

Comprehensive Annual Financial Report City of Little Rock, Arkansas



**For The Year Ended
December 31, 2010**

About the Cover:

Penguin Pointe - The Laura P. Nichols Penguin Pointe exhibit currently features nine (9) South African penguins with four (4) more on the way. Unlike their more commonly known Arctic cousins, South African penguins breed and live in warmer, sandier locations. Each South African penguin is characterized by a different dot pattern of feathers on its chest, much like fingerprints in human beings; no two are alike.

The exhibit is named in memory of Little Rock Zoo supporter, animal lover and Scott native, Laura P. Nichols. After Laura passed away in 2004, her nephew Mark Nichols spearheaded a family foundation in her name and made a donation to build the exhibit. The exhibit is a major priority for the Zoo and a unique addition to the community.

The exhibit opened on March 5, 2011. The exhibit is one of the finest penguin exhibits in the country featuring both above water and underwater viewing of the penguins in a habitat mimicked to look like the rocky shoreline of South Africa, specifically Boulders Beach. The Zoo will hold thirteen (13) penguins in the exhibit and will breed certain penguins as part of the Species Survival Plan of the Association of Zoos and Aquariums - a program committed to ensuring the long-term survival of endangered species like the South African penguin. All along the exhibit are signs that educate the public about the lives, habits, and characteristics of penguins.

The donation also purchased a new van to transport two (2) penguins to and from classrooms, business and other public places for edZOOcation outreach programs and even birthday parties. The two edZOOcation penguins, Laura and Skipper, will also be a part of the Wild Wonders Animal Show at the Little Rock Zoo held every Friday, Saturday, and Sunday from the end of April through Labor Day.

Note: The cover photo was taken by Amanda Reeves, a penguin keeper with the Little Rock Zoo.

I wonder what great feat or clever lie
The Penguin wrought so that his fate would change,
To not be tethered to the barren sky
But have abundant southern seas to range.

John Lenehan
(U.S.A., 1987 - present)

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**CITY OF LITTLE ROCK,
ARKANSAS**

**FISCAL YEAR ENDED
DECEMBER 31, 2010**

PREPARED BY:
THE DEPARTMENT OF FINANCE

SARA LENEHAN, CPA
DIRECTOR OF FINANCE

EMBER STRANGE
COMPTROLLER

City of Little Rock, Arkansas
Year Ended December 31, 2010

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INTRODUCTORY SECTION



City of Little Rock

Bruce T. Moore
City Manager

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May 27, 2011

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

State Law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Board of Directors exercised that option. Accordingly, we hereby issue the Comprehensive Annual Financial Report of the City of Little Rock for the fiscal year ended December 31, 2010.

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, 2010, 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Little Rock was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent accountants to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the City of Little Rock's Comprehensive Annual Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Little Rock's MD&A can be found immediately following the report of the independent accountants.

Profile of the Government:

The City of Little Rock, incorporated in 1831, is located in the central part of the State, and is considered to be one of the top growth areas in the State. The City of Little Rock currently occupies a land area of 123 square miles and serves a population of 193,524. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. In addition, the City is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Little Rock has operated under the council-manager form of government since 1957. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and ten (10) other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The Mayor's position is full-time and City Board Members are part-time and all are elected on a non-partisan basis. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the Directors of various Departments.

The City of Little Rock provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure, and recreational activities and cultural events. Several services are provided through legally separate Boards and Commissions which act as a component of the City of Little Rock and therefore have been included as an integral part of the City of Little Rock's financial statements. Additional information regarding all twelve (12) of these legally separate entities can be found in the notes to the financial statements (See *Note 1*).

The annual budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31st, the close of the City of Little Rock's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., zoo). Department Directors may make transfers of appropriations within a Department. Transfers of appropriations between Departments; however, require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the Board of Director's approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 73 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 86.

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 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. Little Rock remains a vital employment center, accounting for 53% of all jobs (by place of work) in the Little Rock-North Little Rock metropolitan area.

National unemployment for 2010 peaked at 10.1% and remained no lower than 9.6%, the highest U.S. unemployment rate since 1983. The City of Little Rock's unemployment peaked in June-July of 2010, at 7.2%. This was approximately nine (9) months later than the U. S. Peak; however, it is important to remember that at peak, the local unemployment rate was nearly three (3) full percentage points below the national peak. A large component of the City's workforce is in the areas of health care, education and public administration; sectors which are less vulnerable to national employment trends. Little Rock is the capital of Arkansas and enjoys a significant State and Federal Government presence with over 25,781 State employees and 4,754 Federal employees headquartered in various locations around the City. In addition, the Little Rock region is the healthcare center for the State of Arkansas. The cornerstone of healthcare in Little Rock is the University of Arkansas for Medical Sciences (UAMS); comprised of five (5) medical centers. Key industry leaders in Little Rock include firms from the aerospace, biotechnology, wind energy, financial services, food processing, healthcare and the IT/telecommunications sectors.

Little Rock's housing market has felt the boom-bust cycle of recent years; however, it has been less severely affected than the U.S. average. Local construction was fairly weak in 2010. Permits for single-family units increased slightly over 2009 to 337, still far below the 700-plus permits that occurred annually 2003-2007. Single-family markets are particularly responsive to interest rates. If interest rates begin to rise in 2011, as many economists expect, the number of single-family permits may remain low in 2011. However, there is also a certain amount of "deferred demand"; homeowners who might like to trade up, and apartment-dwellers who might like to buy a home, if economic certainties increase.

The City's long-term employment outlook remains bright; most indicators continue showing competitive advantages in the local metropolitan area. Job losses in some sectors have been balanced, even in recession, by gains in areas with future potential.

The Manpower Employment Outlook Survey released March 10, 2009, listed the employment outlook for the Little Rock – North Little Rock – Conway area in the top ten (10) in the nation. Forbes Magazine recently listed Little Rock as among the top twenty-five (25) housing markets in the country. In addition, Forbes ranked Little Rock 21st out of 150 metropolitan areas on its list of the best places in America for business and careers. The ranking was based on income, job growth and cost of doing business, as well as labor, crime rates, housing costs and net migration.

In August 2010, the *Wall Street Journal* recognized Little Rock as having the 6th best real estate market in America. The Brookings Institution's *MetroMonitor* ranked the Little Rock region as the nation's fourth strongest in its September 2010 issue. Our stability stems from the diversity of our economy. In addition, *Forbes Magazine* ranked Little Rock as the 7th best place for jobs in the nation.

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

The City, in partnership with the Little Rock Regional Chamber of Commerce, will look to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax or other forms of revenue for the City.

Long-Term Financial Planning: 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 2010 General Fund revenue budget is \$13,114,938. Due to increased public safety costs and a slower rate of growth of sales tax collections in the last few years, funds have not been available to increase the reserve since 2006.

The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens in the midst of a volatile economic climate. In 2009, the City faced significant challenges associated with declining sales tax and other revenues due to the economic downturn. Budget adjustments were implemented during the year, including reductions in spending, the closing and transfer of reserves from multi-year special project allocations, and transfers from an enterprise fund. The City's adopted budget for 2010 included an overall decrease in expenditures of 5.4% from the original 2009 adopted budget. The 2011 budget includes an increase of 3.7% from the 2010 adopted budget; however, the 2011 budget still reflects a decline of approximately \$3.7 million, or 2%, from the original 2009 adopted budget.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate growth rate prior to the economic downturn in 2008, revenue growth has not kept pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted

budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. The 2010 budget included a reduction of forty-two (42) full-time positions from prior year staffing levels. The 2011 budget includes the same number of authorized full-time positions as the 2010 budget.

The City of Little Rock's management team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources. The City is appropriating approximately \$2.5 million for children, youth and family programs in 2011 as part of City's emphasis to foster and enhance youth and community development. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately.

Major Initiatives: Citizen demand for services has outpaced revenue growth in the last few years. While the City was not required to reduce staff and services in preparation of the 2011 budget, the number of vacant positions has increased due to the continued impact of the economic downturn. The City's local sales tax rate of one-half cent. The Board has begun the process of conducting meetings in each of the City's seven (7) Wards to gather public input regarding citizen priorities and to determine whether there is a desire to increase funding for services and capital improvements.

Business expansions in the City include Southwest Power Pool, Inc., an organization that provides services to fifty-six (56) electric utilities and related organizations in nine (9) states, who announced that it will build a new corporate headquarters in Little Rock. The company will add 200 jobs at the new facility, bringing total employment to more than 600 people, with an annual payroll approaching \$75 million. The new facility will contain a 150,000 square foot office building and a 33,000 square foot operations/data center; the building will be LEED certified.

Telecommunications continues to be a strong industry for the City of Little Rock. In 2010, Windstream, a communications company located in twenty-three (23) states and generating approximately \$4 billion in annual revenue, announced its intentions to permanently locate its corporate headquarters in Little Rock. The company plans to create 210 new jobs and retain 300 existing jobs. Windstream currently employs approximately 825 people at its Little Rock headquarters.

Verizon Wireless recently announced an employee wellness center and state-of-the-art data center among renovation investments planned to accommodate higher staffing needs at the Verizon Wireless' Little Rock campus. Originally projected at 1,300, staff at the company's Little Rock campus is now expected to top 2,000 employees. Verizon Wireless plans to invest approximately \$30 million to renovate its facilities, to include an expanded call center.

Allied Wireless Communications Corporation announced plans to locate its corporate headquarters in Little Rock, creating 200 to 250 high tech positions in the City. The communications company will invest more than \$200 million through the purchase of existing wireless assets from Verizon Wireless and the refurbishment of new headquarters.

The City of Little Rock was awarded \$8.6 million in Neighborhood Stabilization Funds (NSP2) to eliminate blighted, vacant, foreclosed and abandoned properties in Little Rock. Funds are being utilized for redevelopment and revitalization efforts for 100 properties in the Central High and other targeted neighborhoods.

The William J. Clinton Presidential Library and Museum and Heifer International's headquarters in downtown Little Rock anchor the River Market District and generate increased tourism in the City. In addition, other significant attractions in the Riverfront Park and River Market District have recently opened such as the Vogel-Schwartz Sculpture Garden and the Riverfest Walkway and Sturgis Plaza featuring La Petite Roche, City of Little Rock's namesake. Coming attractions in the River Market funded by private donations, State grants, and awards under the American Recovery and Reinvestment Act of 2009 include the William E. "Bill" Clark Wetlands Park and a pedestrian/bicycle bridge stretching from the Clinton Center grounds across the Arkansas River. The bridge will link downtown attractions in Little Rock and North Little Rock and provide a third Arkansas River crossing along the fourteen (14)-mile River Trail loop. The Clinton Presidential Park Bridge construction is expected to be completed by September 2011.

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, 2009. The City of Little Rock has received a Certificate of Achievement for twenty-eight (28) 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 (1)-year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efforts of certain individuals. Comptroller Ember Strange, and the Accounting and Reporting Staff including Alan Bohannon, Donna Facen, Abdoul Kabaou, Betty Long, Nancy Warfield, and Anita Worley; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grant staff including Lottie Keaton-Brooks, and Gene Brunner, should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Mayor, the Board of Directors and the City Staff for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Department Director

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, 2009

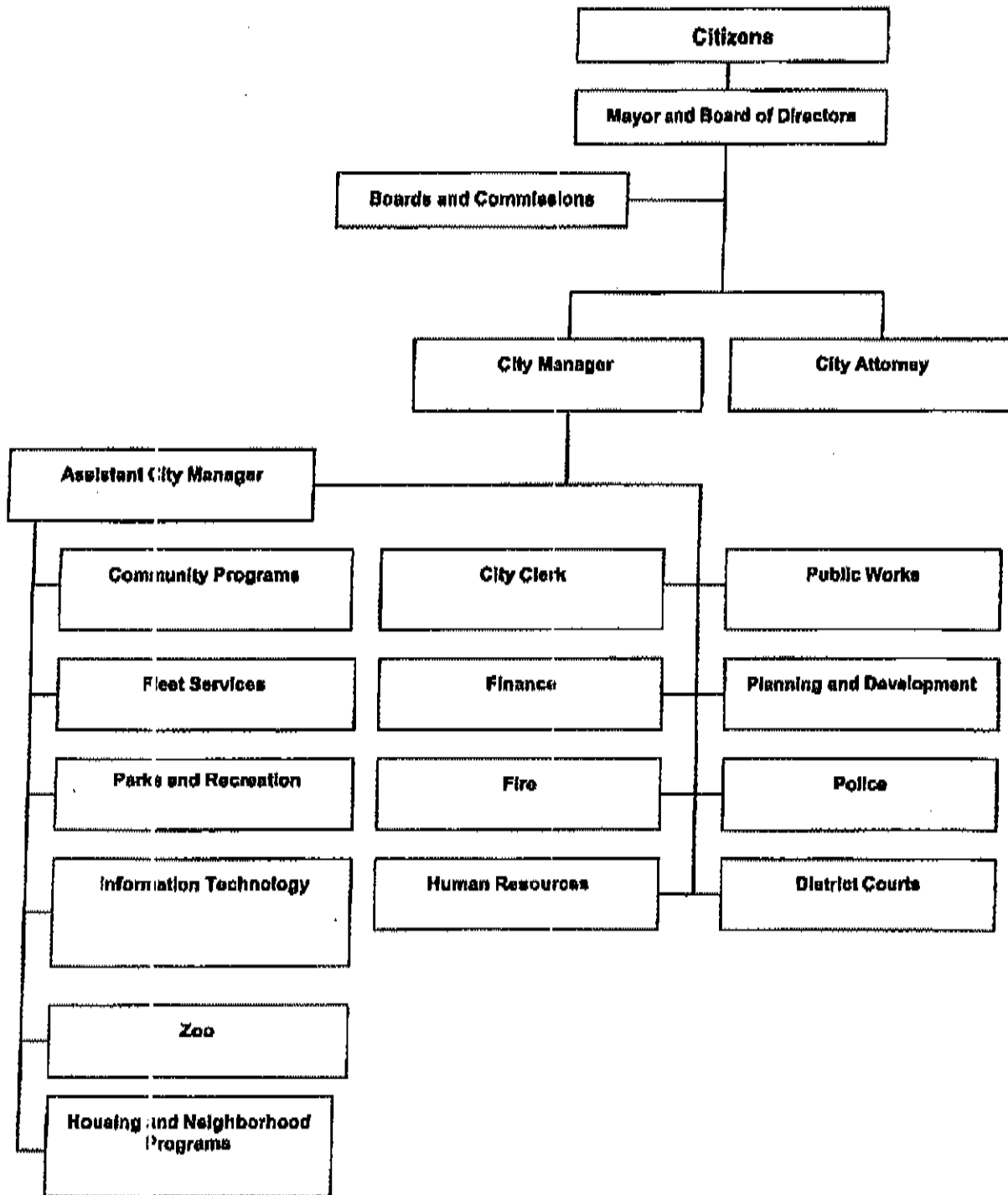
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Little Rock Organizational Chart



Elected Officials:

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

Appointed Officials:

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of \$932,284,239 and \$102,972,164, respectively, and represent 88% and 91% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2010 and for the year then ended. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History, which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of December 31, 2010, 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 May 27, 2011, 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 are 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 by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BKD, LLP

May 27, 2011

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2010

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, 2010. 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 2010 by \$510,159,640. Of this amount, \$523,369,395 is invested in capital assets, net of related debt, \$25,954,321 is restricted for debt service, grant funds and other special projects, and (\$39,164,076) is considered unrestricted. The unrestricted net assets (deficit) of the City's governmental activities decreased \$10,966,027 to (\$31,673,380) primarily due to an increase in the net pension obligation. The unrestricted net assets (deficit) of the City's business-type activities are (\$7,490,696).
- The City's reported total net assets increased by \$5,202,032 in 2010. Net assets of the governmental activities increased \$5,424,865 (1.1% above 2009). Net assets of the business-type activities decreased \$222,833 (0.85% below 2009) primarily due to depreciation expense in the Parks Enterprise funds that was not funded in the operating budgets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70,896,230. The combined governmental funds fund balances decreased \$9,118,947 from the prior year. The primary component of this change is \$9,400,000 in capital expenditures for library improvements associated with the 2008 and 2009 Central Arkansas Library Improvement Bonds. Approximately \$56,819,000 of the \$70,896,230 fund balances is considered unreserved at December 31, 2010. Of this amount, approximately \$32,177,000 is reported in capital projects or debt service funds.
- The General Fund reported fund balance of \$26,011,120 at the end of the current year. Unreserved fund balance for the General Fund was \$24,642,501 or 17.7% of total General Fund expenditures (including transfers out). There was a \$3,729,908 increase in the total fund balance for the General Fund for the year ended December 31, 2010. Savings from vacant positions contributed to the increase in fund balance.
- The City's total debt decreased by \$26,980,759 (17.5% below 2009) during the current year. The key factors in this decrease were the issuance of \$6,570,000 special obligation refunding bonds, offset by principal payments of \$14,125,000 for revenue bonds, \$14,305,000 for general obligation bonds, and \$5,120,759 for temporary notes.
- At the close of the current year, net assets of fiduciary funds were \$183,258,043 all held in trust for pension and other post-employment benefits. There was a \$6,738,628 increase in the total fiduciary net assets held in trust for the year ended December 31, 2010. The increase in net assets is attributed to contributions to the funds in the amount of \$14,044,834, investment income and a net increase in the fair value of investments of \$16,830,311, benefits paid directly to participants of \$23,729,401, and other investment and administrative expenses of \$407,116.

- The City's component units reported net assets of \$669,023,849 as of December 31, 2010, an increase of \$35,074,460 compared to December 31, 2009.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to that of a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety and development. The business-type activities of the City include a solid waste system, a parks and recreation system, vehicle storage and parking garage operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following component units:

- Little Rock Wastewater Utility
- 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 30.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-three (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, 2004 Bond Fund, the 2004 Central Arkansas Library Fund and the 2008 and 2009 Central Arkansas Library Capital Improvement Fund which are considered to be major funds. Data from the other nineteen (19) 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 19-20 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, Zoo 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 21-23 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 24-25 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 28-72 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 73 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 78-92 of this report.

City of Little Rock, Arkansas						
Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 111,922,508	\$ 103,869,876	\$ 958,445	\$ 4,202,204	\$ 112,880,953	\$ 108,072,080
Noncurrent and other assets	30,347,106	44,621,844	3,163,841	3,212,610	33,510,947	47,834,454
Capital assets	<u>569,568,447</u>	<u>560,565,502</u>	<u>59,610,165</u>	<u>61,436,395</u>	<u>629,178,612</u>	<u>622,001,897</u>
<i>Total assets</i>	711,838,061	709,057,222	63,732,451	68,851,209	775,570,512	777,908,431
Current liabilities	45,025,820	45,783,788	4,007,153	5,886,850	49,032,973	51,670,638
Long-term liabilities						
outstanding	<u>182,690,220</u>	<u>184,576,279</u>	<u>33,687,678</u>	<u>36,703,906</u>	<u>216,377,898</u>	<u>221,280,185</u>
<i>Total liabilities</i>	<u>227,716,040</u>	<u>230,360,067</u>	<u>37,694,831</u>	<u>42,590,756</u>	<u>265,410,871</u>	<u>272,950,823</u>
<i>Net assets</i>	<u>\$ 484,122,020</u>	<u>\$ 478,697,155</u>	<u>\$ 26,037,620</u>	<u>\$ 26,260,453</u>	<u>\$ 510,159,640</u>	<u>\$ 504,957,608</u>
Invested in capital assets, net of related debt	\$ 494,688,762	\$ 479,611,737	\$ 28,680,633	\$ 25,162,866	\$ 523,369,395	\$ 504,774,603
Restricted	21,106,638	19,792,771	4,847,683	8,324,557	25,954,321	28,117,328
Unrestricted	<u>(31,673,380)</u>	<u>(20,707,353)</u>	<u>(7,490,696)</u>	<u>(7,226,970)</u>	<u>(39,164,076)</u>	<u>(27,934,323)</u>
<i>Total net assets</i>	<u>\$ 484,122,020</u>	<u>\$ 478,697,155</u>	<u>\$ 26,037,620</u>	<u>\$ 26,260,453</u>	<u>\$ 510,159,640</u>	<u>\$ 504,957,608</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 \$510,019,640 at the close of the most recent fiscal year.

The largest portion of the City's net assets (102%) 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 (5.05%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted (deficit) net assets of (\$39,164,076) is reflective of the growing pension obligation associated with the closed police and fire pension and relief funds.

Revenues	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<i>Program revenues:</i>						
Charges for Services	\$ 24,651,806	\$ 21,735,656	\$ 24,762,463	\$ 24,713,329	\$ 49,414,269	\$ 46,448,985
Operating grants and contributions	8,929,758	19,126,353	-	-	8,929,758	19,126,353
Capital grants and contributions	4,592,275	1,432,306	2,112,812	516,796	6,705,087	1,949,102
<i>General revenues:</i>						
Property taxes	48,007,574	45,248,710	-	-	48,007,574	45,248,710
Sales taxes	64,137,449	63,112,194	-	-	64,137,449	63,112,194
Utility franchise taxes	29,348,059	29,932,458	-	-	29,348,059	29,932,458
Investment earnings	129,215	291,043	19,797	80,586	149,012	371,629
Intergovernmental revenues	35,189,761	18,887,563	-	-	35,189,761	18,887,563
Other	-	(246,757)	-	(9,805)	-	(256,562)
Total revenues	214,985,897	199,519,526	26,895,072	25,300,906	241,880,969	224,820,432
Expenses						
General government	36,758,227	33,803,817	-	-	36,758,227	33,803,817
Public Works	30,920,716	31,689,645	-	-	30,920,716	31,689,645
Parks and recreation	9,032,115	9,886,376	5,266,787	5,119,862	14,298,902	15,006,238
Public safety	111,015,258	110,320,886	-	-	111,015,258	110,320,886
Economic development	-	-	-	-	-	-
Education	9,439,254	5,282,591	-	-	9,439,254	5,282,591
Housing and neighborhood programs	8,621,004	7,815,231	-	-	8,621,004	7,815,231
Interest on long-term debt	3,849,820	3,654,132	-	-	3,849,820	3,654,132
Agent fees on long-term debt	12,779	9,545	-	-	12,779	9,545
Waste disposal	-	-	14,158,228	13,805,966	14,158,228	13,805,966
Parking system	-	-	1,585,450	1,648,216	1,585,450	1,648,216
Zoo	-	-	4,818,113	4,816,545	4,818,113	4,816,545
Vehicle storage	-	-	1,201,185	1,271,451	1,201,185	1,271,451
Total expenses	209,649,174	202,462,224	27,029,763	26,662,040	236,678,937	229,124,264
Increase in net assets before transfers	5,336,723	(2,942,698)	(134,691)	(1,361,134)	5,202,032	(4,303,832)
Transfers	88,142	2,306,053	(88,142)	(2,306,053)	-	-
Change in net assets	5,424,865	(636,645)	(222,833)	(3,667,187)	5,202,032	(4,303,832)
Net assets - January 1	478,697,155	479,333,800	26,260,453	29,927,640	504,957,608	509,261,440
Net assets - December 31	\$ 484,122,020	\$ 478,697,155	\$ 26,037,620	\$ 26,260,453	\$ 510,159,640	\$ 504,957,608

Governmental Activities. Governmental activities increased the City's net assets by \$5,284,865. The increase in current assets of \$8,052,631 and the increase in net capital assets of \$9,002,945 were offset by a decrease in noncurrent assets, current liabilities and non-current liabilities of \$14,274,738, \$757,968 and \$1,746,059 respectively.

Property tax represents 23% of the City's governmental revenue in 2010. Sales tax represents 32% of the City's governmental revenue in 2010. Current year expenses were 97.9% of current year revenues.

Business-type Activities. Business-type activities decreased the City's net assets by \$222,833. Key elements of this decrease are as follows:

- Operating loss decreased net assets by \$278,260. Nonoperating expenses, primarily interest expense, decreased net assets by \$1,969,243. Contributions and donations of primarily capital assets increased net assets by \$2,112,812. Net transfers decreased net assets by \$88,142.
- Presidential Park net assets decreased by \$271,153. Transfers in from nonmajor park enterprise funds revenues of \$635,745 were the primary source of revenue. Interest expense on the parks and recreation bonds of \$611,640 was the primary expense.
- Waste Disposal net assets decreased by \$290,604. Net income, before net transfers out of \$2,331,635, was \$1,985,514 which was generated primarily by waste disposal and landfill services.

- River Market Garage operating income of \$824,200 was offset by net nonoperating expense of \$561,422. The primary component of net nonoperating expense was interest.
- Zoo net assets increased by \$1,031,651. Net loss, before net transfers in of \$1,178,857, was \$1,799,551 which was generated primarily by zoo operating expenses.
- Other nonmajor enterprise funds operating loss decreased net assets by \$1,786,628. Net transfers in of \$629,794 and capital contributions and donations of \$404,950 partially offset the overall decrease in net assets for nonmajor enterprise funds of \$754,602.

Solid Waste activities contribute 65% of the operating revenue to the business-type activities. Current year operating expenses were 101% of current year operating revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, 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, 2010, the City's governmental funds reported combined ending fund balances of \$70,896,230, a decrease of \$9,118,947 in comparison with the prior year. Approximately \$56,819,000 of this amount constitutes *unreserved fund balance*. Of this amount, approximately \$32,177,000 is reported in capital projects or debt service funds and is committed for those purposes. The remaining unreserved fund balance of approximately \$24,642,000 is available for spending at the government's discretion. Approximately \$14,077,000 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, 2010, unreserved fund balance of the General Fund was \$24,642,501, while the total fund balance was \$26,011,120. 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 17.7% of total General Fund expenditures (including transfers out), while total fund balance represents 18.7% of that same amount.

The special revenue funds had total fund balances of \$6,991,611. The net increase in fund balances during 2010 for the funds was \$947,695. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to increased expenditures as multi-year special projects and infrastructure projects were completed. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ (205,413)	\$ 2,827,652
Special Projects	1,374,982	3,164,895
Infrastructure	(114,550)	58,729
Emergency 911	0	2,822
CDBG	(139,647)	115,558
NHSP	(8,406)	156,664
HIPP	17,550	645,688
Grant	23,179	19,603

The debt service funds had total fund balances of \$17,369,848. The net increase in fund balances during 2010 for the funds was \$776,788. 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:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 1,643	\$ 19,153
2002 Junior Lien Bonds	(960)	21,982
2004 Bond Fund	143,869	11,271,065
2004 Central Arkansas Library	(18,005)	2,076,186
2008 & 2009 Central Arkansas Library	670,027	3,268,868
2009A Parks and Recreation	(19,786)	712,594

The capital project fund balances decreased by \$14,573,338 to total fund balances at December 31, 2010 of \$20,523,651. In accordance with the terms of the City ordinance for each fund, \$14,422,823 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. The net changes and ending fund balances for the capital project funds were:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ 265	\$ 1,032,344
1995 Capital Improvement	(19,743)	9
1988 Capital Improvement	(24,207)	1,027,770
Short Term Financing	(1,318,637)	1,666,491
2004 Capital Improvements	(467,040)	273,195
2004 Central Arkansas Library	(202)	0
2008 Central Arkansas Library	(9,372,964)	14,205,859
2009A Parks and Recreation	(3,370,810)	2,317,983

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 \$14,707,712, \$1,228,615, \$158,249, \$7,056,264 and \$2,886,780 for Solid Waste, Presidential Park, River Market Garage, Zoo, and other proprietary funds operations, respectively. Net assets increased in the Zoo and River Market Garage by \$1,031,651 and \$61,875, respectively. Net assets decreased in the Waste Disposal, Presidential Park, and other proprietary funds by \$290,604, \$271,153 and \$754,602, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of \$1,639,202 less than the original budget. The total original appropriations, including those for transfers out, were \$131,149,375, while the final appropriations were for \$129,510,173. The primary purpose of the budget amendment was to reduce expense appropriations due to declines in revenue associated with the national economic downturn and changes in utility franchise fees. Revenue budget adjustments and actual results are shown below.

City of Little Rock
General Fund Budget – Revenues

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$ 17,319,889	\$ (102,000)	\$ 17,217,889	\$ 24,034,597	\$ 6,816,708	The budget adjustment reflects a decrease associated with smaller growth in the annual charge than anticipated during the adoption of the 2010 budget. Actual results include \$6.8 million in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. This levy is not included in the General Fund budget.
Sales Taxes	63,271,857	710,000	63,981,857	64,137,449	155,592	The original budget included an estimated growth rate of approximately 1% over 2009 actual results. The budget adjustment reflects better than anticipated growth in collections. The actual results were better than forecast reflecting a growth rate of approximately 1.4% over 2009.
Licenses & Permits	9,505,340	(360,750)	9,144,590	9,349,229	204,639	The budget adjustment reflects the continued impact of the economic downturn on building and related permits. Actual results include stronger than anticipated collection of delinquent business licenses and mixed drink licenses.
Intergovernmental	1,765,160	(587,492)	1,177,668	2,686,738	1,509,070	The original budget anticipated no change in the State allocation of pension turn back funds. The budget adjustment reflects the decreased allocation experienced. Actual results include \$1.5 million in pension insurance turn back revenue collected on behalf of the fire and police pension funds, which is not included in the General Fund budget.
Charges for Services	4,591,980	180,000	4,771,980	4,837,079	65,099	The budget adjustment and the actual results reflect an increase in reimbursements for Airport Fire and Police services.
Fines & Fees	3,757,449	(200,000)	3,557,449	3,642,760	85,311	The budget adjustment reflects a change in how fees for county jail services are recorded. These fees are collected in a special revenue fund to be utilized only for jail services. Actual results include the increased collection of delinquent traffic fines due to the utilization of a third party vendor.

City of Little Rock
General Fund Budget – Revenues

	Original		Amended		Variance	Explanation
	Budget	Adjustments	Budget	Actual		
Franchise Fees	28,337,236	(1,013,000)	27,324,236	27,594,023	269,787	The budget amendment reflects a substantial decrease in Electricity and Gas rates due to the decline in natural gas prices and a change in a production cost allocation rider imposed by the Federal Energy Regulatory Commission. Actual results reflect slightly better collections than anticipated due to increased usage. While usage of electricity and gas increased approximately 6% and 11% respectively, revenues decreased approximately 6% and 10% respectively.
Interest Earnings	96,500	(85,000)	11,500	20,512	9,012	The budget adjustment reflects record low interest rates.
Transfers In	1,707,595	2,254,930	3,962,525	4,313,584	351,059	The budget adjustment reflects an increase in transfers from the Street fund for overhead and the closure of special projects to offset the impact of rate adjustments on franchise fee revenues.
All Other Revenues	<u>796,369</u>	<u>0</u>	<u>796,369</u>	<u>1,556,253</u>	<u>759,884</u>	Actual includes contributions and miscellaneous revenue from police seized property which is not budgeted.
Total General Fund Revenues	<u>\$ 131,149,375</u>	<u>\$ 796,688</u>	<u>\$ 131,946,063</u>	<u>\$ 143,195,112</u>	<u>\$ 11,249,049</u>	

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

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
General Administration	\$ 20,560,582	\$ (856,443)	\$ 19,704,139	\$ 20,866,682	\$ 1,162,543	The budget adjustment is primarily associated with vacancy savings and the allocation of vacation and sick leave payouts for retiring employees to other departments. The actual variance includes approximately \$729,000 in special project expenditures that are budgeted as transfers out. The remainder of the variance is primarily due to an increase in contributions to the City's non-uniform defined benefit plan and in increased worker comp claims.
Board of Directors	232,367	0	232,367	213,457	(18,910)	Immaterial variance.
Community Programs	332,128	(64,345)	267,783	2,373,537	2,105,754	The budget adjustment reflects vacancy savings. The actual variance is due to approximately \$2.1 million in special project expenditures for Children, Youth and Family and Prevention, Intervention, and Treatment programs which are budgeted as transfers out.
City Attorney	1,486,505	(91,693)	1,394,812	1,401,590	6,778	The budget adjustment reflects vacancy savings.
District Court - First Division	1,264,557	(131,020)	1,133,537	1,068,905	(64,632)	The budget adjustment reflects vacancy savings. The actual variance reflects reduced utilization of part-time personnel.
District Court - Third Division	505,975	(38,688)	467,287	473,970	6,683	The budget adjustment reflects vacancy savings.
District Court - Second Division	1,105,225	(15,550)	1,089,675	1,077,453	(12,222)	The budget adjustment reflects vacancy savings.
Finance	2,467,415	(10,995)	2,456,420	2,465,831	9,411	The budget adjustment reflects vacancy savings. The actual variance reflects a year-end vacation payout for a retiring employee.
Human Resources	1,298,980	(20,460)	1,278,520	1,313,447	34,927	The budget adjustment reflects vacancy savings. The actual variance reflects a year-end vacation payout for a retiring employee.

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended				
	Budget	Adjustments	Budget	Actual	Variance	Explanation	
Information Technology	\$ 3,155,241	\$ (341,381)	\$ 2,813,860	\$ 2,755,289	\$ (58,571)	The budget adjustment reflects vacancy savings. The actual variance includes additional contract savings.	
Planning & Development	2,201,914	(421,927)	1,779,987	1,753,797	(26,190)	The budget adjustment reflects vacancy savings.	
Public Works	1,169,769	(131,847)	1,037,922	1,461,581	423,659	The budget adjustment reflects vacancy savings. The actual variance reflects special project expenditures for building maintenance and repairs that is budgeted as transfers out.	
Parks & Recreation	7,022,067	(444,961)	6,577,106	6,751,789	174,683	The budget adjustment reflects vacancy savings. The actual variance includes approximately \$246,000 in special project expenditures for summer youth, playground, and athletic programs that are budgeted as transfers out.	
Fire	32,596,237	(403,086)	32,193,151	35,689,956	3,496,805	The budget adjustment reflects vacancy savings. The actual variance is primarily associated with approximately \$4 million in contributions to the Fire Pension fund supported by a separate levy and state turn back funds that are not budgeted.	
Police	48,808,531	(1,935,350)	46,873,181	51,346,654	4,473,473	The budget adjustment reflects vacancy savings. The actual variance is primarily associated with approximately \$4.2 million in contributions to the Police Pension fund supported by a separate levy and state turn back funds that are not budgeted.	
Housing & Neighborhoods	\$ 4,233,312	\$ (677,777)	\$ 3,555,535	\$ 3,914,462	\$ 358,927	The budget adjustment reflects vacancy savings. The actual variance includes approximately \$342,000 in special project expenditures for board and secure, wee-lot cutting, and demolition funded by transfers in from other funds.	
Transfers Out	7,039,563	(384,672)	6,654,891	3,513,916	(3,140,975)	The budget adjustment reflects a reduction in transfers for special projects. Reductions were made to help offset the decline in Franchise Fee revenue. The actual variance includes transfers to general fund special projects. The expenditures for these projects are reflected in the actual department expenditures above.	

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Vacancy Savings	(4,330,993)	4,330,993	=	=	=	The budget adjustment reflects savings achieved by maintaining vacant positions. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. Actual vacancy savings exceeded the original budget allocation by approximately \$1.7 million.
Total General Fund Expenditures	<u>\$ 131,149,375</u>	<u>\$ (1,639,202)</u>	<u>\$ 129,510,173</u>	<u>\$ 139,465,204</u>	<u>\$ 9,955,031</u>	

Capital Assets and Debt Administration

Capital assets. The City’s investment in capital assets for governmental and business-type activities as of December 31, 2010, amounts to \$629,178,612 (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 2010 was 1.15% (a 1.61% increase for governmental activities and a 0.46% decrease for business-type activities).

City of Little Rock
Capital Assets, net of depreciation

	Governmental Activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 157,511,268	\$ 153,228,703	\$ 19,951,570	\$ 19,951,570	\$ 177,462,838	\$ 173,180,273
Buildings	47,204,776	49,264,411	33,189,995	33,378,159	80,394,771	82,642,570
Improvements other than buildings	7,442,316	7,136,323	433,180	896,803	7,875,496	8,033,126
Vehicles and equipment	17,736,480	21,856,601	5,222,037	6,876,847	22,958,517	28,733,448
Infrastructure	329,894,703	318,470,756	-	-	329,894,703	318,470,756
Construction in progress	9,778,905	10,608,709	813,383	333,016	10,592,288	10,941,725
Total	<u>\$ 569,568,447</u>	<u>\$ 560,565,502</u>	<u>\$ 59,610,165</u>	<u>\$ 61,436,395</u>	<u>\$ 629,178,612</u>	<u>\$ 622,001,897</u>

Major capital asset events during 2010 included the following:

- Infrastructure additions were \$27,178,516.
- Vehicle and equipment additions were \$2,621,311.
- Building additions were \$1,449,327.
- Construction in progress additions were \$11,177,304.
- Land and other improvements additions were \$5,103,664.
- Depreciation expense totaled \$27,616,726.

Additional information on the City’s capital assets can be found in *Note 3* on pages 40-43 of this report.

Long-term Debt. At December 31, 2010, the City, the primary government, had \$127,321,677 of long-term bonds outstanding, including general obligation bonds of \$67,255,000, Notes Payable of \$8,056,677 and \$52,010,000 of bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Little Rock
General Obligation and Revenue Bonds Outstanding

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds						
and notes payable	\$ 75,311,677	\$ 94,737,436	\$ —	\$ —	\$ 75,311,677	\$ 94,737,436
Revenue bonds	<u>20,285,000</u>	<u>21,540,000</u>	<u>31,725,000</u>	<u>38,025,000</u>	<u>52,010,000</u>	<u>59,565,000</u>
Total	<u>\$ 95,596,677</u>	<u>\$ 116,277,436</u>	<u>\$ 31,725,000</u>	<u>\$ 38,025,000</u>	<u>\$ 127,321,677</u>	<u>\$ 154,302,436</u>

Total long-term bonds and notes payable outstanding at December 31, 2010 decreased \$26,980,759, a decrease of 17.4%. The net decrease includes the issuance of 2010 Waste Disposal Refunding and Improvement Bonds in the amount of \$6,570,000 less debt retirements of \$28,430,000. Short-term financing in the amount of \$5,120,759 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.

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

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2010 of \$67,255,000 are well below the statutory limit of \$719,997,346. 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, 2010 of \$8,056,677 are well below the statutory limit of \$179,999,337. 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 44-52 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 2011 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 2011 budget, the City recognized the need to continue its pattern of cost containment. The total 2011 General Fund budget is \$134,371,418 which reflects an increase of 2.5% from the original 2010 adopted budget and an increase of 1.8% from the final amended 2010 General Fund budget.

Request for Information

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

Financial Statements

City of Little Rock, Arkansas
Statement of Net Assets
December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 6,557,881	\$ 2,348,933	\$ 8,906,814	\$ 43,084,181
Investments	1,733,555	5,975,311	7,708,866	17,449,476
Restricted cash and investments - current	12,666,715	1,341,611	14,008,326	12,385,665
Accounts receivable, net of allowance for uncollectible accounts	75,713,527	3,385,561	79,099,088	31,811,953
Interest receivable	-	2,397	2,397	-
Internal balances	12,202,395	(12,202,395)	-	-
Inventories	1,127,334	93,004	1,220,338	2,019,949
Prepaid expenses and other	1,921,101	14,023	1,935,124	4,271,612
Total current assets	111,922,508	958,445	112,880,953	111,022,836
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	6,695,072	2,440,083	9,135,155	37,252,733
Investments	35,546,019	996,317	36,542,336	38,748,322
Grants and other receivables	-	-	-	3,703,294
Interest receivable	53,118	14,141	67,259	130,445
	42,294,209	3,450,541	45,744,750	79,834,794
Less amount required to meet current obligations	12,666,715	1,341,611	14,008,326	12,385,665
Total restricted assets	29,627,494	2,108,930	31,736,424	67,449,129
Capital assets - non-depreciable	167,290,173	20,764,953	188,055,126	300,717,958
Capital assets - depreciable, net	402,278,274	38,845,212	441,123,486	572,242,618
	569,568,447	59,610,165	629,178,612	872,960,576
Other assets				
Deferred bond issue costs	478,706	1,054,911	1,533,617	631,999
Net OPEB asset	240,905	-	240,905	-
Other	-	-	-	1,782,594
Total other assets	719,611	1,054,911	1,774,522	2,414,593
Total noncurrent assets	599,915,552	62,774,006	662,689,558	942,824,298
Total assets	\$ 711,838,060	\$ 63,732,451	\$ 775,570,511	\$ 1,053,847,134

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 2,551,272	\$ 315,736	\$ 2,867,008	\$ 19,044,139
Accrued wages payable and related liabilities	5,017,441	-	5,017,441	2,952,584
Accrued expenses and other	619,408	77,520	696,928	3,440,084
Accrued interest payable	1,311,886	581,611	1,893,497	-
Compensated absences - current portion	6,506,436	490,884	6,997,320	1,599,243
Notes payable - current portion	4,184,829	-	4,184,829	2,453,949
Bonds payable - current portion	7,170,000	760,000	7,930,000	11,742,507
Due to fiduciary funds	7,246,232	-	7,246,232	-
Other current liabilities	-	956,052	956,052	-
Unearned revenue	10,418,316	825,350	11,243,666	6,478,626
Total current liabilities	45,025,820	4,007,153	49,032,973	47,711,132
Noncurrent liabilities				
Notes payable	3,871,848	-	3,871,848	-
Bonds payable, net of unamortized premium and discount	80,537,630	30,169,532	110,707,162	292,002,685
Net pension obligation	81,884,301	-	81,884,301	-
Compensated absences	15,762,343	677,361	16,439,704	208,554
Other long-term liabilities	634,098	2,840,785	3,474,883	44,900,914
Total noncurrent liabilities	182,690,220	33,687,678	216,377,898	337,112,153
Total liabilities	227,716,040	37,694,831	265,410,871	384,823,285
Net Assets (Deficit)				
Invested in capital assets, net of related debt	494,688,762	28,680,633	523,369,395	517,678,800
Restricted - expendable				
Debt service	17,369,848	4,847,683	22,217,531	26,465,936
Developer contribution account	477,873	-	477,873	-
Stormwater retention	304,112	-	304,112	-
Court automation	214,820	-	214,820	-
Grant funds	937,513	-	937,513	2,046,869
Cable network	412,585	-	412,585	-
Special projects - ADA	26,462	-	26,462	4,831,665
Prepays	1,363,425	-	1,363,425	-
Passenger facility charges	-	-	-	27,661,055
Library materials	-	-	-	724,103
Art fund	-	-	-	1,158,288
Cemetery maintenance	-	-	-	2,549,350
Total restricted - expendable	21,106,638	4,847,683	25,954,321	65,437,266
Restricted - unexpendable	-	-	-	4,376,279
Unrestricted (deficit)	(31,673,380)	(7,490,696)	(39,164,076)	81,531,504
Total net assets	484,122,020	26,037,620	510,159,640	669,023,849
Total liabilities and net assets	\$ 711,838,060	\$ 63,732,451	\$ 775,570,511	\$ 1,053,847,134

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Units
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	
			Grants and Contributions	Grants and Contributions				
Primary Government								
Governmental Activities								
General administration	\$ 20,887,146	\$ 8,690,436	\$ 5,859,818	\$ 3,010,960	\$ (3,325,932)	\$ -	\$ (3,325,932)	\$ -
Board of Directors	213,457	-	-	-	(213,457)	-	(213,457)	-
Community programs	2,475,822	42,589	63,207	1,930	(2,368,096)	-	(2,368,096)	-
City attorney	1,401,590	-	-	-	(1,401,590)	-	(1,401,590)	-
District court - first division (criminal)	1,098,075	482,922	-	-	(615,153)	-	(615,153)	-
District court - second division (traffic)	1,102,404	1,634,415	-	-	532,011	-	532,011	-
District court - third division (environment)	473,970	642,527	-	-	168,557	-	168,557	-
Finance	2,796,694	620,376	-	-	(2,176,318)	-	(2,176,318)	-
Human resource	1,736,063	258,020	-	-	(1,478,043)	-	(1,478,043)	-
Information technology	2,686,749	77,970	-	-	(2,608,779)	-	(2,608,779)	-
Planning and development	1,886,257	1,867,320	2,700	-	(16,237)	-	(16,237)	-
Public works	30,920,716	1,080,184	117,263	1,279,132	(28,444,137)	-	(28,444,137)	-
Parks and recreation services	9,032,115	2,374,906	65,510	11,999	(6,579,700)	-	(6,579,700)	-
Fire	48,582,390	2,639,543	620,542	-	(45,322,305)	-	(45,322,305)	-
Police	62,432,868	3,697,419	1,712,508	288,254	(56,734,687)	-	(56,734,687)	-
Education	9,439,254	-	-	-	(9,439,254)	-	(9,439,254)	-
Housing and neighborhood programs	8,621,004	543,179	488,210	-	(7,589,615)	-	(7,589,615)	-
Interest expense on long-term debt	3,849,820	-	-	-	(3,849,820)	-	(3,849,820)	-
Agent fees on long-term debt	12,779	-	-	-	(12,779)	-	(12,779)	-
Total governmental activities	<u>209,649,173</u>	<u>24,651,806</u>	<u>8,929,758</u>	<u>4,592,275</u>	<u>(171,475,335)</u>	<u>-</u>	<u>(171,475,335)</u>	<u>-</u>
Business-Type Activities								
Presidential park	913,050	-	-	-	-	(913,050)	(913,050)	-
Waste disposal	14,158,228	16,133,281	-	55,517	-	2,030,570	2,030,570	-
Rivermarket garage	1,585,450	1,846,258	-	-	-	260,808	260,808	-
River Market	977,075	358,709	-	250,000	-	(368,366)	(368,366)	-
Zoo	4,818,113	3,018,702	-	1,652,345	-	(147,066)	(147,066)	-
Vehicle storage	1,201,185	1,199,238	-	-	-	(1,947)	(1,947)	-
Golf courses	2,227,607	1,461,666	-	-	-	(765,941)	(765,941)	-
Fitness center	1,147,343	744,609	-	154,950	-	(247,784)	(247,784)	-
Concessions services	1,712	-	-	-	-	(1,712)	(1,712)	-
Total business-type activities	<u>27,029,763</u>	<u>24,762,463</u>	<u>-</u>	<u>2,112,812</u>	<u>-</u>	<u>(154,488)</u>	<u>(154,488)</u>	<u>-</u>
Total primary government	<u>\$ 236,678,936</u>	<u>\$ 49,414,269</u>	<u>\$ 8,929,758</u>	<u>\$ 6,705,087</u>	<u>\$ (171,475,335)</u>	<u>\$ (154,488)</u>	<u>\$ (171,629,823)</u>	<u>\$ -</u>

Component Units

Wastewater Utility	\$ 41,818,989	\$ 42,014,840	\$ -	\$ -	-	-	-	195,851
National Airport	24,540,228	25,309,837	-	-	-	-	-	769,609
All other component units	87,167,119	36,701,238	3,465,007	9,055,278	-	-	-	(37,945,596)
Total component units	<u>\$ 153,526,336</u>	<u>\$ 104,025,915</u>	<u>\$ 3,465,007</u>	<u>\$ 9,055,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,980,136)</u>

General revenues								
General property taxes				48,007,574	-	48,007,574		13,958,017
Sales taxes				64,137,449	-	64,137,449		10,909,512
Utility franchise taxes				29,348,059	-	29,348,059		-
Investment income				129,215	19,797	149,012		1,187,127
Grants and contributions not restricted to specific programs				35,189,761	-	35,189,761		28,395,470
Other				-	-	-		17,604,470
Transfers				88,142	(88,142)	-		-
Total general revenues and transfers				<u>176,900,200</u>	<u>(68,345)</u>	<u>176,831,855</u>		<u>72,054,596</u>
Change in Net Assets				5,424,865	(222,833)	5,202,032		35,074,460
Net Assets, Beginning of Year				<u>478,697,155</u>	<u>26,260,453</u>	<u>504,957,608</u>		<u>633,949,389</u>
Net Assets, End of Year				<u>\$ 484,122,020</u>	<u>\$ 26,037,620</u>	<u>\$ 510,159,640</u>		<u>\$ 669,023,849</u>

City of Little Rock, Arkansas

Balance Sheet

Governmental Funds

December 31, 2010

	General	2004 Bond Fund	2004 Central Arkansas Library	2008 & 2009 Central Arkansas Library Capital Improvements	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 1,178,654	\$ 2,780,246	\$ -	\$ 167,441	\$ 3,728,389	\$ 7,854,730
Restricted cash	-	-	1,825,512	13,557,278	7,028,989	22,411,779
Investments	2,596,939	7,737,338	-	465,982	8,408,402	19,208,661
Accounts receivable	42,597,916	11,975,278	7,247,489	15,158	10,748,501	72,584,342
Due from other funds	14,276,791	-	-	-	-	14,276,791
Interest receivable	7,067	21,055	-	-	22,880	51,002
Inventories	-	-	-	-	724,556	724,556
Prepaid expenditures and other	956,034	-	-	-	407,391	1,363,425
Total assets	\$ 61,613,401	\$ 22,513,917	\$ 9,073,001	\$ 14,205,859	\$ 31,069,108	\$ 138,475,286
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 698,586	\$ -	\$ -	\$ -	\$ 1,539,051	\$ 2,237,637
Due to other funds	485,731	-	190,802	-	1,837,911	2,514,444
Accrued wages payable and related liabilities	5,017,441	-	-	-	-	5,017,441
Accrued expenditures and other	619,408	-	-	-	-	619,408
Deferred revenue	28,781,115	11,242,852	6,806,013	-	10,360,146	57,190,126
Total liabilities	35,602,281	11,242,852	6,996,815	-	13,737,108	67,579,056
Fund Balances						
Reserved						
Capital projects	-	-	-	-	6,317,792	6,317,792
Special projects - ADA	-	-	-	-	26,462	26,462
Debt service	-	-	-	-	4,022,597	4,022,597
Developer contribution account	-	-	-	-	477,873	477,873
Stormwater retention	-	-	-	-	304,112	304,112
Court automation	-	-	-	-	214,820	214,820
Grant funds	-	-	-	-	937,513	937,513
Cable network	412,585	-	-	-	-	412,585
Prepays	956,034	-	-	-	407,391	1,363,425
Total reserved	1,368,619	-	-	-	12,708,560	14,077,179
Unreserved						
General fund	24,642,501	-	-	-	-	24,642,501
2004 Bond Fund	-	11,271,065	-	-	-	11,271,065
2004 Central Arkansas Library	-	-	2,076,186	-	-	2,076,186
2008 & 2009 Central Arkansas Library Capital Improvements	-	-	-	14,205,859	-	14,205,859
Special revenue	-	-	-	-	4,623,440	4,623,440
Total unreserved	24,642,501	11,271,065	2,076,186	14,205,859	4,623,440	56,819,051
Total fund balances	26,011,120	11,271,065	2,076,186	14,205,859	17,332,000	70,896,230
Total liabilities and fund balances	\$ 61,613,401	\$ 22,513,917	\$ 9,073,001	\$ 14,205,859	\$ 31,069,108	\$ 138,475,286

See Notes to Financial Statements

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.	568,032,022
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(87,540,000)
Bond issuance premiums	(985,904)
Deferred issuance discounts	818,274
Notes payable	(8,056,677)
Accrued interest payable	(1,311,886)
Net pension obligation	(81,884,301)
Net OPEB asset	240,905
Workers compensation liability	(634,098)
Accrued compensated absences	(22,011,026)
Other	(3,220,020)
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.	3,006,691
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>46,771,810</u>
	<u><u>\$ 484,122,020</u></u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	2004	2004 Central	2008 & 2009 Central		Other	Total
General	Bond Fund	Arkansas Library	Arkansas Library Capital Improvements	Arkansas Library Capital Improvements	Governmental Funds	
Revenues						
General property taxes	\$ 24,034,597	\$ 11,199,759	\$ 3,393,613	\$ -	\$ 8,280,424	\$ 46,908,393
Sales taxes	64,137,449	-	-	-	-	64,137,449
Licenses and permits	9,349,229	-	-	-	29,737	9,378,966
Intergovernmental	2,686,738	-	-	-	23,168,145	25,854,883
Charges for services	4,837,079	-	-	-	2,130,002	6,967,081
Fines and fees	3,642,760	-	-	-	1,003,455	4,646,215
Utility franchise taxes	27,594,023	-	-	-	1,754,036	29,348,059
Investment income	20,512	11,944	226	66,088	30,445	129,215
Contributions and donations	373,903	-	-	-	1,376,301	1,750,204
Miscellaneous	1,182,350	-	-	-	3,330,300	4,512,650
Total revenues	<u>137,858,640</u>	<u>11,211,703</u>	<u>3,393,839</u>	<u>66,088</u>	<u>41,102,845</u>	<u>193,633,115</u>
Expenditures						
General government						
General administration	20,866,682	-	-	-	3,847,471	24,714,153
Board of Directors	213,457	-	-	-	-	213,457
Community programs	2,373,537	-	-	-	86,415	2,459,952
City attorney	1,401,590	-	-	-	-	1,401,590
District court - first division (criminal)	1,068,905	-	-	-	7,549	1,076,454
District court - second division (traffic)	1,077,453	-	-	-	13,114	1,090,567
District court - third division (environment)	473,970	-	-	-	-	473,970
Finance	2,465,831	-	-	-	66,978	2,532,809
Human resource	1,313,447	-	-	-	340,870	1,654,317
Information technology	2,755,289	-	-	-	88,852	2,844,141
Planning and development	1,753,797	-	-	-	117,415	1,871,212
Total general government	<u>35,763,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,568,664</u>	<u>40,332,622</u>
Public works						
Public works	1,461,581	-	-	-	18,869,782	20,331,363
Parks and recreation services	6,751,789	-	-	-	3,354,588	10,106,377
Zoo	-	-	-	-	1,762,021	1,762,021
Fire	35,689,956	-	-	-	980,736	36,670,692
Police	51,346,654	-	-	-	4,404,471	55,751,125
Fleet	-	-	-	-	265,074	265,074
Education	-	-	-	9,439,254	-	9,439,254
Housing and neighborhood programs	3,914,462	-	-	-	4,875,983	8,790,445
Debt Service						
Principal	-	9,890,000	2,800,000	-	2,870,000	15,560,000
Interest	-	1,177,334	609,369	-	2,268,027	4,054,730
Agent fees	-	500	2,475	-	9,804	12,779
Total expenditures	<u>134,928,400</u>	<u>11,067,834</u>	<u>3,411,844</u>	<u>9,439,254</u>	<u>44,229,150</u>	<u>203,076,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,930,240</u>	<u>143,869</u>	<u>(18,005)</u>	<u>(9,373,166)</u>	<u>(3,126,305)</u>	<u>(9,443,367)</u>
Other Financing Sources						
Transfers in	4,313,584	-	-	202	2,847,142	7,160,928
Transfers out	(3,513,916)	-	-	-	(3,322,592)	(6,836,508)
Total other financing sources (uses)	<u>799,668</u>	<u>-</u>	<u>-</u>	<u>202</u>	<u>(475,450)</u>	<u>324,420</u>
Net Change in Fund Balances	<u>3,729,908</u>	<u>143,869</u>	<u>(18,005)</u>	<u>(9,372,964)</u>	<u>(3,601,755)</u>	<u>(9,118,947)</u>
Fund Balances, Beginning of Year	<u>22,281,212</u>	<u>11,127,196</u>	<u>2,094,191</u>	<u>23,578,823</u>	<u>20,933,755</u>	<u>80,015,177</u>
Fund Balances, End of Year	<u>\$ 26,011,120</u>	<u>\$ 11,271,065</u>	<u>\$ 2,076,186</u>	<u>\$ 14,205,859</u>	<u>\$ 17,332,000</u>	<u>\$ 70,896,230</u>

See Notes to Financial Statements

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

Net change in fund balances - total governmental funds	\$ (9,118,947)
<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.</p>	
Capital asset purchases	16,287,746
Capital asset contributions	17,832,666
Depreciation expense	(23,799,077)
<p>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.</p>	
	1,485,589
<p>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.</p>	
	20,680,759
<p>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.</p>	
	(3,252,836)
<p>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.</p>	
	(14,828,655)
<p>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.</p>	
	<u>137,620</u>
Change in net assets of governmental activities	<u><u>\$ 5,424,865</u></u>

City of Little Rock, Arkansas
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Assets							
Current assets							
Cash and cash equivalents	\$ 36,840	\$ 1,570,485	\$ 380,121	\$ 151,231	\$ 210,256	\$ 2,348,933	\$ 279,873
Investments	-	4,366,853	727,405	399,999	481,054	5,975,311	777,485
Restricted cash and investments - current	502,318	207,520	631,773	-	-	1,341,611	-
Accounts receivable	-	2,529,164	133,056	714,090	9,251	3,385,561	21,727
Contributions receivable	-	-	-	-	-	-	-
Accrued interest	-	-	-	1,088	1,309	2,397	2,116
Inventories	-	-	-	76,043	16,960	93,003	402,778
Prepaid expenses and other	-	11,773	-	-	2,250	14,023	557,675
Total current assets	<u>539,158</u>	<u>8,685,795</u>	<u>1,872,355</u>	<u>1,342,451</u>	<u>721,080</u>	<u>13,160,839</u>	<u>2,041,654</u>
Noncurrent assets							
Restricted assets							
Cash and cash equivalents	1,921,933	-	518,150	-	-	2,440,083	-
Investments	102,524	-	893,793	-	-	996,317	-
Accrued interest	279	11,883	1,979	-	-	14,141	-
	<u>2,024,736</u>	<u>11,883</u>	<u>1,413,922</u>	<u>-</u>	<u>-</u>	<u>3,450,541</u>	<u>-</u>
Less amount required to meet current obligations	<u>502,318</u>	<u>207,520</u>	<u>631,773</u>	<u>-</u>	<u>-</u>	<u>1,341,611</u>	<u>-</u>
Total restricted assets	<u>1,522,418</u>	<u>(195,637)</u>	<u>782,149</u>	<u>-</u>	<u>-</u>	<u>2,108,930</u>	<u>-</u>
Capital assets							
Land	10,911,566	1,814,494	822,652	1,259,387	5,143,471	19,951,570	275,459
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	-	10,895,701	-
Construction in progress	-	-	-	813,383	-	813,383	-
Buildings and improvements	6,452	16,943,602	8,715,040	8,592,903	8,014,843	42,272,840	1,777,880
Vehicles	-	13,381,967	-	415,671	548,565	14,346,203	774,989
Furniture and equipment	-	3,868,052	-	1,185,315	1,368,515	6,421,882	715,770
	<u>10,918,018</u>	<u>46,903,816</u>	<u>9,537,692</u>	<u>12,266,659</u>	<u>15,075,394</u>	<u>94,701,579</u>	<u>3,544,098</u>
Less accumulated depreciation	<u>1,690</u>	<u>27,108,282</u>	<u>1,665,326</u>	<u>2,401,056</u>	<u>3,915,060</u>	<u>35,091,414</u>	<u>2,007,673</u>
Net capital assets	<u>10,916,328</u>	<u>19,795,534</u>	<u>7,872,366</u>	<u>9,865,603</u>	<u>11,160,334</u>	<u>59,610,165</u>	<u>1,536,425</u>
Other assets							
Deferred bond issue costs	245,018	304,775	505,118	-	-	1,054,911	-
Total noncurrent assets	<u>12,683,764</u>	<u>19,904,672</u>	<u>9,159,633</u>	<u>9,865,603</u>	<u>11,160,334</u>	<u>62,774,006</u>	<u>1,536,425</u>
Total assets	<u>\$ 13,222,922</u>	<u>\$ 28,590,467</u>	<u>\$ 11,031,988</u>	<u>\$ 11,208,054</u>	<u>\$ 11,881,414</u>	<u>\$ 75,934,845</u>	<u>\$ 3,578,079</u>

See Notes to Financial Statements

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 44,440	\$ 64,464	\$ -	\$ 63,724	\$ 143,108	\$ 315,736	\$ 313,635
Due to other funds	-	-	-	3,807,890	8,394,504	12,202,394	-
Accrued expenses and other	-	77,173	-	347	-	77,520	-
Compensated absences - current portion	-	202,844	-	123,834	164,206	490,884	145,830
Accrued interest	297,318	27,520	256,773	-	-	581,611	-
Capital lease obligation - current portion	-	-	-	-	-	-	-
Bonds payable - current portion	205,000	180,000	375,000	-	-	760,000	-
Other current liabilities	-	956,052	-	-	-	956,052	-
Unearned revenue	-	254	747,607	1,467	76,022	825,350	-
Total current liabilities	546,758	1,508,307	1,379,380	3,997,262	8,777,840	16,209,547	459,465
Noncurrent liabilities							
Bonds payable, net of unamortized premium and discount	11,447,549	9,227,624	9,494,359	-	-	30,169,532	-
Compensated absences	-	306,039	-	154,528	216,794	677,361	111,923
Other long-term liabilities	-	2,840,785	-	-	-	2,840,785	-
Total noncurrent liabilities	11,447,549	12,374,448	9,494,359	154,528	216,794	33,687,678	111,923
Total liabilities	11,994,307	13,882,755	10,873,739	4,151,790	8,994,634	49,897,225	571,388
Net Assets							
Invested in capital assets, net of related debt	(736,221)	10,387,910	(1,996,993)	9,865,603	11,160,334	28,680,633	1,536,425
Restricted - expendable							
Debt service	1,964,836	777,355	1,662,268	443,224	-	4,847,683	-
Unrestricted (deficit)	-	3,542,447	492,974	(3,252,563)	(8,273,554)	(7,490,696)	1,470,266
Total net assets	1,228,615	14,707,712	158,249	7,056,264	2,886,780	26,037,620	3,006,691
Total liabilities and net assets	\$ 13,222,922	\$ 28,590,467	\$ 11,031,988	\$ 11,208,054	\$ 11,881,414	\$ 75,934,845	\$ 3,578,079

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Operating Revenues							
Charges for services	\$ -	\$ 16,124,315	\$ 1,571,937	\$ 2,910,488	\$ 3,734,216	\$ 24,340,956	\$ 9,662,163
Licenses and permits	-	-	274,321	-	20,990	295,311	-
Fines and fees	-	-	-	-	9,016	9,016	-
Miscellaneous	-	8,966	-	108,214	-	117,180	1,440
Total operating revenues	-	16,133,281	1,846,258	3,018,702	3,764,222	24,762,463	9,663,603
Operating Expenses							
Salaries, wages and employee benefits	-	4,257,892	-	2,225,435	2,650,762	9,134,089	2,626,719
Supplies and materials	-	1,131,809	204	735,092	299,883	2,166,988	4,708,025
Services	-	3,087,975	79,086	1,157,527	1,748,104	6,072,692	1,590,128
Repairs and maintenance	-	2,299,071	-	172,933	446,824	2,918,828	221,738
Other	267,261	(1,360)	692,723	5,107	19,187	982,918	-
Depreciation and amortization	28,559	2,682,843	250,045	417,671	386,090	3,765,208	145,709
Total operating expenses	295,820	13,458,230	1,022,058	4,713,765	5,550,850	25,040,723	9,292,319
Operating Income (Loss)	(295,820)	2,675,051	824,200	(1,695,063)	(1,786,628)	(278,260)	371,284
Nonoperating Revenues (Expenses)							
Interest income	6,152	10,461	1,970	(140)	1,354	19,797	2,614
Interest expense	(611,640)	(695,748)	(561,643)	-	(2,360)	(1,871,391)	-
Other, net	(5,590)	(4,250)	(1,749)	(104,348)	(1,712)	(117,649)	-
Net nonoperating revenues (expenses)	(611,078)	(689,537)	(561,422)	(104,488)	(2,718)	(1,969,243)	2,614
Income (Loss) Before Contributions and Transfers	(906,898)	1,985,514	262,778	(1,799,551)	(1,789,346)	(2,247,503)	373,898
Contributions	-	55,517	-	1,652,345	404,950	2,112,812	-
Transfers In	1,308,106	-	-	1,680,054	1,680,314	4,668,474	-
Transfers Out	(672,361)	(2,331,635)	(200,903)	(501,197)	(1,050,520)	(4,756,616)	(236,278)
	635,745	(2,276,118)	(200,903)	2,831,202	1,034,744	2,024,670	(236,278)
Changes in Net Assets	(271,153)	(290,604)	61,875	1,031,651	(754,602)	(222,833)	137,620
Net Assets, Beginning of Year	1,499,768	14,998,316	96,374	6,024,613	3,641,382	26,260,453	2,869,071
Net Assets, End of Year	\$ 1,228,615	\$ 14,707,712	\$ 158,249	\$ 7,056,264	\$ 2,886,780	\$ 26,037,620	\$ 3,006,691

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds		
Operating Activities							
Receipts from customers	\$ -	\$ 16,128,774	\$ 1,846,258	\$ 2,910,488	\$ 3,743,271	\$ 24,628,791	\$ 9,655,999
Other receipts	-	8,966	-	108,214	20,951	138,131	1,440
Payments to employees	-	(4,356,816)	-	(2,191,845)	(2,238,058)	(8,786,719)	(2,586,211)
Payments to suppliers	-	(1,131,809)	85,893	(1,487,690)	(229,813)	(2,763,419)	(4,718,179)
Payments to service providers	(1,450)	(3,087,975)	(79,086)	(1,157,527)	(1,718,357)	(6,044,395)	(1,634,093)
Other payments	(224,115)	(1,627,901)	(159,977)	572,731	(403,342)	(1,842,604)	(133,741)
Net cash provided by (used in) operating activities	(225,565)	5,933,239	1,693,088	(1,245,629)	(825,348)	5,329,785	585,215
Noncapital Financing Activities							
Transfers from other funds	1,308,106	-	-	1,680,054	1,680,313	4,668,473	-
Transfers to other funds	(672,361)	(2,331,635)	(200,903)	(501,197)	(1,050,520)	(4,756,616)	(236,278)
Net cash provided by (used in) noncapital financing activities	635,745	(2,331,635)	(200,903)	1,178,857	629,793	(88,143)	(236,278)
Capital and Related Financing Activities							
Proceeds from the sale of capital assets	-	970	-	-	1,562	2,532	-
Purchase of capital assets	-	(582,837)	-	(1,110,363)	(8,507)	1,061,001	(25,517)
Payment of bond issuance costs	-	10,016	-	-	-	10,016	-
Principal paid on long-term debt	(145,000)	(12,360,000)	(365,000)	-	-	(12,870,000)	-
Lease payment	-	-	-	-	(92,462)	(92,462)	-
Proceeds from bond issuance	-	6,570,000	-	-	-	6,570,000	-
Other	-	(97,950)	39,414	(104,350)	-	(162,886)	-
Interest paid on long-term debt	(594,637)	(794,672)	(561,643)	-	(2,360)	(1,953,312)	-
Capital contributions	-	55,517	-	1,652,345	250,000	1,957,862	-
Net cash used in capital and related financing activities	(739,637)	(7,199,926)	(887,229)	437,632	148,233	(5,477,249)	(25,517)
Investing Activities							
Proceeds from sale of investments	326,282	9,682,697	1,347,219	1,067,481	1,062,250	13,485,929	1,555,805
Purchase of investments	(273,606)	(11,653,862)	(1,941,233)	(1,406,307)	(1,283,793)	(16,558,801)	(2,074,882)
Interest income	6,152	25,417	1,970	-	2,952	36,353	2,617
Other	(5,590)	-	-	(138)	-	(5,590)	-
Net cash provided by (used in) investing activities	58,828	(1,945,748)	(592,044)	(338,964)	(218,591)	(3,042,109)	(516,460)
Increase (Decrease) in Cash and Cash Equivalents	(276,219)	(5,543,100)	12,912	31,896	(267,625)	(6,042,136)	(193,040)
Cash and Cash Equivalents, Beginning of Year	2,234,992	7,113,585	885,359	119,335	477,881	10,831,152	472,913
Cash and Cash Equivalents, End of Year	\$ 1,958,773	\$ 1,570,485	\$ 898,271	\$ 151,231	\$ 210,256	\$ 4,789,016	\$ 279,873
Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:							
Current assets							
Cash and cash equivalents	\$ 36,840	\$ 1,570,485	\$ 380,121	\$ 151,231	\$ 210,256	\$ 2,348,933	\$ 279,873
Noncurrent assets							
Cash and cash equivalents	1,921,933	-	518,150	-	-	\$ 2,440,083	-
	\$ 1,958,773	\$ 1,570,485	\$ 898,271	\$ 151,231	\$ 210,256	\$ 4,789,016	\$ 279,873

See Notes to Financial Statements

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to to Net Cash Provided By (Used In) Operating Activities							
Operating income (loss)	\$ (295,820)	\$ 2,675,051	\$ 824,200	\$ (1,695,063)	\$ (1,786,628)	\$ (278,260)	\$ 371,284
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	28,559	2,682,843	250,045	417,671	386,090	3,765,208	145,709
Loss on disposal of assets	-	-	-	-	1,713	1,713	0
Changes in assets and liabilities							
Receivables, net	2,122	4,459	86,097	(714,493)	64,706	(557,109)	(5,384)
Due to/due from other funds, net	-	-	-	751,174	386,470	1,137,644	-
Prepaid expenses	-	(1,169)	-	-	(2,251)	(3,420)	(43,965)
Inventories	-	-	-	28,802	(44)	28,758	(10,154)
Accounts payable	39,574	(18,811)	-	(67,310)	35,738	(10,809)	87,217
Accrued expenses	-	590,866	532,746	33,590	88,858	1,246,060	40,508
Net cash provided by (used in) operating activities	<u>\$ (225,565)</u>	<u>\$ 5,933,239</u>	<u>\$ 1,693,088</u>	<u>\$ (1,245,629)</u>	<u>\$ (825,348)</u>	<u>\$ 5,329,785</u>	<u>\$ 585,215</u>
Noncash Capital Activities							
Donated capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,950</u>	<u>\$ 154,950</u>	<u>\$ -</u>

City of Little Rock, Arkansas
Statement of Fiduciary Net Assets – Fiduciary Funds
December 31, 2010

	Employee Benefit Plans	Agency Fund
Assets		
Cash and cash equivalents	\$ 5,167,437	\$ 193,772
Investments		
U. S. Government obligations	15,569,073	-
Equities	67,151,243	-
Mutual funds and other investments	87,167,108	-
Receivables		
Accounts receivable	183,176	-
Due from other funds	7,250,118	-
Accrued interest and dividends	830,647	-
	<u>183,318,802</u>	<u>\$ 193,772</u>
Liabilities		
Accrued liabilities	59,191	193,772
Due to other funds	1,568	-
	<u>60,759</u>	<u>\$ 193,772</u>
Net Assets		
Net assets held in trust	<u>\$ 183,258,043</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2010

	Employee Benefit Plans
Additions	
Contributions	
Employer	\$ 2,813,864
Plan members	1,752,870
Property taxes contributed from general fund	6,872,136
State insurance turnback and guarantee fund	1,373,360
Other	<u>1,232,604</u>
Total contributions	<u>14,044,834</u>
Investment income (loss)	
Net increase in fair value of investments	12,532,366
Interest and dividends	<u>4,921,548</u>
	17,453,914
Less investment expense	<u>623,603</u>
Net investment income (loss)	<u>16,830,311</u>
Total additions	<u>30,875,145</u>
Deductions	
Benefits paid directly to participants	23,729,401
Administrative expenses	389,619
Other	<u>17,497</u>
Total deductions	<u>24,136,517</u>
Change in Net Assets	<u>6,738,628</u>
Net Assets Held in Trust, Beginning of Year	<u>176,519,415</u>
Net Assets Held in Trust, End of Year	<u><u>\$ 183,258,043</u></u>

City of Little Rock, Arkansas
Statement of Net Assets
Discretely Presented Component Units
December 31, 2010

	Wastewater Utility	National Airport	Other Component Units	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 6,383,689	\$ 22,174,952	\$ 14,525,540	\$ 43,084,181
Investments	-	-	17,449,476	17,449,476
Restricted cash and investments - current	9,547,666	-	2,837,999	12,385,665
Accounts receivable, net of allowance	2,872,787	1,024,970	27,914,196	31,811,953
Inventories	1,376,013	-	643,936	2,019,949
Prepaid expenses and other	2,111,246	364,662	1,795,704	4,271,612
Total current assets	<u>22,291,401</u>	<u>23,564,584</u>	<u>65,166,851</u>	<u>111,022,836</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	34,353,447	2,899,286	37,252,733
Investments	25,395,615	1,592,634	11,760,073	38,748,322
Grants and other receivables	23,762	3,679,532	-	3,703,294
Interest receivable	122,902	7,508	35	130,445
	<u>25,542,279</u>	<u>39,633,121</u>	<u>14,659,394</u>	<u>79,834,794</u>
Less amounts required to meet current obligations	<u>9,547,666</u>	<u>-</u>	<u>2,837,999</u>	<u>12,385,665</u>
Total restricted assets	<u>15,994,613</u>	<u>39,633,121</u>	<u>11,821,395</u>	<u>67,449,129</u>
Capital assets				
Land	3,362,076	62,764,847	11,973,412	78,100,335
Construction in progress	168,926,779	43,487,764	10,203,080	222,617,623
Buildings, improvements and other facilities	287,247,671	320,154,346	188,563,117	795,965,134
Vehicles	-	-	39,674,326	39,674,326
Furniture and equipment	40,413,748	9,498,484	29,503,582	79,415,814
Books/AV material	-	-	15,745,975	15,745,975
Other	-	-	5,025,214	5,025,214
	<u>499,950,274</u>	<u>435,905,441</u>	<u>300,688,706</u>	<u>1,236,544,421</u>
Less accumulated depreciation	<u>108,634,310</u>	<u>140,561,928</u>	<u>114,387,607</u>	<u>363,583,845</u>
Net capital assets	<u>391,315,964</u>	<u>295,343,513</u>	<u>186,301,099</u>	<u>872,960,576</u>
Other assets				
Deferred bond issue costs	-	580,642	51,357	631,999
Other	-	-	1,782,594	1,782,594
Total other assets	<u>-</u>	<u>580,642</u>	<u>1,833,951</u>	<u>2,414,593</u>
Total noncurrent assets	<u>407,310,577</u>	<u>335,557,276</u>	<u>199,956,445</u>	<u>942,824,298</u>
Total assets	<u>\$ 429,601,978</u>	<u>\$ 359,121,860</u>	<u>\$ 265,123,296</u>	<u>\$1,053,847,134</u>

See Notes to Financial Statements

Liabilities and Net Assets	Wastewater Utility	National Airport	Other Component Units	Total
Current liabilities				
Accounts payable	\$ 8,867,338	\$ 5,565,310	\$ 4,611,491	\$ 19,044,139
Accrued wages payable and related liabilities	277,976	1,062,027	1,612,581	2,952,584
Notes payable - current portion	-	-	2,453,949	2,453,949
Bonds payable - current portion	7,072,062	2,515,000	2,155,445	11,742,507
Compensated absences - current portion	636,391	-	962,852	1,599,243
Unearned revenue	-	3,808,246	2,670,380	6,478,626
Accrued expenses and other	-	215,006	3,225,078	3,440,084
Total current liabilities	<u>16,853,767</u>	<u>13,165,589</u>	<u>17,691,776</u>	<u>47,711,132</u>
Noncurrent liabilities				
Bonds payable, net of unamortized premium and discount	255,011,988	24,516,002	12,474,695	292,002,685
Other long term liabilities	-	44,851,351	49,563	44,900,914
Compensated absences	13,962	-	194,592	208,554
Total noncurrent liabilities	<u>255,025,950</u>	<u>69,367,353</u>	<u>12,718,850</u>	<u>337,112,153</u>
Total liabilities	<u>271,879,717</u>	<u>82,532,942</u>	<u>30,410,626</u>	<u>384,823,285</u>
Net Assets				
Invested in capital assets, net of related debt	139,941,376	216,514,933	161,222,491	517,678,800
Restricted - expendable	14,686,120	39,440,871	11,310,275	65,437,266
Restricted - nonexpendable	-	-	4,376,279	4,376,279
Unrestricted	3,094,765	20,633,114	57,803,625	81,531,504
Total net assets	<u>157,722,261</u>	<u>276,588,918</u>	<u>234,712,670</u>	<u>669,023,849</u>
Total liabilities and net assets	<u>\$ 429,601,978</u>	<u>\$ 359,121,860</u>	<u>\$ 265,123,296</u>	<u>\$1,053,847,134</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 19,194,313	\$ 386,418	\$ 3,465,007	\$ 9,055,278	\$ -	\$ -	\$ (6,287,610)	\$ (6,287,610)
Total governmental activities	19,194,313	386,418	3,465,007	9,055,278	-	-	(6,287,610)	(6,287,610)
Business-type Activities								
Wastewater Utility	41,818,989	42,014,840	-	-	195,851	-	-	195,851
National Airport	24,540,228	25,309,837	-	-	-	769,609	-	769,609
Other component units	67,972,806	36,314,820	-	-	-	-	(31,657,986)	(31,657,986)
Total business-type activities	134,332,023	103,639,497	0	0	195,851	769,609	(31,657,986)	(30,692,526)
Total component units	\$ 153,526,336	\$ 104,025,915	\$ 3,465,007	\$ 9,055,278	195,851	769,609	(37,945,596)	(36,980,136)
General revenues								
General property taxes					-	-	13,958,017	13,958,017
Sales taxes					-	-	10,909,512	10,909,512
Investment income					500,317	380,066	306,744	1,187,127
Grants and contributions not restricted to specific programs					1,320,229	10,610,944	16,464,297	28,395,470
Other					(179,295)	5,556,815	12,226,950	17,604,470
Total general revenues and transfers					1,641,251	16,547,825	53,865,520	72,054,596
Change in Net Assets					1,837,102	17,317,434	15,919,924	35,074,460
Net Assets, Beginning of Year					155,885,159	259,271,484	218,792,746	633,949,389
Net Assets, End of Year					\$ 157,722,261	\$ 276,588,918	\$ 234,712,670	\$ 669,023,849

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2010

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

The City of Little Rock, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city manager form of government. Ten elected directors and the Mayor set policy and employ the City Manager. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). Enterprise funds and similar component units also apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City and its component units. The component units are legally separate entities for which the City is considered to be financially accountable. Accountability is defined as the City's substantive appointment of the majority of the component unit's governing board. Furthermore, to be financially accountable, the City must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to or impose specific financial burdens on the City. These component units are further distinguished between *Blended Component Units*, presented as part of the primary government, and *Discretely Presented Component Units*, presented separately.

The City's defined benefit, defined contribution and other employee benefit plans, being fiduciary in nature, were not evaluated as potential component units but instead are reported as fiduciary funds.

The City's primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible. Under these criteria, the following are included in the primary government reporting entity:

Blended Component Units

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

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 seven-member commission appointed by the City Manager with City Board approval. The City has the power to impose its will on the Airport. The Airport primarily serves the central Arkansas area.

There were no significant transactions between the major component units and the City or its other component units in 2010.

Other Component Units:

Little Rock Advertising and Promotion Commission (Commission) – The governing body of the Commission is appointed by the Mayor of Little Rock subject to City Board approval. The City has the power to impose its will on the Commission. The Commission acts autonomously and serves as the sales and advertising office for the City's convention and tourism industry and oversees the Little Rock Convention and Visitors Bureau.

Little Rock Port Authority (LRPA) – The governing board of the LRPA is appointed by the City Manager with City Board approval. The City has the power to impose its will on the LRPA. LRPA independently operates the Port of Little Rock which includes railroad and riverport loading facilities and a foreign trade zone.

Little Rock Ambulance Authority (LRAA) – The LRAA, known publicly as Metropolitan Emergency Medical Services (MEMS), has a governing body of eight members, five of whom are appointed by the City Board. The City Board must also approve any rate changes for LRAA. LRAA provides emergency medical transportation services to the greater metropolitan area.

Central Arkansas Transit Authority (CATA) – CATA, which provides public transportation services to the greater metropolitan area, annually receives an operating subsidy from the City equal to 65% of the operating deficit. The City's contributions to CATA are vital to its operations. In addition, 5 of the 13 members of its Board of Directors are appointed by the City Board. Based on the level of financial dependency that CATA has on the City, the City has concluded that the nature and significance of this relationship warrant inclusion of CATA in the City's reporting entity as a discretely presented component unit.

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. The Arts Center has a fiscal year end of June 30.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Central Arkansas Library System (CALs) – CALs, providing Central Arkansas with library services, receives financial benefit from the City in the form of tax revenue, levied by the City but collected by the Library, and other nonoperating subsidies. In addition, six of the nine members of its Board of Trustees are appointed by the City Board.

Oakland Fraternal Cemetery (Cemetery) – The governing board of the Cemetery is appointed by the City Board. The City has the power to impose its will on the Cemetery. Additionally, the City owns the land which is occupied by the Cemetery. The Cemetery operates the Perpetual Care Fund to invest moneys to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Cemetery Board.

Mt. Holly Cemetery (Mt. Holly) –The governing board of Mt. Holly is appointed by the City Board. The City has the power to impose its will on Mt. Holly. Additionally, the City owns the land which is occupied by Mt. Holly. Mt. Holly operates the Perpetual Care Fund to invest moneys to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Mt. Holly Board.

Little Rock Workforce Investment Board (LRWIB) – LRWIB is a non-profit organization created to provide job training. The sitting Mayor of the City of Little Rock serves as the chief executive officer and appoints the board members. The City has the power to impose its will on the Board. The LRWIB has a fiscal year end of June 30.

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

Administrative Offices

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

Arkansas Arts Center
 Ninth and Commerce
 Little Rock, Arkansas 72202

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

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

Little Rock Ambulance Authority
 1101 West 8th Street
 Little Rock, Arkansas 72201

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

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

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

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

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2010

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Fiduciary activities are excluded from the government-wide statements because they cannot be used to support the City's own programs. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund type-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

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

The *2004 Central Arkansas Library Fund (debt service fund)* accounts for the accumulation of resources for the principal and interest on the \$25,000,000 limited general obligation debt of the City. Funding is obtained from the collections of the Library tax.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

The *2008 & 2009 Central Arkansas Library Capital Improvements Fund (capital projects fund)* accounts for the proceeds of the 2008 and 2009 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 City reports the following major enterprise funds:

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

The *Waste Disposal Fund*, a blended component unit of the City, accounts for the activities of the City's waste disposal operations.

The *River Market Garage Fund* accounts for the operations of the City's two downtown parking garages.

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

Special Revenue Funds – The special revenue funds, which include federal grants, are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditures for specified purposes.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Internal Service Fund – The internal service fund is used to account for centralized services provided to City departments on a cost-reimbursement basis. The City's internal service fund is the Fleet Service Fund.

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

Trust Funds – Accounts for assets held in trust for the Policemen's Pension and Relief Fund, Firemen's Pension and Relief Fund, Nonuniformed Employees' Defined Contribution Plan, Nonuniformed Employees' Defined Benefit Pension Plan and the Health Management Trust Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

Agency Fund – Accounts for monies collected and held by the courts until they are disbursed to various governmental agencies.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include taxes; fines and forfeitures; grants, entitlements and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Franchise taxes, other taxes, and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments and Investment Income

All investments in the City's Pension Trust Funds are carried at fair value. For all other funds, investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices for all investments other than collateralized mortgage obligations. Fair value of collateralized mortgage obligations is estimated using a published pricing service.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments. Investment income is credited to the fund from which the investments were made, except where required otherwise by bond indentures or City policy.

Inventories

Inventories consist of supplies, merchandise and renovated housing available-for-sale (funded by grant programs) valued at the lower of average cost or market value. The costs of governmental fund type inventories are recorded as expenditures when purchased/constructed.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Capital Assets

Capital assets, which include infrastructure, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

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

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

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

Long-term Obligations

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

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

Compensated Absences

City employees earn sick pay and vacation leave benefits on the basis of length of service time. Subject to certain restrictions, City employees are compensated (historically from the fund which the employee is assigned) for unused sick and vacation time upon leaving the City's employment. All sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. General revenues are used to liquidate the liability for compensated absences from the fund in which the employee retired.

Deferred Revenue

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$48,659,597 of unearned lease revenue at the National Airport.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

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, restricted expendable, or restricted nonexpendable.

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.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end.

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2010:

Statement No.		Adoption Required in Fiscal Year
54	Fund Balance Reporting and Governmental Fund Type Definitions	2011
60	Accounting and Financial Reporting for Service Concession Arrangements	2011
61	The Financial Reporting Entity: Omnibus	2012
62	Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements	2011

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

City statute requires that deposits in financial institutions be collateralized with federal depository insurance and bonds or other interest-bearing securities of the United States, the State of Arkansas, Arkansas political subdivisions or agencies or instrumentalities of these entities at 104%. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

At December 31, 2010, none of the City's primary government bank balances were exposed to custodial credit risk. Of the City's component units combined bank balances of \$95,328,387, \$292,000 were uninsured and uncollateralized.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. State or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposits.

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 state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the Investment Company Act of 1940 with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds, and other appropriate securities.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

At December 31, 2010, the City had the following investments and maturities:

Primary Government					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 25,596,648	\$ 25,596,648	\$ -	\$ -	\$ -
U.S. agencies obligations	27,331,600	17,311,900	10,019,700	-	-
Corporate bonds	11,937,596	4,340,980	7,596,616	-	-
Bond Mutual Funds	35,945,720	-	35,945,720	-	-
Money market mutual funds	7,713,521	7,713,521	-	-	-
	<u>108,525,085</u>	<u>\$ 54,963,049</u>	<u>\$ 53,562,036</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual Funds	61,329,491				
Corporate stocks	<u>56,640,600</u>				
	<u>\$ 226,495,176</u>				

Component Units					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 419,445	\$ 250,603	\$ 168,842	\$ -	\$ -
U.S. agencies obligations	20,050,432	19,652,087	56,484	337,274	4,587
Corporate bonds	2,172,588	153,833	138,094	985,920	894,741
Money market mutual funds	3,703,807	3,703,807	-	-	-
	<u>26,346,272</u>	<u>\$ 23,760,330</u>	<u>\$ 363,420</u>	<u>\$ 1,323,194</u>	<u>\$ 899,328</u>
Mutual funds	4,218,897				
Corporate stocks	<u>10,393,377</u>				
	<u>\$ 40,958,546</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.

City of Little Rock, Arkansas
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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, 2010, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

<u>Investment Type</u>	<u>Rating Agency</u>	<u>Rating</u>
Money Market Mutual Funds	S&P/Moody’s	AAA/Aaa
U.S. Agency Obligations	S&P/Moody’s	AAA/Aaa
Corporate Bonds	S&P/Moody’s	B to AAA/B ₃ to Aaa

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Excluding fiduciary funds, at December 31, 2010, 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.

Summary of Carrying Values

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

	<u>Primary Government</u>	<u>Component Units</u>
Carrying value		
Deposits	\$ 11,046,628	\$ 95,576,166
Investments	226,495,176	40,958,546
	<u>\$ 237,541,804</u>	<u>\$ 136,534,712</u>
Included in the following statements of net assets captions		
Current Assets		
Cash and cash equivalents	\$ 8,906,814	\$ 43,084,181
Short-term investments	7,708,866	17,449,476
Noncurrent Assets		
Restricted cash and investments	45,677,491	76,001,055
Cash and investments – fiduciary funds	175,248,633	
	<u>\$ 237,541,804</u>	<u>\$ 136,534,712</u>

City of Little Rock, Arkansas
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Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2010, is presented below:

Governmental Activities	Balance December 31, 2009	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2010
Capital Assets, non-depreciable				
Land	\$ 153,228,703	\$ 4,282,565	\$ -	\$ 157,511,268
Construction in progress	10,608,709	10,670,596	11,500,400	9,778,905
Total capital assets, non-depreciable	<u>163,837,412</u>	<u>14,953,161</u>	<u>11,500,400</u>	<u>167,290,173</u>
Capital Assets, depreciable				
Land Improvements	8,331,180	821,099	-	9,152,279
Infrastructure	684,844,149	27,178,516	-	712,022,665
Buildings	68,475,791	509,826	1,650,973	67,334,644
Vehicles	37,939,336	697,648	820,172	37,816,812
Equipment	31,131,724	1,460,562	606,439	31,985,847
Total capital assets, depreciable	<u>830,722,180</u>	<u>30,667,651</u>	<u>3,077,584</u>	<u>858,312,247</u>
Less accumulated depreciation				
Land Improvements	1,194,857	515,106	-	1,709,963
Infrastructure	366,373,393	15,754,569	-	382,127,962
Buildings	19,211,380	1,590,347	671,859	20,129,868
Vehicles	28,405,689	2,466,884	687,846	30,184,727
Equipment	18,808,770	3,617,880	545,198	21,881,452
Total accumulated depreciation	<u>433,994,089</u>	<u>23,944,786</u>	<u>1,904,903</u>	<u>456,033,972</u>
Total capital assets, depreciable, net	<u>396,728,090</u>	<u>6,722,865</u>	<u>1,172,681</u>	<u>402,278,274</u>
Total governmental activities, net	<u>\$ 560,565,502</u>	<u>\$ 21,676,026</u>	<u>\$ 12,673,081</u>	<u>\$ 569,568,447</u>

City of Little Rock, Arkansas
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Business-Type Activities	Balance December 31, 2009	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2010
Capital Assets, non-depreciable				
Land	\$ 19,951,570	\$ -	\$ -	\$ 19,951,570
Construction in progress	333,016	506,708	26,341	813,383
Total capital assets, non-depreciable	<u>20,284,586</u>	<u>506,708</u>	<u>26,341</u>	<u>20,764,953</u>
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4	10,895,701	-	-	10,895,701
Buildings and improvements	41,333,340	939,500	-	42,272,840
Vehicles	14,230,683	198,322	82,802	14,346,203
Equipment	6,381,586	264,779	224,483	6,421,882
Total capital assets, depreciable	<u>72,841,310</u>	<u>1,402,601</u>	<u>307,285</u>	<u>73,936,626</u>
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4	9,998,898	463,623	-	10,462,521
Buildings and improvements	7,955,181	1,127,664	-	9,082,845
Vehicles	9,477,219	1,607,971	64,798	11,020,392
Equipment	4,258,203	472,682	205,229	4,525,656
Total accumulated depreciation, net	<u>31,689,501</u>	<u>3,671,940</u>	<u>270,027</u>	<u>35,091,414</u>
Total capital assets, depreciable	<u>41,151,809</u>	<u>(2,269,339)</u>	<u>37,258</u>	<u>38,845,212</u>
Total business-type activities, net	<u>\$ 61,436,395</u>	<u>\$ (1,762,631)</u>	<u>\$ 63,599</u>	<u>\$ 59,610,165</u>

City of Little Rock, Arkansas
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Component Units	Balance December 31, 2009	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2010
Capital Assets, non-depreciable				
Land	\$ 77,122,531	\$ 977,804	\$ -	\$ 78,100,335
Construction in progress	170,739,558	62,555,710	10,677,645	222,617,623
Total capital assets, non-depreciable	<u>247,862,089</u>	<u>63,533,514</u>	<u>10,677,645</u>	<u>300,717,958</u>
Capital Assets, depreciable				
Buildings, improvements and facilities	767,721,439	31,556,645	3,312,950	795,965,134
Vehicles	33,141,845	9,234,943	2,702,462	39,674,326
Equipment	80,837,505	5,040,941	1,437,418	84,441,028
Books and audio visual material	13,860,721	1,885,254	-	15,745,975
Total capital assets, depreciable	<u>895,561,510</u>	<u>47,717,783</u>	<u>7,452,830</u>	<u>935,826,463</u>
Less accumulated depreciation	<u>339,170,747</u>	<u>30,104,967</u>	<u>5,691,869</u>	<u>363,583,845</u>
Total capital assets, depreciable, net	<u>556,390,763</u>	<u>17,612,816</u>	<u>1,760,961</u>	<u>572,242,618</u>
Total component units, net	<u>\$ 804,252,852</u>	<u>\$ 81,146,330</u>	<u>\$ 12,438,606</u>	<u>\$ 872,960,576</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	\$	337,302
City manager		49,850
Cable TV		8,245
District court – first division (criminal)		13,496
District court – second division (traffic)		11,837
Finance		263,885
Human resource		81,746
Information technology		219,673
Planning and development		15,045
Fleet services		<u>154,215</u>
Total general government		1,155,294
Public works		16,286,140
Parks and recreation services		1,166,061
Fire		2,180,300
Police		3,028,077
Housing and neighborhood programs		<u>128,914</u>
Total depreciation expense – governmental activities		<u>23,944,786</u>

Business-Type Activities

Presidential park		167
Waste disposal		2,655,814
Second and main parking		220,182
Riverfront park		100,815
Zoo		418,193
Vehicle storage		12,207
Golf courses		94,146
Fitness center		<u>170,416</u>
Total depreciation expense - business-type activities		<u>3,671,940</u>
Total depreciation expense - primary government	\$	<u><u>27,616,726</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2010, were as follows:

Governmental Activities	Balance December 31, 2009	Increases	Decreases	Balance December 31, 2010	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 21,540,000	\$ -	\$ 1,255,000	\$ 20,285,000	\$ 1,110,000
Less deferred issuance discounts	274,294	-	9,250	265,044	-
Add issuance premiums	2,393	-	299	2,094	-
	<u>21,268,099</u>	<u>-</u>	<u>1,246,049</u>	<u>20,022,050</u>	<u>1,110,000</u>
General obligation bonds	81,560,000	-	14,305,000	67,255,000	6,060,000
Less deferred issuance discounts	598,297	-	45,067	553,230	-
Add issuance premiums	1,077,872	-	94,062	983,810	-
	<u>82,039,575</u>	<u>-</u>	<u>14,353,995</u>	<u>67,685,580</u>	<u>6,060,000</u>
Bonds payable, net	103,307,674	-	15,600,044	87,707,630	7,170,000
Notes payable					
Notes payable	13,177,436	-	5,120,759	8,056,677	4,184,829
Compensated absences	20,407,602	10,416,186	8,555,009	22,268,779	6,506,436
Net pension obligation	67,055,646	14,828,655	-	81,884,301	-
Other	986,655	875,003	620,455	1,241,203	607,105
	<u>101,627,339</u>	<u>25,119,844</u>	<u>14,306,219</u>	<u>112,440,964</u>	<u>10,708,370</u>
Total governmental activities long-term liabilities	<u>\$ 204,935,013</u>	<u>\$ 26,119,844</u>	<u>\$ 29,896,267</u>	<u>\$ 201,158,590</u>	<u>\$ 18,468,370</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 38,025,000	\$ 6,570,000	\$ 12,870,000	\$ 31,725,000	\$ 760,000
Less deferred issuance discounts	1,762,722	49,275	513,417	1,298,580	-
Add issuance premiums	598,659	-	95,547	503,112	-
	<u>36,860,937</u>	<u>6,520,725</u>	<u>12,452,130</u>	<u>30,929,532</u>	<u>760,000</u>
Bonds payable, net	36,860,937	6,520,725	12,452,130	30,929,532	760,000
Capital lease obligation	92,462	-	92,462	-	-
Compensated absences	957,960	695,378	485,093	1,168,245	490,884
Postclosure landfill costs	3,317,923	478,914	-	3,796,837	956,052
	<u>44,129,332</u>	<u>1,173,660</u>	<u>1,077,555</u>	<u>5,033,127</u>	<u>1,447,936</u>
Total business-type activities long-term liabilities	<u>\$ 41,229,282</u>	<u>\$ 7,695,017</u>	<u>\$ 13,029,685</u>	<u>\$ 35,894,614</u>	<u>\$ 2,206,936</u>

City of Little Rock, Arkansas
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Component Units	Balance, December 31, 2009	Increases	Decreases	Balance December 31, 2010	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 12,212,398	\$ -	\$ 1,858,399	\$ 10,353,999	\$ 1,985,445
Add issuance premiums	863,940		135,299	728,641	-
	<u>13,076,338</u>	<u>-</u>	<u>1,993,698</u>	<u>11,082,640</u>	<u>1,985,445</u>
Central Arkansas Library					
Revenue bonds	3,730,000	-	182,500	3,547,500	170,000
Compensated absences	915,771	16,313	-	932,084	932,084
	<u>4,645,771</u>	<u>16,313</u>	<u>182,500</u>	<u>4,479,584</u>	<u>1,102,084</u>
Little Rock Port Authority					
Compensated absences	194,592	43,773	23,825	214,540	19,948
Postretirement health insurance	70,720		11,419	59,301	9,739
	<u>265,312</u>	<u>43,773</u>	<u>35,244</u>	<u>273,841</u>	<u>29,687</u>
Little Rock Workforce Investment Board					
Compensated absences	5,561	5,259	-	10,820	10,820
Arkansas Arts Center					
Various notes payable	1,142,961	1,201,185	5,597	2,338,549	2,338,549
Arkansas Museum of Science and History					
Various notes payable	114,308	27,234	26,142	115,400	115,400
National Airport					
Bonds payable					
Revenue bonds	29,425,000	-	2,395,000	27,030,000	2,515,000
Less deferred issuance discounts	401,437	-	58,174	343,263	-
Add issuance premiums	418,797	-	74,532	344,265	-
	<u>29,442,360</u>	<u>-</u>	<u>2,411,358</u>	<u>27,031,002</u>	<u>2,515,000</u>
Other long-term liabilities	43,422,019	9,045,824	3,808,246	48,659,597	3,808,246
	<u>72,864,379</u>	<u>9,045,824</u>	<u>6,219,604</u>	<u>75,690,599</u>	<u>6,323,246</u>
Wastewater Utility					
Revenue bonds	260,634,401	7,437,729	6,614,888	261,457,242	7,072,062
Add issuance premiums	630,972	210,609	214,773	626,808	167,934
Compensated absences	853,765	4,309	207,721	650,353	636,391
	<u>262,119,138</u>	<u>7,652,647</u>	<u>7,037,382</u>	<u>262,734,403</u>	<u>7,876,387</u>
Total component units long-term liabilities	<u>\$ 354,233,768</u>	<u>\$ 17,992,235</u>	<u>\$ 15,500,167</u>	<u>\$ 356,725,836</u>	<u>\$ 19,781,618</u>

City of Little Rock, Arkansas
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Bonds and notes payable at December 31, 2010, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
Bonds payable	2.0% – 5.5 %	2039	\$ 186,410,000	\$ 87,680,000
Notes payable – short-term financing	3.55% – 6.235 %	2013	18,832,500	7,641,677
Notes payable – Section 108 loans	Variable	2013	2,070,000	415,000
Enterprise funds				
Revenue bonds	2.0% – 5.5 %	2040	61,275,000	31,725,000

Governmental Activities

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

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

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

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

City of Little Rock, Arkansas

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and the Series 2002 Library Improvement Bonds, to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System and to pay the costs of issuance of the bonds. The Series 2004A and Series 2004B bonds are limited obligations of the City, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. Mandatory redemption may occur in the event that excess proceeds exist.

2008 Library Construction and Improvement Bonds – Bonds in the amount of \$4,000,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System and to pay the costs of issuance of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. Mandatory redemption may occur in the event that excess proceeds exist.

2009 Library Construction and Improvement Bonds – Bonds in the amount of \$28,000,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System and to pay the costs of issuance of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. Mandatory redemption may occur in the event that excess proceeds exist.

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

Notes Payable

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, allowing cities and counties to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. These financing agreements may not mature over a period to exceed five years and may have fixed or variable interest rates to be repaid with general fund revenues. At December 31, 2010, the outstanding short-term financing agreements were as follows:

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

2007 Short-term Financing Note – The \$1,372,000 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property

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having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$327,793, on July 19, including interest at 6.24%.

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

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

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%.

The City also has entered into two loan guarantee commitments with the U.S. Department of Housing and Urban Development (HUD) for the purpose of acquiring, constructing or installing real property to be repaid with Community Development Block Grant (CDBG) funds or related program income. These notes payable with HUD at December 31, 2010, were as follows:

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

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

Other Liabilities

Other liabilities are typically funded by general revenues of the governmental activity that incurred the liability.

Business-Type Activities

Revenue Bonds - Revenue bonds are comprised of various issues for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing additions and improvements of City facilities.

2007 Waste Disposal Revenue Bonds – On March 12, 2007, the City issued \$3,400,000 in 2007 Waste Disposal Refunding and Improvement Bonds with an interest rate ranging from 5.38% to 5.75%. These bonds were issued to finance all or a portion of the costs of betterments and

City of Little Rock, Arkansas
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improvements to the System (the Project), fund a debt service reserve and pay expenses of issuing the bonds. The bonds constitute special obligations of the City, secured by a pledge of net revenues derived from the System. Interest payments are due semiannually each May 1 and November 1. To the extent not previously redeemed, the Bonds maturing on May 1, 2022 are subject to mandatory sinking fund redemption. These bonds are also subject to optional redemption at direction of the City beginning May 1, 2014.

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

Waste Disposal Revenue Bonds - Series 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.

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

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

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

City of Little Rock, Arkansas
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payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1.

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

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

The *1990, 1991, and 1996 Series Sewer Revenue* are part of \$7,000,000, \$6,000,000, and \$6,000,000 bond issues, respectively. The *1999 Series Sewer Revenue Bonds* are a \$12,000,000 series and are subordinate to all previous bond issues. The *2001 Series Sewer Revenue Bonds* (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. As of December 31, 2010, the Utility has drawn \$23,100,000, \$14,000,000, \$6,499,119, and \$17,106,554, respectively. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues respectively and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In November 2009, the City issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements.

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

City of Little Rock, Arkansas
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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.

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

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

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

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

Advertising and Promotion Commission Bonds

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

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

Advertising and Promotion Commission Bonds - Series 2007B – During 2007, the City of Little Rock Taxable General Revenues Note, Series 2007-B, was issued to finance an HVAC project in the Statehouse Convention Center. The note, in the amount of \$1,372,000, is payable by Little

City of Little Rock, Arkansas

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Rock Advertising and Promotion Commission. Principal and interest payments are due in annual installments of \$327,793, with final payment due July 17, 2012.

Central Arkansas Library System

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2010. Principal and interest are also disclosed for the component units as follows:

Year	Primary Government					
	Governmental Activities		Business-Type Activities		Component Units	
	General Obligation & Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 7,170,000	\$ 3,579,980	\$ 760,000	\$ 1,409,691	\$ 11,742,507	\$ 13,219,086
2012	7,290,000	3,305,438	2,730,000	1,384,622	12,173,577	12,793,162
2013	7,565,000	3,026,565	3,015,000	1,309,711	12,554,601	12,320,196
2014	8,330,000	2,727,316	1,640,000	1,238,790	13,107,476	11,748,425
2015	9,425,000	2,381,166	1,700,000	1,175,687	12,257,397	11,154,220
2016 - 2020	22,385,000	8,394,535	5,970,000	4,989,656	57,168,171	48,421,735
2021 - 2025	13,605,000	4,404,709	5,470,000	3,599,254	50,794,696	36,981,488
2026 - 2030	7,970,000	1,721,491	4,385,000	2,200,848	49,182,051	27,337,641
2031 - 2035	1,625,000	830,638	2,610,000	1,321,925	57,436,547	15,376,239
2036- 2040	2,175,000	287,238	3,445,000	454,163	25,971,718	2,148,897
	<u>\$ 87,540,000</u>	<u>\$ 30,659,076</u>	<u>\$ 31,725,000</u>	<u>\$ 19,084,347</u>	<u>\$ 302,388,741</u>	<u>\$ 191,501,089</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2011	\$ 4,184,830	\$ 358,263	\$ 2,453,949	\$ 98,167
2012	2,699,986	178,487	-	-
2013	1,171,861	56,764	-	-
	<u>\$ 8,056,677</u>	<u>\$ 593,514</u>	<u>\$ 2,453,949</u>	<u>\$ 98,167</u>

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

Interfund receivables and payables as of December 31, 2010, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 14,276,791	\$ -
Seized Money fund	-	44,299
Emergency 911 fund	-	801,102
CDBG fund	-	608,515
HIPP fund	-	45,089
Grant fund	-	342,372
2009A Parks & Recreation CI fund	-	40,833
2004 Central Arkansas Library	-	190,802
Governmental Funds to/from Fiduciary Funds		
General fund	-	441,432
Total governmental funds	14,276,791	2,514,444
Proprietary Funds		
River Market	-	2,517,803
Zoo	-	3,807,890
Vehicle storage	-	894,292
Golf courses	-	4,982,409
Total proprietary funds	-	12,202,394
Fiduciary Funds		
Policemen's pension	3,625,059	398
Firemen's pension	3,625,059	1,170
Total fiduciary funds	7,250,118	1,568
Government-Wide		
Governmental Activities	-	6,808,503
Total	\$ 21,526,909	\$ 21,526,909

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The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between the funds are made.

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen's and Policemen's Pension Plans. A portion of the amounts receivable by the pension funds from the General Fund are not accrued on the General Fund financial statements as they are not recognizable under the modified accrual basis of accounting because the amounts due to the pension funds are not expected to be liquidated with available expendable resources. However, \$6,808,503 of the amounts receivable by the pension funds from the General fund has been included in the governmental activities statement of net assets as due to fiduciary funds.

City of Little Rock, Arkansas
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Interfund transfers in and transfers out as of December 31, 2010, are as follows:

Interfund Transfers In	Interfund Transfers Out								Totals
	Governmental Funds			Proprietary Funds					
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Rivermarket Garage	Presidential Park	Zoo	Other Nonmajor Enterprise Funds	
Governmental Funds									
General	\$ -	\$ 2,022,210	\$ 236,278	\$ 1,871,484	\$ -	\$ -	\$ 8,106	\$ 175,506	\$ 4,313,584
2008 & 2009 Central Arkansas Library Capital Improvements	-	202	-	-	-	-	-	-	202
Other Nonmajor Governmental Funds	253,547	1,260,180	-	460,151	200,903	672,361	-	-	2,847,142
Internal Service Fund	-	-	-	-	-	-	-	-	-
Proprietary Funds									
Presidential Park	-	-	-	-	-	-	493,091	815,015	1,308,106
Waste Disposal	-	-	-	-	-	-	-	-	-
Zoo	1,680,054	-	-	-	-	-	-	-	1,680,054
Other Nonmajor Enterprise Funds	1,580,315	40,000	-	-	-	-	-	59,999	1,680,314
	<u>\$ 3,513,916</u>	<u>\$ 3,322,592</u>	<u>\$ 236,278</u>	<u>\$ 2,331,635</u>	<u>\$ 200,903</u>	<u>\$ 672,361</u>	<u>\$ 501,197</u>	<u>\$ 1,050,520</u>	<u>\$ 11,829,402</u>

Transfers are used to fund special projects, meet debt service requirements and subsidize 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, 2010:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	304	289	86	-	-
Active plan members	-	-	25	781	33
Members on Deferred Retirement Option Plan (DROP)	10	28	-	-	-
Total	314	317	111	781	33

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:

Statement of Fiduciary Net Assets						
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Contribution Plan	Nonuniformed Benefit Plan	401 (a) Contribution Plan	Health Management Trust Fund
Assets						
Cash and cash equivalents	\$ 1,423,506	\$ 2,340,131	\$ 966,317	\$ 424,906	\$ -	\$ 12,577
Investments	47,562,239	70,778,546	35,632,534	8,006,557	6,413,268	1,494,280
Receivables	4,001,969	4,063,117	6,920	6,159	183,176	2,600
Total assets	<u>52,987,714</u>	<u>77,181,794</u>	<u>36,605,771</u>	<u>8,437,622</u>	<u>6,596,444</u>	<u>1,509,457</u>
Liabilities						
Accrued liabilities	27,786	31,405	-	-	-	-
Due to other funds	398	1,170	-	-	-	-
Total liabilities	<u>28,184</u>	<u>32,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets						
Net assets held in trust for pension benefits	<u>\$ 52,959,530</u>	<u>\$ 77,149,219</u>	<u>\$ 36,605,771</u>	<u>\$ 8,437,622</u>	<u>\$ 6,596,444</u>	<u>\$ 1,509,457</u>
Statement of Changes in Fiduciary Net Assets						
Additions						
Contributions	\$ 4,846,109	\$ 4,367,091	\$ 2,487,128	\$ 1,699,508	\$ 643,256	\$ 1,742
Net investment income	5,268,469	7,078,950	3,062,051	668,767	649,135	102,939
Total additions	<u>10,114,578</u>	<u>11,446,041</u>	<u>5,549,179</u>	<u>2,368,275</u>	<u>1,292,391</u>	<u>104,681</u>
Deductions						
Benefits paid directly to participants	9,392,859	10,723,062	2,084,574	1,423,559	105,347	-
Administrative expenses and other	70,954	154,509	168,089	-	-	13,564
Total deductions	<u>9,463,813</u>	<u>10,877,571</u>	<u>2,252,663</u>	<u>1,423,559</u>	<u>105,347</u>	<u>13,564</u>
Change in Net Assets	<u>650,765</u>	<u>568,470</u>	<u>3,296,516</u>	<u>944,716</u>	<u>1,187,044</u>	<u>91,117</u>
Net Assets Held in Trust For Pension Benefits, Beginning of Year	<u>52,308,765</u>	<u>76,580,749</u>	<u>33,309,255</u>	<u>7,492,906</u>	<u>5,409,400</u>	<u>1,418,340</u>
Net Assets Held in Trust For Pension Benefits, End of Year	<u>\$ 52,959,530</u>	<u>\$ 77,149,219</u>	<u>\$ 36,605,771</u>	<u>\$ 8,437,622</u>	<u>\$ 6,596,444</u>	<u>\$ 1,509,457</u>

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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 2010. The participants contributed 6% of their salaries in 2010. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2010 contributions to the Policemen's Fund were \$4,846,109. The City's share of contributions was \$4,318,437 and included \$3,436,068 in property taxes and \$830,998 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2010, the City's total payroll for all employees amounted to \$92,343,032, including police and fire personnel. Total police personnel payroll amounted to \$35,056,532. There are no active fire employees covered by this plan.

As of December 31, 2009, the most recent actuarial valuation date, the PPRF was 39% funded. The actuarial accrued liability for benefits was \$125,299,686, and the actuarial value of assets was \$48,592,721, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,706,965. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries which amounted to 6% during 2010. The participants contributed 6% of their salaries in 2010. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6%. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total 2010 contributions to the Firemen's Fund were \$4,367,091. The City's share of contributions was \$4,102,448 and included \$3,436,068 in property taxes and \$542,362 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2010, the City's total payroll for all employees amounted to \$92,343,032, including police and fire personnel. Total fire personnel payroll amounted to \$23,608,053. There are no active police employees covered by this plan.

As of December 31, 2009, the most recent actuarial valuation date, the FPRF was 48% funded. The actuarial accrued liability for benefits was \$151,020,404, and the actuarial value of assets was \$72,865,809 resulting in an unfunded actuarial accrued liability (UAAL) of \$78,154,595. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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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 2010 were \$1,085,570. Administrative costs are financed by the Nonuniformed Plan Fund.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The Nonuniformed Plan uses the aggregate cost method in calculating the annual required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

	2010 Annual Pension Cost and Net Pension Obligation		
	Policemen's Fund	Firemen's Fund	Nonuniformed Plan
Annual required contributions	\$ 17,295,532	\$ 17,621,937	\$ 1,085,570
Interest on net pension obligation	2,330,365	973,952	-
Adjustment to annual required contribution	(10,508,798)	(4,392,044)	-
Annual pension cost	9,117,099	14,203,845	1,085,570
Contributions made	4,403,481	4,088,808	1,085,570
Increase (decrease) in net pension obligation	4,713,618	10,115,037	-
Net pension obligation, beginning of the year	46,607,295	19,479,042	969,309
Net pension obligation, end of the year	<u>\$ 51,320,913</u>	<u>\$ 29,594,079</u>	<u>\$ 969,309</u>

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Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations are performed biennially and the last evaluation was as of December 31, 2009. Actuarial assumptions used in evaluating the fund include entry age cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2010, was 30 years.

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2008	\$ 4,570,500	91%	\$ 42,893,424
	12/31/2009	8,148,037	54%	46,607,295
	12/31/2010	9,117,099	48%	51,320,913
Firemen's Fund	12/31/2008	\$ 7,469,153	56%	\$ 12,810,205
	12/31/2009	11,077,509	40%	19,479,042
	12/31/2010	14,203,845	29%	29,594,079
Nonuniformed Plan	12/31/2008	\$ 305,877	115%	\$ 262,226
	12/31/2009	1,085,570	35%	969,309
	12/31/2010	1,085,570	100%	969,309

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

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

Agent Multiple-Employer Defined Benefit Pension Plan

The ***Local Police and Fire Retirement System (LOPFI)*** is a statewide agent multiple-employer retirement program that provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. The authority to establish and amend benefit provisions is set forth in Arkansas state statutes and is vested in the Arkansas Legislature with the concurrence of the Governor. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the Plan. LOPFI issues a publicly available financial report that includes financial statements and required supplementary information of the Plan, which may be obtained by contacting the following:

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

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 15.58% for participating policemen and 12.23% for participating firemen.

For 2010, the City's annual pension cost was \$3,453,082 for policemen and \$3,150,753 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, 2009, actuarial valuation using the entry age actuarial cost method.

Actuarial assumptions used were entry age cost method, level percent amortization method, 30 year amortization period for active participants, five-year smoothed market valuation method, 8% investment rate of return, 4% salary increases, 3% postretirement annual increases, and 4% inflation. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2009, was 30 years.

City of Little Rock, Arkansas
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December 31, 2010

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
LOPFI – Policemen	12/31/2008	\$ 3,247,330	100%	\$ -
	12/31/2009	3,249,621	100%	-
	12/31/2010	3,453,082	100%	-
LOPFI – Firemen	12/31/2008	\$ 2,974,426	100%	\$ -
	12/31/2009	2,865,112	100%	-
	12/31/2010	3,150,753	100%	-

For the year ended December 31, 2010, the City’s total payroll for all employees amounted to \$92,343,032, including police and fire personnel. Total police and fire personnel payroll amounted to \$35,056,532 and \$23,608,053 respectively. Total police and fire covered payroll amounted to \$28,625,116 and \$20,514,645 respectively. Covered payroll refers to all recurring compensation paid by the City to active employees covered by the Arkansas Local Police and Fire Retirement System.

As of December 31, 2009, the most recent actuarial valuation date, the Police plan was 75% funded. The actuarial accrued liability for benefits was \$121,370,759 and the actuarial value of assets was \$90,502,939 resulting in an unfunded actuarial accrued liability (UAAL) of \$30,867,820. The covered payroll (annual payroll of active police employees covered by the plan) was \$28,625,116 and the ratio of the UAAL to the covered payroll was 108%.

As of December 31, 2009, the most recent actuarial valuation date, the Fire plan was 76% funded. The actuarial accrued liability for benefits was \$90,972,554 and the actuarial value of assets was \$69,350,775 resulting in an unfunded actuarial accrued liability (UAAL) of \$21,621,779. The covered payroll (annual payroll of active police employees covered by the plan) was \$20,514,645 and the ratio of the UAAL to the covered payroll was 105%.

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

City of Little Rock, Arkansas
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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 2010, employer and employee contributions to the Plan were \$1,253,581 and \$1,233,547, respectively.

The *401(a) Money Purchase and Trust Retirement Fund* is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established, and can be amended, by action of the City's Board of Directors. During 2010, employer and employee contributions to the plan were \$299,324 and \$343,932 respectively.

City of Little Rock, Arkansas
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Actuarial Assumptions

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan	Local Police and Fire Retirement System – Policemen	Local Police and Fire Retirement System – Firemen
Actuarial valuation date	12/31/2009	12/31/2009	1/1/2009	12/31/2009	12/31/2009
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Not applicable	Level percent open	Level percent Open
Remaining amortization period	5 years	5 years	Not applicable	30 years	30 years
Asset valuation method	Market	Market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:					
Investment rate of return*	5%	5%	8%	8%	8%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4%	4%
*Includes inflation at	4%	4%	0%	4%	4%
Cost-of-living adjustments	None	None	None	None	None

Note 7: Other Postemployment Benefits

Plan Description: The City of Little Rock sponsors and administers an informal single-employer defined benefit healthcare plan. Arkansas statute provides that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. In addition, members employed at least 5 years with age plus service exceeding 70 at retirement are eligible for benefits. The State of Arkansas has the authority to establish and amend the requirements of this statute. The City does not issue stand alone financial statements of the plan but all required information is presented in this report.

City of Little Rock, Arkansas
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Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed for the first six months of retirement. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. After paying full premiums for six months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). The plan has 177 retired participants who pay monthly premiums between \$253 for single coverage and \$723 for family coverage.

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

Annual required contribution	\$ 783,521
30-year amortization of beginning of year assets	37,585
Interest on net OPEB asset	<u>(32,647)</u>
Annual OPEB Cost	788,459
Total annual employer contribution	<u>(562,972)</u>
Decrease in net OPEB asset	(225,487)
Net OPEB asset – beginning of year	<u>466,392</u>
Net OPEB asset – end of year	<u>\$ 240,905</u>

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

Service cost	\$ 229,766
Amortization of unfunded obligation	502,497
Interest to end-of-year	<u>51,258</u>
ARC	<u>\$ 783,521</u>

City of Little Rock, Arkansas
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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/10	\$788,459	130%	\$240,905
12/31/09	\$854,854	155%	\$466,392
12/31/08	\$885,080	100%	\$ 0

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

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

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 8: Risk Management

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2009 to December 31, 2010:

Liability balance, January 1, 2009	\$ 1,195,624
Claims and changes in estimates	84,874
Claims payments	<u>(293,843)</u>
Liability balance, December 31, 2009	986,655
Claims and changes in estimates	875,003
Claims payments	<u>(620,455)</u>
Liability balance, December 31, 2010	<u><u>\$ 1,241,203</u></u>

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2009 to 2010; 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, 2010

Note 9: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2010, property taxes receivable and related deferred revenues of \$46,771,810 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:

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

City of Little Rock, Arkansas
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December 31, 2010

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 \$3,796,837 is based on 18.0% use of Class I Waste total constructed capacity, and 33.28% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,622,965 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 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following governmental and enterprise funds have deficit net assets as of December 31, 2010:

Fund	<u>Deficit Amount</u>
Golf Courses	(1,890,323)
Vehicle Storage	<u>(883,234)</u>
Total deficit net assets	<u><u>\$ (2,773,557)</u></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, 2010

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, 2010, the aggregate principal amount payable on these bonds was approximately \$249,921,783.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2010

Note 14: Jointly Governed Organization

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

Note 15: Current Economic Conditions

The current protracted economic decline continues to present local governments with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in tax revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the City.

Current economic conditions have made it difficult for some taxpayers to continue supporting the local economy through the purchasing of goods and services. The result could cause a decline in tax revenue that could have a negative impact on the City's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change in the near term, resulting in future adjustments in investment values, allowances for accounts receivable, etc. that could negatively impact the City's ability to meet debt covenants or maintain sufficient liquidity.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 17,319,889	\$ 17,217,889	\$ 24,034,597	\$ 6,816,708
Sales taxes	63,271,857	63,981,857	64,137,449	155,592
Licenses and permits	9,505,340	9,144,590	9,349,229	204,639
Intergovernmental	1,765,160	1,177,668	2,686,738	1,509,070
Charges for services	4,591,980	4,771,980	4,837,079	65,099
Fines and fees	3,757,449	3,557,449	3,642,760	85,311
Utility franchise fees	28,337,236	27,324,236	27,594,023	269,787
Investment income	96,500	11,500	20,512	9,012
Miscellaneous	796,369	796,369	1,556,253	759,884
Total revenues	129,441,780	127,983,538	137,858,640	9,875,102
Expenditures				
General government:				
General administration	20,560,582	19,704,139	20,866,682	(1,162,543)
Board of directors	232,367	232,367	213,457	18,910
Community programs	332,128	267,783	2,373,537	(2,105,754)
City attorney	1,486,505	1,394,812	1,401,590	(6,778)
District court-first division (criminal)	1,264,557	1,133,537	1,068,905	64,632
District court-third division (environmental)	505,975	467,287	473,970	(6,683)
District court-second division (traffic)	1,105,225	1,089,675	1,077,453	12,222
Finance	2,467,415	2,456,420	2,465,831	(9,411)
Human resources	1,298,980	1,278,520	1,313,447	(34,927)
Information technology	3,155,241	2,813,860	2,755,289	58,571
Planning and development	2,201,914	1,779,987	1,753,797	26,190
Total general government	34,610,889	32,618,387	35,763,958	(3,145,571)
Public works	1,169,769	1,037,922	1,461,581	(423,659)
Parks and recreation services	7,022,067	6,577,106	6,751,789	(174,683)
Fire	32,596,237	32,193,151	35,689,956	(3,496,805)
Police	48,808,531	46,873,181	51,346,654	(4,473,473)
Housing and neighborhood programs	4,233,312	3,555,535	3,914,462	(358,927)
Vacancy savings	(4,330,993)	-	-	-
Total expenditures	124,109,812	122,855,282	134,928,400	(12,073,118)
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,331,968	5,128,256	2,930,240	(2,198,016)
Other Financing Sources (Uses)				
Transfers in	1,707,595	3,962,525	4,313,584	351,059
Transfers out	(7,039,563)	(6,654,891)	(3,513,916)	3,140,975
Total other financing sources (uses)	(5,331,968)	(2,692,366)	799,668	3,492,034
Net Change in Fund Balances	-	2,435,890	3,729,908	1,294,018
Fund Balances, Beginning of Year	22,281,212	22,281,212	22,281,212	-
Fund Balances, End of Year	\$ 22,281,212	\$ 24,717,102	\$ 26,011,120	\$ 1,294,018

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2010

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 2010.

Appropriations for special projects are made each year by the Board of Directors to finance specific events and capital outlays. These projects are carried forward each year until they are fully expended or repealed by Board of Directors' ordinance.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedule – General Fund* presents the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Employer Contributions
Year Ended December 31, 2010

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

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2010

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)	Excess As A Percentage Of Covered Payroll ((a-b)/c)
Policemen's Pension and Relief Fund	12/31/03	61,704,750	119,454,990	57,750,240	52%	150,796	38297%	
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A	
	12/31/07	66,039,832	118,412,550	52,372,718	56%	-	N/A	
	12/31/08	50,376,143	116,771,703	66,395,560	43%	-	N/A	
	12/31/09	48,592,721	125,299,686	76,706,965	39%	-	N/A	
Firemen's Pension and Relief Fund	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%	
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%	
	12/31/07	87,533,202	129,213,518	41,680,316	68%	51,914	80287%	
	12/31/08	69,120,422	128,371,518	59,251,096	54%	50,640	117005%	
	12/31/09	72,865,809	151,020,404	78,154,595	48%	-	N/A	
Local Police and Fire Retirement System - Policemen	12/31/04	58,678,303	60,913,436	2,235,133	96%	20,415,382	11%	
	12/31/05	66,004,978	67,925,639	1,920,661	97%	21,266,161	9%	
	12/31/06	74,905,451	76,842,810	1,937,359	97%	23,570,761	8%	
	12/31/07	87,095,526	87,708,314	612,788	99%	25,257,302	2%	
	12/31/08	87,957,162	101,698,119	13,740,957	86%	26,570,903	52%	
	12/31/09	90,502,939	121,370,759	30,867,820	75%	28,625,116	108%	
Local Police and Fire Retirement System - Firemen	12/31/04	40,512,700	47,400,387	6,887,687	85%	14,997,552	46%	
	12/31/05	46,596,328	52,990,455	6,394,127	88%	16,110,508	40%	
	12/31/06	55,563,161	58,575,344	3,012,183	95%	16,444,539	18%	
	12/31/07	65,748,849	68,063,672	2,314,823	97%	18,187,495	13%	
	12/31/08	67,898,073	78,005,898	10,107,825	87%	18,389,676	55%	
	12/31/09	69,350,775	90,972,554	21,621,779	76%	20,514,645	105%	
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/08	10,833,304	12,185,081	2,573,410	70%	1,602,197	160%	
	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%	

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

City of Little Rock, Arkansas
Required Supplemental Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2010

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

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

NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** account for resources which are designated by law or contractual agreement for particular functions or activities and are legally required to be accounted for in separate funds. Such resources are derived from specific taxes, federal grant and entitlement monies, and multi-year appropriations.

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

2008/2009 CENTRAL ARKANSAS LIBRARY – The 2008/2009 Central Arkansas Library bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System and to pay the costs of issuance of the bonds.

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

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

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

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

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

SHORT TERM FINANCING – Accounts for proceeds of 2004, 2005, 2006, 2007 and 2008 Short Term Financing to acquire capital equipment, vehicles and an enterprise resource planning system 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.

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

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

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,913,328	\$ 754,072	\$ 1,060,989	\$ 3,728,389
Restricted cash	-	4,361,474	2,667,515	7,028,989
Investments	3,357,147	2,098,560	2,952,695	8,408,402
Accounts receivable	10,748,501	-	-	10,748,501
Interest receivable	9,135	5,710	8,035	22,880
Inventories	724,556	-	-	724,556
Prepaid expenditures and other	407,391	-	-	407,391
Total assets	<u>\$ 17,160,058</u>	<u>\$ 7,219,816</u>	<u>\$ 6,689,234</u>	<u>\$ 31,069,108</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 1,208,442	\$ -	\$ 330,609	\$ 1,539,051
Due to other funds	1,797,078	-	40,833	1,837,911
Deferred revenue	7,162,927	3,197,219	-	10,360,146
Total liabilities	<u>10,168,447</u>	<u>3,197,219</u>	<u>371,442</u>	<u>13,737,108</u>
Fund Balances				
Reserved	1,430,658	-	-	1,430,658
Unreserved	5,560,953	4,022,597	6,317,792	15,901,342
Total fund balances	<u>6,991,611</u>	<u>4,022,597</u>	<u>6,317,792</u>	<u>17,332,000</u>
Total liabilities and fund balances	<u>\$ 17,160,058</u>	<u>\$ 7,219,816</u>	<u>\$ 6,689,234</u>	<u>\$ 31,069,108</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor
Year Ended December 31, 2010

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ 4,921,108	\$ 3,359,316	\$ -	\$ 8,280,424
Licenses and permits	29,737	-	-	29,737
Intergovernmental	23,168,145	-	-	23,168,145
Charges for services	2,130,002	-	-	2,130,002
Fines and fees	1,003,455	-	-	1,003,455
Utility franchise taxes	-	1,754,036	-	1,754,036
Investment income	5,675	13,042	11,728	30,445
Contributions and donations	1,376,301	-	-	1,376,301
Miscellaneous	3,330,300	-	-	3,330,300
	<u>35,964,723</u>	<u>5,126,394</u>	<u>11,728</u>	<u>41,102,845</u>
Expenditures				
General government				
General administration	3,847,471	-	-	3,847,471
Community programs	86,415	-	-	86,415
District court - first division (criminal)	7,549	-	-	7,549
District court - second division (traffic)	13,114	-	-	13,114
Finance	60,478	-	6,500	66,978
Human resource	335,031	-	5,839	340,870
Information technology	15,028	-	73,824	88,852
Planning and development	117,415	-	-	117,415
	<u>4,482,501</u>	<u>-</u>	<u>86,163</u>	<u>4,568,664</u>
Public works				
Public works	18,680,321	-	189,461	18,869,782
Parks and recreation services	965,598	-	2,388,990	3,354,588
Zoo	75,565	-	1,686,456	1,762,021
Fire	979,471	-	1,265	980,736
Police	3,779,991	-	624,480	4,404,471
Fleet	265,074	-	-	265,074
Housing and neighborhood programs	4,869,229	-	6,754	4,875,983
Debt service				
Principal	-	2,870,000	-	2,870,000
Interest	-	2,268,027	-	2,268,027
Agent fees	-	9,804	-	9,804
	<u>34,097,750</u>	<u>5,147,831</u>	<u>4,983,569</u>	<u>44,229,150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,866,973</u>	<u>(21,437)</u>	<u>(4,971,841)</u>	<u>(3,126,305)</u>
Other Financing Sources (Uses)				
Transfers in	2,174,562	672,361	219	2,847,142
Transfers out	(3,093,840)	-	(228,752)	(3,322,592)
	<u>(919,278)</u>	<u>672,361</u>	<u>(228,533)</u>	<u>(475,450)</u>
Net Change in Fund Balances	947,695	650,924	(5,200,374)	(3,601,755)
Fund Balances, Beginning of Year	<u>6,043,916</u>	<u>3,371,673</u>	<u>11,518,166</u>	<u>20,933,755</u>
Fund Balances, End of Year	<u>\$ 6,991,611</u>	<u>\$ 4,022,597</u>	<u>\$ 6,317,792</u>	<u>\$ 17,332,000</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds - Nonmajor
December 31, 2010

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets									
Cash and cash equivalents	\$ 273,893	\$ 885,099	\$ 16,232	\$ -	\$ -	\$ 443,439	\$ 52,750	\$ 241,915	\$ 1,913,328
Investments	760,428	2,447,815	45,174	-	-	-	103,730	-	3,357,147
Accounts receivable	6,759,299	12,012	-	396,533	3,380,016	111,058	-	89,583	10,748,501
Interest receivable	2,069	6,661	123	-	-	-	282	-	9,135
Inventories	-	-	-	-	-	349,140	-	375,416	724,556
Prepaid expenditures and other	-	-	-	407,391	-	-	-	-	407,391
Total assets	<u>\$ 7,795,689</u>	<u>\$ 3,351,587</u>	<u>\$ 61,529</u>	<u>\$ 803,924</u>	<u>\$ 3,380,016</u>	<u>\$ 903,637</u>	<u>\$ 156,762</u>	<u>\$ 706,914</u>	<u>\$ 17,160,058</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 41,018	\$ 162,185	\$ 2,800	\$ -	\$ 806,640	\$ 179,564	\$ 98	\$ 16,137	\$ 1,208,442
Due to other funds	-	-	-	801,102	342,372	608,515	-	45,089	1,797,078
Deferred revenue	4,927,019	24,507	-	-	2,211,401	-	-	-	7,162,927
Total liabilities	<u>4,968,037</u>	<u>186,692</u>	<u>2,800</u>	<u>801,102</u>	<u>3,360,413</u>	<u>788,079</u>	<u>98</u>	<u>61,226</u>	<u>10,168,447</u>
Fund Balances (deficit)									
Reserved									
Developer contribution account	-	477,873	-	-	-	-	-	-	477,873
Stormwater retention	-	304,112	-	-	-	-	-	-	304,112
Court automation	-	214,820	-	-	-	-	-	-	214,820
Prepays	-	-	-	407,391	-	-	-	-	407,391
Special projects - ADA	26,462	-	-	-	-	-	-	-	26,462
Total reserved	26,462	996,805	-	407,391	-	-	-	-	1,430,658
Unreserved	<u>2,801,190</u>	<u>2,168,090</u>	<u>58,729</u>	<u>(404,569)</u>	<u>19,603</u>	<u>115,558</u>	<u>156,664</u>	<u>645,688</u>	<u>5,560,953</u>
Total fund balances (deficit)	<u>2,827,652</u>	<u>3,164,895</u>	<u>58,729</u>	<u>2,822</u>	<u>19,603</u>	<u>115,558</u>	<u>156,664</u>	<u>645,688</u>	<u>6,991,611</u>
Total liabilities and fund balances (deficits)	<u>\$ 7,795,689</u>	<u>\$ 3,351,587</u>	<u>\$ 61,529</u>	<u>\$ 803,924</u>	<u>\$ 3,380,016</u>	<u>\$ 903,637</u>	<u>\$ 156,762</u>	<u>\$ 706,914</u>	<u>\$ 17,160,058</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - Nonmajor
Year Ended December 31, 2010

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	\$ 4,921,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,921,108
Licenses and permits	-	29,737	-	-	-	-	-	-	29,737
Intergovernmental	9,345,643	404,970	-	-	9,256,918	3,434,054	-	726,560	23,168,145
Charges for services	16,758	581,242	-	1,532,002	-	-	-	-	2,130,002
Fines and fees	-	1,003,455	-	-	-	-	-	-	1,003,455
Investment income	1,272	1,378	221	-	2,804	-	-	-	5,675
Contribution and donations	33,000	1,242,855	-	-	100,446	-	-	-	1,376,301
Miscellaneous	973,991	2,100,351	-	-	1,251	125,214	71,217	58,276	3,330,300
Total revenues	15,291,772	5,363,988	221	1,532,002	9,361,419	3,559,268	71,217	784,836	35,964,723
Expenditures									
General government									
General administration	-	142,546	-	-	3,704,925	-	-	-	3,847,471
Community programs	-	21,411	-	-	65,004	-	-	-	86,415
District court - first division (criminal)	-	7,549	-	-	-	-	-	-	7,549
District court - second division (traffic)	-	13,114	-	-	-	-	-	-	13,114
Finance	-	60,478	-	-	-	-	-	-	60,478
Human resource	-	335,031	-	-	-	-	-	-	335,031
Information technology	-	15,028	-	-	-	-	-	-	15,028
Planning and development	-	114,505	-	-	2,910	-	-	-	117,415
Total general government	-	709,662	-	-	3,772,839	-	-	-	4,482,501
Public works									
Parks and recreation services	13,921,839	2,062,802	114,771	-	2,580,909	-	-	-	18,680,321
Zoo	-	965,598	-	-	-	-	-	-	965,598
Fire	-	-	-	-	75,565	-	-	-	75,565
Police	-	219,785	-	-	759,686	-	-	-	979,471
Fleet	-	213,045	-	1,532,002	2,034,944	-	-	-	3,779,991
Housing and neighborhood programs	-	157,457	-	-	107,617	-	-	-	265,074
	-	323,405	-	-	-	3,698,915	79,623	767,286	4,869,229
Total expenditures	13,921,839	4,651,754	114,771	1,532,002	9,331,560	3,698,915	79,623	767,286	34,097,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,369,933	712,234	(114,550)	-	29,859	(139,647)	(8,406)	17,550	1,866,973
Other Financing Sources (Uses)									
Transfers in	1,134,919	1,039,643	-	-	-	-	-	-	2,174,562
Transfers out	(2,710,265)	(376,895)	-	-	(6,680)	-	-	-	(3,093,840)
Total other financing sources (uses)	(1,575,346)	662,748	-	-	(6,680)	-	-	-	(919,278)
Net Change in Fund Balances	(205,413)	1,374,982	(114,550)	-	23,179	(139,647)	(8,406)	17,550	947,695
Fund Balances, Beginning of Year	3,033,065	1,789,913	173,279	2,822	(3,576)	255,205	165,070	628,138	6,043,916
Fund Balances, End of Year	\$ 2,827,652	\$ 3,164,895	\$ 58,729	\$ 2,822	\$ 19,603	\$ 115,558	\$ 156,664	\$ 645,688	\$ 6,991,611

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds - Nonmajor
December 31, 2010

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	Total
Assets					
Cash and cash equivalents	\$ 5,053	\$ 5,799	\$ 743,220	\$ -	\$ 754,072
Restricted cash	-	-	3,648,880	712,594	4,361,474
Investments	14,062	16,139	2,068,359	-	2,098,560
Interest receivable	38	44	5,628	0	5,710
Total assets	<u>\$ 19,153</u>	<u>\$ 21,982</u>	<u>\$ 6,466,087</u>	<u>\$ 712,594</u>	<u>\$ 7,219,816</u>
Liabilities and Fund Balances					
Liabilities					
Deferred revenue	\$ -	\$ -	\$ 3,197,219	\$ -	\$ 3,197,219
Total liabilities	<u>-</u>	<u>-</u>	<u>3,197,219</u>	<u>-</u>	<u>3,197,219</u>
Fund Balances					
Unreserved	<u>19,153</u>	<u>21,982</u>	<u>3,268,868</u>	<u>712,594</u>	<u>4,022,597</u>
Total fund balances	<u>19,153</u>	<u>21,982</u>	<u>3,268,868</u>	<u>712,594</u>	<u>4,022,597</u>
Total liabilities and fund balances	<u>\$ 19,153</u>	<u>\$ 21,982</u>	<u>\$ 6,466,087</u>	<u>\$ 712,594</u>	<u>\$ 7,219,816</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds - Nonmajor
Year Ended December 31, 2010

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	Total
Revenues					
General property taxes	\$ -	\$ -	\$ 3,359,316	\$ -	\$ 3,359,316
Utility franchise fees	1,438,988	315,048	-	-	1,754,036
Investment income	3,393	789	5,744	3,116	13,042
	<u>1,442,381</u>	<u>315,837</u>	<u>3,365,060</u>	<u>3,116</u>	<u>5,126,394</u>
Total revenues					
Expenditures					
Principal	940,000	215,000	1,400,000	315,000	2,870,000
Interest	498,988	100,048	1,292,533	376,458	2,268,027
Agent fees	1,750	1,749	2,500	3,805	9,804
	<u>1,440,738</u>	<u>316,797</u>	<u>2,695,033</u>	<u>695,263</u>	<u>5,147,831</u>
Total expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,643</u>	<u>(960)</u>	<u>670,027</u>	<u>(692,147)</u>	<u>(21,437)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	672,361	672,361
	<u>-</u>	<u>-</u>	<u>-</u>	<u>672,361</u>	<u>672,361</u>
Total other financing sources					
Net Change in Fund Balances	1,643	(960)	670,027	(19,786)	650,924
Fund Balances, Beginning of Year	<u>17,510</u>	<u>22,942</u>	<u>2,598,841</u>	<u>732,380</u>	<u>3,371,673</u>
Fund Balances, End of Year	<u>\$ 19,153</u>	<u>\$ 21,982</u>	<u>\$ 3,268,868</u>	<u>\$ 712,594</u>	<u>\$ 4,022,597</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds - Nonmajor
December 31, 2010

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2004 Capital Improvements	2009A Parks and Recreation	Total
Assets								
Cash and cash equivalents	\$ 272,347	\$ 3	\$ 271,141	\$ 445,425	\$ -	\$ 72,073	\$ -	\$ 1,060,989
Restricted cash	-	-	-	-	-	-	2,667,515	2,667,515
Investments	757,934	6	754,576	1,239,603	-	200,576	-	2,952,695
Interest receivable	2,063	-	2,053	3,373	-	546	-	8,035
Total assets	<u>\$ 1,032,344</u>	<u>\$ 9</u>	<u>\$ 1,027,770</u>	<u>\$ 1,688,401</u>	<u>\$ -</u>	<u>\$ 273,195</u>	<u>\$ 2,667,515</u>	<u>\$ 6,689,234</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 21,910	\$ -	\$ -	\$ 308,699	\$ 330,609
Due to other funds	-	-	-	-	-	-	40,833	40,833
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,910</u>	<u>-</u>	<u>-</u>	<u>349,532</u>	<u>371,442</u>
Fund Balances								
Unreserved	<u>1,032,344</u>	<u>9</u>	<u>1,027,770</u>	<u>1,666,491</u>	<u>-</u>	<u>273,195</u>	<u>2,317,983</u>	<u>6,317,792</u>
Total liabilities and fund balances	<u>\$ 1,032,344</u>	<u>\$ 9</u>	<u>\$ 1,027,770</u>	<u>\$ 1,688,401</u>	<u>\$ -</u>	<u>\$ 273,195</u>	<u>\$ 2,667,515</u>	<u>\$ 6,689,234</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds - Nonmajor
Year Ended December 31, 2010

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2004 Capital Improvements	2009A Parks and Recreation	Total
Revenues								
Investment income and unrealized gains	\$ 2,265	\$ 38	\$ 2,258	\$ 3,876	\$ -	\$ 2,661	\$ 630	\$ 11,728
Total revenues	2,265	38	2,258	3,876	-	2,661	630	11,728
Expenditures								
General government								
Finance	-	-	-	-	-	6,500	-	6,500
Human resource	-	-	-	5,839	-	-	-	5,839
Information technology	-	-	-	73,824	-	-	-	73,824
Total general government	-	-	-	79,663	-	6,500	-	86,163
Public works	2,000	-	26,465	33,099	-	127,897	-	189,461
Parks and recreation services	-	-	-	1,500	-	-	2,387,490	2,388,990
Zoo	-	-	-	582,506	-	120,000	983,950	1,686,456
Fire	-	-	-	1,265	-	-	-	1,265
Police	-	-	-	624,480	-	-	-	624,480
Housing and neighborhood programs	-	-	-	-	-	6,754	-	6,754
Total expenditures	2,000	-	26,465	1,322,513	-	261,151	3,371,440	4,983,569
Excess (Deficiency) of Revenues Over Expenditures	265	38	(24,207)	(1,318,637)	-	(258,490)	(3,370,810)	(4,971,841)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	219	-	219
Transfers out	-	(19,781)	-	-	(202)	(208,769)	-	(228,752)
Total other financing sources (uses)	-	(19,781)	-	-	(202)	(208,550)	-	(228,533)
Net Change in Fund Balances	265	(19,743)	(24,207)	(1,318,637)	(202)	(467,040)	(3,370,810)	(5,200,374)
Fund Balances, Beginning of Year	1,032,079	19,752	1,051,977	2,985,128	202	740,235	5,688,793	11,518,166
Fund Balances, End of Year	\$ 1,032,344	\$ 9	\$ 1,027,770	\$ 1,666,491	\$ -	\$ 273,195	\$ 2,317,983	\$ 6,317,792

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General Property taxes	\$ 5,087,724	\$ 4,875,724	\$ 4,921,108	\$ 45,384
Intergovernmental	8,600,000	8,656,813	9,345,643	688,830
Charges for services	7,000	7,000	16,758	9,758
Investment income	33,000	33,000	1,272	(31,728)
Miscellaneous	22,000	907,000	1,006,991	99,991
Total revenues	<u>13,749,724</u>	<u>14,479,537</u>	<u>15,291,772</u>	<u>812,235</u>
Expenditures				
Public works	14,632,325	14,477,138	13,921,839	555,299
Total expenditures	<u>14,632,325</u>	<u>14,477,138</u>	<u>13,921,839</u>	<u>555,299</u>
Deficiency of Revenues Under Expenditures	<u>(882,601)</u>	<u>2,399</u>	<u>1,369,933</u>	<u>1,367,534</u>
Other Financing Sources (Uses)				
Transfers In	1,023,818	1,023,818	1,134,919	111,101
Transfers Out	(466,217)	(2,571,918)	(2,710,265)	(138,347)
Total other financing sources	<u>557,601</u>	<u>(1,548,100)</u>	<u>(1,575,346)</u>	<u>(27,246)</u>
Net Change in Fund Balances	(325,000)	(1,545,701)	(205,413)	1,340,288
Fund Balances, Beginning of Year	<u>3,033,065</u>	<u>3,033,065</u>	<u>3,033,065</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,708,065</u>	<u>\$ 1,487,364</u>	<u>\$ 2,827,652</u>	<u>\$ 1,340,288</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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, 2010

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 34,705	\$ 400	\$ 2,250	\$ 172,901	\$ -	\$ 210,256
Investments	-	-	-	481,054	-	481,054
Accounts receivable	9,251	-	-	-	-	9,251
Accrued interest	-	-	-	1,309	-	1,309
Inventories	-	-	16,960	-	-	16,960
Prepaid expenses and other	2,250	-	-	-	-	2,250
Total current assets	46,206	400	19,210	655,264	-	721,080
Noncurrent assets						
Capital assets						
Land	2,339,531	-	2,803,940	-	-	5,143,471
Buildings and improvements	3,708,271	206,223	476,207	3,624,142	-	8,014,843
Vehicles	-	49,479	491,524	7,562	-	548,565
Furniture and equipment	49,061	-	691,824	627,630	-	1,368,515
	6,096,863	255,702	4,463,495	4,259,334	-	15,075,394
Less accumulated depreciation	1,142,202	89,551	1,159,531	1,523,776	-	3,915,060
Net capital assets	4,954,661	166,151	3,303,964	2,735,558	-	11,160,334
Total noncurrent assets	4,954,661	166,151	3,303,964	2,735,558	-	11,160,334
Total assets	\$ 5,000,867	\$ 166,551	\$ 3,323,174	\$ 3,390,822	\$ -	\$ 11,881,414

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ 55,060	\$ 20,140	\$ 41,140	\$ 26,768	\$ -	\$ 143,108
Due to other funds	2,517,803	894,292	4,982,409	-	-	8,394,504
Compensated absences - current portion	-	32,805	89,447	41,954	-	164,206
Unearned revenue	-	68,826	6,531	665	-	76,022
Total current liabilities	<u>2,572,863</u>	<u>1,016,063</u>	<u>5,119,527</u>	<u>69,387</u>	<u>-</u>	<u>8,777,840</u>
Noncurrent liabilities						
Compensated absences	8,495	33,722	93,970	80,607	-	216,794
Total noncurrent liabilities	<u>8,495</u>	<u>33,722</u>	<u>93,970</u>	<u>80,607</u>	<u>-</u>	<u>216,794</u>
Total liabilities	<u>2,581,358</u>	<u>1,049,785</u>	<u>5,213,497</u>	<u>149,994</u>	<u>-</u>	<u>8,994,634</u>
Net Assets (Deficit)						
Invested in capital assets, net of related debt	4,954,661	166,151	3,303,964	2,735,558	-	11,160,334
Restricted - expendable						
Unrestricted (deficit)	<u>(2,535,152)</u>	<u>(1,049,385)</u>	<u>(5,194,287)</u>	<u>505,270</u>	<u>-</u>	<u>(8,273,554)</u>
Total net assets (deficit)	<u>2,419,509</u>	<u>(883,234)</u>	<u>(1,890,323)</u>	<u>3,240,828</u>	<u>-</u>	<u>2,886,780</u>
Total liabilities and net assets (deficit)	<u>\$ 5,000,867</u>	<u>\$ 166,551</u>	<u>\$ 3,323,174</u>	<u>\$ 3,390,822</u>	<u>\$ -</u>	<u>\$ 11,881,414</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Funds – Nonmajor
Year Ended December 31, 2010

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Operating Revenues						
Charges for services	\$ 349,693	\$ 1,178,248	\$ 1,461,666	\$ 744,609	\$ -	\$ 3,734,216
Licenses and permits	-	20,990	-	-	-	20,990
Fines and fees	9,016	-	-	-	-	9,016
Total operating revenues	<u>358,709</u>	<u>1,199,238</u>	<u>1,461,666</u>	<u>744,609</u>	<u>-</u>	<u>3,764,222</u>
Operating Expenses						
Salaries, wages and employee benefits	298,090	590,047	1,207,054	555,571	-	2,650,762
Supplies and materials	39,668	44,794	158,124	57,297	-	299,883
Services	504,703	512,079	524,051	207,271	-	1,748,104
Repairs and maintenance	33,799	15,435	241,872	155,718	-	446,824
Other	-	18,117	-	1,070	-	19,187
Depreciation and amortization	100,815	20,713	94,146	170,416	-	386,090
Total operating expenses	<u>977,075</u>	<u>1,201,185</u>	<u>2,225,247</u>	<u>1,147,343</u>	<u>-</u>	<u>5,550,850</u>
Operating Income (Loss)	<u>(618,366)</u>	<u>(1,947)</u>	<u>(763,581)</u>	<u>(402,734)</u>	<u>-</u>	<u>(1,786,628)</u>
Nonoperating Revenues						
Interest income	-	-	-	1,354	-	1,354
Interest expense	-	-	(2,360)	-	-	(2,360)
Other, net	-	-	-	-	(1,712)	(1,712)
Net nonoperating revenues	<u>-</u>	<u>-</u>	<u>(2,360)</u>	<u>1,354</u>	<u>(1,712)</u>	<u>(2,718)</u>
Income (Loss) Before Contributions and Transfers	<u>(618,366)</u>	<u>(1,947)</u>	<u>(765,941)</u>	<u>(401,380)</u>	<u>(1,712)</u>	<u>(1,789,346)</u>
Contributions	250,000	-	-	154,950	-	404,950
Transfers In	250,000	-	1,076,752	351,286	2,276	1,680,314
Transfers Out	-	(147,368)	(666,301)	(236,851)	-	(1,050,520)
	<u>500,000</u>	<u>(147,368)</u>	<u>410,451</u>	<u>269,385</u>	<u>2,276</u>	<u>1,034,744</u>
Changes in Net Assets	<u>(118,366)</u>	<u>(149,315)</u>	<u>(355,490)</u>	<u>(131,995)</u>	<u>564</u>	<u>(754,602)</u>
Net Assets (Deficit), Beginning of Year	<u>2,537,875</u>	<u>(733,919)</u>	<u>(1,534,833)</u>	<u>3,372,823</u>	<u>(564)</u>	<u>3,641,382</u>
Net Assets (Deficit), End of Year	<u>\$ 2,419,509</u>	<u>\$ (883,234)</u>	<u>\$ (1,890,323)</u>	<u>\$ 3,240,828</u>	<u>\$ -</u>	<u>\$ 2,886,780</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Enterprise Funds - Nonmajor
Year Ended December 31, 2010

	River Market	Vehicle Storage	Golf Courses	Fitness Center	Concession Services	Total
Operating Activities						
Receipts from customers	\$ 358,709	\$ 1,178,248	\$ 1,461,705	\$ 744,609	\$ -	\$ 3,743,271
Other receipts	-	20,990	(39)	-	-	20,951
Payments to employees	(279,532)	(568,037)	(854,321)	(536,168)	-	(2,238,058)
Payments to suppliers	33,930	(44,794)	(160,440)	(57,297)	(1,212)	(229,813)
Payments to service providers	(504,703)	(496,268)	(524,051)	(193,335)	-	(1,718,357)
Other payments	(73,799)	65,736	(238,491)	(156,788)	-	(403,342)
Net cash provided by (used in) operating activities	<u>(465,395)</u>	<u>155,875</u>	<u>(315,637)</u>	<u>(198,979)</u>	<u>(1,212)</u>	<u>(825,348)</u>
Noncapital Financing Activities						
Transfers from other funds	250,000	-	1,076,752	351,286	2,275	1,680,313
Transfers to other funds	-	(147,368)	(666,301)	(236,851)	-	(1,050,520)
Net cash provided by (used in) noncapital financing activities	<u>250,000</u>	<u>(147,368)</u>	<u>410,451</u>	<u>114,435</u>	<u>2,275</u>	<u>629,793</u>
Capital and Related Financing Activities						
Capital contributions	250,000	-	-	-	-	250,000
Other - Change in CIP	-	(8,507)	-	-	-	(8,507)
Lease payment	-	-	(92,462)	-	-	(92,462)
Interest paid	-	-	(2,360)	-	-	(2,360)
Proceeds from the sale of capital assets	-	-	-	1,562	-	1,562
Other	-	-	-	-	(1,712)	(1,712)
Net cash provided by (used in) capital and related financing activities	<u>250,000</u>	<u>(8,507)</u>	<u>(94,822)</u>	<u>1,562</u>	<u>(1,712)</u>	<u>146,521</u>
Investing Activities						
Proceeds from sale of investments	-	-	-	1,062,250	-	1,062,250
Purchase of investments	-	-	-	(1,283,793)	-	(1,283,793)
Interest income	-	-	-	2,952	-	2,952
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(218,591)</u>	<u>-</u>	<u>(218,591)</u>
Increase (Decrease) in Cash and Cash Equivalents	34,605	-	(8)	(301,573)	(649)	(267,625)
Cash and Cash Equivalents, Beginning of Year	100	400	2,258	474,474	649	477,881
Cash and Cash Equivalents, End of Year	\$ 34,705	\$ 400	\$ 2,250	\$ 172,901	\$ -	\$ 210,256
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities						
Operating income (loss)	\$ (618,366)	\$ (1,947)	\$ (763,581)	\$ (402,734)	\$ -	\$ (1,786,628)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization expense	100,815	20,713	94,146	170,416	-	386,090
Gain on disposal of assets	-	-	-	-	1,713	1,713
Changes in assets and liabilities						
Receivables, net	64,706	-	-	-	-	64,706
Due to/due from other funds, net	(39,999)	99,288	327,181	-	-	386,470
Prepaid expenses	(2,251)	-	-	-	-	(2,251)
Inventories	-	-	(44)	-	-	(44)
Accounts payable	11,142	15,857	(2,272)	13,936	(2,925)	35,738
Accrued expenses	18,558	21,964	28,933	19,403	-	88,858
Net cash provided by (used in) operating activities	<u>\$ (465,395)</u>	<u>\$ 155,875</u>	<u>\$ (315,637)</u>	<u>\$ (198,979)</u>	<u>\$ (1,212)</u>	<u>\$ (825,348)</u>
Noncash Capital Activities						
Capital assets acquired by capital lease	\$ -	\$ -	\$ -	\$ 154,950	\$ -	\$ 154,950

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the Policemen's Pension and Relief Fund, the Firemen's Pension and Relief Fund, the Nonuniformed Employees' Defined Contribution Plan, the Nonuniformed Employees' Defined Benefit Pension Plan, the 401(a) Money Purchase and Trust Retirement Fund and Health Management Trust. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

AGENCY FUND

The **Agency Fund** accounts for monies collected and held by the courts until they are disbursed to various governmental agencies.

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Assets
December 31, 2010

	Employee Retirement Plans						Total
	Policemen's Pension And Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Assets							
Cash and cash equivalents	\$ 1,423,506	\$ 2,340,131	\$ 966,317	\$ 424,906	\$ -	\$ 12,577	\$ 5,167,437
Investments							
U. S. government obligations	1,566,647	4,605,463	7,834,262	1,562,701	-	-	15,569,073
Equities	18,428,806	29,931,936	14,316,176	3,470,651	-	1,003,674	67,151,243
Mutual funds and other investments	27,566,786	36,241,147	13,482,096	2,973,205	6,413,268	490,606	87,167,108
Receivables							
Accounts receivable	-	-	-	-	183,176	-	183,176
Due from other funds	3,625,059	3,625,059	-	-	-	-	7,250,118
Accrued interest and dividends	376,910	438,058	6,920	6,159	-	2,600	830,647
	<u>52,987,714</u>	<u>77,181,794</u>	<u>36,605,771</u>	<u>8,437,622</u>	<u>6,596,444</u>	<u>1,509,457</u>	<u>183,318,802</u>
Total assets							
Liabilities							
Accrued liabilities	27,786	31,405	-	-	-	-	59,191
Due to other funds	398	1,170	-	-	-	-	1,568
	<u>28,184</u>	<u>32,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,759</u>
Total liabilities							
Net Assets							
Net assets held in trust	<u>\$ 52,959,530</u>	<u>\$ 77,149,219</u>	<u>\$ 36,605,771</u>	<u>\$ 8,437,622</u>	<u>\$ 6,596,444</u>	<u>\$ 1,509,457</u>	<u>\$ 183,258,043</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2010

	Employee Retirement Plans						Total
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Additions							
Contributions							
Employer	\$ 51,371	\$ 124,018	\$ 1,253,581	\$ 1,085,570	\$ 299,324	\$ -	\$ 2,813,864
Plan members	51,372	124,019	1,233,547	-	343,932	-	1,752,870
Property taxes contributed from general fund	3,436,068	3,436,068	-	-	-	-	6,872,136
State insurance turnback and guarantee fund from general fund	830,998	542,362	-	-	-	-	1,373,360
Other	476,300	140,624	-	613,938	-	1,742	1,232,604
Total contributions	<u>4,846,109</u>	<u>4,367,091</u>	<u>2,487,128</u>	<u>1,699,508</u>	<u>643,256</u>	<u>1,742</u>	<u>14,044,834</u>
Investment income							
Net increase in fair value of investments	3,833,063	5,098,744	2,370,215	521,487	649,135	59,722	12,532,366
Interest and dividends	1,674,738	2,327,111	691,836	184,646	-	43,217	4,921,548
	<u>5,507,801</u>	<u>7,425,855</u>	<u>3,062,051</u>	<u>706,133</u>	<u>649,135</u>	<u>102,939</u>	<u>17,453,914</u>
Less investment expense	239,332	346,905	-	37,366	-	-	623,603
Net investment income	<u>5,268,469</u>	<u>7,078,950</u>	<u>3,062,051</u>	<u>668,767</u>	<u>649,135</u>	<u>102,939</u>	<u>16,830,311</u>
Total additions	<u>10,114,578</u>	<u>11,446,041</u>	<u>5,549,179</u>	<u>2,368,275</u>	<u>1,292,391</u>	<u>104,681</u>	<u>30,875,145</u>
Deductions							
Benefits paid directly to participants	9,392,859	10,723,062	2,084,574	1,423,559	105,347	-	23,729,401
Administrative expenses	62,788	145,178	168,089	-	-	13,564	389,619
Other	8,166	9,331	-	-	-	-	17,497
Total deductions	<u>9,463,813</u>	<u>10,877,571</u>	<u>2,252,663</u>	<u>1,423,559</u>	<u>105,347</u>	<u>13,564</u>	<u>24,136,517</u>
Change in Net Assets	650,765	568,470	3,296,516	944,716	1,187,044	91,117	6,738,628
Net Assets Held in Trust, Beginning of Year	<u>52,308,765</u>	<u>76,580,749</u>	<u>33,309,255</u>	<u>7,492,906</u>	<u>5,409,400</u>	<u>1,418,340</u>	<u>176,519,415</u>
Net Assets Held in Trust, End of Year	<u>\$ 52,959,530</u>	<u>\$ 77,149,219</u>	<u>\$ 36,605,771</u>	<u>\$ 8,437,622</u>	<u>\$ 6,596,444</u>	<u>\$ 1,509,457</u>	<u>\$ 183,258,043</u>

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
Assets				
Cash and cash equivalents	<u>\$ 177,012</u>	<u>\$ 16,760</u>	<u>\$ -</u>	<u>\$ 193,772</u>
Liabilities				
Accrued liabilities	<u>\$ 177,012</u>	<u>\$ 16,760</u>	<u>\$ -</u>	<u>\$ 193,772</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, 2010

	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
Assets											
Current assets											
Cash and cash equivalents	\$ 12,279	\$ 60,654	\$ 269,677	\$ 1,529,300	\$ 419,374	\$ 3,756,647	\$ 98,320	\$ 1,316,311	\$ 148,770	\$ 6,914,208	\$ 14,525,540
Investments	-	-	-	1,555,851	1,300,772	-	-	14,592,853	-	-	17,449,476
Restricted cash and investments - current	-	-	2,302,091	-	-	-	535,908	-	-	-	2,837,999
Accounts receivable, net of allowance	24,000	-	1,525,708	759,691	4,694,814	12,280	1,969,721	2,641,923	363,353	15,922,706	27,914,196
Inventories	-	-	-	-	284,909	271,495	7,310	80,222	-	-	643,936
Prepaid expenses and other	-	-	188,662	29,330	296,738	428,735	-	103,632	-	748,607	1,795,704
Total current assets	36,279	60,654	4,286,138	3,874,172	6,996,607	4,469,157	2,611,259	18,734,941	512,123	23,585,521	65,166,851
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	1,482,076	-	-	-	535,908	-	-	881,302	2,899,286
Investments	2,459,872	926,371	3,701,305	-	2,861,315	-	-	-	-	1,811,210	11,760,073
Interest receivable	-	-	35	-	-	-	-	-	-	-	35
	2,459,872	926,371	5,183,416	-	2,861,315	-	535,908	-	-	2,692,512	14,659,394
Less amounts required to meet current obligations	-	-	2,302,091	-	-	-	535,908	-	-	-	2,837,999
Total restricted assets	2,459,872	926,371	2,881,325	-	2,861,315	-	-	-	-	2,692,512	11,821,395
Capital assets											
Land	73,711	13,089	3,172,328	4,240,643	260,781	1,684,690	-	136,430	-	2,391,740	11,973,412
Construction in progress	-	-	116,097	1,109,472	62,081	-	517,067	-	-	8,398,363	10,203,080
Buildings, improvements and other facilities	148,690	99,211	52,830,264	26,043,507	1,379,780	33,954,699	247,826	14,697,518	-	59,161,622	188,563,117
Vehicles	133,572	-	-	-	5,893,958	33,646,796	-	-	-	-	39,674,326
Furniture and equipment	25,574	-	3,866,196	115,022	3,707,741	5,870,498	4,090,198	4,138,773	-	7,689,580	29,503,582
Books/AV materials	-	-	-	-	-	-	-	-	-	15,745,975	15,745,975
Other	-	-	2,699,782	-	2,013,777	-	-	-	-	311,655	5,025,214
	381,547	112,300	62,684,667	31,508,644	13,318,118	75,156,683	4,855,091	18,972,721	-	93,698,935	300,688,706
Less accumulated depreciation	229,440	4,961	26,708,263	12,528,754	9,940,600	28,228,093	2,321,163	9,395,057	-	25,031,276	114,387,607
Net capital assets	152,107	107,339	35,976,404	18,979,890	3,377,518	46,928,590	2,533,928	9,577,664	-	68,667,659	186,301,099
Other assets											
Deferred bond issue costs	-	-	51,357	-	-	-	-	-	-	-	51,357
Other	-	-	4,524	-	-	-	1,078,165	679,386	-	20,519	1,782,594
Total other assets	-	-	55,881	-	-	-	1,078,165	679,386	-	20,519	1,833,951
Total noncurrent assets	2,611,979	1,033,710	38,913,610	18,979,890	6,238,833	46,928,590	3,612,093	10,257,050	-	71,380,690	199,956,445
Total assets	\$ 2,648,258	\$ 1,094,364	\$ 43,199,748	\$ 22,854,062	\$ 13,235,440	\$ 51,397,747	\$ 6,223,352	\$ 28,991,991	\$ 512,123	\$ 94,966,211	\$ 265,123,296

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ -	\$ -	\$ 589,046	\$ 630,169	\$ 169,170	\$ 105,617	\$ 620,891	\$ 239,536	\$ 503,387	\$ 1,753,675	\$ 4,611,491
Accrued wages payable and related liabilities	-	-	257,653	26,870	-	932,691	-	-	714	394,653	1,612,581
Bonds payable - current portion	-	-	1,985,445	-	-	-	-	-	-	170,000	2,155,445
Notes payable - current portion	-	-	-	-	-	-	115,400	2,338,549	-	-	2,453,949
Compensated absences - current portion	-	-	-	19,948	-	-	-	-	10,820	932,084	962,852
Deferred revenue	-	-	127,309	-	95,617	-	81,400	1,628,362	-	737,692	2,670,380
Accrued expenses and other	746	-	691,347	9,739	642,643	4,199	56,064	320,340	-	1,500,000	3,225,078
Total current liabilities	746	-	3,650,800	686,726	907,430	1,042,507	873,755	4,526,787	514,921	5,488,104	17,691,776

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	9,097,195	-	-	-	-	-	-	3,377,500	12,474,695
Other long-term liabilities	-	-	-	49,563	-	-	-	-	-	-	49,563
Compensated absences	-	-	-	194,592	-	-	-	-	-	-	194,592
Total noncurrent liabilities	-	-	9,097,195	244,155	-	-	-	-	-	3,377,500	12,718,850
Total liabilities	746	-	12,747,995	930,881	907,430	1,042,507	873,755	4,526,787	514,921	8,865,604	30,410,626

Net Assets (deficit)

Invested in capital assets, net of related debt	152,107	107,339	24,945,120	18,979,890	3,377,518	46,928,590	-	1,611,768	-	65,120,159	161,222,491
Restricted - expendable	1,622,979	926,371	3,384,695	-	-	1,446,970	2,046,869	1,158,288	-	724,103	11,310,275
Restricted - nonexpendable	-	-	-	-	-	-	-	4,004,161	-	372,118	4,376,279
Unrestricted	872,426	60,654	2,121,938	2,943,291	8,950,492	1,979,680	3,302,728	17,690,987	(2,798)	19,884,227	57,803,625
Total net assets (deficit)	2,647,512	1,094,364	30,451,753	21,923,181	12,328,010	50,355,240	5,349,597	24,465,204	(2,798)	86,100,607	234,712,670
Total liabilities and net assets	\$ 2,648,258	\$ 1,094,364	\$ 43,199,748	\$ 22,854,062	\$ 13,235,440	\$ 51,397,747	\$ 6,223,352	\$ 28,991,991	\$ 512,123	\$ 94,966,211	\$ 265,123,296

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities							
Central Arkansas Library	\$ 16,990,890	\$ 386,418	\$ 1,269,388	\$ 9,055,278	\$ (6,279,806)	\$ -	\$ (6,279,806)
Workforce Investment Board	2,203,423	-	2,195,619	-	(7,804)	-	(7,804)
Total governmental activities	<u>19,194,313</u>	<u>386,418</u>	<u>3,465,007</u>	<u>9,055,278</u>	<u>(6,287,610)</u>	<u>-</u>	<u>(6,287,610)</u>
Business-type Activities							
Oakland Fraternal Cemetery	273,012	224,510	-	-	-	(48,502)	(48,502)
Mt. Holly Cemetery	173,960	74,679	-	-	-	(99,281)	(99,281)
Advertising and Promotion Commission	14,426,755	2,696,102	-	-	-	(11,730,653)	(11,730,653)
Port Authority	2,517,620	2,563,763	-	-	-	46,143	46,143
Ambulance Authority	19,673,774	20,352,807	-	-	-	679,033	679,033
Central Arkansas Transit	17,619,852	2,127,386	-	-	-	(15,492,466)	(15,492,466)
Arkansas Museum of Science and History	3,184,983	789,168	-	-	-	(2,395,815)	(2,395,815)
Arkansas Arts Center	10,102,850	7,486,405	-	-	-	(2,616,445)	(2,616,445)
Total business-type activities	<u>67,972,806</u>	<u>36,314,820</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31,657,986)</u>	<u>(31,657,986)</u>
Total component units	<u>\$ 87,167,119</u>	<u>\$ 36,701,238</u>	<u>\$ 3,465,007</u>	<u>\$ 9,055,278</u>	<u>(6,287,610)</u>	<u>(31,657,986)</u>	<u>(37,945,596)</u>
General revenues							
General property taxes					13,958,017	-	13,958,017
Sales taxes					-	10,909,512	10,909,512
Investment income					231,274	75,470	306,744
Grants and contributions not restricted to specific programs					284,199	16,180,098	16,464,297
Other					464,792	11,762,158	12,226,950
Total general revenues					<u>14,938,282</u>	<u>38,927,238</u>	<u>53,865,520</u>
Change in net assets					8,650,672	7,269,252	15,919,924
Net Assets, Beginning of Year					<u>77,447,137</u>	<u>141,345,609</u>	<u>218,792,746</u>
Net Assets, End of Year					<u>\$ 86,097,809</u>	<u>\$ 148,614,861</u>	<u>\$ 234,712,670</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2010

	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
Operating Revenues									
Charges for goods and services	\$ 224,510	\$ 74,664	\$ 1,498,650	\$ 2,563,763	\$ 19,867,651	\$ 2,127,386	\$ 789,168	\$ 4,227,706	\$ 31,373,498
Other	-	15	1,197,452	-	485,156	-	-	3,258,699	4,941,322
Total operating revenues	224,510	74,679	2,696,102	2,563,763	20,352,807	2,127,386	789,168	7,486,405	36,314,820
Operating Expenses									
Salaries, wages and employee benefits	203,117	92,096	5,970,918	836,446	14,579,462	9,561,927	306,551	3,236,585	34,787,102
Supplies and materials	4,425	-	57,520	67,525	720,364	2,544,175	470,386	701,438	4,565,833
Services	17,138	39,418	3,206,595	446,994	2,241,431	819,735	1,550,353	2,699,343	11,021,007
Utilities	7,644	6,249	1,019,530	334,462	358,215	232,250	-	336,435	2,294,785
Repairs and maintenance	5,798	22,566	1,309,002	22,125	771,759	-	-	454,540	2,585,790
Other	14,983	11,151	685,777	73,646	-	784,695	-	1,894,053	3,464,305
Depreciation and amortization	19,907	2,480	1,478,405	736,422	1,002,543	3,677,070	857,693	780,456	8,554,976
Total operating expenses	273,012	173,960	13,727,747	2,517,620	19,673,774	17,619,852	3,184,983	10,102,850	67,273,798
Operating Income (Loss)	(48,502)	(99,281)	(11,031,645)	46,143	679,033	(15,492,466)	(2,395,815)	(2,616,445)	(30,958,978)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,934,547	-	-	11,564,344	-	-	13,498,891
Local tax levy	-	-	10,909,512	-	-	-	-	-	10,909,512
Donations, contributions and grants received	-	76,214	-	990,330	168,402	8,904,813	4,647,266	1,393,073	16,180,098
Investment income	-	78,775	5,550	19,004	59,646	11,402	-	519	174,896
Interest expense	-	-	(699,008)	-	-	-	-	(99,426)	(798,434)
Other, net	118,489	-	(11,205)	(868,672)	525,808	-	(1,505,856)	4,703	(1,736,733)
Net nonoperating revenues (expenses)	118,489	154,989	12,139,396	140,662	753,856	20,480,559	3,141,410	1,298,869	38,228,230
Change in Net Assets	69,987	55,708	1,107,751	186,805	1,432,889	4,988,093	745,595	(1,317,576)	7,269,252
Net Assets, Beginning of Year	2,577,525	1,038,656	29,344,002	21,736,376	10,895,121	45,367,147	4,604,002	25,782,780	141,345,609
Net Assets, End of Year	\$ 2,647,512	\$ 1,094,364	\$ 30,451,753	\$ 21,923,181	\$ 12,328,010	\$ 50,355,240	\$ 5,349,597	\$ 24,465,204	\$ 148,614,861

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2010

	Wastewater Utility	National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 41,073,314	\$ 24,311,964	\$ 29,906,006	\$ 95,291,284
Other receipts	456,728	448,506	4,495,238	5,400,472
Payments to employees	(16,468,057)	(8,033,687)	(34,654,977)	(59,156,721)
Payments to suppliers	(1,548,895)	(7,637,213)	(7,321,458)	(16,507,566)
Payments for contractual services	(2,278,637)	-	(12,904,822)	(15,183,459)
Payments for utilities	(1,551,441)	-	(1,367,722)	(2,919,163)
Other payments	(1,167,896)	-	(3,111,461)	(4,279,357)
Net cash provided by (used in) operating activities	<u>18,515,116</u>	<u>9,089,570</u>	<u>(24,959,196)</u>	<u>2,645,490</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	323,599	16,380,281	16,703,880
Local tax levy supporting operations	-	-	10,033,185	10,033,185
Proceeds from noncapital line-of-credit	-	-	27,234	27,234
Other	-	10,000	(790,615)	(780,615)
Net cash provided by noncapital financing activities	<u>0</u>	<u>333,599</u>	<u>25,650,085</u>	<u>25,983,684</u>
Capital and Related Financing Activities				
Purchase of capital assets	(53,838,430)	-	(14,320,307)	(68,158,737)
Proceeds from sale of capital assets	176,542	23,058	33,561	233,161
Contributions, donations and grants	-	8,879,806	11,079,198	19,959,004
Passenger facility charge	-	4,622,144	-	4,622,144
Intergovernmental revenue received for debt service	-	-	1,934,547	1,934,547
Local tax levy used for debt service	-	-	814,570	814,570
Proceeds from issuance of long-term debt	7,437,729	-	-	7,437,729
Principal paid on long-term debt	(6,614,888)	(2,395,000)	(1,894,132)	(10,904,020)
Acquisition and construction of capital asset	-	(16,364,556)	-	(16,364,556)
Payment to City	-	(734,000)	-	(734,000)
Interest paid on long-term debt	(11,133,343)	(1,406,041)	(990,145)	(13,529,529)
Other	-	86,495	118,489	204,984
Net cash used in capital and related financing activities	<u>(63,972,390)</u>	<u>(7,288,094)</u>	<u>(3,224,219)</u>	<u>(74,484,703)</u>
Investing Activities				
Proceeds from sale of investments	48,879,272	1,700,000	10,032,078	60,611,350
Purchase of investments	(7,491,379)	-	(9,891,152)	(17,382,531)
Interest received	562,727	471,544	216,683	1,250,954
Net cash provided by investing activities	<u>41,950,620</u>	<u>2,171,544</u>	<u>357,609</u>	<u>44,479,773</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(3,506,654)</u>	<u>4,306,619</u>	<u>(2,175,721)</u>	<u>(1,375,756)</u>
Cash and Cash Equivalents, Beginning of Year	<u>19,438,009</u>	<u>52,221,780</u>	<u>11,656,267</u>	<u>83,316,056</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,931,355</u>	<u>\$ 56,528,399</u>	<u>\$ 9,480,546</u>	<u>\$ 81,940,300</u>

	Wastewater Utility	National Airport	Other Component Units	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 10,966,704	\$ 2,221,615	\$(30,958,978)	\$(17,770,659)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	7,737,659	7,120,530	8,554,976	23,413,165
Other	-	-	372,795	372,795
Changes in assets and liabilities				
Receivables, net	(484,798)	(549,367)	(2,242,464)	(3,276,629)
Prepaid expenses	10,399	(30,904)	166,603	146,098
Inventories	(59,835)	-	234,076	174,241
Other assets	-	-	(967,985)	(967,985)
Accounts payable	186,358	187,323	23,066	396,747
Accrued expenses	158,629	-	157,487	316,116
Other liabilities	-	140,373	(298,772)	(158,399)
Net cash provided by (used in) operating activities	<u>\$ 18,515,116</u>	<u>\$ 9,089,570</u>	<u>\$(24,959,196)</u>	<u>\$ 2,645,490</u>

Noncash Capital Activities

During 2010, the Little Rock Wastewater Utility received donated capital assets in the amount of \$1,320,229.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2010

	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
Operating Activities									
Receipts from customers	\$ 229,861	\$ 74,664	\$ 1,270,467	\$ 2,662,999	\$ 19,918,116	\$ 1,970,877	\$ (811,803)	\$ 4,590,825	\$ 29,906,006
Other receipts	-	15	1,211,827	-	397,025	129,325	-	2,757,046	4,495,238
Payments to employees	(203,117)	(92,096)	(5,930,993)	(825,582)	(14,579,462)	(9,515,486)	(290,065)	(3,218,176)	(34,654,977)
Payments to suppliers	(4,425)	-	(63,924)	(56,128)	(4,258,047)	(2,386,958)	102,110	(654,086)	(7,321,458)
Payments for contractual services	(17,138)	(39,418)	(4,432,336)	-	-	(1,511,042)	(2,001,242)	(4,903,646)	(12,904,822)
Payments for utilities	(7,644)	(6,249)	(1,020,297)	-	-	-	-	(333,532)	(1,367,722)
Other payments	(20,035)	(33,717)	(613,719)	(234,994)	-	(251,024)	168,093	(2,126,065)	(3,111,461)
Net cash provided by (used in) operating activities	(22,498)	(96,801)	(9,578,975)	1,546,295	1,477,632	(11,564,308)	(2,832,907)	(3,887,634)	(24,959,196)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	(885,000)	-	11,201,502	4,647,266	1,416,513	16,380,281
Local tax levy supporting operations	-	-	10,033,185	-	-	-	-	-	10,033,185
Proceeds from noncapital line-of-credit	-	-	-	-	-	-	27,234	-	27,234
Other	-	-	-	16,328	694,210	-	(1,505,856)	4,703	(790,615)
Net cash provided by noncapital financing activities	-	-	10,033,185	(868,672)	694,210	11,201,502	3,168,644	1,421,216	25,650,085
Capital and Related Financing Activities									
Purchase of capital assets	-	-	(1,139,211)	(1,630,685)	(1,330,501)	(9,564,488)	(260,283)	(395,139)	(14,320,307)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	9,220,368	-	1,205,179	10,425,547
Contributions and donations	-	76,214	-	577,437	-	-	-	-	653,651
Intergovernmental revenue received for debt service	-	-	1,934,547	-	-	-	-	-	1,934,547
Local tax levy used for debt service	-	-	814,570	-	-	-	-	-	814,570
Principal paid on long-term debt	-	-	(1,858,399)	-	-	-	(26,142)	(9,591)	(1,894,132)
Interest paid on long-term debt	-	-	(890,719)	-	-	-	-	(99,426)	(990,145)
Proceeds from sale of capital assets	-	-	-	-	-	6,850	-	26,711	33,561
Other	118,489	-	-	-	-	-	-	-	118,489
Net cash provided by (used in) capital and related financing activities	118,489	76,214	(1,139,212)	(1,053,248)	(1,330,501)	(337,270)	(286,425)	727,734	(3,224,219)
Investing Activities									
Proceeds from sale of investments	-	-	2,465,327	-	2,780,553	-	-	4,786,198	10,032,078
Purchase of investments	(374,159)	(41,686)	(2,261,865)	(15,865)	(3,650,505)	-	-	(3,547,072)	(9,891,152)
Interest received	39,916	78,775	5,581	19,004	59,646	13,242	-	519	216,683
Net cash provided by (used in) investing activities	(334,243)	37,089	209,043	3,139	(810,306)	13,242	-	1,239,645	357,609
Increase (Decrease) in Cash and Cash Equivalents	(238,252)	16,502	(475,959)	(372,486)	31,035	(686,834)	49,312	(499,039)	(2,175,721)
Cash and Cash Equivalents, Beginning of Year	250,531	44,152	2,227,712	1,901,786	388,339	4,443,481	584,916	1,815,350	11,656,267
Cash and Cash Equivalents, End of Year	\$ 12,279	\$ 60,654	\$ 1,751,753	\$ 1,529,300	\$ 419,374	\$ 3,756,647	\$ 634,228	\$ 1,316,311	\$ 9,480,546

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

Operating income (loss)	\$ (48,502)	\$ (99,281)	\$ (11,031,645)	\$ 46,143	\$ 679,033	\$ (15,492,466)	\$ (2,395,815)	\$ (2,616,445)	\$ (30,958,978)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities									
Depreciation and amortization expense	19,907	2,480	1,478,405	736,422	1,002,543	3,677,070	857,693	780,456	8,554,976
Other	-	-	-	-	-	1,708	1,505,856	(1,134,769)	372,795
Changes in assets and liabilities									
Receivables, net	5,351	-	(245,109)	100,845	(75,549)	(5,878)	(1,600,971)	(421,153)	(2,242,464)
Prepaid expenses	-	-	102,943	12,060	-	51,600	-	-	166,603
Inventories	-	-	-	-	-	205,455	6,605	22,016	234,076
Other assets	-	-	1,490	-	-	-	(1,067,953)	98,478	(967,985)
Accounts payable	746	-	43,715	650,825	21,902	(48,238)	230,834	(876,718)	23,066
Accrued expenses	-	-	39,925	-	-	46,441	16,486	54,635	157,487
Other liabilities	-	-	31,301	-	(150,297)	-	(385,642)	205,866	(298,772)
Net cash provided by (used in) operating activities	<u>\$ (22,498)</u>	<u>\$ (96,801)</u>	<u>\$ (9,578,975)</u>	<u>\$ 1,546,295</u>	<u>\$ 1,477,632</u>	<u>\$ (11,564,308)</u>	<u>\$ (2,832,907)</u>	<u>\$ (3,887,634)</u>	<u>\$ (24,959,196)</u>

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**STATISTICAL
SECTION**

City of Little Rock, Arkansas

Statistical Section

This section of the City of Little Rock, Arkansas comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflects about the City's overall financial health.

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Financial Trends (Tables 1-6)	
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These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.....	104
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Demographic and Economic Information (Tables 16-17)	
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Operating Information (Tables 18-20)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs	115

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

Table 1

	2002 ⁽¹⁾	2003	2004	2005 ⁽²⁾	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 44,035,519	\$ 63,394,603	\$ 70,448,883	\$ 461,024,448	\$ 464,980,160	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762
Restricted	14,394,986	13,707,483	14,779,074	17,627,261	18,189,548	14,861,692	14,747,876	19,792,771	21,106,638
Unrestricted (deficit)	7,345,612	9,699,378	11,341,255	6,583,272	746,351	(5,253,750)	(6,740,713)	(20,707,353)	(31,673,380)
Total governmental activities net assets	<u>\$ 65,776,117</u>	<u>\$ 86,801,464</u>	<u>\$ 96,569,212</u>	<u>\$ 485,234,981</u>	<u>\$ 483,916,059</u>	<u>\$ 479,785,126</u>	<u>\$ 479,333,800</u>	<u>\$ 478,697,155</u>	<u>\$ 484,122,020</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 9,598,629	\$ 4,117,095	\$ 11,377,021	\$ 11,171,798	\$ 12,833,382	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633
Restricted	5,092,032	9,882,094	6,268,162	6,407,826	8,170,282	7,686,354	6,255,864	8,324,557	4,847,683
Unrestricted (deficit)	2,207,338	4,518,817	2,718,940	4,064,877	2,920,311	6,186,519	1,021,866	(7,226,970)	(7,490,696)
Total business-type activities net assets	<u>\$ 16,897,999</u>	<u>\$ 18,518,006</u>	<u>\$ 20,364,123</u>	<u>\$ 21,644,501</u>	<u>\$ 23,923,975</u>	<u>\$ 29,713,721</u>	<u>\$ 29,927,640</u>	<u>\$ 26,260,453</u>	<u>\$ 26,037,620</u>
Primary government									
Invested in capital assets, net of related debt	\$ 53,634,148	\$ 67,511,698	\$ 81,825,904	\$ 472,196,246	\$ 477,813,542	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395
Restricted	19,487,018	23,589,577	21,047,236	24,035,087	26,359,830	22,548,046	21,003,740	28,117,328	25,954,321
Unrestricted (deficit)	9,552,950	14,218,195	14,060,195	10,648,149	3,666,662	932,769	(5,718,847)	(27,934,323)	(39,164,076)
Total primary government net assets	<u>\$ 82,674,116</u>	<u>\$ 105,319,470</u>	<u>\$ 116,933,335</u>	<u>\$ 506,879,482</u>	<u>\$ 507,840,034</u>	<u>\$ 509,498,847</u>	<u>\$ 509,261,440</u>	<u>\$ 504,957,608</u>	<u>\$ 510,159,640</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). This table will ultimately contain information for ten fiscal years.

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

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

Table 2

	2002 ⁽¹⁾	2003	2004	2005 ⁽²⁾	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 32,396,254	\$ 35,574,263	\$ 34,359,791	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645	30,920,716
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376	9,032,115
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347	48,582,390
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539	62,432,868
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034	-	-
Education	2,165,955	147,691	-	-	-	7,591,089	8,372,418	5,282,591	9,439,254
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231	8,621,004
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132	3,849,820
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236	482,975	12,210	9,545	12,779
Total governmental activities expenses	<u>137,297,950</u>	<u>142,071,769</u>	<u>154,262,952</u>	<u>173,486,876</u>	<u>183,035,064</u>	<u>210,167,539</u>	<u>199,241,031</u>	<u>202,462,224</u>	<u>209,649,174</u>
Business-type activities:									
Presidential park	1,175,807	1,007,338	879,301	943,061	837,674	787,099	756,924	727,723	913,050
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966	14,158,228
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216	1,585,450
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683	1,280,521	1,392,804	932,726	977,075
Zoo	2,973,358	2,986,464	3,252,245	3,589,480	3,959,985	4,286,060	4,758,438	4,816,545	4,818,113
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451	1,201,185
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136	2,551,139	2,795,234	2,323,844	2,227,607
Fitness center	988,999	807,110	774,098	880,469	1,045,851	1,018,736	1,023,119	1,031,479	1,147,343
Concessions services	305,706	234,171	150,066	108,690	120,027	148,389	149,129	104,090	1,712
Total business-type activities expenses	<u>22,235,399</u>	<u>20,709,010</u>	<u>22,636,775</u>	<u>24,086,242</u>	<u>24,866,361</u>	<u>26,962,358</u>	<u>27,556,897</u>	<u>26,662,040</u>	<u>27,029,763</u>
Total primary government expenses	<u>\$ 159,533,349</u>	<u>\$ 162,780,779</u>	<u>\$ 176,899,727</u>	<u>\$ 197,573,118</u>	<u>\$ 207,901,425</u>	<u>\$ 237,129,897</u>	<u>\$ 226,797,928</u>	<u>\$ 229,124,264</u>	<u>\$ 236,678,937</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 16,304,154	\$ 19,435,156	\$ 14,162,061	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575
Public works	488,437	435,761	168,730	313,407	998,515	629,934	505,189	395,554	1,080,184
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408	959,667	1,051,607	1,276,650	2,374,906
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020	2,639,543
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652	3,697,419
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562	962,181	650,746	462,390	543,179
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353	8,929,758
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306	4,592,275
Total governmental activities program revenues	<u>30,025,133</u>	<u>33,647,602</u>	<u>27,621,465</u>	<u>33,619,755</u>	<u>31,394,339</u>	<u>46,655,526</u>	<u>36,615,881</u>	<u>42,294,315</u>	<u>38,173,839</u>

Business-type activities:

Charges for services:									
Presidential park	-	-	-	-	-	139,637	60,382	684	-
Waste disposal	12,167,056	13,393,676	14,109,685	14,934,170	15,919,951	16,787,719	16,473,414	16,303,264	16,133,281
Rivermarket garage	593,734	593,014	1,410,727	1,295,883	1,419,484	1,643,404	1,768,636	1,676,830	1,846,258
Riverfront park	419,529	366,049	407,144	397,194	329,914	310,547	268,593	300,074	358,709
Zoo	1,783,347	1,421,735	1,898,390	2,035,070	2,268,438	2,646,480	2,573,440	3,057,010	3,018,702
Vehicle storage	1,205,352	1,344,171	1,654,249	1,466,627	1,171,495	1,329,776	1,300,655	1,203,642	1,199,238
Golf courses	1,584,954	849,037	1,609,628	1,801,609	1,847,184	1,660,152	1,517,895	1,372,751	1,461,666
Fitness center	765,277	579,989	685,419	651,786	743,361	766,207	696,328	761,485	744,609
Concessions services	197,111	177,661	81,180	74,554	53,948	67,711	48,171	37,589	-
Capital grants and contributions	-	-	-	-	-	4,170,925	2,252,001	516,796	2,112,812
Total business-type activities program revenues	18,716,360	18,725,332	21,856,422	22,656,893	23,753,775	29,522,558	26,959,515	25,230,125	26,875,275
Total primary government program revenues	\$ 48,741,493	\$ 53,679,985	\$ 49,477,887	\$ 56,276,648	\$ 55,148,114	\$ 76,178,084	\$ 63,575,396	\$ 67,524,440	\$ 65,049,114
Net (expense)/revenue									
Governmental activities	\$(107,272,817)	\$(108,424,167)	\$(126,641,487)	\$(139,867,121)	\$(151,640,725)	\$(163,512,013)	\$(162,625,150)	\$(160,167,909)	\$(171,475,335)
Business-type activities	(3,519,039)	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)	2,560,200	(597,382)	(1,431,915)	(154,488)
Total primary government net expense	\$ (110,791,856)	\$ (110,407,845)	\$ (127,421,840)	\$ (141,296,470)	\$ (152,753,311)	\$ (160,951,813)	\$ (163,222,532)	\$ (161,599,824)	\$ (171,629,823)

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes									
General Property taxes	\$ 61,592,212	\$ 33,090,573	\$ 35,414,871	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194	64,137,449
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458	29,348,059
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563	35,189,761
Other	-	-	-	-	-	-	23,745	(246,757)	-
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053	88,142
Total governmental activities	133,820,481	130,756,565	136,409,235	150,226,589	150,321,803	159,381,080	162,173,824	159,531,264	176,900,200
Business-type activities									
Investment earnings	379,525	353,737	223,486	467,783	959,678	1,002,452	533,477	80,586	19,797
Other	7,767	(38,547)	499,595	376,747	(64,920)	(20,324)	(29,411)	(9,805)	-
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)	(88,142)
Total business-type activities	921,998	2,296,634	2,626,470	2,709,727	3,392,060	3,229,546	811,301	(2,235,272)	(68,345)
Total primary government	\$ 134,742,479	\$ 133,053,199	\$ 139,035,705	\$ 152,936,316	\$ 153,713,863	\$ 162,610,626	\$ 162,985,125	\$ 157,295,992	\$ 176,831,855
Changes in Net Assets									
Governmental activities	\$ 26,547,664	\$ 21,025,347	\$ 9,767,748	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)	\$ 5,424,865
Business-type activities	(2,597,041)	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)	(222,833)
Change in accounting principle	(23,452,663)	-	-	378,306,301	-	-	-	-	-
Total primary government	\$ 497,960	\$ 22,645,354	\$ 11,613,865	\$ 389,946,147	\$ 960,552	\$ 1,658,813	\$ (237,407)	\$ (4,303,832)	\$ 5,202,032

(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.) This table will ultimately contain information for ten fiscal years.

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

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

Table 3

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

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

Table 4

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

- (1) The increase in fund balance in the capital projects funds is associated with the 2004 Limited Tax General Obligation Capital Improvement bonds issued to finance capital improvements.
- (2) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.
- (3) The increase in fund balance in the capital projects funds is associated with the 2009 Central Arkansas Library Capital Improvements Bond and the 2009 Parks and Recreation Capital Improvements bond issued to finance capital improvements.

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

Table 5

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Taxes ⁽¹⁾	\$ 97,671,645	\$ 101,503,838	\$ 113,113,245	\$ 117,182,208	\$ 125,804,151	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901
Licenses and permits	8,268,835	8,708,523	8,859,344	9,307,627	9,894,766	9,965,755	9,493,646	9,491,852	9,378,966
Intergovernmental	19,556,572	18,621,039	19,837,898	20,435,880	17,730,551	35,348,114	24,660,496	23,758,563	25,854,883
Charges for services	5,789,188	4,759,347	4,492,433	4,786,588	6,656,647	7,250,342	7,636,280	5,896,703	6,967,081
Fines	3,803,560	5,313,622	5,077,073	5,710,201	4,277,114	4,406,272	4,094,674	3,866,793	4,646,215
Investment Income	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215
Miscellaneous	2,511,736	4,040,306	3,797,305	4,211,852	3,070,749	3,377,183	3,128,552	3,257,697	6,262,854
Total revenues	139,052,365	143,431,220	156,408,609	164,446,449	171,305,986	191,025,191	186,361,255	185,115,550	193,633,115
Expenditures									
General government	32,929,128	31,993,462	37,827,535	36,589,853	42,386,548	61,719,463	53,764,986	47,240,799	50,036,950
Public works	22,794,707	17,928,685	21,525,933	24,577,640	34,392,323	26,478,689	20,997,331	19,131,584	20,331,363
Parks and recreation and zoo	8,228,295	7,957,319	10,069,417	14,462,219	15,918,143	11,331,664	10,852,290	10,671,631	11,868,398
Fire department	23,138,524	28,040,943	31,560,941	35,298,489	44,706,618	37,455,769	37,142,635	37,943,802	36,670,692
Police department	44,459,817	44,059,630	45,102,475	53,470,507	54,319,391	54,697,552	55,428,567	58,971,285	55,751,125
Housing and neighborhood programs	9,041,226	9,676,745	7,470,436	7,905,898	8,473,162	9,441,274	8,066,771	8,368,709	8,790,445
Debt service									
Principal	7,385,000	9,660,000	11,055,000	6,525,000	8,840,000	25,422,407	11,670,000	12,571,500	15,560,000
Interest	1,879,197	1,932,911	3,533,951	4,313,380	4,265,080	3,674,581	3,370,957	3,510,734	4,054,730
Bond issuance costs	-	-	-	-	-	-	-	95,173	-
Other charges	113,628	11,159	503,346	25,063	13,236	150,568	12,210	9,545	12,779
Total expenditures	149,969,522	151,260,854	168,649,034	183,168,049	213,314,501	230,371,967	201,305,747	198,514,762	203,076,482
Excess (Deficiency) of revenues over (under) expenditures	(10,917,157)	(7,829,634)	(12,240,425)	(18,721,600)	(42,008,515)	(39,346,776)	(14,944,492)	(13,399,212)	(9,443,367)
Other financing sources (uses)									
Transfers in	11,366,863	6,766,952	2,631,865	3,024,332	2,531,535	3,983,282	6,316,264	10,100,179	7,160,928
Transfers out	(16,612,654)	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)	(6,835,415)	(6,836,508)
Bonds issued	20,010,000	4,250,000	99,850,000	5,205,000	6,550,000	20,765,438	8,991,500	35,830,000	-
Premium on bonds issued	-	-	1,425,301	-	-	-	-	-	-
Discount on bonds issued	(26,255)	-	(87,811)	-	-	-	-	(249,215)	-
Payments to refunded bond escrow agent	-	-	(10,249,924)	-	-	-	-	-	-
Capital leases	-	-	283,883	-	-	-	-	-	-
Total other financing sources (uses)	14,737,954	2,272,812	89,351,837	3,346,420	4,059,315	18,524,637	10,324,475	38,845,549	324,420
Net change in fund balances	\$ 3,820,797	\$ (5,556,822)	\$ 77,111,412	\$ (15,375,180)	\$ (37,949,200)	\$ (20,822,139)	\$ (4,620,017)	\$ 25,446,337	\$ (9,118,947)
Debt service as a percentage of noncapital expenditures	6.8%	8.3%	9.6%	6.7%	7.7%	12.7%	8.0%	8.6%	10.5%

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

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

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
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
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901

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

Table 7

Year	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Utility	Real	Utility				
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%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20.00%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20.00%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20.00%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20.00%

Source: Pulaski County Tax Assessor.

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

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

Note: Tax collections shown do not include Act 9 Real Estate Valuations.

Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts.

Both are considered personal PSC accounts.

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
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
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2009	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2010	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55

Tax Levies								
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
2007		38,848,293		42,554,360		137,582,342		218,984,995
2008		45,120,783		45,743,106		148,109,308		238,973,197
2009		48,789,133		46,344,553		148,559,430		243,693,117
2010		49,499,645		46,915,434		148,192,735		244,607,815

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

City of Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2010

The City of Little Rock, Arkansas's largest own-source revenue is sale taxes. Sale taxes primarily come from two separate taxes; a one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2010, the one-half cent city sales tax generated revenue of \$23,092,253.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers confidential. Therefore, the City of Little Rock is not able to identify the top 10 tax payers. However, Little Rock enjoys a diverse economic sales tax base.

Table 9

Little Rock Top Ten 1/2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
Wholesale Trade	\$ 2,577,298	11.16%
General Merchandise Stores	2,285,612	9.90%
Food Services and Drinking Places	2,165,870	9.38%
Food and Beverage Stores	1,929,819	8.36%
Utilities	1,513,109	6.55%
Clothing and Clothing Accessories Stores	1,092,175	4.73%
Rental and Leasing Services	1,054,531	4.57%
Building Material and Garden Equipment and Supplies Dealers	982,169	4.25%
Electronics and Appliance Stores	958,570	4.15%
Broadcasting and Telecommunications	913,549	3.96%
Totals	<u>\$ 15,472,702</u>	<u>67.00%</u>

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

Table 10

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%

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 Nine Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2002	\$ 27,915,000	\$ 20,710,000	\$ 8,560,094	\$ 640,000	\$ 45,170,000	\$ -	\$ 102,995,094	2.42%	\$ 562.41
2003	19,090,000	19,875,000	11,403,359	480,000	52,170,000	-	103,018,359	2.42%	562.53
2004	95,635,000 ⁽²⁾	18,975,000	13,342,046	398,000	49,710,000	-	178,060,046	4.19%	972.30
2005	90,045,000	18,040,000	15,397,113	822,287	47,170,000	96,941	171,571,341	4.04%	936.87
2006	82,180,000	17,065,000	17,694,148	321,058	44,510,000	-	161,770,206	3.26%	855.33
2007	71,615,000	15,890,000	19,624,359	-	44,905,000	288,534	152,322,893	2.88%	831.76
2008	65,015,000	14,820,000	18,997,000	-	41,625,000	188,558	140,645,558	2.75%	768.00
2009	81,560,000 ⁽³⁾	21,540,000 ⁽⁴⁾	13,177,436	-	38,025,000	92,462	154,394,897	3.33%	843.08
2010	67,255,000	20,285,000	8,056,677	-	31,725,000	-	127,321,677	2.74%	695.24

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

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

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

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

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

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

Table 12

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2002	\$ 27,915,000	\$ 9,497,956	\$ 18,417,044	0.77%	\$ 100.57
2003	19,090,000	9,580,788	9,509,212	0.38%	51.93
2004	95,635,000 ⁽³⁾	8,811,574	86,823,426	3.26%	474.10
2005	90,045,000	11,104,941	78,940,059	2.77%	431.05
2006	82,180,000	11,772,050	70,407,950	2.31%	372.27
2007	71,615,000	11,045,088	60,569,912	1.85%	330.74
2008	65,015,000	11,604,803	53,410,197	1.51%	291.65
2009	81,560,000 ⁽⁴⁾	15,200,770	66,359,230	1.84%	362.36
2010	67,255,000	16,529,241	50,940,759	1.41%	278.16

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

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

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

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

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

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2010

Table 13

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$ 78,652,436	100%	\$ 78,652,436
Little Rock Public School District	<u>193,945,632</u>	100%	<u>193,945,632</u>
Total direct and overlapping debt	<u><u>\$ 272,598,068</u></u>		<u><u>\$ 272,598,068</u></u>

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

Table 14

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 455,192,385	\$ 444,562,725	\$ 630,941,290	\$ 664,878,736	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323
Total net debt applicable to limit	<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>	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>
Legal debt margin	<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>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>
Total net debt applicable to the limit as a percentage of debt limit	7.36%	7.55%	5.43%	16.81%	15.22%	12.99%	9.64%	8.06%	11.00%	8.71%

Legal Debt Margin Calculation for 2009

Assessed value	\$ 3,611,101,292
Debt limit:	
General obligation debt limitation (1)	722,220,258
Short-term financing debt limitation (2)	<u>180,555,065</u>
Total Debt Limitation	<u>902,775,323</u>
Debt applicable to limit:	
General obligation and short-term financing	95,181,677
Less: Amount set aside for repayment in debt services funds	<u>(16,529,241)</u>
Total net debt applicable to limit	<u>78,652,436</u>
Legal debt margin	<u>\$ 824,122,887</u>

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

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

City of Little Rock, Arkansas

Revenue Bond Coverage

Last Ten Years

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
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	1,557,904	897,932	659,972	-	-	-	-
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	11,176,391	9,454,023	1,722,368	1,030,000	1,422,373	2,452,373	0.70
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>
2003 Wastewater Utility	\$ 27,811,390	\$ 19,474,453	\$ 8,336,937	\$ 1,594,617	\$ 1,999,172	\$ 3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	<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	12,118,527	9,183,566	2,934,961	1,205,000	1,184,546	2,389,546	1.23
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	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
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	13,575,601	10,519,446	3,061,155	1,337,500	1,009,844	2,347,344	1.30
Total	<u>\$ 68,821,264</u>	<u>\$ 47,251,230</u>	<u>\$ 16,575,034</u>	<u>\$ 5,722,715</u>	<u>\$ 4,838,618</u>	<u>\$ 10,561,333</u>	<u>1.57</u>

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	0.52
Regional Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	<u>\$ 72,624,967</u>	<u>\$ 55,395,149</u>	<u>\$ 17,229,818</u>	<u>\$ 8,520,433</u>	<u>\$ 12,316,801</u>	<u>\$ 20,837,234</u>	<u>0.83</u>
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Regional Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	<u>\$ 79,007,286</u>	<u>\$ 64,627,799</u>	<u>\$ 14,379,487</u>	<u>\$ 9,609,106</u>	<u>\$ 13,052,723</u>	<u>\$ 22,661,829</u>	<u>0.63</u>
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Regional Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	<u>\$ 78,325,368</u>	<u>\$ 64,198,449</u>	<u>\$ 14,126,919</u>	<u>\$ 10,868,285</u>	<u>\$ 13,533,251</u>	<u>\$ 24,401,536</u>	<u>0.58</u>
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Regional Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	<u>\$ 82,870,388</u>	<u>\$ 64,402,141</u>	<u>\$ 18,468,247</u>	<u>\$ 11,356,052</u>	<u>\$ 13,050,932</u>	<u>\$ 24,406,984</u>	<u>0.76</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	Operating	Net Revenue	Principal	Debt Service Requirements		Coverage
	Revenue ⁽⁴⁾	Expenses ⁽⁵⁾			Interest	Total	
River Market Garage	\$ 2,054,435	\$ 772,011	\$ 1,282,424	\$ 375,000	\$ 513,545	\$ 888,545	1.44

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

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

Table 16

Year	Population	Personal Income ⁽³⁾	Per Capita Income ⁽³⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
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	36.0	13.4	28,755 ⁽⁴⁾	3.8%
2007	183,133 ⁽²⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽⁴⁾	4.8%
2008	183,133 ⁽²⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽⁴⁾	4.6%
2009	183,133 ⁽²⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽⁴⁾	6.1%
2010	193,524 ⁽⁵⁾	4,906,220,448	25,352	37	13.8	27,950 ⁽⁴⁾	6.1%

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

(1) Estimated

(2) 2000 Census

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

(4) Little Rock Public Schools

(5) 2010 Census

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

Table 17

<u>Employer</u>	<u>2010</u>			<u>2001</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
State of Arkansas	32,900	1	20.56%	24,700	1
Federal Government	9,500	2	5.94%	10,000	2
University of Arkansas Medical Sciences	8,500	3	5.31%	5,392	5
Public School Districts	7,400	4	4.63%	8,000	3
Baptist Health	6,160	5	3.85%	5,000	6
Little Rock Air Force Base				6,890	4
Axiom	4,380	6	2.74%		
Central Arkansas Veterans Health Care	3,500	7	2.19%	3,600	8
Arkansas Children's Hospital	2,830	8	1.77%		
Arkansas Blue Cross and Blue Shield	2,740	9	1.71%		
Entergy Arkansas	2,730	10	1.71%		
AT&T				3,000	9
ALLTEL Corporation				4,500	7
Union Pacific Railroad				2,610	10
	<u>80,640</u>		<u>50.41%</u>	<u>73,692</u>	

Source: Metroplan - Council of Local Governments

City of Little Rock, Arkansas

Full-time Equivalent City Government Employees by Function Last Ten Years

Table 18

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:										
General Administration (1)	6	5	6	2	2	3	4	4	3	3
Racial Cultural Diversity (1)	-	-	-	3	3	3	3	3	3	3
City Clerk (1)	-	-	-	2	2	2	2	2	2	2
Arts & Humanities	-	-	-	1	-	-	-	-	-	-
Mayor and Board of Directors	2	1	1	1	1	1	1	1	1	1
City Manager	13	11	11	11	11	11	14	15	15	13
Community Programs	21	32	13	8	8	8	8	8	7	6
City Attorney	18	19	19	19	18	18	18	19	19	18
Little Rock Television	3	2	2	2	3	3	3	3	3	3
District Court - First Division	21	19	20	21	21	21	21	21	21	21
District Court - Second Division	21	21	21	20	20	20	20	20	20	17
District Cour - Third Division	8	8	7	7	6	6	7	7	7	7
Finance	46	45	44	44	44	44	44	44	44	48
Human Resources	18	18	17	18	18	20	21	21	21	8
Management Support / Information Technology	36	35	35	35	33	33	34	35	36	37
General Services (2)										
Planning and Development	50	46	44	43	41	40	41	41	41	39
Housing and Neighborhood Programs	107	98	95	96	95	94	97	97	98	94
Public Works	16	16	15	13	13	13	13	13	13	13
Parks and Recreation (3)	111	112	112	113	106	104	106	106	105	100
Fire	395	396	396	398	397	398	397	397	409	408
Police	742	739	713	713	695	670	680	683	698	698
Total General Fund	1,634	1,623	1,571	1,570	1,537	1,512	1,534	1,540	1,566	1,539
Zoo (3)	46	48	48	50	50	50	51	50	50	45
Golf (3)	29	27	27	25	25	24	24	24	24	21
Jim Dailey Fitness & Aquatic Center (3)	11	11	11	9	9	9	9	9	9	9
Concessions	3	2	1	1	1	1	1	1	1	-
River Market (3)	5	4	4	4	4	4	4	4	4	-
Waste Disposal	91	98	118	118	118	118	118	118	119	112
Public Works - Street	229	232	210	205	210	210	210	208	209	210
Fleet Services	56	52	56	59	59	61	61	61	60	60
Vehicle Storage Facility	20	18	19	17	17	17	17	17	17	17
Total Other Funds	490	492	494	488	493	494	495	492	493	474
Total Personnel	2,124	2,115	2,065	2,058	2,030	2,006	2,029	2,032	2,059	2,013

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

Table 19

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Planning and Development										
Total building permits issued	4,384	4,561	4,432	5,032	5,330	4,694	2,734	1,957	3,690	3,832
Estimated building cost	\$300,318,597	\$489,610,493	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010
New commercial construction permits	104	78	96	153	113	78	60	45	31	26
Commercial construction value	\$164,063,228	\$180,659,144	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859
New residential construction permits	484	590	727	797	978	810	733	398	351	361
Residential construction value	\$122,786,690	\$137,152,590	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071
Fire										
Number of uniformed employees	374	374	373	373	373	374	391	391	402	403
Fires and explosions	1,415	1,307	1,392	1,127	1,883	1,752	1,478	1,190	1,256	1,557
Overpressure rupture, explosion, overhear (no fire)	122	132	123	126	110	143	101	90	61	65
Rescue, emergency medical calls	8,820	9,727	10,128	9,869	13,982	13,948	13,946	13,990	14,690	15,256
Hazardous condition, standby	1,107	1,279	1,319	1,215	1,211	1,186	1,177	1,392	1,178	1,130
Service calls	1,057	1,228	1,220	1,116	984	1,236	1,265	1,374	1,241	1,210
Good intent calls	1,501	1,547	1,593	1,366	1,034	2,419	3,165	3,176	3,327	3,523
False alarm calls	2,867	2,803	2,470	2,114	2,553	3,019	2,953	2,813	2,714	2,644
Natural disaster calls	13	12	9	12	26	28	22	64	29	17
Other calls	193	172	229	122	89	142	117	158	132	179
Total calls	17,095	18,207	18,483	17,067	21,872	23,873	24,224	24,247	24,628	25,984
Police										
Number of uniformed employees	553	536	503	492	500	515	525	520	557	557
Calls for service	165,577	164,097	163,316	156,577	156,003	155,110	156,714	150,042	148,409	143,540
Arrests	13,774	14,296	14,496	16,389	17,361	15,023	17,362	10,523	15,445	15,446
Accidents (fatality and serious injury)	4,039	4,945	4,685	4,704	3,846	5,181	5,363	4,054	3,354	3,354
Training man hours	60,941	20,418	14,160	13,048	12,101	12,778	13,469	26,465	13,525	13,625
Uniform Crime Reporting (UCR) Part I offenses	17,035	20,829	21,338	19,466	19,517	19,220	19,200	17,968	17,775	16,057
Clearance rate - all crimes	14.29%	15.25%	14.74%	18.11%	19.53%	21.70%	22.36%	24.80%	19.22%	19.47%
Public Works										
Miles of graded and surface treatment	426	440	426	426	426	426	398	394	392	425
Drainage ditches maintained	747	750	750	745	745	745	1,578	1,578	1,578	1,578
Traffic signals repaired						1,887	2,178	2,464	3,100	2,125
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$16.35	\$18.91	\$18.91	\$20.99	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00	\$21.00
On-Call service	25,882	29,382	26,705	28,448	29,231	30,370	30,500	32,000	27,900	24,620
KB's service	9,024	8,475	8,114	7,894	6,287	5,865	6,000	6,000	8,898	7,499
Roll-off service	1,993	2,014	2,194	2,240	2,311	2,194	2,200	2,100	2,108	1,839
Carts	3,413	4,420	5,262	6,076	5,436	5,124	6,500	5,500	5,664	5,852
Dead animals collected	596	780	632	574	395	343	500	400	303	451
Curbside recycling tonnage (3)	-	-	-	4,457	4,820	4,596	4,800	5,200	5,240	5,414
Paper recycling pounds (3)	-	-	-	54,240	46,880	84,200	59,490	48,942	65,060	7,321
Class I and IV tonnage (3)	-	-	-	88,137	81,768	108,382	116,000	112,500	113,740	102,500
Yard Waste tonnage (3)	-	-	-	21,989	22,961	23,875	23,800	24,000	26,663	25,226
Parks and Recreation										
Total recorded parks attendance (1)	2,500,000	1,612,678	1,021,818	1,097,848	906,941	1,339,653	1,457,419	1,632,030	64,686 (4)	1,672,000 (5)
Zoo attendance (1)	378,176	355,729	294,782	251,104	275,584	257,290	282,334	274,781	277,530	274,621
Zoo outreach program (2)	-	-	92,158	67,922	72,978	98,479	55,669	69,223	74,153	39,240

Sources: Various city departments.

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

(1) Zoo attendance is included in Parks until 2000.

(2) Zoo outreach program began in 2003.

(3) Solid Waste began tracking this statistic in 2004. It is not available prior to that period.

(4) In 2009, the parks department changed the method in which they recorded parks attendance

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

City of Little Rock, Arkansas

Capital Asset Statistics by Function

Last Ten Years

Table 20

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fire Stations	20	20	20	20	20	20	20	20	20	20
Police Stations	3	4	4	4	4	5	11 ⁽¹⁾	9	11	11
Public Works										
Miles of Streets	2,358	2,375	2,399	2,496	2,527	2,548	2,567	2,585	2,601	2,443
Miles of paved - permanent streets	1,932	1,935	1,972	2,007	2,039	2,039	2,105	2,146	2,164	2,018
Alleys	63	72	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	355	350	350	350	350	350	350	355	355	357
Miles of sanitary sewer	1,157	1,228	1,207	1,228	1,248	2,070	1,292	1,311	1,312	1,320
Solid waste containers purchased	1,500	3,500	1,200	3,134	2,000	1,889	2,984	1,512	2,688	2,688
Parks and Recreation										
Acreage	5,154	5,745	5,745	5,745	5,767	5,776	5,781	5,780	6,080	6,246
Number of parks	53	52	52	54	54	55	55	55	56	58
Number of playgrounds	49	48	48	48	45	45	45	45	45	45
Number of tennis courts	52	52	52	52	52	52	52	52	52	48
Number of basketball courts	37	36	36	36	36	35	36	36	37	37
Number of museums	9	1	1	1	1	1	1	1	1	1
Number of golf courses	3	4	3	3	3	4	3	3	3	3
Number of ball fields	25	41	41	29	24	25	25	25	25	25
Number of play fields	7	12	12	12	18	20	20	20	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	1	1	1	-
Number of community centers	5	7	4	6	6	6	6	6	5	4
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	3	3	3	3	3
Number of soccer fields	11	9	9	9	9	9	9	9	9	9
Number of pavilions	26	26	26	26	19	19	22	20	22	22
Number of volleyball courts	8	8	9	9	9	9	2	2	8	8

Source: Various city departments.

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

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

**OTHER REQUIRED
REPORT**

Independent Accountants' Report on Compliance with Certain State Acts

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

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

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

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2010.

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

May 27, 2011

**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, 2010, which collectively comprise its basic financial statements and have issued our report thereon dated May 27, 2011, which contained a reference to the reports 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 Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Other accountants audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency of internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of significant deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Others Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated May 27, 2011.

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

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

BKD, LLP

May 27, 2011

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

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

Compliance

We have audited the compliance of the City of Little Rock, Arkansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Little Rock, Arkansas based on our audit.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board and Little Rock Wastewater Utility which expended, \$9,598,611, \$45,215,354, \$2,195,619 and \$107,100,000, 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, 2010. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Our consideration of the 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Others Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated May 27, 2011.

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

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

BKD, LLP

May 27, 2011

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	\$ 1,427,552
ARRA Community Development Block Grant	U.S. Department of Housing and Urban Development	14.253	207,070
		CDBG cluster total	1,634,622
Justice Assistance Grant	U.S. Department of Justice	16.738	416,693
ARRA Bureau of Justice Assistance	U.S. Department of Justice	16.804	252,447
		JAG cluster total	669,140
Coorporative Forestry Assistance	U.S. Department of Agriculture/Arkansas Forestry Commission	10.664	9,358
Public Works Facilities	U.S. Department of Commerce/Economic Development Administration	11.301	579,037
Community Development Block Grant	U.S. Department of Housing and Urban Development	14.218	214,936
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	26,906
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	767,286
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	507,484
ARRA Neighborhood Stabilization Program (NSP2)	U.S. Department of Housing and Urban Development	14.256	762,880
ARRA Homeless Prevention & Rapid Re-Housing Program	U.S. Department of Housing and Urban Development	14.257	552,087
State Wildlife Grant	U.S. Department of Interior/Arkansas Game and Fish Commission	15.634	374,022
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	2,910
Outdoor Recreation Grant	U.S. Department of Interior/Arkansas Department of Parks and Tourism	15.916	337
Enforcing of Underage Drinking Laws	U.S. Department of Justice/Arkansas Department of Finance and Administration	16.270	5,308
Bulletproof Vest Partnership Program	U.S. Department of Justice	16.321	5,200
Juvenile Justice Delinquency Prevention Grants	U.S. Department of Justice/Arkansas Department of Human Services	16.540	59,269
Internet Crimes	U.S. Department of Justice	16.543	18,615
COPS	U.S. Department of Justice	16.710	1,155,207
Highway Planning and Construction	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.205	51,201
State and Community Highway Safety	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.600	115,469
Language of Conservation Program	Institute of Museum and Library Services	45.303	29,970
DERA National	Environment Protection Agency/Arkansas Department of Environmental Quality	66.039	55,517
State Clean Diesel Grant Program	Environment Protection Agency/Arkansas Department of Environmental Quality	66.040	52,098
Clean Water State Revolving Fund	Environment Protection Agency/Arkansas Natural Resource Commission	66.458	46,200
Regional Recycling and Waste Reduction District	Environment Protection Agency/Arkansas Department of Environmental Quality	66.808	12,899
Energy Efficiency Conservation Block Grant	Department of Energy	81.128	1,424,544

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
ARRA State Fiscal Stabilization Fund	Department of Education/Arkansas Department of Finance and Administration	84.397A	588,916
ARRA AmeriCorps Promise Fellow	Corporation for National and Community Service	94.006	5,733
Emergency Preparedness Demonstration	U.S. Department of Homeland Security/Arkansas Homeland Security and Distaster Programs	97.001	12,132
Disaster Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.035	431,379
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	35,678
State Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	464,030
Metropolitan Medical Response System	U.S. Department of Homeland Security	97.071	2,077
Fire and Emergency Response	U.S. Department of Homeland Security	97.083	656,564
ARRA Assistance to Fire Fighters Fire Station Construction	FEMA National Preparedness Directorate	97.115	101,048
			<u>\$ 11,430,059</u>

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2010

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	\$ 214,936
HOME Investment Partnerships Program	14.239	Various	162,328
HOME Investment Partnerships Program - ARRA	14.257	Various	<u>521,289</u>
Total provided to subrecipients			<u>\$ 898,553</u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2010

Program Grantor/Program Title	State Awards
Arkansas Department of Aeronautics	
Airport Aid Grant	\$ 71,839
Arkansas Department of Heritage	
Historical Preservation Fund	23,000
Arkansas Department of Economic Development	
Dassault Fence	100,000
EIF LM Glasfiber - Port	<u>1,310,579</u>
Total State Awards	<u><u>\$ 1,505,418</u></u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting disclosed:
Significant deficiency(ies) Yes No
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs disclosed:
Significant deficiency(ies) Yes No
Material weakness(es)? Yes No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

7. The City's major programs were:

Cluster/Program	CFDA Number
Public Works Facilities	11.301
ARRA Neighborhood Stabilization Program (NSP2)	14.256
ARRA Homeless Prevention & Rapid Re-Housing Program	14.257
State Wildlife Grant	15.634
COPS	16.710
Energy Efficiency Conservation Block Grant	81.128
ARRA State Fiscal Stabilization Fund	84.397A

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$342,902.

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

Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2010-01	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within several departments.</p> <p>Context In the cash receipts/revenue recognition cycle, several employees have incompatible duties. For example, two employees can receive payments and maintain custodianship of the payments, prepare billing documents, issue credit memos, prepare the cash receipts journal and credit customer accounts. Furthermore, these employees issue monthly statements or are responsible for reconciling cash receipts sub-ledger to the general ledger.</p> <p>In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>In the cash disbursements/accounts payable cycle, three employees have incompatible duties. For example, one employee can generate a payment and authorize a payment, change computer master files affecting vendors and electronic funds transfers, make journal entries to the general ledger and reconcile accounts payable to the general ledger.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles are not adequately segregated and/or monitoring or other compensating controls are insufficient.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Reference Number	Finding	Questioned Costs
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Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

Management continues to monitor the cost versus the benefits of further segregation of duties within the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. The City 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.

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2010

Reference Number	Finding	Status
No matters are reportable.		