

Comprehensive Annual Financial Report for the year ended December 31, 2014



City of Little Rock, Arkansas

About the Cover: On September 25, 2014, the new 12th Street Station officially opened. This 44,000 square foot building houses various divisions of the Little Rock Police Department and has commercial space available. The station will become the City of Little Rock's first building to receive the LEED Silver designation, continuing the City's commitment to sustainability.

The 12th Street Station serves as an anchor in the revitalization efforts in Little Rock's central core. It is a symbol of the City's commitment to the 12th Street corridor and is spurring interest in increased commercial investment in the area.

Funding for the \$12.5 million project came from the City's 3/8-cent capital sales tax, the special projects fund, and a grant from the Arkansas Economic Development Commission. The 12th Street Station was designed by Roark Perkins Perry Yelvington Architects. It was constructed by a joint venture of ADEVCO Construction and East-Harding Construction.

Cover photo provided by Roark Perkins Perry Yelvington Architects.

City of Little Rock, Arkansas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2014

The Department of Finance

Sara Lenehan, CPA
Director of Finance

Ember Strange
City Comptroller



City of Little Rock, Arkansas
Year Ended December 31, 2014

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INTRODUCTORY SECTION



City of Little Rock

Bruce T. Moore
City Manager

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June 25, 2015

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

State Law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Board of Directors exercised that option. Accordingly, we hereby issue the Comprehensive Annual Financial Report of the City of Little Rock for the fiscal year ended December 31, 2014.

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, 2014, 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, 2014, 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 197,357. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. In addition, the City is empowered by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Little Rock has operated under the Council-Manager form of government since 1957. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and ten (10) other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The Mayor's position is full-time, and City Board Members are part-time; 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 blended and 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; however, require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the Board of Director's approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 83 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 100.

Factors Affecting Financial Condition:

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

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

The latest comparative figures for the City of Little Rock show unemployment at 5.9%, compared with a U.S. average of 6.2%, according to data from the United States Department of Labor, seasonally adjusted for local figures by Metroplan. Per Metroplan, the United States economy is gaining strength, the prospect for Central Arkansas is steady; however, local growth has lagged the U.S. average during the four (4)-year period from 2011-2014. According to Metroplan, the City of Little Rock had approximately 6,300 unemployed residents as of December, 2012. This number had decreased to about 4,700 unemployed residents by December, 2014, representing a decline of 25% in two (2) years. Little Rock remains a vital employment center, accounting for approximately 53% of all jobs, by place of work, in the Little Rock-North Little Rock metropolitan areas. A large component of the City's workforce is in the areas of health care, education and public administration. These sectors are less vulnerable to national employment trends.

The Metroplan economic report for early 2015 states that figures from the Arkansas Department of Finance and Administration demonstrate that Little Rock's retail sales are diverse, spread across many sectors. The top three (3) sectors include "other general merchandise stores", full-service restaurants, and grocery stores, accounting for approximately 26% of all retail sales. However; at the same time, U.S. Internet sales continued rapid growth accounting for 6.6% of all retail sales. Internet 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 Marketplace Fairness Act before Congress, which would enable municipalities to collect sales tax from retailers that do not have a physical presence in 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 use tax returns for such purchases, this method is very ineffective.

The regional housing market has seen less growth than the U.S. average over the last several years; however, Little Rock has fared better than the regional average. Single-family housing permits began to rebound during 2012, moving to an average of thirty (30) monthly; the highest level since 2008, and were nearing an average of forty (40) units per month by the end of 2014. Multi-family housing construction has increased in relation to single-family permits, growing from a 32% share of new housing units to 57% of new housing units in 2014. On August 1, 2013, Moses Tucker Real Estate announced plans to redevelop the old Arkla Gas Building in Downtown Little Rock, converting it into upscale apartments by spring 2015. The \$13 million project will be called MacArthur Commons and will include eighty-four (84) units at the corner of East Capitol and River Market Avenues. In addition, a new complex is coming to the South Main District in Downtown Little Rock. The South Village Apartments at Quapaw at 1301 Louisiana Street will feature sixteen (16), one (1) and two (2)-bedroom apartments. The \$2 million project will provide additional living units in downtown while retaining the historic architectural integrity of the area.

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. Economic projects are in development in all areas of the City – from Downtown, to Midtown, Southwest Little Rock and West Little Rock. Many of these projects are highlighted as major initiatives below.

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 rankings place 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. Little Rock is very proud of this ranking.

In January 2014, *Arkansas Business* reported that the University of Arkansas Fay Jones School of Architecture and Marlon Blackwell Architect of Fayetteville won a 2014 Honor Award from the American Institute of Architects for the Little Rock Main Street Creative Corridor Plan. The plan will retrofit a four (4)-block area of Main Street by utilizing economic development focused on cultural arts rather than a traditional retail base. The Arkansas Symphony Orchestra, Ballet Arkansas and the Arkansas Repertory Theatre plan to occupy rehearsal and creative space in the corridor.

In June 2014, *Arkansas Business* reported that the American Council for an Energy-Efficient Economy will bring its 2015 National Conference on Energy Efficiency as a Resource to the Statehouse Convention Center in September 2015. The biennial event, which the Arkansas Economic Development Commission (AEDC) calls one of the premier conferences on the role of energy efficiency as a utility system resource, was first held in 2001 and will be making its first trip to Arkansas.

In addition, 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/>)

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-cent local sales tax in September 2011 that was effective 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 five-eighths (5/8)-cent permanent increase in sales tax for operations is reflected in the 2014 adopted budget. The three-eighths (3/8)-cent, ten (10)-year sales tax for capital projects, which expires in 2021, is reflected in a 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 three (3) years of collection, the new sales tax provided additional resources of approximately \$140.7 million, including approximately \$87.8 million for operations and \$52.9 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 \$58,105,000 in bonds on July 24, 2013. A second series of bonds will likely be issued in 2016 or 2017.

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. The 2015 Budget includes a contingency allocation of an additional \$1 million. Following the completion of the 2014 audit, the City's management team will

determine the amount of funds available to increase the reserve, with the intent of gradually increasing the designated reserve to achieve 10% of General Fund revenues in 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. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate growth rate prior to the economic downturn in 2008, revenue growth did not keep pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. The 2010 Budget included a reduction of forty-two (42) full-time positions from prior year staffing levels. The 2011 Budget included the same number of authorized full-time positions as the 2010 Budget. With the passage of the new sales tax, positions were filled and new positions were added in 2012 through 2014, particularly in the areas of Public Safety and Parks and Recreation. The 2015 General Fund Budget supports 1,683 full-time equivalent (FTE) positions, a net increase of fourteen (14) FTEs compared to 2014 staffing levels. Staffing includes twenty-seven (27) Police positions previously funded by a grant award under the *American Recovery and Reinvestment Act* COPS Program and eighteen (18) Fire fighters previously funded by a SAFER Grant. In addition, special projects and grant awards support forty-one (41) employees. However, approximately 100 of the budgeted General Fund positions were vacant during 2014. This represents a significant improvement over the 152 budgeted General Fund positions that were kept vacant in 2011. Many of the initiatives supported by the new 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 2015 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.

The City issued a \$5.9 million short-term financing note in 2014 to accelerate public safety projects associated with the three-eighths (3/8)-cent sales tax for capital projects. 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 over a period of five (5) years from general revenues. The principal portion of the new note will be funded by a transfer to the General Fund from the proceeds of the three-eighths (3/8)-cent sales tax for capital projects. Principal and interest payments are included in the General Fund Budget. Debt service payments will increase by approximately \$1,235,500 in 2015 due to the addition of the 2014 note.

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 from a \$20 local jail fine to contribute toward operations for expanded Pulaski County Jail space. Combined, the funding for the jail will increase by 5% to \$1,854,576.

A Homeless Services Task Force was established in 2006 to end chronic homelessness within our community. The City of North Little Rock has partnered with 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, 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 reentry programming in 2015 as part of City's emphasis to foster and enhance youth and community development. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In 2015, Community Programs Staff issued a request for qualifications for the development of a Youth Master Plan. An Advisory Committee was appointed and are currently in the process of developing the plan for implementation. In 2012, the City implemented an in-house pilot program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The success of the pilot program resulted in an expansion in 2014 to include additional entry-level positions available in other City Departments. The program was extremely successful and will be continued in 2015.

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. One of the most exciting developments is the new Bass Pro Shop that opened in Little Rock on November 13, 2013. The 120,000 square-foot location is at Little Rock's Gateway Town Center, a 169-acre project at the northwest corner of Interstates 30 and 430 in Southwest Little Rock. In addition, construction began on an outlet mall at the same location with approximately seventy-five (75) retail stores, bringing approximately 1,000 jobs to the area. Outlet shopping centers are unique and traditionally become destinations and magnets for retail activity. The grand opening is anticipated in October 2015. Recently, *Arkansas Business* reported that a thirty-three (33)-acre piece of the Gateway Town Center development is poised to add additional commercial construction in 2015. The Gateway's Grove Project is envisioned to become an entertainment district with hotels, restaurants and other attractions.

In July 2014, the Robinson Center Music Hall in downtown Little Rock was temporarily closed for a \$68 million renovation project. The building will increase from 133,500 square-feet to 138,000 square-feet. The overhaul includes restoring the exterior, re-working audience entrances, improving performance hall acoustics and seating, upgrading the loading area and building a new conference center and grand hall on the north side of the performance hall. The upgrades are expected to be completed by 2016.

In September 2014, Dassault Falcon Jet broke ground on a \$60 million expansion of its private jet finishing plant at the Little Rock airport. The expansion will retain 400 positions in Little Rock. The expansion will add 250,000 square-feet to Dassault's site and bring the plant's total area to 1.25 million square-feet.

In November 2014, Entergy Corporation broke ground on a new \$23 million center in Little Rock. The 25,000 square-foot building will be a transmission operations center in Southwest Little Rock, located at 13019 Vimy Ridge Road.

In December 2014, *Arkansas Business* reported a 311,684 square-foot FedEx Corporation Distribution Center to be located in Southwest Little Rock. The \$24.9 million project is forecast to open in August 2016 and will involve a new street, Industry Parkway, which will link with Alexander Road. In February 2015, FedEx held a groundbreaking ceremony with company officials, as well as government leaders including U.S. Sen. Tom Cotton and U.S. Rep. French Hill. The distribution center is expected to bring approximately 160 new jobs to the City.

In April 2015, Conway technology firms Inuvo, Inc. and PrivacyStar announced that they are expanding operations and relocating to the Museum Center in the River Market District of downtown Little Rock in early fall. An article posted by the Little Rock Regional Chamber of Commerce quoted Charles D. Morgan, CEO of PrivacyStar and an Inuvo Board Member as saying, "I have been a big supporter of the downtown Tech Park because many tech workers like the environment and the many amenities of working in the River Market." In addition, Little Rock Mayor Mark Stodola said, "Choosing to launch their next growth phase in downtown Little Rock reinforces the people of Little Rock's commitment to and investment in the Tech Park and development of the Creative Corridor."

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. \$38,000,000, or 19.4%, of the revenue anticipated from the 3/8-Cent Sales Tax 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., and FedEx.

The City of Little Rock's website, www.littlerock.org, and a strong presence in a wide variety of social media sites including Facebook, Twitter, Instagram, YouTube and Flickr allow Little Rock residents and businesses to stay informed about programs and

resources available. In addition, the City is proud of our 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 City Board Meetings and other official proceedings; and produces programming regarding municipal affairs. The City of Little Rock mobile app was implemented in 2014 to enable citizens to connect with City leadership, access City services, report issues, and locate other community information. The app is available for download through the App Store or Google Play Store.

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, 2013. The City of Little Rock has received a Certificate of Achievement for thirty-two (32) 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 on a timely basis could not have been accomplished without the efforts of certain individuals. Comptroller Ember Strange, and the Accounting and Reporting Staff including Alan Bohannon, Tommie Bowman, Jim Browne, Ben Damgaard, Kay Harden, Nancy Warfield, Anita Worley, and Colleen Young; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grant Staff including Gene Brunner, Debbie Carreiro, and Lottie Keaton, should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Mayor, the Board of Directors and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Department Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

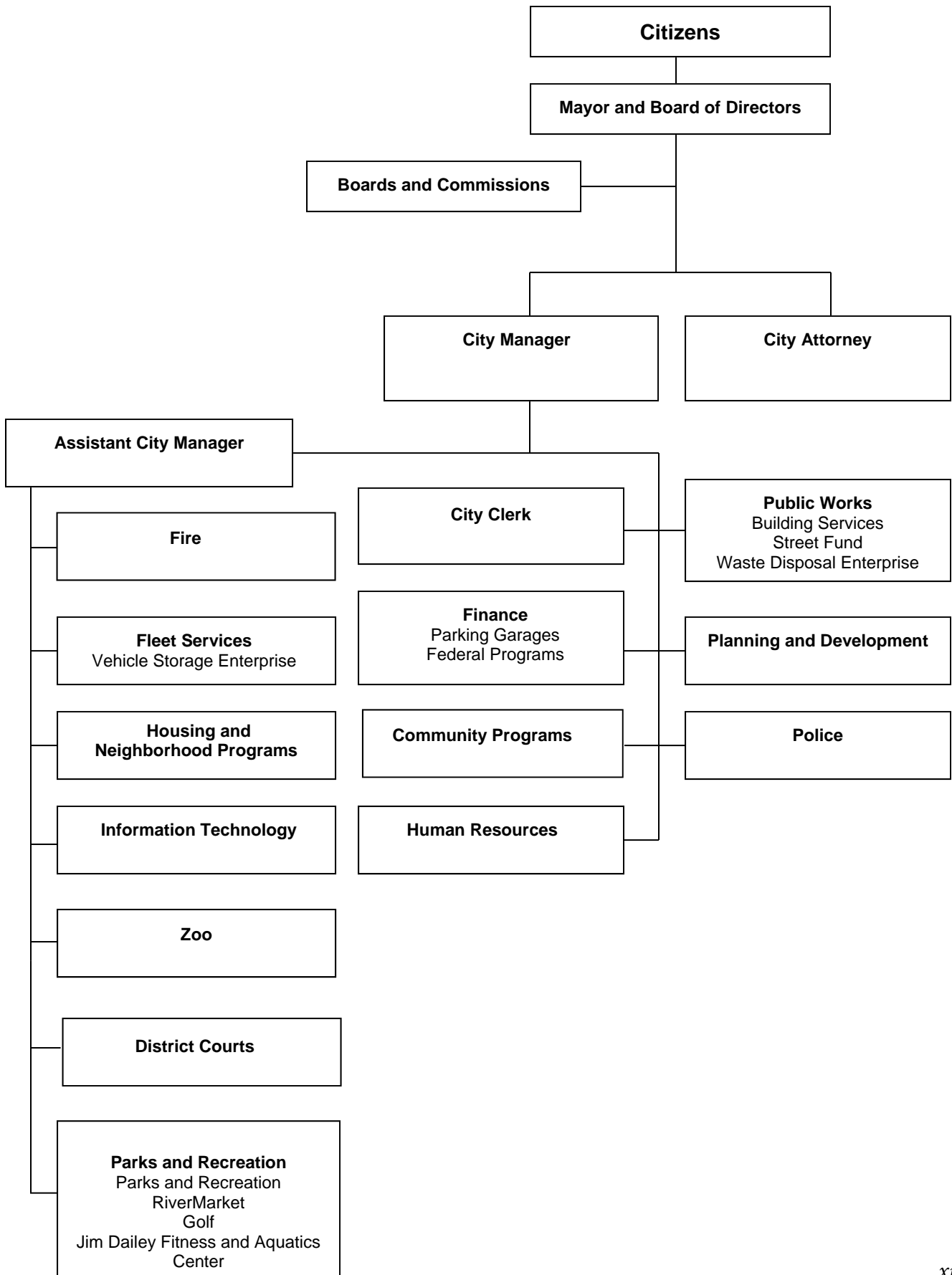
**City of Little Rock
Arkansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

City of Little Rock Organizational Chart by Fund Responsibilities



Elected Officials:

Mark Stodola	Mayor
Lance Hines	Vice-Mayor, Director – Ward 5
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Kathy Webb	Director – Ward 3
Brad Cazort	Director – Ward 4
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
Alice Lightle	District Court First Division Judge
Victor Fleming	District Court Second Division Judge
Mark Leverett	District Court Third Division Judge

Appointed Officials:

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

FINANCIAL SECTION

Independent Auditor's Report on Financial Statements and Supplementary Information

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, 2014, 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 statements reflect total assets and deferred outflows of resources and program revenues of \$231,298,961 and \$41,791,116, respectively, and represent 19% and 31% of the aggregate discretely presented component units' total assets and deferred outflows of resources and program revenues, respectively, at December 31, 2014, and for the year then ended. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery, 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, 2014, 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 17* to the financial statements, in 2014, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*. 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 and budgetary and pension/other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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.

Supplementary 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 accompanying supplementary information including the combining and individual fund statements, budgetary comparison schedule – street fund, statement of changes in assets and liabilities – agency fund, schedule of expenditures of state awards and the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information including the combining and individual fund statements, budgetary comparison schedule – street fund, statement of changes in assets and liabilities – agency fund, schedule of expenditures of state awards and the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2014

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, 2014. 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 at the close of 2014 by \$610,350,888. Of this amount, \$561,947,623 is net investment in capital assets, \$17,531,223 is restricted for debt service, grant funds and other special projects, and \$30,622,042 is considered unrestricted. The unrestricted net position of the City's governmental activities decreased \$4,055,935 to \$24,870,220. The unrestricted net position of the City's business-type activities decreased \$532,181 to \$5,751,822.
- The City's reported total net position increased by \$9,804,419 in 2014. Net position of the governmental activities increased \$7,484,220 (1.3% of beginning net position). Business-type activities increased by \$2,320,199.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$150,564,550. The combined governmental funds fund balances decreased \$15,525,005 from the prior year. The primary components of this change were the net decrease in capital project funds of approximately \$18.8 million, and a net decrease in General Fund balances of approximately \$1.2 million associated primarily with the timing of special project expenditures, partially offset by an increase of approximately \$3.3 million in special revenue funds and an increase of approximately \$1.2 million in debt service funds. The decrease in capital project funds was primarily due to expenditure of library bond proceeds of approximately \$6.5 million, the expenditure of capital improvement bond proceeds for street and drainage projects of approximately \$10 million, and the expenditure of approximately \$21 million in sales tax capital improvement funds, partially offset by sales tax receipts dedicated to capital projects of approximately \$17.8 million, and the issuance of a short-term financing note in the amount of \$5.9 million to fund completion of construction of the 12th Street Station and the purchase of Fire vehicles and equipment and Information Technology assets. Approximately \$21.5 million of the \$150,564,550 fund balances is considered unassigned at December 31, 2014, and \$117,940,944 is reported as restricted for capital projects or debt service. In addition, \$2,784,135 of the governmental fund balances is nonspendable, primarily representing inventories and prepaid expenditures. The committed and assigned portions of the fund balances were \$336,610 and \$8,009,164, respectively.

- The General Fund reported fund balance of \$34,310,621 at the end of the current year. Unassigned fund balance for the General Fund was \$24,713,596 or 12.8% of total General Fund expenditures (including transfers out). There was a \$1,214,088 decrease in the total fund balance for the General Fund for the year ended December 31, 2014. The decrease in fund balance is primarily due to the timing of expenditures for special projects partially funded in prior years, such as \$2.4 million in funds utilized toward Police special projects, including completion of the 12th Street Station. Excluding the timing of special projects and net seized money funds, the fund balance for the General Fund increased by approximately \$860,000.
- The City's total debt decreased by \$14,909,575 (8.4% below 2013) during the current year. The key factors in this decrease were principal payments of \$14,225,000 for general obligation bonds, \$6,075,575 for temporary notes, and \$3,140,000 for revenue bonds, partially offset by the issuance of a \$5,916,000 2014 Short Term Financing Note and the issuance of Tax Increment Financing Bonds in the amount of \$2,615,000.
- At the close of the current year, net position of fiduciary funds was \$145,792,489 held in trust for pension and other post-employment benefits. There was an increase of \$3,951,217 in the total fiduciary net position held in trust for the year ended December 31, 2014. The increase in net position is attributed to contributions to the funds in the amount of \$19,147,344, investment income and a net change in the fair value of investments of \$1,424,899, benefits paid directly to participants of \$15,912,852, and other investment and administrative expenses of \$708,174.
- The City's component units reported net position of \$836,855,109 as of December 31, 2014, an increase of \$26,459,281 compared to December 31, 2014.

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 Wastewater Utility
- 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
- Museum of Discovery
- Arkansas Arts Center
- Little Rock Workforce Investment Board
- Central Arkansas Library System

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on Pages 35-36.

The government-wide financial statements can be found on Pages 22-23 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), and the 2013 Capital Improvement Fund (capital project) which are considered to be major funds. Data from the other twenty-one (21) 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 24-25 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 26-28 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 29-30 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 33-82 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s General Fund budget and the City’s pension and other post-employment benefit information. The City adopts an annual appropriation budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on Page 83 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on Pages 92-99 of this report.

Government-wide Financial Analysis

City of Little Rock, Arkansas Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 141,699,319	\$ 142,055,932	\$ 13,127,076	\$ 14,404,506	\$ 154,826,395	\$ 156,460,438
Noncurrent and other assets	90,406,261	106,005,543	1,510,184	1,436,965	91,916,445	107,442,508
Capital assets	622,161,178	607,338,961	24,553,327	23,239,476	646,714,505	630,578,437
Total assets	<u>854,266,758</u>	<u>855,400,436</u>	<u>39,190,587</u>	<u>39,080,947</u>	<u>893,457,345</u>	<u>894,481,383</u>
Deferred outflows of resources	-	-	140,666	197,156	140,666	197,156
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>140,666</u>	<u>197,156</u>	<u>140,666</u>	<u>197,156</u>
Total assets and deferred outflows of resources	<u>854,266,758</u>	<u>855,400,436</u>	<u>39,331,253</u>	<u>39,278,103</u>	<u>893,598,011</u>	<u>894,678,539</u>
Current liabilities	60,523,610	58,097,376	4,326,693	4,762,787	64,850,303	62,860,163
Long-term liabilities outstanding	204,276,452	215,320,584	14,120,368	15,951,323	218,396,820	231,271,907
Total liabilities	<u>264,800,062</u>	<u>273,417,960</u>	<u>18,447,061</u>	<u>20,714,110</u>	<u>283,247,123</u>	<u>294,132,070</u>
Net position	<u>\$ 589,466,696</u>	<u>\$ 581,982,476</u>	<u>\$ 20,884,192</u>	<u>\$ 18,563,993</u>	<u>\$ 610,350,888</u>	<u>\$ 600,546,469</u>
Net investment in capital assets	\$ 549,795,437	\$ 539,105,312	\$ 12,152,186	\$ 9,423,026	\$ 561,947,623	\$ 548,528,338
Restricted - expendable	14,551,039	13,951,009	2,980,184	2,856,964	17,531,223	16,807,973
Restricted - unexpendable	250,000	-	-	-	250,000	-
Unrestricted	24,870,220	28,926,155	5,751,822	6,284,003	30,622,042	35,210,158
Total net position	<u>\$ 589,466,696</u>	<u>\$ 581,982,476</u>	<u>\$ 20,884,192</u>	<u>\$ 18,563,993</u>	<u>\$ 610,350,888</u>	<u>\$ 600,546,469</u>

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 by \$610,350,888 at the close of the most recent fiscal year.

The largest portion of the City’s net position (92.1%) reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that 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 (2.9%) represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of \$30,622,042 represents 5% of the City's net position and is available for expenditure.

Revenues	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<i>Program revenues:</i>						
Charges for services	\$ 31,974,520	\$ 32,012,482	\$ 20,944,980	\$ 22,088,860	\$ 52,919,500	\$ 54,101,342
Operating grants and contributions	5,396,151	8,133,436	-	-	5,396,151	8,133,436
Capital grants and contributions	1,379,420	2,028,323	170,289	-	1,549,709	2,028,323
<i>General revenues:</i>						
Property taxes	51,570,745	52,833,701	-	-	51,570,745	52,833,701
Sales taxes	114,294,652	112,749,306	-	-	114,294,652	112,749,306
Utility franchise taxes	29,898,410	29,707,701	-	-	29,898,410	29,707,701
Investment earnings (loss)	1,131,952	(116,617)	135,013	(28,446)	1,266,965	(145,063)
Intergovernmental revenues	27,219,998	23,452,078	-	-	27,219,998	23,452,078
Other	-	(148,720)	-	-	-	(148,720)
Total revenues	262,865,848	260,651,690	21,250,282	22,060,414	284,116,130	282,712,104
Expenses						
General government	50,079,445	48,076,292	-	-	50,079,445	48,076,292
Public Works	39,260,053	36,968,065	-	-	39,260,053	36,968,065
Parks and recreation	11,436,512	11,209,542	-	-	11,436,512	11,209,542
River Market	1,337,298	1,298,266	-	-	1,337,298	1,298,266
Golf	2,420,678	2,162,056	-	-	2,420,678	2,162,056
Jim Dailey Fitness	1,389,915	983,422	-	-	1,389,915	983,422
Zoo	6,920,847	6,927,190	-	-	6,920,847	6,927,190
Public safety	122,344,908	113,279,534	-	-	122,344,908	113,279,534
Education	6,505,814	11,361,720	-	-	6,505,814	11,361,720
Housing and neighborhood programs	6,996,437	9,238,779	-	-	6,996,437	9,238,779
Interest on long-term debt	5,096,215	4,203,511	-	-	5,096,215	4,203,511
Agent fees on long-term debt	-	-	-	-	-	-
Waste disposal	-	-	13,854,376	15,117,230	13,854,376	15,117,230
Parking system	-	-	1,938,758	1,729,131	1,938,758	1,729,131
Fleet	3,397,637	2,714,412	-	-	3,397,637	2,714,412
Vehicle storage	-	-	1,332,818	1,333,659	1,332,818	1,333,659
Total expenses	257,185,759	248,422,789	17,125,952	18,180,020	274,311,711	266,602,809
Change in net position before transfers	5,680,089	12,228,901	4,124,330	3,880,394	9,804,419	16,109,295
Special item – transfer of net pension obligation	-	57,079,030	-	-	-	57,079,030
Transfers	1,804,131	1,661,580	(1,804,131)	(1,661,580)	-	-
Change in net position	7,484,220	70,969,511	2,320,199	2,218,814	9,804,419	73,188,325
Net Position, Beginning of Year, as Previously Reported	581,982,476	511,466,968	18,563,993	16,559,528	600,546,469	528,026,496
Adjustment applicable to prior years	-	(454,003)	-	214,349	-	(239,654)
Net Position, Beginning of Year, As Restated	581,982,476	511,012,965	18,563,993	16,345,179	600,546,469	527,358,144
Net position – December 31	\$ 589,466,696	\$ 581,982,476	\$ 20,884,192	\$ 18,563,993	\$ 610,350,888	\$ 600,546,469

Governmental Activities. Governmental activities increased the City's net position by \$7,484,220. The increase in net capital assets of \$14,822,217 and the decrease in noncurrent liabilities of \$11,044,132

were partially offset by the increase in current liabilities of \$2,426,234, a decrease in current assets of \$356,613, and the decrease in noncurrent assets of \$15,599,282.

Property tax represents 19.6% of the City's governmental revenue in 2014. Property tax revenues decreased approximately \$1,260,000 due to the decrease in delinquent property tax revenues, partially offset by an increase in current property tax revenues. Sales tax represents 43.5% of the City's governmental revenue in 2014. The decrease in operating grants and contributions is primarily associated with FEMA reimbursements received in 2013 associated with 2012 winter storm recovery, 2013 funds received through the Governor's quick action fund dedicated to infrastructure projects associated with the expansion of Dassault Falcon Jet, and the expiration of American Recovery and Reinvestment Act assistance for the Police Department COPS program. The decrease in capital grants and contributions is primarily associated with revenues from the state recognized in 2013 for expansion of the Arkansas River Trail and state general improvement funds for the Zoo. The increase in intergovernmental revenues of approximately \$3.8 million is due to an increase in state pension turnback funds of approximately \$680,000, the first full year of the new ½-cent state sales tax for street improvements which was implemented in July of 2013 resulting in approximately \$2.3 million in additional revenues, and increased contributions and donations of capital assets, including various funds for the new compressed natural gas station placed in service in 2014. In 2013, the special item of approximately \$57 million represents the impact of the transfer of administration of the Policemen's Pension and Relief Fund to LOPFI at year-end.

Current year expenses were 97.8% of current year revenues, excluding transfers in.

Business-type Activities. Business-type activities increased the City's net position by \$2,320,199. Key elements of this increase are as follows:

- Operating income increased net position by \$4,531,083. Net nonoperating expenses, primarily interest expense, decreased net position by \$577,042. Contributions and donations of primarily capital assets increased net position by \$170,289. Net transfers decreased net position by \$1,804,131.
- Waste Disposal net position increased by \$2,296,733. Net income, before net transfers out and capital contributions of \$1,423,917, was \$3,720,650 which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$701,741 was offset by net nonoperating expense of \$482,853 and transfers out of \$239,268. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income increased net position by \$14,503.

Waste Disposal activities contribute 83.3% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 90% 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, 2014, the City’s governmental funds reported combined ending fund balances of \$150,564,550, a decrease of \$15,525,005 in comparison with the prior year. Approximately \$117,941,000 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$2,784,135 of the governmental fund balances is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$336,610 and \$8,009,164, respectively. Approximately \$21,500,000 constitutes *unassigned fund balance* and is available for spending at the government’s discretion.

The General Fund is the chief operating fund of the city. At December 31, 2014, unassigned fund balance of the General Fund was \$24,713,596, while the total fund balance was \$34,310,621. 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 12.8% of total General Fund expenditures (including transfers out), while total fund balance represents 17.7% of that same amount.

The special revenue funds had total fund balances of \$14,623,448. The net increase in fund balances during 2014 for the funds was \$3,271,136. Revenues for special projects 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 attributed to a new ½-cent state sales tax dedicated to streets and drainage, partially offset by a reduction in grant fund balances. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 3,308,914	\$ 9,297,332
Special Projects	150,393	2,667,459
Emergency 911	(1)	84,633
CDBG	(186,670)	1,132,298
NHSP	(23,682)	40,011
HIPP	52,479	403,139
Grant	(30,297)	998,576

The debt service funds had total fund balances of \$21,381,267. The net increase in fund balances during 2014 was \$1,214,128. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Revenues for the 2009 Parks and Recreation debt service come from park operating revenues. Tax increment financing (TIF) funds were issued in 2014 to fund infrastructure improvements associated with an economic development project surrounding the Bass Pro development in Southwest Little Rock. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 6,569	\$ 26,305
2002 Junior Lien Bonds	201	18,290
TIF #1 2014 Capital Improvements	474,598	474,598
2008 & 2009 Central Arkansas Library	10,415	3,886,417
2009 Parks and Recreation	56,211	2,177,231
2012 Central Arkansas Library	(22,481)	3,522,131
2013 Capital Improvement	688,615	11,276,295

The capital project fund balances decreased by \$18,796,181 to total fund balances at December 31, 2014, of \$80,249,214. In accordance with the terms of the City ordinance for each fund, approximately \$40 million was used to acquire capital assets. Revenues for capital projects come primarily from the 3/8-cent sales tax which generated approximately \$17.9 million in revenue in 2014, and bond and loan proceeds. In addition, the City issued a new short-term financing note in 2014 in the amount of \$5,916,000, primarily to advance projects funded by the 3/8-cent capital sales tax. The net changes and ending fund balances for the capital project funds are:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (70,510)	\$ 314,068
TIF #1 2014 Capital Improvements	211,529	211,529
Short Term Financing	(94,729)	27,246
2004 Capital Improvement	97	6,786
2008 & 2009 Central Arkansas Library	-	201
2009 Parks and Recreation	(478,177)	1,457
Sales Tax Capital Improvement	(2,093,170)	27,960,670
2012 Central Arkansas Library	(6,480,779)	5,196,972
2013 Capital Improvement	(9,790,442)	46,530,285

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 \$21,076,674, \$449,122 and (\$641,604) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position increased in the Waste Disposal and Vehicle Storage funds by \$2,296,733 and \$43,846, respectively. Net position decreased in the River Market Garage by \$20,380. 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 \$5,602,000 more than the original budget. The total original appropriations, including those for transfers out, were \$184,264,530, while the final appropriations were for \$189,866,530. The primary purpose of the budget amendment was to increase budgeted revenues and expenditures to reflect transfers in from the Sales Tax Capital Improvement Fund for debt service payments associated with short-term financing notes issued to accelerate capital projects in that fund. The associated debt service payments are reflected in the General

Administration budget. In addition, the adjustment included the allocation of savings from authorized but vacant positions to the appropriate departments and adjusted revenues based on trends through the first seven (7) months of the year. Budget adjustments and actual results are shown as follows:

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

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$26,548,180	(\$300,000)	\$26,248,180	\$26,685,437	\$437,257	The budget adjustment includes a decrease of \$300,000 in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. Actual property tax revenues were approximately 1.7% above the amended budget.
Sales Taxes	96,123,400	(739,514)	95,383,886	96,445,300	1,061,414	The original budget included estimated growth in sales tax revenue of approximately 1.5%. The budget adjustment reflects a reduction in sales tax growth to approximately 0.5% based on experience during the first half of the year. Actual results were approximately 1.11% better than the amended budget based on very strong sales tax results during the month of December.
Licenses & Permits	10,509,200	507,000	11,016,200	11,081,899	65,699	The budget adjustment includes an increase associated with building and related permits issued for large construction projects including Riverside Residences, Dassault Falcon, and Carti. Actual results were slightly better than the amended budget.
Intergovernmental	6,353,442	648,991	7,002,433	7,002,433	—	Insurance pension turnback funds were received from the State of Arkansas in July. The receipt was \$648,991 higher than a year ago which is reflected in the budget amendment. Actual results include approximately \$3.3 million associated with separate state turnback allocations dedicated to the police and fire pension and relief funds. These revenues are passed through to the pension plans.
Charges for Services	11,245,641	(317,828)	10,927,813	10,521,957	(405,856)	The budget adjustment includes reductions in Zoo and Golf revenues associated with significant rainfall during the Spring which stifled attendance. The unfavorable variance at year-end is due to a reduction in reimbursements for 911 services and lost Fitness Center revenues due to a fire. Insurance reimbursements for the fire are included in All Other Revenues below.
Fines & Fees	3,199,875	(190,000)	3,009,875	2,986,359	(23,516)	The budget adjustment reflects a decline in traffic and parking fines. Actual results were slightly below the amended budget.

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

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Franchise Fees	\$27,686,000	\$587,500	\$28,273,500	\$28,141,318	(\$132,182)	The budget adjustment in franchise fees reflects an increase in gas billings associated with increased usage and slightly higher natural gas rates and an increase in anticipated electric utility collections due to a rate adjustment effective in July 2014. The unfavorable actual variance at year-end is primarily due to a delay in implementation of the electric utility rate increase and reduced water usage due to an unusually wet and mild summer.
Interest Earnings	50,000	150,000	200,000	346,223	146,223	The budget adjustment and the year-end favorable variance reflect increased earnings associated with higher cash balances and the reversal of the prior year annual fair market value adjustment on investments. Investments are held to maturity and are redeemed at par value.
Transfers In	1,780,892	5,255,851	7,036,743	7,133,233	96,490	The adjustment to transfers in includes a \$5.15 million contribution from the Sales Tax Capital Improvement fund to offset principal payments on the 2012 and 2013 short-term notes issued to accelerate projects in that fund. In addition, the adjustment includes \$100,000 from a Workers Compensation Special Project to help offset the cost of large claims experienced in 2014. The favorable variance at year-end includes a Fleet transfer for costs associated with the Compressed Natural Gas service station.
All Other Revenues	767,900	—	767,900	2,144,911	1,377,011	Actual revenue includes police seized property, workers compensation reimbursements, and sales tax rebates that were not included in the original budget. In addition, the favorable variance includes approximately \$428,000 in funds collected by the Courts that are dedicated to the closed Police Pension Fund administered by LOPFI and \$104,000 in insurance reimbursements for lost revenue due to the fire at the Fitness Center.
Total General Fund Revenue	<u>\$ 184,264,530</u>	<u>\$ 5,602,000</u>	<u>\$ 189,866,530</u>	<u>\$ 192,489,070</u>	<u>\$ 2,622,540</u>	

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

City of Little Rock General Fund Budget – Expenditures						
	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
General Administration	\$20,296,290	\$5,365,498	\$25,661,788	\$20,814,762	\$4,847,026	The budget adjustment is primarily associated with vacancy savings and the allocation of vacation and sick leave payouts for retiring employees to other departments. The actual variance includes approximately \$6.4 million in debt service for short-term notes that is included in the general administration budget, but was classified separately for financial reporting purposes. The remainder of the variance is primarily due to workers' compensation claims and special project expenditures of approximately \$1.6 million for homelessness outreach and grant match that were budgeted as transfers out.
Board of Directors	338,527	—	338,527	322,117	16,410	The favorable year-end variance reflects unspent travel and public relations allocations.
Community Programs	388,081	102,289	490,370	5,573,917	(5,083,547)	The budget adjustment includes additional allocations for payouts of accrued leave for the retiring Department Director and the recruitment and moving expenses for the new Department Director. 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.
City Attorney	1,769,774	(77,520)	1,692,254	1,672,571	19,683	The budget adjustment primarily reflects savings from vacant positions. The actual favorable variance is primarily associated with unspent travel and contract allocations.
District Court – First Division	1,392,505	(16,755)	1,375,750	1,291,043	84,707	The budget adjustment is primarily associated with savings from vacant positions. The actual variance includes additional savings in personnel and contract cost.
District Court – Third Division	627,185	(6,156)	621,029	607,293	13,736	The budget adjustment reflects savings from vacant positions. The favorable variance includes personnel and supply cost savings.
District Court – Second Division	1,247,286	—	1,247,286	1,232,380	14,906	The actual favorable variance includes savings in personnel cost, utilities, and travel of approximately 1.2%.
Finance	3,136,992	(48,867)	3,088,125	3,070,992	17,133	The budget adjustment reflects savings from vacant positions. The actual favorable variance includes savings in travel and training and in copier rental.

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
Human Resources	\$1,632,677	\$45,015	\$1,677,692	\$1,679,752	(\$2,060)	The budget adjustment reflects accrued leave payouts associated with the retiring Department Director and relocation costs associated with the hiring of the new Department Director. The actual variance is immaterial.
Information Technology	4,358,322	(262,246)	4,096,076	4,096,075	1	The budget adjustment reflects savings from vacant positions and an adjustment to transfer approximately \$87,500 from the IT Administration budget to a special project for telecommunications equipment.
Planning & Development	2,583,968	(333,556)	2,250,412	2,134,461	115,951	The budget adjustment reflects savings from vacant positions. The actual variance includes additional supplies, utility, travel, and personnel cost savings.
Public Works	1,166,482	(115,890)	1,050,592	2,175,958	(1,125,366)	The budget adjustment reflects savings from vacant positions. The actual variance reflects expenditures from special project allocations for facility improvements and compressed natural gas station grant match funds. The special project allocations were budgeted as transfers out.
Parks & Recreation	9,739,691	(508,117)	9,231,574	9,343,241	(111,667)	The budget adjustment reflects savings from vacant positions. The unfavorable actual variance includes special project expenditures for youth athletic programs and summer playground activities with expenditures of approximately \$292,000 that are budgeted as transfers out, partially offset by additional personnel cost and supply savings.
Rivermarket	1,208,675	—	1,208,675	1,227,229	(18,554)	The actual variance is immaterial.
Golf	2,187,165	—	2,187,165	2,376,310	(189,145)	The actual variance includes additional part-time and overtime expenses, contracts, repairs and maintenance, and First Tee support.
Jim Dailey Fitness	896,565	603	897,168	904,929	(7,761)	The budget adjustment is immaterial. The unfavorable actual variance includes special project expenditures for pool and locker room repairs funded by a prior year allocation.
Zoo	6,488,801	(345,128)	6,143,673	6,681,392	(537,719)	The budget adjustment reflects savings from vacant positions. The unfavorable actual variance includes \$135,182 in special project expenditures funded by outside contributions and funding from prior year transfers. In addition, the variance includes additional part-time, overtime, supplies, and public relations expenses.
Fleet	—	—	—	874,082	(874,082)	The actual fleet balance reflects special project expenditures for general fund fleet replacement. These expenditures were budgeted as transfers out.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Housing & Neighborhoods	\$5,673,839	(\$962,859)	\$4,710,980	\$5,796,969	(\$1,085,989)	The budget adjustment reflects savings from vacant positions. The actual variance includes special project expenditures of approximately \$1,070,000 for construction of the Wright Avenue Alert Center, land bank operation, board and secure, weed lot maintenance, and demolition funded by prior year transfers from the General Fund and by current year amounts budgeted as transfers out.
Debt Service	—	—	—	6,455,192	(6,455,192)	Debt service was budgeted in General Administration. The actual variance includes the principal and interest payments on temporary notes. \$5.15 million of the variance is offset by a transfer in from the Sales Tax Capital Improvement fund.
Fire	45,774,586	(276,795)	45,497,791	45,539,924	(42,133)	The budget adjustment includes savings from vacant positions and a reduction in anticipated pension contributions to the closed Fire Pension and Relief plan due to adjustments in revenue projections for the dedicated property tax and turnback revenues. The actual variance includes additional contributions to the Pension and Relief plan due to a favorable variance in the dedicated revenues at year-end.
Police	67,200,859	(1,713,368)	65,487,491	68,750,569	(3,263,078)	The budget adjustment includes an adjustment for increased expenses in the amount of approximately \$1.1 million for overtime and diversity training, the relocation and hiring expenses associated with the new Chief of Police, and the payout of accrued leave for the retiring Police Chief, offset by savings from vacant positions of approximately \$2.8 million. The unfavorable actual variance includes approximately \$2.6 million for special projects, such as the completion of construction of the 12 th Street Police Station, funded by prior year allocations. In addition, approximately \$567,000 of the unfavorable variance is associated with the contributions to LOPFI for the closed Police Pension and Relief Fund, which is offset by favorable variances in dedicated revenues.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Transfers Out	\$11,156,260	(\$244,148)	\$10,912,112	\$1,082,001	\$9,830,111	The budget adjustment reflects the utilization of \$450,000 of the contingency allocation to offset expenditure increases described above, partially offset by additional transfers of \$126,000 for Information Technology special projects, and funding of approximately \$80,000 for grant match. The actual variance is primarily associated with transfers to general special projects. The actual expenditures for the projects are reflected in the appropriate departments above.
Vacancy Savings	<u>(5,000,000)</u>	<u>5,000,000</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 \$6 million.
Total General Fund Expenditures	<u>\$ 184,264,530</u>	<u>\$ 5,602,000</u>	<u>\$ 189,866,530</u>	<u>\$ 193,703,159</u>	<u>\$ 3,836,629</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, 2014, amounts to \$646,714,505 (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 2014 was 2.6% (a 2.4% increase for governmental activities and a 5.7% increase for business-type activities).

City of Little Rock						
Capital Assets, net of depreciation						
	Governmental Activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 179,278,064	\$ 177,337,994	\$ 2,637,147	\$ 2,637,147	\$ 181,915,211	\$ 179,975,141
Buildings	78,595,925	65,020,067	15,774,149	16,113,327	94,370,074	81,133,394
Improvements other than buildings	13,851,846	13,373,865	3,853,700	1,987,476	17,705,546	15,361,341
Vehicles and equipment	30,988,747	19,232,807	2,288,331	1,985,569	33,277,078	21,218,376
Infrastructure	297,641,330	307,099,183	-	-	297,641,330	307,099,183
Construction in progress	21,805,266	25,275,045	-	515,957	21,805,266	25,791,002
Total	<u>\$ 622,161,178</u>	<u>\$ 607,338,961</u>	<u>\$ 24,553,327</u>	<u>\$ 23,239,476</u>	<u>\$ 646,714,505</u>	<u>\$ 630,578,437</u>

Major capital asset events during 2014 included the following:

- Infrastructure additions, including right-of-way were \$6,505,410
- Vehicle and equipment additions were \$19,622,418
- Building additions were \$16,159,597
- Construction in progress additions were \$39,600,347
- Land and other improvements additions were \$6,042,997
- Depreciation expense totaled \$27,094,788

Additional information on the City's capital assets can be found in *Note 3* on Pages 47-50 of this report.

Long-term Debt. At December 31, 2014, the City's primary government, had \$163,117,871 of long-term bonds outstanding, including general obligation bonds of \$99,805,000, notes payable of \$25,312,871 and \$38,000,000 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds						
and notes payable	\$ 125,117,871	\$ 136,887,446	\$ -	\$ -	\$ 125,117,871	\$ 136,887,446
Revenue bonds	<u>25,545,000</u>	<u>27,265,000</u>	<u>12,455,000</u>	<u>13,875,000</u>	<u>38,000,000</u>	<u>41,140,000</u>
Total	<u>\$ 150,662,871</u>	<u>\$ 164,152,446</u>	<u>\$ 12,455,000</u>	<u>\$ 13,875,000</u>	<u>\$ 163,117,871</u>	<u>\$ 178,027,446</u>

Total long-term bonds and notes payable outstanding at December 31, 2014, decreased \$14,909,575, a decrease of 8.4%. The net decrease includes the issuance of the 2014 Tax Increment Improvement bonds in the amount of \$2,615,000, and the issuance short-term financing notes in the amount of \$5,916,000, less bonded debt retirements of \$17,365,000 and short-term financing notes retired in the amount of \$6,075,574.

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

	Moody's Investors Service	Standard & Poor's
<u>General Obligation Debt</u>		
2008 Library Capital Improvement Bonds	Not Rated	AA
2009 Library Capital Improvement Bonds	Not Rated	AA
2012 Library Capital Improvement Bonds	Aa2	AA
2013 Capital Improvement Bonds	Aa2	AA
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	BBB+
2002 Capital Improvement Junior Lien	Not Rated	A+
2007 Capital Improvement Revenue Refunding Bonds	Aa3	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	AA-
2009 Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
2010 Waste Disposal Refunding Revenue Bonds	A1	AA-
<u>Discrete Components</u>		
1996 Sewer Revenue	Not Rated	Not Rated
2004 Sewer Revenue	Not Rated	Not Rated
2007A Sewer Construction Bonds	Aa3	Not Rated
2007C Sewer Construction Bonds	Aa3	Not Rated
2008 Sewer Revenue	Aa3	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2009B Sewer Revenue	Aa3	Not Rated
2011 Sewer Revenue	Aa3	Not Rated
2012 Sewer Revenue	Aa3	Not Rated
2013 Sewer Revenue	Aa3	Not Rated
2014 Sewer Revenue	Aa3	Not Rated
2014 Hotel and Restaurant Gross Receipts Tax Bonds	Not Rated	A+
2003 Airport Refunding	A2	A
2007 Airport Revenue Refunding and Improvement Bonds	A2	A

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2014, of \$99,805,000 are well below the statutory limit of \$800,662,861. 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, 2014, of \$25,312,871 are well below the statutory limit of \$200,165,715. 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 51-61 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 2015 budget. The total 2015 General Fund budget is \$194,740,211 which reflects an increase of 5.7% from the original 2014 adopted budget and an increase of 2% from the final amended 2014 General Fund budget. The 2014 budget amendment of \$5,602,000 included an adjustment to reflect transfers in from the Sales Tax Capital Improvement fund for debt service payments associated with short-term financing notes issued to accelerate capital projects in that fund. The associated debt service payments are reflected in the General Administration budget. The 2015 adopted budget includes a comparable transfer as well. 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-viii*. 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 2015 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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 4,649,868	\$ 250,901	\$ 4,900,769	\$ 48,887,372
Investments	26,304,532	8,542,084	34,846,616	31,960,304
Restricted cash and investments – current	17,617,225	1,718,686	19,335,911	20,306,807
Accounts receivable, net of allowance for uncollectible accounts	88,816,070	2,946,817	91,762,887	34,883,420
Internal balances	689,959	(689,959)	-	-
Inventories	1,434,433	-	1,434,433	2,381,733
Prepaid expenses and other	2,187,232	358,547	2,545,779	5,242,640
	<u>141,699,319</u>	<u>13,127,076</u>	<u>154,826,395</u>	<u>143,662,276</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	6,978,178	2,318,834	9,297,012	55,877,605
Investments	100,549,540	892,907	101,442,447	79,281,831
Grants and other receivables	-	-	-	288,271
Interest receivable	121,369	17,129	138,498	91,640
	<u>107,649,087</u>	<u>3,228,870</u>	<u>110,877,957</u>	<u>135,539,347</u>
Less amount required to meet current obligations	<u>17,617,225</u>	<u>1,718,686</u>	<u>19,335,911</u>	<u>20,306,807</u>
Total restricted assets	<u>90,031,862</u>	<u>1,510,184</u>	<u>91,542,046</u>	<u>115,232,540</u>
Capital assets – nondepreciable	201,083,330	2,637,147	203,720,477	146,706,715
Capital assets – depreciable, net	421,077,848	21,916,180	442,994,028	817,865,748
	<u>622,161,178</u>	<u>24,553,327</u>	<u>646,714,505</u>	<u>964,572,463</u>
Other assets				
Net OPEB asset	243,282	-	243,282	-
Net pension asset	131,117	-	131,117	-
Other	-	-	-	832,326
	<u>374,399</u>	<u>-</u>	<u>374,399</u>	<u>832,326</u>
Total other assets	<u>374,399</u>	<u>-</u>	<u>374,399</u>	<u>832,326</u>
Total noncurrent assets	<u>712,567,439</u>	<u>26,063,511</u>	<u>738,630,950</u>	<u>1,080,637,329</u>
Total assets	<u>854,266,758</u>	<u>39,190,587</u>	<u>893,457,345</u>	<u>1,224,299,605</u>
Deferred Outflows of Resources				
Loss on refunding	-	140,666	140,666	339,235
Total deferred outflows of resources	<u>-</u>	<u>140,666</u>	<u>140,666</u>	<u>339,235</u>
Total assets and deferred outflows of resources	<u>\$ 854,266,758</u>	<u>\$ 39,331,253</u>	<u>\$ 893,598,011</u>	<u>\$ 1,224,638,840</u>

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities and Net Position				
Current liabilities				
Accounts payable	\$ 8,872,213	\$ 236,797	\$ 9,109,010	\$ 9,103,171
Accrued wages payable and related liabilities	4,320,638	-	4,320,638	4,098,980
Accrued expenses and other	4,058,776	88,375	4,147,151	12,666,750
Accrued interest payable	1,711,825	248,686	1,960,511	-
Compensated absences - current portion	9,350,029	423,352	9,773,381	1,463,151
Notes payable - current portion	7,315,400	-	7,315,400	187,500
Capital lease obligation - current portion	-	-	-	17,394
Bonds payable - current portion	8,590,000	1,470,000	10,060,000	11,752,843
Due to fiduciary funds	3,988,685	-	3,988,685	-
Other current liabilities	3,783,793	1,225,123	5,008,916	-
Unearned revenue	8,532,251	634,360	9,166,611	1,859,294
Total current liabilities	<u>60,523,610</u>	<u>4,326,693</u>	<u>64,850,303</u>	<u>41,149,083</u>
Noncurrent liabilities				
Notes payable	17,997,471	-	17,997,471	2,605,000
Capital lease obligation	-	-	-	15,483
Bonds payable, net of unamortized premium and discount	119,071,136	10,931,141	130,002,277	340,727,603
Net pension obligation	49,245,441	-	49,245,441	-
Compensated absences	17,576,247	135,595	17,711,842	799,721
Other long-term liabilities	386,157	3,053,632	3,439,789	2,486,841
Total noncurrent liabilities	<u>204,276,452</u>	<u>14,120,368</u>	<u>218,396,820</u>	<u>346,634,648</u>
Total liabilities	<u>264,800,062</u>	<u>18,447,061</u>	<u>283,247,123</u>	<u>387,783,731</u>
Net Position				
Net investment in capital assets	549,795,437	12,152,186	561,947,623	676,510,973
Restricted - expendable				
Debt service	10,104,972	2,980,184	13,085,156	14,882,633
Developer contribution account	299,358	-	299,358	-
Stormwater retention	332,071	-	332,071	-
Court automation	256,166	-	256,166	-
Grant funds	2,574,024	-	2,574,024	5,632,536
Cable network	336,610	-	336,610	-
Drug abuse	78,007	-	78,007	1,832,528
State acts	196,681	-	196,681	-
Zoo promotions	144,914	-	144,914	-
Capital projects	-	-	-	17,737,136
Library materials	-	-	-	515,776
Art Fund	-	-	-	5,004,755
Police & Fire funeral expenses	228,236	-	228,236	-
Cemetery maintenance	-	-	-	1,094,387
Total restricted - expendable	<u>14,551,039</u>	<u>2,980,184</u>	<u>17,531,223</u>	<u>46,699,751</u>
Restricted - nonexpendable	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>3,458,036</u>
Unrestricted	<u>24,870,220</u>	<u>5,751,822</u>	<u>30,622,042</u>	<u>110,186,349</u>
Total net position	<u>589,466,696</u>	<u>20,884,192</u>	<u>610,350,888</u>	<u>836,855,109</u>
Total liabilities and net position	<u>\$ 854,266,758</u>	<u>\$ 39,331,253</u>	<u>\$ 893,598,011</u>	<u>\$ 1,224,638,840</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 27,191,992	\$ 10,172,216	\$ 1,818,754	\$ 509,797	\$ (14,691,225)	\$ -	\$ (14,691,225)	\$ -
Board of Directors	322,117	-	-	-	(322,117)	-	(322,117)	-
Community programs	5,624,398	39,712	-	-	(5,584,686)	-	(5,584,686)	-
City attorney	1,672,571	3,290	-	-	(1,669,281)	-	(1,669,281)	-
District court - first division (criminal)	1,318,092	418,447	-	-	(899,645)	-	(899,645)	-
District court - second division (traffic)	1,220,193	1,579,038	-	-	358,845	-	358,845	-
District court - third division (environment)	615,198	392,484	-	-	(222,714)	-	(222,714)	-
Finance	3,222,126	643,792	-	-	(2,578,334)	-	(2,578,334)	-
Human resources	1,947,082	221,415	-	-	(1,725,667)	-	(1,725,667)	-
Information technology	4,768,348	58,457	-	-	(4,709,891)	-	(4,709,891)	-
Planning and development	2,177,328	2,533,965	12,806	-	369,443	-	369,443	-
Public works	39,260,053	593,298	234,252	605,179	(37,827,324)	-	(37,827,324)	-
Parks and recreation services	11,436,512	1,506,979	84,823	1,240	(9,843,470)	-	(9,843,470)	-
Rivermarket	1,337,298	617,337	-	-	(719,961)	-	(719,961)	-
Golf	2,420,678	1,581,520	-	-	(839,158)	-	(839,158)	-
Jim Dailey Fitness	1,389,915	920,051	-	-	(469,864)	-	(469,864)	-
Zoo	6,920,847	3,869,582	9,592	-	(3,041,673)	-	(3,041,673)	-
Fire	48,017,977	2,602,223	-	-	(45,415,754)	-	(45,415,754)	-
Police	74,326,931	3,322,195	541,504	959	(70,462,273)	-	(70,462,273)	-
Education	6,505,814	-	-	-	(6,505,814)	-	(6,505,814)	-
Housing and neighborhood programs	6,996,437	669,271	2,671,614	262,245	(3,393,307)	-	(3,393,307)	-
Fleet	3,397,637	229,248	22,806	-	(3,145,583)	-	(3,145,583)	-
Interest expense on long-term debt	5,096,215	-	-	-	(5,096,215)	-	(5,096,215)	-
Total governmental activities	<u>257,185,759</u>	<u>31,974,520</u>	<u>5,396,151</u>	<u>1,379,420</u>	<u>(218,435,668)</u>	<u>-</u>	<u>(218,435,668)</u>	<u>-</u>
Business-Type Activities								
Waste disposal	13,854,376	17,452,777	-	140,946	-	3,739,347	3,739,347	-
River Market Garage	1,938,758	2,144,882	-	-	-	206,124	206,124	-
Vehicle storage	1,332,818	1,347,321	-	29,343	-	43,846	43,846	-
Total business-type activities	<u>17,125,952</u>	<u>20,944,980</u>	<u>-</u>	<u>170,289</u>	<u>-</u>	<u>3,989,317</u>	<u>3,989,317</u>	<u>-</u>
Total primary government	<u>\$ 274,311,711</u>	<u>\$ 52,919,500</u>	<u>\$ 5,396,151</u>	<u>\$ 1,549,709</u>	<u>\$ (218,435,668)</u>	<u>\$ 3,989,317</u>	<u>\$ (214,446,351)</u>	<u>\$ -</u>

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 43,102,902	\$ 51,214,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,111,288
National Airport	34,030,821	30,733,404	-	-	-	-	-	(3,297,417)
All other component units	101,137,717	45,353,772	2,356,955	5,120,747	-	-	-	(48,306,243)
Total component units	<u>\$ 178,271,440</u>	<u>\$ 127,301,366</u>	<u>\$ 2,356,955</u>	<u>\$ 5,120,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,492,372)</u>

General revenues

General property taxes	51,570,745	-	51,570,745	16,054,814
Sales taxes	114,294,652	-	114,294,652	12,463,656
Utility franchise taxes	29,898,410	-	29,898,410	-
Investment income	1,131,952	135,013	1,266,965	647,272
Grants and contributions not restricted to specific programs	27,219,998	-	27,219,998	27,625,635
Other	-	-	-	13,160,276
Transfers	1,804,131	(1,804,131)	-	-
Total general revenues, special items and transfers	<u>225,919,888</u>	<u>(1,669,118)</u>	<u>224,250,770</u>	<u>69,951,653</u>
Change in Net Position	7,484,220	2,320,199	9,804,419	26,459,281
Net Position, Beginning of Year	<u>581,982,476</u>	<u>18,563,993</u>	<u>600,546,469</u>	<u>810,395,828</u>
Net Position, End of Year	<u>\$ 589,466,696</u>	<u>\$ 20,884,192</u>	<u>\$ 610,350,888</u>	<u>\$ 836,855,109</u>

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2014

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 3,830,631	\$ 4,181,927	\$ 90	\$ -	\$ 3,318,004	\$ 11,330,652
Restricted cash	-	-	10,638,602	49,445,043	14,707,556	74,791,201
Investments	18,100,723	20,886,382	446	-	13,251,458	52,239,009
Accounts receivable	53,156,397	3,334,089	12,038,113	-	17,047,366	85,575,965
Due from other funds	2,672,382	-	-	-	-	2,672,382
Interest receivable	35,556	41,029	1	6,639	37,946	121,171
Inventories	160,527	-	-	-	849,463	1,009,990
Prepaid expenditures and other	1,090,724	-	-	-	433,421	1,524,145
Total assets	<u>\$ 79,046,940</u>	<u>\$ 28,443,427</u>	<u>\$ 22,677,252</u>	<u>\$ 49,451,682</u>	<u>\$ 49,645,214</u>	<u>\$ 229,264,515</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 5,674,810	\$ 482,757	\$ -	\$ 1,117,360	\$ 1,129,129	\$ 8,404,056
Due to other funds	277,600	-	-	1,804,037	795,637	2,877,274
Accrued wages payable and related liabilities	4,320,638	-	-	-	-	4,320,638
Accrued expenditures and other	854,273	-	-	-	3,204,503	4,058,776
Unearned revenue	6,661,301	-	-	-	1,365,979	8,027,280
Total liabilities	<u>17,788,622</u>	<u>482,757</u>	<u>-</u>	<u>2,921,397</u>	<u>6,495,248</u>	<u>27,688,024</u>
Deferred Inflows of Resources						
Unavailable revenues - property taxes	<u>26,947,697</u>	<u>-</u>	<u>11,400,957</u>	<u>-</u>	<u>12,663,287</u>	<u>51,011,941</u>
Total deferred inflows of resources	<u>26,947,697</u>	<u>-</u>	<u>11,400,957</u>	<u>-</u>	<u>12,663,287</u>	<u>51,011,941</u>
Fund Balances						
Nonspendable	1,251,251	-	-	-	1,532,884	2,784,135
Restricted	-	28,324,346	11,276,295	46,530,285	31,810,018	117,940,944
Committed	336,610	-	-	-	-	336,610
Assigned	8,009,164	-	-	-	-	8,009,164
Unassigned (deficit)	24,713,596	(363,676)	-	-	(2,856,223)	21,493,697
Total fund balances	<u>34,310,621</u>	<u>27,960,670</u>	<u>11,276,295</u>	<u>46,530,285</u>	<u>30,486,679</u>	<u>150,564,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 79,046,940</u>	<u>\$ 28,443,427</u>	<u>\$ 22,677,252</u>	<u>\$ 49,451,682</u>	<u>\$ 49,645,214</u>	<u>\$ 229,264,515</u>

See Notes to Financial Statements

City of Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2014

Total fund balance per statement	\$ 150,564,550
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.	619,203,127
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(125,350,000)
Bond issuance premiums	(3,313,105)
Bond issuance discounts	1,001,969
Notes payable	(25,312,871)
Accrued interest payable	(1,711,825)
Net pension obligation	(49,245,441)
Net pension asset	131,117
Net OPEB asset	243,282
Workers compensation liability	(386,157)
Accrued compensated absences	(26,599,546)
Other	(4,371,113)
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.	4,105,740
Certain amounts reported as unearned revenue and 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>50,506,970</u>
Net position of governmental activities	<u>\$ 589,466,696</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Other Governmental Funds	Total
Revenues						
General property taxes	\$ 26,685,437	\$ -	\$ 11,246,667	\$ -	\$ 12,538,754	\$ 50,470,858
Sales taxes	96,445,300	17,849,352	-	-	-	114,294,652
Licenses and permits	11,081,899	-	-	-	34,991	11,116,890
Intergovernmental	7,002,433	-	-	-	19,324,788	26,327,221
Charges for services	10,521,957	-	-	-	3,654,776	14,176,733
Fines and fees	2,986,359	-	-	-	1,057,711	4,044,070
Utility franchise taxes	28,141,318	-	-	-	1,757,092	29,898,410
Investment income	346,223	354,412	3,178	196,510	231,637	1,131,960
Contributions and donations	952,161	-	-	-	1,224,008	2,176,169
Miscellaneous	1,192,751	-	-	-	1,664,056	2,856,807
Total revenues	185,355,838	18,203,764	11,249,845	196,510	41,487,813	256,493,770
Expenditures						
General government						
General administration	20,814,762	-	-	-	2,109,375	22,924,137
Board of Directors	322,117	-	-	-	-	322,117
Community programs	5,573,917	-	-	-	50,481	5,624,398
City attorney	1,672,571	-	-	-	-	1,672,571
District court - first division (criminal)	1,291,043	-	-	-	10,744	1,301,787
District court - second division (traffic)	1,232,380	-	-	-	11,509	1,243,889
District court - third division (environment)	607,293	-	-	-	7,905	615,198
Finance	3,070,992	-	-	-	-	3,070,992
Human resources	1,679,752	-	-	-	267,185	1,946,937
Information technology	4,096,075	1,004,731	-	-	2,065	5,102,871
Planning and development	2,134,461	-	-	-	37,788	2,172,249
Total general government	42,495,363	1,004,731	-	-	2,497,052	45,997,146
Public works						
Parks and recreation services	9,343,241	1,252,657	2,500	9,986,952	18,936,696	33,693,594
Rivermarket	1,227,229	-	-	-	-	1,227,229
Golf	2,376,310	-	-	-	-	2,376,310
Jim Dailey Fitness	904,929	-	-	-	348,847	1,253,776
Zoo	6,681,392	589,561	-	-	215,424	7,486,377
Fire	45,539,924	597,078	-	-	369,761	46,506,763
Police	68,750,569	10,146,915	-	-	3,165,189	82,062,673
Fleet	874,082	4,874,653	-	-	520,173	6,268,908
Education	-	-	-	-	6,505,814	6,505,814
Housing and neighborhood programs	5,796,969	-	-	-	3,357,032	9,154,001
Debt Service						
Principal	6,075,574	-	8,935,000	-	7,010,000	22,020,574
Interest	379,618	-	1,620,330	-	3,276,091	5,276,039
Agent fees	-	-	3,400	-	18,451	21,851
Total expenditures	192,621,158	21,057,083	10,561,230	9,986,952	48,251,483	282,477,906
Excess (Deficiency) of Revenues Over Expenditures	(7,265,320)	(2,853,319)	688,615	(9,790,442)	(6,763,670)	(25,984,136)
Other Financing Sources						
Long-term debt issuance	-	5,916,000	-	-	2,615,000	8,531,000
Transfers in	7,133,233	-	-	-	3,046,091	10,179,324
Transfers out	(1,082,001)	(5,155,851)	-	-	(2,013,341)	(8,251,193)
Total other financing sources (uses)	6,051,232	760,149	-	-	3,647,750	10,459,131
Net Change in Fund Balances	(1,214,088)	(2,093,170)	688,615	(9,790,442)	(3,115,920)	(15,525,005)
Fund Balances, Beginning of Year	35,524,709	30,053,840	10,587,680	56,320,727	33,602,599	166,089,555
Fund Balances, End of Year	\$ 34,310,621	\$ 27,960,670	\$ 11,276,295	\$ 46,530,285	\$ 30,486,679	\$ 150,564,550

See Notes to Financial Statements

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, 2014

Net change in fund balances - total governmental funds	\$ (15,525,005)
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	37,548,169
Capital asset contributions	3,574,824
Depreciation expense	(25,103,876)
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.	1,256,775
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.	(8,531,000)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	22,020,575
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.	(8,419,055)
Net pension obligation and/or assets do not require current financial resources and are not recorded in governmental funds. However, for government-wide statements, the liabilities and assets are recorded and a corresponding increase/decrease in expense is recognized.	(839,719)
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.	<u>1,502,532</u>
Change in net position of governmental activities	<u>\$ 7,484,220</u>

City of Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Assets and Deferred Outflows of Resources					
Current assets					
Cash and cash equivalents	\$ -	\$ 250,501	\$ 400	\$ 250,901	\$ 20,645
Investments	7,961,689	580,395	-	8,542,084	100,611
Restricted cash and investments - current	1,055,768	662,918	-	1,718,686	-
Due from other funds	-	-	-	-	689,959
Accounts receivable	2,799,703	147,114	-	2,946,817	48,637
Accrued interest	-	-	-	-	198
Inventories	-	-	-	-	426,946
Prepaid expenses and other	12,044	346,503	-	358,547	660,601
Total current assets	<u>11,829,204</u>	<u>1,987,431</u>	<u>400</u>	<u>13,817,035</u>	<u>1,947,597</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	1,808,920	509,914	-	2,318,834	-
Investments	-	892,907	-	892,907	-
Accrued interest	15,989	1,140	-	17,129	-
	<u>1,824,909</u>	<u>1,403,961</u>	<u>-</u>	<u>3,228,870</u>	<u>-</u>
Less amount required to meet current obligations	<u>1,055,768</u>	<u>662,918</u>	<u>-</u>	<u>1,718,686</u>	<u>-</u>
Total restricted assets	<u>769,141</u>	<u>741,043</u>	<u>-</u>	<u>1,510,184</u>	<u>-</u>
Capital assets					
Land	1,814,495	822,652	-	2,637,147	275,459
Land improvements	4,149,352	-	174,802	4,324,154	-
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	3,464,933
Vehicles	14,032,135	-	51,154	14,083,289	747,640
Furniture and equipment	2,747,515	106,820	81,765	2,936,100	801,363
	<u>48,863,913</u>	<u>9,644,512</u>	<u>338,764</u>	<u>58,847,189</u>	<u>5,289,395</u>
Less accumulated depreciation	<u>31,560,053</u>	<u>2,560,312</u>	<u>173,497</u>	<u>34,293,862</u>	<u>2,331,344</u>
Net capital assets	<u>17,303,860</u>	<u>7,084,200</u>	<u>165,267</u>	<u>24,553,327</u>	<u>2,958,051</u>
Total noncurrent assets	<u>18,073,001</u>	<u>7,825,243</u>	<u>165,267</u>	<u>26,063,511</u>	<u>2,958,051</u>
Total assets	<u>29,902,205</u>	<u>9,812,674</u>	<u>165,667</u>	<u>39,880,546</u>	<u>4,905,648</u>
Deferred outflows of resources					
Loss on refunding	5,454	135,212	-	140,666	-
Total deferred outflows of resources	<u>5,454</u>	<u>135,212</u>	<u>-</u>	<u>140,666</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 29,907,659</u>	<u>\$ 9,947,886</u>	<u>\$ 165,667</u>	<u>\$ 40,021,212</u>	<u>\$ 4,905,648</u>

See Notes to Financial Statements

Liabilities and Net Position (Deficit)	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste	River Market	Vehicle	Total	
	Disposal	Garage	Storage (Nonmajor)		
Current liabilities					
Accounts payable	\$ 159,408	\$ 53,411	\$ 23,978	\$ 236,797	\$ 473,178
Due to other funds	-	-	689,959	689,959	-
Accrued expenses and other	88,375	-	-	88,375	-
Accrued interest	25,768	222,918	-	248,686	-
Compensated absences - current portion	361,077	-	62,275	423,352	244,468
Bonds payable - current portion	1,030,000	440,000	-	1,470,000	-
Other current liabilities	1,225,123	-	-	1,225,123	-
Unearned revenue	-	612,447	21,913	634,360	-
Total current liabilities	<u>2,889,751</u>	<u>1,328,776</u>	<u>798,125</u>	<u>5,016,652</u>	<u>717,646</u>
Noncurrent liabilities					
Bonds payable, net of unamortized premium and discount	2,761,153	8,169,988	-	10,931,141	-
Compensated absences	126,449	-	9,146	135,595	82,262
Other long-term liabilities	3,053,632	-	-	3,053,632	-
Total noncurrent liabilities	<u>5,941,234</u>	<u>8,169,988</u>	<u>9,146</u>	<u>14,120,368</u>	<u>82,262</u>
Total liabilities	<u>8,830,985</u>	<u>9,498,764</u>	<u>807,271</u>	<u>19,137,020</u>	<u>799,908</u>
Net Position (Deficit)					
Net investment in capital assets	13,512,707	(1,525,788)	165,267	12,152,186	2,958,051
Restricted - expendable					
Debt service	1,799,141	1,181,043	-	2,980,184	-
Unrestricted (deficit)	5,764,826	793,867	(806,871)	5,751,822	1,147,689
Total net position (deficit)	<u>21,076,674</u>	<u>449,122</u>	<u>(641,604)</u>	<u>20,884,192</u>	<u>4,105,740</u>
Total liabilities and net position (deficit)	<u>\$ 29,907,659</u>	<u>\$ 9,947,886</u>	<u>\$ 165,667</u>	<u>\$ 40,021,212</u>	<u>\$ 4,905,648</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2014

	<u>Business-Type Activities</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Waste Disposal</u>	<u>River Market Garage</u>	<u>Vehicle Storage (Nonmajor)</u>		
Operating Revenues					
Charges for services	\$ 17,526,070	\$ 1,871,286	\$ 1,328,862	\$ 20,726,218	\$ 12,500,543
Licenses and permits	-	273,596	18,459	292,055	-
Miscellaneous	(73,293)	-	-	(73,293)	(14,294)
Total operating revenues	<u>17,452,777</u>	<u>2,144,882</u>	<u>1,347,321</u>	<u>20,944,980</u>	<u>12,486,249</u>
Operating Expenses					
Salaries, wages and employee benefits	5,033,133	-	657,343	5,690,476	3,373,490
Supplies and materials	1,301,405	-	43,085	1,344,490	5,976,263
Services	2,778,689	57,873	577,902	3,414,464	2,607,249
Repairs and maintenance	3,018,634	-	22,585	3,041,219	388,104
Other	1	1,124,014	-	1,124,015	-
Depreciation and amortization	1,506,076	261,254	31,903	1,799,233	219,711
Total operating expenses	<u>13,637,938</u>	<u>1,443,141</u>	<u>1,332,818</u>	<u>16,413,897</u>	<u>12,564,817</u>
Operating Income (Loss)	<u>3,814,839</u>	<u>701,741</u>	<u>14,503</u>	<u>4,531,083</u>	<u>(78,568)</u>
Nonoperating Revenues (Expenses)					
Investment income	122,249	12,764	-	135,013	11,607
Interest expense	(210,738)	(493,192)	-	(703,930)	-
Other, net	(5,700)	(2,425)	-	(8,125)	-
Net nonoperating revenues (expenses)	<u>(94,189)</u>	<u>(482,853)</u>	<u>-</u>	<u>(577,042)</u>	<u>11,607</u>
Income (Loss) Before Contributions and Transfers	<u>3,720,650</u>	<u>218,888</u>	<u>14,503</u>	<u>3,954,041</u>	<u>(66,961)</u>
Contributions	140,946	-	29,343	170,289	1,693,493
Transfers Out	(1,564,863)	(239,268)	-	(1,804,131)	(124,000)
	<u>(1,423,917)</u>	<u>(239,268)</u>	<u>29,343</u>	<u>(1,633,842)</u>	<u>1,569,493</u>
Changes in Net Position (Deficit)	2,296,733	(20,380)	43,846	2,320,199	1,502,532
Net Position (Deficit), Beginning of Year	<u>18,779,941</u>	<u>469,502</u>	<u>(685,450)</u>	<u>18,563,993</u>	<u>2,603,208</u>
Net Position (Deficit), End of Year	<u>\$ 21,076,674</u>	<u>\$ 449,122</u>	<u>\$ (641,604)</u>	<u>\$ 20,884,192</u>	<u>\$ 4,105,740</u>

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2014

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Operating Activities					
Receipts from customers	\$ 17,509,360	\$ 2,144,882	\$ 1,328,862	\$ 20,983,104	\$ 13,275,912
Other receipts	-	-	18,459	18,459	(14,294)
Payments to employees	(5,116,763)	-	(632,385)	(5,749,148)	(3,341,908)
Payments to suppliers	(1,289,361)	(37,803)	(43,085)	(1,370,249)	(5,953,280)
Payments to service providers	(2,778,689)	(57,873)	(577,170)	(3,413,732)	(2,776,915)
Other payments	(3,708,169)	(1,133,947)	(94,681)	(4,936,797)	(1,340,504)
Net cash provided by (used in) operating activities	4,616,378	915,259	-	5,531,637	(150,989)
Noncapital Financing Activities					
Transfers to other funds	(1,564,863)	(239,268)	-	(1,804,131)	(124,000)
Net cash used in noncapital financing activities	(1,564,863)	(239,268)	-	(1,804,131)	(124,000)
Capital and Related Financing Activities					
Proceeds from the sale of capital assets	-	-	-	-	13,483
Purchase of capital assets	(3,596,129)	(106,818)	(29,343)	(3,732,290)	(1,744,359)
Principal paid on long-term debt	(995,000)	(425,000)	-	(1,420,000)	-
Other	494,559	6,854	-	501,413	17,807
Interest paid on long-term debt	(188,771)	(478,525)	-	(667,296)	-
Capital contributions	140,946	-	29,343	170,289	1,693,493
Net cash used in capital and related financing activities	(4,144,395)	(1,003,489)	-	(5,147,884)	(19,576)
Investing Activities					
Proceeds from sale of investments	5,431,998	791,347	-	6,223,345	306,066
Purchase of investments	(5,403,959)	(611,371)	-	(6,015,330)	(105,981)
Interest income	123,644	-	-	123,644	11,607
Net cash provided by investing activities	151,683	179,976	-	331,659	211,692
Decrease in Cash and Cash Equivalents	(941,197)	(147,522)	-	(1,088,719)	(82,873)
Cash and Cash Equivalents, Beginning of Year	2,750,117	907,937	400	3,658,454	103,518
Cash and Cash Equivalents, End of Year	\$ 1,808,920	\$ 760,415	\$ 400	\$ 2,569,735	\$ 20,645
Presented on the Statement of Net Position - Proprietary Funds as Follows:					
Current assets					
Cash and cash equivalents	\$ -	\$ 250,501	\$ 400	\$ 250,901	\$ 20,645
Noncurrent assets					
Cash and cash equivalents	1,808,920	509,914	-	2,318,834	-
	\$ 1,808,920	\$ 760,415	\$ 400	\$ 2,569,735	\$ 20,645

See Notes to Financial Statements

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Reconciliation of Operating Income (Loss) to to Net Cash Provided By (Used In) Operating Activities					
Operating income (loss)	\$ 3,814,839	\$ 701,741	\$ 14,503	\$ 4,531,083	\$ (78,568)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization expense	1,506,076	261,254	31,903	1,799,233	219,711
Loss on disposal of assets	136,643	-	-	136,643	-
Changes in assets and liabilities					
Receivables, net	(16,710)	(44,714)	-	(61,424)	13,769
Due to/due from other funds, net	-	-	(72,097)	(72,097)	72,097
Prepaid expenses	3,427	26,826	-	30,253	(642,844)
Inventories	-	-	-	-	22,983
Accounts payable	(587,535)	6,910	19,672	(560,953)	210,281
Accrued expenses	(240,362)	(36,758)	6,019	(271,101)	31,582
Net cash provided by (used in) operating activities	<u>\$ 4,616,378</u>	<u>\$ 915,259</u>	<u>\$ -</u>	<u>\$ 5,531,637</u>	<u>\$ (150,989)</u>
Noncash Capital Activities					
Donated capital assets	<u>\$ 140,946</u>	<u>\$ -</u>	<u>\$ 29,343</u>	<u>\$ 170,289</u>	<u>\$ 1,693,493</u>

City of Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2014

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 7,204,231	\$ 169,200
Investments		
U.S. Government obligations	3,083,271	-
Equities	55,745,456	-
Mutual funds and other investments	75,590,961	-
Receivables		
Accounts receivable	146,259	-
Due from other funds	3,993,292	-
Accrued interest and dividends	33,626	-
	\$ 145,797,096	\$ 169,200
Total Assets		
Liabilities		
Accounts payable	\$ -	\$ 14,117
Accrued liabilities	-	155,083
Due to other funds	4,607	-
	4,607	\$ 169,200
Total Liabilities		
Net Position		
Net position restricted for pensions and other employee benefits	\$ 145,792,489	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2014

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 5,806,813
Plan members	7,373,221
Property taxes contributed from general fund	3,857,005
State insurance turnback and guarantee fund from general fund	966,644
Other	<u>1,143,661</u>
Total contributions	<u>19,147,344</u>
Investment income	
Net decrease in fair value of investments	(1,390,242)
Interest and dividends	<u>3,208,913</u>
	1,818,671
Less investment expense	<u>393,772</u>
Net investment income	<u>1,424,899</u>
Total additions	<u>20,572,243</u>
Deductions	
Benefits paid directly to participants	15,912,852
Administrative expenses	698,707
Other	<u>9,467</u>
Total deductions	<u>16,621,026</u>
Employee Directed Transfers In to Establish 2014 Defined Benefit Plan	19,874,481
Employee Directed Transfers Out to Establish 2014 Defined Benefit Plan	<u>(19,874,481)</u>
	<u>-</u>
Net Increase in Net Position	3,951,217
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	<u>141,841,272</u>
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	<u><u>\$ 145,792,489</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Discretely Presented Component Units
December 31, 2014

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 11,841,279	\$ 17,883,780	\$ 19,162,313	\$ 48,887,372
Investments	-	-	31,960,304	31,960,304
Restricted cash and investments - current	9,694,247	514,132	10,098,428	20,306,807
Accounts receivable, net of allowance	3,507,302	6,110,421	25,265,697	34,883,420
Accrued interest receivable	-	-	9,679	9,679
Inventories	1,414,084	-	967,649	2,381,733
Prepaid expenses and other	2,605,281	380,714	2,246,966	5,232,961
Total current assets	<u>29,062,193</u>	<u>24,889,047</u>	<u>89,711,036</u>	<u>143,662,276</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	13,803,130	19,966,257	22,108,218	55,877,605
Investments	19,517,480	-	59,764,351	79,281,831
Grants and other receivables	-	288,271	-	288,271
Interest receivable	45,291	-	46,349	91,640
	<u>33,365,901</u>	<u>20,254,528</u>	<u>81,918,918</u>	<u>135,539,347</u>
Less amounts required to meet current obligations	<u>9,694,247</u>	<u>514,132</u>	<u>10,098,428</u>	<u>20,306,807</u>
Total restricted assets	<u>23,671,654</u>	<u>19,740,396</u>	<u>71,820,490</u>	<u>115,232,540</u>
Capital assets				
Land	5,221,412	63,988,233	14,702,549	83,912,194
Construction in progress	36,277,792	9,289,813	17,226,916	62,794,521
Buildings, improvements and other facilities	453,542,837	392,749,538	237,758,181	1,084,050,556
Vehicles	-	2,116,820	40,853,071	42,969,891
Furniture and equipment	68,500,835	17,733,038	46,369,784	132,603,657
Books/AV material	-	-	21,945,781	21,945,781
Other	-	-	3,019,527	3,019,527
	<u>563,542,876</u>	<u>485,877,442</u>	<u>381,875,809</u>	<u>1,431,296,127</u>
Less accumulated depreciation	<u>138,513,531</u>	<u>160,818,468</u>	<u>167,391,665</u>	<u>466,723,664</u>
Net capital assets	<u>425,029,345</u>	<u>325,058,974</u>	<u>214,484,144</u>	<u>964,572,463</u>
Other assets				
	<u>-</u>	<u>-</u>	<u>832,326</u>	<u>832,326</u>
Total other assets	<u>-</u>	<u>-</u>	<u>832,326</u>	<u>832,326</u>
Total noncurrent assets	<u>448,700,999</u>	<u>344,799,370</u>	<u>287,136,960</u>	<u>1,080,637,329</u>
Total assets	<u>477,763,192</u>	<u>369,688,417</u>	<u>376,847,996</u>	<u>1,224,299,605</u>
Deferred Outflows of Resources				
Deferred loss on refunding	293,833	45,402	-	339,235
Total deferred outflows of resources	<u>293,833</u>	<u>45,402</u>	<u>-</u>	<u>339,235</u>
Total assets and deferred outflows	<u>\$ 478,057,025</u>	<u>\$ 369,733,819</u>	<u>\$ 376,847,996</u>	<u>\$ 1,224,638,840</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	\$ 464,079	\$ 3,064,277	\$ 5,574,815	\$ 9,103,171
Accrued wages payable and related liabilities	444,003	1,558,613	2,096,364	4,098,980
Notes payable - current portion	-	-	187,500	187,500
Capital lease - current portion	-	-	17,394	17,394
Bonds payable - current portion	9,023,866	1,613,977	1,115,000	11,752,843
Compensated absences - current portion	865,936	-	597,215	1,463,151
Unearned revenue	-	189,464	1,669,830	1,859,294
Accrued expenses and other	7,851,880	203,838	4,611,032	12,666,750
Total current liabilities	<u>18,649,764</u>	<u>6,630,169</u>	<u>15,869,150</u>	<u>41,149,083</u>
Noncurrent Liabilities				
Capital lease obligation	-	-	15,483	15,483
Bonds payable, net of unamortized premium and discount	263,881,185	8,409,762	68,436,656	340,727,603
Notes payable	-	-	2,605,000	2,605,000
Other long-term liabilities	-	-	2,486,841	2,486,841
Compensated absences	76,930	-	722,791	799,721
Total noncurrent liabilities	<u>263,958,115</u>	<u>8,409,762</u>	<u>74,266,771</u>	<u>346,634,648</u>
Total liabilities	<u>282,607,879</u>	<u>15,039,931</u>	<u>90,135,921</u>	<u>387,783,731</u>
Net Position				
Net investment in capital assets	163,269,445	312,867,506	200,374,022	676,510,973
Restricted - expendable	12,440,594	20,179,175	14,079,982	46,699,751
Restricted - nonexpendable	-	-	3,458,036	3,458,036
Unrestricted	19,739,107	21,647,207	68,800,035	110,186,349
Total net position	<u>195,449,146</u>	<u>354,693,888</u>	<u>286,712,075</u>	<u>836,855,109</u>
Total liabilities and net position	<u>\$ 478,057,025</u>	<u>\$ 369,733,819</u>	<u>\$ 376,847,996</u>	<u>\$ 1,224,638,840</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2014

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	\$ 26,469,134	\$ 492,489	\$ 2,356,955	\$ 5,120,747	\$ -	\$ -	\$ (18,498,943)	\$ (18,498,943)
Total governmental activities	26,469,134	492,489	2,356,955	5,120,747	-	-	(18,498,943)	(18,498,943)
Business-type Activities								
Wastewater Utility	43,102,902	51,214,190	-	-	8,111,288	-	-	8,111,288
Bill and Hillary Clinton National Airport	34,030,821	30,733,404	-	-	-	(3,297,417)	-	(3,297,417)
Other component units	74,668,583	44,861,283	-	-	-	-	(29,807,300)	(29,807,300)
Total business-type activities	151,802,306	126,808,877	-	-	8,111,288	(3,297,417)	(29,807,300)	(24,993,429)
Total component units	\$ 178,271,440	\$ 127,301,366	\$ 2,356,955	\$ 5,120,747	8,111,288	(3,297,417)	(48,306,243)	(43,492,372)
General revenues								
General property taxes					-	-	16,054,814	16,054,814
Sales taxes					-	-	12,463,656	12,463,656
Investment income					172,864	201,345	273,063	647,272
Grants and contributions not restricted to specific programs					1,891,741	8,679,655	17,054,239	27,625,635
Other					(166,839)	4,086,663	9,240,452	13,160,276
Total general revenues and transfers					1,897,766	12,967,663	55,086,224	69,951,653
Change in Net Position					10,009,054	9,670,246	6,779,981	26,459,281
Net Position, Beginning of Year					185,440,092	345,023,642	279,932,094	810,395,828
Net Position, End of Year					\$ 195,449,146	\$ 354,693,888	\$ 286,712,075	\$ 836,855,109

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

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:

Blended Component Units

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

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

The blended component units do not issue separate financial statements.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Discretely Presented Component Units

Major Component Units:

Little Rock Wastewater Utility (LRWWU) – The City Manager appoints the governing body of LRWWU with City Board approval. LRWWU receives no financial benefit from the City and provides water treatment services primarily to the citizens of Little Rock; however, the City has the power to impose its will on the LRWWU.

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

There were no significant transactions between the major component units and the City or its other component units in 2014.

Other Component Units:

Little Rock Advertising and Promotion Commission (Commission) – The governing body of the Commission is appointed by the Mayor of Little Rock subject to City Board approval. The City has the power to impose its will on the Commission. The Commission 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 eight members, five of whom are appointed by the City Board. The City Board must also approve any rate changes for LRAA. LRAA provides emergency medical transportation services to the greater metropolitan area.

Central Arkansas Transit Authority (CATA) – CATA, which provides public transportation services to the greater metropolitan area, annually receives an operating subsidy from the City equal to 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

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 for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Mt. Holly Board.

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

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

Administrative Offices

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

Arkansas Arts Center
 Ninth and Commerce
 Little Rock, Arkansas 72202

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

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

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

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

Bill and Hillary Clinton National Airport
 1 Airport Drive
 Little Rock, Arkansas 72202

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

Museum of Discovery
 500 President Clinton Avenue, Suite 150
 Little Rock, Arkansas 72201

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Administrative Offices

Oakland Fraternal Cemetery
2101 Barber Street
Little Rock, Arkansas 72206

Mount Holly Cemetery
1 Sunset Drive
Little Rock, Arkansas 72206

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

City of Little Rock, Arkansas
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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.

The *2013 Capital Improvements Fund (capital projects 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 *Sales Tax Capital Improvements Fund (capital projects fund)* accounts for the capital expenditures that are derived from the 3/8 cent capital sales tax dollars.

The City reports the following major enterprise funds:

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

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

Special Revenue Funds – The special revenue funds, which include federal 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 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 Firemen's Pension and Relief Fund, Nonuniformed Employees' Defined Contribution Plan, Nonuniformed Employees' Defined Benefit Pension Plan, 2014 Defined Benefit Plan and the Health Management Trust Fund. Plan trustees must act in accordance with the specific purposes and terms of these retirement plans.

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

City of Little Rock, Arkansas
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Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

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

City of Little Rock, Arkansas
Notes to Financial Statements
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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.

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. Fair value of collateralized mortgage obligations is estimated using a published pricing service.

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

Inventories

Inventories consist of supplies, 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

City of Little Rock, Arkansas
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assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

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.

City of Little Rock, Arkansas
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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 refunded debt and its reacquisition price. This amount is deferred or amortized over the shorter of the life of the refunded and new debt.

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 property taxes in the governmental funds.

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 less remaining liabilities 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.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
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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 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 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, 2014, the Board’s established amount of the reserve is \$9,418,000, which is included in unassigned fund balance of the General Fund.

Budgetary Information

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

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2014:

Statement No.	Adoption Required in Fiscal Year
68	2015
<i>Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27</i>	
71	2015
<i>Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68</i>	
72	2016
<i>Fair Value Measurement and Application</i>	

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Note 2: Deposits and Investments

Deposits

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

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

At December 31, 2014, none of the City's primary government bank balances were exposed to custodial credit risk. Of the City's component units combined bank balances of \$79,140,586, \$5,067,085 were uninsured and uncollateralized.

Investments

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

Arkansas statutes also authorize the City to invest 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

At December 31, 2014, the City had the following investments and maturities:

Type	Fair Value	Primary Government			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 10,314,161	\$ 10,314,161	\$ -	\$ -	\$ -
U.S. agencies obligations	90,363,112	81,138,310	9,224,802	-	-
Corporate bonds	2,774,788	2,774,788	-	-	-
Alternative investments	6,244,433	6,244,433	-	-	-
Bond mutual funds	18,337,680	18,337,680	-	-	-
Money market mutual funds	100,492,494	100,492,494	-	-	-
	228,526,668	<u>\$ 219,301,866</u>	<u>\$ 9,224,802</u>	<u>\$ -</u>	<u>\$ -</u>
Stock mutual funds	5,181,912				
Corporate stocks	52,216,603				
	<u>\$ 285,925,183</u>				

Type	Fair Value	Component Units			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 63,733,748	\$ 48,590,389	\$ 15,093,489	\$ 49,870	\$ -
U.S. agencies obligations	20,063,704	5,485,426	13,328,374	1,249,646	258
Corporate bonds	1,959,124	254,392	298,250	439,401	967,081
Money market mutual funds	12,275,740	12,275,740	-	-	-
Municipal bonds	293,234	-	21,359	-	271,875
Certificate of deposit	8,831,265	4,249,998	4,581,267	-	-
	107,156,815	<u>\$ 70,855,945</u>	<u>\$ 33,322,739</u>	<u>\$ 1,738,917</u>	<u>\$ 1,239,214</u>
Stock mutual funds	26,645,439				
Corporate stocks	3,064,272				
	<u>\$ 136,866,526</u>				

City of Little Rock, Arkansas
Notes to Financial Statements
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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, 2014, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. 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, 2014, 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.

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

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

	Primary Government	Component Units
Carrying value		
Deposits	\$ 6,354,780	\$ 79,140,586
Investments	285,925,183	136,866,526
	\$ 292,279,963	\$ 216,007,112
Included in the following statements of net position captions		
Current Assets		
Cash and cash equivalents	\$ 4,900,769	\$ 48,887,372
Short-term investments	34,846,616	31,960,304
Noncurrent Assets		
Restricted cash and investments	110,739,459	135,159,436
Cash and investments – fiduciary funds	141,793,119	-
	\$ 292,279,963	\$ 216,007,112

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2014, is presented below:

Governmental Activities	Balance December 31, 2013	Increases	Decreases	Transfers	Balance December 31, 2014
Capital Assets, nondepreciable					
Land	\$ 177,337,994	\$ 267,327	\$ 9,780	\$ 1,682,523	\$ 179,278,064
Construction in progress	25,275,045	36,655,762	-	(40,125,541)	21,805,266
Total capital assets, nondepreciable	202,613,039	36,923,089	9,780	(38,443,018)	201,083,330
Capital Assets, depreciable					
Land improvements	18,175,309	-	-	1,662,683	19,837,992
Infrastructure	736,588,391	4,199,904	302,349	2,305,506	742,791,452
Buildings	95,450,204	-	167,454	16,159,597	111,442,347
Vehicles	45,172,574	-	3,130,000	3,115,211	45,157,785
Equipment	38,908,707	-	897,653	15,186,324	53,197,378
Total capital assets, depreciable	934,295,185	4,199,904	4,497,456	38,429,321	972,426,954
Less accumulated depreciation					
Land improvements	4,801,444	1,183,214	(1,488)	-	5,986,146
Infrastructure	429,489,208	15,660,914	-	-	445,150,122
Buildings	30,430,137	2,473,917	57,632	-	32,846,422
Vehicles	34,027,987	2,563,772	2,660,674	-	33,931,085
Equipment	30,820,487	3,441,770	813,229	(13,697)	33,435,331
Total accumulated depreciation	529,569,263	25,323,587	3,530,047	(13,697)	551,349,106
Total capital assets, depreciable, net	404,725,922	(21,123,683)	967,409	38,443,018	421,077,848
Total governmental activities, net	\$ 607,338,961	\$ 15,799,406	\$ 977,189	\$ -	\$ 622,161,178

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Business-Type Activities	Balance December 31, 2013	Increases	Decreases	Transfers	Balance December 31, 2014
Capital Assets, nondepreciable					
Land	\$ 2,637,147	\$ -	\$ -	\$ -	\$ 2,637,147
Construction in progress	515,957	2,944,585	-	(3,460,542)	-
Total capital assets, nondepreciable	3,153,104	2,944,585	-	(3,460,542)	2,637,147
Capital Assets, depreciable					
Landfills, Cells 1, 2,3,4 and 5 and land improvements	15,219,855	-	-	2,430,464	17,650,319
Buildings	21,540,334	-	-	-	21,540,334
Vehicles	14,333,946	-	1,170,637	919,980	14,083,289
Equipment	2,739,458	277,108	204,261	123,795	2,936,100
Total capital assets, depreciable	53,833,593	277,108	1,374,898	3,474,239	56,210,042
Less accumulated depreciation					
Landfills, Cells 1, 2 and 4 and land improvements	13,232,379	564,240	-	-	13,796,619
Buildings	5,427,007	339,178	-	-	5,766,185
Vehicles	12,936,173	604,389	1,033,996	13,697	12,520,263
Equipment	2,151,662	263,394	204,261	-	2,210,795
Total accumulated depreciation	33,747,221	1,771,201	1,238,257	13,697	34,293,862
Total capital assets, depreciable, net	20,086,372	(1,494,093)	136,641	3,460,542	21,916,180
Total business-type activities, net	\$ 23,239,476	\$ 1,450,492	\$ 136,641	\$ -	\$ 24,553,327

City of Little Rock, Arkansas
Notes to Financial Statements
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Component Units	Balance December 31, 2013	Increases	Decreases	Transfers	Balance December 31, 2014
Capital Assets, nondepreciable					
Land	\$ 80,459,378	\$ 1,418,178	\$ -	\$ 2,034,638	\$ 83,912,194
Construction in progress	134,668,627	48,202,154	96,519,518	(23,556,742)	62,794,521
Total capital assets, nondepreciable	<u>215,128,005</u>	<u>49,620,332</u>	<u>96,519,518</u>	<u>(21,522,104)</u>	<u>146,706,715</u>
Capital Assets, depreciable					
Buildings, improvements and facilities	972,037,197	90,666,859	13,767	21,360,267	1,084,050,556
Vehicles	42,222,121	1,590,592	842,822	-	42,969,891
Equipment	114,302,628	19,869,990	1,730,800	3,181,366	135,623,184
Books and audio visual material	23,399,595	1,565,715	-	(3,019,529)	21,945,781
Total capital assets, depreciable	<u>1,151,961,541</u>	<u>113,693,156</u>	<u>2,587,389</u>	<u>21,522,104</u>	<u>1,284,589,412</u>
Less accumulated depreciation	<u>428,594,524</u>	<u>40,086,807</u>	<u>1,957,667</u>	<u>-</u>	<u>466,723,664</u>
Total capital assets, depreciable, net	<u>723,367,017</u>	<u>73,606,349</u>	<u>629,722</u>	<u>21,522,104</u>	<u>817,865,748</u>
Total component units, net	<u>\$ 938,495,022</u>	<u>\$ 123,226,681</u>	<u>\$ 97,149,240</u>	<u>\$ -</u>	<u>\$ 964,572,463</u>

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

Governmental Activities

General government	
City manager	\$ 303,808
District court – first division (criminal)	16,305
District court – second division (traffic)	-
Finance	151,134
Human resources	145
Information technology	1,051,146
Planning and development	26,006
Fleet services	219,711
	<hr/>
Total general government	1,768,255
Public works	16,256,705
Parks and recreation services	1,912,465
River Market	110,069
Golf	44,367
Jim Dailey Fitness	136,139
Zoo	641,898
Fire	1,815,824
Police	2,281,923
Housing and neighborhood programs	355,942
	<hr/>
Total depreciation expense – governmental activities	25,323,587

Business-Type Activities

Waste disposal	1,504,870
Second and Main parking	234,428
Vehicle storage	31,903
	<hr/>
Total depreciation expense - business-type activities	1,771,201
	<hr/>
Total depreciation expense - primary government	\$ 27,094,788

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2014, were as follows:

Governmental Activities	Balance December 31, 2013	Increases	Decreases	Balance December 31, 2014	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 27,265,000	\$ -	\$ 1,720,000	\$ 25,545,000	\$ 1,790,000
Less issuance discounts	304,103	-	24,050	280,053	-
Add issuance premiums	1,197	-	299	898	-
	<u>26,962,094</u>	<u>-</u>	<u>1,696,249</u>	<u>25,265,845</u>	<u>1,790,000</u>
General obligation bonds	111,415,000	2,615,000	14,225,000	99,805,000	6,800,000
Less issuance discounts	753,502	-	31,586	721,916	-
Add issuance premiums	3,425,896	-	113,689	3,312,207	-
	<u>114,087,394</u>	<u>2,615,000</u>	<u>14,307,103</u>	<u>102,395,291</u>	<u>6,800,000</u>
Bonds payable, net	141,049,488	2,615,000	16,003,352	127,661,136	8,590,000
Notes payable	25,472,446	5,916,000	6,075,575	25,312,871	7,315,400
Compensated absences	24,365,743	14,567,305	12,006,772	26,926,276	9,350,029
Net pension obligation	48,274,605	970,836	-	49,245,441	-
Other	1,642,243	129,991	570,116	1,202,118	815,961
Total governmental activities long-term liabilities	<u>\$ 240,804,525</u>	<u>\$ 24,199,132</u>	<u>\$ 34,655,815</u>	<u>\$ 230,347,842</u>	<u>\$ 26,071,390</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 13,875,000	\$ -	\$ 1,420,000	\$ 12,455,000	\$ 1,470,000
Less issuance discounts	58,550	-	4,691	53,859	-
Bonds payable, net	13,816,450	-	1,415,309	12,401,141	1,470,000
Compensated absences	600,917	394,856	436,826	558,947	423,352
Postclosure landfill costs	4,560,694	(281,939)	-	4,278,755	1,225,123
Total business-type activities long-term liabilities	<u>\$ 18,978,061</u>	<u>\$ 112,917</u>	<u>\$ 1,852,135</u>	<u>\$ 17,238,843</u>	<u>\$ 3,118,475</u>

City of Little Rock, Arkansas
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Component Units	Balance, December 31, 2013	Increases	Decreases	Balance December 31, 2014	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 4,305,000	\$ 66,180,000	\$ 4,305,000	\$ 66,180,000	\$ 1,115,000
Add issuance premiums	271,686	3,419,144	319,174	3,371,656	-
	<u>4,576,686</u>	<u>69,599,144</u>	<u>4,624,174</u>	<u>69,551,656</u>	<u>1,115,000</u>
Central Arkansas Library					
Notes payable	2,997,500	-	205,000	2,792,500	187,500
Compensated absences	1,092,921	664,372	631,681	1,125,612	562,806
	<u>4,090,421</u>	<u>664,372</u>	<u>836,681</u>	<u>3,918,112</u>	<u>750,306</u>
Little Rock Port Authority					
Compensated absences	189,597	21,429	36,621	174,405	14,420
Postretirement health insurance	102,274	20,442	7,934	114,782	7,748
	<u>291,871</u>	<u>41,871</u>	<u>44,555</u>	<u>289,187</u>	<u>22,168</u>
Little Rock Workforce Investment Board					
Compensated absences	25,526	17,305	22,842	19,989	19,989
Arkansas Arts Center					
Capital lease payable	42,126	28,711	37,960	32,877	17,394
Various notes payable	13,187	-	13,187	-	-
	<u>55,313</u>	<u>28,711</u>	<u>51,147</u>	<u>32,877</u>	<u>17,394</u>
National Airport					
Bonds payable					
Revenue bonds	11,120,000	-	1,160,000	9,960,000	1,565,000
Unamortized discount/premium	112,241	-	48,502	63,739	48,977
	<u>11,232,241</u>	<u>-</u>	<u>1,208,502</u>	<u>10,023,739</u>	<u>1,613,977</u>
Wastewater Utility					
Revenue bonds	269,435,179	21,478,970	20,972,285	269,941,864	9,023,866
Add issuance premiums	2,737,344	448,679	222,836	2,963,187	-
Compensated absences	929,969	45,261	32,364	942,866	865,936
	<u>273,102,492</u>	<u>21,972,910</u>	<u>21,227,485</u>	<u>273,847,917</u>	<u>9,889,802</u>
Total component units long-term liabilities	<u>\$ 293,374,550</u>	<u>\$ 92,324,313</u>	<u>\$ 28,015,386</u>	<u>\$ 357,683,477</u>	<u>\$ 13,428,636</u>

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Bonds and notes payable at December 31, 2014, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	2.0%–4.75%	2039	\$ 123,735,000	\$ 99,805,000
Revenue bonds	2.0%–5.5%	2039	36,930,000	25,545,000
Notes payable – short-term financing	1.38%–1.75%	2013	30,880,000	25,312,871
Enterprise funds				
Revenue bonds	2.0%–4.75%	2039	21,825,000	12,455,000

Governmental Activities

2009 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.

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.

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.

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

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

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.

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.

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 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.

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, 2014, the outstanding short-term financing agreements were as follows:

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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%.

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

Other Liabilities

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

Business-Type Activities

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

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

City of Little Rock, Arkansas
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Revenue Bonds (Second and Main Street Project) – Series 1997 previously used to construct a parking deck. The bonds constitute special obligations of the City, payable solely from the revenues of the two parking decks, together with all other parking revenues of the City that were not previously pledged by the City. Interest payments are due semiannually each January 1 and July 1. These bonds are subject to redemption in part by sinking fund installments due on July 1. These bonds are also subject to optional redemption at direction of the City beginning July 1, 2013. Extraordinary redemption may occur in the event that excess project funds exist.

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

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

The following bonds are secured by Wastewater Utility revenues. The 1990, 1991 and 1996 Series Sewer Revenue Bonds are part of \$7,000,000, \$6,000,000 and \$6,000,000 bond issues, respectively. The 1999 Series Sewer Revenue Bonds are a \$12,000,000 series and are subordinate to all previous bond issues. The 1991 Sewer Revenue Bonds were paid off in April 2014.

The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively.

The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility’s collection system and unsewered areas. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues, respectively, and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In November 2009, the City issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements. In July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue 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

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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.

National Airport

Revenue Bonds

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

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

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

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

Advertising and Promotion Commission Bonds

Advertising and Promotion Commission Bonds – Series 1993 – The Series 1993 Advertising and Promotion Commission Bonds were issued for the purpose of refinancing the outstanding revenue bonds Series 1986, which had been issued to refinance the original Series 1980 bond issue for the construction of a convention center. These bonds are collateralized by proceeds of the 2% hotel and gross receipts tax levy. Serial bond principal payments are due each August 1 (excluding 2005 through 2006). Interest payments are due each February 1 and August 1. In July 2014, the Commission defeased the Series 1993 Advertising and Promotion Commission bonds, which had an outstanding principal balance of \$2,225,000, utilizing funds available in the related trust accounts.

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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.

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Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2014. 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
2015	\$ 8,590,000	\$ 4,644,350	\$ 1,470,000	\$ 607,772	\$ 11,703,866	\$ 13,895,091
2016	8,155,000	4,365,494	1,535,000	545,114	11,639,735	13,559,668
2017	6,630,000	4,089,090	730,000	493,945	11,591,616	13,415,036
2018	6,910,000	3,800,989	770,000	456,693	11,973,630	13,038,607
2019	6,865,000	3,491,390	810,000	417,341	12,369,846	12,640,138
2020-2024	31,510,000	13,154,968	4,030,000	1,413,588	63,394,740	55,984,337
2025-2029	30,735,000	6,843,213	3,110,000	420,820	63,418,115	44,203,852
2030-2034	16,780,000	3,361,461	-	-	74,778,164	29,449,725
2035-2039	9,175,000	1,311,700	-	-	63,067,152	11,214,850
2040-2044	-	-	-	-	22,145,000	2,598,100
	<u>\$ 125,350,000</u>	<u>\$ 45,062,655</u>	<u>\$ 12,455,000</u>	<u>\$ 4,355,273</u>	<u>\$ 346,081,864</u>	<u>\$ 209,999,404</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2015	\$ 7,315,400	\$ 375,316	\$ 187,500	\$ 132,615
2016	7,424,001	266,716	215,000	122,715
2017	6,565,920	155,939	230,000	112,200
2018	2,789,805	60,895	240,000	101,040
2019	1,217,745	17,779	255,000	86,400
2020 - 2024	-	-	1,070,000	273,120
2025-2029	-	-	595,000	51,360
	<u>\$ 25,312,871</u>	<u>\$ 876,645</u>	<u>\$ 2,792,500</u>	<u>\$ 879,450</u>

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The following is a summary of pledged revenues of the City and its Component Units for the year ended December 31, 2014:

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
General Government:						
2009 Parks and Recreation Capital Improvement Refunding Bonds - Series A	Golf, Zoo and Fitness Center revenues	5,898,933	501,063	8.5%	12,879,265	Until 2039
2009 Parks and Recreation Capital Improvement Refunding Bonds - Series B	Golf, Zoo and Fitness Center revenues	5,898,933	795,148	13.5%	20,511,260	Until 2039
2007 Capital Improvement Revenue Refunding Bonds	Franchise fees	29,898,412	1,439,213	4.8%	7,163,438	Until 2019
2008 Library Construction and Improvement Bonds	Property tax	3,700,292	287,878	7.8%	3,097,903	Until 2026
2009 Library Construction and Improvement Bonds	Property tax	3,700,292	1,984,803	53.6%	23,258,791	Until 2026
2012 Library Construction and Refunding Bonds	Property tax	3,417,603	2,143,655	62.7%	35,017,009	Until 2031
2002 Capital Improvement Junior Lien Revenue Bonds	Franchise fees	29,898,412	317,880	1.1%	1,289,593	Until 2018
2013 Limited Tax General Obligation Capital Improvement Bonds	Property tax	11,246,667	6,850,331	60.9%	61,207,048	Until 2032
2014 TIF #1 Capital Improvement Bond	Property tax	-	-	0.0%	5,988,348	Until 2036
2007 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	2,507,471	338,770	13.5%	2,679,909	Until 2022
2010 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	2,507,471	855,338	34.1%	1,710,989	Until 2016
2003 Capital improvement and Refunding Revenue Bonds	Specific parking revenues and other revenues in the Rivermarket Garage Fund	2,442,480	889,535	36.4%	12,419,375	Until 2028

City of Little Rock, Arkansas
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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:						
Hotel and Restaurant Gross Receipts Tax Bonds Series 2014	2% hotel, motel, and restaurant gross receipts tax levy	11,449,590	-	0.0%	119,923,932	Until 2022
1996 Sewer Bonds	Net revenues of the sewer system	19,880,035	419,666	2.1%	1,888,471	Until 2019
2004A Sewer Bonds	Net revenues of the sewer system	19,880,035	1,579,796	7.9%	19,747,450	Until 2027
2004B Sewer Bonds	Net revenues of the sewer system	19,880,035	957,452	4.8%	12,446,883	Until 2027
2004C Sewer Bonds	Net revenues of the sewer system	19,880,035	889,062	4.5%	12,446,895	Until 2028
2007A Sewer Bonds	Net revenues of the sewer system	19,880,035	3,924,625	19.7%	89,667,824	Until 2037
2007B Sewer Bonds	Net revenues of the sewer system	19,880,035	1,176,096	5.9%	17,641,414	Until 2029
2007C Sewer Bonds	Net revenues of the sewer system	19,880,035	3,478,768	17.5%	136,314,862	Until 2037
2008 Sewer Bonds	Net revenues of the sewer system	19,880,035	1,094,975	5.5%	26,370,742	Until 2038
2009A Sewer Bonds	Net revenues of the sewer system	19,880,035	487,290	2.5%	8,527,565	Until 2032
2009B Sewer Bonds	Net revenues of the sewer system	19,880,035	409,188	2.1%	10,250,470	Until 2039
2011 Sewer Bonds	Net revenues of the sewer system	19,880,035	1,596,950	8.0%	18,068,443	Until 2022
2012 Sewer Bonds	Net revenues of the sewer system	19,880,035	1,586,776	8.0%	44,369,413	Until 2042
2013 Sewer Bonds	Net revenues of the sewer system	19,880,035	2,245,212	11.3%	12,052,281	Until 2036
2014 Sewer Bonds	Net revenues of the sewer system	19,880,035	-	0.0%	13,740,315	Until 2025
Airport Revenue Refunding Bonds Series 2003	Revenues of the airport	30,733,404	760,718	2.5%	399,438	Until 2015
Airport Revenue Refunding and Improvement Bonds, Series 2007A	Revenues of the airport	30,733,404	148,230	0.5%	4,634,170	Until 2026

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

Interfund receivables and payables as of December 31, 2014, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 2,672,382	\$ 68,101
2013 Capital Improvements	-	1,804,037
HIPP fund	-	19,366
Emergency 911 fund	-	312,740
2009A Parks & Recreation debt service fund	-	463,531
	-	463,531
Governmental Funds to/from Fiduciary Funds		
General fund	-	209,499
	-	209,499
Total governmental funds	2,672,382	2,877,274
Proprietary Funds		
Internal service fund	689,959	-
Vehicle storage fund	-	689,959
	689,959	689,959
Total proprietary funds	689,959	689,959
Fiduciary Funds		
Firemen's pension	3,993,292	4,607
	3,993,292	4,607
Total fiduciary funds	3,993,292	4,607
Government-Wide Governmental Activities		
	-	3,783,793
	-	3,783,793
Total	\$ 7,355,633	\$ 7,355,633

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

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen's 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, \$3,783,793 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, 2014, are as follows:

Interfund Transfers In	Interfund Transfers Out						Totals
	Governmental Funds			Proprietary Funds			
	General	Sales Tax Capital Improvements	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	River Market Garage	
Governmental Funds							
General	\$ -	\$ 5,155,851	\$ 562,219	\$ 124,000	\$ 1,291,163	\$ -	\$ 7,133,233
Other Nonmajor Governmental Funds	1,082,001	-	1,451,122	-	273,700	239,268	3,046,091
	<u>\$ 1,082,001</u>	<u>\$ 5,155,851</u>	<u>\$ 2,013,341</u>	<u>\$ 124,000</u>	<u>\$ 1,564,863</u>	<u>\$ 239,268</u>	<u>\$ 10,179,324</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 and two defined contribution pension plans. The City also contributes to the Local Police and Fire Retirement System, a statewide cost sharing multi-employer defined benefit pension plan. The assets of the plans are maintained in legally separate trusts and each plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

City of Little Rock, Arkansas
Notes to Financial Statements
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A. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

B. Membership Information

Membership of each plan consisted of the following at December 31, 2014:

	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan	2014 Defined Benefit Plan
Retirees and beneficiaries receiving benefits	291	81	-	-	5
Active plan members	-	12	53	19	894
Members on Deferred Retirement Option Plan (DROP)	7	-	-	-	-
Total	<u>298</u>	<u>93</u>	<u>53</u>	<u>19</u>	<u>899</u>

City of Little Rock, Arkansas
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C. Financial Information

Separate financial reports are not issued on each plan. The following is the condensed financial information of the pension and other employee benefit trust funds:

	Statement of Fiduciary Net Position				(Note 7)	
	Firemen's Pension and Relief Fund	Nonuniformed Defined Contribution Plan	Nonuniformed Defined Benefit Plan	401 (a) Defined Contribution Plan	2014 Defined Benefit Plan	Health Management Trust Fund (OPEB)
Assets						
Cash and cash equivalents	\$ 4,488,278	\$ 188,556	\$ 968,286	\$ -	\$ 1,195,228	\$ 363,883
Investments	62,300,784	21,376,466	11,236,037	7,886,407	29,594,437	2,025,557
Receivables	3,993,292	6,627	7,737	146,259	19,262	-
Total assets	<u>70,782,354</u>	<u>21,571,649</u>	<u>12,212,060</u>	<u>8,032,666</u>	<u>30,808,927</u>	<u>2,389,440</u>
Liabilities						
Due to other funds	4,607	-	-	-	-	-
Total liabilities	<u>4,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position						
Net position restricted for pensions and other employee benefits	<u>\$ 70,777,747</u>	<u>\$ 21,571,649</u>	<u>\$ 12,212,060</u>	<u>\$ 8,032,666</u>	<u>\$ 30,808,927</u>	<u>\$ 2,389,440</u>
Statement of Changes in Fiduciary Net Position						
Additions						
Contributions	\$ 5,764,289	\$ 508,623	\$ 1,639,782	\$ 678,983	\$ 10,328,052	\$ 227,615
Net investment income (loss)	2,431,112	(2,984,554)	611,424	380,162	900,552	86,203
Total additions	<u>8,195,401</u>	<u>(2,475,931)</u>	<u>2,251,206</u>	<u>1,059,145</u>	<u>11,228,604</u>	<u>313,818</u>
Deductions						
Benefits paid directly to participants	10,686,313	2,940,515	1,893,101	235,783	157,140	-
Administrative expenses and other	398,890	151,177	-	-	137,018	21,089
Total deductions	<u>11,085,203</u>	<u>3,091,692</u>	<u>1,893,101</u>	<u>235,783</u>	<u>294,158</u>	<u>21,089</u>
Income (Loss) Before Employee Directed Transfers	(2,889,802)	(5,567,623)	358,105	823,362	10,934,446	292,729
Employee Directed Transfers In to Establish 2014 Defined Benefit Plan	-	-	-	-	19,874,481	-
Employee Directed Transfers Out to Establish 2014 Defined Benefit Plan	-	(16,543,896)	-	(3,330,585)	-	-
	<u>-</u>	<u>(16,543,896)</u>	<u>-</u>	<u>(3,330,585)</u>	<u>19,874,481</u>	<u>-</u>
Net Increase (Decrease) in Net Position	(2,889,802)	(22,111,519)	358,105	(2,507,223)	30,808,927	292,729
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	<u>73,667,549</u>	<u>43,683,168</u>	<u>11,853,955</u>	<u>10,539,889</u>	<u>-</u>	<u>2,096,711</u>
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	<u>\$ 70,777,747</u>	<u>\$ 21,571,649</u>	<u>\$ 12,212,060</u>	<u>\$ 8,032,666</u>	<u>\$ 30,808,927</u>	<u>\$ 2,389,440</u>

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D. Plan Descriptions 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 2014. The participants contributed 6% of their salaries in 2014. 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 2014 contributions to the Firemen's Fund were \$5,764,289. The City's share of contributions was \$5,357,484 and included \$3,857,005 in property taxes and \$966,644 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund. The liability for the Firemen's Fund has typically been liquidated from the general fund.

For the year ended December 31, 2014, the City's total payroll for all employees amounted to \$115,408,058, including police and fire personnel. Total fire personnel payroll amounted to \$28,936,008. There are no active fire employees covered by this plan.

As of December 31, 2014, the most recent actuarial valuation date, the FPRF was 49% funded. The actuarial accrued liability for benefits was \$138,363,417, and the actuarial value of assets was \$67,185,634 resulting in an unfunded actuarial accrued liability (UAAL) of \$71,177,783. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present

City of Little Rock, Arkansas

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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.

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 2014 were \$878,715. Administrative costs are financed by the Nonuniformed Plan Fund. The liability for the Nonuniformed Plan has typically been liquidated from the general fund.

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

As of January 1, 2014, the most recent actuarial valuation date, the Nonuniformed Plan was 78% funded. The actuarial accrued liability for benefits was \$16,104,086, and the actuarial value of assets was \$12,520,713 resulting in an unfunded actuarial accrued liability (UAAL) of \$3,583,373. The covered payroll (annual payroll of active employees covered by the plan) was \$836,966 and the ratio of the UAAL to the covered payroll was 428%.

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. Contributions during 2014 were

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\$30,190,173. Contributions to the plan are made from various city governmental and business type funds.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The 2014 Defined Benefit Plan uses the entry age normal method in calculating the annual required contribution. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

As of December 31, 2014, the most recent actuarial valuation date, the 2014 Defined Benefit Plan was 92% funded. The actuarial accrued liability for benefits was \$33,938,980, and the actuarial value of assets was \$31,054,987 resulting in an unfunded actuarial accrued liability (UAAL) of \$2,883,993. The covered payroll (annual payroll of active employees covered by the plan) was \$39,491,775 and the ratio of the UAAL to the covered payroll was 7%.

Contributions to the plans were made as follows:

	Fiscal Year Ending	Employer Contributions		Employee Contributions		Total	
		Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
Firemen's Pension and Relief Fund	12/31/14	\$ 533,835	NA	\$ 33,835	NA	\$ 567,670	NA
Nonuniformed Employees' Defined Benefit Pension Plan	12/31/14	952,144	113.76%	-	NA	952,144	113.76%
2014 Defined Benefit Pension Plan	12/31/14	3,380,795	8.56%	26,809,378	68%	30,190,173	76%

	2014 Annual Pension Cost and Net Pension Obligation		
	Firemen's Fund	Nonuniformed Plan	2014 DB Plan
Annual required contributions	\$ 15,375,917	\$ 878,715	\$ 3,370,119
Interest on net pension obligation	2,318,309	-	-
Adjustment to annual required contribution	(11,393,552)	-	-
Annual pension cost	6,300,674	878,715	3,370,119
Contributions made	5,256,409	952,144	3,501,236
Increase (decrease) in net pension obligation	1,044,265	(73,429)	(131,117)
Net pension obligation, beginning of the year	47,305,296	969,309	-
Net pension obligation, end of the year	\$ 48,349,561	\$ 895,880	\$ (131,117)

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Actuarial Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations are performed biennially and the last evaluation was as of December 31, 2014. Actuarial assumptions used in evaluating the fund include entry age cost method, five-year smoothed market for valuing assets, level percent open amortization method, and amortization period of five years for active participants and five years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2014, was 30 years.

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

	Firemen's Fund	Nonuniformed Defined Benefit Plan	2014 Defined Benefit Plan
Cost of living benefit increases	None	None	1.5%
Inflation	0%	0%	0%
Salary increases	4%-8%	3.5%	2.5%-6.2%
Investment rate of return	5%	7.5%	6.5%
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	5-year smoothed Market value	Market value
Mortality rate basis	1971 Group Annuity Table for Males, set back 5 years for females	1983 GAM	RP-2000 Mortality Table

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Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Firemen's Fund	12/31/2012	\$ 10,545,241	40%	\$ 43,507,102
	12/31/2013	7,934,350	52%	47,305,296
	12/31/2014	6,300,674	83%	48,349,561
Nonuniformed Plan	12/31/2012	\$ 1,080,785	100%	\$ 969,309
	12/31/2013	1,168,289	100%	969,309
	12/31/2014	878,715	108%	895,880

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

Net Pension Liability

The components of the net pension liability of the City were as follows:

	12/31/14	12/31/14	12/31/14
	Firemen's Fund	Nonuniformed Defined Benefit Plan	2014 Defined Benefit Plan
Total pension liability	\$ 138,363,417	\$ 14,790,084	\$ 33,938,980
Plan's fiduciary net pension	70,777,747	12,212,060	30,808,927
City's net pension liability	<u>\$ 67,585,670</u>	<u>\$ 2,578,024</u>	<u>\$ 3,130,053</u>

Plan's fiduciary net position as a percentage
of total pension liability

51.15%	82.57%	90.78%
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Long-Term Expected Return on Plan Assets

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

Asset Class	Long-term Expected Real Rate of Return		
	Firemen's Pension and Relief Fund	Nonuniformed Defined Benefit Plan	2014 Defined Benefit Plan
Domestic fixed income	5.0%		
Fixed income			5.0%
Domestic equity	7.8%		7.8%
Real estate		4.8%	
Foreign equity			9.0%
Large cap stocks		5.4%	
Mid/small cap stocks		6.2%	
International stocks		5.1%	
Bonds		2.5%	
Multi-sector bonds		3.5%	
Alternatives			7.3%
Cash	2.0%		2.0%

Discount Rate

Firemen's Pension and Relief Fund

A single discount rate of 5% 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 5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was 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.

Nonuniformed Defined Benefit Plan

A single discount rate of 7.5% 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 7.5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was 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.

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2014 Defined Benefit Plan

A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.5%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 5% for the Firemen's Pension and Relief Fund, 7.5% for the Nonuniformed Defined Benefit Plan and 6.5% for the 2014 Defined Benefit Plan as well as what the City's 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	\$ 80,048,123	\$ 67,585,670	\$ 57,068,003
		1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Nonuniformed Employees' Defined Benefit Pension Plan	Net pension liability	\$ 3,631,597	\$ 2,578,024	\$ 1,648,828
		1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
2014 Defined Benefit Pension Plan	Net pension liability (asset)	\$ 12,621,798	\$ 3,130,053	\$ (3,365,676)

City of Little Rock, Arkansas
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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	12/31/14	3.87%
Nonuniformed Employees’ Defined Benefit Pension Plan	12/31/14	7.82%
2014 Defined Benefit Pension Plan	12/31/14	5.85%

Cost Sharing Multi-Employer Defined Benefit Pension Plan

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 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 25.33% for participating policemen and 19.58% for participating firemen.

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Defined Contribution Plans

The *Nonuniformed Employees' Defined Contribution Plan (Nonuniformed Contribution Plan)* is a defined contribution plan administered by an independent fiduciary agent, but governed by a Board of Trustees consisting of City officials. The Nonuniformed Contribution Plan provides retirement, disability and survivor benefits for nonuniformed full-time employees who have met eligibility requirements as defined by the Plan, with the exception of certain executives and officials who are enrolled in alternate plans. The Nonuniformed Contribution Plan began on January 1, 1981; benefit provisions are established by City Resolution #6482, as amended. The amount of benefits to be paid to any participant depends solely on amounts contributed to the Plan plus investment earnings.

The Plan requires that employees contribute no less than 3.5% and may contribute an additional 10% of their base salary. Only contributions up to 3.5% are pre-tax. The City is required to contribute 4% of covered payroll each pay period. Participants become fully vested in employer contributions and investment earnings credited to their account after five years of service. Nonvested City contributions and investment earnings are forfeited when participants leave covered employment and are transferred to a separate account which may be used to reduce City contributions. During 2014, employer and employee contributions to the Plan were \$332,065 and \$176,558, respectively.

The *401(a) Money Purchase and Trust Retirement Fund* is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established, and can be amended, by action of the City's Board of Directors. During 2014, employer and employee contributions to the plan were \$379,900 and \$227,931, respectively.

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

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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	\$ 1,250,283
30-year amortization of beginning of year net OPEB assets	19,243
Interest on net OPEB asset	<u>(16,715)</u>
Annual OPEB Cost	1,252,811
Total annual employer contribution	<u>(1,257,302)</u>
Increase in net OPEB asset	4,491
Net OPEB asset – beginning of year	<u>238,791</u>
Net OPEB asset – end of year	<u>\$ 243,282</u>

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

Service cost	\$ 416,841
Amortization of unfunded obligation	751,648
Interest to end-of-year	<u>81,794</u>
ARC	<u>\$ 1,250,283</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB asset for 2014 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>
12/31/14	\$1,252,811	100%	\$243,282
12/31/13	\$972,076	99%	\$238,791
12/31/12	\$966,890	100%	\$241,346

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Notes to Financial Statements

December 31, 2014

Funded Status and Funding Progress: As of January 1, 2014, the most recent actuarial valuation date, the OPEB plan was 17.4% funded. The actuarial accrued liability for benefits was \$12,075,486, and the actuarial value of assets was \$2,095,355, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,980,131. The covered payroll (annual payroll of active employees covered by the plan) was \$115,408,058, and the ratio of the UAAL to the covered payroll was 8.65%.

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 January 1, 2014, 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 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

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, 2013, to December 31, 2014:

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Liability balance, January 1, 2013	\$ 1,760,860
Claims and changes in estimates	820,585
Claims payments	<u>(939,202)</u>
Liability balance, December 31, 2013	1,642,243
Claims and changes in estimates	129,991
Claims payments	<u>(570,116)</u>
 Liability balance, December 31, 2014	 <u><u>\$ 1,202,118</u></u>

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas, *i.e.*, automobile, personal property, contents and outside structures and workers' compensation. The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2013 to 2014; 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, 2014, property taxes receivable and related deferred inflows of resources of \$50,506,970 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

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

Description	Millage Limit	Levied 2013 for 2014 Collections
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.90	1.90
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	<u>1.45</u>	<u>1.45</u>
Total	<u><u>16.65</u></u>	<u><u>16.65</u></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 \$4,278,755 is based on 21.43% use of Class I Waste total constructed capacity, and 33.74% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,541,527 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 2014. 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Note 11: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2014:

Fund	<u>Deficit Amount</u>
Vehicle Storage	\$ (641,604)
Total deficit net position	\$ (641,604)

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

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 67% 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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

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, 2014, the aggregate principal amount payable on these bonds was approximately \$259,011,003.

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, 2014

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)	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays and inventories	\$ 1,251,251	\$ -	\$ -		\$ 1,532,884	\$ 2,784,135
Restricted						
Debt service	-	-	11,276,295	-	10,104,972	21,381,267
Grant funds	-	-	-	-	1,724,561	1,724,561
Library capital projects	-	-	-	-	5,197,173	5,197,173
Street capital projects	-	-	-	-	9,264,028	9,264,028
Parks and recreation capital projects	-	-	-	-	1,457	1,457
Infrastructure	-	-	-	-	211,529	211,529
Capital projects	-	-	-	-	348,100	348,100
General administration special projects	-	8,504,913	-	-	560,392	9,065,305
Community programs special projects	-	202,321	-	-	3,479	205,800
Courts special projects	-	-	-	-	336,827	336,827
Finance special projects	-	337,199	-	-	200,310	537,509
Human resources special projects	-	-	-	-	325,839	325,839
Information technology special projects	-	427,621	-	-	78,293	505,914
Planning and development special projects	-	-	-	-	1,370	1,370
Housing and neighborhood programs special projects	-	11,093,433	-	-	326,020	11,419,453
Public works special projects	-	2,753,796	-	46,530,285	895,262	50,179,343
Parks special projects	-	485,203	-	-	1,062,326	1,547,529
Zoo special projects	-	-	-	-	3,227	3,227
Fire special projects	-	3,525,491	-	-	218,749	3,744,240
Police special projects	-	994,369	-	-	866,726	1,861,095
Fleet special projects	-	-	-	-	79,378	79,378
Committed						
Cable network	336,610	-	-	-	-	336,610
Assigned						
General administration special projects	884,962	-	-	-	-	884,962
Community programs special projects	4,319,553	-	-	-	-	4,319,553
City attorneys special projects	2,233	-	-	-	-	2,233
Human resources special projects	6,083	-	-	-	-	6,083
Information technology special projects	469,752	-	-	-	-	469,752
Planning special projects	5,000	-	-	-	-	5,000
Housing and neighborhood programs special projects	296,650	-	-	-	-	296,650
Public works special projects	290,060	-	-	-	-	290,060
Parks special projects	60,624	-	-	-	-	60,624
Fire special projects	10,000	-	-	-	-	10,000
Police special projects	1,365,005	-	-	-	-	1,365,005
Fleet special projects	154,146	-	-	-	-	154,146
Zoo special projects	145,096	-	-	-	-	145,096
Unassigned	24,713,596	(363,676)	-	-	(2,856,223)	21,493,697
Total Fund Balances	\$ 34,310,621	\$ 27,960,670	\$ 11,276,295	\$ 46,530,285	\$ 30,486,679	\$ 150,564,550

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2014

Note 16: Subsequent Events

Subsequent to year end, the City approved the issuance of a \$5,910,000 promissory note to complete the construction of the West Central Community Center and to purchase police vehicles and equipment.

In December 2007, a 0.5 mil increase was passed that resulted in approximately \$3,200,000 in property tax revenue for the City. Due to the timing of election filings, the year in which the increase should have taken place was in question. A lawsuit was filed to determine whether the increase was effective for the 2007 or 2008 tax year. The original complaint was dismissed by the Pulaski County Circuit Court and was appealed to the Supreme Court of Arkansas who ruled in 2009 that the increase was effective for the 2008 tax year. Approximately \$3,200,000 was collected for 2007 and is now subject to refund. This amount is included as an accrued liability in the accompanying government-wide financial statements. On December 14, 2014, the parties entered into a settlement agreement. In June 2015 the City had paid all parties and no longer has this liability.

On March 3, 2015, the Wastewater Utility issued \$160,070,000 in refunding revenue bonds to current refund the 1996 Series, 2004A Series, 2004B Series, and the 2004C Series, and advance refund the 2007A and 2007C Series Bonds. The interest rate on the bonds is 2%-5%, which mature from 2015 through October 1, 2037.

On March 17, 2015 the City passed a resolution authorizing the Ambulance Authority to issue a Capital Improvement Revenue Bond in the amount not to exceed \$6,000,000 to finance the cost to acquire, construct, furnish and equip certain capital improvements of a new headquarters building and a new maintenance building and associated site and parking improvements to be located at or near its present location.

Note 17: Change in Accounting Principles

In 2014, the City adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which has as its objective improving the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. Adoption of GASB 67 had no effect on net position restricted for pensions 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.

Required Supplementary Information

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 26,548,180	\$ 26,248,180	\$ 26,685,437	\$ 437,257
Sales taxes	96,123,400	95,383,886	96,445,300	1,061,414
Licenses and permits	10,509,200	11,016,200	11,081,899	65,699
Intergovernmental	6,353,442	7,002,433	7,002,433	-
Charges for services	11,245,641	10,927,813	10,521,957	(405,856)
Fines and fees	3,199,875	3,009,875	2,986,359	(23,516)
Utility franchise fees	27,686,000	28,273,500	28,141,318	(132,182)
Investment income	50,000	200,000	346,223	146,223
Miscellaneous	767,900	767,900	2,144,912	1,377,012
Total revenues	182,483,638	182,829,787	185,355,838	2,526,051
Expenditures				
General government:				
General administration	20,296,290	25,661,788	20,814,762	4,847,026
Board of directors	338,527	338,527	322,117	16,410
Community programs	388,081	490,370	5,573,917	(5,083,547)
City attorney	1,769,774	1,692,254	1,672,571	19,683
District court-first division (criminal)	1,392,505	1,375,750	1,291,043	84,707
District court-third division (environmental)	627,185	621,029	607,293	13,736
District court-second division (traffic)	1,247,286	1,247,286	1,232,380	14,906
Finance	3,136,992	3,088,125	3,070,992	17,133
Human resources	1,632,677	1,677,692	1,679,752	(2,060)
Information technology	4,358,322	4,096,076	4,096,075	1
Planning and development	2,583,968	2,250,412	2,134,461	115,951
Total general government	37,771,607	42,539,309	42,495,363	43,946
Public works	1,166,482	1,050,592	2,175,958	(1,125,366)
Parks and recreation services	9,739,691	9,231,574	9,343,241	(111,667)
River Market	1,208,675	1,208,675	1,227,229	(18,554)
Golf	2,187,165	2,187,165	2,376,310	(189,145)
Jim Daily Fitness	896,565	897,168	904,929	(7,761)
Zoo	6,488,801	6,143,673	6,681,392	(537,719)
Fire	45,774,586	45,497,791	45,539,924	(42,133)
Police	67,200,859	65,487,491	68,750,569	(3,263,078)
Fleet	-	-	874,082	(874,082)
Housing and neighborhood programs	5,673,839	4,710,980	5,796,969	(1,085,989)
Debt service				
Principal	-	-	6,075,574	(6,075,574)
Interest	-	-	379,618	(379,618)
Vacancy savings	(5,000,000)	-	-	-
Total expenditures	173,108,270	178,954,418	192,621,158	(13,666,740)
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,375,368	3,875,369	(7,265,320)	(11,140,689)
Other Financing Sources (Uses)				
Transfers in	1,780,892	7,036,743	7,133,233	96,490
Transfers out	(11,156,260)	(10,912,112)	(1,082,001)	9,830,111
Total other financing sources (uses)	(9,375,368)	(3,875,369)	6,051,232	9,926,601
Net Change in Fund Balances	-	-	(1,214,088)	(1,214,088)
Fund Balances, Beginning of Year	35,524,709	35,524,709	35,524,709	-
Fund Balances, End of Year	\$ 35,524,709	\$ 35,524,709	\$ 34,310,621	\$ (1,214,088)

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2014

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 2014.

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

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

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Employer Contributions
Year Ended December 31, 2014

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Firemen’s Pension and Relief Fund	2009	\$ 12,985,428	34%
	2010	17,621,937	23%
	2011	16,539,937	23%
	2012	17,732,753	24%
	2013	16,424,267	25%
	2014	15,375,917	34%
Nonuniformed Employees’ Defined Benefit Pension Plan	2009	1,085,570	35%
	2010	1,085,570	100%
	2011	1,184,109	100%
	2012	1,080,785	100%
	2013	1,168,289	100%
	2014	878,715	108%
2014 Defined Benefit Pension Plan	2014	3,370,119	104%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2014

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
Firemen's Pension and Relief Fund	12/31/09	\$ 72,865,809	\$ 146,915,849	\$ 74,050,040	50%	\$ -	N/A
	12/31/10	73,204,203	146,560,047	73,355,844	50%	-	N/A
	12/31/11	66,306,657	144,952,727	78,646,070	46%	-	N/A
	12/31/12	67,100,228	139,943,066	72,842,838	48%	-	N/A
	12/31/13	70,004,770	138,198,100	68,193,330	51%	-	N/A
	12/31/14	67,185,634	138,363,417	71,177,783	49%	-	N/A
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%
	1/1/10	10,287,483	13,617,399	3,329,916	76%	1,556,556	214%
	1/1/11	11,052,598	13,740,039	2,687,441	80%	1,363,205	197%
	1/1/12	11,823,192	16,571,983	4,748,791	71%	1,113,132	427%
	1/1/13	11,906,845	15,774,912	3,868,067	76%	989,263	428%
	1/1/14	12,520,713	16,104,086	3,583,373	78%	836,966	428%
2014 Defined Benefit Pension Plan	12/31/14	31,054,987	33,938,980	2,883,993	92%	39,491,775	7%

Note: Prior to 2012 the Nonuniformed Employees' Defined Benefit Pension Plan used the aggregate cost method, for plan funding and determination of the annual required contribution under GASB 25 and 27. The aggregate cost method does not specifically calculate an actuarial accrued liability. For that reason, GASB 50 has amended GASB 25 and 27 to show the entry age normal actuarial accrued liability as a proxy to provide a measurement of funded ratio and funding progress.

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2014

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
1/1/2007	\$ -	\$ 5,832,000	\$ 5,832,000	0.0%	\$ 84,153,636	6.93%
1/1/2008	492,000	7,021,378	6,529,378	7.0%	93,691,631	6.97%
1/1/2009	1,032,761	7,342,781	6,310,020	14.1%	96,229,262	6.56%
1/1/2010	1,418,340	8,090,330	6,671,990	17.5%	92,343,032	7.23%
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%

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
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2014

Firemen's Pension and Relief Fund

Fiscal Year ending December 31,	2014
Total pension liability	
Service Cost	\$ -
Interest	6,642,747
Changes of benefit terms	8,000,000
Difference between expected and actual experience	(3,791,117)
Changes in assumptions	-
Benefit payments, including refunds of plan member contributions	(10,686,313)
Net change in total pension liability	165,317
Total pension liability, beginning of year	138,198,100
Total pension liability, end of year	138,363,417
Plan fiduciary net position	
Employer contributions	5,730,454
Plan member contributions	33,835
Net investment income	2,431,112
Benefit payments, including refunds of plan member contributions	(10,686,313)
Administrative expense	(389,423)
Other	(9,467)
Net change in plan fiduciary net position	(2,889,802)
Plan fiduciary net position, beginning of year	73,667,549
Plan fiduciary net position, end of year	70,777,747
City's net pension liability, end of year	\$ 67,585,670
Plan's fiduciary net position as a percentage of the total pension liability	51.15%
Covered-employee payroll	0
Plan's net pension liability as a percentage of covered-employee payroll	NA

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2014

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year ending December 31,	<u>2014</u>
Total pension liability	
Service Cost	\$ 4,287
Interest	1,098,666
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of plan member contributions	<u>(1,880,929)</u>
Net change in total pension liability	(777,976)
Total pension liability, beginning of year	<u>15,568,060</u>
Total pension liability, end of year	<u><u>14,790,084</u></u>
Plan fiduciary net position	
Employer contributions	952,144
Plan member contributions	441,109
Net investment income	905,472
Benefit payments, including refunds of plan member contributions	(1,880,929)
Administrative expense	(59,691)
Other	-
Net change in plan fiduciary net position	<u>358,105</u>
Plan fiduciary net position, beginning of year	11,853,955
Plan fiduciary net position, end of year	<u><u>12,212,060</u></u>
City's net pension liability, end of year	<u><u>\$ 2,578,024</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	82.57%
Covered-employee payroll	836,966
Plan's net pension liability as a percentage of covered-employee payroll	308.02%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2014

2014 Defined Benefit Pension Plan

Fiscal Year ending December 31,	2014
Total pension liability	
Service Cost	\$ 4,787,087
Service cost - service purchase	25,079,603
Interest	1,780,726
Changes of benefit terms	3,937,583
Difference between expected and actual experience	(1,491,309)
Changes in assumptions	-
Benefit payments, including refunds of plan member contributions	(154,710)
Net change in total pension liability	33,938,980
Total pension liability, beginning of year	-
Total pension liability, end of year	33,938,980
Plan fiduciary net position	
Employer contributions	3,380,795
Plan member contributions	1,776,056
Contributions - employee service purchase	25,033,322
Net investment income	900,552
Benefit payments, including refunds of plan member contributions	(157,140)
Administrative expense	(137,018)
Other	12,360
Net change in plan fiduciary net position	30,808,927
Plan fiduciary net position, beginning of year	-
Plan fiduciary net position, end of year	30,808,927
City's net pension liability, end of year	\$ 3,130,053
Plan's fiduciary net position as a percentage of the total pension liability	90.78%
Covered-employee payroll	39,491,775
Plan's net pension liability as a percentage of covered-employee payroll	7.93%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Investment Returns
Year Ended December 31, 2014

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Firemen’s Pension and Relief Fund	12/31/14	3.87%
Nonuniformed Employees’ Defined Benefit Pension Plan	12/31/14	7.82%
2014 Defined Benefit Pension Plan	12/31/14	5.85%

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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.

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.

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

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

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.

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

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

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.

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.

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.

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2014

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 2,699,127	\$ 560,705	\$ 58,172	\$ 3,318,004
Restricted cash	-	9,524,296	5,183,260	14,707,556
Investments	9,474,389	3,275,006	502,063	13,251,458
Accounts receivable	9,453,986	7,593,380	-	17,047,366
Interest receivable	17,681	5,501	14,764	37,946
Inventories	849,463	-	-	849,463
Prepaid expenditures and other	433,421	-	-	433,421
	<u>433,421</u>	<u>-</u>	<u>-</u>	<u>433,421</u>
Total assets	<u>\$ 22,928,067</u>	<u>\$ 20,958,888</u>	<u>\$ 5,758,259</u>	<u>\$ 49,645,214</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,129,129	\$ -	\$ -	\$ 1,129,129
Due to other funds	332,106	463,531	-	795,637
Accrued expenses and other	4,342	3,200,161	-	3,204,503
Unearned revenue	1,365,979	-	-	1,365,979
	<u>1,365,979</u>	<u>-</u>	<u>-</u>	<u>1,365,979</u>
Total liabilities	<u>2,831,556</u>	<u>3,663,692</u>	<u>-</u>	<u>6,495,248</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	5,473,063	7,190,224	-	12,663,287
	<u>5,473,063</u>	<u>7,190,224</u>	<u>-</u>	<u>12,663,287</u>
Total deferred inflows of resources	<u>5,473,063</u>	<u>7,190,224</u>	<u>-</u>	<u>12,663,287</u>
Fund Balances (Deficit)				
Nonspendable	1,532,884	-	-	1,532,884
Restricted	15,946,787	10,104,972	5,758,259	31,810,018
Unassigned	(2,856,223)	-	-	(2,856,223)
	<u>(2,856,223)</u>	<u>-</u>	<u>-</u>	<u>(2,856,223)</u>
Total fund balances	<u>14,623,448</u>	<u>10,104,972</u>	<u>5,758,259</u>	<u>30,486,679</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,928,067</u>	<u>\$ 20,958,888</u>	<u>\$ 5,758,259</u>	<u>\$ 49,645,214</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2014

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ 5,420,858	\$ 7,117,896	\$ -	\$ 12,538,754
Licenses and permits	34,991	-	-	34,991
Intergovernmental	19,324,788	-	-	19,324,788
Charges for services	2,346,676	1,308,100	-	3,654,776
Fines and fees	1,057,711	-	-	1,057,711
Utility franchise taxes	-	1,757,092	-	1,757,092
Investment income	93,460	111,989	26,188	231,637
Contributions and donations	1,224,008	-	-	1,224,008
Miscellaneous	1,659,398	-	4,658	1,664,056
	<u>31,161,890</u>	<u>10,295,077</u>	<u>30,846</u>	<u>41,487,813</u>
Total revenues				
Expenditures				
General government				
General administration	2,109,375	-	-	2,109,375
Community programs	50,481	-	-	50,481
District court - first division (criminal)	10,744	-	-	10,744
District court - second division (traffic)	11,509	-	-	11,509
District court - third division (environment)	7,905	-	-	7,905
Human resources	267,185	-	-	267,185
Information technology	2,065	-	-	2,065
Planning and development	37,788	-	-	37,788
	<u>2,497,052</u>	<u>-</u>	<u>-</u>	<u>2,497,052</u>
Total general government				
Public works	16,984,223	-	1,952,473	18,936,696
Parks and recreation services	1,552,746	-	478,207	2,030,953
Jim Dailey Fitness Center	348,847	-	-	348,847
Zoo	215,424	-	-	215,424
Fire	369,761	-	-	369,761
Police	3,078,246	-	86,943	3,165,189
Fleet	520,173	-	-	520,173
Education	-	-	6,505,814	6,505,814
Housing and neighborhood programs	3,357,032	-	-	3,357,032
Debt service				
Principal	-	7,010,000	-	7,010,000
Interest	-	3,276,091	-	3,276,091
Agent fees	-	18,451	-	18,451
	<u>28,923,504</u>	<u>10,304,542</u>	<u>9,023,437</u>	<u>48,251,483</u>
Total expenditures				
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>2,238,386</u>	<u>(9,465)</u>	<u>(8,992,591)</u>	<u>(6,763,670)</u>
Other Financing Sources (Uses)				
Long-term debt issuance	-	-	2,615,000	2,615,000
Transfers in	2,509,013	536,028	1,050	3,046,091
Transfers out	(1,476,263)	(1,050)	(536,028)	(2,013,341)
	<u>1,032,750</u>	<u>534,978</u>	<u>2,080,022</u>	<u>3,647,750</u>
Total other financing sources (uses)				
Net Change in Fund Balances	<u>3,271,136</u>	<u>525,513</u>	<u>(6,912,569)</u>	<u>(3,115,920)</u>
Fund Balances, Beginning of Year	<u>11,352,312</u>	<u>9,579,459</u>	<u>12,670,828</u>	<u>33,602,599</u>
Fund Balances, End of Year	<u>\$ 14,623,448</u>	<u>\$ 10,104,972</u>	<u>\$ 5,758,259</u>	<u>\$ 30,486,679</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds – Nonmajor
December 31, 2014

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets									
Cash and cash equivalents	\$ 1,226,139	\$ 472,322	\$ -	\$ -	\$ 410,779	\$ 323,993	\$ 37,914	\$ 227,980	\$ 2,699,127
Investments	6,120,633	2,487,292	-	-	795,022	69,349	2,093	-	9,474,389
Accounts receivable	7,864,736	10,909	-	-	1,465,064	86,271	-	27,006	9,453,986
Interest receivable	12,023	3,956	-	-	1,562	136	4	-	17,681
Inventories	-	-	-	-	-	670,357	-	179,106	849,463
Prepaid expenditures and other	33,304	-	-	400,117	-	-	-	-	433,421
Total assets	<u>\$ 15,256,835</u>	<u>\$ 2,974,479</u>	<u>\$ -</u>	<u>\$ 400,117</u>	<u>\$ 2,672,427</u>	<u>\$ 1,150,106</u>	<u>\$ 40,011</u>	<u>\$ 434,092</u>	<u>\$ 22,928,067</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 482,098	\$ 277,032	\$ -	\$ 2,744	\$ 337,860	\$ 17,808	\$ -	\$ 11,587	\$ 1,129,129
Due to other funds	-	-	-	312,740	-	-	-	19,366	332,106
Accrued expenditures and other	4,342	-	-	-	-	-	-	-	4,342
Unearned revenue	-	29,988	-	-	1,335,991	-	-	-	1,365,979
Total liabilities	<u>486,440</u>	<u>307,020</u>	<u>-</u>	<u>315,484</u>	<u>1,673,851</u>	<u>17,808</u>	<u>-</u>	<u>30,953</u>	<u>2,831,556</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	<u>5,473,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,473,063</u>
Total deferred inflows of resources	<u>5,473,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,473,063</u>
Fund Balances (Deficit)									
Nonspendable	33,304	250,000	-	400,117	-	670,357	-	179,106	1,532,884
Restricted	9,264,028	4,958,198	-	-	998,576	461,941	40,011	224,033	15,946,787
Unassigned	-	(2,540,739)	-	(315,484)	-	-	-	-	(2,856,223)
Total fund balances	<u>9,297,332</u>	<u>2,667,459</u>	<u>-</u>	<u>84,633</u>	<u>998,576</u>	<u>1,132,298</u>	<u>40,011</u>	<u>403,139</u>	<u>14,623,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,256,835</u>	<u>\$ 2,974,479</u>	<u>\$ -</u>	<u>\$ 400,117</u>	<u>\$ 2,672,427</u>	<u>\$ 1,150,106</u>	<u>\$ 40,011</u>	<u>\$ 434,092</u>	<u>\$ 22,928,067</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds – Nonmajor
Year Ended December 31, 2014

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	\$ 5,420,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,420,858
Licenses and permits	-	34,991	-	-	-	-	-	-	34,991
Intergovernmental	12,824,949	490,706	-	-	3,360,035	1,511,946	23	1,137,129	19,324,788
Charges for services	13,615	1,026,314	-	1,306,747	-	-	-	-	2,346,676
Fines and fees	-	1,057,711	-	-	-	-	-	-	1,057,711
Investment income (loss)	64,416	15,490	1,002	123	12,227	(29)	231	-	93,460
Contribution and donations	-	744,788	-	-	479,220	-	-	-	1,224,008
Miscellaneous	313,805	1,070,804	-	-	30,296	-	26,581	217,912	1,659,398
Total revenues	18,637,643	4,440,804	1,002	1,306,870	3,881,778	1,511,917	26,835	1,355,041	31,161,890
Expenditures									
General government									
General administration	-	147,012	-	-	1,962,363	-	-	-	2,109,375
Community programs	-	50,481	-	-	-	-	-	-	50,481
District court - first division (criminal)	-	10,744	-	-	-	-	-	-	10,744
District court – second division (traffic)	-	11,509	-	-	-	-	-	-	11,509
District court – third division (environment)	-	7,905	-	-	-	-	-	-	7,905
Human resources	-	267,185	-	-	-	-	-	-	267,185
Information technology	-	2,065	-	-	-	-	-	-	2,065
Planning and development	-	19,899	-	-	17,889	-	-	-	37,788
Total general government	-	516,800	-	-	1,980,252	-	-	-	2,497,052
Public works									
Public works	16,462,481	67,374	-	-	454,368	-	-	-	16,984,223
Parks and recreation services	-	1,175,959	-	-	376,787	-	-	-	1,552,746
Jim Dailey Fitness	-	348,847	-	-	-	-	-	-	348,847
Zoo	-	235	-	-	215,189	-	-	-	215,424
Fire	-	369,761	-	-	-	-	-	-	369,761
Police	-	910,671	-	1,306,871	860,704	-	-	-	3,078,246
Fleet	-	496,398	-	-	23,775	-	-	-	520,173
Housing and neighborhood programs	-	304,366	-	-	1,000	1,698,587	50,517	1,302,562	3,357,032
Total expenditures	16,462,481	4,190,411	-	1,306,871	3,912,075	1,698,587	50,517	1,302,562	28,923,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,175,162	250,393	1,002	(1)	(30,297)	(186,670)	(23,682)	52,479	2,238,386
Other Financing Sources (Uses)									
Transfers in	2,509,013	-	-	-	-	-	-	-	2,509,013
Transfers out	(1,375,261)	(100,000)	(1,002)	-	-	-	-	-	(1,476,263)
Total other financing sources (uses)	1,133,752	(100,000)	(1,002)	-	-	-	-	-	1,032,750
Net Change in Fund Balances	3,308,914	150,393	-	(1)	(30,297)	(186,670)	(23,682)	52,479	3,271,136
Fund Balances, Beginning of Year	5,988,418	2,517,066	-	84,634	1,028,873	1,318,968	63,693	350,660	11,352,312
Fund Balances, End of Year	\$ 9,297,332	\$ 2,667,459	\$ -	\$ 84,633	\$ 998,576	\$ 1,132,298	\$ 40,011	\$ 403,139	\$ 14,623,448

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds – Nonmajor
December 31, 2014

	2007 Capital Improvement	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	TIF #1 2014 Capital Improvement	Total
Assets							
Cash and cash equivalents	\$ 4,381	\$ 3,046	\$ 548,518	\$ -	\$ 4,760	\$ -	\$ 560,705
Restricted cash	-	-	3,593,337	2,640,762	3,290,197	-	9,524,296
Investments	21,881	15,214	2,739,538	-	23,775	474,598	3,275,006
Accounts receivable	-	-	3,981,862	-	3,611,518	-	7,593,380
Interest receivable	43	30	5,381	-	47	-	5,501
Total assets	<u>\$ 26,305</u>	<u>\$ 18,290</u>	<u>\$ 10,868,636</u>	<u>\$ 2,640,762</u>	<u>\$ 6,930,297</u>	<u>\$ 474,598</u>	<u>\$ 20,958,888</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ 463,531	\$ -	\$ -	\$ 463,531
Accrued expenditures and other	-	-	3,200,161	-	-	-	3,200,161
Total liabilities	<u>-</u>	<u>-</u>	<u>3,200,161</u>	<u>463,531</u>	<u>-</u>	<u>-</u>	<u>3,663,692</u>
Deferred Inflows of Resources							
Unavailable revenues - property taxes	-	-	3,782,058	-	3,408,166	-	7,190,224
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,782,058</u>	<u>-</u>	<u>3,408,166</u>	<u>-</u>	<u>7,190,224</u>
Fund Balances							
Restricted	<u>26,305</u>	<u>18,290</u>	<u>3,886,417</u>	<u>2,177,231</u>	<u>3,522,131</u>	<u>474,598</u>	<u>10,104,972</u>
Total fund balances	<u>26,305</u>	<u>18,290</u>	<u>3,886,417</u>	<u>2,177,231</u>	<u>3,522,131</u>	<u>474,598</u>	<u>10,104,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,305</u>	<u>\$ 18,290</u>	<u>\$ 10,868,636</u>	<u>\$ 2,640,762</u>	<u>\$ 6,930,297</u>	<u>\$ 474,598</u>	<u>\$ 20,958,888</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds – Nonmajor
Year Ended December 31, 2014

	2007 Capital Improvement	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	TIF #1 2014 Capital Improvement	Total
Revenues							
General property taxes	\$ -	\$ -	\$ 3,700,292	\$ -	3,417,604	\$ -	\$ 7,117,896
Charges for services	-	-	-	1,308,100	-	-	1,308,100
Utility franchise fees	1,439,212	317,880	-	-	-	-	1,757,092
Investment income	8,445	2,076	45,303	55,022	1,120	23	111,989
Total revenues	<u>1,447,657</u>	<u>319,956</u>	<u>3,745,595</u>	<u>1,363,122</u>	<u>3,418,724</u>	<u>23</u>	<u>10,295,077</u>
Expenditures							
Debt Service							
Principal	1,105,000	255,000	2,810,000	360,000	2,480,000	-	7,010,000
Interest	334,213	62,880	922,680	936,210	958,655	61,453	3,276,091
Agent fees	1,875	1,875	2,500	10,701	1,500	-	18,451
Total expenditures	<u>1,441,088</u>	<u>319,755</u>	<u>3,735,180</u>	<u>1,306,911</u>	<u>3,440,155</u>	<u>61,453</u>	<u>10,304,542</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,569</u>	<u>201</u>	<u>10,415</u>	<u>56,211</u>	<u>(21,431)</u>	<u>(61,430)</u>	<u>(9,465)</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	536,028	536,028
Transfers out	-	-	-	-	(1,050)	-	(1,050)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,050)</u>	<u>536,028</u>	<u>534,978</u>
Net Change in Fund Balances	6,569	201	10,415	56,211	(22,481)	474,598	525,513
Fund Balances, Beginning of Year	<u>19,736</u>	<u>18,089</u>	<u>3,876,002</u>	<u>2,121,020</u>	<u>3,544,612</u>	<u>-</u>	<u>9,579,459</u>
Fund Balances, End of Year	<u>\$ 26,305</u>	<u>\$ 18,290</u>	<u>\$ 3,886,417</u>	<u>\$ 2,177,231</u>	<u>\$ 3,522,131</u>	<u>\$ 474,598</u>	<u>\$ 10,104,972</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds – Nonmajor
Year Ended December 31, 2014

	1998 Capital Improvement	Short-Term Financing	2004 Capital Improvement	2008 & 2009 Central Arkansas Library Capital Improvement	2009A Parks and Recreation	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	Total
Assets								
Cash and cash equivalents	\$ 52,308	\$ 4,538	\$ 1,130	\$ 33	\$ 1	\$ 162	\$ -	\$ 58,172
Restricted cash	-	-	-	-	1,453	5,181,807	-	5,183,260
Investments	261,247	22,663	5,645	168	3	808	211,529	502,063
Interest receivable	513	45	11	-	-	14,195	-	14,764
Total assets	<u>\$ 314,068</u>	<u>\$ 27,246</u>	<u>\$ 6,786</u>	<u>\$ 201</u>	<u>\$ 1,457</u>	<u>\$ 5,196,972</u>	<u>\$ 211,529</u>	<u>\$ 5,758,259</u>
Fund Balances								
Fund Balances								
Restricted	<u>314,068</u>	<u>27,246</u>	<u>6,786</u>	<u>201</u>	<u>1,457</u>	<u>5,196,972</u>	<u>211,529</u>	<u>5,758,259</u>
Total fund balances	<u>\$ 314,068</u>	<u>\$ 27,246</u>	<u>\$ 6,786</u>	<u>\$ 201</u>	<u>\$ 1,457</u>	<u>\$ 5,196,972</u>	<u>\$ 211,529</u>	<u>\$ 5,758,259</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds – Nonmajor
Year Ended December 31, 2014

	1998 Capital Improvement	Short-Term Financing	2004 Capital Improvement	2008 & 2009 Central Arkansas Library Capital Improvement	2009A Parks and Recreation	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	Total
Revenues								
Investment income	\$ 5,122	\$ 1,538	\$ 97	\$ -	\$ 30	\$ 19,327	\$ 74	\$ 26,188
Miscellaneous	-	-	-	-	-	4,658	-	4,658
Total revenues	5,122	1,538	97	-	30	23,985	74	30,846
Expenditures								
Public works	75,632	9,324	-	-	-	-	1,867,517	1,952,473
Parks and recreation services	-	-	-	-	478,207	-	-	478,207
Police	-	86,943	-	-	-	-	-	86,943
Education	-	-	-	-	-	6,505,814	-	6,505,814
Total expenditures	75,632	96,267	-	-	478,207	6,505,814	1,867,517	9,023,437
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,510)	(94,729)	97	-	(478,177)	(6,481,829)	(1,867,443)	(8,992,591)
Other Financing Sources (Uses)								
Long-term debt issuance	-	-	-	-	-	-	2,615,000	2,615,000
Transfers in	-	-	-	-	-	1,050	-	1,050
Transfers out	-	-	-	-	-	-	(536,028)	(536,028)
Total other financing sources (uses)	-	-	-	-	-	1,050	2,078,972	2,080,022
Net Change in Fund Balances	(70,510)	(94,729)	97	-	(478,177)	(6,480,779)	211,529	(6,912,569)
Fund Balances, Beginning of Year	384,578	121,975	6,689	201	479,634	11,677,751	-	12,670,828
Fund Balances, End of Year	\$ 314,068	\$ 27,246	\$ 6,786	\$ 201	\$ 1,457	\$ 5,196,972	\$ 211,529	\$ 5,758,259

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 5,473,400	\$ 5,473,400	\$ 5,420,858	\$ (52,542)
Intergovernmental	12,100,000	12,100,000	12,824,949	724,949
Charges for services	10,000	10,000	13,615	3,615
Investment income	5,000	5,000	64,416	59,416
Miscellaneous	50,000	50,000	313,805	263,805
Total revenues	17,638,400	17,638,400	18,637,643	999,243
Expenditures				
Public works	18,514,809	18,514,809	16,462,481	2,052,328
Total expenditures	18,514,809	18,514,809	16,462,481	2,052,328
Excess (Deficiency) of Revenues Over Expenditures	(876,409)	(876,409)	2,175,162	3,051,571
Other Financing Sources (Uses)				
Transfers in	1,725,296	1,725,296	2,509,013	783,717
Transfers out	(848,887)	(848,887)	(1,375,261)	(526,374)
Total other financing sources	876,409	876,409	1,133,752	257,343
Net Change in Fund Balances	-	-	3,308,914	3,308,914
Fund Balances, Beginning of Year	5,846,782	5,846,782	5,988,418	141,636
Fund Balances, End of Year	\$ 5,846,782	\$ 5,846,782	\$ 9,297,332	\$ 3,450,550

FIDUCIARY FUNDS

TRUST FUNDS

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

	Employee Retirement Plans						Total
	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	\$ 4,488,278	\$ 188,556	\$ 968,286	\$ -	\$ 1,195,228	\$ 363,883	\$ 7,204,231
Investments							
U. S. government obligations	-	853,210	557,021	-	1,673,040	-	3,083,271
Equities	21,237,790	11,922,123	6,291,806	-	15,267,915	1,025,822	55,745,456
Mutual funds and other investments	41,062,994	8,601,133	4,387,210	7,886,407	12,653,482	999,735	75,590,961
Receivables							
Accounts receivable	-	-	-	146,259	-	-	146,259
Due from other funds	3,993,292	-	-	-	-	-	3,993,292
Accrued interest and dividends	-	6,627	7,737	-	19,262	-	33,626
Total assets	<u>70,782,354</u>	<u>21,571,649</u>	<u>12,212,060</u>	<u>8,032,666</u>	<u>30,808,927</u>	<u>2,389,440</u>	<u>145,797,096</u>
Liabilities							
Due to other funds	4,607	-	-	-	-	-	4,607
Total liabilities	<u>4,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,607</u>
Net Position							
Net position restricted for pensions and other employee benefits	<u>\$ 70,777,747</u>	<u>\$ 21,571,649</u>	<u>\$ 12,212,060</u>	<u>\$ 8,032,666</u>	<u>30,808,927</u>	<u>\$ 2,389,440</u>	<u>\$ 145,792,489</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2014

	Employee Retirement Plans						Total
	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	
Additions							
Contributions							
Employer	\$ 533,835	\$ 332,065	\$ 952,144	\$ 379,900	\$ 3,380,795	\$ 228,074	\$ 5,806,813
Plan members	33,835	176,558	-	227,931	6,934,897	-	7,373,221
Property taxes contributed from general fund	3,857,005	-	-	-	-	-	3,857,005
State insurance turnback from general fund	966,644	-	-	-	-	-	966,644
Other	372,970	-	687,638	71,152	12,360	(459)	1,143,661
Total contributions	5,764,289	508,623	1,639,782	678,983	10,328,052	227,615	19,147,344
Investment income							
Net increase (decrease) in fair value of investments	901,337	(3,527,121)	378,163	380,162	439,795	37,422	(1,390,242)
Interest and dividends	1,863,855	542,567	292,953	-	460,757	48,781	3,208,913
	2,765,192	(2,984,554)	671,116	380,162	900,552	86,203	1,818,671
Less investment expense	334,080	-	59,692	-	-	-	393,772
Net investment income	2,431,112	(2,984,554)	611,424	380,162	900,552	86,203	1,424,899
Total additions	8,195,401	(2,475,931)	2,251,206	1,059,145	11,228,604	313,818	20,572,243
Deductions							
Benefits paid directly to participants	10,686,313	2,940,515	1,893,101	235,783	157,140	-	15,912,852
Administrative expenses	389,423	151,177	-	-	137,018	21,089	698,707
Other	9,467	-	-	-	-	-	9,467
Total deductions	11,085,203	3,091,692	1,893,101	235,783	294,158	21,089	16,621,026
Income (Loss) Before Employee Directed Transfers	(2,889,802)	(5,567,623)	358,105	823,362	10,934,446	292,729	3,951,217
Employee Directed Transfers In to Establish 2014 Defined Benefit Plan	-	-	-	-	19,874,481	-	19,874,481
Employee Directed Transfers Out to Establish 2014 Defined Benefit Plan	-	(16,543,896)	-	(3,330,585)	-	-	(19,874,481)
	-	(16,543,896)	-	(3,330,585)	19,874,481	-	-
Net Increase (Decrease) in Net Position	(2,889,802)	(22,111,519)	358,105	(2,507,223)	30,808,927	292,729	3,951,217
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	73,667,549	43,683,168	11,853,955	10,539,889	-	2,096,711	141,841,272
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	\$ 70,777,747	\$ 21,571,649	\$ 12,212,060	\$ 8,032,666	\$ 30,808,927	\$ 2,389,440	\$ 145,792,489

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2014

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Assets				
Cash and cash equivalents	\$ 267,501	\$ -	\$ 98,301	\$ 169,200
	<u>\$ 267,501</u>	<u>\$ -</u>	<u>\$ 98,301</u>	<u>\$ 169,200</u>
Liabilities				
Accounts payable	\$ 77,477	\$ -	\$ 63,360	14,117
Due to other funds	93,330	-	93,330	-
Accrued liabilities	96,694	58,389	-	155,083
	<u>\$ 267,501</u>	<u>\$ 58,389</u>	<u>\$ 156,690</u>	<u>\$ 169,200</u>

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DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Position
Discretely Presented Component Units – Nonmajor
December 31, 2014

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 43,326	\$ 30,005	\$ 823,645	\$ 4,611,002	\$ 3,222,730	\$ 5,221,484	\$ 618,472	\$ 690,036	\$ 14,658	\$ 3,886,955	\$ 19,162,313
Investments	-	-	-	-	4,200,000	-	-	27,760,304	-	-	31,960,304
Restricted cash and investments - current	-	-	4,735,532	-	-	-	5,362,896	-	-	-	10,098,428
Accrued interest receivable	-	-	-	-	8,590	563	526	-	-	-	9,679
Accounts receivable, net of allowance	-	-	1,731,002	828,615	5,158,553	14,098	236,780	359,308	112,683	16,824,658	25,265,697
Inventories	-	-	-	-	321,966	457,172	43,710	144,801	-	-	967,649
Prepaid expenses and other	-	-	410,255	52,329	118,253	481,950	370,660	132,164	-	681,355	2,246,966
Total current assets	43,326	30,005	7,700,434	5,491,946	13,030,092	6,175,267	6,633,044	29,086,613	127,341	21,392,968	89,711,036
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	16,530,270	-	-	-	5,362,896	-	-	215,052	22,108,218
Investments	2,412,517	1,008,767	49,091,542	-	2,750,068	-	-	-	-	4,501,457	59,764,351
Interest receivable	-	-	46,349	-	-	-	-	-	-	-	46,349
	2,412,517	1,008,767	65,668,161	-	2,750,068	-	5,362,896	-	-	4,716,509	81,918,918
Less amounts required to meet current obligations	-	-	4,735,532	-	-	-	5,362,896	-	-	-	10,098,428
Total restricted assets	2,412,517	1,008,767	60,932,629	-	2,750,068	-	-	-	-	4,716,509	71,820,490
Capital assets											
Land	85,278	13,089	3,172,328	4,827,211	646,923	1,737,512	-	151,971	-	4,068,237	14,702,549
Construction in progress	88,154	-	14,559,634	-	643,375	-	-	-	-	1,935,753	17,226,916
Buildings, improvements and other facilities	136,696	99,211	54,801,093	31,887,373	1,814,215	36,373,145	4,037,138	14,907,208	-	93,702,102	237,758,181
Vehicles	169,422	-	-	-	7,365,147	33,318,502	-	-	-	-	40,853,071
Furniture and equipment	24,713	-	4,061,801	378,356	6,855,260	8,764,438	10,055,018	4,854,938	77,174	11,298,086	46,369,784
Books/AV materials	-	-	-	-	-	-	-	-	-	21,945,781	21,945,781
Other	-	-	2,699,782	-	-	-	-	-	-	319,745	3,019,527
	504,263	112,300	79,294,638	37,092,940	17,324,920	80,193,597	14,092,156	19,914,117	77,174	133,269,704	381,875,809
Less accumulated depreciation	249,651	14,882	32,198,813	16,384,769	13,078,629	41,034,338	8,140,342	12,208,818	70,391	44,011,032	167,391,665
Net capital assets	254,612	97,418	47,095,825	20,708,171	4,246,291	39,159,259	5,951,814	7,705,299	6,783	89,258,672	214,484,144
Other assets											
	-	-	-	-	5,935	-	-	826,391	-	-	832,326
Total other assets	-	-	-	-	5,935	-	-	826,391	-	-	832,326
Total noncurrent assets	2,667,129	1,106,185	108,028,454	20,708,171	7,002,294	39,159,259	5,951,814	8,531,690	6,783	93,975,181	287,136,960
Total assets	\$ 2,710,455	\$ 1,136,190	\$ 115,728,888	\$ 26,200,117	\$ 20,032,386	\$ 45,334,526	\$ 12,584,858	\$ 37,618,303	\$ 134,124	\$ 115,368,149	\$ 376,847,996

Liabilities and Net Position (Deficit)

Current liabilities

Accounts payable	\$	-	\$	-	\$	2,722,361	\$	1,013,466	\$	872,817	\$	118,229	\$	89,609	\$	287,480	\$	119,771	\$	351,082	\$	5,574,815
Accrued wages payable and related liabilities	-	-	-	378,341	-	16,018	-	-	-	1,263,814	-	-	-	-	-	-	-	4,902	-	433,289	-	2,096,364
Bonds payable - current portion	-	-	-	1,115,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,115,000
Notes payable - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187,500	-	187,500
Capital lease payable - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,394	-	-	-	-	-	-	17,394
Compensated absences - current portion	-	-	-	-	14,420	-	-	-	-	-	-	-	-	-	-	-	-	19,989	-	562,806	-	597,215
Unearned revenue	-	-	-	165,264	-	-	46,558	-	-	-	97,734	-	1,318,320	-	-	-	-	-	-	41,954	-	1,669,830
Accrued expenses and other	-	-	-	1,748,411	-	7,748	-	1,000,298	-	6,936	-	33,736	-	1,813,903	-	-	-	-	-	-	-	4,611,032
Total current liabilities	-	-	-	6,129,377	-	1,051,652	-	1,919,673	-	1,388,979	-	221,079	-	3,437,097	-	144,662	-	1,576,631	-	15,869,150	-	

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	-	68,436,656	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,436,656
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,605,000	-	2,605,000
Capital lease obligation	-	-	-	-	-	-	-	-	-	-	-	-	15,483	-	-	-	-	-	-	-	-	15,483
Other long-term liabilities	-	-	-	351,886	-	107,034	-	-	-	-	-	-	-	-	-	-	-	-	-	2,027,921	-	2,486,841
Compensated absences	-	-	-	-	-	159,985	-	-	-	-	-	-	-	-	-	-	-	-	-	562,806	-	722,791
Total noncurrent liabilities	-	-	-	68,788,542	-	267,019	-	-	-	-	-	-	15,483	-	-	-	-	-	-	5,195,727	-	74,266,771

Total liabilities

Total liabilities	-	-	-	74,917,919	-	1,318,671	-	1,919,673	-	1,388,979	-	221,079	-	3,452,580	-	144,662	-	6,772,358	-	90,135,921	-	
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Net Position (Deficit)

Net investment in capital assets	254,612	97,418	35,816,799	20,708,171	4,246,291	39,159,259	5,951,814	7,666,703	6,783	86,466,172	200,374,022
Restricted - expendable	85,620	1,008,767	-	-	-	1,832,528	5,632,536	5,004,755	-	515,776	14,079,982
Restricted - nonexpendable	-	-	-	-	-	-	-	2,966,174	-	491,862	3,458,036
Unrestricted (deficit)	2,370,223	30,005	4,994,170	4,173,275	13,866,422	2,953,760	779,429	18,528,091	(17,321)	21,121,981	68,800,035
Total net position (deficit)	2,710,455	1,136,190	40,810,969	24,881,446	18,112,713	43,945,547	12,363,779	34,165,723	(10,538)	108,595,791	286,712,075
Total liabilities and net position (deficit)	\$ 2,710,455	\$ 1,136,190	\$ 115,728,888	\$ 26,200,117	\$ 20,032,386	\$ 45,334,526	\$ 12,584,858	\$ 37,618,303	\$ 134,124	\$ 115,368,149	\$ 376,847,996

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2014

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	\$ 25,176,599	\$ 492,489	\$ 1,054,323	\$ 5,120,747	\$ (18,509,040)	\$ -	\$ (18,509,040)
Workforce Investment Board	1,292,535	-	1,302,632	-	10,097	-	10,097
Total governmental activities	<u>26,469,134</u>	<u>492,489</u>	<u>2,356,955</u>	<u>5,120,747</u>	<u>(18,498,943)</u>	<u>-</u>	<u>(18,498,943)</u>
Business-type Activities							
Oakland Fraternal Cemetery	260,476	44,925	-	-	-	(215,551)	(215,551)
Mt. Holly Cemetery	170,133	74,071	-	-	-	(96,062)	(96,062)
Advertising and Promotion Commission	13,098,998	2,301,045	-	-	-	(10,797,953)	(10,797,953)
Port Authority	3,223,847	2,951,171	-	-	-	(272,676)	(272,676)
Ambulance Authority	22,715,340	26,227,819	-	-	-	3,512,479	3,512,479
Central Arkansas Transit	21,009,018	2,537,600	-	-	-	(18,471,418)	(18,471,418)
Museum of Discovery	4,131,315	1,340,922	-	-	-	(2,790,393)	(2,790,393)
Arkansas Arts Center	10,059,456	9,383,730	-	-	-	(675,726)	(675,726)
Total business-type activities	<u>74,668,583</u>	<u>44,861,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,807,300)</u>	<u>(29,807,300)</u>
Total component units	<u>\$ 101,137,717</u>	<u>\$ 45,353,772</u>	<u>\$ 2,356,955</u>	<u>\$ 5,120,747</u>	<u>(18,498,943)</u>	<u>(29,807,300)</u>	<u>(48,306,243)</u>
General revenues							
General property taxes					16,054,814	-	16,054,814
Sales taxes					-	12,463,656	12,463,656
Investment income					94,728	178,335	273,063
Grants and contributions not restricted to specific programs					-	17,054,239	17,054,239
Other					3,143,682	6,096,770	9,240,452
Total general revenues					<u>19,293,224</u>	<u>35,793,000</u>	<u>55,086,224</u>
Change in net position					794,281	5,985,700	6,779,981
Net Position, Beginning of Year					<u>107,790,972</u>	<u>172,141,122</u>	<u>279,932,094</u>
Net Position, End of Year					<u>\$ 108,585,253</u>	<u>\$ 178,126,822</u>	<u>\$ 286,712,075</u>

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, 2014

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 44,925	\$ 74,071	\$ 1,231,934	\$ 2,951,171	\$ 25,693,659	\$ 2,537,600	\$ 1,340,922	\$ 3,162,051	\$ 37,036,333
Other	-	-	1,069,111	-	534,160	-	-	6,221,679	7,824,950
Total operating revenues	44,925	74,071	2,301,045	2,951,171	26,227,819	2,537,600	1,340,922	9,383,730	44,861,283
Operating Expenses									
Salaries, wages and employee benefits	100,294	116,859	6,265,192	970,837	16,998,516	11,320,704	462,288	2,872,683	39,107,373
Supplies and materials	8,355	-	32,883	86,003	1,157,180	3,449,732	-	452,465	5,186,618
Services	35,518	11,162	2,677,448	240,778	1,927,898	846,808	2,107,696	3,876,824	11,724,132
Utilities	7,533	4,864	951,294	773,670	535,416	257,361	-	309,465	2,839,603
Repairs and maintenance	90,176	16,319	909,935	41,668	870,412	-	-	421,270	2,349,780
Other	-	18,449	659,246	87,092	-	1,110,223	-	1,388,376	3,263,386
Depreciation and amortization	18,600	2,480	1,603,000	1,023,799	1,225,918	4,024,190	1,561,331	738,373	10,197,691
Total operating expenses	260,476	170,133	13,098,998	3,223,847	22,715,340	21,009,018	4,131,315	10,059,456	74,668,583
Operating Loss	(215,551)	(96,062)	(10,797,953)	(272,676)	3,512,479	(18,471,418)	(2,790,393)	(675,726)	(29,807,300)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,915,017	-	-	4,081,838	-	-	5,996,855
Local tax levy	-	-	12,463,656	-	-	-	-	-	12,463,656
Donations, contributions and grants received	-	55,614	-	635,055	-	12,331,831	1,994,721	2,037,018	17,054,239
Investment income	-	39,339	61,701	29,205	42,260	5,396	-	434	178,335
Interest expense	-	-	(59,632)	-	-	-	-	(3,635)	(63,267)
Other, net	199,042	839	(632,098)	73,233	512,526	-	-	9,640	163,182
Net nonoperating revenues (expenses)	199,042	95,792	13,748,644	737,493	554,786	16,419,065	1,994,721	2,043,457	35,793,000
Change in Net Position	(16,509)	(270)	2,950,691	464,817	4,067,265	(2,052,353)	(795,672)	1,367,731	5,985,700
Net Position, Beginning of Year	2,726,964	1,136,460	37,860,278	24,416,629	14,045,448	45,997,900	13,159,451	32,797,992	172,141,122
Net Position, End of Year	\$ 2,710,455	\$ 1,136,190	\$ 40,810,969	\$ 24,881,446	\$ 18,112,713	\$ 43,945,547	\$ 12,363,779	\$ 34,165,723	\$ 178,126,822

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities
Year Ended December 31, 2014

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 50,854,858	\$ 30,871,225	\$ 35,222,710	\$ 116,948,793
Other receipts	627,882	-	8,988,529	9,616,411
Payments to employees	(14,997,208)	(10,049,497)	(39,047,906)	(64,094,611)
Payments to suppliers	(2,041,227)	(10,520,960)	(10,529,910)	(23,092,097)
Payments for contractual services	(2,725,022)	-	(10,364,082)	(13,089,104)
Payments for utilities	(1,623,697)	-	(968,540)	(2,592,237)
Other payments	(1,701,844)	-	(4,524,318)	(6,226,162)
Net cash provided by (used in) operating activities	<u>28,393,742</u>	<u>10,300,768</u>	<u>(21,223,517)</u>	<u>17,470,993</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	358,928	18,693,959	19,052,887
Local tax levy supporting operations	-	-	12,343,337	12,343,337
Other	-	60,085	795,282	855,367
Net cash provided by noncapital financing activities	<u>-</u>	<u>419,013</u>	<u>31,832,578</u>	<u>32,251,591</u>
Capital and Related Financing Activities				
Purchase of capital assets	(21,341,466)	(12,207,191)	(15,498,528)	(49,047,185)
Proceeds from sale of capital assets	655,786	11,186	61,900	728,872
Contributions, donations and grants	-	5,092,316	2,557,344	7,649,660
Passenger facility charge	-	4,097,624	-	4,097,624
Intergovernmental revenue received for debt service	-	-	1,915,017	1,915,017
Proceeds from issuance of long-term debt	9,498,968	-	69,783,181	79,282,149
Principal paid on long-term debt	(8,511,444)	(1,160,000)	(7,468)	(9,678,912)
Defeasement of long-term debt	-	-	(4,576,686)	(4,576,686)
Payment of bond issuance costs	-	-	(631,019)	(631,019)
Interest paid on long-term debt	(11,253,916)	(407,813)	(211,458)	(11,873,187)
Other	(214,055)	(8,748)	(67,959)	(290,762)
Net cash provided by (used in) capital and related financing activities	<u>(31,166,127)</u>	<u>(4,582,626)</u>	<u>53,324,324</u>	<u>17,575,571</u>
Investing Activities				
Proceeds from sale of investments	13,068,953	-	19,441,762	32,510,715
Purchase of investments	(131,210)	-	(70,204,605)	(70,335,815)
Interest received	159,491	201,345	147,284	508,120
Net cash provided by (used in) investing activities	<u>13,097,234</u>	<u>201,345</u>	<u>(50,615,559)</u>	<u>(37,316,980)</u>
Increase in Cash and Cash Equivalents	10,324,849	6,338,500	13,317,826	29,981,175
Cash and Cash Equivalents, Beginning of Year	15,319,560	31,511,537	23,836,040	70,667,137
Cash and Cash Equivalents, End of Year	<u>\$ 25,644,409</u>	<u>\$ 37,850,037</u>	<u>\$ 37,153,866</u>	<u>\$ 100,648,312</u>
Presented on the Statement of Fund Net Position -				
Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 11,841,279	\$ 17,883,780	\$ 15,260,700	\$ 44,985,759
Noncurrent assets				
Cash and cash equivalents	13,803,130	19,966,257	21,893,166	55,662,553
	<u>\$ 25,644,409</u>	<u>\$ 37,850,037</u>	<u>\$ 37,153,866</u>	<u>\$ 100,648,312</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)	\$ 17,620,195	\$ (3,297,417)	\$ (29,807,300)	\$ (15,484,522)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	10,280,104	13,929,312	10,197,691	34,407,107
Other	-	-	(3,046,290)	(3,046,290)
Changes in assets and liabilities				
Receivables, net	275,409	137,821	187,567	600,797
Prepaid expenses	160,155	(82,301)	(34,654)	43,200
Inventories	16,530	-	(92,178)	(75,648)
Other assets	-	-	(32,084)	(32,084)
Accounts payable	160,649	(467,155)	1,489,047	1,182,541
Accrued expenses	(119,300)	-	(242,943)	(362,243)
Other liabilities	-	80,508	157,627	238,135
Net cash provided by (used in) operating activities	<u>\$ 28,393,742</u>	<u>\$ 10,300,768</u>	<u>\$ (21,223,517)</u>	<u>\$ 17,470,993</u>

Noncash Capital Activities

During 2014, the Little Rock Wastewater Utility and the Bill and Hillary Clinton National Airport received donated capital assets in the amount of \$1,891,741 and \$1,902,334, respectively.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2014

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 69,307	\$ 74,071	\$ 1,462,906	\$ 2,373,594	\$ 25,521,019	\$ 2,280,031	\$ 1,340,922	\$ 2,100,860	\$ 35,222,710
Other receipts	-	-	1,042,056	-	479,457	188,868	-	7,278,148	8,988,529
Payments to employees	(100,294)	(116,859)	(6,321,098)	(996,196)	(17,017,906)	(1,238,128)	(414,038)	(2,843,387)	(39,047,906)
Payments to suppliers	(8,355)	-	(32,764)	(213,979)	(3,513,857)	(3,427,538)	(317,241)	(3,016,176)	(10,529,910)
Payments for contractual services	(35,518)	(11,162)	(3,787,366)	-	-	(1,727,811)	(2,154,817)	(2,647,408)	(10,364,082)
Payments for utilities	(7,533)	(4,864)	(956,143)	-	-	-	-	-	(968,540)
Other payments	(90,176)	(34,768)	(621,921)	-	-	(468,916)	-	(3,308,537)	(4,524,318)
Net cash provided by (used in) operating activities	(172,569)	(93,582)	(9,214,330)	1,163,419	5,468,713	(14,393,494)	(1,545,174)	(2,436,500)	(21,223,517)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	14,662,220	1,994,721	2,037,018	18,693,959
Local tax levy supporting operations	-	-	12,343,337	-	-	-	-	-	12,343,337
Other	199,042	840	-	73,234	512,526	-	-	9,640	795,282
Net cash provided by noncapital financing activities	199,042	840	12,343,337	73,234	512,526	14,662,220	1,994,721	2,046,658	31,832,578
Capital and Related Financing Activities									
Purchase of capital assets	(76,585)	-	(9,470,909)	(2,597,953)	(1,692,933)	(1,361,078)	(64,848)	(234,222)	(15,498,528)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	1,786,670	-	-	1,786,670
Contributions and donations	-	55,614	-	715,060	-	-	-	-	770,674
Intergovernmental revenue received for debt service	-	-	1,915,017	-	-	-	-	-	1,915,017
Proceeds from issuance of long-term debt	-	-	69,783,181	-	-	-	-	-	69,783,181
Principal paid on long-term debt	-	-	-	-	-	-	-	(7,468)	(7,468)
Defeasement of long-term debt	-	-	(4,576,686)	-	-	-	-	-	(4,576,686)
Payment of bond issuance costs	-	-	(631,019)	-	-	-	-	-	(631,019)
Interest paid on long-term debt	-	-	(207,823)	-	-	-	-	(3,635)	(211,458)
Proceeds from sale of capital assets	-	-	-	-	-	61,900	-	-	61,900
Other	-	-	(29,999)	-	-	-	-	(37,960)	(67,959)
Net cash provided by (used in) capital and related financing activities	(76,585)	55,614	56,781,762	(1,882,893)	(1,692,933)	487,492	(64,848)	(283,285)	53,324,324
Investing Activities									
Proceeds from sale of investments	73,701	11,404	9,999,843	-	5,618,401	-	-	3,738,413	19,441,762
Purchase of investments	(41,145)	-	(59,091,385)	-	(7,700,000)	-	-	(3,372,075)	(70,204,605)
Other income	-	-	-	-	-	-	-	-	-
Interest received	14,223	39,339	15,374	29,205	42,260	6,449	-	434	147,284
Net cash provided by (used in) investing activities	46,779	50,743	(49,076,168)	29,205	(2,039,339)	6,449	-	366,772	(50,615,559)
Increase (Decrease) in Cash and Cash Equivalents	(3,333)	13,615	10,834,601	(617,035)	2,248,967	762,667	384,699	(306,355)	13,317,826
Cash and Cash Equivalents, Beginning of Year	46,659	16,390	6,519,314	5,228,037	973,763	4,458,817	5,596,669	996,391	23,836,040
Cash and Cash Equivalents, End of Year	\$ 43,326	\$ 30,005	\$ 17,353,915	\$ 4,611,002	\$ 3,222,730	\$ 5,221,484	\$ 5,981,368	\$ 690,036	\$ 37,153,866

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

Operating income (loss)	\$	(215,551)	\$	(96,062)	\$	(10,797,953)	\$	(272,676)	\$	3,512,479	\$	(18,471,418)	\$	(2,790,393)	\$	(675,726)	\$	(29,807,300)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		18,600		2,480		1,603,000		1,023,799		1,225,918		4,024,190		1,561,331		738,373		10,197,691
Other		-		-		-		-		-		(42,063)		-		(3,004,227)		(3,046,290)
Changes in assets and liabilities																		
Receivables, net		24,382		-		197,610		(577,577)		(271,436)		(8,314)		73,194		749,708		187,567
Prepaid expenses		-		-		(27,082)		(6,913)		-		(659)		-		-		(34,654)
Inventories		-		-		-		-		-		(37,744)		2,185		(56,619)		(92,178)
Other assets		-		-		2,406		-		-		-		(319,426)		284,936		(32,084)
Accounts payable		-		-		(140,307)		996,786		615,848		59,938		(74,330)		31,112		1,489,047
Accrued expenses		-		-		(55,906)		-		-		82,576		(48,250)		(221,363)		(242,943)
Other liabilities		-		-		3,902		-		385,904		-		50,515		(282,694)		157,627
Net cash provided by (used in) operating activities	\$	<u>(172,569)</u>	\$	<u>(93,582)</u>	\$	<u>(9,214,330)</u>	\$	<u>1,163,419</u>	\$	<u>5,468,713</u>	\$	<u>(14,393,494)</u>	\$	<u>(1,545,174)</u>	\$	<u>(2,436,500)</u>	\$	<u>(21,223,517)</u>

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Statistical Section

City of Little Rock, Arkansas

Statistical Section

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

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These schedules contain trend information to assist the reader in understanding how the City’s financial performance and well-being have changed over time.....	109
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Debt Capacity (Tables 11–15)	
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Demographic and Economic Information (Tables 16–17)	
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Operating Information (Tables 18–20)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to services the City provides and the activities it performs	126

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

Table 1

	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014
Governmental activities										
Net investment in capital assets	\$ 461,024,448	\$ 464,980,160	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568	\$ 539,105,312	\$ 549,795,437
Restricted	17,627,261	18,189,548	14,861,692	14,747,876	19,792,771	21,106,638	23,201,045	24,208,928	13,951,009	14,801,039
Unrestricted (deficit)	6,583,272	746,351	(5,253,750)	(6,740,713)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)	28,926,155	24,870,220
Total governmental activities net position	\$ 485,234,981	\$ 483,916,059	\$ 479,785,126	\$ 479,333,800	\$ 478,697,155	\$ 484,122,020	\$ 483,997,215	\$ 511,466,968	\$ 581,982,476	\$ 589,466,696
Business-type activities										
Net investment in capital assets	\$ 11,171,798	\$ 12,833,382	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518	\$ 9,423,026	\$ 12,152,186
Restricted	6,407,826	8,170,282	7,686,354	6,255,864	8,324,557	4,847,683	5,673,566	3,769,248	2,856,964	2,980,184
Unrestricted (deficit)	4,064,877	2,920,311	6,186,519	1,021,866	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762	6,284,003	5,751,822
Total business-type activities net position	\$ 21,644,501	\$ 23,923,975	\$ 29,713,721	\$ 29,927,640	\$ 26,260,453	\$ 26,037,620	\$ 25,030,319	\$ 16,559,528	\$ 18,563,993	\$ 20,884,192
Primary government										
Net investment in capital assets	\$ 472,196,246	\$ 477,813,542	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086	\$ 548,528,338	\$ 561,947,623
Restricted	24,035,087	26,359,830	22,548,046	21,003,740	28,117,328	25,954,321	28,874,611	27,978,176	16,807,973	17,781,223
Unrestricted (deficit)	10,648,149	3,666,662	932,769	(5,718,847)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)	35,210,158	30,622,042
Total primary government net position	\$ 506,879,482	\$ 507,840,034	\$ 509,498,847	\$ 509,261,440	\$ 504,957,608	\$ 510,159,640	\$ 509,027,534	\$ 528,026,496	\$ 600,546,469	\$ 610,350,888

(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.

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

Table 2

	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014 ⁽³⁾
Expenses										
Governmental activities:										
General government	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227	\$ 35,467,227	\$ 45,722,245	\$ 48,076,292	\$ 50,079,445
Public works	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645	30,920,716	32,290,725	36,100,501	36,968,065	39,260,053
Parks and recreation services	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376	9,032,115	6,740,682	10,131,868	11,209,542	11,436,512
Rivermarket	-	-	-	-	-	-	-	-	1,298,266	1,337,298
Golf	-	-	-	-	-	-	-	-	2,162,056	2,420,678
Jim Dailey Fitness	-	-	-	-	-	-	-	-	983,422	1,389,915
Zoo	-	-	-	-	-	-	-	-	6,927,190	6,920,847
Fire	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347	48,582,390	49,007,470	49,271,456	48,798,721	48,017,977
Police	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539	62,432,868	63,028,974	66,192,652	64,480,813	74,326,931
Economic development	3,204,412	3,499,207	12,555,927	4,225,034	-	-	-	-	-	-
Education	-	-	7,591,089	8,372,418	5,282,591	9,439,254	5,747,801	10,523,654	11,361,720	6,505,814
Housing and neighborhood programs	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231	8,621,004	10,462,439	12,611,955	9,238,779	6,996,437
Fleet	-	-	-	-	-	-	-	-	2,714,412	3,397,637
Principle on long-term debt	-	-	-	-	-	-	-	-	-	-
Interest expense on long-term debt	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132	3,849,820	3,222,981	3,791,250	4,203,511	5,096,215
Agent fees on long-term debt	25,063	13,236	482,975	12,210	9,546	12,780	25,145	13,016	-	-
Total governmental activities expenses	173,486,876	183,035,064	210,167,539	199,241,031	202,462,224	209,649,174	205,993,444	234,358,597	248,422,789	257,185,759
Business-type activities:										
Residential park	943,061	837,674	787,099	756,924	727,723	913,050	1,284,265	636,683	-	-
Waste disposal	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966	14,158,228	13,967,043	14,715,628	15,117,230	13,854,376
Rivermarket garage	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216	1,585,450	1,658,341	1,703,329	1,729,131	1,938,758
Riverfront park	1,036,838	1,216,683	1,280,521	1,392,804	932,726	977,075	1,085,632	1,283,222	-	-
Zoo	3,589,480	3,959,985	4,286,060	4,758,438	4,816,545	4,818,113	5,138,281	6,125,411	-	-
Vehicle Storage	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451	1,201,185	1,200,152	1,284,946	1,333,659	1,332,818
Golf courses	2,292,426	2,236,136	2,551,139	2,795,234	2,323,844	2,227,607	2,342,219	2,443,065	-	-
Fitness center	880,469	1,045,851	1,018,736	1,023,119	1,031,479	1,147,343	1,037,736	1,000,345	-	-
Concessions services	108,690	120,027	148,389	149,129	104,090	1,712	-	-	-	-
Total business-type activities expenses	24,086,242	24,866,361	26,962,358	27,556,897	26,662,040	27,029,763	27,713,669	29,192,629	18,180,020	17,125,952
Total primary government expenses	\$ 197,573,118	\$ 207,901,425	\$ 237,129,897	\$ 226,797,928	\$ 229,124,264	\$ 236,678,937	\$ 233,707,113	\$ 263,551,226	\$ 266,602,809	\$ 274,311,711
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490	\$ 15,945,908	\$ 16,062,816
Public works	313,407	998,515	629,934	505,189	395,554	1,080,184	350,298	560,006	387,436	593,298
Parks and recreation services	431,802	1,161,408	959,667	1,051,607	1,276,650	2,374,906	2,665,666	1,379,534	1,998,020	1,506,979
Rivermarket	-	-	-	-	-	-	-	-	650,259	617,337
Golf	-	-	-	-	-	-	-	-	1,497,233	1,581,520
Jim Dailey Fitness	-	-	-	-	-	-	-	-	638,214	920,051
Zoo	-	-	-	-	-	-	-	-	3,579,391	3,869,582
Fire	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020	2,639,543	2,512,542	2,525,884	1,260,256	2,602,223
Police	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652	3,697,419	3,306,547	3,162,965	5,253,340	3,322,195
Fleet	-	-	-	-	-	-	-	100,151	343,534	229,248
Housing and neighborhood programs	1,047,889	67,562	962,181	650,746	462,390	543,179	1,566,311	1,179,396	458,891	669,271
Operating grants and contributions	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353	8,929,758	10,885,382	12,873,846	8,133,436	5,396,151
Capital grants and contributions	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306	4,592,275	8,151,956	4,313,770	2,028,323	1,379,420
Total governmental activities program revenues	33,619,755	31,394,339	46,655,526	36,615,881	42,294,315	38,173,839	43,814,203	41,575,042	42,174,241	38,750,091

Business-type activities:										
Charges for services:										
Presidential park	-	-	139,637	60,382	684	-	-	-	-	-
Waste disposal	14,934,170	15,919,951	16,787,719	16,473,414	16,303,264	16,133,281	16,405,458	16,511,682	18,588,177	17,452,777
Rivermarket garage	1,295,883	1,419,484	1,643,404	1,768,636	1,676,830	1,846,258	1,855,989	2,138,957	2,138,022	2,144,882
Riverfront park	397,194	329,914	310,547	268,593	300,074	358,709	493,906	631,316	-	-
Zoo	2,035,070	2,268,438	2,646,480	2,573,440	3,057,010	3,018,702	3,436,370	3,508,321	-	-
Vehicle storage	1,466,627	1,171,495	1,329,776	1,300,655	1,203,642	1,199,238	1,288,799	1,359,763	1,362,661	1,347,321
Golf courses	1,801,609	1,847,184	1,660,152	1,517,895	1,372,751	1,461,666	1,551,889	1,797,901	-	-
Fitness center	651,786	743,361	766,207	696,328	761,485	744,609	755,754	683,632	-	-
Concessions services	74,554	53,948	67,711	48,171	37,589	-	-	-	-	-
Capital grants and contributions	-	-	4,170,925	2,252,001	516,796	2,112,812	2,072,015	3,250,743	-	170,289
Total business-type activities program revenues	22,656,893	23,753,775	29,522,558	26,959,515	25,230,125	26,875,275	27,860,180	29,882,315	22,088,860	21,115,269
Total primary government program revenues	\$ 56,276,648	\$ 55,148,114	\$ 76,178,084	\$ 63,575,396	\$ 67,524,440	\$ 65,049,114	\$ 71,674,383	\$ 71,457,357	\$ 64,263,101	\$ 59,865,360
Net (expense)/revenue										
Governmental activities	\$ (139,867,121)	\$ (151,640,725)	\$ (163,512,013)	\$ (162,625,150)	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	\$ (206,248,548)	\$ (218,435,668)
Business-type activities	(1,429,349)	(1,112,586)	2,560,200	(597,382)	(1,431,915)	(154,488)	146,511	689,686	3,908,840	3,989,317
Total primary government net expense	\$ (141,296,470)	\$ (152,753,311)	\$ (160,951,813)	\$ (163,222,532)	\$ (161,599,824)	\$ (171,629,823)	\$ (162,032,730)	\$ (194,851,957)	\$ (202,339,708)	\$ (214,446,351)

General Revenues and Other Changes in Net Position

Governmental activities:										
Taxes										
General Property taxes	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	\$ 52,833,701	\$ 51,570,745
Sales taxes	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194	64,137,449	64,964,351	111,987,226	112,749,306	114,294,652
Utility franchise taxes	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458	29,348,059	29,137,883	29,176,325	29,707,701	29,898,410
Investment income (loss)	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,617)	1,131,952
Unrestricted grants and contributions	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563	35,189,761	15,293,373	22,250,304	23,452,078	27,219,998
Other	-	-	-	23,745	(246,757)	-	-	735,885	(148,720)	-
Transfers	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053	88,142	1,185,918	9,184,248	1,661,580	1,804,131
Total governmental activities	150,226,589	150,321,803	159,381,080	162,173,824	159,531,264	176,900,200	162,054,436	223,011,396	220,139,029	225,919,888
Business-type activities										
Investment earnings	467,783	959,678	1,002,452	533,477	80,586	19,797	32,106	23,771	(28,446)	135,013
Other	376,747	(64,920)	(20,324)	(29,411)	(9,805)	-	-	-	-	-
Special item - transfer of net pension obligation	-	-	-	-	-	-	-	-	57,079,060	-
Transfers	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	(1,661,580)	(1,804,131)
Total business-type activities	2,709,727	3,392,060	3,229,546	811,301	(2,235,272)	(68,345)	(1,153,812)	(9,160,477)	55,389,034	(1,669,118)
Total primary government	\$ 152,936,316	\$ 153,713,863	\$ 162,610,626	\$ 162,985,125	\$ 157,295,992	\$ 176,831,855	\$ 160,900,624	\$ 213,850,919	\$ 275,528,063	\$ 224,250,770
Changes in Net Position										
Governmental activities	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	\$ 70,969,511	\$ 7,484,220
Business-type activities	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	2,218,814	2,320,199
Change in accounting principle	378,306,301	-	-	-	-	-	-	-	(668,352)	-
Total primary government	\$ 389,946,147	\$ 960,552	\$ 1,658,813	\$ (237,407)	\$ (4,303,832)	\$ 5,202,032	\$ (1,132,106)	\$ 18,998,962	\$ 72,519,973	\$ 9,804,419

- (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
2005	33,542,201	60,299,892	23,588,872	117,430,965
2006	36,931,553	64,431,557	25,983,088	127,346,198
2007	41,742,564	65,115,060	25,656,344	132,513,968
2008	41,954,874	66,157,605	29,809,410	137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
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

(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						
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 546,742	\$ 513,092	\$ 540,693	\$ 572,647	\$ 1,219,426	\$ 1,368,619
Unreserved	22,215,475	20,983,516	17,188,490	16,754,381	21,061,786	24,642,501
Total general fund	<u>\$ 22,762,217</u>	<u>\$ 21,496,608</u>	<u>\$ 17,729,183</u>	<u>\$ 17,327,028</u>	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>
All other governmental funds						
Reserved	\$ 5,004,358	\$ 4,664,091	\$ 3,612,265	\$ 4,737,277	\$ 3,197,741	\$ 2,368,171
Unreserved, reported in:						
Special revenue funds	5,830,024	6,007,149	5,536,172	5,554,772	2,846,175	4,623,440
Capital projects funds	65,176,780	27,648,782 ⁽¹⁾	14,300,651 ⁽¹⁾	10,159,304 ⁽¹⁾	35,096,989 ⁽²⁾	20,523,651
Debt service funds	13,248,476	14,256,025	12,072,643	10,852,119	16,593,060	17,369,848
Total all other governmental funds	<u>\$ 89,259,638</u>	<u>\$ 52,576,047</u>	<u>\$ 35,521,731</u>	<u>\$ 31,303,472</u>	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>
Post-GASB 54						
	2011 (3)	2012	2013	2014		
General fund						
Nonspendable	\$ 13,255,910	\$ 1,163,347 ⁽⁴⁾	\$ 1,329,476	\$ 1,251,251		
Restricted	-	-	-	-		
Committed	374,900	368,577	337,892	336,610		
Assigned	1,473,304	7,502,079	9,487,930	8,009,164		
Unassigned	10,904,042	17,456,493 ⁽⁵⁾	24,369,411 ⁽⁷⁾	24,713,596		
Total general fund	<u>\$ 26,008,156</u>	<u>\$ 26,490,496</u>	<u>\$ 35,524,709</u>	<u>\$ 34,310,621</u>		
All other governmental funds						
Nonspendable	\$ 407,391	\$ -	\$ 1,229,513	\$ 1,532,884		
Restricted	46,731,379	77,448,650 ⁽⁶⁾	131,954,068 ⁽⁸⁾	117,940,944 ⁽⁹⁾		
Committed	-	-	-	-		
Assigned	-	-	-	-		
Unassigned	(406,965)	(2,397)	(2,618,735)	(3,219,899)		
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>		

- (1) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.
- (2) 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.
- (3) 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 41 for more discussion on these classifications.
- (4) 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.
- (5) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (6) 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.
- (7) 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.
- (8) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.
- (9) 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes ⁽¹⁾	\$ 117,182,208	\$ 125,804,151	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338	\$ 191,323,825	\$ 194,663,920
Licenses and permits	9,307,627	9,894,766	9,965,755	9,493,646	9,491,852	9,378,966	9,716,395	10,137,945	10,602,406	11,116,890
Intergovernmental	20,435,880	17,730,551	35,348,114	24,660,496	23,758,563	25,854,883	30,013,617	31,893,228	27,403,766	26,327,221
Charges for services	4,786,588	6,656,647	7,250,342	7,636,280	5,896,703	6,967,081	7,160,751	7,084,384	14,045,775	14,176,733
Fines and fees	5,710,201	4,277,114	4,406,272	4,094,674	3,866,793	4,646,215	4,322,127	4,030,384	4,395,755	4,044,070
Investment income (loss)	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,609)	1,131,960
Miscellaneous	4,211,852	3,070,749	3,377,183	3,128,552	3,257,697	6,262,854	7,128,631	4,339,836	4,247,918	5,032,976
Total revenues	164,446,449	171,305,986	191,025,191	186,361,255	185,115,550	193,633,115	201,142,873	249,104,001	251,902,836	256,493,770
Expenditures										
General government	36,589,853	42,386,548	61,719,463	53,764,986	47,240,799	50,036,950	40,265,241	57,247,916	61,183,366	58,771,868
Public works	24,577,640	34,392,323	26,478,689	20,997,331	19,131,584	20,331,363	24,626,577	25,760,174	26,713,458	33,693,594
Parks and recreation and zoo	14,462,219	15,918,143	11,331,664	10,852,290	10,671,631	11,868,398	9,402,332	10,612,514	15,318,714	12,626,851
Rivermarket	-	-	-	-	-	-	-	-	1,188,197	1,227,229
Golf	-	-	-	-	-	-	-	-	2,386,863	2,376,310
Jim Dailey Fitness	-	-	-	-	-	-	-	-	847,283	1,253,776
Zoo	-	-	-	-	-	-	-	-	7,096,614	7,486,377
Fire department	35,298,489	44,706,618	37,455,769	37,142,635	37,943,802	36,670,692	39,865,309	46,728,504	44,669,680	46,506,763
Police department	53,470,507	54,319,391	54,697,552	55,428,567	58,971,285	55,751,125	56,817,357	71,360,040	72,904,543	82,062,673
Housing and neighborhood programs	7,905,898	8,473,162	9,441,274	8,066,771	8,368,709	8,790,445	11,262,328	12,695,568	8,740,138	9,154,001
Debt service										
Principal	6,525,000	8,840,000	25,422,407	11,670,000	12,571,500	15,560,000	20,119,830	22,368,344	14,186,058	22,020,574
Interest	4,313,380	4,265,080	3,674,581	3,370,957	3,510,734	4,054,730	3,435,526	2,990,024	4,161,306	5,276,039
Bond issuance costs	-	-	-	-	95,173	-	-	107,193	148,720	-
Other charges	25,063	13,236	150,568	12,210	9,545	12,779	25,145	13,016	19,619	21,851
Total expenditures	183,168,049	213,314,501	230,371,967	201,305,747	198,514,762	203,076,482	205,819,645	249,883,293	259,564,559	282,477,906
Deficiency of revenues under expenditures	(18,721,600)	(42,008,515)	(39,346,776)	(14,944,492)	(13,399,212)	(9,443,367)	(4,676,772)	(779,292)	(7,661,723)	(25,984,136)
Other financing sources (uses)										
Transfers in	3,024,332	2,531,535	3,983,282	6,316,264	10,100,179	7,160,928	6,927,781	9,671,846	16,823,595	10,179,324
Transfers out	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)	(14,866,015)	(8,251,193)
Bonds issued	5,205,000	6,550,000	20,765,438	8,991,500	35,830,000	-	4,600,000	49,595,001	65,805,000	2,615,000
Premium on bonds issued	-	-	-	-	-	-	-	756,028	2,051,949	-
Discount on bonds issued	-	-	-	-	(249,215)	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	(6,350,143)	-	-
Capital leases	-	-	-	-	-	-	-	-	-	5,916,000
Total other financing sources	3,346,420	4,059,315	18,524,637	10,324,475	38,845,549	324,420	6,520,503	31,976,080	69,814,529	10,459,131
Net change in fund balances	\$ (15,375,180)	\$ (37,949,200)	\$ (20,822,139)	\$ (4,620,017)	\$ 25,446,337	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788	\$ 62,152,806	\$ (15,525,005)
Debt service as a percentage of noncapital expenditures	6.7%	7.7%	12.7%	8.0%	8.6%	10.5%	12.4%	13.7%	7.8%	11.1%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 113.

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
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
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

(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				
2005	\$ 1,994,266,062	\$ -	\$ 685,092,668	\$ 172,885,916	\$ 2,852,244,646	14.10	\$ 14,261,223,230	20%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20%
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%

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.

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
2005	\$ 14.10	\$ 14.10	\$ 10.10	\$ 10.10	\$ 46.40	\$ 46.40	\$ 70.60	\$ 70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2009	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2010	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2011	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2012	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15
2013	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15
2014	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15

Tax Levies

2005	\$ 33,908,999	\$ 34,575,502	\$ 115,295,060	\$ 183,779,561
2006	36,366,203	36,966,112	121,733,219	195,065,534
2007	38,848,293	39,334,921	129,068,485	207,251,699
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

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, 2014

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 2014, the 1 1/2 cent city sales tax generated revenue of \$71,145,264.

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	\$ 6,837,060	9.61%
Full Service Restaurants	5,698,736	8.01%
Grocery Stores	4,375,434	6.15%
Electric Power Generation, Transmission and Distribution	3,543,034	4.98%
Building Materials and Supplies Dealers	2,781,780	3.91%
Electronics and Appliance Stores	2,767,551	3.89%
Clothing Stores	2,703,520	3.80%
Sporting Goods, Hobby, and Musical Instrument Stores	2,632,375	3.70%
Electrical Goods Wholesalers	2,575,459	3.62%
Department Stores	2,041,869	2.87%
Totals	<u>\$ 35,956,818</u>	<u>50.54%</u>

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

Table 10

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
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%

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			
2005	\$ 90,778,934	\$ 17,949,156	\$ 15,397,113	\$ 822,287	\$ 46,222,563	\$ 96,941	\$ 171,266,994	4.03%	\$ 935.21
2006	82,862,478	16,980,603	17,694,148	321,058	43,643,762	-	161,502,049	3.25%	853.91
2007	72,246,018	15,833,272	19,624,358	-	44,081,323	279,914	152,064,885	2.88%	830.35
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

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 124 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 were transferred 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⁾
2005	\$ 90,778,934	\$ 11,104,941	\$ 79,673,993	2.79%	\$ 435.06
2006	82,862,478	11,772,050	71,090,428	2.33%	375.88
2007	72,246,018	11,045,088	61,200,930	1.85%	330.74
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

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 115 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 124 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, 2014

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	\$ 152,974,007	100%	\$ 152,974,007
Little Rock Public School District	<u>191,076,454</u>	100%	<u>191,076,454</u>
Total direct and overlapping debt	<u>\$ 344,050,461</u>		<u>\$ 344,050,461</u>

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

Table 14

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678	\$ 965,793,157	\$ 1,000,828,577
Total net debt applicable to limit	<u>108,514,706</u>	<u>98,946,417</u>	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>	<u>64,275,828</u>	<u>122,636,262</u>	<u>106,862,297</u>
Legal debt margin	<u>\$ 604,546,455</u>	<u>\$ 662,784,108</u>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>	<u>\$ 878,601,850</u>	<u>\$ 843,156,895</u>	<u>\$ 893,966,280</u>
Total net debt applicable to the limit as a percentage of debt limit	15.22%	12.99%	9.64%	8.06%	11.00%	8.71%	4.70%	6.82%	12.70%	10.68%

Legal Debt Margin Calculation for 2014

Assessed value	\$ 4,003,314,306
Debt limit:	
General obligation debt limitation (1)	800,662,861
Short-term financing debt limitation (2)	<u>200,165,715</u>
Total Debt Limitation	<u>1,000,828,577</u>
Debt applicable to limit:	
General obligation and short-term financing	127,708,162
Less: Amount set aside for repayment in debt services funds	<u>20,845,865</u>
Total net debt applicable to limit	<u>106,862,297</u>
Legal debt margin	<u>\$ 893,966,280</u>

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

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

City of Little Rock, Arkansas

Revenue Bond Coverage

Last Ten Years

	Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
					Interest	Total	
2005 Wastewater Utility	\$ 30,609,507	\$ 22,985,329	\$ 7,624,178	\$ 5,035,661	\$ 2,122,914	\$ 7,158,575	1.07
Bill and Hillary Clinton National Airport	18,508,810	14,401,111	4,107,699	1,695,000	1,404,936	3,099,936	1.33
A&P Commission	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
Total	<u>\$ 62,468,869</u>	<u>\$ 48,044,659</u>	<u>\$ 14,424,210</u>	<u>\$ 7,995,661</u>	<u>\$ 3,553,150</u>	<u>\$ 11,548,811</u>	<u>1.25</u>
2006 Wastewater Utility	\$ 30,398,264	\$ 22,088,849	\$ 8,309,415	\$ 2,625,215	\$ 2,496,617	\$ 5,121,832	1.62
Bill and Hillary Clinton National Airport	19,847,399	14,642,935	5,204,464	1,760,000	1,332,157	3,092,157	1.68
A&P Commission	13,575,601	10,519,446	3,061,155	1,337,500	1,009,844	2,347,344	1.30
Total	<u>\$ 63,821,264</u>	<u>\$ 47,251,230</u>	<u>\$ 16,575,034</u>	<u>\$ 5,722,715</u>	<u>\$ 4,838,618</u>	<u>\$ 10,561,333</u>	<u>1.57</u>
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	0.52
Bill and Hillary Clinton National Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	<u>\$ 72,624,967</u>	<u>\$ 55,395,149</u>	<u>\$ 17,229,818</u>	<u>\$ 8,520,433</u>	<u>\$ 12,316,801</u>	<u>\$ 20,837,234</u>	<u>0.83</u>
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
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	<u>\$ 79,007,286</u>	<u>\$ 64,627,799</u>	<u>\$ 14,379,487</u>	<u>\$ 9,609,106</u>	<u>\$ 13,052,723</u>	<u>\$ 22,661,829</u>	<u>0.63</u>
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
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	<u>\$ 78,325,368</u>	<u>\$ 64,198,449</u>	<u>\$ 14,126,919</u>	<u>\$ 10,868,285</u>	<u>\$ 13,533,251</u>	<u>\$ 24,401,536</u>	<u>0.58</u>
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
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	<u>\$ 82,870,388</u>	<u>\$ 64,402,141</u>	<u>\$ 18,468,247</u>	<u>\$ 11,356,052</u>	<u>\$ 13,050,932</u>	<u>\$ 24,406,984</u>	<u>0.76</u>

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

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
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
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

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

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

	Pledged	Operating	Net Revenue	Principal	Debt Service Requirements		Coverage
	Revenue ⁽⁴⁾	Expenses ⁽⁵⁾			Interest	Total	
River Market Garage	\$ 2,442,480	\$ 1,181,887	\$ 1,260,593	\$ 425,000	\$ 464,535	\$ 889,535	1.42

- (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
2005	183,133 ⁽¹⁾	4,250,333,797	23,209	34.5	13.4	28,699 ⁽³⁾	3.8%
2006	183,133 ⁽¹⁾	4,966,933,226	27,122	36.0	13.4	28,755 ⁽³⁾	3.8%
2007	183,133 ⁽¹⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽³⁾	4.8%
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%

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

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

Table 17

<u>Employer</u>	<u>2014</u>			<u>2005 (1)</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
State of Arkansas (MSA)	32,200	1	17.28%	28,100	1
Local Government (MSA)	28,800	2	15.46%		
Federal Government (MSA)	9,200	3	4.94%	9,400	2
University of Arkansas Medical Sciences	8,500	4	4.56%	8,500	3
Baptist Health	7,000	5	3.76%	7,571	5
Little Rock Air Force Base	4,500	6	2.42%	4,500	6
Acxiom	4,380	7	2.35%		
Little Rock School District	3,500	8	1.88%		
Central Arkansas Veterans Health Care	3,500	9	1.88%	2,785	10
Entergy Arkansas	2,740	10	1.47%	2,881	9
Public School Districts				7,868	4
St. Vincent Infirmiry Medical Center				4,388	7
Alltel Corporation				3,500	8
	<u>104,320</u>		<u>55.99%</u>	<u>79,493</u>	

Source: Metroplan - Council of Local Governments

(1) Total City employment was not available for 2005 therefore the percentage of total city employment cannot be shown.

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

Table 18

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
General Administration	2	3	4	4	3	3	3	3	3	3
Racial Cultural Diversity	3	3	3	3	3	3	3	2	2	2
City Clerk	2	2	2	2	2	2	2	2	2	2
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
City Manager	11	11	14	15	15	14	14	14	14	14
Community Programs	8	8	8	8	7	6	7	10	10	10
City Attorney	18	18	18	19	19	18	18	18	18	18
Little Rock Television	3	3	3	3	3	3	3	4	4	4
District Court - First Division	21	21	21	21	21	21	21	21	21	21
District Court - Second Division	20	20	20	20	20	17	17	17	17	17
District Court - Third Division	6	6	7	7	7	7	7	7	7	8
Finance	44	44	44	44	44	40	40	40	41	41
Human Resources	18	20	21	21	21	18	18	19	19	19
Management Support/Information Technology	33	33	34	35	36	37	38	38	39	39
Planning and Development	41	40	41	41	41	39	39	39	39	39
Housing and Neighborhood Programs	95	94	97	97	98	94	94	96	103	103
Public Works	13	13	13	13	13	13	13	13	13	13
Parks and Recreation	106	104	106	106	105	100	100	117	119	122
Golf	25	24	24	24	24	21	21	21	21	21
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	9	9
Zoo	50	50	51	50	50	45	46	56	59	59
Fire	397	398	397	397	409	408	408	421	421	421
Police	695	670	680	683	698	698	697	709	716	716
Total General Fund	<u>1,621</u>	<u>1,595</u>	<u>1,618</u>	<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>
Concessions	1	1	1	1	-	-	-	-	-	-
River Market	4	4	4	4	4	-	-	-	-	-
Waste Disposal	118	118	118	118	119	112	112	112	113	113
Public Works - Street	210	210	210	208	209	210	210	211	213	213
Fleet Services	59	61	61	61	60	60	60	59	61	61
Vehicle Storage Facility	17	17	17	17	17	17	15	15	15	15
Total Other Funds	<u>409</u>	<u>411</u>	<u>411</u>	<u>409</u>	<u>409</u>	<u>399</u>	<u>397</u>	<u>397</u>	<u>402</u>	<u>402</u>
Total Personnel	<u>2,030</u>	<u>2,006</u>	<u>2,029</u>	<u>2,032</u>	<u>2,058</u>	<u>2,016</u>	<u>2,016</u>	<u>2,074</u>	<u>2,100</u>	<u>2,104</u>

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Planning and Development										
Total building permits issued	5,330	4,694	2,734	1,957	3,690	3,832	3,304	2,011	2,000	2,024
Estimated building cost	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894	\$391,789,405	\$385,865,486	\$593,559,207
New commercial construction permits	113	78	60	45	31	26	155	94	38	62
Commercial construction value	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044	\$115,487,012	\$86,866,172	\$189,748,670
New residential construction permits	978	810	733	398	351	361	344	349	359	343
Residential construction value	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123	\$78,991,948	\$96,044,242	\$92,447,772
Fire										
Number of uniformed employees	373	374	391	391	402	403	403	403	415	415
Fires and explosions	1,883	1,752	1,478	1,190	1,256	1,557	1,452	1,595	1,241	1,274
Overpressure rupture, explosion, overhear (no fire)	110	143	101	90	61	65	62	96	62	76
Rescue, emergency medical calls	13,982	13,948	13,946	13,990	14,690	15,256	15,259	15,890	16,312	16,934
Hazardous condition, standby	1,211	1,186	1,177	1,392	1,178	1,130	1,298	1,420	1,233	1,383
Service calls	984	1,236	1,265	1,374	1,241	1,210	1,295	1,437	1,440	1,503
Good intent calls	1,034	2,419	3,165	3,176	3,327	3,523	3,332	3,426	3,846	3,839
False alarm calls	2,553	3,019	2,953	2,813	2,714	2,644	2,648	2,753	2,770	3,258
Natural disaster calls	26	28	22	64	29	17	75	37	22	26
Other calls	89	142	117	158	132	179	134	136	140	685
Total calls	21,872	23,873	24,224	24,247	24,628	25,984	25,555	26,790	27,066	28,978
Police										
Number of uniformed employees	500	515	525	520	557	557	557	577	574	574
Calls for service	156,003	155,110	156,714	150,042	148,409	143,540	143,226	157,093	158,635	150,367
Arrests	17,361	15,023	17,362	10,523	15,445	15,446	10,154	9,778	8,847	9,289
Accidents (fatality and serious injury)	3,846	5,181	5,363	4,054	3,354	3,354	2,877	3,480	2,612	2,890
Training man hours	12,101	12,778	13,469	26,465	13,525	13,625	10,825	36,780	37,568	38,507
Uniform Crime Reporting (UCR) Part I offenses	19,517	19,220	19,200	17,968	17,775	16,057	16,662	17,330	17,358	16,494
Clearance rate - all crimes	19.53%	21.70%	22.36%	24.80%	19.22%	19.47%	38.00%	21.66%	18.83%	20.13%
Public Works										
Miles of graded and surface treatment	426	426	398	394	392	425	422	422	422	422
Drainage ditches maintained	745	745	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578
Traffic signals repaired	-	1,887	2,178	2,464	3,100	2,125	1,832	293	2,568	2,288
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00	\$21.00	\$20.99	\$20.99	\$22.02	\$22.02
On-Call service	29,231	30,370	30,500	32,000	27,900	24,620	27,135	25,601	26,649	28,148
KB's service	6,287	5,865	6,000	6,000	8,898	7,499	6,242	5,164	8,675	6,864
Roll-off service	2,311	2,194	2,200	2,100	2,108	1,839	2,139	1,973	2,058	1,935
Carts	5,436	5,124	6,500	5,500	5,664	5,852	5,874	5,742	5,501	5,121
Dead animals collected	395	343	500	400	303	451	343	329	265	309
Curbside recycling tonnage	4,820	4,596	4,800	5,200	5,240	5,414	5,688	9,307	10,287	10,219
Paper recycling pounds	46,880	84,200	59,490	48,942	65,060	7,321	57,820	145,540	31,140	12,160
Class I and IV tonnage	81,768	108,382	116,000	112,500	113,740	102,500	101,283	104,226	131,773	119,013
Yard Waste tonnage	22,961	23,875	23,800	24,000	26,663	25,226	32,585	30,690	47,881	30,562
Parks and Recreation										
Total recorded parks attendance	906,941	1,339,653	1,457,419	1,632,030	64,686 #	1,672,000 (2)	611,722	604,702	617,537	613,042
Zoo attendance	275,584	257,290	282,334	274,781	277,530	274,621	307,123	323,040	313,762	307,046
Zoo outreach program	72,978	98,479	55,669	69,223	74,153	39,240	37,307	21,584	37,018	18,700

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.

City of Little Rock, Arkansas

Capital Asset Statistics By Function

Last Ten Years

Table 20

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire Stations	20	20	20	20	20	20	20	21	21	21
Police Stations	4	5	11 ⁽¹⁾	9	11	11	10	10	10	11
Public Works										
Miles of Streets	2,527	2,548	2,567	2,585	2,601	2,443	2,434	2,448	2,461	2,465
Miles of paved - permanent streets	2,039	2,039	2,105	2,146	2,164	2,018	2,016	2,026	2,039	2,046
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	350	350	355	355	357	357	359	361	361
Miles of sanitary sewer	1,248	2,070	1,292	1,311	1,312	1,320	1,345	1,400	1,365	1,368
Solid waste containers purchased	2,000	1,889	2,984	1,512	2,688	2,688	3,032	4,176	3,654	2,138
Parks and Recreation										
Acreage	5,767	5,776	5,781	5,780	6,080	6,246	6,313	6,315	6,319	6,467
Number of parks	54	55	55	55	56	58	59	59	59	62
Number of playgrounds	45	45	45	45	45	45	45	46	46	46
Number of tennis courts	52	52	52	52	52	48	48	48	48	48
Number of basketball courts	36	35	36	36	37	37	37	37	37	37
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	4	3	3	3	3	3	3	3	3
Number of ball fields	24	25	25	25	25	25	25	25	25	25
Number of play fields	18	20	20	20	20	20	20	20	20	22
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	-	-	1	1	3
Number of community centers	6	6	6	6	5	4	4	4	5	4
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	3	3	3	3	3	3	3	3	2
Number of soccer fields	9	9	9	9	9	9	9	9	9	12
Number of pavilions	19	19	22	20	22	22	22	22	22	28
Number of volleyball courts	9	9	2	2	8	8	9	9	9	8

Source: Various city departments.

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

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

Other Required Report

Independent Auditor'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 Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2014.

- (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.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

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

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2014.

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 25, 2015

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 *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, 2014, 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 25, 2015, which contained an emphasis of matter paragraph regarding a change in accounting principle. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery, 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*. Our report 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.

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 the 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 25, 2015

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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 City of Little Rock, Arkansas (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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, Little Rock Port Authority, Bill and Hillary Clinton National Airport, Little Rock Wastewater Utility and Little Rock Workforce Investment Board, which expended \$3,115,543, \$635,055, \$6,893,744, \$9,498,968 and \$1,302,632, 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, 2014. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, City of Little Rock, Arkansas 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, 2014.

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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
June 25, 2015

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Amount Expended
Department of Housing and Urban Development Direct Programs		
Community Development Block Grants	14.218	\$ 1,590,746
HOME Investment Partnerships Program	14.239	1,045,939
Housing Opportunities for Persons with Aids (HOPWA)	14.241	256,622
ARRA Neighborhood Stabilization Program (NSP2)	14.256	78,367
Subtotal Department of Housing and Urban Development Direct Programs		\$ 2,971,674
Department of Housing and Urban Development Pass-Through Programs From: Arkansas Economic Development Commission-CDBG Disaster	14.228	\$ 197,572
<i>Total Department of Housing and Urban Development Programs</i>		\$ 3,169,246
Department of Interior Direct Programs		
Certified Local Government	15.904	\$ 17,889
<i>Total Department of Interior Programs</i>		\$ 17,889
Department of Justice Direct Programs		
Justice Assistance Grant	16.738	\$ 686,512
Federal Equitable Sharing	16.922	13,493
Subtotal Department of Justice Direct Programs		\$ 700,005
Department of Justice Pass-Through Programs From: Arkansas Department of Finance and Administration-Enforcing Underage Drinking Laws	16.727	\$ 122,764
<i>Total Department of Justice Programs</i>		\$ 822,769
Department of Labor Programs		
Department of Labor Pass-Through Programs From: Little Rock Workforce Investment Board-WIA National Emergency Grant	17.277	\$ 23,394
<i>Total Department of Labor Programs</i>		\$ 23,394
Department of Transportation Programs		
Department of Transportation Pass-Through Programs From: Arkansas State Highway and Transportation-Highway Planning and Construction	20.205	\$ 138,859
Department of Transportation Pass-Through Programs From: Arkansas State Highway and Transportation-Job Access Reverse Commute	20.516	34,954
Department of Transportation Pass-Through Programs From: Arkansas State Highway and Transportation-Selective Traffic Enforcement Program	20.600	6,974
<i>Total Department of Transportation Programs</i>		\$ 180,787

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Amount Expended
Environmental Protection Agency Programs		
Environmental Protection Agency Pass-Through Programs From: Arkansas Department of Environmental Quality-State Clean Diesel Grant Program	66.040	\$ 23,775
Environmental Protection Agency Pass-Through Programs From: Arkansas Natural Resource Commission-Water Quality Demonstration Project	66.463	<u>530,043</u>
<i>Total Environmental Protection Agency Programs</i>		<u>\$ 553,818</u>
Department of Homeland Security Programs		
Department of Homeland Security Pass-Through Programs From: Arkansas Department of Emergency Management-Emergency Management Performance Grants	97.042	\$ 48,439
Department of Homeland Security Pass-Through Programs From: Arkansas Department of Emergency Management-Homeland Security Grant Program	97.067	965,246
Department of Homeland Security Pass-Through Programs From: Arkansas Natural Resources Commission-Repetitive Flood Claims	97.092	<u>1,174</u>
<i>Total Department of Homeland Security Programs</i>		<u>\$ 1,014,859</u>
 <i>Total Expenditures of Federal Awards</i>		 <u><u>\$ 5,782,762</u></u>

The accompanying notes are an integral part of this schedule.

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2014

Notes to Schedule:

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

Program	CFDA No.	Subrecipient	Amount Provided
Community Development Block Grant	14.218	Various	\$ 443,187
HOME Investment Partnerships Program	14.239	Various	452,595
HOPWA	14.241	Arkansas Aids Foundation	256,480
Justice Assistance Grants	16.738	Various	<u>85,695</u>
Total provided to subrecipients			<u><u>\$ 1,237,957</u></u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2014

Program Grantor/Program Title	State Awards
Arkansas Department of Finance and Administration	
War Memorial, River Trail, Southside General Improvement Fund	\$ 309,066
Arkansas Department of Heritage	
Woodruff House	49,750
Arkansas State Highway and Transportation Department	
West Central Senior Center General Improvement Fund	212
Arkansas State Police	
Special State Asset Forfeiture	29,296
Arkansas Department of Environmental Quality	
2012 Recycling Grant Funding	11,189
Arkansas Department of Economic Development Commission	
Bury Wires EIF	200,000
Central Arkansas Planning & Development District	
Night Out & Zoo General Improvement Fund	<u>205,000</u>
Total State Awards	<u>\$ 804,513</u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

7. The City's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grants	14.218
HOME Investment Partnerships Program	14.239
Water Quality Demonstration Project	66.463

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

9. The City qualified as a low-risk auditee, as that term is defined in OMB Circular A-133? Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2014-001	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within the payroll department.</p> <p>Context In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the payroll recognition cycle are not adequately segregated and/or monitoring or other compensating controls are insufficient.</p> <p>Recommendation Management should periodically evaluate the costs versus the benefits of further segregation of duties or addition of monitoring or other compensating controls and implement those changes it deems appropriate for which benefits are determined to exceed costs.</p> <p>Views of Responsible Officials and Planned Corrective Actions Management continues to monitor the cost versus the benefits of further segregation of duties within the payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. In addition, the City will continue to look for opportunities to enhance internal controls and for further separation of duties with existing staff.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

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

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2014

Reference Number	Finding	Questioned Costs
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No matters are reportable.