,183,597
Supplies and materials	16,754	-	47,999	85,313	1,084,777	2,962,961	356,512	402,210	4,956,526
Services	33,468	6,142	2,747,063	233,738	1,736,299	784,818	1,931,976	2,248,151	9,721,655
Utilities	11,749	5,830	1,061,806	334,977	432,850	233,918	-	293,223	2,374,353
Repairs and maintenance	108,393	60,274	1,295,667	25,187	818,961	-	-	434,024	2,742,506
Other	2,514	25,611	636,727	70,823	-	858,537	-	1,376,242	2,970,454
Depreciation and amortization	19,789	2,480	1,488,867	768,024	1,153,818	3,912,027	802,997	768,687	8,916,689
Total operating expenses	312,957	192,309	12,907,935	2,328,722	19,823,675	18,795,588	3,296,727	8,207,867	65,865,780
Operating Income (Loss)	(248,097)	(113,872)	(10,135,413)	197,145	769,198	(16,547,079)	(2,823,399)	(851,130)	(29,752,647)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,929,940	-	-	4,223,359	-	-	6,153,299
Local tax levy	-	-	11,036,777	-	-	-	-	-	11,036,777
Donations, contributions and grants received	-	55,346	-	909,670	-	9,828,301	10,111,964	1,620,009	22,525,290
Investment income	-	56,340	2,654	7,123	38,988	7,571	-	428	113,104
Interest expense	-	-	(551,551)	-	-	-	-	(101,707)	(653,258)
Other, net	145,626	-	(11,205)	13,470	598,650	-	(698)	5,852	751,695
Net nonoperating revenues (expenses)	145,626	111,686	12,406,615	930,263	637,638	14,059,231	10,111,266	1,524,582	39,926,907
Change in Net Assets	(102,471)	(2,186)	2,271,202	1,127,408	1,406,836	(2,487,848)	7,287,867	673,452	10,174,260
Net Assets, Beginning of Year	2,647,512	1,094,364	30,451,753	21,923,181	12,328,010	50,355,240	5,349,597	24,465,204	148,614,861
Net Assets, End of Year	\$ 2,545,041	\$ 1,092,178	\$ 32,722,955	\$ 23,050,589	\$ 13,734,846	\$ 47,867,392	\$ 12,637,464	\$ 25,138,656	\$ 158,789,121

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2011

	Wastewater Utility	National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 40,561,218	\$ 27,227,927	\$ 30,767,794	\$ 98,556,939
Other receipts	488,693	429,750	4,179,727	5,098,170
Payments to employees	(13,902,308)	(7,816,293)	(34,231,687)	(55,950,288)
Payments to suppliers	(2,667,694)	(7,946,881)	(8,140,512)	(18,755,087)
Payments for contractual services	(2,390,989)	-	(9,020,296)	(11,411,285)
Payments for utilities	(1,470,380)	-	(1,371,706)	(2,842,086)
Other payments	(1,187,873)	-	(3,343,857)	(4,531,730)
Net cash provided by (used in) operating activities	<u>19,430,667</u>	<u>11,894,503</u>	<u>(21,160,537)</u>	<u>10,164,633</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	325,413	23,794,804	24,120,217
Local tax levy supporting operations	-	-	10,210,769	10,210,769
Proceeds from noncapital line-of-credit	-	-	77,100	77,100
Other	-	-	617,274	617,274
Net cash provided by noncapital financing activities	<u>0</u>	<u>325,413</u>	<u>34,699,947</u>	<u>35,025,360</u>
Capital and Related Financing Activities				
Purchase of capital assets	(14,854,941)	-	(14,801,218)	(29,656,159)
Proceeds from sale of capital assets	74,332	-	54,240	128,572
Contributions, donations and grants	-	7,567,030	3,283,930	10,850,960
Passenger facility charge	-	4,366,274	-	4,366,274
Intergovernmental revenue received for debt service	-	-	1,929,940	1,929,940
Local tax levy used for debt service	-	-	812,284	812,284
Payments on line of credit	-	-	(160,153)	(160,153)
Proceeds from issuance of long-term debt	19,175,878	-	-	19,175,878
Principal paid on long-term debt	(24,515,760)	(2,515,000)	(2,071,341)	(29,102,101)
Acquisition and construction of capital asset	-	(19,763,926)	-	(19,763,926)
Interest paid on long-term debt	(10,839,383)	(1,290,039)	(833,961)	(12,963,383)
Other	-	(18,976)	145,626	126,650
Net cash used in capital and related financing activities	<u>(30,959,874)</u>	<u>(11,654,637)</u>	<u>(11,640,653)</u>	<u>(54,255,164)</u>
Investing Activities				
Proceeds from sale of investments	11,178,267	1,575,000	7,404,595	20,157,862
Purchase of investments	(6,329,363)	-	(6,100,019)	(12,429,382)
Interest received	228,866	375,336	146,770	750,972
Net cash provided by investing activities	<u>5,077,770</u>	<u>1,950,336</u>	<u>1,451,346</u>	<u>8,479,452</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(6,451,437)</u>	<u>2,515,615</u>	<u>3,350,103</u>	<u>(585,719)</u>
Cash and Cash Equivalents, Beginning of Year	<u>15,931,355</u>	<u>56,528,399</u>	<u>9,480,546</u>	<u>81,940,300</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,479,918</u>	<u>\$ 59,044,014</u>	<u>\$ 12,830,649</u>	<u>\$ 81,354,581</u>

	Wastewater Utility	National Airport	Other Component Units	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 12,189,301	\$ 3,658,076	\$ (29,752,647)	\$ (13,905,270)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	7,778,436	7,570,001	8,915,958	24,264,395
Other	-	-	(2,345,101)	(2,345,101)
Changes in assets and liabilities				
Receivables, net	30,534	135,162	(410,724)	(245,028)
Prepaid expenses	90,132	14,709	(209,376)	(104,535)
Inventories	(47,342)	-	(115,991)	(163,333)
Other assets	-	-	979,757	979,757
Accounts payable	(392,668)	413,361	2,068,241	2,088,934
Accrued expenses	(217,726)	-	(43,860)	(261,586)
Other liabilities	-	103,194	(246,794)	(143,600)
Net cash provided by (used in) operating activities	<u>\$ 19,430,667</u>	<u>\$ 11,894,503</u>	<u>\$ (21,160,537)</u>	<u>\$ 10,164,633</u>

Noncash Capital Activities

During 2011, the Little Rock Wastewater Utility received donated capital assets in the amount of \$1,568,219.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2011

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 61,360	\$ 78,437	\$ 1,725,779	\$ 2,478,132	\$ 20,621,900	\$ 2,113,006	\$ 326,634	\$ 3,362,546	\$ 30,767,794
Other receipts	-	-	1,231,042	-	329,685	81,723	-	2,537,277	4,179,727
Payments to employees	(120,290)	(91,972)	(5,672,240)	(841,000)	(14,596,970)	(9,932,640)	(209,576)	(2,766,999)	(34,231,687)
Payments to suppliers	(16,754)	-	(24,956)	(326,147)	(3,905,654)	(3,093,763)	(375,303)	(397,935)	(8,140,512)
Payments for contractual services	(33,468)	(6,142)	(4,135,025)	-	-	(1,631,976)	(372,049)	(2,841,636)	(9,020,296)
Payments for utilities	(11,749)	(5,830)	(1,059,846)	-	-	-	-	(294,281)	(1,371,706)
Other payments	(122,308)	(85,885)	(563,725)	(233,738)	-	(323,340)	-	(2,014,861)	(3,343,857)
Net cash provided by (used in) operating activities	(243,209)	(111,392)	(8,498,971)	1,077,247	2,448,961	(12,786,990)	(630,294)	(2,415,889)	(21,160,537)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	12,273,077	10,111,964	1,409,763	23,794,804
Local tax levy supporting operations	-	-	10,210,769	-	-	-	-	-	10,210,769
Proceeds from noncapital line-of-credit	-	-	-	-	-	-	77,100	-	77,100
Other	-	-	-	13,470	598,650	-	(698)	5,852	617,274
Net cash provided by noncapital financing activities	-	-	10,210,769	13,470	598,650	12,273,077	10,188,366	1,415,615	34,699,947
Capital and Related Financing Activities									
Purchase of capital assets	(45,518)	-	(587,038)	(1,982,660)	(1,612,202)	(1,536,013)	(8,882,576)	(155,211)	(14,801,218)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	1,804,236	-	-	1,804,236
(Payments on) Proceeds from line of credit, net of repayments	-	-	-	-	-	-	-	(160,153)	(160,153)
Contributions and donations	-	55,346	-	1,424,348	-	-	-	-	1,479,694
Intergovernmental revenue received for debt service	-	-	1,929,940	-	-	-	-	-	1,929,940
Local tax levy used for debt service	-	-	812,284	-	-	-	-	-	812,284
Proceeds from issuance of short-term financing	-	-	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	-	-	(1,985,445)	-	-	-	(77,500)	(8,396)	(2,071,341)
Interest paid on long-term debt	-	-	(756,779)	-	-	-	-	(77,182)	(833,961)
Proceeds from sale of capital assets	19,157	-	-	-	-	33,783	-	1,300	54,240
Other	145,626	-	-	-	-	-	-	-	145,626
Net cash provided by (used in) capital and related financing activities	119,265	55,346	(587,038)	(558,312)	(1,612,202)	302,006	(8,960,076)	(399,642)	(11,640,653)
Investing Activities									
Proceeds from sale of investments	425,527	-	2,465,742	-	1,500,000	-	-	3,013,326	7,404,595
Purchase of investments	(318,738)	(10,020)	(2,520,335)	1,555,851	(2,433,027)	-	-	(2,373,750)	(6,100,019)
Interest received	32,625	56,340	2,665	7,123	38,988	8,601	-	428	146,770
Net cash provided by (used in) investing activities	139,414	46,320	(51,928)	1,562,974	(894,039)	8,601	-	640,004	1,451,346
Increase (Decrease) in Cash and Cash Equivalents	15,470	(9,726)	1,072,832	2,095,379	541,370	(203,306)	597,996	(759,912)	3,350,103
Cash and Cash Equivalents, Beginning of Year	12,279	60,654	1,751,753	1,529,300	419,374	3,756,647	634,228	1,316,311	9,480,546
Cash and Cash Equivalents, End of Year	\$ 27,749	\$ 50,928	\$ 2,824,585	\$ 3,624,679	\$ 960,744	\$ 3,553,341	\$ 1,232,224	\$ 556,399	\$ 12,830,649

**Reconciliation of Operating Income (Loss) to Net Cash Provided By
(Used In) Operating Activities**

Operating income (loss)	\$	(248,097)	\$	(113,872)	\$	(10,135,413)	\$	197,145	\$	769,198	\$	(16,547,079)	\$	(2,823,399)	\$	(851,130)	\$	(29,752,647)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		19,058		2,480		1,488,867		768,024		1,153,818		3,912,027		802,997		768,687		8,915,958
Other		(12,486)		-		-		-		-		(33,783)		(698)		(2,298,134)		(2,345,101)
Changes in assets and liabilities																		
Receivables, net		(3,500)		-		136,813		(47,735)		339,382		(833)		(1,197,868)		363,017		(410,724)
Prepaid expenses		-		-		(93,026)		(19,143)		-		(97,207)		-		-		(209,376)
Inventories		-		-		-		-		-		(96,369)		(18,791)		(831)		(115,991)
Other assets		-		-		(64)		-		-		-		1,053,814		(73,993)		979,757
Accounts payable		1,816		-		98,735		178,956		212,968		(34,433)		1,533,610		76,589		2,068,241
Accrued expenses		-		-		(42,433)		-		-		110,687		(4,334)		(107,780)		(43,860)
Other liabilities		-		-		47,550		-		(26,405)		-		24,375		(292,314)		(246,794)
Net cash provided by (used in) operating activities	\$	<u>(243,209)</u>	\$	<u>(111,392)</u>	\$	<u>(8,498,971)</u>	\$	<u>1,077,247</u>	\$	<u>2,448,961</u>	\$	<u>(12,786,990)</u>	\$	<u>(630,294)</u>	\$	<u>(2,415,889)</u>	\$	<u>(21,160,537)</u>

(This Page Intentionally Left Blank)

STATISTICAL SECTION

City of Little Rock, Arkansas

Statistical Section

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.

Contents	Page
Financial Trends (Tables 1-6)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.....	103
Revenue Capacity (Tables 7-10)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.....	109
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.....	113
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	118
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	120

(This Page Intentionally Left Blank)

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

Table 1

	2002 ⁽¹⁾	2003	2004	2005 ⁽²⁾	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 44,035,519	\$ 63,394,603	\$ 70,448,883	\$ 461,024,448	\$ 464,980,160	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737
Restricted	14,394,986	13,707,483	14,779,074	17,627,261	18,189,548	14,861,692	14,747,876	19,792,771
Unrestricted (deficit)	7,345,612	9,699,378	11,341,255	6,583,272	746,351	(5,253,750)	(6,740,713)	(20,707,353)
Total governmental activities net assets	<u>\$ 65,776,117</u>	<u>\$ 86,801,464</u>	<u>\$ 96,569,212</u>	<u>\$ 485,234,981</u>	<u>\$ 483,916,059</u>	<u>\$ 479,785,126</u>	<u>\$ 479,333,800</u>	<u>\$ 478,697,155</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 9,598,629	\$ 4,117,095	\$ 11,377,021	\$ 11,171,798	\$ 12,833,382	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866
Restricted	5,092,032	9,882,094	6,268,162	6,407,826	8,170,282	7,686,354	6,255,864	8,324,557
Unrestricted (deficit)	2,207,338	4,518,817	2,718,940	4,064,877	2,920,311	6,186,519	1,021,866	(7,226,970)
Total business-type activities net assets	<u>\$ 16,897,999</u>	<u>\$ 18,518,006</u>	<u>\$ 20,364,123</u>	<u>\$ 21,644,501</u>	<u>\$ 23,923,975</u>	<u>\$ 29,713,721</u>	<u>\$ 29,927,640</u>	<u>\$ 26,260,453</u>
Primary government								
Invested in capital assets, net of related debt	\$ 53,634,148	\$ 67,511,698	\$ 81,825,904	\$ 472,196,246	\$ 477,813,542	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603
Restricted	19,487,018	23,589,577	21,047,236	24,035,087	26,359,830	22,548,046	21,003,740	28,117,328
Unrestricted (deficit)	9,552,950	14,218,195	14,060,195	10,648,149	3,666,662	932,769	(5,718,847)	(27,934,323)
Total primary government net assets	<u>\$ 82,674,116</u>	<u>\$ 105,319,470</u>	<u>\$ 116,933,335</u>	<u>\$ 506,879,482</u>	<u>\$ 507,840,034</u>	<u>\$ 509,498,847</u>	<u>\$ 509,261,440</u>	<u>\$ 504,957,608</u>

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37).

(2) During 2005, the City adopted the infrastructure accounting provisions of GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. The retroactive application of the new method resulted in an adjustment of \$378,306,301 to beginning 2005 net assets of governmental activities.

City of Little Rock, Arkansas
Change in Net Assets
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2002 ⁽¹⁾	2003	2004	2005 ⁽²⁾	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 32,396,254	\$ 35,574,263	\$ 34,359,791	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034	-
Education	2,165,955	147,691	-	-	-	7,591,089	8,372,418	5,282,591
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236	482,975	12,210	9,545
Total governmental activities expenses	<u>137,297,950</u>	<u>142,071,769</u>	<u>154,262,952</u>	<u>173,486,876</u>	<u>183,035,064</u>	<u>210,167,539</u>	<u>199,241,031</u>	<u>202,462,224</u>
Business-type activities:								
Presidential park	1,175,807	1,007,338	879,301	943,061	837,674	787,099	756,924	727,723
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683	1,280,521	1,392,804	932,726
Zoo	2,973,358	2,986,464	3,252,245	3,589,480	3,959,985	4,286,060	4,758,438	4,816,545
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136	2,551,139	2,795,234	2,323,844
Fitness center	988,999	807,110	774,098	880,469	1,045,851	1,018,736	1,023,119	1,031,479
Concessions services	305,706	234,171	150,066	108,690	120,027	148,389	149,129	104,090
Total business-type activities expenses	<u>22,235,399</u>	<u>20,709,010</u>	<u>22,636,775</u>	<u>24,086,242</u>	<u>24,866,361</u>	<u>26,962,358</u>	<u>27,556,897</u>	<u>26,662,040</u>
Total primary government expenses	<u>\$ 159,533,349</u>	<u>\$ 162,780,779</u>	<u>\$ 176,899,727</u>	<u>\$ 197,573,118</u>	<u>\$ 207,901,425</u>	<u>\$ 237,129,897</u>	<u>\$ 226,797,928</u>	<u>\$ 229,124,264</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 16,304,154	\$ 19,435,156	\$ 14,162,061	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390
Public works	488,437	435,761	168,730	313,407	998,515	629,934	505,189	395,554
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408	959,667	1,051,607	1,276,650
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562	962,181	650,746	462,390
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306
Total governmental activities program revenues	<u>30,025,133</u>	<u>33,647,602</u>	<u>27,621,465</u>	<u>33,619,755</u>	<u>31,394,339</u>	<u>46,655,526</u>	<u>36,615,881</u>	<u>42,294,315</u>

Business-type activities:								
Charges for services:								
Presidential park	-	-	-	-	-	139,637	60,382	684
Waste disposal	12,167,056	13,393,676	14,109,685	14,934,170	15,919,951	16,787,719	16,473,414	16,303,264
Rivermarket garage	593,734	593,014	1,410,727	1,295,883	1,419,484	1,643,404	1,768,636	1,676,830
Riverfront park	419,529	366,049	407,144	397,194	329,914	310,547	268,593	300,074
Zoo	1,783,347	1,421,735	1,898,390	2,035,070	2,268,438	2,646,480	2,573,440	3,057,010
Vehicle storage	1,205,352	1,344,171	1,654,249	1,466,627	1,171,495	1,329,776	1,300,655	1,203,642
Golf courses	1,584,954	849,037	1,609,628	1,801,609	1,847,184	1,660,152	1,517,895	1,372,751
Fitness center	765,277	579,989	685,419	651,786	743,361	766,207	696,328	761,485
Concessions services	197,111	177,661	81,180	74,554	53,948	67,711	48,171	37,589
Capital grants and contributions	-	-	-	-	-	4,170,925	2,252,001	516,796
Total business-type activities program revenues	18,716,360	18,725,332	21,856,422	22,656,893	23,753,775	29,522,558	26,959,515	25,230,125
Total primary government program revenues	<u>\$ 48,741,493</u>	<u>\$ 53,679,985</u>	<u>\$ 49,477,887</u>	<u>\$ 56,276,648</u>	<u>\$ 55,148,114</u>	<u>\$ 76,178,084</u>	<u>\$ 63,575,396</u>	<u>\$ 67,524,440</u>
Net (expense)/revenue								
Governmental activities	\$ (107,272,817)	\$ (108,424,167)	\$ (126,641,487)	\$ (139,867,121)	\$ (151,640,725)	\$ (163,512,013)	\$ (162,625,150)	\$ (160,167,909)
Business-type activities	(3,519,039)	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)	2,560,200	(597,382)	(1,431,915)
Total primary government net expense	<u>\$ (110,791,856)</u>	<u>\$ (110,407,845)</u>	<u>\$ (127,421,840)</u>	<u>\$ (141,296,470)</u>	<u>\$ (152,753,311)</u>	<u>\$ (160,951,813)</u>	<u>\$ (163,222,532)</u>	<u>\$ (161,599,824)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:								
Taxes								
General Property taxes	\$ 61,592,212	\$ 33,090,573	\$ 35,414,871	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563
Other	-	-	-	-	-	-	23,745	(246,757)
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053
Total governmental activities	<u>133,820,481</u>	<u>130,756,565</u>	<u>136,409,235</u>	<u>150,226,589</u>	<u>150,321,803</u>	<u>159,381,080</u>	<u>162,173,824</u>	<u>159,531,264</u>
Business-type activities								
Investment earnings	379,525	353,737	223,486	467,783	959,678	1,002,452	533,477	80,586
Other	7,767	(38,547)	499,595	376,747	(64,920)	(20,324)	(29,411)	(9,805)
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)
Total business-type activities	<u>921,998</u>	<u>2,296,634</u>	<u>2,626,470</u>	<u>2,709,727</u>	<u>3,392,060</u>	<u>3,229,546</u>	<u>811,301</u>	<u>(2,235,272)</u>
Total primary government	<u>\$ 134,742,479</u>	<u>\$ 133,053,199</u>	<u>\$ 139,035,705</u>	<u>\$ 152,936,316</u>	<u>\$ 153,713,863</u>	<u>\$ 162,610,626</u>	<u>\$ 162,985,125</u>	<u>\$ 157,295,992</u>
Changes in Net Assets								
Governmental activities	\$ 26,547,664	\$ 21,025,347	\$ 9,767,748	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)
Business-type activities	(2,597,041)	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)
Change in accounting principle	(23,452,663)	-	-	378,306,301	-	-	-	-
Total primary government	<u>\$ 497,960</u>	<u>\$ 22,645,354</u>	<u>\$ 11,613,865</u>	<u>\$ 389,946,147</u>	<u>\$ 960,552</u>	<u>\$ 1,658,813</u>	<u>\$ (237,407)</u>	<u>\$ (4,303,832)</u>

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37.)

(2) During 2005, the City adopted the infrastructure accounting provisions of GASB 34, as amended. The retroactive application of the new method resulted in an adjustment of \$378,306,301 to beginning 2005 net assets of governmental activities.

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

Table 3

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2002	\$ 61,592,212	\$ 52,651,567	\$ 20,662,981	\$ 134,906,760
2003	33,090,573	54,800,103	20,890,103	108,780,779
2004	35,414,871	56,529,897	21,868,645	113,813,413
2005	33,542,201	60,299,892	23,588,872	117,430,965
2006	36,931,553	64,431,557	25,983,088	127,346,198
2007	41,742,564	65,115,060	25,656,344	132,513,968
2008	41,954,874	66,157,605	29,809,410	137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37).

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

Table 4

	Pre-GASB 54								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 467,924	\$ 525,307	\$ 498,396	\$ 546,742	\$ 513,092	\$ 540,693	\$ 572,647	\$ 1,219,426	\$ 1,368,619
Unreserved	9,134,702	9,181,438	14,873,326	22,215,475	20,983,516	17,188,490	16,754,381	21,061,786	24,642,501
Total general fund	<u>\$ 9,602,626</u>	<u>\$ 9,706,745</u>	<u>\$ 15,371,722</u>	<u>\$ 22,762,217</u>	<u>\$ 21,496,608</u>	<u>\$ 17,729,183</u>	<u>\$ 17,327,028</u>	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>
All other governmental funds									
Reserved	\$ 3,847,951	\$ 3,531,170	\$ 4,389,545	\$ 5,004,358	\$ 4,664,091	\$ 3,612,265	\$ 4,737,277	\$ 3,197,741	\$ 2,368,171
Unreserved, reported in:									
Special revenue funds	4,973,322	4,673,640	4,243,570	5,830,024	6,007,149	5,536,172	5,554,772	2,846,175	4,623,440
Capital projects funds	20,936,860	15,933,157	87,417,349 ⁽¹⁾	65,176,780 ⁽²⁾	27,648,782 ⁽²⁾	14,300,651 ⁽²⁾	10,159,304 ⁽²⁾	35,096,989 ⁽³⁾	20,523,651
Debt service funds	11,448,333	11,407,558	10,941,496	13,248,476	14,256,025	12,072,643	10,852,119	16,593,060	17,369,848
Total all other governmental funds	<u>\$ 41,206,466</u>	<u>\$ 35,545,525</u>	<u>\$ 106,991,960</u>	<u>\$ 89,259,638</u>	<u>\$ 52,576,047</u>	<u>\$ 35,521,731</u>	<u>\$ 31,303,472</u>	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>
	Post-GASB 54								
	<u>2011</u>								
General fund									
Nonspendable	\$ 13,255,910								
Restricted	-								
Committed	374,900								
Assigned	1,473,304								
Unassigned	10,904,042								
Total general fund	<u>\$ 26,008,156</u>								
All other governmental funds									
Nonspendable	\$ 407,391								
Restricted	46,731,379								
Committed	-								
Assigned	-								
Unassigned	(406,965)								
Total all other governmental funds	<u>\$ 46,731,805</u>								

(1) The increase in fund balance in the capital projects funds is associated with the 2004 Limited Tax General Obligation Capital Improvement bonds issued to finance capital improvements.

(2) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.

(3) The increase in fund balance in the capital projects funds is associated with the 2009 Central Arkansas Library Capital Improvements Bond and the 2009 Parks and Recreation Capital Improvements bond issued to finance capital improvements.

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

Table 5

	2002	2003	2004	2005	2006	2007	2008	2009
Revenues								
Taxes ⁽¹⁾	\$ 97,671,645	\$ 101,503,838	\$ 113,113,245	\$ 117,182,208	\$ 125,804,151	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899
Licenses and permits	8,268,835	8,708,523	8,859,344	9,307,627	9,894,766	9,965,755	9,493,646	9,491,852
Intergovernmental	19,556,572	18,621,039	19,837,898	20,435,880	17,730,551	35,348,114	24,660,496	23,758,563
Charges for services	5,789,188	4,759,347	4,492,433	4,786,588	6,656,647	7,250,342	7,636,280	5,896,703
Fines	3,803,560	5,313,622	5,077,073	5,710,201	4,277,114	4,406,272	4,094,674	3,866,793
Investment Income	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043
Miscellaneous	2,511,736	4,040,306	3,797,305	4,211,852	3,070,749	3,377,183	3,128,552	3,257,697
Total revenues	139,052,365	143,431,220	156,408,609	164,446,449	171,305,986	191,025,191	186,361,255	185,115,550
Expenditures								
General government	32,929,128	31,993,462	37,827,535	36,589,853	42,386,548	61,719,463	53,764,986	47,240,799
Public works	22,794,707	17,928,685	21,525,933	24,577,640	34,392,323	26,478,689	20,997,331	19,131,584
Parks and recreation and zoo	8,228,295	7,957,319	10,069,417	14,462,219	15,918,143	11,331,664	10,852,290	10,671,631
Fire department	23,138,524	28,040,943	31,560,941	35,298,489	44,706,618	37,455,769	37,142,635	37,943,802
Police department	44,459,817	44,059,630	45,102,475	53,470,507	54,319,391	54,697,552	55,428,567	58,971,285
Housing and neighborhood programs	9,041,226	9,676,745	7,470,436	7,905,898	8,473,162	9,441,274	8,066,771	8,368,709
Debt service								
Principal	7,385,000	9,660,000	11,055,000	6,525,000	8,840,000	25,422,407	11,670,000	12,571,500
Interest	1,879,197	1,932,911	3,533,951	4,313,380	4,265,080	3,674,581	3,370,957	3,510,734
Bond issuance costs	-	-	-	-	-	-	-	95,173
Other charges	113,628	11,159	503,346	25,063	13,236	150,568	12,210	9,545
Total expenditures	149,969,522	151,260,854	168,649,034	183,168,049	213,314,501	230,371,967	201,305,747	198,514,762
Excess (deficiency) of revenues over (under) expenditures	(10,917,157)	(7,829,634)	(12,240,425)	(18,721,600)	(42,008,515)	(39,346,776)	(14,944,492)	(13,399,212)
Other financing sources (uses)								
Transfers in	11,366,863	6,766,952	2,631,865	3,024,332	2,531,535	3,983,282	6,316,264	10,100,179
Transfers out	(16,612,654)	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)	(6,835,415)
Bonds issued	20,010,000	4,250,000	99,850,000	5,205,000	6,550,000	20,765,438	8,991,500	35,830,000
Premium on bonds issued	-	-	1,425,301	-	-	-	-	-
Discount on bonds issued	(26,255)	-	(87,811)	-	-	-	-	(249,215)
Payments to refunded bond escrow agent	-	-	(10,249,924)	-	-	-	-	-
Capital leases	-	-	283,883	-	-	-	-	-
Total other financing sources (uses)	14,737,954	2,272,812	89,351,837	3,346,420	4,059,315	18,524,637	10,324,475	38,845,549
Net change in fund balances	\$ 3,820,797	\$ (5,556,822)	\$ 77,111,412	\$ (15,375,180)	\$ (37,949,200)	\$ (20,822,139)	\$ (4,620,017)	\$ 25,446,337
Debt service as a percentage of noncapital expenditures	6.8%	8.3%	9.6%	6.7%	7.7%	12.7%	8.0%	8.6%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 103.

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

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2002	\$ 24,357,097	\$ 52,651,567	\$ 20,662,981	\$ 97,671,645
2003	29,372,970	51,240,765	20,890,103	101,503,838
2004	31,155,365	60,089,235	21,868,645	113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033

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

Table 7

Year	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Utility	Real	Utility				
2002	\$1,645,954,792	\$ 24,815,572	\$ 601,976,300	\$ 112,959,382	\$ 2,385,706,046	13.10	\$ 11,928,530,230	20.00%
2003	1,746,230,726	26,233,090	631,976,635	119,324,708	2,523,765,159	13.10	12,618,825,795	20.00%
2004	1,863,590,893	24,928,143	654,022,465	116,973,443	2,659,514,944	14.10	13,297,574,720	20.00%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20.00%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20.00%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20.00%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20.00%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20.00%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20.00%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20.00%

Source: Pulaski County Tax Assessor.

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

Note: Tax collection years are shown above. Assessments were made and certified the preceding year.

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.

City of Little Rock, Arkansas
Property Tax Rates and Tax Levies of Direct and Overlapping Government
Last Ten Years
Local Tax Rates – Per \$1,000 of Assessed Value

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2002	\$ 13.10	\$ 13.10	\$ 10.10	\$ 10.10	\$ 46.40	\$ 46.40	\$ 69.60	\$ 69.60
2003	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2004	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2009	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2010	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2011	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55

Tax Levies

2002	\$ 30,002,023	\$ 30,851,011	\$ 104,429,847	\$ 165,282,881
2003	30,429,999	32,572,873	109,860,977	172,863,849
2004	32,178,180	34,575,502	115,295,060	182,048,742
2005	33,908,999	36,966,112	121,733,219	192,608,330
2006	36,366,203	39,334,921	129,068,485	204,769,609
2007	38,848,293	42,554,360	137,582,342	218,984,995
2008	45,120,783	45,743,106	148,109,308	238,973,197
2009	48,789,133	46,344,553	148,559,430	243,693,117
2010	49,499,645	46,915,434	148,192,735	244,607,815
2011	49,687,697	48,464,111	152,324,353	250,476,161

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 1. Taxes are recorded as delinquent after October 1 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, 2011

The City of Little Rock, Arkansas's largest own-source revenue is sale taxes. Sale taxes primarily come from two separate taxes; a one-half cent city tax based on point of sale and a portion of the county's one cent 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 2011, the one-half cent city sales tax generated revenue of \$23,275,525.

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 enjoys a diverse economic sales tax base.

Table 9

Little Rock Top Ten 1/2 Cent Sales Taxpayers		
Industry	Tax Collected	% of Total
Wholesale Trade Durable Goods	\$ 2,286,820	9.82%
General Merchandise Stores	2,335,150	10.03%
Food Services and Drinking Places	2,176,460	9.35%
Food and Beverage Stores	1,840,922	7.91%
Utilities	1,852,284	7.96%
Clothing and Clothing Accessories Stores	996,401	4.28%
Rental and Leasing Services	1,103,832	4.74%
Building Material and Garden Equipment and Supplies Dealers	1,081,947	4.65%
Electronics and Appliance Stores	1,006,544	4.32%
Broadcasting and Telecommunications	794,661	3.41%
Totals	<u>\$ 15,475,021</u>	<u>66.49%</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 in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 30,002,023	\$ 27,439,091	91.46%	\$ 1,315,458	\$ 28,754,549	95.84%
2003	30,429,999	27,897,089	91.68%	1,093,861	28,990,950	95.27%
2004	32,178,180	28,396,113	88.25%	2,479,883	30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%

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	Capital Leases			
2002	\$ 27,915,000	\$ 20,710,000	\$ 8,560,094	\$ 640,000	\$ 45,170,000	\$ -	\$ 102,995,094	2.42%	\$ 562.41
2003	19,090,000	19,875,000	11,403,359	480,000	52,170,000	-	103,018,359	2.42%	562.53
2004	95,635,000 ⁽²⁾	18,975,000	13,342,046	398,000	49,710,000	-	178,060,046	4.19%	972.30
2005	90,045,000	18,040,000	15,397,113	822,287	47,170,000	96,941	171,571,341	4.04%	936.87
2006	82,180,000	17,065,000	17,694,148	321,058	44,510,000	-	161,770,206	3.26%	855.33
2007	71,615,000	15,890,000	19,624,359	-	44,905,000	288,534	152,322,893	2.88%	831.76
2008	65,015,000	14,820,000	18,997,000	-	41,625,000	188,558	140,645,558	2.75%	768.00
2009	81,560,000 ⁽³⁾	21,540,000 ⁽⁴⁾	13,177,436	-	38,025,000	92,462	154,394,897	3.33%	843.08
2010	67,255,000	20,285,000	8,056,677	-	31,725,000	-	127,321,677	2.74%	695.24
2011	53,025,000	18,735,000	8,316,847	-	30,965,000	-	111,041,847	2.13%	573.79

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

(1) See the Schedule of Demographic and Economic Statistics on page 113 for personal income and population data.

(2) In 2004, the City issued \$70,365,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued \$25,000,000 in library improvement and refunding bonds.

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

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

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⁾
2002	\$ 27,915,000	\$ 9,497,956	\$ 18,417,044	0.77%	\$ 100.57
2003	19,090,000	9,580,788	9,509,212	0.38%	51.93
2004	95,635,000 ⁽³⁾	8,811,574	86,823,426	3.26%	474.10
2005	90,045,000	11,104,941	78,940,059	2.77%	431.05
2006	82,180,000	11,772,050	70,407,950	2.31%	372.27
2007	71,615,000	11,045,088	60,569,912	1.85%	330.74
2008	65,015,000	11,604,803	53,410,197	1.51%	291.65
2009	81,560,000 ⁽⁴⁾	15,200,770	66,359,230	1.84%	362.36
2010	67,255,000	16,529,241	50,940,759	1.41%	278.16
2011	53,025,000	17,518,930	35,506,070	0.95%	183.47

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

(1) See the Schedule of Assessed and Appraised Value of Taxable Property on page 104 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 113 for personal income and population data.

(3) In 2004, the City issued \$70,635,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued \$25,000,000 in library improvement and refunding bonds.

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

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2011

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	\$ 43,822,917	100%	\$ 43,822,917
Little Rock Public School District	<u>193,360,900</u>	100%	<u>193,360,900</u>
Total direct and overlapping debt	<u><u>\$ 237,183,817</u></u>		<u><u>\$ 237,183,817</u></u>

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

Table 14

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 444,562,725	\$ 630,941,290	\$ 664,878,736	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237
Total net debt applicable to limit	<u>33,569,043</u>	<u>34,274,288</u>	<u>111,745,928</u>	<u>108,514,706</u>	<u>98,946,417</u>	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>
Legal debt margin	<u>\$ 410,993,682</u>	<u>\$ 596,667,002</u>	<u>\$ 553,132,808</u>	<u>\$ 604,546,455</u>	<u>\$ 662,784,108</u>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>
Total net debt applicable to the limit as a percentage of debt limit	7.55%	5.43%	16.81%	15.22%	12.99%	9.64%	8.06%	11.00%	8.71%	4.70%

Legal Debt Margin Calculation for 2011

Assessed value	\$ 3,727,044,948
Debt limit:	
General obligation debt limitation (1)	745,408,990
Short-term financing debt limitation (2)	<u>186,352,247</u>
Total Debt Limitation	<u>931,761,237</u>
Debt applicable to limit:	
General obligation and short-term financing	61,341,847
Less: Amount set aside for repayment in debt services funds	<u>(17,518,930)</u>
Total net debt applicable to limit	<u>43,822,917</u>
Legal debt margin	<u>\$ 887,938,320</u>

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

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

City of Little Rock, Arkansas

Revenue Bond Coverage

Last Ten Years

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2002 Wastewater Utility	\$ 21,136,586	\$ 16,208,850	\$ 4,927,736	\$ 1,820,787	\$ 1,432,987	\$ 3,253,774	1.51
Regional Airport	16,578,846	10,130,512	6,448,334	1,365,000	1,776,477	3,141,477	2.05
A&P Commission	11,176,391	9,454,023	1,722,368	1,030,000	1,422,373	2,452,373	0.70
Total	\$ 48,891,823	\$ 35,793,385	\$ 13,098,438	\$ 4,215,787	\$ 4,631,837	\$ 8,847,624	1.48
2003 Wastewater Utility	\$ 27,811,390	\$ 19,474,453	\$ 8,336,937	\$ 1,594,617	\$ 1,999,172	\$ 3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	\$ 55,506,112	\$ 40,962,154	\$ 14,543,958	\$ 4,253,171	\$ 5,021,766	\$ 9,274,937	1.57
2004 Wastewater Utility	\$ 30,295,588	\$ 21,380,806	\$ 8,914,782	\$ 2,336,322	\$ 2,050,350	\$ 4,386,672	2.03
Regional Airport	17,236,278	13,191,863	4,044,415	1,545,000	1,544,706	3,089,706	1.31
A&P Commission	12,118,527	9,183,566	2,934,961	1,205,000	1,184,546	2,389,546	1.23
Total	\$ 59,650,393	\$ 43,756,235	\$ 15,894,158	\$ 5,086,322	\$ 4,779,602	\$ 9,865,924	1.61
2005 Wastewater Utility	\$ 30,609,507	\$ 22,985,329	\$ 7,624,178	\$ 5,035,661	\$ 2,122,914	\$ 7,158,575	1.07
Regional Airport	18,508,810	14,401,111	4,107,699	1,695,000	1,404,936	3,099,936	1.33
A&P Commission	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
Total	\$ 62,468,869	\$ 48,044,659	\$ 14,424,210	\$ 7,995,661	\$ 3,553,150	\$ 11,548,811	1.25
2006 Wastewater Utility	\$ 30,398,264	\$ 22,088,849	\$ 8,309,415	\$ 2,625,215	\$ 2,496,617	\$ 5,121,832	1.62
Regional Airport	19,847,399	14,642,935	5,204,464	1,760,000	1,332,157	3,092,157	1.68
A&P Commission	13,575,601	10,519,446	3,061,155	1,337,500	1,009,844	2,347,344	1.30
Total	\$ 68,821,264	\$ 47,251,230	\$ 16,575,034	\$ 5,722,715	\$ 4,838,618	\$ 10,561,333	1.57
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	0.52
Regional Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	\$ 72,624,967	\$ 55,395,149	\$ 17,229,818	\$ 8,520,433	\$ 12,316,801	\$ 20,837,234	0.83

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

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Regional Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	\$ 79,007,286	\$ 64,627,799	\$ 14,379,487	\$ 9,609,106	\$ 13,052,723	\$ 22,661,829	0.63
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Regional Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	\$ 78,325,368	\$ 64,198,449	\$ 14,126,919	\$ 10,868,285	\$ 13,533,251	\$ 24,401,536	0.58
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Regional Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	\$ 82,870,388	\$ 64,402,141	\$ 18,468,247	\$ 11,356,052	\$ 13,050,932	\$ 24,406,984	0.76
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Regional Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
Total	\$ 84,607,671	\$ 61,662,487	\$ 22,945,184	\$ 12,023,577	\$ 12,363,171	\$ 24,386,748	0.94

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

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

	Pledged	Operating	Net Revenue	Principal	Debt Service Requirements		Coverage
	Revenue ⁽⁴⁾	Expenses ⁽⁵⁾			Interest	Total	
River Market Garage	\$ 2,134,606	\$ 859,342	\$ 1,275,264	\$ 390,000	\$ 498,545	\$ 888,545	1.44

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

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

Table 16

Year	Population	Personal Income ⁽³⁾	Per Capita Income ⁽³⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2002	183,133 ⁽²⁾	\$ 4,250,333,797	\$ 23,209	34.5	13.4	27,574	4.3%
2003	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	27,980	4.6%
2004	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	27,891	4.4%
2005	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 ⁽²⁾	4,966,933,226	27,122	36.0	13.4	28,755 ⁽⁴⁾	3.8%
2007	183,133 ⁽²⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽⁴⁾	4.8%
2008	183,133 ⁽²⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽⁴⁾	4.6%
2009	183,133 ⁽²⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽⁴⁾	6.1%
2010	193,524 ⁽⁵⁾	4,906,220,448	25,352	37	13.8	27,950 ⁽⁴⁾	6.1%
2011	193,524 ⁽⁵⁾	5,205,408,552	26,898	35.1	13.8	27,626 ⁽⁴⁾	7.3%

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

(1) Estimated

(2) 2000 Census

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

(4) Little Rock Public Schools

(5) 2010 Census

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

Table 17

Employer	2011			2002	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
State of Arkansas	32,200	1	22.37%	28,100	1
Local Government	28,800	2	20.01%		
Federal Government	9,200	3	6.39%	9,400	2
University of Arkansas Medical Sciences	8,500	4	5.91%	5,392	6
Baptist Health	7,000	5	4.86%	7,000	4
Acxiom	4,388	6	3.05%		
Entergy Arkansas	2,738	7	1.90%	3,254	8
Pulaski County Special School District	2,700	8	1.88%		
AT&T	2,613	9	1.82%		
Public School Districts				8,868	3
Little Rock Air Force Base				5,445	5
St. Vincent Infirmary Medical Center	2,600	10		4,200	7
Central Arkansas Veterans Health Care				2,700	9
ALLTEL Corporation				4,000	10
	<u>100,739</u>		<u>68.19%</u>	<u>78,359</u>	

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
General Administration (1)	5	6	2	2	3	4	4	3	3	3
Racial Cultural Diversity (1)	-	-	3	3	3	3	3	3	3	3
City Clerk (1)	-	-	2	2	2	2	2	2	2	2
Arts & Humanities	-	-	1	-	-	-	-	-	-	-
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
City Manager	11	11	11	11	11	14	15	15	14	14
Community Programs	32	13	8	8	8	8	8	7	6	7
City Attorney	19	19	19	18	18	18	19	19	18	18
Little Rock Television	2	2	2	3	3	3	3	3	3	3
District Court - First Division	19	20	21	21	21	21	21	21	21	21
District Court - Second Division	21	21	20	20	20	20	20	20	17	17
District Court - Third Division	8	7	7	6	6	7	7	7	7	7
Finance	45	44	44	44	44	44	44	44	40	40
Human Resources	18	17	18	18	20	21	21	21	18	18
Management Support / Information Technology	35	35	35	33	33	34	35	36	37	38
Planning and Development	46	44	43	41	40	41	41	41	39	39
Housing and Neighborhood Programs	98	95	96	95	94	97	97	98	94	94
Public Works	16	15	13	13	13	13	13	13	13	13
Parks and Recreation (2)	112	112	113	106	104	106	106	105	100	100
Fire	396	396	398	397	398	397	397	409	408	408
Police	739	713	713	695	670	680	683	698	698	697
Total General Fund	<u>1,623</u>	<u>1,571</u>	<u>1,570</u>	<u>1,537</u>	<u>1,512</u>	<u>1,534</u>	<u>1,540</u>	<u>1,566</u>	<u>1,542</u>	<u>1,543</u>
Zoo (2)	48	48	50	50	50	51	50	50	45	46
Golf (2)	27	27	25	25	24	24	24	24	21	21
Jim Dailey Fitness & Aquatic Center (2)	11	11	9	9	9	9	9	9	9	9
Concessions	2	1	1	1	1	1	1	-	-	-
River Market (2)	4	4	4	4	4	4	4	4	-	-
Waste Disposal	98	118	118	118	118	118	118	119	112	112
Public Works - Street	232	210	205	210	210	210	208	209	210	210
Fleet Services	52	56	59	59	61	61	61	60	60	60
Vehicle Storage Facility	18	19	17	17	17	17	17	17	17	15
Total Other Funds	<u>492</u>	<u>494</u>	<u>488</u>	<u>493</u>	<u>494</u>	<u>495</u>	<u>492</u>	<u>492</u>	<u>474</u>	<u>473</u>
Total Personnel	<u>2,115</u>	<u>2,065</u>	<u>2,058</u>	<u>2,030</u>	<u>2,006</u>	<u>2,029</u>	<u>2,032</u>	<u>2,058</u>	<u>2,016</u>	<u>2,016</u>

Source: Government Budget Office

(1) In 2004, the City Clerk's office and the Racial and Cultural Diversity departments were broken out from General Administration .

(2) Prior to 1999, Zoo, Golf, Fitness, and River Market personnel were included in Parks and Recreation.

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Planning and Development										
Total building permits issued	4,561	4,432	5,032	5,330	4,694	2,734	1,957	3,690	3,832	3,304
Estimated building cost	\$489,610,493	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894
New commercial construction permits	78	96	153	113	78	60	45	31	26	155
Commercial construction value	\$180,659,144	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044
New residential construction permits	590	727	797	978	810	733	398	351	361	344
Residential construction value	\$137,152,590	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123
Fire										
Number of uniformed employees	374	373	373	373	374	391	391	402	403	403
Fires and explosions	1,307	1,392	1,127	1,883	1,752	1,478	1,190	1,256	1,557	1,452
Overpressure rupture, explosion, overhear (no fire)	132	123	126	110	143	101	90	61	65	62
Rescue, emergency medical calls	9,727	10,128	9,869	13,982	13,948	13,946	13,990	14,690	15,256	15,259
Hazardous condition, standby	1,279	1,319	1,215	1,211	1,186	1,177	1,392	1,178	1,130	1,298
Service calls	1,228	1,220	1,116	984	1,236	1,265	1,374	1,241	1,210	1,295
Good intent calls	1,547	1,593	1,366	1,034	2,419	3,165	3,176	3,327	3,523	3,332
False alarm calls	2,803	2,470	2,114	2,553	3,019	2,953	2,813	2,714	2,644	2,648
Natural disaster calls	12	9	12	26	28	22	64	29	17	75
Other calls	172	229	122	89	142	117	158	132	179	134
Total calls	18,207	18,483	17,067	21,872	23,873	24,224	24,247	24,628	25,984	25,555
Police										
Number of uniformed employees	536	503	492	500	515	525	520	557	557	557
Calls for service	164,097	163,316	156,577	156,003	155,110	156,714	150,042	148,409	143,540	143,226
Arrests	14,296	14,496	16,389	17,361	15,023	17,362	10,523	15,445	15,446	10,154
Accidents (fatality and serious injury)	4,945	4,685	4,704	3,846	5,181	5,363	4,054	3,354	3,354	2,877
Training man hours	20,418	14,160	13,048	12,101	12,778	13,469	26,465	13,525	13,625	10,825
Uniform Crime Reporting (UCR) Part I offenses	20,829	21,338	19,466	19,517	19,220	19,200	17,968	17,775	16,057	16,662
Clearance rate - all crimes	15.25%	14.74%	18.11%	19.53%	21.70%	22.36%	24.80%	19.22%	19.47%	38.00%
Public Works										
Miles of graded and surface treatment	440	426	426	426	426	398	394	392	425	422
Drainage ditches maintained	750	750	745	745	745	1,578	1,578	1,578	1,578	1,578
Traffic signals repaired	-	-	-	-	1,887	2,178	2,464	3,100	2,125	1,832
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$18.91	\$18.91	\$20.99	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00	\$21.00	\$20.99
On-Call service	29,382	26,705	28,448	29,231	30,370	30,500	32,000	27,900	24,620	27,135
KB's service	8,475	8,114	7,894	6,287	5,865	6,000	6,000	8,898	7,499	6,242
Roll-off service	2,014	2,194	2,240	2,311	2,194	2,200	2,100	2,108	1,839	2,139
Carts	4,420	5,262	6,076	5,436	5,124	6,500	5,500	5,664	5,852	5,874
Dead animals collected	780	632	574	395	343	500	400	303	451	343
Curbside recycling tonnage (3)	-	-	4,457	4,820	4,596	4,800	5,200	5,240	5,414	5,688
Paper recycling pounds (3)	-	-	54,240	46,880	84,200	59,490	48,942	65,060	7,321	57,820
Class I and IV tonnage (3)	-	-	88,137	81,768	108,382	116,000	112,500	113,740	102,500	101,283
Yard Waste tonnage (3)	-	-	21,989	22,961	23,875	23,800	24,000	26,663	25,226	32,585
Parks and Recreation										
Total recorded parks attendance (1)	1,612,678	1,021,818	1,097,848	906,941	1,339,653	1,457,419	1,632,030	64,686 (4)	1,672,000 (5)	611,722
Zoo attendance (1)	355,729	294,782	251,104	275,584	257,290	282,334	274,781	277,530	274,621	307,123
Zoo outreach program (2)	-	92,158	67,922	72,978	98,479	55,669	69,223	74,153	39,240	37,307

Sources: Various city departments.

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

- (1) Zoo attendance is included in Parks until 2000.
- (2) Zoo outreach program began in 2003.
- (3) Solid Waste began tracking this statistic in 2004. It is not available prior to that period.
- (4) In 2009, the parks department changed the method in which they recorded parks attendance
- (5) In 2010, the parks department changed back to the method in which they recorded parks attendance prior to 2009.

City of Little Rock, Arkansas

Capital Asset Statistics By Function

Last Ten Years

Table 20

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire Stations	20	20	20	20	20	20	20	20	20	20
Police Stations	4	4	4	4	5	11 ⁽¹⁾	9	11	11	10
Public Works										
Miles of Streets	2,375	2,399	2,496	2,527	2,548	2,567	2,585	2,601	2,443	2,434
Miles of paved - permanent streets	1,935	1,972	2,007	2,039	2,039	2,105	2,146	2,164	2,018	2,016
Alleys	72	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	350	350	350	350	350	355	355	357	357
Miles of sanitary sewer	1,228	1,207	1,228	1,248	2,070	1,292	1,311	1,312	1,320	1,345
Solid waste containers purchased	3,500	1,200	3,134	2,000	1,889	2,984	1,512	2,688	2,688	3,032
Parks and Recreation										
Acreage	5,745	5,745	5,745	5,767	5,776	5,781	5,780	6,080	6,246	6,313
Number of parks	52	52	54	54	55	55	55	56	58	59
Number of playgrounds	48	48	48	45	45	45	45	45	45	45
Number of tennis courts	52	52	52	52	52	52	52	52	48	48
Number of basketball courts	36	36	36	36	35	36	36	37	37	37
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	4	3	3	3	4	3	3	3	3	3
Number of ball fields	41	41	29	24	25	25	25	25	25	25
Number of play fields	12	12	12	18	20	20	20	20	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	1	1	-	-
Number of community centers	7	4	6	6	6	6	6	5	4	4
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	3	3	3	3	3	3
Number of soccer fields	9	9	9	9	9	9	9	9	9	9
Number of pavilions	26	26	26	19	19	22	20	22	22	22
Number of volleyball courts	8	9	9	9	9	2	2	8	8	9

Source: Various city departments.

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

(1) In 2007 the police stations began including substations in this figure.

OTHER REQUIRED REPORT

Independent Accountants' Report on Compliance with Certain State Acts

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas

We have examined management's assertions that the City of Little Rock, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2010.

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2011.

This report is intended solely for the information and use of the governing body, management and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 27, 2012

**SINGLE AUDIT
SECTION**

**Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of
the Financial Statements Performed in
Accordance with *Government Auditing Standards***

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2011, which collectively comprise its basic financial statements and have issued our report thereon dated June 27, 2012, which contained a reference to the reports of other accountants and an explanatory paragraph regarding a change in accounting principle. 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. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History 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*. Other accountants audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, 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 accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control over Financial Reporting

Management of the City of Little Rock, Arkansas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency of 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, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Others Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated June 27, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 27, 2012

Independent Accountants' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas

Compliance

We have audited the compliance of the City of Little Rock, Arkansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Little Rock, Arkansas based on our audit.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board, Little Rock Wastewater Utility and Little Rock Port Authority which expended, \$3,319,306, \$50,170,761, \$1,963,224, \$1,985,725 and \$972,662 respectively in federal awards. These amounts are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the City of Little Rock, Arkansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-02. 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.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing body, management and others within the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 27, 2012

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	\$ 1,896,443
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	194,505
ARRA Community Development Block Grant	U.S. Department of Housing and Urban Development	14.253	14,814
	CDBG cluster total		2,105,762
COPS	U.S. Department of Justice	16.710	216,867
ARRA COPS	U.S. Department of Justice	16.710	881,159
	COPS Cluster		1,098,026
Justice Assistance Grant	U.S. Department of Justice	16.738	273,227
ARRA Bureau of Justice Assistance	U.S. Department of Justice	16.804	133,946
	JAG cluster total		407,173
State Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	587,616
Metropolitan Medical Response System	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	135,706
	Homeland Security Cluster		723,322
Public Works Facilities	U.S. Department of Commerce/Economic Development Administration	11.301	1,420,963
ARRA Economic Adjustment Assistance	U.S. Department of Commerce/Economic Development Administration	11.307	1,609,940
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	688,159
Housing Opportunities for Persons with Aids (HOPWA)	U.S. Department of Housing and Urban Development	14.241	183,093
ARRA Neighborhood Stabilization Program (NSP2)	U.S. Department of Housing and Urban Development	14.256	3,600,755
ARRA Homeless Prevention & Rapid Re-Housing Program	U.S. Department of Housing and Urban Development	14.257	118,168
State Wildlife Grant	U.S. Department of Interior/Arkansas Game and Fish Commission	15.634	25,978
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	17,771
Enforcing of Underage Drinking Laws	U.S. Department of Justice/Arkansas Department of Finance and Administration	16.270	29,440
Juvenile Justice Delinquency Prevention Grants	U.S. Department of Justice/Arkansas Department of Human Services	16.540	32,145
Internet Crimes	U.S. Department of Justice	16.543	8,577
Highway Planning and Construction	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.205	611,951
Selective Traffic Enforcement Program	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.600	112,351
Climate Showcase Communities	Environment Protection Agency	66.041	328,419
Clean Water State Revolving Fund	Environment Protection Agency/Arkansas Natural Resource Commission	66.458	231,250
Energy Efficiency Conservation Block Grant	Department of Energy	81.128	96,452
ARRA State Fiscal Stabilization Fund	Department of Education/Arkansas Department of Finance and Administration	84.397A	2,086,084
Disaster Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.035	114,693
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	51,875
Assistance to Firefighters - Prevention	U.S. Department of Homeland Security	97.044	14,483
Fire and Emergency Response	U.S. Department of Homeland Security	97.083	396,710
ARRA Assistance to Fire Fighters Fire Station Construction	FEMA National Preparedness Directorate	97.115	301,746
			\$ 16,415,286

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2011

Notes to Schedule:

1. This schedule includes the federal awards activity of the City of Little Rock, Arkansas, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Of the federal expenditures presented in this schedule, the City of Little Rock, Arkansas, provided federal awards to subrecipients as follows:

Program	CFDA No.	Subrecipient	Amount Provided
Community Development Block Grant	14.218	Various	\$ 275,177
HOME Investment Partnerships Program	14.239	Various	62,790
HOME Investment Partnerships Program - ARRA	14.257	Various	77,303
Bureau of Justice Assistance	16.738	Various	134,210
Environmental Protection Agency	66.041	Clinton Foundation	<u>328,419</u>
Total provided to subrecipients			<u>\$ 877,899</u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2011

Program Grantor/Program Title	State Awards
Arkansas Department of Environmental Quality	
Regional Recycle	\$ 13,000
Arkansas Department of Parks and Tourism	
Government Improvement Fund	125,000
Trails for Life	3,352
Arkansas State Police	
Special Asset Forfeiture	22,000
Arkansas Department of Economic Development	
Falcon Jet 9th Street Extension QACF	28,500
Novus International EIF	<u>200,000</u>
Total State Awards	<u>\$ 391,852</u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2011

7. The City's major programs were:

Cluster/Program	CFDA Number
ARRA Economic Adjustment Assistance	11.307
ARRA Neighborhood Stabilization Program (NSP2)	14.256
HOME Investment Partnership Program	14.239
Transportation Improvement Program	20.205
COPS	16.710
ARRA State Fiscal Stabilization Fund	84.397
Homeland Security Cluster	97.067

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$492,459.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133?

Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2011

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2011-01	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within several departments.</p> <p>Context In the cash receipts/revenue recognition cycle, several employees have incompatible duties. For example, two employees can receive payments and maintain custodianship of the payments, prepare billing documents, issue credit memos, prepare the cash receipts journal and credit customer accounts. Furthermore, these employees issue monthly statements or are responsible for reconciling cash receipts sub-ledger to the general ledger.</p> <p>In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>In the cash disbursements/accounts payable cycle, three employees have incompatible duties. For example, one employee can generate a payment and authorize a payment, change computer master files affecting vendors and electronic funds transfers, make journal entries to the general ledger and reconcile accounts payable to the general ledger.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles are not adequately segregated and/or monitoring or other compensating controls are insufficient.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2011

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

Recommendation

Management should periodically evaluate the costs versus the benefits of further segregation of duties or addition of monitoring or other compensating controls and implement those changes it deems appropriate for which benefits are determined to exceed costs.

Views of Responsible Officials and Planned Corrective Actions

Management continues to monitor the cost versus the benefits of further segregation of duties within the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. The City is in the process of implementing new internal controls available with upgrades to the enterprise resource planning system. In addition, the City will continue to look for opportunities to enhance internal controls and for further separation of duties with existing staff.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2011

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2011-02	<p>Homeland Security Cluster Department of Homeland Security Reporting Requirement CFDA # 97.067</p> <p>Criteria Management is responsible for establishing and maintaining effective internal control over the reporting compliance requirement.</p> <p>Condition Lack of written documentation of the review of filing and submission of required reports.</p> <p>Context In the reporting compliance requirement, it was noted that there was no documentation of the formal review of the prepared reports being performed.</p> <p>Effect Potentially inaccurate filing of submitted reports</p> <p>Recommendation Management should adopt a policy to provide written documentation of the reviews of required reports submitted to the federal agency.</p> <p>Views of Responsible Officials and Planned Corrective Actions Management will ensure that review of grant reports is adequately documented in compliance with City policy and procedures. While written documentation was required for all American Recovery and Reinvestment Act (ARRA) grants, the policy did not include all federal programs. The City has already extended this policy to all grant programs.</p>	None

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2011

Reference Number	Finding	Status
-----------------------------	----------------	---------------

No matters are reportable.