



# Comprehensive Annual Financial Report City of Little Rock, Arkansas

For the Year Ended  
December 31, 2012



**About the Cover:** In September 2011, Little Rock voters overwhelmingly approved a new one-cent sales tax with 5/8 dedicated to operations and 3/8 to capital projects.

In 2012, the City of Little Rock began receiving the revenues from this sales tax. The Citizens Evaluation of New Tax (LR CENT) Committee works with the City Board of Directors and City Staff to ensure that 100% of the revenues received by the City from the sales tax are expended as promised.

The cover features photos of several of the projects and programs which have received funding from the new sales tax, including police vehicles, as well as new Police Officers. Other projects include the new 12<sup>th</sup> Street Station, Little Rock Fire Station 23 in West Little Rock which opened in December 2012, new sidewalks throughout the City, street resurfacing and drainage projects in each of the City's seven Wards, renovations to the tiger and primate exhibits at the Little Rock Zoo, new Code Enforcement equipment and personnel, new playgrounds and park upgrades, increased funding for Prevention, Intervention and Treatment programs and the Little Rock Parks and Recreation's new Centre at University Park.

# **City of Little Rock, Arkansas**

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

The Department of Finance

Sara Lenehan, CPA  
Director of Finance

Ember Strange  
City Comptroller



**City of Little Rock, Arkansas**  
**Year Ended December 31, 2012**

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## City of Little Rock

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Bruce T. Moore  
City Manager

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June 27, 2013

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, 2012.

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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Little Rock was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the



independent accountants to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the City of Little Rock's Comprehensive Annual Financial Report.

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

### Profile of the Government:

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

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

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

The Annual Budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31<sup>st</sup>, 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 80 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 93.

#### 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 and fragile.

The latest comparative figures for the City of Little Rock show unemployment at 6.4%, compared with a U.S. average of 7.8%, according to data from the United States Department of Labor, seasonally adjusted for local figures by Metroplan. The United States economy gained jobs in 2011 and 2012; however, the local region has not seen significant job growth since 2008. The seasonally adjusted regional labor force has declined from a peak of around 350,000 workers in March – April 2012 to just 341,000 in December 2012. Little Rock remains a vital employment center, accounting for approximately 53% of all jobs, by place of work, in the Little Rock-North Little Rock metropolitan areas. A large component of the City's workforce is in the areas of health care, education and public administration. These sectors are less vulnerable to national employment trends.

Little Rock's housing markets have felt the boom-bust cycle of recent years; however, they have been less severely affected than the U.S. average. Single-family housing permits began to rebound during 2012, moving to an average of thirty (30) monthly; the highest level since 2008. Permits for single-family units increased to 395 in 2012 from 328 in 2011, still far below the 700-plus permits that occurred annually 2003-2007. Multi-family housing construction slowed in 2012 to 273 units, compared with 1,022 units in 2011. Commercial property construction continues to show strong growth. Two (2) of the major construction projects that were permitted in 2012 include the \$2 million St. Vincent Cardiac Hospital expansion and the new \$9.7 million Residence Inn by Marriott at 219 River Market Avenue in Downtown Little Rock. Park Avenue, the mixed-use development in Mid-Town is nearing full occupancy with the October opening of Jared's Galleria of Jewelry.

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

In October 2012, Little Rock was named a "Top Ten (10) Downtown" by Livability.com, a national website that highlights more than 500 of America's best places to live and visit. The

listing includes communities with downtowns that are walkable, well thought out, and that have a wealth of dining and entertainment options. Little Rock was chosen for its downtown revitalization projects and economic development efforts and for the wealth of quality-of-place amenities – arts and cultural attractions, restaurants, nightlife, shops and boutiques – the downtown area offers residents and visitors. Revitalization of Main Street continues with a plan funded by the National Endowment for the Arts for a creative corridor. There are approximately \$1.6 million in Federal grants currently focused on Main Street projects.

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-cent local sales tax in September 2011 that went into effect on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each of the seven (7) Wards to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between ongoing operating needs and capital needs. The five-eighths (5/8)-cent permanent increase in sales tax for operations is reflected in the 2012 adopted budget. The three-eighths (3/8)-cent temporary sales tax for capital projects, which expires in ten (10) years (2021), is reflected in a new capital projects 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 year of collection, the new sales tax provided additional resources of approximately \$46.5 million, including approximately \$29 million for operations and \$17.5 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 supported by a three (3) mill levy on the assessed valuation of the City. The first series of bonds in the amount of approximately \$60 million will be issued in July 2013. The City anticipates issuing the remainder of the bonds in 2016.

In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. The Board's goal is to have at least 10% of budgeted General Fund revenues in the reserve, with 10% of the amended 2012 General Fund revenue budget at approximately \$16.3 million. Due to increased public safety costs and a slower rate of growth of sales tax collections in the last several years, funds have not been available to increase the reserve since 2006. However, the 2012 and 2013 General Fund Budgets include a contingency appropriation of 1% of estimated revenue. Contingency appropriations, which are not utilized during the fiscal year to meet unforeseen needs, will be

added to the restricted reserve until the desired level is achieved. A determination regarding the increase in the reserve will be made following the presentation of the 2012 audited financial statements to the Board of Directors.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate growth rate prior to the economic downturn in 2008, revenue growth has not kept pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. The 2010 Budget included a reduction of forty-two (42) full-time positions from prior year staffing levels. The 2011 Budget included the same number of authorized full-time positions as the 2010 Budget. With the passage of the one (1)-cent sales tax increase, the 2012 Budget reflects the addition of fifty-seven (57) positions including funding to fill vacant Police Officer positions, support the twelve (12) new Fire positions for the West Little Rock Fire Station that opened in 2012, maintain grant-funded positions in the Police and Fire Departments and support the addition of Code Enforcement Officers. Also included is funding for neighborhood-based/community initiatives of \$5.5 million, 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. Many of the initiatives supported by the new sales tax were implemented during 2012 and will experience the first full year of operation in 2013. The 2013 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. Positions added include a pilot re-entry program designed to train and employ disadvantaged persons for construction and maintenance of sidewalks.

The City is appropriating approximately \$5.5 million for children, youth and family programs, including youth employment, skills center funding, and reentry programming in 2013 as part of City's emphasis to foster and enhance youth and community development. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In addition, the City will build on the success of the 2012 in-house pilot re-entry program mentioned above and is exploring opportunities to expand this program to include other entry level positions.

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: In June 2012, Bass Pro Shop announced that it will open a store in Little Rock, creating 250 jobs. The outdoor store will be part of a new outlet mall, the Gateway

Town Center development, located near Interstate 30 and Interstate 430 in Southwest Little Rock. The store is expected to open by Christmas 2013.

Arkansas Children's Hospital unveiled its largest construction project in its 100-year history in June 2012. The project is a 258,000 square-foot, \$121 million South Wing. The four (4)-story addition connects to the existing hospital and offers a nearly 30,000 square-foot Emergency Department, an outpatient clinic for patients with cancer and blood diseases and an expanded Neonatal Intensive Care Unit.

In July 2012, Southwest Power Pool marked the grand opening of its twenty (20)-acre, \$62 million headquarters campus in West Little Rock. The campus is intended to improve efficiency both from technical and personnel angles. The campus contains a 34,000 square-foot control center, a 150,000 square-foot administration building and a two (2)-story parking deck. Southwest Power Pool, a non-profit regional transmission organization, provides power supplies, transmission infrastructure and other services to sixty-five (65) members in the electricity utility industry in nine (9) states. The organization is seeking LEED Certification for the new headquarters.

Developers broke ground on a new arcade building in the River Market in October 2012. The \$17 million project is a joint venture between the Central Arkansas Library System and Moses Tucker Real Estate and will contain retail space, a 325-seat theater, a restaurant and office space. The building will be located at the corner of Clinton and River Market Avenues and is scheduled to open in November 2013. Dr. Bobby Roberts, Central Arkansas Library System Executive Director, announced an agreement with the Little Rock Film Festival and its institute to be the host facility for the nationally acclaimed Little Rock Film Festival.

On May 15, 2013, the Arkansas News Bureau reported that John R. Bear, president and chief operating officer of Midcontinent Independent System Operator (MISO), announced plans to build a facility in Little Rock and hire up to fifty (50) employees who will earn an average annual salary of \$85,000. MISO plans to invest between \$5 million and \$8 million in the new Little Rock facility. MISO's expansion includes integrating the four-state Entergy operating companies along with several area transmission owners and generators into its system. Entergy Arkansas has projected \$263 million in savings to its customers over the first ten (10) years of MISO membership. Mr. Bear said that MISO chose Little Rock because of its central geographic location, quality of life, skilled workforce, friendly business environment, and colleges and universities that can support the high-tech positions.

Most recently, on May 29, 2013, *Business Week* reported that Dassault Falcon Jet will add \$60 million in facilities at its Little Rock completion center, where it will perform finishing work on a new jet it plans to introduce. The move preserves 400 high-paying jobs in Little Rock and will create additional new positions to be determined based on demand for the new aircraft in three (3) years, when the operation comes on line. The plant currently employs approximately 2,000. The expansion will add 250,000 square-feet to the facility. In addition, a number of work spaces will be upgraded. The plant will have 1.25 million square-feet once the expansion is completed.

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

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

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. The City of Little Rock has received a Certificate of Achievement for thirty (30) years total, except for fiscal years 1997-1999. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Bruce T. Moore  
City Manager



Sara C. Lenehan  
Finance Department Director

# 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, 2011

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



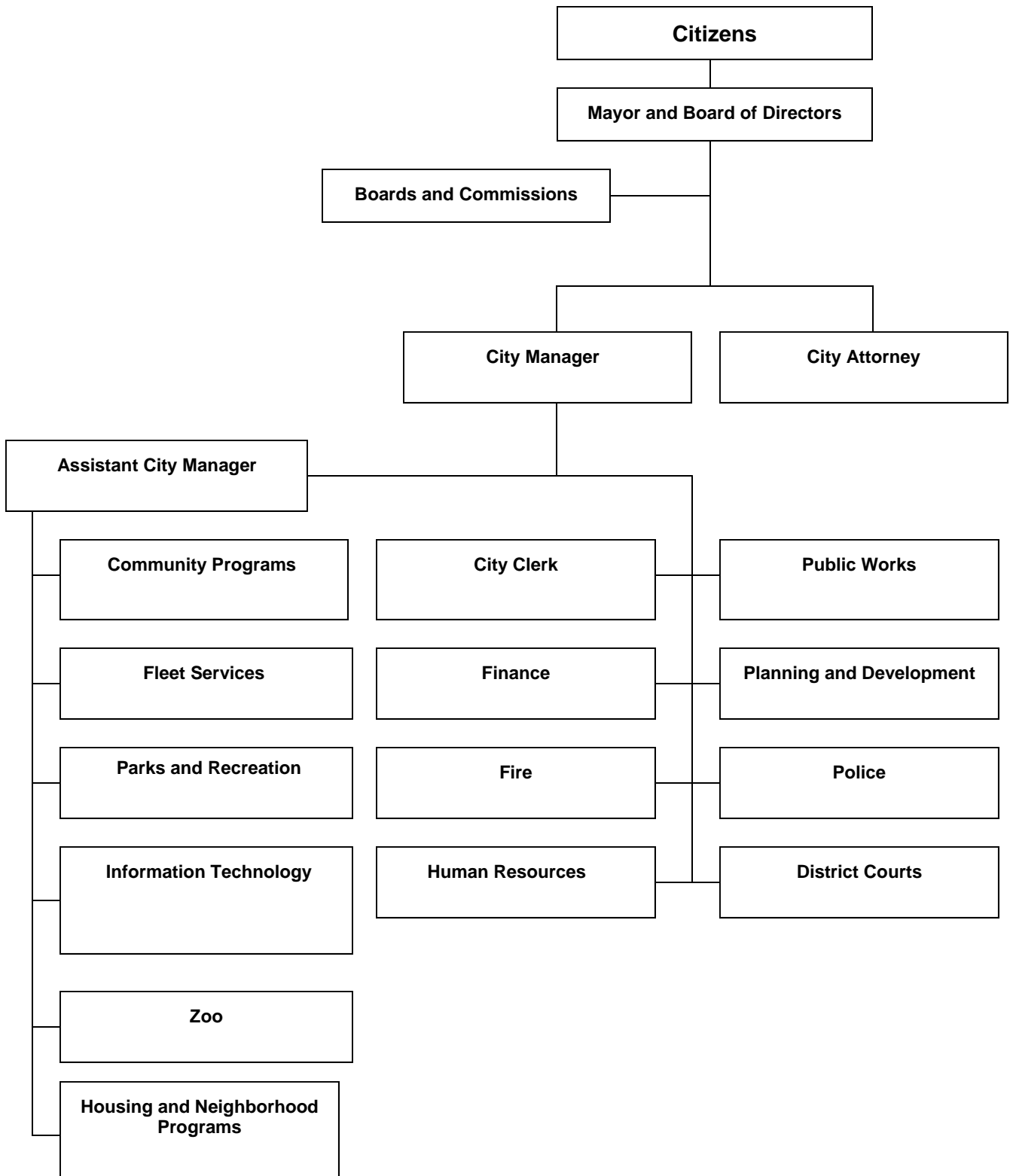
*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director

# City of Little Rock Organizational Chart





**Elected Officials:**

Mark Stodola	Mayor
Doris Wright	Vice-Mayor, Director – Ward 6
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Stacy Hurst	Director – Ward 3
Brad Cazort	Director – Ward 4
Lance Hines	Director – Ward 5
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

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## 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of \$993,274,045 and \$110,733,509, respectively, and represent 88% and 87% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2012 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.

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.

### ***Opinion***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Little Rock, Arkansas as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Honorable Mark Stodola, Mayor  
and Members of the Board of Directors  
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### **Other Information**

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The statistical section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to 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 27, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*BKD, LLP*

Little Rock, Arkansas  
June 27, 2013

# **City of Little Rock, Arkansas**

## **Management's Discussion and Analysis**

### **December 31, 2012**

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, 2012. 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 citizens of Little Rock passed an additional one-cent local sales tax in September 2011 which went into effect on January 1, 2012. The tax adds to the 1/2 cent sales tax that had been in place since 1994. The tax increase includes a 5/8-cent tax for operations and a 3/8-cent ten (10) year capital tax.
- The City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds (the recreation services funds) into the general fund at year-end. The recreation services funds were initially created to demonstrate compliance with the Capital Improvement Revenue Bonds (Parks and Recreation Projects) Series 1998A (1998 parks revenue bonds), for which revenues from these activities were dedicated to debt service. The recreation services funds were never designed to operate as true business-type activities. While the revenues generated contribute funds for operation, they are not sufficient to fully support the services provided. The general fund transferred funds annually for operating purposes. Beginning in 2013, these activities will become departments of the general fund. The consolidation improved financial reporting, eliminated interfund balances, and reduced the nonspendable fund balance in the general fund by approximately \$12.1 million. The 1998 parks revenue bonds were refunded in 2009 with issuance of the 2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B. The debt service fund associated with these bonds has been reclassified from business-type revenue bonds to governmental revenue bonds. First revenues from recreation services activities will continue to be deposited to the debt service fund in accordance with bond covenants.
- Total assets of the City exceeded total liabilities at the close of 2012 by \$528,026,496. Of this amount, \$542,924,086 is net investment in capital assets, \$27,978,176 is restricted for debt service, grant funds and other special projects, and (\$42,875,766) is considered unrestricted. The unrestricted net position (deficit) of the City's governmental activities decreased \$9,107,882 to (\$46,682,528) primarily due to an increase in the net pension obligation. The unrestricted net position of the City's business-type activities is \$3,806,762.
- The City's reported total net position increased by \$18,998,962 in 2012. Net position of the governmental activities increased \$27,469,753 (5.7% of beginning net position) reflecting the impact of the new sales tax and the transfer of the recreation services activities to the general fund at year-end. The transfer of these activities is the primary reason for the 33.8% (\$8,470,791) decrease in the net position of the business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$103,936,749. The combined governmental funds fund balances increased \$31,196,788 from the prior year. The primary components of this change were the net increase in capital project funds of approximately \$30.6 million and an increase of approximately \$940 thousand in debt service funds, partially offset by a decrease of approximately \$777 thousand in special revenue funds. The increases in capital project funds were primarily due to receipt of proceeds from the issuance of library improvement bonds, the issuance of a short-term financing note for public safety facilities and equipment, and the proceeds of the 3/8 cent sales tax for capital improvements net of related capital expenditures. Approximately \$17,500,000 of the \$103,936,749 fund balances is considered unassigned at December 31, 2012 and \$77,448,650 is reported as restricted for capital projects or debt service. In addition, \$1,163,347 of the governmental fund balances is nonspendable, representing inventories and prepaid expenditures. As previously mentioned, the nonspendable fund balance decreased by approximately \$12.1 million resulting from the elimination of the interfund balances from the consolidation of the recreation services funds with the general fund at year end. The committed and assigned portions of the fund balances were \$368,577 and \$7,502,079, respectively.
- The General Fund reported fund balance of \$26,490,496 at the end of the current year. Unassigned fund balance for the General Fund was \$17,456,493 or 15% of total General Fund expenditures (including transfers out). There was a \$482,340 increase in the total fund balance for the General Fund for the year ended December 31, 2012.
- The City's total debt increased by \$18,166,657 (16.4% above 2011) during the current year. The key factors in this increase were the issuance of \$18,580,000 2012 Short Term Financing Notes, the issuance of the 2012 Central Arkansas Library Capital Improvement Bonds of \$31,015,000, offset by principal payments of \$4,110,000 for revenue bonds, \$23,805,000 for general obligation bonds, and \$3,513,343 for temporary notes. In addition, the 2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B in the amount of \$11,770,000 were transferred from business-type to governmental activities due to the consolidation of the recreation activities with the general fund. This transfer did not impact the outstanding debt of the City.
- At the close of the current year, net position of fiduciary funds were \$177,820,592 all held in trust for pension and other post-employment benefits. There was an increase of \$5,630,812 in the total fiduciary net position held in trust for the year ended December 31, 2012. The increase in net position is attributed to contributions to the funds in the amount of \$18,773,310, investment income and a net increase in the fair value of investments of \$14,669,638, benefits paid directly to participants of \$27,300,970, and other investment and administrative expenses of \$511,166.
- The City's component units reported net position of \$740,269,675 as of December 31, 2012, an increase of \$35,366,820 compared to December 31, 2011.

### **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 liabilities, with the difference between the two 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 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
- Arkansas Museum of Science and History
- Arkansas Arts Center
- Little Rock Workforce Investment Board
- Central Arkansas Library System

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

The government-wide financial statements can be found on pages 23-24 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 2012 Central Arkansas Library Capital Improvement Fund, the Sales Tax Capital Improvement Fund and the 2013 Capital Improvement Fund 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 25-26 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, recreation services, vehicle storage, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions for fleet operations. The services provided by the internal service fund predominantly benefit the governmental rather than the business-type activities. They have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, recreation services, vehicle storage, and parking garage operations. The Waste Disposal Fund, River Market Garage Fund and Zoo Fund are considered to be major enterprise funds of the City. The recreation services enterprise funds were combined with the general fund at year-end. Individual fund data for each nonmajor enterprise fund is provided in the form of *combining statements* elsewhere in the report. The Fleet Fund is the only internal service fund.



The basic proprietary fund financial statements can be found on pages 27-29 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 30-31 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 34-79 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s General Fund budget and the City’s pension information. The City adopts an annual appropriation budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on page 80 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 85-99 of this report.

City of Little Rock, Arkansas						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 123,053,846	\$ 114,602,510	\$ 12,718,766	\$ 3,367,681	\$ 135,772,612	\$ 117,970,191
Noncurrent and other assets	58,953,772	30,988,991	1,572,398	953,754	60,526,170	31,942,745
Capital assets	<u>602,056,397</u>	<u>561,519,330</u>	<u>24,687,844</u>	<u>58,034,233</u>	<u>626,744,241</u>	<u>619,553,563</u>
Total assets	<u>784,064,015</u>	<u>707,110,831</u>	<u>38,979,008</u>	<u>62,355,668</u>	<u>823,043,023</u>	<u>769,466,499</u>
Current liabilities	52,959,336	44,862,825	5,388,774	6,168,064	58,348,110	51,030,889
Long-term liabilities outstanding	<u>219,637,711</u>	<u>178,250,791</u>	<u>17,030,706</u>	<u>31,157,285</u>	<u>236,668,417</u>	<u>209,408,076</u>
Total liabilities	<u>272,597,047</u>	<u>223,113,616</u>	<u>22,419,480</u>	<u>37,325,349</u>	<u>295,016,527</u>	<u>260,438,965</u>
Net position	<u>\$ 511,466,968</u>	<u>\$ 483,997,215</u>	<u>\$ 16,559,528</u>	<u>\$ 25,030,319</u>	<u>\$ 528,026,496</u>	<u>\$ 509,027,533</u>
Net investment in capital assets	\$ 533,940,568	\$ 498,370,816	\$ 8,983,518	\$ 28,719,633	\$ 542,924,086	\$ 527,090,449
Restricted	24,208,928	23,201,045	3,769,248	5,673,566	27,978,176	28,874,611
Unrestricted	<u>(46,682,528)</u>	<u>(37,574,646)</u>	<u>3,806,762</u>	<u>(9,362,880)</u>	<u>(42,875,766)</u>	<u>(46,937,526)</u>
Total net position	<u>\$ 511,466,968</u>	<u>\$ 483,997,215</u>	<u>\$ 16,559,528</u>	<u>\$ 25,030,319</u>	<u>\$ 528,026,496</u>	<u>\$ 509,027,534</u>

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$528,026,496 at the close of the most recent fiscal year.

The largest portion of the City's net position (103%) reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (5%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted (deficit) net position of (\$42,875,766) is reflective of the net pension obligation associated with the closed police and fire pension and relief funds. However; there is a dedicated ongoing special property tax levy of one (1) mill for each of the closed police and fire pension and relief funds. In addition, the City adopted a resolution committing an annual contribution of \$500,000 of the new operating sales tax proceeds to each of these pension funds. Cash flow studies performed on the closed plans by the State Pension Review Board's actuary demonstrate that the dedicated recurring revenues are sufficient to meet the current outstanding pension obligations.

Revenues	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<i>Program revenues:</i>						
Charges for services	\$ 24,387,426	\$ 24,776,865	\$ 26,631,572	\$ 25,788,165	\$ 51,018,998	\$ 50,565,030
Operating grants and contributions	12,873,846	10,885,382	-	-	12,873,846	10,885,382
Capital grants and contributions	4,313,770	8,151,956	3,250,743	2,072,015	7,564,513	10,223,971
<i>General revenues:</i>						
Property taxes	49,532,522	51,398,592	-	-	49,532,522	51,398,592
Sales taxes	111,987,226	64,964,351	-	-	111,987,226	64,964,351
Utility franchise taxes	29,176,325	29,137,883	-	-	29,176,325	29,137,883
Investment earnings	144,886	74,319	23,771	32,106	168,657	106,425
Intergovernmental revenues	22,250,304	15,293,373	-	-	22,250,304	15,293,373
Other	735,885	-	-	-	735,885	-
Total revenues	<u>255,402,190</u>	<u>204,682,721</u>	<u>29,906,086</u>	<u>27,892,286</u>	<u>285,308,276</u>	<u>232,575,007</u>
<b>Expenses</b>						
General government	45,722,245	31,127,397	-	-	45,722,245	31,127,397
Public Works	36,100,501	32,290,725	-	-	36,100,501	32,290,725
Parks and recreation	10,131,868	6,740,682	5,363,315	5,749,852	15,495,183	12,490,534
Public safety	115,464,108	112,036,444	-	-	115,464,108	112,036,444
Education	10,523,654	5,747,801	-	-	10,523,654	5,747,801
Housing and neighborhood programs	12,611,955	10,462,439	-	-	12,611,955	10,462,439
Principal on long-term debt	-	4,339,830	-	-	-	4,339,830
Interest on long-term debt	3,791,250	3,222,981	-	-	3,791,250	3,222,981
Agent fees on long-term debt	13,016	25,145	-	-	13,016	25,145
Waste disposal	-	-	14,715,628	13,967,043	14,715,628	13,967,043
Parking system	-	-	1,703,329	1,658,341	1,703,329	1,658,341
Zoo	-	-	6,125,411	5,138,281	6,125,411	5,138,281
Fleet	2,758,088	-	-	-	2,758,088	-
Vehicle storage	-	-	1,284,946	1,200,152	1,284,946	1,200,152
<b>Total expenses</b>	<u>237,116,685</u>	<u>205,993,444</u>	<u>29,192,629</u>	<u>27,713,669</u>	<u>266,309,314</u>	<u>233,707,113</u>
Change in net position before transfers	18,285,505	(1,310,723)	713,457	178,617	18,998,962	(1,132,106)
Transfers	9,184,248	1,185,918	(9,184,248)	(1,185,918)	-	-
Change in net position	<u>27,469,753</u>	<u>(124,805)</u>	<u>(8,470,791)</u>	<u>(1,007,301)</u>	<u>18,998,962</u>	<u>(1,132,106)</u>
Net position – January 1	<u>483,997,215</u>	<u>484,122,020</u>	<u>25,030,319</u>	<u>26,037,620</u>	<u>509,027,534</u>	<u>510,159,640</u>
Net position – December 31	<u>\$ 511,466,968</u>	<u>\$ 483,997,215</u>	<u>\$ 16,559,528</u>	<u>\$ 25,030,319</u>	<u>\$ 528,026,496</u>	<u>\$ 509,027,534</u>

**Governmental Activities.** Governmental activities increased the City’s net position by \$27,469,753. The increase in current assets of \$8,451,336, the increase in noncurrent assets of \$27,964,781, and the increase in net capital assets of \$40,537,067 were partially offset by an increase in current liabilities, and noncurrent liabilities of, \$8,096,511 and \$41,386,920 respectively.

Property tax represents 19% of the City’s governmental revenue in 2012. Property tax revenues decreased approximately \$1.9 million due to a decrease in the millage rate for general obligation bonds issued for the Library and Capital Improvements. Sales tax represents 45% of the City’s governmental revenue in 2012. The increase in sales tax revenue of approximately \$47 million is associated with the new one-cent sales tax. The increase in operating grants and contributions is primarily associated with a U.S. Department of Housing and Urban Development/Arkansas Economic Development Commission grant awarded to the City for economic development activities under a CDBG Disaster Recovery program. The decrease in capital grants and contributions is primarily associated with federal and state grant funds and donations from the Clinton Foundation for construction of the Clinton Bridge in 2011. Intergovernmental revenues (grants and contributions not restricted to specific programs) increased

approximately \$7 million; primarily due to private developer capital contributions in 2012 associated with street construction projects.

Current year expenses were 90% of current year revenues, including transfers in. The increase in general government expense is primarily due to expenditure of grant funds for CDBG disaster recovery projects. The increase in education spending is associated with the various Library bond issues. The increase in housing and neighborhood program expenses is primarily due to expenditure of grant funds for neighborhood stabilization projects. Other increases in general administration, community programs, public works, parks and recreation, housing and neighborhood programs, public safety, and fleet is primarily due to expenditures associated with staffing and projects funded by the new one-cent sales tax.

**Business-type Activities.** Business-type activities decreased the City's net position by \$8,470,791. Key elements of this decrease are as follows:

- Operating loss decreased net position by \$852,776. Net nonoperating expenses, primarily interest expense, decreased net position by \$1,684,510. Contributions and donations of primarily capital assets increased net position by \$3,250,743. Net transfers decreased net position by \$9,184,248. The increase in transfers out is primarily associated with the consolidation of the parks and recreation activities with the general fund at year-end as described previously.
- Waste Disposal net position increased by \$3,429,423. Net income, before net transfers out of \$414,465, was \$1,804,735 which was generated primarily by waste disposal and landfill services. In addition, capital contributions of waste disposal vehicles and landfill equipment increased net position by \$2,039,153.
- River Market Garage operating income of \$969,400 was offset by net nonoperating expense of \$531,826. The primary component of net nonoperating expense was interest.
- Zoo net position decreased by \$8,349,692. Net loss, before net transfers out of \$6,696,134, was \$2,615,148 which was generated primarily by zoo operating expenses. In addition, capital contributions of approximately \$1 million increased net position. Net transfers out increased due to the consolidation of the Zoo fund with the general fund at year-end.
- Other nonmajor enterprise funds operating loss decreased net position by \$1,567,525. In addition, net transfers out of \$1,915,147 partially offset by capital contributions and donations of \$250,000 contributed to an overall decrease in net position for nonmajor enterprise funds of \$3,829,594.

Waste Disposal activities contribute 62% of the operating revenue to the business-type activities. Current year operating expenses for business-type activities were 103% 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, 2012, the City's governmental funds reported combined ending fund balances of \$103,936,749, an increase of \$31,196,788 in comparison with the prior year. Approximately \$77,400,000 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$1,163,347 of the governmental fund balances is *nonspendable*, representing inventories and prepaid expenditures. The decrease in nonspendable fund balance is primarily attributed to the consolidation of the parks and recreation activities with the general fund at year-end. As mentioned previously, this consolidation eliminated interfund balances of approximately \$12.1 million. The *committed* and *assigned* portions of the fund balances were \$368,577 and \$7,502,079, respectively. Approximately \$17,500,000 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, 2012, unassigned fund balance of the General Fund was \$17,456,493, while the total fund balance was \$26,490,496. 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 10% of total General Fund expenditures (including transfers out), while total fund balance represents 15% of that same amount.

The special revenue funds had total fund balances of \$9,817,806. The net decrease in fund balances during 2012 for the funds was \$776,645. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net decrease in fund balances is primarily attributed to a reduction in special project and grant revenues. Net changes and ending fund balances by fund are:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
Street	\$ (76,708)	\$ 3,773,157
Special Projects	(273,546)	4,506,304
Infrastructure	(15,000)	42,862
Emergency 911	1	2,823
CDBG	(155,649)	1,029,148
NHSP	(166,240)	23,692
HIPP	(89,502)	442,217
Grant	(1)	(2,397)

The debt service funds had total fund balances of \$20,581,722. The net increase in fund balances during 2012 for the funds was \$939,957. The 2004 Central Arkansas Library Bonds were refunded by the issuance of the 2013 Central Arkansas Library Bonds. 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. Net changes and ending fund balances by fund are:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
2007 Capital Improvement Bonds	\$ (47)	\$ 19,646
2002 Junior Lien Bonds	(958)	19,830
2004 Bond Fund	403,763	12,139,165
2004 Central Arkansas Library	(2,240,369)	-
2008 & 2009 Central Arkansas Library	(715,202)	4,192,579
2009 Parks and Recreation	1,403,939	2,121,671
2012 Central Arkansas Library	2,088,831	2,088,831

The capital project fund balances increased by \$30,551,136 to total fund balances at December 31, 2012 of \$47,046,725. In accordance with the terms of the City ordinance for each fund, \$31,347,833 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. New capital funding came from the issuance of the 2012 Central Arkansas Library Bonds and the 3/8-cent sales tax for capital improvements. In addition, the City issued a new short-term financing note in 2012 in the amount of \$18,580,000, 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:

<b>Fund</b>	<b>Net Change</b>	<b>Ending Balance</b>
1998 Capital Improvement	\$ (249,785)	\$ 728,818
1988 Capital Improvement	(862,785)	(285)
Short Term Financing	(5,364,749)	288,217
2004 Capital Improvement	(37,539)	10,324
2008 & 2009 Central Arkansas Library	(7,824,932)	3,326
2009 Parks and Recreation	(574,388)	551,011
Sales Tax Capital Improvement	22,445,398	22,445,398
2012 Central Arkansas Library	23,019,916	23,019,916

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

Net position at the end of the year amounted to \$16,836,421, \$437,559, \$0 and (\$714,452) for Waste Disposal, River Market Garage, Zoo and other proprietary funds operations, respectively. Net position increased in the River Market Garage and Waste Disposal fund by \$279,072 and \$3,429,423, respectively. Net position decreased in the Zoo and other proprietary funds by \$8,349,692 and \$3,829,594, respectively. The decrease in the net position of the Zoo and other proprietary funds is primarily due to the consolidation of the parks and recreation funds with the general fund at year-end. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of \$4,458,150 more than the original budget. The total original appropriations, including those for transfers out, were \$158,559,815, while the final appropriations were for \$163,017,965. The primary purpose of the budget amendment was to fund one-time projects due to an increase in revenue associated with the new 5/8-cent sales tax for operations and to authorize the consolidation of the parks and recreation business-type activities with the general fund. Revenue budget adjustments and actual results are shown below.

City of Little Rock General Fund Budget – Revenue						
	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
<b>Property Taxes</b>	\$17,648,900	\$224,000	\$17,872,900	\$25,821,662	\$7,948,762	The budget adjustment reflects an increase in the original charge received from the County for 2011 property taxes to be collected in 2012 of 3.31%, which exceeded the estimate utilized in development of the original budget. Actual results include approximately \$7.3 million in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. This levy is not included in the General Fund budget as it is passed directly through to the pension funds. Excluding the special levy, property tax revenues were approximately \$688 thousand above the amended budget at 3.38% above the previous year.
<b>Sales Taxes</b>	92,199,900	3,300,000	95,499,900	94,537,360	(962,540)	Sales tax revenues were budgeted to reflect the addition of the 5/8-cent sales tax for operations, but with a zero growth assumption. The budget adjustment reflects the growth experienced in the first eight months of the year. However; the last four months were very volatile. Year-end revenues were approximately 1% below the amended forecast, but increased from the prior year by approximately 0.9%, excluding the impact of the increased tax rate.
<b>Licenses &amp; Permits</b>	9,664,800	—	9,664,800	10,116,957	452,157	Business license and alcohol permits were 1.59% higher than the original budget. Mixed drink supplemental payments were 2.4% over budget. Building and related permits were \$312,550 over budget at year-end due primarily to growth in commercial property construction. Two (2) of the major construction projects that were permitted in 2012 include the \$2 million St. Vincent Cardiac Hospital Room and the new \$9.7 million Residence Inn by Marriott at 219 River Market Avenue in downtown Little Rock.

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

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
<b>Intergovernmental</b>	\$2,190,000	\$234,675	\$2,424,675	\$5,936,254	\$3,511,579	Insurance pension turnback funds were received from the State of Arkansas on July 31, 2012. The receipt was \$2,424,675, which is \$751,208 higher than a year ago and \$234,675 above the original annual budget. The amended budget reflects this adjustment. The remaining variance of \$3.5 million is associated with separate state turnbacks dedicated to the Police and Fire Pension Funds. These revenues are passed through to the pension plans and are not included in the annual budget.
<b>Charges for Services</b>	4,901,300	—	4,901,300	4,814,172	(87,128)	The variance is primarily related to a decline in 911 personnel salary reimbursements. The funds dedicated to 911 were utilized for 911 system maintenance first, which reduced the amount available for reimbursement of salaries.
<b>Fines &amp; Fees</b>	3,409,700	(150,000)	3,259,700	2,912,914	(346,786)	The budget adjustment reflects a decrease in forecasted revenues from traffic fines. Fines and fees are approximately \$347,000 below the amended budget with traffic fines comprising approximately \$208,000 of the variance, primarily due to a reduction in the number of tickets issued. Recruit schools funded by the passage of the 5/8 cent sales tax should increase the number of police officers available for traffic enforcement. In addition, rezoning fees, criminal court fines, parking fines and probation assessments are below budget by approximately \$131,000.
<b>Franchise Fees</b>	26,332,200	660,000	26,992,200	27,421,687	429,487	The budget adjustment reflects an increase in franchise fees from the electric, water, and waste-water utilities, offset by a decline in the forecast for gas franchise fees. The adjustment was based primarily on experience and a change in the electric rate components and the continued decline in natural gas prices. Actual gas, fiber optic, and telephone franchise fees are the primary source of the favorable variance at year-end.
<b>Interest Earnings</b>	25,000	—	25,000	25,401	401	Immaterial variance.



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

	Original		Amended		Variance	Explanation
	Budget	Adjustments	Budget	Actual		
<b>Transfers In</b>	\$1,319,515	\$ -	\$1,319,515	\$4,121,708	\$2,802,193	Actual revenues include transfers from the Street and Waste Disposal Funds for special projects including access ramps, board and secure funding, demolition, and weed lot maintenance. In addition, approximately \$1 million was transferred in for special projects associated with the Zoo at year-end when the parks and recreation business-type activities were consolidated with the general fund.
<b>All Other Revenues</b>	868,500	—	868,500	1,621,205	752,705	Actual revenue includes police seized property and workers compensation reimbursements that were not included in the original budget.
<b>Total General Fund Revenue</b>	<u>\$ 158,559,815</u>	<u>\$ 4,268,675</u>	<u>\$ 162,828,490</u>	<u>\$ 177,329,320</u>	<u>\$ 14,500,830</u>	

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

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

	Original		Amended		Variance	Explanation
	Budget	Adjustments	Budget	Actual		
<b>General Administration</b>	\$21,821,608	(\$132,224)	\$21,689,384	\$19,228,808	\$2,460,576	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 \$3.7 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 special project expenditures of approximately \$976,000 for homelessness outreach and grant match that were budgeted as transfers out.
<b>Board of Directors</b>	236,721	—	236,721	217,311	19,410	The favorable variance in actual expenditures is primarily attributed to personnel savings associated with a change in administrative staffing and unspent travel appropriations.
<b>Community Programs</b>	375,610	(24,810)	350,800	3,527,761	(3,176,961)	The budget adjustment reflects savings from vacant positions. The actual variance is primarily associated with the special project expenditure allocations for Children, Youth and Family and Prevention, Intervention, and Treatment programs which are budgeted as transfers out.

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

	<b>Original Budget</b>	<b>Adjustments</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Explanation</b>
<b>City Attorney</b>	\$1,620,798	\$(76,012)	\$1,544,786	\$1,503,063	\$41,723	The budget adjustment primarily reflects savings from vacant positions. The actual favorable variance is associated with unspent training and travel and software allocations.
<b>District Court – First Division</b>	1,358,190	(122,562)	1,235,628	1,149,362	86,266	The budget adjustment is primarily associated with savings from vacant positions. The actual variance includes unspent allocations for special judges, utilities, and travel, in addition to personnel cost.
<b>District Court – Third Division</b>	546,736	(7,646)	539,090	550,962	(11,872)	The budget adjustment is primarily associated with savings from vacant positions. The actual variance includes the addition of a part-time position that was not included in the original budget.
<b>District Court – Second Division</b>	1,187,972	(12,900)	1,175,072	1,127,677	47,395	The budget adjustment reflects savings from vacant positions. The actual favorable variance includes additional personnel cost, supplies and maintenance, and travel savings.
<b>Finance</b>	2,753,231	86,980	2,840,211	2,812,126	28,085	The budget adjustment reflects an additional allocation for print shop services. The actual variance reflects savings from vacant positions.
<b>Human Resources</b>	1,494,036	(161,845)	1,332,191	1,357,214	(25,023)	The budget adjustment reflects savings from vacant positions. The actual variance includes a special project for work boot allocations that is budgeted as transfers out.
<b>Information Technology</b>	4,140,165	(205,388)	3,934,777	3,583,747	351,030	The budget adjustment reflects savings from vacant positions. The actual variance is related to additional personnel cost savings and timing of capital purchases. A special project was established at year end to carryover remaining capital project funds for computer and software purchases in 2013.
<b>Planning &amp; Development</b>	2,392,680	(509,490)	1,883,190	1,837,973	45,217	The budget adjustment reflects savings from vacant positions. The actual variance includes additional utility, travel, and personnel cost savings.
<b>Public Works</b>	1,124,698	(118,656)	1,006,042	2,643,553	(1,637,511)	The budget adjustment reflects savings from vacant positions. The actual variance reflects expenditures from special project allocations for facility improvements, compressed natural gas station grant match funds, and concrete access ramps. The special project allocations were budgeted as transfers out.

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

	<b>Original</b>		<b>Amended</b>			
	<b>Budget</b>	<b>Adjustments</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Explanation</b>
<b>Parks &amp; Recreation</b>	\$8,528,829	(\$641,508)	\$7,887,321	\$7,987,534	(\$100,213)	The budget adjustment reflects savings from vacant positions. The unfavorable actual variance includes special project expenditures for youth athletic programs with expenditures of approximately \$511,000 that are budgeted as transfers out, partially offset by additional personnel cost savings.
<b>Fleet</b>	—	—	—	800,000	(800,000)	The actual fleet balance reflects special project expenditures for general fund fleet replacement. These expenditures were budgeted as transfers out.
<b>Housing &amp; Neighborhoods</b>	4,678,013	(503,349)	4,174,664	4,969,142	(794,478)	The budget adjustment reflects savings from vacant positions. The actual variance includes special project expenditures of approximately \$895,000 for board and secure, weed lot maintenance, and demolition funded by transfers from the Waste Disposal Fund and by amounts budgeted as transfers out.
<b>Debt Service</b>	—	—	—	3,761,652	(3,761,652)	Debt service was budgeted in General Administration. The actual variance includes the principal and interest payments on temporary notes.
<b>Fire</b>	36,255,791	120,235	36,376,026	41,480,208	(5,104,182)	The budget adjustment reflects savings from vacant positions offset by an allocation of vacation and sick leave payouts for retiring employees. \$4,896,500 of the Fire actual variance is associated with the pass-through pension contribution from the separate property tax levy and state turnback funds. In addition, the \$500,000 contribution to the local Fire Pension funded by the new sales tax was reflected as pension expense in the Fire Department rather than as a transfer out as originally budgeted. Excluding these two items, Fire was approximately \$359,000 or 1% below the amended budget at year-end.

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

	<b>Original Budget</b>	<b>Adjustments</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Explanation</b>
<b>Police</b>	\$55,007,824	(\$1,419,231)	\$53,588,593	\$60,105,285	(\$6,516,692)	The budget adjustment primarily reflects savings from vacant positions. \$5,876,215 of the actual Police variance is associated with the pass-through pension contribution from the separate property tax levy and state turnback funds. In addition, the \$500,000 contribution to the local Police Pension funded by the new sales tax was reflected as pension expense in the Police Department rather than as a “transfer out” as originally budgeted. While overtime is approximately \$1.67 million over budget, it is more than offset by the savings from authorized but unfilled positions. Excluding the pension contributions mentioned, the Police Department was approximately \$777,300 or 1.5% below budget at year-end.
<b>Transfers Out</b>	18,536,913	4,686,556	23,223,469	18,203,602	5,019,867	The budget adjustment reflects additional funding allocated for special projects for parks, public safety, and waste disposal, including allocations for a city-wide camera system and camera installation trucks, body armor, fire truck refurbishing, golf greens and exercise equipment replacement, and funding for a class one landfill cell. The actual variance includes the unspent balance of the contingency budget of approximately \$3 million, an additional \$1 million budgeted as transfers that was contributed to the Police and Fire Pension funds (reflected in departmental expenses), and budgeted transfers to special projects of approximately \$12.5 million. The actual expenditures for the projects are reflected in the appropriate departments above. This variance is partially offset by the transfers out to consolidate the parks and recreation funds with the general fund in the amount of approximately \$10 million.
<b>Vacancy Savings</b>	<u>(3,500,000)</u>	<u>3,500,000</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 \$4.8 million.
<b>Total General Fund Expenditures</b>	<u>\$ 158,559,815</u>	<u>\$ 4,458,150</u>	<u>\$ 163,017,965</u>	<u>\$ 176,846,980</u>	<u>\$ (13,829,015)</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, 2012, amounts to \$626,744,241 (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 2012 was 1.2% (a 7% increase for governmental activities and a 57.5% decrease for business-type activities). The decrease for business-type activities is associated with the year-end consolidation of the parks and recreation funds with the general fund.

City of Little Rock Capital Assets, net of depreciation						
	Governmental Activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 176,339,762	\$ 158,349,490	\$ 2,640,112	\$ 19,951,571	\$ 178,979,874	\$ 178,301,061
Buildings	61,924,741	46,546,445	16,452,504	29,361,235	78,377,245	75,907,680
Improvements other than buildings	10,891,531	9,496,417	2,511,559	4,971,430	13,403,090	14,467,847
Vehicles and equipment	17,512,861	14,055,742	3,064,585	3,478,911	20,577,446	17,534,653
Infrastructure	317,529,438	324,910,972	-	-	317,529,438	324,910,972
Construction in progress	17,858,064	8,160,265	19,084	271,086	17,877,148	8,431,351
Total	<u>\$ 602,056,397</u>	<u>\$ 561,519,330</u>	<u>\$ 24,687,844</u>	<u>\$ 58,034,233</u>	<u>\$ 626,744,241</u>	<u>\$ 619,553,563</u>

Major capital asset events during 2012 included the following:

- Infrastructure additions, including right-of-way were \$9,077,023
- Vehicle and equipment additions were \$6,618,604
- Building additions were \$4,939,224
- Construction in progress additions were \$19,565,761
- Land and other improvements additions were \$365,846
- Depreciation expense totaled \$32,522,715

The City entered into an agreement with Motorola on December 21, 2011, for the installation of a new 911 communication system. The contract amount is for \$8,725,905. At year-end, \$6,578,063 had been incurred in relation to this contract.

Additional information on the City's capital assets can be found in *Note 3* on pages 48-51 of this report.

**Long-term Debt.** At December 31, 2012, the City, the primary government, had \$129,208,504 of long-term bonds outstanding, including general obligation bonds of \$60,235,000, notes payable of \$23,383,504 and \$45,590,000 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds						
and notes payable	\$ 83,618,504	\$ 61,341,847	\$ -	\$ -	\$ 83,618,504	\$ 61,341,847
Revenue bonds	<u>28,915,000</u>	<u>18,735,000</u>	<u>16,675,000</u>	<u>30,965,000</u>	<u>45,590,000</u>	<u>49,700,000</u>
<b>Total</b>	<u>\$ 112,533,504</u>	<u>\$ 80,076,847</u>	<u>\$ 16,675,000</u>	<u>\$ 30,965,000</u>	<u>\$ 129,208,504</u>	<u>\$ 111,041,847</u>

Total long-term bonds and notes payable outstanding at December 31, 2012 increased \$18,166,657, an increase of 16.4%. The net increase includes the issuance of 2012 short-term financing notes in the amount of \$18,580,000, and the issuance of the 2012 Library Capital Improvement and Refunding bonds in the amount of \$31,015,000 less bonded debt retirements of \$27,915,000 and short-term financing notes retired in the amount of \$3,513,343.

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.

	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's</b>
<u>General Obligation Debt</u>		
2004 Library Refunding and Capital Improvement Bonds	Not Rated	AA
2004 Capital Improvement Bonds	Aa2	AA
2008 Library Capital Improvement Bonds	Not Rated	AA
2009 Library Capital Improvement Bonds	Not Rated	AA
2012 Library 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>		
1990 Sewer Revenue	Not Rated	Not Rated
1991 Sewer Revenue	Not Rated	Not Rated
1996 Sewer Revenue	Not Rated	Not Rated
1999 Sewer Revenue	Not Rated	Not Rated
2001 Sewer Revenue	Not Rated	Not Rated
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	Aa3	Not Rated
2007A Sewer Construction Bonds	Aa3	Not Rated
2007C Sewer Construction Bonds	Aa3	AA+
2008 Sewer Revenue	Aa3	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2009B Sewer Revenue	Aa3	Not Rated

2012 Sewer Revenue	Aa3	Not Rated
1993 A&P Refunding	A3	Not Rated
2003 A&P Refunding	Not Rated	Not Rated
2003 Airport Refunding	A2	A
1999A Airport Revenue	A2	A
2007 Airport Revenue Refunding and Improvement Bonds	Not Rated	A

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2012 of \$60,235,000 are well below the statutory limit of \$754,302,142. 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, 2012 of \$23,383,504 are well below the statutory limit of \$188,575,536. 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 52-60 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the 2012 budget. With stagnant revenue in many areas due to the lingering effects of the economic downturn, the City considered the impact on its two primary revenue sources: sales tax and franchise fees. The Mayor and Board of Directors decided that it was important to: 1) put the highest premium on safety for the people of Little Rock and City employees, and 2) adopt a budget designed to promote long-term fiscal stability by creating additional budget reserves. In order to meet the objectives of the 2012 budget, the City recognized the need to increase the local sales tax rate, invest in the City's public safety, infrastructure, economic development, parks and recreation facilities and continue its pattern of cost containment. Citizens of Little Rock passed an additional one (1)-cent local sales tax in September 2011 that went into effect on January 1, 2012. Five-eighths (5/8)-cent is a permanent increase for operations and three-eighths (3/8)-cent is a temporary tax for capital projects, which expires in ten (10) years. The total 2013 General Fund budget is \$171,211,160 which reflects an increase of 8% from the original 2012 adopted budget and an increase of 5% from the final amended 2012 General Fund budget. The 2013 budget increase includes the addition of the parks and recreation funds to the general fund. Adjusting for the impact of this addition, the 2013 budget is 4.8% above the original 2012 budget and only 2.3% above the final amended budget.

### **Request for Information**

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

# **Financial Statements**



**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**December 31, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 11,351,525	\$ 3,109,928	\$ 14,461,453	\$ 40,179,171
Investments	9,081,288	4,230,211	13,311,499	21,360,754
Restricted cash and investments – current	13,161,437	3,086,925	16,248,362	10,354,790
Accounts receivable, net of allowance for uncollectible accounts	85,264,790	3,073,419	88,338,209	28,701,429
Internal balances	791,736	(791,736)	-	-
Inventories	1,984,373	-	1,984,373	2,250,417
Prepaid expenses and other	1,418,697	10,019	1,428,716	6,864,842
Total current assets	<u>123,053,846</u>	<u>12,718,766</u>	<u>135,772,612</u>	<u>109,711,403</u>
<b>Noncurrent assets</b>				
Restricted assets				
Cash and cash equivalents	24,005,127	3,155,822	27,160,949	30,535,553
Investments	47,364,610	893,652	48,258,262	53,957,914
Grants and other receivables	-	-	-	12,436,494
Interest receivable	50,123	6,699	56,822	159,011
	<u>71,419,860</u>	<u>4,056,173</u>	<u>75,476,033</u>	<u>97,088,972</u>
Less amount required to meet current obligations	<u>13,161,437</u>	<u>3,086,925</u>	<u>16,248,362</u>	<u>10,354,790</u>
Total restricted assets	<u>58,258,423</u>	<u>969,248</u>	<u>59,227,671</u>	<u>86,734,182</u>
Capital assets – non-depreciable	194,197,826	2,659,196	196,857,022	274,775,858
Capital assets – depreciable, net	<u>407,858,571</u>	<u>22,028,648</u>	<u>429,887,219</u>	<u>654,541,351</u>
	<u>602,056,397</u>	<u>24,687,844</u>	<u>626,744,241</u>	<u>929,317,209</u>
Other assets				
Deferred bond issue costs	454,003	603,150	1,057,153	478,985
Net OPEB asset	241,346	-	241,346	-
Other	-	-	-	761,487
	<u>695,349</u>	<u>603,150</u>	<u>1,298,499</u>	<u>1,240,472</u>
Total other assets	<u>695,349</u>	<u>603,150</u>	<u>1,298,499</u>	<u>1,240,472</u>
Total noncurrent assets	<u>661,010,169</u>	<u>26,260,242</u>	<u>687,270,411</u>	<u>1,017,291,863</u>
Total assets	<u>\$ 784,064,015</u>	<u>\$ 38,979,008</u>	<u>\$ 823,043,023</u>	<u>\$ 1,127,003,266</u>

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities and Net Position</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 4,637,888	\$ 239,595	\$ 4,877,483	\$ 21,580,746
Accrued wages payable and related liabilities	8,239,415	-	8,239,415	3,245,703
Accrued expenses and other	719,278	-	719,278	4,758,604
Accrued interest payable	1,415,379	286,925	1,702,304	-
Compensated absences - current portion	7,351,639	253,146	7,604,785	1,758,924
Notes payable - current portion	5,611,058	-	5,611,058	-
Capital lease obligation - current portion	-	-	-	19,438
Bonds payable - current portion	6,135,000	2,800,000	8,935,000	13,284,673
Due to fiduciary funds	7,568,171	-	7,568,171	-
Other current liabilities	-	1,095,814	1,095,814	-
Unearned revenue	11,281,508	713,294	11,994,802	5,345,302
Total current liabilities	52,959,336	5,388,774	58,348,110	49,993,390
<b>Noncurrent liabilities</b>				
Notes payable	17,772,446	-	17,772,446	-
Bonds payable, net of unamortized premium and discount	83,727,425	13,507,477	97,234,902	296,784,840
Net pension obligation	101,555,441	-	101,555,441	-
Compensated absences	15,511,723	338,454	15,850,177	192,003
Other long-term liabilities	1,070,676	3,184,775	4,255,451	39,732,662
Total noncurrent liabilities	219,637,711	17,030,706	236,668,417	336,740,201
Total liabilities	272,597,047	22,419,480	295,016,527	386,733,591
<b>Net position (Deficit)</b>				
Net investment in capital assets	533,940,568	8,983,518	542,924,086	559,147,472
<b>Restricted - expendable</b>				
Debt service	20,581,722	3,769,248	24,350,970	55,049,183
Developer contribution account	359,318	-	359,318	-
Stormwater retention	308,515	-	308,515	-
Court automation	284,617	-	284,617	-
Grant funds	1,492,660	-	1,492,660	2,093,395
Cable network	368,577	-	368,577	-
Drug abuse	62,714	-	62,714	5,365,421
State acts	219,768	-	219,768	-
Zoo promotions	531,037	-	531,037	-
Passenger facility charges	-	-	-	19,313,475
Library materials	-	-	-	546,420
Art fund	-	-	-	2,095,073
Cemetery maintenance	-	-	-	2,871,356
Total restricted - expendable	24,208,928	3,769,248	27,978,176	87,334,323
Restricted - unexpendable	-	-	-	4,547,843
Unrestricted (deficit)	(46,682,528)	3,806,762	(42,875,766)	89,240,037
Total net position	511,466,968	16,559,528	528,026,496	740,269,675
Total liabilities and net position	\$ 784,064,015	\$ 38,979,008	\$ 823,043,023	\$ 1,127,003,266

**City of Little Rock, Arkansas**  
**Statement of Activities**  
**Year Ended December 31, 2012**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Expenses	Program Revenues			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
<b>Primary Government</b>								
Governmental Activities								
General administration	\$ 27,121,592	\$ 9,446,840	\$ 5,071,936	\$ 277,878	\$ (12,324,938)	\$ -	\$ (12,324,938)	\$ -
Board of Directors	340,111	-	-	-	(340,111)	-	(340,111)	-
Community programs	3,545,585	20,988	10,130	-	(3,514,467)	-	(3,514,467)	-
City attorney	1,503,063	-	-	-	(1,503,063)	-	(1,503,063)	-
District court - first division (criminal)	1,162,858	423,198	-	-	(739,660)	-	(739,660)	-
District court - second division (traffic)	1,138,933	2,080,694	-	-	941,761	-	941,761	-
District court - third division (environment)	555,686	613,086	-	-	57,400	-	57,400	-
Finance	3,081,612	583,486	-	-	(2,498,126)	-	(2,498,126)	-
Human resources	1,568,929	154,394	-	-	(1,414,535)	-	(1,414,535)	-
Information technology	3,740,998	182	-	-	(3,740,816)	-	(3,740,816)	-
Planning and development	1,962,878	2,156,622	12,287	-	206,031	-	206,031	-
Public works	36,100,501	560,006	-	2,167,255	(33,373,240)	-	(33,373,240)	-
Parks and recreation services	10,131,868	1,379,534	32,874	39,527	(8,679,933)	-	(8,679,933)	-
Fire	49,271,456	2,525,884	314,337	1,551,606	(44,879,629)	-	(44,879,629)	-
Police	66,192,652	3,162,965	1,572,366	-	(61,457,321)	-	(61,457,321)	-
Education	10,523,654	-	-	-	(10,523,654)	-	(10,523,654)	-
Housing and neighborhood programs	12,611,955	1,179,396	5,846,916	56,696	(5,528,947)	-	(5,528,947)	-
Fleet	2,758,088	100,151	13,000	220,808	(2,424,129)	-	(2,424,129)	-
Principle on long-term debt	-	-	-	-	-	-	-	-
Interest expense on long-term debt	3,791,250	-	-	-	(3,791,250)	-	(3,791,250)	-
Agent fees on long-term debt	13,016	-	-	-	(13,016)	-	(13,016)	-
<b>Total governmental activities</b>	<b>237,116,685</b>	<b>24,387,426</b>	<b>12,873,846</b>	<b>4,313,770</b>	<b>(195,541,643)</b>	<b>-</b>	<b>(195,541,643)</b>	<b>-</b>
Business-Type Activities								
Presidential park	636,683	-	-	-	-	(636,683)	(636,683)	-
Waste disposal	14,715,628	16,511,682	-	2,039,153	-	3,835,207	3,835,207	-
Rivermarket garage	1,703,329	2,138,957	-	-	-	435,628	435,628	-
River Market	1,283,222	631,316	-	250,000	-	(401,906)	(401,906)	-
Zoo	6,125,411	3,508,321	-	961,590	-	(1,655,500)	(1,655,500)	-
Vehicle storage	1,284,946	1,359,763	-	-	-	74,817	74,817	-
Golf courses	2,443,065	1,797,901	-	-	-	(645,164)	(645,164)	-
Fitness center	1,000,345	683,632	-	-	-	(316,713)	(316,713)	-
<b>Total business-type activities</b>	<b>29,192,629</b>	<b>26,631,572</b>	<b>-</b>	<b>3,250,743</b>	<b>-</b>	<b>689,686</b>	<b>689,686</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 266,309,314</b>	<b>\$ 51,018,998</b>	<b>\$ 12,873,846</b>	<b>\$ 7,564,513</b>	<b>\$ (195,541,643)</b>	<b>\$ 689,686</b>	<b>\$ (194,851,957)</b>	<b>\$ -</b>

See Notes to Financial Statements

**Component Units**

Wastewater Utility	\$ 39,459,614	\$ 43,547,696	\$ -	\$ -	-	-	-	4,088,082
National Airport	28,434,580	29,021,156	-	-	-	-	-	586,576
All other component units	97,328,221	41,341,863	2,621,332	11,167,887	-	-	-	(42,197,139)
Total component units	<u>\$ 165,222,415</u>	<u>\$ 113,910,715</u>	<u>\$ 2,621,332</u>	<u>\$ 11,167,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,522,481)</u>

General revenues								
General property taxes	49,532,522	-	49,532,522	15,047,339				
Sales taxes	111,987,226	-	111,987,226	11,602,978				
Utility franchise taxes	29,176,325	-	29,176,325	-				
Investment income	144,886	23,771	168,657	838,962				
Grants and contributions not restricted to specific programs	22,250,304	-	22,250,304	31,769,377				
Other	735,885	-	735,885	13,588,601				
Transfers	9,184,248	(9,184,248)	-	-				
Total general revenues and transfers	<u>223,011,396</u>	<u>(9,160,477)</u>	<u>213,850,919</u>	<u>72,847,257</u>				
Change in Net Position	27,469,753	(8,470,791)	18,998,962	35,324,776				
Net Position, Beginning of Year, As Previously Reported	483,997,215	25,030,319	509,027,534	704,902,855				
Adjustment applicable to prior years	-	-	-	42,044				
Net Position, Beginning of Year, as Restated	<u>483,997,215</u>	<u>25,030,319</u>	<u>509,027,534</u>	<u>704,944,899</u>				
Net Position, End of Year	<u>\$ 511,466,968</u>	<u>\$ 16,559,528</u>	<u>\$ 528,026,496</u>	<u>\$ 740,269,675</u>				

**City of Little Rock, Arkansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General	2012 Central Arkansas Library Capital Improvements	Sales Tax Capital Improvements	2013 Capital Improvements	Other Governmental Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 8,304,031	\$ 1,247	\$ 11,368,079	\$ -	\$ 15,368,397	\$ 35,041,754
Restricted cash	-	23,015,723	-	-	8,595,595	31,611,318
Investments	6,055,661	927	8,448,510	-	10,066,701	24,571,799
Accounts receivable	51,490,905	-	3,105,652	10,793,183	17,126,357	82,516,097
Due from other funds	2,973,139	-	-	-	-	2,973,139
Interest receivable	9,589	2,019	13,378	-	24,747	49,733
Inventories	137,092	-	-	-	1,400,737	1,537,829
Prepaid expenditures and other	1,026,254	-	-	-	362,983	1,389,237
Total assets	<u>\$ 69,996,671</u>	<u>\$ 23,019,916</u>	<u>\$ 22,935,619</u>	<u>\$ 10,793,183</u>	<u>\$ 52,945,517</u>	<u>\$ 179,690,906</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,959,446	\$ -	\$ 490,221	\$ -	\$ 781,220	\$ 4,230,887
Due to other funds	456,395	-	-	-	2,900,898	3,357,293
Accrued wages payable and related liabilities	8,239,415	-	-	-	-	8,239,415
Accrued expenditures and other	719,278	-	-	-	-	719,278
Deferred revenue	31,131,641	-	-	10,793,183	17,282,460	59,207,284
Total liabilities	<u>43,506,175</u>	<u>-</u>	<u>490,221</u>	<u>10,793,183</u>	<u>20,964,578</u>	<u>75,754,157</u>
<b>Fund Balances</b>						
Nonspendable	1,163,347	-	-	-	-	1,163,347
Restricted	-	23,019,916	22,445,398	-	31,983,336	77,448,650
Committed	368,577	-	-	-	-	368,577
Assigned	7,502,079	-	-	-	-	7,502,079
Unassigned	17,456,493	-	-	-	(2,397)	17,454,096
Total fund balances	<u>26,490,496</u>	<u>23,019,916</u>	<u>22,445,398</u>	<u>-</u>	<u>31,980,939</u>	<u>103,936,749</u>
Total liabilities and fund balances	<u>\$ 69,996,671</u>	<u>\$ 23,019,916</u>	<u>\$ 22,935,619</u>	<u>\$ 10,793,183</u>	<u>\$ 52,945,517</u>	<u>\$ 179,690,906</u>

See Notes to Financial Statements

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

Total fund balance per statement	103,936,749
Capital assets used in governmental activities are not financial and are not reported in the funds.	600,604,622
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(89,150,000)
Bond issuance premiums	(1,680,163)
Deferred issuance discounts	967,738
Notes payable	(23,383,504)
Accrued interest payable	(1,415,379)
Net pension obligation	(101,555,441)
Net OPEB asset	241,346
Workers compensation liability	(1,070,675)
Accrued compensated absences	(22,502,009)
Other	(4,034,772)
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.	2,582,680
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>47,925,776</u>
Net position of governmental activities	<u>\$ 511,466,968</u>

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2012**

	2012 Central Arkansas		Sales Tax	2013	Other	Total
	General	Library Capital Improvements	Capital Improvements	Capital Improvements	Governmental Funds	
<b>Revenues</b>						
General property taxes	\$ 25,821,662	\$ -	\$ -	\$ -	\$ 24,488,125	\$ 50,309,787
Sales taxes	94,537,360	-	17,449,866	-	-	111,987,226
Licenses and permits	10,116,957	-	-	-	20,988	10,137,945
Intergovernmental	5,936,254	-	-	-	25,956,974	31,893,228
Charges for services	4,814,172	-	-	-	2,270,212	7,084,384
Fines and fees	2,912,914	-	-	-	1,117,470	4,030,384
Utility franchise taxes	27,421,687	-	-	-	1,754,638	29,176,325
Investment income	25,401	6,577	36,823	-	76,085	144,886
Contributions and donations	423,942	-	-	-	983,438	1,407,380
Miscellaneous	1,197,263	-	-	-	1,735,193	2,932,456
<b>Total revenues</b>	<b>173,207,612</b>	<b>6,577</b>	<b>17,486,689</b>	<b>-</b>	<b>58,403,123</b>	<b>249,104,001</b>
<b>Expenditures</b>						
General government						
General administration	19,228,808	-	-	-	6,216,971	25,445,779
Board of Directors	217,311	-	-	-	-	217,311
Community programs	3,527,761	-	-	-	17,824	3,545,585
City attorney	1,503,063	-	-	-	-	1,503,063
District court - first division (criminal)	1,149,362	-	-	-	-	1,149,362
District court - second division (traffic)	1,127,677	-	-	-	8,209	1,135,886
District court - third division (environment)	550,962	-	-	-	4,724	555,686
Finance	2,812,126	-	-	-	55,817	2,867,943
Human resource	1,357,214	-	-	-	129,969	1,487,183
Information technology	3,583,747	-	161,051	-	73,296	3,818,094
Planning and development	1,837,973	-	-	-	141,817	1,979,790
<b>Total general government</b>	<b>36,896,004</b>	<b>-</b>	<b>161,051</b>	<b>-</b>	<b>6,648,627</b>	<b>43,705,682</b>
Public works	2,643,553	-	3,298,101	-	19,818,520	25,760,174
Parks and recreation services	7,987,534	-	790,668	-	1,491,421	10,269,623
Zoo	-	-	-	-	342,891	342,891
Fire	41,480,208	-	504,624	-	4,743,672	46,728,504
Police	60,105,285	-	6,584,541	-	4,670,214	71,360,040
Fleet	800,000	-	1,925,972	-	292,608	3,018,580
Education	-	2,697,983	-	-	7,825,671	10,523,654
Housing and neighborhood programs	4,969,142	-	356,334	-	7,370,092	12,695,568
Debt Service						
Principal	3,513,344	-	-	-	18,855,000	22,368,344
Interest	248,308	-	-	-	2,741,716	2,990,024
Bond issuance costs	-	107,193	-	-	-	107,193
Agent fees	-	-	-	-	13,016	13,016
<b>Total expenditures</b>	<b>158,643,378</b>	<b>2,805,176</b>	<b>13,621,291</b>	<b>-</b>	<b>74,813,448</b>	<b>249,883,293</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>14,564,234</b>	<b>(2,798,599)</b>	<b>3,865,398</b>	<b>-</b>	<b>(16,410,325)</b>	<b>(779,292)</b>
<b>Other Financing Sources</b>						
Long-term debt issuance	-	25,062,487	18,580,000	-	5,952,514	49,595,001
Premiums (discounts) on debt issuance	-	756,028	-	-	-	756,028
Payment to refunded bond escrow agent	-	-	-	-	(6,350,143)	(6,350,143)
Transfers in	4,121,708	-	-	-	5,550,138	9,671,846
Transfers out	(18,203,602)	-	-	-	(3,493,050)	(21,696,652)
<b>Total other financing sources (uses)</b>	<b>(14,081,894)</b>	<b>25,818,515</b>	<b>18,580,000</b>	<b>-</b>	<b>1,659,459</b>	<b>31,976,080</b>
<b>Net Change in Fund Balances</b>	<b>482,340</b>	<b>23,019,916</b>	<b>22,445,398</b>	<b>-</b>	<b>(14,750,866)</b>	<b>31,196,788</b>
<b>Fund Balances, Beginning of Year</b>	<b>26,008,156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,731,805</b>	<b>72,739,961</b>
<b>Fund Balances, End of Year</b>	<b>\$ 26,490,496</b>	<b>\$ 23,019,916</b>	<b>\$ 22,445,398</b>	<b>\$ -</b>	<b>\$ 31,980,939</b>	<b>\$ 103,936,749</b>

See Notes to Financial Statements

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

Net change in fund balances - total governmental funds	\$ 31,196,788
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	65,096,608
Capital asset contributions	5,519,964
Depreciation expense	(29,939,415)
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.	(1,006,435)
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.	(61,365,000)
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.	28,908,343
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.	(2,348,817)
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.	(8,702,364)
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>110,081</u>
Change in net position of governmental activities	<u>\$ 27,469,753</u>



**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 2,612,723	\$ 496,805	\$ -	\$ 400	\$ 3,109,928	\$ 331,189
Investments	3,902,015	328,196	-	-	4,230,211	246,490
Restricted cash and investments - current	2,435,842	651,083	-	-	3,086,925	-
Due from other funds	-	-	-	-	-	791,736
Accounts receivable	2,631,144	442,275	-	-	3,073,419	56,269
Contributions receivable	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	390
Inventories	-	-	-	-	-	446,544
Prepaid expenses and other	10,019	-	-	-	10,019	26,974
<b>Total current assets</b>	<b>11,591,743</b>	<b>1,918,359</b>	<b>-</b>	<b>400</b>	<b>13,510,502</b>	<b>1,899,592</b>
<b>Noncurrent assets</b>						
<b>Restricted assets</b>						
Cash and cash equivalents	2,639,069	516,753	-	-	3,155,822	-
Investments	-	893,652	-	-	893,652	-
Accrued interest	6,179	520	-	-	6,699	-
	2,645,248	1,410,925	-	-	4,056,173	-
Less amount required to meet current obligations	2,435,842	651,083	-	-	3,086,925	-
<b>Total restricted assets</b>	<b>209,406</b>	<b>759,842</b>	<b>-</b>	<b>-</b>	<b>969,248</b>	<b>-</b>
<b>Capital assets</b>						
Land	1,814,495	822,652	-	-	2,637,147	275,459
Landfills, Cells 1, 2 and 4	10,895,701	-	-	-	10,895,701	-
Construction in progress	22,049	-	-	-	22,049	21,276
Buildings and improvements	16,943,602	8,715,040	-	205,845	25,864,487	1,840,347
Vehicles	14,445,007	-	-	65,058	14,510,065	816,339
Furniture and equipment	2,675,707	-	-	52,422	2,728,129	738,710
	46,796,561	9,537,692	-	323,325	56,657,578	3,692,131
Less accumulated depreciation	29,734,571	2,105,698	-	129,465	31,969,734	2,240,356
<b>Net capital assets</b>	<b>17,061,990</b>	<b>7,431,994</b>	<b>-</b>	<b>193,860</b>	<b>24,687,844</b>	<b>1,451,775</b>
<b>Other assets</b>						
Deferred bond issue costs	157,751	445,399	-	-	603,150	-
<b>Total other assets</b>	<b>157,751</b>	<b>445,399</b>	<b>-</b>	<b>-</b>	<b>603,150</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>17,429,147</b>	<b>8,637,235</b>	<b>-</b>	<b>193,860</b>	<b>26,260,242</b>	<b>1,451,775</b>
<b>Total assets</b>	<b>\$ 29,020,890</b>	<b>\$ 10,555,594</b>	<b>\$ -</b>	<b>\$ 194,260</b>	<b>\$ 39,770,744</b>	<b>\$ 3,351,367</b>

See Notes to Financial Statements

Liabilities and Net Position	Business-Type Activities					Governmental Activities - Internal Service Fund
	Waste	River Market		Other		
	Disposal	Garage	Zoo	Enterprise Funds	Total	
<b>Current liabilities</b>						
Accounts payable	\$ 207,854	\$ -	\$ -	\$ 31,741	\$ 239,595	\$ 406,732
Due to other funds	-	-	-	791,736	791,736	-
Accrued expenses and other	-	-	-	-	-	-
Accrued interest	45,842	241,083	-	-	286,925	-
Compensated absences - current portion	224,766	-	-	28,380	253,146	218,183
Bonds payable - current portion	2,390,000	410,000	-	-	2,800,000	-
Other current liabilities	1,095,814	-	-	-	1,095,814	-
Unearned revenue	-	690,267	-	23,027	713,294	-
Total current liabilities	<u>3,964,276</u>	<u>1,341,350</u>	<u>-</u>	<u>874,884</u>	<u>6,180,510</u>	<u>624,915</u>
<b>Noncurrent liabilities</b>						
Bonds payable, net of unamortized premium and discount	4,730,792	8,776,685	-	-	13,507,477	-
Compensated absences	304,626	-	-	33,828	338,454	143,772
Other long-term liabilities	3,184,775	-	-	-	3,184,775	-
Total noncurrent liabilities	<u>8,220,193</u>	<u>8,776,685</u>	<u>-</u>	<u>33,828</u>	<u>17,030,706</u>	<u>143,772</u>
Total liabilities	<u>12,184,469</u>	<u>10,118,035</u>	<u>-</u>	<u>908,712</u>	<u>23,211,216</u>	<u>768,687</u>
<b>Net Position</b>						
Net investment in capital assets	10,098,950	(1,309,292)	-	193,860	8,983,518	1,451,775
Restricted - expendable						
Debt service	2,599,406	1,169,842	-	-	3,769,248	-
Unrestricted (deficit)	4,138,065	577,009	-	(908,312)	3,806,762	1,130,905
Total net position	<u>16,836,421</u>	<u>437,559</u>	<u>-</u>	<u>(714,452)</u>	<u>16,559,528</u>	<u>2,582,680</u>
Total liabilities and net position	<u>\$ 29,020,890</u>	<u>\$ 10,555,594</u>	<u>\$ -</u>	<u>\$ 194,260</u>	<u>\$ 39,770,744</u>	<u>\$ 3,351,367</u>

**City of Little Rock, Arkansas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2012**

	<b>Business-Type Activities</b>					<b>Governmental Activities - Internal Service Fund</b>
	<b>Waste Disposal</b>	<b>River Market Garage</b>	<b>Zoo</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Operating Revenues</b>						
Charges for services	\$ 16,511,682	\$ 1,928,764	\$ 3,508,321	\$ 4,363,710	\$ 26,312,477	\$ 11,654,193
Licenses and permits	-	210,193	-	20,045	230,238	-
Fines and fees	-	-	-	88,857	88,857	-
Total operating revenues	<u>16,511,682</u>	<u>2,138,957</u>	<u>3,508,321</u>	<u>4,472,612</u>	<u>26,631,572</u>	<u>11,654,193</u>
<b>Operating Expenses</b>						
Salaries, wages and employee benefits	4,808,228	-	2,719,395	2,857,699	10,385,322	3,041,303
Supplies and materials	1,498,234	-	1,035,505	366,551	2,900,290	6,135,122
Services	3,081,382	73,539	1,352,057	1,962,159	6,469,137	2,275,697
Repairs and maintenance	2,682,193	-	311,467	480,873	3,474,533	15,770
Other	-	845,973	12,772	2,695	861,440	-
Depreciation and amortization	2,257,354	250,045	516,067	370,160	3,393,626	109,634
Total operating expenses	<u>14,327,391</u>	<u>1,169,557</u>	<u>5,947,263</u>	<u>6,040,137</u>	<u>27,484,348</u>	<u>11,577,526</u>
<b>Operating Income (Loss)</b>	<u>2,184,291</u>	<u>969,400</u>	<u>(2,438,942)</u>	<u>(1,567,525)</u>	<u>(852,776)</u>	<u>76,667</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	8,681	1,946	1,942	11,202	23,771	1,125
Interest expense	(351,953)	(531,518)	-	(601,823)	(1,485,294)	-
Other, net	(36,284)	(2,254)	(178,148)	(6,301)	(222,987)	(1,678)
Net nonoperating revenues (expenses)	<u>(379,556)</u>	<u>(531,826)</u>	<u>(176,206)</u>	<u>(596,922)</u>	<u>(1,684,510)</u>	<u>(553)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>1,804,735</u>	<u>437,574</u>	<u>(2,615,148)</u>	<u>(2,164,447)</u>	<u>(2,537,286)</u>	<u>76,114</u>
<b>Contributions</b>	2,039,153	-	961,590	250,000	3,250,743	78,967
<b>Transfers In</b>	1,475,240	-	3,271,150	4,992,199	9,738,589	-
<b>Transfers Out</b>	<u>(1,889,705)</u>	<u>(158,502)</u>	<u>(9,967,284)</u>	<u>(6,907,346)</u>	<u>(18,922,837)</u>	<u>(45,000)</u>
	<u>1,624,688</u>	<u>(158,502)</u>	<u>(5,734,544)</u>	<u>(1,665,147)</u>	<u>(5,933,505)</u>	<u>33,967</u>
<b>Changes in Net Position</b>	3,429,423	279,072	(8,349,692)	(3,829,594)	(8,470,791)	110,081
<b>Net Position, Beginning of Year</b>	<u>13,406,998</u>	<u>158,487</u>	<u>8,349,692</u>	<u>3,115,142</u>	<u>25,030,319</u>	<u>2,472,599</u>
<b>Net Position, End of Year</b>	<u>\$ 16,836,421</u>	<u>\$ 437,559</u>	<u>\$ -</u>	<u>\$ (714,452)</u>	<u>\$ 16,559,528</u>	<u>\$ 2,582,680</u>

**City of Little Rock, Arkansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2012**

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
<b>Operating Activities</b>						
Receipts from customers	\$ 16,461,628	\$ 2,138,957	\$ 3,508,321	\$ 4,452,569	\$ 26,561,475	\$ 10,906,740
Other receipts	-	-	-	16,041	16,041	-
Payments to employees	(4,816,053)	-	(3,013,326)	(8,398,430)	(16,227,809)	(2,928,518)
Payments to suppliers	(1,498,234)	(152,330)	(1,174,467)	(460,465)	(3,285,496)	(6,138,964)
Payments to service providers	(3,081,376)	(73,539)	(1,352,057)	(1,945,885)	(6,452,857)	(1,171,491)
Other payments	(2,353,086)	(794,429)	(4,051,400)	(3,912,360)	(11,111,275)	(198,389)
Net cash provided by (used in) operating activities	4,712,879	1,118,659	(6,082,929)	(10,248,530)	(10,499,921)	469,378
<b>Noncapital Financing Activities</b>						
Transfers from other funds	1,475,240	-	3,271,150	1,027,295	5,773,685	-
Transfers to other funds	(1,889,705)	(158,502)	2,218,067	7,590,094	7,759,954	(45,000)
Net cash provided by (used in) noncapital financing activities	(414,465)	(158,502)	5,489,217	8,617,389	13,533,639	(45,000)
<b>Capital and Related Financing Activities</b>						
Proceeds from the sale of capital assets	145,121	-	-	-	145,121	-
Purchase of capital assets	(2,046,381)	-	(997,288)	(45,000)	(3,088,669)	(134,459)
Payment of bond issuance costs	-	-	-	-	-	(16,772)
Principal paid on long-term debt	(2,130,000)	(390,000)	-	(390,000)	(2,910,000)	-
Other	-	(2,254)	-	-	(2,254)	-
Interest paid on long-term debt	(359,778)	(531,518)	(177,070)	(584,819)	(1,653,185)	-
Capital contributions	2,033,456	-	961,590	250,000	3,245,046	78,966
Net cash provided by (used in) capital and related financing activities	(2,357,582)	(923,772)	(212,768)	(769,819)	(4,263,941)	(72,265)
<b>Investing Activities</b>						
Proceeds from sale of investments	2,498,366	691,427	-	-	3,189,793	410,686
Purchase of investments	(3,888,551)	(771,926)	-	-	(4,660,477)	(579,062)
Interest income	10,653	-	1,947	11,905	24,505	1,126
Net cash provided by (used in) investing activities	(1,379,532)	(80,499)	1,947	11,905	(1,446,179)	(167,250)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	561,300	(44,114)	(804,533)	(2,389,055)	(2,676,402)	184,863
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,690,492	1,057,672	804,533	2,389,455	8,942,152	146,326
<b>Cash and Cash Equivalents, End of Year</b>	\$ 5,251,792	\$ 1,013,558	\$ -	\$ 400	\$ 6,265,750	\$ 331,189
<b>Presented on the Statement of Fund Net Position - Proprietary Funds as Follows:</b>						
Current assets						
Cash and cash equivalents	\$ 2,612,723	\$ 496,805	\$ -	\$ 400	\$ 3,109,928	\$ 331,189
Noncurrent assets						
Cash and cash equivalents	2,639,069	516,753	-	-	3,155,822	-
	\$ 5,251,792	\$ 1,013,558	\$ -	\$ 400	\$ 6,265,750	\$ 331,189

See Notes to Financial Statements

	Business-Type Activities					Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Zoo	Other Enterprise Funds	Total	
<b>Reconciliation of Operating Income (Loss) to to Net Cash Provided By (Used In) Operating Activities</b>						
Operating income (loss)	\$ 2,153,707	\$ 969,400	\$ (2,440,025)	\$ (1,567,525)	\$ (884,443)	\$ 76,667
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization expense	2,257,354	250,045	516,067	370,159	3,393,625	109,634
Loss on disposal of assets	-	-	-	2,368	2,368	0
Changes in assets and liabilities						
Receivables, net	(50,048)	(152,330)	1,386	(282,865)	(483,857)	44,147
Due to/due from other funds, net	-	-	(3,727,464)	(8,376,483)	(12,103,947)	(791,736)
Prepaid expenses	(1,131)	-	-	7,774	6,643	697,474
Inventories	-	-	101,583	24,155	125,738	(3,842)
Accounts payable	42,538	-	(240,545)	(117,564)	(315,571)	224,249
Accrued expenses	249,210	8,434	(293,931)	(302,248)	(338,535)	112,785
Bond issue costs	61,249	43,110	-	(6,301)	98,058	-
Net cash provided by (used in) operating activities	<u>\$ 4,712,879</u>	<u>\$ 1,118,659</u>	<u>\$ (6,082,929)</u>	<u>\$ (10,248,530)</u>	<u>\$ (10,499,921)</u>	<u>\$ 469,378</u>

**City of Little Rock, Arkansas**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**December 31, 2012**

	<b>Employee Benefit Plans</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,725,886	\$ 190,724
Investments		
U. S. Government obligations	3,142,028	-
Equities	50,801,381	-
Mutual funds and other investments	108,988,673	-
Receivables		
Accounts receivable	107,437	-
Due from other funds	7,570,942	-
Accrued interest and dividends	487,189	-
	<u>\$ 177,823,536</u>	<u>\$ 190,724</u>
Total Assets		
<b>Liabilities</b>		
Accounts payable	-	65,780
Accrued liabilities	173	124,944
Due to other funds	2,771	-
	<u>2,944</u>	<u>\$ 190,724</u>
Total Liabilities		
<b>Net Position</b>		
Net position held in trust	<u>\$ 177,820,592</u>	

**City of Little Rock, Arkansas**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2012**

	<b>Employee Benefit Plans</b>
<b>Additions</b>	
Contributions	
Employer	\$ 4,763,420
Plan members	1,807,052
Property taxes contributed from general fund	7,380,780
State insurance turnback and guarantee fund	3,283,204
Other	1,538,854
	18,773,310
Investment income	
Net increase in fair value of investments	10,055,356
Interest and dividends	5,191,194
	15,246,550
Less investment expense	576,912
	14,669,638
Total additions	33,442,948
<b>Deductions</b>	
Benefits paid directly to participants	27,300,970
Administrative expenses	492,808
Other	18,358
	27,812,136
<b>Change in Net Position</b>	<b>5,630,812</b>
<b>Net Position Held in Trust, Beginning of Year</b>	<b>172,189,780</b>
<b>Net Position Held in Trust, End of Year</b>	<b>\$ 177,820,592</b>

**City of Little Rock, Arkansas**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**December 31, 2012**

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 4,912,613	\$ 16,709,255	\$ 18,557,303	\$ 40,179,171
Investments	-	-	21,360,754	21,360,754
Restricted cash and investments - current	6,184,927	-	4,169,863	10,354,790
Accounts receivable, net of allowance	3,592,750	964,807	24,143,872	28,701,429
Accrued interest receivable	-	-	8,377	8,377
Inventories	1,368,562	-	881,855	2,250,417
Prepaid expenses and other	4,172,048	330,028	2,354,389	6,856,465
Total current assets	<u>20,230,900</u>	<u>18,004,090</u>	<u>71,476,413</u>	<u>109,711,403</u>
<b>Noncurrent assets</b>				
<b>Restricted assets</b>				
Cash and cash equivalents	-	24,945,044	5,590,509	30,535,553
Investments	43,385,584	-	10,572,330	53,957,914
Grants and other receivables	-	12,436,494	-	12,436,494
Interest receivable	158,988	-	23	159,011
	<u>43,544,572</u>	<u>37,381,538</u>	<u>16,162,862</u>	<u>97,088,972</u>
Less amounts required to meet current obligations	<u>6,184,927</u>	<u>-</u>	<u>4,169,863</u>	<u>10,354,790</u>
Total restricted assets	<u>37,359,645</u>	<u>37,381,538</u>	<u>11,992,999</u>	<u>86,734,182</u>
<b>Capital assets</b>				
Land	4,295,656	63,362,622	13,216,310	80,874,588
Construction in progress	95,119,062	85,833,289	12,948,919	193,901,270
Buildings, improvements and other facilities	362,654,466	335,621,162	208,460,770	906,736,398
Vehicles	-	-	39,027,933	39,027,933
Furniture and equipment	54,054,869	12,738,788	40,615,318	107,408,975
Books/AV material	-	-	18,870,206	18,870,206
Other	-	-	3,990,621	3,990,621
	<u>516,124,053</u>	<u>497,555,861</u>	<u>337,130,077</u>	<u>1,350,809,991</u>
Less accumulated depreciation	<u>120,712,460</u>	<u>162,113,968</u>	<u>138,666,354</u>	<u>421,492,782</u>
Net capital assets	<u>395,411,593</u>	<u>335,441,893</u>	<u>198,463,723</u>	<u>929,317,209</u>
<b>Other assets</b>				
Deferred bond issue costs	-	450,039	28,946	478,985
Other	-	-	761,487	761,487
Total other assets	<u>-</u>	<u>450,039</u>	<u>790,433</u>	<u>1,240,472</u>
Total noncurrent assets	<u>432,771,238</u>	<u>373,273,470</u>	<u>211,247,155</u>	<u>1,017,291,863</u>
Total assets	<u>\$ 453,002,138</u>	<u>\$ 391,277,560</u>	<u>\$ 282,723,568</u>	<u>\$ 1,127,003,266</u>

See Notes to Financial Statements



<b>Liabilities and Net Position</b>	<b>Wastewater Utility</b>	<b>National Airport</b>	<b>Other Component Units</b>	<b>Total</b>
<b>Current liabilities</b>				
Accounts payable	\$ 4,750,318	\$ 13,428,472	\$ 3,401,956	\$ 21,580,746
Accrued wages payable and related liabilities	318,591	1,272,273	1,654,839	3,245,703
Capital lease - current portion	-	-	19,438	19,438
Bonds payable - current portion	8,409,673	2,745,000	2,130,000	13,284,673
Compensated absences - current portion	711,184	-	1,047,740	1,758,924
Unearned revenue	-	2,918,237	2,427,065	5,345,302
Accrued expenses and other	-	175,134	4,583,470	4,758,604
Total current liabilities	<u>14,189,766</u>	<u>20,539,116</u>	<u>15,264,508</u>	<u>49,993,390</u>
<b>Noncurrent liabilities</b>				
Capital lease obligation	-	-	30,696	30,696
Bonds payable, net of unamortized premium and discount	269,909,671	19,138,056	7,737,113	296,784,840
Unearned revenue	-	39,018,558	-	39,018,558
Other long term liabilities	-	-	714,104	714,104
Compensated absences	39,693	-	152,310	192,003
Total noncurrent liabilities	<u>269,949,364</u>	<u>58,156,614</u>	<u>8,634,223</u>	<u>336,740,201</u>
Total liabilities	<u>284,139,130</u>	<u>78,695,730</u>	<u>23,898,731</u>	<u>386,733,591</u>
<b>Net Position</b>				
Net investment in capital assets	117,092,248	260,583,852	181,471,372	559,147,472
Restricted - expendable	37,097,482	37,265,176	12,971,665	87,334,323
Restricted - nonexpendable	-	-	4,547,843	4,547,843
Unrestricted	14,673,278	14,732,802	59,833,957	89,240,037
Total net position	<u>168,863,008</u>	<u>312,581,830</u>	<u>258,824,837</u>	<u>740,269,675</u>
Total liabilities and net position	<u>\$ 453,002,138</u>	<u>\$ 391,277,560</u>	<u>\$ 282,723,568</u>	<u>\$ 1,127,003,266</u>

**City of Little Rock, Arkansas**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2012**

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	\$ 21,904,064	\$ 429,613	\$ 2,621,332	\$ 11,167,887	\$ -	\$ -	\$ (7,685,232)	\$ (7,685,232)
Total governmental activities	21,904,064	429,613	2,621,332	11,167,887	-	-	(7,685,232)	(7,685,232)
Business-type Activities								
Wastewater Utility	39,459,614	43,547,696	-	-	4,088,082	-	-	4,088,082
National Airport	28,434,580	29,021,156	-	-	-	586,576	-	586,576
Other component units	75,424,157	40,912,250	-	-	-	-	(34,511,907)	(34,511,907)
Total business-type activities	143,318,351	113,481,102	-	-	4,088,082	586,576	(34,511,907)	(29,837,249)
Total component units	\$ 165,222,415	\$ 113,910,715	\$ 2,621,332	\$ 11,167,887	4,088,082	586,576	(42,197,139)	(37,522,481)
General revenues								
General property taxes					-	-	15,047,339	15,047,339
Sales taxes					-	-	11,602,978	11,602,978
Investment income					236,164	293,208	309,590	838,962
Grants and contributions not restricted to specific programs					1,906,970	13,467,228	16,395,179	31,769,377
Other					(413,118)	5,486,011	8,515,708	13,588,601
Total general revenues and transfers					1,730,016	19,246,447	51,870,794	72,847,257
Change in Net Position					5,818,098	19,833,023	9,673,655	35,324,776
Net Position, Beginning of Year, As Previously Reported					163,044,910	292,748,807	249,109,138	704,902,855
Adjustment applicable to prior years					-	-	42,044	42,044
Net Position, Beginning of Year, as Restated					163,044,910	292,748,807	249,151,182	704,944,899
Net Position, End of Year					\$ 168,863,008	\$ 312,581,830	\$ 258,824,837	\$ 740,269,675

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

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

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

***Blended Component Units***

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

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**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 2012.

**Other Component Units:**

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

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

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

***Central Arkansas Transit Authority (CATA)*** – CATA, which provides public transportation services to the greater metropolitan area, annually receives an operating subsidy from the City equal to 67% of the operating deficit. The City's contributions to CATA are vital to its operations. In addition, 5 of the 13 members of its Board of Directors are appointed by the City Board. Based on the level of financial dependency that CATA has on the City, the City has concluded that the nature and significance of this relationship warrant inclusion of CATA in the City's reporting entity as a discretely presented component unit.

***Museum of Discovery (Museum) and Arkansas Arts Center (Arts Center)*** – The Museum and the Arts Center, serving the greater metropolitan area's cultural needs, receive significant operating subsidies from the City annually. The governing body of the Museum and the Arts Center are appointed with City Board approval. The City has the power to impose its will on both organizations. Additionally, the City owns the facility of the Arts Center. The Arts Center has a fiscal year end of June 30.

# City of Little Rock, Arkansas

## Notes to Financial Statements

December 31, 2012

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

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

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

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

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

### Administrative Offices

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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 8<sup>th</sup> 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, 2012**

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**Administrative Offices**

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Oakland Fraternal Cemetery  
2101 Barber Street  
Little Rock, Arkansas 72206

Mount Holly Cemetery  
1 Sunset Drive  
Little Rock, Arkansas 72206

***Government-wide and Fund Financial Statements***

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

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

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 *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 *2012 Central Arkansas Library Capital Improvements Fund (capital projects fund)* accounts for the cost of acquiring, constructing, and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System.

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

***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 worker's compensation, which are recognized as expenditures when payment is due. Pension expenditures are recognized when contributed to a plan or when expected to be liquidated with expendable available financial resources.



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

***Use of Estimates***

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

***Cash and Cash Equivalents***

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

***Investments and Investment Income***

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

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

***Inventories***

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

***Prepaid Items***

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

***Capital Assets***

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

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

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

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

***Long-term Obligations***

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

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

***Compensated Absences***

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

***Deferred Revenue***

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$41,936,795 of unearned lease revenue at the National Airport.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

***Net Position/Fund Balance***

Fund balance of the proprietary funds and net position of the government-wide financial statements 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 are 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. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

***Stabilization Arrangement***

The City has a general fund reserve which was established by City ordinance. The general fund goal is to set aside \$10 million or ten (10) percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund on or before December 31, 2005, absent express action of the Board. The restricted reserve shall be maintained at that level thereafter. The monies in the reserve fund are readily available for appropriation or expenditure, but are used if there is a need to do so because of some extraordinary circumstance not foreseen during the year. Funds can be used, at the Board's discretion, to meet an 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, 2012, 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, 2012:

<b>Statement No.</b>		<b>Adoption Required in Fiscal Year</b>
65	Items Previously Reported as Assets and Liabilities	2013
66	Technical Corrections - 2012	2013
67	Financial Reporting for Pension Plans	2014
68	Accounting and Financial Reporting for Pensions	2015
69	Government Combinations and Disposals of Government Operations	2014
70	Accounting and Financial Reporting for Nonexchange Financial Guarantees	2014

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**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, 2012, 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 \$70,724,398, \$721,028 were uninsured and uncollateralized.

***Investments***

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

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

At December 31, 2012, the City had the following investments and maturities:

<b>Primary Government</b>					
<b>Type</b>	<b>Fair Value</b>	<b>Maturities in Years</b>			
		<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
U.S. Treasury obligations	\$ 56,696,901	\$ 56,696,901	\$ -	\$ -	\$ -
U.S. agencies obligations	38,592,709	14,953,768	22,336,094	1,302,847	-
Corporate bonds	4,458,269	3,705,573	752,696	-	-
Alternative investments	14,752,153	14,752,153	-	-	-
Bond mutual funds	13,023,669	13,023,669	-	-	-
Money market mutual funds	61,445,157	61,445,157	-	-	-
	<u>188,968,858</u>	<u>\$ 164,577,221</u>	<u>\$ 23,088,790</u>	<u>\$ 1,302,847</u>	<u>\$ -</u>
Stock mutual funds	9,283,776				
Corporate stocks	<u>54,730,196</u>				
	<u>\$ 252,982,830</u>				

<b>Component Units</b>					
<b>Type</b>	<b>Fair Value</b>	<b>Maturities in Years</b>			
		<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
U.S. Treasury obligations	\$ 7,778,933	\$ 7,778,933	\$ -	\$ -	\$ -
U.S. agencies obligations	38,181,584	11,975,766	24,893,531	1,211,773	100,514
Corporate bonds	2,962,310	1,084,326	419,864	668,940	789,180
Money market mutual funds	3,888,292	3,888,292	-	-	-
Municipal bonds	285,964	-	-	-	285,964
Certificate of deposit	5,607,155	4,439,154	1,168,001	-	-
	<u>58,704,238</u>	<u>\$ 29,166,471</u>	<u>\$ 26,481,396</u>	<u>\$ 1,880,713</u>	<u>\$ 1,175,658</u>
Stock mutual funds	14,767,904				
Corporate stocks	<u>1,836,852</u>				
	<u>\$ 75,308,994</u>				

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

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, 2012, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

<b>Investment Type</b>	<b>Rating Agency</b>	<b>Rating</b>
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 <sub>3</sub> to Aaa

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Excluding fiduciary funds, at December 31, 2012, the City’s investments are fully collateralized or are fully guaranteed by the full faith and credit of the U.S. government. The City’s collateral is held in an account with the Federal Reserve. Monthly “Collateral Reports” are sent to the City’s accounting department.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. A fund generally may invest no more than 10% of its total assets in the purchase of a single security.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**Summary of Carrying Values**

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

	<b>Primary Government</b>	<b>Component Units</b>
Carrying value		
Deposits	\$ 20,058,025	\$ 70,724,398
Investments	252,982,830	75,308,994
	\$ 273,040,855	\$ 146,033,392
Included in the following statements of net position captions		
Current Assets		
Cash and cash equivalents	\$ 14,461,453	\$ 40,179,171
Short-term investments	13,311,499	21,360,754
Noncurrent Assets		
Restricted cash and investments	75,419,211	84,493,467
Cash and investments – fiduciary funds	169,848,692	
	\$ 273,040,855	\$ 146,033,392



**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2012, is presented below:

<b>Governmental Activities</b>	<b>Balance December 31, 2011</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2012</b>
Capital Assets, non-depreciable				
Land	\$ 158,349,490	\$ 17,990,272	\$ -	\$ 176,339,762
Construction in progress	8,160,265	19,817,762	10,119,963	17,858,064
Total capital assets, non-depreciable	166,509,755	37,808,034	10,119,963	194,197,826
Capital Assets, depreciable				
Land Improvements	11,846,832	2,782,266	-	14,629,098
Infrastructure	722,888,607	8,422,452	-	731,311,059
Buildings	68,511,361	21,612,968	25,320	90,099,009
Vehicles	37,020,065	6,225,807	846,422	42,399,450
Equipment	33,596,215	3,885,008	406,919	37,074,304
Total capital assets, depreciable	873,863,080	42,928,501	1,278,661	915,512,920
Less accumulated depreciation				
Land Improvements	2,350,415	1,387,532	380	3,737,567
Infrastructure	397,977,635	15,803,986	-	413,781,621
Buildings	21,964,916	6,474,228	264,876	28,174,268
Vehicles	31,440,550	2,293,319	717,808	33,016,061
Equipment	25,119,988	4,089,984	265,140	28,944,832
Total accumulated depreciation	478,853,504	30,049,049	1,248,204	507,654,349
Total capital assets, depreciable, net	395,009,575	12,879,452	30,457	407,858,571
Total governmental activities, net	\$ 561,519,330	\$ 50,687,486	\$ 10,150,420	\$ 602,056,397

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

<b>Business-Type Activities</b>	<b>Balance December 31, 2011</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2012</b>
Capital Assets, non-depreciable				
Land	\$ 19,951,571	\$ -	\$ 17,311,459	\$ 2,640,112
Construction in progress	271,086	-	252,002	19,084
Total capital assets, non-depreciable	<u>20,222,657</u>	<u>-</u>	<u>17,563,461</u>	<u>2,659,196</u>
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4 and land improvements	17,366,667	-	2,146,812	15,219,855
Buildings	38,214,078	-	16,673,744	21,540,334
Vehicles	14,060,141	1,349,727	899,802	14,510,066
Equipment	6,504,720	722,247	4,498,837	2,728,130
Total capital assets, depreciable	<u>76,145,606</u>	<u>2,071,974</u>	<u>24,219,195</u>	<u>53,998,385</u>
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4 and land improvements	12,395,237	939,977	626,918	12,708,296
Buildings	8,852,843	806,521	4,571,534	5,087,830
Vehicles	12,073,577	1,034,795	834,737	12,273,635
Equipment	5,012,373	528,696	3,641,093	1,899,976
Total accumulated depreciation, net	<u>38,334,030</u>	<u>3,309,989</u>	<u>9,674,282</u>	<u>31,969,737</u>
Total capital assets, depreciable	<u>37,811,576</u>	<u>(1,238,015)</u>	<u>14,544,913</u>	<u>22,028,648</u>
Total business-type activities, net	<u>\$ 58,034,233</u>	<u>\$ (1,238,015)</u>	<u>\$ 32,108,374</u>	<u>\$ 24,687,844</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

<b>Component Units</b>	<b>Balance December 31, 2011</b>	<b>Additions and Transfers, Net</b>	<b>Retirements and Transfers, Net</b>	<b>Balance December 31, 2012</b>
Capital Assets, non-depreciable				
Land	\$ 78,752,179	\$ 2,133,377	\$ 10,968	\$ 80,874,588
Construction in progress	229,446,115	63,510,928	99,055,773	193,901,270
Total capital assets, non-depreciable	<u>308,198,294</u>	<u>65,644,305</u>	<u>99,066,741</u>	<u>274,775,858</u>
Capital Assets, depreciable				
Buildings, improvements and facilities	831,827,198	76,871,565	1,962,365	906,736,398
Vehicles	38,099,391	928,542	-	39,027,933
Equipment	91,416,001	21,933,317	1,949,722	111,399,596
Books and audio visual material	17,279,790	1,590,416	-	18,870,206
Total capital assets, depreciable	<u>978,622,380</u>	<u>101,323,840</u>	<u>3,912,087</u>	<u>1,076,034,133</u>
Less accumulated depreciation	<u>391,397,721</u>	<u>33,522,062</u>	<u>3,427,001</u>	<u>421,492,782</u>
Total capital assets, depreciable, net	<u>587,224,659</u>	<u>67,801,778</u>	<u>485,086</u>	<u>654,541,351</u>
Total component units, net	<u>\$ 895,422,953</u>	<u>\$ 133,446,083</u>	<u>\$ 99,551,827</u>	<u>\$ 929,317,209</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	\$ 385,507
District court – first division (criminal)	13,496
District court – second division (traffic)	3,047
Finance	252,994
Human resource	81,746
Information technology	231,267
Planning and development	14,078
Fleet services	<u>109,634</u>
Total general government	1,091,769
Public works	16,190,820
Parks and recreation services	8,662,424
Fire	1,571,953
Police	1,483,853
Housing and neighborhood programs	<u>211,907</u>
Total depreciation expense – governmental activities	<u>29,212,726</u>

**Business-Type Activities**

Presidential park	165
Waste disposal	2,231,970
Second and main parking	220,186
Riverfront park	97,694
Zoo	516,067
Golf courses	86,258
Vehicle storage	21,510
Fitness center	<u>136,139</u>
Total depreciation expense - business-type activities	<u>3,309,989</u>
Total depreciation expense - primary government	<u><u>\$ 32,522,715</u></u>

**City of Little Rock, Arkansas**  
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**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2012, were as follows:

<b>Governmental Activities</b>	<b>Balance December 31, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2012</b>	<b>Amounts Due in One Year</b>
Bonds payable					
Revenue bonds	\$ 18,735,000	\$ 11,770,000	\$ 1,590,000	\$ 28,915,000	\$ 1,650,000
Less deferred issuance discounts	255,794	96,409	24,050	328,153	-
Add issuance premiums	1,795	-	299	1,496	-
	<u>18,481,001</u>	<u>11,673,591</u>	<u>1,566,249</u>	<u>28,588,343</u>	<u>1,650,000</u>
General obligation bonds	53,025,000	31,015,000	23,805,000	60,235,000	4,485,000
Less deferred issuance discounts	517,406	224,859	102,681	639,585	-
Add issuance premiums	896,528	948,608	166,469	1,678,667	-
	<u>53,404,122</u>	<u>31,738,749</u>	<u>23,868,789</u>	<u>61,274,083</u>	<u>4,485,000</u>
Bonds payable, net	71,885,123	43,412,340	25,435,038	89,862,425	6,135,000
Notes payable	8,316,847	18,580,000	3,513,343	23,383,504	5,611,058
Compensated absences	21,649,992	9,727,473	8,514,103	22,863,362	7,351,639
Net pension obligation	92,853,077	8,702,364	-	101,555,441	-
Other	1,722,085	253,770	214,995	1,760,860	690,185
	<u>196,427,124</u>	<u>80,675,947</u>	<u>37,677,479</u>	<u>239,425,592</u>	<u>19,787,882</u>
Total governmental activities long-term liabilities	<u>\$ 196,427,124</u>	<u>\$ 80,675,947</u>	<u>\$ 37,677,479</u>	<u>\$ 239,425,592</u>	<u>\$ 19,787,882</u>
<b>Business-Type Activities</b>					
Bonds payable					
Revenue bonds	\$ 30,965,000	\$ -	\$ 14,290,000	\$ 16,675,000	\$ 2,800,000
Less deferred issuance discounts	716,913	-	349,390	367,523	-
	<u>30,248,087</u>	<u>-</u>	<u>13,940,610</u>	<u>16,307,477</u>	<u>2,800,000</u>
Bonds payable, net	30,248,087	-	13,940,610	16,307,477	2,800,000
Compensated absences	1,115,085	530,897	1,054,382	591,600	253,146
Postclosure landfill costs	4,053,517	227,072	-	4,280,589	1,095,814
	<u>5,183,689</u>	<u>757,969</u>	<u>-</u>	<u>4,872,189</u>	<u>1,349,000</u>
Total business-type activities long-term liabilities	<u>\$ 35,416,689</u>	<u>\$ 757,969</u>	<u>\$ 14,994,992</u>	<u>\$ 21,179,666</u>	<u>\$ 4,148,960</u>

**City of Little Rock, Arkansas**  
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Component Units	Balance, December 31, 2011	Increases	Decreases	Balance December 31, 2012	Amounts Due in One Year
<b>Little Rock Advertising and Promotion Commission</b>					
Bonds payable					
Revenue bonds	\$ 8,368,554	\$ -	\$ 2,123,554	\$ 6,245,000	\$ 1,940,000
Add issuance premiums	583,685	-	151,572	432,113	-
	<u>8,952,239</u>	<u>-</u>	<u>2,275,126</u>	<u>6,677,113</u>	<u>1,940,000</u>
<b>Central Arkansas Library</b>					
Revenue bonds	3,374,375	-	184,375	3,190,000	190,000
Compensated absences	1,005,073	3,166	-	1,008,239	1,008,239
	<u>4,379,448</u>	<u>3,166</u>	<u>184,375</u>	<u>4,198,239</u>	<u>1,198,239</u>
<b>Little Rock Port Authority</b>					
Compensated absences	177,513	40,926	48,210	170,229	17,919
Postretirement health insurance	49,563	64,898	5,351	109,110	6,836
	<u>227,076</u>	<u>105,824</u>	<u>53,561</u>	<u>279,339</u>	<u>24,755</u>
<b>Little Rock Workforce Investment Board</b>					
Compensated absences	11,428	16,142	5,988	21,582	21,582
<b>Arkansas Arts Center</b>					
Various notes payable	2,201,122	44,513	2,195,501	50,134	19,438
<b>Arkansas Museum of Science and History</b>					
Various notes payable	115,000	-	115,000	-	-
<b>National Airport</b>					
Bonds payable					
Revenue bonds	24,515,000	-	2,615,000	21,900,000	2,745,000
Less deferred issuance discounts	285,024	-	57,554	227,470	-
Add issuance premiums	278,009	-	67,483	210,526	-
	<u>24,507,985</u>	<u>-</u>	<u>2,624,929</u>	<u>21,883,056</u>	<u>2,745,000</u>
Other long-term liabilities	44,855,032	-	2,918,237	41,936,795	2,918,237
	<u>69,363,017</u>	<u>-</u>	<u>5,543,166</u>	<u>63,819,851</u>	<u>5,663,237</u>
<b>Wastewater Utility</b>					
Revenue bonds	256,117,360	28,390,000	6,876,421	277,630,939	8,359,601
Add issuance premiums	891,485	1,275,708	1,478,788	688,405	50,072
Compensated absences	770,291	64,172	83,586	750,877	711,184
	<u>257,779,136</u>	<u>29,729,880</u>	<u>8,438,795</u>	<u>279,070,221</u>	<u>9,120,857</u>
Total component units long-term liabilities	<u>\$ 343,028,466</u>	<u>\$ 29,899,525</u>	<u>\$ 18,811,512</u>	<u>\$ 354,116,479</u>	<u>\$ 17,988,108</u>

**City of Little Rock, Arkansas**  
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Bonds and notes payable at December 31, 2012, were as follows:

<b>Primary Government</b>	<b>Interest Rates</b>	<b>Final Maturity</b>	<b>Original Issue</b>	<b>Total Outstanding</b>
General long-term obligations				
General obligation bonds	2.0% – 4.75%	2039	\$ 133,650,000	\$ 60,235,000
Revenue bonds	2.0% – 5.5 %	2039	36,930,000	28,915,000
Notes payable – short-term financing	3.55% – 6.235 %	2013	28,171,500	23,383,504
Enterprise funds				
Revenue bonds	2.0% – 4.75%	2039	21,825,000	16,675,000

**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 moneys pledged to the payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1.

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

**2004 Limited Tax General Obligation Capital Improvement** – Bonds in the amount of \$70,635,000 were issued to finance capital improvements, to fund capitalized interest and to pay the costs of issuance of the bonds. These bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property located within the jurisdictional limits of the City. The tax shall continue until sufficient monies are accumulated to retire the Series 2004 bonds. The special tax collections cannot be used for any purpose other than payment of debt service on the bonds. Principal payments are due annually on

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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April 1. Interest payments are due semiannually on April 1 and October 1. The bonds are subject to mandatory redemption from surplus tax collections on each April 1, in whole or in part, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

**2004A and 2004B Library Improvement and Refunding Bonds** – Bonds in the amount of \$25,000,000 were issued to refund the Series 1999B Library Improvement and Refunding Bonds and the Series 2002 Library Improvement Bonds, to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System and to pay the costs of issuance of the bonds. The Series 2004A and Series 2004B bonds are limited obligations of the City, payable solely from the Library Tax and the pro-rata portion of the proceeds of a sales and use tax implemented pursuant to Amendment 79 to the Arkansas Constitution. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. These bonds were refunded by the issuance of the 2012 Library Construction and Refunding Bonds.

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

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

**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.



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**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, 2012, the outstanding short-term financing agreements were as follows:

***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%.

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

***2007 Short-term Financing Note*** – The \$1,372,000 promissory note was issued to finance the cost of acquiring, constructing and installing real property or tangible personal property having an expected useful life of more than one year for the City with principal and interest payable from general revenues. Due annually, payable \$327,793, on July 19, including interest at 6.24%. This note was retired in 2012.

***2007 Short-term Financing Note*** – The \$5,919,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$1,321,894, on May 1, including interest at 3.79%. This note was retired in 2012.

**Other Liabilities**

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

***Business-Type Activities***

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

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

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

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

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

**City of Little Rock, Arkansas**  
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***Discretely Presented Component Units***

***Wastewater Utility Revenue Bonds***

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

The 1990, 1991, and 1996 Series Sewer Revenue Bonds are part of \$7,000,000, \$6,000,000, and \$6,000,000 bond issues, respectively. The 1999 Series Sewer Revenue Bonds are a \$12,000,000 series and are subordinate to all previous bond issues. The 2001 Series Sewer Revenue Bonds (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues respectively and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In November 2009, the City issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements. In July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue Bond, to establish a debt service reserve for the Series 2011 Bond, and to pay the cost of issuing the 2011 Sewer Bond. 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 Bond, and to pay the cost of issuing the 2012 Sewer Bond.

***National Airport***

***Revenue Bonds***

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

**City of Little Rock, Arkansas**  
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redemption on or after November 1, 2009, and the Series 1999A Bonds maturing on November 1, 2016, are subject to optional redemption on or after November 1, 2006.

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

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

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

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

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

***Advertising and Promotion Commission Bonds***

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

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

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

# City of Little Rock, Arkansas

## Notes to Financial Statements

### December 31, 2012

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

#### **Central Arkansas Library System**

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

#### **Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2012. 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
2013	\$ 6,135,000	\$ 2,526,399	\$ 2,800,000	\$ 728,008	\$ 13,234,601	\$ 12,995,132
2014	4,245,000	2,360,358	1,420,000	663,643	13,787,476	12,419,273
2015	4,390,000	2,248,631	1,470,000	607,772	12,922,397	11,839,010
2016	4,555,000	2,124,950	1,535,000	545,114	10,652,624	11,313,351
2017	4,735,000	1,979,746	730,000	493,945	12,232,411	10,944,562
2018–2022	20,860,000	7,818,156	4,270,000	1,850,963	61,245,659	47,527,026
2023–2027	21,850,000	4,983,806	3,630,000	814,018	51,562,349	36,912,620
2028–2032	14,085,000	2,804,128	820,000	43,460	56,248,422	26,108,095
2033–2037	4,720,000	1,660,450	-	-	68,220,000	11,775,690
2038–2039	3,575,000	234,163	-	-	8,860,000	983,662
	<u>\$ 89,150,000</u>	<u>\$ 28,740,787</u>	<u>\$ 16,675,000</u>	<u>\$ 5,746,923</u>	<u>\$ 308,965,939</u>	<u>\$ 182,818,421</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 5,611,058	\$ 372,042	\$ -	\$ -
2014	4,584,370	255,648	-	-
2015	4,651,037	188,981	-	-
2016	4,718,465	121,553	-	-
2017	3,818,574	52,586	-	-
	<u>\$ 23,383,504</u>	<u>\$ 990,810</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
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**Note 5: Interfund Balances and Transfers**

Interfund receivables and payables as of December 31, 2012, are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
<b>Primary Government</b>		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 2,973,139	\$ 69,755
Emergency 911 fund	-	698,127
CDBG fund	-	1,412,052
HIPP fund	-	25,676
NHSP fund	-	50,777
Grant fund	-	175,354
1988 Capital Improvements fund	-	285
2009A Parks & Recreation DS fund	-	538,327
2009A Parks & Recreation CI fund	-	300
Governmental Funds to/from Fiduciary Funds		
General fund	-	386,640
Total governmental funds	2,973,139	3,357,293
Proprietary Funds		
Internal service fund	791,736	
Vehicle storage fund	-	791,736
Total proprietary funds	791,736	791,736
Fiduciary Funds		
Policemen's pension	3,785,471	682
Firemen's pension	3,785,471	2,089
Total fiduciary funds	7,570,942	2,771
Government-Wide		
Governmental Activities	-	7,184,017
Total	\$ 11,335,817	\$ 11,335,817

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

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen's and Policemen's Pension Plans. A portion of the amounts receivable by the pension funds from the General Fund are not accrued on the General Fund financial statements as they are not recognizable under the modified accrual basis of accounting because the amounts due to the pension funds are not expected to be liquidated with available expendable resources. However, \$7,184,017 of the amounts receivable by the pension funds 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, 2012, are as follows:

Interfund Transfers In	Interfund Transfers Out								Totals
	Governmental Funds				Proprietary Funds				
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Rivermarket Garage	Zoo	Other Nonmajor Enterprise Funds	Governmental Activities	
Governmental Funds									
General	\$ -	\$ 877,886	\$ 45,000	\$ 1,706,005	\$ -	\$ 285,515	\$ 236,627	970,675	\$ 4,121,708
Other Nonmajor Governmental Funds	2,080,776	2,331,391	-	183,700	158,502	477,656	337,607	(19,494)	5,550,138
Proprietary Funds									
Zoo	3,081,304	189,846	-	-	-	-	-	-	3,271,150
Waste Disposal	1,475,240	-	-	-	-	-	-	-	1,475,240
Other Nonmajor Enterprise Funds	1,581,824	93,927	-	-	-	15,435	792,899	2,508,114	4,992,199
Governmental Activities	9,984,458	-	-	-	-	9,188,678	5,540,213	-	24,713,349
	<u>\$ 18,203,602</u>	<u>\$ 3,493,050</u>	<u>\$ 45,000</u>	<u>\$ 1,889,705</u>	<u>\$ 158,502</u>	<u>\$ 9,967,284</u>	<u>\$ 6,907,346</u>	<u>\$ 3,459,295</u>	<u>\$ 44,123,784</u>

Transfers are used to fund special projects and meet debt service requirements. The City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds (the recreation services funds) into the general fund at year-end. The recreation services funds were initially created to demonstrate compliance with the Capital Improvement Revenue Bonds (Parks and Recreation Projects) Series 1998A (1998 parks revenue bonds), for which revenues from these activities were dedicated to debt service. The recreation services funds were never designed to operate as true business-type activities. While the revenues generated contribute funds for operation, they are not sufficient to fully support the services provided. The general fund transferred funds annually for operating purposes. Beginning in 2013, these activities will become departments of the general fund. The consolidation improved financial reporting, eliminated interfund balances, and reduced the nonspendable fund balance in the general fund by approximately \$12.1 million. The 1998 parks revenue bonds were refunded in 2009 with issuance of the 2009 Parks and Recreation Capital Improvement Refunding Bonds –

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Series B. The debt service fund associated with these bonds has been reclassified from business-type revenue bonds to governmental revenue bonds. First revenues from recreation services activities will continue to be deposited to the debt service fund in accordance with bond covenants.

**Note 6: Pension Plans**

***Pension Trust Funds***

Substantially all of the City’s employees receive retirement benefits. The City sponsors three single employer defined benefit plans and two defined contribution plans. The City also contributes to the Local Police and Fire Retirement System, a statewide agent multiple-employer defined benefit pension plan. The assets of the plans are maintained in legally separate trusts and each plan’s assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

**A. Summary of Significant Accounting Policies**

*Basis of Accounting*

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

*Method Used to Determine Fair Value of Investments*

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

**B. Membership Information**

Membership of each plan consisted of the following at December 31, 2012:

	Policemen's Fund	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan
Retirees and beneficiaries receiving benefits	316	301	96	-	-
Active plan members	-	-	15	770	31
Members on Deferred Retirement Option Plan (DROP)	1	12	-	-	-
Total	<u>317</u>	<u>313</u>	<u>111</u>	<u>770</u>	<u>31</u>



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**C. Financial Information**

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

	Statement of Fiduciary Net Position				
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Defined Contribution Plan	Nonuniformed Defined Benefit Plan	401 (a) Defined Contribution Plan
<b>Assets</b>					
Cash and cash equivalents	\$ 1,469,880	\$ 3,842,203	\$ 1,037,492	\$ 171,582	\$ -
Investments	42,118,928	63,215,916	37,591,258	9,806,483	8,650,793
Receivables	3,996,940	4,019,448	27,955	12,097	107,437
Total assets	<u>47,585,748</u>	<u>71,077,567</u>	<u>38,656,705</u>	<u>9,990,162</u>	<u>8,758,230</u>
<b>Liabilities</b>					
Accrued liabilities	173	-	-	-	-
Due to other funds	682	2,089	-	-	-
Total liabilities	<u>855</u>	<u>2,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Net position held in trust for pension benefits	<u>\$ 47,584,893</u>	<u>\$ 71,075,478</u>	<u>\$ 38,656,705</u>	<u>\$ 9,990,162</u>	<u>\$ 8,758,230</u>

	Statement of Changes in Fiduciary Net Position				
<b>Additions</b>					
Contributions	\$ 6,907,972	\$ 5,582,164	\$ 3,475,484	\$ 1,746,220	\$ 941,622
Net investment income	3,954,160	6,192,097	2,816,053	728,341	862,990
Total additions	<u>10,862,132</u>	<u>11,774,261</u>	<u>6,291,537</u>	<u>2,474,561</u>	<u>1,804,612</u>
<b>Deductions</b>					
Benefits paid directly to participants	11,830,562	10,989,580	2,757,374	1,643,278	80,176
Administrative expenses and other	53,051	254,516	186,993	-	-
Total deductions	<u>11,883,613</u>	<u>11,244,096</u>	<u>2,944,367</u>	<u>1,643,278</u>	<u>80,176</u>
<b>Change in Net Position</b>	(1,021,481)	530,165	3,347,170	831,283	1,724,436
<b>Net Position Held in Trust For Pension Benefits, Beginning of Year</b>	<u>48,606,374</u>	<u>70,545,313</u>	<u>35,309,535</u>	<u>9,158,879</u>	<u>7,033,794</u>
<b>Net Position Held in Trust For Pension Benefits, End of Year</b>	<u>\$ 47,584,893</u>	<u>\$ 71,075,478</u>	<u>\$ 38,656,705</u>	<u>\$ 9,990,162</u>	<u>\$ 8,758,230</u>

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***D. Plan Descriptions and Funding Information***

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

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

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a \$3 assessment against each court case plus 10% of fines and forfeitures collected. Additionally, the City contributes a percentage of the policemen's salaries, which amounted to 6% during 2012. The participants contributed 6% of their salaries in 2012. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2012 contributions to the Policemen's Fund were \$6,907,972. The City's share of contributions was \$6,455,113 and included \$3,690,390 in property taxes and \$2,245,647 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2012, the City's total payroll for all employees amounted to \$100,573,412, including police and fire personnel. Total police personnel payroll amounted to \$38,674,826. There are no active police employees covered by this plan.

As of December 31, 2011, the most recent actuarial valuation date, the PPRF was 37% funded. The actuarial accrued liability for benefits was \$119,360,791, and the actuarial value of assets was \$44,400,843, resulting in an unfunded actuarial accrued liability (UAAL) of \$74,959,948. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

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

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

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

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries which amounted to 6% during 2012. The participants contributed 6% of their salaries in 2012. 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 2012 contributions to the Firemen's Fund were \$5,582,164. The City's share of contributions was \$5,290,702 and included \$3,690,390 in property taxes and \$1,037,557 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2012, the City's total payroll for all employees amounted to \$100,573,412, including police and fire personnel. Total fire personnel payroll amounted to \$25,595,312. There are no active fire employees covered by this plan.

As of December 31, 2011, the most recent actuarial valuation date, the FPRF was 46% funded. The actuarial accrued liability for benefits was \$144,952,727, and the actuarial value of assets was \$66,306,657 resulting in an unfunded actuarial accrued liability (UAAL) of \$78,646,070. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

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

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The *Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)* is a single-employer, defined benefit pension plan established under Arkansas state law. Benefit provisions are established and amended by City Ordinance #11088. Plan assets are administered by a Board of Trustees.

The Nonuniformed Plan provides retirement, disability, and survivor benefits to participating employees and/or their beneficiaries or dependents who have met eligibility requirements set forth in the Plan's benefit provisions.

Under the original provisions of the Nonuniformed Plan, participants and the City were required to contribute a certain percentage of the participant's salary. Effective January 1, 1978, the Plan was frozen. Contributions continued to be required through December 31, 1980. As of January 1, 1981, participants of the Nonuniformed Plan became participants in the City of Little Rock Nonuniformed Employees' Defined Contribution Plan (Defined Contribution Plan), which became effective for all regular, nonuniformed employees of the City as of that date. Currently, the only contributions the City makes to the Plan on an annual basis are those required to make the Plan actuarially sound. These contributions are made on a one year lag. Contributions during 2012 were \$1,080,785. Administrative costs are financed by the Nonuniformed Plan Fund.

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

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

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	<b>2012 Annual Pension Cost and Net Pension Obligation</b>		
	<b>Policemen's</b>	<b>Firemen's</b>	<b>Nonuniformed</b>
	<b>Fund</b>	<b>Fund</b>	<b>Plan</b>
Annual required contributions	\$ 16,901,623	\$ 17,732,753	\$ 1,080,785
Interest on net pension obligation	2,714,904	1,817,832	-
Adjustment to annual required contribution	(12,664,103)	(9,005,344)	-
Annual pension cost	<u>6,952,424</u>	<u>10,545,241</u>	<u>1,080,785</u>
Contributions made	<u>4,592,703</u>	<u>4,202,598</u>	<u>1,080,785</u>
Increase (decrease) in net pension obligation	2,359,721	6,342,643	-
Net pension obligation, beginning of the year	<u>54,719,309</u>	<u>37,164,459</u>	<u>969,309</u>
Net pension obligation, end of the year	<u>\$ 57,079,030</u>	<u>\$ 43,507,102</u>	<u>\$ 969,309</u>

***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, 2011. Actuarial assumptions used in evaluating the fund include entry age cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2012, was 30 years.

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**Three-Year Trend Information**

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2010	\$ 9,117,099	48%	\$ 51,320,913
	12/31/2011	7,520,756	55%	54,719,309
	12/31/2012	6,952,424	66%	57,079,030
Firemen's Fund	12/31/2010	\$ 14,203,845	29%	\$ 29,594,079
	12/31/2011	11,346,905	33%	37,164,459
	12/31/2012	10,545,241	40%	43,507,102
Nonuniformed Plan	12/31/2010	\$ 1,085,570	100%	\$ 969,309
	12/31/2011	1,184,109	100%	969,309
	12/31/2012	1,080,785	100%	969,309

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

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

**Agent Multiple-Employer Defined Benefit Pension Plan**

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

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

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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 14.23% for participating policemen and 17.58% for participating firemen.

***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 2012, employer and employee contributions to the Plan were \$2,139,921 and \$1,335,563, 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 2012, employer and employee contributions to the plan were \$344,784 and \$389,658, respectively.

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**Actuarial Assumptions**

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

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

**Note 7: Other Postemployment Benefits**

*Plan Description:* The City of Little Rock sponsors and administers an informal single-employer defined benefit healthcare plan (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 healthcare plan after retirement. In addition, members employed at least 5 years with age plus service exceeding 70 at retirement are eligible for benefits. The State of Arkansas has the authority to establish and amend the requirements of this statute. The City does not issue stand alone financial statements of the plan but all required information is presented in this report.



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*Funding Policy:* The contribution requirements of plan members are established by the City and may be amended as needed for the first six months of retirement. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. After paying full premiums for six months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). The plan has 220 retired participants who pay monthly premiums between \$86 for single coverage and \$692 for family coverage.

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

Annual required contribution	\$ 964,367
30-year amortization of beginning of year net OPEB assets	19,208
Interest on net OPEB asset	<u>(16,685)</u>
Annual OPEB Cost	966,890
Total annual employer contribution	<u>(969,882)</u>
Increase in net OPEB asset	2,992
Net OPEB asset – beginning of year	<u>238,354</u>
Net OPEB asset – end of year	<u>\$ 241,346</u>

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

Service cost	\$ 296,531
Amortization of unfunded obligation	604,747
Interest to end-of-year	<u>63,089</u>
ARC	<u>\$ 964,367</u>

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/12	\$966,890	100%	\$241,346
12/31/11	\$797,768	100%	\$238,354
12/31/10	\$788,459	72%	\$240,905
12/31/09	\$854,854	155%	\$466,392

*Funded Status and Funding Progress:* As of January 1, 2012, the most recent actuarial valuation date, the OPEB plan was 16.1% funded. The actuarial accrued liability for benefits was \$9,565,518, and the actuarial value of assets was \$1,535,885, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,029,633. The covered payroll (annual payroll of active employees covered by the plan) was \$100,573,412, and the ratio of the UAAL to the covered payroll was 7.98%.

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

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

In the January 1, 2012, 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 healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**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, 2011 to December 31, 2012:

Liability balance, January 1, 2011	\$ 1,241,203
Claims and changes in estimates	1,262,846
Claims payments	<u>(781,964)</u>
Liability balance, December 31, 2011	1,722,085
Claims and changes in estimates	253,770
Claims payments	<u>(214,995)</u>
Liability balance, December 31, 2012	<u><u>\$ 1,760,860</u></u>

***Insurance Coverage***

The City and its component units have various insurance policies to cover their potential liability risk areas (*i.e.*, automobile, personal property, contents and outside structures and workers' compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2011 to 2012; nor have settlement amounts exceeded insurance coverage for each of the past three years.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**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, 2012, property taxes receivable and related deferred revenues of \$47,925,776 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.

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

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2011 for 2012 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	3.30	3.30
Library capital improvement bonds	2.00	2.00
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	1.45	1.45
Total	<u>17.05</u>	<u>17.05</u>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**Note 10: Landfill Closure and Postclosure Care Cost**

Federal and state laws and regulations require the Solid Waste Landfill to close the new landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$4,280,589 is based on 19.25% use of Class I Waste total constructed capacity, and 33.57% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,763,626 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 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

**Note 11: Other Required Disclosures**

The following governmental and enterprise funds have deficit net position as of December 31, 2012:

<b>Fund</b>	<b><u>Deficit Amount</u></b>
Vehicle Storage	\$ (714,452)
1988 Capital Improvements Fund	(285)
Grant Fund	<u>(2,397)</u>
 Total deficit net position	 <u><u>\$ (717,134)</u></u>

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

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**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.

**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, 2012, the aggregate principal amount payable on these bonds was approximately \$231,635,793.

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**Note 14: Jointly Governed Organization**

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

**Note 15: Fund Balance**

The City classified governmental fund balances as follows:

	General Fund	2012 Central Arkansas Library Capital Improvements	Sales Tax Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances</b>					
Nonspendable:					
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays and inventories	1,163,347	-	-	-	1,163,347
Restricted					
Debt service	-	-	-	21,310,539	21,310,539
Grant funds	-	-	-	1,495,057	1,495,057
Library capital projects	-	23,019,916	-	3,326	23,023,242
Street capital projects	-	-	-	3,773,158	3,773,158
Parks and recreation capital projects	-	-	-	551,012	551,012
Infrastructure	-	-	-	42,863	42,863
Capital projects	-	-	-	298,256	298,256
General administration special projects	-	-	3,379,013	265,266	3,644,279
Community programs special projects	-	-	36,823	42,992	79,815
Courts special projects	-	-	-	349,984	349,984
Finance special projects	-	-	-	1,387,664	1,387,664
Human resources special projects	-	-	-	240,742	240,742
Information technology special projects	-	-	1,312,107	2,706	1,314,813
Planning and development special projects	-	-	-	42,557	42,557
Housing and neighborhood programs special projects	-	-	94,196	183,857	278,053
Public works special projects	-	-	3,104,240	1,004,921	4,109,161
Parks special projects	-	-	3,349,506	616,382	3,965,888
Fire special projects	-	-	661,376	233,274	894,650
Police special projects	-	-	9,422,587	51,588	9,474,175
Fleet special projects	-	-	1,085,550	84,369	1,169,919
911	-	-	-	2,823	2,823
Committed					
Cable network	368,577	-	-	-	368,577
Assigned					
General administration special projects	703,106	-	-	-	703,106
Community programs special projects	2,729,126	-	-	-	2,729,126
Finance special projects	92,475	-	-	-	92,475
Human resources special projects	7,179	-	-	-	7,179
Housing and neighborhood programs special projects	725,634	-	-	-	725,634
Public works special projects	318,583	-	-	-	318,583
Parks special projects	553,067	-	-	-	553,067
Fire special projects	260,000	-	-	-	260,000
Police special projects	1,483,971	-	-	-	1,483,971
Fleet special projects	45,000	-	-	-	45,000
Zoo special projects	583,938	-	-	-	583,938
Unassigned	17,456,493	-	-	(2,397)	17,454,096
<b>Total Fund Balances</b>	<b>\$ 26,490,496</b>	<b>\$ 23,019,916</b>	<b>\$ 22,445,398</b>	<b>\$ 31,980,939</b>	<b>\$ 103,936,749</b>

**City of Little Rock, Arkansas**  
**Notes to Financial Statements**  
**December 31, 2012**

**Note 16: Subsequent Events**

Subsequent to year end, the City approved the issuance of a \$7,700,000 promissory note to advance the construction of police and fire facilities and purchase software and equipment for public safety and information technology projects included in the priority needs capital projects listing for the 3/8-cent sales tax.

Also subsequent to year end, the City approved the issuance of the Limited Tax General Obligation Capital Improvement Bonds Series 2013 in the amount of \$58,360,000. The bonds are being issued to finance various street and drainage capital improvements for the City.



## **Required Supplementary Information**

**City of Little Rock, Arkansas**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 17,648,900	\$ 17,872,900	\$ 25,821,662	\$ 7,948,762
Sales taxes	92,199,900	95,499,900	94,537,360	(962,540)
Licenses and permits	9,664,800	9,664,800	10,116,957	452,157
Intergovernmental	2,190,000	2,424,675	5,936,254	3,511,579
Charges for services	4,901,300	4,901,300	4,814,172	(87,128)
Fines and fees	3,409,700	3,259,700	2,912,914	(346,786)
Utility franchise fees	26,332,200	26,992,200	27,421,687	429,487
Investment income	25,000	25,000	25,401	401
Miscellaneous	868,500	868,500	1,621,205	752,705
<b>Total revenues</b>	<b>157,240,300</b>	<b>161,508,975</b>	<b>173,207,612</b>	<b>11,698,637</b>
<b>Expenditures</b>				
<b>General government:</b>				
General administration	21,821,608	21,689,384	19,228,808	2,460,576
Board of directors	236,721	236,721	217,311	19,410
Community programs	375,610	350,800	3,527,761	(3,176,961)
City attorney	1,620,798	1,544,786	1,503,063	41,723
District court-first division (criminal)	1,358,190	1,235,628	1,149,362	86,266
District court-third division (environmental)	546,736	539,090	550,962	(11,872)
District court-second division (traffic)	1,187,972	1,175,072	1,127,677	47,395
Finance	2,753,231	2,840,211	2,812,126	28,085
Human resources	1,494,036	1,332,191	1,357,214	(25,023)
Information technology	4,140,165	3,934,777	3,583,747	351,030
Planning and development	2,392,680	1,883,190	1,837,973	45,217
<b>Total general government</b>	<b>37,927,747</b>	<b>36,761,850</b>	<b>36,896,004</b>	<b>(134,154)</b>
Public works	1,124,698	1,006,042	2,643,553	(1,637,511)
Parks and recreation services	8,528,829	7,887,321	7,987,534	(100,213)
Fire	36,255,791	36,376,026	41,480,208	(5,104,182)
Police	55,007,824	53,588,593	60,105,285	(6,516,692)
Fleet	-	-	800,000	(800,000)
Housing and neighborhood programs	4,678,013	4,174,664	4,969,142	(794,478)
Debt service				
Principal	-	-	3,513,344	(3,513,344)
Interest	-	-	248,308	(248,308)
Vacancy savings	(3,500,000)	-	-	-
<b>Total expenditures</b>	<b>140,022,902</b>	<b>139,794,496</b>	<b>158,643,378</b>	<b>(18,848,882)</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>				
Expenditures	17,217,398	21,714,479	14,564,234	(7,150,245)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,319,515	1,319,515	4,121,708	2,802,193
Transfers out	(18,536,913)	(23,223,469)	(18,203,602)	5,019,867
<b>Total other financing sources (uses)</b>	<b>(17,217,398)</b>	<b>(21,903,954)</b>	<b>(14,081,894)</b>	<b>7,822,060</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(189,475)</b>	<b>482,340</b>	<b>671,815</b>
<b>Fund Balances, Beginning of Year</b>	<b>26,008,156</b>	<b>26,008,156</b>	<b>26,008,156</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 26,008,156</b>	<b>\$ 25,818,681</b>	<b>\$ 26,490,496</b>	<b>\$ 671,815</b>

**City of Little Rock, Arkansas**  
**Notes to Required Supplementary Information**  
**December 31, 2012**

***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 2012.

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, 2012**

	<b>Year Ended December 31,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
Policemen’s Pension and Relief Fund	2005	\$ 12,390,853	62%
	2006	12,702,038	34%
	2007	12,702,038	39%
	2008	11,319,361	37%
	2009	14,536,473	31%
	2010	17,295,532	25%
	2011	16,526,312	25%
	2012	16,901,623	27%
Firemen’s Pension and Relief Fund	2005	5,161,220	79%
	2006	7,275,892	79%
	2007	8,175,513	60%
	2008	8,926,574	46%
	2009	12,985,428	34%
	2010	17,621,937	23%
	2011	16,539,937	23%
	2012	17,732,753	24%
Nonuniformed Employees’ Defined Benefit Pension Plan	2005	637,219	145%
	2006	582,380	94%
	2007	305,877	109%
	2008	305,877	114%
	2009	1,085,570	35%
	2010	1,085,570	100%
	2011	1,184,109	100%
	2012	1,080,785	100%

**City of Little Rock, Arkansas**  
**Defined Benefit Pension Plans – Required Supplementary Information**  
**Schedules of Funding Progress**  
**Year Ended December 31, 2012**

	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)
Policemen's Pension and Relief Fund	12/31/03	\$ 61,704,750	\$ 119,454,990	\$ 57,750,240	52%	150,796	38297%
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A
	12/31/07	66,039,832	117,741,185	51,701,353	56%	-	N/A
	12/31/08	49,419,658	116,774,702	67,355,044	42%	-	N/A
	12/31/09	48,503,598	125,307,101	76,803,503	39%	-	N/A
	12/31/10	49,007,372	122,302,790	73,295,418	40%	-	N/A
	12/31/11	44,400,843	119,360,791	74,959,948	37%	-	N/A
Firemen's Pension and Relief Fund	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%
	12/31/07	87,533,202	128,341,579	40,808,377	68%	51,914	78608%
	12/31/08	69,120,422	120,255,298	51,134,876	57%	50,640	100977%
	12/31/09	72,865,809	146,915,849	74,050,040	50%	-	N/A
	12/31/10	73,204,203	146,560,047	73,355,844	50%	-	N/A
	12/31/11	66,306,657	144,952,727	78,646,070	46%	-	N/A
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/08	10,833,304	12,185,081	2,573,410	70%	1,602,197	160%
	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%
	1/1/10	10,287,483	13,617,399	3,329,916	76%	1,556,556	214%
	1/1/11	11,052,598	13,740,039	2,687,441	80%	1,363,205	197%

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

**City of Little Rock, Arkansas**  
**Required Supplemental Information**  
**Other Postemployment Benefit Plans**  
**Schedule of Funding Progress**  
**Year Ended December 31, 2012**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage Of Covered Payroll</b>
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%

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

## NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

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

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

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

**2012 CENTRAL ARKANSAS LIBRARY** – The 2012 Central Arkansas Library bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2012 bonds are limited obligations, payable solely from the collections of the Library Tax.

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

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

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

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

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

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

**2008 AND 2009 CENTRAL ARKANSAS LIBRARY CAPITAL IMPROVEMENTS** – The 2008 and 2009 Central Arkansas Library capital improvement bonds were issued for the purpose of acquiring, constructing



**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**

and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System.

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

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Governmental Funds – Nonmajor**  
**December 31, 2012**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,894,087	\$ 8,736,112	\$ 738,198	\$ 15,368,397
Restricted cash	-	8,040,784	554,811	8,595,595
Investments	3,025,601	6,492,491	548,609	10,066,701
Accounts receivable	9,272,744	7,853,611	2	17,126,357
Interest receivable	4,791	19,095	861	24,747
Inventories	1,400,737	-	-	1,400,737
Prepaid expenditures and other	362,983	-	-	362,983
Total assets	<u>\$ 19,960,943</u>	<u>\$ 31,142,093</u>	<u>\$ 1,842,481</u>	<u>\$ 52,945,517</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 520,735	\$ -	\$ 260,485	\$ 781,220
Due to other funds	2,361,986	538,327	585	2,900,898
Deferred revenue	7,260,416	10,022,044	-	17,282,460
Total liabilities	<u>10,143,137</u>	<u>10,560,371</u>	<u>261,070</u>	<u>20,964,578</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	9,820,203	20,581,722	1,581,411	31,983,336
Unassigned	(2,397)	-	-	(2,397)
Total fund balances	<u>9,817,806</u>	<u>20,581,722</u>	<u>1,581,411</u>	<u>31,980,939</u>
Total liabilities and fund balances	<u>\$ 19,960,943</u>	<u>\$ 31,142,093</u>	<u>\$ 1,842,481</u>	<u>\$ 52,945,517</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds – Nonmajor**  
**Year Ended December 31, 2012**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Revenues</b>				
General property taxes	\$ 5,257,285	\$ 19,230,840	\$ -	\$ 24,488,125
Licenses and permits	20,988	-	-	20,988
Intergovernmental	25,956,974	-	-	25,956,974
Charges for services	2,270,212	-	-	2,270,212
Fines and fees	1,117,470	-	-	1,117,470
Utility franchise taxes	-	1,754,638	-	1,754,638
Investment income	7,530	61,367	7,188	76,085
Contributions and donations	983,438	-	-	983,438
Miscellaneous	1,735,193	-	-	1,735,193
	<u>37,349,090</u>	<u>21,046,845</u>	<u>7,188</u>	<u>58,403,123</u>
Total revenues				
<b>Expenditures</b>				
General government				
General administration	6,216,971	-	-	6,216,971
Community programs	17,824	-	-	17,824
District court - second division (traffic)	8,209	-	-	8,209
District court - third division (environment)	4,724	-	-	4,724
Finance	55,817	-	-	55,817
Human resource	129,969	-	-	129,969
Information technology	-	-	73,296	73,296
Planning and development	141,817	-	-	141,817
	<u>6,575,331</u>	<u>-</u>	<u>73,296</u>	<u>6,648,627</u>
Total general government				
Public works	15,984,979	-	3,833,541	19,818,520
Parks and recreation services	1,222,229	-	269,192	1,491,421
Zoo	-	-	342,891	342,891
Fire	2,724,153	-	2,019,519	4,743,672
Police	4,112,958	-	557,256	4,670,214
Fleet	292,608	-	-	292,608
Education	-	-	7,825,671	7,825,671
Housing and neighborhood programs	7,370,092	-	-	7,370,092
Debt service				
Principal	-	18,855,000	-	18,855,000
Interest	-	2,741,716	-	2,741,716
Agent fees	-	13,016	-	13,016
	<u>38,282,350</u>	<u>21,609,732</u>	<u>14,921,366</u>	<u>74,813,448</u>
Total expenditures				
<b>Excess (Deficiency) of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(933,260)</u>	<u>(562,887)</u>	<u>(14,914,178)</u>	<u>(16,410,325)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issuance	-	5,952,514	-	5,952,514
Payment to refunded bond escrow agent	-	(6,350,143)	-	(6,350,143)
Transfers in	1,399,187	4,150,862	89	5,550,138
Transfers out	(1,242,572)	(2,250,389)	(89)	(3,493,050)
	<u>156,615</u>	<u>1,502,844</u>	<u>-</u>	<u>1,659,459</u>
Total other financing sources				
<b>Net Change in Fund Balances</b>	(776,645)	939,957	(14,914,178)	(14,750,866)
<b>Fund Balances, Beginning of Year</b>	<u>10,594,451</u>	<u>19,641,765</u>	<u>16,495,589</u>	<u>46,731,805</u>
<b>Fund Balances, End of Year</b>	<u>\$ 9,817,806</u>	<u>\$ 20,581,722</u>	<u>\$ 1,581,411</u>	<u>\$ 31,980,939</u>

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Special Revenue Funds – Nonmajor**  
**December 31, 2012**

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
<b>Assets</b>									
Cash and cash equivalents	\$ 1,319,973	\$ 2,728,610	\$ 24,761	\$ -	\$ 475,360	\$ 1,007,632	\$ 74,994	\$ 262,757	\$ 5,894,087
Investments	980,492	2,026,707	18,402	-	-	-	-	-	3,025,601
Accounts receivable	6,910,152	25,638	-	338,084	1,749,169	211,310	-	38,391	9,272,744
Interest receivable	1,553	3,209	29	-	-	-	-	-	4,791
Inventories	-	-	-	-	-	1,233,847	-	166,890	1,400,737
Prepaid expenditures and other	-	-	-	362,983	-	-	-	-	362,983
Total assets	<u>\$ 9,212,170</u>	<u>\$ 4,784,164</u>	<u>\$ 43,192</u>	<u>\$ 701,067</u>	<u>\$ 2,224,529</u>	<u>\$ 2,452,789</u>	<u>\$ 74,994</u>	<u>\$ 468,038</u>	<u>\$ 19,960,943</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 239,963	\$ 251,547	\$ 330	\$ 117	\$ 16,519	\$ 11,589	\$ 525	\$ 145	\$ 520,735
Due to other funds	-	-	-	698,127	175,354	1,412,052	50,777	25,676	2,361,986
Deferred revenue	5,199,050	26,313	-	-	2,035,053	-	-	-	7,260,416
Total liabilities	<u>5,439,013</u>	<u>277,860</u>	<u>330</u>	<u>698,244</u>	<u>2,226,926</u>	<u>1,423,641</u>	<u>51,302</u>	<u>25,821</u>	<u>10,143,137</u>
<b>Fund Balances (deficit)</b>									
Restricted	3,773,157	4,506,304	42,862	2,823	-	1,029,148	23,692	442,217	9,820,203
Unassigned	-	-	-	-	(2,397)	-	-	-	(2,397)
Total fund balances (deficit)	<u>3,773,157</u>	<u>4,506,304</u>	<u>42,862</u>	<u>2,823</u>	<u>(2,397)</u>	<u>1,029,148</u>	<u>23,692</u>	<u>442,217</u>	<u>9,817,806</u>
Total liabilities and fund balances	<u>\$ 9,212,170</u>	<u>\$ 4,784,164</u>	<u>\$ 43,192</u>	<u>\$ 701,067</u>	<u>\$ 2,224,529</u>	<u>\$ 2,452,789</u>	<u>\$ 74,994</u>	<u>\$ 468,038</u>	<u>\$ 19,960,943</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Special Revenue Funds – Nonmajor**  
**Year Ended December 31, 2012**

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
<b>Revenues</b>									
General property taxes	\$ 5,257,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,257,285
Licenses and permits	-	20,988	-	-	-	-	-	-	20,988
Intergovernmental	8,748,042	432,716	-	-	10,872,589	4,928,156	-	975,471	25,956,974
Charges for services	10,645	954,634	-	1,304,933	-	-	-	-	2,270,212
Fines and fees	-	1,117,470	-	-	-	-	-	-	1,117,470
Investment income	3,598	202	98	-	3,647	-	(15)	-	7,530
Contribution and donations	-	575,671	-	-	407,767	-	-	-	983,438
Miscellaneous	141,722	725,712	-	-	(1,251)	846,414	17,336	5,260	1,735,193
<b>Total revenues</b>	<b>14,161,292</b>	<b>3,827,393</b>	<b>98</b>	<b>1,304,933</b>	<b>11,282,752</b>	<b>5,774,570</b>	<b>17,321</b>	<b>980,731</b>	<b>37,349,090</b>
<b>Expenditures</b>									
<b>General government</b>									
General administration	-	325,296	-	-	5,891,675	-	-	-	6,216,971
Community programs	-	17,824	-	-	-	-	-	-	17,824
District court – second division (traffic)	-	8,209	-	-	-	-	-	-	8,209
District court – third division (environment)	-	4,724	-	-	-	-	-	-	4,724
Finance	-	55,817	-	-	-	-	-	-	55,817
Human resource	-	129,969	-	-	-	-	-	-	129,969
Planning and development	-	53,904	-	-	87,913	-	-	-	141,817
<b>Total general government</b>	<b>-</b>	<b>595,743</b>	<b>-</b>	<b>-</b>	<b>5,979,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,575,331</b>
<b>Public works</b>									
Public works	15,090,056	204,185	15,098	-	675,640	-	-	-	15,984,979
Parks and recreation services	-	1,144,786	-	-	77,443	-	-	-	1,222,229
Fire	-	558,312	-	-	2,165,841	-	-	-	2,724,153
Police	-	438,375	-	1,304,932	2,369,651	-	-	-	4,112,958
Fleet	-	278,018	-	-	14,590	-	-	-	292,608
Housing and neighborhood programs	-	186,079	-	-	-	6,011,133	102,647	1,070,233	7,370,092
<b>Total expenditures</b>	<b>15,090,056</b>	<b>3,405,498</b>	<b>15,098</b>	<b>1,304,932</b>	<b>11,282,753</b>	<b>6,011,133</b>	<b>102,647</b>	<b>1,070,233</b>	<b>38,282,350</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(928,764)</b>	<b>421,895</b>	<b>(15,000)</b>	<b>1</b>	<b>(1)</b>	<b>(236,563)</b>	<b>(85,326)</b>	<b>(89,502)</b>	<b>(933,260)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	1,318,273	-	-	-	-	80,914	-	-	1,399,187
Transfers out	(466,217)	(695,441)	-	-	-	-	(80,914)	-	(1,242,572)
<b>Total other financing sources (uses)</b>	<b>852,056</b>	<b>(695,441)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,914</b>	<b>(80,914)</b>	<b>-</b>	<b>156,615</b>
<b>Net Change in Fund Balances</b>	<b>(76,708)</b>	<b>(273,546)</b>	<b>(15,000)</b>	<b>1</b>	<b>(1)</b>	<b>(155,649)</b>	<b>(166,240)</b>	<b>(89,502)</b>	<b>(776,645)</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,849,865</b>	<b>4,779,850</b>	<b>57,862</b>	<b>2,822</b>	<b>(2,396)</b>	<b>1,184,797</b>	<b>189,932</b>	<b>531,719</b>	<b>10,594,451</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,773,157</b>	<b>\$ 4,506,304</b>	<b>\$ 42,862</b>	<b>\$ 2,823</b>	<b>\$ (2,397)</b>	<b>\$ 1,029,148</b>	<b>\$ 23,692</b>	<b>\$ 442,217</b>	<b>\$ 9,817,806</b>

**City of Little Rock, Arkansas**  
**Combining Balance Sheet**  
**Debt Service Funds – Nonmajor**  
**December 31, 2012**

	<b>2007 Capital Improvements</b>	<b>2002 Junior Lien</b>	<b>2008 &amp; 2009 Central Arkansas Library</b>	<b>2009A Parks and Recreation</b>	<b>2004 Central Arkansas Library</b>	<b>2012 Central Arkansas Library</b>	<b>2004 Bond Fund</b>	<b>Total</b>
<b>Assets</b>								
Cash and cash equivalents	\$ 10,975	\$ 11,081	\$ 2,095,563	\$ -	\$ -	\$ 27,447	\$ 6,591,046	\$ 8,736,112
Restricted cash	501	500	3,546,664	2,651,183	-	1,841,936	-	8,040,784
Investments	8,157	8,236	1,557,378	-	-	20,398	4,898,322	6,492,491
Accounts receivable	-	-	3,778,576	-	-	3,432,994	642,041	7,853,611
Interest receivable	13	13	2,466	8,815	-	32	7,756	19,095
Total assets	<u>\$ 19,646</u>	<u>\$ 19,830</u>	<u>\$ 10,980,647</u>	<u>\$ 2,659,998</u>	<u>\$ -</u>	<u>\$ 5,322,807</u>	<u>\$ 12,139,165</u>	<u>\$ 31,142,093</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ 538,327	\$ -	\$ -	\$ -	\$ 538,327
Deferred revenue	-	-	6,788,068	-	-	3,233,976	-	10,022,044
Total liabilities	<u>-</u>	<u>-</u>	<u>6,788,068</u>	<u>538,327</u>	<u>-</u>	<u>3,233,976</u>	<u>-</u>	<u>10,560,371</u>
<b>Fund Balances</b>								
Restricted	<u>19,646</u>	<u>19,830</u>	<u>4,192,579</u>	<u>2,121,671</u>	<u>-</u>	<u>2,088,831</u>	<u>12,139,165</u>	<u>20,581,722</u>
Total fund balances	<u>19,646</u>	<u>19,830</u>	<u>4,192,579</u>	<u>2,121,671</u>	<u>-</u>	<u>2,088,831</u>	<u>12,139,165</u>	<u>20,581,722</u>
Total liabilities and fund balances	<u>\$ 19,646</u>	<u>\$ 19,830</u>	<u>\$ 10,980,647</u>	<u>\$ 2,659,998</u>	<u>\$ -</u>	<u>\$ 5,322,807</u>	<u>\$ 12,139,165</u>	<u>\$ 31,142,093</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Debt Service Funds – Nonmajor**  
**Year Ended December 31, 2012**

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2004 Central Arkansas Library	2012 Central Arkansas Library	2004 Bond Fund	Total
<b>Revenues</b>								
General property taxes	\$ -	\$ -	\$ 3,585,325	\$ -	\$ 3,665,091	\$ -	\$ 11,980,424	\$ 19,230,840
Utility franchise fees	1,437,189	317,449	-	-	-	-	-	1,754,638
Investment income	1,202	292	6,566	6,461	1,412	34,315	11,119	61,367
Total revenues	<u>1,438,391</u>	<u>317,741</u>	<u>3,591,891</u>	<u>6,461</u>	<u>3,666,503</u>	<u>34,315</u>	<u>11,991,543</u>	<u>21,046,845</u>
<b>Expenditures</b>								
Debt Service								
Principal	1,015,000	235,000	3,340,000	130,000	2,890,000	-	11,245,000	18,855,000
Interest	422,188	82,448	1,158,466	368,855	367,478	-	342,281	2,741,716
Agent fees	1,250	1,251	4,500	4,140	1,376	-	499	13,016
Total expenditures	<u>1,438,438</u>	<u>318,699</u>	<u>4,502,966</u>	<u>502,995</u>	<u>3,258,854</u>	<u>-</u>	<u>11,587,780</u>	<u>21,609,732</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(47)</u>	<u>(958)</u>	<u>(911,075)</u>	<u>(496,534)</u>	<u>407,649</u>	<u>34,315</u>	<u>403,763</u>	<u>(562,887)</u>
<b>Other Financing Sources (Uses)</b>								
Long-term debt issuance	-	-	-	-	5,952,514	-	-	5,952,514
Payment to refunded bond escrow agent	-	-	-	-	(6,350,143)	-	-	(6,350,143)
Transfers in	-	-	195,873	1,900,473	-	2,054,516	-	4,150,862
Transfers out	-	-	-	-	(2,250,389)	-	-	(2,250,389)
Total other financing sources	<u>-</u>	<u>-</u>	<u>195,873</u>	<u>1,900,473</u>	<u>(2,648,018)</u>	<u>2,054,516</u>	<u>-</u>	<u>1,502,844</u>
<b>Net Change in Fund Balances</b>	<u>(47)</u>	<u>(958)</u>	<u>(715,202)</u>	<u>1,403,939</u>	<u>(2,240,369)</u>	<u>2,088,831</u>	<u>403,763</u>	<u>939,957</u>
<b>Fund Balances, Beginning of Year</b>	<u>19,693</u>	<u>20,788</u>	<u>4,907,781</u>	<u>717,732</u>	<u>2,240,369</u>	<u>-</u>	<u>11,735,402</u>	<u>19,641,765</u>
<b>Fund Balances, End of Year</b>	<u>\$ 19,646</u>	<u>\$ 19,830</u>	<u>\$ 4,192,579</u>	<u>\$ 2,121,671</u>	<u>\$ -</u>	<u>\$ 2,088,831</u>	<u>\$ 12,139,165</u>	<u>\$ 20,581,722</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Funds – Nonmajor**  
**Year Ended December 31, 2012**

	1998 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 417,967	\$ -	\$ 312,400	\$ 5,924	\$ 1,907	\$ -	\$ 738,198
Restricted cash	-	-	-	-	-	554,811	554,811
Investments	310,624	-	232,169	4,399	1,417	-	548,609
Accounts receivable	-	-	-	-	2	-	2
Interest receivable	492	-	368	1	-	-	861
	<u>729,083</u>	<u>-</u>	<u>544,937</u>	<u>10,324</u>	<u>3,326</u>	<u>554,811</u>	<u>1,842,481</u>
Total assets	<u>\$ 729,083</u>	<u>\$ -</u>	<u>\$ 544,937</u>	<u>\$ 10,324</u>	<u>\$ 3,326</u>	<u>\$ 554,811</u>	<u>\$ 1,842,481</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 265	\$ -	\$ 256,720	\$ -	\$ -	\$ 3,500	\$ 260,485
Due to other funds	-	285	-	-	-	300	585
	<u>265</u>	<u>285</u>	<u>256,720</u>	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>261,070</u>
Total liabilities	<u>265</u>	<u>285</u>	<u>256,720</u>	<u>-</u>	<u>-</u>	<u>3,800</u>	<u>261,070</u>
<b>Fund Balances</b>							
Restricted	<u>728,818</u>	<u>(285)</u>	<u>288,217</u>	<u>10,324</u>	<u>3,326</u>	<u>551,011</u>	<u>1,581,411</u>
Total liabilities and fund balances	<u>\$ 729,083</u>	<u>\$ -</u>	<u>\$ 544,937</u>	<u>\$ 10,324</u>	<u>\$ 3,326</u>	<u>\$ 554,811</u>	<u>\$ 1,842,481</u>



**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Capital Project Funds – Nonmajor**  
**Year Ended December 31, 2012**

	1998 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	Total
<b>Revenues</b>							
Investment income and unrealized gains	\$ 1,426	\$ 43	\$ 4,824	\$ 72	\$ 739	\$ 84	\$ 7,188
Total revenues	1,426	43	4,824	72	739	84	7,188
<b>Expenditures</b>							
General government							
Information technology	-	-	73,296	-	-	-	73,296
Total general government	-	-	73,296	-	-	-	73,296
Public works	251,300	862,739	2,719,502	-	-	-	3,833,541
Parks and recreation services	-	-	-	-	-	269,192	269,192
Zoo	-	-	-	37,611	-	305,280	342,891
Fire	-	-	2,019,519	-	-	-	2,019,519
Police	-	-	557,256	-	-	-	557,256
Education	-	-	-	-	7,825,671	-	7,825,671
Total expenditures	251,300	862,739	5,369,573	37,611	7,825,671	574,472	14,921,366
<b>Deficiency of Revenues Over Expenditures</b>	<b>(249,874)</b>	<b>(862,696)</b>	<b>(5,364,749)</b>	<b>(37,539)</b>	<b>(7,824,932)</b>	<b>(574,388)</b>	<b>(14,914,178)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	89	-	-	-	-	-	89
Transfers out	-	(89)	-	-	-	-	(89)
Total other financing sources (uses)	89	(89)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(249,785)</b>	<b>(862,785)</b>	<b>(5,364,749)</b>	<b>(37,539)</b>	<b>(7,824,932)</b>	<b>(574,388)</b>	<b>(14,914,178)</b>
<b>Fund Balances, Beginning of Year</b>	<b>978,603</b>	<b>862,500</b>	<b>5,652,966</b>	<b>47,863</b>	<b>7,828,258</b>	<b>1,125,399</b>	<b>16,495,589</b>
<b>Fund Balances, End of Year</b>	<b>\$ 728,818</b>	<b>\$ (285)</b>	<b>\$ 288,217</b>	<b>\$ 10,324</b>	<b>\$ 3,326</b>	<b>\$ 551,011</b>	<b>\$ 1,581,411</b>

**City of Little Rock, Arkansas**  
**Budgetary Comparison Schedule**  
**Street Fund**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
General property taxes	\$ 5,040,000	\$ 5,040,000	\$ 5,257,285	\$ 217,285
Intergovernmental	9,770,794	8,920,794	8,748,042	(172,752)
Charges for services	9,000	9,000	10,645	1,645
Investment income	1,000	1,000	3,598	2,598
Miscellaneous	15,000	15,000	141,722	126,722
<b>Total revenues</b>	<b>14,835,794</b>	<b>13,985,794</b>	<b>14,161,292</b>	<b>175,498</b>
<b>Expenditures</b>				
Public works	16,085,395	16,085,395	15,090,056	995,339
<b>Total expenditures</b>	<b>16,085,395</b>	<b>16,085,395</b>	<b>15,090,056</b>	<b>995,339</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,249,601)</b>	<b>(2,099,601)</b>	<b>(928,764)</b>	<b>1,170,837</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,715,818	1,715,818	1,318,273	(397,545)
Transfers out	(466,217)	(1,351,817)	(466,217)	885,600
<b>Total other financing sources</b>	<b>1,249,601</b>	<b>364,001</b>	<b>852,056</b>	<b>488,055</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(1,735,600)</b>	<b>(76,708)</b>	<b>1,658,892</b>
<b>Fund Balances, Beginning of Year</b>	<b>3,849,865</b>	<b>3,849,865</b>	<b>3,849,865</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 3,849,865</b>	<b>\$ 2,114,265</b>	<b>\$ 3,773,157</b>	<b>\$ 1,658,892</b>

## **NONMAJOR ENTERPRISE FUNDS**

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

**PRESIDENTIAL PARK** – Accounts for activities for the site of the William J. Clinton Presidential Library.

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

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

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

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

**City of Little Rock, Arkansas**  
**Combining Statement of Net Position**  
**Enterprise Funds – Nonmajor**  
**December 31, 2012**

	<u>Presidential Park</u>	<u>River Market</u>	<u>Vehicle Storage</u>	<u>Golf Courses</u>	<u>Fitness Center</u>	<u>Total</u>
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ 400
Total current assets	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
<b>Noncurrent assets</b>						
Capital assets						
Buildings and improvements	-	-	205,845	-	-	205,845
Vehicles	-	-	65,058	-	-	65,058
Furniture and equipment	-	-	52,422	-	-	52,422
	<u>-</u>	<u>-</u>	<u>323,325</u>	<u>-</u>	<u>-</u>	<u>323,325</u>
Less accumulated depreciation	-	-	129,465	-	-	129,465
Net capital assets	<u>-</u>	<u>-</u>	<u>193,860</u>	<u>-</u>	<u>-</u>	<u>193,860</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>193,860</u>	<u>-</u>	<u>-</u>	<u>193,860</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 194,260</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 194,260</u></u>

	<b>Presidential Park</b>	<b>River Market</b>	<b>Vehicle Storage</b>	<b>Golf Courses</b>	<b>Fitness Center</b>	<b>Total</b>
<b>Liabilities and Net Position</b>						
<b>Current liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 31,741	\$ -	\$ -	\$ 31,741
Due to other funds	-	-	791,736	-	-	791,736
Compensated absences - current portion	-	-	28,380	-	-	28,380
Unearned revenue	-	-	23,027	-	-	23,027
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>874,884</b>	<b>-</b>	<b>-</b>	<b>874,884</b>
<b>Noncurrent liabilities</b>						
Compensated absences	-	-	33,828	-	-	33,828
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>33,828</b>	<b>-</b>	<b>-</b>	<b>33,828</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>908,712</b>	<b>-</b>	<b>-</b>	<b>908,712</b>
<b>Net Position (Deficit)</b>						
Invested in capital assets, net of related debt	-	-	193,860	-	-	193,860
Unrestricted (deficit)	-	-	(908,312)	-	-	(908,312)
<b>Total net position (deficit)</b>	<b>-</b>	<b>-</b>	<b>(714,452)</b>	<b>-</b>	<b>-</b>	<b>(714,452)</b>
<b>Total liabilities and net position (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194,260</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194,260</b>

**City of Little Rock, Arkansas**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Enterprise Funds – Nonmajor**  
**Year Ended December 31, 2012**

	<b>Presidential Park</b>	<b>River Market</b>	<b>Vehicle Storage</b>	<b>Golf Courses</b>	<b>Fitness Center</b>	<b>Total</b>
<b>Operating Revenues</b>						
Charges for services	\$ -	\$ 542,459	\$ 1,339,718	\$ 1,797,901	\$ 683,632	\$ 4,363,710
Licenses and permits	-	-	20,045	-	-	20,045
Fines and fees	-	88,857	-	-	-	88,857
	<u>-</u>	<u>631,316</u>	<u>1,359,763</u>	<u>1,797,901</u>	<u>683,632</u>	<u>4,472,612</u>
Total operating revenues	-	631,316	1,359,763	1,797,901	683,632	4,472,612
<b>Operating Expenses</b>						
Salaries, wages and employee benefits	-	532,282	610,455	1,207,760	507,202	2,857,699
Supplies and materials	-	62,938	48,208	216,864	38,541	366,551
Services	-	560,376	583,188	597,891	220,704	1,962,159
Repairs and maintenance	-	29,932	21,585	332,459	96,897	480,873
Other	-	-	-	1,833	862	2,695
Depreciation and amortization	28,559	97,694	21,510	86,258	136,139	370,160
	<u>28,559</u>	<u>1,283,222</u>	<u>1,284,946</u>	<u>2,443,065</u>	<u>1,000,345</u>	<u>6,040,137</u>
Total operating expenses	28,559	1,283,222	1,284,946	2,443,065	1,000,345	6,040,137
<b>Operating Income (Loss)</b>	<u>(28,559)</u>	<u>(651,906)</u>	<u>74,817</u>	<u>(645,164)</u>	<u>(316,713)</u>	<u>(1,567,525)</u>
<b>Nonoperating Revenues</b>						
Interest income	10,405	-	-	-	797	11,202
Interest expense	(601,823)	-	-	-	-	(601,823)
Other, net	(6,301)	-	-	-	-	(6,301)
	<u>(597,719)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797</u>	<u>(596,922)</u>
Net nonoperating revenues	(597,719)	-	-	-	797	(596,922)
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(626,278)</u>	<u>(651,906)</u>	<u>74,817</u>	<u>(645,164)</u>	<u>(315,916)</u>	<u>(2,164,447)</u>
<b>Contributions</b>	-	250,000	-	-	-	250,000
<b>Transfers In</b>	804,748	250,000	-	3,578,479	358,972	4,992,199
<b>Transfers Out</b>	(937,377)	(2,175,877)	-	(663,113)	(3,130,979)	(6,907,346)
	<u>(132,629)</u>	<u>(1,675,877)</u>	<u>-</u>	<u>2,915,366</u>	<u>(2,772,007)</u>	<u>(1,665,147)</u>
<b>Changes in Net Position</b>	<u>(758,907)</u>	<u>(2,327,783)</u>	<u>74,817</u>	<u>2,270,202</u>	<u>(3,087,923)</u>	<u>(3,829,594)</u>
<b>Net Position (Deficit), Beginning of Year</b>	<u>758,907</u>	<u>2,327,783</u>	<u>(789,269)</u>	<u>(2,270,202)</u>	<u>3,087,923</u>	<u>3,115,142</u>
<b>Net Position (Deficit), End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (714,452)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (714,452)</u>

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Enterprise Funds – Nonmajor**  
**Year Ended December 31, 2012**

	Presidential Park	River Market	Vehicle Storage	Golf Courses	Fitness Center	Total
<b>Operating Activities</b>						
Receipts from customers	\$ -	\$ 631,316	\$ 1,339,717	\$ 1,797,904	\$ 683,632	\$ 4,452,569
Other receipts	-	-	16,041	-	-	16,041
Payments to employees	-	(549,834)	(638,344)	(6,639,836)	(570,416)	(8,398,430)
Payments to suppliers	-	(116,046)	(48,208)	(257,670)	(38,541)	(460,465)
Payments to service providers	-	(560,376)	(554,413)	(597,891)	(233,205)	(1,945,885)
Other payments	(836,213)	(2,547,735)	(89,203)	(341,450)	(97,759)	(3,912,360)
Net cash provided by (used in) operating activities	(836,213)	(3,142,675)	25,590	(6,038,943)	(256,289)	(10,248,530)
<b>Noncapital Financing Activities</b>						
Transfers from other funds	(937,377)	250,000	(25,590)	1,164,602	575,660	1,027,295
Transfers to other funds	817,418	2,625,818	-	4,872,291	(725,433)	7,590,094
Net cash provided by (used in) noncapital financing activities	(119,959)	2,875,818	(25,590)	6,036,893	(149,773)	8,617,389
<b>Capital and Related Financing Activities</b>						
Purchase of capital assets	-	(45,000)	-	-	-	(45,000)
Principal paid on long-term debt	(390,000)	-	-	-	-	(390,000)
Interest paid	(584,819)	-	-	-	-	(584,819)
Capital contributions	-	250,000	-	-	-	250,000
Net cash provided by (used in) capital and related financing activities	(974,819)	205,000	-	-	-	(769,819)
<b>Investing Activities</b>						
Interest income	10,405	-	-	-	1,500	11,905
Net cash provided by investing activities	10,405	-	-	-	1,500	11,905
<b>Decrease in Cash and Cash Equivalents</b>	(1,920,586)	(61,857)	-	(2,050)	(404,562)	(2,389,055)
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,920,586	61,857	400	2,050	404,562	2,389,455
<b>Cash and Cash Equivalents, End of Year</b>	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ 400
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In)</b>						
<b>Operating Activities</b>						
Operating income (loss)	\$ (28,559)	\$ (651,906)	\$ 74,817	\$ (645,164)	\$ (316,713)	\$ (1,567,525)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization expense	28,559	97,694	21,509	86,258	136,139	370,159
Gain (loss) on disposal of assets	-	-	-	2,368	-	2,368
Changes in assets and liabilities						
Receivables, net	(288,409)	5,544	-	-	-	(282,865)
Due to/due from other funds, net	(541,503)	(2,517,803)	(71,623)	(5,245,554)	-	(8,376,483)
Prepaid expenses	-	7,774	-	-	-	7,774
Inventories	-	-	-	24,155	-	24,155
Accounts payable	-	(66,426)	26,324	(64,961)	(12,501)	(117,564)
Accrued expenses	-	(17,552)	(25,437)	(196,045)	(63,214)	(302,248)
Bond issue costs	(6,301)	-	-	-	-	(6,301)
Net cash provided by (used in) operating activities	\$ (836,213)	\$ (3,142,675)	\$ 25,590	\$ (6,038,943)	\$ (256,289)	\$ (10,248,530)

## **FIDUCIARY FUNDS**

### **TRUST FUNDS**

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

### **AGENCY FUND**

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



**City of Little Rock, Arkansas**  
**Combining Statement of Fiduciary Net Position**  
**December 31, 2012**

	Employee Retirement Plans						Total
	Policemen's Pension And Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
<b>Assets</b>							
Cash and cash equivalents	\$ 1,469,880	\$ 3,842,203	\$ 1,037,492	\$ 171,582	\$ -	\$ 204,729	\$ 6,725,886
Investments							
U. S. government obligations	-	-	2,530,999	611,029	-	-	3,142,028
Equities	10,108,332	19,145,173	16,018,885	4,451,606	-	1,077,385	50,801,381
Mutual funds and other investments	32,010,596	44,070,743	19,041,374	4,743,848	8,650,793	471,319	108,988,673
Receivables							
Accounts receivable	-	-	-	-	107,437	-	107,437
Due from other funds	3,785,471	3,785,471	-	-	-	-	7,570,942
Accrued interest and dividends	211,469	233,977	27,955	12,097	-	1,691	487,189
<b>Total assets</b>	<b>47,585,748</b>	<b>71,077,567</b>	<b>38,656,705</b>	<b>9,990,162</b>	<b>8,758,230</b>	<b>1,755,124</b>	<b>177,823,536</b>
<b>Liabilities</b>							
Accrued liabilities	173	-	-	-	-	-	173
Due to other funds	682	2,089	-	-	-	-	2,771
<b>Total liabilities</b>	<b>855</b>	<b>2,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,944</b>
<b>Net Position</b>							
Net position held in trust	\$ 47,584,893	\$ 71,075,478	\$ 38,656,705	\$ 9,990,162	\$ 8,758,230	\$ 1,755,124	\$ 177,820,592

**City of Little Rock, Arkansas**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Year Ended December 31, 2012**

	Employee Retirement Plans						Total
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
<b>Additions</b>							
Contributions							
Employer	\$ 519,076	\$ 562,755	\$ 2,139,921	\$ 1,080,785	\$ 344,784	\$ 116,099	\$ 4,763,420
Plan members	19,076	62,755	1,335,563	-	389,658	-	1,807,052
Property taxes contributed from general fund	3,690,390	3,690,390	-	-	-	-	7,380,780
State insurance turnback and guarantee fund from general fund	2,245,647	1,037,557	-	-	-	-	3,283,204
Other	433,783	228,707	-	665,435	207,180	3,749	1,538,854
Total contributions	<u>6,907,972</u>	<u>5,582,164</u>	<u>3,475,484</u>	<u>1,746,220</u>	<u>941,622</u>	<u>119,848</u>	<u>18,773,310</u>
Investment income							
Net increase in fair value of investments	2,390,790	4,141,028	2,036,586	550,739	862,990	73,223	10,055,356
Interest and dividends	1,765,713	2,375,975	779,467	227,265	-	42,774	5,191,194
	<u>4,156,503</u>	<u>6,517,003</u>	<u>2,816,053</u>	<u>778,004</u>	<u>862,990</u>	<u>115,997</u>	<u>15,246,550</u>
Less investment expense	202,343	324,906	-	49,663	-	-	576,912
Net investment income	<u>3,954,160</u>	<u>6,192,097</u>	<u>2,816,053</u>	<u>728,341</u>	<u>862,990</u>	<u>115,997</u>	<u>14,669,638</u>
Total additions	<u>10,862,132</u>	<u>11,774,261</u>	<u>6,291,537</u>	<u>2,474,561</u>	<u>1,804,612</u>	<u>235,845</u>	<u>33,442,948</u>
<b>Deductions</b>							
Benefits paid directly to participants	11,830,562	10,989,580	2,757,374	1,643,278	80,176	-	27,300,970
Administrative expenses	44,542	244,667	186,993	-	-	16,606	492,808
Other	8,509	9,849	-	-	-	-	18,358
Total deductions	<u>11,883,613</u>	<u>11,244,096</u>	<u>2,944,367</u>	<u>1,643,278</u>	<u>80,176</u>	<u>16,606</u>	<u>27,812,136</u>
<b>Change in Net Position</b>	(1,021,481)	530,165	3,347,170	831,283	1,724,436	219,239	5,630,812
<b>Net Position Held in Trust, Beginning of Year</b>	48,606,374	70,545,313	35,309,535	9,158,879	7,033,794	1,535,885	172,189,780
<b>Net Position Held in Trust, End of Year</b>	<u>\$ 47,584,893</u>	<u>\$ 71,075,478</u>	<u>\$ 38,656,705</u>	<u>\$ 9,990,162</u>	<u>\$ 8,758,230</u>	<u>\$ 1,755,124</u>	<u>\$ 177,820,592</u>

**City of Little Rock, Arkansas**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund – Court Fund**  
**Year Ended December 31, 2012**

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<b>Assets</b>				
Cash and cash equivalents	\$ 206,520	\$ -	\$ 15,796	\$ 190,724
Accounts receivable	21,849	-	21,849	-
	<u>\$ 228,369</u>	<u>\$ -</u>	<u>\$ 37,645</u>	<u>\$ 190,724</u>
<b>Liabilities</b>				
Accrued liabilities	<u>\$ 228,369</u>	<u>\$ -</u>	<u>\$ 37,645</u>	<u>190,724</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, 2012**

	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
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 30,695	\$ 37,793	\$ 789,390	\$ 3,981,262	\$ 1,298,200	\$ 4,155,315	\$ 409,995	\$ 730,069	\$ 4,113	\$ 7,120,471	\$ 18,557,303
Investments	9,674	-	-	-	4,005,126	-	-	17,345,954	-	-	21,360,754
Restricted cash and investments - current	-	-	2,131,904	-	-	-	1,735,859	302,100	-	-	4,169,863
Accrued interest receivable	-	-	-	-	7,051	-	1,326	-	-	-	8,377
Accounts receivable, net of allowance	23,081	-	1,391,687	227,481	4,696,853	6,546	759,463	1,336,891	165,078	15,536,792	24,143,872
Inventories	-	-	-	-	333,361	433,348	54,478	60,668	-	-	881,855
Prepaid expenses and other	-	-	441,605	37,560	517,346	346,086	44,081	335,557	-	632,154	2,354,389
Total current assets	63,450	37,793	4,754,586	4,246,303	10,857,937	4,941,295	3,005,202	20,111,239	169,191	23,289,417	71,476,413
<b>Noncurrent assets</b>											
<b>Restricted assets</b>											
Cash and cash equivalents	-	-	3,030,337	-	-	-	1,735,859	302,100	-	522,213	5,590,509
Investments	2,481,780	999,301	3,815,314	-	1,168,001	-	-	-	-	2,107,934	10,572,330
Interest receivable	-	-	23	-	-	-	-	-	-	-	23
	2,481,780	999,301	6,845,674	-	1,168,001	-	1,735,859	302,100	-	2,630,147	16,162,862
Less amounts required to meet current obligations	-	-	2,131,904	-	-	-	1,735,859	302,100	-	-	4,169,863
Total restricted assets	2,481,780	999,301	4,713,770	-	1,168,001	-	-	-	-	2,630,147	11,992,999
<b>Capital assets</b>											
Land	79,460	13,089	3,172,328	4,240,643	260,781	1,684,690	-	150,221	-	3,615,098	13,216,310
Construction in progress	11,828	-	794,719	49,426	571,138	-	-	-	-	11,521,808	12,948,919
Buildings, improvements and other facilities	136,696	99,211	53,366,219	29,053,265	1,814,215	34,961,299	3,952,309	14,757,191	-	70,320,365	208,460,770
Vehicles	11,834	-	-	-	6,760,395	32,255,704	-	-	-	-	39,027,933
Furniture and equipment	158,907	-	4,290,217	118,899	5,110,591	7,276,746	9,946,597	4,473,069	71,877	9,168,415	40,615,318
Books/AV materials	-	-	-	-	-	-	-	-	-	18,870,206	18,870,206
Other	-	-	2,699,782	-	979,184	-	-	-	-	311,655	3,990,621
	398,725	112,300	64,323,265	33,462,233	15,496,304	76,178,439	13,898,906	19,380,481	71,877	113,807,547	337,130,077
Less accumulated depreciation	219,851	9,921	29,651,115	14,337,285	11,634,150	33,659,528	4,887,313	10,775,336	42,732	33,449,123	138,666,354
Net capital assets	178,874	102,379	34,672,150	19,124,948	3,862,154	42,518,911	9,011,593	8,605,145	29,145	80,358,424	198,463,723
<b>Other assets</b>											
Deferred bond issue costs	-	-	28,946	-	-	-	-	-	-	-	28,946
Other	-	-	5,041	-	6,135	-	-	732,242	-	18,069	761,487
Total other assets	-	-	33,987	-	6,135	-	-	732,242	-	18,069	790,433
Total noncurrent assets	2,660,654	1,101,680	39,419,907	19,124,948	5,036,290	42,518,911	9,011,593	9,337,387	29,145	83,006,640	211,247,155
Total assets	\$ 2,724,104	\$ 1,139,473	\$ 44,174,493	\$ 23,371,251	\$ 15,894,227	\$ 47,460,206	\$ 12,016,795	\$ 29,448,626	\$ 198,336	\$ 106,296,057	\$ 282,723,568

## Liabilities and Net Position

### Current liabilities

Accounts payable	\$ -	\$ -	\$ 1,039,043	\$ 1,631	\$ 531,366	\$ 142,130	\$ 544,121	\$ 210,817	\$ 166,040	\$ 766,808	\$ 3,401,956
Accrued wages payable and related liabilities	-	-	300,341	22,648	-	1,047,199	-	-	1,056	283,595	1,654,839
Bonds payable - current portion	-	-	1,940,000	-	-	-	-	-	-	190,000	2,130,000
Capital lease payable - current portion	-	-	-	-	-	-	-	19,438	-	-	19,438
Compensated absences - current portion	-	-	-	17,919	-	-	-	-	21,582	1,008,239	1,047,740
Deferred revenue	-	-	180,107	-	410,885	-	167,428	1,626,691	-	41,954	2,427,065
Accrued expenses and other	-	-	580,476	6,836	908,603	6,282	85,025	1,496,248	-	1,500,000	4,583,470
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>4,039,967</b>	<b>49,034</b>	<b>1,850,854</b>	<b>1,195,611</b>	<b>796,574</b>	<b>3,353,194</b>	<b>188,678</b>	<b>3,790,596</b>	<b>15,264,508</b>

### Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	4,737,113	-	-	-	-	-	-	3,000,000	7,737,113
Capital lease obligation	-	-	-	-	-	-	-	30,696	-	-	30,696
Other long-term liabilities	-	-	-	102,274	-	-	-	-	-	611,830	714,104
Compensated absences	-	-	-	152,310	-	-	-	-	-	-	152,310
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>4,737,113</b>	<b>254,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,696</b>	<b>-</b>	<b>3,611,830</b>	<b>8,634,223</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>8,777,080</b>	<b>303,618</b>	<b>1,850,854</b>	<b>1,195,611</b>	<b>796,574</b>	<b>3,383,890</b>	<b>188,678</b>	<b>7,402,426</b>	<b>23,898,731</b>

### Net Position (Deficit)

Net investment in capital assets	178,874	102,379	28,023,983	19,124,948	3,862,154	42,518,911	9,011,593	1,452,261	-	77,196,269	181,471,372
Restricted - expendable	1,872,055	999,301	3,623,432	-	-	1,741,989	2,093,395	2,095,073	-	546,420	12,971,665
Restricted - nonexpendable	-	-	-	-	-	-	-	4,055,981	-	491,862	4,547,843
Unrestricted	673,175	37,793	3,749,998	3,942,685	10,181,219	2,003,695	115,233	18,461,421	9,658	20,659,080	59,833,957
<b>Total net position</b>	<b>2,724,104</b>	<b>1,139,473</b>	<b>35,397,413</b>	<b>23,067,633</b>	<b>14,043,373</b>	<b>46,264,595</b>	<b>11,220,221</b>	<b>26,064,736</b>	<b>9,658</b>	<b>98,893,631</b>	<b>258,824,837</b>
<b>Total liabilities and net position</b>	<b>\$ 2,724,104</b>	<b>\$ 1,139,473</b>	<b>\$ 44,174,493</b>	<b>\$ 23,371,251</b>	<b>\$ 15,894,227</b>	<b>\$ 47,460,206</b>	<b>\$ 12,016,795</b>	<b>\$ 29,448,626</b>	<b>\$ 198,336</b>	<b>\$ 106,296,057</b>	<b>\$ 282,723,568</b>

**City of Little Rock, Arkansas**  
**Combining Statement of Activities**  
**Discretely Presented Component Units – Nonmajor**  
**Year Ended December 31, 2012**

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
<b>Governmental Activities</b>							
Central Arkansas Library	\$ 20,216,383	\$ 429,613	\$ 960,416	\$ 11,167,887	\$ (7,658,467)	\$ -	\$ (7,658,467)
Workforce Investment Board	1,687,681	-	1,660,916	-	(26,765)	-	(26,765)
				-			
Total governmental activities	21,904,064	429,613	2,621,332	11,167,887	(7,685,232)	-	(7,685,232)
<b>Business-type Activities</b>							
Oakland Fraternal Cemetery	280,275	54,662	-	-	-	(225,613)	(225,613)
Mt. Holly Cemetery	151,154	41,788	-	-	-	(109,366)	(109,366)
Advertising and Promotion Commission	13,512,307	2,665,016	-	-	-	(10,847,291)	(10,847,291)
Port Authority	2,747,431	2,651,143	-	-	-	(96,288)	(96,288)
Ambulance Authority	22,509,129	22,217,737	-	-	-	(291,392)	(291,392)
Central Arkansas Transit	19,269,051	2,412,737	-	-	-	(16,856,314)	(16,856,314)
Museum of Discovery	5,021,798	1,703,234	-	-	-	(3,318,564)	(3,318,564)
Arkansas Arts Center	11,933,012	9,165,933	-	-	-	(2,767,079)	(2,767,079)
Total business-type activities	75,424,157	40,912,250	-	-	-	(34,511,907)	(34,511,907)
Total component units	\$ 97,328,221	\$ 41,341,863	\$ 2,621,332	\$ 11,167,887	(7,685,232)	(34,511,907)	(42,197,139)
<b>General revenues</b>							
General property taxes					15,047,339	-	15,047,339
Sales taxes					-	11,602,978	11,602,978
Investment income					213,284	96,306	309,590
Grants and contributions not restricted to specific programs					-	16,395,179	16,395,179
Other					965,837	7,549,871	8,515,708
Total general revenues					16,226,460	35,644,334	51,870,794
Change in net position					8,541,228	1,132,427	9,673,655
Net Position, Beginning of Year, As Previously Reported					90,320,017	158,789,121	249,109,138
Adjustment applicable to prior years					42,044	-	42,044
Net Position, Beginning of Year, as Restated					90,362,061	158,789,121	249,151,182
Net Position, End of Year					\$ 98,903,289	\$ 159,921,548	\$ 258,824,837



**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, 2012**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
<b>Operating Revenues</b>									
Charges for goods and services	\$ 54,662	\$ 41,788	\$ 1,407,450	\$ 2,651,143	\$ 21,796,983	\$ 2,412,737	\$ 1,703,234	\$ 6,385,301	\$ 36,453,298
Other	-	-	1,257,566	-	420,754	-	-	2,780,632	4,458,952
Total operating revenues	54,662	41,788	2,665,016	2,651,143	22,217,737	2,412,737	1,703,234	9,165,933	40,912,250
<b>Operating Expenses</b>									
Salaries, wages and employee benefits	128,467	95,935	6,105,919	908,417	17,092,864	10,190,292	311,085	2,970,304	37,803,283
Supplies and materials	13,490	-	44,961	78,267	1,207,896	3,241,525	1,575,931	363,684	6,525,754
Services	-	15,638	2,602,917	240,049	1,802,113	777,683	1,324,411	5,968,121	12,730,932
Utilities	7,442	6,992	1,035,405	378,589	464,400	229,357	-	332,798	2,454,983
Repairs and maintenance	87,953	11,725	1,144,583	27,947	722,148	-	-	499,638	2,493,994
Other	25,917	18,384	726,890	73,655	-	987,835	-	1,046,379	2,879,060
Depreciation and amortization	17,006	2,480	1,453,985	1,040,507	1,219,708	3,842,359	1,810,371	752,088	10,138,504
Total operating expenses	280,275	151,154	13,114,660	2,747,431	22,509,129	19,269,051	5,021,798	11,933,012	75,026,510
<b>Operating Loss</b>	(225,613)	(109,366)	(10,449,644)	(96,288)	(291,392)	(16,856,314)	(3,318,564)	(2,767,079)	(34,114,260)
<b>Nonoperating Revenue (Expenses)</b>									
Intergovernmental revenue	-	-	1,924,460	-	-	4,520,470	-	-	6,444,930
Local tax levy	-	-	11,602,978	-	-	-	-	-	11,602,978
Donations, contributions and grants received	-	65,269	-	-	-	10,727,453	1,901,321	3,701,136	16,395,179
Investment income	-	31,669	5,516	25,821	46,161	5,594	-	264	115,025
Interest expense	-	-	(397,647)	-	-	-	-	(18,719)	(416,366)
Other, net	404,676	59,723	(11,205)	87,511	553,758	-	-	10,478	1,104,941
Net nonoperating revenues (expenses)	404,676	156,661	13,124,102	113,332	599,919	15,253,517	1,901,321	3,693,159	35,246,687
<b>Change in Net Position</b>	179,063	47,295	2,674,458	17,044	308,527	(1,602,797)	(1,417,243)	926,080	1,132,427
<b>Net Position, Beginning of Year</b>	2,545,041	1,092,178	32,722,955	23,050,589	13,734,846	47,867,392	12,637,464	25,138,656	158,789,121
<b>Net Position, End of Year</b>	\$ 2,724,104	\$ 1,139,473	\$ 35,397,413	\$ 23,067,633	\$ 14,043,373	\$ 46,264,595	\$ 11,220,221	\$ 26,064,736	\$ 159,921,548

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Discretely Presented Component Units**  
**Year Ended December 31, 2012**

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Operating Activities</b>				
Receipts from customers	\$ 42,403,129	\$ 28,418,006	\$ 32,803,728	\$ 103,624,863
Other receipts	818,157	574,164	9,708,557	11,100,878
Payments to employees	(13,394,855)	(8,589,418)	(37,549,024)	(59,533,297)
Payments to suppliers	(1,841,675)	(8,854,816)	(11,840,523)	(22,537,014)
Payments for contractual services	(2,736,347)	-	(10,101,097)	(12,837,444)
Payments for utilities	(1,363,227)	-	(1,049,378)	(2,412,605)
Other payments	(1,811,545)	-	(2,155,251)	(3,966,796)
Net cash provided by (used in) operating activities	22,073,637	11,547,936	(20,182,988)	13,438,585
<b>Noncapital Financing Activities</b>				
Donations, contributions and operating grants/subsidies	-	288,412	16,694,902	16,983,314
Local tax levy supporting operations	-	-	10,727,494	10,727,494
Payments on noncapital line-of-credit	-	-	(115,000)	(115,000)
Other	-	-	760,207	760,207
Net cash provided by noncapital financing activities	-	288,412	28,067,603	28,356,015
<b>Capital and Related Financing Activities</b>				
Purchase of capital assets	(6,935,857)	-	(5,267,852)	(12,203,709)
Proceeds from sale of capital assets	1,576,541	96,268	141,251	1,814,060
Contributions, donations and grants	-	4,905,641	1,984,509	6,890,150
Passenger facility charge	-	4,613,212	-	4,613,212
Intergovernmental revenue received for debt service	-	-	1,924,460	1,924,460
Local tax levy used for debt service	-	-	812,783	812,783
Proceeds from issuance of long-term debt	28,390,000	-	-	28,390,000
Principal paid on long-term debt	(7,306,232)	(2,615,000)	(2,123,554)	(12,044,786)
Acquisition and construction of capital assets	-	(35,326,422)	-	(35,326,422)
Interest paid on long-term debt	(10,367,364)	(1,179,060)	(632,408)	(12,178,832)
Other	-	(13,910)	(207,759)	(221,669)
Net cash provided by (used in) capital and related financing activities	5,357,088	(29,519,271)	(3,368,570)	(27,530,753)
<b>Investing Activities</b>				
Proceeds from sale of investments	400,342	-	10,116,513	10,516,855
Purchase of investments	(26,335,729)	-	(11,204,810)	(37,540,539)
Other income	-	-	61,831	61,831
Interest received	122,284	293,208	184,842	600,334
Net cash provided by (used in) investing activities	(25,813,103)	293,208	(841,624)	(26,361,519)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	1,617,622	(17,389,715)	3,674,421	(12,097,672)
<b>Cash and Cash Equivalents, Beginning of Year</b>	9,479,918	59,044,014	12,826,594	81,350,526
<b>Cash and Cash Equivalents, End of Year</b>	\$ 11,097,540	\$ 41,654,299	\$ 16,501,015	\$ 69,252,854
<b>Presented on the Statement of Fund Net Position - Proprietary Funds as Follows:</b>				
Current assets				
Cash and cash equivalents	\$ 11,097,540	\$ 16,709,255	\$ 11,432,719	\$ 39,239,514
Noncurrent assets				
Cash and cash equivalents	-	24,945,044	5,068,296	30,013,340
	\$ 11,097,540	\$ 41,654,299	\$ 16,501,015	\$ 69,252,854

	Wastewater Utility	National Airport	Other Component Units	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</b>				
Operating income (loss)	\$ 14,896,778	\$ 1,809,562	\$ (34,114,260)	\$ (17,407,920)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	7,805,859	8,794,633	10,138,504	26,738,996
Other	-	1,165,552	1,836,944	3,002,496
Changes in assets and liabilities				
Receivables, net	(726,735)	(28,986)	1,203,160	447,439
Prepaid expenses	(565,332)	19,925	71,691	(473,716)
Inventories	54,793	-	(73,476)	(18,683)
Other assets	-	-	(196,617)	(196,617)
Accounts payable	588,288	(319,802)	239,346	507,832
Accrued expenses	19,986	-	270,904	290,890
Other liabilities	-	107,052	440,816	547,868
Net cash provided by (used in) operating activities	<u>\$ 22,073,637</u>	<u>\$ 11,547,936</u>	<u>\$ (20,182,988)</u>	<u>\$ 13,438,585</u>

**Noncash Capital Activities**

During 2012, the Little Rock Wastewater Utility received donated capital assets in the amount of \$1,906,970.

**City of Little Rock, Arkansas**  
**Combining Statement of Cash Flows**  
**Discretely Presented Component Units – Business-Type Activities – Nonmajor**  
**Year Ended December 31, 2012**

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
<b>Operating Activities</b>									
Receipts from customers	\$ 54,662	\$ 41,788	\$ 1,501,977	\$ 2,716,410	\$ 21,827,661	\$ 2,270,763	\$ 1,703,234	\$ 2,687,233	\$ 32,803,728
Other receipts	-	-	1,265,314	-	344,593	129,430	-	7,969,220	9,708,557
Payments to employees	(109,673)	(95,935)	(6,030,772)	(879,345)	(17,092,864)	(10,184,388)	(277,790)	(2,878,257)	(37,549,024)
Payments to suppliers	(112,361)	-	(16,352)	(559,022)	(4,017,880)	(3,236,063)	(1,509,038)	(2,389,807)	(11,840,523)
Payments for contractual services	-	(15,638)	(3,601,942)	-	-	(1,380,575)	(581,338)	(4,521,604)	(10,101,097)
Payments for utilities	-	(6,992)	(1,042,386)	-	-	-	-	-	(1,049,378)
Other payments	(43,797)	(30,109)	(702,732)	(240,049)	-	(374,494)	-	(764,070)	(2,155,251)
Net cash provided by (used in) operating activities	(211,169)	(106,886)	(8,626,893)	1,037,994	1,061,510	(12,775,327)	(664,932)	102,715	(20,182,988)
<b>Noncapital Financing Activities</b>									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	13,262,445	1,901,321	1,531,136	16,694,902
Local tax levy supporting operations	-	-	10,727,494	-	-	-	-	-	10,727,494
Payments on noncapital line of credit	-	-	-	-	-	-	(115,000)	-	(115,000)
Other	96,995	11,465	-	87,511	553,758	-	-	10,478	760,207
Net cash provided by noncapital financing activities	96,995	11,465	10,727,494	87,511	553,758	13,262,445	1,786,321	1,541,614	28,067,603
<b>Capital and Related Financing Activities</b>									
Purchase of capital assets	(23,984)	-	(1,051,560)	(794,743)	(1,245,960)	(1,808,694)	-	(342,911)	(5,267,852)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	1,919,240	-	-	1,919,240
Contributions and donations	-	65,269	-	-	-	-	-	-	65,269
Intergovernmental revenue received for debt service	-	-	1,924,460	-	-	-	-	-	1,924,460
Local tax levy used for debt service	-	-	812,783	-	-	-	-	-	812,783
Principal paid on long-term debt	-	-	(2,123,554)	-	-	-	-	-	(2,123,554)
Interest paid on long-term debt	-	-	(613,689)	-	-	-	-	(18,719)	(632,408)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	141,251	141,251
Other	-	-	-	-	-	-	(207,759)	-	(207,759)
Net cash provided by (used in) capital and related financing activities	(23,984)	65,269	(1,051,560)	(794,743)	(1,245,960)	110,546	(207,759)	(220,379)	(3,368,570)
<b>Investing Activities</b>									
Proceeds from sale of investments	220,675	-	2,466,005	-	4,340,169	-	-	3,089,664	10,116,513
Purchase of investments	(160,189)	(62,910)	(2,525,421)	-	(4,418,182)	-	-	(4,038,108)	(11,204,810)
Other income	61,831	-	-	-	-	-	-	-	61,831
Interest received	22,842	79,927	5,517	25,821	46,161	4,310	-	264	184,842
Net cash provided by (used in) investing activities	145,159	17,017	(53,899)	25,821	(31,852)	4,310	-	(948,180)	(841,624)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	7,001	(13,135)	995,142	356,583	337,456	601,974	913,630	475,770	3,674,421
<b>Cash and Cash Equivalents, Beginning of Year</b>	23,694	50,928	2,824,585	3,624,679	960,744	3,553,341	1,232,224	556,399	12,826,594
<b>Cash and Cash Equivalents, End of Year</b>	\$ 30,695	\$ 37,793	\$ 3,819,727	\$ 3,981,262	\$ 1,298,200	\$ 4,155,315	\$ 2,145,854	\$ 1,032,169	\$ 16,501,015

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

Operating loss	\$ (225,613)	\$ (109,366)	\$ (10,449,644)	\$ (96,288)	\$ (291,392)	\$ (16,856,314)	\$ (3,318,564)	\$ (2,767,079)	\$ (34,114,260)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities									
Depreciation and amortization expense	17,006	2,480	1,453,985	1,040,507	1,219,708	3,842,359	1,810,371	752,088	10,138,504
Other	-	-	-	-	-	-	-	1,836,944	1,836,944
Changes in assets and liabilities									
Receivables, net	-	-	73,634	65,267	(341,421)	6,567	2,406,800	(1,007,687)	1,203,160
Prepaid expenses	-	-	(159,917)	10,913	-	220,695	-	-	71,691
Inventories	-	-	-	-	-	(65,484)	(28,377)	20,385	(73,476)
Other assets	-	-	(453)	-	-	-	(19,730)	(176,434)	(196,617)
Accounts payable	(2,562)	-	351,262	17,595	415,188	70,946	(1,610,380)	997,297	239,346
Accrued expenses	-	-	75,147	-	-	5,904	33,295	156,558	270,904
Other liabilities	-	-	29,093	-	59,427	-	61,653	290,643	440,816
Net cash provided by (used in) operating activities	<u>\$ (211,169)</u>	<u>\$ (106,886)</u>	<u>\$ (8,626,893)</u>	<u>\$ 1,037,994</u>	<u>\$ 1,061,510</u>	<u>\$ (12,775,327)</u>	<u>\$ (664,932)</u>	<u>\$ 102,715</u>	<u>\$ (20,182,988)</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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**City of Little Rock, Arkansas**  
**Net Position by Component**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**

**Table 1**

	2003	2004	2005 <sup>(1)</sup>	2006	2007	2008	2009	2010	2011	2012 <sup>(2)</sup>
Governmental activities										
Net investment in capital assets	\$ 63,394,603	\$ 70,448,883	\$ 461,024,448	\$ 464,980,160	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568
Restricted	13,707,483	14,779,074	17,627,261	18,189,548	14,861,692	14,747,876	19,792,771	21,106,638	23,201,045	24,208,928
Unrestricted (deficit)	9,699,378	11,341,255	6,583,272	746,351	(5,253,750)	(6,740,713)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)
Total governmental activities net position	<u>\$ 86,801,464</u>	<u>\$ 96,569,212</u>	<u>\$ 485,234,981</u>	<u>\$ 483,916,059</u>	<u>\$ 479,785,126</u>	<u>\$ 479,333,800</u>	<u>\$ 478,697,155</u>	<u>\$ 484,122,020</u>	<u>\$ 483,997,215</u>	<u>\$ 511,466,968</u>
Business-type activities										
Net investment in capital assets	\$ 4,117,095	\$ 11,377,021	\$ 11,171,798	\$ 12,833,382	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518
Restricted	9,882,094	6,268,162	6,407,826	8,170,282	7,686,354	6,255,864	8,324,557	4,847,683	5,673,566	3,769,248
Unrestricted (deficit)	4,518,817	2,718,940	4,064,877	2,920,311	6,186,519	1,021,866	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762
Total business-type activities net position	<u>\$ 18,518,006</u>	<u>\$ 20,364,123</u>	<u>\$ 21,644,501</u>	<u>\$ 23,923,975</u>	<u>\$ 29,713,721</u>	<u>\$ 29,927,640</u>	<u>\$ 26,260,453</u>	<u>\$ 26,037,620</u>	<u>\$ 25,030,319</u>	<u>\$ 16,559,528</u>
Primary government										
Net investment in capital assets	\$ 67,511,698	\$ 81,825,904	\$ 472,196,246	\$ 477,813,542	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086
Restricted	23,589,577	21,047,236	24,035,087	26,359,830	22,548,046	21,003,740	28,117,328	25,954,321	28,874,611	27,978,176
Unrestricted (deficit)	14,218,195	14,060,195	10,648,149	3,666,662	932,769	(5,718,847)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)
Total primary government net position	<u>\$ 105,319,470</u>	<u>\$ 116,933,335</u>	<u>\$ 506,879,482</u>	<u>\$ 507,840,034</u>	<u>\$ 509,498,847</u>	<u>\$ 509,261,440</u>	<u>\$ 504,957,608</u>	<u>\$ 510,159,640</u>	<u>\$ 509,027,534</u>	<u>\$ 528,026,496</u>

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

(2) 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.

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

**Table 2**

	2003	2004	2005 <sup>(1)</sup>	2006	2007	2008	2009	2010	2011	2012 <sup>(2)</sup>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 35,574,263	\$ 34,359,791	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227	\$ 31,127,397	\$ 45,722,245
Public works	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645	30,920,716	32,290,725	36,100,501
Parks and recreation services	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376	9,032,115	6,740,682	10,131,868
Fire	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347	48,582,390	49,007,470	49,271,456
Police	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539	62,432,868	63,028,974	66,192,652
Economic development	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034	-	-	-	-
Education	147,691	-	-	-	7,591,089	8,372,418	5,282,591	9,439,254	5,747,801	10,523,654
Housing and neighborhood programs	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231	8,621,004	10,462,439	12,611,955
Interest expense on long-term debt	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132	3,849,820	3,222,981	3,791,250
Agent fees on long-term debt	11,159	503,346	25,063	13,236	482,975	12,210	9,545	12,779	25,145	13,016
Total governmental activities expenses	<u>142,071,769</u>	<u>154,262,952</u>	<u>173,486,876</u>	<u>183,035,064</u>	<u>210,167,539</u>	<u>199,241,031</u>	<u>202,462,224</u>	<u>209,649,174</u>	<u>205,993,444</u>	<u>234,358,597</u>
Business-type activities:										
Presidential park	1,007,338	879,301	943,061	837,674	787,099	756,924	727,723	913,050	1,284,265	636,683
Waste disposal	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966	14,158,228	13,967,043	14,715,628
Rivermarket garage	732,316	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216	1,585,450	1,658,341	1,703,329
Riverfront park	839,162	974,874	1,036,838	1,216,683	1,280,521	1,392,804	932,726	977,075	1,085,632	1,283,222
Zoo	2,986,464	3,252,245	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	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451	1,201,185	1,200,152	1,284,946
Golf courses	1,785,887	2,066,676	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	807,110	774,098	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	234,171	150,066	108,690	120,027	148,389	149,129	104,090	1,712	-	-
Total business-type activities expenses	<u>20,709,010</u>	<u>22,636,775</u>	<u>24,086,242</u>	<u>24,866,361</u>	<u>26,962,358</u>	<u>27,556,897</u>	<u>26,662,040</u>	<u>27,029,763</u>	<u>27,713,669</u>	<u>29,192,629</u>
Total primary government expenses	<u>\$ 162,780,779</u>	<u>\$ 176,899,727</u>	<u>\$ 197,573,118</u>	<u>\$ 207,901,425</u>	<u>\$ 237,129,897</u>	<u>\$ 226,797,928</u>	<u>\$ 229,124,264</u>	<u>\$ 236,678,937</u>	<u>\$ 233,707,113</u>	<u>\$ 263,551,226</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 19,435,156	\$ 14,162,061	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490
Public works	435,761	168,730	313,407	998,515	629,934	505,189	395,554	1,080,184	350,298	560,006
Parks and recreation services	437,172	472,647	431,802	1,161,408	959,667	1,051,607	1,276,650	2,374,906	2,665,666	1,379,534
Fire	933,146	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020	2,639,543	2,512,542	2,525,884
Police	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652	3,697,419	3,306,547	3,162,965
Housing and neighborhood programs	1,558,029	1,495,309	1,047,889	67,562	962,181	650,746	462,390	543,179	1,566,311	1,179,396
Operating grants and contributions	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353	8,929,758	10,885,382	12,873,846
Capital grants and contributions	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306	4,592,275	8,151,956	4,313,770
Total governmental activities program revenues	<u>33,647,602</u>	<u>27,621,465</u>	<u>33,619,755</u>	<u>31,394,339</u>	<u>46,655,526</u>	<u>36,615,881</u>	<u>42,294,315</u>	<u>38,173,839</u>	<u>43,814,203</u>	<u>41,575,042</u>

Business-type activities:

Charges for services:											
Presidential park	-	-	-	-	139,637	60,382	684	-	-	-	-
Waste disposal	13,393,676	14,109,685	14,934,170	15,919,951	16,787,719	16,473,414	16,303,264	16,133,281	16,405,458	16,511,682	
Rivermarket garage	593,014	1,410,727	1,295,883	1,419,484	1,643,404	1,768,636	1,676,830	1,846,258	1,855,989	2,138,957	
Riverfront park	366,049	407,144	397,194	329,914	310,547	268,593	300,074	358,709	493,906	631,316	
Zoo	1,421,735	1,898,390	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	1,344,171	1,654,249	1,466,627	1,171,495	1,329,776	1,300,655	1,203,642	1,199,238	1,288,799	1,359,763	
Golf courses	849,037	1,609,628	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	579,989	685,419	651,786	743,361	766,207	696,328	761,485	744,609	755,754	683,632	
Concessions services	177,661	81,180	74,554	53,948	67,711	48,171	37,589	-	-	-	
Capital grants and contributions	-	-	-	-	4,170,925	2,252,001	516,796	2,112,812	2,072,015	3,250,743	
Total business-type activities program revenues	<u>18,725,332</u>	<u>21,856,422</u>	<u>22,656,893</u>	<u>23,753,775</u>	<u>29,522,558</u>	<u>26,959,515</u>	<u>25,230,125</u>	<u>26,875,275</u>	<u>27,860,180</u>	<u>29,882,315</u>	
Total primary government program revenues	<u>\$ 53,679,985</u>	<u>\$ 49,477,887</u>	<u>\$ 56,276,648</u>	<u>\$ 55,148,114</u>	<u>\$ 76,178,084</u>	<u>\$ 63,575,396</u>	<u>\$ 67,524,440</u>	<u>\$ 65,049,114</u>	<u>\$ 71,674,383</u>	<u>\$ 71,457,357</u>	
Net (expense)/revenue											
Governmental activities	\$ (108,424,167)	\$ (126,641,487)	\$ (139,867,121)	\$ (151,640,725)	\$ (163,512,013)	\$ (162,625,150)	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	
Business-type activities	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)	2,560,200	(597,382)	(1,431,915)	(154,488)	146,511	689,686	
Total primary government net expense	<u>\$ (110,407,845)</u>	<u>\$ (127,421,840)</u>	<u>\$ (141,296,470)</u>	<u>\$ (152,753,311)</u>	<u>\$ (160,951,813)</u>	<u>\$ (163,222,532)</u>	<u>\$ (161,599,824)</u>	<u>\$ (171,629,823)</u>	<u>\$ (162,032,730)</u>	<u>\$ (194,851,957)</u>	

General Revenues and Other Changes in Net Position

Governmental activities:											
Taxes											
General Property taxes	\$ 33,090,573	\$ 35,414,871	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	
Sales taxes	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194	64,137,449	64,964,351	111,987,226	
Utility franchise taxes	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458	29,348,059	29,137,883	29,176,325	
Investment earnings	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886	
Unrestricted grants and contributions	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563	35,189,761	15,293,373	22,250,304	
Other	-	-	-	-	-	23,745	(246,757)	-	-	735,885	
Transfers	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053	88,142	1,185,918	9,184,248	
Total governmental activities	<u>130,756,565</u>	<u>136,409,235</u>	<u>150,226,589</u>	<u>150,321,803</u>	<u>159,381,080</u>	<u>162,173,824</u>	<u>159,531,264</u>	<u>176,900,200</u>	<u>162,054,436</u>	<u>223,011,396</u>	
Business-type activities											
Investment earnings	353,737	223,486	467,783	959,678	1,002,452	533,477	80,586	19,797	32,106	23,771	
Other	(38,547)	499,595	376,747	(64,920)	(20,324)	(29,411)	(9,805)	-	-	-	
Transfers	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	
Total business-type activities	<u>2,296,634</u>	<u>2,626,470</u>	<u>2,709,727</u>	<u>3,392,060</u>	<u>3,229,546</u>	<u>811,301</u>	<u>(2,235,272)</u>	<u>(68,345)</u>	<u>(1,153,812)</u>	<u>(9,160,477)</u>	
Total primary government	<u>\$ 133,053,199</u>	<u>\$ 139,035,705</u>	<u>\$ 152,936,316</u>	<u>\$ 153,713,863</u>	<u>\$ 162,610,626</u>	<u>\$ 162,985,125</u>	<u>\$ 157,295,992</u>	<u>\$ 176,831,855</u>	<u>\$ 160,900,624</u>	<u>\$ 213,850,919</u>	
Changes in Net Position											
Governmental activities	\$ 21,025,347	\$ 9,767,748	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	
Business-type activities	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	
Change in accounting principle	-	-	378,306,301	-	-	-	-	-	-	-	
Total primary government	<u>\$ 22,645,354</u>	<u>\$ 11,613,865</u>	<u>\$ 389,946,147</u>	<u>\$ 960,552</u>	<u>\$ 1,658,813</u>	<u>\$ (237,407)</u>	<u>\$ (4,303,832)</u>	<u>\$ 5,202,032</u>	<u>\$ (1,132,106)</u>	<u>\$ 18,998,962</u>	

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

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

**Table 3**

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2003	\$ 33,090,573	\$ 54,800,103	\$ 20,890,103	\$ 108,780,779
2004	35,414,871	56,529,897	21,868,645	113,813,413
2005	33,542,201	60,299,892	23,588,872	117,430,965
2006	36,931,553	64,431,557	25,983,088	127,346,198
2007	41,742,564	65,115,060	25,656,344	132,513,968
2008	41,954,874	66,157,605	29,809,410	137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
2012	49,532,522	111,987,226 (1)	29,176,325	190,696,073

(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**

		<b>Pre-GASB 54</b>							
		<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund									
Reserved	\$	525,307	498,396	546,742	513,092	540,693	572,647	1,219,426	1,368,619
Unreserved		9,181,438	14,873,326	22,215,475	20,983,516	17,188,490	16,754,381	21,061,786	24,642,501
Total general fund	\$	<u>9,706,745</u>	<u>15,371,722</u>	<u>22,762,217</u>	<u>21,496,608</u>	<u>17,729,183</u>	<u>17,327,028</u>	<u>22,281,212</u>	<u>26,011,120</u>
All other governmental funds									
Reserved	\$	3,531,170	4,389,545	5,004,358	4,664,091	3,612,265	4,737,277	3,197,741	2,368,171
Unreserved, reported in:									
Special revenue funds		4,673,640	4,243,570	5,830,024	6,007,149	5,536,172	5,554,772	2,846,175	4,623,440
Capital projects funds		15,933,157	87,417,349 <sup>(1)</sup>	65,176,780 <sup>(2)</sup>	27,648,782 <sup>(2)</sup>	14,300,651 <sup>(2)</sup>	10,159,304 <sup>(2)</sup>	35,096,989 <sup>(3)</sup>	20,523,651
Debt service funds		11,407,558	10,941,496	13,248,476	14,256,025	12,072,643	10,852,119	16,593,060	17,369,848
Total all other governmental funds	\$	<u>35,545,525</u>	<u>106,991,960</u>	<u>89,259,638</u>	<u>52,576,047</u>	<u>35,521,731</u>	<u>31,303,472</u>	<u>57,733,965</u>	<u>44,885,110</u>
		<b>Post-GASB 54</b>							
		<b>2011</b>	<b>2012</b>						
General fund									
Nonspendable	\$	13,255,910	1,163,347 <sup>(4)</sup>						
Committed		374,900	368,577						
Assigned		1,473,304	7,502,079						
Unassigned		10,904,042	17,456,493 <sup>(5)</sup>						
Total general fund	\$	<u>26,008,156</u>	<u>26,490,496</u>						
All other governmental funds									
Nonspendable	\$	407,391	-						
Restricted		46,731,379	77,448,650 <sup>(6)</sup>						
Unassigned		(406,965)	(2,397)						
Total all other governmental funds	\$	<u>46,731,805</u>	<u>77,446,253</u>						

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

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

**Table 5**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes <sup>(1)</sup>	\$ 101,503,838	\$ 113,113,245	\$ 117,182,208	\$ 125,804,151	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338
Licenses and permits	8,708,523	8,859,344	9,307,627	9,894,766	9,965,755	9,493,646	9,491,852	9,378,966	9,716,395	10,137,945
Intergovernmental	18,621,039	19,837,898	20,435,880	17,730,551	35,348,114	24,660,496	23,758,563	25,854,883	30,013,617	31,893,228
Charges for services	4,759,347	4,492,433	4,786,588	6,656,647	7,250,342	7,636,280	5,896,703	6,967,081	7,160,751	7,084,384
Fines	5,313,622	5,077,073	5,710,201	4,277,114	4,406,272	4,094,674	3,866,793	4,646,215	4,322,127	4,030,384
Investment Income	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886
Miscellaneous	4,040,306	3,797,305	4,211,852	3,070,749	3,377,183	3,128,552	3,257,697	6,262,854	7,128,631	4,339,836
Total revenues	143,431,220	156,408,609	164,446,449	171,305,986	191,025,191	186,361,255	185,115,550	193,633,115	201,142,873	249,104,001
<b>Expenditures</b>										
General government	31,993,462	37,827,535	36,589,853	42,386,548	61,719,463	53,764,986	47,240,799	50,036,950	40,265,241	57,247,916
Public works	17,928,685	21,525,933	24,577,640	34,392,323	26,478,689	20,997,331	19,131,584	20,331,363	24,626,577	25,760,174
Parks and recreation and zoo	7,957,319	10,069,417	14,462,219	15,918,143	11,331,664	10,852,290	10,671,631	11,868,398	9,402,332	10,612,514
Fire department	28,040,943	31,560,941	35,298,489	44,706,618	37,455,769	37,142,635	37,943,802	36,670,692	39,865,309	46,728,504
Police department	44,059,630	45,102,475	53,470,507	54,319,391	54,697,552	55,428,567	58,971,285	55,751,125	56,817,357	71,360,040
Housing and neighborhood programs	9,676,745	7,470,436	7,905,898	8,473,162	9,441,274	8,066,771	8,368,709	8,790,445	11,262,328	12,695,568
Debt service										
Principal	9,660,000	11,055,000	6,525,000	8,840,000	25,422,407	11,670,000	12,571,500	15,560,000	20,119,830	22,368,344
Interest	1,932,911	3,533,951	4,313,380	4,265,080	3,674,581	3,370,957	3,510,734	4,054,730	3,435,526	2,990,024
Bond issuance costs	-	-	-	-	-	-	95,173	-	-	107,193
Other charges	11,159	503,346	25,063	13,236	150,568	12,210	9,545	12,779	25,145	13,016
Total expenditures	151,260,854	168,649,034	183,168,049	213,314,501	230,371,967	201,305,747	198,514,762	203,076,482	205,819,645	249,883,293
Excess (deficiency) of revenues over (under) expenditures	(7,829,634)	(12,240,425)	(18,721,600)	(42,008,515)	(39,346,776)	(14,944,492)	(13,399,212)	(9,443,367)	(4,676,772)	(779,292)
<b>Other financing sources (uses)</b>										
Transfers in	6,766,952	2,631,865	3,024,332	2,531,535	3,983,282	6,316,264	10,100,179	7,160,928	6,927,781	9,671,846
Transfers out	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)
Bonds issued	4,250,000	99,850,000	5,205,000	6,550,000	20,765,438	8,991,500	35,830,000	-	4,600,000	49,595,001
Premium on bonds issued	-	1,425,301	-	-	-	-	-	-	-	-
Discount on bonds issued	-	(87,811)	-	-	-	-	(249,215)	-	-	756,028
Payments to refunded bond escrow agent	-	(10,249,924)	-	-	-	-	-	-	-	(6,350,143)
Capital leases	-	283,883	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,272,812	89,351,837	3,346,420	4,059,315	18,524,637	10,324,475	38,845,549	324,420	6,520,503	31,976,080
Net change in fund balances	\$ (5,556,822)	\$ 77,111,412	\$ (15,375,180)	\$ (37,949,200)	\$ (20,822,139)	\$ (4,620,017)	\$ 25,446,337	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788
Debt service as a percentage of noncapital expenditures	8.3%	9.6%	6.7%	7.7%	12.7%	8.0%	8.6%	10.5%	12.4%	13.7%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 110.

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

**Table 6**

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2003	\$ 29,372,970	\$ 51,240,765	\$ 20,890,103	\$ 101,503,838
2004	31,155,365	60,089,235	21,868,645	113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
2012	50,309,787	111,987,226 (1)	29,176,325	191,473,338

(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				
2003	\$1,746,230,726	\$ 26,233,090	\$ 631,976,635	\$ 119,324,708	\$ 2,523,765,159	13.10	\$ 12,618,825,795	20.00%
2004	1,863,590,893	24,928,143	654,022,465	116,973,443	2,659,514,944	14.10	13,297,574,720	20.00%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20.00%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20.00%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20.00%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20.00%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20.00%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20.00%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20.00%
2012	2,732,143,368	-	800,186,894	239,180,450	3,771,510,712	16.65 (1)	18,857,553,560	20.00%

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 Government**  
**Last Ten Years**  
**Local Tax Rates – Per \$1,000 of Assessed Value**

**Table 8**

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2003	\$ 13.10	\$ 13.10	\$ 10.10	\$ 10.10	\$ 46.40	\$ 46.40	\$ 69.60	\$ 69.60
2004	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2009	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2010	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2011	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2012	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15

**Tax Levies**

2003	\$ 30,429,999	\$ 32,572,873	\$ 109,860,977	\$ 172,863,849
2004	32,178,180	34,575,502	115,295,060	182,048,742
2005	33,908,999	36,966,112	121,733,219	192,608,330
2006	36,366,203	39,334,921	129,068,485	204,769,609
2007	38,848,293	42,554,360	137,582,342	218,984,995
2008	45,120,783	45,743,106	148,109,308	238,973,197
2009	48,789,133	46,344,553	148,559,430	243,693,117
2010	49,499,645	46,915,434	148,192,735	244,607,815
2011	49,687,697	48,464,111	152,324,353	250,476,161
2012	51,282,012	49,084,104	153,876,053	254,242,170

**Note:**

Property assessments are made, tax rates (millages) are established, and taxes are levied in one year for payment by the taxpayer and collection by local governments the following year.

Taxes are due and payable on or before October 1. Taxes are recorded as delinquent after October 1 and a 10 percent penalty is added.

State statutory limits on City tax rate:

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

**City of Little Rock, Arkansas**  
**Principal Sales Taxpayers**  
**December 31, 2012**

The City of Little Rock, Arkansas's largest own-source revenue is sale 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 2012, the one-half cent city sales tax generated revenue of \$69,636,290.

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**

<b>Little Rock Top Ten 1 1/2 Cent Sales Taxpayers</b>	<b>Tax</b>	
<b>Industry</b>	<b>Collected</b>	<b>% of Total</b>
All Other General Merchandise	\$ 6,413,502	9.21%
Full Service Restaurants	5,055,595	7.26%
Grocery Stores	4,937,213	7.09%
Electronics and Appliance Stores	3,398,251	4.88%
Electric Power Generation, Transmission and Distribution	2,959,542	4.25%
Clothing Stores	2,729,743	3.92%
Building Materials and Supplies Dealers	2,548,688	3.66%
Professional and Commercial Equipment Wholesalers	2,263,179	3.25%
Department Stores	2,200,507	3.16%
Sporting Goods, Hobby, and Musical Instrument Stores	1,845,362	2.65%
Totals	<u>\$ 34,351,582</u>	<u>49.33%</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
2003	\$ 30,429,999	\$ 27,897,089	91.68%	\$ 1,093,861	\$ 28,990,950	95.27%
2004	32,178,180	28,396,113	88.25%	2,479,883	30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
2012	51,282,012	46,805,016	91.27%	3,200,327	50,005,344	97.51%

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

## City of Little Rock, Arkansas

### Ratios of Outstanding Debt by Type

### Last Ten Years

**Table 11**

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2003	\$ 19,090,000	\$ 19,875,000	\$ 11,403,359	\$ 480,000	\$ 52,170,000	\$ -	\$ 103,018,359	2.42%	\$ 562.53
2004	95,635,000 <sup>(2)</sup>	18,975,000	13,342,046	398,000	49,710,000	-	178,060,046	4.19%	972.30
2005	90,045,000	18,040,000	15,397,113	822,287	47,170,000	96,941	171,571,341	4.04%	936.87
2006	82,180,000	17,065,000	17,694,148	321,058	44,510,000	-	161,770,206	3.26%	855.33
2007	71,615,000	15,890,000	19,624,359	-	44,905,000	288,534	152,322,893	2.88%	831.76
2008	65,015,000	14,820,000	18,997,000	-	41,625,000	188,558	140,645,558	2.75%	768.00
2009	81,560,000 <sup>(3)</sup>	21,540,000 <sup>(4)</sup>	13,177,436	-	38,025,000	92,462	154,394,897	3.33%	843.08
2010	67,255,000	20,285,000	8,056,677	-	31,725,000	-	127,321,677	2.74%	695.24
2011	53,025,000	18,735,000	8,316,847	-	30,965,000	-	111,041,847	2.13%	573.79
2012	60,235,000 <sup>(5)</sup>	28,915,000 <sup>(6)</sup>	23,383,504 <sup>(7)</sup>	-	16,675,000 <sup>(6)</sup>	-	129,208,504	2.42%	667.66

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 120 for personal income and population data.
- (2) In 2004, the City issued \$70,365,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued \$25,000,000 in library improvement and refunding bonds.
- (3) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (4) In 2009, the City issued \$7,830,000 of bonds to finance parks and recreation capital improvements. The bonds are special obligations payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.
- (5) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (6) 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.
- (7) The increase in notes payable is associated with the issuance of \$18,580,000 of 2012 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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2003	\$ 19,090,000	\$ 9,580,788	\$ 9,509,212	0.38%	\$ 51.93
2004	95,635,000 <sup>(3)</sup>	8,811,574	86,823,426	3.26%	474.10
2005	90,045,000	11,104,941	78,940,059	2.77%	431.05
2006	82,180,000	11,772,050	70,407,950	2.31%	372.27
2007	71,615,000	11,045,088	60,569,912	1.85%	330.74
2008	65,015,000	11,604,803	53,410,197	1.51%	291.65
2009	81,560,000 <sup>(4)</sup>	15,200,770	66,359,230	1.84%	362.36
2010	67,255,000	16,529,241	50,940,759	1.41%	278.16
2011	53,025,000	17,518,930	35,506,070	0.95%	183.47
2012	60,235,000 <sup>(5)</sup>	19,342,676	40,892,324	1.08%	211.30

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 111 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 120 for personal income and population data.
- (3) In 2004, the City issued \$70,635,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued \$25,000,000 in library improvement and refunding bonds.
- (4) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (5) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.

**City of Little Rock, Arkansas**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2012**

**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	\$ 112,533,504	100%	\$ 112,533,504
Little Rock Public School District	<u>193,002,375</u>	100%	<u>193,002,375</u>
Total direct and overlapping debt	<u>\$ 305,535,879</u>		<u>\$ 305,535,879</u>

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

**Table 14**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 630,941,290	\$ 664,878,736	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678
Total net debt applicable to limit	<u>34,274,288</u>	<u>111,745,928</u>	<u>108,514,706</u>	<u>98,946,417</u>	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>	<u>64,275,828</u>
Legal debt margin	<u>\$ 596,667,002</u>	<u>\$ 553,132,808</u>	<u>\$ 604,546,455</u>	<u>\$ 662,784,108</u>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>	<u>\$ 878,601,850</u>
Total net debt applicable to the limit as a percentage of debt limit	5.43%	16.81%	15.22%	12.99%	9.64%	8.06%	11.00%	8.71%	4.70%	6.82%

**Legal Debt Margin Calculation for 2012**

Assessed value	\$ 3,771,510,712
Debt limit:	
General obligation debt limitation (1)	754,302,142
Short-term financing debt limitation (2)	<u>188,575,536</u>
Total Debt Limitation	<u>942,877,678</u>
Debt applicable to limit:	
General obligation and short-term financing	83,618,504
Less: Amount set aside for repayment in debt services funds	<u>(19,342,676)</u>
Total net debt applicable to limit	<u>64,275,828</u>
Legal debt margin	<u>\$ 878,601,850</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 <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue	Principal <sup>(3)</sup>	Debt Service Requirements		Coverage
					Interest	Total	
2003 Wastewater Utility	\$ 27,811,390	\$ 19,474,453	\$ 8,336,937	\$ 1,594,617	\$ 1,999,172	\$ 3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	<u>\$ 55,506,112</u>	<u>\$ 40,962,154</u>	<u>\$ 14,543,958</u>	<u>\$ 4,253,171</u>	<u>\$ 5,021,766</u>	<u>\$ 9,274,937</u>	<u>1.57</u>
2004 Wastewater Utility	\$ 30,295,588	\$ 21,380,806	\$ 8,914,782	\$ 2,336,322	\$ 2,050,350	\$ 4,386,672	2.03
Regional Airport	17,236,278	13,191,863	4,044,415	1,545,000	1,544,706	3,089,706	1.31
A&P Commission	12,118,527	9,183,566	2,934,961	1,205,000	1,184,546	2,389,546	1.23
Total	<u>\$ 59,650,393</u>	<u>\$ 43,756,235</u>	<u>\$ 15,894,158</u>	<u>\$ 5,086,322</u>	<u>\$ 4,779,602</u>	<u>\$ 9,865,924</u>	<u>1.61</u>
2005 Wastewater Utility	\$ 30,609,507	\$ 22,985,329	\$ 7,624,178	\$ 5,035,661	\$ 2,122,914	\$ 7,158,575	1.07
Regional Airport	18,508,810	14,401,111	4,107,699	1,695,000	1,404,936	3,099,936	1.33
A&P Commission	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
Total	<u>\$ 62,468,869</u>	<u>\$ 48,044,659</u>	<u>\$ 14,424,210</u>	<u>\$ 7,995,661</u>	<u>\$ 3,553,150</u>	<u>\$ 11,548,811</u>	<u>1.25</u>
2006 Wastewater Utility	\$ 30,398,264	\$ 22,088,849	\$ 8,309,415	\$ 2,625,215	\$ 2,496,617	\$ 5,121,832	1.62
Regional Airport	19,847,399	14,642,935	5,204,464	1,760,000	1,332,157	3,092,157	1.68
A&P Commission	13,575,601	10,519,446	3,061,155	1,337,500	1,009,844	2,347,344	1.30
Total	<u>\$ 68,821,264</u>	<u>\$ 47,251,230</u>	<u>\$ 16,575,034</u>	<u>\$ 5,722,715</u>	<u>\$ 4,838,618</u>	<u>\$ 10,561,333</u>	<u>1.57</u>
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	0.52
Regional Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	<u>\$ 72,624,967</u>	<u>\$ 55,395,149</u>	<u>\$ 17,229,818</u>	<u>\$ 8,520,433</u>	<u>\$ 12,316,801</u>	<u>\$ 20,837,234</u>	<u>0.83</u>
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Regional Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	<u>\$ 79,007,286</u>	<u>\$ 64,627,799</u>	<u>\$ 14,379,487</u>	<u>\$ 9,609,106</u>	<u>\$ 13,052,723</u>	<u>\$ 22,661,829</u>	<u>0.63</u>



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

**Table 15**

	Operating	Operating	Net Revenue	Principal <sup>(3)</sup>	Debt Service Requirements		Coverage
	Revenue <sup>(1)</sup>	Expenses <sup>(2)</sup>			Interest	Total	
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Regional Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
<b>Total</b>	<b>\$ 78,325,368</b>	<b>\$ 64,198,449</b>	<b>\$ 14,126,919</b>	<b>\$ 10,868,285</b>	<b>\$ 13,533,251</b>	<b>\$ 24,401,536</b>	<b>0.58</b>
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Regional Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
<b>Total</b>	<b>\$ 82,870,388</b>	<b>\$ 64,402,141</b>	<b>\$ 18,468,247</b>	<b>\$ 11,356,052</b>	<b>\$ 13,050,932</b>	<b>\$ 24,406,984</b>	<b>0.76</b>
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Regional Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
<b>Total</b>	<b>\$ 84,607,671</b>	<b>\$ 61,662,487</b>	<b>\$ 22,945,184</b>	<b>\$ 12,023,577</b>	<b>\$ 12,363,171</b>	<b>\$ 24,386,748</b>	<b>0.94</b>
2012 Wastewater Utility	\$ 43,547,696	\$ 31,653,755	\$ 11,893,941	\$ 8,359,601	\$ 11,332,518	\$ 19,692,119	0.60
Regional 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
<b>Total</b>	<b>\$ 88,766,822</b>	<b>\$ 63,363,229</b>	<b>\$ 25,403,593</b>	<b>\$ 13,044,601</b>	<b>\$ 12,843,892</b>	<b>\$ 25,888,493</b>	<b>0.98</b>

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 <sup>(4)</sup>	Expenses <sup>(5)</sup>			Interest	Total	
River Market Garage	\$ 2,390,943	\$ 919,512	\$ 1,471,431	\$ 390,000	\$ 498,545	\$ 888,545	1.66

- (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 <sup>(2)</sup>	Per Capita Income <sup>(2)</sup>	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2003	183,133 <sup>(1)</sup>	\$ 4,250,333,797	\$ 23,209	34.5	13.4	27,980	4.6%
2004	183,133 <sup>(1)</sup>	4,250,333,797	23,209	34.5	13.4	27,891	4.4%
2005	183,133 <sup>(1)</sup>	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 <sup>(1)</sup>	4,966,933,226	27,122	36.0	13.4	28,755 <sup>(3)</sup>	3.8%
2007	183,133 <sup>(1)</sup>	5,284,485,848	28,856	36.2	16.9	28,828 <sup>(3)</sup>	4.8%
2008	183,133 <sup>(1)</sup>	4,985,063,393	27,221	34.8	13.8	27,899 <sup>(3)</sup>	4.6%
2009	183,133 <sup>(1)</sup>	4,642,787,816	25,352	37	13.8	27,866 <sup>(3)</sup>	6.1%
2010	193,524 <sup>(4)</sup>	4,906,220,448	25,352	37	13.8	27,950 <sup>(3)</sup>	6.1%
2011	193,524 <sup>(4)</sup>	5,205,408,552	26,898	35.1	13.8	27,626 <sup>(3)</sup>	7.3%
2012	193,524 <sup>(4)</sup>	5,350,164,504	27,646	36.8	15.8	27,344 <sup>(3)</sup>	6.8%

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**  
**Principal Employers**  
**Current Year and Ten Years**

**Table 17**

<b>Employer</b>	<b>2012</b>			<b>2003</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>
State of Arkansas	32,200	1	18.30%	28,100	1
Local Government	28,800	2	16.37%		
Federal Government	9,200	3	5.23%	9,400	2
University of Arkansas Medical Sciences	8,500	4	4.83%	7,800	3
Baptist Health	7,000	5	3.98%	7,000	5
Little Rock Air Force Base	4,500	6	2.56%	4,500	6
Acxiom	4,388	7	2.49%		
Public School Districts	3,511	8	2.00%	7,411	4
Central Arkansas Veterans Health Care	3,500	9	1.99%	2,700	10
Entergy Arkansas	2,738	10	1.56%	3,254	8
St. Vincent Infirmary Medical Center				4,200	7
ALLTEL Corporation				2,734	9
	<u>104,337</u>		<u>59.30%</u>	<u>77,099</u>	

Source: Metroplan - Council of Local Governments

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

**Table 18**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
General Administration (1)	6	2	2	3	4	4	3	3	3	3
Racial Cultural Diversity (1)	-	3	3	3	3	3	3	3	3	2
City Clerk (1)	-	2	2	2	2	2	2	2	2	2
Arts & Humanities	-	1	-	-	-	-	-	-	-	-
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
City Manager	11	11	11	11	14	15	15	14	14	14
Community Programs	13	8	8	8	8	8	7	6	7	10
City Attorney	19	19	18	18	18	19	19	18	18	18
Little Rock Television	2	2	3	3	3	3	3	3	3	4
District Court - First Division	20	21	21	21	21	21	21	21	21	21
District Court - Second Division	21	20	20	20	20	20	20	17	17	17
District Court - Third Division	7	7	6	6	7	7	7	7	7	7
Finance	44	44	44	44	44	44	44	40	40	40
Human Resources	17	18	18	20	21	21	21	18	18	19
Management Support/Information Technology	35	35	33	33	34	35	36	37	38	38
Planning and Development	44	43	41	40	41	41	41	39	39	39
Housing and Neighborhood Programs	95	96	95	94	97	97	98	94	94	96
Public Works	15	13	13	13	13	13	13	13	13	13
Parks and Recreation (2)	112	113	106	104	106	106	105	100	100	117
Fire	396	398	397	398	397	397	409	408	408	421
Police	713	713	695	670	680	683	698	698	697	709
Total General Fund	1,571	1,570	1,537	1,512	1,534	1,540	1,566	1,542	1,543	1,591
Zoo (2)	48	50	50	50	51	50	50	45	46	56
Golf (2)	27	25	25	24	24	24	24	21	21	21
Jim Dailey Fitness & Aquatic Center (2)	11	9	9	9	9	9	9	9	9	9
Concessions	1	1	1	1	1	1	-	-	-	-
River Market (2)	4	4	4	4	4	4	4	-	-	-
Waste Disposal	118	118	118	118	118	118	119	112	112	112
Public Works - Street	210	205	210	210	210	208	209	210	210	211
Fleet Services	56	59	59	61	61	61	60	60	60	59
Vehicle Storage Facility	19	17	17	17	17	17	17	17	15	15
Total Other Funds	494	488	493	494	495	492	492	474	473	483
<b>Total Personnel</b>	<b>2,065</b>	<b>2,058</b>	<b>2,030</b>	<b>2,006</b>	<b>2,029</b>	<b>2,032</b>	<b>2,058</b>	<b>2,016</b>	<b>2,016</b>	<b>2,074</b>

Source: Government Budget Office

- (1) In 2004, the City Clerk's office and the Racial and Cultural Diversity departments were broken out from General Administration .
- (2) Prior to 1999, Zoo, Golf, Fitness, and River Market personnel were included in Parks and Recreation.

# City of Little Rock, Arkansas

## Operating Indicators by Function/Program

### Last Ten Years

**Table 19**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Planning and Development</b>										
Total building permits issued	4,432	5,032	5,330	4,694	2,734	1,957	3,690	3,832	3,304	2,011
Estimated building cost	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894	\$391,789,405
New commercial construction permits	96	153	113	78	60	45	31	26	155	94
Commercial construction value	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044	\$115,487,012
New residential construction permits	727	797	978	810	733	398	351	361	344	349
Residential construction value	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123	\$78,991,948
<b>Fire</b>										
Number of uniformed employees	373	373	373	374	391	391	402	403	403	403
Fires and explosions	1,392	1,127	1,883	1,752	1,478	1,190	1,256	1,557	1,452	1,595
Overpressure rupture, explosion, overhear (no fire)	123	126	110	143	101	90	61	65	62	96
Rescue, emergency medical calls	10,128	9,869	13,982	13,948	13,946	13,990	14,690	15,256	15,259	15,890
Hazardous condition, standby	1,319	1,215	1,211	1,186	1,177	1,392	1,178	1,130	1,298	1,420
Service calls	1,220	1,116	984	1,236	1,265	1,374	1,241	1,210	1,295	1,437
Good intent calls	1,593	1,366	1,034	2,419	3,165	3,176	3,327	3,523	3,332	3,426
False alarm calls	2,470	2,114	2,553	3,019	2,953	2,813	2,714	2,644	2,648	2,753
Natural disaster calls	9	12	26	28	22	64	29	17	75	37
Other calls	229	122	89	142	117	158	132	179	134	136
Total calls	18,483	17,067	21,872	23,873	24,224	24,247	24,628	25,984	25,555	26,790
<b>Police</b>										
Number of uniformed employees	503	492	500	515	525	520	557	557	557	577
Calls for service	163,316	156,577	156,003	155,110	156,714	150,042	148,409	143,540	143,226	157,093
Arrests	14,496	16,389	17,361	15,023	17,362	10,523	15,445	15,446	10,154	9,778
Accidents (fatality and serious injury)	4,685	4,704	3,846	5,181	5,363	4,054	3,354	3,354	2,877	3,480
Training man hours	14,160	13,048	12,101	12,778	13,469	26,465	13,525	13,625	10,825	36,780
Uniform Crime Reporting (UCR) Part I offenses	21,338	19,466	19,517	19,220	19,200	17,968	17,775	16,057	16,662	17,330
Clearance rate - all crimes	14.74%	18.11%	19.53%	21.70%	22.36%	24.80%	19.22%	19.47%	38.00%	21.66%
<b>Public Works</b>										
Miles of graded and surface treatment	426	426	426	426	398	394	392	425	422	422
Drainage ditches maintained	750	745	745	745	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
<b>Solid Waste/Garbage Collections</b>										
Solid waste disposal monthly service rate	\$18.91	\$20.99	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00	\$21.00	\$20.99	\$20.99
On-Call service	26,705	28,448	29,231	30,370	30,500	32,000	27,900	24,620	27,135	25,601
KB's service	8,114	7,894	6,287	5,865	6,000	6,000	8,898	7,499	6,242	5,164
Roll-off service	2,194	2,240	2,311	2,194	2,200	2,100	2,108	1,839	2,139	1,973
Carts	5,262	6,076	5,436	5,124	6,500	5,500	5,664	5,852	5,874	5,742
Dead animals collected	632	574	395	343	500	400	303	451	343	329
Curbside recycling tonnage (3)	-	4,457	4,820	4,596	4,800	5,200	5,240	5,414	5,688	9,307
Paper recycling pounds (3)	-	54,240	46,880	84,200	59,490	48,942	65,060	7,321	57,820	145,540
Class I and IV tonnage (3)	-	88,137	81,768	108,382	116,000	112,500	113,740	102,500	101,283	104,226
Yard Waste tonnage (3)	-	21,989	22,961	23,875	23,800	24,000	26,663	25,226	32,585	30,690
<b>Parks and Recreation</b>										
Total recorded parks attendance (1)	1,021,818	1,097,848	906,941	1,339,653	1,457,419	1,632,030	64,686 (4)	1,672,000 (5)	611,722	604,702
Zoo attendance (1)	294,782	251,104	275,584	257,290	282,334	274,781	277,530	274,621	307,123	323,040
Zoo outreach program (2)	92,158	67,922	72,978	98,479	55,669	69,223	74,153	39,240	37,307	21,584

Sources: Various city departments.

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

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

## City of Little Rock, Arkansas

### Capital Asset Statistics By Function

#### Last Ten Years

**Table 20**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire Stations	20	20	20	20	20	20	20	20	20	21
Police Stations	4	4	4	5	11 <sup>(1)</sup>	9	11	11	10	10
Public Works										
Miles of Streets	2,399	2,496	2,527	2,548	2,567	2,585	2,601	2,443	2,434	2,448
Miles of paved - permanent streets	1,972	2,007	2,039	2,039	2,105	2,146	2,164	2,018	2,016	2,026
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	350	350	350	350	355	355	357	357	359
Miles of sanitary sewer	1,207	1,228	1,248	2,070	1,292	1,311	1,312	1,320	1,345	1,400
Solid waste containers purchased	1,200	3,134	2,000	1,889	2,984	1,512	2,688	2,688	3,032	4,176
Parks and Recreation										
Acreage	5,745	5,745	5,767	5,776	5,781	5,780	6,080	6,246	6,313	6,315
Number of parks	52	54	54	55	55	55	56	58	59	59
Number of playgrounds	48	48	45	45	45	45	45	45	45	46
Number of tennis courts	52	52	52	52	52	52	52	48	48	48
Number of basketball courts	36	36	36	35	36	36	37	37	37	37
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	3	3	4	3	3	3	3	3	3
Number of ball fields	41	29	24	25	25	25	25	25	25	25
Number of play fields	12	12	18	20	20	20	20	20	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	1	-	-	1
Number of community centers	4	6	6	6	6	6	5	4	4	4
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	3	3	3	3	3	3	3
Number of soccer fields	9	9	9	9	9	9	9	9	9	9
Number of pavilions	26	26	19	19	22	20	22	22	22	22
Number of volleyball courts	9	9	9	9	2	2	8	8	9	9

Source: Various city departments.

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

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

## **Other Required Report**

## Independent 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, 2010.

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

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

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2012.

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

*BKD, LLP*

June 27, 2013



## **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 the 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, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 27, 2013. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Other auditors audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, 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 accountants' 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**

Management of the City of Little Rock, Arkansas is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. 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 would not necessarily 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 as defined above. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 12-01 that we consider to be significant deficiencies in internal control.

### **Compliance**

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 Findings**

The City's response to the findings identified in our audit are 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.

### **Other Matter(s)**

We also noted certain matters that we reported to the City's management in a separate letter dated June 27, 2013.

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 compliance. This communication 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*

Little Rock, Arkansas  
June 27, 2013

## **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

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

### ***Report on Compliance for Each Major Federal Program***

We have audited the compliance of the City of Little Rock, Arkansas 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 its major federal programs for the year ended December 31, 2012. 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.

### ***Management's Responsibility***

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management.

### ***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.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport, Little Rock and Little Rock Wastewater Utility which expended, \$3,579,563, \$45,616,962, and 408,602, 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, 2012. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the 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, 2012.

### ***Report on Internal Control Over Compliance***

The management of the City of Little Rock, Arkansas is responsible for establishing and maintaining effective internal control over compliance with 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 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. 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*

Little Rock, Arkansas  
June 27, 2013

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2012**

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	\$ 1,177,778
		<b>CDBG cluster total</b>	<b>1,177,778</b>
COPS	U.S. Department of Justice	16.710	85,284
ARRA COPS	U.S. Department of Justice	16.710	1,182,300
		<b>COPS Cluster</b>	<b>1,267,584</b>
Justice Assistance Grant	U.S. Department of Justice	16.738	759,302
ARRA Bureau of Justice Assistance	U.S. Department of Justice	16.804	228,190
		<b>JAG cluster total</b>	<b>987,492</b>
ARRA Economic Adjustment Assistance	U.S. Department of Commerce/Economic Development Administration	11.307	115,139
CDBG Disaster	U.S. Department of Housing and Urban Development/Arkansas Economic Development Commission	14.228	4,600,000
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	851,995
Housing Opportunities for Persons with Aids (HOPWA)	U.S. Department of Housing and Urban Development	14.241	217,581
ARRA Neighborhood Stabilization Program (NSP2)	U.S. Department of Housing and Urban Development	14.256	4,826,237
ARRA Homeless Prevention & Rapid Re-Housing Program	U.S. Department of Housing and Urban Development	14.257	7,774
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	12,914
Enforcing of Underage Drinking Laws	U.S. Department of Justice/Arkansas Department of Finance and Administration	16.270	15,364
Internet Crimes	U.S. Department of Justice	16.543	6,811
Special Asset Forfeiture	U.S. Department of Justice	16.922	21,248
Highway Planning and Construction	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.205	246,772
Riverfront Trail	U.S. Department of Transportation/Arkansas State Highway & Transportation Department	20.219	37,680
Selective Traffic Enforcement Program	U. S. Department of Transportation/Arkansas State Highway and Transportation	20.600	57,414
NEA Our Town	National Endowment for the Arts	45.024	75,000
Arts in Education Residency Mini Grant Program	National Endowment for the Arts/Arkansas Arts Council	45.025	1,521
Climate Showcase Communities	Environment Protection Agency	66.041	171,581
ANRC Water Quality Main Street	Environment Protection Agency/Arkansas Natural Resource Commission	66.460	1,090
Clean Water State Revolving Fund	Environment Protection Agency/Arkansas Natural Resource Commission	66.458	3,750
CNG Vans	U.S. Department of Energy/Arkansas Department of Environmental Quality	81.041	14,590
Energy Efficiency Conservation Block Grant	Department of Energy	81.128	451,704
Disaster Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.035	145,977
FEMA Disaster Public Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.036	71,450
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	37,878
Assistance to Firefighters - Prevention	U.S. Department of Homeland Security	97.044	279,007
LETTP	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	345,628
Fire and Emergency Response	U.S. Department of Homeland Security	97.083	271,827
ARRA Assistance to Fire Fighters Fire Station Construction	FEMA National Preparedness Directorate	97.115	1,615,006
			<u>\$ 17,935,792</u>

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2012**

**Notes to Schedule:**

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

Program	CFDA No.	Subrecipient	Amount Provided
Community Development Block Grant	14.218	Various	\$ 259,997
HOME Investment Partnerships Program	14.239	Various	8,488
HOPWA Arkansas Aids Foundation	14.241	Various	204,944
Bureau of Justice Assistance	16.738	Various	100,708
Environmental Protection Agency	66.041	Clinton Foundation	<u>132,335</u>
Total provided to subrecipients			<u>\$ 706,472</u>

**City of Little Rock, Arkansas**  
**Schedule of Expenditures of State Awards**  
**Year Ended December 31, 2012**

<u>Program Grantor/Program Title</u>	<u>State Awards</u>
<b>Arkansas Department of Parks and Tourism</b>	
Trails for Life	\$ 26,648
<b>Department of Arkansas Heritage</b>	
Hostel	11,594
<b>Arkansas Department of Economic Development</b>	
Falcon Jet 9th Street Extension QACF	<u>310,007</u>
Total State Awards	<u>\$ 348,249</u>



**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2012**

***Summary of Auditor's Results***

1. The opinion(s) expressed in the independent auditor's report was (were):  
 Unmodified     Qualified     Adverse     Disclaimed
  
2. The independent auditor's report on internal control over financial reporting disclosed:  

Significant deficiency(ies)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?  
 Yes     No
  
4. The independent auditor's report on internal control over compliance with requirements applicable to major federal awards programs disclosed:  

Significant deficiency(ies)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
5. The opinion(s) expressed in the independent auditor's report on compliance with requirements applicable to major federal awards was:  
 Unmodified     Qualified     Adverse     Disclaimed
  
6. The audit disclosed findings required to be reported by OMB Circular A-133?  
 Yes     No

**City of Little Rock, Arkansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2012**

7. The City's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grant	14.218
Community Development Block Grant Disaster	14.228
Neighborhood Stabilization Program 2	14.256
Justice Assistance Grant Cluster	16.804 & 16.738
COPS	16.710
ARRA Assistance to Firefighters	97.115

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$538,074.

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, 2012**

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

Reference Number	Finding	Questioned Costs
2012-01	<p>Criteria or Specific Requirement  Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition  Incompatible duties exist within 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, 2012**

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

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
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No matters are reportable.

**City of Little Rock, Arkansas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2012**

Reference Number	Finding	Status
2011-02	<b>Homeland Security Cluster</b> <b>Department of Homeland Security</b> <b>Reporting Requirement</b> <b>CFDA # 97.067</b>	Resolved

Criteria

Management is responsible for establishing and maintaining effective internal control over the reporting compliance requirement.

Condition

Lack of written documentation of the review of filing and submission of required reports.

Context

In the reporting compliance requirement, it was noted that there was no documentation of the formal review of the prepared reports being performed.

Effect

Potentially inaccurate filing of submitted reports

Recommendation

Management should adopt a policy to provide written documentation of the reviews of required reports submitted to the federal agency.

Views of Responsible Officials and Planned Corrective Actions

Management will ensure that review of grant reports is adequately documented in compliance with City policy and procedures. While written documentation was required for all American Recovery and Reinvestment Act (ARRA) grants, the policy did not include all federal programs. The City has already extended this policy to all grant programs.