



REFLECTIONS of PROGRESS
LITTLE ROCK
CENTRAL HIGH INTEGRATION
1957-2017



**Comprehensive Annual Financial Report
for the year ended December 31, 2017
City of Little Rock, Arkansas**

On the Cover: On September 25, 2017, the City of Little Rock commemorated the 60th anniversary of the integration of Little Rock Central High School by the Little Rock Nine: Melba Pattillo Beals, Elizabeth Eckford, Ernest Green, Gloria Ray Karlmark, Carlotta Walls LaNier, Terrence Roberts, the late Jefferson Thomas, Minnijean Brown Trickey and Thelma Mothershed Wair.

The anniversary events included the dedication of a new sculpture on the grounds of Little Rock Central High School, an educational forum, a concert by Mavis Staples, a symposium featuring the children of the Little Rock Nine, an interfaith service, and a commemoration ceremony.

On the cover is a photo of the eight surviving members of the Little Rock Nine with President Bill Clinton (who delivered the keynote address at the commemoration ceremony) and current Central High School seniors at the September 25th ceremony as well as photos of Dr. Beals, Ms. Eckford, Mr. Green, Ms. Karlmark, Ms. LaNier, Dr. Roberts, Ms. Trickey and Ms. Wair from events throughout the anniversary weekend. (Photos by: Karen Seagrave - KES Photo; Jacob Allison – ThinkDero; Bob Ocken - ThinkDero)

City of Little Rock, Arkansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

The Department of Finance

Sara Lenehan, CPA
Director of Finance

Ember Strange
Assistant Director of Finance

City of Little Rock, Arkansas
Year Ended December 31, 2017

Contents

Introductory Section

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

Financial Section

Independent Auditor’s Report.....	1
--	----------

Management’s Discussion and Analysis	4
---	----------

Financial Statements

Statement of Net Position.....	25
Statement of Activities	26
Balance Sheet – Governmental Funds.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	29
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	32
Statement of Cash Flows – Proprietary Funds	33
Statement of Fiduciary Net Position – Fiduciary Funds.....	34
Statement of Changes in Fiduciary Net Position.....	35
Statement of Net Position – Discretely Presented Component Units.....	36
Statement of Activities – Discretely Presented Component Units	37
Notes to Financial Statements	38

City of Little Rock, Arkansas
Year Ended December 31, 2017

Contents (Continued)

Required Supplementary Information

Budgetary Comparison Schedule – General Fund.....	112
Notes to Required Supplementary Information.....	113
Budgetary Comparison Schedule – Street Fund.....	114
Other Postemployment Benefit Plans – Schedule of Funding Progress.....	115
Other Postemployment Benefit Plans – Schedule of Changes in the City’s Net OPEB Liability and Related Ratios.....	116
Other Postemployment Benefit Plans – Schedule of City Contributions	117
Other Postemployment Benefit Plans – Schedule of Investment Returns.....	118
Schedules of Changes in the City’s Net Pension Liability and Related Ratios.....	119
Schedules of City’s Contributions.....	123
Schedules of the City’s Proportionate Share of the Net Pension Liability and Contributions	125
Schedules of Investment Returns	129

Other Supplementary Information

Governmental Funds – Nonmajor:	
Combining Balance Sheet	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	131
Special Revenue Funds – Nonmajor:	
Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	133
Debt Service Funds – Nonmajor:	
Combining Balance Sheet	134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	135
Capital Project Funds – Nonmajor:	
Combining Balance Sheet	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	137

City of Little Rock, Arkansas
Year Ended December 31, 2017

Contents (Continued)

Fiduciary Funds

Combining Statement of Fiduciary Net Position.....	138
Combining Statement of Changes in Fiduciary Net Position.....	139
Statement of Changes in Assets and Liabilities – Agency Fund – Court Fund.....	140

Nonmajor Discretely Presented Component Units

Combining Statement of Net Position.....	141
Combining Statement of Activities	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	143
Combining Statement of Cash Flows – Business-Type Activities.....	144
Combining Statement of Cash Flows – Nonmajor Business-Type Activities.....	145

Statistical Section

Net Position by Component – Accrual Basis of Accounting	146
Changes in Net Position – Accrual Basis of Accounting	147
General Governmental Tax Revenues by Source – Accrual Basis of Accounting.....	148
Fund Balances of Governmental Funds – Modified Accrual Basis of Accounting.....	149
Changes in Fund Balances, Governmental Funds – Modified Accrual Basis of Accounting	150
General Governmental Tax Revenues by Source – Modified Accrual Basis of Accounting	151
Assessed and Appraised Value of Taxable Property.....	152
Property Tax Rates and Tax Levies of Direct and Overlapping Governments	153
Principal Sales Taxpayers.....	154
Property Tax Levies and Collections.....	155
Ratios of Outstanding Debt by Type	156

City of Little Rock, Arkansas
Year Ended December 31, 2017

Contents (Continued)

Ratios of General Bonded Debt Outstanding	157
Direct and Overlapping Governmental Activities Debt	158
Legal Debt Margin Information	159
Revenue Bond Coverage	160
Demographic and Economic Statistics	161
Little Rock Area Major Employers	162
Full-time Equivalent City Government Employees by Function	163
Operating Indicators by Function/Program	164
Capital Asset Statistics by Function	165

Other Required Report

Independent Accountants' Report on Compliance With Certain State Acts	166
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Single Audit Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	167
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report	169
Schedule of Expenditures of Federal Awards	171
Schedule of Expenditures of State Awards	174
Schedule of Findings and Questioned Costs	175
Summary Schedule of Prior Audit Findings.....	179



City of Little Rock

Bruce T. Moore
City Manager

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

June 15, 2018

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, and 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, 2017.

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, 2017, 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2017, 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 auditors 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 auditor.

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 198,541, based on the latest estimates provided by the US Census Bureau. 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, and hiring both the City Manager and City Attorney. The Mayor's position is full-time, and has Board and Commission appointment authority and veto power. The City Board of Directors are part-time, and all are elected on a non-partisan basis. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the various Department Directors.

The City of Little Rock provides a full range of services, including Police and Fire protection, the construction and maintenance of streets and other infrastructure, and recreational activities and cultural events. Several services are provided

through 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 the discretely presented component units 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 require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the approval of the Board of Directors. 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 112 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 114.

Factors Affecting Financial Condition:

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

Local Economy: The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens, balanced with the resources available to the City, in an efficient, cost effective and transparent manner.

The Little Rock area's unemployment rate as of April 2018 was 3.2% in comparison to 3.7% for the United States, based on information from the U.S Bureau of Labor Statistics data, which is not seasonally adjusted. The Arkansas Department of Workforce Services compiled data from the U.S. Bureau of the Census to determine areas or sectors in which Little Rock's share of jobs within the Central Arkansas region ranks above average. These sectors include: Information; Finance and Insurance; Public Administration; Management of Companies and Enterprises; Health Care and Social Assistance; and Professional; Scientific; and Technical Services.

The December 2017 *Metrotrends Economic Review and Outlook* includes information regarding the importance of cyber-security with the growth in e-commerce sales. "Since e-commerce retailers use analytics to understand and predict consumer behavior, privacy issues will matter more than ever. This may boost demand for cyber-security, a niche in which the Little Rock region has a demonstrated competitive edge."

U.S. Internet sales, or e-commerce, continued rapid growth, accounting for approximately 8.9% of total sales. Internet sales have more than doubled in a decade, from less than 3% in 2006. According to Metroplan, which cited "Special Report: E-commerce," in *Economist* on October 28, 2017, "a Euromonitor projection suggests e-commerce may account for one-sixth of all retail sales by 2021." E-commerce sales have an advantage over local retailers in Arkansas and other states that are unable to collect Sales and Use Tax on online sales. The City is supportive of the Remote Transactions Parity Act before Congress, which would enable municipalities to collect sales tax from retailers that do not have a physical presence within the State. With sales tax as the primary revenue source for the City of Little Rock, this legislation is critical to retaining the resources required to sustain local services. While State Law requires that citizens prepare Sales and Use Tax returns for such purchases, this method of tax collection is very ineffective. On March 1, 2017, Amazon began voluntarily collecting and remitting Sales and Use Tax on Arkansas sales; however, the voluntary collection of taxes only applies to items purchased directly from Amazon and does not include any of the third-party vendor sales that Amazon facilitates, representing approximately 50% of Amazon's business.

The December 2017 *Metrotrends Economic Review and Outlook* reported that in the first six (6) months of 2017, the total number of new units starting construction in the Little Rock region jumped to the highest level in seven (7) years. Multi-family housing experienced the largest increase with permits issued for 1,000 units. Little Rock accounted for approximately 75% of the multi-family units started in early 2017, and single-family construction was approximately 664 units, which is comparable to that in recent previous years. Little Rock was the leader in this area as well with 166 units. Most of the new multi-family construction in Little Rock, during the first half of the year, occurred west of Interstate 430, with a few duplex units in the southwest portion of the City and a small complex near the Shackleford Crossing Shopping Center. In the March 19, 2018, issue of *Arkansas Business*, an article on luxury apartments stated that occupancy rates are well above 90% in the Little Rock metropolitan area. Based on the CoStar ratings via Multifamily Group LLC, Little Rock has three (3) major properties under construction scheduled for 2018 openings with five (5) star ratings. The properties include Bowman Pointe – Phase II – 202 units, Fontaine Bleau – Phase II – 80 units, and Main Street Lofts – 34 units. Homeownership in Central Arkansas continued to decline; however, the decline has slowed significantly. Per Metroplan, as older members of the millennial generation move into their home-buying years, home

ownership may soon be increasing. The millennial generation still appears to be less interested in large living spaces and more interested in urban proximity.

Little Rock's strong business environment and quality of life have been recognized by several national publications. In July 2013, Little Rock was named "#1 of America's 10 Great Places to Live" by *Kiplinger's Personal Finance*. The ranking places an emphasis on small and mid-size cities, considering metro areas with a population of one million or less that have good jobs, reasonably priced homes, decent schools and access to great health care.

In 2017, the Little Rock Fire Department (LRFD) achieved a major goal by being awarded International Accreditation from the Center of Public Safety Excellence, the only Fire Service Accreditation Program in the world. With this designation, LRFD becomes the 57th Fire Department of roughly 30,000 Departments in the United States to have both an Insurance Services Office (ISO) Class 1 Rating and International Accreditation. These highly acclaimed designations place the Department in the top 0.19% of all Fire Departments in the United States.

Little Rock residents enjoy some of the best water in the country. Per *Sperling's Best Places*, Little Rock's water quality received a rating of 90 on a 1-100 scale (National average: 55).

Little Rock was recently listed as No. 3 Best State Capital by *USA Today Readers' Choice: 10 Best*. The article had this to say about Little Rock, "A downtown renaissance has transformed Little Rock into a city with culture, cuisine and abundant outdoor activities. Visitors can rent a bike and pedal the sixteen (16)-mile loop along the Arkansas River Trail, visit the Clinton Presidential Center and the Little Rock Central National Historic Site, a National Park Service unit that interprets the crucial role played by the school in the civil rights struggle." The article may be found at (<http://www.10best.com/awards/travel/best-travel-worthy-state-capital/>).

Bicycling.com/2016 named the Big Dam Bridge in Little Rock as one of the "Coolest Bike and Pedestrian Bridges in the US." The Big Dam Bridge across the Arkansas River in Little Rock is the longest pedestrian/cycling bridge that wasn't formerly a motorist or train bridge.

Little Rock was named the 23rd Best Small City in the Resonance *2018 America's Best Cities Report* (<https://www.bestcities.org/rankings/americas-best-cities-small/little-rock/>). The article stated, "There's nothing little about Little Rock's appeal to business and entrepreneurship." Little Rock ranks 5th among small cities for attracting and retaining Fortune 500 companies. The combination of competitive incentives, powerful and diverse corporate presence, business friendly taxes, talent and investment, and some of the most affordable housing among state capitals were cited as reasons for the ranking. Moody's Investors Service

also ranked the Little Rock metropolitan area No. 2 for Most Diverse Regional Economy.

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-Cent Local Sales Tax in September 2011, which went into effect on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each Ward to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between on-going operating needs and capital needs. The 5/8-cent permanent increase in sales tax for operations is reflected in the 2017 Adopted Budget. The 3/8-cent, ten (10)-year sales tax for capital projects, which expires in 2021, is reflected in the Sales Tax Capital Improvements Fund. The tax increase provides funding for additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new Emergency Communications System. In the first six (6) years of collection, the sales tax provided additional resources of approximately \$289.3 million, including approximately \$180.7 million for operations and \$108.6 million for capital projects.

On February 21, 2012, the Little Rock City Board of Directors approved Resolution No. 13,440, which appointed the Little Rock Citizen's Evaluation of New Tax (LR CENT) Committee. The Committee, which is made of two (2) Co-Chairs, individuals from each of the City's seven (7) Wards and three (3) At-Large Members, meets on a quarterly basis to evaluate the spending of the additional revenue that results from the One (1)-Cent Sales Tax increase.

On September 11, 2012, Little Rock citizens showed their on-going support of the City by approving the issuance of up to \$105 million in Capital Improvement Bonds to finance \$73.5 million in street improvements and \$31.5 million in drainage improvements. The bonds are secured by a three (3)-mill ad valorem tax on taxable property located within the City of Little Rock. The City issued the first series of bonds in the amount of \$58,105,000 on July 24, 2013. A second series of bonds will be issued in 2018.

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 General Fund goal was to set aside the greater of \$10,000,000, or 10%, of General Fund revenues in the reserve. In 2016, the City's Management Team increased the reserve to \$10 million, with the intent of gradually increasing the designated reserve to achieve 10% of General Fund revenues over the next few years.

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. 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, reductions have mainly been accomplished through attrition. With the passage of the additional One (1)-Cent Local Sales Tax in 2011, positions were filled and new positions were added, particularly in the areas of Public Safety and Parks & Recreation. The 2018 General Fund Budget supports 1,720 full-time equivalent (FTE) positions, a net increase of twelve (12) FTEs compared to 2017 staffing levels. In addition, special projects and grant awards support forty-five (45) employees, including fifteen (15) COPS positions. Staffing includes 748 Police Department positions and 421 Fire Department Positions. At the end of 2017, there were ninety-eight (98) budgeted General Fund positions that were vacant; a decline from the 143 positions that were vacant at the end of 2016. During 2017, the City implemented recommendations resulting from an independent review of Police Officer recruitment and selection processes to facilitate filling vacant positions and put a new Little Rock Brand and social media presence in place for Police recruitment. The results of this effort reduced the vacant Police Officer positions from sixty-two (62) in 2016 to twenty-one (21) by the end of 2017. Many of the initiatives supported by the sales tax, such as increased funding for building maintenance, expanded park maintenance, Zoo deferred maintenance, operations and staffing, annual fleet replacement, information technology staffing and maintenance, and new transit routes were implemented during 2012 and 2013. The 2018 Budget continues the commitment to Little Rock citizens to fill vacant public safety positions and to support the initiatives outlined in the sales tax proposal.

In 2017, the City issued a short-term financing note in the amount of \$5,250,000, which funded the first phase of a five (5)-year Police Vehicle Replacement Plan with the purchase of sixty (60) patrol vehicles. In addition, the note funded software purchases and Phase One of the Computer Aided Dispatch System Upgrade/Replacement. Short-term financing notes are authorized under Amendment No. 78 to the Arkansas Constitution for the acquisition, construction and installation of real and tangible personal property having an expected useful life of more than one (1)-year. The notes are repaid from general revenues over a period of five (5) years. Principal and interest payments are included in the General Fund Budget. The 2018 Budget reflects a net decrease in debt service of \$2,767,821 due to the 2017 retirement of the \$18.58 million note issued in 2012 to advance public safety initiatives included in the 3/8-Cent Sales Tax program, partially offset by the issuance of the 2017 Short-Term Note described above.

Funding of the Pulaski County Jail was continued in order to provide space for prisoners in accordance with the City's primary focus on Public Safety. In addition,

an extra allocation is available to contribute toward operations for expanded Pulaski County Jail space from a \$20 local jail fine collected from each defendant who is convicted, pleads guilty, pleads nolo contendere, or is subject to a bond forfeiture in a Little Rock District Court. Combined, the funding for the jail is budgeted at approximately \$1.95 million.

A Homeless Services Task Force was established in 2006 to end chronic homelessness within the community. The City of Little Rock has partnered with North Little Rock to financially fund the Jericho Way Day Resource Center. The services provided to homeless individuals and families are focused on finding housing, job referral, and case management services, as well as medical, dental and psychiatric assistance. In addition, both municipalities are working with the various support groups in Central Arkansas as part of the on-going process to address the needs of homeless individuals and families.

The City is appropriating approximately \$5.5 million for Children, Youth and Family Programs, including youth employment, skills center funding and re-entry programming in 2018 as part of City's emphasis to foster and enhance youth and community development. In addition, Community Programs Staff completed the development of a Youth Master Plan following a series of community forums with Little Rock citizens. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In addition, the City implemented an in-house program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The program has been extremely successful and will be continued in 2018. The City has expanded the program to include additional entry-level positions available in other City Departments.

In 2017 the City's Community Programs Department and Junior Achievement received an *Arkansas Business Trendsetter City* honorable mention award in the category of Education/Workforce for The Spark! Tank Youth Entrepreneurship Program. The Spark! Tank competition is designed to nurture students' leadership and business skills while connecting them with mentors in the Little Rock Small Business Office. Demonstrating the City's commitment to youth, on June 4, 2018, the City welcomed more than 2,200 youth participating in summer employment, internships and other Parks & Recreation Youth Programs.

The 2018 Budget includes a contingency allocation of \$1 million or approximately 0.5% of General Fund revenues. The City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

Major Initiatives: Commercial property construction continues to show strong growth.

On September 20, 2017, Bank of the Ozarks unveiled plans for the new company headquarters in Little Rock. *Arkansas Business* reported that the 247,000 square-foot project, located at the northwest corner of Cantrell Road and Chenonceau Boulevard, would begin before the end of 2017. The investment is anticipated to be in excess of \$100 million. Approximately 500 employees currently working in three (3) locations are expected to move into the building when construction is completed in late 2019 or early 2020. The building will be able to support up to 900 employees. The bank intends to continue to use its existing headquarters building in West Little Rock and data center in Downtown Little Rock in addition to the new facility.

In October 2017, *Arkansas Business* reported that owners of the historic Rose Building, located at 307 Main Street, have started a renovation that will add apartments and two (2) restaurants. The 20,000 square-foot redevelopment should be completed in the 3rd Quarter of 2018. In a news release, the owner stated, "I acquired this building over a decade ago with the foresight and anticipation that Main Street would once again be a destination for the residents and visitors alike in downtown Little Rock. I am pleased to see that it has become just that. We trust that this project, along with others along Main Street, will bring about a better city and a more vibrant downtown."

In 2016, Fidelity Information Services (FIS) sponsored its inaugural start-up accelerator in Little Rock devoted to financial technology. FIS, based in Jacksonville, Florida, is a global banking technology services provider whose origins trace back to Systematics of Little Rock. FIS maintains a large campus in West Little Rock that employs approximately 1,300 workers with a focus on product development. The FinTech Accelerator is a rigorous twelve (12)-week program designed to accelerate the growth of early stage financial technology ventures. The ten (10) participating ventures are selected through a highly-competitive review process. It is housed out of the Venture Center, which shares space with the Little Rock Technology Park in Downtown Little Rock. Following the success of the 2016, FinTech Accelerator, Governor Asa Hutchinson and FIS Officials announced that it would return to Little Rock in 2017 and 2018, instead of moving to other municipalities around the world in which FIS has a presence. The partnership with the Venture Center and Little Rock Technology Park has been a key factor to the success of FinTech Accelerator. Launched in 2014, the Venture Center member companies have created more than 445 jobs, generated \$28 million in revenue and have raised a combined \$39 million in capital. After being located in a temporary location, the Little Rock Technology Park opened in its new location in March 2017. The development consists of two (2) renovated nearly 100 year-old buildings designed to form an integrated environment for start-up and mature technology companies. The facility opened with twelve (12) initial companies and by the end of the 1st Quarter of 2018, over forty (40) companies call the Little Rock Technology Park home.

In November 2017, *Arkansas Business* reported that a Limited Partnership from Virginia had purchased the Donaghey Building located at 103 East Seventh Street in Downtown Little Rock. Plans are for the ninety-two (92) year-old vacant building to be converted into an apartment building with office and retail space on the first floor. In a news release, the owner stated, "We feel that that combined location, history and downtown atmosphere will make the building a treasure once again for Little Rock's current and future residents." Construction is expected to begin in the 3rd Quarter of 2018 with completion in November 2019. Plans call for 152 studio apartments ranging in size from 539 to approximately 1,100 square-feet.

The City will continue to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax or other forms of revenue for the City. The revenue anticipated from the 3/8-Cent Sales Tax of \$38,000,000, or 19.4%, for capital projects is dedicated to jobs and economic development through 2021. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure. Job recruitment and economic infrastructure commitments to date include awards to Welspun Tubular, LLC, Martial Arts Services, Inc., FedEx, the research park and land acquisition at the Little Rock Port Authority.

The City's long-term outlook remains bright; most indicators continue showing competitive advantages in the local metropolitan area. Job losses in some sectors have been balanced, even in recession, by gains in areas with future potential. As indicated above, economic projects are in development in all areas of the City – from Downtown, to Midtown, Southwest Little Rock and West Little Rock.

The City of Little Rock has made great strides in the utilization of technology to communicate with local citizens and businesses. The City's website, www.littlerock.gov, is set up to improve communication efforts. In addition, the City is proud of its local government access channel LRTV, which broadcasts information regarding the activities of the Little Rock City Board of Directors through live and taped coverage of Board Meetings and other official proceedings; and produces programming regarding municipal affairs. The City launched a LR 311 Mobile App to enable citizens to access City services. The app is available for download through the App Store or Google Play Store. In March 2016, City Officials announced that Little Rock was one of only twenty-seven (27) municipalities around the U.S. participating in the What Works Cities Initiative through Bloomberg Philanthropies, part of an effort to embrace open data, create a framework for its usage, and make it readily available to citizens. The City unveiled an Open Data Portal that includes several data sets covering such topics as planning and permitting, public safety statistics, 311 Requests, and the location of Police, Fire and Neighborhood Resource Centers. The data sets are live on the main data portal located at <https://data.littlerockar.gov/>.

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, 2016. The City of Little Rock has received a Certificate of Achievement for thirty-five (35) years total. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efforts of certain individuals: Assistant Finance Director Ember Strange; Comptroller Anita Worley; and the Accounting and Reporting Staff including Octavia Ashford, Ben Damgaard, Ben Jurgens, Montoya McGruder, Jean Swaebe, and Nancy Warfield; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grants Staff including Gene Brunner, Amanda Jones, and Lottie Keaton; Internal Audit Manager Debbie Carreiro, and Fiscal Systems Administrator Jonathan Burns should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Mayor, the Board of Directors and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Director



Government Finance Officers Association

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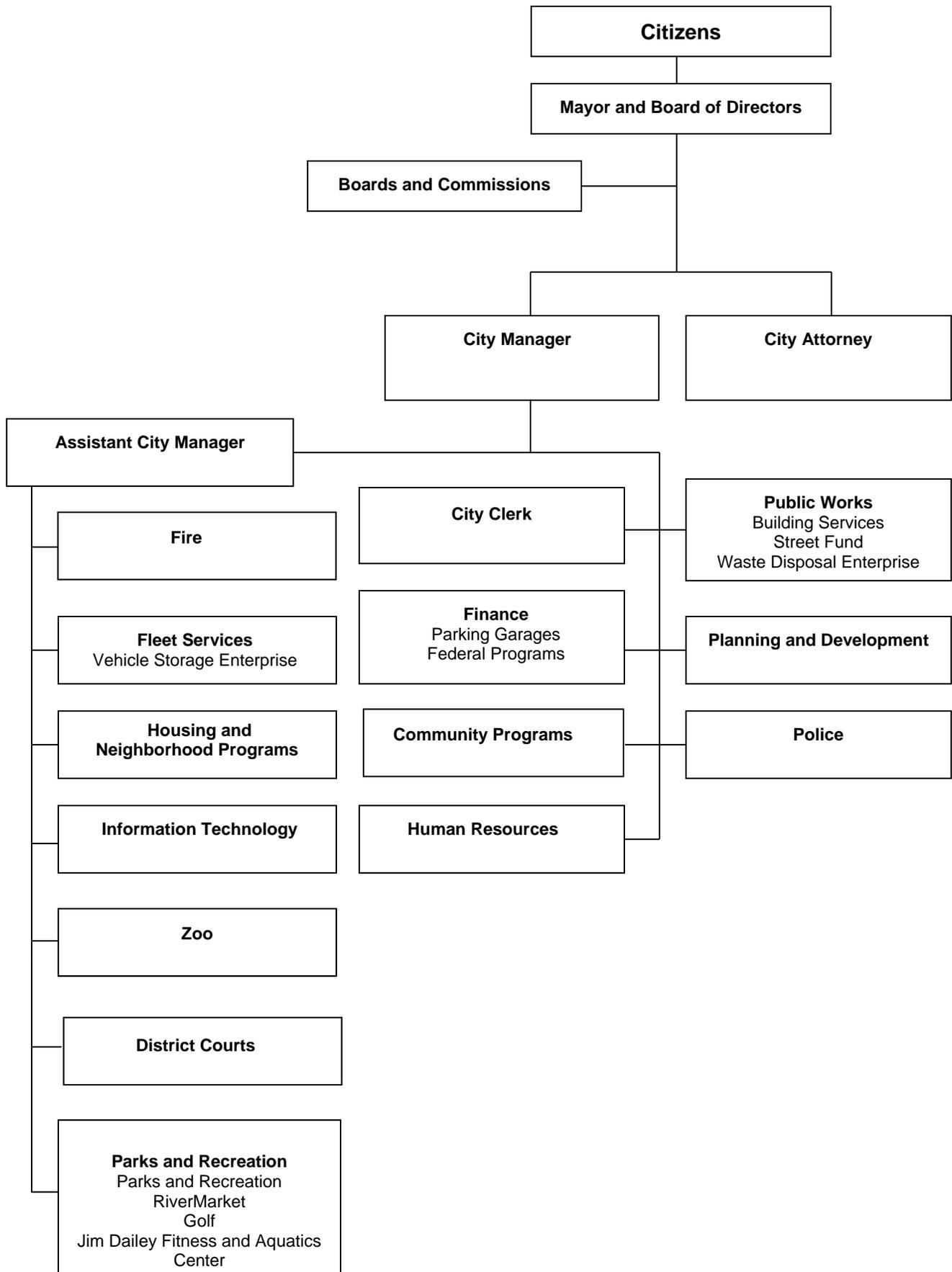
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

City of Little Rock Organizational Chart by Fund Responsibilities



Elected Officials:

Mark Stodola	Mayor
Kathy Webb	Vice-Mayor, Director – Ward 3
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Capi Peck	Director – Ward 4
Lance Hines	Director – Ward 5
Doris Wright	Director – Ward 6
B. J. Wyrick	Director – Ward 7
Dean Kumpuris	Director – Position 8
Gene Fortson	Director – Position 9
Joan Adcock	Director – Position 10
Hugh Finkelstein	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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which represent 19 percent, 19 percent and 41 percent, respectively, of the assets and deferred outflow of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, in 2017, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, introductory and statistical sections, including the schedule of expenditures of federal awards and the schedule of expenditures of state awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements Federal Awards*, and the schedule of expenditures of state awards as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements.

The combining and individual fund statements, the schedule of expenditures of federal awards and the schedule of expenditures of state awards (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
June 15, 2018

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2017

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, 2017. 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

- The City continued to implement projects and initiatives supported by the additional one-cent local sales tax approved by the citizens of Little Rock that became effective on January 1, 2012. The tax supplements the 1/2-cent sales tax that has been in place since 1994. The additional one-cent tax includes a 5/8-cent ongoing tax for operations and a 3/8-cent ten (10) year limited tax to fund specified capital projects.
- Total assets and deferred outflows of the City exceeded total liabilities and deferred inflows at the close of 2017 by \$516,394,936. Of this amount, \$546,754,875 reflects the net investment in capital assets; \$69,708,391 is restricted for debt service, streets and drainage, grant funds and other special projects; \$250,000 is restricted nonexpendable; and (\$100,318,330) is considered unrestricted.
- The City's 2017 total net position increased by \$8,238,658. Net position of the governmental activities increased \$6,214,260 and business-type activities increased \$2,024,398. The unrestricted net position of the City's governmental activities improved \$17,568,405 to (\$109,465,815). The unrestricted net position of the City's business-type activities increased \$1,025,843 to \$9,147,485.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$123,428,778. The combined governmental funds balances decreased \$24,391,756 from the prior year. The primary components of this change were the net decrease in capital project funds of approximately \$24.1 million, and a decrease in debt service funds of approximately \$4.1 million, partially offset by net increases in General Fund balances of approximately \$0.5 million, and approximately \$3.4 million in special revenue funds balances. The components of these changes will be discussed in detail in the Financial Analysis of the Government's Funds below. Approximately \$24.4 million of the \$123,428,778 fund balances is considered unassigned at December 31, 2017, and \$82,193,945 is reported as restricted for capital projects or debt service. In addition, \$2,580,615 of the governmental fund balances is nonspendable, primarily representing inventories and prepaid expenditures. The committed and assigned portions of the fund balances were \$44,839 and \$14,194,561, respectively.
- The General Fund reported fund balance of \$40,594,519 at the end of the current year. Unassigned fund balance for the General Fund was approximately \$24.4 million or 11.8% of total General Fund expenditures (including transfers out). There was a \$471,708 increase in the total fund balance for the General Fund for the year ended December 31, 2017.

- During the current year, the City's total debt decreased by \$28.7 million (19.1% below 2016). The key factors in this decrease were principal payments of \$15,630,000 for general obligation bonds, \$2,680,000 for revenue bonds, and \$10,040,749 for temporary notes; payments to refund general obligation bonds in the amount of \$19,430,000, and payments to refund revenue bonds in the amount of \$19,940,000, partially offset by the issuance of \$15,925,000 in general obligation bonds, \$17,875,000 in revenue bonds, and \$5,250,000 in a 2017 Short Term Financing Note.
- At the close of the current year, net position of fiduciary funds was \$156,931,255 held in trust for pension and other post-employment benefits. Total fiduciary net position held in trust increased \$12.6 million for the year ended December 31, 2017. The increase in net position is attributed to contributions to the funds in the amount of \$15.4 million, investment income and a net change in the fair value of investments of \$15.2 million, net of benefits paid directly to participants of \$17.6 million, and other participant transfers and administrative expenses of \$334,164.
- The City's net pension liability decreased \$1,767,985 to \$219,986,380 for Governmental Activities and \$385,911 for Business-Type Activities. The net pension liability of \$220,372,291 and the related net deferred inflows and outflows of resources of \$50,535,186 are discussed in detail in *Note 6* on Pages 70-99 of this report. Pension expense increased \$1,106,621 to a total of \$33,651,592, with \$33,350,681 associated with Governmental Activities and \$300,911 associated with Business-Type Activities.
- At December 31, 2017 the City's component units reported net position of \$906,966,293, an increase of \$23,924,094.

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 position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, as applicable, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. 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, 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 discretely presented component units:

- Little Rock Water Reclamation Authority
- Bill and Hillary Clinton 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 (dba Rock Region Metro)
- Museum of Discovery
- Arkansas Arts Center
- Little Rock Workforce Development 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 Pages 40.

The government-wide financial statements can be found on Pages 25-26 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-five (25) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Capital Improvement Fund, the 2013 Capital Improvement Fund (debt service), the 2013 Capital Improvement Fund (capital projects), and the Street Fund, which are considered to be major funds. Data from the other twenty (20) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on Pages 27-30 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, 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, vehicle storage and parking garage operations. The Waste Disposal Fund and River Market Garage Fund are considered to be major enterprise funds of the City. The Fleet Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on Pages 31-33 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 34-35 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 38-111 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, Street Fund budget and the City's pension and other postemployment benefit information. The City adopts an annual appropriation budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on Page 112 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on Pages 130-137 of this report.

Government-wide Financial Analysis

City of Little Rock, Arkansas Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 172,253,654	\$ 168,623,223	\$ 17,169,011	\$ 16,174,942	\$ 189,422,665	\$ 184,798,165
Noncurrent and other assets	40,761,237	65,388,607	989,592	1,007,901	41,750,829	66,396,508
Capital assets	625,970,148	621,746,079	24,390,224	24,127,136	650,360,372	645,873,215
Total assets	<u>838,985,039</u>	<u>855,757,909</u>	<u>42,548,827</u>	<u>41,309,979</u>	<u>881,533,866</u>	<u>897,067,888</u>
Deferred outflows of resources	<u>56,306,776</u>	<u>60,221,013</u>	<u>147,092</u>	<u>444,637</u>	<u>56,453,868</u>	<u>60,665,650</u>
Total deferred outflows of resources	<u>56,306,776</u>	<u>60,221,013</u>	<u>147,092</u>	<u>444,637</u>	<u>56,453,868</u>	<u>60,665,650</u>
Total assets and deferred outflows of resources	<u>895,291,815</u>	<u>915,978,922</u>	<u>42,695,919</u>	<u>41,754,616</u>	<u>937,987,734</u>	<u>957,733,538</u>
Current liabilities	58,525,072	62,677,360	2,323,504	2,590,386	60,848,576	65,267,746
Long-term liabilities outstanding	344,074,545	367,075,648	13,602,729	14,471,184	357,677,274	381,546,832
Total liabilities	<u>402,599,617</u>	<u>429,753,008</u>	<u>15,926,233</u>	<u>17,061,570</u>	<u>418,525,850</u>	<u>446,814,578</u>
Deferred inflows of resources	<u>2,902,815</u>	<u>2,650,791</u>	<u>164,133</u>	<u>111,891</u>	<u>3,066,948</u>	<u>2,762,682</u>
Total deferred inflows of resources	<u>2,902,815</u>	<u>2,650,791</u>	<u>164,133</u>	<u>111,891</u>	<u>3,066,948</u>	<u>2,762,682</u>
Net position	<u>\$ 489,789,383</u>	<u>\$ 483,575,123</u>	<u>\$ 26,605,553</u>	<u>\$ 24,581,155</u>	<u>\$ 516,394,936</u>	<u>\$ 508,156,278</u>
Net investment in capital assets	\$ 531,056,399	\$ 546,408,833	\$ 15,698,476	\$ 14,721,612	\$ 546,754,875	\$ 561,130,445
Restricted - expendable	67,948,799	63,950,510	1,759,592	1,737,901	69,708,391	65,688,411
Restricted - unexpendable	250,000	250,000	-	-	250,000	250,000
Unrestricted	<u>(109,465,815)</u>	<u>(127,034,220)</u>	<u>9,147,485</u>	<u>8,121,642</u>	<u>(100,318,330)</u>	<u>(118,912,578)</u>
Total net position	<u>\$ 489,789,383</u>	<u>\$ 483,575,123</u>	<u>\$ 26,605,553</u>	<u>\$ 24,581,155</u>	<u>\$ 516,394,936</u>	<u>\$ 508,156,278</u>

Certain reclassifications to the 2016 net position classifications have been made.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$516,394,936 at the close of the most recent fiscal year.

The largest portion of the City's net position, 105.9%, 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 is 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 utilized to liquidate these liabilities. An additional portion of the City's net position, 13.5%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$100,318,330) represents -19.4% of the City's net position.

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

Revenues	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<i>Program revenues:</i>						
Charges for services	\$ 32,647,795	\$ 35,813,451	\$ 21,984,314	\$ 22,168,786	\$ 54,632,109	\$ 57,982,237
Operating grants and contributions	4,330,755	4,619,575	-	-	4,330,755	4,619,575
Capital grants and contributions	1,568,435	2,415,017	1,521	17,482	1,569,956	2,432,499
<i>General revenues:</i>						
Property taxes	56,421,850	57,028,881	-	-	56,421,850	57,028,881
Sales taxes	120,269,724	118,220,534	-	-	120,269,724	118,220,534
Utility franchise taxes	29,326,328	29,599,082	-	-	29,326,328	29,599,082
Investment earnings (loss)	1,094,589	559,560	138,478	47,467	1,233,067	607,027
Intergovernmental revenues	23,009,538	25,055,029	-	-	23,009,538	25,055,029
Other	7,428,860	-	-	-	7,428,860	-
Total revenues	276,097,874	273,311,129	22,124,313	22,233,735	298,222,187	295,544,864
Expenses						
General government	52,444,900	53,272,987	-	-	52,444,900	53,272,987
Public Works	36,221,854	39,423,882	-	-	36,221,854	39,423,882
Parks and recreation	14,871,467	13,144,116	-	-	14,871,467	13,144,116
River Market	1,331,241	1,284,327	-	-	1,331,241	1,284,327
Golf	2,526,247	2,551,972	-	-	2,526,247	2,551,972
Jim Dailey Fitness	1,009,427	1,004,748	-	-	1,009,427	1,004,748
Zoo	7,419,725	7,466,778	-	-	7,419,725	7,466,778
Public safety	133,833,665	127,442,892	-	-	133,833,665	127,442,892
Economic development	528,000	-	-	-	528,000	-
Education	7,130,903	10,131,712	-	-	7,130,903	10,131,712
Housing and neighborhood programs	9,942,239	9,149,127	-	-	9,942,239	9,149,127
Principal on long-term debt	-	-	-	-	-	-
Interest on long-term debt	3,109,197	4,641,761	-	-	3,109,197	4,641,761
Agent fees on long-term debt	5,875	-	-	-	5,875	-
Waste disposal	-	-	14,846,883	14,790,357	14,846,883	14,790,357
Parking system	-	-	1,964,207	2,087,989	1,964,207	2,087,989
Fleet	896,094	1,918,738	-	-	896,094	1,918,738
Vehicle storage	-	-	1,408,219	1,409,481	1,408,219	1,409,481
Total expenses	271,764,220	271,433,041	18,219,309	18,287,827	289,983,529	289,720,868
Change in net position before transfers	4,333,654	1,878,088	3,905,004	3,945,908	8,238,658	5,823,996
Transfers	1,880,606	1,801,106	(1,880,606)	(1,801,106)	-	-
Change in net position	6,214,260	3,679,194	2,024,398	2,144,802	8,238,658	5,823,996
Net Position, Beginning of Year	483,575,123	479,895,929	24,581,155	22,436,353	508,156,278	502,332,282
Net position – December 31	\$ 489,789,383	\$ 483,575,123	\$ 26,605,553	\$ 24,581,155	\$ 516,394,936	\$ 508,156,278

Governmental Activities. Governmental activities increased the City's net position by \$6,214,260. The increase in current assets of \$3.6 million, and a decrease in current liabilities of \$4.2 million, increased net position by \$7.8 million. A decrease in noncurrent assets of \$24.6 million, offset by an increase in net capital assets of \$4.2 million and a decrease in noncurrent liabilities of \$21.6 million, excluding the net pension liability, increased net position by approximately \$1.2 million. The decrease in the net pension liability of \$1.4 million, offset by a decrease deferred outflows of \$3.9 million and an increase in deferred inflows of resources of \$0.3 million, decreased net position by approximately \$2.8 million.

Property tax represents 20.5% of the City's governmental revenue in 2017. Property tax revenues decreased approximately \$600,000 primarily due to a decrease in assessed values. Sales tax represents 43.6% of the City's 2017 governmental revenue. Sales tax revenues grew 1.7% in comparison to 2016 revenues. The decrease in intergovernmental revenues of approximately \$2 million is primarily due to the classification of developer contributions and donations of capital assets as other revenue, partially offset by an increase in street intergovernmental revenues and pension turnback funds of \$0.4 million and \$0.7 million, respectively.

Excluding transfers in, current year expenses were 98% of current year revenues.

Business-type Activities. Business-type activities increased the City's net position by \$2,024,398. Key elements of this increase are as follows:

- Operating income increased net position by \$3,693,250. Net nonoperating revenues, including insurance proceeds for Waste Disposal refuse trucks destroyed by fire and investment income were partially offset by interest expense, increasing net position by \$210,233. Net transfers decreased net position by \$1,880,606.
- Waste Disposal net position increased by \$1,713,112. Net income, before net transfers out of \$1,521,580, was \$3,234,692 which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$1,028,579 was offset by net nonoperating expense of \$416,136 and transfers out of \$359,026. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income and capital contributions increased net position by \$57,869.

Waste Disposal activities contribute 82% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 92% of current year operating revenues.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$123,428,778, a decrease of \$24.4 million in comparison with the prior year. Approximately \$82.2 million is reported as *restricted fund balance* for capital projects or debt service. In addition, approximately \$2.6 million of the governmental fund balances is *nonspendable*, representing primarily inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$44,839 and \$14.2 million, respectively. Approximately \$24.4 million constitutes *unassigned fund balance* and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the city. At December 31, 2017, unassigned fund balance of the General Fund was \$24.4 million, while the total fund balance was \$40,594,519. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 12% of total General Fund expenditures (including transfers out), while total fund balance represents 20% of that same amount.

The special revenue funds had total fund balances of \$25,678,852. The net increase in fund balances during 2017 for the funds was \$3,358,180. Special revenues come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to an increase in Street Fund revenues primarily associated with funding from the state ½ cent sales tax allocated to the City for street construction, resurfacing and other road related projects. Unspent funds are being reserved for future street projects. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 3,586,252	\$ 19,494,740
Special Projects	263,978	3,867,312
Emergency 911	(32,492)	70,643
CDBG	(10,073)	829,180
NHSP	3,626	29,280
HIPP	(295,086)	589,125
Grant	(158,025)	798,572

The debt service funds had total fund balances of \$17,777,183. The net decrease in fund balances during 2017 was \$4,080,584. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. In 2017, the 2017 Capital Improvement Refunding Bonds were issued to advance refund the City's 2009 Parks and Recreation Bonds, Series A and B and to current refund the 2007 Capital Improvement Bonds and the 2002 Junior Lien Bonds. The refunding generated net present value savings of 20.9% of the refunded principal and reduced the amortization of the debt service by six years. In addition, the City issued the 2017 Central Arkansas Library Refunding bonds to refund the 2012 Central Arkansas Library bonds. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ (43,472)	\$ 327
2002 Junior Lien Bonds	(19,495)	41
TIF #1 2014 Capital Improvements	129,808	377,087
2017 Capital Improvement Refunding Bonds	1,569	1,569
2009 Parks and Recreation	(2,245,989)	-
2012 Central Arkansas Library	(3,456,722)	423,074
2015 Central Arkansas Library	600,932	3,658,339
2017 Central Arkansas Library Refunding Bonds	287,323	287,323
2013 Capital Improvement	665,462	13,029,423

The capital project fund balances decreased by \$24,141,060 to total fund balances at December 31, 2017, of \$39,378,224. In accordance with the terms of the City ordinance for each fund, approximately \$40.6 million was used to acquire capital assets or for major street and drainage maintenance. Revenues for capital projects come primarily from bond proceeds and from the 3/8-cent sales tax, which generated approximately \$18.8 million in revenue in 2017, less \$8.3 million contributed to the General Fund for principal payments on notes issued to advance capital projects. In addition, the City issued short-term financing notes in 2017 in the amount of \$5.2 million to fund completion of the upgrade of phase I of the CAD system, to purchase sixty police vehicles, to purchase add-on applications to the City's Lawson ERP financial application and to purchase a performance measurement dashboard. The net changes and ending fund balances for the capital project funds are:

Fund	Net Change	Ending Balance
TIF #1 2014 Capital Improvements	\$ 188	\$ 194
Port TIF	(378,427)	322,027
Short Term Financing	978,817	2,345,999
2004 Capital Improvement	(1,872)	-
Sales Tax Capital Improvement	(9,326,744)	29,400,353
2012 Central Arkansas Library	(879)	-
2015 Central Arkansas Library	(6,942,118)	3,658,556
2013 Capital Improvement	(8,470,025)	3,651,095

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

Net position (deficit) at the end of the year amounted to \$26,092,296, \$1,374,702 and (\$861,445) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position increased in the Waste Disposal, River Market Garage and Vehicle Storage funds by \$1,713,112, \$253,417 and \$57,869, respectively. 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 appropriations of \$2,178,850 more than the original budget. The total original appropriations, including those for transfers out, were \$204,522,270, while the final appropriations were for \$206,701,120. The purpose of the budget amendment was to adjust budgeted revenues and expenditures to reflect increases in year-to-date property taxes, sales taxes, intergovernmental revenues, licenses and permits, and charges for services; and decreases in projected fines, fees, and utility franchise fees. In addition, the adjustment included the allocation of savings from authorized but vacant positions and one-time health and dental insurance premium savings to the appropriate departments. Additional allocations were made to accommodate vacation/sick payouts for retiring employees, and to fund additional police and fire overtime and special projects. Budget adjustments and actual results are shown as follows:

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

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Property Taxes	\$28,072,500	\$577,800	\$28,650,300	\$28,523,326	(\$126,974)	The original budget for property tax revenues included a growth estimate of 3%. The original charge received from the county in February for taxes assessed in the previous year for collection in 2017 showed a growth rate of 4.2%. The amendment reflects the county's original charge assumption. Actual revenues were approximately 0.4% below the amended budget.
Sales Taxes	101,416,870	527,400	101,944,270	101,449,568	(494,702)	The original budget included an estimate of 1.5% growth from the prior year. The budget amendment reflects actual growth of 2.4% experienced through July, with a conservative forecast of 2% for the remaining months of the year. Actual growth in the second half of the year fell short of expectations, resulting in overall growth of 1.7% for the year.
Licenses & Permits	11,235,660	572,850	11,808,510	11,966,527	158,017	The original budget assumed revenues consistent with the prior year. Approximately \$139,600 of the amendment reflects growth in business licenses and mixed drink licenses. The remaining \$433,250 included in the amendment is associated with large commercial projects throughout the city, including the new headquarters of Bank of the Ozarks and several redevelopment projects of historic downtown buildings. The favorable actual variance at year-end is primarily attributed to building and related permits associated with commercial projects.
Intergovernmental	8,625,400	685,600	9,311,000	9,341,000	30,000	Insurance pension turnback revenues are received annually in July from the State of Arkansas. The budget amendment reflects an increase in revenues dedicated to the closed local Police and Fire Pension funds and to offset approximately 40% of the contribution to LOPFI for active uniform police and fire members. The favorable actual variance of \$30,000 is attributed to a contribution for the celebration of the 60th Anniversary of the integration of Little Rock Central High School.

City of Little Rock
General Fund Budget – Revenue

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Charges for Services	\$10,120,020	\$73,350	\$10,193,370	\$10,224,039	\$30,669	The budget amendment reflects improved attendance at the Zoo associated with favorable weather in the winter and spring, and increased reimbursements for Airport police and fire personnel, partially offset by decreased revenues at the golf facilities and the RiverMarket, and a reduction in 911 service fee reimbursements for the salaries of Emergency Communication personnel. Actual results were closely aligned with the amended budget.
Fines & Fees	2,483,840	(140,000)	2,343,840	2,260,145	(83,695)	The budget amendment reflects a decline in revenues from the three district courts. Fewer tickets were issued in comparison to the previous year, and a new court system allows for smaller minimum installment payments on fines, with payment schedules over a longer period of time. The change in payment terms and an increase in the number of defendants choosing community service has reduced fine and fee revenues. Actual fine revenues were below the amended budget by approximately 4%.
Utility Franchise Fees	27,994,177	(348,000)	27,646,177	27,565,116	(81,061)	The original budget was based on forecasts received directly from the utility service providers. The budget amendment includes an increase in Entergy franchise fees of approximately \$533,000 (still 2.5% below prior year), offset by decreases in gas, water, long-distance, cable, and fiber optics franchise fees. The gas utility's projections exceeded actual results due to mild winter weather and historically low natural gas prices. The water utility experienced lower than anticipated revenues due to ample rainfall in the spring and summer. Cable and fiber optics service providers experienced lower than anticipated revenues due to a trend toward live streaming and utilization of wireless or broadband connections for communications and entertainment.

City of Little Rock

General Fund Budget – Revenue

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Interest Earnings	\$306,000	\$ —	\$306,000	\$257,638	(\$48,362)	Realized investment income, in the amount of \$333,536, exceeded the original budget and the final amended budget. The year-end adjustment for the change in the fair market value of the portfolio was \$77,597 less than it was at the end of 2016, which reduced investment income for the 2017 fiscal year. The change in market value is primarily the result of rising interest rates which cause a decline in the unrealized value of fixed income securities. The portfolio utilizes a stated buy and hold strategy which results in redemption of investments at maturity at par value.
Carryover – prior year	2,200,000	—	2,200,000	—	(2,200,000)	The adopted budget called for the utilization of \$2.2 million in prior year earnings (carryover). The prior year earnings had been closed to the unrestricted General Fund balance in previous years. Utilization of carryover reduces unrestricted General Fund balance.
Transfers In	10,295,386	155,850	10,451,236	11,530,504	1,079,268	The budget amendment reflects a transfer in from Marathon proceeds to help offset the decrease in revenues and increase in expenditures for golf operations. The actual variance includes transfers from the Street and Waste Disposal funds to support special projects such as the re-entry right-of-way mowing crew and environmental youth services program. In addition, a transfer from the Fleet fund of approximately \$500,000 to fund an asset management upgrade to the enterprise resource planning system is included in the favorable variance.
All Other Revenues	<u>1,772,417</u>	<u>74,000</u>	<u>1,846,417</u>	<u>4,099,563</u>	<u>2,253,146</u>	The budget amendment of \$74,000 is associated with revenues dedicated to the closed Police Pension fund. The favorable actual variance includes revenue deposited to special projects in the amount of approximately \$1.9 million and seized funds in the amount of approximately \$125,000 that is not budgeted. In addition, the auction of seized police evidence generated approximately \$147,000. The special project revenue includes approximately \$1.2 million from a new 1% Parks Hospitality tax dedicated to improvements and future debt service for a voter approved bond issue to fund improvements in MacArthur Park and to expand and upgrade the Arkansas Arts Center.
Total General Fund Revenue	<u>\$ 204,522,270</u>	<u>\$ 2,178,850</u>	<u>\$ 206,701,120</u>	<u>\$ 207,217,426</u>	<u>\$ 516,306</u>	

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

City of Little Rock General Fund Budget – Expenditures						
	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
General Administration	\$21,582,203	(\$872,997)	\$20,709,206	\$21,867,142	(\$1,157,936)	The budget amendment is primarily associated with savings from authorized but unfilled positions or vacancy savings (\$125,342), and the allocation of vacation and sick leave payouts (\$1,000,000) for retiring employees to other departments. In addition, the amendment includes \$200,000 for an economic development services contract, \$106,000 to fund the expenses of the Performance Innovation Division, and a reduction of \$53,655 associated with one-time health and dental insurance premium savings. The actual variance includes special project expenditures (\$1.4 million) for homelessness outreach, grant match, a municipal ID program, and other projects that were included in the transfers out budget. The special projects were partially offset by a reduction in the actuarially determined OPEB contribution.
Board of Directors	343,902	(449)	343,453	338,247	5,206	The budget amendment is due to one-time health and dental insurance premium savings. The favorable actual variance is primarily associated with travel and contracted services, partially offset by increased supplies.
Community Programs	610,085	(3,690)	606,395	5,315,780	(4,709,385)	The budget amendment is due to one-time health and dental insurance premium savings. The actual variance is primarily associated with the special project expenditures for Children, Youth and Family and Prevention, Intervention, and Treatment programs, which are budgeted as transfers out in the amount of \$5.5 million. The actual special project expenditures reflected in the variance are \$4.73 million.
City Attorney	1,961,177	(165,581)	1,795,596	1,759,449	36,147	The budget amendment reflects savings from vacant positions (\$208,670), net of an allocation for vacation/sick payouts to the City Attorney and retiring employees (\$51,593). In addition, the budget amendment reflects one-time health and dental insurance savings (\$8,504). The actual variance is primarily due to savings in contracted services, partially offset by increased supplies expenditures.

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

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
District Court – First Division	\$1,293,690	(\$12,715)	\$1,280,975	\$1,159,865	\$121,110	The budget amendment reflects savings from vacant positions (\$5,559), and one-time health and dental insurance savings (\$9,178), partially offset by an allocation for vacation/sick payouts for retiring employees (\$2,022). Reduced part-time utilization and a vacant position contributed approximately \$77,000 to the favorable variance at year-end. In addition, supplies and contract expenses were below budget by approximately \$16,000 and \$27,000, respectively.
District Court – Third Division	576,831	(60,195)	516,636	496,027	20,609	The budget amendment reflects savings from vacant positions (\$57,049), and one-time health and dental insurance savings (\$3,146). The actual variance at year-end includes additional savings in personnel cost of approximately \$11,000, contract savings of \$8,250, and other expenditures of approximately \$1,400.
District Court – Second Division	1,226,045	(12,575)	1,213,470	1,188,484	24,986	The budget amendment reflects savings from vacant positions (\$13,425), and one-time health and dental insurance savings (\$6,482), net of an allocation for vacation/sick payouts for retiring employees (\$7,332). The actual variance is primarily associated with additional personnel cost savings, partially offset by increased utility costs.
Finance	3,503,246	52,100	3,555,346	3,786,264	(230,918)	The budget amendment reflects an additional allocation for software maintenance (\$65,000), and an allocation for vacation/sick payouts for retiring employees (\$37,961), net of savings from vacant positions (\$32,919), and one-time health and dental insurance premium savings (\$17,942). The actual variance is primarily associated with special project expenditures of approximately \$251,000 for new asset management software funded by a transfer in from the Fleet fund.
Human Resources	1,817,542	(101,852)	1,715,690	1,803,336	(87,646)	The budget amendment reflects savings from vacant positions (\$112,336), and one-time health and dental insurance premium savings (\$9,819), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$20,303). The actual variance includes special project expenditures (\$77,300) for residency incentives and work boots, which were budgeted as transfers out. The remaining variance (\$9,500) is primarily associated with additional contract expenditures.

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

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Information Technology	\$5,063,637	(\$666,512)	\$4,397,125	\$4,668,749	(\$271,624)	The budget amendment includes savings from vacant positions (\$354,427), one-time health and dental insurance premium savings (\$15,498), and a transfer out (\$305,000) to fund a special project for phone system and other IT software and hardware, net of an allocation for vacation/sick payouts for retiring employees (\$8,413). The actual variance includes funds set aside in a prior year special project for the second phase of the VoIP phone system upgrade (\$352,000), partially offset by additional contract savings.
Planning & Development	2,573,533	(117,819)	2,455,714	2,507,288	(51,574)	The budget amendment includes savings from vacant positions (\$156,100), and one-time health and dental insurance premium savings (\$17,037), net of an allocation for vacation/sick payouts for retiring employees (\$55,318). The actual variance includes special project expenditures (\$87,927) for I-30 Crossing consulting services budgeted as transfers out, partially offset by additional savings in personnel cost, supplies, utilities, and other expenses.
Public Works	1,108,710	(45,835)	1,062,875	2,200,077	(1,137,202)	The budget amendment reflects savings from vacant positions (\$41,409) and one-time health and dental insurance premium savings (\$4,426). The actual variance is primarily associated with facility improvements and repairs special project expenditures (\$1,247,000) included in the budget as transfers out, partially offset by savings in utilities and other contracts (\$110,000).
Parks & Recreation	10,638,481	(450,995)	10,187,486	11,090,256	(902,770)	The budget amendment reflects savings from vacant positions (\$405,391), and one-time health and dental insurance premium savings (\$53,645), net of an allocation for vacation/sick payouts for retiring employees (\$8,041). The actual variance includes special project expenditures (\$980,345), net of favorable variances in utility cost and repairs and maintenance (\$221,038), partially offset by increased supplies and other expenditures (\$143,463). Special projects expenditures include MacArthur Park improvements from the 1% Parks Hospitality Tax (\$235,000), additional operating expenditures funded by savings from the refunding of the 2009 Parks and Recreation Bonds (\$426,000), and various youth athletic programs and grant match (\$319,000).

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Rivermarket	\$1,151,840	\$ —	\$1,151,840	\$1,234,672	(\$82,832)	Expenditures for the River Market were approximately \$83,000 above budget at year-end. Personnel cost exceeded budget by approximately \$54,000. In addition, the overage includes a bad debt write-off in the amount of approximately \$24,000 associated with rental of the amphitheater. The expenditures in excess of budget and are offset by an additional contribution from the Little Rock Convention and Visitors Bureau included in miscellaneous income.
Golf	2,346,138	136,840	2,482,978	2,482,543	435	The budget amendment reflects an additional operating allocation (\$155,850) funded by a transfer of proceeds from the Little Rock Marathon, partially offset by savings from vacant positions (\$8,743), and one-time health and dental insurance premium savings (\$10,267).
Jim Dailey Fitness	921,660	(9,882)	911,778	901,162	10,616	The budget amendment reflects savings from vacant positions (\$5,742), and one-time health and dental insurance premium savings (\$4,140). The favorable year-end variance is primarily associated with additional savings in part-time personnel cost.
Zoo	6,913,994	(342,539)	6,571,455	6,877,612	(306,157)	The budget amendment reflects savings from vacant positions (\$350,525), and one-time health and dental insurance premium savings (\$29,895), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$37,881). The actual variance is associated with special project expenditures, including grant match (\$217,500) for Zoo bathrooms and the carousel, and various special events and animal enrichment programs (\$74,700).
Housing & Neighborhood Programs	5,844,164	(661,998)	5,182,166	6,354,983	(1,172,817)	The budget amendment reflects savings from vacant positions (\$666,586), and one-time health and dental insurance premium savings (\$33,624), partially offset by an additional allocation for vacation/sick payouts for retiring employees (\$38,212). The actual variance includes special project expenditures included in the budget for transfers out (\$1,248,000). Projects include allocations for various neighborhood programs, weed lot maintenance, land bank activities, and residential demolition of unsafe structures.
Fleet	—	—	—	674,206	(674,206)	The actual variance is associated with vehicle replacement expenditures (\$674,206), which were budgeted as transfers out (\$850,000).

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Fire	\$48,118,017	\$197,392	\$48,315,409	\$48,990,911	(\$675,502)	The budget amendment reflects an additional allocation for overtime and pension cost (\$605,714), and an allocation for vacation/sick payouts for retiring employees (\$153,249), partially offset by savings from vacant positions (\$366,716), and one-time health and dental insurance premium savings (\$194,855). The actual variance at year-end is primarily associated with overtime (\$492,000) and other compensation adjustments (\$126,000).
Police	71,651,214	(2,953,413)	68,697,801	69,657,863	(960,062)	The budget amendment reflects savings from vacant positions (\$4,089,061), and one-time health and dental insurance premium savings (\$303,748), partially offset by additional allocations for personnel cost, including pensions, overtime, Police Recruit incentive payments, and a Traffic Safety Officer Unit (\$859,721) and vacation/sick payouts for retiring employees (\$579,675). The actual variance includes additional operating expenses (\$755,280) associated with personnel cost and training expenditures, partially offset by savings in fuel cost. In addition, the actual variance includes special project expenditures of approximately \$205,000, which were budgeted as transfers out. Special projects included Police recruitment and fleet replacement expenditures.
Transfers Out	11,756,980	1,271,565	13,028,545	898,821	12,129,724	The budget amendment reflects additional special project allocations (\$1,030,790) to set aside funds for Police Vehicles for Traffic Safety Officers, funds for preparation of an RFQ for a Computer Aided Dispatch System, funding for Planning Consultants for the I-30 Crossing Project and an Extraterritorial Growth Study, and an additional allocation for weed lot maintenance. In addition, one-time health and dental insurance premium savings (\$780,000) and Information Technology savings (\$305,000) was set aside for utilization in the 2018 budget. These additions were partially offset by a reduction in the contingency allocation included in the transfers out budget (\$844,225). The actual variance is primarily associated with transfers to general fund special projects. The actual expenditures for the projects are reflected in the appropriate departments above. Examples include the allocation of approximately \$5.5 million for Children, Youth and Family and Prevention, Intervention, and Treatment programs in Community Programs and the Fleet replacement allocation of \$850,000.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Debt Service – Principal	\$10,038,016	\$ —	\$10,038,016	\$10,040,797	(\$2,781)	Immaterial actual variance.
Debt Service – Interest	457,165	—	457,165	450,184	6,981	Immaterial actual variance.
Agent fees	24,000	—	24,000	1,000	23,000	Immaterial actual variance.
Vacancy Savings	<u>(7,000,000)</u>	<u>7,000,000</u>	=	=	=	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 were approximately \$8.9 million.
Total General Fund Expenditure	<u>\$204,522,270</u>	<u>\$2,178,850</u>	<u>\$206,701,120</u>	<u>\$206,745,718</u>	<u>(\$44,598)</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, 2017, amounts to \$650,360,372 (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 2017 was 0.69% (a 0.68% increase for governmental activities and a 1.1% increase for business-type activities).

City of Little Rock
Capital Assets, net of depreciation

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 186,801,358	\$ 183,601,268	\$ 2,637,147	\$ 2,637,147	\$ 189,438,505	\$ 186,238,415
Buildings	80,999,638	82,846,969	14,756,615	15,095,793	95,756,253	97,942,762
Improvements other than buildings	11,481,204	12,076,027	1,541,421	2,327,020	13,022,625	14,403,047
Vehicles and equipment	25,962,860	30,239,695	5,455,041	4,067,176	31,417,901	34,306,871
Infrastructure	300,651,731	294,611,010	-	-	300,651,731	294,611,010
Construction in progress	20,073,357	18,371,110	-	-	20,073,357	18,371,110
Total	<u>\$ 625,970,148</u>	<u>\$ 621,746,079</u>	<u>\$ 24,390,224</u>	<u>\$ 24,127,136</u>	<u>\$ 650,360,372</u>	<u>\$ 645,873,215</u>

Major capital asset events during 2017 included the following:

- Infrastructure additions, including right-of-way were \$25,567,949
- Vehicle and equipment additions were \$8,114,011
- Building additions were \$1,167,117
- Construction in progress transfers for assets placed in service, net of additions, were \$1,702,247
- Land improvements additions were \$877,115
- Depreciation expense totaled \$32,851,587
- Asset retirements, net of accumulated depreciation were \$89,695

Additional information on the City's capital assets can be found in *Note 3* on Pages 55-58 of this report.

Long-term Debt. At December 31, 2017, the City's primary government, had \$121,100,551 of long-term bonds outstanding, including general obligation bonds of \$71,975,000, notes payable of \$22,530,551 and \$26,595,000 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds						
and notes payable	\$ 94,505,551	\$ 118,431,300	\$ -	\$ -	\$ 94,505,551	\$ 118,431,300
Revenue bonds	<u>17,875,000</u>	<u>21,890,000</u>	<u>8,720,000</u>	<u>9,450,000</u>	<u>26,595,000</u>	<u>31,340,000</u>
Total	<u>\$ 112,380,551</u>	<u>\$ 140,321,300</u>	<u>\$ 8,720,000</u>	<u>\$ 9,450,000</u>	<u>\$ 121,100,551</u>	<u>\$ 149,771,300</u>

Total long-term bonds and notes payable outstanding at December 31, 2017, decreased \$28,670,749, a decrease of 19.2%. The net decrease includes the issuance of general obligation and revenue refunding bonds in the amounts of \$15,925,000 and \$17,875,000, respectively, and the addition of a short-term financing note in the amount of \$5,250,000. The additions were offset by bonded debt retirements of \$18,310,000, principal payments to refunded bond escrow agents of \$39,370,000, and principal payments on short-term financing notes in the amount of \$10,040,749.

The City’s general obligation bond rating by Standard & Poor’s Corporation and Moody’s Investors Service, Inc. are “AA” and “Aa1”, respectively. The City’s bond ratings are shown in the following table.

	Moody’s Investors Service	Standard & Poor’s
<u>General Obligation Debt</u>		
2013 Capital Improvement Bonds	Aa1	AA
2015 Library Capital Improvement and Refunding Bonds	Not Rated	AA
2017 Library Refunding Bonds	Aa1	Not Rated
TIF #1 2014 Capital Improvement	Not Rated	Not Rated
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	A-
2007 Waste Disposal Capital Improvement Bonds	Aa2	AA-
2017 Capital Improvement Refunding Bond	Not Rated	AA-
<u>Discrete Components</u>		
2011 Sewer Revenue	Aa3	Not Rated
2012 Sewer Revenue	Aa3	Not Rated
2013 Sewer Revenue	Not Rated	Not Rated
2014 Sewer Revenue	Aa3	Not Rated
2015 Sewer Revenue	Aa3	Not Rated
2016 Sewer Refunding Revenue Bonds, Series 2016B	Aa3	Not Rated
2017 Water Reclamation Revenue Bonds	Aa3	Not Rated
2017 Port Authority Revenue Bonds	Not Rated	Not Rated
2014 Hotel and Restaurant Gross Receipts Tax 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 and governmental revenue bonds at December 31, 2017, of \$93,629,045 net of premiums and discounts are well below the statutory limit of \$859,135,695. 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, 2017, of \$22,530,551 are well below the statutory limit of \$214,783,924. 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 59-68 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 2018 budget. The total 2018 General Fund budget is \$208,963,275 which reflects an increase of 2.8% from the original 2017 adopted budget and an increase of 2.0% from the final amended 2017 General Fund budget. City officials are encouraged by economic development in all sectors of the City as discussed in the letter of transmittal in the introductory section of this report on Pages *i-x*. The Mayor and the Board of Directors continue to place the highest premium on safety for the people of Little Rock and City employees. In order to meet the objectives of the 2018 budget, the City recognized the need to continue its pattern of cost containment designed to promote long-term fiscal stability.

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 Position
December 31, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 17,821,459	\$ 1,878,983	\$ 19,700,442	\$ 87,700,330
Investments	44,131,366	11,730,255	55,861,621	30,063,326
Restricted cash and investments – current	12,351,930	974,196	13,326,126	9,115,660
Accounts receivable, net of allowance for uncollectible accounts	94,310,333	3,044,735	97,355,068	34,823,687
Internal balances	727,593	(727,593)	-	-
Inventories	1,075,178	-	1,075,178	2,603,517
Prepaid expenses and other	1,835,795	268,435	2,104,230	4,396,662
Total current assets	<u>172,253,654</u>	<u>17,169,011</u>	<u>189,422,665</u>	<u>168,703,182</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	24,345,762	520,134	24,865,896	41,088,461
Investments	28,193,041	1,403,408	29,596,449	17,952,916
Grants and other receivables	-	-	-	437,775
Interest receivable	324,524	40,246	364,770	1,493
	<u>52,863,327</u>	<u>1,963,788</u>	<u>54,827,115</u>	<u>59,480,645</u>
Less amount required to meet current obligations	<u>12,351,930</u>	<u>974,196</u>	<u>13,326,126</u>	<u>9,115,660</u>
Total restricted assets	<u>40,511,397</u>	<u>989,592</u>	<u>41,500,989</u>	<u>50,364,985</u>
Capital assets – nondepreciable	206,874,715	2,637,147	209,511,862	178,123,808
Capital assets – depreciable, net	<u>419,095,433</u>	<u>21,753,077</u>	<u>440,848,510</u>	<u>925,308,024</u>
	<u>625,970,148</u>	<u>24,390,224</u>	<u>650,360,372</u>	<u>1,103,431,832</u>
Other assets				
Net OPEB asset	249,840	-	249,840	-
Other	-	-	-	801,647
Total other assets	<u>249,840</u>	<u>-</u>	<u>249,840</u>	<u>801,647</u>
Total noncurrent assets	<u>666,731,385</u>	<u>25,379,816</u>	<u>692,111,201</u>	<u>1,154,598,464</u>
Total assets	<u>838,985,039</u>	<u>42,548,827</u>	<u>881,533,866</u>	<u>1,323,301,646</u>
Deferred Outflows of Resources				
Deferred outflows from pensions	53,486,687	115,447	53,602,134	9,980,769
Loss on refunding	<u>2,820,089</u>	<u>31,645</u>	<u>2,851,734</u>	<u>6,159,601</u>
Total deferred outflows of resources	<u>56,306,776</u>	<u>147,092</u>	<u>56,453,868</u>	<u>16,140,370</u>
Total assets and deferred outflows of resources	<u>\$ 895,291,815</u>	<u>\$ 42,695,919</u>	<u>\$ 937,987,734</u>	<u>\$ 1,339,442,016</u>

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	\$ 10,234,015	\$ 301,635	\$ 10,535,650	\$ 6,652,959
Accrued wages payable and related liabilities	8,532,913	-	8,532,913	4,468,286
Accrued expenses and other	1,047,778	125,001	1,172,779	11,037,735
Accrued interest payable	919,247	204,196	1,123,443	-
Compensated absences - current portion	9,723,948	405,246	10,129,194	2,109,628
Notes payable - current portion	7,337,683	-	7,337,683	659,231
Capital lease obligation - current portion	-	-	-	38,988
Bonds payable - current portion	4,095,000	770,000	4,865,000	13,512,819
Due to fiduciary funds	4,335,756	-	4,335,756	-
Other current liabilities	4,037,477	-	4,037,477	-
Unearned revenue	8,261,255	517,426	8,778,681	1,374,473
Total current liabilities	58,525,072	2,323,504	60,848,576	39,854,119
Noncurrent liabilities				
Notes payable	15,192,868	-	15,192,868	2,051,914
Capital lease obligation	-	-	-	48,946
Bonds payable, net of unamortized premium and discount	89,534,045	7,921,748	97,455,793	369,295,465
Net pension liability	219,986,380	385,911	220,372,291	18,761,995
Compensated absences	18,561,272	125,533	18,686,805	771,688
Other long-term liabilities	799,980	5,169,537	5,969,517	911,166
Total noncurrent liabilities	344,074,545	13,602,729	357,677,274	391,841,174
Total liabilities	402,599,617	15,926,233	418,525,850	431,695,293
Deferred Inflows of Resources				
Deferred inflows from pensions	2,902,815	164,133	3,066,948	780,430
Total deferred inflows of resources	2,902,815	164,133	3,066,948	780,430
Net Position				
Net investment in capital assets	531,056,399	15,698,476	546,754,875	738,979,109
Restricted - expendable				
Debt service	17,777,183	1,759,592	19,536,775	9,487,565
Grant funds (special revenue funds)	2,246,157	-	2,246,157	3,009,822
Street funds (special revenue funds)	19,476,584	-	19,476,584	-
Special projects (special revenue funds)	3,617,312	-	3,617,312	-
Capital projects (portion not in net investment in capital assets)	24,760,920	-	24,760,920	-
911 funds	70,643	-	70,643	-
Drug abuse	-	-	-	1,475,903
Capital projects	-	-	-	11,864,719
Library materials	-	-	-	2,233,053
Art Fund	-	-	-	7,024,306
Cemetery maintenance	-	-	-	1,036,524
Total restricted - expendable	67,948,799	1,759,592	69,708,391	36,131,892
Restricted - nonexpendable	250,000	-	250,000	3,867,180
Unrestricted	(109,465,815)	9,147,485	(100,318,330)	127,988,112
Total net position	489,789,383	26,605,553	516,394,936	906,966,293
Total liabilities, deferred inflows of resources and net position	\$ 895,291,815	\$ 42,695,919	\$ 937,987,734	\$ 1,339,442,016

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 27,607,487	\$ 10,624,488	\$ 279,569	\$ 771,211	(15,932,219)	\$ -	\$ (15,932,219)	\$ -
Board of Directors	338,247	-	-	-	(338,247)	-	(338,247)	-
Community programs	5,361,572	27,432	-	-	(5,334,140)	-	(5,334,140)	-
City attorney	1,759,449	300	-	-	(1,759,149)	-	(1,759,149)	-
District court - first division (criminal)	1,183,866	14,102	-	-	(1,169,764)	-	(1,169,764)	-
District court - second division (traffic)	1,193,968	280,842	-	-	(913,126)	-	(913,126)	-
District court - third division (environn	496,027	228,538	-	-	(267,489)	-	(267,489)	-
Courts	-	1,402,574	-	-	1,402,574	-	1,402,574	-
Finance	3,866,605	608,702	356,612	-	(2,901,291)	-	(2,901,291)	-
Human resources	2,060,121	57,480	-	-	(2,002,641)	-	(2,002,641)	-
Information technology	6,044,200	482	-	-	(6,043,718)	-	(6,043,718)	-
Planning and development	2,533,358	2,773,867	14,301	-	254,810	-	254,810	-
Public works	36,221,854	365,621	-	555,611	(35,300,622)	-	(35,300,622)	-
Parks and recreation services	14,871,467	2,729,707	10,701	40,020	(12,091,039)	-	(12,091,039)	-
Rivermarket	1,331,241	524,584	-	-	(806,657)	-	(806,657)	-
Golf	2,526,247	1,426,564	-	-	(1,099,683)	-	(1,099,683)	-
Jim Dailey Fitness	1,009,427	449,846	-	-	(559,581)	-	(559,581)	-
Zoo	7,419,725	4,202,332	-	201,593	(3,015,800)	-	(3,015,800)	-
Fire	54,864,567	2,677,645	3,291	-	(52,183,631)	-	(52,183,631)	-
Police	78,969,098	3,430,233	1,013,027	-	(74,525,838)	-	(74,525,838)	-
Economic Development	528,000	-	-	-	(528,000)	-	(528,000)	-
Education	7,130,903	-	-	-	(7,130,903)	-	(7,130,903)	-
Housing and neighborhood programs	9,942,239	822,456	2,653,254	-	(6,466,529)	-	(6,466,529)	-
Fleet	896,094	-	-	-	(896,094)	-	(896,094)	-
Interest expense on long-term debt	3,109,197	-	-	-	(3,109,197)	-	(3,109,197)	-
Agent fees on long-term debt	5,875	-	-	-	(5,875)	-	(5,875)	-
Total governmental activities	271,764,220	32,647,795	4,330,755	1,568,435	(233,217,235)	-	(233,217,235)	-
Business-Type Activities								
Waste disposal	14,846,883	17,959,296	-	-	-	3,112,413	3,112,413	-
River Market Garage	1,964,207	2,560,451	-	-	-	596,244	596,244	-
Vehicle storage	1,408,219	1,464,567	-	1,521	-	57,869	57,869	-
Total business-type activities	18,219,309	21,984,314	-	1,521	-	3,766,526	3,766,526	-
Total primary government	\$ 289,983,529	\$ 54,632,109	\$ 4,330,755	\$ 1,569,956	\$ (233,217,235)	\$ 3,766,526	\$ (229,450,709)	\$ -
Total component units	\$ 209,667,778	\$ 143,443,884	\$ 2,800,556	\$ 6,922,302	\$ -	\$ -	\$ -	\$ (56,501,036)
General revenues								
General property taxes					56,421,850	-	56,421,850	16,087,901
Sales taxes					120,269,724	-	120,269,724	16,424,863
Utility franchise taxes					29,326,328	-	29,326,328	-
Investment income					1,094,589	138,478	1,233,067	2,478,168
Grants and contributions not restricted to specific programs					23,009,538	-	23,009,538	27,875,856
Other					7,428,860	-	7,428,860	17,558,342
Transfers					1,880,606	(1,880,606)	-	-
Total general revenues and transfers					239,431,495	(1,742,128)	237,689,367	80,425,130
Change in Net Position					6,214,260	2,024,398	8,238,658	23,924,094
Net Position, Beginning of Year					483,575,123	24,581,155	508,156,278	883,042,199
Net Position, End of Year					\$ 489,789,383	\$ 26,605,553	\$ 516,394,936	\$ 906,966,293

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2017

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Street	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 6,152,960	\$ 4,499,963	\$ 22,858	\$ 54	\$ 2,806,444	\$ 4,008,046	\$ 17,490,325
Restricted cash	-	-	12,062,183	4,718,537	-	7,565,042	24,345,762
Investments	25,691,255	22,748,897	115,552	271	14,184,279	7,912,685	70,652,939
Accounts receivable	58,112,439	3,408,878	13,513,828	1,500	8,759,512	10,492,624	94,288,781
Due from other funds	42,410	-	-	-	-	-	42,410
Interest receivable	88,098	78,050	396	39,865	48,665	63,715	318,789
Inventories	158,965	-	-	-	-	372,158	531,123
Prepaid expenditures and other	1,738,926	-	-	-	18,156	77,543	1,834,625
Total assets	\$ 91,985,053	\$ 30,735,788	\$ 25,714,817	\$ 4,760,227	\$ 25,817,056	\$ 30,491,813	\$ 209,504,754
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 3,360,594	\$ 1,335,435	\$ -	\$ 1,109,132	\$ 241,369	\$ 3,766,061	\$ 9,812,591
Due to other funds	309,960	-	-	-	-	30,729	340,689
Accrued wages payable and related liabilities	8,532,913	-	-	-	-	-	8,532,913
Accrued expenditures and other	1,047,778	-	-	-	-	-	1,047,778
Unearned revenue	7,036,856	-	-	-	-	1,224,399	8,261,255
Total liabilities	20,288,101	1,335,435	-	1,109,132	241,369	5,021,189	27,995,226
Deferred Inflows of Resources							
Unavailable revenues - traffic fines	1,163,336	-	-	-	-	-	1,163,336
Unavailable revenues - property taxes	29,939,097	-	12,685,394	-	6,080,947	8,211,976	56,917,414
Total deferred inflows of resources	31,102,433	-	12,685,394	-	6,080,947	8,211,976	58,080,750
Fund Balances							
Nonspendable	1,940,301	-	-	-	18,156	622,158	2,580,615
Restricted	-	29,400,353	13,029,423	3,651,095	19,476,584	16,636,490	82,193,945
Committed	44,839	-	-	-	-	-	44,839
Assigned	14,194,561	-	-	-	-	-	14,194,561
Unassigned (deficit)	24,414,818	-	-	-	-	-	24,414,818
Total fund balances	40,594,519	29,400,353	13,029,423	3,651,095	19,494,740	17,258,648	123,428,778
Total liabilities, deferred inflows of resources and fund balances	\$ 91,985,053	\$ 30,735,788	\$ 25,714,817	\$ 4,760,227	\$ 25,817,056	\$ 30,491,813	\$ 209,504,754

City of Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2017

Total fund balance per statement	\$ 123,428,778
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and are not reported in the funds.	622,431,483
Liabilities and related deferred inflows/outflows of resources that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(89,850,000)
Bond issuance premiums	(3,779,045)
Notes payable	(22,530,551)
Accrued interest payable	(919,247)
Net pension liability	(219,729,107)
Deferred inflows and outflows of resources	53,436,417
Net OPEB asset	249,840
Workers compensation liability	(799,980)
Accrued compensated absences	(27,992,390)
Property tax pension liability	(8,074,954)
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 position.	5,837,389
Certain amounts reported as deferred inflows of resources 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>58,080,750</u>
Net position of governmental activities	<u>\$ 489,789,383</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2017

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Street	Other Governmental Funds	Total
Revenues							
General property taxes	\$ 28,523,326	\$ -	\$ 12,266,743	\$ -	\$ 5,900,229	\$ 7,795,431	\$ 54,485,729
Sales taxes	101,449,568	18,820,156	-	-	-	-	120,269,724
Licenses and permits	11,966,527	-	-	-	18,450	47,679	12,032,656
Intergovernmental	9,341,000	-	-	-	13,353,881	6,213,847	28,908,728
Charges for services	10,224,039	-	-	-	19,339	3,691,715	13,935,093
Fines and fees	2,260,145	-	-	-	-	818,003	3,078,148
Utility franchise taxes	27,565,116	-	-	-	-	1,761,212	29,326,328
Investment income	257,638	444,743	49,749	92,032	134,499	115,927	1,094,588
Contributions and donations	1,063,099	-	-	-	-	518,945	1,582,044
Miscellaneous	3,036,464	-	-	-	36,781	764,160	3,837,405
Total revenues	195,686,922	19,264,899	12,316,492	92,032	19,463,179	21,726,919	268,550,443
Expenditures							
General government							
General administration	21,867,142	5,573,353	-	-	-	1,200,174	28,640,669
Board of Directors	338,247	-	-	-	-	-	338,247
Community programs	5,315,780	-	-	-	-	45,792	5,361,572
City attorney	1,759,449	-	-	-	-	-	1,759,449
District court - first division (criminal)	1,159,865	-	-	-	-	7,696	1,167,561
District court - second division (traffic)	1,188,484	-	-	-	-	12,375	1,200,859
District court - third division (environment)	496,027	-	-	-	-	-	496,027
Finance	3,786,264	-	-	-	-	461,205	4,247,469
Human resources	1,803,336	-	-	-	-	256,509	2,059,845
Information technology	4,668,749	26,135	-	-	-	540,136	5,235,020
Planning and development	2,507,288	-	-	-	-	405,364	2,912,652
Total general government	44,890,631	5,599,488	-	-	-	2,929,251	53,419,370
Public works							
Parks and recreation services	2,200,077	11,079,976	-	8,562,057	16,659,936	626,629	39,128,675
Rivermarket	11,090,256	629,289	-	-	-	1,335,409	13,054,954
Golf	1,234,672	-	-	-	-	-	1,234,672
Jim Dailey Fitness	2,482,543	-	-	-	-	-	2,482,543
Zoo	901,162	-	-	-	-	-	901,162
Fire	6,877,612	385,801	-	-	-	245,624	7,509,037
Police	48,990,911	1,230,043	-	-	-	481,439	50,702,393
Fleet	69,657,863	1,131,309	-	-	-	6,058,795	76,847,967
Economic development	674,206	112,332	-	-	-	134,607	921,145
Education	-	-	-	-	-	528,000	528,000
Housing and neighborhood programs	-	-	-	-	-	6,988,877	6,988,877
Debt Service	6,354,983	87,082	-	-	-	3,207,883	9,649,948
Principal	10,040,797	-	10,645,000	-	-	6,935,000	27,620,797
Interest	450,184	-	999,230	-	-	3,084,455	4,533,869
Bond issuance costs	-	-	-	-	-	493,386	493,386
Agent fees	1,000	-	6,800	-	-	19,730	27,530
Total public works	205,846,897	20,255,320	11,651,030	8,562,057	16,659,936	33,069,085	296,044,325
Excess (Deficiency) of Revenues Over Expenditures	(10,159,975)	(990,421)	665,462	(8,470,025)	2,803,243	(11,342,166)	(27,493,882)
Other Financing Sources (Uses)							
Long-term debt issuance	-	-	-	-	-	39,050,000	39,050,000
Premiums on debt issuance	-	-	-	-	-	2,407,764	2,407,764
Payment to refunded bond escrow agent	-	-	-	-	-	(40,736,244)	(40,736,244)
Transfers in	11,530,504	-	-	-	1,526,726	287,196	13,344,426
Transfers out	(898,821)	(8,336,323)	-	-	(743,717)	(984,959)	(10,963,820)
Total other financing sources (uses)	10,631,683	(8,336,323)	-	-	783,009	23,757	3,102,126
Net Change in Fund Balances	471,708	(9,326,744)	665,462	(8,470,025)	3,586,252	(11,318,409)	(24,391,756)
Fund Balances, Beginning of Year	40,122,811	38,727,097	12,363,961	12,121,120	15,908,488	28,577,057	147,820,534
Fund Balances, End of Year	\$ 40,594,519	\$ 29,400,353	\$ 13,029,423	\$ 3,651,095	\$ 19,494,740	\$ 17,258,648	\$ 123,428,778

City of Little Rock, Arkansas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (24,391,756)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	28,628,648
Capital asset contributions	5,478,975
Retirements	(42,990)
Depreciation expense	(29,832,476)
Governmental funds report debt as expenditures. However, for government-wide statements, the liability must be properly reflected in the statement of net position.	
Debt issued or incurred:	
General obligation bonds	(15,925,000)
Revenue bonds	(17,875,000)
Notes payable	(5,250,000)
Principal repayments:	
General obligation bonds	1,950,000
Revenue bonds	15,630,000
Notes payable	10,040,749
Payment to escrow agent for refunding	40,736,244
Amortization of loss on debt refunding, bond premiums and discounts	(872,163)
Revenues that do not provide current financial resources, such as property taxes and fines and fees are not reported as revenues for the funds but are reported as revenues in the statement of activities.	1,941,619
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.	(329,235)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows and inflows of resources balances.	(4,254,977)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net position of this fund is included in governmental activities in the statement of activities.	581,622
Change in net position of governmental activities	\$ 6,214,260

City of Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Assets and Deferred Outflows of Resources					
Current assets					
Cash and cash equivalents	\$ 1,634,673	\$ 243,910	\$ 400	\$ 1,878,983	\$ 331,134
Investments	10,886,486	843,769	-	11,730,255	1,671,468
Restricted cash and investments - current	273,944	700,252	-	974,196	-
Due from other funds	-	-	-	-	727,593
Accounts receivable	3,006,722	38,013	-	3,044,735	21,552
Accrued interest	-	-	-	-	5,735
Inventories	-	-	-	-	544,055
Prepaid expenses and other	1,403	266,025	1,007	268,435	1,171
	15,803,228	2,091,969	1,407	17,896,604	3,302,708
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	520,134	-	-	520,134	-
Investments	-	1,403,408	-	1,403,408	-
Accrued interest	37,351	2,895	-	40,246	-
	557,485	1,406,303	-	1,963,788	-
Less amount required to meet current obligations	273,944	700,252	-	974,196	-
	283,541	706,051	-	989,592	-
Capital assets					
Land	1,814,495	822,652	-	2,637,147	270,154
Land improvements	4,164,120	-	174,802	4,338,922	-
Landfills, Cells 1, 2 and 4	13,326,165	-	-	13,326,165	-
Buildings and improvements	12,794,251	8,715,040	31,043	21,540,334	3,893,140
Vehicles	17,272,122	-	83,843	17,355,965	997,282
Furniture and equipment	3,188,427	244,552	81,765	3,514,744	1,467,535
	52,559,580	9,782,244	371,453	62,713,277	6,628,111
Less accumulated depreciation	34,716,386	3,335,463	271,204	38,323,053	3,089,446
	17,843,194	6,446,781	100,249	24,390,224	3,538,665
	18,126,735	7,152,832	100,249	25,379,816	3,538,665
	33,929,963	9,244,801	101,656	43,276,420	6,841,373
Deferred outflows of resources					
Deferred outflows from pensions	102,621	-	12,826	115,447	76,965
Loss on refunding	-	31,645	-	31,645	-
	102,621	31,645	12,826	147,092	76,965
	\$ 34,032,584	\$ 9,276,446	\$ 114,482	\$ 43,423,512	\$ 6,918,338

See Notes to Financial Statements

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)					
Current liabilities					
Accounts payable	\$ 241,854	\$ -	\$ 59,781	\$ 301,635	\$ 421,425
Due to other funds	-	-	727,593	727,593	-
Accrued expenses and other	125,001	-	-	125,001	-
Accrued interest	13,944	190,252	-	204,196	-
Compensated absences - current portion	339,462	-	65,784	405,246	276,596
Bonds payable - current portion	260,000	510,000	-	770,000	-
Unearned revenue	-	472,338	45,088	517,426	-
Total current liabilities	980,261	1,172,590	898,246	3,051,097	698,021
Noncurrent liabilities					
Bonds payable, net of unamortized premium and discount	1,192,594	6,729,154	-	7,921,748	-
Net pension liability	343,031	-	42,880	385,911	257,273
Compensated absences	108,968	-	16,565	125,533	16,234
Other long-term liabilities	5,169,537	-	-	5,169,537	-
Total noncurrent liabilities	6,814,130	6,729,154	59,445	13,602,729	273,507
Total liabilities	7,794,391	7,901,744	957,691	16,653,826	971,528
Deferred Inflows of Resources					
Deferred inflows from pensions	145,897	-	18,236	164,133	109,421
Total deferred inflows of resources	145,897	-	18,236	164,133	109,421
Net Position (Deficit)					
Net investment in capital assets	16,390,600	(792,373)	100,249	15,698,476	3,538,665
Restricted - expendable					
Debt service	543,541	1,216,051	-	1,759,592	-
Unrestricted (deficit)	9,158,155	951,024	(961,694)	9,147,485	2,298,724
Total net position (deficit)	26,092,296	1,374,702	(861,445)	26,605,553	5,837,389
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 34,032,584	\$ 9,276,446	\$ 114,482	\$ 43,423,512	\$ 6,918,338

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Operating Revenues					
Charges for services	\$ 17,959,296	\$ 2,293,033	\$ 1,444,730	\$ 21,697,059	\$ 12,295,769
Licenses and permits	-	267,418	19,745	287,163	-
Investment income and unrealized gains	-	-	92	92	-
Total operating revenues	<u>17,959,296</u>	<u>2,560,451</u>	<u>1,464,567</u>	<u>21,984,314</u>	<u>12,295,769</u>
Operating Expenses					
Salaries, wages and employee benefits	4,991,569	-	675,150	5,666,719	3,306,919
Supplies and materials	1,016,495	-	55,584	1,072,079	4,677,929
Services	3,577,727	126,137	628,942	4,332,806	2,663,019
Repairs and maintenance	3,372,329	25,000	22,219	3,419,548	462,455
Other	-	1,076,101	-	1,076,101	-
Depreciation and amortization	2,392,853	304,634	26,324	2,723,811	300,128
Total operating expenses	<u>15,350,973</u>	<u>1,531,872</u>	<u>1,408,219</u>	<u>18,291,064</u>	<u>11,410,450</u>
Operating Income	<u>2,608,323</u>	<u>1,028,579</u>	<u>56,348</u>	<u>3,693,250</u>	<u>885,319</u>
Nonoperating Revenues (Expenses)					
Investment income	122,279	16,199	-	138,478	17,481
Interest expense	(88,317)	(429,910)	-	(518,227)	-
Other, net	592,407	(2,425)	-	589,982	(1,581)
Net nonoperating revenues (expenses)	<u>626,369</u>	<u>(416,136)</u>	<u>-</u>	<u>210,233</u>	<u>15,900</u>
Income Before Contributions and Transfers	<u>3,234,692</u>	<u>612,443</u>	<u>56,348</u>	<u>3,903,483</u>	<u>901,219</u>
Contributions	-	-	1,521	1,521	180,403
Transfers Out	(1,521,580)	(359,026)	-	(1,880,606)	(500,000)
	<u>(1,521,580)</u>	<u>(359,026)</u>	<u>1,521</u>	<u>(1,879,085)</u>	<u>(319,597)</u>
Changes in Net Position (Deficit)	1,713,112	253,417	57,869	2,024,398	581,622
Net Position, Beginning of Year	<u>24,379,184</u>	<u>1,121,285</u>	<u>(919,314)</u>	<u>24,581,155</u>	<u>5,255,767</u>
Net Position (Deficit), End of Year	<u>\$ 26,092,296</u>	<u>\$ 1,374,702</u>	<u>\$ (861,445)</u>	<u>\$ 26,605,553</u>	<u>\$ 5,837,389</u>

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Operating Activities					
Receipts from customers	\$ 17,910,115	\$ 2,560,451	\$ 1,444,730	\$ 21,915,296	\$ -
Receipts from interfund services provided	-	-	-	-	12,314,756
Other receipts	-	-	19,837	19,837	-
Payments to employees	(4,760,746)	-	(659,136)	(5,419,882)	(3,301,982)
Payments to suppliers	(1,006,463)	(136,280)	(55,584)	(1,198,327)	(4,722,555)
Payments to service providers	(3,577,727)	(99,311)	(617,614)	(4,294,652)	(1,848,368)
Other payments	(3,688,375)	(887,574)	(178,009)	(4,753,958)	(810,675)
Net cash provided by (used in) operating activities	4,876,804	1,437,286	(45,776)	6,268,314	1,631,176
Noncapital Financing Activities					
Transfers to other funds	(1,521,580)	(359,026)	-	(1,880,606)	(500,000)
Net cash used in noncapital financing activities	(1,521,580)	(359,026)	-	(1,880,606)	(500,000)
Capital and Related Financing Activities					
Purchase of capital assets	(2,954,451)	-	-	(2,954,451)	(292,040)
Principal paid on long-term debt	(245,000)	(485,000)	-	(730,000)	-
Other - asset insurance reimbursement	596,435	8,757	-	605,192	-
Interest paid on long-term debt	(90,644)	(429,910)	-	(520,554)	-
Capital contributions	-	-	(1)	(1)	178,822
Net cash used in capital and related financing activities	(2,693,660)	(906,153)	(1)	(3,599,814)	(113,218)
Investing Activities					
Proceeds from sale of investments	14,335,140	1,154,369	-	15,489,509	1,781,425
Purchase of investments	(14,902,014)	(1,254,815)	-	(16,156,829)	(2,485,730)
Interest income	122,279	16,199	-	138,478	17,481
Net cash used in investing activities	(444,595)	(84,247)	-	(528,842)	(686,824)
Increase (Decrease) in Cash and Cash Equivalents	216,969	87,860	(45,777)	259,052	331,134
Cash and Cash Equivalents, Beginning of Year	1,937,838	156,050	46,177	2,140,065	0
Cash and Cash Equivalents, End of Year	<u>\$ 2,154,807</u>	<u>\$ 243,910</u>	<u>\$ 400</u>	<u>\$ 2,399,117</u>	<u>\$ 331,134</u>
Presented on the Statement of Net Position - Proprietary Funds as Follows:					
Current assets					
Cash and cash equivalents	\$ 1,634,673	\$ 243,910	\$ 400	\$ 1,878,983	\$ 331,134
Noncurrent assets					
Cash and cash equivalents	520,134	-	-	520,134	-
	<u>\$ 2,154,807</u>	<u>\$ 243,910</u>	<u>\$ 400</u>	<u>\$ 2,399,117</u>	<u>\$ 331,134</u>

See Notes to Financial Statements

City of Little Rock, Arkansas
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Reconciliation of Operating Income (Loss) to to Net Cash Provided By (Used In) Operating Activities					
Operating income	\$ 2,608,323	\$ 1,028,579	\$ 56,348	\$ 3,693,250	\$ 885,319
Adjustment to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization expense	2,392,853	304,634	26,324	2,723,811	300,128
Loss on disposal of assets	4,611	-	-	4,611	-
Changes in assets and liabilities					
Receivables, net	(49,181)	98,866	-	49,685	16,655
Due to/due from other funds, net	-	-	(147,138)	(147,138)	147,138
Prepaid expenses	10,032	26,826	(191)	36,667	345,342
Inventories	-	-	-	-	(44,626)
Deferred outflows of resources	233,797	-	29,224	263,021	175,347
Accounts payable	(313,963)	(14,618)	11,328	(317,253)	28,199
Accrued expenses	293,348	(7,001)	16,205	302,552	4,937
Net pension liability	(303,016)	-	(37,876)	(340,892)	(227,263)
 Net cash provided by (used in) operating activities	 \$ 4,876,804	 \$ 1,437,286	 \$ (45,776)	 \$ 6,268,314	 \$ 1,631,176

City of Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2017

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 7,275,979	\$ 128,239
Investments		
U.S. Government obligations	156,905	-
Equities	74,236,619	-
Mutual funds and other investments	69,585,961	-
Receivables		
Accounts receivable	581,284	-
Due from other funds	4,335,756	-
Contributions	701,854	-
Accrued interest and dividends	58,646	-
Total Assets	\$ 156,933,004	\$ 128,239
Liabilities		
Accounts payable	\$ 1,749	\$ 94,792
Accrued liabilities	-	33,447
Total Liabilities	1,749	\$ 128,239
Net Position		
Net position restricted for pensions and postemployment benefits other than pensions	\$ 156,931,255	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2017

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 6,978,005
Plan members	2,251,152
Property taxes contributed from general fund	4,327,585
State insurance turnback	1,132,614
Other	749,037
Total contributions	<u>15,438,393</u>
Investment income	
Net increase in fair value of investments	12,115,020
Loss on sale of investments	(358,019)
Interest and dividends	4,126,269
	<u>15,883,270</u>
Less investment expense	690,355
Net investment income	<u>15,192,915</u>
Total additions	<u>30,631,308</u>
Deductions	
Benefits paid directly to participants	17,650,223
Administrative expenses	30,396
Other	303,768
Total deductions	<u>17,984,387</u>
Net increase in Net Position	12,646,921
Net Position Restricted for Pensions and Postemployment Benefits Other Than Pensions, Beginning of Year	<u>144,284,334</u>
Net Position Restricted for Pensions and Postemployment Benefits Other Than Pensions, End of Year	<u><u>\$ 156,931,255</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Discretely Presented Component Units
December 31, 2017

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 20,489,838	\$ 36,549,313	\$ 30,661,179	\$ 87,700,330
Investments	-	-	30,063,326	30,063,326
Restricted cash and investments - current	6,513,092	-	2,602,568	9,115,660
Accounts receivable, net of allowance	3,819,070	5,096,844	25,907,773	34,823,687
Accrued interest receivable	16,133	-	26,012	42,145
Inventories	1,468,585	-	1,134,932	2,603,517
Prepaid expenses and other	2,441,550	350,873	1,562,094	4,354,517
Total current assets	<u>34,748,268</u>	<u>41,997,030</u>	<u>91,957,884</u>	<u>168,703,182</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	17,333,047	11,426,944	12,328,470	41,088,461
Investments	7,015,951	-	10,936,965	17,952,916
Grants and other receivables	-	437,775	-	437,775
Interest receivable	-	-	1,493	1,493
	<u>24,348,998</u>	<u>11,864,719</u>	<u>23,266,928</u>	<u>59,480,645</u>
Less amounts required to meet current obligations	<u>6,513,092</u>	<u>-</u>	<u>2,602,568</u>	<u>9,115,660</u>
Total restricted assets	<u>17,835,906</u>	<u>11,864,719</u>	<u>20,664,360</u>	<u>50,364,985</u>
Capital assets				
Land	5,434,140	67,557,913	21,621,592	94,613,645
Construction in progress	65,961,867	13,105,583	4,442,713	83,510,163
Buildings, improvements and other facilities	490,866,540	440,003,488	348,779,841	1,279,649,869
Vehicles	-	2,113,017	55,728,782	57,841,799
Furniture and equipment	77,667,199	21,527,497	55,345,286	154,539,982
Books/AV material	-	-	26,162,591	26,162,591
Other	-	-	680,453	680,453
	<u>639,929,746</u>	<u>544,307,498</u>	<u>512,761,258</u>	<u>1,696,998,502</u>
Less accumulated depreciation	<u>178,292,894</u>	<u>206,316,590</u>	<u>208,957,186</u>	<u>593,566,670</u>
Net capital assets	<u>461,636,852</u>	<u>337,990,908</u>	<u>303,804,072</u>	<u>1,103,431,832</u>
Other assets				
	<u>-</u>	<u>-</u>	<u>801,647</u>	<u>801,647</u>
Total other assets	<u>-</u>	<u>-</u>	<u>801,647</u>	<u>801,647</u>
Total noncurrent assets	<u>479,472,758</u>	<u>349,855,627</u>	<u>325,270,079</u>	<u>1,154,598,464</u>
Total assets	<u>514,221,026</u>	<u>391,852,657</u>	<u>417,227,963</u>	<u>1,323,301,646</u>
Deferred Outflows of Resources				
Loss on refunding	9,980,769	-	-	9,980,769
Deferred outflows from pensions	5,787,553	-	372,048	6,159,601
Total deferred outflows of resources	<u>15,768,322</u>	<u>-</u>	<u>372,048</u>	<u>16,140,370</u>
Total assets and deferred outflows of resources	<u>\$ 529,989,348</u>	<u>\$ 391,852,657</u>	<u>\$ 417,600,011</u>	<u>\$ 1,339,442,016</u>

See Notes to Financial Statements

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 459,352	\$ 2,926,979	\$ 3,266,628	\$ 6,652,959
Accrued wages payable and related liabilities	640,907	1,484,354	2,343,025	4,468,286
Notes payable - current portion	-	-	659,231	659,231
Capital lease - current portion	-	-	38,988	38,988
Bonds payable - current portion	11,761,167	-	1,751,652	13,512,819
Compensated absences - current portion	893,029	-	1,216,599	2,109,628
Unearned revenue	-	298,686	1,075,787	1,374,473
Accrued expenses and other	5,732,710	28,498	5,276,527	11,037,735
Total current liabilities	19,487,165	4,738,517	15,628,437	39,854,119
Noncurrent Liabilities				
Capital lease obligation	-	-	48,946	48,946
Bonds payable, net of unamortized premium and discount	292,648,766	-	76,646,699	369,295,465
Notes payable	-	-	2,051,914	2,051,914
Net pension liability	18,490,096	-	271,899	18,761,995
Other long-term liabilities	-	-	911,166	911,166
Compensated absences	66,315	-	705,373	771,688
Total noncurrent liabilities	311,205,177	-	80,635,997	391,841,174
Total liabilities	330,692,342	4,738,517	96,264,434	431,695,293
Deferred Inflows of Resources				
Deferred inflows from pensions	369,306	-	411,124	780,430
Total deferred inflows of resources	369,306	-	411,124	780,430
Net Position				
Net investment in capital assets	175,449,301	336,033,751	227,496,057	738,979,109
Restricted - expendable	8,509,516	11,864,719	15,757,657	36,131,892
Restricted - nonexpendable	-	-	3,867,180	3,867,180
Unrestricted	14,968,883	39,215,670	73,803,559	127,988,112
Total net position	198,927,700	387,114,140	320,924,453	906,966,293
Total liabilities, deferred inflows of resources and net position	\$ 529,989,348	\$ 391,852,657	\$ 417,600,011	\$ 1,339,442,016

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 28,140,565	\$ 531,710	\$ 2,800,556	\$ 6,922,302	\$ -	\$ -	\$ (17,885,997)	\$ (17,885,997)
Total governmental activities	28,140,565	531,710	2,800,556	6,922,302	-	-	(17,885,997)	(17,885,997)
Business-type Activities								
Little Rock Water Reclamation Authority	51,886,679	55,286,393	-	-	3,399,714	-	-	3,399,714
Bill and Hillary Clinton National Airport	40,478,787	33,781,787	-	-	-	(6,697,000)	-	(6,697,000)
Other component units	89,161,747	53,843,994	-	-	-	-	(35,317,753)	(35,317,753)
Total business-type activities	181,527,213	142,912,174	-	-	3,399,714	(6,697,000)	(35,317,753)	(38,615,039)
Total component units	\$ 209,667,778	\$ 143,443,884	\$ 2,800,556	\$ 6,922,302	3,399,714	(6,697,000)	(53,203,750)	(56,501,036)
General revenues								
General property taxes					-	-	16,087,901	16,087,901
Sales taxes					-	-	16,424,863	16,424,863
Investment income					295,084	547,455	1,635,629	2,478,168
Grants and contributions not restricted to specific programs					1,042,104	10,936,524	15,897,228	27,875,856
Other					169,552	4,368,693	13,020,097	17,558,342
Total general revenues and transfers					1,506,740	15,852,672	63,065,718	80,425,130
Change in Net Position					4,906,454	9,155,672	9,861,968	23,924,094
Net Position, Beginning of Year					194,021,246	377,958,468	311,062,485	883,042,199
Net Position, End of Year					\$ 198,927,700	\$ 387,114,140	\$ 320,924,453	\$ 906,966,293

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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). 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 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:

Discretely Presented Component Units

Major Component Units:

Little Rock Water Reclamation Authority (LRWRA) – The City Manager appoints the governing body of LRWRA with City Board approval. LRWRA 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 LRWRA.

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

There were no significant transactions between the major component units and the City or its other component units in 2017.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Other Component Units:

Little Rock Advertising and Promotion Commission (Commission) – The governing body of the Commission is appointed by the Commission subject to City Board approval. The City has the power to impose its will on the Commission. The Commission 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 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 seven 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 67% of the operating deficit. The City’s contributions to CATA are vital to its operations. In addition, five of the 13 members of its Board of Directors are appointed by the City Board. Based on the level of financial dependency that CATA has on the City, the City has concluded that the nature and significance of this relationship warrant inclusion of CATA in the City’s reporting entity as a discretely presented component unit.

Museum of Discovery (Museum) and Arkansas Arts Center (Arts Center) – The Museum and the Arts Center, serving the greater metropolitan area’s cultural needs, receive significant operating subsidies from the City annually. The governing bodies 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.

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 monies 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 monies to be used

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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 Development Board (LRWDB) – LRWDB 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 LRWDB has a fiscal year end of June 30.

Complete financial statements of the individual component units, except for Mt. Holly Cemetery and Oakland Fraternal Cemetery which do not issue separate financial statements, can be obtained from their respective administrative offices.

Administrative Offices

Little Rock Water Reclamation Authority 221 East Capitol Avenue Little Rock, Arkansas 72202	Arkansas Arts Center Ninth and Commerce Little Rock, Arkansas 72202
Little Rock Advertising and Promotion Commission 7 Statehouse Plaza Little Rock, Arkansas 72201	Little Rock Port Authority 7500 Lindsey Road Little Rock, Arkansas 72206
Little Rock Ambulance Authority 1101 West 8th Street Little Rock, Arkansas 72201	Central Arkansas Transit Authority 901 North Maple North Little Rock, Arkansas 72114
Bill and Hillary Clinton National Airport 1 Airport Drive Little Rock, Arkansas 72202	Central Arkansas Library System 100 Rock Street Little Rock, Arkansas 72201
Museum of Discovery 500 President Clinton Avenue, Suite 150 Little Rock, Arkansas 72201	Little Rock Workforce Development Board 300 South University Avenue, Suite D14 Little Rock, Arkansas 72205-5209
Oakland Fraternal Cemetery 2101 Barber Street Little Rock, Arkansas 72206	Mount Holly Cemetery 1 Sunset Drive Little Rock, Arkansas 72206

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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 *Sales Tax Capital Improvements Fund (capital projects fund)*, designated as a major fund, accounts for the capital expenditures that are derived from the 3/8 cent capital sales tax dollars.

The *2013 Capital Improvements Fund (debt service fund)* accounts for the accumulation of resources for the payment of principal and interest on the 2013 limited tax general obligation debt of the City.

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

The *2013 Capital Improvements Fund (capital projects fund)*, designated as a major fund, accounts for the proceeds of the 2013 Limited Tax General Obligation Capital Improvement Bonds issued to finance various capital improvements for the City.

The *Street Fund, designated as a major fund*, accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks.

The City reports the following major enterprise funds:

The *Waste Disposal Revenue Fund*, accounts for the activities of the City's waste disposal operations.

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

Special Revenue Funds – The special revenue funds, which include federal 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 Fund – The non-major enterprise fund is used to account for vehicle storage whose operations are financed primarily or partially through user charges.

Trust Funds – Accounts for assets held in trust for the Police Pension, Firemen's Pension and Relief Fund, Nonuniformed Employees' Defined Contribution Plan, Nonuniformed Employees' Defined Benefit Pension Plan, 2014 Defined Benefit Plan, the 401(a) Money Purchase and Trust Retirement Fund 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.

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

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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 workers' 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.

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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 and Other Employee Benefit 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 and alternative investments. Fair value of collateralized mortgage obligations is estimated using a published pricing service. Alternative investments are measured using the net asset value per share of the investee or the investee's proportionate share of capital accounts.

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, which are valued at cost, and 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 acquisition value at the date of donation.

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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.

In the fund financial statements, governmental fund types recognize debt premiums, 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 pay and vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental funds, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events such as employee resignations and retirements. For governmental activities, the liability for compensated absences is generally liquidated from the general fund.

Unearned Revenue

Unearned revenue consists mainly of business licenses received in advance.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded and new debt. In addition the city has deferred outflows related to pensions, consisting of the amount of contributions made to the pension plans after the measurement date, the difference in investment experience between actual earnings and projected earnings on pension plan investments, the difference in assumption changes and the difference in expected and actual experience. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability in the following year ended December 31, 2018. The remaining amounts will be amortized to pension expense over future periods as shown within *Note 6*.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include unavailable revenues in the governmental funds. The City also has deferred inflows related to pensions. This consists of the difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense as shown within *Note 6*.

Net Position/Fund Balance

Net position of the government-wide financial statements and proprietary funds of the City are classified in four components. Net investment in capital assets consists 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 position 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 position 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 position is remaining assets and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

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

The fund balances for the City's governmental funds are displayed in five components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances may be used only for the specific purposes determined by ordinance of the Board of Directors. Commitments may be changed or lifted only by issuance of an ordinance by the Board of Directors.

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

Assigned – Assigned fund balances are intended to be used by the City for specific purposes as determined by the City Manager or the Board of Directors. The City Manager is allowed to assign funds up to \$49,999. Any assignment of \$50,000 or more must be approved by the Board of Directors through a resolution. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

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

Stabilization Arrangement

The City has a general fund reserve which was established by the City's financial policy. The general fund goal is to set aside \$10 million or ten (10) percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund, absent express action of the Board. The restricted reserve shall be maintained at that level thereafter. The monies in the reserve fund are readily available for appropriation or expenditure, but are used if there is a need to do so because of some extraordinary circumstance not foreseen during the year. Funds can be used, at the Board's discretion, to meet a unique opportunity for the overall well-being of the City unforeseen during the regular budget process, to continue to operate budgeted City services at the level set forth in the annual budget after a catastrophic event or some unforeseen economic downturn that could not be reasonably predicted during the annual budget process, or to meet some legal obligation imposed upon the City as a result of administrative or legal action not reasonably anticipated during the annual budget process. As of December 31, 2017, the Board's established amount of the reserve is \$10,000,000, which is included in unassigned fund balance of the General Fund.

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Street Funds. All annual appropriations lapse at year end. The general fund, general fund special projects fund and the seized money fund are combined into a single, aggregated presentation in the general fund financial statements. Both the general fund special projects fund and the seized money fund do not have appropriated budgets, since other means control the use of these resources (e.g., seized funds) and sometimes span a period of more than one fiscal year. As a result, for the year ended December 31, 2017, expenditures appear to exceed appropriations in the general fund budgetary schedules.

Pension Plan Descriptions

The City participates in seven defined benefit pension plans; which are comprised of three single-employer defined benefit pension plans, three cost-sharing multiple employer defined benefit pension plans and one agent-multiple employer defined benefit pension plan, each of which are described and illustrated in detail in *Note 6*.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Adoption of Accounting Principles

GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans other than Pension Plans

Effective January 1, 2017, the City implemented GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Adoption of GASB 74 had no effect on net position of the financial statements or on net increase (decrease) in net position. It did however, change the requirements for information disclosed in the footnotes to the financial statements and information required to be presented as required supplementary information.

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, 2017:

Statement No.		Adoption Required in Fiscal Year
75	<i>Accounting and Financial Reporting for Postmeployment Benefits Other Than Pensions</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2019
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2020
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019

The impact of these standards on the City’s net position has not been determined.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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.

State statutes require all time and demand deposits to be fully insured or collateralized. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements. At December 31, 2017, none of the City's primary government bank balances were exposed to custodial credit risk. Of the City's component units combined bank balances, \$461,000 were uninsured and uncollateralized.

Investments

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

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 deposit.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any state, municipality or political subdivision; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension and other employee benefit trust funds are authorized to also invest in common stocks, investment grade corporate bonds and other appropriate securities.

At December 31, 2017, the City had the following investments and maturities:

Type	Fair Value	Primary Government			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 80,261,148	\$ 13,798,962	\$ 66,462,186	\$ -	\$ -
Corporate bonds	15,420,265	15,420,265	-	-	-
Municipal bond	4,041,616	4,070,603	-	-	-
Alternative investments	8,860,846	8,860,846	-	-	-
Bond mutual funds	26,657,018	26,657,018	-	-	-
Money market mutual funds	39,754,805	39,754,805	-	-	-
	174,995,698	<u>\$ 108,562,499</u>	<u>\$ 66,462,186</u>	<u>\$ -</u>	<u>\$ -</u>
Stock mutual funds	38,942,808				
Corporate stocks	52,451,333				
	<u>\$ 266,389,839</u>				

Type	Fair Value	Component Units			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 20,148,576	\$ 20,025,556	\$ 66,820	\$ 56,200	\$ -
U.S. agencies obligations	8,399,927	136,975	8,262,952	-	-
Corporate bonds	3,011,458	1,229,369	445,956	338,314	997,819
Money market mutual funds	2,061,685	2,061,685	-	-	-
Municipal bonds	1,413,417	1,115,541	-	276,786	21,090
Certificate of deposit	9,517,215	4,375,183	4,975,271	166,761	-
	44,552,278	<u>\$ 28,944,309</u>	<u>\$ 13,750,999</u>	<u>\$ 838,061</u>	<u>\$ 1,018,909</u>
Alternative Investments	350,801				
Stock mutual funds	11,775,391				
Corporate stocks	13,930,641				
	<u>\$ 70,609,111</u>				

In accordance with GASB Statement No. 72, "Fair Value Measurement and Application," the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Interest Rate Risk – The City’s policy does not limit the maturity of any single debt security. The City employs a maturity-spacing strategy regarding its investment portfolio. This includes a balanced or laddered maturity strategy with equal spacing of maturities held. The rationale for an equal maturity strategy is to provide the portfolio with some reinvestment risk protection, spreading reinvestment out over the full interest rate cycle. That is, there will be a relatively continuous cash flow over time from maturity laddering and these funds can be reinvested at the then current rates. The effects of overall interest rate change will tend to be averaged, and the extremes of return and risk will be truncated.

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies. At December 31, 2017, 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	AA+/Aaa
U.S. Treasuries	S&P/Moody’s	Aaa/AA+
Municipal Bonds	S&P/Moody’s	A3 to Aa2/A3 to Aa2
Corporate Bonds	S&P/Moody’s	Baa3 to AA+/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. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City’s name, and are held by either the counterparty to the investment purchase or are held by the counterparty’s trust department or agent but not held in the City’s name. None of the City’s investments owned at December 31, 2017, were subject to custodial credit risk.

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.

Pension trust funds had the following investments that exceeded five percent of net position:

Firemen’s Pension and Relief Fund –JP Morgan Mid Cap Value Fund Class A, Federated Strategic Value Dividend Fd A, iShares Russell 1000 Growth ETF, iShares Russell 1000 Value ETF, iShares Russell Mid-Cap Value ETF, JPMorgan Mid Cap Value Fund CL A

Police Pension – Capital Point Partners, L.P.

Nonuniformed Employees’ Defined Contribution Plan – CDARS bearing 1.3% interest with a maturity date of 1/28/2018, iShares Russell 1000 Value Index, iShares Russell Mid-Cap Growth Index, T Rowe Price International Discovery, Federated Strategic Value Dividend Fd A, RREEF America REIT II, Columbia Acorn International A

401(a) Money Purchase and Trust Retirement Fund –Vantagepoint MP Long Term Growth

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Nonuniformed Employees' Defined Benefit Pension Plan – T Rowe Price International Discovery Fund, RREEF America REIT II, Federated Strategic Value A, iShares Russell 1000 Value Index, iShares Russell 1000 Growth Index

2014 Nonuniformed Employees' Defined Benefit Pension Plan – Goldman Schs Fin Sq Treasury Solutions #520, iShares Russell 1000 Growth Index, T Rowe Price International Discovery Fund

Health Management Trust Fund – iShares Russell 1000 Value ETF, Blackrock Total Return Fund CL A, Federated Treasury Oblig, Pimco Total Return Fund

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at December 31, 2017:

Primary Government

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017				
Alternative Investments	\$ 8,860,846	\$ -	\$ 8,860,846	\$ -
U.S. agencies obligations	80,261,148	358,112	79,903,036	-
Corporate bonds	15,420,265	15,420,265	-	-
Bond Mutual Funds	26,657,018	26,657,018	-	-
Mutual Funds	38,942,808	38,942,808	-	-
Money Market Mutual Funds	39,754,805	6,346,480	33,408,325	-
Corporate stocks	52,451,333	52,451,333	-	-
Municipal Bonds	4,041,616	-	4,041,616	-
Total investments by fair value level	<u>\$266,389,839</u>	<u>\$ 140,176,016</u>	<u>\$ 126,213,823</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)

None

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Component Units

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017				
Alternative Investments	\$ 350,801	\$ 27,051	\$ -	\$ 323,750
U.S. Treasury obligations	20,148,576	19,896,063	252,513	-
U.S. agencies obligations	8,399,927	-	8,399,927	-
Corporate bonds	3,011,458	-	3,011,458	-
Bond Mutual Funds	1,413,417	1,413,417	-	-
Mutual Funds	11,775,391	11,775,391	-	-
Money Market Mutual Funds	2,061,685	2,061,685	-	-
Corporate stocks	13,930,641	13,930,641	-	-
Negotiable Certificates of Deposit	9,517,215	-	9,517,215	-
Total investments by fair value level	\$ 70,609,111	\$ 49,104,248	\$ 21,181,113	\$ 323,750

Investments measured at the net asset value (NAV)

None

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 includes several real estate funds that invest primarily in U.S. commercial real estate. These investments can never be redeemed with the funds. Distributions from each fund will be made as the underlying investments of the fund are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next 7 to 10 years.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Summary of Carrying Values

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

	Primary Government	Component Units
Carrying value		
Deposits	\$ 15,018,272	\$ 106,195,922
Investments	266,389,839	70,609,111
	\$ 281,408,111	\$ 176,805,033
Included in the following statements of net position captions		
Current Assets		
Cash and cash equivalents	\$ 19,700,442	\$ 87,700,330
Short-term investments	55,861,621	30,063,326
Noncurrent Assets		
Restricted cash and investments	54,462,345	59,041,377
Cash and investments – fiduciary funds	151,383,703	-
	\$ 281,408,111	\$ 176,805,033

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017, is presented below:

Governmental Activities	Balance December 31, 2016	Increases	Decreases	Transfers	Balance December 31, 2017
Capital Assets, nondepreciable					
Land and right-of-way	\$ 183,601,268	\$ 3,200,090	\$ -	\$ -	\$ 186,801,358
Construction in progress	18,371,110	26,174,760		(24,472,513)	20,073,357
Total capital assets, nondepreciable	201,972,378	29,374,850	-	(24,472,513)	206,874,715
Capital Assets, depreciable					
Land improvements	20,624,745	862,347	215,056	-	21,272,036
Infrastructure	771,609,151	-	-	22,367,859	793,977,010
Buildings	121,078,644	-	85,534	1,167,117	122,160,227
Vehicles	52,425,929	3,869,799	948,334	-	55,347,394
Equipment	59,073,461	351,785	374,299	937,537	59,988,484
Total capital assets, depreciable	1,024,811,930	5,083,931	1,623,223	24,472,513	1,052,745,151
Less accumulated depreciation					
Land improvements	8,548,718	1,334,715	92,601	-	9,790,832
Infrastructure	476,998,141	16,327,138	-	-	493,325,279
Buildings	38,231,675	2,973,015	44,101	-	41,160,589
Vehicles	38,998,618	4,449,008	1,084,211	-	42,363,415
Equipment	42,261,077	5,107,846	359,320	-	47,009,603
Total accumulated depreciation	605,038,229	30,191,722	1,580,233	-	633,649,718
Total capital assets, depreciable, net	419,773,701	(25,107,791)	42,990	24,472,513	419,095,433
Total governmental activities, net	\$ 621,746,079	\$ 4,267,059	\$ 42,990	\$ -	\$ 625,970,148

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Business-Type Activities	Balance December 31, 2016	Increases	Decreases	Transfers	Balance December 31, 2017
Capital Assets, nondepreciable					
Land	\$ 2,637,147	\$ -	\$ -	\$ -	\$ 2,637,147
Construction in progress	-	-	-	-	-
Total capital assets, nondepreciable	<u>2,637,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,637,147</u>
Capital Assets, depreciable					
Landfills, Cells 1, 2,3,4 and 5 and land improvements	17,650,319	14,768	-	-	17,665,087
Buildings	21,540,334	-	-	-	21,540,334
Vehicles	15,676,991	2,954,743	1,275,769	-	17,355,965
Equipment	3,514,597	147	-	-	3,514,744
Total capital assets, depreciable	<u>58,382,241</u>	<u>2,969,658</u>	<u>1,275,769</u>	<u>-</u>	<u>60,076,130</u>
Less accumulated depreciation					
Landfills, Cells 1, 2 and 4 and land improvements	15,323,299	800,367	-	-	16,123,666
Buildings	6,444,541	339,178	-	-	6,783,719
Vehicles	12,394,120	1,313,418	1,229,064	-	12,478,474
Equipment	2,730,292	206,902	-	-	2,937,194
Total accumulated depreciation	<u>36,892,252</u>	<u>2,659,865</u>	<u>1,229,064</u>	<u>-</u>	<u>38,323,053</u>
Total capital assets, depreciable, net	<u>21,489,989</u>	<u>309,793</u>	<u>46,705</u>	<u>-</u>	<u>21,753,077</u>
Total business-type activities, net	<u>\$ 24,127,136</u>	<u>\$ 309,793</u>	<u>\$ 46,705</u>	<u>\$ -</u>	<u>\$ 24,390,224</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Component Units	Balance December 31, 2016	Increases	Decreases	Transfers	Balance December 31, 2017
Capital Assets, nondepreciable					
Land	\$ 90,615,438	\$ 3,758,650	\$ 21,579	\$ 261,136	\$ 94,613,645
Construction in progress	164,129,319	60,177,143	104,428,602	(36,367,697)	83,510,163
Total capital assets, nondepreciable	<u>254,744,757</u>	<u>63,935,793</u>	<u>104,450,181</u>	<u>(36,106,561)</u>	<u>178,123,808</u>
Capital Assets, depreciable					
Buildings, improvements and facilities	1,153,554,964	26,771,148	(67,447,855)	31,875,902	1,279,649,869
Vehicles	52,770,135	5,953,944	882,280	-	57,841,799
Equipment	146,522,543	6,257,151	1,789,918	4,230,659	155,220,435
Books and audio visual material	24,517,251	1,645,340	-	-	26,162,591
Total capital assets, depreciable	<u>1,377,364,893</u>	<u>40,627,583</u>	<u>(64,775,657)</u>	<u>36,106,561</u>	<u>1,518,874,694</u>
Less accumulated depreciation	<u>549,923,025</u>	<u>54,977,266</u>	<u>11,333,621</u>	<u>-</u>	<u>593,566,670</u>
Total capital assets, depreciable, net	<u>827,441,868</u>	<u>(14,349,683)</u>	<u>(76,109,278)</u>	<u>36,106,561</u>	<u>925,308,024</u>
Total component units, net	<u>\$ 1,082,186,625</u>	<u>\$ 49,586,110</u>	<u>\$ 28,340,903</u>	<u>\$ -</u>	<u>\$ 1,103,431,832</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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

Governmental Activities

General government	
City manager	\$ 279,709
District court – first division (criminal)	16,305
District court – second division (traffic)	756
Finance	1,823
Human resources	276
Information technology	757,217
Planning and development	47,918
Fleet services	<u>359,247</u>
Total general government	1,463,251
Public works	17,255,291
Parks and recreation services	2,749,747
River Market	96,569
Golf	43,704
Jim Dailey Fitness	108,265
Zoo	791,596
Fire	2,763,062
Police	4,513,306
Housing and neighborhood programs	<u>406,931</u>
Total depreciation expense – governmental activities	<u>30,191,722</u>
Business-Type Activities	
Waste disposal	2,364,446
Second and Main parking	269,095
Vehicle storage	<u>26,324</u>
Total depreciation expense – business-type activities	<u>2,659,865</u>
Total depreciation expense – primary government	<u>\$ 32,851,587</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2017, were as follows:

Governmental Activities	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 21,890,000	\$ 17,875,000	\$ 21,890,000	\$ 17,875,000	\$ 930,000
Less issuance discounts	247,485	-	247,485	-	-
Add issuance premiums	300	1,620,588	300	1,620,588	-
	<u>21,642,815</u>	<u>19,495,588</u>	<u>21,642,815</u>	<u>19,495,588</u>	<u>930,000</u>
General obligation bonds	91,110,000	15,925,000	35,060,000	71,975,000	3,165,000
Less issuance discounts	881,710	-	881,710	-	-
Add issuance premiums	3,248,525	787,177	1,877,245	2,158,457	-
	<u>93,476,815</u>	<u>16,712,177</u>	<u>36,055,535</u>	<u>74,133,457</u>	<u>3,165,000</u>
Bonds payable, net	115,119,630	36,207,765	57,698,350	93,629,045	4,095,000
Notes payable	27,321,300	5,250,000	10,040,749	22,530,551	7,337,683
Compensated absences	28,489,759	11,568,393	11,772,932	28,285,220	9,723,948
Net pension liability	221,361,231	10,820,597	12,195,448	219,986,380	-
Other	1,300,492	1,183,573	696,963	1,787,102	987,122
Total governmental activities long-term liabilities	<u>\$ 393,592,412</u>	<u>\$ 65,030,328</u>	<u>\$ 92,404,442</u>	<u>\$ 366,218,298</u>	<u>\$ 22,143,753</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 9,450,000	\$ -	\$ 730,000	\$ 8,720,000	\$ 770,000
Less issuance discounts	44,476	-	16,224	28,252	-
Bonds payable, net	9,405,524	-	713,776	8,691,748	770,000
Compensated absences	543,446	384,810	397,477	530,779	405,246
Net pension liability	779,045	-	393,134	385,911	-
Postclosure landfill costs	4,897,782	271,755	-	5,169,537	-
Total business-type activities long-term liabilities	<u>\$ 15,625,797</u>	<u>\$ 656,565</u>	<u>\$ 1,504,387</u>	<u>\$ 14,777,975</u>	<u>\$ 1,175,246</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Component Units	Balance, December 31, 2016	Increases	Decreases	Balance December 31, 2017	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 63,935,000	\$ -	\$ 1,160,000	\$ 62,775,000	\$ 1,195,000
Add issuance premiums	3,143,713	-	123,469	3,020,244	-
Notes payable	2,850,000	-	548,857	2,301,143	559,231
Compensated absences	365,787	36,212	10,413	391,586	391,586
Net pension liability	641,165	-	369,266	271,899	-
	<u>70,935,665</u>	<u>36,212</u>	<u>2,212,005</u>	<u>68,759,872</u>	<u>2,145,817</u>
Central Arkansas Library					
Notes payable	510,001	-	99,999	410,002	100,000
Bonds payable	2,005,000	-	-	2,005,000	-
Accrued retirement leave	388,310	46,877	10,246	424,941	-
Compensated absences	1,124,778	727,958	646,616	1,206,120	693,379
	<u>4,028,089</u>	<u>774,835</u>	<u>756,861</u>	<u>4,046,063</u>	<u>793,379</u>
Little Rock Port Authority					
Revenue bonds	-	4,950,000	-	4,950,000	180,000
Add issuance premiums	-	45,274	-	45,274	-
Compensated absences	246,820	133,097	69,604	310,313	117,681
Postretirement health insurance	87,187	-	2,675	84,512	-
	<u>334,007</u>	<u>5,128,371</u>	<u>72,279</u>	<u>5,390,099</u>	<u>297,681</u>
Ambulance Authority					
Bonds payable	5,940,049	-	337,216	5,602,833	376,652
Little Rock Workforce Investment Board					
Compensated absences	19,121	18,687	23,855	13,953	13,953
Arkansas Arts Center					
Capital lease payable	123,177	-	35,243	87,934	38,988
Various notes payable	6,512	-	6,512	-	-
	<u>129,689</u>	<u>-</u>	<u>41,755</u>	<u>87,934</u>	<u>38,988</u>
Wastewater Utility					
Revenue bonds	271,814,338	33,710,784	11,285,474	294,239,648	11,761,167
Add issuance premiums	10,958,956	162,020	950,691	10,170,285	-
Compensated absences	1,010,527	46,748	97,931	959,344	893,029
Net pension liability	16,341,079	2,149,017	-	18,490,096	-
	<u>300,124,900</u>	<u>36,068,569</u>	<u>12,334,096</u>	<u>323,859,373</u>	<u>12,654,196</u>
Total component units long-term liabilities	<u>\$ 381,511,520</u>	<u>\$ 42,026,674</u>	<u>\$ 15,778,067</u>	<u>\$ 407,760,127</u>	<u>\$ 16,320,666</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

Bonds and notes payable at December 31, 2017, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	2.0%–4.75%	2038	\$ 121,860,000	\$ 71,975,000
Revenue bonds	2.0%–5.5%	2039	17,875,000	17,875,000
Notes payable – short-term financing	1.38%–1.89%	2020	36,754,000	22,530,551

Enterprise funds

Governmental Activities

2009 Parks and Recreation Capital Improvement Construction Revenue Bonds – Series A – 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. These bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

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 monies pledged to the payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1. These bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

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. These bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

2012 Library Construction and Refunding Bonds – Bonds in the amount of \$31,015,000 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, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments 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. These bonds were refunded in 2017 with the issuance of the 2017 Library Refunding Bonds.

2015 Library Construction and Refunding Bonds – Bonds in the amount of \$36,620,000 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, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, and the City of Little Rock Residential Housing and Public Facilities Board Capital Improvement Revenue Bonds, Series 2007 (debt of Central Arkansas Library) and to pay interest due on the bonds until collections of the library tax become available for such payments 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. The City issued the 2015 series to refund the Library Construction Bonds, Series 2008 and Series 2009, obtain additional funding for capital projects and extend repayment period of existing debt. Reduction of debt service payments and economic gain related to this refunding was minimal.

2017 Library Refunding Bonds – Bonds in the amount of \$15,925,000 were issued to refund the City's outstanding Library Construction and Improvement Bonds, Series 2012, and to pay the costs of issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$291,294. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City refunded bonds to reduce its total debt service payments over 12 years by \$2,225,317 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$1,636,845. The bonds are limited tax obligations payable solely from a 0.9 mill annual ad valorem tax. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1.

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. These bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

2013 Limited Tax General Obligation Capital Improvement Bonds – Bonds in the amount of \$58,105,000 were issued to finance street and drainage capital improvements for the City. The Series 2013 Bonds are limited tax general obligations of the City, secured by all proceeds derived from the 3 mills annual ad valorem tax levied by the City on all taxable and real and personal

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

property located within the jurisdictional limits of the City. Principal payments are due annually on October 1 with final payment scheduled in 2033. Interest payments are due semiannually on April 1 and October 1.

Tax Incremental Financing 2014 Capital Improvement Bonds – The 2014 Tax Incremental Financing 2014 Capital Improvement Bonds for \$2,615,000 were issued in April 2014. The bonds are special obligations of the City secured by and payable solely by a pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City’s Redevelopment District No. 1. The bond proceeds were used to finance the cost of acquisition, construction and equipping of a major street system within Development District No. 1. The principal payment is due fully at maturity in 2036. Interest payments are due semiannually on March 1 and September 1.

Capital Improvements Refunding Revenue Bonds, Series 2017 – The Capital Improvements Refunding Revenue Bonds, Series 2017 in the amount of \$17,875,000 were issued to advance refund the 2009 Parks and Recreation Capital Improvement Construction Revenue Bonds – Series A and Series B, to current refund the 2007 Capital Improvement Revenue Refunding Bonds and the 2002 Capital Improvement Junior Lien Revenue Bonds, to pay a premium for a municipal bond debt service reserve insurance policy and to pay expenses of issuing the Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$1,262,388. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The City refunded the bonds to reduce its total debt service payments over 6 years by \$8,612,773 and to obtain an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$4,178,697.

The Series 2017 bonds are not general obligations of the City but are special obligations secured solely by a pledge of revenues received by the City from all franchise fees charged to public utilities for the privilege of utilizing the City’s streets and right-of-way. Principal payments are due annually on April 1. Interest payments are due semiannually on April 1 and October 1.

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, 2017, the outstanding short-term financing agreements were as follows:

2017 Short-term Financing Note – The \$5,250,000 promissory note was issued to finance the cost of acquiring sixty police vehicles, Lawson ERP financial system application add-ons, a Socrata performance measurement dashboard and to complete phase I of the CAD system upgrade. Principal and interest are payable from general revenues. Due annually, payable \$1,012,704, on August 8, including interest at 1.81%.

2016 Short-term Financing Note (1) – The \$4,525,000 promissory note was issued to finance the cost of acquiring self-contained breathing apparatus for the Little Rock Fire Department, the acquisition and installation of a fire suppression system for the City’s main information data center, the acquisition of vehicles and equipment, the acquisition and installation of information technology equipment, and the acquisition and installation of

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

new planning and permitting software and field devices with interest payable from general revenues. Due annually, payable \$947,107.08, on June 10, including interest at 1.541%.

2016 Short-term Financing Note (2) – The \$2,850,000 promissory note was issued to finance the acquisition of a facility located at 101 South Spring Street in the City with principal and interest payable from general revenues. Due annually, payable \$602,722.36, on October 25, including interest at 1.89%.

2016 Short-term Financing Note (3) – The \$4,603,000 promissory note was issued to finance all or a portion of the costs of the construction of, and the acquisition and installation of equipment for, the Southwest Fire Station and the acquisition of vehicles and equipment for the Little Rock Fire Department with principal and interest payable from general revenues. Due annually, payable \$972,316.54, on December 22, including interest at 1.85%.

2015 Short-term Financing Note – The \$5,910,000 promissory note was issued to finance the cost of acquiring, constructing and equipping West Central Community Center and acquiring police vehicles and equipment with principal and interest payable from general revenues. Due annually, payable \$1,246,888, on June 24, including interest at 1.81%.

2014 Short-term Financing Note – The \$5,916,000 promissory note was issued to finance the cost of acquiring, constructing and equipping the final phase of the 12th Street Station, acquiring fire vehicles and equipment and acquiring and installing information technology equipment and software with principal and interest payable from general revenues. Due annually, payable \$1,235,564, on June 27, including interest at 1.46%.

2013 Short-term Financing Note – The \$7,700,000 promissory note was issued to finance the cost of acquiring land, software and equipment and constructing buildings for the City's Police, Fire and Information Technology Departments with principal and interest payable from general revenues. Due annually, payable \$1,615,174, on July 30, including interest at 1.61%.

2012 Short-term Financing Note – The \$18,580,000 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$3,871,160, on March 28, including interest at 1.38%. Balance was paid in full in 2017.

Other Liabilities

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

Business-Type Activities

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

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

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

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

Discretely Presented Component Units

Little Rock Water Reclamation Authority Revenue Bonds

The following bonds are special obligations of the City secured by and payable solely from the net revenues of the LRWRA. The bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the bonds, except with respect to the net revenues of LRWRA. In July 2007, the City issued \$18,000,000 of sewer revenue bonds, Series 2007B, for the purpose of financing costs for the construction of extensions, betterments, and improvements to the sewer system collection system. 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 July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue Bonds, to establish a debt service reserve for the Series 2011 Bonds, and to pay the cost of issuing the 2011 Sewer Bonds. In August 2012, the City issued \$28,390,000 of sewer revenue bonds, Series 2012, for the purpose of financing wastewater system capital improvements, to establish a debt service reserve for the Series 2012 Bonds, and to pay the cost of issuing the 2012 Sewer Bonds. In May 2013, the City issued \$36,000,000 of sewer revenue bonds, Series 2013, for the purpose of financing the improvements to the Collection System Rehabilitation-Phase Seven and to pay the cost of issuing the bonds. In October 2014, the City issued \$11,980,000 to refund the 1999 Sewer Revenue Bond and advance fund the 2005 Sewer Revenue Bond. In March 2015, the City issued \$160,070,000 of sewer revenue bonds, Series 2015, to refund the 1996, 2004A, 2004B, 2004C, and advance fund the 2007A and 2007C Sewer

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2017

Revenue Bond. In August 2016, the City issued \$61,000,000 of sewer revenue bonds, Series 2016A, for the purpose of financing costs for the construction of extensions, betterments, and improvements to the sewer system collection system, Adams Field WTF Parallel Treatment Installation & Disinfection, Fourche Creek WTF Phase III Rehabilitation and Scott Hamilton Peak Flow Equalization Facilities. In November 2016, the City issued \$18,585,000 of sewer revenue bonds, Series 2016B for the purpose of advance refunding the Issuer's Sewer Revenue Bonds Series 2008 and the Issuer's Sewer Revenue Bonds, Series 2009B, paying a premium for a debt service reserve insurance policy, and paying the costs of issuing the Bonds. In October 2017, the City issued \$10,835,000 of sewer revenue bonds, Series 2017 for the purpose of financing the Fourche Creek WRF Phase III Rehabilitation improvements to the facility and to pay the cost of issuing the 2017 sewer bond.

Advertising and Promotion Commission Bonds

Hotel and Restaurant Gross Receipts Tax Bonds – Series 2014 – The Series 2014 Hotel and restaurant Gross Receipts Tax Bonds were issued for the purpose of financing the renovation of the Robinson Center. Bond principal payments are due each July 1 with final payment due in 2044. These bonds are collateralized by proceeds of the 2% hotel, motel, and restaurant gross receipts tax levy.

Central Arkansas Library System

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

Little Rock Port Authority

In December 2017, the City issued the Port Authority Revenue Bonds Taxable Series 2017 in the amount of \$4,950,000. The purpose of these bonds were to finance the costs of the acquisition, construction and equipping of improvements to the river port.

Little Rock Ambulance Authority

In May 2015, the Authority issued the City of Little Rock, Arkansas, Emergency Medical Health Care Facilities Capital Improvement Revenue Bond in the amount of \$6,000,000. The purpose of these bonds were to finance the costs of constructing a new headquarters building. The bond is a special obligation bond payable solely from the revenues of the Authority.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

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, 2017. 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
2018	\$ 4,095,000	\$ 2,923,823	\$ 770,000	\$ 456,693	\$ 13,512,819	\$ 12,606,094
2019	5,595,000	2,950,975	810,000	417,341	13,898,941	12,274,632
2020	5,940,000	2,700,250	850,000	373,010	14,600,889	12,129,059
2021	6,215,000	2,428,125	895,000	326,504	15,366,037	11,916,238
2022	6,495,000	2,143,125	945,000	277,416	24,393,392	21,676,332
2023-2027	30,320,000	7,298,313	3,630,000	814,018	73,721,903	47,584,680
2028-2032	15,440,000	3,962,900	820,000	43,460	87,482,396	33,086,357
2033-2037	14,395,000	1,383,600	-	-	95,855,770	15,339,698
2038-2042	1,355,000	13,550	-	-	24,140,081	3,233,118
2043-2047	-	-	-	-	5,195,414	659,656
2048-2050	-	-	-	-	1,404,839	57,833
	<u>\$ 89,850,000</u>	<u>\$ 25,804,661</u>	<u>\$ 8,720,000</u>	<u>\$ 2,708,442</u>	<u>\$ 369,572,481</u>	<u>\$ 170,563,698</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2018	\$ 7,337,683	\$ 389,678	\$ 659,231	\$ 63,412
2019	5,846,493	265,834	679,800	47,922
2020	4,710,718	166,045	690,570	31,873
2021	3,547,624	82,250	681,544	15,500
2022	1,088,033	19,693	-	-
	<u>\$ 22,530,551</u>	<u>\$ 923,500</u>	<u>\$ 2,711,145</u>	<u>\$ 158,707</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2017

The following is a summary of pledged revenues of the City and its Component Units for the year ended December 31, 2017:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
2017 Revenue Refunding Bonds	Franchise Fees	20,555,565	NA	NA	24,067,112	Until 2033
2015 Library Construction and Refunding Bonds	Property tax	3,660,609	2,236,913	61.1%	45,815,456	Until 2038
2017 Library Refunding Bonds	Property tax	3,660,609	NA	NA	18,139,380	Until 2027
2013 Limited Tax General Obligation Capital Improvement Bonds	Property tax	12,194,425	3,010,938	24.7%	22,115,063	Until 2028
2014 TIF #1 Capital Improvement Bond	Property tax	288,079	156,900	54.5%	5,517,650	Until 2036
2007 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	3,323,009	335,645	10.1%	1,673,356	Until 2022
2003 Capital improvement and Refunding Revenue Bonds	Specific parking revenues and other revenues in the Rivermarket Garage Fund	2,805,490	888,300	31.7%	9,755,085	Until 2028

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
Component Units:						
Little Rock Port Authority	Net revenues of the Authority	2,469,994	NA	NA	7,502,540	Until 2037
Hotel and Restaurant Gross Receipts Tax Bonds Series 2014	2% hotel, motel, and restaurant gross receipts tax levy	12,919,543	3,995,531	30.9%	107,933,385	Until 2044
2007B Sewer Bonds	Net revenues of the sewer system	28,384,800	1,176,096	4.1%	14,113,132	Until 2029
2009A Sewer Bonds	Net revenues of the sewer system	28,384,800	487,290	1.7%	7,065,695	Until 2032
2011 Sewer Bonds	Net revenues of the sewer system	28,384,800	2,070,949	7.3%	11,847,064	Until 2022
2012 Sewer Bonds	Net revenues of the sewer system	28,384,800	1,584,274	5.6%	39,618,689	Until 2042
2013 Sewer Bonds	Net revenues of the sewer system	28,384,800	1,935,462	6.8%	42,659,038	Until 2036
2014 Sewer Bonds	Net revenues of the sewer system	28,384,800	1,503,025	5.3%	9,226,775	Until 2025
2015 Sewer Bonds	Net revenues of the sewer system	28,384,800	10,424,892	36.7%	220,820,141	Until 2037
2016A Sewer Bonds	Net revenues of the sewer system	28,384,800	NA	NA	27,427,875	Until 2039
2016B Sewer Bonds	Net revenues of the sewer system	28,384,800	1,250,636	4.4%	25,509,270	Until 2038
2017 Sewer Bonds	Net revenues of the sewer system	28,384,800	NA	NA	17,519,660	Until 2047

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2017, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 42,410	\$ 11,681
CDBG fund	-	30,729
<hr/>		
Governmental Funds to/from Fiduciary Funds		
General fund	-	298,279
<hr/>		
Total governmental funds	42,410	340,689
<hr/>		
Proprietary Funds		
Internal service fund	727,593	-
Vehicle storage fund	-	727,593
<hr/>		
Total proprietary funds	727,593	727,593
<hr/>		
Fiduciary Funds		
Firemen's pension	4,335,756	-
<hr/>		
Total fiduciary funds	4,335,756	-
<hr/>		
Government-Wide Governmental Activities		
	-	4,037,477
<hr/>		
Total	<u>\$ 5,105,759</u>	<u>\$ 5,105,759</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

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 Pension Plan. 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, \$4,037,477 of the amounts receivable by the pension fund from the General fund has been included in the governmental activities statement of net position as due to fiduciary funds.

Interfund transfers in and transfers for the year ended December 31, 2017, are as follows:

Interfund Transfers In	Interfund Transfers Out							Totals
	Governmental Funds				Proprietary Funds			
	General	Street	Sales Tax Capital Improvements	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	River Market Garage	
Governmental Funds								
General	\$ -	\$ 743,717	\$ 8,311,323	\$ 727,584	\$ 500,000	\$ 1,247,880	\$ -	\$ 11,530,504
Street	894,000	-	-	-	-	273,700	359,026	1,526,726
Other Nonmajor Governmental Funds	4,821	-	25,000	257,375	-	-	-	287,196
	<u>\$ 898,821</u>	<u>\$ 743,717</u>	<u>\$ 8,336,323</u>	<u>\$ 984,959</u>	<u>\$ 500,000</u>	<u>\$ 1,521,580</u>	<u>\$ 359,026</u>	<u>\$ 13,344,426</u>

Transfers are used to fund special projects and meet debt service requirements.

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, one agent-multiple employer defined pension plan and two defined contribution pension plans. The Firemen’s Pension and Relief Fund, The Police Pension, the Nonuniformed Employees’ Defined Benefit Pension Plan, the 2014 Defined Benefit Plan, the Nonuniformed Employees’ Defined Contribution Plan and 401(a) Money Purchase and Trust Retirement Fund are reported as pension funds by the City. Separate stand-alone financial reports are not issued except for the 2014 Defined Benefit Plan. The City also contributes to three cost-sharing multiple employer defined benefit pension plans. 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

A summary of the net pension liability, deferred outflows, deferred inflows and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

Governmental Activities	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Firemen's Pension and Relief Fund	\$ 57,805,566	\$ 904,887	\$ -	\$ 3,581,720
Police Pension	48,281,736	9,918,767	-	4,704,604
Nonuniformed Plan – Government Wide	1,840,788	-	6,174	181,492
Nonuniformed Plan – Fleet	129,938	-	436	12,811
2014 Defined Benefit Plan – Government Wide	1,803,915	1,139,731	1,581,584	2,660,442
2014 Defined Benefit Plan – Fleet	127,335	76,965	108,985	187,796
Police – LOPFI	55,931,186	20,889,979	778,535	11,063,953
Fire – LOPFI	53,305,095	20,366,264	180,432	10,894,356
APERS	760,820	190,094	246,669	63,507
	<u>\$ 219,986,380</u>	<u>\$ 53,486,687</u>	<u>\$ 2,902,815</u>	<u>\$ 33,350,681</u>
Business-Type Activities *	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniformed Plan – Waste Disposal	\$ 173,251	\$ -	\$ 582	\$ 17,082
Nonuniformed Plan – Vehicle Storage	21,657	-	72	2,135
2014 Defined Benefit Plan – Waste Disposal	169,780	102,621	145,315	250,395
2014 Defined Benefit Plan – Vehicle Storage	21,223	12,826	18,164	31,299
	<u>385,911</u>	<u>115,447</u>	<u>164,133</u>	<u>300,911</u>
2014 Defined Benefit Plan Discretely Presented Component Units	<u>\$ 283,929</u>	<u>\$ 191,892</u>	<u>\$ 277,456</u>	<u>\$ 418,744</u>

* Same amounts for proprietary funds' financial statements

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

B. Membership Information

Membership of each plan consisted of the following at December 31, 2017:

	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan	2014 Defined Benefit Plan	Police Pension
Retirees and beneficiaries receiving benefits	286	70	-	-	45	293
Termed vested benefit	-	-	290	-	68	-
Active plan members	-	7	26	20	1,095	-
Members on Deferred Retirement Option Plan (DROP)	1	-	-	-	-	3
Total	287	77	316	20	1,208	296

C. Firemen's Pension and Relief Fund (Firemen's Fund)

1. Plan Description and Funding Information

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 2017. The participants contributed 6% of their salaries in 2017. 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 2017 contributions to the Firemen's Fund were \$5,971,593. The City's share of contributions was \$5,683,879 and included \$4,327,585 in property taxes and \$1,132,614 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

received from the state) are recognized as revenues and expenditures in the appropriate fund. The liability for the Firemen’s Fund has typically been liquidated from the general fund.

2. Actuarial Methods and Assumptions

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.

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.

For the December 31, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), projected salary increases of 4.2% - 8.0%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2017, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the 1983 Group Annuity Table for males, set back five years for females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period 2007 through 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

Firemen’s Pension and Relief Fund	Long-term Expected Real Rate of Return (Arithmetic)	
Asset Class	Target Allocation	
Domestic fixed income	80%	2.25%
Domestic equity	10%	4.75%
Foreign equity	0%	6.25%
Cash	10%	0.25%
	100%	

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

3. Discount Rate

The discount rate used to measure the total pension liability was 5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2017 was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Firemen's Fund as determined by the City at December 31, 2017:

Changes in Net Pension Liability – Firemen's Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 122,148,055	\$ 58,390,784	\$ 63,757,271
Charges for the year:			
Interest on total pension liability	5,807,041	-	5,807,041
Difference between expected and actual return	(97,808)	-	(97,808)
Benefit Payments, including refunds of employee contribution	(12,014,477)	(12,014,477)	-
Administrative expense	-	(39,957)	39,957
Contributions – member	-	3,388	(3,388)
Contributions – employer	-	5,683,879	(5,683,879)
Net investment income	-	5,512,667	(5,512,667)
Other	-	500,961	(500,961)
Net Changes	<u>(6,305,244)</u>	<u>(353,539)</u>	<u>(5,951,705)</u>
Balances as of end of year	<u>\$ 115,842,811</u>	<u>\$ 58,037,245</u>	<u>\$ 57,805,566</u>

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease 4.0%	Current Discount Rate 5.0%	1% Increase 6.0%
Firemen's Pension and Relief Fund	Net pension liability	\$ 67,675,759	\$ 57,805,566	\$ 49,173,513

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2017, the City recognized an increase in pension expense, as measured in accordance with GASB Statement No. 68, of \$3,581,720, and reported deferred outflows of resources related to pensions from the following sources for the Firemen’s Fund, as determined by the City at December 31, 2017:

Firemen’s Pension and Relief Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 904,887	\$ -
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 904,887</u>	<u>\$ -</u>

There were no contributions subsequent to the measurement date. Deferred outflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Deferred Outflow of Resources
2018	\$ 898,238
2019	898,238
2020	(301,326)
2021	<u>(590,263)</u>
Total	<u>\$ 904,887</u>

D. Police Pension

1. Plan Description and Funding Information

The **Police Pension** is an agent multiple-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. The majority of the Plan assets are held by and managed by the Arkansas Local Police and Fire Retirement System and are excluded from the City’s financial statements. The rest are held in a fiduciary fund on the City’s books.

The Police Pension 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 Police Pension 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 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 Police Pension is effectively closed to new members.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2017

Contributions to the Police Pension are set forth in Arkansas statute. The City's contribution to the Police Pension 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. The City's contributions to the Plan for 2017 were \$7,453,899.

2. Actuarial Methods and Assumptions

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.

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.

For the December 31, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included an 7.75% investment rate of return (net of administrative expenses), projected salary increases of 4%, which includes an inflation rate of 3% and no costs of living increases. The remaining amortization period at December 31, 2017, was 22 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

The actuarial assumptions used in the December 31, 2016 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all local police and fire pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The target allocation and the long-term expected real rates of return are shown in the table below:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Police Pension		Long-term Expected
Asset Class	Target Allocation	Real Rate of Return
		(Arithmetic)
Domestic fixed income	30%	2.97%
Domestic equity	33%	5.88%
International equity	6%	1.50%
Foreign equity	7%	6.25%
Index	11%	6.73%
Alternatives	10%	6.13%
Cash	3%	-0.04%
	<hr/> <hr/> 100%	

Detailed information about the pension plan fiduciary net pension is available in a separately issued LOPFI financial report. That report may be obtained from the internet at www.lopfi-prb.com.

3. Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2017 was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the Police Pension as determined by the City at December 31, 2017:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – Police Pension			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 94,135,933	\$ 43,881,313	\$ 50,254,620
Charges for the year:			
Interest on total pension liability	6,892,598	-	6,892,598
Difference between expected and actual return	(162,894)	-	(162,894)
Changes of assumptions	-	-	-
Local plan administrative mergers	-	-	-
Benefit Payments, including refunds of employee contributions	(10,398,367)	(10,398,367)	-
Administrative expense	-	(67,899)	67,899
Contributions – employer	-	6,520,729	(6,520,729)
Net investment income	-	2,140,374	(2,140,374)
Other	-	109,384	(109,384)
Net Changes	<u>(3,668,663)</u>	<u>(1,695,779)</u>	<u>(1,972,884)</u>
Balances as of end of year	<u>\$ 90,467,270</u>	<u>\$ 42,185,534</u>	<u>\$ 48,281,736</u>

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Police Pension	\$ 54,437,399	\$ 48,281,736	\$ 41,976,825
Net pension liability			

5. Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2017, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$4,704,604, and reported deferred outflows of resources related to pensions from the following sources for the Police Pension, as determined by the City at December 31, 2017:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 2,464,868	\$ -
Contributions subsequent to the measurement date	7,453,899	-
Total	<u>\$ 9,918,767</u>	<u>\$ -</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

At December 31, 2017, the City reported \$7,453,899 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2018.

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

Police

Year Ending December 31,	Net Deferred Outflow of Resources
2018	\$ 820,655
2019	820,655
2020	690,779
2021	132,779
Total	\$ 2,464,868

E. Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)

1. Plan Description and Funding Information

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 2017 were \$701,854. Administrative costs are financed by the Nonuniformed Plan Fund. The liability for the Nonuniformed Plan has typically been liquidated from the general fund, fleet, waste disposal and vehicle storage funds.

2. Actuarial Methods and Assumptions

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

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.

For the December 31, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2017, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

The actuarial assumptions used in the December 31, 2016 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

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

Nonuniformed Defined Benefit Plan	Long-term Expected Real Rate of Return	
Asset Class	Target Allocation	(Arithmetic)
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	100%	

3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2017 was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the Nonuniformed Plan as determined by the City at December 31, 2017:

Changes in Net Pension Liability – Nonuniformed Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 15,612,754	\$ 12,282,485	\$ 3,330,269
Charges for the year:			
Service Cost	8,073	-	8,073
Interest on total pension liability	967,628	-	967,628
Transfers from DC plan	296,175	296,175	-
Difference between expected and actual return	(132,527)	-	(132,527)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(1,748,500)	(1,748,500)	-
Administrative expense	-	(21,430)	21,430
Contributions – employer	-	701,854	(701,854)
Net investment income	-	1,327,387	(1,327,387)
Other	-	-	-
Net Changes	(609,151)	555,486	(1,164,637)
Balances as of end of year	\$ 15,003,603	\$ 12,837,971	\$ 2,165,633

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities) and Vehicle Storage (business-type activities) as shown on the following four schedules:

Changes in Net Pension Liability – Nonuniformed Plan (Government Wide)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 13,270,841	\$ 10,440,112	\$ 2,830,729
Charges for the year:			
Service Cost	6,863	-	6,863
Interest on total pension liability	822,484	-	822,484
Transfers from DC plan	251,749	251,749	-
Difference between expected and actual return	(112,648)	-	(112,648)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(1,486,225)	(1,486,225)	-
Administrative expense	-	(18,216)	18,216
Contributions – employer	-	596,576	(596,576)
Net investment income	-	1,128,279	(1,128,279)
Other	-	-	-
Net Changes	(517,777)	472,163	(989,940)
Balances as of end of year	\$ 12,753,064	\$ 10,912,275	\$ 1,840,788

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – Nonuniformed Plan (Waste Disposal)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 1,249,020	\$ 982,599	\$ 266,422
Charges for the year:			
Service Cost	646	-	646
Interest on total pension liability	77,410	-	77,410
Transfers from DC plan	23,694	23,694	-
Difference between expected and actual return	(10,602)	-	(10,602)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(139,880)	(139,880)	-
Administrative expense	-	(1,714)	1,714
Contributions – employer	-	56,148	(56,148)
Net investment income	-	106,191	(106,191)
Other	-	-	-
Net Changes	<u>(48,732)</u>	<u>44,439</u>	<u>(93,171)</u>
Balances as of end of year	<u>\$ 1,200,288</u>	<u>\$ 1,027,038</u>	<u>\$ 173,251</u>

Changes in Net Pension Liability – Nonuniformed (Fleet)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 936,765	\$ 736,949	\$ 199,816
Charges for the year:			
Service Cost	484	-	484
Interest on total pension liability	58,058	-	58,058
Transfers from DC plan	17,771	17,771	-
Difference between expected and actual return	(7,952)	-	(7,952)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(104,910)	(104,910)	-
Administrative expense	-	(1,286)	1,286
Contributions – employer	-	42,111	(42,111)
Net investment income	-	79,643	(79,643)
Other	-	-	-
Net Changes	<u>(36,549)</u>	<u>33,329</u>	<u>(69,878)</u>
Balances as of end of year	<u>\$ 900,216</u>	<u>\$ 770,278</u>	<u>\$ 129,938</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – Nonuniformed Plan (Vehicle Storage)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 156,128	\$ 122,825	\$ 33,303
Charges for the year:			
Service Cost	82	-	82
Interest on total pension liability	9,676	-	9,676
Transfers from DC plan	2,962	2,962	-
Difference between expected and actual return	(1,325)	-	(1,325)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(17,485)	(17,485)	-
Administrative expense	-	(214)	214
Contributions – employer	-	7,019	(7,019)
Net investment income	-	13,274	(13,274)
Other	-	-	-
Net Changes	<u>(6,091)</u>	<u>5,555</u>	<u>(11,645)</u>
Balances as of end of year	<u>\$ 150,037</u>	<u>\$ 128,380</u>	<u>\$ 21,657</u>

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
Nonuniformed Employees' Defined Benefit Pension Plan		Net pension liability	
	\$ 3,402,125	\$ 2,165,633	\$ 1,092,366

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2017, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$213,520, and reported deferred outflows of resources related to pensions from the following sources for the Nonuniformed Plan, as determined by the City at December 31, 2017:

Nonuniformed Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ -	\$ 7,265
Total	<u>\$ -</u>	<u>\$ 7,265</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

There were no contributions subsequent to the measurement date. Amounts reported as deferred outflows related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Net Reduction in Pension Expense
2018	\$ 99,380
2019	99,380
2020	(90,642)
2021	(115,383)
Total	\$ (7,265)

F. 2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)

1. Plan Description and Funding Information

The **2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)** is a single-employer, defined benefit pension plan established under Arkansas state law. Benefit provisions are established by City Ordinance #20778.

The 2014 Defined Benefit 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 provisions of the 2014 Defined Benefit Plan, the City contributes 9% of the participant's salary. The participants contribute 4.5% of their salaries. City contributions during 2017 were \$3,961,813. Contributions to the plan are made from various city governmental and business type funds.

2. Actuarial Methods and Assumptions

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.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

For the December 31, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and various future weighted average rates of cost of living adjustments (COLA) were calculated and it was decided to use a 1.5% COLA as a single point estimate of the two-thirds CPI described in the plan. The remaining amortization period at December 31, 2017, was 15 years using a level percent of salary basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

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

2014 Defined Benefit Plan	Long-term Expected	
Asset Class	Target Allocation	Real Rate of Return
		(Arithmetic)
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	100%	

3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City’s net pension liability as of December 31, 2017 was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the 2014 Defined Benefit Plan as determined by the City at December 31, 2017:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – 2014 DB Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 48,707,323	\$ 42,715,130	\$ 5,992,193
Charges for the year:			
Service Cost	4,846,743	-	4,846,743
Interest on total pension liability	3,325,532	-	3,325,532
Difference between expected and actual return	(970,056)	-	(970,056)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(813,811)	(813,811)	-
Administrative expense	-	(90,323)	90,323
Contributions – employer	-	3,961,813	(3,961,813)
Contributions – member	-	1,980,710	(1,980,710)
Service Purchases	438,242	438,242	-
Net investment income	-	4,936,031	(4,936,031)
Other	-	-	-
Net Changes	<u>6,826,650</u>	<u>10,412,662</u>	<u>(3,586,012)</u>
Balances as of end of year	<u>\$ 55,533,973</u>	<u>\$ 53,127,792</u>	<u>\$ 2,406,181</u>

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities), Vehicle Storage (business-type activities), Advertising and Promotion Commission (component unit), Workforce Investment Board (component unit) and Little Rock Port Authority (component unit) as shown on the following seven schedules:

Changes in Net Pension Liability – City of Little Rock Government Wide

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$36,798,475	\$32,276,275	\$4,522,200
Charges for the year:			
Service Cost	3,633,603	-	3,633,603
Interest on total pension liability	2,493,151	-	2,493,151
Difference between expected and actual return	(727,251)	-	(727,251)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(610,114)	(610,114)	-
Administrative expense	-	(67,715)	67,715
Contributions – employer	-	2,970,171	(2,970,171)
Contributions – member	-	1,484,938	(1,484,938)
Service Purchases	328,550	328,550	-
Net investment income	-	3,700,542	(3,700,542)
Other	-	29,851	(29,851)
Net Changes	<u>5,117,940</u>	<u>7,836,224</u>	<u>(2,718,284)</u>
Balances as of end of year	<u>\$41,916,414</u>	<u>\$40,112,499</u>	<u>\$1,803,915</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – City of Little Rock Waste Disposal

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 3,463,386	\$ 3,037,324	\$ 426,062
Charges for the year:			
Service Cost	341,986	-	341,986
Interest on total pension liability	234,650	-	234,650
Difference between expected and actual return	(68,447)	-	(68,447)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(57,423)	(57,423)	-
Administrative expense	-	(6,373)	6,373
Contributions – employer	-	279,546	(279,546)
Contributions – member	-	139,759	(139,759)
Service Purchases	30,922	30,922	-
Net investment income	-	348,286	(348,286)
Other	-	3,253	(3,253)
Net Changes	<u>481,688</u>	<u>737,970</u>	<u>(256,282)</u>
Balances as of end of year	<u>\$ 3,945,074</u>	<u>\$ 3,775,294</u>	<u>\$ 169,780</u>

Changes in Net Pension Liability – City of Little Rock Fleet

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 2,597,539	\$ 2,277,993	\$ 319,546
Charges for the year:			
Service Cost	256,490	-	256,490
Interest on total pension liability	175,987	-	175,987
Difference between expected and actual return	(51,335)	-	(51,335)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(43,067)	(43,067)	-
Administrative expense	-	(4,780)	4,780
Contributions – employer	-	209,659	(209,659)
Contributions – member	-	104,819	(104,819)
Service Purchases	23,192	23,192	-
Net investment income	-	261,215	(261,215)
Other	-	2,439	(2,439)
Net Changes	<u>361,266</u>	<u>553,478</u>	<u>(192,211)</u>
Balances as of end of year	<u>\$ 2,958,806</u>	<u>\$ 2,831,470</u>	<u>\$ 127,335</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – City of Little Rock Vehicle Storage

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 432,923	\$ 379,665	\$ 53,258
Charges for the year:			
Service Cost	42,748	-	42,748
Interest on total pension liability	29,331	-	29,331
Difference between expected and actual return	(8,556)	-	(8,556)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(7,178)	(7,178)	-
Administrative expense	-	(797)	797
Contributions – employer	-	34,943	(34,943)
Contributions – member	-	17,470	(17,470)
Service Purchases	3,865	3,865	-
Net investment income	-	43,536	(43,536)
Other	-	407	(407)
Net Changes	<u>60,211</u>	<u>92,246</u>	<u>(32,035)</u>
Balances as of end of year	<u>\$ 493,134</u>	<u>\$ 471,911</u>	<u>\$ 21,223</u>

Changes in Net Pension Liability – Advertising and Promotion Commission

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 5,131,241	\$ 4,490,077	\$ 641,164
Charges for the year:			
Service Cost	547,682	-	547,682
Interest on total pension liability	375,785	-	375,785
Difference between expected and actual return	(109,616)	-	(109,616)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contribution	(91,961)	(91,961)	-
Administrative expense	-	(10,206)	10,206
Contributions – employer	-	447,685	(447,685)
Contributions – member	-	223,820	(223,820)
Service Purchases	49,521	49,521	-
Net investment income	-	557,772	(557,772)
Other	-	(35,954)	35,954
Net Changes	<u>771,411</u>	<u>1,140,677</u>	<u>(369,265)</u>
Balances as of end of year	<u>\$ 5,902,652</u>	<u>\$ 5,630,754</u>	<u>\$ 271,899</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Changes in Net Pension Liability – Workforce Investment Board

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 235,050	\$ 211,082	\$ 23,968
Charges for the year:			
Service Cost	19,387	-	19,387
Interest on total pension liability	13,302	-	13,302
Difference between expected and actual return	(3,880)	-	(3,880)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(3,255)	(3,255)	-
Administrative expense	-	(361)	361
Contributions - employer	-	15,847	(15,847)
Contributions - member	-	7,923	(7,923)
Service Purchases	1,753	1,753	-
Net investment income	-	19,744	(19,744)
Other	-	-	-
Net Changes	<u>27,307</u>	<u>41,651</u>	<u>(14,344)</u>
Balances as of end of year	<u>\$ 262,357</u>	<u>\$ 252,733</u>	<u>\$ 9,624</u>

Note: The Workforce Investment Board follows standards established by the Financial Accounting Standards Board and is not required to record the net pension liability.

Changes in Net Pension Liability – Little Rock Port Authority

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 48,707	\$ 42,715	\$ 5,992
Charges for the year:			
Service Cost	4,847	-	4,847
Interest on total pension liability	3,326	-	3,326
Difference between expected and actual return	(970)	-	(970)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(814)	(814)	-
Administrative expense	-	(90)	90
Contributions – employer	-	3,962	(3,962)
Contributions – member	-	1,981	(1,981)
Service Purchases	438	438	-
Net investment income	-	4,936	(4,936)
Other	-	-	-
Net Changes	<u>6,827</u>	<u>10,413</u>	<u>(3,586)</u>
Balances as of end of year	<u>\$ 55,534</u>	<u>\$ 53,128</u>	<u>\$ 2,406</u>

Note: The net pension liability was immaterial to the Little Rock Port Authority's financial statements and was not recorded in their financial statements.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
2014 Defined Benefit Pension Plan				
City of Little Rock	Net pension liability (asset)	\$ 13,376,838	\$ 2,122,252	\$ (6,410,170)
Advertising & Promotion Commission	Net pension liability (asset)	1,713,813	271,898	(821,258)
Workforce Investment Board	Net pension liability (asset)	60,666	9,625	(29,071)
Little Rock Port Authority	Net pension liability (asset)	15,166	2,406	(7,268)
		<u>\$ 15,166,483</u>	<u>\$ 2,406,181</u>	<u>\$ (7,267,767)</u>

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$3,129,932, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the 2014 Defined Benefit Plan, as determined by the City at December 31, 2017:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

2014 Defined Benefit Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,746,224
Changes of assumptions	1,268,641	74,584
Change in proportion	33,855	33,241
Difference between expected and actual investment earnings on pension plan investments	29,649	-
Total	<u>\$ 1,332,145</u>	<u>\$ 1,854,049</u>

Advertising and Promotion Commission	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 223,723
Changes of assumptions	162,536	9,556
Changes in proportion	18,196	29,018
Difference between expected and actual investment earnings on plan investments	3,800	-
Total	<u>\$ 184,532</u>	<u>\$ 262,297</u>

Workforce Investment Board	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,919
Changes of assumptions	5,753	338
Changes in proportion	-	4,837
Difference between expected and actual investment earnings on plan investments	134	-
Total	<u>\$ 5,887</u>	<u>\$ 13,094</u>

Little Rock Port Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,980
Changes of assumptions	1,438	85
Difference between expected and actual investment earnings on plan investments	35	-
Total	<u>\$ 1,473</u>	<u>\$ 2,065</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	2014 Defined Benefit Plan Net Deferred Outflow of Resources	Advertising and Promotion Commission Net Deferred Outflow of Resources	Workforce Investment Board Net Deferred Outflow of Resources	Little Rock Port Authority Net Deferred Outflow of Resources
2018	207,792	25,259	337	236
2019	207,792	25,259	337	236
2020	(264,627)	(35,266)	(1,805)	(300)
2021	(422,276)	(55,464)	(2,520)	(479)
2022	(75,242)	(11,002)	(946)	(85)
Total thereafter	(175,343)	(26,551)	(2,610)	(200)
Total	\$ (521,904)	\$ (77,765)	\$ (7,207)	\$ (592)

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Firemen's Pension and Relief Fund	12/31/17	10.76%
	12/31/16	2.42%
	12/31/15	-4.30%
Nonuniformed Employees' Defined Benefit Pension Plan	12/31/17	11.16%
	12/31/16	5.20%
	12/31/15	-0.64%

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI)

The *Local Police and Fire Retirement System (LOPFI)* is a statewide cost sharing multi-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 from the internet at www.lopfi-prb.com or 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 19.23% for participating policemen and 22.58% for participating firemen. City contributions for 2017 to the Plan were \$13,719,541.

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

At December 31, 2017, the LOPFI Police and LOPFI Fire reported a liability of \$55,931,186 and \$53,305,095, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The City's proportionate share was 9.80337% and 9.34308% respectively, for LOPFI Police and LOPFI Fire which increased from the prior year. The allocation percentages are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended December 31, 2016. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

For the year ended December 31, 2017 the LOPFI Police and LOPFI Fire recognized pension expense of \$11,063,953 and \$10,894,356, respectively. At December 31, 2017, LOPFI Police and LOPFI Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LOPFI – Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,948,467	\$ 13,164
Assumption changes	2,980,728	-
Change in porportion	-	765,371
Difference between expected and actual investment earnings on pension plan investments	8,881,400	-
Contributions subsequent to the measurement date	7,079,384	-
Total	<u>\$ 20,889,979</u>	<u>\$ 778,535</u>

LOPFI – Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,856,981	\$ 12,540
Assumption changes	2,840,774	-
Change in porportion	563,955	167,892
Difference between expected and actual investment earnings on pension plan investments	8,464,397	-
Contributions subsequent to the measurement date	6,640,157	-
Total	<u>\$ 20,366,264</u>	<u>\$ 180,432</u>

At December 31, 2017, LOPFI Police and LOPFI Fire reported \$7,079,384 and \$6,640,157 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2017, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police Net Deferred Outflow of Resources	LOPFI Fire Net Deferred Outflow of Resources
2018	\$ 4,264,931	\$ 4,346,055
2019	4,266,032	4,347,105
2020	3,931,827	4,028,592
2021	569,270	823,923
Total	<u>\$ 13,032,060</u>	<u>\$ 13,545,675</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	LOPFI – Police	LOPFI – Fire
Wage inflation	3.75%	3.75%
Price inflation	2.75%	2.75%
Salary increases	4.50%	4.50%
Investment rate of return	7.75%	7.75%
Actuarial cost method	Entry age normal 5-year smoothed	Entry age normal 5-year smoothed
Asset valuation method	market; 20% corridor	market; 20% corridor

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table Projected to 2017 Table, set forward two years for men.

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period 2008 through 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation as of December 31, 2016, these best estimates are summarized in the following table:

LOPFI – Police and Fire	Long-term Expected Real Rate of Return (Arithmetic)	
Asset Class	Target Allocation	
Domestic fixed income	30%	2.97%
International fixed income	6%	1.50%
Domestic equity	33%	5.88%
Foreign equity	7%	6.25%
Index	11%	6.73%
Alternative investments	10%	6.13%
Cash	3%	-0.04%
	100%	

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Discount Rate

A single discount rate of 7.75 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City's net pension liability, calculated using a single discount rate of 7.75 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

		1% Decrease	Current Discount Rate	1% Increase
		6.75%	7.75%	8.75%
<hr/>				
Local Police and Fire Retirement System (LOPFI)				
LOPFI – Police	Net pension liability	\$ 87,581,663	\$ 55,931,186	\$ 30,003,529
LOPFI – Fire	Net pension liability	83,469,464	53,305,095	28,594,781
		<hr/>	<hr/>	<hr/>
		\$ 171,051,127	\$ 109,236,281	\$ 58,598,310

Arkansas Public Employees Retirement System (APERS)

The following plan description of the Arkansas Public Employees Retirement System (APERS) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information. Detailed information about the pension plan fiduciary net pension is available in a separately issued APERS financial report. That report may be obtained from the internet at www.apers.org.

APERS is a cost-sharing multiple-employer defined benefit plan which provides benefits for the City's municipal judges and court clerks. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

Contributions are set forth in Arkansas statute. The City is required to contribute at an actuarially determined rate, which was 25.55% for district judges and 14.50% for court clerks. City contributions for 2017 to the Plan were \$76,942.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

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

At December 31, 2017, the City reported a liability of \$760,820 for its proportionate share of the net pension liability. The City's proportionate share was .0294419%. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on actual City contributions to the pension plan relative to the actual contributions of all participating APERS members for the year ended June 30, 2017.

For the year ended December 31, 2017, the City recognized pension expense of \$63,507. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 14,749	\$ 14,945
Change in assumptions	122,415	-
Difference between expected and actual investment earnings on pension plan investments	31,881	-
Change in proportion	4,091	231,724
Contributions subsequent to the measurement date	16,958	
Total	<u>\$ 190,094</u>	<u>\$ 246,669</u>

At December 31, 2017, APERS reported \$16,958 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2017, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	APERS Net Deferred Outflow of Resources
2018	\$ (16,161)
2019	16,171
2020	(10,104)
2021	(63,439)
Total	<u>\$ (73,533)</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

APERS	
Valuation	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent-of-Payroll
Remaining Amortization	25 year closed 4-Year Smoothed Market with 25%
Asset Valuation Method	Corridor
Investment rate of return	7.2%
Projected salary increase	3.25%-9.85%
Inflation	3.25%
	2.5% Annual
Cost of living adjustments	Compounded Increase

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the table below:

APERS Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad domestic equity	37%	5.97%
International equity	24%	6.54%
Real assets	16%	4.59%
Absolute return	5%	3.15%
Domestic fixed	18%	0.83%
	100%	

A single discount rate of 7.15 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City’s net pension liability, calculated using a single discount rate of 7.15 percent, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease	Current Discount Rate	1% Increase		
	6.15%	7.15%	8.15%		
APERS		Net pension liability		\$ 1,158,631	\$ 760,820 \$ 430,500

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 2017, pension expense to the Plan was \$1,084,999.

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 2017, pension expense to the Plan was \$1,134,229.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Note 7: Other Postemployment Benefits

Plan Description: The City of Little Rock sponsors and administers an informal single-employer defined benefit health care plan (Health Management Trust Fund). 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 health care plan after retirement. In addition, members employed at least five 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.

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 220 retired participants who pay monthly premiums between \$86 for single coverage and \$692 for family coverage.

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

Annual required contribution	\$ 1,290,674
30-year amortization of beginning of year net OPEB assets	20,134
Interest on net OPEB asset	<u>(17,489)</u>
Annual OPEB Cost	1,293,319
Total annual employer contribution	<u>(1,293,319)</u>
Change in net OPEB asset	0
Net OPEB asset – beginning of year	<u>249,840</u>
Net OPEB asset – end of year	<u>\$ 249,840</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

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

Service cost	\$ 501,378
Amortization of unfunded obligation	704,859
Interest to end-of-year	<u>84,437</u>
 ARC	 <u>\$ 1,290,674</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB asset for 2017 and the previous two years are 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>
12/31/17	\$1,293,319	100%	\$249,840
12/31/16	\$1,174,226	100%	\$249,840
12/31/15	\$1,271,404	100%	\$247,223

Funded Status and Funding Progress: As of December 31, 2017, the most recent actuarial valuation date, the OPEB plan was 27.6% funded. The actuarial accrued liability for benefits was \$12,934,236, and the actuarial value of assets was \$3,575,345, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,358,891. The covered payroll (annual payroll of active employees covered by the plan) was \$117,855,792, and the ratio of the UAAL to the covered payroll was 7.94%.

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 health care 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 December 31, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an inflation rate of 2.5%, a 7.0% investment rate of return and an annual health care cost trend rate of 6.5% initially, reduced by decrements to an ultimate rate of 4% in year 6 and later. The UAAL is being amortized on an open basis.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Health Management Trust Fund (GASB Statement No. 74)

Since the City does not present separate financial statements for the plan, the City is presenting the following additional disclosures in accordance with GASB Statement No. 74:

Plan Membership: At December 31, 2017, Health Management Trust Fund membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	174
Inactive plan member entitled to but not receiving benefit payments	-
Active plan members	<u>1,918</u>
	<u><u>2,092</u></u>

Benefits Provided: In addition to retirement benefits from the appropriate pension plan, individuals who have been employed full time for at least five years and meet the requirements of the “rule of 70” (age plus service equals at least 70) are eligible to continue health, dental, and vision insurance benefits under the City’s group plan following retirement. Benefits under the plan are currently fully insured.

Investment Policy. The plan’s policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2017 is as follows:

<u>Asset Class</u>	<u>Target Allocation Policy</u>
Fixed Income	17%
Money Market	16%
Mutual Funds	37%
Equity	30%

Net OPEB Liability of the City: The components of the net OPEB liability of the City at December 31, 2017, were as follows:

Total OPEB Liability	\$ 14,785,501
Plan Fiduciary Net Position	<u>(4,350,679)</u>
City's net OPEB liability	<u><u>10,434,822</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	29.4%
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Actuarial Assumptions.: The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: :

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Inflation	2.50%
Investment rate of return	7.00%
Healthcare cost trend rates	6.5% in year 1, graded downward 0.5% per year to 4.0% in year 6 and later.

Mortality rates were based on the RP-2014 Mortality Table, with adjustments for mortality improvements based on scale MP-2017

The long-term expected rate of return on OPEB plan investments used is a proxy for annual long-term asset returns that are expected based on this allocation. In order to demonstrate the sufficiency of the 7.0% annual return assumption, we have assumed that a portion of the mutual fund investments that reflect fixed income investments will be transitioned to reflect equity investments, as per the investment policy of the plan sponsor.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	3.1%
Money Market	0.4%
Mutual Funds	3.1%
Equity	8.8%

Discount rate. The discount rate used to measure the total OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Health Management Trust Fund, as well as what the Health Management Trust Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate of 7.0%:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 11,625,562	\$ 10,434,822	\$ 9,375,701

For the year ended December 31, 2017, the annual money weighted rate of return on the investments, net of investment expense was 6.3%

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of Health Management Trust Fund, as well as what Health Management Trust Fund's net OPEB liability would be if calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 9,307,428	\$ 10,434,822	\$ 11,712,481

The statement of fiduciary net position and the statement of changes in fiduciary net position for the Health Management Trust Fund (OPEB) are below:

	Health Management Trust Fund
Assets	
Cash and cash equivalents	\$ 708,152
Investments	
Equities	2,036,534
Mutual funds and other investments	1,605,993
Total assets	4,350,679
Net Position	
Net position restricted for pensions and other employee benefits	4,350,679

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

	Health Management Trust Fund
Additions	
Contributions	
Employer	\$ 1,385,762
Total contributions	1,385,762
Investment income (loss)	
Net increase (decrease) in fair value of investments	201,541
Interest and dividends	81,704
Less investment expense	39,467
Net investment income (loss)	243,778
Total additions	1,629,540
Deductions	
Benefits paid directly to participants	854,207
Total deductions	854,207
Net Increase (Decrease) in Net Position	775,333
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	3,575,346
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	\$ 4,350,679

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, 2016, to December 31, 2017:

Liability balance, January 1, 2016	\$ 1,016,093
Claims and changes in estimates	778,494
Claims payments	(494,095)
Liability balance, December 31, 2016	1,300,492
Claims and changes in estimates	1,183,573
Claims payments	(696,963)
Liability balance, December 31, 2017	\$ 1,787,102

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

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 \$3,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2016 to 2017; nor have settlement amounts exceeded insurance coverage for each of the past three years.

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, 2017, property taxes receivable and related deferred inflows of resources of \$56,917,414 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. At December 31, 2017, the government-wide financial statements include a due to fiduciary fund amount of \$4,335,756. This amount represents the 1 mil property tax levy for the Firemen's relief and pension fund and accrued collection of the January and February receipt of 2017 revenue due to timing. The government-wide financial statements also include \$4,037,477 in the other current liabilities which is the 1 mil property tax levy for the Policemen's pension and relief and fund. This revenue is due to the closed Policemen's pension and relief fund administered by the Local Police and Fire Retirement System (LOPFI). 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Millages available to finance City operations and for other purposes are as follows:

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2016 for 2017 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.80	1.80
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	<u>1.45</u>	<u>1.45</u>
Total	<u>16.55</u>	<u>16.55</u>

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$5,169,537 is based on 21% use of Class I Waste total constructed capacity, and 35.8% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$10,465,629 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 2017. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
Vehicle Storage	<u>\$ (861,445)</u>
Total deficit net position	<u>\$ (861,445)</u>

The deficit net position is 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, 2017

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 72% 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, 2017, the aggregate principal amount payable on these bonds was approximately \$95,778,353.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Note 15: Fund Balance

The City classified governmental fund balances as follows:

Fund Balances	General Fund	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Improvements)	Street	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable:							
Due from other funds	\$ 42,410	\$ -	\$ -	-	-	\$ -	\$ 42,410
Prepays and inventories	1,897,891	-	-	-	18,156	622,158	2,538,205
Restricted							
Debt service	-	-	13,029,423	-	-	4,747,760	17,777,183
Grant funds	-	-	-	-	-	1,873,999	1,873,999
Library capital projects	-	-	-	-	-	3,658,556	3,658,556
Infrastructure	-	-	-	-	19,476,584	194	19,476,778
Capital projects	-	-	-	-	-	2,668,026	2,668,026
General administration special projects	-	1,221,735	-	-	-	439,116	1,660,851
Courts special projects	-	-	-	-	-	364,740	364,740
Finance special projects	-	578,398	-	-	-	29,176	607,574
Human resources special projects	-	-	-	-	-	583,333	583,333
Information technology special projects	-	817,030	-	-	-	228	817,258
Planning and development special projects	-	-	-	-	-	144,082	144,082
Housing and neighborhood programs special projects	-	323,959	-	-	-	745,539	1,069,498
Public works special projects	-	15,320,662	-	3,651,095	-	1,275,318	20,247,075
Parks special projects	-	2,900,746	-	-	-	1,071,607	3,972,353
Zoo special projects	-	1,136,818	-	-	-	15,610	1,152,428
Fire special projects	-	3,765,959	-	-	-	401,517	4,167,476
Police special projects	-	3,010,848	-	-	-	492,304	3,503,152
Fleet special projects	-	324,198	-	-	-	468,210	792,408
Committed							
Cable network	44,839	-	-	-	-	-	44,839
Assigned							
General administration special projects	2,730,438	-	-	-	-	-	2,730,438
Community programs special projects	5,317,903	-	-	-	-	-	5,317,903
Finance special projects	257,485	-	-	-	-	-	257,485
Human resources special projects	65,020	-	-	-	-	-	65,020
Information technology special projects	853,656	-	-	-	-	-	853,656
Planning special projects	540,236	-	-	-	-	-	540,236
Housing and neighborhood programs special projects	643,398	-	-	-	-	-	643,398
Public works special projects	377,703	-	-	-	-	-	377,703
Parks special projects	2,375,297	-	-	-	-	-	2,375,297
Fire special projects	114,376	-	-	-	-	-	114,376
Police special projects	404,799	-	-	-	-	-	404,799
Fleet special projects	282,853	-	-	-	-	-	282,853
Zoo special projects	231,397	-	-	-	-	-	231,397
Unassigned	24,414,818	-	-	-	-	-	24,414,818
Total Fund Balances	\$ 40,594,519	\$ 29,400,353	\$ 13,029,423	\$ 3,651,095	\$ 19,494,740	\$ 19,601,473	\$ 125,771,603

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Note 16: Tax Abatement

The City of Little Rock has eleven (11) active Payment in Lieu of Taxes Agreements (PILOTS) associated with the issuance of industrial development bonds under the provisions of the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. §§ 14-164-201 to 224, for the purpose of financing substantial industrial projects consisting of the acquisition of land, construction of buildings, and acquisition and installation of equipment located within the City (the “project”). The project is leased by the City to the company that will be utilizing the bond proceeds, pursuant to one or more lease agreements (collectively, the “Lease”), for rentals sufficient to pay debt service on the bonds. The Lease provides that the company is obligated to pay all taxes and assessments levied and assessed on the project during the term of the Lease. The company is informed and understands that, notwithstanding the provisions of the lease, under Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Arkansas Supreme Court in *Wayland v. Snapp*, 233 Ark. 57, 334 S.W.2nd 633 (1960), and *Pulaski County v. Jacuzzi Bros. Div.*, 332 Ark. 91, 964S.W.2nd 788 (1998), and Ark. Code Ann. §§ 14-164-701 to 703, the project will be exempt from ad valorem taxes because it is owned by the City and used for a public purpose within the meaning of the applicable Constitutional and statutory provisions affording the exemption. Thus, the company understands that it, as Lessee of the project owned by the City, will, in fact, pay no ad valorem taxes on the project property under the provisions of the Lease. The City does not wish to lose all tax revenues which would otherwise be received by it if the property involved was privately owned. Therefore, to induce the City to proceed with the issuance of the bonds for the industrial development project, which will inure to the benefit of the company, and for other valuable consideration, the company agrees to pay the City an annual sum equal to amounts ranging from 0% to 35% of the amount which would be payable as ad valorem taxes that would have to be paid on the project to the State of Arkansas, the City, Pulaski County, the Little Rock School District, and/or other political subdivisions of the State of Arkansas (the “taxing authorities”) if the project were not exempt from ad valorem taxes under the provisions of the Constitution of the State of Arkansas as referenced above.

Information relevant to the disclosure of taxes abated under this program for the year ended December 31, 2017 is:

Taxing Authority	Amount Due if PILOTS Were Not in Place	Actual Tax Collected Under PILOT Agreements	Tax Abatement
City of Little Rock	\$ 1,312,928	\$ 398,962	\$ 913,966
Little Rock School District	3,626,970	1,114,931	2,512,039
Pulaski County	559,283	169,950	389,333
Pulaski County Special School District	47,355	3,165	44,190
Total	\$ 5,546,536	\$ 1,687,008	\$ 3,859,528

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2017

Note 17: Subsequent Events

The City of Little Rock did not have any recognized or unrecognized subsequent events occurring after December 31, 2017, the date of the statement of net position/balance sheet.

Required Supplementary Information

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 28,072,500	\$ 28,650,300	\$ 28,523,326	\$ (126,974)
Sales taxes	101,416,870	101,944,270	101,449,568	(494,702)
Licenses and permits	11,235,660	11,808,510	11,966,527	158,017
Intergovernmental	8,625,400	9,311,000	9,341,000	30,000
Charges for services	10,120,020	10,193,370	10,224,039	30,669
Fines and fees	2,483,840	2,343,840	2,260,145	(83,695)
Utility franchise fees	27,994,177	27,646,177	27,565,116	(81,061)
Investment income	306,000	306,000	257,638	(48,362)
Miscellaneous	1,772,417	1,846,417	4,099,563	2,253,146
Total revenues	192,026,884	194,049,884	195,686,922	1,637,038
Expenditures				
General government:				
General administration	21,582,203	20,709,206	21,867,142	(1,157,936)
Board of directors	343,902	343,453	338,247	5,206
Community programs	610,085	606,395	5,315,780	(4,709,385)
City attorney	1,961,177	1,795,596	1,759,449	36,147
District court-first division (criminal)	1,293,690	1,280,975	1,159,865	121,110
District court-third division (environmental)	576,831	516,636	496,027	20,609
District court-second division (traffic)	1,226,045	1,213,470	1,188,484	24,986
Finance	3,503,246	3,555,346	3,786,264	(230,918)
Human resources	1,817,542	1,715,690	1,803,336	(87,646)
Information technology	5,063,637	4,397,125	4,668,749	(271,624)
Planning and development	2,573,533	2,455,714	2,507,288	(51,574)
Total general government	40,551,891	38,589,606	44,890,631	(6,301,025)
Public works	1,108,710	1,062,875	2,200,077	(1,137,202)
Parks and recreation services	10,638,481	10,187,486	11,090,256	(902,770)
River Market	1,151,840	1,151,840	1,234,672	(82,832)
Golf	2,346,138	2,482,978	2,482,543	435
Jim Daily Fitness	921,660	911,778	901,162	10,616
Zoo	6,913,994	6,571,455	6,877,612	(306,157)
Fire	48,118,017	48,315,409	48,990,911	(675,502)
Police	71,651,214	68,697,801	69,657,863	(960,062)
Fleet	-	-	674,206	(674,206)
Housing and neighborhood programs	5,844,164	5,182,166	6,354,983	(1,172,817)
Debt service				
Principal	10,038,016	10,038,016	10,040,797	(2,781)
Interest	457,165	457,165	450,184	6,981
Agent fees	24,000	24,000	1,000	23,000
Vacancy savings	(7,000,000)	-	-	-
Total expenditures	192,765,290	193,672,575	205,846,897	(12,174,322)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(738,406)	377,309	(10,159,975)	(10,537,284)
Other Financing Sources (Uses)				
Carryover - prior year	2,200,000	2,200,000	-	(2,200,000)
Transfers in	10,295,386	10,451,236	11,530,504	1,079,268
Transfers out	(11,756,980)	(13,028,545)	(898,821)	12,129,724
Total other financing sources (uses)	738,406	(377,309)	10,631,683	11,008,992
Net Change in Fund Balances	-	-	471,708	471,708
Fund Balances, Beginning of Year	40,122,811	40,122,811	40,122,811	-
Fund Balances, End of Year	\$ 40,122,811	\$ 40,122,811	\$ 40,594,519	\$ 471,708

City of Little Rock, Arkansas
Notes to Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2017

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 2017.

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
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 5,865,100	\$ 5,865,100	\$ 5,900,229	\$ 35,129
Licenses and permits	17,060	17,060	18,450	1,390
Intergovernmental	12,430,546	12,430,546	13,353,881	923,335
Charges for services	18,500	18,500	19,339	839
Investment income	93,400	93,400	134,499	41,099
Miscellaneous	221,500	221,500	36,781	(184,719)
Total revenues	18,646,106	18,646,106	19,463,179	817,073
Expenditures				
Public works	18,329,115	18,329,115	16,659,936	1,669,179
Total expenditures	18,329,115	18,329,115	16,659,936	1,669,179
Excess (Deficiency) of Revenues Over Expenditures	316,991	316,991	2,803,243	2,486,252
Other Financing Sources (Uses)				
Transfers in	1,526,726	1,526,726	1,526,726	-
Transfers out	(1,843,717)	(2,163,717)	(743,717)	1,420,000
Total other financing sources (uses)	(316,991)	(636,991)	783,009	1,420,000
Net Change in Fund Balances	-	(320,000)	3,586,252	3,906,252
Fund Balances, Beginning of Year	15,908,488	15,908,488	15,908,488	-
Fund Balances, End of Year	\$ 15,908,488	\$ 15,588,488	\$ 19,494,740	\$ 3,906,252

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
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%
1/1/2012	1,535,885	9,565,518	8,029,633	16.1%	100,573,412	7.98%
1/1/2014	2,095,355	12,075,486	9,980,131	17.4%	115,408,058	8.65%
1/1/2016	2,780,725	11,637,294	8,856,569	23.9%	114,145,469	7.76%
12/31/2017	3,575,345	12,934,236	9,358,891	27.6%	117,855,792	7.94%

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 2.5% inflation rate, 7.0% rate of return on investments, an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 4.0% after five years, and mortality rates based on the 1983 Group Annuity Mortality Table, and 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.

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Year Ended December 31, 2017

	2017
Total OPEB Liability	
Service cost	\$ 465,073
Interest	967,968
Changes in benefit terms	-
Differences between expected and actual experience	(494,955)
Changes of assumptions	-
Benefit payments	(854,207)
Net change in total OPEB liability	83,879
Total OPEB liability – Beginning	14,701,622
Total OPEB liability – Ending (a)	14,785,501
Plan Fiduciary Net Position	
Contributions – employer	1,385,762
Net investment income	283,245
Benefit payments	(854,207)
Administrative expense	(39,467)
Net change in plan fiduciary net position	775,333
Plan fiduciary net position – Beginning	3,575,346
Plan fiduciary net position – Ending (b)	4,350,679
City's net OPEB liability – Ending (a) – (b)	10,434,822
Plan fiduciary net position as a percentage of the total OPEB liability	29.43%
Covered employee payroll	\$ 117,855,792
City's net OPEB liability as a percentage of covered employee payroll	8.85%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of City Contributions
Year Ended December 31, 2017

		2017
Actuarially Determined Contribution	\$	1,290,674
Contributions in relation to the actuarially determined contribution		1,385,762
Contribution deficiency (excess)		(95,088)
Covered employee payroll	\$	117,855,792
Contributions as a percentage of employee payroll		1.18%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method		Entry Age Normal
Inflation		2.50%
Healthcare cost trend rates		6.5% in year 1 graded downward 0.5% per year to 4.0% in year 6 and later.
Investment rate of return		7%
Retirement age		Experience-based table of rates that are specific to the type of eligibility condition.
Mortality		RP-2014 Mortality Table, with improvement scale MP-2017.

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Investment Returns
Year Ended December 31, 2017

Fiscal Year Ending	Annual Money- Weighted Rate of Return
12/31/2017	6.3%

Other information:

The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

City of Little Rock, Arkansas
Required Supplementary Information
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2017

Firemen's Pension and Relief Fund

Fiscal Year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Interest	\$ 5,807,041	\$ 6,088,293	\$ 6,649,073
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(97,808)	(120,292)	(6,896,944)
Changes in assumptions	-	-	-
Benefit payments, including refunds of plan member contributions	<u>(12,014,477)</u>	<u>(11,171,602)</u>	<u>(10,763,891)</u>
Net change in total pension liability	(6,305,244)	(5,203,601)	(11,011,762)
Total pension liability, beginning of year	<u>122,148,054</u>	<u>127,351,655</u>	<u>138,363,417</u>
Total pension liability, end of year	<u>\$ 115,842,810</u>	<u>\$ 122,148,054</u>	<u>\$ 127,351,655</u>
Plan fiduciary net position			
Employer contributions	\$ 5,683,879	\$ 5,424,494	\$ 5,312,855
Plan member contributions	3,388	3,324	14,993
Net investment income	5,512,667	1,356,915	(2,774,677)
Benefit payments, including refunds of plan member contributions	(12,014,477)	(11,171,602)	(10,763,891)
Administrative expense	(39,957)	(225,141)	(9,491)
Other	<u>500,961</u>	<u>567,242</u>	<u>(121,985)</u>
Net change in plan fiduciary net position	(353,539)	(4,044,768)	(8,342,196)
Plan fiduciary net position, beginning of year	<u>58,390,783</u>	<u>62,435,551</u>	<u>70,777,747</u>
Plan fiduciary net position, end of year	\$ 58,037,244	\$ 58,390,783	\$ 62,435,551
City's net pension liability, end of year	<u>\$ 57,805,566</u>	<u>\$ 63,757,271</u>	<u>\$ 64,916,104</u>
Plan's fiduciary net position as a percentage of the total pension liability	50.10%	47.80%	49.03%
Covered payroll	-	-	-
Plan's net pension liability as a percentage of covered payroll	NA	NA	NA

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2017

Police Pension Plan

Fiscal Year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ -	\$ -	\$ -
Service cost - service purchase	-	-	-
Interest	6,892,598	7,172,978	7,172,118
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(162,894)	626,074	2,845,816
Changes in assumptions	-	1,589,989	-
Benefit payments, including refunds of plan member contributions	<u>(10,398,367)</u>	<u>(9,830,664)</u>	<u>(10,183,707)</u>
Net change in total pension liability	(3,668,663)	(441,623)	(165,773)
Total pension liability, beginning of year	<u>94,135,933</u>	<u>94,577,556</u>	<u>94,743,329</u>
Total pension liability, end of year	<u>\$ 90,467,270</u>	<u>\$ 94,135,933</u>	<u>\$ 94,577,556</u>
Plan fiduciary net position			
Employer contributions	\$ 6,520,729	\$ 7,562,305	\$ 5,939,677
Plan member contributions	-	-	-
Contributions - employee service purchase	-	-	-
Net investment income	2,140,374	(130,408)	2,503,835
Benefit payments, including refunds of plan member contributions	(10,398,367)	(9,830,664)	(10,183,707)
Administrative expense	(67,899)	(83,836)	(59,497)
Other	<u>109,384</u>	<u>198,741</u>	<u>935,047</u>
Net change in plan fiduciary net position	(1,695,779)	(2,283,862)	(864,645)
Plan fiduciary net position, beginning of year	<u>43,881,313</u>	<u>46,165,175</u>	<u>47,029,820</u>
Plan fiduciary net position, end of year	<u>\$ 42,185,534</u>	<u>\$ 43,881,313</u>	<u>\$ 46,165,175</u>
City's net pension liability, end of year	<u>\$ 48,281,736</u>	<u>\$ 50,254,620</u>	<u>\$ 48,412,381</u>
Plan's fiduciary net position as a percentage of the total pension liability	46.63%	46.61%	48.81%
Covered payroll	603,022	-	-
Plan's net pension liability as a percentage of covered payroll	8043.49%	NA	NA

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2017

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ 8,073	\$ 9,627	\$ 35,084
Interest	967,628	992,989	1,066,765
Transfer from DC plan	296,175	679,378	633,501
Difference between expected and actual experience	(132,527)	(144,356)	(167,591)
Changes in assumptions	-	-	1,207,785
Benefit payments, including refunds of plan member contributions	<u>(1,748,500)</u>	<u>(1,723,901)</u>	<u>(1,766,611)</u>
Net change in total pension liability	(609,151)	(186,263)	1,008,933
Total pension liability, beginning of year	<u>15,612,754</u>	<u>15,799,017</u>	<u>14,790,084</u>
Total pension liability, end of year	<u>\$ 15,003,603</u>	<u>\$ 15,612,754</u>	<u>\$ 15,799,017</u>
Plan fiduciary net position			
Employer contributions	\$ 701,854	\$ 883,340	\$ 878,715
Plan member contributions	-	-	-
Net investment income	1,327,387	612,036	(77,820)
Benefit payments, including refunds of plan member contributions	(1,748,500)	(1,723,901)	(1,766,611)
Administrative expense	(21,430)	(19,799)	(30,007)
Other	<u>296,175</u>	<u>679,377</u>	<u>635,094</u>
Net change in plan fiduciary net position	555,486	431,053	(360,629)
Plan fiduciary net position, beginning of year	<u>12,282,485</u>	<u>11,851,431</u>	<u>12,212,060</u>
Plan fiduciary net position, end of year	<u>\$ 12,837,971</u>	<u>\$ 12,282,484</u>	<u>\$ 11,851,431</u>
City's net pension liability, end of year	<u>\$ 2,165,632</u>	<u>\$ 3,330,270</u>	<u>\$ 3,947,586</u>
Plan's fiduciary net position as a percentage of the total pension liability	85.57%	78.67%	75.01%
Covered payroll	504,071	672,281	641,799
Plan's net pension liability as a percentage of covered payroll	429.63%	495.37%	615.08%

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2017

2014 Defined Benefit Pension Plan

Fiscal Year ending December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ 4,846,743	\$ 4,670,895	\$ 4,961,436
Service cost - service purchase	438,242	847,020	151,953
Interest	3,325,532	2,796,992	2,361,643
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(970,056)	(932,229)	(588,761)
Changes in assumptions	-	1,849,331	(126,844)
Benefit payments, including refunds of plan member contributions	<u>(813,811)</u>	<u>(745,738)</u>	<u>(477,355)</u>
Net change in total pension liability	6,826,650	8,486,271	6,282,072
Total pension liability, beginning of year	<u>48,707,323</u>	<u>40,221,052</u>	<u>33,938,980</u>
Total pension liability, end of year	<u>\$ 55,533,973</u>	<u>\$ 48,707,323</u>	<u>\$ 40,221,052</u>
Plan fiduciary net position			
Employer contributions	\$ 3,961,813	\$ 3,709,110	\$ 3,518,861
Plan member contributions	1,980,710	1,855,506	1,758,973
Contributions - employee service purchase	438,242	847,020	151,953
Net investment income	4,936,031	1,623,353	(495,929)
Benefit payments, including refunds of plan member contributions	(813,811)	(745,738)	(477,355)
Administrative expense	(90,323)	(83,231)	(70,248)
Other	-	-	67,868
Net change in plan fiduciary net position	<u>10,412,662</u>	<u>7,206,020</u>	<u>4,454,123</u>
Plan fiduciary net position, beginning of year	<u>42,715,130</u>	<u>35,509,110</u>	<u>31,054,987</u>
Plan fiduciary net position, end of year	<u>\$ 53,127,792</u>	<u>\$ 42,715,130</u>	<u>\$ 35,509,110</u>
City's net pension liability, end of year	<u>\$ 2,406,181</u>	<u>\$ 5,992,193</u>	<u>\$ 4,711,942</u>
Plan's fiduciary net position as a percentage of the total pension liability	95.67%	87.70%	88.28%
Covered payroll	44,020,144	42,382,105	40,252,708
Plan's net pension liability as a percentage of covered payroll	5.47%	14.14%	11.71%

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of City Contributions
Year Ended December 31, 2017

Firemen's Pension and Relief Fund

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	16,048,838	5,312,855	10,735,983	-	NA
2016	15,407,946	5,424,494	9,983,452	-	NA
2017	15,273,095	5,683,879	9,589,216	-	NA

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization	5 years
Asset valuation	Market value of assets
Investment rate of return	5%
Mortality	1983 GAM

Police Pension

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	3,875,821	6,633,686	(2,757,865)	-	NA
2016	3,228,943	7,562,305	(4,333,362)	-	NA
2017	3,404,129	6,520,729	(3,116,600)	603,022	1081.34%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Individual entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization	22 years beginning January 1, 2016
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	7.75%
Mortality	RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. Disabled lives, the mortality rates are the rates applicable to nondisabled lives set forward 10 years.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of City Contributions (Continued)
Year Ended December 31, 2017

Nonuniformed Plan

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	878,715	878,715	-	672,281	130.71%
2016	883,340	883,340	-	641,799	137.63%
2017	701,854	701,854	-	548,887	127.87%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization	5 years, open
Asset valuation	Market related value
Investment rate of return	7.0% before 2016, 6.5% after
Mortality	RP 2000 Combined Healthy Lives

2014 Defined Benefit Plan

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	3,424,938	3,518,861	(93,923)	40,252,708	8.74%
2016	3,252,674	3,709,110	(456,436)	42,382,105	8.75%
2017	3,666,878	3,961,813	(294,935)	44,020,144	9.00%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level percent of salary
Remaining amortization	15 years
Asset valuation	Market value
Investment rate of return	6.5%
Mortality	RP 2000 Combined Healthy Lives Projected to 2020 with Scale AA

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of the City’s Proportionate Share of the Net Pension Liability and
Contributions
Year Ended December 31, 2017

LOPFI – Fire

December 31	2017	2016	2015
City's proportion of the net pension liability	9.3431%	9.0473%	9.1091%
City's proportionate share of the net pension liability	53,305,095	47,477,923	32,975,778
City's covered payroll	29,337,988	28,505,619	28,430,617
City's proportionate share of the net pension liability as a percentage of covered payroll	181.69%	166.56%	115.99%
Plan fiduciary net position as a percentage of the total pension liability	72.87%	72.92%	79.14%

LOPFI – Police

December 31	2017	2016	2015
City's proportion of the net pension liability	9.8034%	9.7066%	10.0287%
City's proportionate share of the net pension liability	55,931,186	50,937,762	36,304,815
City's covered payroll	41,992,172	42,209,708	42,239,324
City's proportionate share of the net pension liability as a percentage of covered payroll	133.19%	120.68%	85.95%
Plan fiduciary net position as a percentage of the total pension liability	72.87%	72.92%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2017

LOPFI – Fire

December 31	2017	2016	2015
Contractually required contribution	6,640,157	6,172,838	5,627,114
Contributions related to the contractually required contribution	<u>(6,640,157)</u>	<u>(6,172,838)</u>	<u>(5,627,114)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	29,407,250	29,337,988	28,505,619
Contributions as a percentage of covered payroll	22.58%	21.04%	19.74%

LOPFI – Police

December 31	2017	2016	2015
Contractually required contribution	7,079,384	6,470,527	6,056,539
Contributions related to the contractually required contribution	<u>(7,079,384)</u>	<u>(6,470,527)</u>	<u>(6,056,539)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	36,814,269	41,992,172	42,209,708
Contributions as a percentage of covered payroll	19.23%	15.41%	14.35%

Note: Information in this schedule has been determined as of the City's most recent year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2017

APERS	June 30	2017	2016	2015
City's proportion of the net pension liability		0.02944190%	0.04438351%	0.04566542%
City's proportionate share of the net pension liability		760,820	1,061,364	841,035
City's covered payroll		386,077	691,532	532,755
City's proportionate share of the net pension liability as a percentage of it covered payroll		197%	153%	158%
Plan fiduciary net position as a percentage of the total pension liability		75.65%	80.39%	80.39%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2017

APERS	December 31	2017	2016	2015
Contractually required contribution		\$ 206,468	\$ 211,675	\$ 212,565
Contributions related to the contractually required contribution		(206,468)	(211,675)	(212,565)
Contribution deficiency (excess)		\$ -	\$ -	\$ -
City's covered payroll		239,322	586,560	533,049
Contributions as a percentage of covered payroll		86%	36%	40%

Note: Information in this schedule has been determined as of the City's most recent year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Investment Returns
Year Ended December 31, 2017

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Firemen’s Pension and Relief Fund	12/31/17	10.76%
	12/31/16	2.42%
	12/31/15	-4.30%
Nonuniformed Employees’ Defined Benefit Pension Plan	12/31/17	11.16%
	12/31/16	5.20%
	12/31/15	-0.64%
2014 Defined Benefit Pension Plan	12/31/17	10.86%
	12/31/16	4.24%
	12/31/15	-1.48%

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.

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

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. The bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

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. The bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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 bonds were refunded in 2017 with the issuance of the Capital Improvements Refunding Revenue Bonds, Series 2017.

2012 CENTRAL ARKANSAS LIBRARY – The 2012 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, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2012 Bonds are limited obligations, payable solely from the collections of the Library Tax. The bonds were refunded in 2017 with the issuance of the 2017 Library Refunding Bonds.

2015 CENTRAL ARKANSAS LIBRARY – The 2015 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, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2015 Bonds are limited obligations, payable solely from the collections of the Library Tax.

2017 CENTRAL ARKANSAS LIBRARY – The 2017 Central Arkansas Library Refunding Bonds were issued to refund the City's outstanding Library Construction and Improvement Bonds, Series 2012, and to pay the costs of issuance of the bonds. The bonds are limited tax obligations payable solely from a 0.9 mill annual ad valorem tax.

TIF #1 2014 CAPITAL IMPROVEMENT BOND – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.

2017 CAPITAL IMPROVEMENTS REFUNDING REVENUE BOND – The Capital Improvements Refunding Revenue Bonds, Series 2017 were issued to advance refund the 2009 Parks and Recreation Capital Improvement Construction Revenue Bonds – Series A and Series B, to current refund the 2007 Capital Improvement Revenue Refunding Bonds and the 2002 Capital Improvement Junior Lien Revenue Bonds, to pay a premium for a municipal bond debt service reserve insurance policy and to pay expenses of issuing the Bonds. The Series 2017 bonds are not general obligations of the City but are special obligations secured solely by a pledge of revenues received by the City from all franchise fees charged to public utilities for the privilege of utilizing the City's streets and right-of-way.

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.

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

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

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 2004 Bonds are not general obligations 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.

TIF #1 2014 CAPITAL IMPROVEMENT FUND – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.

TAX INCREMENT FINANCING PORT – The Tax Incremental Financing Development District established within the Port of the City of Little Rock was set up in order to levy taxes on property located within the redevelopment district and to the school board of any school district which includes property located within the redevelopment district. Funds from this levy are to be used for public infrastructure projects including reconstruction of streets within the redevelopment district to bring them to interstate-weight capable standards, installation of water and sewer lines to areas within the redevelopment district that are currently not served, construction of dockside improvements including cranes and warehouses, construction of additional railroad facilities and site preparation.

2012 CENTRAL ARKANSAS LIBRARY – The 2012 Central Arkansas Library Bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries.

2015 CENTRAL ARKANSAS LIBRARY – The 2015 Central Arkansas Library Bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries.

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 2,663,696	\$ 507,329	\$ 837,021	\$ 4,008,046
Restricted cash	-	3,609,456	3,955,586	7,565,042
Investments	3,499,611	181,635	4,231,439	7,912,685
Accounts receivable	1,822,825	8,503,655	166,144	10,492,624
Interest receivable	10,396	1,377	51,942	63,715
Inventories	372,158	-	-	372,158
Prepaid expenditures and other	77,543	-	-	77,543
Total assets	<u>\$ 8,446,229</u>	<u>\$ 12,803,452</u>	<u>\$ 9,242,132</u>	<u>\$ 30,491,813</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,006,989	\$ 4,500	\$ 2,754,572	\$ 3,766,061
Due to other funds	30,729	-	-	30,729
Unearned revenue	1,224,399	-	-	1,224,399
Total liabilities	<u>2,262,117</u>	<u>4,500</u>	<u>2,754,572</u>	<u>5,021,189</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	-	8,051,192	160,784	8,211,976
Total deferred inflows of resources	<u>-</u>	<u>8,051,192</u>	<u>160,784</u>	<u>8,211,976</u>
Fund Balances				
Nonspendable	622,158	-	-	622,158
Restricted	5,561,954	4,747,760	6,326,776	16,636,490
Total fund balances	<u>6,184,112</u>	<u>4,747,760</u>	<u>6,326,776</u>	<u>17,258,648</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,446,229</u>	<u>\$ 12,803,452</u>	<u>\$ 9,242,132</u>	<u>\$ 30,491,813</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ -	\$ 7,652,687	\$ 142,744	\$ 7,795,431
Licenses and permits	47,679	-	-	47,679
Intergovernmental	6,213,847	-	-	6,213,847
Charges for services	2,383,615	1,308,100	-	3,691,715
Fines and fees	818,003	-	-	818,003
Utility franchise taxes	-	1,761,212	-	1,761,212
Investment income	18,988	46,128	50,811	115,927
Contributions and donations	518,945	-	-	518,945
Miscellaneous	764,160	-	-	764,160
Total revenues	10,765,237	10,768,127	193,555	21,726,919
Expenditures				
General government				
General administration	1,145,564	-	54,610	1,200,174
Community programs	45,792	-	-	45,792
District court - first division (criminal)	7,696	-	-	7,696
District court - second division (traffic)	12,375	-	-	12,375
Finance	303,606	-	157,599	461,205
Human resources	256,509	-	-	256,509
Information technology	-	-	540,136	540,136
Planning and development	97,679	-	307,685	405,364
Total general government	1,869,221	-	1,060,030	2,929,251
Public works	626,629	-	-	626,629
Parks and recreation services	1,335,409	-	-	1,335,409
Zoo	245,624	-	-	245,624
Fire	467,595	-	13,844	481,439
Police	2,869,909	-	3,188,886	6,058,795
Fleet	122,370	-	12,237	134,607
Economic development	-	-	528,000	528,000
Education	-	4,998	6,983,879	6,988,877
Housing and neighborhood programs	3,207,883	-	-	3,207,883
Debt service				
Principal	-	6,935,000	-	6,935,000
Interest	-	3,084,455	-	3,084,455
Bond issuance costs	-	493,386	-	493,386
Agent fees	-	19,730	-	19,730
Total expenditures	10,744,640	10,537,569	11,786,876	33,069,085
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	20,597	230,558	(11,593,321)	(11,342,166)
Other Financing Sources (Uses)				
Long-term debt issuance	-	33,800,000	5,250,000	39,050,000
Premiums on debt issuance	-	2,407,764	-	2,407,764
Payment to refunded bond escrow agent	-	(40,736,244)	-	(40,736,244)
Transfers in	29,821	257,375	-	287,196
Transfers out	(278,490)	(705,499)	(970)	(984,959)
Total other financing sources (uses)	(248,669)	(4,976,604)	5,249,030	23,757
Net Change in Fund Balances	(228,072)	(4,746,046)	(6,344,291)	(11,318,409)
Fund Balances, Beginning of Year	6,412,184	9,493,806	12,671,067	28,577,057
Fund Balances, End of Year	\$ 6,184,112	\$ 4,747,760	\$ 6,326,776	\$ 17,258,648

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds – Nonmajor
December 31, 2017

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets							
Cash and cash equivalents	\$ 979,966	\$ 40,068	\$ 568,806	\$ 443,035	\$ 26,354	\$ 605,467	\$ 2,663,696
Investments	3,053,813	202,558	240,101	-	2,916	223	3,499,611
Accounts receivable	11,617	4,695	1,739,071	62,987	-	4,455	1,822,825
Interest receivable	8,867	694	824	-	10	1	10,396
Inventories	-	-	-	368,886	-	3,272	372,158
Prepaid expenditures and other	77,543	-	-	-	-	-	77,543
Total assets	<u>\$ 4,131,806</u>	<u>\$ 248,015</u>	<u>\$ 2,548,802</u>	<u>\$ 874,908</u>	<u>\$ 29,280</u>	<u>\$ 613,418</u>	<u>\$ 8,446,229</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 230,612	\$ 177,372	\$ 559,713	\$ 14,999	\$ -	\$ 24,293	\$ 1,006,989
Due to other funds	-	-	-	30,729	-	-	30,729
Unearned revenue	33,882	-	1,190,517	-	-	-	1,224,399
Total liabilities	<u>264,494</u>	<u>177,372</u>	<u>1,750,230</u>	<u>45,728</u>	<u>-</u>	<u>24,293</u>	<u>2,262,117</u>
Fund Balances							
Nonspendable	250,000	-	-	368,886	-	3,272	622,158
Restricted	3,617,312	70,643	798,572	460,294	29,280	585,853	5,561,954
Total fund balances	<u>3,867,312</u>	<u>70,643</u>	<u>798,572</u>	<u>829,180</u>	<u>29,280</u>	<u>589,125</u>	<u>6,184,112</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,131,806</u>	<u>\$ 248,015</u>	<u>\$ 2,548,802</u>	<u>\$ 874,908</u>	<u>\$ 29,280</u>	<u>\$ 613,418</u>	<u>\$ 8,446,229</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds – Nonmajor
Year Ended December 31, 2017

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues							
Licenses and permits	\$ 47,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,679
Intergovernmental	496,569	-	3,351,370	1,602,934	-	762,974	6,213,847
Charges for services	1,033,291	1,292,721	57,603	-	-	-	2,383,615
Fines and fees	818,003	-	-	-	-	-	818,003
Investment income	-	-	18,988	-	-	-	18,988
Contribution and donations	479,195	-	39,750	-	-	-	518,945
Miscellaneous	698,589	-	-	-	14,142	51,429	764,160
Total revenues	3,573,326	1,292,721	3,467,711	1,602,934	14,142	814,403	10,765,237
Expenditures							
General government							
General administration	90,216	-	1,055,348	-	-	-	1,145,564
Community programs	45,792	-	-	-	-	-	45,792
District court - first division (criminal)	7,696	-	-	-	-	-	7,696
District court – second division (traffic)	12,375	-	-	-	-	-	12,375
Finance	2,146	-	301,460	-	-	-	303,606
Human resources	256,509	-	-	-	-	-	256,509
Planning and development	28,223	-	69,456	-	-	-	97,679
Total general government	442,957	-	1,426,264	-	-	-	1,869,221
Public works							
Parks and recreation services	46,616	-	580,013	-	-	-	626,629
Zoo	1,177,648	-	157,761	-	-	-	1,335,409
Fire	44,031	-	201,593	-	-	-	245,624
Police	464,304	-	3,291	-	-	-	467,595
Fleet	516,431	1,325,213	1,028,265	-	-	-	2,869,909
Housing and neighborhood programs	122,370	-	-	-	-	-	122,370
	247,324	-	227,547	1,613,007	10,516	1,109,489	3,207,883
Total expenditures	3,061,681	1,325,213	3,624,734	1,613,007	10,516	1,109,489	10,744,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	511,645	(32,492)	(157,023)	(10,073)	3,626	(295,086)	20,597
Other Financing Sources (Uses)							
Transfers in	29,821	-	-	-	-	-	29,821
Transfers out	(277,488)	-	(1,002)	-	-	-	(278,490)
Total other financing uses	(247,667)	-	(1,002)	-	-	-	(248,669)
Net Change in Fund Balances	263,978	(32,492)	(158,025)	(10,073)	3,626	(295,086)	(228,072)
Fund Balances, Beginning of Year	3,603,334	103,135	956,597	839,253	25,654	884,211	6,412,184
Fund Balances, End of Year	\$ 3,867,312	\$ 70,643	\$ 798,572	\$ 829,180	\$ 29,280	\$ 589,125	\$ 6,184,112

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds – Nonmajor
December 31, 2017

	2007 Capital Improvement	2002 Junior Lien	2009A Parks and Recreation	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	Total
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 479,483	\$ -	\$ 27,588	\$ -	\$ 258	\$ 507,329
Restricted cash	327	41	-	-	3,408,748	200,340	-	-	3,609,456
Investments	-	-	-	-	-	139,469	40,859	1,307	181,635
Accounts receivable	-	-	-	-	4,050,826	402,003	4,050,826	-	8,503,655
Interest receivable	-	-	-	-	-	-	1,373	4	1,377
Total assets	<u>\$ 327</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 479,483</u>	<u>\$ 7,459,574</u>	<u>\$ 769,400</u>	<u>\$ 4,093,058</u>	<u>\$ 1,569</u>	<u>\$ 12,803,452</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ 4,500
Total liabilities	-	-	-	-	-	-	4,500	-	4,500
Deferred Inflows of Resources									
Unavailable revenues - property taxes	-	-	-	56,409	3,801,235	392,313	3,801,235	-	8,051,192
Total deferred inflows of resources	-	-	-	56,409	3,801,235	392,313	3,801,235	-	8,051,192
Fund Balances									
Restricted	327	41	-	423,074	3,658,339	377,087	287,323	1,569	4,747,760
Total fund balances	<u>327</u>	<u>41</u>	<u>-</u>	<u>423,074</u>	<u>3,658,339</u>	<u>377,087</u>	<u>287,323</u>	<u>1,569</u>	<u>4,747,760</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 327</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 479,483</u>	<u>\$ 7,459,574</u>	<u>\$ 769,400</u>	<u>\$ 4,093,058</u>	<u>\$ 1,569</u>	<u>\$ 12,803,452</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds – Nonmajor
Year Ended December 31, 2017

	2007 Capital Improvement	2002 Junior Lien	2009A Parks and Recreation	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	2017 Central Arkansas Library	2017 Capital Improvement	Total
Revenues									
General property taxes	\$ -	\$ -	\$ -	\$ 3,568,988	\$ 3,682,305	\$ 288,079	\$ 113,315	\$ -	\$ 7,652,687
Charges for services	-	-	1,308,100	-	-	-	-	-	1,308,100
Utility franchise fees	1,438,375	322,837	-	-	-	-	-	-	1,761,212
Investment income	8,122	1,954	14,318	10,533	9,390	242	-	1,569	46,128
Total revenues	1,446,497	324,791	1,322,418	3,579,521	3,691,695	288,321	113,315	1,569	10,768,127
Expenditures									
Education	-	-	-	-	-	-	4,998	-	4,998
Debt Service									
Principal	1,260,000	295,000	395,000	2,990,000	1,995,000	-	-	-	6,935,000
Interest	178,375	27,836	897,494	729,587	1,094,263	156,900	-	-	3,084,455
Bond issuance costs	22,552	2,615	135,708	115,456	-	-	78,369	138,686	493,386
Agent fees	1,875	1,875	10,117	2,750	1,500	1,613	-	-	19,730
Total expenditures	1,462,802	327,326	1,438,319	3,837,793	3,090,763	158,513	83,367	138,686	10,537,569
Excess (Deficiency) of Revenues Over	(16,305)	(2,535)	(115,901)	(258,272)	600,932	129,808	29,948	(137,117)	230,558
Other Financing Sources (Uses)									
Long-term debt issuance	2,486,347	288,266	14,961,701	15,925,000	-	-	-	138,686	33,800,000
Premiums on debt issuance	227,180	26,339	1,367,068	787,177	-	-	-	-	2,407,764
Payment to refunded bond escrow agent	(2,691,024)	(312,002)	(18,009,847)	(19,723,371)	-	-	-	-	(40,736,244)
Transfers in	-	-	-	-	-	-	257,375	-	257,375
Transfers out	(49,670)	(19,563)	(449,010)	(187,256)	-	-	-	-	(705,499)
Total other financing uses	(27,167)	(16,960)	(2,130,088)	(3,198,450)	-	-	257,375	138,686	(4,976,604)
Net Change in Fund Balances	(43,472)	(19,495)	(2,245,989)	(3,456,722)	600,932	129,808	287,323	1,569	(4,746,046)
Fund Balances, Beginning of Year	43,799	19,536	2,245,989	3,879,796	3,057,407	247,279	-	-	9,493,806
Fund Balances, End of Year	\$ 327	\$ 41	\$ -	\$ 423,074	\$ 3,658,339	\$ 377,087	\$ 287,323	\$ 1,569	\$ 4,747,760

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds – Nonmajor
Year Ended December 31, 2017

	Short-Term Financing	2004 Capital Improvement	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
Assets							
Cash and cash equivalents	\$ 735,836	\$ -	\$ -	\$ -	\$ 49,039	\$ 52,146	\$ 837,021
Restricted cash	-	-	-	194	3,955,392	-	3,955,586
Investments	3,719,914	-	-	-	247,908	263,617	4,231,439
Accounts receivable	-	-	-	-	-	166,144	166,144
Interest receivable	12,763	-	-	-	38,275	904	51,942
Total assets	<u>\$ 4,468,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ 4,290,614</u>	<u>\$ 482,811</u>	<u>\$ 9,242,132</u>
Fund Balances							
Liabilities							
Accounts payable	\$ 2,122,514	\$ -	\$ -	\$ -	\$ 632,058	\$ -	\$ 2,754,572
Total liabilities	<u>2,122,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,058</u>	<u>-</u>	<u>2,754,572</u>
Deferred Inflows of Resources							
Unavailable revenues - property taxes	-	-	-	-	-	160,784	160,784
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,784</u>	<u>160,784</u>
Fund Balances							
Restricted	<u>2,345,999</u>	<u>-</u>	<u>-</u>	<u>194</u>	<u>3,658,556</u>	<u>322,027</u>	<u>6,326,776</u>
Total fund balances	<u>2,345,999</u>	<u>-</u>	<u>-</u>	<u>194</u>	<u>3,658,556</u>	<u>322,027</u>	<u>6,326,776</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,468,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ 4,290,614</u>	<u>\$ 482,811</u>	<u>\$ 9,242,132</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds – Nonmajor
Year Ended December 31, 2017

	Short-Term Financing	2004 Capital Improvement	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
Revenues							
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,744	\$ 142,744
Investment income	1,984	42	7	188	41,761	6,829	50,811
Total revenues	1,984	42	7	188	41,761	149,573	193,555
Expenditures							
General government							
General administration	54,610	-	-	-	-	-	54,610
Finance	155,769	1,830	-	-	-	-	157,599
Information technology	540,136	-	-	-	-	-	540,136
Planning and development	307,685	-	-	-	-	-	307,685
Total general government	1,058,200	1,830	-	-	-	-	1,060,030
Fire	13,844	-	-	-	-	-	13,844
Police	3,188,886	-	-	-	-	-	3,188,886
Fleet	12,237	-	-	-	-	-	12,237
Economic development	-	-	-	-	-	528,000	528,000
Education	-	-	-	-	6,983,879	-	6,983,879
Total expenditures	4,273,167	1,830	-	-	6,983,879	528,000	11,786,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,271,183)	(1,788)	7	188	(6,942,118)	(378,427)	(11,593,321)
Other Financing Sources (Uses)							
Long-term debt issuance	5,250,000	-	-	-	-	-	5,250,000
Transfers out	-	(84)	(886)	-	-	-	(970)
Total other financing sources (uses)	5,250,000	(84)	(886)	-	-	-	5,249,030
Net Change in Fund Balances	978,817	(1,872)	(879)	188	(6,942,118)	(378,427)	(6,344,291)
Fund Balances, Beginning of Year	1,367,182	1,872	879	6	10,600,674	700,454	12,671,067
Fund Balances, End of Year	\$ 2,345,999	\$ -	\$ -	\$ 194	\$ 3,658,556	\$ 322,027	\$ 6,326,776

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the Firemen's Pension and Relief Fund, the Police Pension Fund, the Nonuniformed Employees' Defined Contribution Plan, the Nonuniformed Employees' Defined Benefit Pension Plan, the 401(a) Money Purchase and Trust Retirement Fund, the 2014 Defined Benefit Plan 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 Position
December 31, 2017

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
Assets								
Cash and cash equivalents	\$ -	\$ 971,390	\$ 93,944	\$ 321,238	\$ -	\$ 5,181,255	\$ 708,152	\$ 7,275,979
Investments								
U. S. government obligations	-	-	51,579	105,326	-	-	-	156,905
Equities	-	26,450,933	9,589,413	7,137,254	-	29,022,485	2,036,534	74,236,619
Mutual funds and other investments	1,574,058	26,097,824	9,057,524	4,558,878	8,073,783	18,617,901	1,605,993	69,585,961
Receivables								
Accounts receivable	-	181,342	-	-	134,460	265,482	-	581,284
Due from other funds	-	4,335,756	-	-	-	-	-	4,335,756
Contributions	-	-	-	701,854	-	-	-	701,854
Accrued interest and dividends	-	-	2,807	15,170	-	40,669	-	58,646
Total assets	1,574,058	58,037,245	18,795,267	12,839,720	8,208,243	53,127,792	4,350,679	156,933,004
Liabilities								
Accounts payable	-	-	-	1,749	-	-	-	1,749
Total liabilities	-	-	-	1,749	-	-	-	1,749
Net Position								
Net position restricted for pensions and other employee benefits	1,574,058	\$ 58,037,245	\$ 18,795,267	\$ 12,837,971	8,208,243	53,127,792	4,350,679	\$ 156,931,255

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2017

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Pension Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
Additions								
Contributions								
Employer	\$ -	\$ 503,387	\$ 126,681	\$ 701,854	\$ 298,508	\$ 3,961,813	\$ 1,385,762	\$ 6,978,005
Plan members	-	3,387	71,203	-	195,852	1,980,710	-	2,251,152
Property taxes contributed from general fund	-	4,327,585	-	-	-	-	-	4,327,585
State insurance tumbback	-	1,132,614	-	-	-	-	-	1,132,614
Other	-	4,620	-	296,175	10,000	438,242	-	749,037
Total contributions	-	5,971,593	197,884	998,029	504,360	6,380,765	1,385,762	15,438,393
Investment income (loss)								
Net increase (decrease) in fair value of investments	(170,324)	4,293,680	1,734,861	1,168,851	1,197,915	3,688,496	201,541	12,115,020
Gain(loss) on sale of investments	-	(115,339)	(118,005)	(45,019)	-	(79,656)	-	(358,019)
Interest and dividends	-	1,488,837	606,498	427,671	-	1,521,559	81,704	4,126,269
Less investment expense	(170,324)	5,667,178	2,223,354	1,551,503	1,197,915	5,130,399	283,245	15,883,270
	-	219,320	63,217	83,659	-	284,692	39,467	690,355
Net investment income (loss)	(170,324)	5,447,858	2,160,137	1,467,844	1,197,915	4,845,707	243,778	15,192,915
Total additions	(170,324)	11,419,451	2,358,021	2,465,873	1,702,275	11,226,472	1,629,540	30,631,308
Deductions								
Benefits paid directly to participants	-	12,014,477	1,084,999	1,748,500	1,134,229	813,811	854,207	17,650,223
Administrative expenses	-	30,396	-	-	-	-	-	30,396
Other	-	9,562	294,206	-	-	-	-	303,768
Total deductions	-	12,054,435	1,379,205	1,748,500	1,134,229	813,811	854,207	17,984,387
Net Increase (Decrease) in Net Position	(170,324)	(634,984)	978,816	717,373	568,046	10,412,661	775,333	12,646,921
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	1,744,382	58,672,229	17,816,451	12,120,598	7,640,197	42,715,131	3,575,346	144,284,334
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	\$ 1,574,058	\$ 58,037,245	\$ 18,795,267	\$ 12,837,971	\$ 8,208,243	\$ 53,127,792	\$ 4,350,679	\$ 156,931,255

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Assets				
Cash and cash equivalents	\$ 1,108,726	\$ -	\$ 980,487	\$ 128,239
	<u>\$ 1,108,726</u>	<u>\$ -</u>	<u>\$ 980,487</u>	<u>\$ 128,239</u>
Liabilities				
Accounts payable	\$ 231,467	\$ -	\$ 136,675	\$ 94,792
Due to other funds	843,814	-	843,814	-
Accrued liabilities	33,445	-	2	33,447
	<u>\$ 1,108,726</u>	<u>\$ -</u>	<u>\$ 980,491</u>	<u>\$ 128,239</u>

DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Position
Discretely Presented Component Units – Nonmajor
December 31, 2017

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Workforce Development Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 69,032	\$ 38,730	\$ 7,476,713	\$ 6,105,622	\$ 4,010,319	\$ 3,809,795	\$ 2,021,857	\$ 3,436,597	\$ 32,769	\$ 3,659,745	\$ 30,661,179
Investments	-	-	-	-	4,250,336	-	1,850,687	23,962,303	-	-	30,063,326
Restricted cash and investments - current	-	-	2,002,335	-	600,233	-	-	-	-	-	2,602,568
Accrued interest receivable	-	-	-	-	19,548	3,570	2,894	-	-	-	26,012
Accounts receivable, net of allowance	-	-	2,526,101	259,421	4,766,407	386,573	124,197	235,858	262,093	17,347,123	25,907,773
Inventories	-	-	-	-	394,048	565,577	54,377	120,930	-	-	1,134,932
Prepaid expenses and other	-	-	466,468	54,815	282,928	355,379	53,093	171,831	-	177,580	1,562,094
Total current assets	69,032	38,730	12,471,617	6,419,858	14,323,819	5,120,894	4,107,105	27,927,519	294,862	21,184,448	91,957,884
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	171,460	-	2,002,335	4,882,152	600,233	-	-	-	-	4,672,290	12,328,470
Investments	2,039,782	992,015	-	-	4,650,000	-	-	-	-	3,255,168	10,936,965
Interest receivable	-	-	1,493	-	-	-	-	-	-	-	1,493
	2,211,242	992,015	2,003,828	4,882,152	5,250,233	-	-	-	-	7,927,458	23,266,928
Less amounts required to meet current obligations	-	-	2,002,335	-	600,233	-	-	-	-	-	2,602,568
Total restricted assets	2,211,242	992,015	1,493	4,882,152	4,650,000	-	-	-	-	7,927,458	20,664,360
Capital assets											
Land	87,146	13,089	4,178,128	10,643,794	646,923	1,737,512	-	156,710	-	4,158,290	21,621,592
Construction in progress	-	-	108,258	-	452,884	-	4,379	923,151	-	2,954,041	4,442,713
Buildings, improvements and other facilities	303,333	99,211	132,602,870	32,144,042	14,200,995	39,700,519	4,407,706	15,021,947	-	110,299,218	348,779,841
Vehicles	176,280	-	5,199,295	-	7,881,957	42,461,599	-	-	9,651	-	55,728,782
Furniture and equipment	30,321	-	3,102,423	590,965	10,422,394	11,163,901	10,940,195	5,608,597	78,959	13,407,531	55,345,286
Books/AV materials	-	-	-	-	-	-	-	-	-	-	26,162,591
Other	-	-	360,708	-	-	-	-	-	-	319,745	680,453
	597,080	112,300	145,551,682	43,378,801	33,605,153	95,063,531	15,352,280	21,710,405	88,610	157,301,416	512,761,258
Less accumulated depreciation	343,897	22,322	34,306,884	19,636,033	15,884,366	49,765,804	10,616,173	14,342,041	78,864	63,960,802	208,957,186
Net capital assets	253,183	89,978	111,244,798	23,742,768	17,720,787	45,297,727	4,736,107	7,368,364	9,746	93,340,614	303,804,072
Other assets	-	-	-	-	7,935	-	-	793,712	-	-	801,647
Total other assets	-	-	-	-	7,935	-	-	793,712	-	-	801,647
Total noncurrent assets	2,464,425	1,081,993	111,246,291	28,624,920	22,378,722	45,297,727	4,736,107	8,162,076	9,746	101,268,072	325,270,079
Deferred Outflows Of Resources											
Deferred outflows of resources											
Deferred outflows of resources from pensions	-	-	372,048	-	-	-	-	-	-	-	372,048
Total deferred outflows of resources	-	-	372,048	-	-	-	-	-	-	-	372,048
Total assets and deferred outflows of resources	\$ 2,533,457	\$ 1,120,723	\$ 124,089,956	\$ 35,044,778	\$ 36,702,541	\$ 50,418,621	\$ 8,843,212	\$ 36,089,595	\$ 304,608	\$ 122,452,520	\$ 417,600,011

Liabilities and Net Position

Current liabilities

Accounts payable	\$	-	\$	-	\$	942,709	\$	56,635	\$	873,300	\$	60,990	\$	118,397	\$	494,354	\$	276,729	\$	443,514	\$	3,266,628
Accrued wages payable and related liabilities	-	-	-	628,050	-	84,906	-	1,442,105	-	-	-	-	-	-	-	-	-	-	-	-	187,964	2,343,025
Bonds payable - current portion	-	-	-	1,195,000	-	180,000	-	376,652	-	-	-	-	-	-	-	-	-	-	-	-	-	1,751,652
Notes payable - current portion	-	-	-	559,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	659,231
Capital lease payable - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,988	-	-	-	-	-	38,988
Compensated absences - current portion	-	-	-	391,586	-	117,681	-	-	-	-	-	-	-	-	-	-	-	13,953	-	-	693,379	1,216,599
Unearned revenue	-	-	-	365,445	-	243,750	-	20,832	-	-	-	92,965	-	-	-	310,841	-	-	-	-	41,954	1,075,787
Accrued expenses and other	-	-	-	1,790,860	-	-	-	1,345,655	-	-	-	6,670	-	-	-	57,315	-	-	-	-	3,322	5,276,527
Total current liabilities	-	-	-	5,872,881	-	682,972	-	2,616,439	-	1,509,765	-	268,677	-	2,916,888	-	294,004	-	1,466,811	-	15,628,437		

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	-	64,600,244	-	4,815,274	-	5,226,181	-	-	-	-	-	-	-	-	-	-	-	-	2,005,000	76,646,699
Notes payable	-	-	-	1,741,912	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,002	2,051,914
Capital lease obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,946	-	-	-	-	-	48,946
Net pension liability	-	-	-	271,899	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	271,899
Other long-term liabilities	-	-	-	-	-	84,512	-	-	-	-	-	-	-	-	-	-	-	-	-	-	826,654	911,166
Compensated absences	-	-	-	-	-	192,632	-	-	-	-	-	-	-	-	-	-	-	-	-	-	512,741	705,373
Total noncurrent liabilities	-	-	-	66,614,055	-	5,092,418	-	5,226,181	-	-	-	48,946	-	3,654,397	-	80,635,997						
Total liabilities	-	-	-	72,486,936	-	5,775,390	-	7,842,620	-	1,509,765	-	268,677	-	2,965,834	-	294,004	-	5,121,208	-	96,264,434		

Deferred inflows of Resources

Deferred inflows from pensions	-	-	-	411,124	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	411,124
Total deferred inflows of resources	-	-	-	411,124	-	-	411,124															

Net Position

Net investment in capital assets	253,183	89,978	42,787,219	23,235,708	12,117,954	45,297,727	4,736,107	7,280,430	9,746	91,688,005	227,496,057
Restricted - expendable	44,509	992,015	33,940	377,816	600,233	1,441,963	3,009,822	7,024,306	-	2,233,053	15,757,657
Restricted - nonexpendable	-	-	-	-	-	-	-	2,934,488	-	932,692	3,867,180
Unrestricted	2,235,765	38,730	8,370,737	5,655,864	16,141,734	2,169,166	828,606	15,884,537	858	22,477,562	73,803,559
Total net position	2,533,457	1,120,723	51,191,896	29,269,388	28,859,921	48,908,856	8,574,535	33,123,761	10,604	117,331,312	320,924,453
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 2,533,457	\$ 1,120,723	\$ 124,089,956	\$ 35,044,778	\$ 36,702,541	\$ 50,418,621	\$ 8,843,212	\$ 36,089,595	\$ 304,608	\$ 122,452,520	\$ 417,600,011

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 26,419,734	\$ 531,710	\$ 1,083,872	\$ 6,922,302	\$ (17,881,850)	\$ -	\$ (17,881,850)
Workforce Development Board	1,720,831	-	1,716,684	-	(4,147)	-	(4,147)
Total governmental activities	28,140,565	531,710	2,800,556	6,922,302	(17,885,997)	-	(17,885,997)
Business-type Activities							
Oakland Fraternal Cemetery	253,732	87,181	-	-	-	(166,551)	(166,551)
Mt. Holly Cemetery	207,471	138,462	-	-	-	(69,009)	(69,009)
Advertising and Promotion Commission	17,884,952	6,639,432	-	-	-	(11,245,520)	(11,245,520)
Port Authority	3,674,769	2,670,651	-	-	-	(1,004,118)	(1,004,118)
Ambulance Authority	30,326,409	30,993,727	-	-	-	667,318	667,318
Central Arkansas Transit Authority	21,413,766	2,283,831	-	-	-	(19,129,935)	(19,129,935)
Museum of Discovery	3,511,231	1,512,216	-	-	-	(1,999,015)	(1,999,015)
Arkansas Arts Center	11,889,417	9,518,494	-	-	-	(2,370,923)	(2,370,923)
Total business-type activities	89,161,747	53,843,994	-	-	-	(35,317,753)	(35,317,753)
Total component units	\$ 117,302,312	\$ 54,375,704	\$ 2,800,556	\$ 6,922,302	(17,885,997)	(35,317,753)	(53,203,750)
General revenues							
General property taxes					16,087,901	-	16,087,901
Sales taxes					1,092,215	15,332,648	16,424,863
Investment income					392,057	1,243,572	1,635,629
Grants and contributions not restricted to specific programs					-	15,897,228	15,897,228
Other					1,069,745	11,950,352	13,020,097
Total general revenues					18,641,918	44,423,800	63,065,718
Change in net position					755,921	9,106,047	9,861,968
Net Position, Beginning of Year					116,585,995	194,476,490	311,062,485
Net Position, End of Year					\$ 117,341,916	\$ 203,582,537	\$ 320,924,453

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2017

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 87,181	\$ 138,462	\$ 6,639,432	\$ 2,670,651	\$ 29,164,100	\$ 2,283,831	\$ 1,512,216	\$ 1,430,092	\$ 43,925,965
Other	-	-	-	-	1,829,627	-	-	8,088,402	9,918,029
Total operating revenues	87,181	138,462	6,639,432	2,670,651	30,993,727	2,283,831	1,512,216	9,518,494	53,843,994
Operating Expenses									
Salaries, wages and employee benefits	103,729	119,944	8,012,074	1,010,584	21,359,902	12,313,324	498,371	3,797,204	47,215,132
Supplies and materials	13,032	30,654	51,563	164,731	1,411,962	2,263,909	-	1,428,901	5,364,752
Services	23,491	7,307	3,021,734	407,676	2,050,720	973,848	2,033,319	4,491,942	13,010,037
Utilities	6,256	5,905	1,422,436	49,303	639,157	304,087	-	328,384	2,755,528
Repairs and maintenance	81,179	35,181	808,821	816,981	1,100,117	-	-	800,332	3,642,611
Other	7,390	6,000	1,167,611	130,457	1,698,446	965,515	398,002	314,489	4,687,910
Depreciation and amortization	18,655	2,480	3,400,713	1,095,037	2,066,105	4,593,083	581,539	728,165	12,485,777
Total operating expenses	253,732	207,471	17,884,952	3,674,769	30,326,409	21,413,766	3,511,231	11,889,417	89,161,747
Operating Income (Loss)	<u>(166,551)</u>	<u>(69,009)</u>	<u>(11,245,520)</u>	<u>(1,004,118)</u>	<u>667,318</u>	<u>(19,129,935)</u>	<u>(1,999,015)</u>	<u>(2,370,923)</u>	<u>(35,317,753)</u>
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	-	3,348,520	-	7,394,926	-	923,048	11,666,494
General property taxes	-	-	15,332,648	-	-	-	-	-	15,332,648
Donations, contributions and grants received	3,032	12,496	-	211,664	-	12,793,870	1,183,761	1,692,405	15,897,228
Investment income	-	-	186,228	29,950	129,500	15,965	157,783	724,146	1,243,572
Interest expense	-	-	(2,750,494)	(16,122)	(175,283)	-	-	(9,874)	(2,951,773)
Other, net	116,891	41,869	(20,452)	(99,900)	534,099	-	-	2,663,124	3,235,631
Net nonoperating revenues (expenses)	119,923	54,365	12,747,930	3,474,112	488,316	20,204,761	1,341,544	5,992,849	44,423,800
Change in Net Position	(46,628)	(14,644)	1,502,410	2,469,994	1,155,634	1,074,826	(657,471)	3,621,926	9,106,047
Net Position, Beginning of Year	2,580,085	1,135,367	49,689,486	26,799,394	27,704,287	47,834,030	9,232,006	29,501,835	194,476,490
Net Position, End of Year	<u>\$ 2,533,457</u>	<u>\$ 1,120,723</u>	<u>\$ 51,191,896</u>	<u>\$ 29,269,388</u>	<u>\$ 28,859,921</u>	<u>\$ 48,908,856</u>	<u>\$ 8,574,535</u>	<u>\$ 33,123,761</u>	<u>\$ 203,582,537</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities
Year Ended December 31, 2017

	Little Rock Water Reclamation Authority	Bill and Hillary Clinton National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 54,447,827	\$ 33,369,837	\$ 45,782,618	\$ 133,600,282
Other receipts	798,629	-	13,199,831	13,998,460
Payments to employees	(16,923,738)	(10,621,828)	(49,073,244)	(76,618,810)
Payments to suppliers	(2,437,202)	(10,143,558)	(19,612,108)	(32,192,868)
Payments for contractual services	(3,579,063)	-	(9,333,810)	(12,912,873)
Payments for utilities	(1,563,514)	-	(752,777)	(2,316,291)
Other payments	(1,088,569)	-	(836,678)	(1,925,247)
Net cash provided by (used in) operating activities	<u>29,654,370</u>	<u>12,604,451</u>	<u>(20,626,168)</u>	<u>21,632,653</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	324,014	16,746,906	17,070,920
Local tax levy supporting operations	-	287,713	12,209,865	12,497,578
Other	-	151,055	709,148	860,203
Net cash provided by noncapital financing activities	<u>-</u>	<u>762,782</u>	<u>29,665,919</u>	<u>30,428,701</u>
Capital and Related Financing Activities				
Purchase of capital assets	(26,192,280)	(24,998,569)	(16,046,804)	(67,237,653)
Proceeds from sale of capital assets	94,805	-	200,938	295,743
Contributions, donations and grants	-	11,397,381	5,286,236	16,683,617
Passenger facility charge	-	3,882,707	-	3,882,707
Local tax levy used for debt service	-	-	4,049,396	4,049,396
Proceeds from issuance of long-term debt	33,796,937	-	4,882,117	38,679,054
Principal paid on long-term debt	(11,278,440)	-	(1,497,216)	(12,775,656)
Principal paid on notes payable	-	-	(590,612)	(590,612)
Interest paid on long-term debt	(9,244,289)	-	(3,074,553)	(12,318,842)
Other	(297,558)	-	-	(297,558)
Net cash used in capital and related financing activities	<u>(13,120,825)</u>	<u>(9,718,481)</u>	<u>(6,790,498)</u>	<u>(29,629,804)</u>
Investing Activities				
Proceeds from sale of investments	4,929	-	12,392,324	12,397,253
Purchase of investments	(9,872)	-	(11,863,868)	(11,873,740)
Interest received	295,486	547,455	378,890	1,221,831
Net cash provided by investing activities	<u>290,543</u>	<u>547,455</u>	<u>907,346</u>	<u>1,745,344</u>
Increase (Decrease) in Cash and Cash Equivalents	16,824,088	4,196,207	3,156,599	24,176,894
Cash and Cash Equivalents, Beginning of Year	<u>20,998,797</u>	<u>43,780,051</u>	<u>31,468,246</u>	<u>96,247,094</u>
Cash and Cash Equivalents, End of Year	<u>\$ 37,822,885</u>	<u>\$ 47,976,258</u>	<u>\$ 34,624,845</u>	<u>\$ 120,423,988</u>
Presented on the Statement of Fund Net Position -				
Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 20,489,838	\$ 36,549,313	\$ 26,968,665	\$ 84,007,816
Noncurrent assets				
Cash and cash equivalents	17,333,047	11,426,944	7,656,180	36,416,171
	<u>\$ 37,822,885</u>	<u>\$ 47,976,257</u>	<u>\$ 34,624,845</u>	<u>\$ 120,423,987</u>

	Wastewater Utility	National Airport	Other Component Units	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 12,899,598	\$ (6,586,714)	\$ (30,589,224)	\$ (24,276,340)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	15,190,118	19,207,701	12,485,777	46,883,596
Provisions for uncompensated care	-	-	11,346,515	11,346,515
Other	-	-	(1,780,419)	(1,780,419)
Changes in assets and liabilities				
Receivables, net	(139,161)	(411,950)	(11,173,447)	(11,724,558)
Prepaid expenses	(126,881)	292,467	(138,004)	27,582
Inventories	(10,677)	-	(163,261)	(173,938)
Other assets	-	-	(56,306)	(56,306)
Accounts payable	110,308	12,130	(41,091)	81,347
Accrued expenses	141,584	-	(804,275)	(662,691)
Net pension liability	-	-	(369,266)	(369,266)
Deferred outflows and inflows of resources	1,589,481	-	326,238	1,915,719
Other liabilities	-	90,817	330,595	421,412
Net cash provided by (used in) operating activities	<u>\$ 29,654,370</u>	<u>\$ 12,604,451</u>	<u>\$ (20,626,168)</u>	<u>\$ 21,632,653</u>

Noncash Capital Activities

During 2017, Little Rock Wastewater Utility received donated capital assets in the amount of \$1,042,104.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2017

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 87,181	\$ 138,462	\$ 3,348,005	\$ 2,589,730	\$ 29,216,408	\$ 2,016,795	\$ 1,566,925	\$ 6,819,112	\$ 45,782,618
Other receipts	-	-	3,121,080	300,000	1,792,204	228,453	1,341,544	6,416,550	13,199,831
Payments to employees	(103,729)	(119,944)	(8,040,841)	(952,040)	(22,344,316)	(12,304,442)	(483,750)	(4,724,182)	(49,073,244)
Payments to suppliers	(13,032)	(30,654)	(6,495,308)	(1,507,109)	(6,185,939)	(2,373,380)	-	(3,006,686)	(19,612,108)
Payments for contractual services	(23,491)	(7,307)	-	-	-	(1,856,578)	(2,053,784)	(5,392,650)	(9,333,810)
Payments for utilities	(6,256)	(5,905)	-	-	-	-	-	(740,616)	(752,777)
Other payments	(88,569)	(41,181)	-	-	-	(315,291)	(391,637)	-	(836,678)
Net cash provided by (used in) operating activities	(147,896)	(66,529)	(8,067,064)	430,581	2,478,357	(14,604,443)	(20,702)	(628,472)	(20,626,168)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	15,054,501	-	1,692,405	16,746,906
Local tax levy supporting operations	-	-	11,286,817	-	-	-	-	923,048	12,209,865
Other	119,923	41,869	-	13,257	534,099	-	-	-	709,148
Net cash provided by noncapital financing activities	119,923	41,869	11,286,817	13,257	534,099	15,054,501	-	2,615,453	29,665,919
Capital and Related Financing Activities									
Purchase of capital assets	(2,200)	-	(4,701,892)	(497,085)	(3,860,594)	(5,668,193)	(431,259)	(885,581)	(16,046,804)
Contributions, donations and grants	-	12,496	-	290,359	-	4,983,381	-	-	5,286,236
Local tax levy used for debt service	-	-	4,049,396	-	-	-	-	-	4,049,396
Proceeds from issuance of long-term debt	-	-	-	4,882,117	-	-	-	-	4,882,117
Principal paid on long-term debt	-	-	(1,160,000)	-	(337,216)	-	-	-	(1,497,216)
Principal paid on notes payable	-	-	(548,857)	-	-	-	-	(41,755)	(590,612)
Interest paid on long-term debt	-	-	(2,889,396)	-	(175,283)	-	-	(9,874)	(3,074,553)
Proceeds from sale of capital assets	-	-	-	-	5,490	192,948	2,500	-	200,938
Net cash provided by (used in) capital and related financing activities	(2,200)	12,496	(5,250,749)	4,675,391	(4,367,603)	(491,864)	(428,759)	(937,210)	(6,790,498)
Investing Activities									
Proceeds from sale of investments	325,560	9,359	-	-	6,750,000	-	535,131	4,772,274	12,392,324
Purchase of investments	(291,605)	-	-	-	(6,700,269)	-	(1,342,400)	(3,529,594)	(11,863,868)
Interest received	26,394	-	185,276	29,950	122,615	14,370	-	285	378,890
Net cash provided by (used in) investing activities	60,349	9,359	185,276	29,950	172,346	14,370	(807,269)	1,242,965	907,346
Increase (Decrease) in Cash and Cash Equivalents	30,176	(2,805)	(1,845,720)	5,149,179	(1,182,801)	(27,436)	(1,256,730)	2,292,736	3,156,599
Cash and Cash Equivalents, Beginning of Year	210,316	41,535	11,324,768	5,838,595	5,793,353	3,837,231	3,278,587	1,143,861	31,468,246
Cash and Cash Equivalents, End of Year	\$ 240,492	\$ 38,730	\$ 9,479,048	\$ 10,987,774	\$ 4,610,552	\$ 3,809,795	\$ 2,021,857	\$ 3,436,597	\$ 34,624,845

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

Operating income (loss)	\$	(166,551)	\$	(69,009)	\$	(11,245,520)	\$	(1,004,118)	\$	667,318	\$	(19,129,935)	\$	(657,471)	\$	1,016,062	\$	(30,589,224)	
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																			
Depreciation and amortization expense		18,655		2,480		3,400,713		1,095,037		2,066,105		4,593,083		581,539		728,165		12,485,777	
Provisions for uncompensated care		-		-		-		-		11,346,515		-		-		-		11,346,515	
Other		-		-		(14,488)		-		58,463		26,056		(56,476)		(1,793,974)		(1,780,419)	
Changes in assets and liabilities																			
Receivables, net		-		-		(193,494)		219,079		(11,324,140)		(8,777)		54,709		79,176		(11,173,447)	
Prepaid expenses		-		-		(98,149)		7,358		(43,653)		15,719		6,365		(25,644)		(138,004)	
Inventories		-		-		-		-		(109,110)		(64,500)		1,743		8,606		(163,261)	
Other assets		-		-		-		-		-		-		(2,368)		(53,938)		(56,306)	
Accounts payable		-		-		46,182		113,225		(241,099)		(44,971)		36,636		48,936		(41,091)	
Accrued expenses		-		-		10,898		-		65,447		8,882		(2,634)		(886,868)		(804,275)	
Net pension liability		-		-		(369,266)		-		-		-		-		-		(369,266)	
Deferred outflows and inflows of resources		-		-		326,238		-		-		-		-		-		326,238	
Other liabilities		-		-		69,822		-		(7,489)		-		17,255		251,007		330,595	
Net cash provided by (used in) operating activities	\$	(147,896)	\$	(66,529)	\$	(8,067,064)	\$	430,581	\$	2,478,357	\$	(14,604,443)	\$	(20,702)	\$	(628,472)	\$	(20,626,168)	

Noncash Capital Activities

During 2016, Little Rock Port Authority received donated land in the amount of \$2,140,000.

Statistical Section

City of Little Rock, Arkansas

Statistical Section

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

Contents	Page
Financial Trends (Tables 1–5)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.....	146
Revenue Capacity (Tables 6–10)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.....	151
Debt Capacity (Tables 11–15)	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	156
Demographic and Economic Information (Tables 16–17)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place	161
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	163

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

Table 1

	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015 ⁽³⁾	2016	2017
Governmental activities										
Net investment in capital assets	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568	\$ 539,105,312	\$ 549,795,437	\$ 547,314,893	\$ 546,408,833	\$ 531,056,399
Restricted	14,747,876	19,792,771	21,106,638	23,201,045	24,208,928	13,951,009	14,801,039	11,414,278	64,200,510	68,198,799
Unrestricted (deficit)	(6,740,713)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)	28,926,155	24,870,220	(78,833,242)	(127,034,220)	(109,465,815)
Total governmental activities net position	\$ 479,333,800	\$ 478,697,155	\$ 484,122,020	\$ 483,997,215	\$ 511,466,968	\$ 581,982,476	\$ 589,466,696	\$ 479,895,929	\$ 483,575,123	\$ 489,789,383
Business-type activities										
Net investment in capital assets	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518	\$ 9,423,026	\$ 12,152,186	\$ 12,345,577	\$ 14,721,612	\$ 15,698,476
Restricted	6,255,864	8,324,557	4,847,683	5,673,566	3,769,248	2,856,964	2,980,184	3,102,528	1,737,901	1,759,592
Unrestricted (deficit)	1,021,866	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762	6,284,003	5,751,822	6,988,248	8,121,642	9,147,485
Total business-type activities net position	\$ 29,927,640	\$ 26,260,453	\$ 26,037,620	\$ 25,030,319	\$ 16,559,528	\$ 18,563,993	\$ 20,884,192	\$ 22,436,353	\$ 24,581,155	\$ 26,605,553
Primary government										
Net investment in capital assets	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086	\$ 548,528,338	\$ 561,947,623	\$ 559,660,470	\$ 561,130,445	\$ 546,754,875
Restricted	21,003,740	28,117,328	25,954,321	28,874,611	27,978,176	16,807,973	17,781,223	14,516,806	65,938,411	69,958,391
Unrestricted (deficit)	(5,718,847)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)	35,210,158	30,622,042	(71,844,994)	(118,912,578)	(100,318,330)
Total primary government net position	\$ 509,261,440	\$ 504,957,608	\$ 510,159,640	\$ 509,027,534	\$ 528,026,496	\$ 600,546,469	\$ 610,350,888	\$ 502,332,282	\$ 508,156,278	\$ 516,394,936

(1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.

(2) At the end of 2013 the City transferred administration of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of unrestricted net position of the governmental activities.

(3) During 2015, the City adopted Governmental Accounting Standards Board Statements 68 and 71. This is the primary reason for the significant decrease of unrestricted net position of the governmental activities.

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

Table 2

	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227	\$ 35,467,227	\$ 45,722,245	\$ 48,076,292	\$ 50,079,445	\$ 55,582,516	\$ 53,272,987	\$ 52,444,900
Public works	30,546,203	31,689,645	30,920,716	32,290,725	36,100,501	36,968,065	39,260,053	39,559,132	39,423,882	36,221,854
Parks and recreation services	10,761,841	9,886,376	9,032,115	6,740,682	10,131,868	11,209,542	11,436,512	11,324,541	13,144,116	14,871,467
Rivermarket	-	-	-	-	-	1,298,266	1,337,298	1,298,563	1,284,327	1,331,241
Golf	-	-	-	-	-	2,162,056	2,420,678	2,434,632	2,551,972	2,526,247
Jim Dailey Fitness	-	-	-	-	-	983,422	1,389,915	988,633	1,004,748	1,009,427
Zoo	-	-	-	-	-	6,927,190	6,920,847	10,754,587	7,466,778	7,419,725
Fire	38,630,307	46,217,347	48,582,390	49,007,470	49,271,456	48,798,721	48,017,977	36,708,372	51,670,486	54,864,567
Police	56,516,426	64,103,539	62,432,868	63,028,974	66,192,652	64,480,813	74,326,931	71,455,621	75,772,406	78,969,098
Economic development	4,225,034	-	-	-	-	-	-	-	-	528,000
Education	8,372,418	5,282,591	9,439,254	5,747,801	10,523,654	11,361,720	6,505,814	5,773,774	10,131,712	7,130,903
Housing and neighborhood programs	7,702,220	7,815,231	8,621,004	10,462,439	12,611,955	9,238,779	6,996,437	10,142,884	9,149,127	9,942,239
Fleet	-	-	-	-	-	2,714,412	3,397,637	1,164,920	1,918,738	896,094
Interest expense on long-term debt	3,216,776	3,654,132	3,849,820	3,222,981	3,791,250	4,203,511	5,096,215	4,680,035	4,641,761	3,109,197
Bond issue costs	-	-	-	-	-	-	-	117,481	-	493,386
Agent fees on long-term debt	12,210	9,546	12,780	25,145	13,016	-	5,875	33,030	-	5,875
Total governmental activities expenses	199,241,031	202,462,224	209,649,174	205,993,444	234,358,597	248,422,789	257,191,634	252,018,721	271,433,041	271,764,220
Business-type activities:										
Presidential park	756,924	727,723	913,050	1,284,265	636,683	-	-	-	-	-
Waste disposal	13,778,712	13,805,966	14,158,228	13,967,043	14,715,628	15,117,230	13,854,376	14,401,947	14,790,357	14,846,883
Rivermarket garage	1,652,292	1,648,216	1,585,450	1,658,341	1,703,329	1,729,131	1,938,758	1,985,775	2,087,989	1,964,207
Riverfront park	1,392,804	932,726	977,075	1,085,632	1,283,222	-	-	-	-	-
Zoo	4,758,438	4,816,545	4,818,113	5,138,281	6,125,411	-	-	-	-	-
Vehicle Storage	1,250,245	1,271,451	1,201,185	1,200,152	1,284,946	1,333,659	1,332,818	1,350,526	1,409,481	1,408,219
Golf courses	2,795,234	2,323,844	2,227,607	2,342,219	2,443,065	-	-	-	-	-
Fitness center	1,023,119	1,031,479	1,147,343	1,037,736	1,000,345	-	-	-	-	-
Concessions services	149,129	104,090	1,712	-	-	-	-	-	-	-
Total business-type activities expenses	27,556,897	26,662,040	27,029,763	27,713,669	29,192,629	18,180,020	17,125,952	17,738,248	18,287,827	18,219,309
Total primary government expenses	\$ 226,797,928	\$ 229,124,264	\$ 236,678,937	\$ 233,707,113	\$ 263,551,226	\$ 266,602,809	\$ 274,317,586	\$ 269,756,969	\$ 289,720,868	\$ 289,983,529
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490	\$ 15,945,908	\$ 16,062,816	\$ 16,717,877	\$ 19,383,270	\$ 16,018,807
Public works	505,189	395,554	1,080,184	350,298	560,006	387,436	593,298	571,436	422,907	365,621
Parks and recreation services	1,051,607	1,276,650	2,374,906	2,665,666	1,379,534	1,998,020	1,506,979	1,539,875	2,360,546	2,729,707
Rivermarket	-	-	-	-	-	650,259	617,337	605,207	551,711	524,584
Golf	-	-	-	-	-	1,497,233	1,581,520	1,476,467	1,306,904	1,426,564
Jim Dailey Fitness	-	-	-	-	-	638,214	920,051	495,687	455,025	449,846
Zoo	-	-	-	-	-	3,579,391	3,869,582	3,798,687	4,191,378	4,202,332
Fire	2,885,420	2,197,020	2,639,543	2,512,542	2,525,884	1,260,256	2,602,223	2,562,979	2,724,322	2,677,645
Police	3,796,987	3,278,652	3,697,419	3,306,547	3,162,965	5,253,340	3,322,195	3,231,294	3,622,692	3,430,233
Fleet	-	-	-	-	100,151	343,534	229,248	-	-	-
Housing and neighborhood programs	650,746	462,390	543,179	1,566,311	1,179,396	458,891	669,271	945,430	794,696	822,456
Operating grants and contributions	2,034,054	19,126,353	8,929,758	10,885,382	12,873,846	8,133,436	5,396,151	6,041,316	4,619,575	4,330,755
Capital grants and contributions	10,377,494	1,432,306	4,592,275	8,151,956	4,313,770	2,028,323	1,379,420	591,966	2,415,017	1,568,435
Total governmental activities program revenues	36,615,881	42,294,315	38,173,839	43,814,203	41,575,042	42,174,241	38,750,091	38,578,221	42,848,043	38,546,985

Business-type activities:										
Charges for services:										
Presidential park	60,382	684	-	-	-	-	-	-	-	-
Waste disposal	16,473,414	16,303,264	16,133,281	16,405,458	16,511,682	18,588,177	17,452,777	17,761,020	17,975,553	17,959,296
Rivermarket garage	1,768,636	1,676,830	1,846,258	1,855,989	2,138,957	2,138,022	2,144,882	2,500,013	2,873,719	2,560,451
Riverfront park	268,593	300,074	358,709	493,906	631,316	-	-	-	-	-
Zoo	2,573,440	3,057,010	3,018,702	3,436,370	3,508,321	-	-	-	-	-
Vehicle storage	1,300,655	1,203,642	1,199,238	1,288,799	1,359,763	1,362,661	1,347,321	1,196,723	1,319,514	1,464,567
Golf courses	1,517,895	1,372,751	1,461,666	1,551,889	1,797,901	-	-	-	-	-
Fitness center	696,328	761,485	744,609	755,754	683,632	-	-	-	-	-
Concessions services	48,171	37,589	-	-	-	-	-	-	-	-
Capital grants and contributions	2,252,001	516,796	2,112,812	2,072,015	3,250,743	-	170,289	-	17,482	1,521
Total business-type activities program revenues	26,959,515	25,230,125	26,875,275	27,860,180	29,882,315	22,088,860	21,115,269	21,457,756	22,186,268	21,985,835
Total primary government program revenues	\$ 63,575,396	\$ 67,524,440	\$ 65,049,114	\$ 71,674,383	\$ 71,457,357	\$ 64,263,101	\$ 59,865,360	\$ 60,035,977	\$ 65,034,311	\$ 60,532,820
Net (expense)/revenue										
Governmental activities	\$ (162,625,150)	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	\$ (206,248,548)	\$ (218,435,668)	\$ (213,440,500)	\$ (228,584,998)	\$ (233,217,235)
Business-type activities	(597,382)	(1,431,915)	(154,488)	146,511	689,686	3,908,840	3,989,317	3,719,508	3,898,441	3,766,526
Total primary government net expense	\$ (163,222,532)	\$ (161,599,824)	\$ (171,629,823)	\$ (162,032,730)	\$ (194,851,957)	\$ (202,339,708)	\$ (214,446,351)	\$ (209,720,992)	\$ (224,686,557)	\$ (229,450,709)

General Revenues and Other Changes in Net Position

Governmental activities:										
Taxes										
General Property taxes	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	\$ 52,833,701	\$ 51,570,745	\$ 50,469,150	\$ 57,028,881	\$ 56,421,850
Sales taxes	66,157,605	63,112,194	64,137,449	64,964,351	111,987,226	112,749,306	114,294,652	118,312,110	118,220,534	120,269,724
Utility franchise taxes	29,809,410	29,932,458	29,348,059	29,137,883	29,176,325	29,707,701	29,898,410	31,065,494	29,599,082	29,326,328
Investment income (loss)	939,366	291,043	129,215	74,319	144,886	(116,617)	1,131,952	775,618	559,560	1,094,589
Unrestricted grants and contributions	23,596,059	18,887,563	35,189,761	15,293,373	22,250,304	23,452,078	27,219,998	22,990,373	25,055,029	23,009,538
Other	23,745	(246,757)	-	-	735,885	(148,720)	-	-	-	7,428,860
Transfers	(307,235)	2,306,053	88,142	1,185,918	9,184,248	1,661,580	1,804,131	1,816,098	1,801,106	1,880,606
Total governmental activities	162,173,824	159,531,264	176,900,200	162,054,436	223,011,396	220,139,029	225,919,888	225,428,843	232,264,192	239,431,495
Business-type activities										
Investment earnings	533,477	80,586	19,797	32,106	23,771	(28,446)	135,013	111,523	47,467	138,478
Other	(29,411)	(9,805)	-	-	-	-	-	-	-	-
Special item - transfer of net pension obligation	-	-	-	-	-	57,079,060	-	-	-	-
Transfers	307,235	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	(1,661,580)	(1,804,131)	(1,816,098)	(1,801,106)	(1,880,606)
Total business-type activities	811,301	(2,235,272)	(68,345)	(1,153,812)	(9,160,477)	55,389,034	(1,669,118)	(1,704,575)	(1,753,639)	(1,742,128)
Total primary government	\$ 162,985,125	\$ 157,295,992	\$ 176,831,855	\$ 160,900,624	\$ 213,850,919	\$ 275,528,063	\$ 224,250,770	\$ 223,724,268	\$ 230,510,553	\$ 237,689,367
Changes in Net Position										
Governmental activities	\$ (451,326)	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	\$ 70,969,511	\$ 7,484,220	\$ 11,988,343	\$ 3,679,194	\$ 6,214,260
Business-type activities	213,919	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	2,218,814	2,320,199	2,014,933	2,144,802	2,024,398
Change in accounting principle	-	-	-	-	-	(668,352)	-	(122,021,882)	-	-
Total primary government	\$ (237,407)	\$ (4,303,832)	\$ 5,202,032	\$ (1,132,106)	\$ 18,998,962	\$ 72,519,973	\$ 9,804,419	\$ (108,018,606)	\$ 5,823,996	\$ 8,238,658

(1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.

(2) At the end of 2013 the City transferred administration and related net pension obligation of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of the unrestricted net position of the governmental activities.

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

Table 3

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2008	\$ 41,954,874	\$ 66,157,605	\$ 29,809,410	\$ 137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
2012	49,532,522	111,987,226 (1)	29,176,325	190,696,073
2013	52,833,701	112,749,306	29,707,701	195,290,708
2014	51,570,745	114,294,652	29,898,410	195,763,807
2015	50,469,150	118,312,110	31,065,494	199,846,754
2016	57,028,881	118,220,534	29,599,082	204,848,497
2017	56,421,850	120,269,724	29,326,328	206,017,902

(1) The citizens of Little Rock passed an additional one-cent local sales tax in September 2011 which went into effect on January 1, 2012.

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

Table 4

		Pre-GASB 54									
		<u>2008</u>	<u>2009</u>	<u>2010</u>							
General Fund											
Reserved	\$	572,647	\$ 1,219,426	\$ 1,368,619							
Unreserved		16,754,381	21,061,786	24,642,501							
Total general fund	\$	<u>17,327,028</u>	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>							
All other governmental funds											
Reserved	\$	4,737,277	\$ 3,197,741	\$ 2,368,171							
Unreserved, reported in:											
Special revenue funds		5,554,772	2,846,175	4,623,440							
Capital projects funds		10,159,304	35,096,989 ⁽¹⁾	20,523,651							
Debt service funds		10,852,119	16,593,060	17,369,848							
Total all other governmental funds	\$	<u>31,303,472</u>	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>							
		Post-GASB 54									
		<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>			
General fund											
Nonspendable	\$	13,255,910	\$ 1,163,347 ⁽³⁾	\$ 1,329,476	\$ 1,251,251	\$ 1,020,087	\$ 4,922,789	\$ 1,940,301			
Committed		374,900	368,577	337,892	336,610	300,264	49,105	44,839			
Assigned		1,473,304	7,502,079	9,487,930	8,009,164	12,331,036	11,141,556	14,194,561			
Unassigned		10,904,042	17,456,493 ⁽⁴⁾	24,369,411 ⁽⁶⁾	24,713,596	25,567,858	24,009,361	24,414,818			
Total general fund	\$	<u>26,008,156</u>	<u>\$ 26,490,496</u>	<u>\$ 35,524,709</u>	<u>\$ 34,310,621</u>	<u>\$ 39,219,245</u>	<u>\$ 40,122,811</u>	<u>\$ 40,594,519</u>			
All other governmental funds											
Nonspendable	\$	407,391	-	1,229,513	\$ 1,532,884	\$ 1,647,604	\$ 1,382,990	\$ 640,314			
Restricted		46,731,379	77,448,650 ⁽⁵⁾	131,954,068 ⁽⁷⁾	117,940,944 ⁽⁸⁾	123,848,447	108,948,051	82,193,945			
Unassigned		(406,965)	(2,397)	(2,618,735)	(3,219,899)	(2,853,464)	(2,633,318)	-			
Total all other governmental funds	\$	<u>46,731,805</u>	<u>\$ 77,446,253</u>	<u>\$ 130,564,846</u>	<u>\$ 116,253,929</u>	<u>\$ 122,642,587</u>	<u>\$ 107,697,723</u>	<u>\$ 82,834,259</u>			

- (1) 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.
- (2) In 2011 the City implemented GASB 54 which changed the fund balance classification types. Prior to 2011 fund balance was either reserved or unreserved. With the implementation of GASB 54 there are now 5 fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. See page 46-47 for more discussion on these classifications.
- (3) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics and Zoo Enterprise funds which eliminated \$12.1 million in nonspendable fund balance.
- (4) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (5) The increase in restricted fund balance is associated with 3/8 capital portion of the new sales tax in addition to the debt service and capital projects associated with the issuance of the 2012 Library Capital Improvement and Refunding Bonds.
- (6) The increase in unassigned fund balance is associated with the excess receipts of approximately \$6.9 million that resulted when the 2004 Limited Tax Bonds were defeased.
- (7) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.
- (8) The decrease in restricted fund balance is associated with the expenditures in the 2012 Central Arkansas Library Fund and the 2013 Capital Improvement Fund.

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

Table 5

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes ⁽¹⁾	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338	\$ 191,323,825	\$ 194,663,920	\$ 199,880,800	\$ 202,216,633	\$ 204,081,781
Licenses and permits	9,493,646	9,491,852	9,378,966	9,716,395	10,137,945	10,602,406	11,116,890	11,098,754	11,348,110	12,032,656
Intergovernmental	24,660,496	23,758,563	25,854,883	30,013,617	31,893,228	27,403,766	26,327,221	26,216,512	26,048,300	28,908,728
Charges for services	7,636,280	5,896,703	6,967,081	7,160,751	7,084,384	14,045,775	14,176,733	13,515,573	13,843,724	13,935,093
Fines and fees	4,094,674	3,866,793	4,646,215	4,322,127	4,030,384	4,395,755	4,044,070	3,704,630	3,681,279	3,078,148
Investment income (loss)	939,366	291,043	129,215	74,319	144,886	(116,609)	1,131,960	775,618	559,559	1,094,588
Miscellaneous	3,128,552	3,257,697	6,262,854	7,128,631	4,339,836	4,247,918	5,032,976	4,822,969	7,292,255	5,419,449
Total revenues	186,361,255	185,115,550	193,633,115	201,142,873	249,104,001	251,902,836	256,493,770	260,014,856	264,989,860	268,550,443
Expenditures										
General government	53,764,986	47,240,799	50,036,950	40,265,241	57,247,916	61,183,366	58,771,868	50,921,165	51,281,442	53,947,370
Public works	20,997,331	19,131,584	20,331,363	24,626,577	25,760,174	26,713,458	33,693,594	33,928,160	41,316,142	39,128,675
Parks and recreation and zoo	10,852,290	10,671,631	11,868,398	9,402,332	10,612,514	15,318,714	12,626,851	12,898,624	16,192,534	13,054,954
Rivermarket	-	-	-	-	-	1,188,197	1,227,229	1,188,494	1,183,258	1,234,672
Golf	-	-	-	-	-	2,386,863	2,376,310	2,390,265	2,507,605	2,482,543
Jim Dailey Fitness	-	-	-	-	-	847,283	1,253,776	855,515	896,483	901,162
Zoo	-	-	-	-	-	7,096,614	7,486,377	7,370,338	7,474,065	7,509,037
Fire department	37,142,635	37,943,802	36,670,692	39,865,309	46,728,504	44,669,680	46,506,763	46,461,030	50,119,894	50,702,393
Police department	55,428,567	58,971,285	55,751,125	56,817,357	71,360,040	72,904,543	82,062,673	72,434,859	72,974,267	76,847,967
Housing and neighborhood programs	8,066,771	8,368,709	8,790,445	11,262,328	12,695,568	8,740,138	9,154,001	10,182,817	9,249,603	9,649,948
Fleet	-	-	-	-	-	-	-	665,112	1,918,739	921,145
Education	-	-	-	-	-	-	-	5,761,938	9,989,686	6,988,877
Debt service										
Principal	11,670,000	12,571,500	15,560,000	20,119,830	22,368,344	14,186,058	22,020,574	26,140,438	23,024,131	27,620,797
Interest	3,370,957	3,510,734	4,054,730	3,435,526	2,990,024	4,161,306	5,276,039	4,994,622	4,663,739	4,533,869
Bond issuance costs	-	95,173	-	-	107,193	148,720	493,386	117,481	-	493,386
Other charges	12,210	9,545	12,779	25,145	13,016	19,619	21,851	33,030	18,677	27,530
Total expenditures	201,305,747	198,514,762	203,076,482	205,819,645	249,883,293	259,564,559	282,971,292	276,343,888	292,810,265	296,044,325
Deficiency of revenues under expenditures	(14,944,492)	(13,399,212)	(9,443,367)	(4,676,772)	(779,292)	(7,661,723)	(26,477,522)	(16,329,032)	(27,820,405)	(27,493,882)
Other financing sources (uses)										
Transfers in	6,316,264	10,100,179	7,160,928	6,927,781	9,671,846	16,823,595	10,179,324	10,783,984	11,276,919	13,344,426
Transfers out	(4,983,289)	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)	(14,866,015)	(8,251,193)	(8,553,142)	(9,475,813)	(10,963,820)
Bonds issued	8,991,500	35,830,000	-	4,600,000	49,595,001	65,805,000	2,615,000	42,530,000	11,978,000	39,050,000
Premium on bonds issued	-	-	-	-	756,028	2,051,949	2,407,764	112,763	-	2,407,764
Discount on bonds issued	-	(249,215)	-	-	-	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	(6,350,143)	-	-	(17,247,291)	-	(40,736,244)
Capital leases	-	-	-	-	-	-	5,916,000	-	-	-
Total other financing sources	10,324,475	38,845,549	324,420	6,520,503	31,976,080	69,814,529	12,866,895	27,626,314	13,779,106	3,102,126
Net change in fund balances	\$ (4,620,017)	\$ 25,446,337	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788	\$ 62,152,806	\$ (13,610,627)	\$ 11,297,282	\$ (14,041,299)	\$ (24,391,756)
Debt service as a percentage of noncapital expenditures	8.0%	8.6%	10.5%	12.4%	13.7%	7.8%	10.7%	12.2%	10.5%	10.9%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 151.

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

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2008	\$ 40,441,226	\$ 66,157,605	\$ 29,809,410	\$ 136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
2012	50,309,787	111,987,226 (1)	29,176,325	191,473,338
2013	48,866,818	112,749,306	29,707,701	191,323,825
2014	50,470,858	114,294,652	29,898,410	194,663,920
2015	50,503,196	118,312,110	31,065,494	199,880,800
2016	54,397,017	118,220,534	29,599,082	202,216,633
2017	54,485,729	120,269,724	29,326,328	204,081,781

(1) The citizens of Little Rock passed an additional one-cent local sales tax in September 2011 which went into effect on January 1, 2012.

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				
2008	\$ 2,518,822,634	\$ -	\$ 797,663,450	\$ 231,826,262	\$ 3,548,312,346	17.05	\$ 17,741,561,730	20%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20%
2012	2,732,143,368	-	800,186,894	239,180,450	3,771,510,712	16.65 (1)	18,857,553,560	20%
2013	2,840,238,586	-	765,722,146	257,211,894	3,863,172,626	16.65	19,315,863,130	20%
2014	2,933,524,621	-	794,658,400	275,131,285	4,003,314,306	16.65	20,122,674,340	20%
2015	3,008,366,567	-	787,937,640	252,624,940	4,048,929,147	16.55 (2)	20,201,526,950	20%
2016	3,117,379,881	-	858,956,525	253,978,240	4,230,314,646	16.55	21,050,648,700	20%
2017	3,213,577,682	-	842,285,575	239,815,220	4,295,678,477	16.55	21,347,370,760	20%

Source: Pulaski County Tax Assessor.

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

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.

(1) The direct tax rate was reduced 1 mill for the 2012 Library Capital Improvement and Refunding Bonds and 3 mills for the future issuance of up to \$105 million in capital improvement bonds approved by voters on September 11, 2012.

(2) The direct tax rate was reduced 1 mill for the 2015 Library Capital Improvement and Refunding Bonds.

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2008	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2009	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2010	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2011	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2012	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2013	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2014	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2015	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2016	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2017	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00

Tax Levies								
2008	\$	45,120,783	\$	42,554,360	\$	137,582,342	\$	225,257,485
2009		48,789,133		45,743,106		148,109,308		242,641,547
2010		49,499,645		46,344,553		148,559,430		244,403,628
2011		49,687,697		46,915,434		148,192,735		244,795,866
2012		51,282,012		48,464,111		152,324,353		252,070,476
2013		50,385,921		49,084,104		153,876,053		253,346,078
2014		51,613,055		50,553,806		156,509,422		258,676,283
2015		53,396,476		52,080,512		161,329,413		266,806,401
2016		53,782,561		53,185,616		161,724,101		268,692,278
2017		56,364,487		55,175,845		168,350,134		279,890,466

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 10. Taxes are recorded as delinquent after October 10 and a 10 percent penalty is added.

State statutory limits on City tax rate:

General operation	5 mills
General improvement bonds	Unlimited subject to voter approval
Industrial development bonds	5 mills
Firemen's pension and policemen's pension	1 mill each

City of Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2017

The City of Little Rock, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes; a one and 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 2017, the 1 1/2 cent city sales tax generated revenue of \$75,280,621.

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 1/2 Cent Sales Taxpayers	Tax	
Industry	Collected	% of Total
All Other General Merchandise	\$ 6,119,246	8.13%
Full Service Restaurants	5,348,151	7.11%
Grocery Stores	5,271,325	7.01%
Building Materials and Supplies Dealers	3,432,913	4.56%
Electric Power Generation, Transmission and Distribution	3,084,976	4.10%
Electronics and Appliance Stores	2,764,793	3.68%
Clothing Stores	2,696,644	3.58%
Traveler Accommodation	2,271,646	3.02%
Professional and Commercial Equipment and Supplies Wholesalers	1,948,843	2.59%
Automotive Equipment Rental and Leasing	1,855,576	2.47%
Totals	<u>\$ 34,794,113</u>	<u>46.25%</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 of Delinquent Levies	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 45,120,783	\$ 40,672,208	90.14%	\$ 2,235,852	\$ 42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
2012	51,282,012	46,805,016	91.27%	3,200,327	50,005,343	97.51%
2013	50,385,921	45,233,261	89.77%	2,832,651	48,065,912	95.40%
2014	51,613,055	47,315,821	91.67%	2,805,622	50,121,443	97.11%
2015	53,396,476	48,850,999	91.49%	2,564,574	51,415,573	96.29%
2016	53,782,561	49,486,679	92.01%	2,606,358	52,093,037	96.86%
2017	56,364,487	50,946,371	90.39%	2,742,826	53,689,197	95.25%

Note: Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year. Data is not available to show the current level by year of outstanding delinquent taxes.

City of Little Rock, Arkansas

Ratios of Outstanding Debt by Type

Last Ten Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2008	\$ 65,561,807	\$ 14,768,402	\$ 18,997,000	\$ -	\$ 40,902,682	\$ 188,558	\$ 140,418,449	2.75%	\$ 766.76
2009	82,039,575 ⁽²⁾	21,268,099 ⁽³⁾	13,177,436	-	36,860,937	92,462	153,346,047	3.33%	837.35
2010	67,685,580	20,022,050	8,056,677	-	30,929,532	-	126,693,839	2.74%	691.81
2011	53,404,122	18,481,001	8,316,847	-	30,248,087	-	110,450,057	2.12%	570.73
2012	61,274,083 ⁽⁴⁾	28,588,343 ⁽⁵⁾	23,383,504 ⁽⁶⁾	-	16,307,477 ⁽⁵⁾	-	129,553,407	2.42%	667.66
2013	114,087,394 ⁽⁷⁾	26,962,094	25,472,446 ⁽⁸⁾	-	13,816,450	-	180,338,384	3.21%	904.55
2014	102,395,291	25,265,845	25,312,871	-	12,401,141	-	165,375,148	2.91%	854.55
2015	106,214,395	23,491,830	23,907,433	-	10,935,832	-	164,549,490	2.92%	850.28
2016	93,476,815	21,642,815	27,321,300	-	9,405,524	-	151,846,454	2.46%	784.64
2017	74,133,457	19,495,588	22,530,551	-	8,691,748	-	124,851,344	2.10%	645.15

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 161 for personal income and population data.

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

(3) 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.

(4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.

(5) In 2012 the City transferred the 2009 parks and recreation capital improvement refunding bonds series B in the amount of approximately \$11.8 million from business-type to governmental activities due to the consolidation of the recreation service funds with the general fund. The transfer did not impact the outstanding debt of the City.

(6) The increase in notes payable is associated with the issuance of \$18,580,000 of 2012 short term financing notes.

(7) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance street and drainage improvements for the City.

(8) In 2013, the City issued \$7.7 million of short-term financing notes.

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

Table 12

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2008	\$ 65,561,807	\$ 11,604,803	\$ 53,957,004	1.51%	\$ 291.65
2009	82,039,575 ⁽³⁾	15,200,770	66,838,805	1.84%	362.36
2010	67,685,580	16,529,241	51,156,339	1.41%	278.16
2011	53,404,122	17,518,930	35,885,192	0.96%	185.43
2012	61,274,083 ⁽⁴⁾	19,342,676	41,931,407	1.08%	211.30
2013	114,087,394 ⁽⁵⁾	16,923,578	97,163,816	2.52%	502.08
2014	102,395,291	20,845,865	81,549,426	2.04%	421.39
2015	106,214,395	14,880,687	91,333,708	2.26%	471.95
2016	93,476,815	18,299,509	75,177,306	1.78%	388.47
2017	74,133,457	16,381,890	57,751,567	1.34%	298.42

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 152 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 161 for personal income and population data.

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

(4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.

(5) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance various capital improvements for the City.

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2017

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	\$ 116,159,596 ⁽¹⁾	100%	\$ 116,159,596
Little Rock Public School District	<u>191,827,932</u>	100%	<u>191,827,932</u>
Total direct and overlapping debt	<u>\$ 307,987,528</u>		<u>\$ 307,987,528</u>

⁽¹⁾ The City's overlapping debt is calculated by taking the governmental activities debt found on page 156 and adding the general obligations bonds, the revenue bonds and the notes payable.

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

Table 14

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678	\$ 965,793,157	\$ 1,000,828,577	\$ 1,012,232,287	\$ 1,057,578,662	\$ 1,073,919,619
Total net debt applicable to limit	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>	<u>64,275,828</u>	<u>122,636,262</u>	<u>106,862,297</u>	<u>115,241,141</u>	<u>102,498,606</u>	<u>80,282,118</u>
Legal debt margin	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>	<u>\$ 878,601,850</u>	<u>\$ 843,156,895</u>	<u>\$ 893,966,280</u>	<u>\$ 896,991,146</u>	<u>\$ 955,080,056</u>	<u>\$ 993,637,501</u>
Total net debt applicable to the limit as a percentage of debt limit	8.06%	11.00%	8.71%	4.70%	6.82%	12.70%	10.68%	11.38%	9.69%	7.48%

Legal Debt Margin Calculation for 2017

Assessed value	\$ 4,295,678,477
Debt limit:	
General obligation debt limitation (1)	859,135,695
Short-term financing debt limitation (2)	<u>214,783,924</u>
Total Debt Limitation	<u>1,073,919,619</u>
Debt applicable to limit:	
General obligation and short-term financing	96,664,008
Less: Amount set aside for repayment in debt services funds	<u>16,381,890</u>
Total net debt applicable to limit	<u>80,282,118</u>
Legal debt margin	<u>\$ 993,637,501</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	
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Bill and Hillary Clinton							
National Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	\$ 79,007,286	\$ 64,627,799	\$ 14,379,487	\$ 9,609,106	\$ 13,052,723	\$ 22,661,829	0.63
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Bill and Hillary Clinton							
National Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	\$ 78,325,368	\$ 64,198,449	\$ 14,126,919	\$ 10,868,285	\$ 13,533,251	\$ 24,401,536	0.58
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Bill and Hillary Clinton							
National Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	\$ 82,870,388	\$ 64,402,141	\$ 18,468,247	\$ 11,356,052	\$ 13,050,932	\$ 24,406,984	0.76
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Bill and Hillary Clinton							
National Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
Total	\$ 84,607,671	\$ 61,662,487	\$ 22,945,184	\$ 12,023,577	\$ 12,363,171	\$ 24,386,748	0.94
2012 Wastewater Utility	\$ 43,547,696	\$ 31,653,755	\$ 11,893,941	\$ 8,359,601	\$ 11,332,518	\$ 19,692,119	0.60
Bill and Hillary Clinton							
National Airport	29,021,156	19,639,947	9,381,209	2,745,000	1,050,806	3,795,806	2.47
A&P Commission	16,197,970	12,069,527	4,128,443	1,940,000	460,568	2,400,568	1.72
Total	\$ 88,766,822	\$ 63,363,229	\$ 25,403,593	\$ 13,044,601	\$ 12,843,892	\$ 25,888,493	0.98
2013 Wastewater Utility	\$ 48,141,512	\$ 32,730,309	\$ 15,411,203	\$ 8,632,477	\$ 11,845,306	\$ 20,477,783	0.75
Bill and Hillary Clinton							
National Airport	30,628,890	19,844,695	10,784,195	1,160,000	495,998	1,655,998	6.51
A&P Commission	17,217,912	13,177,614	4,040,298	2,080,000	317,494	2,397,494	1.69
Total	\$ 95,988,314	\$ 65,752,618	\$ 30,235,696	\$ 11,872,477	\$ 12,658,798	\$ 24,531,275	1.23

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

Table 15

	Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
					Interest	Total	
2014 Wastewater Utility	\$ 51,214,190	\$ 23,313,891	\$ 27,900,299	\$ 9,023,866	\$ 10,562,391	\$ 19,586,257	1.42
Bill and Hillary Clinton							
National Airport	30,733,404	20,101,509	10,631,895	1,565,000	452,118	2,017,118	5.27
A&P Commission	16,679,718	11,495,998	5,183,720	1,115,000	2,880,581	3,995,581	1.30
Total	\$ 98,627,312	\$ 54,911,398	\$ 43,715,914	\$ 11,703,866	\$ 13,895,090	\$ 25,598,956	1.71
2015 Wastewater Utility	\$ 51,175,869	\$ 23,956,665	\$ 27,219,204	\$ 9,495,548	\$ 9,257,270	\$ 18,752,818	1.45
A&P Commission	17,031,779	11,057,348	5,974,431	1,130,000	2,869,431	3,999,431	1.49
Total	\$ 68,207,648	\$ 35,014,013	\$ 33,193,635	\$ 10,625,548	\$ 12,126,701	\$ 22,752,249	1.46
2016 Wastewater Utility	\$ 53,470,585	\$ 35,122,586	\$ 18,347,999	\$ 11,069,175	\$ 9,193,366	\$ 20,262,541	0.91
A&P Commission	20,089,114	13,350,223	6,738,891	1,160,000	2,835,531	3,995,531	1.69
Total	\$ 73,559,699	\$ 48,472,809	\$ 25,086,890	\$ 12,229,175	\$ 12,028,897	\$ 24,258,072	1.03
2017 Wastewater Utility	\$ 55,286,393	\$ 36,696,561	\$ 18,589,832	\$ 11,761,167	\$ 9,531,429	\$ 21,292,596	0.87
A&P Commission	22,158,308	14,484,239	7,674,069	1,195,000	2,800,731	3,995,731	1.92
Total	\$ 77,444,701	\$ 51,180,800	\$ 26,263,901	\$ 12,956,167	\$ 12,332,160	\$ 25,288,327	1.04

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

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

	Pledged Revenue ⁽⁴⁾	Operating Expenses ⁽⁵⁾	Net Revenue	Principal	Debt Service Requirements		Coverage
					Interest	Total	
River Market Garage	\$ 2,805,490	\$ 1,264,161	\$ 1,541,329	\$ 485,000	\$ 403,300	\$ 888,300	1.74

- (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 ⁽²⁾	Per Capita Income ⁽²⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2008	183,133 ⁽¹⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽³⁾	4.6%
2009	183,133 ⁽¹⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽³⁾	6.1%
2010	193,524 ⁽⁴⁾	4,906,220,448	25,352	37	13.8	27,950 ⁽³⁾	6.1%
2011	193,524 ⁽⁴⁾	5,205,408,552	26,898	35.1	13.8	27,626 ⁽³⁾	7.3%
2012	193,524 ⁽⁴⁾	5,350,164,504	27,646	36.8	15.8	27,344 ⁽³⁾	6.8%
2013	193,524 ⁽⁴⁾	5,448,087,648	28,152	36.6	15.8	27,369 ⁽³⁾	6.7%
2014	193,524 ⁽⁴⁾	5,686,122,168	29,382	36.1	15.8	26,943 ⁽³⁾	5.9%
2015	193,524 ⁽⁴⁾	5,632,516,020	29,105	35.6	15.8	26,767 ⁽³⁾	4.8%
2016	193,524 ⁽⁵⁾	6,170,125,692	31,883	36.6	12.5	26,239 ⁽³⁾	3.5%
2017	193,524 ⁽⁵⁾	6,090,840,798	30,678	35.9	15.4	25,930 ⁽³⁾	3.0%

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

(1) 2000 Census

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

(3) Little Rock Public Schools

(4) 2010 Census

(5) Census estimate released from the US Census Bureau on July 1, 2016.

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

Table 17

<u>Employer</u>	<u>2017</u>			<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
State of Arkansas (MSA)	35,200	1	18.87%	32,200	1
Local Government (MSA)	26,500	2	14.21%		
Federal Government (MSA)	10,200	3	5.47%	9,200	2
University of Arkansas Medical Sciences	9,100	4	4.88%	8,500	3
Baptist Health	6,590	5	3.53%	7,000	5
Little Rock Air Force Base	4,500	6	2.41%	4,500	6
Arkansas Children's Hospital	4,000	7	2.14%		
Little Rock School District	3,500	8	1.88%		
Central Arkansas Veterans Health Care	2,800	9	1.50%	3,500	8
Entergy Arkansas	2,740	10	1.47%	2,738	9
Public School Districts				7,411	4
St. Vincent Infirmiry Medical Center					
AT&T				2,613	10
Axciom				4,388	7
	<u>105,130</u>		<u>56.37%</u>	<u>82,050</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
General Administration	4	3	3	3	3	3	3	3	3	3
Racial Cultural Diversity	3	3	3	3	2	2	2	2	-	-
City Clerk	2	2	2	2	2	2	2	2	3	3
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
311 Communications Center	-	-	-	-	-	-	-	-	6	6
City Manager	15	15	14	14	14	14	14	14	17	19
Community Programs	8	7	6	7	10	10	10	11	13	11
City Attorney	19	19	18	18	18	18	18	19	20	18
Little Rock Television	3	3	3	3	4	4	4	4	4	4
District Court - First Division	21	21	21	21	21	21	21	21	20	20
District Court - Second Division	20	20	17	17	17	17	17	17	18	18
District Court - Third Division	7	7	7	7	7	7	8	8	8	8
Finance	44	44	40	40	40	41	41	42	43	43
Human Resources	21	21	18	18	19	19	19	20	20	22
Management Support/Information Technology	35	36	37	38	38	39	39	39	39	39
Planning and Development	41	41	39	39	39	39	39	39	39	39
Housing and Neighborhood Programs	97	98	94	94	96	103	103	104	105	107
Public Works	13	13	13	13	13	13	13	13	12	12
Parks and Recreation	106	105	100	100	117	119	122	127	130	128
Golf	24	24	21	21	21	21	21	22	22	21
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	9	9
Zoo	50	50	45	46	56	59	59	61	62	63
Fire	397	409	408	408	421	421	421	421	422	421
Police	683	698	698	697	709	716	716	717	733	748
Total General Fund	<u>1,623</u>	<u>1,649</u>	<u>1,617</u>	<u>1,619</u>	<u>1,677</u>	<u>1,698</u>	<u>1,702</u>	<u>1,716</u>	<u>1,749</u>	<u>1,763</u>
Concessions										
River Market	4	4	-	-	-	-	-	-	-	-
Waste Disposal	118	119	112	112	112	113	113	113	113	121
Public Works - Street	208	209	210	210	211	213	213	213	216	215
Fleet Services	61	60	60	60	59	61	61	61	63	63
Vehicle Storage Facility	17	17	17	15	15	15	15	15	13	13
Total Other Funds	<u>409</u>	<u>409</u>	<u>399</u>	<u>397</u>	<u>397</u>	<u>402</u>	<u>402</u>	<u>402</u>	<u>405</u>	<u>412</u>
Total Personnel	<u><u>2,032</u></u>	<u><u>2,058</u></u>	<u><u>2,016</u></u>	<u><u>2,016</u></u>	<u><u>2,074</u></u>	<u><u>2,100</u></u>	<u><u>2,104</u></u>	<u><u>2,118</u></u>	<u><u>2,154</u></u>	<u><u>2,175</u></u>

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Planning and Development										
Total building permits issued	1,957	3,690	3,832	3,304	2,011	2,000	2,024	2,059	2,276	2,283
Estimated building cost	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894	\$391,789,405	\$385,865,486	\$593,559,207	\$414,586,125	\$448,913,149	\$502,609,225
New commercial construction permits	45	31	26	155	94	38	62	40	40	50
Commercial construction value	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044	\$115,487,012	\$86,866,172	\$189,748,670	\$137,075,636	\$116,870,836	\$138,433,381
New residential construction permits	398	351	361	344	349	359	343	335	337	481
Residential construction value	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123	\$78,991,948	\$96,044,242	\$92,447,772	\$89,366,181	\$97,554,075	\$130,595,311
Fire										
Number of uniformed employees	391	402	403	403	403	415	415	415	416	416
Fires and explosions	1,190	1,256	1,557	1,452	1,595	1,241	1,274	1,302	1,274	1,296
Overpressure rupture, explosion, overhear (no fire)	90	61	65	62	96	62	76	72	116	-
Rescue, emergency medical calls	13,990	14,690	15,256	15,259	15,890	16,312	16,934	17,985	18,455	21,246
Hazardous condition, standby	1,392	1,178	1,130	1,298	1,420	1,233	1,383	1,371	1,384	1,095
Service calls	1,374	1,241	1,210	1,295	1,437	1,440	1,503	1,638	1,780	1,882
Good intent calls	3,176	3,327	3,523	3,332	3,426	3,846	3,839	3,419	3,179	3,841
False alarm calls	2,813	2,714	2,644	2,648	2,753	2,770	3,258	4,343	3,790	3,504
Natural disaster calls	64	29	17	75	37	22	26	17	47	27
Other calls	158	132	179	134	140	140	685	437	-	-
Total calls	24,247	24,628	25,984	25,555	26,790	27,066	28,978	30,584	30,025	32,891
Police										
Number of uniformed employees	520	557	557	557	577	574	574	574	590	593
Calls for service	150,042	148,409	143,540	143,226	157,093	158,635	150,367	162,844	162,363	159,051
Arrests	10,523	15,445	15,446	10,154	9,778	8,847	9,289	8,373	9,097	10,321
Accidents (fatality and serious injury)	4,054	5,056	5,039	5,218	5,308	5,029	12,622	12,465	11,200	12,275
Training man hours	26,465	13,525	13,625	10,825	36,780	37,568	38,507	16,230	30,241	31,000
Uniform Crime Reporting (UCR) Part I offenses	17,968	17,775	16,057	16,662	17,330	17,358	16,494	14,932	16,849	17,030
Clearance rate - all crimes	24.80%	19.22%	19.47%	38.00%	21.66%	18.83%	20.13%	20.70%	7.23%	15.77%
Public Works										
Miles of graded and surface treatment	394	392	425	422	422	422	422	422	419	419
Drainage ditches maintained	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,571	1,571
Traffic signals repaired	2,464	3,100	2,125	1,832	293	2,568	2,288	2,179	2,096	1,557
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$20.99	\$21.00	\$21.00	\$20.99	\$20.99	\$22.02	\$22.02	\$22.02	\$22.02	\$22.02
On-Call service	32,000	27,900	24,620	27,135	25,601	26,649	28,148	25,523	28,098	31,124
KB's service	6,000	8,898	7,499	6,242	5,164	8,675	6,864	6,198	9,014	7,379
Roll-off service	2,100	2,108	1,839	2,139	1,973	2,058	1,935	1,149	1,136	752
Carts	5,500	5,664	5,852	5,874	5,742	5,501	5,121	6,667	6,220	5,134
Dead animals collected	400	303	451	343	329	265	309	328	312	384
Curbside recycling tonnage	5,200	5,240	5,414	5,688	9,307	10,287	10,219	9,839	9,381	8,795
Class I and IV tonnage	112,500	113,740	102,500	101,283	104,226	131,773	119,013	124,617	135,104	134,752
Yard Waste tonnage	24,000	26,663	25,226	32,585	30,690	47,881	30,562	27,529	28,978	27,053
Parks and Recreation										
Total recorded parks attendance	1,632,030	64,686 (1)	1,672,000 (2)	611,722	604,702	617,537	613,042	675,314	612,066	599,452
Zoo attendance	274,781	277,530	274,621	307,123	323,040	313,762	307,046	267,314	280,279	265,268
Zoo outreach program	69,223	74,153	39,240	37,307	21,584	37,018	18,700	46,202	22,626	40,424

Sources: Various city departments.

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

- (1) In 2009, the parks department changed the method in which they recorded parks attendance
- (2) In 2010, the parks department changed back to the method in which they recorded parks attendance prior to 2009.
- (3) In 2017, the fire department changed systems and was not able to track this information. They anticipate being able to track it in the future.

City of Little Rock, Arkansas

Capital Asset Statistics By Function

Last Ten Years

Table 20

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire Stations	20	20	20	20	20	21	21	21	21	21	21
Police Stations	11	9	11	11	10	10	10	11	11	11	11
Public Works											
Miles of Streets	2,567	2,585	2,601	2,443	2,434	2,448	2,461	2,465	2,468	2,478	2,485
Miles of paved - permanent streets	2,105	2,146	2,164	2,018	2,016	2,026	2,039	2,046	2,050	2,057	2,066
Alleys	63	63	63	63	63	63	63	63	63	63	63
Waste Disposal											
Miles of storm sewer	350	355	355	357	357	359	361	361	363	367	369
Miles of sanitary sewer	1,292	1,311	1,312	1,320	1,345	1,400	1,365	1,368	1,375	1,384	1,385
Solid waste containers purchased	2,984	1,512	2,688	2,688	3,032	4,176	3,654	2,138	1,740	2,900	4,110
Parks and Recreation											
Acreage	5,781	5,780	6,080	6,246	6,313	6,315	6,319	6,077	6,077	6,077	6,078
Number of parks	55	55	56	58	59	59	59	62	62	63	63
Number of playgrounds	45	45	45	45	45	46	46	46	46	42	42
Number of tennis courts	52	52	52	48	48	48	48	48	48	43	41
Number of basketball courts	36	36	37	37	37	37	37	37	37	35	35
Number of museums	1	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	3	3	3	3	3	3	3	3	3	3
Number of ball fields	25	25	25	25	25	25	25	25	29	26	26
Number of play fields	20	20	20	20	20	20	20	22	22	22	22
Number of zoos	1	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	-	-	1	1	3	1	1	1
Number of community centers	6	6	5	4	4	4	5	4	6	6	6
Number of fitness centers	1	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	3	3	3	3	3	3	3	2	3	3	3
Number of soccer fields	9	9	9	9	9	9	9	12	12	13	13
Number of pavilions	22	20	22	22	22	22	22	28	28	31	33
Number of volleyball courts	2	2	8	8	9	9	9	8	10	13	13

Source: Various city departments.

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

Other Required Report

Independent Accountant's 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 the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2017.

- (1) Arkansas Municipal Account 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.
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107

Management of the City 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2017 is fairly stated, in all material respects.

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

Dallas, Texas
June 15, 2018

Single Audit Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 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 (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2018, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principle. Our report also includes a reference to other auditors who audited the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), 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*, and accordingly, this report does not include reporting on internal control over financial reporting or instances or reportable noncompliance associated with these component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
June 15, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Little Rock, Arkansas's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. 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.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Bill and Hillary Clinton National Airport, Little Rock Water Reclamation Authority and Little Rock Workforce Investment Board, which received \$6,698,412, \$10,003,932, \$22,694,244, and \$1,716,684, 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, 2017. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance 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, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
June 15, 2018

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<u>Department of Housing and Urban Development Programs</u>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 204,509	\$ 1,603,711
<i>Total CDBG - Entitlement Grants Cluster</i>			204,509	1,603,711
HOME Investment Partnerships Program	14.239	N/A	-	699,745
Housing Opportunities for Persons with Aids (HOPWA)	14.241	N/A	389,495	398,196
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	N/A	-	9,299
Continuum of Care Program	14.267	N/A	-	66,287
Pass-Through Program From: Arkansas Economic Development Commission-State CDBG	14.228	794-00236-08	-	1,020
Total Department of Housing and Urban Development Programs			\$ 594,004	\$ 2,778,258
<u>Department of Interior Programs</u>				
Pass-Through Programs From: Arkansas Department of Heritage-Historic Preservation Fund Grants-In-Aid	15.904	14-CLG-08/P17AP00034	\$ 282,008	\$ 285,449
Pass-Through Programs From: Arkansas Department of Parks and Tourism - Outdoor Recreation Acquisition, Development and Planning	15.916	05-00819/P15AP00043	-	2,171
National Park Service Conservation, Protection, Outreach and Education	15.954	N/A	-	65,000
Total Department of Interior Programs			\$ 282,008	\$ 352,620
<u>Department of Justice Programs</u>				
Pass-Through Programs From: Arkansas State Police-Missing Children's Assistance	16.543	ICAC16-06	\$ -	\$ 6,451
Pass-Through Programs From: Arkansas Department of Finance and Administration - Crime Victim Assistance	16.575	#170441-15VG	-	359
Pass-Through Programs From: Arkansas Department of Finance and Administration - Enforcing Underage Drinking Laws Program	16.727	EUDL #2011 AH-FX-0034	-	1,371
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	639,565
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	134,568
Equitable Sharing Program	16.922	N/A	-	239,776
Total Department of Justice Programs			\$ -	\$ 1,022,090
<u>Department of Transportation Programs</u>				
<i>Highway Planning and Construction Cluster</i>				
Pass-Through Programs From: Arkansas State Highway and Transportation Department - Highway Planning and Construction	20.205	Job 060907 / Job 061468	\$ -	\$ 367,364
Total Department of Transportation Programs			\$ -	\$ 367,364

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<u>Department of Treasury</u>				
Treasury Forfeiture Fund Program	21.016	N/A	\$ -	\$ 1,563
Total Department of Treasury			\$ -	\$ 1,563
<u>United States Environmental Protection Agency</u>				
Pass-Through Programs From: Arkansas Natural Resources Commission - ANRC Water Quality Main Street	66.463	C996103-24 PROJECT 16-600	\$ -	\$ 270,110
Total United States Environmental Protection Agency			\$ -	\$ 270,110
<u>Corporation for National and Community Service</u>				
Pass-Through Programs From: Arkansas Department of Human Services - AmeriCorps	94.006	4600037743 / 4600040629	\$ -	\$ 105,295
Total Corporation for National and Community Service			\$ -	\$ 105,295
<u>Executive Office of the President</u>				
Pass-Through Programs From: Washington County, Arkansas - High Intensity Drug Trafficking Areas Program	95.001	CONTRACT # 2016-43	\$ -	\$ 4,078
Total Executive Office of the President			\$ -	\$ 4,078
<u>Department of Homeland Security Programs</u>				
Pass-Through Programs From: Arkansas Department of Emergency Management-Hazard Mitigation Grant	97.039	FEMA-4226-DR-AR-#6	\$ -	\$ 2,680
Pass-Through Programs From: Arkansas Department of Emergency Management-Emergency Management Performance Grants (EMPG)	97.042	EMPG 2017/ EMPG 2018	-	63,197
Pass-Through Programs From: Arkansas Department of Emergency Management-Homeland Security Grant Program	97.067	Various	-	489,972
Pass-Through Programs From: Central Arkansas Planning & Development - Repetitive Flood Claims Program	97.092	PJ-06-AR-2016-002	-	27,869
Total Department of Homeland Security Programs			\$ -	\$ 583,718
<i>Total Expenditures of Federal Awards</i>			\$ 876,012	\$ 5,485,096

City of Little Rock, Arkansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Little Rock, Arkansas (City) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City did not have any federal loan programs during the year ended December 31, 2017.

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2017

Program Grantor/Program Title	State Awards
Arkansas Department of Finance and Administration	
Act 1210 River Trail	\$ 119,421
Pass through Program - Central Arkansas Planning & Development	337
Arkansas Department of Heritage	
15-CLGRET-02	19,773
16-CLG-09	10,860
17-HPRG-07	40,000
18-HPRG-05	17,226
WOODRUFF REPAIR 15-RETT/CLG-04	35,382
Arkansas Department of Health	
Trauma Training Site Sustaining Grant	3,292
Arkansas Department of Parks and Tourism	
Outdoor Recreation	161,593
Arkansas Development Finance Authority	
Arkansas Housing Trust Fund	<u>55,967</u>
 Total State Awards	 <u><u>\$ 463,851</u></u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

3. Noncompliance considered material to the financial statements noted?

Yes No

Federal Awards

4. Internal control over compliance for major federal awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor's report issued on compliance for major federal award programs:

Unmodified Qualified Adverse Disclaimer

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7. Identification of major federal programs:

Cluster/Program	CFDA Number
<i>CDBG – Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. The City qualified as a low-risk auditee? Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

Section III – Federal Award Findings & Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

Reference Number	Summary of Finding	Status
No matters are reportable.		