

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**CITY OF LITTLE ROCK,  
ARKANSAS**

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**FISCAL YEAR ENDED  
DECEMBER 31, 2006**

**PREPARED BY:  
THE DEPARTMENT OF FINANCE**

**ROBERT K. BILES, CPA  
DIRECTOR OF FINANCE**

**Sara Lenehan, CPA  
CONTROLLER**

**City of Little Rock, Arkansas**  
**Year Ended December 31, 2006**

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# INTRODUCTORY SECTION



## City of Little Rock

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Office of the  
City Manager

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July 17, 2007

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

State law allows cities to choose to publish 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, 2006.

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, 2006 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, 2006, 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 require 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, which 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 183,133. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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 other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government’s manager and attorney. 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 Directors of various Departments. The council is elected on a non-partisan basis. In 1993 voters of the city approved modifications to the City Manager/Board of Directors form of municipal government. The modifications approved provided the expansion of the City Board of Directors from seven Directors to ten Directors; seven Directors are elected by wards, and three Directors are elected citywide; the Mayor’s position is a citywide elected position with the Mayor serving a four-year term.

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 department 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 on all ten 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 uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the Mayor and Board of Directors for review prior to October 31. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, 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 63 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 75.

#### 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.** Little Rock is the center of economic activity in Arkansas. The Little Rock area is maintaining its historic trend of steady, dependable economic growth and job creation. The Little Rock metro economy generates over one-quarter of all personal income in the State of Arkansas and is growing jobs and income at a faster pace than the national average. Key industry leaders in Little Rock include firms from the aerospace, automotive, biotechnology, financial services, food processing, healthcare and the IT/telecommunications sectors. Dassault Falcon Jet, which is the largest business jet completion center in the world, recently announced a \$20 million expansion with 200 additional jobs. The Little Rock region is also the healthcare center for the State of Arkansas. The cornerstone of healthcare in Little Rock is the five medical centers of the University of Arkansas for Medical Sciences (UAMS). In addition, St. Vincent's Hospital has recently embarked on a \$47 million expansion. Little Rock is the capital of Arkansas and enjoys a significant state government presence with over 28,100 state employees headquartered in various locations around the City. Little Rock was one of the nation's 15 most aggressive development markets in the early part of the new century; it has doubled in the past 20 years and is expected to double again over the next 20 years.

Little Rock has been included in many national rankings because of its diverse economic and business base. Moody's Investment Service has listed Little Rock has the 2<sup>nd</sup> Most Diverse Economy. According to Forbes magazine, the City is 6<sup>th</sup> in Income Growth, 21<sup>st</sup> in Cost of Living, 22<sup>nd</sup> Best Place for Business & Careers and 23<sup>rd</sup> Best City to Find a Job. Because of its location in a region with a varied economic base, unemployment is relatively stable and/or declining. Compared to the national averages, Little Rock's population is slightly younger and growing at a faster pace.

***Long-term financial planning.*** Under the Mayor's direction, the Board of Directors launched an initiative called Vision Little Rock, which was a community-wide goal setting process designed to develop a comprehensive vision and related action plan for Little Rock's first ten years of the new millennium. This effort was citizen-based and actively engaged Little Rock residents in the development of goals, action steps, and implementation strategies. In November 2003, voters overwhelmingly approved nine ballots that resulted in \$69,000,000 of capital improvements projects during 2004-2006. Nearly all of the 300+ promised projects were completed as of December 31, 2006.

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 2007 General Fund revenue budget is \$12,902,000. Due to increased public safety costs and a slower rate of growth of sales tax collections in the latter part of 2006, funds were not available to increase the reserve.

***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, except for water and wastewater, are at the maximum rate allowed. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and has reached a moderate growth rate, revenue growth has not kept pace with operating cost increases. 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. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition.

***Major Initiatives.*** Little Rock is part of the Pulaski County Empowerment Zone. It is one of only seven urban areas nationwide to receive an Empowerment Zone designation from the U. S. Department of Housing and Urban Development. The designation is designed to support growth and revitalization opportunities for distressed areas of communities through business tax incentives, and is part of a nationwide incentive package valued at \$17 to \$22 billion. The designation period runs until December 31, 2009.

The William J. Clinton Presidential Library and Museum opened in Downtown Little Rock in November 2004. This endeavor coupled with the new headquarters for Heifer International in the River Market District are two projects that have already significantly increased tourism in Little Rock. The Library and Museum are located on 26 acres of park located beside the Arkansas River. Heifer International has built its international headquarters in downtown Little Rock and immediately south of the William J. Clinton Presidential Library and Museum. Library and economic officials report the presidential center is already responsible for more than \$1 billion in downtown economic activity.

Downtown Little Rock continues to benefit from the increased economic momentum generated by the Clinton Presidential Library. The downtown area is experiencing additional growth of multi-family housing units under construction. This year will mark the opening of 300 Third, a \$45 million, 300,000-SF high-rise, making it the tallest residential tower in the state. Meanwhile, the University of Arkansas for Medical Sciences expanded its medical center with the construction of a \$203.9 million, 10-floor, 540,000-SF expansion and an adjacent 5-floor, 100,000-SF Psychiatric Research Institute.

The new Shackleford Crossing mall, being built at I-430 and Shackleford Road, promises to add significant retail opportunities along with two other West Little Rock shopping centers. The project's anchors will be a Wal-Mart Supercenter and JC Penney. Major industrial development is also occurring in the Little Rock Port. On June 30, 2007, Welspun Group announced the largest industrial investment in the history of Little Rock – a \$100,000,000 tubular steel pipe plant.

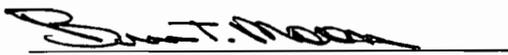
#### Awards and Acknowledgements

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, 2005. The City of Little Rock has received a Certificate of Achievement for 23 years total, except for fiscal years 1997-1999. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

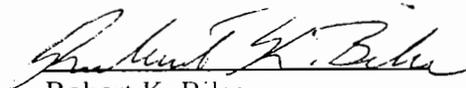
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efforts of certain individuals. Sara Lenehan, Controller, deserves special recognition for her devotion to meeting the highest standards of accounting and financial reporting. Under Ms. Lenehan's leadership, the Accounting and Reporting Division worked diligently to improve the City's accounting and financial reporting. Donna Facen, Mary Ellen Ewing, and Claudine Forte should be recognized for their contributions, too. Credit also 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



Robert K. Biles  
Finance Director

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# 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, 2005

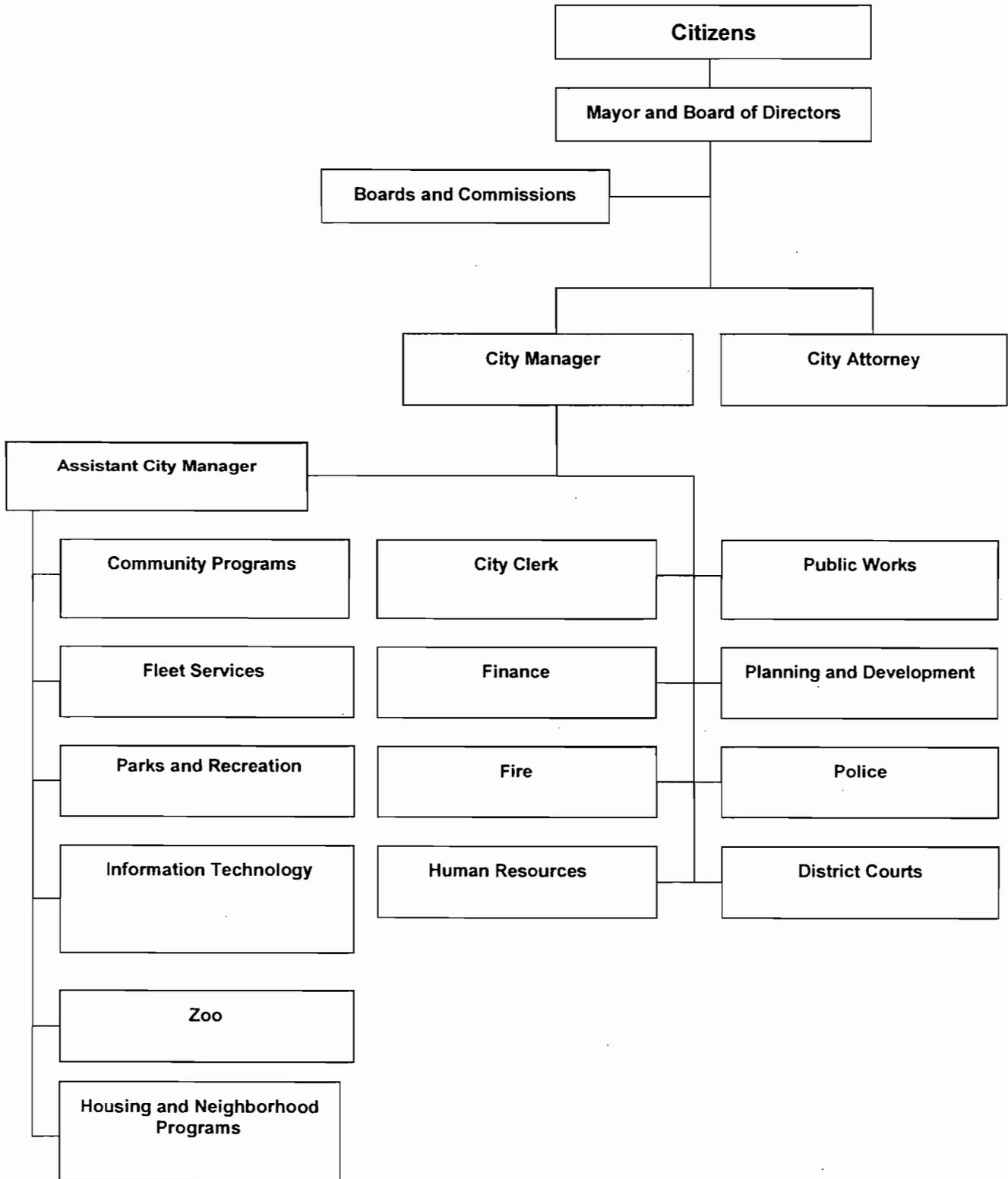
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Little Rock Organizational Chart



# City of Little Rock

## **Elected Officials:**

Mark Stodola	Mayor
Stacy Hurst	Vice-Mayor, Director – Ward 3
Erma Hendrix	Director - Ward 1
Ken Richardson	Director – Ward 2
Brad Cazort	Director – Ward 4
Michael Keck	Director – Ward 5
Doris Wright	Director – Ward 6
B. J. Wyrick	Director – Ward 7
Dean Kumpuris	Director – Position 8
Gene Fortson	Director – Position 9
Joan Adcock	Director – Position 10
Lee Munson	District Court First Division Judge
Victor Fleming	District Court Second Division Judge
David Stewart	District Court Third Division Judge

## **Appointed Officials:**

Bruce T. Moore	City Manager
Bryan Day	Assistant City Manager
Tom Carpenter	City Attorney
Nancy Wood	City Clerk
Dorothy Nayles	Director of Community Programs
Robert K. Biles	Director of Finance
Rhoda Mae Kerr	Fire Chief
Wendell Jones	Director of Fleet Services
Andre Bernard	Director of Housing & Neighborhood Programs
Don Flegal	Director of Human Resources
Randy Foshee	Interim Director of Information Technology
Truman Tolefree	Director of Parks & Recreation
Tony Bozynski	Director of Planning & Development
Stuart Thomas	Police Chief
Steve Haralson	Director of Public Works
Mike Blakely	Director of Zoo

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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, 2006, 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, or the Oakland Fraternal Cemetery General Fund, which statements reflect total assets and program revenues of \$587,969,577 and \$59,981,685, respectively, and represent 83% and 73% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2006 and for the year then ended, respectively. 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 Oakland Fraternal Cemetery, Arkansas Museum of Science and History and Little Rock Advertising and Promotion Commission, all of 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, 2006, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2007, 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.

The accompanying management's discussion and analysis and budgetary and pension information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information in the statistical section as listed in the table of contents has not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

July 17, 2007

# City of Little Rock, Arkansas

## Management's Discussion and Analysis

### December 31, 2006

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, 2006. 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 2006 by \$507,840,034. Of this amount, \$3,666,662 is considered unrestricted. The unrestricted net assets of the City's governmental activities are \$746,351 and may be used to meet the government's ongoing obligations. The unrestricted net assets of the City's business-type activities are \$2,920,311 and may be used to meet the ongoing obligations of the City's solid waste and recreation business-type activities.
- The City's reported total net assets increased by \$960,552 in 2006. Net assets of the governmental activities decreased \$1,318,922 (0.3% below 2005) due primarily to increased public works expenses. Net assets of the business-type activities increased \$2,279,474 (10.5% over 2005).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$74,072,655. The combined governmental funds fund balances decreased \$37,949,200 from the prior year's ending fund balances. Approximately \$44,448,000 of the \$74,072,655 fund balances is considered unreserved at December 31, 2006. Approximately \$17,457,000 of this amount is reported in capital projects or debt service funds.
- The General Fund reported fund balance of \$21,496,608 at the end of the current fiscal year. Unreserved fund balance for the General Fund was \$20,983,516 or 15.9% of total General Fund expenditures (including transfers out). There was a \$1,265,609, decrease in the total fund balance for the General Fund for the year ended December 31, 2006.
- The City's total debt decreased by \$9,202,965 (5.5% under 2005) during the current year. The key factors in this decrease were the issuance of a \$6,550,000 temporary note offset by principal payments of \$7,865,000 for general obligation bonds, \$4,252,965 for temporary notes, and \$2,660,000 for revenue bonds.
- At the close of the current fiscal year, net assets of fiduciary funds were \$208,760,972, all held in trust for pension benefits. There was a \$12,753,353 increase in the total fiduciary net assets held in trust for the year ended December 31, 2006.
- The City's component units reported net assets of \$536,518,935 as of December 31, 2006, an increase of \$33,087,631 compared to December 31, 2005 net assets of \$503,431,304.

#### 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 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 most recent fiscal 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 fiscal 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
- 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 28.

The government-wide financial statements can be found on pages 15-16 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 fiscal 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 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2004 Capital Improvements Fund and 2004 Bond Fund all of which are considered to be major funds. Data from the other 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 17-18 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 Solid Waste Fund, Presidential Park Fund and River Market Garage 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 19-21 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 22-23 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 26-62 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 63 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 67-78 of this report.

**City of Little Rock  
Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Current and other assets</b>	\$ 132,421,141	\$ 168,393,604	\$ 19,082,456	\$ 18,288,739	\$ 151,503,597	\$ 186,682,343
<b>Capital assets</b>	<u>552,803,548</u>	<u>518,522,817</u>	<u>54,210,832</u>	<u>54,799,226</u>	<u>607,014,380</u>	<u>573,322,043</u>
<b>Total assets</b>	685,224,689	686,916,421	73,293,288	73,087,965	758,517,977	760,004,386
<b>Long-term liabilities outstanding</b>	163,470,192	166,268,260	43,273,964	45,951,768	206,744,156	212,220,028
<b>Other liabilities</b>	<u>37,838,438</u>	<u>35,413,180</u>	<u>6,095,349</u>	<u>5,491,696</u>	<u>43,933,787</u>	<u>40,904,876</u>
<b>Total liabilities</b>	<u>201,308,630</u>	<u>201,681,440</u>	<u>49,369,313</u>	<u>51,443,464</u>	<u>250,677,943</u>	<u>253,124,904</u>
<b>Net assets</b>	<u>\$ 483,916,059</u>	<u>\$ 485,234,981</u>	<u>\$ 23,923,975</u>	<u>\$ 21,644,501</u>	<u>\$ 507,840,034</u>	<u>\$ 506,879,482</u>
<b>Invested in capital assets, net of related debt</b>	\$ 464,980,160	\$ 461,024,448	\$ 12,833,382	\$ 11,171,798	\$ 477,813,542	\$ 472,196,246
<b>Restricted</b>	18,189,548	17,627,261	8,170,282	6,407,826	26,359,830	24,035,087
<b>Unrestricted</b>	<u>746,351</u>	<u>6,583,272</u>	<u>2,920,311</u>	<u>4,064,877</u>	<u>3,666,662</u>	<u>10,648,149</u>
<b>Total net assets</b>	<u>\$ 483,916,059</u>	<u>\$ 485,234,981</u>	<u>\$ 23,923,975</u>	<u>\$ 21,644,501</u>	<u>\$ 507,840,034</u>	<u>\$ 506,879,482</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 \$507,840,034 at the close of the most recent fiscal year.

The largest portion of the City's net assets (94.1%) 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 (5.2%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$3,666,662) may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$3,666,662; the net assets of the City's business-type activities (\$2,920,311) may not be used to fund governmental activities.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Little Rock**  
**Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues-</b>						
<i>Program revenues:</i>						
Charges for services	\$ 24,156,362	\$ 24,652,568	\$ 23,753,775	\$ 22,656,893	\$ 47,910,137	\$ 47,309,461
Operating grants and contributions	5,941,370	6,992,565	—	—	5,941,370	6,992,565
Capital grants and contributions	1,296,607	1,974,622	—	—	1,296,607	1,974,622
<i>General revenues:</i>						
Property taxes	36,931,553	33,542,201	—	—	36,931,553	33,542,201
Sales taxes	64,431,557	60,299,892	—	—	64,431,557	60,299,892
Utility franchise taxes	25,983,088	23,588,872	—	—	25,983,088	23,588,872
Investment earnings	3,872,008	2,812,093	959,678	467,783	4,831,686	3,279,876
Intergovernmental revenues	21,600,899	31,848,728	—	—	21,600,899	31,848,728
Other	—	—	(64,920)	376,747	(64,920)	376,747
<b>Total revenues</b>	<u>184,213,444</u>	<u>185,711,541</u>	<u>24,648,533</u>	<u>23,501,423</u>	<u>208,861,977</u>	<u>209,212,964</u>
<b>Expenses:</b>						
General government	40,824,314	40,398,560	—	—	40,824,314	40,398,560
Public works	29,576,521	17,058,825	—	—	29,576,521	17,058,825
Parks and recreation	11,652,210	14,806,781	5,456,371	5,261,484	17,108,581	20,068,265
Public safety	85,839,647	86,177,431	—	—	85,839,647	86,177,431
Economic development	3,499,207	3,204,412	—	—	3,499,207	3,204,412
Housing and neighborhood programs	7,498,272	7,490,875	—	—	7,498,272	7,490,875
Interest on long-term debt	4,131,657	4,324,929	—	—	4,131,657	4,324,929
Other	13,236	25,063	—	—	13,236	25,063
Waste disposal	—	—	12,749,068	12,424,204	12,749,068	12,424,204
Parking system	—	—	1,475,135	1,607,057	1,475,135	1,607,057
Zoo	—	—	3,959,985	3,589,480	3,959,985	3,589,480
Vehicle storage	—	—	1,225,802	1,204,017	1,225,802	1,204,017
<b>Total expenses</b>	<u>183,035,064</u>	<u>173,486,876</u>	<u>24,866,361</u>	<u>24,086,242</u>	<u>207,901,425</u>	<u>197,573,118</u>
Increase in net assets before transfers	1,178,380	12,224,665	(217,828)	(584,819)	960,552	11,639,846
Transfers	(2,497,302)	(1,865,197)	2,497,302	1,865,197	0	0
<b>Change in Net Assets</b>	<u>(1,318,922)</u>	<u>10,359,468</u>	<u>2,279,474</u>	<u>1,280,378</u>	<u>960,552</u>	<u>11,639,846</u>
<b>Net asset - January 1, as previously reported</b>	485,234,981	96,569,212	21,644,501	20,364,123	506,879,482	116,933,335
<b>Adjustment due to change in accounting principle</b>	—	378,306,301	—	—	0	378,306,301
<b>Net asset, January 1, as restated</b>	<u>485,234,981</u>	<u>474,875,513</u>	<u>21,644,501</u>	<u>20,364,123</u>	<u>506,879,482</u>	<u>495,239,636</u>
<b>Net asset - December 31</b>	<u>\$483,916,059</u>	<u>\$485,234,981</u>	<u>\$ 23,923,975</u>	<u>\$ 21,644,501</u>	<u>\$507,840,034</u>	<u>\$506,879,482</u>

**Governmental Activities.** Governmental activities decreased the City's net assets by \$1,318,922. Increases in net capital assets and current and other assets of \$34,280,731 and \$3,319,349, respectively, and a decrease in non-current liabilities of \$2,798,068 were offset by a \$39,291,812 decrease in noncurrent assets, and a \$2,425,258 increase in current liabilities.

Property tax represents 20% of the City's governmental revenue in 2006. Sales tax represents 35% of the City's governmental revenue in 2006. Current year expenses were 99.4% of current year revenues.

**Business-type Activities.** Business-type activities increased the City's net assets by \$2,279,474. Key elements of this increase are as follows:

- Presidential Park net assets increased by \$586,919.
- Waste Disposal net assets increased by \$2,580,151. Net income before transfers out of \$1,159,401 was \$3,739,552.
- Operating income increased net assets by \$1,216,881. Nonoperating expenses decreased net assets by \$1,434,709. Net transfers in increased net assets by \$2,497,302.
- River Market Garage operating income of \$546,575 was offset by nonoperating expense of \$516,581.
- Net transfers in of \$2,356,703 reduced the decrease in net assets for nonmajor enterprise funds to \$917,590.

Solid Waste activities contribute 67% of the operating revenue to the business-type activities. Current year operating expenses were 94.9% 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, unreserved 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, 2006, the City's governmental funds reported combined ending fund balances of \$74,072,655, a decrease of \$37,949,200 in comparison with the prior year. Approximately \$44,448,000 of this amount constitutes *unreserved fund balance*. Of this amount, approximately \$17,457,000 is reported in capital projects or debt service funds and is committed for those purposes. The remaining unreserved fund balance of approximately \$26,991,000 is available for spending at the government's discretion. Approximately \$29,625,000 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service and other purposes.

The General Fund is the chief operating fund of the city. At December 31, 2006, unreserved fund balance of the General Fund was \$20,983,516, while the total fund balance was \$21,496,608. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 16.0% of total General Fund expenditures (including transfers out), while total fund balance represents 16.3% of that same amount.

The fund balance of the City's General Fund decreased by \$1,265,609. Increased public safety expenditures were the primary factor contributing to the decrease in fund balance.

The special revenue funds had total fund balances of \$10,671,240. The net decrease in fund balances during 2006 for the funds was \$163,142. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. Net changes and ending fund balances by fund are:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
Street	\$ (21,532)	\$ 3,276,095
Special Projects	462,216	2,633,969
Economic Development	(138,568)	23,454
Infrastructure	(37,152)	1,706,315
Emergency 911	(90,430)	1,290,334
CDBG	(23,351)	308,665
NHSP	(73,849)	721,916
HIPP	(349,115)	604,917
Grant	108,639	105,575

The debt service funds had total fund balances of \$14,256,025. The net increase in fund balances during 2006 for the funds was \$1,007,549. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Net changes and ending fund balances by fund are:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
1998 Street and Drainage	\$ 50,510	\$ 1,579,207
2002 Junior Lien Bonds	5,754	8,805
2004 Bond Fund	876,303	9,713,374
2004 Central Arkansas Library	74,982	2,954,639

The capital project fund balances decreased by \$37,527,998 to total fund balances at December 31, 2006 of \$27,648,782. In accordance with the terms of the City ordinance for each fund, the \$37,527,998 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. During 2006, the City issued a \$6,550,000 temporary note. The net changes and ending fund balances for the capital project funds were:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
1998 Capital Improvement	\$ (855,335)	\$ 3,760,691
1995 Capital Improvement	(323,209)	70,093
1988 Capital Improvement	5,321	1,469,501
1999 Central Arkansas Library	(475,561)	0
2004 Capital Improvements	(32,884,806)	7,744,064
2004 Short-term Financing	(877,264)	71,390
2005 Short-term Financing	(1,605,573)	981,836
2006 Short-term Financing	1,361,873	1,261,477
2004 Central Arkansas Library	(1,873,444)	12,289,730

**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 \$15,586,280, \$(352,722), \$(83,221) and \$8,773,638 for Solid Waste, Presidential Park, River Market Garage, and other proprietary funds operations, respectively. Net assets increased in the Waste Disposal, Presidential Park, and River Market Garage funds by \$2,580,151, \$586,919, and \$29,994, respectively. Net assets decreased in the other proprietary funds by \$917,590. 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 \$3,321,959 more than the original budget. The total original appropriations, including those for transfers out, were \$119,636,058, while the final appropriations were for \$122,958,017. 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	\$ 13,384,929	\$ 335,004	\$ 13,719,933	\$ 19,460,974	\$ 5,741,041	Actual includes fire and police pension property taxes of \$5,540,238.
Sales Taxes	62,825,100	134,605	62,959,705	64,431,557	1,471,852	Actual includes fire and police pension turnback revenues of \$2,135,948. County and city sales tax slowed at year end and were, respectively, \$392,000 and \$252,000 below revised estimates.
Licenses & Permits	9,932,004	8,501	9,940,505	9,894,766	(45,739)	Mixed drink license collections were \$26,000 below budget. Building permits were lower than projected.
Intergovernmental	1,500,033	23,239	1,523,272	1,523,272	—	Reimbursements were approximately \$300,000 higher than expected. Includes revenues originally budgeted as Other Charges.
Charges for Services	3,240,090	32,772	3,272,862	4,633,492	1,360,630	Year end activity was stronger than expected.
Fines and Fees	3,163,304	42,618	3,205,922	3,525,146	319,224	Rate increases and utility usage were higher than originally expected but a mild early winter lowered gas franchise collections.
Franchise Fees	22,199,403	2,345,576	24,544,979	24,218,833	(326,146)	Interest rates were higher than expected.
Interest Earnings	256,378	198,288	454,666	555,572	100,906	
Transfers In	1,282,504	(160,000)	1,122,504	1,127,253	4,749	
All Other Revenues	<u>1,882,723</u>	<u>14,938</u>	<u>1,897,661</u>	<u>861,901</u>	<u>(1,035,760)</u>	Revenues budgeted as Other Revenues are shown as Charges for Services.
<b>Total General Fund Revenues</b>	<u>\$ 119,666,468</u>	<u>\$ 2,975,541</u>	<u>\$ 122,642,009</u>	<u>\$ 130,232,766</u>	<u>\$ 7,590,757</u>	

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

**City of Little Rock**  
**General Fund Budget - Expenditures**

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
<b>General Administration</b>	\$ 17,845,547	\$ (177,724)	\$ 17,667,823	\$ 17,945,445	\$ (277,622)	Includes contribution to county jail of \$582,000, partially offset by lower vacation/sick leave payouts \$113,000, CATA \$20,000, and insurance costs \$165,000.
<b>Mayor &amp; Board of Directors</b>	287,067	2,272	289,339	319,768	(30,429)	Includes \$20,000 of special projects and \$10,000 of Public Relations expenditures.
<b>City Manager</b>	817,089	96	817,185	1,200,943	(383,758)	Includes \$368,000 of special projects. Full time salaries were \$16,000 more.
<b>Community Programs</b>	324,277	8,152	332,429	2,418,300	(2,085,871)	Includes special projects for Children, Youth and Families of over \$2,084,000.
<b>City Attorney</b>	1,325,745	28,461	1,354,206	1,366,701	(12,495)	Personnel savings were \$19,000 higher than budgeted. Equipment purchases were \$7,000 under budget.
<b>Cable TV</b>	193,287	332	193,619	184,574	9,045	Part-time costs were \$9,800 higher.
<b>District Court - First Division</b>	1,110,877	28,245	1,139,122	1,113,596	25,526	Contract costs were \$13,000 lower than budgeted. Equipment and travel costs were under budget by \$7,000 and \$5,000, respectively.
<b>District Court - Third Division</b>	438,800	11,725	450,525	445,276	5,249	
<b>District Court - Second Division</b>	1,082,656	(4,917)	1,077,739	1,054,579	23,160	Vacancy savings were almost \$9,000. Supplies and contractual costs were under budget by \$4,000 and \$8,000, respectively.
<b>Finance</b>	2,406,114	35,599	2,441,713	2,478,212	(36,499)	Vacancy savings of \$11,000 were offset by increased temp. force labor of \$49,000.
<b>Human Resources</b>	1,209,447	46,984	1,256,431	1,231,557	24,874	Non employee travel savings.
<b>Information Technology</b>	2,693,876	70,935	2,764,811	2,798,803	(33,992)	Vacancy and contractual savings were \$69,000 and \$22,000, respectively. Software maintenance costs were \$60,000 higher.
<b>Planning &amp; Development</b>	2,067,232	(155,189)	1,912,043	1,921,659	(9,616)	Vacancy savings were \$7,000.
<b>Public Works</b>	1,229,344	214,613	1,443,957	1,578,753	(134,796)	Includes \$182,000 of special projects and \$38,000 of additional building maintenance costs. These were partially offset by \$4,000 of vacancy and capital outlay savings.
<b>Parks &amp; Recreation</b>	6,562,138	(105,759)	6,456,379	6,917,711	(461,332)	Includes \$358,000 of special projects. Supplies, contractual, and capital outlay expenditures were respectively \$126,000, \$17,000 and \$7,000 more than budgeted. Vacancy savings were \$47,000 more than expected.

**City of Little Rock  
General Fund Budget - Expenditures**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
<b>Fire</b>	\$ 27,624,507	\$ 316,240	\$ 27,940,747	\$ 32,455,116	\$ (4,514,369)	Includes \$3,902,388 of pension costs supported by a separate levy and state turnback funds. Other personnel costs were \$353,612 more than expected. Contractual costs, mainly utility costs, were \$228,000 over budget. Supplies were \$30,000 over budget.
<b>Police</b>	43,891,822	(1,922,733)	41,969,089	47,808,033	(5,838,944)	Includes \$4,141,348 of pension costs supported by a separate levy and state turnback funds and \$374,000 for special projects. Other personnel costs were \$782,652 over budget, mainly due to additional overtime costs. Supplies, mainly fleet costs, were \$430,000 over budget. Contractual and capital expenditures were over budget by \$70,000 and \$41,000, respectively.
<b>Housing &amp; Neighborhoods</b>	3,819,601	(281,281)	3,538,320	3,830,314	(291,994)	Includes \$260,000 of special projects. Vacancy savings were \$54,000. Contractual costs, mainly utilities, were \$65,000 more than budget. Supplies were \$20,000 more than budgeted.
<b>Transfers Out</b>	9,212,738	910,841	10,123,579	4,429,035	5,694,544	The budget includes transfers of \$4,495,000 to general fund special projects. The amount reserved for contingency expenditures were made through other departments.
<b>Vacancy Savings</b>	<u>(4,506,106)</u>	<u>4,295,067</u>	<u>(211,039)</u>	<u>—</u>	<u>(211,039)</u>	Vacancy savings are included in departmental budgets.
<b>Total General Fund Expenditures</b>	<u>\$119,636,058</u>	<u>\$ 3,321,959</u>	<u>\$122,958,017</u>	<u>\$131,498,375</u>	<u>\$ (8,540,358)</u>	

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of December 31, 2006, amounts to \$607,014,380 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, and drainage systems. The total increase in the City's investment in capital assets for 2006 was 5.9% (a 6.6% increase for governmental activities and a 1.1 % decrease for business-type activities).

**City of Little Rock  
Capital Assets, net of depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Land</b>	\$ 147,350,624	\$ 146,098,423	\$ 19,951,570	\$ 19,951,570	\$ 167,302,194	\$ 166,049,993
<b>Buildings</b>	40,790,662	31,344,332	26,202,382	26,504,115	66,993,044	57,848,447
<b>Improvements other than buildings</b>	3,215,352	1,287,068	2,569,162	2,979,144	5,784,514	4,266,212
<b>Vehicles and equipment</b>	24,197,395	18,853,586	5,054,463	5,254,907	29,251,858	24,108,493
<b>Infrastructure</b>	305,277,844	295,748,798	—	—	305,277,844	295,748,798
<b>Construction in progress</b>	<u>31,971,671</u>	<u>25,190,610</u>	<u>433,255</u>	<u>109,490</u>	<u>32,404,926</u>	<u>25,300,100</u>
<b>Total</b>	<u>\$552,803,548</u>	<u>\$518,522,817</u>	<u>\$ 54,210,832</u>	<u>\$ 54,799,226</u>	<u>\$607,014,380</u>	<u>\$573,322,043</u>

Major capital asset events during 2006 included the following:

- Infrastructure additions were \$23,388,645.
- Vehicle and equipment additions were \$11,697,946.
- Building additions were \$10,997,594.
- Construction in progress additions were \$38,456,956.
- Land and other improvements additions were \$3,249,448.
- Depreciation expense totaled \$22,007,234.

Additional information on the City's capital assets can be found in *Note 3* on pages 37-39 of this report.

**Long-term Debt.** At December 31, 2006, the City, the primary government, had \$161,449,148 of long-term bonds outstanding, including \$44,510,000 of bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Little Rock						
General Obligation and Revenue Bonds Outstanding						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds						
and notes payable	\$ 99,874,148	\$ 105,442,113	\$ —	\$ —	\$ 99,874,148	\$ 105,442,113
Revenue bonds	<u>17,065,000</u>	<u>18,040,000</u>	<u>44,510,000</u>	<u>47,170,000</u>	<u>61,575,000</u>	<u>65,210,000</u>
<b>Total</b>	<u>\$ 116,939,148</u>	<u>\$ 123,482,113</u>	<u>\$ 44,510,000</u>	<u>\$ 47,170,000</u>	<u>\$ 161,449,148</u>	<u>\$ 170,652,113</u>

Total long-term bonds outstanding at December 31, 2006 decreased by \$11,500,000, a decrease of 7.4%. Short-term financing in the amount of \$6,550,000 was issued for vehicles, equipment and other capital improvements while \$4,412,965 of short-term debt was retired.

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investors Service, Inc. are "AA-" and "Aa3", respectively. The City's bond ratings are shown in the following table.

	<u>Moody's Investors Service</u>	<u>Standard &amp; Poor's</u>
<u>General Obligation Debt</u>		
1998 Street & Drainage	Not Rated	AAA (Ambac)
2002 Capital Improvement Junior Lien	Not Rated	AAA (Ambac)
2004 Library Refunding and Capital Improvements	Not Rated	AA-
2004 Capital Improvements	Aaa (FSA)	AAA (FSA)
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	Aaa (XL Capital)	AAA (XL Capital)
1998 Parks & Recreation Bonds	Not Rated	Not Rated
2002 Waste Disposal Refunding and Improvement	Aaa	A-

	<u>Moody's Investors Service</u>	<u>Standard &amp; Poor's</u>
<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	A1	Not Rated
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	A1	Not Rated
1993 A&P Refunding	A	Not Rated
2003 A&P Refunding	A	Not Rated
2003 Airport Refunding	A2	A-
1999A Airport Revenue	A2	A-
1999B Airport Revenue	A2	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, 2006 of \$99,245,000 are well below the statutory limit of \$609,384,420. 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, 2006 of \$17,694,148 are well below the statutory limit of \$152,346,105. 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 40-48 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 fiscal year 2007 budget. With the uncertainty surrounding the economy, 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 2007 budget, the City recognized the need to continue its pattern of cost containment. The total 2007 General Fund budget is \$129,015,756.

### **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.

# BASIC FINANCIAL STATEMENTS

**City of Little Rock, Arkansas**  
**Statement of Net Assets**  
**December 31, 2006**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 8,131,184	\$ 1,732,528	\$ 9,863,712	\$ 28,883,471
Investments	9,705,866	12,647,402	22,353,268	24,323,059
Restricted cash and investments - current	13,632,433	3,826,269	17,458,702	20,135,696
Accounts receivable, net of allowance for uncollectible accounts	58,155,731	2,828,874	60,984,605	19,375,853
Interest receivable	-	7,644	7,644	-
Internal balances	6,875,310	(6,875,310)	0	-
Inventories	1,082,162	103,350	1,185,512	1,954,220
Prepaid expenses and other	825,304	13,845	839,149	2,495,208
<b>Total current assets</b>	<b>98,407,990</b>	<b>14,284,602</b>	<b>112,692,592</b>	<b>97,167,507</b>
<b>Noncurrent assets</b>				
Restricted assets				
Cash and cash equivalents	17,552,588	3,606,715	21,159,303	26,202,660
Investments	29,328,587	4,007,856	33,336,443	11,922,533
Grants and other receivables	-	-	-	2,175,022
Interest receivable	379,156	123,734	502,890	96,648
	47,260,331	7,738,305	54,998,636	40,396,863
Less amount required to meet current obligations	13,632,433	3,826,269	17,458,702	5,521,808
<b>Total restricted assets</b>	<b>33,627,898</b>	<b>3,912,036</b>	<b>37,539,934</b>	<b>34,875,055</b>
Capital assets - non-depreciable	179,322,295	20,384,825	199,707,120	125,091,518
Capital assets - depreciable, net	373,481,253	33,826,007	407,307,260	454,031,264
	552,803,548	54,210,832	607,014,380	579,122,782
Other assets				
Deferred bond issue costs	385,253	885,818	1,271,071	1,327,787
Other	-	-	-	1,953,762
<b>Total other assets</b>	<b>385,253</b>	<b>885,818</b>	<b>1,271,071</b>	<b>3,281,549</b>
<b>Total noncurrent assets</b>	<b>586,816,699</b>	<b>59,008,686</b>	<b>645,825,385</b>	<b>617,279,386</b>
<b>Total assets</b>	<b>\$ 685,224,689</b>	<b>\$ 73,293,288</b>	<b>\$ 758,517,977</b>	<b>\$ 714,446,893</b>

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 3,962,785	\$ 485,626	\$ 4,448,411	\$ 8,363,752
Accrued wages payable and related liabilities	4,152,495	292,557	4,445,052	1,343,148
Accrued expenses and other	8,721,979	1,490,897	10,212,876	5,583,464
Accrued interest payable	1,217,834	821,269	2,039,103	-
Notes payable - current portion	5,353,541	-	5,353,541	200,223
Capital lease obligation - current portion	321,058	-	321,058	113,973
Bonds payable - current portion	6,740,000	3,005,000	9,745,000	5,782,715
Due to fiduciary funds	5,918,392	-	5,918,392	-
Unearned revenue	1,450,354	-	1,450,354	2,843,861
Total current liabilities	<u>37,838,438</u>	<u>6,095,349</u>	<u>43,933,787</u>	<u>24,231,136</u>
<b>Noncurrent liabilities</b>				
Notes payable	12,340,607	-	12,340,607	1,357,539
Capital lease obligation	-	-	-	988,027
Bonds payable, net of unamortized premium and discount	93,103,081	40,638,762	133,741,843	125,073,764
Net pension obligation	44,678,782	-	44,678,782	-
Compensated absences	12,730,759	425,787	13,156,546	-
Other long-term liabilities	616,963	2,209,415	2,826,378	26,277,492
Total noncurrent liabilities	<u>163,470,192</u>	<u>43,273,964</u>	<u>206,744,156</u>	<u>153,696,822</u>
Total liabilities	<u>201,308,630</u>	<u>49,369,313</u>	<u>250,677,943</u>	<u>177,927,958</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	<u>464,980,160</u>	<u>12,833,382</u>	<u>477,813,542</u>	<u>418,631,465</u>
<b>Restricted - expendable</b>				
Debt service	14,256,025	8,109,188	22,365,213	20,807,529
Stormwater retention	256,576	-	256,576	-
911 fees	1,290,334	-	1,290,334	-
Grant funds	1,741,073	-	1,741,073	1,289,743
Cable network	467,924	-	467,924	-
Special projects - ADA	177,616	-	177,616	6,214,676
Zoo promotions	-	61,094	61,094	-
Passenger facility charges	-	-	-	16,554,435
Library materials	-	-	-	1,573,542
Art fund	-	-	-	700,052
Cemetery maintenance	-	-	-	2,715,888
Total restricted - expendable	<u>18,189,548</u>	<u>8,170,282</u>	<u>26,359,830</u>	<u>49,855,865</u>
Restricted - unexpendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,285,808</u>
Unrestricted	<u>746,351</u>	<u>2,920,311</u>	<u>3,666,662</u>	<u>63,745,797</u>
Total net assets	<u>483,916,059</u>	<u>23,923,975</u>	<u>507,840,034</u>	<u>536,518,935</u>
Total liabilities and net assets	<u>\$ 685,224,689</u>	<u>\$ 73,293,288</u>	<u>\$ 758,517,977</u>	<u>\$ 714,446,893</u>

**City of Little Rock, Arkansas**  
**Statement of Activities**  
**Year Ended December 31, 2006**

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	
<b>Primary Government</b>								
Governmental Activities								
General administration	\$ 21,390,660	\$ 8,959,724	\$ -	\$ -	\$ (12,430,936)	\$ -	\$ (12,430,936)	\$ -
Mayor and Board of Directors	487,681	-	-	-	(487,681)	-	(487,681)	-
City manager	419,934	-	-	-	(419,934)	-	(419,934)	-
Community programs	2,438,086	-	277,135	-	(2,160,951)	-	(2,160,951)	-
City attorney	1,366,839	-	-	-	(1,366,839)	-	(1,366,839)	-
Cable TV	177,946	-	-	-	(177,946)	-	(177,946)	-
District court - first division (criminal)	1,152,291	-	-	-	(1,152,291)	-	(1,152,291)	-
District court - second division (traffic)	1,125,428	3,395,107	-	-	2,269,679	-	2,269,679	-
District court - third division (environment)	415,021	-	-	-	(415,021)	-	(415,021)	-
Finance	5,172,031	669,159	-	-	(4,502,872)	-	(4,502,872)	-
Human resource	1,636,516	-	-	-	(1,636,516)	-	(1,636,516)	-
Information technology	2,999,400	-	-	-	(2,999,400)	-	(2,999,400)	-
Planning and development	2,042,481	2,975,091	-	-	932,610	-	932,610	-
Public works	29,576,521	998,515	-	634,227	(27,943,779)	-	(27,943,779)	-
Parks and recreation services	11,652,210	1,161,408	40,071	-	(10,450,731)	-	(10,450,731)	-
Fire	35,347,608	1,305,384	551,022	-	(33,491,202)	-	(33,491,202)	-
Police	50,492,039	4,624,412	1,639,460	-	(44,228,167)	-	(44,228,167)	-
Economic development	3,499,207	-	-	662,380	(2,836,827)	-	(2,836,827)	-
Education	-	-	43,975	-	43,975	-	43,975	-
Housing and neighborhood programs	7,498,272	67,562	3,389,707	-	(4,041,003)	-	(4,041,003)	-
Interest expense on long-term debt	4,131,657	-	-	-	(4,131,657)	-	(4,131,657)	-
Agent fees on long-term debt	13,236	-	-	-	(13,236)	-	(13,236)	-
<b>Total governmental activities</b>	<b>183,035,064</b>	<b>24,156,362</b>	<b>5,941,370</b>	<b>1,296,607</b>	<b>(151,640,725)</b>	<b>0</b>	<b>(151,640,725)</b>	<b>0</b>
Business-type Activities								
Presidential park	837,674	-	-	-	-	(837,674)	(837,674)	-
Waste disposal	12,749,068	15,919,951	-	-	-	3,170,883	3,170,883	-
Rivermarket garage	1,475,135	1,419,484	-	-	-	(55,651)	(55,651)	-
Riverfront park	1,216,683	329,914	-	-	-	(886,769)	(886,769)	-
Zoo	3,959,985	2,268,438	-	-	-	(1,691,547)	(1,691,547)	-
Vehicle storage	1,225,802	1,171,495	-	-	-	(54,307)	(54,307)	-
Golf courses	2,236,136	1,847,184	-	-	-	(388,952)	(388,952)	-
Fitness center	1,045,851	743,361	-	-	-	(302,490)	(302,490)	-
Concessions services	120,027	53,948	-	-	-	(66,079)	(66,079)	-
<b>Total business-type activities</b>	<b>24,866,361</b>	<b>23,753,775</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,112,586)</b>	<b>(1,112,586)</b>	<b>0</b>
<b>Total primary government</b>	<b>\$ 207,901,425</b>	<b>\$ 47,910,137</b>	<b>\$ 5,941,370</b>	<b>\$ 1,296,607</b>	<b>(151,640,725)</b>	<b>(1,112,586)</b>	<b>(152,753,311)</b>	<b>0</b>

**Component Units**

Wastewater Utility	\$ 30,083,897	\$ 30,398,264	\$ -	\$ -	-	-	0	314,367
National Airport	22,663,274	19,847,399	-	-	-	-	0	(2,815,875)
All other component units	<u>70,554,241</u>	<u>26,273,668</u>	<u>2,728,163</u>	<u>3,317,794</u>	-	-	0	<u>(38,234,616)</u>
Total component units	<u>\$ 123,301,412</u>	<u>\$ 76,519,331</u>	<u>\$ 2,728,163</u>	<u>\$ 3,317,794</u>	0	0	0	<u>(40,736,124)</u>

General revenues								
General property taxes				36,931,553	-	36,931,553	10,614,537	
Sales taxes				64,431,557	-	64,431,557	9,244,370	
Utility franchise taxes				25,983,088	-	25,983,088	-	
Investment income and unrealized gains				3,872,008	959,678	4,831,686	5,385,020	
Grants and contributions not restricted to specific programs				21,600,899	-	21,600,899	31,103,859	
Other				-	(64,920)	(64,920)	17,475,969	
Transfers				<u>(2,497,302)</u>	<u>2,497,302</u>	<u>0</u>	<u>-</u>	
Total general revenues and transfers				<u>150,321,803</u>	<u>3,392,060</u>	<u>153,713,863</u>	<u>73,823,755</u>	
Change in Net Assets				<u>(1,318,922)</u>	<u>2,279,474</u>	<u>960,552</u>	<u>33,087,631</u>	
Net Assets, Beginning of Year, As Previously Reported				485,234,981	21,644,501	506,879,482	503,465,559	
Adjustment applicable to prior years				-	-	0	(34,255)	
Net Assets, Beginning of Year, As Restated				<u>485,234,981</u>	<u>21,644,501</u>	<u>506,879,482</u>	<u>503,431,304</u>	
Net Assets, End of Year				<u>\$ 483,916,059</u>	<u>\$ 23,923,975</u>	<u>\$ 507,840,034</u>	<u>\$ 536,518,935</u>	

**City of Little Rock, Arkansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	General	2004 Capital Improvements	2004 Bond Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,914,105	\$ 9,115,137	\$ 1,047,042	\$ 13,328,436	\$ 25,404,720
Investments	9,018,988	-	7,937,830	19,947,768	36,904,586
Accounts receivable	35,097,980	-	9,773,994	10,532,936	55,404,910
Due from other funds	6,953,807	-	-	-	6,953,807
Interest receivable	62,145	-	51,849	251,828	365,822
Inventories	-	-	-	629,030	629,030
Prepaid expenditures and other	814,816	-	-	917	815,733
<b>Total assets</b>	<b>\$ 53,861,841</b>	<b>\$ 9,115,137</b>	<b>\$ 18,810,715</b>	<b>\$ 44,690,915</b>	<b>\$ 126,478,608</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 912,916	\$ 1,371,073	\$ -	\$ 1,100,552	\$ 3,384,541
Due to other funds	5,923,894	-	-	72,995	5,996,889
Accrued wages payable and related liabilities	3,570,308	-	-	250,551	3,820,859
Accrued expenditures and other	2,584,504	-	-	14,700	2,599,204
Deferred revenue	19,373,611	-	9,097,341	8,133,508	36,604,460
<b>Total liabilities</b>	<b>32,365,233</b>	<b>1,371,073</b>	<b>9,097,341</b>	<b>9,572,306</b>	<b>52,405,953</b>
<b>Fund Balances</b>					
<b>Reserved</b>					
Capital projects	-	-	-	19,904,718	19,904,718
Special projects - ADA	45,168	-	-	132,448	177,616
Debt service	-	-	-	4,542,651	4,542,651
Developer contribution account	-	-	-	1,132,464	1,132,464
Stormwater retention	-	-	-	256,576	256,576
Court automation	-	-	-	111,196	111,196
911 fees	-	-	-	1,290,334	1,290,334
Grant funds	-	-	-	1,741,073	1,741,073
Cable network	467,924	-	-	-	467,924
<b>Total reserved</b>	<b>513,092</b>	<b>0</b>	<b>0</b>	<b>29,111,460</b>	<b>29,624,552</b>
<b>Unreserved</b>					
General fund	20,983,516	-	-	-	20,983,516
2004 Capital Improvements	-	7,744,064	-	-	7,744,064
2004 Bond Fund	-	-	9,713,374	-	9,713,374
Special revenue	-	-	-	6,007,149	6,007,149
<b>Total unreserved</b>	<b>20,983,516</b>	<b>7,744,064</b>	<b>9,713,374</b>	<b>6,007,149</b>	<b>44,448,103</b>
<b>Total fund balances</b>	<b>21,496,608</b>	<b>7,744,064</b>	<b>9,713,374</b>	<b>35,118,609</b>	<b>74,072,655</b>
<b>Total liabilities and fund balances</b>	<b>\$ 53,861,841</b>	<b>\$ 9,115,137</b>	<b>\$ 18,810,715</b>	<b>\$ 44,690,915</b>	

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

Capital assets used in governmental activities are not financial and are not reported in the funds.	550,692,672
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(99,245,000)
Bond issuance premiums	(1,166,749)
Deferred issuance discounts	568,668
Notes payable	(17,694,148)
Accrued interest payable	(1,217,834)
Capital lease payable	(321,058)
Net pension obligation	(44,678,782)
Workers compensation liability	(616,963)
Accrued compensated absences	(18,665,087)
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.	3,936,759
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.	35,154,106
Assets that do not provide current financial resources at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide statements.	<u>3,096,820</u>
	<u>\$ 483,916,059</u>

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2006**

	General	2004 Capital Improvements	2004 Bond Fund	Other Governmental Funds	Total
<b>Revenues</b>					
General property taxes	\$ 19,460,974	\$ -	\$ 9,141,401	\$ 6,787,131	\$ 35,389,506
Sales taxes	64,431,557	-	-	-	64,431,557
Licenses and permits	9,894,766	-	-	-	9,894,766
Intergovernmental	1,523,272	-	-	16,207,279	17,730,551
Charges for services	4,633,492	-	-	2,023,155	6,656,647
Fines and fees	3,525,146	-	-	751,968	4,277,114
Utility franchise taxes	24,218,833	-	-	1,764,255	25,983,088
Investment income and unrealized gains	555,572	1,339,216	286,559	1,690,661	3,872,008
Contributions and donations	-	187,500	-	614,526	802,026
Miscellaneous	861,901	3,710	-	1,403,112	2,268,723
<b>Total revenues</b>	<b>129,105,513</b>	<b>1,530,426</b>	<b>9,427,960</b>	<b>31,242,087</b>	<b>171,305,986</b>
<b>Expenditures</b>					
<b>General government</b>					
General administration	17,945,445	139,109	-	23,963	18,108,517
Mayor and Board of Directors	319,768	-	-	-	319,768
City manager	1,200,943	-	-	882,752	2,083,695
Community programs	2,418,300	-	-	18,769	2,437,069
City attorney	1,366,701	-	-	-	1,366,701
Cable TV	184,574	-	-	-	184,574
District court - first division (criminal)	1,113,596	-	-	16,406	1,130,002
District court - second division (traffic)	1,054,579	-	-	70,849	1,125,428
District court - third division (environment)	445,276	-	-	-	445,276
Finance	2,478,212	-	23,667	2,654,041	5,155,920
Human resource	1,231,557	-	-	401,795	1,633,352
Information technology	2,798,803	-	-	112,968	2,911,771
Planning and development	1,921,659	-	-	63,609	1,985,268
<b>Total general government</b>	<b>34,479,413</b>	<b>139,109</b>	<b>23,667</b>	<b>4,245,152</b>	<b>38,887,341</b>
Public works	1,578,753	15,664,635	-	17,148,935	34,392,323
Parks and recreation services	6,917,711	4,637,996	-	2,049,438	13,605,145
Zoo	-	2,312,998	-	-	2,312,998
Fire	32,455,116	8,091,252	-	4,160,250	44,706,618
Police	47,808,033	2,455,486	-	4,055,872	54,319,391
Fleet	-	-	-	214,907	214,907
Economic development	-	-	-	207,264	207,264
Education	-	-	-	3,077,036	3,077,036
Housing and neighborhood programs	3,830,314	1,113,756	-	3,529,092	8,473,162
Debt Service	-	-	6,055,000	2,785,000	8,840,000
Principal	-	-	2,472,490	1,792,590	4,265,080
Interest	-	-	500	12,736	13,236
Agent fees	-	-	-	-	-
<b>Total expenditures</b>	<b>127,069,340</b>	<b>34,415,232</b>	<b>8,551,657</b>	<b>43,278,272</b>	<b>213,314,501</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,036,173</b>	<b>(32,884,806)</b>	<b>876,303</b>	<b>(12,036,185)</b>	<b>(42,008,515)</b>
<b>Other Financing Sources (Uses)</b>					
Long-term debt issuance	-	-	-	6,550,000	6,550,000
Transfers in	1,127,253	-	-	1,404,282	2,531,535
Transfers out	(4,429,035)	-	-	(593,185)	(5,022,220)
<b>Total other financing sources (uses)</b>	<b>(3,301,782)</b>	<b>0</b>	<b>0</b>	<b>7,361,097</b>	<b>4,059,315</b>
<b>Net Change in Fund Balances</b>	<b>(1,265,609)</b>	<b>(32,884,806)</b>	<b>876,303</b>	<b>(4,675,088)</b>	<b>(37,949,200)</b>
<b>Fund Balances, Beginning of Year</b>	<b>22,762,217</b>	<b>40,628,870</b>	<b>8,837,071</b>	<b>39,793,697</b>	<b>112,021,855</b>
<b>Fund Balances, End of Year</b>	<b>\$ 21,496,608</b>	<b>\$ 7,744,064</b>	<b>\$ 9,713,374</b>	<b>\$ 35,118,609</b>	<b>\$ 74,072,655</b>

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

Net change in fund balances - total governmental funds	\$ (37,949,200)
<p>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. The components of capital assets in 2006 are as follows:</p>	
Capital asset purchases	42,101,411
Capital asset contributions	11,398,279
Depreciation expense	(19,472,257)
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.	1,836,162
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets.	(6,550,000)
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.	13,594,194
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.	(918,115)
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.	(5,518,333)
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>158,937</u>
Change in net assets of governmental activities	<u>\$ (1,318,922)</u>

**City of Little Rock, Arkansas**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ -	\$ 1,527,960	\$ 106,279	\$ 98,289	\$ 1,732,528	\$ 279,052
Investments	-	11,551,648	424,076	671,678	12,647,402	2,129,867
Restricted cash and investments - current	903,768	2,317,675	604,826	-	3,826,269	-
Accounts receivable	-	2,774,520	54,354	-	2,828,874	39,254
Accrued interest	-	-	-	7,644	7,644	13,334
Inventories	-	-	-	103,350	103,350	453,132
Prepaid expenses	-	9,520	-	4,325	13,845	9,571
<b>Total current assets</b>	<b>903,768</b>	<b>18,181,323</b>	<b>1,189,535</b>	<b>885,286</b>	<b>21,159,912</b>	<b>2,924,210</b>
<b>Noncurrent assets</b>						
<b>Restricted assets</b>						
Cash and cash equivalents	1,428,627	1,760,186	417,902	-	3,606,715	-
Investments	2,161,249	952,867	893,740	-	4,007,856	-
Accrued interest	3,318	112,868	7,548	-	123,734	-
	3,593,194	2,825,921	1,319,190	0	7,738,305	0
Less amount required to meet current obligations	903,768	2,317,675	604,826	-	3,826,269	-
<b>Total restricted assets</b>	<b>2,689,426</b>	<b>508,246</b>	<b>714,364</b>	<b>0</b>	<b>3,912,036</b>	<b>0</b>
<b>Capital assets</b>						
Land and land improvements	10,911,566	1,849,217	822,652	6,449,960	20,033,395	275,459
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	10,895,701	-
Construction in progress	-	283,171	-	150,084	433,255	169,105
Buildings and improvements	6,452	12,794,250	8,715,041	9,874,008	31,389,751	1,592,136
Vehicles	-	10,096,922	-	1,219,903	11,316,825	671,967
Furniture and equipment	-	3,247,374	-	1,065,353	4,312,727	691,446
	10,918,018	39,166,635	9,537,693	18,759,308	78,381,654	3,400,113
Less accumulated depreciation	1,031	19,714,286	784,835	3,670,670	24,170,822	1,289,237
<b>Net capital assets</b>	<b>10,916,987</b>	<b>19,452,349</b>	<b>8,752,858</b>	<b>15,088,638</b>	<b>54,210,832</b>	<b>2,110,876</b>
<b>Other assets</b>						
Deferred bond issue costs	48,861	212,403	624,554	-	885,818	-
<b>Total other assets</b>	<b>48,861</b>	<b>212,403</b>	<b>624,554</b>	<b>0</b>	<b>885,818</b>	<b>0</b>
<b>Total noncurrent assets</b>	<b>13,655,274</b>	<b>20,172,998</b>	<b>10,091,776</b>	<b>15,088,638</b>	<b>59,008,686</b>	<b>2,110,876</b>
<b>Total assets</b>	<b>\$ 14,559,042</b>	<b>\$ 38,354,321</b>	<b>\$ 11,281,311</b>	<b>\$ 15,973,924</b>	<b>\$ 80,168,598</b>	<b>\$ 5,035,086</b>

See Notes to Financial Statements

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
<b>Liabilities and Net Assets</b>						
<b>Current liabilities</b>						
Accounts payable	\$ -	\$ 257,208	\$ -	\$ 228,418	\$ 485,626	\$ 578,244
Due to other funds	726,456	-	-	6,148,854	6,875,310	-
Accrued wages payable and related liabilities	-	130,054	-	162,503	292,557	331,636
Accrued expenses and other	-	1,083,583	-	407,314	1,490,897	188,447
Accrued interest	398,768	142,675	279,826	-	821,269	-
Bonds payable - current portion	505,000	2,175,000	325,000	-	3,005,000	-
Total current liabilities	<u>1,630,224</u>	<u>3,788,520</u>	<u>604,826</u>	<u>6,947,089</u>	<u>12,970,659</u>	<u>1,098,327</u>
<b>Noncurrent liabilities</b>						
Bonds payable, net of unamortized premium and discount	13,281,540	16,597,516	10,759,706	-	40,638,762	-
Compensated absences	-	172,590	-	253,197	425,787	-
Other long-term liabilities	-	2,209,415	-	-	2,209,415	-
Total noncurrent liabilities	<u>13,281,540</u>	<u>18,979,521</u>	<u>10,759,706</u>	<u>253,197</u>	<u>43,273,964</u>	<u>-</u>
Total liabilities	<u>14,911,764</u>	<u>22,768,041</u>	<u>11,364,532</u>	<u>7,200,286</u>	<u>56,244,623</u>	<u>1,098,327</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	(1,959,298)	1,411,336	(1,707,294)	15,088,638	12,833,382	2,110,876
Restricted - expendable						
Debt service	2,331,321	4,746,051	1,031,816	-	8,109,188	-
Zoo promotions	-	-	-	61,094	61,094	-
Unrestricted	(724,745)	9,428,893	592,257	(6,376,094)	2,920,311	1,825,883
Total net assets	<u>(352,722)</u>	<u>15,586,280</u>	<u>(83,221)</u>	<u>8,773,638</u>	<u>23,923,975</u>	<u>3,936,759</u>
Total liabilities and net assets	\$ <u>14,559,042</u>	\$ <u>38,354,321</u>	\$ <u>11,281,311</u>	\$ <u>15,973,924</u>	\$ <u>80,168,598</u>	\$ <u>5,035,086</u>

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2006**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
<b>Operating Revenues</b>						
Charges for goods and services	\$ -	\$ 15,734,197	\$ 1,419,484	\$ 5,573,603	\$ 22,727,284	\$ 8,400,748
Miscellaneous	-	185,754	-	840,737	1,026,491	747,239
<b>Total operating revenues</b>	<b>0</b>	<b>15,919,951</b>	<b>1,419,484</b>	<b>6,414,340</b>	<b>23,753,775</b>	<b>9,147,987</b>
<b>Operating Expenses</b>						
Salaries, wages and employee benefits	-	4,212,001	-	4,835,620	9,047,621	2,483,030
Supplies and materials	-	998,330	75	970,168	1,968,573	4,351,807
Services	-	1,817,171	-	2,132,124	3,949,295	353,741
Repairs and maintenance	7,110	2,274,400	-	733,820	3,015,330	914,927
Other	16,562	622,537	646,779	676,888	1,962,766	830,763
Depreciation and amortization	6,252	1,905,138	226,055	455,864	2,593,309	167,958
<b>Total expenses</b>	<b>29,924</b>	<b>11,829,577</b>	<b>872,909</b>	<b>9,804,484</b>	<b>22,536,894</b>	<b>9,102,226</b>
<b>Operating Income (Loss)</b>	<b>(29,924)</b>	<b>4,090,374</b>	<b>546,575</b>	<b>(3,390,144)</b>	<b>1,216,881</b>	<b>45,761</b>
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	124,593	711,520	85,645	37,920	959,678	66,211
Interest expense	(807,750)	(919,491)	(602,226)	-	(2,329,467)	-
Other, net	-	(142,851)	-	77,931	(64,920)	53,582
<b>Net nonoperating revenues (expenses)</b>	<b>(683,157)</b>	<b>(350,822)</b>	<b>(516,581)</b>	<b>115,851</b>	<b>(1,434,709)</b>	<b>119,793</b>
<b>Income (Loss) Before Transfers</b>	<b>(713,081)</b>	<b>3,739,552</b>	<b>29,994</b>	<b>(3,274,293)</b>	<b>(217,828)</b>	<b>165,554</b>
<b>Transfers In</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>	<b>3,840,735</b>	<b>5,140,735</b>	<b>-</b>
<b>Transfers Out</b>	<b>-</b>	<b>(1,159,401)</b>	<b>-</b>	<b>(1,484,032)</b>	<b>(2,643,433)</b>	<b>(6,617)</b>
	<b>1,300,000</b>	<b>(1,159,401)</b>	<b>0</b>	<b>2,356,703</b>	<b>2,497,302</b>	<b>(6,617)</b>
<b>Changes in Net Assets</b>	<b>586,919</b>	<b>2,580,151</b>	<b>29,994</b>	<b>(917,590)</b>	<b>2,279,474</b>	<b>158,937</b>
<b>Net Assets, Beginning of Year</b>	<b>(939,641)</b>	<b>13,006,129</b>	<b>(113,215)</b>	<b>9,691,228</b>	<b>21,644,501</b>	<b>3,777,822</b>
<b>Net Assets, End of Year</b>	<b>\$ (352,722)</b>	<b>\$ 15,586,280</b>	<b>\$ (83,221)</b>	<b>\$ 8,773,638</b>	<b>\$ 23,923,975</b>	<b>\$ 3,936,759</b>

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**City of Little Rock, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2006**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
<b>Operating Activities</b>						
Receipts from customers	\$ -	\$ 15,423,605	\$ 1,419,484	\$ 5,873,219	\$ 22,716,308	\$ 8,379,401
Other receipts	-	185,754	-	541,121	726,875	747,239
Payments to employees	-	(4,134,136)	-	(4,619,582)	(8,753,718)	(2,184,995)
Payments to suppliers	-	(998,330)	(75)	(968,073)	(1,966,478)	(4,316,672)
Payments to service providers	(2,588)	(1,817,171)	-	(2,125,985)	(3,945,744)	79,092
Other payments	(23,443)	(2,461,412)	(646,779)	(709,329)	(3,840,963)	(1,579,263)
Net cash provided by (used in) operating activities	(26,031)	6,198,310	772,630	(2,008,629)	4,936,280	1,124,802
<b>Noncapital Financing Activities</b>						
Transfers from other funds	1,300,000	-	-	3,840,735	5,140,735	-
Transfers to other funds	-	(1,159,401)	-	(1,484,032)	(2,643,433)	(6,617)
Net cash provided by (used in) noncapital financing activities	1,300,000	(1,159,401)	0	2,356,703	2,497,302	(6,617)
<b>Capital and Related Financing Activities</b>						
Proceeds from sale of capital assets	-	192,928	-	-	192,928	-
Purchase of capital assets	-	(1,690,655)	-	(510,535)	(2,201,190)	(464,918)
Other	-	(142,851)	-	(37,229)	(180,080)	53,582
Principal paid on long-term debt	(469,785)	(2,090,000)	(90,000)	-	(2,649,785)	-
Interest paid on long-term debt	(807,750)	(903,603)	(582,438)	-	(2,293,791)	-
Net cash provided by (used in) capital and related financing activities	(1,277,535)	(4,634,181)	(672,438)	(547,764)	(7,131,918)	(411,336)
<b>Investing Activities</b>						
Proceeds from sale of investments	383,810	24,511,017	1,123,847	1,115,057	27,133,731	2,129,867
Purchase of investments	(516,218)	(24,033,401)	(1,224,488)	(972,199)	(26,746,306)	(2,816,461)
Interest income	124,593	711,520	85,645	37,920	959,678	66,211
Net cash provided by (used in) investing activities	(7,815)	1,189,136	(14,996)	180,778	1,347,103	(620,383)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(11,381)	1,593,864	85,196	(18,912)	1,648,767	86,466
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,440,008	1,694,282	438,985	117,201	3,690,476	192,586
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,428,627	\$ 3,288,146	\$ 524,181	\$ 98,289	\$ 5,339,243	\$ 279,052
<b>Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:</b>						
Current assets						
Cash and cash equivalents	\$ -	\$ 1,527,960	\$ 106,279	\$ 98,289	\$ 1,732,528	\$ 279,052
Noncurrent assets						
Cash and cash equivalents	1,428,627	1,760,186	417,902	-	3,606,715	-
	\$ 1,428,627	\$ 3,288,146	\$ 524,181	\$ 98,289	\$ 5,339,243	\$ 279,052

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

Operating income (loss)	\$	(29,924)	\$	4,090,374	\$	546,575	\$	(3,390,144)	\$	1,216,881	\$	45,761
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities												
Depreciation and amortization expense		6,252		1,905,138		226,055		455,864		2,593,309		167,958
Gain (Loss) on disposal of assets				35,921				25,752		61,673		43,662
Changes in assets and liabilities												
Receivables, net		(897)		(310,592)		-		(1,786)		(313,275)		(26,732)
Due to/due from other funds, net		-		-		-		759,770		759,770		-
Prepaid expenses		-		2,689		-		(3,550)		(861)		452,739
Inventories		-		-		-		(39,919)		(39,919)		(23,048)
Accounts payable		(1,462)		9,686		-		(34,544)		(26,320)		166,427
Accrued expenses		-		465,094		-		219,928		685,022		298,035
Net cash provided by (used in) operating activities	\$	<u>(26,031)</u>	\$	<u>6,198,310</u>	\$	<u>772,630</u>	\$	<u>(2,008,629)</u>	\$	<u>4,936,280</u>	\$	<u>1,124,802</u>

**City of Little Rock, Arkansas**  
**Statement of Fiduciary Net Assets**  
**December 31, 2006**

	<u>Employee Retirement Plans</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,530,909	\$ 162,562
Investments		
U. S. Government obligations	56,920,830	-
Equities	76,908,401	-
Mutual funds	58,971,341	17,862
Receivables		
Due from other funds	5,923,894	-
Contributions	27,309	-
Accrued interest and dividends	<u>484,218</u>	<u>-</u>
 Total assets	 <u>\$ 208,766,902</u>	 <u>\$ 180,424</u>
 <b>Liabilities</b>		
Accrued liabilities	428	180,424
Due to other funds	<u>5,502</u>	<u>-</u>
 Total Liabilities	 5,930	 <u>\$ 180,424</u>
 <b>Net Assets</b>		
 Net assets held in trust for pension benefits	 <u>\$ 208,760,972</u>	

**City of Little Rock, Arkansas**  
**Statement of Changes in Fiduciary Net Assets**  
**Year Ended December 31, 2006**

	<u>Employee Retirement Plans</u>
<b>Additions</b>	
Contributions	
Employer	\$ 2,457,126
Plan members	1,894,066
Property taxes contributed from general fund	5,907,788
State insurance turnback and guarantee fund contributed from general fund	2,135,948
Other	<u>423,234</u>
Total contributions	<u>12,818,162</u>
Investment income	
Net increase in fair value of investments	15,735,631
Interest and dividends	<u>8,003,797</u>
	23,739,428
Less investment expense	<u>308,336</u>
Net investment income	<u>23,431,092</u>
Total additions	<u>36,249,254</u>
<b>Deductions</b>	
Benefits paid directly to participants	22,641,225
Administrative expenses	816,393
Other	<u>34,283</u>
Total deductions	<u>23,491,901</u>
<b>Change in Net Assets</b>	12,757,353
<b>Net Assets Held in Trust For Pension Benefits, Beginning of Year</b>	<u>196,003,619</u>
<b>Net Assets Held in Trust For Pension Benefits, End of Year</b>	<u>\$ 208,760,972</u>

**City of Little Rock, Arkansas**  
**Statement of Net Assets**  
**Discretely Presented Component Units**  
**December 31, 2006**

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 2,421,846	\$ 15,648,538	\$ 10,813,087	\$ 28,883,471
Investments	-	-	24,323,059	24,323,059
Restricted cash and investments - current	13,529,737	3,712,042	2,893,917	20,135,696
Accounts receivable, net of allowance	2,136,500	639,707	16,599,646	19,375,853
Inventories	1,229,322	-	724,898	1,954,220
Prepaid expenses and other	587,836	1,072,899	834,473	2,495,208
	<u>19,905,241</u>	<u>21,073,186</u>	<u>56,189,080</u>	<u>97,167,507</u>
<b>Noncurrent assets</b>				
Restricted assets				
Cash and cash equivalents	-	22,502,534	3,700,126	26,202,660
Investments	2,454,671	-	9,467,862	11,922,533
Grants and other receivables	-	2,175,022	-	2,175,022
Interest receivable	-	27,266	69,382	96,648
	<u>2,454,671</u>	<u>24,704,822</u>	<u>13,237,370</u>	<u>40,396,863</u>
Less amounts required to meet current obligations	<u>0</u>	<u>3,712,042</u>	<u>1,809,766</u>	<u>5,521,808</u>
	<u>2,454,671</u>	<u>20,992,780</u>	<u>11,427,604</u>	<u>34,875,055</u>
Capital assets				
Land	2,822,042	44,777,135	11,116,059	58,715,236
Construction in progress	47,580,360	13,838,740	4,957,182	66,376,282
Buildings, improvements and other facilities	216,680,352	269,482,518	151,319,905	637,482,775
Vehicles	-	-	27,125,454	27,125,454
Furniture and equipment	26,275,460	6,554,679	20,775,051	53,605,190
Other	-	-	4,238,390	4,238,390
	<u>293,358,214</u>	<u>334,653,072</u>	<u>219,532,041</u>	<u>847,543,327</u>
Less accumulated depreciation	<u>84,123,348</u>	<u>104,527,817</u>	<u>79,769,380</u>	<u>268,420,545</u>
	<u>209,234,866</u>	<u>230,125,255</u>	<u>139,762,661</u>	<u>579,122,782</u>
Other assets				
Deferred bond issue costs	612,608	618,230	96,949	1,327,787
Other assets	-	-	1,953,762	1,953,762
	<u>612,608</u>	<u>618,230</u>	<u>2,050,711</u>	<u>3,281,549</u>
	<u>212,302,145</u>	<u>251,736,265</u>	<u>153,240,976</u>	<u>617,279,386</u>
	<u>209,234,866</u>	<u>230,125,255</u>	<u>139,762,661</u>	<u>579,122,782</u>
	<u>612,608</u>	<u>618,230</u>	<u>2,050,711</u>	<u>3,281,549</u>
<b>Total assets</b>	<u>\$ 232,207,386</u>	<u>\$ 272,809,451</u>	<u>\$ 209,430,056</u>	<u>\$ 714,446,893</u>

See Notes to Financial Statements

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Liabilities and Net Assets</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 4,170,844	\$ 2,896,785	\$ 1,296,123	\$ 8,363,752
Accrued wages payable and related liabilities	-	-	1,343,148	1,343,148
Notes payable - current portion	-	-	200,223	200,223
Capital lease - current portion	-	-	113,973	113,973
Bonds payable - current portion	2,625,215	1,760,000	1,397,500	5,782,715
Deferred revenue	-	2,385,141	458,720	2,843,861
Accrued expenses and other	935,550	772,530	3,875,384	5,583,464
<b>Total current liabilities</b>	<b>7,731,609</b>	<b>7,814,456</b>	<b>8,685,071</b>	<b>24,231,136</b>
<b>Noncurrent liabilities</b>				
Capital lease obligation	-	-	988,027	988,027
Bonds payable, net of unamortized premium and discount	84,485,471	25,038,256	15,550,037	125,073,764
Notes payable	-	-	1,357,539	1,357,539
Other long-term liabilities	-	24,879,409	1,398,083	26,277,492
<b>Total noncurrent liabilities</b>	<b>84,485,471</b>	<b>49,917,665</b>	<b>19,293,686</b>	<b>153,696,822</b>
<b>Total liabilities</b>	<b>92,217,080</b>	<b>57,732,121</b>	<b>27,978,757</b>	<b>177,927,958</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	121,156,476	175,527,590	121,947,399	418,631,465
Restricted - expendable	14,188,065	24,704,822	10,962,978	49,855,865
Restricted - nonexpendable	-	-	4,285,808	4,285,808
Unrestricted	4,645,765	14,844,918	44,255,114	63,745,797
<b>Total net assets</b>	<b>139,990,306</b>	<b>215,077,330</b>	<b>181,451,299</b>	<b>536,518,935</b>
<b>Total liabilities and net assets</b>	<b>\$ 232,207,386</b>	<b>\$ 272,809,451</b>	<b>\$ 209,430,056</b>	<b>\$ 714,446,893</b>

**City of Little Rock, Arkansas**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	Total
Governmental Activities								
Other component units	\$ 15,052,377	\$ 332,102	\$ 2,670,373	\$ 3,317,794	\$ -	\$ -	\$ (8,732,108)	\$ (8,732,108)
Total governmental activities	15,052,377	332,102	2,670,373	3,317,794	0	0	(8,732,108)	(8,732,108)
Business-type Activities								
Wastewater Utility	30,083,897	30,398,264	-	-	314,367	-	-	314,367
National Airport	22,663,274	19,847,399	-	-	-	(2,815,875)	-	(2,815,875)
Other component units	55,501,864	25,941,566	57,790	-	-	-	(29,502,508)	(29,502,508)
Total business-type activities	108,249,035	76,187,229	57,790	0	314,367	(2,815,875)	(29,502,508)	(32,004,016)
Total component units	\$ 123,301,412	\$ 76,519,331	\$ 2,728,163	\$ 3,317,794	314,367	(2,815,875)	(38,234,616)	(40,736,124)
General revenues								
General property taxes					-	-	10,614,537	10,614,537
Sales taxes					-	-	9,244,370	9,244,370
Investment income and unrealized gains					868,656	2,015,783	2,500,581	5,385,020
Grants and contributions not restricted to specific programs					6,437,167	9,642,093	15,024,599	31,103,859
Other					-	5,926,141	11,549,828	17,475,969
Total general revenues and transfers					7,305,823	17,584,017	48,933,915	73,823,755
Change in Net Assets					7,620,190	14,768,142	10,699,299	33,087,631
Net Assets, Beginning of Year, As Previously Reported					132,370,116	200,309,188	170,786,255	503,465,559
Adjustment applicable to prior years					-	-	(34,255)	(34,255)
Net Assets, Beginning of Year, As Restated					132,370,116	200,309,188	170,752,000	503,431,304
Net Assets, End of Year					\$ 139,990,306	\$ 215,077,330	\$ 181,451,299	\$ 536,518,935

# City of Little Rock, Arkansas

## Notes to Financial Statements

### December 31, 2006

#### **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 of Little Rock, Arkansas 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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***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.

**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.

***Little Rock National Airport (Airport)*** – The Airport is controlled by a five-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 2006.

**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, five of the thirteen 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.

***Arkansas Museum of Science and History (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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**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 land which is occupied by the Cemetery is owned by the City. The governing board of the Cemetery is appointed by the City Board allowing the City's will to be imposed on day-to-day operating decisions. In addition, 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 land which is occupied by Mt. Holly is owned by the City. The governing board of Mt. Holly is appointed by the City Board allowing the City's will to be imposed on day-to-day operating decisions. In addition, 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.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

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**Administrative Offices**

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Little Rock Wastewater Utility  
221 East Capitol Avenue  
Little Rock, Arkansas 72202

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

Little Rock Ambulance Authority  
1101 West 8<sup>th</sup> Street  
Little Rock, Arkansas 72201

Little Rock National Airport  
1 Airport Drive  
Little Rock, Arkansas 72202

Arkansas Museum of Science and History  
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

Arkansas Arts Center  
Ninth and Commerce  
Little Rock, Arkansas 72202

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

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

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

Oakland Fraternal Cemetery  
2101 Barber Avenue  
Little Rock, Arkansas 72206

Mt. Holly Cemetery  
5120 Sherwood Road  
Little Rock, Arkansas 72207

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***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 is, 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-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The 2004 Capital Improvement Fund accounts for the resources accumulated from the \$70,635,000 limited tax general obligation debt of the City to be used for the acquisition or construction of major capital improvement projects.

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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

The government 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.

*Special Revenue Funds* – The special revenue funds, which include federal and state 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 consists of the Fleet Service Fund.

*Enterprise Funds* – The enterprise funds are used to account for the various Parks and Recreation Services Funds (zoo, golf courses, concession services, fitness center and vehicle storage) and Riverfront park whose operations are financed primarily or partially through user charges.

*Pension 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 and Nonuniformed Employees' Defined Benefit Pension Plan. 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.

***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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

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 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 amounts are due to a plan.

***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.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***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 carried at fair value 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 carried at fair value. 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.

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

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

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***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.

***Deferred Revenue***

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$27,264,550 of unearned lease revenue at the National Airport.

***Net Assets/Fund Balance***

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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, 2006:

Statement No.		Adoption Required in Fiscal Year
45	Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions	2007

**Note 2: Deposits, Investments and Investment Income**

***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, 2006, none of the City's primary government bank balances of \$10,425,679 were exposed to custodial credit risk. A portion of the City's component unit bank balances of \$71,353,139 were exposed to custodial credit risk as follows:

	<u>2006</u>
Uninsured and collateral held by pledging financial institution	\$ 50,660,485
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the component unit's name	<u>7,738,695</u>
	<u>\$ 58,399,180</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**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 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.

Arkansas statutes also authorize the City to invest in no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U.S. 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, 2006, the City had the following investments and maturities:

Type	Fair Value	Primary Government Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 106,118,456	\$ 77,781,657	\$ 28,336,799	\$ —	\$ —
Money market mutual funds	<u>11,572,584</u>	<u>11,572,584</u>	<u>—</u>	<u>—</u>	<u>—</u>
	117,691,040	<u>\$ 89,354,241</u>	<u>\$ 28,336,799</u>	<u>\$ 0</u>	<u>\$ 0</u>
Mutual Funds	133,306,255				
Corporate stocks	<u>29,436,325</u>				
	<u>\$ 280,433,620</u>				

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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Type	Fair Value	Component Units Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 2,234,993	\$ 2,190,837	\$ 44,156	\$ —	\$ —
U.S. agencies obligations	8,845,506	5,895,365	2,950,141	—	—
Corporate bonds	1,434,832	1,434,832	—	—	—
Money market mutual funds	2,690,042	2,690,042	—	—	—
Guaranteed investment contracts	<u>2,433,438</u>	<u>—</u>	<u>—</u>	<u>2,433,438</u>	<u>—</u>
	17,638,811	\$ <u>12,211,076</u>	\$ <u>2,994,297</u>	\$ <u>2,433,438</u>	\$ <u>0</u>
Mutual funds	6,106,334				
Corporate stocks	<u>11,993,113</u>				
	<u>\$ 35,738,258</u>				

**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, 2006, the City’s investments including fiduciary funds in corporate bonds, money market mutual funds, and U.S. agencies obligations not directly guaranteed by the U.S. government were rated from BB to AAA by Standard & Poors’ and Moody’s Investors Service.

**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, 2006, 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. At December 31, 2006, the City’s investment in Fannie Mae instruments, a U.S. government agency consisted of 7.2% of the City’s total investments.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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**Summary of Carrying Values**

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

	<b>Primary Government</b>	<b>Component Units</b>
Carrying value		
Deposits	\$ 8,610,587	\$ 70,207,353
Investments	<u>280,433,620</u>	<u>35,738,258</u>
	<u>\$ 289,044,207</u>	<u>\$ 105,945,611</u>
Included in the following statements of net assets captions		
Cash and cash equivalents	\$ 9,863,712	\$ 28,883,471
Short-term investments	22,353,268	24,323,059
Restricted cash and investments	54,495,746	52,739,081
Cash and investments – fiduciary funds	<u>202,331,481</u>	<u>—</u>
	<u>\$ 289,044,207</u>	<u>\$ 105,945,611</u>

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2006, is presented below:

<b>Governmental Activities</b>	<b>Balance, December 31, 2005</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2006</b>
Capital Assets, non-depreciable				
Land	\$ 146,098,423	\$ 1,252,201	\$ —	\$ 147,350,624
Construction in progress	<u>25,190,610</u>	<u>38,027,431</u>	<u>31,246,370</u>	<u>31,971,671</u>
Total capital assets, non-depreciable	<u>171,289,033</u>	<u>39,279,632</u>	<u>31,246,370</u>	<u>179,322,295</u>
Capital Assets, depreciable				
Land Improvements	1,466,059	1,997,247	—	3,463,306
Infrastructure	603,853,690	23,388,645	—	627,242,335
Buildings	45,401,482	10,621,900	38,163	55,985,219
Vehicles	33,546,694	3,083,040	1,814,666	34,815,068
Equipment	<u>17,298,810</u>	<u>7,106,698</u>	<u>1,471,428</u>	<u>22,934,080</u>
Total capital assets, depreciable	<u>701,566,735</u>	<u>46,197,530</u>	<u>3,324,257</u>	<u>744,440,008</u>
Less accumulated depreciation				
Land Improvements	178,991	68,963	—	247,954
Infrastructure	308,104,892	13,859,599	—	321,964,491
Buildings	14,057,150	1,150,975	13,568	15,194,557
Vehicles	21,466,915	3,050,982	1,576,292	22,941,605
Equipment	<u>10,525,003</u>	<u>1,341,737</u>	<u>1,256,592</u>	<u>10,610,148</u>
Total accumulated depreciation	<u>354,332,951</u>	<u>19,472,256</u>	<u>2,846,452</u>	<u>370,958,755</u>
Total governmental activities, net	<u>\$ 518,522,817</u>	<u>\$ 66,004,906</u>	<u>\$ 31,724,175</u>	<u>\$ 552,803,548</u>

**City of Little Rock, Arkansas**  
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<b>Business-type Activities</b>	<b>Balance December 31, 2005</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2006</b>
Capital Assets, non-depreciable				
Land	\$ 19,951,570	\$ —	\$ —	\$ 19,951,570
Construction in progress	<u>109,490</u>	<u>429,525</u>	<u>105,760</u>	<u>433,255</u>
Total capital assets, non-depreciable	<u>20,061,060</u>	<u>429,525</u>	<u>105,760</u>	<u>20,384,825</u>
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4	10,895,701	—	—	10,895,701
Buildings	31,122,359	375,694	26,478	31,471,575
Vehicles	10,898,573	1,473,674	1,055,960	11,316,287
Equipment	<u>4,323,040</u>	<u>34,534</u>	<u>44,848</u>	<u>4,312,726</u>
Total capital assets, depreciable	<u>57,239,673</u>	<u>1,883,902</u>	<u>1,127,286</u>	<u>57,996,289</u>
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4	7,916,557	409,982	—	8,326,539
Buildings	4,618,244	657,862	6,913	5,269,193
Vehicles	7,170,261	1,159,726	829,578	7,500,409
Equipment	<u>2,796,445</u>	<u>307,408</u>	<u>29,712</u>	<u>3,074,141</u>
Total accumulated depreciation	<u>22,501,507</u>	<u>2,534,978</u>	<u>866,203</u>	<u>24,170,282</u>
Total business-type activities, net	<u>\$ 54,799,226</u>	<u>\$ (221,551)</u>	<u>\$ 366,843</u>	<u>\$ 54,210,832</u>

<b>Component Units</b>	<b>Balance December 31, 2005</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2006</b>
Capital Assets, non-depreciable				
Land	\$ 51,509,305	\$ 7,205,931	\$ —	\$ 58,715,236
Construction in progress	<u>45,672,131</u>	<u>45,431,151</u>	<u>24,727,000</u>	<u>66,376,282</u>
Total capital assets, non-depreciable	<u>97,181,436</u>	<u>52,637,082</u>	<u>24,727,000</u>	<u>125,091,518</u>
Capital Assets, depreciable				
Buildings, improvements and facilities	616,266,194	26,873,577	5,656,995	637,482,775
Vehicles	24,855,647	2,689,694	419,887	27,125,454
Equipment	<u>52,664,925</u>	<u>6,798,224</u>	<u>1,619,569</u>	<u>57,843,580</u>
Total capital assets, depreciable	<u>693,786,766</u>	<u>36,361,495</u>	<u>7,696,451</u>	<u>722,451,809</u>
Less accumulated depreciation	<u>248,676,789</u>	<u>22,099,262</u>	<u>2,355,506</u>	<u>268,420,545</u>
Total component units, net	<u>\$ 542,291,413</u>	<u>\$ 66,899,315</u>	<u>\$ 30,067,945</u>	<u>\$ 579,122,782</u>

**City of Little Rock, Arkansas**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General government	
Mayor and Board of Directors	\$ 207,179
City manager	412
Community programs	1,017
City attorney	138
Cable TV	9,583
District court – first division (criminal)	22,289
District court – third division (environment)	2,892
Finance	46,458
Human resource	3,164
Information technology	364,056
Planning and development	57,213
Fleet services	<u>167,941</u>
Total general government	882,342
Public works	14,881,625
Parks and recreation services	680,273
Fire	1,529,414
Police	1,348,828
Housing and neighborhood programs	<u>149,774</u>
Total depreciation expense – governmental activities	<u>19,472,256</u>

**Business-type Activities**

Presidential park	145
Waste disposal	1,882,780
Second and main parking	196,196
Riverfront park	86,406
Zoo	140,332
Vehicle storage	7,568
Golf courses	85,262
Fitness center	<u>136,289</u>
Total depreciation expense - business-type activities	<u>2,534,978</u>
Total depreciation expense - primary government	<u>\$ 22,007,234</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2006, were as follows:

<b>Governmental Activities</b>	<b>Balance, December 31, 2005</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2006</b>	<b>Amounts Due in One Year</b>
<b>Bonds payable</b>					
General obligation revenue bonds	\$ 18,040,000	\$ —	\$ 975,000	\$ 17,065,000	\$ 1,015,000
Less deferred issuance discounts	94,433	—	6,746	87,687	—
Add issuance premiums	<u>3,589</u>	<u>—</u>	<u>299</u>	<u>3,290</u>	<u>—</u>
	<u>17,949,156</u>	<u>—</u>	<u>968,553</u>	<u>16,980,603</u>	<u>1,015,000</u>
General obligation bonds	90,045,000	—	7,865,000	82,180,000	5,725,000
Less deferred issuance discounts	516,804	—	35,823	480,981	—
Add issuance premiums	<u>1,250,738</u>	<u>—</u>	<u>87,279</u>	<u>1,163,459</u>	<u>—</u>
	<u>90,778,934</u>	<u>—</u>	<u>7,916,456</u>	<u>82,862,478</u>	<u>5,725,000</u>
Bonds payable, net	108,728,090	—	8,885,009	99,843,081	6,740,000
Notes payable	15,397,113	6,550,000	4,252,965	17,694,148	5,353,541
Capital lease obligation	822,287	—	501,229	321,058	321,058
Compensated absences	17,451,140	9,805,476	8,377,627	18,878,989	6,148,230
Net pension obligation	39,160,449	5,518,333	—	44,678,782	—
Other	<u>1,115,862</u>	<u>473,908</u>	<u>556,963</u>	<u>1,032,807</u>	<u>415,844</u>
Total governmental activities long-term liabilities	<u>\$ 182,674,941</u>	<u>\$ 22,347,717</u>	<u>\$ 22,573,793</u>	<u>\$ 182,448,865</u>	<u>\$ 18,978,673</u>
<b>Business-type Activities</b>					
<b>Bonds payable</b>					
Revenue bonds	\$ 47,170,000	\$ —	\$ 2,660,000	\$ 44,510,000	\$ 3,005,000
Less deferred issuance discounts	1,928,285	—	176,746	1,751,539	—
Add issuance premiums	<u>980,848</u>	<u>—</u>	<u>95,547</u>	<u>885,301</u>	<u>—</u>
Bonds payable, net	46,222,563	—	2,578,801	43,643,762	3,005,000
Capital lease obligation	96,941	—	96,941	—	—
Compensated absences	897,459	554,364	517,106	934,717	508,930
Post-closure landfill costs	<u>2,629,731</u>	<u>355,025</u>	<u>—</u>	<u>2,984,756</u>	<u>775,341</u>
Total business-type activities long-term liabilities	<u>\$ 49,846,694</u>	<u>\$ 909,389</u>	<u>\$ 3,192,848</u>	<u>\$ 47,563,235</u>	<u>\$ 4,289,271</u>

**City of Little Rock, Arkansas**  
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Component Units	Balance, December 31, 2005	Increases	Decreases	Balance December 31, 2006	Amounts Due in One Year
<b>Little Rock Advertising and Promotion Commission</b>					
Bonds payable					
Revenue bonds	\$ 16,775,000	\$ —	\$ 1,265,000	\$ 15,510,000	\$ 1,337,500
Add issuance premiums	<u>1,538,080</u>	<u>—</u>	<u>160,543</u>	<u>1,377,537</u>	<u>—</u>
	<u>18,313,080</u>	<u>—</u>	<u>1,425,543</u>	<u>16,887,537</u>	<u>1,337,500</u>
<b>Central Arkansas Library</b>					
Revenue bonds	—	1,310,000	—	1,310,000	60,000
Capital lease obligations	1,052,056	—	69,081	982,975	71,133
Compensated absences	<u>618,565</u>	<u>73,714</u>	<u>6,803</u>	<u>685,476</u>	<u>685,476</u>
	<u>1,670,621</u>	<u>1,383,714</u>	<u>75,884</u>	<u>2,978,451</u>	<u>816,609</u>
<b>Little Rock Port Authority</b>					
Compensated absences	—	164,654	—	164,654	27,249
Post-retirement health insurance	<u>—</u>	<u>52,409</u>	<u>—</u>	<u>52,409</u>	<u>892</u>
	<u>—</u>	<u>217,063</u>	<u>—</u>	<u>217,063</u>	<u>28,141</u>
<b>Arkansas Museum of Science and History</b>					
Various notes payable and capital lease	<u>405,708</u>	<u>111,284</u>	<u>90,205</u>	<u>426,787</u>	<u>243,063</u>
<b>National Airport</b>					
Bonds payable					
Revenue bonds	28,740,000	—	1,695,000	27,045,000	1,760,000
Less deferred issuance discounts	520,406	—	49,653	470,753	—
Add issuance premiums	<u>281,477</u>	<u>—</u>	<u>57,468</u>	<u>224,009</u>	<u>—</u>
	<u>28,501,071</u>	<u>—</u>	<u>1,702,815</u>	<u>26,798,256</u>	<u>1,760,000</u>
Other long-term liabilities	<u>29,649,691</u>	<u>—</u>	<u>2,385,141</u>	<u>27,264,550</u>	<u>2,385,141</u>
	<u>58,150,762</u>	<u>—</u>	<u>4,087,956</u>	<u>54,062,806</u>	<u>4,145,141</u>
<b>Wastewater Utility</b>					
Revenue bonds	72,683,743	16,540,321	2,131,201	87,092,863	2,625,215
Add issuance premiums	<u>19,631</u>	<u>—</u>	<u>1,808</u>	<u>17,823</u>	<u>—</u>
	<u>72,703,374</u>	<u>16,540,321</u>	<u>2,133,009</u>	<u>87,110,686</u>	<u>2,625,215</u>
Total component units long-term liabilities	<u>\$ 151,243,545</u>	<u>\$ 18,252,382</u>	<u>\$ 7,812,597</u>	<u>\$ 161,683,330</u>	<u>\$ 9,195,699</u>

Bonds and notes payable at December 31, 2006, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
Bonds payable	3.2% - 4.3 %	2024	\$ 138,900,000	\$ 99,245,000
Notes payable - short-term financing	2.95% - 3.85%	2011	\$ 19,310,000	\$ 15,264,148
Notes payable - Section 108 loans	Variable	2013	\$ 3,870,000	\$ 2,430,000
Enterprise funds				
Revenue bonds	4.8% - 5.8%	2028	\$ 55,590,000	\$ 44,510,000
Component Units	2% - 7.375%	2030	\$ 179,849,436	\$ 131,384,650

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**Governmental Activities**

**General Obligation Bonds:**

**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.

**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.

This advance refunding resulted in reducing its total debt service payments by approximately \$74,000 and resulted in an economic loss (difference between the present values of the old and new debt service payments) of approximately \$765,000.

**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.

**City of Little Rock, Arkansas**  
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**2001 Limited Tax General Obligation Refunding – Series 2001** – Bonds in the amount of \$20,635,000 were issued to refund the Capital Improvement Refunding Bonds, Series 1995A, and Capital Improvement Bonds, Series 1995B, and to pay the costs of issuance of the bonds. These bonds are limited tax general obligations secured by the full faith, credit and resources of the City, including specifically all proceeds derived from a 3.3 mill ad valorem tax on each dollar of assessed valuation of real and personal property located within the City. The tax will be a continuing annual levy until sufficient monies are accumulated to retire the Series 2001 Bonds. Until retirement of the 2001 Bonds, the proceeds of the tax cannot be used for any purposes other than the payment of debt service on the bonds, payment of agent's fees, and payment of costs of improvements in an amount equal to six months of capitalized interest 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, in whole or in part, on any April 1 from surplus tax receipts, upon payment of a redemption price to 100% of principal amount of bonds to be redeemed plus interest accrued to the redemption price.

**1998 Street and Drainage Revenue Bonds - Series A** - The \$19,000,000 original issue Capital Improvement Revenue Bonds (Infrastructure Improvements) - Series 1998A, were issued for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain street, sidewalk, curb, gutter, drainage and other related infrastructure improvements of the City, including payment of a portion of the interest on the Series 1998A Bonds during the construction period. The Series 1998A Bonds are special obligations of the City, payable solely from revenues received by the City from all franchise fees charged to public utilities for the privilege of using the city streets and right-of-way and from funds pledged under the bond indenture. These bonds are subject to redemption in part by sinking fund installments due annually on October 1. Bonds maturing on or after October 1, 2009 are subject to optional redemption at the direction of the City beginning October 1, 2008. 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, 2006, the following short-term financing agreements were:

**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%.

**2005 Short-term Financing Note** – The \$5,205,000 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 \$1,154,443, on April 1, including interest at 3.55%.

**2004 Short-term Financing Note** – The \$4,215,000 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 \$929,561, on September 8, including interest at 3.35%.

**City of Little Rock, Arkansas**  
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**2003 Short-term Financing Note** – The \$4,250,000 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 \$926,682, on June 18, including interest at 2.95%.

**2002 Short-term Financing Note** – The \$4,370,000 promissory note was issued to finance the cost of acquiring and installing equipment and vehicles and constructing properties for the City with principal and interest payable from general revenues. Due annually, payable \$977,488, on September 25, including interest at 3.85%.

The City also has entered into three 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, 2006 were as follows:

**Section 108 Loan – Nathaniel W. Hill property (the property)** – This \$1,800,000 promissory note was issued to construct and improve the property. 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 property.

**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.

**Capital Lease**

The City has entered into the following capital lease purchase agreement with the trust for public land.

**Arkansas River Trail Land** – This is a lease-purchase agreement with ownership transferring at the end of the lease term. The final payment of \$321,058 was made on March 23, 2007.

**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.

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**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.

With this issue, \$2,180,000 in outstanding 1997 Capital Improvement Revenue Bonds were advance refunded. With the advance refund, the City increased its total debt service payments over the next 25 years by approximately \$212,000, and obtained an economic loss (the difference between the present values of the old and new debt service payments) of \$121,461.

**1998 Parks and Recreation Bonds - Series A** - The \$16,405,000 in original issue *Capital Improvement Revenue Bonds - Series 1998A* were issued for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain parks and recreation facilities of the City, including payment of a portion of the interest on the Series 1998A Bonds during the construction period. The bonds are payable solely from gross revenues derived from the City's parks and recreation facilities and certain monies pledged under a master and supplement indenture. The bonds are subject to redemption in part by sinking fund installments due annually on January 1, beginning in 2002; term bonds are due January 1, 2018 and 2023. Interest is due semiannually on January 1 and July 1. The bonds are subject to redemption at the option of the City beginning January 1, 2008.

**Waste Disposal Revenue Bonds - Series 2002** - The \$27,330,000 of bonds were issued to finance all or a portion of the costs of betterments and improvements to the waste disposal system, refund the Waste Disposal Revenue Bonds – Series 1993 and 1995, fund a debt service reserve and pay expenses of issuing the bonds. The Series 2003 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 2016. Interest payments are due semiannually on May 1 and November 1. Bonds maturing on or after May 1, 2010 are subject to optional redemption at the direction of the City. Bonds maturing on May 1, 2016 are subject to mandatory sinking fund redemption beginning as of May 1, 2014 at the direction of the Trustee.

On September 1, 2002, the City issued \$27,330,000 in Waste Disposal Refunding and Improvement Revenue Bonds Series 2002 with an average interest rate of 4.5% to current refund \$11,985,000 of outstanding Waste Disposal Revenue Bonds – Series 1993 and advance refund \$9,480,000 of outstanding Waste Disposal Revenue Bonds – Series 1995 (which will be defeased and redeemed on May 1, 2005 at 100%) with an average interest rate of 5.6 and 5.7%, respectively. The proceeds from the new issue plus an additional \$2,400,000 of debt service reserve funds and \$1,300,000 of reoffering premium were used to refund the Series 1993 and 1995 Bonds in full.

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The City current refunded the Series 1993 Bonds and advance refunded the Series 1995 Bonds to reduce its total debt service payments over the next 14 years by approximately \$1,700,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,176,171.

***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 combined balance sheet based on the intended use of the funds.

The 1990, 1991, and 1996 Series Sewer Revenue 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 Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000 and \$13,000,000 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. As of December 31, 2006, the Utility has drawn \$21,201,426, \$11,399,566 and \$3,995,265, respectively, of which \$16,540,321 was drawn in 2006. 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.

***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.

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.

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*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.

As a result of the refunding, the Airport reduced its total debt service requirements by \$1,021,950, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$845,363.

The bond premium of \$417,990 is being amortized as a component of interest expense and the \$423,599 difference between the carrying amount of the refunded debt and the amount required to reduce the debt was deferred and is being amortized over the remaining life of the Series 2003 Bonds.

***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 combined balance sheet include \$1,377,537 of unamortized premium. These bonds are collateralized by proceeds of the 2% hotel and gross receipts tax levy.

**Series 2003**

During 2003, the Series 2003 Advertising and Promotion Commission Tax Refunding Bonds were issued to advance refund the serial Series 1993 bonds maturing from August 1, 2005 through August 1, 2006. Principal payments were due each August 1 with final payment made in 2006. Interest payments were due each February 1 and August 1.

***Central Arkansas Library System***

*Central Arkansas Library Debt Administration* – The library is obligated under a lease for a building that is accounted for as a capital lease. Annual payments including interest of 2.93%, are payable annually until 2008. During 2006 the library obtained notes payable totaling \$1,310,000 to expand the Maumelle Public Library. The notes payable bear 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.

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**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2006. Principal and interest are also disclosed for the component units as follows:

Fiscal Year	Primary Government				Component Units	
	General Obligation Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 6,740,000	\$ 3,969,984	\$ 3,005,000	\$ 2,155,345	\$ 5,782,715	\$ 5,021,495
2008	5,975,000	3,729,025	3,135,000	2,028,068	6,953,185	5,572,209
2009	6,210,000	3,496,765	3,270,000	1,893,367	7,726,753	5,676,096
2010	6,450,000	3,251,722	3,410,000	1,745,832	8,079,107	5,320,996
2011	6,720,000	2,986,745	3,565,000	1,584,325	8,450,839	4,942,691
2012 – 2016	37,150,000	10,559,484	13,045,000	5,636,278	44,792,906	18,185,309
2017 – 2021	25,615,000	2,857,586	10,010,000	3,208,025	34,459,793	7,232,148
2022 – 2026	4,385,000	248,469	3,445,000	1,136,760	14,750,065	1,737,651
	<u>—</u>	<u>—</u>	<u>1,625,000</u>	<u>129,585</u>	<u>—</u>	<u>—</u>
	<u>\$ 99,245,000</u>	<u>\$ 31,099,780</u>	<u>\$ 44,510,000</u>	<u>\$ 19,517,585</u>	<u>\$ 130,995,363</u>	<u>\$ 53,688,595</u>

Fiscal Year	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2007	\$ 5,353,541	\$ 684,000	\$ 171,260	\$ 6,850
2008	4,275,682	482,522	119,025	5,764
2009	3,513,926	353,151	25,310	4,067
2010	2,717,098	175,845	111,192	2,064
2011	1,603,901	32,159	—	—
2012 – 2016	<u>230,000</u>	<u>32,075</u>	<u>—</u>	<u>—</u>
	<u>\$ 17,694,148</u>	<u>\$ 1,759,752</u>	<u>\$ 426,787</u>	<u>\$ 18,745</u>

**Capital Lease Obligations**

The City is obligated under leases for land, buildings and equipment that are accounted for as capital leases. Assets under capital leases at December 31, 2006, totaled \$1,893,227, net of accumulated depreciation of \$217,884. The following is a schedule by year of future minimum lease payments under the capital leases including interest at rates of 5.90% together with the present value of the future minimum lease payments as of December 31, 2006:

<u>Year Ending December 31,</u>	
2007	\$ 321,058
Less amount representing interest	<u>—</u>
Present value of future minimum lease payments	<u>\$ 321,058</u>

**City of Little Rock, Arkansas**  
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**Note 5: Interfund Balances and Transfers**

Interfund receivables and payables as of December 31, 2006, are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
<b>Primary Government</b>		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 6,953,807	\$ —
CDBG fund	—	36,328
NHSP fund	—	616
HIPP fund	—	36,051
2006 short-term financing fund	—	—
Governmental Funds to/from Fiduciary Funds		
General fund	—	5,923,894
Total governmental funds	6,953,807	5,996,889
Proprietary Funds		
Riverfront park	—	1,155,037
Presidential park	—	726,456
Zoo	—	1,841,778
Vehicle storage	—	12,058
Golf courses	—	2,815,847
Concessions services	—	324,134
Total proprietary funds	—	6,875,310
Fiduciary Funds		
Policemen's pension	2,961,947	—
Firemen's pension	2,961,947	5,502
Total fiduciary funds	5,923,894	5,502
Total	\$ 12,877,701	\$ 12,877,701

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.

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Interfund transfers in and transfers out as of December 31, 2006, are as follows:

Interfund Transfers In	Governmental Funds			Interfund Transfers Out		Totals
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Other Nonmajor Enterprise Funds	
Governmental Funds						
General	\$ —	216,312	\$ 6,617	\$ 720,292	\$ 184,032	\$ 1,127,253
2004 Capital Improvements	—	—	—	—	—	—
2004 Bond Fund	—	—	—	—	—	—
Other Nonmajor Governmental Funds	588,300	376,873	—	439,109	—	1,404,282
Proprietary Funds						
Presidential Park	—	—	—	—	1,300,000	1,300,000
Other Nonmajor Enterprise Funds	<u>3,840,735</u>	—	—	—	—	<u>3,840,735</u>
	<u>\$ 4,429,035</u>	<u>\$ 593,185</u>	<u>\$ 6,617</u>	<u>\$ 1,159,401</u>	<u>\$ 1,484,032</u>	<u>\$ 7,672,270</u>

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

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**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, 2006:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	284	278	95	—	3
Active plan members	—	3	39	1,005	29
Members on Deferred Retirement Option Plan (DROP)	<u>41</u>	<u>61</u>	—	—	—
Total	<u>325</u>	<u>342</u>	<u>134</u>	<u>1,005</u>	<u>32</u>

**City of Little Rock, Arkansas**  
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**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:

	<b>Statement of Fiduciary Net Assets</b>				
	<b>Policemen's Pension and Relief Fund</b>	<b>Firemen's Pension and Relief Fund</b>	<b>Nonuniformed Contribution Plan</b>	<b>Nonuniformed Benefit Plan</b>	<b>401 (a) Contribution Plan</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,150,395	\$ 7,619,460	\$ 76,586	\$ 684,468	\$ —
Investments	63,609,363	78,976,766	35,378,697	9,747,267	5,088,479
Receivables	<u>2,975,571</u>	<u>3,455,288</u>	<u>2,160</u>	<u>2,402</u>	<u>—</u>
Total assets	<u>67,735,329</u>	<u>90,051,514</u>	<u>35,457,443</u>	<u>10,434,137</u>	<u>5,088,479</u>
<b>Liabilities</b>					
Accrued liabilities	—	428	—	—	—
Due to other funds	<u>—</u>	<u>5,502</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>—</u>	<u>5,930</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net Assets</b>					
Net assets held in trust for pension benefits	<u>\$ 67,735,329</u>	<u>\$ 90,045,584</u>	<u>\$ 35,457,443</u>	<u>\$ 10,434,137</u>	<u>\$ 5,088,479</u>

	<b>Statement of Changes in Fiduciary Net Assets</b>				
<b>Additions</b>					
Contributions	\$ 4,894,909	\$ 4,383,202	\$ 2,316,705	\$ 637,219	\$ 586,127
Net investment income	<u>9,654,960</u>	<u>8,071,899</u>	<u>3,478,776</u>	<u>1,734,946</u>	<u>490,511</u>
Total additions	<u>14,549,869</u>	<u>12,455,101</u>	<u>5,795,481</u>	<u>2,372,165</u>	<u>1,076,638</u>
<b>Deductions</b>					
Benefits paid directly to participants	8,575,054	9,212,735	3,209,187	1,450,549	221,834
Administrative expenses and other	<u>822,542</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total deductions	<u>9,397,596</u>	<u>9,212,735</u>	<u>3,209,187</u>	<u>1,450,549</u>	<u>221,834</u>
Change in Net Assets	5,152,273	3,242,366	2,586,294	921,616	854,804
<b>Net Assets Held in Trust For Pension Benefits, Beginning of Year</b>					
	<u>62,583,056</u>	<u>86,803,218</u>	<u>32,871,149</u>	<u>9,512,521</u>	<u>4,233,675</u>
<b>Net Assets Held in Trust For Pension Benefits, End of Year</b>					
	<u>\$ 67,735,329</u>	<u>\$ 90,045,584</u>	<u>\$ 35,457,443</u>	<u>\$ 10,434,137</u>	<u>\$ 5,088,479</u>

**City of Little Rock, Arkansas**  
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***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 2006. The participants contributed 6% of their salaries in 2006. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2006 contributions to the Policemen's Fund were \$4,894,909. The City's share of contributions was \$3,696,200 and included \$2,953,894 in property taxes and \$587,654 in state insurance premium taxes.

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.

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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 2006. The participants contributed 6% of their salaries in 2006. 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 Directors. Total 2006 contributions to the Firemen's Fund were \$4,383,202. The City's share of contributions was \$4,142,795 and included \$2,953,894 in property taxes and \$948,494 in state insurance premium taxes.

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 2006 were \$637,219.

	<b>2006 Annual Pension Cost and Net Pension Obligation (Asset)</b>		
	<b>Policemen's Fund</b>	<b>Firemen's Fund</b>	<b>Nonuniformed Plan</b>
Annual required contributions	\$ 12,702,038	\$ 7,275,892	\$ 582,380
Interest on net pension obligation	2,216,863	121,779	—
Adjustment to annual required contribution	<u>(7,031,103)</u>	<u>(434,186)</u>	<u>—</u>
Annual pension cost	7,887,798	6,963,485	582,380
Contributions made	<u>4,894,909</u>	<u>4,383,202</u>	<u>637,219</u>
Increase in net pension obligation	2,992,889	2,580,283	(54,839)
Net pension obligation, beginning of the year	<u>36,737,276</u>	<u>1,785,954</u>	<u>637,219</u>
Net pension obligation, end of the year	<u>\$ 39,730,165</u>	<u>\$ 4,366,237</u>	<u>\$ 582,380</u>

**City of Little Rock, Arkansas**  
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**Three-Year Trend Information**

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2004	\$ 7,654,447	62%	\$ 33,681,090
	12/31/2005	7,272,676	58%	36,737,276
	12/31/2006	7,887,798	62%	39,730,165
Firemen's Fund	12/31/2004	\$ 5,289,528	79%	\$ 267,023
	12/31/2005	5,606,023	73%	1,785,954
	12/31/2006	6,963,485	63%	4,366,237
Nonuniformed Plan	12/31/2004	\$ 486,019	179%	\$ 598,970
	12/31/2005	637,219	94%	637,219
	12/31/2006	582,380	109%	582,380

Net pension obligations have historically been the responsibility of the general fund. The Nonuniformed Plan uses the aggregate actuarial cost method in calculating the annual actuarially required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities.

**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

Contribution requirements are set forth in Arkansas statute. LOPFI members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 8.37% for participating policemen and 9.92% for participating firemen.

For 2006, the City's annual pension cost was \$2,626,371 for policemen and \$2,497,129 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, 2005, actuarial valuation using the entry age actuarial cost method.

**City of Little Rock, Arkansas**  
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**Three-Year Trend Information**

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
LOPFI – Policemen	12/31/2004	\$ 1,588,722	100%	\$ 0
	12/31/2005	2,511,092	100%	0
	12/31/2006	2,626,371	100%	0
LOPFI – Firemen	12/31/2004	\$ 1,326,107	100%	\$ 0
	12/31/2005	2,174,645	100%	0
	12/31/2006	2,497,129	100%	0

**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 2006, employer and employee contributions to the Plan were \$1,178,196 and \$1,164,278, 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 Board of Directors. During 2006, employer and employee contributions to the plan were \$246,652 and \$334,729 respectively.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

***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:

	<b>Policemen's Pension and Relief Fund</b>	<b>Firemen's Pension and Relief Fund</b>	<b>Nonuniformed Employees Defined Benefit Pension Plan</b>	<b>Local Police and Fire Retirement System – Policemen</b>	<b>Local Police and Fire Retirement System – Firemen</b>
Actuarial valuation date	12/31/05	12/31/05	12/31/05	12/31/05	12/31/05
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method Normal	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	Market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:					
Investment rate of return*	6.0%	6.0%	8.0%	8.0%	8.0%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4.1% - 9.1%	4.1% - 9.1%
*Includes inflation at	4.0%	4.0%	0%	4.0%	4.0%
Cost-of-living adjustments	None	None	None	None	None

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**Note 7: Postretirement Health Care and Life Insurance Benefits**

Retiring employees are permitted to continue their coverage in the City's group health insurance plan for varying lengths of time if they pay the full cost of the coverage. In 1997, the City passed Resolution 9933 and began paying 75% of insurance premium costs for eligible retired individuals. The amendment includes only those retirees who achieve the "rule of seventy" (a combination of age and years of city government service), and who have worked a minimum of five years for the City of Little Rock. Also, in 1998, the City passed Ordinance 17503, implementing a program to provide full payment of insurance premiums for dependents of employees killed in the line of duty. In addition, retiring employees are permitted to convert their group life insurance coverage to an individual policy at their own expense. These benefits are funded and the related expenditures/expenses are recognized on a "pay-as-you-go" basis. These post-retirement benefits resulted in an immaterial cost to the City in 2006.

**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 for January 1, 2005 to December 31, 2006:

Liability balance, January 1, 2005	\$ 822,520
Claims and changes in estimates	878,574
Claims payments	<u>(585,232)</u>
Liability balance, December 31, 2005	1,115,862
Claims and changes in estimates	473,908
Claims payments	<u>(556,963)</u>
Liability balance, December 31, 2006	<u>\$ 1,032,807</u>

***Insurance Coverage***

The City of Little Rock, Arkansas, 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 worker's 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 2005 to 2006; 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, 2006**

**Note 9: Property Taxes**

City property taxes are levied each October 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 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, 2006, property taxes receivable and related deferred revenues of \$35,154,106 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:

<b>Description</b>	<b>Millage Limit</b>	<b>Levied 2006 for 2007 Collections</b>
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	2.80	2.80
Library capital improvement bonds	1.00	1.00
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>15.55</u>	<u>15.55</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**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 \$2,984,756 is based on 14.3% use of Class I Waste total constructed capacity, and 29.4% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,535,839 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 2006. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

**Note 11: Other Required Disclosures**

The following enterprise funds have deficit net assets as of December 31, 2006:

<u>Fund</u>	<u>Deficit Amount</u>
Presidential Park	\$ (352,722)
Rivermarket Garage	(83,221)
Vehicle Storage	(198,649)
Concessions Services	<u>(334,032)</u>
Total deficit net assets	<u>\$ (968,624)</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, 2006**

**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, 2006, the aggregate principal amount payable on these bonds was approximately \$35,100,000.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**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 newly created entity serves customers located within the corporate limits of the City parties. Under GASB 14, the entity is accounted for as a jointly governed organization.

**Note 15: Subsequent Events**

In May and June of 2007, the City issued \$5.91 and \$1.372 million, respectively, in short-term financing for capital assets acquisitions. In February of 2007, the City issued \$3.4 million of waste disposal revenue bonds. In July of 2007, the City issued \$13.35 million of capital improvement revenue refunding bonds. In July of 2007, the City's wastewater utility issued \$63.05 million of construction revenue bonds.

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REQUIRED SUPPLEMENTARY  
INFORMATION

**City of Little Rock**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 13,384,929	\$ 13,719,933	\$ 19,460,974	\$ 5,741,041
Sales taxes	62,825,100	62,959,705	64,431,557	1,471,852
Licenses and permits	9,932,004	9,940,505	9,894,766	(45,739)
Intergovernmental	1,500,033	1,523,272	1,523,272	0
Charges for services	3,240,090	3,272,862	4,633,492	1,360,630
Fines and fees	3,163,304	3,205,922	3,525,146	319,224
Utility franchise taxes	22,199,403	24,544,979	24,218,833	(326,146)
Investment income and unrealized gains	256,378	454,666	555,572	100,906
Miscellaneous	1,882,723	1,897,661	861,901	(1,035,760)
<b>Total revenues</b>	<b>118,383,964</b>	<b>121,519,505</b>	<b>129,105,513</b>	<b>7,586,008</b>
<b>Expenditures</b>				
General government:				
General administration	17,845,547	17,667,823	17,945,445	(277,622)
Mayor and board of directors	287,067	289,339	319,768	(30,429)
City manager	817,089	817,185	1,200,943	(383,758)
Community programs	324,277	332,429	2,418,300	(2,085,871)
City attorney	1,325,745	1,354,206	1,366,701	(12,495)
Cable TV	193,287	193,619	184,574	9,045
District court-first division (criminal)	1,110,877	1,139,122	1,113,596	25,526
District court-second division (traffic)	1,082,656	1,077,739	1,054,579	23,160
District court-third division (environmental)	438,800	450,525	445,276	5,249
Finance	2,406,114	2,441,713	2,478,212	(36,499)
Human resources	1,209,447	1,256,431	1,231,557	24,874
Information technology	2,693,876	2,764,811	2,798,803	(33,992)
Planning and development	2,067,232	1,912,043	1,921,659	(9,616)
<b>Total general government</b>	<b>31,802,014</b>	<b>31,696,985</b>	<b>34,479,413</b>	<b>(2,782,428)</b>
Public works	1,229,344	1,443,957	1,578,753	(134,796)
Parks and recreation services	6,562,138	6,456,379	6,917,711	(461,332)
Fire	27,624,507	27,940,747	32,455,116	(4,514,369)
Police	43,891,822	41,969,089	47,808,033	(5,838,944)
Housing and neighborhood programs	3,819,601	3,538,320	3,830,314	(291,994)
Vacancy savings	(4,506,106)	(211,039)	-	(211,039)
<b>Total expenditures</b>	<b>110,423,320</b>	<b>112,834,438</b>	<b>127,069,340</b>	<b>(14,234,902)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7,960,644</b>	<b>8,685,067</b>	<b>2,036,173</b>	<b>(6,648,894)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,282,504	1,122,504	1,127,253	4,749
Transfers Out	(9,212,738)	(10,123,579)	(4,429,035)	5,694,544
<b>Total other financing sources (uses)</b>	<b>(7,930,234)</b>	<b>(9,001,075)</b>	<b>(3,301,782)</b>	<b>5,699,293</b>
<b>Net Change in Fund Balances</b>	<b>30,410</b>	<b>(316,008)</b>	<b>(1,265,609)</b>	<b>(949,601)</b>
<b>Fund Balances, Beginning of Year</b>	<b>22,762,217</b>	<b>22,762,217</b>	<b>22,762,217</b>	<b>0</b>
<b>Fund Balances, End of Year</b>	<b>\$ 22,792,627</b>	<b>\$ 22,446,209</b>	<b>\$ 21,496,608</b>	<b>\$ (949,601)</b>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2006**

**Notes to Required Supplementary Information**

***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 2006.

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**  
**Schedule of Employer Contributions**  
**Year Ended December 31, 2006**

	<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Policemen's Pension and Relief Fund	2001	\$ 6,235,069	61%
	2002	12,152,301	35%
	2003	12,179,357	48%
	2004	12,390,853	62%
	2005	12,390,853	34%
	2006	12,702,038	39%
Firemen's Pension and Relief Fund	2001	\$ 1,906,925	173%
	2002	5,129,504	63%
	2003	5,129,504	86%
	2004	5,161,220	79%
	2005	5,161,220	79%
	2006	7,275,892	60%
Nonuniformed Employees' Defined Benefit Pension Plan	2001	\$ 111,822	100%
	2002	480,172	100%
	2003	1,461,740	33%
	2004	598,970	145%
	2005	637,219	94%
	2006	582,380	109%
Local Police and Fire Retirement System – Policemen	2001	\$ 1,923,744	100%
	2002	1,119,450	100%
	2003	1,126,749	100%
	2004	1,558,722	100%
	2005	2,511,092	100%
	2006	2,626,371	100%
Local Police and Fire Retirement System – Firemen	2001	\$ 1,105,645	100%
	2002	720,771	100%
	2003	707,630	100%
	2004	1,326,107	100%
	2005	2,174,645	100%
	2006	2,497,129	100%

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans - Required Supplementary Information**  
**Schedules of Funding Progress**  
**Year Ended December 31, 2006**

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)	Excess As A Percentage Of Covered Payroll ((a-b)/c)
Policemen's Pension and Relief Fund	12/31/97	\$ 47,864,469	\$ 88,707,782	\$ 40,843,313	54%	\$ 2,785,634	1466%	
	12/31/99	76,251,437	106,616,118	30,364,681	72%	1,629,510	1863%	
	12/31/01	59,371,210	115,944,481	56,573,271	51%	769,767	7349%	
	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	
Firemen's Pension and Relief Fund	12/31/97	70,610,935	83,574,653	12,963,718	84%	4,973,319	261%	
	12/31/99	85,047,916	99,683,234	14,635,318	85%	4,050,671	361%	
	12/31/01	81,627,419	105,512,670	23,885,251	77%	3,162,756	755%	
	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%	
	12/31/05	84,064,932	117,809,010	33,744,078	71%	278,939	12097%	
Local Police and Fire Retirement System - Policemen	12/31/00	41,613,848	32,267,068	(9,346,780)	129%	16,757,492		56%
	12/31/01	48,189,393	29,006,614	(19,182,779)	166%	17,917,697		107%
	12/31/02	52,180,728	41,432,227	(10,748,501)	126%	18,888,048		57%
	12/31/03	56,488,789	48,538,609	(7,950,180)	116%	18,981,150		42%
	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%
Local Police and Fire Retirement System - Firemen	12/31/00	27,907,741	20,469,076	(7,438,665)	136%	9,773,607		76%
	12/31/01	31,990,397	19,932,620	(12,057,777)	160%	11,137,425		108%
	12/31/02	34,862,469	26,909,531	(7,952,938)	130%	12,055,371		66%
	12/31/03	38,223,188	35,328,198	(2,894,990)	108%	13,368,014		22%
	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%

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 amortize unfunded actuarial accrued liabilities. Per paragraph 124 of Governmental Accounting Standards Board Statement 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, plans that use the aggregate cost method are not required to present a schedule of funding progress in the supplementary information to the financial statements.

# 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.

**ECONOMIC DEVELOPMENT FUND** - Accounts for funds to be used in support of economic development efforts, as determined by the Board of Directors, which will significantly improve the general economic well-being of the City through the creation of jobs for its citizens.

**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.

**COMMUNITY DEVELOPMENT FUND** - 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** – 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** – 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.

# NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

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

**GENERAL OBLIGATION BONDS** – 1998A Capital Improvement Revenue Bonds (Infrastructure Improvements) are special obligation bonds payable through the year 2012. Funding is obtained from all franchise fees charged to public utilities. 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.

**LIMITED OBLIGATION BONDS** – 2004A & 2004B Library Improvement and Refunding Bonds are limited obligations payable through 2024. The 2004 Library Bonds were issued to refund the 1999B and 2002 Library Improvement Bonds and to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries. Funding is obtained from the collections of the Library tax.

The **Capital Projects Funds** accounts 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.

# NONMAJOR GOVERNMENTAL FUNDS (Continued)

**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.

**CENTRAL ARKANSAS LIBRARY CONSTRUCTION FUND** - Accounts for the proceeds of the 2002 Library Construction and Improvement Bonds issued to finance the cost of acquiring, constructing and equipping capital improvements for public city libraries and related facilities located in the City for the Central Arkansas Library System.

**2004 SHORT TERM FINANCING** – Accounts for proceeds of 2004 Short Term Financing to acquire capital equipment and vehicles for the City.

**2005 SHORT TERM FINANCING** – Accounts for proceeds of 2005 Short Term Financing to acquire capital equipment and vehicles for the City.

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

**2004 CENTRAL ARKANSAS LIBRARY CAPITAL IMPROVEMENTS** – Accounts for the proceeds of the 2004A and 2004B Library Improvement and Refunding Bonds 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.

**City of Little Rock, Arkansas**  
**Combining Balance Sheets**  
**Governmental Funds - Nonmajor**  
**December 31, 2006**

	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,998,942	\$ 2,802,480	\$ 8,527,014	\$ 13,328,436
Investments	6,885,824	1,528,948	11,532,996	19,947,768
Accounts receivable	7,549,038	2,962,938	20,960	10,532,936
Interest receivable	50,932	5,177	195,719	251,828
Inventories	629,030	-	-	629,030
Prepaid expenditures and other	917	-	-	917
Total assets	\$ 17,114,683	\$ 7,299,543	\$ 20,276,689	\$ 44,690,915
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 728,581	\$ -	\$ 371,971	\$ 1,100,552
Due to other funds	72,995	-	-	72,995
Accrued wages payable and related liabilities	250,551	-	-	250,551
Accrued expenditures and other	14,700	-	-	14,700
Deferred revenue	5,376,616	2,756,892	-	8,133,508
Total liabilities	6,443,443	2,756,892	371,971	9,572,306
 <b>Fund Balances</b>				
Reserved	4,664,091	-	-	4,664,091
Unreserved	6,007,149	4,542,651	19,904,718	30,454,518
Total fund balances	10,671,240	4,542,651	19,904,718	35,118,609
Total liabilities and fund balances	\$ 17,114,683	\$ 7,299,543	\$ 20,276,689	\$ 44,690,915

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**Year Ended December 31, 2006**

	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues</b>				
General property taxes	\$ 4,016,683	\$ 2,770,448	\$ -	\$ 6,787,131
Intergovernmental	16,207,279	-	-	16,207,279
Charges for services	2,023,155	-	-	2,023,155
Fines and fees	751,968	-	-	751,968
Utility franchise taxes	-	1,764,255	-	1,764,255
Investment income and unrealized gains	299,254	186,857	1,204,550	1,690,661
Contributions and donations	614,526	-	-	614,526
Miscellaneous	1,402,180	12	920	1,403,112
<b>Total revenues</b>	<u>25,315,045</u>	<u>4,721,572</u>	<u>1,205,470</u>	<u>31,242,087</u>
<b>Expenditures</b>				
<b>General government</b>				
General administration	23,963	-	-	23,963
City manager	653,130	-	229,622	882,752
Community programs	18,769	-	-	18,769
District court - first division (criminal)	16,406	-	-	16,406
District court - second division (traffic)	70,849	-	-	70,849
Finance	176,786	-	2,477,255	2,654,041
Human resource	401,795	-	-	401,795
Information technology	-	-	112,968	112,968
Planning and development	32,677	-	30,932	63,609
<b>Total general government</b>	<u>1,394,375</u>	<u>0</u>	<u>2,850,777</u>	<u>4,245,152</u>
<b>Public works</b>	<u>15,174,162</u>	<u>-</u>	<u>1,974,773</u>	<u>17,148,935</u>
<b>Parks and recreation services</b>	<u>1,388,748</u>	<u>-</u>	<u>660,690</u>	<u>2,049,438</u>
<b>Fire</b>	<u>1,885,094</u>	<u>-</u>	<u>2,275,156</u>	<u>4,160,250</u>
<b>Police</b>	<u>2,807,383</u>	<u>-</u>	<u>1,248,489</u>	<u>4,055,872</u>
<b>Fleet</b>	<u>-</u>	<u>-</u>	<u>214,907</u>	<u>214,907</u>
<b>Economic development</b>	<u>207,264</u>	<u>-</u>	<u>-</u>	<u>207,264</u>
<b>Education</b>	<u>29,962</u>	<u>-</u>	<u>3,047,074</u>	<u>3,077,036</u>
<b>Housing and neighborhood programs</b>	<u>3,430,096</u>	<u>-</u>	<u>98,996</u>	<u>3,529,092</u>
<b>Debt service</b>				
Principal	-	2,785,000	-	2,785,000
Interest	-	1,792,590	-	1,792,590
Agent fees	-	12,736	-	12,736
<b>Total expenditures</b>	<u>26,317,084</u>	<u>4,590,326</u>	<u>12,370,862</u>	<u>43,278,272</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,002,039)</u>	<u>131,246</u>	<u>(11,165,392)</u>	<u>(12,036,185)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issuance	-	-	6,550,000	6,550,000
Transfers in	1,404,282	-	-	1,404,282
Transfers out	(565,385)	-	(27,800)	(593,185)
<b>Total other financing sources (uses)</b>	<u>838,897</u>	<u>0</u>	<u>6,522,200</u>	<u>7,361,097</u>
<b>Net Change in Fund Balances</b>	<u>(163,142)</u>	<u>131,246</u>	<u>(4,643,192)</u>	<u>(4,675,088)</u>
<b>Fund Balances, Beginning of Year</b>	<u>10,834,382</u>	<u>4,411,405</u>	<u>24,547,910</u>	<u>39,793,697</u>
<b>Fund Balances, End of Year</b>	<u>\$ 10,671,240</u>	<u>\$ 4,542,651</u>	<u>\$ 19,904,718</u>	<u>\$ 35,118,609</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheets**  
**Special Revenue Funds - Nonmajor**  
**December 31, 2006**

	Street	Special Projects	Economic Development	Infrastructure	Emergency 911	CDBG	NHSP	HIPP	Grant	Total
<b>Assets</b>										
Cash and cash equivalents	\$ 229,699	\$ 319,085	\$ 2,936	\$ 199,118	\$ 129,097	\$ 128,272	\$ 724,627	\$ 230,594	\$ 35,514	\$ 1,998,942
Investments	1,705,083	2,445,020	20,102	1,494,490	973,578	-	-	-	247,551	6,885,824
Accounts receivable	5,707,400	15,885	-	-	490,866	36,328	-	36,051	1,262,508	7,549,038
Interest receivable	10,810	12,053	416	14,635	9,369	-	-	-	3,649	50,932
Inventories	-	-	-	-	-	222,295	-	406,735	-	629,030
Prepaid expenditures and other	-	917	-	-	-	-	-	-	-	917
<b>Total assets</b>	<b><u>\$ 7,652,992</u></b>	<b><u>\$ 2,792,960</u></b>	<b><u>\$ 23,454</u></b>	<b><u>\$ 1,708,243</u></b>	<b><u>\$ 1,602,910</u></b>	<b><u>\$ 386,895</u></b>	<b><u>\$ 724,627</u></b>	<b><u>\$ 673,380</u></b>	<b><u>\$ 1,549,222</u></b>	<b><u>\$ 17,114,683</u></b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ 172,411	\$ 133,314	\$ -	\$ 1,928	\$ 152,576	\$ 26,753	\$ 2,095	\$ 28,259	\$ 211,245	\$ 728,581
Due to other funds	-	-	-	-	-	36,328	616	36,051	-	72,995
Accrued wages payable and related liabilities	207,614	10,977	-	-	-	15,149	-	4,153	12,658	250,551
Accrued expenditures and other	-	14,700	-	-	-	-	-	-	-	14,700
Deferred revenue	3,996,872	-	-	-	160,000	-	-	-	1,219,744	5,376,616
<b>Total liabilities</b>	<b><u>4,376,897</u></b>	<b><u>158,991</u></b>	<b><u>0</u></b>	<b><u>1,928</u></b>	<b><u>312,576</u></b>	<b><u>78,230</u></b>	<b><u>2,711</u></b>	<b><u>68,463</u></b>	<b><u>1,443,647</u></b>	<b><u>6,443,443</u></b>
<b>Fund Balances</b>										
<b>Reserved</b>										
Developer contribution account	-	1,132,464	-	-	-	-	-	-	-	1,132,464
Stormwater retention	-	256,576	-	-	-	-	-	-	-	256,576
Court automation	-	111,196	-	-	-	-	-	-	-	111,196
Special projects - ADA	132,448	-	-	-	-	-	-	-	-	132,448
<b>Total reserved</b>	<b><u>132,448</u></b>	<b><u>1,500,236</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>1,632,684</u></b>
<b>Unreserved</b>	<b><u>3,143,647</u></b>	<b><u>1,133,733</u></b>	<b><u>23,454</u></b>	<b><u>1,706,315</u></b>	<b><u>1,290,334</u></b>	<b><u>308,665</u></b>	<b><u>721,916</u></b>	<b><u>604,917</u></b>	<b><u>105,575</u></b>	<b><u>9,038,556</u></b>
<b>Total fund balances</b>	<b><u>3,276,095</u></b>	<b><u>2,633,969</u></b>	<b><u>23,454</u></b>	<b><u>1,706,315</u></b>	<b><u>1,290,334</u></b>	<b><u>308,665</u></b>	<b><u>721,916</u></b>	<b><u>604,917</u></b>	<b><u>105,575</u></b>	<b><u>10,671,240</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 7,652,992</u></b>	<b><u>\$ 2,792,960</u></b>	<b><u>\$ 23,454</u></b>	<b><u>\$ 1,708,243</u></b>	<b><u>\$ 1,602,910</u></b>	<b><u>\$ 386,895</u></b>	<b><u>\$ 724,627</u></b>	<b><u>\$ 673,380</u></b>	<b><u>\$ 1,549,222</u></b>	<b><u>\$ 17,114,683</u></b>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds - Nonmajor**  
**Year Ended December 31, 2006**

	Street	Special Projects	Economic Development	Infrastructure	Emergency 911	CDBG	NHSP	HIPP	Grant	Total
<b>Revenues</b>										
General property taxes	\$ 4,016,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,016,683
Intergovernmental	8,802,298	508,521	-	-	-	1,840,420	-	1,231,260	3,824,780	16,207,279
Charges for services	429,848	512,974	6,615	-	1,073,718	-	-	-	-	2,023,155
Fines and fees	-	406,194	-	-	345,774	-	-	-	-	751,968
Investment income and unrealized gains	94,036	58,284	6,900	85,009	55,025	-	-	-	-	299,254
Contribution and donations	-	614,526	-	-	-	-	-	-	-	614,526
Miscellaneous	112,242	1,106,176	(3,010)	-	-	(4,275)	109,955	(216,900)	297,992	1,402,180
<b>Total revenues</b>	<u>13,455,107</u>	<u>3,206,675</u>	<u>10,505</u>	<u>85,009</u>	<u>1,474,517</u>	<u>1,836,145</u>	<u>109,955</u>	<u>1,014,360</u>	<u>4,122,772</u>	<u>25,315,045</u>
<b>Expenditures</b>										
General government										
General administration	-	23,963	-	-	-	-	-	-	-	23,963
City manager	-	295,630	50,000	-	-	-	-	-	307,500	653,130
Community programs	-	-	-	-	-	-	-	-	18,769	18,769
District court - first division (criminal)	-	16,406	-	-	-	-	-	-	-	16,406
District court - second division (traffic)	-	70,849	-	-	-	-	-	-	-	70,849
Finance	-	176,786	-	-	-	-	-	-	-	176,786
Human resource	-	401,795	-	-	-	-	-	-	-	401,795
Planning and development	-	32,677	-	-	-	-	-	-	-	32,677
<b>Total general government</b>	<u>0</u>	<u>1,018,106</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>326,269</u>	<u>1,394,375</u>
Public works										
Parks and recreation services	13,985,989	216,704	-	122,161	-	-	-	-	849,308	15,174,162
Fire	71,287	867,010	-	-	-	-	-	-	450,451	1,388,748
Police	-	431,897	-	-	-	-	-	-	1,453,197	1,885,094
Economic development	-	514,792	-	-	1,564,947	-	-	-	727,644	2,807,383
Education	-	-	-	-	-	-	-	-	207,264	207,264
Housing and neighborhood programs	-	29,962	-	-	-	-	-	-	-	29,962
	-	23,321	-	-	-	1,859,496	183,804	1,363,475	-	3,430,096
<b>Total expenditures</b>	<u>14,057,276</u>	<u>3,101,792</u>	<u>50,000</u>	<u>122,161</u>	<u>1,564,947</u>	<u>1,859,496</u>	<u>183,804</u>	<u>1,363,475</u>	<u>4,014,133</u>	<u>26,317,084</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(602,169)</u>	<u>104,883</u>	<u>(39,495)</u>	<u>(37,152)</u>	<u>(90,430)</u>	<u>(23,351)</u>	<u>(73,849)</u>	<u>(349,115)</u>	<u>108,639</u>	<u>(1,002,039)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,042,200	362,082	-	-	-	-	-	-	-	1,404,282
Transfers out	(461,563)	(4,749)	(99,073)	-	-	-	-	-	-	(565,385)
<b>Total other financing sources (uses)</b>	<u>580,637</u>	<u>357,333</u>	<u>(99,073)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>838,897</u>
<b>Net Change in Fund Balances</b>	<u>(21,532)</u>	<u>462,216</u>	<u>(138,568)</u>	<u>(37,152)</u>	<u>(90,430)</u>	<u>(23,351)</u>	<u>(73,849)</u>	<u>(349,115)</u>	<u>108,639</u>	<u>(163,142)</u>
<b>Fund Balances, Beginning of Year</b>	<u>3,297,627</u>	<u>2,171,753</u>	<u>162,022</u>	<u>1,743,467</u>	<u>1,380,764</u>	<u>332,016</u>	<u>795,765</u>	<u>954,032</u>	<u>(3,064)</u>	<u>10,834,382</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,276,095</u>	<u>\$ 2,633,969</u>	<u>\$ 23,454</u>	<u>\$ 1,706,315</u>	<u>\$ 1,290,334</u>	<u>\$ 308,665</u>	<u>\$ 721,916</u>	<u>\$ 604,917</u>	<u>\$ 105,575</u>	<u>\$ 10,671,240</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheets**  
**Debt Service Funds - Nonmajor**  
**December 31, 2006**

	<u>1998</u>	<u>Junior</u>	<u>2004 Central</u>	<u>Total</u>
<b>Assets</b>	<u>Street and</u>	<u>Lien</u>	<u>Arkansas</u>	
	<u>Drainage</u>		<u>Library</u>	
Cash and cash equivalents	\$ 52,936	\$ 1,839	\$ 2,747,705	\$ 2,802,480
Investments	1,521,530	6,530	888	1,528,948
Accounts receivable	-	-	2,962,938	2,962,938
Interest receivable	<u>4,741</u>	<u>436</u>	<u>-</u>	<u>5,177</u>
Total assets	<u>\$ 1,579,207</u>	<u>\$ 8,805</u>	<u>\$ 5,711,531</u>	<u>\$ 7,299,543</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,756,892</u>	<u>\$ 2,756,892</u>
Total liabilities	<u>0</u>	<u>0</u>	<u>2,756,892</u>	<u>2,756,892</u>
 <b>Fund Balances</b>				
Unreserved	<u>1,579,207</u>	<u>8,805</u>	<u>2,954,639</u>	<u>4,542,651</u>
Total fund balances	<u>1,579,207</u>	<u>8,805</u>	<u>2,954,639</u>	<u>4,542,651</u>
Total liabilities and fund balances	<u>\$ 1,579,207</u>	<u>\$ 8,805</u>	<u>\$ 5,711,531</u>	<u>\$ 7,299,543</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Debt Service Funds - Nonmajor**  
**Year Ended December 31, 2006**

	1998 Street and Drainage	Junior Lien	2004 Central Arkansas Library	Total
<b>Revenues</b>				
General property taxes	\$ -	\$ -	\$ 2,770,448	\$ 2,770,448
Utility franchise fees	1,445,332	318,923	-	1,764,255
Investment income and unrealized gains	104,201	7,506	75,150	186,857
Miscellaneous	-	-	12	12
<b>Total revenues</b>	<u>1,549,533</u>	<u>326,429</u>	<u>2,845,610</u>	<u>4,721,572</u>
<b>Expenditures</b>				
Debt Service				
Principal	785,000	190,000	1,810,000	2,785,000
Interest	712,113	128,923	951,554	1,792,590
Agent fees	1,910	1,752	9,074	12,736
<b>Total expenditures</b>	<u>1,499,023</u>	<u>320,675</u>	<u>2,770,628</u>	<u>4,590,326</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	50,510	5,754	74,982	131,246
<b>Fund Balances, Beginning of Year</b>	<u>1,528,697</u>	<u>3,051</u>	<u>2,879,657</u>	<u>4,411,405</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,579,207</u>	<u>\$ 8,805</u>	<u>2,954,639</u>	<u>4,542,651</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheets**  
**Capital Project Funds - Nonmajor**  
**December 31, 2006**

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Central Arkansas Library	Short-Term Financing 2004	Short-Term Financing 2005	Short-Term Financing 2006	2004 Central Arkansas Library Capital Improvements	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 1,917,163	\$ 9,308	\$ 171,762	\$ -	\$ 11,931	\$ 123,539	\$ 180,616	\$ 6,112,695	\$ 8,527,014
Investments	1,829,479	58,504	1,286,167	-	67,148	859,279	1,408,818	6,023,601	11,532,996
Accounts receivable	-	-	-	-	-	-	20,960	-	20,960
Interest receivable	<u>17,409</u>	<u>2,281</u>	<u>12,654</u>	<u>-</u>	<u>738</u>	<u>9,203</u>	<u>-</u>	<u>153,434</u>	<u>195,719</u>
Total assets	<u>\$ 3,764,051</u>	<u>\$ 70,093</u>	<u>\$ 1,470,583</u>	<u>\$ 0</u>	<u>\$ 79,817</u>	<u>\$ 992,021</u>	<u>\$ 1,610,394</u>	<u>\$ 12,289,730</u>	<u>\$ 20,276,689</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 3,360	\$ -	\$ 1,082	\$ -	\$ 8,427	\$ 10,185	\$ 348,917	\$ -	\$ 371,971
<b>Fund Balances</b>									
Unreserved	<u>3,760,691</u>	<u>70,093</u>	<u>1,469,501</u>	<u>-</u>	<u>71,390</u>	<u>981,836</u>	<u>1,261,477</u>	<u>12,289,730</u>	<u>19,904,718</u>
Total liabilities and fund balances	<u>\$ 3,764,051</u>	<u>\$ 70,093</u>	<u>\$ 1,470,583</u>	<u>\$ 0</u>	<u>\$ 79,817</u>	<u>\$ 992,021</u>	<u>\$ 1,610,394</u>	<u>\$ 12,289,730</u>	<u>\$ 20,276,689</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Projects Funds - Nonmajor**  
**Year Ended December 31, 2006**

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Central Arkansas Library	Short-Term Financing 2004	Short-Term Financing 2005	Short-Term Financing 2006	2004 Central Arkansas Library Capital Improvements	Total
<b>Revenues</b>									
Investment income and unrealized gains	\$ 210,471	\$ 17,639	\$ 65,040	\$ 8,054	\$ 7,607	\$ 89,176	\$ 109,065	\$ 697,498	\$ 1,204,550
Other	-	920	-	-	-	-	-	-	920
Total revenues	<u>210,471</u>	<u>18,559</u>	<u>65,040</u>	<u>8,054</u>	<u>7,607</u>	<u>89,176</u>	<u>109,065</u>	<u>697,498</u>	<u>1,205,470</u>
<b>Expenditures</b>									
<b>General government</b>									
City manager	-	-	-	-	-	229,622	-	-	229,622
Finance	-	-	-	7,483	-	9,565	2,460,207	-	2,477,255
Information technology	-	-	-	-	-	29,050	83,918	-	112,968
Planning and development	-	-	-	-	-	-	30,932	-	30,932
Total general government	0	0	0	7,483	0	268,237	2,575,057	0	2,850,777
<b>Public works</b>									
Public works	1,065,806	313,968	59,719	-	-	302,197	233,083	-	1,974,773
Parks and recreation services	-	-	-	-	163,069	54,610	443,011	-	660,690
Fire	-	-	-	-	721,802	736,648	816,706	-	2,275,156
Police	-	-	-	-	-	94,763	1,153,726	-	1,248,489
Fleet	-	-	-	-	-	158,976	55,931	-	214,907
Education	-	-	-	476,132	-	-	-	2,570,942	3,047,074
Housing and neighborhood programs	-	-	-	-	-	79,318	19,678	-	98,996
Total expenditures	<u>1,065,806</u>	<u>313,968</u>	<u>59,719</u>	<u>483,615</u>	<u>884,871</u>	<u>1,694,749</u>	<u>5,297,192</u>	<u>2,570,942</u>	<u>12,370,862</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(855,335)</u>	<u>(295,409)</u>	<u>5,321</u>	<u>(475,561)</u>	<u>(877,264)</u>	<u>(1,605,573)</u>	<u>(5,188,127)</u>	<u>(1,873,444)</u>	<u>(11,165,392)</u>
<b>Other Financing Sources (Uses)</b>									
Long-term debt issuance	-	-	-	-	-	-	6,550,000	-	6,550,000
Transfers	-	(27,800)	-	-	-	-	-	-	(27,800)
Total other financing sources (uses)	0	(27,800)	0	0	0	0	6,550,000	0	6,522,200
<b>Net Change in Fund Balances</b>	<u>(855,335)</u>	<u>(323,209)</u>	<u>5,321</u>	<u>(475,561)</u>	<u>(877,264)</u>	<u>(1,605,573)</u>	<u>1,361,873</u>	<u>(1,873,444)</u>	<u>(4,643,192)</u>
<b>Fund Balances, Beginning of Year</b>	<u>4,616,026</u>	<u>393,302</u>	<u>1,464,180</u>	<u>475,561</u>	<u>948,654</u>	<u>2,587,409</u>	<u>(100,396)</u>	<u>14,163,174</u>	<u>24,547,910</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,760,691</u>	<u>\$ 70,093</u>	<u>\$ 1,469,501</u>	<u>\$ 0</u>	<u>\$ 71,390</u>	<u>\$ 981,836</u>	<u>\$ 1,261,477</u>	<u>\$ 12,289,730</u>	<u>\$ 19,904,718</u>

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Street Fund**  
**Year Ended December 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
General Property taxes	\$ 3,834,300	\$ 3,834,300	\$ 4,016,683	\$ 182,383
Intergovernmental	8,990,532	8,990,532	8,802,298	(188,234)
Charges for services	10,200	10,200	429,848	419,648
Investment income	41,200	41,200	94,036	52,836
Miscellaneous	83,600	133,210	112,242	(20,968)
<b>Total revenues</b>	<u>12,959,832</u>	<u>13,009,442</u>	<u>13,455,107</u>	<u>445,665</u>
<b>Expenditures</b>				
Parks and recreation services	-	-	71,287	(71,287)
Public works	14,280,595	14,625,215	13,985,989	639,226
<b>Total expenditures</b>	<u>14,280,595</u>	<u>14,625,215</u>	<u>14,057,276</u>	<u>567,939</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(1,320,763)</u>	<u>(1,615,773)</u>	<u>(602,169)</u>	<u>1,013,604</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,243,372	1,243,372	1,042,200	(201,172)
Transfers Out	(461,563)	(461,563)	(461,563)	0
<b>Total other financing sources</b>	<u>781,809</u>	<u>781,809</u>	<u>580,637</u>	<u>(201,172)</u>
<b>Net Change in Fund Balances</b>	(538,954)	(833,964)	(21,532)	812,432
<b>Fund Balances, Beginning of Year</b>	<u>3,297,627</u>	<u>3,297,627</u>	<u>3,297,627</u>	<u>0</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,758,673</u>	<u>\$ 2,463,663</u>	<u>\$ 3,276,095</u>	<u>\$ 812,432</u>

# NONMAJOR ENTERPRISE FUNDS

The **Enterprise Funds** accounts 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.

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

**ZOO** – Established January 1, 1998, to manage the operations of the zoo and for the purpose of acquiring, renovating, expanding and refurbishing additions and improvements to zoo facilities.

**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.

**CONCESSIONS SERVICES** – Established January 1, 2000, to manage the operations of Parks Concession Services.

**City of Little Rock, Arkansas**  
**Combining Statement of Fund Net Assets**  
**Enterprise Funds - Nonmajor**  
**December 31, 2006**

	Riverfront Park	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 100	\$ 49,277	\$ 214	\$ 2,158	\$ 45,690	\$ 850	\$ 98,289
Investments	-	322,381	-	-	349,297	-	671,678
Accrued interest	-	4,477	-	3	3,164	-	7,644
Prepaid expenses	-	775	-	3,550	-	-	4,325
Inventories	-	103,350	-	-	-	-	103,350
Total current assets	<u>100</u>	<u>480,260</u>	<u>214</u>	<u>5,711</u>	<u>398,151</u>	<u>850</u>	<u>885,286</u>
<b>Noncurrent assets</b>							
<b>Capital assets</b>							
Construction in progress	-	150,084	-	-	-	-	150,084
Land and land improvements	2,339,530	1,306,490	-	2,803,940	-	-	6,449,960
Buildings and improvements	3,399,536	3,204,802	37,119	366,341	2,866,210	-	9,874,008
Vehicles	-	372,940	49,478	749,159	31,193	17,133	1,219,903
Furniture and equipment	49,061	126,450	-	358,710	524,634	6,498	1,065,353
	<u>5,788,127</u>	<u>5,160,766</u>	<u>86,597</u>	<u>4,278,150</u>	<u>3,422,037</u>	<u>23,631</u>	<u>18,759,308</u>
Less accumulated depreciation	<u>745,041</u>	<u>1,020,443</u>	<u>38,664</u>	<u>950,095</u>	<u>895,159</u>	<u>21,268</u>	<u>3,670,670</u>
Net capital assets	<u>5,043,086</u>	<u>4,140,323</u>	<u>47,933</u>	<u>3,328,055</u>	<u>2,526,878</u>	<u>2,363</u>	<u>15,088,638</u>
Total assets	<u>\$ 5,043,186</u>	<u>\$ 4,620,583</u>	<u>\$ 48,147</u>	<u>\$ 3,333,766</u>	<u>\$ 2,925,029</u>	<u>\$ 3,213</u>	<u>\$ 15,973,924</u>

	Riverfront Park	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
<b>Liabilities and Net Assets</b>							
<b>Current liabilities</b>							
Accounts payable	\$ 54,129	\$ 70,181	\$ 52,212	\$ 33,372	\$ 14,474	\$ 4,050	\$ 228,418
Due to other funds	1,155,037	1,841,778	12,058	2,815,847	-	324,134	6,148,854
Accrued wages payable and related liabilities	8,907	62,158	45,108	31,184	13,789	1,357	162,503
Accrued expenses and other	22,388	141,409	125,324	83,040	29,570	5,583	407,314
Total current liabilities	<u>1,240,461</u>	<u>2,115,526</u>	<u>234,702</u>	<u>2,963,443</u>	<u>57,833</u>	<u>335,124</u>	<u>6,947,089</u>
<b>Noncurrent liabilities</b>							
Compensated absences	4,950	137,267	12,094	39,859	56,906	2,121	253,197
Total liabilities	<u>1,245,411</u>	<u>2,252,793</u>	<u>246,796</u>	<u>3,003,302</u>	<u>114,739</u>	<u>337,245</u>	<u>7,200,286</u>
<b>Net assets</b>							
Invested in capital assets, net of related debt	5,043,086	4,140,323	47,933	3,328,055	2,526,878	2,363	15,088,638
Restricted - expendable	-	61,094	-	-	-	-	61,094
Unrestricted	(1,245,311)	(1,833,627)	(246,582)	(2,997,591)	283,412	(336,395)	(6,376,094)
Total net assets	<u>3,797,775</u>	<u>2,367,790</u>	<u>(198,649)</u>	<u>330,464</u>	<u>2,810,290</u>	<u>(334,032)</u>	<u>8,773,638</u>
Total liabilities and net assets	<u>\$ 5,043,186</u>	<u>\$ 4,620,583</u>	<u>\$ 48,147</u>	<u>\$ 3,333,766</u>	<u>\$ 2,925,029</u>	<u>\$ 3,213</u>	<u>\$ 15,973,924</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Enterprise Funds - Nonmajor**  
**Year Ended December 31, 2006**

	Riverfront Park	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
<b>Operating Revenues</b>							
Charges for goods and services	\$ 319,042	\$ 1,968,822	\$ 793,474	\$ 1,701,939	\$ 736,378	\$ 53,948	\$ 5,573,603
Miscellaneous	10,872	299,616	378,021	145,245	6,983	-	840,737
<b>Total operating revenues</b>	<u>329,914</u>	<u>2,268,438</u>	<u>1,171,495</u>	<u>1,847,184</u>	<u>743,361</u>	<u>53,948</u>	<u>6,414,340</u>
<b>Operating Expenses</b>							
Salaries, wages and employee benefits	341,814	2,172,157	568,757	1,160,846	538,058	53,988	4,835,620
Supplies and materials	44,528	616,488	36,149	135,136	84,894	52,973	970,168
Services	215,481	604,939	571,342	528,161	208,444	3,757	2,132,124
Repairs and maintenance	211,394	178,514	14,666	264,320	59,255	5,671	733,820
Other	317,060	247,546	27,322	62,411	18,911	3,638	676,888
Depreciation and amortization	86,406	140,341	7,566	85,262	136,289	-	455,864
<b>Total operating expenses</b>	<u>1,216,683</u>	<u>3,959,985</u>	<u>1,225,802</u>	<u>2,236,136</u>	<u>1,045,851</u>	<u>120,027</u>	<u>9,804,484</u>
<b>Operating Income (Loss)</b>	<u>(886,769)</u>	<u>(1,691,547)</u>	<u>(54,307)</u>	<u>(388,952)</u>	<u>(302,490)</u>	<u>(66,079)</u>	<u>(3,390,144)</u>
<b>Nonoperating Revenue (Expenses)</b>							
Interest income	-	22,113	-	-	15,807	-	37,920
Other	-	59,637	-	18,294	-	-	77,931
<b>Net nonoperating revenues (expenses)</b>	<u>0</u>	<u>81,750</u>	<u>0</u>	<u>18,294</u>	<u>15,807</u>	<u>0</u>	<u>115,851</u>
<b>Income (Loss) Before Transfers In</b>	<u>(886,769)</u>	<u>(1,609,797)</u>	<u>(54,307)</u>	<u>(370,658)</u>	<u>(286,683)</u>	<u>(66,079)</u>	<u>(3,274,293)</u>
<b>Transfers In</b>	469,675	1,977,096	-	951,791	392,927	49,246	3,840,735
<b>Transfers Out</b>	(96,941)	(458,945)	(143,134)	(619,235)	(165,777)	-	(1,484,032)
	<u>372,734</u>	<u>1,518,151</u>	<u>(143,134)</u>	<u>332,556</u>	<u>227,150</u>	<u>49,246</u>	<u>2,356,703</u>
<b>Change in Net Assets</b>	(514,035)	(91,646)	(197,441)	(38,102)	(59,533)	(16,833)	(917,590)
<b>Net Assets, Beginning of Year</b>	<u>4,311,810</u>	<u>2,459,436</u>	<u>(1,208)</u>	<u>368,566</u>	<u>2,869,823</u>	<u>(317,199)</u>	<u>9,691,228</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,797,775</u>	<u>\$ 2,367,790</u>	<u>\$ (198,649)</u>	<u>\$ 330,464</u>	<u>\$ 2,810,290</u>	<u>\$ (334,032)</u>	<u>\$ 8,773,638</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Proprietary Funds - Nonmajor**  
**Year Ended December 31, 2006**

	River front Park	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concession Services	Total
<b>Operating Activities</b>							
Receipts from customers	\$ 319,042	\$ 2,268,438	\$ 793,474	\$ 1,701,939	\$ 736,378	\$ 53,948	\$ 5,873,219
Other receipts	10,872	-	378,021	145,245	6,983	-	541,121
Payments to employees	(336,160)	(2,106,944)	(564,968)	(1,041,216)	(530,546)	(39,748)	(4,619,582)
Payments to suppliers	(24,830)	(638,104)	(34,729)	(135,136)	(84,894)	(50,380)	(968,073)
Payments to service providers	(251,815)	(601,228)	(448,732)	(587,363)	(232,287)	(4,560)	(2,125,985)
Other payments	(89,843)	(218,676)	(27,808)	(301,806)	(62,690)	(8,506)	(709,329)
Net cash provided by (used in) operating activities	(372,734)	(1,296,514)	95,258	(218,337)	(167,056)	(49,246)	(2,008,629)
<b>Noncapital Financing Activities</b>							
Transfers from other funds	469,675	1,977,096	-	951,791	392,927	49,246	3,840,735
Transfers to other funds	(96,941)	(458,945)	(143,134)	(619,235)	(165,777)	-	(1,484,032)
Net cash provided by (used in) noncapital financing activities	372,734	1,518,151	(143,134)	332,556	227,150	49,246	2,356,703
<b>Capital and Related Financing Activities</b>							
Purchase of capital assets	-	(491,058)	(2,658)	(16,819)	-	-	(510,535)
Other	-	59,637	-	(96,866)	-	-	(37,229)
Net cash used in capital and related financing activities	0	(431,421)	(2,658)	(113,685)	0	0	(547,764)
<b>Investing Activities</b>							
Proceeds from sale of investments	-	209,358	44,523	-	861,176	-	1,115,057
Purchase of investments	-	(43,057)	-	-	(929,142)	-	(972,199)
Interest income	-	22,113	-	-	15,807	-	37,920
Net cash provided by (used in) investing activities	0	188,414	44,523	0	(52,159)	0	180,778
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	0	(21,370)	(6,011)	534	7,935	0	(18,912)
<b>Cash and Cash Equivalents, Beginning of Year</b>	100	70,647	6,225	1,624	37,755	850	117,201
<b>Cash and Cash Equivalents, End of Year</b>	\$ 100	\$ 49,277	\$ 214	\$ 2,158	\$ 45,690	\$ 850	\$ 98,289
<b>Reconciliation of Operating Loss to Net Cash Provided By (Used In)</b>							
<b>Operating Activities</b>							
Operating income (loss)	\$ (886,769)	\$ (1,691,547)	\$ (54,307)	\$ (388,952)	\$ (302,490)	\$ (66,079)	\$ (3,390,144)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	86,406	140,341	7,566	85,262	136,289	-	455,864
Gain (Loss) on disposal of assets	-	20,090	2,918	2,744	-	-	25,752
Changes in assets and liabilities							
Accounts Receivable	-	(1,786)	-	-	-	-	(1,786)
Due to/due from other funds, net	402,277	239,079	12,058	93,431	-	12,925	759,770
Prepaid expenses	-	-	-	(3,550)	-	-	(3,550)
Inventories	-	(39,919)	-	-	-	-	(39,919)
Accounts payable	19,698	(27,985)	(2,090)	(18,393)	(8,367)	2,593	(34,544)
Accrued expenses	5,654	65,213	129,113	11,121	7,512	1,315	219,928
Net cash provided by (used in) operating activities	\$ (372,734)	\$ (1,296,514)	\$ 95,258	\$ (218,337)	\$ (167,056)	\$ (49,246)	\$ (2,008,629)

# FIDUCIARY FUNDS

## PENSION TRUST FUNDS

**Pension 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 and the 401(a) Money Purchase and Trust Retirement Fund. 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, 2006**

	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	
<b>Assets</b>						
Cash and cash equivalents	\$ 1,150,395	\$ 7,619,460	\$ 76,586	\$ 684,468	\$ -	\$ 9,530,909
Investments						
U. S. government obligations	1,715,942	53,904,098	1,110,245	190,545	-	56,920,830
Equities	42,387,591	16,779,750	13,557,464	4,183,596	-	76,908,401
Mutual funds and other investments	19,505,830	8,292,918	20,710,988	5,373,126	5,088,479	58,971,341
Receivables						
Due from other funds	2,961,947	2,961,947	-	-	-	5,923,894
Contributions	10,363	16,946	-	-	-	27,309
Accrued interest and dividends	3,261	476,395	2,160	2,402	-	484,218
	<u>67,735,329</u>	<u>90,051,514</u>	<u>35,457,443</u>	<u>10,434,137</u>	<u>5,088,479</u>	<u>208,766,902</u>
<b>Liabilities</b>						
Accrued liabilities	-	428	-	-	-	428
Due to other funds	-	5,502	-	-	-	5,502
	<u>0</u>	<u>5,930</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,930</u>
<b>Net Assets</b>						
Net assets held in trust for pension benefits	<u>\$ 67,735,329</u>	<u>\$ 90,045,584</u>	<u>\$ 35,457,443</u>	<u>\$ 10,434,137</u>	<u>\$ 5,088,479</u>	<u>\$ 208,760,972</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Year Ended December 31, 2006**

	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	
<b>Additions</b>						
Contributions						
Employer	\$ 154,652	\$ 240,407	\$ 1,178,196	\$ 637,219	\$ 246,652	\$ 2,457,126
Plan members	154,652	240,407	1,164,278	-	334,729	1,894,066
Property taxes contributed from general fund	2,953,894	2,953,894	-	-	-	5,907,788
State insurance turnback and guarantee fund contributed from general fund	1,187,454	948,494	-	-	-	2,135,948
Other	444,257	-	(25,769)	-	4,746	423,234
Total contributions	<u>4,894,909</u>	<u>4,383,202</u>	<u>2,316,705</u>	<u>637,219</u>	<u>586,127</u>	<u>12,818,162</u>
Investment income						
Net increase in fair value of investments	7,202,445	4,453,515	2,409,980	1,440,076	229,615	15,735,631
Interest and dividends	2,489,018	3,778,906	1,156,416	318,561	260,896	8,003,797
	<u>9,691,463</u>	<u>8,232,421</u>	<u>3,566,396</u>	<u>1,758,637</u>	<u>490,511</u>	<u>23,739,428</u>
Less investment expense	36,503	160,522	87,620	23,691	-	308,336
Net investment income	<u>9,654,960</u>	<u>8,071,899</u>	<u>3,478,776</u>	<u>1,734,946</u>	<u>490,511</u>	<u>23,431,092</u>
Total additions	<u>14,549,869</u>	<u>12,455,101</u>	<u>5,795,481</u>	<u>2,372,165</u>	<u>1,076,638</u>	<u>36,249,254</u>
<b>Deductions</b>						
Benefits paid directly to participants	8,575,054	9,184,601	3,209,187	1,450,549	221,834	22,641,225
Administrative expenses	800,271	16,122	-	-	-	816,393
Other	22,271	12,012	-	-	-	34,283
Total deductions	<u>9,397,596</u>	<u>9,212,735</u>	<u>3,209,187</u>	<u>1,450,549</u>	<u>221,834</u>	<u>23,491,901</u>
<b>Change in Net Assets</b>	5,152,273	3,242,366	2,586,294	921,616	854,804	12,757,353
<b>Net Assets Held in Trust For Pension Benefits, Beginning of Year</b>	<u>62,583,056</u>	<u>86,803,218</u>	<u>32,871,149</u>	<u>9,512,521</u>	<u>4,233,675</u>	<u>196,003,619</u>
<b>Net Assets Held in Trust For Pension Benefits, End of Year</b>	<u>\$ 67,735,329</u>	<u>\$ 90,045,584</u>	<u>\$ 35,457,443</u>	<u>\$ 10,434,137</u>	<u>\$ 5,088,479</u>	<u>\$ 208,760,972</u>

**City of Little Rock, Arkansas**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund - Court Fund**  
**Year Ended December 31, 2006**

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2006</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 243,487	\$ 0	\$ 80,925	\$ 162,562
Investments - mutual funds	<u>21,092</u>	<u>          </u>	<u>3,230</u>	<u>17,862</u>
	<u>\$ 264,579</u>	<u>\$ 0</u>	<u>\$ 84,155</u>	<u>\$ 180,424</u>
<b>Liabilities</b>				
Accrued liabilities	<u>\$ 264,579</u>	<u>\$ 0</u>	<u>\$ 84,155</u>	<u>\$ 180,424</u>

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DISCRETELY PRESENTED  
COMPONENT UNITS

**City of Little Rock, Arkansas**  
**Combining Statement of Net Assets**  
**Discretely Presented Component Units - Nonmajor**  
**December 31, 2006**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 76,981	\$ 64,089	\$ 473,692	\$ 1,410,322	\$ 429,994	\$ 2,510,057	\$ 162,345	\$ 1,279,888	\$ 98,572	\$ 4,307,147	\$ 10,813,087
Investments	-	-	-	1,538,200	1,803,894	-	-	20,946,227	-	34,738	24,323,059
Restricted cash and investments - current	-	-	1,809,766	-	-	-	1,084,151	-	-	-	2,893,917
Accounts receivable, net of allowance for uncollectible accounts	56,611	-	1,033,121	122,238	3,307,903	24,864	117,504	375,138	-	11,562,267	16,599,646
Inventories	-	-	-	1,609	84,230	478,800	38,959	121,300	-	-	724,898
Prepaid expenses and other	2,127	-	195,800	36,077	130,018	333,386	-	82,435	-	54,630	834,473
<b>Total current assets</b>	<b>135,719</b>	<b>64,089</b>	<b>3,512,379</b>	<b>3,108,446</b>	<b>5,756,039</b>	<b>3,347,107</b>	<b>1,402,959</b>	<b>22,804,988</b>	<b>98,572</b>	<b>15,958,782</b>	<b>56,189,080</b>
<b>Noncurrent assets</b>											
<b>Restricted assets</b>											
Cash and cash equivalents	-	-	2,166,097	-	-	-	-	-	-	1,534,029	3,700,126
Investments	2,636,992	976,823	3,808,871	-	495,470	-	-	-	-	1,549,706	9,467,862
Interest other receivables	-	-	69,382	-	-	-	-	-	-	-	69,382
	2,636,992	976,823	6,044,350	0	495,470	0	0	0	0	3,083,735	13,237,370
Less amounts required to meet current obligations	-	-	1,809,766	-	-	-	-	-	-	-	1,809,766
<b>Total restricted assets</b>	<b>2,636,992</b>	<b>976,823</b>	<b>4,234,584</b>	<b>0</b>	<b>495,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,083,735</b>	<b>11,427,604</b>
<b>Capital assets</b>											
Land	69,694	13,089	2,134,263	3,832,895	185,781	1,684,690	-	125,321	-	3,070,326	11,116,059
Construction in progress	-	-	-	-	23,740	-	-	-	-	4,933,442	4,957,182
Buildings, improvements and other facilities	193,465	-	50,692,070	19,357,837	1,442,891	31,145,544	3,296,439	13,899,784	-	31,291,875	151,319,905
Vehicles	124,770	-	-	-	4,477,954	22,522,730	-	-	-	-	27,125,454
Furniture and equipment	25,573	-	5,013,465	88,765	2,848,076	4,310,601	1,586,277	3,099,911	-	3,802,383	20,775,051
Other	-	-	2,699,782	-	1,398,233	-	-	-	-	140,375	4,238,390
	413,502	13,089	60,539,580	23,279,497	10,376,675	59,663,565	4,882,716	17,125,016	0	43,238,401	219,532,041
Less accumulated depreciation	195,352	-	22,373,633	9,705,152	7,247,804	20,423,470	2,368,874	6,691,431	-	10,763,664	79,769,380
<b>Net capital assets</b>	<b>218,150</b>	<b>13,089</b>	<b>38,165,947</b>	<b>13,574,345</b>	<b>3,128,871</b>	<b>39,240,095</b>	<b>2,513,842</b>	<b>10,433,585</b>	<b>0</b>	<b>32,474,737</b>	<b>139,762,661</b>
<b>Other assets</b>											
Deferred bond issue costs	-	-	96,949	-	-	-	-	-	-	-	96,949
Other assets	-	-	-	-	3,533	-	1,161,083	789,146	-	-	1,953,762
<b>Total other assets</b>	<b>0</b>	<b>0</b>	<b>96,949</b>	<b>0</b>	<b>3,533</b>	<b>0</b>	<b>1,161,083</b>	<b>789,146</b>	<b>0</b>	<b>0</b>	<b>2,050,711</b>
<b>Total noncurrent assets</b>	<b>2,855,142</b>	<b>989,912</b>	<b>42,497,480</b>	<b>13,574,345</b>	<b>3,627,874</b>	<b>39,240,095</b>	<b>3,674,925</b>	<b>11,222,731</b>	<b>0</b>	<b>35,558,472</b>	<b>153,240,976</b>
<b>Total assets</b>	<b>\$ 2,990,861</b>	<b>\$ 1,054,001</b>	<b>\$ 46,009,859</b>	<b>\$ 16,682,791</b>	<b>\$ 9,383,913</b>	<b>\$ 42,587,202</b>	<b>\$ 5,077,884</b>	<b>\$ 34,027,719</b>	<b>\$ 98,572</b>	<b>\$ 51,517,254</b>	<b>\$ 209,430,056</b>

## Liabilities and Net Assets

### Current liabilities

Accounts payable	\$ -	\$ -	\$ 361,219	\$ 17,622	\$ 253,664	\$ 29,059	\$ 172,689	\$ 60,963	\$ 65,970	\$ 334,937	\$ 1,296,123
Accrued wages payable and related liabilities	-	-	260,382	22,141	-	939,807	-	-	6,966	113,852	1,343,148
Bonds payable - current portion	-	-	1,337,500	-	-	-	-	-	-	60,000	1,397,500
Notes payable - current portion	-	-	-	-	-	-	200,223	-	-	-	200,223
Capital lease payable - current portion	-	-	-	-	-	-	42,840	-	-	71,133	113,973
Deferred revenue	-	-	167,233	-	81,929	-	25,940	183,618	-	-	458,720
Accrued expenses and other	1,884	-	839,452	28,141	726,631	3,657	41,046	1,549,097	-	685,476	3,875,384
<b>Total current liabilities</b>	<b>1,884</b>	<b>0</b>	<b>2,965,786</b>	<b>67,904</b>	<b>1,062,224</b>	<b>972,523</b>	<b>482,738</b>	<b>1,793,678</b>	<b>72,936</b>	<b>1,265,398</b>	<b>8,685,071</b>

### Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	15,550,037	-	-	-	-	-	-	-	15,550,037
Notes payable	-	-	-	-	-	-	107,539	-	-	1,250,000	1,357,539
Capital lease obligation	-	-	-	-	-	-	76,185	-	-	911,842	988,027
Deferred revenue	-	-	-	188,922	-	-	-	1,209,161	-	-	1,398,083
<b>Total noncurrent liabilities</b>	<b>0</b>	<b>0</b>	<b>15,550,037</b>	<b>188,922</b>	<b>0</b>	<b>0</b>	<b>183,724</b>	<b>1,209,161</b>	<b>0</b>	<b>2,161,842</b>	<b>19,293,686</b>
<b>Total liabilities</b>	<b>1,884</b>	<b>0</b>	<b>18,515,823</b>	<b>256,826</b>	<b>1,062,224</b>	<b>972,523</b>	<b>666,462</b>	<b>3,002,839</b>	<b>72,936</b>	<b>3,427,240</b>	<b>27,978,757</b>

### Net Assets

Invested in capital assets, net of related debt	176,054	13,089	21,375,756	13,574,345	3,128,871	39,240,095	2,513,842	10,433,585	-	31,491,762	121,947,399
Restricted - expendable	1,829,498	886,390	3,405,987	-	-	1,277,766	1,289,743	700,052	-	1,573,542	10,962,978
Restricted - unexpendable	-	-	-	-	-	-	-	3,913,690	-	372,118	4,285,808
Unrestricted	983,425	154,522	2,712,293	2,851,620	5,192,818	1,096,818	607,837	15,977,553	25,636	14,652,592	44,255,114
<b>Total net assets</b>	<b>2,988,977</b>	<b>1,054,001</b>	<b>27,494,036</b>	<b>16,425,965</b>	<b>8,321,689</b>	<b>41,614,679</b>	<b>4,411,422</b>	<b>31,024,880</b>	<b>25,636</b>	<b>48,090,014</b>	<b>181,451,299</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,990,861</b>	<b>\$ 1,054,001</b>	<b>\$ 46,009,859</b>	<b>\$ 16,682,791</b>	<b>\$ 9,383,913</b>	<b>\$ 42,587,202</b>	<b>\$ 5,077,884</b>	<b>\$ 34,027,719</b>	<b>\$ 98,572</b>	<b>\$ 51,517,254</b>	<b>\$ 209,430,056</b>

**Statement of Activities**  
**Discretely Presented Component Units - Nonmajor**  
**Year Ended December 31, 2006**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 13,397,533	\$ 332,102	\$ 1,015,949	\$ 3,317,794	\$ (8,731,688)	\$ -	\$ (8,731,688)
Workforce Investment Board	1,654,844	-	1,654,424	-	(420)	-	(420)
Total governmental activities	15,052,377	332,102	2,670,373	3,317,794	(8,732,108)	0	(8,732,108)
Business-type Activities							
Oakland Fraternal Cemetery	338,195	241,717	-	-	-	(96,478)	(96,478)
Mt. Holly Cemetery	116,366	106,314	57,790	-	-	47,738	47,738
Advertising and Promotion Commission	12,964,763	2,342,624	-	-	-	(10,622,139)	(10,622,139)
Port Authority	1,971,471	1,214,911	-	-	-	(756,560)	(756,560)
Ambulance Authority	14,499,017	14,196,636	-	-	-	(302,381)	(302,381)
Central Arkansas Transit	15,248,012	2,023,056	-	-	-	(13,224,956)	(13,224,956)
Arkansas Museum of Science and History	2,709,606	1,625,367	-	-	-	(1,084,239)	(1,084,239)
Arkansas Arts Center	7,654,434	4,190,941	-	-	-	(3,463,493)	(3,463,493)
Total business-type activities	55,501,864	25,941,566	57,790	0	0	(29,502,508)	(29,502,508)
Total component units	\$ 70,554,241	\$ 26,273,668	\$ 2,728,163	\$ 3,317,794	(8,732,108)	(29,502,508)	(38,234,616)
General revenues							
General property taxes				10,614,537	-	10,614,537	
Sales taxes				-	9,244,370	9,244,370	
Investment income and unrealized gains				306,000	2,194,581	2,500,581	
Grants and contributions not restricted to specific programs				222,205	14,802,394	15,024,599	
Other				283,076	11,266,752	11,549,828	
Total general revenues				11,425,818	37,508,097	48,933,915	
Change in net assets				2,693,710	8,005,589	10,699,299	
Net Assets, Beginning of Year, As Previously Reported				45,421,940	125,364,315	170,786,255	
Adjustment applicable to prior years				-	(34,255)	(34,255)	
Net Assets, Beginning of Year, As Restated				45,421,940	125,330,060	170,752,000	
Net Assets, End of Year				\$ 48,115,650	\$ 133,335,649	\$ 181,451,299	

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary - Component Units - Nonmajor**  
**Year Ended December 31, 2006**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
<b>Operating Revenues</b>									
Charges for goods and services	\$ 241,717	106,314	\$ 1,517,754	\$ 1,214,911	\$ 14,061,928	\$ 2,023,056	\$ 1,625,367	\$ 2,743,433	\$ 23,534,480
Other	-	57,790	824,870	-	134,708	-	-	1,447,508	2,464,876
Total operating revenues	<u>241,717</u>	<u>164,104</u>	<u>2,342,624</u>	<u>1,214,911</u>	<u>14,196,636</u>	<u>2,023,056</u>	<u>1,625,367</u>	<u>4,190,941</u>	<u>25,999,356</u>
<b>Operating Expenses</b>									
Salaries, wages and employee benefits	143,861	63,237	5,352,771	860,149	10,650,483	8,102,259	531,898	2,140,774	27,845,432
Supplies and materials	4,297	3,261	45,281	38,562	627,888	2,305,424	398,767	814,581	4,238,061
Services	23,665	-	2,477,265	121,642	1,359,021	1,159,021	629,251	2,164,085	7,933,950
Utilities	8,435	4,851	942,116	23,323	314,916	206,729	-	318,138	1,818,508
Repairs and maintenance	88,540	9,424	964,061	148,361	588,664	-	-	429,726	2,228,776
Other	42,948	35,593	732,952	130,976	-	788,290	844,363	1,107,331	3,682,453
Depreciation and amortization	26,449	-	1,478,149	648,458	958,045	2,686,289	305,327	679,799	6,782,516
Total operating expenses	<u>338,195</u>	<u>116,366</u>	<u>11,992,595</u>	<u>1,971,471</u>	<u>14,499,017</u>	<u>15,248,012</u>	<u>2,709,606</u>	<u>7,654,434</u>	<u>54,529,696</u>
<b>Operating Income (Loss)</b>	<u>(96,478)</u>	<u>47,738</u>	<u>(9,649,971)</u>	<u>(756,560)</u>	<u>(302,381)</u>	<u>(13,224,956)</u>	<u>(1,084,239)</u>	<u>(3,463,493)</u>	<u>(28,530,340)</u>
<b>Nonoperating Revenue (Expenses)</b>									
Intergovernmental revenue	-	-	1,949,449	-	-	8,804,352	-	-	10,753,801
Local tax levy	-	-	9,244,370	-	-	-	-	-	9,244,370
Donations, contributions and grants received	-	19,647	130,893	-	-	10,163,765	2,990,870	1,497,219	14,802,394
Donations, contributions and grants provided	-	-	-	-	-	-	-	-	-
Investment income	-	33,969	396,825	108,208	91,869	35,207	-	1,528,503	2,194,581
Interest expense	-	-	(972,168)	-	-	-	-	-	(972,168)
Other, net	183,681	1,529	39,158	39,726	239,479	-	-	9,378	512,951
Total nonoperating revenues (expenses)	<u>183,681</u>	<u>55,145</u>	<u>10,788,527</u>	<u>147,934</u>	<u>331,348</u>	<u>19,003,324</u>	<u>2,990,870</u>	<u>3,035,100</u>	<u>36,535,929</u>
<b>Change in Net Assets</b>	<u>87,203</u>	<u>102,883</u>	<u>1,138,556</u>	<u>(608,626)</u>	<u>28,967</u>	<u>5,778,368</u>	<u>1,906,631</u>	<u>(428,393)</u>	<u>8,005,589</u>
<b>Net Assets, Beginning of Year As Previously Reported</b>	<u>2,901,774</u>	<u>951,118</u>	<u>26,355,480</u>	<u>17,034,591</u>	<u>8,292,722</u>	<u>35,836,311</u>	<u>2,539,046</u>	<u>31,453,273</u>	<u>125,364,315</u>
<b>Adjustment applicable to prior years</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,255)</u>	<u>-</u>	<u>(34,255)</u>
<b>Net Assets, Beginning of Year, As Restated</b>	<u>2,901,774</u>	<u>951,118</u>	<u>26,355,480</u>	<u>17,034,591</u>	<u>8,292,722</u>	<u>35,836,311</u>	<u>2,504,791</u>	<u>31,453,273</u>	<u>125,330,060</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,988,977</u>	<u>\$ 1,054,001</u>	<u>\$ 27,494,036</u>	<u>\$ 16,425,965</u>	<u>\$ 8,321,689</u>	<u>\$ 41,614,679</u>	<u>\$ 4,411,422</u>	<u>\$ 31,024,880</u>	<u>\$ 133,335,649</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2006**

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Operating Activities</b>				
Receipts from customers	\$ 29,885,568	\$ 19,758,089	\$ 22,766,826	\$ 72,410,483
Other receipts	166,424	265,532	3,216,897	3,648,853
Payments to employees	(14,782,864)	(5,857,250)	(27,596,843)	(48,236,957)
Payments to suppliers	(2,052,775)	(8,366,441)	(7,737,814)	(18,157,030)
Payments for contractual services	(2,130,193)	-	(8,197,418)	(10,327,611)
Payments for utilities	(1,470,846)	-	(1,350,258)	(2,821,104)
Other payments	(1,816,352)	-	(3,199,479)	(5,015,831)
Net cash provided by (used in) operating activities	<u>7,798,962</u>	<u>5,799,930</u>	<u>(22,098,089)</u>	<u>(8,499,197)</u>
<b>Noncapital Financing Activities</b>				
Donations, contributions and operating grants/subsidies	-	338,470	15,223,234	15,561,704
Local tax levy supporting operations	-	-	8,806,649	8,806,649
Other	-	-	479,894	479,894
Net cash provided by noncapital financing activities	<u>0</u>	<u>338,470</u>	<u>24,509,777</u>	<u>24,848,247</u>
<b>Capital and Related Financing Activities</b>				
Purchase of capital assets	(26,467,477)	(16,573,015)	(8,726,683)	(51,767,175)
Proceeds from sale of capital assets	320,336	3,571	26,550	350,457
Contributions, donations and grants	-	8,059,821	8,299,181	16,359,002
Passenger facility charge	-	5,159,033	-	5,159,033
Intergovernmental revenue received for debt service	-	-	1,949,449	1,949,449
Local tax levy used for debt service	-	-	437,721	437,721
Proceeds from issuance of long-term debt	16,540,321	-	-	16,540,321
Principal paid on long-term debt	(2,131,201)	(1,695,000)	(1,265,000)	(5,091,201)
Interest paid on long-term debt	(2,176,779)	(1,404,936)	(1,229,522)	(4,811,237)
Other	14,606	(797,514)	39,158	(743,750)
Net cash used in capital and related financing activities	<u>(13,900,194)</u>	<u>(7,248,040)</u>	<u>(469,146)</u>	<u>(21,617,380)</u>
<b>Investing Activities</b>				
Proceeds from sale of investments	-	-	33,063,594	33,063,594
Purchase of investments	2,858,711	-	(33,369,949)	(30,511,238)
Interest received	869,886	1,985,168	802,352	3,657,406
Net cash provided by investing activities	<u>3,728,597</u>	<u>1,985,168</u>	<u>495,997</u>	<u>6,209,762</u>
<b>Increase in Cash and Cash Equivalents</b>	(2,372,635)	875,528	2,438,539	941,432
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>18,324,318</u>	<u>37,275,544</u>	<u>7,219,077</u>	<u>62,818,939</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 15,951,683</u>	<u>\$ 38,151,072</u>	<u>\$ 9,657,616</u>	<u>\$ 63,760,371</u>

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

Operating income (loss)	\$ 2,491,146	\$ (1,368,574)	\$ (28,530,340)	\$ (27,407,768)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	5,818,269	6,573,038	6,782,516	19,173,823
Other	-	-	594,435	594,435
Changes in assets and liabilities				
Receivables, net	(345,943)	176,222	(315,378)	(485,099)
Prepaid expenses	18,714	(70,503)	(46,446)	(98,235)
Inventories	(68,334)		(14,134)	(82,468)
Other assets			(1,112,306)	(1,112,306)
Accounts payable	(131,742)	376,277	579,594	824,129
Accrued expenses	16,852	113,470	(26,560)	103,762
Other liabilities			(9,470)	(9,470)
Net cash provided by (used in) operating activities	<u>\$ 7,798,962</u>	<u>\$ 5,799,930</u>	<u>\$ (22,098,089)</u>	<u>\$ (8,499,197)</u>

**Noncash Capital Activities**

During 2006, the Little Rock Wastewater Utility received donated capital assets in the amount of \$6,618,067.

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Discretely Presented Component Units - Enterprise - Nonmajor**  
**Year Ended December 31, 2006**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
<b>Operating Activities</b>									
Receipts from customers	\$ 214,076	\$ 106,314	\$ 1,738,824	\$ 1,262,749	\$ 13,901,874	\$ 1,949,390	\$ 1,576,152	\$ 2,017,447	\$ 22,766,826
Other receipts	-	112,935	824,870	-	-	48,442	-	2,230,650	3,216,897
Payments to employees	(143,861)	(63,237)	(5,439,272)	(624,584)	(10,600,224)	(8,085,590)	(519,169)	(2,120,906)	(27,596,843)
Payments to suppliers	(4,297)	(3,261)	(219,322)	(165,093)	(2,676,622)	(2,465,100)	(1,432,757)	(771,362)	(7,737,814)
Payments for contractual services	(23,665)	-	(3,594,765)	(38,562)	-	(1,832,203)	(629,251)	(2,078,972)	(8,197,418)
Payments for utilities	(8,435)	(4,851)	(937,521)	(23,323)	-	-	(39,813)	(336,315)	(1,350,258)
Other payments	(155,938)	(45,017)	(442,524)	(279,367)	-	(342,196)	(831,275)	(1,103,162)	(3,199,479)
Net cash provided by (used in) operating activities	(122,120)	102,883	(8,069,710)	131,820	625,028	(10,727,257)	(1,876,113)	(2,162,620)	(22,098,089)
<b>Noncapital Financing Activities</b>									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	10,735,145	2,990,870	1,497,219	15,223,234
Local tax levy supporting operations	-	-	8,806,649	-	-	-	-	-	8,806,649
Other	197,001	-	-	39,726	239,479	-	(5,690)	9,378	479,894
Net cash provided by noncapital financing activities	197,001	-	8,806,649	39,726	239,479	10,735,145	2,985,180	1,506,597	24,509,777
<b>Capital and Related Financing Activities</b>									
Purchase of capital assets	(68,545)	-	(520,119)	(64,871)	(820,665)	(7,007,766)	(65,683)	(179,034)	(8,726,683)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	8,299,181	-	-	8,299,181
Intergovernmental revenue received for debt service	-	-	1,949,449	-	-	-	-	-	1,949,449
Local tax levy used for debt service	-	-	437,721	-	-	-	-	-	437,721
Principal paid on long-term debt	-	-	(1,265,000)	-	-	-	-	-	(1,265,000)
Interest paid on long-term debt	-	-	(1,122,170)	-	-	-	(107,352)	-	(1,229,522)
Proceeds from sale of capital assets	-	-	-	-	-	26,550	-	-	26,550
Other	-	-	39,158	-	-	-	-	-	39,158
Net cash provided by (used in) capital and related financing activities	(68,545)	-	(480,961)	(64,871)	(820,665)	1,317,965	(173,035)	(179,034)	(469,146)
<b>Investing Activities</b>									
Proceeds from sale of investments	44,932	25,193	5,807,472	2,022,930	1,499,240	-	-	23,663,827	33,063,594
Purchase of investments	(230,496)	(173,829)	(6,081,270)	(1,538,200)	(1,825,474)	-	-	(23,520,680)	(33,369,949)
Interest received	153,890	36,760	396,825	92,549	94,610	17,424	-	10,294	802,352
Net cash provided by (used in) investing activities	(31,674)	(111,876)	123,027	577,279	(231,624)	17,424	-	153,441	495,997
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(25,338)	(8,993)	379,005	683,954	(187,782)	1,343,277	936,032	(681,616)	2,438,539
<b>Cash and Cash Equivalents, Beginning of Year</b>	102,319	73,082	2,260,784	726,368	617,776	1,166,780	310,464	1,961,504	7,219,077
<b>Cash and Cash Equivalents, End of Year</b>	\$ 76,981	\$ 64,089	\$ 2,639,789	\$ 1,410,322	\$ 429,994	\$ 2,510,057	\$ 1,246,496	\$ 1,279,888	\$ 9,657,616

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

Operating income (loss)	\$	(96,478)	\$	47,738	\$	(9,649,971)	\$	(756,560)	\$	(302,381)	\$	(13,224,956)	\$	(1,084,239)	\$	(3,463,493)	\$	(28,530,340)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		26,449		-		1,478,149		648,458		958,045		2,686,289		305,327		679,799		6,782,516
Other		(13,320)		55,145		1,371		-		-		(25,088)		6,676		569,651		594,435
Changes in assets and liabilities																		
Receivables, net		(27,641)		-		(76,680)		11,405		(272,453)		6,695		(65,410)		108,706		(315,378)
Prepaid expenses		-		-		(13,534)		(5,722)		-		(27,190)		-		-		(46,446)
Inventories		-		-		-		-		-		(49,252)		(8,172)		43,290		(14,134)
Other assets		(200)		-		-		-		-		-		(1,121,270)		9,164		(1,112,306)
Accounts payable		(10,930)		-		229,394		(1,326)		185,443		(110,424)		69,570		217,867		579,594
Accrued expenses		-		-		(107,584)		18,504		-		16,669		39,465		6,386		(26,560)
Other liabilities		-		-		69,145		217,061		56,374		-		(18,060)		(333,990)		(9,470)
Net cash provided by (used in) operating activities	\$	<u>(122,120)</u>	\$	<u>102,883</u>	\$	<u>(8,069,710)</u>	\$	<u>131,820</u>	\$	<u>625,028</u>	\$	<u>(10,727,257)</u>	\$	<u>(1,876,113)</u>	\$	<u>(2,162,620)</u>	\$	<u>(22,098,089)</u>

**Supplemental Cash Flows Information**

Capital assets acquired through noncash capital grants and gifts	\$	-	\$	-	\$	130,893	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	130,893
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STATISTICAL  
SECTION

City of Little Rock, Arkansas  
 Net Assets by Component  
 Last Five Years  
 (accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005 (1)</u>	<u>2006</u>
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
Restricted	14,394,986	13,707,483	14,779,074	17,627,261	18,189,548
Unrestricted	7,345,612	9,699,378	11,341,255	6,583,272	746,351
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>
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
Restricted	5,092,032	9,882,094	6,268,162	6,407,826	8,170,282
Unrestricted	2,207,338	4,518,817	2,718,940	4,064,877	2,920,311
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>
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
Restricted	19,487,018	23,589,577	21,047,236	24,035,087	26,359,830
Unrestricted	9,552,950	14,218,195	14,060,195	10,648,149	3,666,662
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>

(1) 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  
Changes in Net Assets, Last Five Years  
(accrual basis of accounting)

	2002 (1)	2003	2004	2005 (2)	2006
<b>Expenses</b>					
Governmental activities:					
General government	\$32,396,254	\$35,574,263	\$34,359,791	\$40,398,560	\$40,824,314
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207
Education	2,165,955	147,691			
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236
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>
Business-type activities:					
Presidential park	1,175,807	1,007,338	879,301	943,061	837,674
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683
Zoo	2,973,358	2,986,464	3,252,245	3,589,480	3,959,985
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136
Fitness center	988,999	807,110	774,098	880,469	1,045,851
Concessions services	305,706	234,171	150,066	108,690	120,027
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>
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>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$16,304,154	\$19,435,156	\$14,162,061	\$17,452,391	\$15,999,081
Public works	488,437	435,761	168,730	313,407	998,515
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607
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>

	2002 (1)	2003	2004	2005 (2)	2006
<b>Business-type activities:</b>					
Charges for services:					
Waste disposal	12,167,056	13,393,676	14,109,685	14,934,170	15,919,951
Rivermarket garage	593,734	593,014	1,410,727	1,295,883	1,419,484
Riverfront park	419,529	366,049	407,144	397,194	329,914
Zoo	1,783,347	1,421,735	1,898,390	2,035,070	2,268,438
Vehicle storage	1,205,352	1,344,171	1,654,249	1,466,627	1,171,495
Golf courses	1,584,954	849,037	1,609,628	1,801,609	1,847,184
Fitness center	765,277	579,989	685,419	651,786	743,361
Concessions services	197,111	177,661	81,180	74,554	53,948
Total business-type activities program revenues	<u>18,716,360</u>	<u>18,725,332</u>	<u>21,856,422</u>	<u>22,656,893</u>	<u>23,753,775</u>
Total primary government program revenues	<u>\$48,741,493</u>	<u>\$52,372,934</u>	<u>\$49,477,887</u>	<u>\$56,276,648</u>	<u>\$55,148,114</u>
Net (expense)/revenue					
Governmental activities	(\$107,272,817)	(\$108,424,167)	(\$126,641,487)	(\$139,867,121)	(\$151,640,725)
Business-type activities	(3,519,039)	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)
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>
 <b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
General Property taxes	\$61,592,212	\$33,090,573	\$35,414,871	\$33,542,201	\$36,931,553
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899
Other	-	-	-	-	-
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)
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>
Business-type activities					
Investment earnings	379,525	353,737	223,486	467,783	959,678
Other	7,767	(38,547)	499,595	376,747	(64,920)
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302
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>
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>
 <b>Changes in Net Assets</b>					
Governmental activities	\$26,547,664	\$22,332,398	\$9,767,748	\$10,359,468	(\$1,318,922)
Business-type activities	(2,597,041)	312,956	1,846,117	1,280,378	2,279,474
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>

(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 Governmental Tax Revenues by Source  
 Last Five Years  
 (accrual basis of accounting)

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

City of Little Rock, Arkansas  
Fund Balances of Governmental Funds  
Last Five Years  
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund					
Reserved	\$467,924	\$525,307	\$498,396	\$546,742	\$513,092
Unreserved	9,134,702	9,181,438	14,873,326	22,215,475	20,983,516
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>
All other governmental funds					
Reserved	36,233,144	\$30,871,885	\$34,209,249	\$33,963,673	\$29,111,460
Unreserved, reported in:					
Special revenue funds	4,973,322	4,673,640	4,243,570	5,830,024	6,007,149
Capital projects funds	-	-	60,451,634 (1)	40,628,870 (2)	7,744,064 (2)
Debt service funds	-	-	8,087,507 (1)	8,837,071	9,713,374
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>

(1) The increases in capital projects fund balance and debt service fund balance are associated with the 2004 Limited Tax General Obligation Capital Improvement bonds issued to finance capital improvements over a three year period.

(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.

City of Little Rock, Arkansas  
 Changes in Fund Balances, Governmental Funds  
 Last Five Years  
 (modified accrual basis of accounting)

	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes (1)	\$97,671,645	\$101,503,838	\$113,113,245	\$117,182,208	\$125,804,151
Licenses and permits	8,268,835	8,708,523	8,859,344	9,307,627	9,894,766
Intergovernmental	19,556,572	18,621,039	19,837,898	20,435,880	17,730,551
Charges for services	5,789,188	4,759,347	4,492,433	4,786,588	6,656,647
Fines	3,803,560	5,313,622	5,077,073	5,710,201	4,277,114
Investment Income	1,450,829	484,545	1,231,311	2,812,093	3,872,008
Miscellaneous	2,511,736	4,040,306	3,797,305	4,211,852	3,070,749
Total revenues	<u>139,052,365</u>	<u>143,431,220</u>	<u>156,408,609</u>	<u>164,446,449</u>	<u>171,305,986</u>
<b>Expenditures</b>					
General government	32,929,128	31,993,462	37,827,535	36,589,853	42,386,548
Public works	22,794,707	17,928,685	21,525,933	24,577,640	34,392,323
Parks and recreation and zoo	8,228,295	7,957,319	10,069,417	14,462,219	15,918,143
Fire department	23,138,524	28,040,943	31,560,941	35,298,489	44,706,618
Police department	44,459,817	44,059,630	45,102,475	53,470,507	54,319,391
Housing and neighborhood programs	9,041,226	9,676,745	7,470,436	7,905,898	8,473,162
Debt service					
Principal	7,385,000	9,660,000	11,055,000	6,525,000	8,840,000
Interest	1,879,197	1,932,911	3,533,951	4,313,380	4,265,080
Other charges	113,628	11,159	503,346	25,063	13,236
Total expenditures	<u>149,969,522</u>	<u>151,260,854</u>	<u>168,649,034</u>	<u>183,168,049</u>	<u>213,314,501</u>
Excess of revenues over (under) expenditures	(10,917,157)	(7,829,634)	(12,240,425)	(18,721,600)	(42,008,515)
<b>Other financing sources (uses)</b>					
Transfers in	11,366,863	6,766,952	2,631,865	3,024,332	2,531,535
Transfers out	(16,612,654)	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)
Debt issued	20,010,000	4,250,000	99,850,000	5,205,000	6,550,000
Premium on bonds issued			1,425,301		
Discount on bonds issued	(26,255)		(87,811)		
Payments to refunded bond escrow agent			(10,249,924)		
Capital leases			283,883		
Total other financing sources (uses)	<u>14,737,954</u>	<u>2,272,812</u>	<u>89,351,837</u>	<u>3,346,420</u>	<u>4,059,315</u>
Net change in fund balances	<u>\$3,820,797</u>	<u>(\$5,556,822)</u>	<u>\$77,111,412</u>	<u>(\$15,375,180)</u>	<u>(\$37,949,200)</u>
Debt service as a percentage of noncapital expenditures	6.8%	8.3%	9.6%	6.7%	7.7%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 92.

City of Little Rock, Arkansas  
 General Governmental Tax Revenues by Source  
 Last Ten Years  
 (modified accrual basis of accounting)

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
1997	\$19,884,272	\$44,001,614	\$19,107,881	\$82,993,767
1998	20,620,773	47,120,624	18,683,481	86,424,878
1999	23,871,010	51,702,310	18,559,057	94,132,377
2000	22,868,735	53,336,605	19,069,532	95,274,872
2001	24,091,887	53,593,748	21,734,193	99,419,828
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

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

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				
1997	\$1,456,295,246	\$17,191,450	\$481,789,958	\$80,754,280	\$2,036,030,934	\$12.00	\$10,180,154,670	20.00%
1998	1,484,277,481	17,562,743	504,485,165	91,220,332	2,097,545,721	12.00	10,487,728,605	20.00%
1999	1,525,806,492	17,025,082	558,481,620	77,526,966	2,178,840,160	13.10	10,894,200,800	20.00%
2000	1,564,188,888	20,197,101	585,688,215	104,939,832	2,275,014,036	13.10	11,375,070,180	20.00%
2001	1,594,846,478	23,514,256	609,181,800	124,601,186	2,352,143,720	13.10	11,760,718,600	20.00%
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%

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 Governments**  
**Last Ten Years**

**Local Tax Rates – Per \$1,000 of Assessed Value**

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
1997	12.00	12.00	9.80	9.80	41.40	41.40	63.20	63.20
1998	12.00	12.00	10.10	10.10	41.40	41.40	63.50	63.50
1999	13.10	13.10	10.10	10.10	41.40	41.40	64.60	64.60
2000	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2001	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
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

**Tax Levies**

1997	26,963,108	27,940,374	81,491,677	136,395,159
1998	27,797,124	29,535,731	82,273,506	139,606,361
1999	28,643,946	27,675,504	87,122,906	143,442,356
2000	27,569,362	28,938,769	101,348,383	157,856,514
2001	29,018,683	30,105,515	103,862,006	162,986,204
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

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, 2006

The City of Little Rock'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 2006, the one-half cent city sales tax generated revenue of \$22,349,331. The City's portion of the county one cent tax generated revenue of \$37,096,857.

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.

Little Rock is the center of economic activity in Arkansas. There are almost 10,000 businesses located within the city limits of Little Rock. Major industries include manufacturers of airplanes, banking and other service industries. The home offices for several national companies in divergent fields, which include telecommunications, retail and financial services, are located in Little Rock. Grocery stores are one of the larger sources of sales tax revenues. Other prominent industry classes subject to sales tax include full-service restaurants, department stores, hardware stores, and consumer electronics. Because of the diverse nature of the tax base and competition in all industries, Little Rock is not dependent upon a small group of payers for sales tax revenue.

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

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
1997	\$26,963,108	\$24,787,129	91.93%	\$1,534,932	\$26,322,061	97.62%
1998	27,797,124	25,538,110	91.87%	1,391,375	26,929,485	96.88%
1999	28,643,946	26,264,228	91.69%	1,585,989	27,850,217	97.23%
2000	27,569,362	24,545,114	89.03%	1,825,803	26,370,917	95.65%
2001	29,018,683	26,562,458	91.54%	2,173,776	28,736,234	99.03%
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%

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 Five Years

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

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 102 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.

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

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	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

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 93 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 102 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.

City of Little Rock, Arkansas  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2006

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>Little Rock's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$138,438,455	100%	\$138,438,455
Little Rock Public School District	<u>174,978,291</u>	100%	<u>174,978,291</u>
Total direct and overlapping debt	<u><u>\$313,416,746</u></u>		<u><u>\$313,416,746</u></u>

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$400,860,336	\$407,206,187	\$419,509,144	\$435,437,045	\$455,192,385	\$444,562,725	\$630,941,290	\$664,878,736	\$713,061,161	\$761,730,525
Total net debt applicable to limit	<u>40,402,998</u>	<u>28,590,786</u>	<u>48,730,090</u>	<u>40,126,743</u>	<u>33,479,841</u>	<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>
Legal debt margin	<u>\$360,457,338</u>	<u>\$378,615,401</u>	<u>\$370,779,054</u>	<u>\$395,310,302</u>	<u>\$421,712,544</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	10.08%	7.02%	11.62%	9.22%	7.36%	7.55%	5.43%	16.81%	15.22%	12.99%

**Legal Debt Margin Calculation for 2006**

Assessed value	\$3,046,922,098
Debt limit:	
General obligation debt limitation (1)	609,384,420
Short-term financing debt limitation (2)	<u>152,346,105</u>
Total Debt Limitation	761,730,525
Debt applicable to limit:	
General obligation and short-term financing	115,364,148
Less: Amount set aside for repayment in debt services funds	<u>(16,417,731)</u>
Total net debt applicable to limit	<u>98,946,417</u>
Legal debt margin	<u>\$662,784,108</u>

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

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

## City of Little Rock, Arkansas

### Revenue Bond Coverage

### Last Ten Years

	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Principal (3)	Debt Service Requirements		Coverage
					Interest	Total	
1997 Municipal Water Works	\$ 18,798,444	\$ 14,377,046	\$ 4,421,398	\$ —	\$ —	\$ —	—
Wastewater Utility	17,466,112	10,882,931	6,583,181	1,380,003	1,720,112	3,100,115	2.12
Regional Airport	10,971,046	6,867,016	4,104,030	2,948,373	1,640,710	4,589,083	0.89
A&P Commission	9,652,940	6,910,855	2,742,085	830,000	1,629,583	2,459,583	1.11
Port Authority	<u>965,377</u>	<u>842,748</u>	<u>122,629</u>	<u>120,000</u>	<u>12,900</u>	<u>132,900</u>	<u>0.92</u>
Total	<u>\$ 57,853,919</u>	<u>\$ 39,880,596</u>	<u>\$ 17,973,323</u>	<u>\$ 5,278,376</u>	<u>\$ 5,003,305</u>	<u>\$ 10,281,681</u>	<u>1.75</u>
1998 Municipal Water Works	\$ 19,363,560	\$ 15,534,727	\$ 3,828,833	\$ —	\$ —	\$ —	—
Wastewater Utility	17,900,210	11,753,474	6,146,736	1,434,395	1,663,738	3,098,133	1.98
Regional Airport	11,511,850	7,034,976	4,476,874	1,020,000	1,555,344	2,575,344	1.74
A&P Commission	1,794,408	7,123,606	(5,329,198)	870,000	1,594,722	2,464,722	(2.16)
Port Authority	<u>1,246,059</u>	<u>827,689</u>	<u>418,370</u>	<u>130,000</u>	<u>6,000</u>	<u>136,000</u>	<u>3.08</u>
Total	<u>\$ 51,816,087</u>	<u>\$ 42,274,472</u>	<u>\$ 9,541,615</u>	<u>\$ 3,454,395</u>	<u>\$ 4,819,804</u>	<u>\$ 8,274,199</u>	<u>1.15</u>
1999 Municipal Water Works	\$ 20,498,784	\$ 16,811,195	\$ 3,687,589	\$ 172,000	\$ 7,026	\$ 179,026	20.60
Wastewater Utility	17,696,083	12,166,208	5,529,875	1,599,404	1,709,981	3,309,385	1.67
Regional Airport	40,116,961	7,442,719	32,674,242	7,110,000	1,224,642	8,334,642	3.92
A&P Commission	10,213,751	7,730,443	2,483,308	900,000	1,556,442	2,456,442	1.01
Port Authority	<u>905,763</u>	<u>707,691</u>	<u>198,072</u>	<u>35,000</u>	<u>875</u>	<u>35,875</u>	<u>5.52</u>
Total	<u>\$ 89,431,342</u>	<u>\$ 44,858,256</u>	<u>\$ 44,573,086</u>	<u>\$ 9,816,404</u>	<u>\$ 4,498,966</u>	<u>\$ 14,315,370</u>	<u>3.11</u>
2000 Municipal Water Works	\$ 22,725,615	\$ 17,153,814	\$ 5,571,801	\$ —	\$ —	\$ —	—
Wastewater Utility	20,422,070	13,019,665	7,402,405	1,855,200	1,668,838	3,524,038	2.10
Regional Airport	12,344,600	8,829,907	3,514,693	2,060,000	2,180,334	4,240,334	0.83
A&P Commission	10,808,321	8,049,902	2,758,419	980,000	1,468,162	2,448,162	1.13
Port Authority	<u>1,069,602</u>	<u>885,582</u>	<u>184,020</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 67,370,208</u>	<u>\$ 47,938,870</u>	<u>\$ 19,431,338</u>	<u>\$ 4,895,200</u>	<u>\$ 5,317,334</u>	<u>\$ 10,212,534</u>	<u>1.90</u>
2001 Municipal Water Works	\$ 9,745,708	\$ 9,703,581	\$ 42,127	\$ —	\$ —	\$ —	—
Wastewater Utility	20,295,613	14,379,127	5,916,486	785,200	584,916	1,370,116	4.32
Regional Airport	15,477,681	9,813,814	5,663,867	1,290,000	1,905,199	3,195,199	1.77
A&P Commission	9,562,149	8,631,913	930,236	980,000	1,470,393	2,450,393	0.38
Port Authority	<u>1,557,904</u>	<u>897,932</u>	<u>659,972</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 56,639,055</u>	<u>\$ 43,426,367</u>	<u>\$ 13,212,688</u>	<u>\$ 3,055,200</u>	<u>\$ 3,960,508</u>	<u>\$ 7,015,708</u>	<u>1.88</u>
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	<u>11,176,391</u>	<u>9,454,023</u>	<u>1,722,368</u>	<u>1,030,000</u>	<u>1,422,373</u>	<u>2,452,373</u>	<u>0.70</u>
Total	<u>\$ 48,891,823</u>	<u>\$ 35,793,385</u>	<u>\$ 13,098,438</u>	<u>\$ 4,215,787</u>	<u>\$ 4,631,837</u>	<u>\$ 8,847,624</u>	<u>1.48</u>

	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Principal (3)	Debt Service Requirements Interest	Debt Service Requirements Total	Coverage
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	<u>11,401,613</u>	<u>8,798,459</u>	<u>2,603,154</u>	<u>886,202</u>	<u>1,349,830</u>	<u>2,236,032</u>	<u>1.16</u>
Total	<u>\$ 55,506,112</u>	<u>\$ 40,962,154</u>	<u>\$ 14,543,958</u>	<u>\$ 4,253,171</u>	<u>\$ 5,021,766</u>	<u>\$ 9,274,937</u>	<u>1.57</u>
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	<u>12,118,527</u>	<u>9,183,566</u>	<u>2,934,961</u>	<u>1,205,000</u>	<u>1,184,546</u>	<u>2,389,546</u>	<u>1.23</u>
Total	<u>\$ 59,650,393</u>	<u>\$ 43,756,235</u>	<u>\$ 15,894,158</u>	<u>\$ 5,086,322</u>	<u>\$ 4,779,602</u>	<u>\$ 9,865,924</u>	<u>1.61</u>
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	<u>13,350,552</u>	<u>10,658,219</u>	<u>2,692,333</u>	<u>1,265,000</u>	<u>25,300</u>	<u>1,290,300</u>	<u>2.09</u>
Total	<u>\$ 62,468,869</u>	<u>\$ 48,044,659</u>	<u>\$ 14,424,210</u>	<u>\$ 7,995,661</u>	<u>\$ 3,553,150</u>	<u>\$ 11,548,811</u>	<u>1.25</u>
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	<u>13,575,601</u>	<u>10,519,446</u>	<u>3,061,155</u>	<u>1,337,500</u>	<u>1,009,844</u>	<u>2,347,344</u>	<u>1.30</u>
Total	<u>\$ 68,821,264</u>	<u>\$ 48,246,230</u>	<u>\$ 16,575,034</u>	<u>\$ 5,722,715</u>	<u>\$ 4,838,618</u>	<u>\$ 10,561,333</u>	<u>1.53</u>

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 Revenue (4)	Operating Expenses (5)	Net Revenue	Principal	Debt Service Requirements Interest	Debt Service Requirements Total	Coverage
River Market Garage	<u>\$ 2,131,972</u>	<u>\$ 646,856</u>	<u>\$ 1,485,116</u>	<u>\$ 90,000</u>	<u>\$ 562,473</u>	<u>\$ 652,473</u>	<u>2.28</u>

- (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

<u>Year</u>	<u>Population</u>	<u>Personal Income (3)</u>	<u>Per Capita Income (3)</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1997	181,280 (1)	\$ 4,355,977,120	\$24,029	32.3	13.5	27,351	3.4%
1998	183,951 (1)	4,581,483,606	24,906	32.3	13.5	27,371	3.4%
1999	183,951 (1)	4,762,307,439	25,889	32.3	13.5	27,511	4.1%
2000	183,133 (2)	4,741,130,237	25,889	33.9	13.5	27,400	3.1%
2001	183,133 (2)	4,741,130,237	25,889	34.5	13.5	27,387	4.3%
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	13.4	28,755 (4)	3.8%

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

Registered Students as of October 2005	26,591
Kindergarten	<u>2,164</u>
	<u><u>28,755</u></u>

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

Employer	2006			2001	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
State of Arkansas	23,377	1	15.28%	24,700	1
Federal Government	12,000	2	7.84%	10,000	2
University of Arkansas Medical Sciences	8,500	3	5.56%	5,392	5
Public School Districts	8,434	4	5.51%	8,000	3
Baptist Health	7,000	5	4.58%	5,000	6
Little Rock Air Force Base	4,500	6	2.94%	6,890	4
Acxiom	4,388	7	2.87%		
St. Vincent Infirmary Medical Center	3,500	8	2.29%		
Entergy Arkansas	2,862	9	1.87%		
Veterans Administration Hospitals	2,785	10	1.82%	3,600	8
ALLTEL Corporation				4,500	7
Southwestern Bell Telephone				3,000	9
Union Pacific Railroad				2,610	10
	<u>77,346</u>		<u>50.6%</u>	<u>73,692</u>	

Source: Metroplan - Council of Local Governments

Note: The number of employees from nine years ago is not available. The earliest figures available were used. Total employment for 2001 is not available.

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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government:										
General Administration (1)	2	4	4	6	6	5	6	2	2	3
Racial Cultural Diversity (1)								3	3	3
City Clerk (1)								2	2	2
Arts & Humanities								1		
Mayor and Board of Directors						1	1	1	1	1
City Manager	21	19	16	12	13	11	11	11	11	11
Community Programs	23	30	19	19	21	32	13	8	8	8
City Attorney	18	18	18	18	18	19	19	19	18	18
Little Rock Television					3	2	2	2	3	3
District Court - First Division	18	20	20	21	21	19	20	21	21	21
District Court - Second Division	14	17	18	21	21	21	21	20	20	20
District Court - Third Division	5	8	8	8	8	8	7	7	6	6
Finance	42	50	49	46	46	45	44	44	44	44
Human Resources	19	19	17	17	18	18	17	18	18	20
Management Support / Information Technology	26	27	29	35	36	35	35	35	33	33
General Services (2)	99	130	132	99						
Planning and Development	49	49	49	48	50	46	44	43	41	40
Housing and Neighborhood Programs	50	87	104	98	107	98	95	96	95	94
Public Works	19	18		16	16	16	15	13	13	13
Parks and Recreation (3)	186	194	113	102	111	112	112	113	106	104
Fire	387	391	389	395	395	396	396	398	397	398
Police	642	679	673	672	742	739	713	713	695	670
<b>Total General Fund</b>	<b>1,622</b>	<b>1,762</b>	<b>1,660</b>	<b>1,635</b>	<b>1,634</b>	<b>1,623</b>	<b>1,571</b>	<b>1,570</b>	<b>1,537</b>	<b>1,512</b>
Zoo (3)			35	46	46	48	48	50	50	50
Golf (3)			26	31	29	27	27	25	25	24
Jim Dailey Fitness & Aquatic Center (3)			11	11	11	11	11	9	9	9
Concessions					3	2	1	1	1	1
River Market (3)			5	5	5	4	4	4	4	4
Waste Disposal	104	88	90	92	91	98	118	118	118	118
Public Works - Street	200	208	233	227	229	232	210	205	210	210
Fleet Services	54	54	54	52	56	52	56	59	59	61
Vehicle Storage Facility					20	18	19	17	17	17
<b>Total Other Funds</b>	<b>358</b>	<b>350</b>	<b>454</b>	<b>464</b>	<b>490</b>	<b>492</b>	<b>494</b>	<b>488</b>	<b>493</b>	<b>494</b>
<b>Total Personnel</b>	<b>1,980</b>	<b>2,112</b>	<b>2,114</b>	<b>2,099</b>	<b>2,124</b>	<b>2,115</b>	<b>2,065</b>	<b>2,058</b>	<b>2,030</b>	<b>2,006</b>

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 2001, General Services included the Print Shop, Asset Management, Building Services, and Fleet Management. These positions were allocated to Finance, Housing and Neighborhood Programs, Public Works, and Fleet Services. Other positions were eliminated.

(3) 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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Planning and Development</b>										
Total building permits issued	2,315	2,330	2,613	2,243	4,384	4,561	4,432	5,032	5,330	4,694
Estimated building cost	\$277,926,135	\$295,624,822	\$309,887,249	\$488,530,453	\$300,318,597	\$489,610,493	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025
New commercial construction permits	94	84	138	139	104	78	96	153	113	78
Commercial construction value	\$90,761,244	\$68,475,000	\$100,030,893	\$193,487,215	\$164,063,228	\$180,659,144	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945
New residential construction permits	458	556	555	510	484	590	727	797	978	810
Residential construction value	\$115,561,179	\$110,179,000	\$101,877,483	\$101,839,118	\$122,786,690	\$137,152,590	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324
<b>Fire</b>										
Number of uniformed employees	381	386	391	373	374	374	373	373	373	374
Fires and explosions	1,317	1,246	1,481	1,648	1,415	1,307	1,392	1,127	1,883	1,752
Overpressure rupture, explosion, overhear (no fire)	127	134	152	162	122	132	123	126	110	143
Rescue, emergency medical calls	9,048	9,110	9,307	9,840	8,820	9,727	10,128	9,869	13,982	13,948
Hazardous condition, standby	1,135	1,241	1,108	1,417	1,107	1,279	1,319	1,215	1,211	1,186
Service calls	980	999	1,090	1,166	1,057	1,228	1,220	1,116	984	1,236
Good intent calls	1,463	1,366	1,502	1,592	1,501	1,547	1,593	1,366	1,034	2,419
False alarm calls	2,408	2,714	2,808	2,957	2,867	2,803	2,470	2,114	2,553	3,019
Natural disaster calls	36	37	44	42	13	12	9	12	26	28
Other calls	165	182	163	176	193	172	229	122	89	142
Total calls	16,679	17,029	17,655	19,000	17,095	18,207	18,483	17,067	21,872	23,873
<b>Police</b>										
Number of uniformed employees	554	559	552	543	553	536	503	492	500	515
Calls for service	196,451	166,983	164,801	158,743	165,577	164,097	163,316	156,577	156,003	155,110
Arrests	12,692	11,108	11,132	11,775	13,774	14,296	14,496	16,389	17,361	15,023
Accidents (fatality and serious injury)	8,172	4,555	3,988	3,397	4,039	4,945	4,685	4,704	3,846	5,181
Training man hours	85,625	88,637	53,432	58,328	60,941	20,418	14,160	13,048	12,101	12,778
Uniform Crime Reporting (UCR) Part I offenses	23,303	18,645	17,495	17,659	17,035	20,829	21,338	19,466	19,517	19,220
Clearance rate - all crimes	20.35%	21.69%	18.06%	14.98%	14.29%	15.25%	14.74%	18.11%	19.53%	21.70%
<b>Public Works</b>										
Miles of graded and surface treatment	427	420	420	420	426	440	426	426	426	426
Drainage ditches maintained	730	742	742	745	747	750	750	745	745	745
Traffic signals repaired										1,887
<b>Solid Waste/Garbage Collections</b>										
Solid waste disposal monthly service rate	\$14.80	\$16.35	\$16.35	\$16.35	\$16.35	\$18.91	\$18.91	\$20.99	\$20.99	\$20.99
On-Call service	21,203	19,980	24,443	21,175	25,882	29,382	26,705	28,448	29,231	30,370
Knuckle boom service	3,260	4,090	4,867	6,019	9,024	8,475	8,114	7,894	6,287	5,865
Roll-off service (20 yrd dumpsters)	2,479	2,264	2,281	2,327	1,993	2,014	2,194	2,240	2,311	2,194
Garbage carts	4,409	2,767	2,753	2,683	3,413	4,420	5,262	6,076	5,436	5,124
Dead animals collected	1,244	1,130	714	764	596	780	632	574	395	343
Curbside recycling tonnage (3)								4,457	4,820	4,596
Paper recycling pounds (3)								54,240	46,880	84,200
Class I and IV tonnage (3)								88,137	81,768	108,382
Yard Waste tonnage (3)								21,989	22,961	23,875
<b>Parks and Recreation</b>										
Total recorded parks attendance (1)	2,703,180	2,450,000	2,450,000	1,874,789	2,500,000	1,612,678	1,021,818	1,097,848	906,941	1,339,653
Zoo attendance (1)				319,256	378,176	355,729	294,782	251,104	275,584	257,290
Zoo outreach program (2)							92,158	67,922	72,978	98,479

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.

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

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fire Stations	20	20	20	20	20	20	20	20	20	20
Police Stations	3	3	4	4	3	4	4	4	4	5
Public Works										
Miles of Streets	2,148	2,255	2,300	2,500	2,358	2,375	2,399	2,496	2,527	2,548
Miles of paved - permanent streets	1,721	1,835	1,880	2,080	1,932	1,935	1,972	2,007	2,039	2,039
Alleys	60	63	63	72	63	72	63	63	63	63
Miles of storm sewer	324	340	345	350	355	350	350	350	350	350
Miles of sanitary sewer	950	1,100	1,100	1,087	1,157	1,228	1,207	1,228	1,248	2,070
Waste Disposal										
Solid waste containers purchased	3,500	-	2,000	1,500	1,500	3,500	1,200	3,134	2,000	1,889
Parks and Recreation										
Acreage	4,362	4,379	4,762	5,163	5,154	5,745	5,745	5,745	5,767	5,776
Number of parks	50	50	52	53	53	52	52	54	54	55
Number of playgrounds	49	50	50	49	49	48	48	48	45	45
Number of tennis courts	52	52	52	52	52	52	52	52	52	52
Number of basketball courts	38	38	38	37	37	36	36	36	36	35
Number of museums	2	2	2	1	9	1	1	1	1	1
Number of golf courses	3	3	3	4	3	4	3	3	3	4
Number of ball fields	28	28	28	24	25	41	41	29	24	25
Number of play fields	12	12	12	7	7	12	12	12	18	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	1	1
Number of community centers	6	6	6	6	5	7	4	6	6	6
Number of fitness centers				1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	4	4	4	4	3
Number of soccer fields	10	11	14	11	11	9	9	9	9	9
Number of pavilions	22	22	22	26	26	26	26	26	19	19
Number of volleyball courts	2	2	2	8	8	8	9	9	9	9

Source: Various city departments.

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

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, 2006.

- (a) Municipal Accounting Law, Act 159 of 1973, Act 616 of 1979 and Act 308 of 1977 (Arkansas Statutes 19-5301 – 19-5317);
- (b) Municipal Courts, Police Courts, City Courts and Justice of the Peace Courts Accounting Law of 1977, Act 332 of 1977, Acts 677 and 776 of 1985, Act 904 of 1991 and Act 1256 of 1996 (Arkansas Statutes 22-1101 – 22-1108);
- (c) Municipal Court and Police Department Uniform Filing Fees and Court Cost, Act 1341 of 1997;
- (d) Bonding of Municipal Officers and Employees, Act 338 of 1955, Act 677 of 1975, Act 940 of 1977 and Act 1014 of 1987 (Arkansas Statutes 13-412 – 13-412.3) (Replaced by Act 5 of 1985);
- (e) Improvement Contracts over \$20,000, Act 159 of 1949, Act 183 of 1957, Act 477 of 1961, Act 370 of 1977, Act 266 of 1981, Act 871 of 1983, Acts 758 and 759 of 1987, Act 936 of 1989, Act 728 of 1991, Act 645 of 1993 and Act 1319 of 1995 (Arkansas Statutes 14-611 – 14-614);
- (f) Budgets, Purchases over \$2,000; Payments of Claims, Etc., Act 28 of 1959, Act 154 of 1979, Acts 344 and 926 of 1981, Act 745 of 1985 and Act 812 of 1995 (Arkansas Statutes 19-4421 – 19-4430);
- (g) Investment of Public Funds, Act 273 of 1943; Act 106 of 1973, Act 402 of 1995 and Act 1341 of 2000 (Arkansas Statutes 13-901 – 13-904); and
- (h) Deposit of Public Funds, Act 21 of 1935, Acts 57 and 62 of 1945, Act 122 of 1947, Act 18 of 1964, Acts 89 and 107 of 1973, Act 250 of 1987, Act 459 of 1991 and Acts 232 and 700 of 1995 (Arkansas Statutes 13-801 – 13-805).

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 made 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, 2006.

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

July 17, 2007

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, 2006, which collectively comprise its basic financial statements and have issued our report dated July 17, 2007, which contained reference to the report of other accountants. 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 the component units Oakland Fraternal Cemetery; Arkansas Museum of Science and History and Little Rock Advertising and Promotion Commission 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 and the Oakland Fraternal Cemetery 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***

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 opinion 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2006-01 and 2006-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### ***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 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 July 17, 2007.

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 City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management 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

July 17, 2007



## Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

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 are applicable to each of its major federal programs for the year ended December 31, 2006. 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 of Little Rock, Arkansas' financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board and Little Rock Wastewater Utility which expended \$7,988,631, \$26,514,458, \$1,654,844 and \$81,100,000, 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, 2006. 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 are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2006-03 and 2006-05.

### ***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 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 Organization's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-04 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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 City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management 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

July 17, 2007

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2006**

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Child and Adult Care Food Programs	U.S. Department of Agriculture/Arkansas Department of Human Services	10.558	\$ 278,533
Urban and Community Forestry Grant	U.S. Department of Agriculture/Arkansas Forestry Commission	10.675	2,500
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	1,303,078
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	3,010
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	1,530,428
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	553,191
Anti-Gang Initiative	U.S. Department of Justice	16.744	84,066
Local Law Enforcement Block Grants Program	U.S. Department of Justice	16.592	114,853
Justice Assistance Grant	U.S. Department of Justice	16.738	447,088
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	18,706
Technical Preservation Grant	Department of Interior, National Park Service	15.915	6,500
Urban Park and Recreation Recovery Program	Department of Interior, National Park Service	15.919	15,410
Urban Areas Security Initiative	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.008	11,149
Flood Mitigation Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.029	9,791
Buffer Zone Protection Plan	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.078	19,177
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	25,026
State Domestic Preparedness Equipment Support Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.004	46,167
Assistance to Firefighters Grant	U.S. Department of Homeland Security	97.044	384,598
Hurricane Katrina Case Management Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.084	21,222
State Homeland Security Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	266,422
Citizen Corps CERT	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.053	3,965
Metropolitan Medical Response System	U.S. Department of Homeland Security	97.071	705,808
Disaster Mitigation Grant	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.017	10,000
Public Works and Economic Development Facilities	U.S. Department of Commerce, Economic Administration	11.300	361,380
State and Community Highway Safety	U. S. Department of Transportation/ Arkansas State Highway and Transportation	20.600	62,460
Highway Planning and Construction	U.S. Department of Transportation/ Arkansas State Highway and Transportation	20.205	478,138
Arkansas Highway and Transportation Department	U.S. Department of Transportation/ Arkansas State Highway and Transportation	20.219	113,849
			<u>\$ 6,876,515</u>

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2006**

**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	\$ 199,053
HOME Investment Partnerships Program	14.239	Various	<u>282,200</u>
Total provided to subrecipients			<u>\$ 481,253</u>

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of State Awards**  
**Year Ended December 31, 2006**

<b>Program Grantor/Program Title</b>	<b>State Awards</b>
<b>State of Arkansas</b>	
Arkansas River Trail	\$ 40,104
Historic Preservation Fund	445
Southside Park Improvement	600
<b>Arkansas Department of Health &amp; Human Services</b>	
Tobacco Prevention & Education Program (TPEP)	18,768
<b>Arkansas Department of Parks &amp; Tourism</b>	
Boyle Park Playground	545
<b>Arkansas Department of Economic Development</b>	
Economic Infrastructure Fund	<u>301,000</u>
 Total State Awards	 \$ <u><u>361,462</u></u>



**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2006**

7. The City's major programs were:

Cluster/Program	CFDA Number
HOME Investment Partnership Program (HIPP)	14.239
Community Development Block Grant (CDBG)	14.218
Public Works and Economic Development	11.300
Highway Planning and Construction Transportation Improvement Program	20.205
Metropolitan Medical Response System	97.071
Justice Assistance Grant	16.738
CDBG – Section 108 Loan Guarantees	14.248

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.

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**  
**Year Ended December 31, 2006**

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

Reference Number	Finding	Questioned Costs
2006-01	<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, four 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, two 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> <p>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.</p>	None

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2006**

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**Finding**

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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 implemented a new enterprise resource planning system in 2007 and will evaluate the potential for implementing new internal controls inherent in the system. In addition, the City will consider whether budget constraints can support additional staffing in Finance.

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2006**

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

Reference Number	Finding	Questioned Costs
2006-02	<p><b>Criteria or Specific Requirement</b>  Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p><b>Condition</b>  Communication between some departments and the Finance department concerning financial and other significant information is inadequate.</p> <p><b>Context</b>  The Finance department is responsible to ensure all transactions are accounted for and reconciled on a monthly basis. However, information is either not provided or is not provided in an accurate and timely manner from other departments.</p> <p><b>Effect</b>  Significant transactions are not communicated to Finance or are not communicated in an accurate and timely manner. This created significant reconciling issues with infrastructure and capital assets.</p> <p><b>Cause</b>  Internal controls were not in place or were not followed to ensure all information was provided to the Finance department in an accurate, complete and timely manner.</p> <p><b>Recommendation</b>  Management should implement and monitor internal controls to help ensure all departments understand the significance of providing the Finance department accurate, complete information in a timely manner. All transactions, contracts and other agreements should be tracked, documented, reconciled, monitored and provided to the Finance department at least on a monthly basis.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b>  Finance will conduct training sessions internally and with other departments to reinforce the importance of accurate account coding of transactions and prompt communication. Training and cross functional teams established to facilitate implementation of the new enterprise resource planning system have already improved awareness and communication between departments.</p>	None

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Questioned Costs
2006-03	<p style="text-align: center;"><u>HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG)</u>  <u>CFDA Nos. 14.239 and 14.218</u>  <u>U.S. Department of Housing and Urban Development</u>  <u>Procurement</u></p> <p>Criteria or Specific Requirement  Federal regulation require formal bids be obtained on projects over certain dollar amounts. The bid process should allow for open competition.</p> <p>Condition  Construction rehabilitation projects were not appropriately bid out. Vendors from a pre-approved list were used to provide construction rehabilitation for qualified homeowners.</p> <p>Context  Formal advertising and open bid requirements were not fulfilled.</p> <p>Effect  Federal procurement requirements were not met due to the fact that formal advertising was not performed.</p> <p>Cause  Procurement procedures currently in effect do not satisfy the federal procurement guidelines.</p> <p>Recommendation  We recommend that the client review and change its procurement policies to ensure federal procurement rules are satisfied.</p> <p>Views of Responsible Officials and Planned Corrective Actions  HUD identified this as an issue in their 2006 monitoring report. Procurement changes were implemented immediately after their review and have been accepted by HUD.</p>	None

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Questioned Costs
2006-04	<p style="text-align: center;"><u>HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG)</u>  <u>CFDA Nos. 14.239 and 14.218</u>  <u>U.S. Department of Housing and Urban Development</u>  <u>Special Tests and Provisions</u></p> <p>Criteria or Specific Requirement  Federal regulations require certain information be obtained and maintained to document a participant's eligibility to receive assistance.</p> <p>Condition  Various files were not maintained in accordance with federal requirements.</p> <p>Context  During initial file review, we noted instances of incomplete participant file documentation including:</p> <ul style="list-style-type: none"> <li>• three home files were missing environmental reviews, and</li> <li>• insufficient income documentation to determine eligibility for housing assistance.</li> </ul> <p>Effect  Potential noncompliance with federal requirements result including assistance being awarded to ineligible participants.</p> <p>Cause  Internal control procedures were not in place or were not monitored to help ensure that compliance requirements were met.</p> <p>Recommendation  We recommend that the City develop and implement procedures to ensure that all required information is maintained in program files.</p> <p>Views of Responsible Officials and Planned Corrective Actions  The Environmental Review Coordinator maintains environmental reviews in one file and copies are not always placed in the participant files. Procedures will be implemented to ensure that copies of all reviews are placed in the participant files when completed.</p> <p>Eligibility is being carefully confirmed and new oversight procedures are now in place to ensure additional reviews of participant's documentation of eligibility.</p>	None

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Questioned Costs
2006-05	<p style="text-align: center;"><u>Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HIPP), CFDA Nos. 14.218 and 14.239, U.S. Department of Housing and Urban Development Allowable Costs</u></p> <p>Criteria or Specific Requirement            Federal regulations require grantees to ensure payments for goods and services are net of all applicable credits.</p> <p>Condition            Local sales taxes were not withheld from the reimbursement of purchases related to the HOME and CDBG grants.</p> <p>Context            Reimbursements were not made in the manner required by Federal regulations.</p> <p>Effect            Payments for unallowed costs were made.</p> <p>Cause            Internal controls were not in place or were not maintained to help ensure compliance with federal regulations.</p> <p>Recommendation            Management should implement and monitor policies and procedures to help ensure federal reimbursements are made under the requirements of OMB Circular A-87.</p> <p>Views of Responsible Officials and Planned Corrective Actions            HUD identified this as an issue during the 2006 monitoring and it is now resolved. The taxes were reimbursed to the HOME and CDBG programs and a new process is in place to reimburse both programs annually for local sales taxes paid.</p>	\$ 1,281

**City of Little Rock, Arkansas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Status
2005-04	<p style="text-align: center;"><u>Highway Planning and Construction Program, CFDA 20.205, U.S. Department of Transportation/Arkansas State Highway and Transportation</u></p> <p>Criteria or Specific Requirement  Management is responsible for establishing and maintaining effective internal control over financial reporting of grant awards.</p> <p>Condition  Changes in Transportation Improvement Project (TIP) grant awards were not documented in individual grant files to ensure adequate documentation of match requirements.</p> <p>Context  Tracking of annual adjustments to grant awards is critical to accurately determine match requirements. Reconciliation of grant award expenditures is required to accurately report to external agencies.</p> <p>Effect  Grant awards by project and funding source and other capital improvement project awards required additional reconciling procedures at year-end to ensure the schedule of federal awards expenditures was accurately stated.</p> <p>Cause  Internal control procedures do not exist or were not followed to help ensure expenditures and awards were accurately stated and external agencies were provided accurate financial information.</p> <p>Recommendation  Management should implement and monitor internal controls to help ensure that all TIP award changes are documented within the individual grant files to ensure that federal awards and expenditures are accurately stated and documented.</p> <p>Views of Responsible Officials and Planned Corrective Actions  TIP awards are adjusted annually. The awards were tracked by Public Works in a spreadsheet provided by Metroplan, but award changes were not detailed in each individual project file. The Grants Department has developed a document to track award changes in each project file and will coordinate with Public Works to ensure that award changes are appropriately documented for ongoing projects. The City is implementing a new Financial Accounting System which will facilitate better tracking of reimbursable expenditures, match, and awards by project.</p>	Resolved

**City of Little Rock, Arkansas**  
**Summary Schedule of Prior Audit Findings (Continued)**  
**Year Ended December 31, 2006**

Reference Number	Finding	Status
2005-05	<p style="text-align: center;"><u>Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HIPP), CFDA Nos. 14.218 and 14.239, U.S. Department of Housing and Urban Development</u></p> <p>Criteria or Specific Requirement Equipment and real property management.</p> <p>Condition Home and CDBG equipment inventory was not tracked or monitored to ensure inventory listings were updated, additions recorded with all required information documented or disposals addressed in accordance with federal requirements.</p> <p>Context Inventory listings were not accurate, complete or maintained in a manner required by federal regulations.</p> <p>Effect Potentially, material misstatements in equipment inventory could occur due to error or fraud and not be prevented or detected in a timely manner. In addition, noncompliance with federal regulations when inventory is disposed of or purchased could occur.</p> <p>Cause Internal controls do not exist or were not followed to help prevent noncompliance with federal regulations. Inventory transactions should be reconciled and updated monthly in the federally funded inventory listings. In addition, all inventory transactions should be tracked, updated, purchases and disposals recorded and monitored in accordance with federal requirements.</p> <p>Recommendation Management should implement and monitor internal control procedures to help ensure inventory is recorded correctly, documented in accordance with federal requirements and monitored to ensure differences or discrepancies can be addressed in a timely manner.</p> <p>Views of Responsible Officials and Planned Corrective Actions Finance management will enhance reconciliation review procedures. Management will develop controls to ensure better coordination and communication to Finance to improve the availability of timely accurate information for management review and external reporting.</p>	Resolved