

Comprehensive Annual Financial Report City of Little Rock, Arkansas



For The Year Ended December 31, 2009

The *American Recovery and Reinvestment Act of 2009* (ARRA) has provided nearly \$800 billion nationally to boost the American economy. To date, grants to the City of Little Rock and its component units have totaled over \$45 million.

The City of Little Rock serves as the lead agency on many ARRA projects, several of which are featured on the cover: sidewalk construction in low and moderate income areas - \$446,096; West Little Rock Fire Station construction - \$2,017,800; Safe Routes to Schools - \$246,500; energy efficient retrofits - \$1,224,700; Neighborhood Stabilization Program 2 - \$8,602,359; the William E. "Bill" Clark Presidential Park Wetlands - \$353,000; Community Oriented Policing Services - \$3,043,680; and the Rebsamen River Trail Round-About - \$246,500.

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**CITY OF LITTLE ROCK,
ARKANSAS**

**FISCAL YEAR ENDED
DECEMBER 31, 2009**

**PREPARED BY:
THE DEPARTMENT OF FINANCE**

**SARA LENEHAN, CPA
DIRECTOR OF FINANCE**

**EMBER FOSTER
COMPTROLLER**

City of Little Rock, Arkansas
Year Ended December 31, 2009

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INTRODUCTORY SECTION



Bruce T. Moore
City Manager

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June 23, 2010

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, 2009.

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, 2009, 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, 2009, 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, which is considered to be one of the top growth areas in the state. The City of Little Rock currently occupies a land area of 123 square miles and serves a population of 183,133. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. 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 City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the Directors of various Departments. The City Board is elected on a non-partisan basis.

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

The annual budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31st, the close of the City of Little Rock's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., zoo). Department Directors may make transfers of appropriations within a Department. Transfers of appropriations between Departments; however, require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the Board of Director's approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 75 as part of the required supplementary information for the governmental funds. For the Street Fund, this comparison is presented on page 88.

Factors Affecting Financial Condition:

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

Local Economy: Little Rock is the center of economic activity in Arkansas. The Little Rock metro economy generates over one-quarter of all personal income in the State of Arkansas and is growing jobs and income at a faster pace than the national average. Little Rock remains a vital employment center, accounting for 53% of all jobs (by place of work) in the Little Rock-North Little Rock metropolitan area.

National unemployment for 2009 was 9.3%, the highest U.S. unemployment rate since 1983. The City's annual unemployment is estimated at approximately 6%. A large component of the City's workforce is in the areas of health care, education and public administration; sectors which are less vulnerable to national employment trends. Little Rock is the capital of Arkansas and enjoys a significant State and Federal Government presence with over 23,300 State employees and 12,000 Federal employees headquartered in various locations around the City. In addition, the Little Rock region is the healthcare center for the State of Arkansas. The cornerstone of healthcare in Little Rock is the University of Arkansas for Medical Sciences (UAMS); comprised of five (5) medical centers. Key industry leaders in Little Rock include firms from the aerospace, biotechnology, wind energy, financial services, food processing, healthcare and the IT/telecommunications sectors.

Little Rock's housing markets have felt the boom-bust cycle of recent years, but have been less severely affected than the U.S. average. The 2008 permits for new single-family housing units were approximately half of those issued in 2007. While the slow down in building permits continued into the first quarter of 2009, recent building permit trends show that total housing permits in 2009 were slightly above 2008. Based on national indicators, housing markets will likely begin to recover in 2010, but the pace will not be as fast as in previous growth periods.

Non-residential construction in Little Rock during 2009 represented a large number and wide variety of projects. Larger projects include industrial investments by Supermarine, and a \$115 million addition to Arkansas Children's Hospital. Progress is continuing on the redevelopment of the old University Mall into Park Avenue, a mixed-use project involving retail, residential and office buildings. Preliminary site work is underway for a new Target store to open in October 2010. Target's plan to locate in Park Avenue is an example of renewed strength in the Little Rock core retail market and advances the redevelopment effort for the University Avenue corridor. Target has chosen the Park Avenue site as one of only twelve (12) stores scheduled to open in 2010. A resurgence of planning and development is also underway along the 12th Street corridor.

Little Rock has been included in many national rankings due to its diverse economic and business base. In 2009, Little Rock had the seventh strongest metropolitan economy in the country according to the Brookings Institution, which stated that despite the protracted recession, the Little Rock metropolitan area has been bolstered by a relatively low unemployment rate and a strong housing market. Local unemployment remains below state and national averages. The Manpower Employment Outlook Survey released March 10, 2009, listed the employment outlook for the Little Rock – North Little Rock – Conway area in the top ten (10) in the nation. Forbes Magazine recently listed Little Rock as among the top twenty-five (25) housing markets in the country. In addition, Forbes ranked Little Rock 21st out of 150 metropolitan areas on its list of the best places in America for business and careers. The ranking was based on income, job growth and cost of doing business, as well as labor, crime rates, housing costs, and net migration.

Long-Term Financial Planning: In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. The Board's goal is to have at least 10% of budgeted General Fund revenues in the reserve. Ten percent of the 2010 General Fund revenue budget is \$13,114,938. Due to increased public safety costs and a slower rate of growth of sales tax collections in the last few years, funds have not been available to increase the reserve since 2006.

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

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate growth rate prior to the economic downturn in 2008, revenue growth has not kept pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues. 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 year-end. The 2010 budget includes a reduction of forty-two (42) full-time positions from 2009 staffing levels.

Major Initiatives: The William J. Clinton Presidential Library and Museum opened in Downtown Little Rock in November 2004. The Library and Museum are located on twenty-six (26) acres of park located beside the Arkansas River. Heifer International built its international headquarters in downtown Little Rock just south of the William J. Clinton Presidential Library and Museum. These two endeavors in the River Market District have significantly increased tourism in Little Rock. In addition, other significant attractions in the Riverfront Park and River Market District have recently opened such as the Vogel-Schwartz Sculpture Garden and the Riverfest Walkway and Sturgis Plaza featuring La Petite Roche, City of Little Rock's namesake. Coming attractions in the River Market funded by private donations, state grants, and awards under the *American Recovery and Reinvestment Act of 2009* include the William E. "Bill" Clark Presidential Park Wetlands expected to be completed in early summer 2011, and the Clinton Presidential Park Bridge, a pedestrian/bicycle bridge stretching from the Clinton Center grounds across the Arkansas River, linking downtown attractions in Little Rock and North Little Rock, and providing a third Arkansas River crossing along the fourteen (14)-mile River Trail loop. The Clinton Presidential Park Bridge construction is expected to be completed in the next twelve (12) months.

New Capital investment expansion announcements over the past year include Welspun (\$60 million), Cameron Valves & Measurement (\$31 million, 50 new jobs), Southwest Power Pool (124 new jobs, \$9 million new payroll) and Mainstream Technologies (30 new jobs). Other projects announced, in progress or completed during the year include Baldwin & Shell Construction Company (\$4.5 - \$5 million) and the Holiday Inn Airport Conference Center.

On December 31, 2009, St. Vincent Health System announced the addition of a twenty-three (23) bed rehabilitation center in west Little Rock. Most recently, on February 26, 2010, Southwest Power Pool announced plans for a new \$62 million facility in west Little Rock that will contain a 150,000 square foot office building and a 33,000 square foot operations and data center.

In coordination with the Mayor and the Board of Directors, staff is focused on the *American Recovery & Reinvestment Act of 2009*. Staff is tracking grant and formula options and presenting opportunities to the City Board. A detail tracking system has been implemented with regular updates on the City's web site, www.littlerock.org. Through May 2010, the City and its affiliated agencies have been awarded grant funds in excess of \$45,000,000 toward projects ranging from homeless outreach and community development to employment, fire station construction, airport taxiway construction, housing, safety and public transit.

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, 2008. The City of Little Rock has received a Certificate of Achievement for twenty-seven (27) years total, except for fiscal years 1997-1999. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report on a timely basis could not have been accomplished without the efforts of certain individuals. Comptroller Ember Foster, and the Accounting and Reporting Staff including Alan Bohannon, Donna Facen, Abdoul Kabaou, Betty Long, Nancy Warfield, and Anita Worley; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grant staff including Angela Collier, Lottie Keaton-Brooks, and Gene Brunner, should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Mayor, the Board of Directors and the City Staff for their 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, 2008

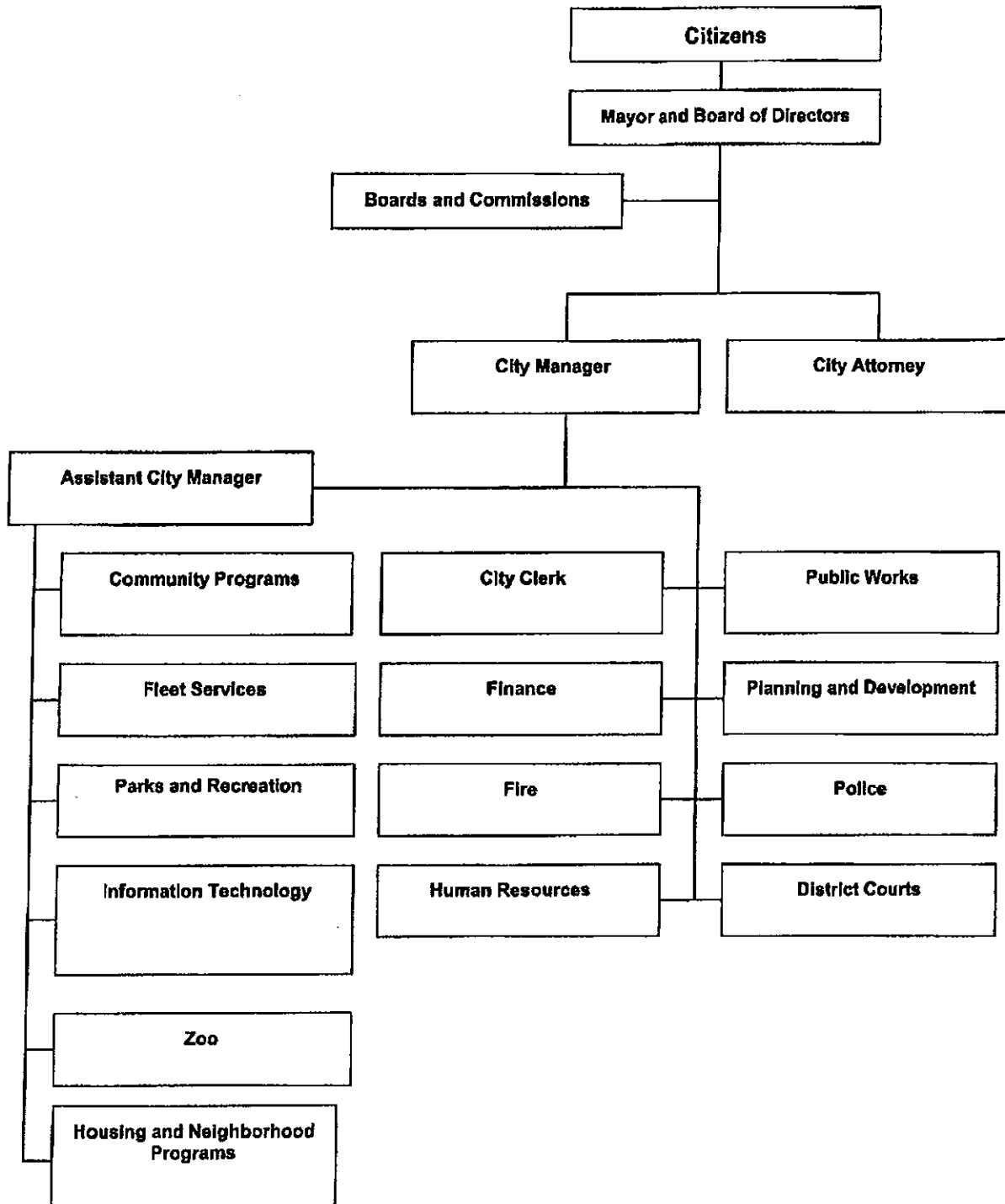
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Little Rock Organizational Chart



Elected Officials:

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

Appointed Officials:

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

FINANCIAL SECTION

Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission or the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of \$908,431,042 and \$94,007,701, respectively, and represent 89% and 91% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2009 and for the year then ended, respectively. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
City of Little Rock, Arkansas
Page 2

As discussed in Note 15, in 2009, the City changed its method of accounting for pension expenditures in the General Fund by retroactively restating beginning fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BKD, LLP

June 23, 2010

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2009

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, 2009. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

Financial Highlights

- Total assets of the City exceeded total liabilities at the close of 2009 by \$504,957,608. Of this amount, \$504,774,603 is invested in capital assets, net of related debt, \$28,117,328 is restricted for debt service, grant funds and other special projects, and (\$27,934,323) is considered unrestricted. The unrestricted net assets (deficit) of the City's governmental activities decreased \$13,966,640 to (\$20,707,353) primarily due to an increase in the net pension obligation. The unrestricted net assets (deficit) of the City's business-type activities are (\$7,226,970).
- The City's reported total net assets decreased by \$4,303,832 in 2009. Net assets of the governmental activities decreased \$636,645 (0.13% below 2008) due primarily to increased public safety and pension expenses. Net assets of the business-type activities decreased \$3,667,187 (12.25% below 2008) primarily due to increased transfers of reserves to the general fund to help offset a decline in revenues associated with the national economic downturn.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$80,015,177. The combined governmental funds fund balances increased \$25,446,337 from the prior year. Key components of the increase in fund balances are the issuance of the 2009A Capital Improvement Construction Revenue Bonds for parks, zoo, and recreation capital improvements in the amount of \$7,830,000, and library construction general obligation bonds issued in the amount of \$28,000,000, net of capital expenditures of approximately \$11,300,000; and the repayment of debt of approximately \$16,100,000, net of committed property and franchise tax revenues of approximately \$19,250,000. Approximately \$60,708,000 of the \$80,015,177 fund balances is considered unreserved at December 31, 2009. Of this amount, approximately \$39,646,000 is reported in capital projects or debt service funds.
- The General Fund reported fund balance of \$22,281,212 at the end of the current year. Unreserved fund balance for the General Fund was \$21,061,786 or 14.4% of total General Fund expenditures (including transfers out). There was a \$984,156 decrease in the total fund balance for the General Fund for the year ended December 31, 2009 after restating the beginning fund balance by \$5,938,340 for a change in accounting principle. Details regarding this adjustment are found in *Note 15*.
- The City's total debt increased by \$13,845,436 (9.9% over 2008) during the current year. The key factors in this increase were the issuance of \$28,000,000 general obligation bonds for library capital improvements, \$7,830,000 general obligation revenue bonds for parks and recreation capital improvements, and \$12,120,000 in parks and recreation refunding revenue bonds, offset by principal payments of \$15,720,000 for revenue bonds, \$12,565,000 for general obligation bonds, and \$5,819,564 for temporary notes.

- At the close of the current year, net assets of fiduciary funds were \$176,519,415 all held in trust for pension and other post-employment benefits. There was a \$6,571,910 increase in the total fiduciary net assets held in trust for the year ended December 31, 2009. The increase in net assets is attributed to contributions to the funds in the amount of \$14,066,450, investment income and a net increase in the fair value of investments of \$16,481,140, benefits paid directly to participants of \$23,539,765, and other investment and administrative expenses of \$435,915.
- The City's component units reported net assets of \$633,949,389 as of December 31, 2009, an increase of \$16,556,404 compared to December 31, 2008.

Overview of the Financial Statements

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

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

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

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

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

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

- Little Rock Wastewater Utility
- Little Rock National Airport
- Oakland Fraternal Cemetery
- Mt. Holly Cemetery
- Little Rock Advertising and Promotion Commission
- Little Rock Port Authority
- Little Rock Ambulance Authority
- Central Arkansas Transit Authority
- Arkansas Museum of Science and History
- Arkansas Arts Center
- Little Rock Workforce Investment Board
- Central Arkansas Library System

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on page 30.

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

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

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

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

The City maintains twenty-three (23) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2004 Bond Fund, the 2004 Central Arkansas Library Fund and the 2008 and 2009 Central Arkansas Library Capital Improvement Fund which are considered to be major funds. Data from the other nineteen (19) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19-20 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-74 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 75 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 80-94 of this report.

City of Little Rock, Arkansas						
Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 103,869,876	\$ 105,467,119	\$ 4,202,204	\$ 11,144,989	\$ 108,072,080	\$ 116,612,108
Noncurrent and other assets	44,621,844	15,132,545	3,212,610	3,851,916	47,834,454	18,984,461
Capital assets	560,565,502	560,560,513	61,436,395	61,951,323	622,001,897	622,511,836
<i>Total assets</i>	<u>709,057,222</u>	<u>681,160,177</u>	<u>68,851,209</u>	<u>76,948,228</u>	<u>777,908,431</u>	<u>758,108,405</u>
Current liabilities	45,783,788	44,760,675	5,886,850	5,974,146	51,670,638	50,734,821
Long-term liabilities outstanding	184,576,279	157,065,702	36,703,906	41,046,442	221,280,185	198,112,144
<i>Total liabilities</i>	<u>230,360,067</u>	<u>201,826,377</u>	<u>42,590,756</u>	<u>47,020,588</u>	<u>272,950,823</u>	<u>248,846,965</u>
<i>Net assets</i>	<u>\$ 478,697,155</u>	<u>\$ 479,333,800</u>	<u>\$ 26,260,453</u>	<u>\$ 29,927,640</u>	<u>\$ 504,957,608</u>	<u>\$ 509,261,440</u>
Invested in capital assets, net of related debt	\$ 479,611,737	\$ 471,326,637	\$ 25,162,866	\$ 22,649,910	\$ 504,774,603	\$ 493,976,547
Restricted	19,792,771	14,747,876	8,324,557	6,255,864	28,117,328	21,003,740
Unrestricted	<u>(20,707,353)</u>	<u>(6,740,713)</u>	<u>(7,226,970)</u>	<u>1,021,866</u>	<u>(27,934,323)</u>	<u>(5,718,847)</u>
<i>Total net assets</i>	<u>\$ 478,697,155</u>	<u>\$ 479,333,800</u>	<u>\$ 26,260,453</u>	<u>\$ 29,927,640</u>	<u>\$ 504,957,608</u>	<u>\$ 509,261,440</u>

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The City’s assets exceeded liabilities by \$504,957,608 at the close of the most recent fiscal year.

The largest portion of the City's net assets (99.96%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (5.57%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted (deficit) net assets of (\$27,934,323) is reflective of the growing pension obligation associated with the closed police and fire pension and relief funds.

Revenues	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<i>Program revenues:</i>						
Charges for Services	\$ 21,735,656	\$ 24,204,333	\$ 24,713,329	\$ 26,959,515	\$ 46,448,985	\$ 51,163,848
Operating grants and contributions	19,126,353	2,034,054	-	-	19,126,353	2,034,054
Capital grants and contributions	1,432,306	10,377,494	516,796	-	1,949,102	10,377,494
<i>General revenues:</i>						
Property taxes	45,248,710	41,954,874	-	-	45,248,710	41,954,874
Sales taxes	63,112,194	66,157,605	-	-	63,112,194	66,157,605
Utility franchise taxes	29,932,458	29,809,410	-	-	29,932,458	29,809,410
Investment earnings	291,043	939,366	80,586	533,477	371,629	1,472,843
Intergovernmental revenues	18,887,563	23,596,059	-	-	18,887,563	23,596,059
Other	(246,757)	23,745	(9,805)	(29,411)	(256,562)	(5,666)
Total revenues	<u>199,519,526</u>	<u>199,096,940</u>	<u>25,300,906</u>	<u>27,463,581</u>	<u>224,820,432</u>	<u>226,560,521</u>
Expenses						
General government	33,803,817	39,257,596	-	-	33,803,817	39,257,596
Public Works	31,689,645	30,546,203	-	-	31,689,645	30,546,203
Parks and recreation	9,886,376	10,761,841	5,119,862	6,117,210	15,006,238	16,879,051
Public safety	110,320,886	95,146,733	-	-	110,320,886	95,146,733
Economic development	-	4,225,034	-	-	-	4,225,034
Education	5,282,591	8,372,418	-	-	5,282,591	8,372,418
Housing and neighborhood programs	7,815,231	7,702,220	-	-	7,815,231	7,702,220
Interest on long-term debt	3,654,132	3,216,776	-	-	3,654,132	3,216,776
Agent fees on long-term debt	9,545	12,210	-	-	9,545	12,210
Waste disposal	-	-	13,805,966	13,778,712	13,805,966	13,778,712
Parking system	-	-	1,648,216	1,652,292	1,648,216	1,652,292
Zoo	-	-	4,816,545	4,758,438	4,816,545	4,758,438
Vehicle storage	-	-	1,271,451	1,250,245	1,271,451	1,250,245
Total expenses	<u>202,462,224</u>	<u>199,241,031</u>	<u>26,662,040</u>	<u>27,556,897</u>	<u>229,124,264</u>	<u>226,797,928</u>
Increase in net assets before transfers	(2,942,698)	(144,091)	(1,361,134)	(93,316)	(4,303,832)	(237,407)
Transfers	2,306,053	(307,235)	(2,306,053)	307,235	-	-
Change in net assets	<u>(636,645)</u>	<u>(451,326)</u>	<u>(3,667,187)</u>	<u>213,919</u>	<u>(4,303,832)</u>	<u>(237,407)</u>
Net assets - January 1	479,333,800	479,785,126	29,927,640	29,713,721	509,261,440	509,498,847
Net assets - December 31	<u>\$ 478,697,155</u>	<u>\$ 479,333,800</u>	<u>\$ 26,260,453</u>	<u>\$ 29,927,640</u>	<u>\$ 504,957,608</u>	<u>\$ 509,261,440</u>

Governmental Activities. Governmental activities decreased the City's net assets by \$636,645. The decrease in current assets of \$1,597,243 and an increase in non-current liabilities and current liabilities of \$27,510,577 and 1,023,113 were offset by a \$29,489,299 and \$4,989 increase in noncurrent assets and net capital assets, respectively.

Property tax represents 23% of the City's governmental revenue in 2009. Sales tax represents 32% of the City's governmental revenue in 2009. Current year expenses were 101% of current year revenues.

Business-type Activities. Business-type activities decreased the City's net assets by \$3,667,187. Key elements of this increase are as follows:

- Operating income increased net assets by \$165,450. Nonoperating expenses, primarily interest expense, decreased net assets by \$2,043,380. Contributions and donations of primarily capital assets increased net assets by \$516,796. Net transfers decreased net assets by \$2,306,053.
- Presidential Park net assets increased by \$610,840. Transfers in from nonmajor park enterprise funds revenues of \$1,300,000 were the primary source of revenue. Interest expense on the parks and recreation bonds of \$709,401 was the primary expense.
- Waste Disposal net assets decreased by \$3,323,149. Net income, before net transfers out of \$5,848,297, was \$2,525,148 which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$603,317 was offset by net nonoperating expense of \$572,597. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income decreased net assets by \$3,740,237. Net transfers in of \$2,242,244 and capital contributions and donations of \$516,796 partially offset the overall decrease in net assets for nonmajor enterprise funds of \$985,598.

Solid Waste activities contribute 66% of the operating revenue to the business-type activities. Current year operating expenses were 99% of current year operating revenues.

Financial Analysis of the Government's Funds

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

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

As of December 31, 2009, the City's governmental funds reported combined ending fund balances of \$80,015,177, an increase of \$25,446,337 in comparison with the prior year. Approximately \$60,708,000 of this amount constitutes *unreserved fund balance*. Of this amount, approximately \$39,646,000 is reported in capital projects or debt service funds and is committed for those purposes. The remaining unreserved fund balance of approximately \$21,062,000 is available for spending at the government's discretion. Approximately \$19,307,000 fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service and other purposes.

The General Fund is the chief operating fund of the city. At December 31, 2009, unreserved fund balance of the General Fund was \$21,061,786, while the total fund balance was \$22,281,212. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 14.4% of total General Fund expenditures (including transfers out), while total fund balance represents 15.2% of that same amount.

After adjusting the beginning fund balance by \$5,938,340 for a change in accounting principle discussed in *Note 15* to the financial statements, the fund balance of the City's General Fund decreased \$984,156. Decreased revenues due to the economic downturn and increased public safety expenditures associated with uniform pension contributions were the primary factors contributing to the decrease in fund balance.

The special revenue funds had total fund balances of \$6,043,916. The net decrease in fund balances during 2009 for the funds was \$2,370,534. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net decrease in fund balances is primarily attributed to increased expenditures as multi-year special projects and infrastructure projects were completed. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ (880,207)	\$ 3,033,065
Special Projects	(626,303)	1,789,913
Infrastructure	(1,170,969)	173,279
Emergency 911	230,387	2,822
CDBG	62,393	255,205
NHSP	(11,809)	165,070
HIPP	(32,283)	628,138
Grant	58,257	(3,576)

The debt service funds had total fund balances of \$16,593,060. The net increase in fund balances during 2009 for the funds was \$3,863,342. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. New debt was issued during 2009 for Central Arkansas Library capital improvements and for parks and recreation capital improvements. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 7,500	\$ 17,510
2002 Junior Lien Bonds	424	22,942
2004 Bond Fund	275,077	11,127,196
2004 Central Arkansas Library	267,794	2,094,191
2008 & 2009 Central Arkansas Library	2,580,167	2,598,841
2009A Parks and Recreation	732,380	732,380

The capital project fund balances increased by \$24,937,685 to total fund balances at December 31, 2009 of \$35,096,989. In accordance with the terms of the City ordinance for each fund, \$10,085,077 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. During 2009, the City issued bonds for Parks and Recreation improvements totaling \$7,830,000 and general obligation bonds for the Library totaling \$28,000,000. The net changes and ending fund balances for the capital project funds were:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (407,461)	\$ 1,032,079
1995 Capital Improvement	(18,994)	19,752
1988 Capital Improvement	(104,174)	1,051,977
Short Term Financing	(2,473,156)	2,985,128
2004 Capital Improvements	(544,444)	740,235
2004 Central Arkansas Library	1	202
2008 Central Arkansas Library	22,797,120	23,578,823
2009A Parks and Recreation	5,688,793	5,688,793

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

Net assets at the end of the year amounted to \$14,998,316, \$1,499,768, \$96,374 and \$9,665,995 for Solid Waste, Presidential Park, River Market Garage, and other proprietary funds operations, respectively. Net assets increased in the Presidential Park and River Market Garage by \$610,840 and \$30,720, respectively. Net assets decreased in the Waste Disposal and other proprietary funds by 3,323,149 and \$985,598, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of \$2,375,812 less than the original budget. The total original appropriations, including those for transfers out, were \$137,449,966, while the final appropriations were for \$135,074,154. The primary purpose of the budget amendment was to reduce expense appropriations due to declines in revenue associated with the national economic downturn. Revenue budget adjustments and actual results are shown below.

City of Little Rock
General Fund Budget – Revenues

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$ 16,116,102	\$ 539,795	\$ 16,655,897	\$ 23,263,592	\$ 6,607,695	The budget adjustment reflects an increase associated with better than expected collections during the economic downturn. The assessed valuation for 2008 to be collected in 2009 increased 8%. The City conservatively estimated a lower collection rate in the original budget. Actual results include \$6.6 million in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. This levy is not included in the General Fund budget.
Sales Taxes	66,918,563	(4,270,005)	62,648,558	63,112,194	463,636	The original budget included an estimated increase of 1.13% in sales tax over 2008 actual results. As the economic downturn impacted sales tax receipts, the City amended the budget to reflect an anticipated decline of 5.3%. The actual results for November and December were better than anticipated resulting in the favorable variance.
Licenses & Permits	9,742,982	(551,874)	9,191,108	9,463,871	272,763	The budget adjustment reflects a 9.4% reduction in building and related permits, resulting from the economic downturn. The favorable variance is due to aggressive collection of business license fees and a large permit issued toward the end of the year.
Intergovernmental	1,607,000	158,160	1,765,160	3,798,828	2,033,668	The budget adjustment reflects a one-time allocation from the state legislature during the 2009 legislative session. The actual variance includes pension insurance turn back revenue collected on behalf of the fire and police pension funds in the amount of \$1,068,954 and \$952,668, respectively. These amounts are not included in the General Fund budget.

City of Little Rock
General Fund Budget – Revenues

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Charges for Services	\$ 6,052,150	\$ (1,605,116)	\$ 4,447,034	\$ 4,730,665	\$ 283,631	The budget amendment was primarily associated with a reduction in fire fighters assigned to the Airport and reduced reimbursements for overtime and other police expenses at the Airport. In addition, the budget for 911 fees available for reimbursement of police salaries was reduced due to increased 911 equipment and maintenance needs. The favorable variance reflects increased reimbursement of police salaries due to better than anticipated collection of wireless 911 fees in the fourth quarter.
Fines & Fees	3,742,381	(449,516)	3,292,865	3,373,832	80,967	The budget amendment reflects a decline in parking and traffic fines and rezoning fees.
Franchise Fees	29,016,043	(428,855)	28,587,188	28,179,024	(408,164)	The budget amendment was primarily associated with a reduction in telephone, long distance, and cable franchise fees. The actual variance was due to a decline in electric and gas utility franchise fees in the fourth quarter associated with the expiration of various storm riders and the decrease in natural gas prices.
Interest Earnings	108,050	(49,129)	58,921	17,068	(41,853)	Both the budget amendment and the year end variance were due to very low interest rates.
Transfers In	3,730,637	3,813,995	7,544,632	8,151,411	606,779	The budget amendment reflects an increase in transfers from Waste Disposal reserves and the closure of special projects to supplement expense reductions and mitigate the impact of decreases in sales taxes and other revenues affected by the economic downturn. The actual variance reflects transfers to supplement funding to special projects such as the weed-lot, board and secure, and demolition programs.
All Other Revenues	<u>416,058</u>	<u>467,848</u>	<u>883,906</u>	<u>1,349,718</u>	<u>465,812</u>	Actual includes contributions and miscellaneous revenue from police seized property which is not budgeted.
Total General Fund Revenues	<u>\$ 137,449,966</u>	<u>\$ (2,374,697)</u>	<u>\$ 135,075,269</u>	<u>\$ 145,440,203</u>	<u>\$ 10,364,934</u>	

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

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
General Administration	\$ 22,851,374	\$ (1,104,573)	\$ 21,746,801	\$ 22,453,137	\$ 706,336	The budget amendment reflects a reduction in expenditures due to vacancy savings of \$261,000, the allocation of vacation and sick leave payouts for retiring employees to other departments of \$575,000, and reductions in other contract expenses of \$268,000. The actual variance includes approximately \$1 million in special project expenditures that are budgeted as transfers out, partially offset by approximately \$250,000 in other contract and insurance cost savings.
Board of Directors	242,115	5,653	246,768	249,269	2,501	Immaterial variance.
Community Programs	361,540	(60,644)	300,896	3,682,784	3,381,888	The budget was amended by approximately \$45,000 for vacant positions and \$16,000 for other expense reductions. The actual variance includes special project expenditures for Children, Youth and Families of approximately \$3,363,000. Special project allocations are budgeted as transfers out.
City Attorney	1,625,773	(61,166)	1,564,607	1,453,820	(110,787)	The budget was amended for vacant positions. Actual personnel expenditures were approximately \$69,000 below budget, with additional savings in travel and supplies.
District Court - First Division	1,287,863	(33,928)	1,253,935	1,202,726	(51,209)	The budget was adjusted for vacant positions. Actual expenses were below budget due to additional personnel and contract cost savings.
District Court - Third Division	502,882	(36,163)	466,719	471,698	4,979	The budget was adjusted for vacant positions.
District Court - Second Division	1,215,554	(30,722)	1,184,832	1,112,467	(72,365)	The budget was adjusted for vacant positions. The favorable variance reflects additional personnel and travel cost savings.
Finance	2,726,917	(67,976)	2,658,941	2,647,522	(11,419)	The budget was adjusted for vacant positions and contract expense reductions.
Human Resources	1,450,113	(174,745)	1,275,368	1,297,920	22,552	The budget amendment reflects vacancy savings of approximately \$45,000 and the deferral of \$120,000 in contracted services. Actual includes \$22,000 in special project expenses budgeted as transfers out.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Information Technology	\$ 3,207,958	\$ (477,725)	\$ 2,730,233	\$ 2,684,577	\$ (45,656)	The budget was adjusted for vacancy savings of \$328,000 and prepaid hardware and software maintenance.
Planning & Development	2,315,516	(355,872)	1,959,644	1,904,688	(54,956)	The budget was adjusted primarily for vacancy savings totaling \$351,000. The actual variance includes additional personnel, fuel, and utility savings.
Public Works	1,366,405	(187,691)	1,178,714	1,259,689	80,975	The budget was adjusted for vacancy savings of approximately \$106,000 and deferred HVAC and building maintenance cost of approximately \$80,000. Actual expenses include special project expenses of \$222,000 for building repairs budgeted as transfers out, partially offset by savings in heating and cooling maintenance.
Parks & Recreation	7,758,842	(624,802)	7,134,040	7,763,135	629,095	The budget was adjusted for vacancy savings of approximately \$517,000. In addition, the budget was reduced for utility and contract expense reductions. The actual variance includes \$457,000 in special projects for summer youth, playground, and athletic programs that are budgeted as transfers out. Part-time and overtime expenses contributed approximately \$120,000 to the actual variance.
Fire	32,745,675	(813,503)	31,932,172	36,281,008	4,348,836	The budget was adjusted for a reduction in the number of fire fighters assigned to the airport resulting in savings of approximately \$458,000 in addition to vacancy savings of approximately \$371,000. Actual expenses include \$4.7 million in pension cost supported by a separate levy and state turn back funds that are not budgeted.
Police	49,235,111	(1,645,736)	47,589,375	53,091,213	5,501,838	The budget was adjusted for vacancy savings of approximately \$2.1 million, partially offset by an increased allocation for overtime. The actual variance includes \$4.6 million in pension cost supported by a separate levy and state turn back funds that are not budgeted. In addition, the actual variance includes \$427,000 in special project expenditures budgeted as transfers out and additional overtime and contract cost of approximately \$500,000.

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended		Variance	Explanation
	Budget	Adjustments	Budget	Actual		
Housing & Neighborhoods	\$ 4,584,085	\$ (709,318)	\$ 3,874,767	\$ 4,459,827	\$ 585,060	The budget was adjusted primarily for vacancy savings totaling \$695,000. The actual variance includes \$587,000 in special project expenses for board and secure, weed-lot cutting, and demolition funded by transfers in from other funds.
Transfers Out	8,723,908	(747,566)	7,976,342	4,408,879	(3,567,463)	The budget was adjusted to reduce transfers for special projects and enterprise fund subsidies due to revenue reductions associated with the economic downturn. The actual variance includes transfers to general fund special projects. The expenditures for these projects are reflected in the actual department expenditures above.
Vacancy Savings	<u>(4,751,665)</u>	<u>4,751,665</u>	<u>—</u>	<u>—</u>	<u>—</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.
Total General Fund Expenditures	<u>\$ 137,449,966</u>	<u>\$ (2,375,812)</u>	<u>\$ 135,074,154</u>	<u>\$ 146,424,359</u>	<u>\$ 11,350,205</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, 2009, amounts to \$622,001,897 (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 decrease in the City’s investment in capital assets for 2009 was 0.08% (a 0.001% increase for governmental activities and a 0.83% decrease for business-type activities).

City of Little Rock
Capital Assets, net of depreciation

	Governmental Activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 153,228,703	\$ 150,963,231	\$ 19,951,570	\$ 19,951,570	\$ 173,180,273	\$ 170,914,801
Buildings	49,264,411	50,422,124	33,378,159	33,761,220	82,642,570	84,183,344
Improvements other than buildings	7,136,323	5,709,790	896,803	1,412,805	8,033,126	7,122,595
Vehicles and equipment	21,856,601	24,276,727	6,876,847	6,417,562	28,733,448	30,694,289
Infrastructure	318,470,756	314,912,988	-	-	318,470,756	314,912,988
Construction in progress	10,608,709	14,275,653	333,016	408,166	10,941,725	14,683,819
Total	<u>\$ 560,565,502</u>	<u>\$ 560,560,513</u>	<u>\$ 61,436,395</u>	<u>\$ 61,951,323</u>	<u>\$ 622,001,897</u>	<u>\$ 622,511,836</u>

Major capital asset events during 2009 included the following:

- Infrastructure additions were \$18,926,208.
- Vehicle and equipment additions were \$6,931,348.
- Building additions were \$1,752,434.
- Construction in progress additions were \$5,146,785.

- Land and other improvements additions were \$4,080,826.
- Depreciation expense totaled \$27,336,733.

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

Long-term Debt. At December 31, 2009, the City, the primary government, had \$154,302,436 of long-term bonds outstanding, including general obligation bonds of \$81,560,000, Notes Payable of \$13,177,436 and \$59,565,000 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds						
and notes payable	\$ 94,737,436	\$ 84,012,000	\$ —	\$ —	\$ 94,737,436	\$ 84,012,000
Revenue bonds	<u>21,540,000</u>	<u>14,820,000</u>	<u>38,025,000</u>	<u>41,625,000</u>	<u>59,565,000</u>	<u>56,445,000</u>
Total	<u>\$ 116,277,436</u>	<u>\$ 98,832,000</u>	<u>\$ 38,025,000</u>	<u>\$ 41,625,000</u>	<u>\$ 154,302,436</u>	<u>\$ 140,457,000</u>

Total long-term bonds outstanding at December 31, 2009 increased \$13,845,436, an increase of 9.8%. The net increase includes the issuance of 2009 capital improvement bonds for the Central Arkansas Library in the amount of \$28,000,000 and the issuance of the Parks and Recreation capital improvement bonds in the amount of \$19,950,000 less debt retirements of \$28,285,000. Short-term financing in the amount of \$5,819,564 was retired.

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

	<u>Moody’s Investors Service</u>	<u>Standard & Poor’s</u>
<u>General Obligation Debt</u>		
2004 Library Refunding and Capital Improvement Bonds	Not Rated	AA
2004 Capital Improvement Bonds	Aa3	AA (FSA)
2008 Library Capital Improvement Bonds	Not Rated	AA
2009 Library Capital Improvement Bonds	Not Rated	Not Rated
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	Baa1	BBB+
2002 Capital Improvement Junior Lien	Not Rated	A+ (Ambac)
2002 Waste Disposal Refunding and Improvement	A1	AA-
2007 Capital Improvement Revenue Refunding Bonds	A1	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	AA-
2009 Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
<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	Aaa (FSA)	Not Rated
2007 Sewer Construction Bonds	Aaa (FSA)	AAA

	Moody's Investors Service	Standard & Poor's
2008 Sewer Revenue	A1	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2009B Sewer Revenue	A1	Not Rated
1993 A&P Refunding	A	Not Rated
2003 A&P Refunding	A	Not Rated
2003 Airport Refunding	A2	A-
1999A Airport Revenue	A2	A-
1999B Airport Revenue	A2	A-
2007 Airport Revenue Refunding and Improvement Bonds	Not Rated	Not Rated

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, 2009 of \$81,560,000 are well below the statutory limit of \$719,997,346. The City is allowed to issue short-term financings (maturities of less than five years) up to 5% of total assessed valuation. Outstanding short-term financings at December 31, 2009 of \$13,177,436 are well below the statutory limit of \$179,999,337. Voter approval is not required for short-term financing.

Additional information regarding the City's long-term debt can be found in *Note 4* on pages 44-54 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 2010 budget. With the uncertainty surrounding the economy, the City considered the impact on its two primary revenue sources: sales tax and franchise fees. The Mayor and Board of Directors decided that it was important to: 1) put the highest premium on safety for the people of Little Rock and City employees, and 2) adopt a budget designed to promote long-term fiscal stability by creating additional budget reserves. In order to meet the objectives of the 2010 budget, the City recognized the need to continue its pattern of cost containment. The total 2010 General Fund budget is \$131,149,375 which reflects a reduction of 4.6% from the original 2009 adopted budget and a reduction of 2.9% from the final amended 2009 General Fund budget.

Request for Information

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

Financial Statements

City of Little Rock, Arkansas
Statement of Net Assets
December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,885,078	\$ 5,628,120	\$ 7,513,198	\$ 49,228,955
Investments	1,733,555	2,849,807	4,583,362	16,708,760
Restricted cash and investments - current	14,676,799	3,818,919	18,495,718	12,332,122
Accounts receivable, net of allowance for uncollectible accounts	71,678,779	2,834,151	74,512,930	27,655,780
Interest receivable	-	3,592	3,592	-
Internal balances	11,064,751	(11,064,751)	-	-
Inventories	1,099,748	121,762	1,221,510	2,147,284
Prepaid expenses and other	1,731,166	10,604	1,741,770	3,508,229
	<u>103,869,876</u>	<u>4,202,204</u>	<u>108,072,080</u>	<u>111,581,130</u>
Total current assets				
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	15,781,629	5,203,032	20,984,661	33,598,591
Investments	42,429,628	1,048,949	43,478,577	78,315,907
Grants and other receivables	-	-	-	2,152,490
Interest receivable	101,574	32,185	133,759	556,318
	<u>58,312,831</u>	<u>6,284,166</u>	<u>64,596,997</u>	<u>114,623,306</u>
Less amount required to meet current obligations	<u>14,676,799</u>	<u>3,818,919</u>	<u>18,495,718</u>	<u>12,332,122</u>
	<u>43,636,032</u>	<u>2,465,247</u>	<u>46,101,279</u>	<u>102,291,184</u>
Total restricted assets				
Capital assets - non-depreciable	163,837,412	20,284,586	184,121,998	247,862,089
Capital assets - depreciable, net	<u>396,728,090</u>	<u>41,151,809</u>	<u>437,879,899</u>	<u>556,390,763</u>
	<u>560,565,502</u>	<u>61,436,395</u>	<u>622,001,897</u>	<u>804,252,852</u>
Total capital assets				
Other assets				
Deferred bond issue costs	519,419	747,363	1,266,782	714,519
Net OPEB asset	466,392	-	466,392	-
Other	-	-	-	923,193
	<u>985,811</u>	<u>747,363</u>	<u>1,733,174</u>	<u>1,637,712</u>
Total other assets				
Total noncurrent assets				
	<u>605,187,346</u>	<u>64,649,005</u>	<u>669,836,351</u>	<u>908,181,748</u>
Total noncurrent assets				
Total assets	<u>\$ 709,057,222</u>	<u>\$ 68,851,209</u>	<u>\$ 777,908,431</u>	<u>\$ 1,019,762,878</u>

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 1,332,198	\$ 326,547	\$ 1,658,745	\$ 21,967,246
Accrued wages payable and related liabilities	4,905,360	-	4,905,360	2,512,697
Accrued expenses and other	579,636	66,041	645,677	4,193,330
Accrued interest payable	1,591,040	688,919	2,279,959	-
Compensated absences - current portion	6,717,575	468,655	7,186,230	1,658,813
Notes payable - current portion	5,120,759	-	5,120,759	1,225,530
Capital lease obligation - current portion	-	92,462	92,462	-
Bonds payable - current portion	7,965,000	3,130,000	11,095,000	11,239,783
Due to fiduciary funds	7,208,281	-	7,208,281	-
Other current liabilities	-	834,259	834,259	-
Unearned revenue	10,363,939	279,967	10,643,906	6,541,521
Total current liabilities	<u>45,783,788</u>	<u>5,886,850</u>	<u>51,670,638</u>	<u>49,338,920</u>
Noncurrent liabilities				
Notes payable	8,056,677	-	8,056,677	31,739
Bonds payable, net of unamortized premium and discount	95,342,674	33,730,937	129,073,611	296,274,288
Net pension obligation	67,055,646	-	67,055,646	-
Compensated absences	13,690,027	489,305	14,179,332	310,876
Other long-term liabilities	431,255	2,483,664	2,914,919	39,857,666
Total noncurrent liabilities	<u>184,576,279</u>	<u>36,703,906</u>	<u>221,280,185</u>	<u>336,474,569</u>
Total liabilities	<u>230,360,067</u>	<u>42,590,756</u>	<u>272,950,823</u>	<u>385,813,489</u>
Net Assets (Deficit)				
Invested in capital assets, net of related debt	479,611,737	25,162,866	504,774,603	490,061,345
Restricted - expendable				
Debt service	16,593,060	8,247,468	24,840,528	23,729,213
Developer contribution account	1,265,390	-	1,265,390	-
Stormwater retention	294,358	-	294,358	-
Court automation	176,915	-	176,915	-
Grant funds	1,044,837	-	1,044,837	236,209
Cable network	415,720	-	415,720	-
Special projects - ADA	2,491	-	2,491	5,148,834
Zoo promotions	-	77,089	77,089	-
Passenger facility charges	-	-	-	27,661,055
Library materials	-	-	-	414,144
Art fund	-	-	-	1,659,835
Cemetery maintenance	-	-	-	2,526,946
Total restricted - expendable	<u>19,792,771</u>	<u>8,324,557</u>	<u>28,117,328</u>	<u>61,376,236</u>
Restricted - unexpendable	-	-	-	4,291,061
Unrestricted (deficit)	<u>(20,707,353)</u>	<u>(7,226,970)</u>	<u>(27,934,323)</u>	<u>78,220,747</u>
Total net assets	<u>478,697,155</u>	<u>26,260,453</u>	<u>504,957,608</u>	<u>633,949,389</u>
Total liabilities and net assets	<u>\$ 709,057,222</u>	<u>\$ 68,851,209</u>	<u>\$ 777,908,431</u>	<u>\$ 1,019,762,878</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Units
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	
			Grants and Contributions	Grants and Contributions				
Primary Government								
Governmental Activities								
General administration	\$ 16,344,735	\$ 7,650,765	\$ 2,039,848	\$ -	\$ (6,654,122)	\$ -	\$ (6,654,122)	\$ -
Board of Directors	249,269	-	-	-	(249,269)	-	(249,269)	-
Community programs	3,720,544	-	5,783	-	(3,714,761)	-	(3,714,761)	-
City attorney	1,453,820	-	-	-	(1,453,820)	-	(1,453,820)	-
District court - first division (criminal)	1,235,698	473,613	-	-	(762,085)	-	(762,085)	-
District court - second division (traffic)	1,136,712	2,639,171	-	-	1,502,459	-	1,502,459	-
District court - third division (environment)	471,698	676,495	-	-	204,797	-	204,797	-
Finance	3,010,230	286,233	-	-	(2,723,997)	-	(2,723,997)	-
Human resource	1,729,117	280,770	-	-	(1,448,347)	-	(1,448,347)	-
Information technology	2,425,892	197	-	-	(2,425,695)	-	(2,425,695)	-
Planning and development	2,026,102	2,118,146	39,751	-	131,795	-	131,795	-
Public works	31,689,645	395,554	8,980,824	1,307,506	(21,005,761)	-	(21,005,761)	-
Parks and recreation services	9,886,376	1,276,650	831,073	16,000	(7,762,653)	-	(7,762,653)	-
Fire	46,217,347	2,197,020	476,702	-	(43,543,625)	-	(43,543,625)	-
Police	64,103,539	3,278,652	3,560,608	108,800	(57,155,479)	-	(57,155,479)	-
Education	5,282,591	-	-	-	(5,282,591)	-	(5,282,591)	-
Housing and neighborhood programs	7,815,231	462,390	3,191,764	-	(4,161,077)	-	(4,161,077)	-
Interest expense on long-term debt	3,654,132	-	-	-	(3,654,132)	-	(3,654,132)	-
Agent fees on long-term debt	9,545	-	-	-	(9,545)	-	(9,545)	-
Total governmental activities	<u>202,462,224</u>	<u>21,735,656</u>	<u>19,126,353</u>	<u>1,432,306</u>	<u>(160,167,909)</u>	<u>-</u>	<u>(160,167,909)</u>	<u>-</u>
Business-Type Activities								
Presidential park	727,723	684	-	-	(727,039)	(727,039)	(727,039)	-
Waste disposal	13,805,966	16,303,264	-	-	2,497,298	2,497,298	2,497,298	-
Rivermarket garage	1,648,216	1,676,830	-	-	28,614	28,614	28,614	-
River Market	932,726	300,074	-	250,198	(382,454)	(382,454)	(382,454)	-
Zoo	4,816,545	3,057,010	-	156,732	(1,602,803)	(1,602,803)	(1,602,803)	-
Vehicle storage	1,271,451	1,203,642	-	-	(67,809)	(67,809)	(67,809)	-
Golf courses	2,323,844	1,372,751	-	109,866	(841,227)	(841,227)	(841,227)	-
Fitness center	1,031,479	761,485	-	-	(269,994)	(269,994)	(269,994)	-
Concessions services	104,090	37,589	-	-	(66,501)	(66,501)	(66,501)	-
Total business-type activities	<u>26,662,040</u>	<u>24,713,329</u>	<u>-</u>	<u>516,796</u>	<u>(1,431,915)</u>	<u>(1,431,915)</u>	<u>(1,431,915)</u>	<u>-</u>
Total primary government	<u>\$ 229,124,264</u>	<u>\$ 46,448,985</u>	<u>\$ 19,126,353</u>	<u>\$ 1,949,102</u>	<u>\$ (160,167,909)</u>	<u>\$ (1,431,915)</u>	<u>\$ (161,599,824)</u>	<u>\$ -</u>

Component Units

Wastewater Utility	\$ 40,918,800	\$ 39,769,048	\$ -	\$ -	-	-	-	(1,149,752)
National Airport	23,960,729	23,323,312	-	-	-	-	-	(637,417)
All other component units	<u>86,256,410</u>	<u>32,168,335</u>	<u>2,754,271</u>	<u>5,199,165</u>	-	-	-	<u>(46,134,639)</u>
Total component units	<u>\$ 151,135,939</u>	<u>\$ 95,260,695</u>	<u>\$ 2,754,271</u>	<u>\$ 5,199,165</u>	-	-	-	<u>(47,921,808)</u>

General revenues								
General property taxes				45,248,710	-	45,248,710	13,745,075	
Sales taxes				63,112,194	-	63,112,194	10,394,606	
Utility franchise taxes				29,932,458	-	29,932,458	-	
Investment income				291,043	80,586	371,629	2,194,224	
Grants and contributions not restricted to specific programs				18,887,563	-	18,887,563	27,143,427	
Other				(246,757)	(9,805)	(256,562)	11,000,880	
Transfers				<u>2,306,053</u>	<u>(2,306,053)</u>	-	-	
Total general revenues and transfers				<u>159,531,264</u>	<u>(2,235,272)</u>	<u>157,295,992</u>	<u>64,478,212</u>	
Change in Net Assets				(636,645)	(3,667,187)	(4,303,832)	16,556,404	
Net Assets, Beginning of Year				<u>479,333,800</u>	<u>29,927,640</u>	<u>509,261,440</u>	<u>617,392,985</u>	
Net Assets, End of Year				<u>\$ 478,697,155</u>	<u>\$ 26,260,453</u>	<u>\$ 504,957,608</u>	<u>\$ 633,949,389</u>	

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2009

	General	2004 Bond Fund	2004 Central Arkansas Library	2008 & 2009 Central Arkansas Library Capital Improvements	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 1,172,001	\$ 6,644,392	\$ -	\$ 406,956	\$ 8,903,681	\$ 17,127,030
Restricted cash	-	-	1,820,801	22,857,432	10,355,690	35,033,923
Investments	566,827	3,634,448	-	222,602	4,513,739	8,937,616
Accounts receivable	41,587,940	11,898,636	7,206,815	91,833	8,684,166	69,469,390
Due from other funds	13,299,074	-	-	-	-	13,299,074
Interest receivable	6,350	40,717	-	-	51,611	98,678
Inventories	-	-	-	-	707,124	707,124
Prepaid expenditures and other	803,706	-	-	-	413,750	1,217,456
Total assets	<u>\$ 57,435,898</u>	<u>\$ 22,218,193</u>	<u>\$ 9,027,616</u>	<u>\$ 23,578,823</u>	<u>\$ 33,629,761</u>	<u>\$ 145,890,291</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 747,118	\$ -	\$ -	\$ -	\$ 358,662	\$ 1,105,780
Due to other funds	494,911	-	211,672	-	2,013,963	2,720,546
Accrued wages payable and related liabilities	4,905,360	-	-	-	-	4,905,360
Accrued expenditures and other	579,636	-	-	-	-	579,636
Deferred revenue	28,427,661	11,090,997	6,721,753	-	10,323,381	56,563,792
Total liabilities	<u>35,154,686</u>	<u>11,090,997</u>	<u>6,933,425</u>	<u>-</u>	<u>12,696,006</u>	<u>65,875,114</u>
Fund Balances						
Reserved						
Capital projects	-	-	-	-	11,518,166	11,518,166
Special projects - ADA	-	-	-	-	2,491	2,491
Debt service	-	-	-	-	3,371,673	3,371,673
Developer contribution account	-	-	-	-	1,265,390	1,265,390
Stormwater retention	-	-	-	-	294,358	294,358
Court automation	-	-	-	-	176,915	176,915
Grant funds	-	-	-	-	1,044,837	1,044,837
Cable network	415,720	-	-	-	-	415,720
Prepays	803,706	-	-	-	413,750	1,217,456
Total reserved	<u>1,219,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,087,580</u>	<u>19,307,006</u>
Unreserved						
General fund	21,061,786	-	-	-	-	21,061,786
2004 Bond Fund	-	11,127,196	-	-	-	11,127,196
2004 Central Arkansas Library	-	-	2,094,191	-	-	2,094,191
2008 & 2009 Central Arkansas Library Capital Improvements	-	-	-	23,578,823	-	23,578,823
Special revenue	-	-	-	-	2,846,175	2,846,175
Total unreserved	<u>21,061,786</u>	<u>11,127,196</u>	<u>2,094,191</u>	<u>23,578,823</u>	<u>2,846,175</u>	<u>60,708,171</u>
Total fund balances	<u>22,281,212</u>	<u>11,127,196</u>	<u>2,094,191</u>	<u>23,578,823</u>	<u>20,933,755</u>	<u>80,015,177</u>
Total liabilities and fund balances	<u>\$ 57,435,898</u>	<u>\$ 22,218,193</u>	<u>\$ 9,027,616</u>	<u>\$ 23,578,823</u>	<u>\$ 33,629,761</u>	

See Notes to Financial Statements

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

Capital assets used in governmental activities are not financial and are not reported in the funds.	558,908,882
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(103,100,000)
Bond issuance premiums	(1,080,265)
Deferred issuance discounts	872,591
Notes payable	(13,177,436)
Accrued interest payable	(1,591,040)
Net pension obligation	(67,055,646)
Net OPEB asset	466,392
Workers compensation liability	(431,255)
Accrued compensated absences	(20,190,357)
Other	(4,008,813)
An internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,869,071
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>46,199,853</u>
	<u><u>\$ 478,697,155</u></u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2009

	2004 General	2004 Bond Fund	2004 Central Arkansas Library	2008 & 2009 Central Arkansas Library Capital Improvements	Other Governmental Funds	Total
Revenues						
General property taxes	\$ 23,263,592	\$ 10,928,662	\$ 3,311,306	\$ -	\$ 8,004,687	\$ 45,508,247
Sales taxes	63,112,194	-	-	-	-	63,112,194
Licenses and permits	9,463,871	-	-	-	27,981	9,491,852
Intergovernmental	3,798,828	-	-	-	19,959,735	23,758,563
Charges for services	4,730,665	-	-	-	1,166,038	5,896,703
Fines and fees	3,373,832	-	-	-	492,961	3,866,793
Utility franchise taxes	28,179,024	-	-	-	1,753,434	29,932,458
Investment income	17,068	23,005	1,054	174,715	75,201	291,043
Contributions and donations	354,393	-	-	-	803,664	1,158,057
Miscellaneous	995,325	-	-	-	1,104,315	2,099,640
Total revenues	137,288,792	10,951,667	3,312,360	174,715	33,388,016	185,115,550
Expenditures						
General government						
General administration	22,453,137	-	-	-	1,799,331	24,252,468
Board of Directors	249,269	-	-	-	-	249,269
Community programs	3,682,784	-	-	-	53,630	3,736,414
City attorney	1,453,820	-	-	-	-	1,453,820
District court - first division (criminal)	1,202,726	-	-	-	17,851	1,220,577
District court - second division (traffic)	1,112,467	-	-	-	12,408	1,124,875
District court - third division (environment)	471,698	-	-	-	-	471,698
Finance	2,647,522	-	-	-	64,577	2,712,099
Human resource	1,297,920	-	-	-	349,451	1,647,371
Information technology	2,684,577	-	-	-	101,998	2,786,575
Planning and development	1,904,688	-	-	-	100,343	2,005,031
Total general government	39,160,608	-	-	-	2,499,589	41,660,197
Public works	1,259,689	-	-	-	17,871,895	19,131,584
Parks and recreation services	7,763,135	-	-	-	2,821,716	10,584,851
Zoo	-	-	-	-	86,780	86,780
Fire	36,281,008	-	-	-	1,662,794	37,943,802
Police	53,091,213	-	-	-	5,880,072	58,971,285
Fleet	-	-	-	-	298,011	298,011
Education	-	-	-	5,282,592	(1)	5,282,591
Housing and neighborhood programs	4,459,827	-	-	-	3,908,882	8,368,709
Debt Service						
Principal	-	9,120,000	2,341,500	-	1,110,000	12,571,500
Interest	-	1,556,090	700,219	-	1,254,425	3,510,734
Bond issuance costs	-	-	-	75,043	20,130	95,173
Agent fees	-	500	2,847	-	6,198	9,545
Total expenditures	142,015,480	10,676,590	3,044,566	5,357,635	37,420,491	198,514,762
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,726,688)	275,077	267,794	(5,182,920)	(4,032,475)	(13,399,212)
Other Financing Sources						
Long-term debt issuance	-	-	-	28,000,000	7,830,000	35,830,000
Premiums (discounts) on debt issuance	-	-	-	(19,960)	(229,255)	(249,215)
Transfers in	8,151,411	-	-	-	1,948,768	10,100,179
Transfers out	(4,408,879)	-	-	-	(2,426,536)	(6,835,415)
Total other financing sources (uses)	3,742,532	-	-	27,980,040	7,122,977	38,845,549
Net Change in Fund Balances	(984,156)	275,077	267,794	22,797,120	3,090,502	25,446,337
Fund Balances, Beginning of Year, As Previously Reported	17,327,028	10,852,119	1,826,397	781,703	17,843,253	48,630,500
Change in Accounting Principle	5,938,340	-	-	-	-	5,938,340
Fund Balances, Beginning of Year, As Restated	23,265,368	-	1,826,397	781,703	-	54,568,840
Fund Balances, End of Year	\$ 22,281,212	\$ 11,127,196	\$ 2,094,191	\$ 23,578,823	\$ 20,933,755	\$ 80,015,177

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	\$ 25,446,337
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	11,335,025
Capital asset contributions	13,285,368
Depreciation expense	(23,617,700)
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.	2,762,572
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets.	(35,830,000)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	18,384,565
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.	(1,610,507)
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.	(11,089,791)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net assets of this fund is included in governmental activities in the statement of activities.	<u>297,486</u>
Change in net assets of governmental activities	<u>\$ (636,645)</u>

City of Little Rock, Arkansas
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 283,732	\$ 4,380,526	\$ 366,646	\$ 597,216	\$ 5,628,120	\$ 472,913
Investments	-	2,395,688	133,435	320,684	2,849,807	258,408
Restricted cash and investments - current	443,768	2,746,444	628,707	-	3,818,919	-
Accounts receivable	-	2,533,623	226,571	-	2,760,194	15,563
Contributions receivable	-	-	-	73,957	73,957	-
Accrued interest	-	-	-	3,592	3,592	2,896
Inventories	-	-	-	121,761	121,761	392,624
Prepaid expenses and other	-	10,604	-	-	10,604	513,710
Total current assets	<u>727,500</u>	<u>12,066,885</u>	<u>1,355,359</u>	<u>1,117,210</u>	<u>15,266,954</u>	<u>1,656,114</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	1,951,260	2,733,059	518,713	-	5,203,032	-
Investments	155,200	-	893,749	-	1,048,949	-
Accrued interest	3,851	26,839	1,495	-	32,185	-
	<u>2,110,311</u>	<u>2,759,898</u>	<u>1,413,957</u>	<u>-</u>	<u>6,284,166</u>	<u>-</u>
Less amount required to meet current obligations	<u>443,768</u>	<u>2,746,444</u>	<u>628,707</u>	<u>-</u>	<u>3,818,919</u>	<u>-</u>
Total restricted assets	<u>1,666,543</u>	<u>13,454</u>	<u>785,250</u>	<u>-</u>	<u>2,465,247</u>	<u>-</u>
Capital assets						
Land	10,911,566	1,814,494	822,652	6,402,858	19,951,570	275,459
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	10,895,701	-
Construction in progress	-	-	-	333,016	333,016	-
Buildings and improvements	6,452	16,600,411	8,715,040	16,011,437	41,333,340	1,777,880
Vehicles	-	13,270,101	-	960,582	14,230,683	774,989
Furniture and equipment	-	3,994,042	-	2,387,544	6,381,586	693,654
	<u>10,918,018</u>	<u>46,574,749</u>	<u>9,537,692</u>	<u>26,095,437</u>	<u>93,125,896</u>	<u>3,521,982</u>
Less accumulated depreciation	<u>1,525</u>	<u>24,706,550</u>	<u>1,445,141</u>	<u>5,536,285</u>	<u>31,689,501</u>	<u>1,865,362</u>
Net capital assets	<u>10,916,493</u>	<u>21,868,199</u>	<u>8,092,551</u>	<u>20,559,152</u>	<u>61,436,395</u>	<u>1,656,620</u>
Other assets						
Deferred bond issue costs	<u>35,067</u>	<u>177,319</u>	<u>534,977</u>	<u>-</u>	<u>747,363</u>	<u>-</u>
Total noncurrent assets	<u>12,618,103</u>	<u>22,058,972</u>	<u>9,412,778</u>	<u>20,559,152</u>	<u>64,649,005</u>	<u>1,656,620</u>
Total assets	<u>\$ 13,345,603</u>	<u>\$ 34,125,857</u>	<u>\$ 10,768,137</u>	<u>\$ 21,676,362</u>	<u>\$ 79,915,959</u>	<u>\$ 3,312,734</u>

See Notes to Financial Statements

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ 4,866	\$ 83,275	\$ -	\$ 238,406	\$ 326,547	\$ 226,418
Due to other funds	-	-	-	11,064,750	11,064,750	-
Accrued expenses and other	-	65,301	-	740	66,041	-
Compensated absences - current portion	-	179,349	-	289,306	468,655	153,271
Accrued interest	298,768	126,444	263,707	-	688,919	-
Capital lease obligation - current portion	-	-	-	92,462	92,462	-
Bonds payable - current portion	145,000	2,620,000	365,000	-	3,130,000	-
Other current liabilities	-	834,259	-	-	834,259	-
Unearned revenue	-	-	214,861	65,106	279,967	-
Total current liabilities	<u>448,634</u>	<u>3,908,628</u>	<u>843,568</u>	<u>11,750,770</u>	<u>16,951,600</u>	<u>379,689</u>
Noncurrent liabilities						
Bonds payable, net of unamortized premium and discount	11,397,201	12,505,541	9,828,195	-	33,730,937	-
Compensated absences	-	229,708	-	259,597	489,305	63,974
Other long-term liabilities	-	2,483,664	-	-	2,483,664	-
Total noncurrent liabilities	<u>11,397,201</u>	<u>15,218,913</u>	<u>9,828,195</u>	<u>259,597</u>	<u>36,703,906</u>	<u>63,974</u>
Total liabilities	<u>11,845,835</u>	<u>19,127,541</u>	<u>10,671,763</u>	<u>12,010,367</u>	<u>53,655,506</u>	<u>443,663</u>
Net Assets						
Invested in capital assets, net of related debt	(750,596)	6,919,977	(1,565,667)	20,559,152	25,162,866	1,656,620
Restricted - expendable						
Debt service	2,250,364	4,846,854	1,150,250	-	8,247,468	-
Zoo promotions	-	-	-	77,089	77,089	-
Unrestricted (deficit)	-	3,231,485	511,791	(10,970,246)	(7,226,970)	1,212,451
Total net assets	<u>1,499,768</u>	<u>14,998,316</u>	<u>96,374</u>	<u>9,665,995</u>	<u>26,260,453</u>	<u>2,869,071</u>
Total liabilities and net assets	<u>\$ 13,345,603</u>	<u>\$ 34,125,857</u>	<u>\$ 10,768,137</u>	<u>\$ 21,676,362</u>	<u>\$ 79,915,959</u>	<u>\$ 3,312,734</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				Total	Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds		
Operating Revenues						
Charges for services	\$ -	\$ 16,342,686	\$ 1,406,874	\$ 6,451,603	\$ 24,201,163	\$ 10,018,226
Licenses and permits	-	-	269,956	22,374	292,330	-
Fines and fees	-	-	-	8,408	8,408	-
Miscellaneous	684	(39,422)	-	250,166	211,428	(1,878)
Total operating revenues	<u>684</u>	<u>16,303,264</u>	<u>1,676,830</u>	<u>6,732,551</u>	<u>24,713,329</u>	<u>10,016,348</u>
Operating Expenses						
Salaries, wages and employee benefits	-	4,321,247	-	5,234,113	9,555,360	2,687,066
Supplies and materials	-	976,400	187	1,029,598	2,006,185	4,342,706
Services	395	2,781,005	73,539	2,718,439	5,573,378	1,525,440
Repairs and maintenance	-	2,422,742	-	671,570	3,094,312	38,767
Other	2	5	749,742	8,441	758,190	1,981
Depreciation and amortization	17,925	2,481,857	250,045	810,627	3,560,454	187,187
Total operating expenses	<u>18,322</u>	<u>12,983,256</u>	<u>1,073,513</u>	<u>10,472,788</u>	<u>24,547,879</u>	<u>8,783,147</u>
Operating Income (Loss)	<u>(17,638)</u>	<u>3,320,008</u>	<u>603,317</u>	<u>(3,740,237)</u>	<u>165,450</u>	<u>1,233,201</u>
Nonoperating Revenues (Expenses)						
Interest income	40,706	32,773	4,161	2,946	80,586	4,505
Interest expense	(709,401)	(822,710)	(574,703)	(7,347)	(2,114,161)	-
Other, net	(2,827)	(4,923)	(2,055)	-	(9,805)	-
Net nonoperating revenues (expenses)	<u>(671,522)</u>	<u>(794,860)</u>	<u>(572,597)</u>	<u>(4,401)</u>	<u>(2,043,380)</u>	<u>4,505</u>
Income (Loss) Before Contributions and Transfers	<u>(689,160)</u>	<u>2,525,148</u>	<u>30,720</u>	<u>(3,744,638)</u>	<u>(1,877,930)</u>	<u>1,237,706</u>
Contributions	-	-	-	516,796	516,796	18,491
Transfers In	1,300,000	-	-	3,822,903	5,122,903	-
Transfers Out	-	(5,848,297)	-	(1,580,659)	(7,428,956)	(958,711)
	<u>1,300,000</u>	<u>(5,848,297)</u>	<u>-</u>	<u>2,759,040</u>	<u>(1,789,257)</u>	<u>(940,220)</u>
Changes in Net Assets	610,840	(3,323,149)	30,720	(985,598)	(3,667,187)	297,486
Net Assets, Beginning of Year	<u>888,928</u>	<u>18,321,465</u>	<u>65,654</u>	<u>10,651,593</u>	<u>29,927,640</u>	<u>2,571,585</u>
Net Assets, End of Year	<u>\$ 1,499,768</u>	<u>\$ 14,998,316</u>	<u>\$ 96,374</u>	<u>\$ 9,665,995</u>	<u>\$ 26,260,453</u>	<u>\$ 2,869,071</u>

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Operating Activities						
Receipts from customers	\$ (895)	\$ 16,338,627	\$ 1,676,830	\$ 6,460,011	\$ 24,474,573	\$ 10,013,184
Other receipts	-	(39,422)	-	273,190	233,768	(1,878)
Payments to employees	-	(4,342,169)	-	(5,022,433)	(9,364,602)	(2,655,581)
Payments to suppliers	-	(976,400)	(187)	(1,096,792)	(2,073,379)	(4,350,141)
Payments to service providers	-	(2,781,005)	(73,539)	(2,664,224)	(5,518,768)	(1,575,081)
Other payments	10,636	(2,544,906)	(785,240)	236,652	(3,082,858)	27,502
Net cash provided by (used in) operating activities	9,741	5,654,725	817,864	(1,813,596)	4,668,734	1,458,005
Noncapital Financing Activities						
Transfers from other funds	1,300,000	-	-	3,822,903	5,122,903	-
Transfers to other funds	-	(5,848,297)	-	(1,580,659)	(7,428,956)	(958,711)
Net cash provided by (used in) noncapital financing activities	1,300,000	(5,848,297)	0	2,242,244	(2,306,053)	(958,711)
Capital and Related Financing Activities						
Purchase of capital assets	-	(2,414,327)	-	(525,459)	(2,939,786)	(9,888)
Payment of bond issuance costs	(505,952)	(69,759)	(2,556)	-	(578,267)	-
Principal paid on long-term debt	(12,855,000)	(2,405,000)	(308,837)	-	(15,568,837)	-
Lease payment	-	-	-	(96,096)	(96,096)	-
Proceeds from bond issuance	12,120,000	-	-	-	12,120,000	-
Interest paid on long-term debt	(779,758)	(839,823)	(356,717)	(7,347)	(1,983,645)	-
Capital contributions	-	-	-	406,931	406,931	18,491
Net cash used in capital and related financing activities	(2,020,710)	(5,728,909)	(668,110)	(221,971)	(8,639,700)	8,603
Investing Activities						
Proceeds from sale of investments	688,019	13,542,530	530,332	1,352,510	16,113,391	930,743
Purchase of investments	(653,082)	(10,081,084)	(561,498)	(1,349,439)	(12,645,103)	(1,087,765)
Interest income	40,706	62,628	4,161	2,893	110,388	4,505
Net cash provided by (used in) investing activities	75,643	3,524,074	(27,005)	5,964	3,578,676	(152,517)
Increase (Decrease) in Cash and Cash Equivalents	(635,326)	(2,381,807)	122,749	212,641	(2,681,743)	355,380
Cash and Cash Equivalents, Beginning of Year	2,870,318	9,495,392	762,610	384,576	13,512,896	117,533
Cash and Cash Equivalents, End of Year	\$ 2,234,992	\$ 7,113,585	\$ 885,359	\$ 597,217	\$ 10,831,153	\$ 472,913
Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:						
Current assets						
Cash and cash equivalents	\$ 283,732	\$ 4,380,526	\$ 366,646	\$ 597,216	\$ 5,628,120	\$ 472,913
Noncurrent assets						
Cash and cash equivalents	1,951,260	2,733,059	518,713	-	5,203,032	-
	\$ 2,234,992	\$ 7,113,585	\$ 885,359	\$ 597,216	\$ 10,831,152	\$ 472,913

See Notes to Financial Statements

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

Operating income (loss)	\$	(17,638)	\$	3,320,008	\$	603,317	\$	(3,740,237)	\$	165,450	\$	1,233,201
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities												
Depreciation and amortization expense		17,925		2,481,857		250,045		810,627		3,560,454		187,187
Loss on disposal of assets		-		(9,680)		-		11,407		1,727		(429)
Changes in assets and liabilities												
Receivables, net		7,417		(4,059)		-		(60,071)		(56,713)		(6,957)
Due to/due from other funds, net		-		-		-		1,193,650		1,193,650		-
Prepaid expenses		-		(5,456)		-		-		(5,456)		(49,641)
Inventories		-		-		-		10,599		10,599		(7,435)
Accounts payable		4,866		(365,667)		-		(20,066)		(380,867)		70,594
Accrued expenses		(2,829)		237,722		(35,498)		(19,505)		179,890		31,485
Net cash provided by (used in) operating activities	\$	9,741	\$	5,654,725	\$	817,864	\$	(1,813,596)	\$	4,668,734	\$	1,458,005

City of Little Rock, Arkansas
Statement of Fiduciary Net Assets – Fiduciary Funds
December 31, 2009

	<u>Employee Benefit Plans</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 7,007,974	\$ 177,012
Investments		
U. S. Government obligations	18,421,967	-
Equities	55,898,556	-
Mutual funds and other investments	87,685,293	-
Receivables		
Accounts receivable	99,686	-
Due from other funds	7,211,578	-
Contributions	16,638	-
Accrued interest and dividends	236,719	-
	<u>\$ 176,578,411</u>	<u>\$ 177,012</u>
Liabilities		
Accrued liabilities	55,697	177,012
Due to other funds	3,299	-
	<u>58,996</u>	<u>\$ 177,012</u>
Net Assets		
Net assets held in trust	<u>\$ 176,519,415</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2009

	Employee Benefit Plans
Additions	
Contributions	
Employer	\$ 2,535,251
Plan members	1,819,097
Property taxes contributed from general fund	6,760,492
State insurance turnback and guarantee fund	2,021,022
Other	<u>930,588</u>
Total contributions	<u>14,066,450</u>
Investment income (loss)	
Net increase in fair value of investments	12,642,371
Interest and dividends	<u>4,441,214</u>
	17,083,585
Less investment expense	<u>602,445</u>
Net investment income (loss)	<u>16,481,140</u>
Total additions	<u>30,547,590</u>
Deductions	
Benefits paid directly to participants	23,539,765
Administrative expenses	412,347
Other	<u>23,566</u>
Total deductions	<u>23,975,678</u>
Change in Net Assets	<u>6,571,912</u>
Net Assets Held in Trust, Beginning of Year	<u>169,947,503</u>
Net Assets Held in Trust, End of Year	<u><u>\$ 176,519,415</u></u>

City of Little Rock, Arkansas
Statement of Net Assets
Discretely Presented Component Units
December 31, 2009

	Wastewater Utility	National Airport	Other Component Units	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 9,771,485	\$ 21,660,093	\$ 17,797,377	\$ 49,228,955
Investments	-	-	16,708,760	16,708,760
Restricted cash and investments - current	9,666,524	-	2,665,598	12,332,122
Accounts receivable, net of allowance	2,409,761	553,540	24,692,479	27,655,780
Inventories	1,316,178	-	831,106	2,147,284
Prepaid expenses and other	2,061,692	333,758	1,112,779	3,508,229
	<u>25,225,640</u>	<u>22,547,391</u>	<u>63,808,099</u>	<u>111,581,130</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	30,561,687	3,036,904	33,598,591
Investments	66,549,173	3,373,174	8,393,560	78,315,907
Grants and other receivables	39,604	2,112,886	-	2,152,490
Interest receivable	538,505	17,747	66	556,318
	<u>67,127,282</u>	<u>36,065,494</u>	<u>11,430,530</u>	<u>114,623,306</u>
Less amounts required to meet current obligations	<u>9,666,524</u>	<u>-</u>	<u>2,665,598</u>	<u>12,332,122</u>
	<u>57,460,758</u>	<u>36,065,494</u>	<u>8,764,932</u>	<u>102,291,184</u>
Capital assets				
Land	3,125,891	62,170,829	11,825,811	77,122,531
Construction in progress	130,107,253	36,903,845	3,728,460	170,739,558
Buildings, improvements and other facilities	278,008,117	301,395,287	188,318,035	767,721,439
Vehicles	-	-	33,141,845	33,141,845
Furniture and equipment	39,738,236	8,713,519	27,743,489	76,195,244
Books/AV material	-	-	13,860,721	13,860,721
Other	-	-	4,642,261	4,642,261
	<u>450,979,497</u>	<u>409,183,480</u>	<u>283,260,622</u>	<u>1,143,423,599</u>
Less accumulated depreciation	<u>101,053,261</u>	<u>130,555,731</u>	<u>107,561,755</u>	<u>339,170,747</u>
	<u>349,926,236</u>	<u>278,627,749</u>	<u>175,698,867</u>	<u>804,252,852</u>
Other assets				
Deferred bond issue costs	-	645,943	68,576	714,519
Other	-	-	923,193	923,193
	<u>-</u>	<u>645,943</u>	<u>991,769</u>	<u>1,637,712</u>
	<u>407,386,994</u>	<u>315,339,186</u>	<u>185,455,568</u>	<u>908,181,748</u>
	<u>407,386,994</u>	<u>315,339,186</u>	<u>185,455,568</u>	<u>908,181,748</u>
Total assets	<u>\$ 432,612,634</u>	<u>\$ 337,886,577</u>	<u>\$ 249,263,667</u>	<u>\$1,019,762,878</u>

See Notes to Financial Statements

	Wastewater Utility	National Airport	Other Component Units	Total
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 14,446,858	\$ 4,636,558	\$ 2,883,830	\$ 21,967,246
Accrued wages payable and related liabilities	161,479	879,816	1,471,402	2,512,697
Notes payable - current portion	-	-	1,225,530	1,225,530
Bonds payable - current portion	6,821,384	2,395,000	2,023,399	11,239,783
Compensated absences - current portion	713,657	-	945,156	1,658,813
Unearned revenue	-	3,623,654	2,917,867	6,541,521
Accrued expenses and other	-	234,340	3,958,990	4,193,330
Total current liabilities	<u>22,143,378</u>	<u>11,769,368</u>	<u>15,426,174</u>	<u>49,338,920</u>
Noncurrent liabilities				
Bonds payable, net of unamortized premium and discount	254,443,989	27,047,360	14,782,939	296,274,288
Notes payable	-	-	31,739	31,739
Other long term liabilities	-	39,798,365	59,301	39,857,666
Compensated absences	140,108	-	170,768	310,876
Total noncurrent liabilities	<u>254,584,097</u>	<u>66,845,725</u>	<u>15,044,747</u>	<u>336,474,569</u>
Total liabilities	<u>276,727,475</u>	<u>78,615,093</u>	<u>30,470,921</u>	<u>385,813,489</u>
Net Assets				
Invested in capital assets, net of related debt	139,750,917	204,166,117	146,144,311	490,061,345
Restricted - expendable	15,459,117	35,931,151	9,985,968	61,376,236
Restricted - nonexpendable	-	-	4,291,061	4,291,061
Unrestricted	675,125	19,174,216	58,371,406	78,220,747
Total net assets	<u>155,885,159</u>	<u>259,271,484</u>	<u>218,792,746</u>	<u>633,949,389</u>
Total liabilities and net assets	<u>\$ 432,612,634</u>	<u>\$ 337,886,577</u>	<u>\$ 249,263,667</u>	<u>\$1,019,762,878</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 19,939,261	\$ 393,853	\$ 2,754,271	\$ 5,199,165	\$ -	\$ -	\$ (11,591,972)	\$ (11,591,972)
Total governmental activities	19,939,261	393,853	2,754,271	5,199,165	-	-	(11,591,972)	(11,591,972)
Business-type Activities								
Wastewater Utility	40,918,800	39,769,048	-	-	(1,149,752)	-	-	(1,149,752)
National Airport	23,960,729	23,323,312	-	-	-	(637,417)	-	(637,417)
Other component units	66,317,149	31,774,482	-	-	-	-	(34,542,667)	(34,542,667)
Total business-type activities	131,196,678	94,866,842	0	0	(1,149,752)	(637,417)	(34,542,667)	(36,329,836)
Total component units	\$ 151,135,939	\$ 95,260,695	\$ 2,754,271	\$ 5,199,165	(1,149,752)	(637,417)	(46,134,639)	(47,921,808)
General revenues								
General property taxes					-	-	13,745,075	13,745,075
Sales taxes					-	-	10,394,606	10,394,606
Investment income					1,009,691	710,502	474,031	2,194,224
Grants and contributions not restricted to specific programs					1,422,898	10,893,430	14,827,099	27,143,427
Other					(292,247)	3,410,781	7,882,346	11,000,880
Total general revenues and transfers					2,140,342	15,014,713	47,323,157	64,478,212
Change in Net Assets					990,590	14,377,296	1,188,518	16,556,404
Net Assets, Beginning of Year					154,894,569	244,894,188	217,604,228	617,392,985
Net Assets, End of Year					\$ 155,885,159	\$ 259,271,484	\$ 218,792,746	\$ 633,949,389

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

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

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

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Little Rock 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, 2009

Discretely Presented Component Units

Major Component Units:

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

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

There were no significant transactions between the major component units and the City or its other component units in 2009.

Other Component Units:

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

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.

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

Administrative Offices

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

Arkansas Arts Center
 Ninth and Commerce
 Little Rock, Arkansas 72202

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

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

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

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

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

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

Arkansas Museum of Science and History
 500 President Clinton Avenue, Suite 150
 Little Rock, Arkansas 72201

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

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2009

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

The *2008 & 2009 Central Arkansas Library Capital Improvements Fund (capital projects fund)* accounts for the proceeds of the 2008 and 2009 Library Improvement Bonds to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, and to pay the costs of issuance of the bonds.

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

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

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

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

Governmental Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

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

Inventories

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

Prepaid Items

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

Capital Assets

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

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

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

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

Long-term Obligations

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

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

Compensated Absences

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

Deferred Revenue

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$43,422,019 of unearned lease revenue at the National Airport.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Net Assets/Fund Balance

Net assets of the City are classified in four components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Restricted nonexpendable net assets are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the City, such as permanent endowments. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, restricted expendable, or restricted nonexpendable.

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

Budgetary Information

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

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2009:

Statement No.		Adoption Required in Fiscal Year
51	Accounting and Financial Reporting for Intangible Assets	2010
53	Accounting and Reporting for Derivative Instruments	2010
54	Fund Balance Reporting and Governmental Fund Type Definitions	2011

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At December 31, 2009, 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 \$90,166,592, \$1,640,478 were uninsured and uncollateralized.

Investments

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

At December 31, 2009, the City had the following investments and maturities:

Primary Government					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 53,331,735	\$ 49,009,885	\$ 4,321,850	\$ -	\$ -
Corporate bonds	19,400,218	7,303,858	12,096,360	-	-
Money market mutual funds	11,534,986	11,534,986	-	-	-
	84,266,939	<u>\$ 67,848,729</u>	<u>\$ 16,418,210</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual Funds	82,371,823				
Corporate stocks	<u>59,615,068</u>				
	<u>\$ 226,253,830</u>				

Component Units					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 110,153	\$ 1,030	\$ 109,123	\$ -	\$ -
U.S. agencies obligations	63,495,136	61,555,931	1,629,924	309,282	-
Corporate bonds	2,326,998	734,799	164,214	1,063,005	364,980
Money market mutual funds	7,719,426	7,719,426	-	-	-
	73,651,713	<u>\$ 70,011,186</u>	<u>\$ 1,903,261</u>	<u>\$ 1,372,287</u>	<u>\$ 364,980</u>
Mutual funds	6,866,282				
Corporate stocks	<u>7,661,618</u>				
	<u>\$ 88,179,613</u>				

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

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Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies. At December 31, 2009, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Excluding fiduciary funds, at December 31, 2009, the City’s investments are fully collateralized or are fully guaranteed by the full faith and credit of the U.S. government. The City’s collateral is held in an account with the Federal Reserve. Monthly “Collateral Reports” are sent to the City’s accounting department.

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

Summary of Carrying Values

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

	<u>Primary Government</u>	<u>Component Units</u>
Carrying value		
Deposits	\$ 19,496,770	\$ 89,672,600
Investments	226,253,830	88,179,613
	<u>\$ 245,750,600</u>	<u>\$ 177,852,213</u>
Included in the following statements of net assets captions		
Current Assets		
Cash and cash equivalents	\$ 7,513,198	\$ 49,228,955
Short-term investments	4,583,362	16,708,760
Noncurrent Assets		
Restricted cash and investments	64,463,238	111,914,498
Cash and investments – fiduciary funds	169,190,802	
	<u>\$ 245,750,600</u>	<u>\$ 177,852,213</u>

City of Little Rock, Arkansas
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Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2009, is presented below:

Governmental Activities	Balance, December 31, 2008	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2009
Capital Assets, non-depreciable				
Land	\$ 150,963,231	\$ 2,265,472	\$ -	\$ 153,228,703
Construction in progress	14,275,653	4,711,420	8,378,364	10,608,709
Total capital assets, non-depreciable	<u>165,238,884</u>	<u>6,976,892</u>	<u>8,378,364</u>	<u>163,837,412</u>
Capital Assets, depreciable				
Land Improvements	6,515,826	1,815,354	-	8,331,180
Infrastructure	665,917,941	18,926,208	-	684,844,149
Buildings	68,525,138	1,033,253	1,082,600	68,475,791
Vehicles	36,470,412	2,476,828	1,007,904	37,939,336
Equipment	30,497,750	2,029,013	1,395,039	31,131,724
Total capital assets, depreciable	<u>807,927,067</u>	<u>26,280,656</u>	<u>3,485,543</u>	<u>830,722,180</u>
Less accumulated depreciation				
Land Improvements	806,036	388,821	-	1,194,857
Infrastructure	351,004,953	15,368,440	-	366,373,393
Buildings	18,103,014	1,590,904	482,538	19,211,380
Vehicles	26,291,481	2,855,284	741,076	28,405,689
Equipment	16,399,954	3,601,438	1,192,622	18,808,770
Total accumulated depreciation	<u>412,605,438</u>	<u>23,804,887</u>	<u>2,416,236</u>	<u>433,994,089</u>
Total Capital Assets, depreciable	<u>395,321,629</u>	<u>2,475,768</u>	<u>1,069,307</u>	<u>396,728,090</u>
Total governmental activities, net	<u>\$ 560,560,513</u>	<u>\$ 9,452,660</u>	<u>\$ 9,447,671</u>	<u>\$ 560,565,502</u>

City of Little Rock, Arkansas
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Business-Type Activities	Balance December 31, 2008	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2009
Capital Assets, non-depreciable				
Land	\$ 19,951,570	\$ -	\$ -	\$ 19,951,570
Construction in progress	408,166	435,365	510,515	333,016
Total capital assets, non-depreciable	<u>20,359,736</u>	<u>435,365</u>	<u>510,515</u>	<u>20,284,586</u>
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4	10,895,701	-	-	10,895,701
Buildings and improvements	40,614,164	719,176	-	41,333,340
Vehicles	12,613,409	2,055,475	438,201	14,230,683
Equipment	6,106,277	370,039	94,730	6,381,586
Total capital assets, depreciable	<u>70,229,551</u>	<u>3,144,690</u>	<u>532,931</u>	<u>72,841,310</u>
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4	9,482,896	516,002	-	9,998,898
Buildings and improvements	6,852,944	1,102,237	-	7,955,181
Vehicles	8,429,940	1,448,534	401,255	9,477,219
Equipment	3,872,184	465,073	79,054	4,258,203
Total accumulated depreciation	<u>28,637,964</u>	<u>3,531,846</u>	<u>480,309</u>	<u>31,689,501</u>
Total Capital Assets, depreciable	<u>41,591,587</u>	<u>(387,156)</u>	<u>52,622</u>	<u>41,151,809</u>
Total business-type activities, net	<u>\$ 61,951,323</u>	<u>\$ 48,209</u>	<u>\$ 563,137</u>	<u>\$ 61,436,395</u>

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Component Units	Balance December 31, 2008	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2009
Capital Assets, non-depreciable				
Land	\$ 71,422,445	\$ 7,208,530	\$ 1,508,444	\$ 77,122,531
Construction in progress	141,170,003	96,828,633	67,259,078	170,739,558
Total capital assets, non-depreciable	<u>212,592,448</u>	<u>104,037,163</u>	<u>68,767,522</u>	<u>247,862,089</u>
Capital Assets, depreciable				
Buildings, improvements and facilities	683,617,321	85,269,808	1,165,690	767,721,439
Vehicles	32,961,904	797,741	617,800	33,141,845
Equipment	64,428,130	16,489,538	80,163	80,837,505
Books and audio visual material	12,419,406	1,441,315	-	13,860,721
Total capital assets, depreciable	<u>793,426,761</u>	<u>103,998,402</u>	<u>1,863,653</u>	<u>895,561,510</u>
Less accumulated depreciation	<u>314,217,938</u>	<u>25,959,559</u>	<u>1,006,750</u>	<u>339,170,747</u>
Total Capital Assets, depreciable	<u>479,208,823</u>	<u>78,038,843</u>	<u>856,903</u>	<u>556,390,763</u>
Total component units, net	<u>\$ 691,801,271</u>	<u>\$ 182,076,006</u>	<u>\$ 69,624,425</u>	<u>\$ 804,252,852</u>

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

Governmental Activities

General government	
Mayor and Board of Directors	\$ 325,445
City manager	37,488
Cable TV	8,318
District court – first division (criminal)	15,121
District court – second division (traffic)	11,837
Finance	298,131
Human resource	81,746
Information technology	160,414
Planning and development	21,071
Fleet services	<u>258,791</u>
Total general government	1,218,362
Public works	16,008,326
Parks and recreation services	1,221,305
Fire	2,184,278
Police	3,015,434
Housing and neighborhood programs	<u>157,182</u>
Total depreciation expense – governmental activities	<u>23,804,887</u>

Business-Type Activities

Presidential park	165
Waste disposal	2,500,868
Second and main parking	220,186
Riverfront park	97,840
Zoo	425,755
Vehicle storage	20,710
Golf courses	93,501
Fitness center	<u>172,821</u>
Total depreciation expense - business-type activities	<u>3,531,846</u>
Total depreciation expense - primary government	<u><u>\$ 27,336,733</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2009, were as follows:

Governmental Activities	Balance December 31, 2008	Increases	Decreases	Balance December 31, 2009	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 14,820,000	\$ 7,830,000	\$ 1,110,000	\$ 21,540,000	\$ 1,470,000
Less deferred issuance discounts	54,290	229,254	9,250	274,294	-
Add issuance premiums	2,692	-	299	2,393	-
	<u>14,768,402</u>	<u>7,600,746</u>	<u>1,101,049</u>	<u>21,268,099</u>	<u>1,470,000</u>
General obligation bonds	65,015,000	28,000,000	11,455,000	81,560,000	6,495,000
Less deferred issuance discounts	442,086	203,000	46,789	598,297	-
Add issuance premiums	988,893	183,040	94,061	1,077,872	-
	<u>65,561,807</u>	<u>27,980,040</u>	<u>11,502,272</u>	<u>82,039,575</u>	<u>6,495,000</u>
Bonds payable, net	80,330,209	35,580,786	12,603,321	103,307,674	7,965,000
Notes payable					
Notes payable	18,997,000	-	5,819,564	13,177,436	5,120,759
Compensated absences	19,653,792	8,900,705	8,146,895	20,407,602	6,717,575
Net pension obligation	55,965,855	11,089,791	-	67,055,646	-
Other	1,195,624	84,874	293,843	986,655	555,400
	<u>185,812,271</u>	<u>20,975,370</u>	<u>14,260,302</u>	<u>150,632,633</u>	<u>12,393,734</u>
Total governmental activities long-term liabilities	<u>\$ 176,142,480</u>	<u>\$ 55,656,156</u>	<u>\$ 26,863,623</u>	<u>\$ 204,935,013</u>	<u>\$ 20,358,734</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 41,625,000	\$ 12,120,000	\$ 15,720,000	\$ 38,025,000	\$ 3,130,000
Less deferred issuance discounts	1,416,525	510,890	164,693	1,762,722	-
Add issuance premiums	694,207	-	95,548	598,659	-
	<u>40,902,682</u>	<u>11,609,110</u>	<u>15,650,855</u>	<u>36,860,937</u>	<u>3,130,000</u>
Bonds payable, net	40,902,682	11,609,110	15,650,855	36,860,937	3,130,000
Capital lease obligation					
Capital lease obligation	188,558	-	96,096	92,462	92,462
Compensated absences	955,606	561,583	559,229	957,960	468,655
Postclosure landfill costs	3,091,717	226,206	-	3,317,923	834,259
	<u>4,225,881</u>	<u>787,789</u>	<u>655,325</u>	<u>4,368,345</u>	<u>1,395,376</u>
Total business-type activities long-term liabilities	<u>\$ 45,138,563</u>	<u>\$ 12,396,899</u>	<u>\$ 16,306,180</u>	<u>\$ 41,229,282</u>	<u>\$ 4,525,376</u>

City of Little Rock, Arkansas
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Component Units	Balance, December 31, 2008	Increases	Decreases	Balance December 31, 2009	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 13,949,751	\$ -	\$ 1,737,353	\$ 12,212,398	\$ 1,858,399
Add issuance premiums	1,025,538		161,598	863,940	-
	<u>14,975,289</u>	<u>-</u>	<u>1,898,951</u>	<u>13,076,338</u>	<u>1,858,399</u>
Central Arkansas Library					
Revenue bonds	3,900,000	-	170,000	3,730,000	165,000
Compensated absences	813,868	712,453	610,550	915,771	915,771
	<u>4,713,868</u>	<u>712,453</u>	<u>780,550</u>	<u>4,645,771</u>	<u>1,080,771</u>
Little Rock Port Authority					
Compensated absences	170,768	39,289	15,465	194,592	23,824
Postretirement health insurance	69,120	4,003	2,403	70,720	11,419
	<u>239,888</u>	<u>43,292</u>	<u>17,868</u>	<u>265,312</u>	<u>35,243</u>
Little Rock Workforce Investment Board					
Compensated absences	-	5,561	-	5,561	5,561
Arkansas Arts Center					
Various notes payable	492,423	664,202	13,664	1,142,961	1,137,364
Arkansas Museum of Science and History					
Various notes payable	377,580	5,000	268,272	114,308	88,166
National Airport					
Bonds payable					
Revenue bonds	31,705,000	-	2,280,000	29,425,000	2,395,000
Less deferred issuance discounts	459,849	-	58,412	401,437	-
Add issuance premiums	504,432	-	85,635	418,797	-
	<u>31,749,583</u>	<u>-</u>	<u>2,307,223</u>	<u>29,442,360</u>	<u>2,395,000</u>
Other long-term liabilities	22,671,571	24,374,102	3,623,654	43,422,019	3,623,654
	<u>54,421,154</u>	<u>24,374,102</u>	<u>5,930,877</u>	<u>72,864,379</u>	<u>6,018,654</u>
Wastewater Utility					
Revenue bonds	248,458,477	17,767,672	5,591,748	260,634,401	6,614,886
Add issuance premiums	876,421	-	245,449	630,972	206,948
Compensated absences	976,192	5,416	127,843	853,765	713,657
	<u>250,217,231</u>	<u>17,773,088</u>	<u>5,965,040</u>	<u>262,119,138</u>	<u>7,535,491</u>
Total component units long-term liabilities	<u>\$ 325,437,433</u>	<u>\$ 43,577,698</u>	<u>\$ 14,875,222</u>	<u>\$ 354,233,768</u>	<u>\$ 17,759,649</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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Bonds and notes payable at December 31, 2009, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
Bonds payable	2.0% – 5.5 %	2039	\$ 152,445,000	\$ 103,100,000
Notes payable – short-term financing	3.55%-6.235%	2013	\$ 28,252,000	\$ 12,522,436
Notes payable – Section 108 loans	Variable	2011	\$ 2,070,000	\$ 655,000
Enterprise funds				
Revenue bonds	2.0% – 5.5 %	2039	\$ 54,705,000	\$ 38,025,000

Governmental Activities

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

2007 Capital Improvement Revenue Refunding Bonds - Bonds in the amount of \$13,350,000 were issued to finance the advance refunding of the City’s Capital Improvement Revenue Bonds, Series 1998A which was called and paid in full on October 1, 2008, and to pay the cost associated with the issuance of the Series 2007 Bonds. The Series 2007 bonds are not general obligations of the City but are special obligation bonds payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way. Principal payments are due annually on October 1 with final payment scheduled in 2019. Bonds maturing on and after October 1, 2017 are subject to optional redemption prior to maturity in inverse order of maturities in whole. Interest payments are due semiannually on April 1 and September 1. This advance refunding resulted in reducing the total debt service payments by approximately \$20,000 on an annual basis and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$400,000.

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

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

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

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

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

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

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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, 2009, the outstanding short-term financing agreements were as follows:

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

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

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

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

2005 Short-term Financing Note – The \$5,205,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$1,154,443, on April 1, including interest at 3.55%.

2004 Short-term Financing Note – The \$4,215,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$929,561, on September 8, including interest at 3.35%.

City of Little Rock, Arkansas

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The City also has entered into three loan guarantee commitments with the U.S. Department of Housing and Urban Development (HUD) for the purpose of acquiring, constructing or installing real property to be repaid with Community Development Block Grant (CDBG) funds or related program income. These notes payable with HUD at December 31, 2009 were as follows:

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

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

Other Liabilities

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

Business-Type Activities

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

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

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

Waste Disposal Revenue Bonds - Series 2002 - The \$27,330,000 of bonds were issued to finance all or a portion of the costs of betterments and improvements to the waste disposal system, refund the Waste Disposal Revenue Bonds – Series 1993 and 1995, fund a debt service reserve and pay expenses of issuing the bonds. The Series 2003 Bonds are special obligations secured by the pledge of and payable from the net revenues derived from the operations of the City's waste collection and disposal system. Principal payments are due annually on May 1 with final payment scheduled in 2016. Interest payments are due semiannually on May 1 and November 1. Bonds maturing on or after May 1, 2010 are subject to optional redemption at the direction of the City. Bonds maturing on May 1, 2016 are subject to mandatory sinking fund redemption beginning as of May 1, 2014 at the direction of the Trustee.

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

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

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. This refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$93,000.

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

The *1990, 1991, and 1996 Series Sewer Revenue* are part of \$7,000,000, \$6,000,000, and \$6,000,000 bond issues, respectively. The *1999 Series Sewer Revenue Bonds* are a \$12,000,000 series and are subordinate to all previous bond issues. The *2001 Series Sewer Revenue Bonds* (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. As of December 31, 2009, the Utility has drawn \$23,100,000, \$14,000,000, \$14,000, \$13,796,147 and \$2,371,394, respectively. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues respectively and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City of Little Rock issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City of Little Rock 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 of Little Rock issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements.

National Airport

Revenue Bonds

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

City of Little Rock, Arkansas
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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.

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

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

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.

As a result of the refunding, the Airport reduced its total debt service requirements by \$3,468,070, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$238,582.

The bond premium of \$493,408 is being amortized as a component of interest expense and the \$89,295 difference between the carrying amount of the refunded debt and the amount required to reduce the debt was deferred and is being amortized over the remaining life of the Series 2007 Bonds.

City of Little Rock, Arkansas
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Advertising and Promotion Commission Bonds

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

The serial bonds as presented on the statement of net assets include \$863,940 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 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.

City of Little Rock, Arkansas
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Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds and revenue bonds, as well as notes payable, outstanding at December 31, 2009. Principal and interest are also disclosed for the component units as follows:

Year	Primary Government				Component Units	
	Governmental Activities		Business-Type Activities			
	General Obligation & Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 7,965,000	\$ 4,172,353	\$ 3,130,000	\$ 1,822,491	\$ 11,033,285	\$ 13,709,060
2011	8,060,000	3,871,634	3,320,000	1,682,906	11,526,052	13,219,086
2012	7,290,000	3,577,065	3,455,000	1,528,838	12,173,577	12,793,163
2013	7,565,000	3,298,193	2,950,000	1,376,290	12,554,601	12,320,197
2014	8,330,000	2,998,944	1,610,000	1,268,828	13,107,476	11,748,426
2015 - 2019	33,995,000	9,513,334	6,525,000	5,294,249	58,353,334	50,816,233
2020 - 2024	15,605,000	5,781,209	5,525,000	3,879,284	50,053,620	38,600,920
2025 - 2029	10,210,000	2,199,940	5,015,000	2,468,298	42,089,854	28,811,099
2030 - 2034	1,545,000	917,813	2,470,000	1,461,625	54,060,000	18,018,768
2035 - 2039	2,535,000	416,760	4,025,000	659,587	41,050,000	4,116,933
	<u>\$ 103,100,000</u>	<u>\$ 36,747,245</u>	<u>\$ 38,025,000</u>	<u>\$ 21,442,396</u>	<u>\$ 306,001,799</u>	<u>\$ 204,153,885</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2010	\$ 5,120,759	\$ 569,463	\$ 1,251,672	\$ 1,413
2011	4,339,830	358,263	5,597	301
2012	2,624,986	178,487	-	-
2013	1,091,861	56,764	-	-
2014	-	-	-	-
	<u>\$ 13,177,436</u>	<u>\$ 1,162,977</u>	<u>\$ 1,257,269</u>	<u>\$ 1,714</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2009, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 13,299,074	\$ 7,893
Emergency 911 fund	-	724,820
CDBG fund	-	255,814
NHSP fund	-	39,645
HIPP fund	-	22,441
2009A Parks & Recreation CI fund	-	21,771
2009A Parks & Recreation DS fund	-	949,472
2004 Central Arkansas Library	-	211,672
Governmental Funds to/from Fiduciary Funds		
General fund	-	487,018
Total governmental funds	<u>13,299,074</u>	<u>2,720,546</u>
Proprietary Funds		
River Market	-	2,557,802
Zoo	-	3,056,716
Vehicle storage	-	795,004
Golf courses	-	4,655,228
Total proprietary funds	<u>-</u>	<u>11,064,750</u>
Fiduciary Funds		
Policemen's pension	3,605,789	2,633
Firemen's pension	3,605,789	666
Total fiduciary funds	<u>7,211,578</u>	<u>3,299</u>
Government-Wide		
Governmental Activities	-	6,722,057
Total	<u>\$ 20,510,652</u>	<u>\$ 20,510,652</u>

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

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen's and Policemen's Pension Plans. A portion of the amounts receivable by the pension funds from the General Fund are not accrued on the General Fund financial statements as they are not recognizable under the modified accrual basis of accounting because the amounts due to the pension funds are not expected to be liquidated with available expendable resources. However, \$6,722,057 of the amounts receivable by the pension funds from the General fund has been included in the governmental activities statement of net assets as due to fiduciary funds.

City of Little Rock, Arkansas
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Interfund transfers in and transfers out as of December 31, 2009, are as follows:

Interfund Transfers In	Interfund Transfers Out					Totals
	Governmental Funds			Proprietary Funds		
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Other Nonmajor Enterprise Funds	
Governmental Funds						
General	\$ -	\$ 2,289,538	\$ 6,617	\$ 5,574,597	\$ 280,659	\$ 8,151,411
Other Nonmajor Governmental Funds	722,974	-	952,094	273,700	-	1,948,768
Internal Service Fund	-	-	-	-	-	-
Proprietary Funds						
Presidential Park	-	-	-	-	1,300,000	1,300,000
Waste Disposal	-	-	-	-	-	-
Other Nonmajor Enterprise Funds	3,685,905	136,998	-	-	-	3,822,903
	<u>\$ 4,408,879</u>	<u>\$ 2,426,536</u>	<u>\$ 958,711</u>	<u>\$ 5,848,297</u>	<u>\$ 1,580,659</u>	<u>\$ 15,223,082</u>

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

City of Little Rock, Arkansas
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Note 6: Pension Plans

Pension Trust Funds

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

A. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

B. Membership Information

Membership of each plan consisted of the following at December 31, 2009:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	296	287	95	-	-
Active plan members	-	-	24	812	33
Members on Deferred Retirement Option Plan (DROP)	19	38	-	-	-
Total	315	325	119	812	33

City of Little Rock, Arkansas
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C. Financial Information

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

Statement of Fiduciary Net Assets						
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Contribution Plan	Nonuniformed Benefit Plan	401 (a) Contribution Plan	Health Management Trust Fund
Assets						
Cash and cash equivalents	\$ 2,382,105	\$ 2,419,285	\$ 1,848,388	\$ 9,380	\$ -	\$ 348,816
Investments	46,288,960	70,418,593	31,446,818	7,474,121	5,309,714	1,067,610
Receivables	3,666,440	3,773,127	14,049	9,405	99,686	1,914
Total assets	<u>52,337,505</u>	<u>76,611,005</u>	<u>33,309,255</u>	<u>7,492,906</u>	<u>5,409,400</u>	<u>1,418,340</u>
Liabilities						
Accrued liabilities	26,107	29,590	-	-	-	-
Due to other funds	2,633	666	-	-	-	-
Total liabilities	<u>28,740</u>	<u>30,256</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets						
Net assets held in trust for pension benefits	<u>\$ 52,308,765</u>	<u>\$ 76,580,749</u>	<u>\$ 33,309,255</u>	<u>\$ 7,492,906</u>	<u>\$ 5,409,400</u>	<u>\$ 1,418,340</u>

Statement of Changes in Fiduciary Net Assets						
Additions						
Contributions	\$ 5,009,709	\$ 4,800,702	\$ 2,538,149	\$ 796,160	\$ 611,583	\$ 310,147
Net investment income (loss)	2,953,720	9,525,097	2,387,190	518,991	1,011,807	84,335
Total additions (net of investment loss)	<u>7,963,429</u>	<u>14,325,799</u>	<u>4,925,339</u>	<u>1,315,151</u>	<u>1,623,390</u>	<u>394,482</u>
Deductions						
Benefits paid directly to participants	9,634,128	10,397,850	1,702,264	1,367,782	437,741	-
Administrative expenses and other	103,434	172,854	150,722	-	-	8,903
Total deductions	<u>9,737,562</u>	<u>10,570,704</u>	<u>1,852,986</u>	<u>1,367,782</u>	<u>437,741</u>	<u>8,903</u>
Change in Net Assets	(1,774,133)	3,755,095	3,072,353	(52,631)	1,185,649	385,579
Net Assets Held in Trust For Pension Benefits, Beginning of Year	<u>54,082,898</u>	<u>72,825,654</u>	<u>30,236,902</u>	<u>7,545,537</u>	<u>4,223,751</u>	<u>1,032,761</u>
Net Assets Held in Trust For Pension Benefits, End of Year	<u>\$ 52,308,765</u>	<u>\$ 76,580,749</u>	<u>\$ 33,309,255</u>	<u>\$ 7,492,906</u>	<u>\$ 5,409,400</u>	<u>\$ 1,418,340</u>

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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 2009. The participants contributed 6% of their salaries in 2009. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2009 contributions to the Policemen's Fund were \$5,009,700. The City's share of contributions was \$4,417,611 and included \$3,380,246 in property taxes and \$952,068 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, 2009, the City's total payroll for all employees amounted to \$96,229,262, including police and fire personnel. Total police personnel payroll amounted to \$36,048,127. There are no active fire employees covered by this plan.

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

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

City of Little Rock, Arkansas

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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 2009. The participants contributed 6% of their salaries in 2009. 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 2009 contributions to the Firemen's Fund were \$4,800,702. The City's share of contributions was \$4,620,254 and included \$3,380,246 in property taxes and \$1,068,954 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, 2009, the City's total payroll for all employees amounted to \$96,229,262, including police and fire personnel. Total fire personnel payroll amounted to \$24,136,761. There are no active police employees covered by this plan.

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

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

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

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

Under the original provisions of the Nonuniformed Plan, participants and the City were required to contribute a certain percentage of the participant's salary. Effective January 1, 1978, the Plan was frozen. Contributions continued to be required through December 31, 1980. As of January 1, 1981, participants of the Nonuniformed Plan became participants in the City of Little Rock Nonuniformed Employees' Defined Contribution Plan (Defined Contribution Plan), which became effective for all regular, nonuniformed employees of the City as of that date. Currently, the only contributions the City makes to the Plan on an annual basis are those required to make the Plan actuarially sound. These contributions are made on a one year lag. Contributions during 2009 were \$378,487. 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. The entry age actuarial cost method was used in the required supplementary information to present the schedule of funding progress.

	2009 Annual Pension Cost and Net Pension Obligation (Asset)		
	Policemen's Fund	Firemen's Fund	Nonuniformed Plan
Annual required contributions	\$ 14,536,473	\$ 12,985,428	\$ 1,085,570
Interest on net pension obligation	3,002,540	896,714	-
Adjustment to annual required contribution	(9,390,976)	(2,804,633)	-
Annual pension cost	8,148,037	11,077,509	1,085,570
Contributions made	4,434,166	4,408,672	378,487
Increase (decrease) in net pension obligation	3,713,871	6,668,837	707,083
Net pension obligation, beginning of the year	42,893,424	12,810,205	262,226
Net pension obligation, end of the year	<u>\$ 46,607,295</u>	<u>\$ 19,479,042</u>	<u>\$ 969,309</u>

City of Little Rock, Arkansas
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December 31, 2009

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 evaluations are performed biennially and the last evaluation was for the year ended December 31, 2009. Actuarial assumptions used in evaluating the fund include entry age cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2009, was 30 years.

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2007	\$ 6,780,694	60%	\$ 42,462,380
	12/31/2008	4,570,500	91%	42,893,424
	12/31/2009	8,148,037	54%	46,607,295
Firemen's Fund	12/31/2007	\$ 9,022,623	43%	\$ 9,468,595
	12/31/2008	7,469,153	56%	12,810,205
	12/31/2009	11,077,509	40%	19,479,042
Nonuniformed Plan	12/31/2007	305,877	190%	305,877
	12/31/2008	305,877	115%	262,226
	12/31/2009	1,085,570	35%	969,309

City of Little Rock, Arkansas
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Net pension obligations have historically been the responsibility of the General Fund. The Nonuniformed Plan uses the aggregate actuarial cost method in calculating the annual actuarially required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities. In prior years, the actuarial value of assets was equal to the market value reported by the City less any benefits payable at year end. Defined contribution accounts are excluded from plan assets for purposes of determining the employer contribution requirement of the plan.

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

Agent Multiple-Employer Defined Benefit Pension Plan

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

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

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 6% of their annual covered salary up through June 30, 2009. Starting on July 1, 2009, members are required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 15.53% for participating policemen and 12.03% for participating firemen.

For 2009, the City's annual pension cost was \$3,249,621 for policemen and \$2,865,112 for firemen, which was equal to the required and actual contributions. Neither Plan has a net pension obligation (NPO). The required contributions were determined as part of the December 31, 2008, actuarial valuation using the entry age actuarial cost method.

Actuarial assumptions used were entry age cost method, level percent amortization method, 30 year amortization period for active participants, five-year smoothed market valuation method, 8% investment rate of return, 4% salary increases, 3% postretirement annual increases, and 4% inflation. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2008 was 30 years.

City of Little Rock, Arkansas
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Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
LOPFI – Policemen	12/31/2007	\$ 3,038,453	100%	\$ -
	12/31/2008	3,247,330	100%	-
	12/31/2009	3,249,621	100%	-
LOPFI – Firemen	12/31/2007	\$ 2,824,518	100%	\$ -
	12/31/2008	2,974,426	100%	-
	12/31/2009	2,865,112	100%	-

For the year ended December 31, 2009, the City’s total payroll for all employees amounted to \$96,229,262, including police and fire personnel. Total police and fire personnel payroll amounted to \$36,048,127 and \$24,136,761 respectively. Total police and fire covered payroll amounted to \$26,570,903 and \$18,389,676 respectively. Covered payroll refers to all recurring compensation paid by the City to active employees covered by the Arkansas Local Police and Fire Retirement System.

As of December 31, 2008, the most recent actuarial valuation date, the Police plan was 86% funded. The actuarial accrued liability for benefits was \$101,698,119 and the actuarial value of assets was \$87,957,162 resulting in an unfunded actuarial accrued liability (UAAL) of \$13,740,957. The covered payroll (annual payroll of active police employees covered by the plan) was \$26,570,903 and the ratio of the UAAL to the covered payroll was 52%.

As of December 31, 2008, the most recent actuarial valuation date, the Fire plan was 87% funded. The actuarial accrued liability for benefits was \$78,005,898 and the actuarial value of assets was \$67,898,073 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,107,825. The covered payroll (annual payroll of active police employees covered by the plan) was \$18,389,676 and the ratio of the UAAL to the covered payroll was 55%.

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

City of Little Rock, Arkansas
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Defined Contribution Plans

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

The Plan requires that employees contribute no less than 3.5% and may contribute an additional 10% of their base salary. Only contributions up to 3.5% are pre-tax. The City is required to contribute 4% of covered payroll each pay period. Participants become fully vested in employer contributions and investment earnings credited to their account after five years of service. Nonvested City contributions and investment earnings are forfeited when participants leave covered employment and are transferred to a separate account which may be used to reduce City contributions. During 2009, employer and employee contributions to the Plan were \$1,300,310 and \$1,237,839, 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 2009, employer and employee contributions to the plan were \$286,676 and \$324,907 respectively.

City of Little Rock, Arkansas
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Actuarial Assumptions

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan	Local Police and Fire Retirement System – Policemen	Local Police and Fire Retirement System – Firemen
Actuarial valuation date	12/31/2009	12/31/2009	1/1/2009	12/31/2008	12/31/2008
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Not applicable	Level percent open	Level percent Open
Remaining amortization period	5 years	5 years	Not applicable	30 years	30 years
Asset valuation method	Market	Market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:					
Investment rate of return*	5%	5%	8%	8%	8%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4%	4%
*Includes inflation at	4%	4%	0%	4%	4%
Cost-of-living adjustments	None	None	None	None	None

Note 7: Other Postemployment Benefits

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

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

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

Annual required contribution	\$ 850,102
30-year amortization of beginning of year assets	36,168
Interest on net OPEB asset	<u>(31,416)</u>
Annual OPEB Cost	854,854
Total annual employer contribution	<u>(1,321,246)</u>
Increase in net OPEB asset	466,392
Net OPEB asset – beginning of year	<u>0</u>
Net OPEB asset – end of year	<u>\$ 466,392</u>

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

Service cost	\$ 319,253
Amortization of unfunded obligation	475,235
Interest to end-of-year	<u>55,614</u>
ARC	<u>\$ 850,102</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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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 2009 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>
12/31/09	\$854,854	100%	\$466,392
12/31/08	\$885,080	100%	\$ 0
12/31/07	\$816,000	100%	\$ 0

Funded Status and Funding Progress: As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$7,342,781, and the actuarial value of assets was \$1,032,761, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,342,781. The covered payroll (annual payroll of active employees covered by the plan) was \$96,229,262, and the ratio of the UAAL to the covered payroll was 6.56%.

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. However, since this is the second year of implementation there is no significant trend information to report.

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, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

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

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2008 to December 31, 2009:

Liability balance, January 1, 2008	\$ 1,109,927
Claims and changes in estimates	829,298
Claims payments	<u>(743,601)</u>
Liability balance, December 31, 2008	1,195,624
Claims and changes in estimates	84,874
Claims payments	<u>(293,843)</u>
Liability balance, December 31, 2009	<u><u>\$ 986,655</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 2008 to 2009; 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, 2009

Note 9: Property Taxes

City property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (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, 2009, property taxes receivable and related deferred revenues of \$46,199,853 have been recorded in the governmental funds. In the government-wide statement of net assets, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

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

Description	Millage Limit	Levied 2009 for 2010 Collections
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	3.30	3.30
Library capital improvement bonds	2.00	2.00
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	1.45	1.45
Total	17.05	17.05

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the new landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$3,317,923 is based on 16.3% use of Class I Waste total constructed capacity, and 32.1% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,830,014 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 2009. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following governmental and enterprise funds have deficit net assets as of December 31, 2009:

Fund	<u>Deficit Amount</u>
Grant Fund	(3,576)
Golf Courses	(1,534,833)
Vehicle Storage	(733,919)
Concessions Services	<u>(564)</u>
Total deficit net assets	<u>\$ (2,272,892)</u>

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

Note 12: Contingencies

The City participates in several federal financial assistance programs. The City's grant programs have been audited in accordance with the provisions of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and are subject to resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

The City has an ongoing agreement with the Central Arkansas Transit Authority (CATA) to finance 65% of its operating deficits. The City could continue to be required to fund CATA's operating deficits if the current level of services is to be maintained in the future.

The City is a member of the Arkansas Municipal Legal Defense Program (AMLDP), which provides extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government. The Program only pays judgments for actual damages (not punitive damages) imposed on municipal governments and their officials and employees; which will not exceed 25% of the Program's available funds at the time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. In the opinion of the City Attorney, the amount of financial exposure to the City as a result of litigation matters handled by the Program is not significant to the City.

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts, and alleged violations of state and federal laws. It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current status of all of the legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

Note 13: Conduit Debt Obligations

From time to time, the City has issued economic development and other revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, commercial, health care facilities and other deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither, the City, the State nor any political subdivision thereof, is obligated in any manner for repayment of the bonds.

As of December 31, 2009, the aggregate principal amount payable on these bonds was approximately \$253,550,217.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2009

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: Change in Accounting Principle

Pension expenditures that are funded by the General Fund with property taxes levied and collected for the Firemen and Policemen's Pension and Relief Funds have been recognized in the General Fund on the modified accrual basis; that is, the amount recognized is equal to the amount contributed to the Firemen and Policemen's Funds or the amount expected to be paid with expendable available financial resources. In prior years, these pension expenditures were accrued at the time the related property taxes were levied regardless as to whether the property taxes would be collected within 60 days after year-end and thus included in current available financial resources. The new method of accounting for pension expenditures in the General Fund was adopted to recognize accrued pension expenditures as claims against the expendable financial resources (property tax revenues) that are available at year-end, or soon thereafter, to fund the contributions to the Firemen and Policemen's Pension and Relief Funds. The new method results in a more accurate representation of the General Fund balance that is available to fund current expenditures. The accounting change has been applied retroactively to pension expenditures of prior years. The effect of the accounting change in 2009 was to increase the net change in fund balance of the General Fund by \$510,270. The adjustment of \$5,938,340 to apply retroactively the new method is presented as a restatement of beginning fund balance of the General Fund for 2009. The effect of the accounting change in the prior year was to decrease the net change in fund balance of the General Fund by \$222,445.

Note 16: Current Economic Conditions

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

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

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

REQUIRED SUPPLEMENTARY
INFORMATION

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 16,116,102	\$ 16,655,897	\$ 23,263,592	\$ 6,607,695
Sales taxes	66,918,563	62,648,558	63,112,194	463,636
Licenses and permits	9,742,982	9,191,108	9,463,871	272,763
Intergovernmental	1,607,000	1,765,160	3,798,828	2,033,668
Charges for services	6,052,150	4,447,034	4,730,665	283,631
Fines and fees	3,742,381	3,292,865	3,373,832	80,967
Utility franchise fees	29,016,043	28,587,188	28,179,024	(408,164)
Investment income	108,050	58,921	17,068	(41,853)
Miscellaneous	416,058	883,906	1,349,718	465,812
Total revenues	133,719,329	127,530,637	137,288,792	9,758,155
Expenditures				
General government:				
General administration	22,851,374	21,746,801	22,453,137	(706,336)
Board of directors	242,115	246,768	249,269	(2,501)
Community programs	361,540	300,896	3,682,784	(3,381,888)
City attorney	1,625,773	1,564,607	1,453,820	110,787
District court-first division (criminal)	1,287,863	1,253,935	1,202,726	51,209
District court-third division (environmental)	502,882	466,719	471,698	(4,979)
District court-second division (traffic)	1,215,554	1,184,832	1,112,467	72,365
Finance	2,726,917	2,658,941	2,647,522	11,419
Human resources	1,450,113	1,275,368	1,297,920	(22,552)
Information technology	3,207,958	2,730,233	2,684,577	45,656
Planning and development	2,315,516	1,959,644	1,904,688	54,956
Total general government	37,787,605	35,388,744	39,160,608	(3,771,864)
Public works	1,366,405	1,178,714	1,259,689	(80,975)
Parks and recreation services	7,758,842	7,134,040	7,763,135	(629,095)
Fire	32,745,675	31,932,172	36,281,008	(4,348,836)
Police	49,235,111	47,589,375	53,091,213	(5,501,838)
Housing and neighborhood programs	4,584,085	3,874,767	4,459,827	(585,060)
Vacancy savings	(4,751,665)	-	-	-
Total expenditures	128,726,058	127,097,812	142,015,480	(14,917,668)
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,993,271	432,825	(4,726,688)	(5,159,513)
Other Financing Sources (Uses)				
Transfers in	3,730,637	7,544,632	8,151,411	606,779
Transfers out	(8,723,908)	(7,976,342)	(4,408,879)	3,567,463
Total other financing sources (uses)	(4,993,271)	(431,710)	3,742,532	4,174,242
Net Change in Fund Balances	-	1,115	(984,156)	(985,271)
Fund Balances, Beginning of Year, As Previously Reported	23,265,368	23,265,368	17,327,028	(5,938,340)
Change in Accounting Principle	-	-	5,938,340	5,938,340
Fund Balances, Beginning of Year, As Restated	23,265,368	23,265,368	23,265,368	-
Fund Balances, End of Year	\$ 23,265,368	\$ 23,266,483	\$ 22,281,212	\$ (985,271)

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2009

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 2009.

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, 2009

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Policemen's Pension and Relief Fund	2004	\$ 12,390,853	48%
	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%
Firemen's Pension and Relief Fund	2004	5,161,220	86%
	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%
Nonuniformed Employees' Defined Benefit Pension Plan	2004	598,970	33%
	2005	637,219	145%
	2006	582,380	94%
	2007	305,877	109%
	2008	305,877	114%
	2009	1,085,570	35%
Local Police and Fire Retirement System – Policemen	2004	1,558,722	100%
	2005	2,511,092	100%
	2006	2,626,371	100%
	2007	3,038,453	100%
	2008	3,247,330	100%
	2009	3,249,621	100%
Local Police and Fire Retirement System – Firemen	2004	1,326,107	100%
	2005	2,174,645	100%
	2006	2,497,129	100%
	2007	2,824,518	100%
	2008	2,974,426	100%
	2009	2,865,112	100%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2009

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)	Excess As A Percentage Of Covered Payroll ((a-b)/c)
Policemen's Pension and Relief Fund	12/31/03	61,704,750	119,454,990	57,750,240	52%	150,796	38297%	
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A	
	12/31/07	66,039,832	118,412,550	52,372,718	56%	-	N/A	
	12/31/08	50,376,143	116,771,703	66,395,560	43%	-	N/A	
	12/31/09	48,592,721	125,299,686	76,706,965	39%	-	N/A	
Firemen's Pension and Relief Fund	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%	
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%	
	12/31/07	87,533,202	129,213,518	41,680,316	68%	51,914	80287%	
	12/31/08	69,120,422	128,371,518	59,251,096	54%	50,640	117005%	
	12/31/09	72,865,809	151,020,404	78,154,595	48%	-	N/A	
Local Police and Fire Retirement System - Policemen	12/31/03	56,488,789	48,538,609	(7,950,180)	116%	18,981,150		42%
	12/31/04	58,678,303	60,913,436	2,235,133	96%	20,415,382	11%	
	12/31/05	66,004,978	67,925,639	1,920,661	97%	21,266,161	9%	
	12/31/06	74,905,451	76,842,810	1,937,359	97%	23,570,761	8%	
	12/31/07	87,095,526	87,708,314	612,788	99%	25,257,302	2%	
	12/31/08	87,957,162	101,698,119	13,740,957	86%	26,570,903	52%	
Local Police and Fire Retirement System - Firemen	12/31/03	38,223,188	35,328,198	(2,894,990)	108%	13,368,014		22%
	12/31/04	40,512,700	47,400,387	6,887,687	85%	14,997,552	46%	
	12/31/05	46,596,328	52,990,455	6,394,127	88%	16,110,508	40%	
	12/31/06	55,563,161	58,575,344	3,012,183	95%	16,444,539	18%	
	12/31/07	65,748,849	68,063,672	2,314,823	97%	18,187,495	13%	
	12/31/08	67,898,073	78,005,898	10,107,825	87%	18,389,676	55%	
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/08	10,833,304	12,185,081	2,573,410	70%	1,602,197	160%	
	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%	

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

City of Little Rock, Arkansas
Required Supplemental Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2009

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

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

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

2004 CENTRAL ARKANSAS LIBRARY CAPITAL IMPROVEMENTS – Accounts for the proceeds of the 2004A and 2004B Library Improvement and Refunding Bonds issued to refund the Series 1999B Library Improvement and Refunding Bonds and the Series 2002 Library Improvement Bonds, to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, and to pay the costs of issuance of the bonds.

2007 CAPITAL IMPROVEMENTS – The 2007 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 2007 Bonds. The Series 2007 bonds are not general obligation of the City but are special obligations payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way.

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

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2009

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 3,297,690	\$ 1,847,496	\$ 3,758,495	\$ 8,903,681
Restricted cash	-	4,645,055	5,710,635	10,355,690
Investments	1,447,360	1,010,572	2,055,807	4,513,739
Accounts receivable	8,684,166	-	-	8,684,166
Interest receivable	16,215	12,364	23,032	51,611
Inventories	707,124	-	-	707,124
Prepaid expenditures and other	413,750	-	-	413,750
Total assets	<u>\$ 14,566,305</u>	<u>\$ 7,515,487</u>	<u>\$ 11,547,969</u>	<u>\$ 33,629,761</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 350,630	\$ -	\$ 8,032	\$ 358,662
Due to other funds	1,042,720	949,472	21,771	2,013,963
Deferred revenue	7,129,039	3,194,342	-	10,323,381
Total liabilities	<u>8,522,389</u>	<u>4,143,814</u>	<u>29,803</u>	<u>12,696,006</u>
Fund Balances				
Reserved	2,152,904	-	-	2,152,904
Unreserved	3,891,012	3,371,673	11,518,166	18,780,851
Total fund balances	<u>6,043,916</u>	<u>3,371,673</u>	<u>11,518,166</u>	<u>20,933,755</u>
Total liabilities and fund balances	<u>\$ 14,566,305</u>	<u>\$ 7,515,487</u>	<u>\$ 11,547,969</u>	<u>\$ 33,629,761</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor
Year Ended December 31, 2009

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ 4,801,979	\$ 3,202,708	\$ -	\$ 8,004,687
Licenses and permits	27,981	-	-	27,981
Intergovernmental	19,959,735	-	-	19,959,735
Charges for services	1,166,038	-	-	1,166,038
Fines and fees	492,961	-	-	492,961
Utility franchise taxes	-	1,753,434	-	1,753,434
Investment income	16,897	26,538	31,766	75,201
Contributions and donations	803,664	-	-	803,664
Miscellaneous	1,073,407	-	30,908	1,104,315
	<u>28,342,662</u>	<u>4,982,680</u>	<u>62,674</u>	<u>33,388,016</u>
Total revenues				
Expenditures				
General government				
General administration	1,799,150	-	181	1,799,331
Community programs	53,630	-	-	53,630
District court - first division (criminal)	17,851	-	-	17,851
District court - second division (traffic)	12,408	-	-	12,408
Finance	57,951	-	6,626	64,577
Human resource	349,451	-	-	349,451
Information technology	-	-	101,998	101,998
Planning and development	100,343	-	-	100,343
	<u>2,390,784</u>	<u>-</u>	<u>108,805</u>	<u>2,499,589</u>
Total general government				
Public works	16,544,165	-	1,327,730	17,871,895
Parks and recreation services	1,407,026	-	1,414,690	2,821,716
Zoo	16,054	-	70,726	86,780
Fire	900,357	-	762,437	1,662,794
Police	4,999,000	-	881,072	5,880,072
Fleet	298,011	-	-	298,011
Education	-	-	(1)	(1)
Housing and neighborhood programs	3,767,029	-	141,853	3,908,882
Debt service				
Principal	-	1,110,000	-	1,110,000
Interest	-	1,254,425	-	1,254,425
Bond issuance costs	-	-	20,130	20,130
Agent fees	-	6,198	-	6,198
	<u>30,322,426</u>	<u>2,370,623</u>	<u>4,727,442</u>	<u>37,420,491</u>
Total expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,979,764)</u>	<u>2,612,057</u>	<u>(4,664,768)</u>	<u>(4,032,475)</u>
Other Financing Sources (Uses)				
Long-term debt issuance	-	708,414	7,121,586	7,830,000
Premiums (discounts) on debt issuance	-	-	(229,255)	(229,255)
Transfers in	1,948,768	-	-	1,948,768
Transfers out	(2,339,538)	-	(86,998)	(2,426,536)
	<u>(390,770)</u>	<u>708,414</u>	<u>6,805,333</u>	<u>7,122,977</u>
Total other financing sources				
Net Change in Fund Balances	<u>(2,370,534)</u>	<u>3,320,471</u>	<u>2,140,565</u>	<u>3,090,502</u>
Fund Balances, Beginning of Year	<u>8,414,450</u>	<u>51,202</u>	<u>9,377,601</u>	<u>17,843,253</u>
Fund Balances, End of Year	<u>\$ 6,043,916</u>	<u>\$ 3,371,673</u>	<u>\$ 11,518,166</u>	<u>\$ 20,933,755</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds - Nonmajor
December 31, 2009

	<u>Street</u>	<u>Special Projects</u>	<u>Infrastructure</u>	<u>Emergency 911</u>	<u>Grant Fund</u>	<u>CDBG</u>	<u>NHSP</u>	<u>HIPP</u>	<u>Total</u>
Assets									
Cash and cash equivalents	\$ 795,867	\$ 1,229,193	\$ 111,568	\$ -	\$ 513,044	\$ 247,207	\$ 209,165	\$ 191,646	\$ 3,297,690
Investments	434,980	670,721	61,027	-	280,632	-	-	-	1,447,360
Accounts receivable	6,716,419	11,304	-	313,892	1,561,955	45,971	-	34,625	8,684,166
Interest receivable	4,873	7,514	684	-	3,144	-	-	-	16,215
Inventories	-	-	-	-	-	223,967	-	483,157	707,124
Prepaid expenditures and other	-	-	-	413,750	-	-	-	-	413,750
Total assets	<u>\$ 7,952,139</u>	<u>\$ 1,918,732</u>	<u>\$ 173,279</u>	<u>\$ 727,642</u>	<u>\$ 2,358,775</u>	<u>\$ 517,145</u>	<u>\$ 209,165</u>	<u>\$ 709,428</u>	<u>\$ 14,566,305</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 46,692	\$ 103,799	\$ -	\$ -	\$ 130,714	\$ 6,126	\$ 4,450	\$ 58,849	\$ 350,630
Due to other funds	-	-	-	724,820	-	255,814	39,645	22,441	1,042,720
Deferred revenue	4,872,382	25,020	-	-	2,231,637	-	-	-	7,129,039
Total liabilities	<u>4,919,074</u>	<u>128,819</u>	<u>-</u>	<u>724,820</u>	<u>2,362,351</u>	<u>261,940</u>	<u>44,095</u>	<u>81,290</u>	<u>8,522,389</u>
Fund Balances									
Reserved									
Developer contribution account	-	1,265,390	-	-	-	-	-	-	1,265,390
Stormwater retention	-	294,358	-	-	-	-	-	-	294,358
Court automation	-	176,915	-	-	-	-	-	-	176,915
Prepays	-	-	-	413,750	-	-	-	-	413,750
Special projects - ADA	2,491	-	-	-	-	-	-	-	2,491
Total reserved	2,491	1,736,663	-	413,750	-	-	-	-	2,152,904
Unreserved	3,030,574	53,250	173,279	(410,928)	(3,576)	255,205	165,070	628,138	3,891,012
Total fund balances (deficit)	<u>3,033,065</u>	<u>1,789,913</u>	<u>173,279</u>	<u>2,822</u>	<u>(3,576)</u>	<u>255,205</u>	<u>165,070</u>	<u>628,138</u>	<u>6,043,916</u>
Total liabilities and fund balances (deficits)	<u>\$ 7,952,139</u>	<u>\$ 1,918,732</u>	<u>\$ 173,279</u>	<u>\$ 727,642</u>	<u>\$ 2,358,775</u>	<u>\$ 517,145</u>	<u>\$ 209,165</u>	<u>\$ 709,428</u>	<u>\$ 14,566,305</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - Nonmajor
Year Ended December 31, 2009

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	\$ 4,801,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,801,979
Licenses and permits	-	27,981	-	-	-	-	-	-	27,981
Intergovernmental	8,780,673	477,458	-	-	7,576,614	1,770,271	-	1,354,719	19,959,735
Charges for services	212,953	(230,401)	-	1,183,486	-	-	-	-	1,166,038
Fines and fees	-	492,961	-	-	-	-	-	-	492,961
Investment income	3,739	3,382	3,489	-	6,287	-	-	-	16,897
Contribution and donations	-	803,664	-	-	-	-	-	-	803,664
Miscellaneous	52,553	879,654	-	-	(87,211)	78,079	74,357	75,975	1,073,407
Total revenues	13,851,897	2,454,699	3,489	1,183,486	7,495,690	1,848,350	74,357	1,430,694	28,342,662
Expenditures									
General government									
General administration	-	191,141	-	-	1,608,009	-	-	-	1,799,150
Community programs	-	45,917	-	-	7,713	-	-	-	53,630
District court - first division (criminal)	-	17,851	-	-	-	-	-	-	17,851
District court - second division (traffic)	-	12,408	-	-	-	-	-	-	12,408
Finance	-	57,951	-	-	-	-	-	-	57,951
Human resource	-	349,451	-	-	-	-	-	-	349,451
Planning and development	-	60,592	-	-	39,751	-	-	-	100,343
Total general government	-	735,311	-	-	1,655,473	-	-	-	2,390,784
Public works									
Parks and recreation services	15,016,824	174,554	103,278	-	1,249,509	-	-	-	16,544,165
Zoo	-	977,741	-	-	429,285	-	-	-	1,407,026
Fire	-	-	-	-	16,054	-	-	-	16,054
Police	-	426,157	-	-	474,200	-	-	-	900,357
Fleet	-	441,262	-	953,099	3,604,639	-	-	-	4,999,000
Housing and neighborhood programs	-	298,011	-	-	-	-	-	-	298,011
	-	431,929	-	-	-	1,785,957	86,166	1,462,977	3,767,029
Total expenditures	15,016,824	3,484,965	103,278	953,099	7,429,160	1,785,957	86,166	1,462,977	30,322,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,164,927)	(1,030,266)	(99,789)	230,387	66,530	62,393	(11,809)	(32,283)	(1,979,764)
Other Financing Sources (Uses)									
Transfers in	848,155	1,100,613	-	-	-	-	-	-	1,948,768
Transfers out	(563,435)	(696,650)	(1,071,180)	-	(8,273)	-	-	-	(2,339,538)
Total other financing sources (uses)	284,720	403,963	(1,071,180)	-	(8,273)	-	-	-	(390,770)
Net Change in Fund Balances	(880,207)	(626,303)	(1,170,969)	230,387	58,257	62,393	(11,809)	(32,283)	(2,370,534)
Fund Balances, Beginning of Year	3,913,272	2,416,216	1,344,248	(227,565)	(61,833)	192,812	176,879	660,421	8,414,450
Fund Balances, End of Year	\$ 3,033,065	\$ 1,789,913	\$ 173,279	\$ 2,822	\$ (3,576)	\$ 255,205	\$ 165,070	\$ 628,138	\$ 6,043,916

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds - Nonmajor
December 31, 2009

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009 Parks and Recreation	Total
Assets					
Cash and cash equivalents	\$ 11,274	\$ 14,771	\$ 1,821,451	\$ -	\$ 1,847,496
Restricted cash	-	-	2,964,245	1,680,810	4,645,055
Investments	6,167	8,080	996,325	-	1,010,572
Interest receivable	69	91	11,162	1,042	12,364
	<u>17,510</u>	<u>22,942</u>	<u>5,793,183</u>	<u>1,681,852</u>	<u>7,515,487</u>
Total assets	<u>\$ 17,510</u>	<u>\$ 22,942</u>	<u>\$ 5,793,183</u>	<u>\$ 1,681,852</u>	<u>\$ 7,515,487</u>
Liabilities and Fund Balances					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ 949,472	\$ 949,472
Deferred revenue	-	-	3,194,342	-	3,194,342
	<u>-</u>	<u>-</u>	<u>3,194,342</u>	<u>949,472</u>	<u>4,143,814</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,194,342</u>	<u>949,472</u>	<u>4,143,814</u>
Fund Balances					
Unreserved	<u>17,510</u>	<u>22,942</u>	<u>2,598,841</u>	<u>732,380</u>	<u>3,371,673</u>
Total fund balances	<u>17,510</u>	<u>22,942</u>	<u>2,598,841</u>	<u>732,380</u>	<u>3,371,673</u>
Total liabilities and fund balances	<u>\$ 17,510</u>	<u>\$ 22,942</u>	<u>\$ 5,793,183</u>	<u>\$ 1,681,852</u>	<u>\$ 7,515,487</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds - Nonmajor
Year Ended December 31, 2009

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	Total
Revenues					
General property taxes	\$ -	\$ -	\$ 3,202,708	-	\$ 3,202,708
Utility franchise fees	1,434,987	318,447	-	-	1,753,434
Investment income	9,250	2,173	14,047	1,068	26,538
	<u>1,444,237</u>	<u>320,620</u>	<u>3,216,755</u>	<u>1,068</u>	<u>4,982,680</u>
Total revenues					
Expenditures					
Principal	900,000	210,000	-	-	1,110,000
Interest	534,988	108,448	634,187	(23,198)	1,254,425
Agent fees	1,749	1,748	2,401	300	6,198
	<u>1,436,737</u>	<u>320,196</u>	<u>636,588</u>	<u>(22,898)</u>	<u>2,370,623</u>
Total expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,500</u>	<u>424</u>	<u>2,580,167</u>	<u>23,966</u>	<u>2,612,057</u>
Other Financing Sources (Uses)					
Long-term debt issuance	-	-	-	708,414	708,414
	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,414</u>	<u>708,414</u>
Total other financing sources					
Net Change in Fund Balances	7,500	424	2,580,167	732,380	3,320,471
Fund Balances, Beginning of Year	<u>10,010</u>	<u>22,518</u>	<u>18,674</u>	<u>-</u>	<u>51,202</u>
Fund Balances, End of Year	<u>\$ 17,510</u>	<u>\$ 22,942</u>	<u>\$ 2,598,841</u>	<u>\$ 732,380</u>	<u>\$ 3,371,673</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds - Nonmajor
December 31, 2009

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2004 Capital Improvements	2009A Parks and Recreation	Total
Assets								
Cash and cash equivalents	\$ 665,811	\$ 12,717	\$ 677,330	\$ 1,922,017	\$ 130	\$ 480,490	\$ -	\$ 3,758,495
Restricted cash	-	-	-	-	71	-	5,710,564	5,710,635
Investments	364,195	6,957	370,496	1,051,333	-	262,826	-	2,055,807
Interest receivable	4,080	78	4,151	11,778	1	2,944	-	23,032
Total assets	<u>\$ 1,034,086</u>	<u>\$ 19,752</u>	<u>\$ 1,051,977</u>	<u>\$ 2,985,128</u>	<u>\$ 202</u>	<u>\$ 746,260</u>	<u>\$ 5,710,564</u>	<u>\$ 11,547,969</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 2,007	\$ -	\$ -	\$ -	\$ -	\$ 6,025	\$ -	\$ 8,032
Due to other funds	-	-	-	-	-	-	21,771	21,771
Total liabilities	<u>2,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,025</u>	<u>21,771</u>	<u>29,803</u>
Fund Balances								
Unreserved	<u>1,032,079</u>	<u>19,752</u>	<u>1,051,977</u>	<u>2,985,128</u>	<u>202</u>	<u>740,235</u>	<u>5,688,793</u>	<u>11,518,166</u>
Total liabilities and fund balances	<u>\$ 1,034,086</u>	<u>\$ 19,752</u>	<u>\$ 1,051,977</u>	<u>\$ 2,985,128</u>	<u>\$ 202</u>	<u>\$ 746,260</u>	<u>\$ 5,710,564</u>	<u>\$ 11,547,969</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds - Nonmajor
Year Ended December 31, 2009

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2004 Capital Improvements	2009A Parks and Recreation	Total
Revenues								
Investment income and unrealized gains	\$ 5,021	\$ 78	\$ 5,171	\$ 17,113	\$ -	\$ 3,922	\$ 461	\$ 31,766
Miscellaneous	30,908	-	-	-	-	-	-	30,908
Total revenues	35,929	78	5,171	17,113	-	3,922	461	62,674
Expenditures								
General government								
General administration	-	-	-	181	-	-	-	181
Finance	-	-	-	600	-	6,026	-	6,626
Information technology	-	-	-	101,998	-	-	-	101,998
Total general government	-	-	-	102,779	-	6,026	-	108,805
Public works	443,390	19,072	109,345	426,551	-	329,372	-	1,327,730
Parks and recreation services	-	-	-	156,976	-	131,428	1,126,286	1,414,690
Zoo	-	-	-	11,698	-	1,445	57,583	70,726
Fire	-	-	-	762,437	-	-	-	762,437
Police	-	-	-	878,116	-	2,956	-	881,072
Education	-	-	-	-	(1)	-	-	(1)
Housing and neighborhood programs	-	-	-	64,714	-	77,139	-	141,853
Debt service	-	-	-	-	-	-	20,130	20,130
Total expenditures	443,390	19,072	109,345	2,403,271	(1)	548,366	1,203,999	4,727,442
Excess (Deficiency) of Revenues Over Expenditures	(407,461)	(18,994)	(104,174)	(2,386,158)	1	(544,444)	(1,203,538)	(4,664,768)
Other Financing Sources (Uses)								
Long-term debt issuance	-	-	-	-	-	-	7,121,586	7,121,586
Premiums (discounts) on debt issuance	-	-	-	-	-	-	(229,255)	(229,255)
Transfers out	-	-	-	(86,998)	-	-	-	(86,998)
Total other financing sources (uses)	-	-	-	(86,998)	-	-	6,892,331	6,805,333
Net Change in Fund Balances	(407,461)	(18,994)	(104,174)	(2,473,156)	1	(544,444)	5,688,793	2,140,565
Fund Balances, Beginning of Year	1,439,540	38,746	1,156,151	5,458,284	201	1,284,679	-	9,377,601
Fund Balances, End of Year	\$ 1,032,079	\$ 19,752	\$ 1,051,977	\$ 2,985,128	\$ 202	\$ 740,235	\$ 5,688,793	\$ 11,518,166

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General Property taxes	\$ 4,715,800	\$ 4,715,800	\$ 4,801,979	\$ 86,179
Intergovernmental	8,600,000	8,600,000	8,780,673	180,673
Charges for services	35,000	35,000	212,953	177,953
Investment income	51,323	51,323	3,739	(47,584)
Miscellaneous	32,400	32,400	52,553	20,153
Total revenues	<u>13,434,523</u>	<u>13,434,523</u>	<u>13,851,897</u>	<u>417,374</u>
Expenditures				
Public works	14,120,941	14,477,646	15,016,824	(539,178)
Total expenditures	<u>14,120,941</u>	<u>14,477,646</u>	<u>15,016,824</u>	<u>(539,178)</u>
Deficiency of Revenues Under Expenditures	<u>(686,418)</u>	<u>(1,043,123)</u>	<u>(1,164,927)</u>	<u>(121,804)</u>
Other Financing Sources (Uses)				
Transfers In	1,247,981	1,217,747	848,155	(369,592)
Transfers Out	(561,563)	(1,371,563)	(563,435)	808,128
Total other financing sources	<u>686,418</u>	<u>(153,816)</u>	<u>284,720</u>	<u>438,536</u>
Net Change in Fund Balances	-	(1,196,939)	(880,207)	316,732
Fund Balances, Beginning of Year	<u>3,913,272</u>	<u>3,913,272</u>	<u>3,913,272</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,913,272</u>	<u>\$ 2,716,333</u>	<u>\$ 3,033,065</u>	<u>\$ 316,732</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Combining Statement of Fund Net Assets
Enterprise Funds – Nonmajor
December 31, 2009

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 100	\$ 119,335	\$ 400	\$ 2,258	\$ 474,474	\$ 649	\$ 597,216
Investments	-	61,173	-	-	259,511	-	320,684
Contributions receivable	73,957	-	-	-	-	-	73,957
Accrued interest	-	685	-	-	2,907	-	3,592
Inventories	-	104,845	-	16,916	-	-	121,761
Total current assets	<u>74,057</u>	<u>286,038</u>	<u>400</u>	<u>19,174</u>	<u>736,892</u>	<u>649</u>	<u>1,117,210</u>
Noncurrent assets							
Capital assets							
Land	2,339,531	1,259,387	-	2,803,940	-	-	6,402,858
Construction in progress	-	333,016	-	-	-	-	333,016
Buildings and improvements	3,708,271	7,996,594	206,223	476,207	3,624,142	-	16,011,437
Vehicles	-	394,884	49,479	491,524	7,562	17,133	960,582
Furniture and equipment	49,061	1,172,416	-	691,824	474,243	-	2,387,544
	<u>6,096,863</u>	<u>11,156,297</u>	<u>255,702</u>	<u>4,463,495</u>	<u>4,105,947</u>	<u>17,133</u>	<u>26,095,437</u>
Less accumulated depreciation	<u>1,041,388</u>	<u>1,983,386</u>	<u>77,345</u>	<u>1,065,385</u>	<u>1,353,361</u>	<u>15,420</u>	<u>5,536,285</u>
Net capital assets	<u>5,055,475</u>	<u>9,172,911</u>	<u>178,357</u>	<u>3,398,110</u>	<u>2,752,586</u>	<u>1,713</u>	<u>20,559,152</u>
Total noncurrent assets	<u>5,055,475</u>	<u>9,172,911</u>	<u>178,357</u>	<u>3,398,110</u>	<u>2,752,586</u>	<u>1,713</u>	<u>20,559,152</u>
Total assets	<u>\$ 5,129,532</u>	<u>\$ 9,458,949</u>	<u>\$ 178,757</u>	<u>\$ 3,417,284</u>	<u>\$ 3,489,478</u>	<u>\$ 2,362</u>	<u>\$ 21,676,362</u>

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 43,918	\$ 131,034	\$ 4,283	\$ 43,412	\$ 12,832	\$ 2,927	\$ 238,406
Due to other funds	2,557,802	3,056,716	795,004	4,655,228	-	-	11,064,750
Accrued expenses and other	-	740	-	-	-	-	740
Compensated absences - current portion	(6,225)	135,216	30,952	90,594	38,769	-	289,306
Capital lease obligation - current portion	-	-	-	92,462	-	-	92,462
Unearned revenue	-	-	61,956	3,150	-	-	65,106
Total current liabilities	<u>2,595,495</u>	<u>3,323,706</u>	<u>892,195</u>	<u>4,884,846</u>	<u>51,601</u>	<u>2,927</u>	<u>11,750,770</u>
Noncurrent liabilities							
Compensated absences	<u>(3,838)</u>	<u>110,630</u>	<u>20,481</u>	<u>67,271</u>	<u>65,054</u>	<u>(1)</u>	<u>259,597</u>
Total noncurrent liabilities	<u>(3,838)</u>	<u>110,630</u>	<u>20,481</u>	<u>67,271</u>	<u>65,054</u>	<u>(1)</u>	<u>259,597</u>
Total liabilities	<u>2,591,657</u>	<u>3,434,336</u>	<u>912,676</u>	<u>4,952,117</u>	<u>116,655</u>	<u>2,926</u>	<u>12,010,367</u>
Net Assets (Deficit)							
Invested in capital assets, net of related debt	5,055,475	9,172,911	178,357	3,398,110	2,752,586	1,713	20,559,152
Restricted - expendable Zoo promotions	-	77,089	-	-	-	-	77,089
Unrestricted (deficit)	<u>(2,517,600)</u>	<u>(3,225,387)</u>	<u>(912,276)</u>	<u>(4,932,943)</u>	<u>620,237</u>	<u>(2,277)</u>	<u>(10,970,246)</u>
Total net assets (deficit)	<u>2,537,875</u>	<u>6,024,613</u>	<u>(733,919)</u>	<u>(1,534,833)</u>	<u>3,372,823</u>	<u>(564)</u>	<u>9,665,995</u>
Total liabilities and net assets (deficit)	<u>\$ 5,129,532</u>	<u>\$ 9,458,949</u>	<u>\$ 178,757</u>	<u>\$ 3,417,284</u>	<u>\$ 3,489,478</u>	<u>\$ 2,362</u>	<u>\$ 21,676,362</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Funds – Nonmajor
Year Ended December 31, 2009

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Operating Revenues							
Charges for services	\$ 290,493	\$ 2,793,846	\$ 1,181,268	\$ 1,377,167	\$ 770,590	\$ 38,239	\$ 6,451,603
Licenses and permits	-	-	22,374	-	-	-	22,374
Fines and fees	7,823	-	-	585	-	-	8,408
Miscellaneous	1,758	263,164	-	(5,001)	(9,105)	(650)	250,166
Total operating revenues	<u>300,074</u>	<u>3,057,010</u>	<u>1,203,642</u>	<u>1,372,751</u>	<u>761,485</u>	<u>37,589</u>	<u>6,732,551</u>
Operating Expenses							
Salaries, wages and employee benefits	298,383	2,471,670	610,581	1,274,959	524,847	53,673	5,234,113
Supplies and materials	59,846	656,643	42,096	187,252	47,929	35,832	1,029,598
Services	340,503	1,085,607	572,823	479,329	231,762	8,415	2,718,439
Repairs and maintenance	133,559	175,486	21,416	281,456	53,483	6,170	671,570
Other	2,595	1,384	3,825	-	637	-	8,441
Depreciation and amortization	97,840	425,755	20,710	93,501	172,821	-	810,627
Total operating expenses	<u>932,726</u>	<u>4,816,545</u>	<u>1,271,451</u>	<u>2,316,497</u>	<u>1,031,479</u>	<u>104,090</u>	<u>10,472,788</u>
Operating Income (Loss)	<u>(632,652)</u>	<u>(1,759,535)</u>	<u>(67,809)</u>	<u>(943,746)</u>	<u>(269,994)</u>	<u>(66,501)</u>	<u>(3,740,237)</u>
Nonoperating Revenues							
Interest income	-	(111)	-	-	3,057	-	2,946
Interest expense	-	-	-	(7,347)	-	-	(7,347)
Net nonoperating revenues	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>(7,347)</u>	<u>3,057</u>	<u>-</u>	<u>(4,401)</u>
Income (Loss) Before Contributions and Transfers	<u>(632,652)</u>	<u>(1,759,646)</u>	<u>(67,809)</u>	<u>(951,093)</u>	<u>(266,937)</u>	<u>(66,501)</u>	<u>(3,744,638)</u>
Contributions	250,198	156,732	-	109,866	-	-	516,796
Transfers In	293,751	1,755,895	-	941,323	351,286	480,648	3,822,903
Transfers Out	<u>(96,941)</u>	<u>(458,945)</u>	<u>(239,761)</u>	<u>(619,235)</u>	<u>(165,777)</u>	<u>-</u>	<u>(1,580,659)</u>
	<u>447,008</u>	<u>1,453,682</u>	<u>(239,761)</u>	<u>431,954</u>	<u>185,509</u>	<u>480,648</u>	<u>2,759,040</u>
Changes in Net Assets	(185,644)	(305,964)	(307,570)	(519,139)	(81,428)	414,147	(985,598)
Net Assets (Deficit), Beginning of Year	<u>2,723,519</u>	<u>6,330,577</u>	<u>(426,349)</u>	<u>(1,015,694)</u>	<u>3,454,251</u>	<u>(414,711)</u>	<u>10,651,593</u>
Net Assets (Deficit), End of Year	<u>\$ 2,537,875</u>	<u>\$ 6,024,613</u>	<u>\$ (733,919)</u>	<u>\$ (1,534,833)</u>	<u>\$ 3,372,823</u>	<u>\$ (564)</u>	<u>\$ 9,665,995</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor
Year Ended December 31, 2009

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concession Services	Total
Operating Activities							
Receipts from customers	\$ 298,316	\$ 2,793,846	\$ 1,181,268	\$ 1,377,752	\$ 770,590	\$ 38,239	\$ 6,460,011
Other receipts	1,758	263,164	22,374	(5,001)	(9,105)	-	273,190
Payments to employees	(332,731)	(2,469,971)	(607,216)	(625,739)	(523,506)	(463,270)	(5,022,433)
Payments to suppliers	(166,752)	(584,861)	(42,096)	(214,122)	(47,929)	(41,032)	(1,096,792)
Payments to service providers	(283,963)	(1,085,607)	(572,541)	(479,329)	(235,482)	(7,302)	(2,664,224)
Other payments	111,169	192,519	266,574	(272,207)	(54,120)	(7,283)	236,652
Net cash provided by (used in) operating activities	(372,203)	(890,910)	248,363	(218,646)	(99,552)	(480,648)	(1,813,596)
Noncapital Financing Activities							
Transfers from other funds	293,751	1,755,895	-	941,323	351,286	480,648	3,822,903
Transfers to other funds	(96,941)	(458,945)	(239,761)	(619,235)	(165,777)	-	(1,580,659)
Net cash provided by (used in) noncapital financing activities	196,810	1,296,950	(239,761)	322,088	185,509	480,648	2,242,244
Capital and Related Financing Activities							
Capital contributions	250,199	156,732	-	-	-	-	406,931
Lease payment	-	-	-	(96,096)	-	-	(96,096)
Interest paid	-	-	-	(7,347)	-	-	(7,347)
Purchase of capital assets	(74,806)	(451,256)	(8,502)	-	9,105	-	(525,459)
Net cash provided by (used in) capital and related financing activities	175,393	(294,524)	(8,502)	(103,443)	9,105	0	(221,971)
Investing Activities							
Proceeds from sale of investments	-	224,839	-	-	1,127,671	-	1,352,510
Purchase of investments	-	(257,416)	-	-	(1,092,023)	-	(1,349,439)
Interest income	-	(114)	-	-	3,007	-	2,893
Net cash provided by (used in) investing activities	0	(32,691)	0	0	38,655	0	5,964
Increase (Decrease) in Cash and Cash Equivalents	0	78,825	100	(1)	133,717	0	212,641
Cash and Cash Equivalents, Beginning of Year	100	40,510	300	2,259	340,757	649	384,575
Cash and Cash Equivalents, End of Year	\$ 100	\$ 119,335	\$ 400	\$ 2,258	\$ 474,474	\$ 649	\$ 597,216
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating income (loss)	\$ (632,652)	\$ (1,759,535)	\$ (67,809)	\$ (943,746)	\$ (269,994)	\$ (66,501)	\$ (3,740,237)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	97,840	425,755	20,710	93,501	172,821	-	810,627
Gain on disposal of assets	-	4,657	-	6,100	-	650	11,407
Changes in assets and liabilities							
Receivables, net	(59,663)	(408)	-	-	-	-	(60,071)
Due to/due from other funds, net	303,863	365,140	291,815	640,365	-	(407,533)	1,193,650
Inventories	-	27,515	-	(16,916)	-	-	10,599
Accounts payable	(47,243)	44,267	1,786	(9,955)	(3,720)	(5,201)	(20,066)
Accrued expenses	(34,348)	1,699	1,861	12,005	1,341	(2,063)	(19,505)
Net cash provided by (used in) operating activities	\$ (372,203)	\$ (890,910)	\$ 248,363	\$ (218,646)	\$ (99,552)	\$ (480,648)	\$ (1,813,596)

FIDUCIARY FUNDS

TRUST FUNDS

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

AGENCY FUND

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

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Assets
December 31, 2009

	Employee Retirement Plans						Total
	Policemen's Pension And Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Assets							
Cash and cash equivalents	\$ 2,382,105	\$ 2,419,285	\$ 1,848,388	\$ 9,380	\$ -	\$ 348,816	\$ 7,007,974
Investments							
U. S. government obligations	2,042,890	6,049,414	8,331,450	1,998,213	-	-	18,421,967
Equities	17,550,423	26,979,493	8,586,641	2,252,589	-	529,410	55,898,556
Mutual funds and other investments	26,695,647	37,389,686	14,528,727	3,223,319	5,309,714	538,200	87,685,293
Receivables							
Accounts receivable	-	-	-	-	99,686	-	99,686
Due from other funds	3,605,789	3,605,789	-	-	-	-	7,211,578
Contributions	5,379	11,259	-	-	-	-	16,638
Accrued interest and dividends	55,272	156,079	14,049	9,405	-	1,914	236,719
Total assets	<u>52,337,505</u>	<u>76,611,005</u>	<u>33,309,255</u>	<u>7,492,906</u>	<u>5,409,400</u>	<u>1,418,340</u>	<u>176,578,411</u>
Liabilities							
Accrued liabilities	26,107	29,590	-	-	-	-	55,697
Due to other funds	2,633	666	-	-	-	-	3,299
Total liabilities	<u>28,740</u>	<u>30,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,996</u>
Net Assets							
Net assets held in trust	<u>\$ 52,308,765</u>	<u>\$ 76,580,749</u>	<u>\$ 33,309,255</u>	<u>\$ 7,492,906</u>	<u>\$ 5,409,400</u>	<u>\$ 1,418,340</u>	<u>\$ 176,519,415</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2009

	Employee Retirement Plans						Total
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	
Additions							
Contributions							
Employer	\$ 85,297	\$ 171,054	\$ 1,300,310	\$ 378,487	\$ 286,676	313,427	\$ 2,535,251
Plan members	85,297	171,054	1,237,839	-	324,907	-	1,819,097
Property taxes contributed from general fund	3,380,246	3,380,246	-	-	-	-	6,760,492
State insurance turnback and guarantee fund from general fund	952,068	1,068,954	-	-	-	-	2,021,022
Other	506,801	9,394	-	417,673	-	(3,280)	930,588
Total contributions	<u>5,009,709</u>	<u>4,800,702</u>	<u>2,538,149</u>	<u>796,160</u>	<u>611,583</u>	<u>310,147</u>	<u>14,066,450</u>
Investment income (loss)							
Net decrease in fair value of investments	1,862,733	7,764,302	1,584,162	356,763	1,011,807	62,604	12,642,371
Interest and dividends	1,328,385	2,088,123	803,028	199,947	-	21,731	4,441,214
Total investment income	<u>3,191,118</u>	<u>9,852,425</u>	<u>2,387,190</u>	<u>556,710</u>	<u>1,011,807</u>	<u>84,335</u>	<u>17,083,585</u>
Less investment expense	237,398	327,328	-	37,719	-	-	602,445
Total investment income (loss)	<u>2,953,720</u>	<u>9,525,097</u>	<u>2,387,190</u>	<u>518,991</u>	<u>1,011,807</u>	<u>84,335</u>	<u>16,481,140</u>
Total additions	<u>7,963,429</u>	<u>14,325,799</u>	<u>4,925,339</u>	<u>1,315,151</u>	<u>1,623,390</u>	<u>394,482</u>	<u>30,547,590</u>
Deductions							
Benefits paid directly to participants	9,634,128	10,397,850	1,702,264	1,367,782	437,741	-	23,539,765
Administrative expenses	90,854	161,868	150,722	-	-	8,903	412,347
Other	12,580	10,986	-	-	-	-	23,566
Total deductions	<u>9,737,562</u>	<u>10,570,704</u>	<u>1,852,986</u>	<u>1,367,782</u>	<u>437,741</u>	<u>8,903</u>	<u>23,975,678</u>
Change in Net Assets	(1,774,133)	3,755,095	3,072,353	(52,631)	1,185,649	385,579	6,571,912
Net Assets Held in Trust, Beginning of Year	<u>54,082,898</u>	<u>72,825,654</u>	<u>30,236,902</u>	<u>7,545,537</u>	<u>4,223,751</u>	<u>1,032,761</u>	<u>169,947,503</u>
Net Assets Held in Trust, End of Year	<u>\$ 52,308,765</u>	<u>\$ 76,580,749</u>	<u>\$ 33,309,255</u>	<u>\$ 7,492,906</u>	<u>\$ 5,409,400</u>	<u>\$ 1,418,340</u>	<u>\$ 176,519,415</u>

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
December 31, 2009

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Assets				
Cash and cash equivalents	\$ 184,464	\$ 0	\$ 7,452	\$ 177,012
Liabilities				
Accrued liabilities	\$ 184,464	\$ 0	\$ 7,452	\$ 177,012

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City of Little Rock, Arkansas
Combining Statement of Net Assets
Discretely Presented Component Units – Nonmajor
December 31, 2009

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 250,531	\$ 44,152	\$ 427,825	\$ 1,901,786	\$ 3,169,339	\$ 4,443,481	\$ 150,775	\$ 1,815,350	\$ 16,595	\$ 5,577,543	\$ 17,797,377
Investments	-	-	-	1,539,986	511,135	-	10,212	14,647,427	-	-	16,708,760
Restricted cash and investments - current	-	-	2,231,457	-	-	-	434,141	-	-	-	2,665,598
Accounts receivable, net of allowance	29,351	-	1,218,843	446,034	4,619,265	6,402	368,750	2,247,097	355,080	15,401,657	24,692,479
Inventories	-	-	-	1,609	236,394	476,950	13,915	102,238	-	-	831,106
Prepaid expenses and other	-	-	291,605	41,390	150,896	434,886	-	179,757	-	14,245	1,112,779
Total current assets	279,882	44,152	4,169,730	3,930,805	8,687,029	5,361,719	977,793	18,991,869	371,675	20,993,445	63,808,099
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	1,799,887	-	-	-	434,141	-	-	802,876	3,036,904
Investments	2,125,629	884,684	3,904,768	-	-	-	-	-	-	1,478,479	8,393,560
Interest receivable	-	-	66	-	-	-	-	-	-	-	66
	2,125,629	884,684	5,704,721	-	-	-	434,141	-	-	2,281,355	11,430,530
Less amounts required to meet current obligations	-	-	2,231,457	-	-	-	434,141	-	-	-	2,665,598
Total restricted assets	2,125,629	884,684	3,473,264	-	-	-	-	-	-	2,281,355	8,764,932
Capital assets											
Land	73,711	13,089	3,172,328	4,240,643	185,781	1,684,690	-	127,630	-	2,327,939	11,825,811
Construction in progress	-	-	-	628,885	451,597	-	247,718	-	-	2,400,260	3,728,460
Buildings, improvements and other facilities	148,690	99,211	52,032,104	25,029,928	1,457,441	32,910,905	3,272,966	14,798,885	-	58,567,905	188,318,035
Vehicles	133,572	-	-	-	5,362,114	27,646,159	-	-	-	-	33,141,845
Furniture and equipment	25,574	-	3,641,242	88,765	3,299,012	5,635,477	4,805,649	3,974,733	-	6,273,037	27,743,489
Books/AV materials	-	-	-	-	-	-	-	-	-	13,860,721	13,860,721
Other	-	-	2,699,782	-	1,649,099	-	-	-	-	293,380	4,642,261
	381,547	112,300	61,545,456	29,988,221	12,405,044	67,877,231	8,326,333	18,901,248	-	83,723,242	283,260,622
Less accumulated depreciation	209,533	2,480	25,229,858	11,792,332	9,355,484	26,827,499	3,932,445	8,781,299	-	21,430,825	107,561,755
Net capital assets	172,014	109,820	36,315,598	18,195,889	3,049,560	41,049,732	4,393,888	10,119,949	-	62,292,417	175,698,867
Other assets											
Deferred bond issue costs	-	-	68,576	-	-	-	-	-	-	-	68,576
Other	-	-	-	-	6,177	-	243,306	651,966	-	21,744	923,193
Total other assets	-	-	68,576	-	6,177	-	243,306	651,966	-	21,744	991,769
Total noncurrent assets	2,297,643	994,504	39,857,438	18,195,889	3,055,737	41,049,732	4,637,194	10,771,915	-	64,595,516	185,455,568
Total assets	\$ 2,577,525	\$ 1,038,656	\$ 44,027,168	\$ 22,126,694	\$ 11,742,766	\$ 46,411,451	\$ 5,614,987	\$ 29,763,784	\$ 371,675	\$ 85,588,961	\$ 249,263,667

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	-	\$	-	\$	545,332	\$	100,470	\$	270,925	\$	153,855	\$	390,057	\$	282,301	\$	357,248	\$	783,642	\$	2,883,830
Accrued wages payable and related liabilities	-	-	-	222,700	-	24,536	-	-	-	886,535	-	-	-	-	-	3,860	-	333,771	-	1,471,402	-	-
Bonds payable - current portion	-	-	-	1,858,399	-	-	-	-	-	-	-	-	-	-	-	-	-	165,000	-	2,023,399	-	-
Notes payable - current portion	-	-	-	-	-	-	-	-	-	-	-	88,166	1,137,364	-	-	-	-	-	-	1,225,530	-	-
Compensated absences - current portion	-	-	-	-	-	23,824	-	-	-	-	-	-	-	-	-	5,561	-	915,771	-	945,156	-	-
Deferred revenue	-	-	-	110,389	-	-	57,734	-	-	-	-	467,042	1,399,056	-	-	-	-	883,646	-	2,917,867	-	-
Accrued expenses and other	-	-	-	728,407	-	11,419	518,986	-	3,914	-	39,578	1,156,686	-	-	-	-	-	1,500,000	-	3,958,990	-	-
Total current liabilities	-	-	-	3,465,227	-	160,249	847,645	-	1,044,304	-	984,843	3,975,407	-	366,669	-	4,581,830	-	15,426,174	-	-	-	-

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	-	11,217,939	-	-	-	-	-	-	-	-	-	-	-	-	-	3,565,000	-	14,782,939	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	26,142	5,597	-	-	-	-	-	-	-	31,739	-	-
Other long-term liabilities	-	-	-	-	-	59,301	-	-	-	-	-	-	-	-	-	-	-	-	-	59,301	-	-
Compensated absences	-	-	-	-	-	170,768	-	-	-	-	-	-	-	-	-	-	-	-	-	170,768	-	-
Total noncurrent liabilities	-	-	-	11,217,939	-	230,069	-	-	-	26,142	5,597	-	-	-	-	-	-	3,565,000	-	15,044,747	-	-
Total liabilities	-	-	-	14,683,166	-	390,318	847,645	-	1,044,304	-	1,010,985	3,981,004	-	366,669	-	8,146,830	-	30,470,921	-	-	-	-

Net Assets

Invested in capital assets, net of related debt	172,014	109,820	23,301,821	18,195,889	3,049,560	41,049,732	-	1,703,058	-	58,562,417	146,144,311	-	-	-	-	-	-	-	-	-	-	-
Restricted - expendable	1,622,979	903,967	3,531,776	-	-	1,617,058	236,209	1,659,835	-	414,144	9,985,968	-	-	-	-	-	-	-	-	-	-	-
Restricted - nonexpendable	-	-	-	-	-	-	-	3,918,943	-	372,118	4,291,061	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	782,532	24,869	2,510,405	3,540,487	7,845,561	2,700,357	4,367,793	18,500,944	5,006	18,093,452	58,371,406	-	-	-	-	-	-	-	-	-	-	-
Total net assets	2,577,525	1,038,656	29,344,002	21,736,376	10,895,121	45,367,147	4,604,002	25,782,780	5,006	77,442,131	218,792,746	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	\$ 2,577,525	\$ 1,038,656	\$ 44,027,168	\$ 22,126,694	\$ 11,742,766	\$ 46,411,451	\$ 5,614,987	\$ 29,763,784	\$ 371,675	\$ 85,588,961	\$ 249,263,667	-	-	-	-	-	-	-	-	-	-	-

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 18,375,241	\$ 393,853	\$ 1,186,627	\$ 5,199,165	\$ (11,595,596)	\$ -	\$ (11,595,596)
Workforce Investment Board	1,564,020	-	1,567,644	-	3,624	-	3,624
Total governmental activities	19,939,261	393,853	2,754,271	5,199,165	(11,591,972)	-	(11,591,972)
Business-type Activities							
Oakland Fraternal Cemetery	263,617	285,224	-	-	-	21,607	21,607
Mt. Holly Cemetery	121,312	31,319	-	-	-	(89,993)	(89,993)
Advertising and Promotion Commission	14,751,396	2,892,221	-	-	-	(11,859,175)	(11,859,175)
Port Authority	2,114,811	2,110,242	-	-	-	(4,569)	(4,569)
Ambulance Authority	17,934,712	18,828,404	-	-	-	893,692	893,692
Central Arkansas Transit	17,189,750	2,071,346	-	-	-	(15,118,404)	(15,118,404)
Arkansas Museum of Science and History	2,976,933	782,635	-	-	-	(2,194,298)	(2,194,298)
Arkansas Arts Center	10,964,618	4,773,091	-	-	-	(6,191,527)	(6,191,527)
Total business-type activities	66,317,149	31,774,482	0	0	0	(34,542,667)	(34,542,667)
Total component units	\$ 86,256,410	\$ 32,168,335	\$ 2,754,271	\$ 5,199,165	(11,591,972)	(34,542,667)	(46,134,639)
General revenues							
General property taxes					13,745,075	-	13,745,075
Sales taxes					-	10,394,606	10,394,606
Investment income					255,943	218,088	474,031
Grants and contributions not restricted to specific programs					235,321	14,591,778	14,827,099
Other					566,662	7,315,684	7,882,346
Total general revenues					14,803,001	32,520,156	47,323,157
Change in net assets					3,211,029	(2,022,511)	1,188,518
Net Assets, Beginning of Year					74,236,108	143,368,120	217,604,228
Net Assets, End of Year					\$ 77,447,137	\$ 141,345,609	\$ 218,792,746

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2009

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 285,224	\$ 31,169	\$ 1,681,167	\$ 2,110,242	\$ 18,297,290	\$ 2,071,346	\$ 782,635	\$ 1,981,693	\$ 27,240,766
Other	-	150	1,211,054	-	531,114	-	-	2,791,398	4,533,716
Total operating revenues	285,224	31,319	2,892,221	2,110,242	18,828,404	2,071,346	782,635	4,773,091	31,774,482
Operating Expenses									
Salaries, wages and employee benefits	189,386	85,238	5,929,158	776,778	13,514,282	9,158,158	410,862	2,798,831	32,862,693
Supplies and materials	6,135	-	49,847	51,595	741,706	2,915,977	467,185	568,587	4,801,032
Services	15,825	9,261	3,595,029	146,947	1,769,859	730,912	1,371,347	1,965,302	9,604,482
Utilities	6,556	4,127	1,174,944	356,390	345,722	241,417	-	352,875	2,482,031
Repairs and maintenance	13,746	16,237	1,021,235	21,947	731,412	-	-	418,847	2,223,424
Other	10,519	3,969	669,294	58,291	-	914,591	64,865	4,106,308	5,827,837
Depreciation and amortization	21,450	2,480	1,512,464	702,863	831,731	3,228,695	662,674	753,868	7,716,225
Total operating expenses	263,617	121,312	13,951,971	2,114,811	17,934,712	17,189,750	2,976,933	10,964,618	65,517,724
Operating Income (Loss)	21,607	(89,993)	(11,059,750)	(4,569)	893,692	(15,118,404)	(2,194,298)	(6,191,527)	(33,743,242)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,937,556	-	-	4,305,158	-	-	6,242,714
Local tax levy	-	-	10,394,606	-	-	-	-	-	10,394,606
Donations, contributions and grants received	-	71,778	-	225,519	-	10,097,960	2,491,626	1,704,895	14,591,778
Investment income	-	82,753	8,625	81,021	51,455	31,224	-	80	255,158
Interest expense	-	-	(799,425)	-	-	-	-	(37,070)	(836,495)
Other, net	393,033	-	(11,205)	179,766	506,155	-	-	5,221	1,072,970
Net nonoperating revenues (expenses)	393,033	154,531	11,530,157	486,306	557,610	14,434,342	2,491,626	1,673,126	31,720,731
Change in Net Assets	414,640	64,538	470,407	481,737	1,451,302	(684,062)	297,328	(4,518,401)	(2,022,511)
Net Assets, Beginning of Year	2,162,885	974,118	28,873,595	21,254,639	9,443,819	46,051,209	4,306,674	30,301,181	143,368,120
Net Assets, End of Year	\$ 2,577,525	\$ 1,038,656	\$ 29,344,002	\$ 21,736,376	\$ 10,895,121	\$ 45,367,147	\$ 4,604,002	\$ 25,782,780	\$ 141,345,609

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2009

	Wastewater Utility	National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 39,141,965	\$ 24,233,168	\$ 28,386,377	\$ 91,761,510
Other receipts	453,120	392,681	3,996,746	4,842,547
Payments to employees	(17,125,483)	(7,157,414)	(32,661,794)	(56,944,691)
Payments to suppliers	(2,155,009)	(7,686,164)	(8,258,897)	(18,100,070)
Payments for contractual services	(2,899,623)	-	(9,936,003)	(12,835,626)
Payments for utilities	(1,725,114)	-	(1,533,793)	(3,258,907)
Other payments	(925,357)	-	(5,308,426)	(6,233,783)
Net cash provided by (used in) operating activities	<u>14,764,499</u>	<u>9,782,271</u>	<u>(25,315,790)</u>	<u>(769,020)</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	366,367	16,543,029	16,909,396
Local tax levy supporting operations	-	-	9,537,409	9,537,409
Other	-	10,000	749,783	759,783
Net cash provided by noncapital financing activities	<u>0</u>	<u>376,367</u>	<u>26,830,221</u>	<u>27,206,588</u>
Capital and Related Financing Activities				
Purchase of capital assets	(72,334,909)	-	(8,924,470)	(81,259,379)
Proceeds from sale of capital assets	227,205	6,052	144,782	378,039
Contributions, donations and grants	-	10,733,060	2,881,763	13,614,823
Passenger facility charge	-	4,473,070	-	4,473,070
Intergovernmental revenue received for debt service	-	-	1,937,556	1,937,556
Local tax levy used for debt service	-	-	812,012	812,012
Proceeds from issuance of long-term debt	17,767,672	-	-	17,767,672
Principal paid on long-term debt	(5,591,748)	(2,280,000)	(1,814,494)	(9,686,242)
Acquisition and construction of capital asset	-	(20,750,292)	-	(20,750,292)
Payment to City	-	(833,482)	-	(833,482)
Interest paid on long-term debt	(10,251,289)	(1,514,758)	(1,049,285)	(12,815,332)
Other	-	(8,505)	223,146	214,641
Net cash used in capital and related financing activities	<u>(70,183,069)</u>	<u>(10,174,855)</u>	<u>(5,788,990)</u>	<u>(86,146,914)</u>
Investing Activities				
Proceeds from sale of investments	30,872,739	-	12,193,075	43,065,814
Purchase of investments	(829,283)	(3,411,907)	(6,887,176)	(11,128,366)
Interest received	1,779,902	794,278	303,629	2,877,809
Net cash provided by investing activities	<u>31,823,358</u>	<u>(2,617,629)</u>	<u>5,609,528</u>	<u>34,815,257</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(23,595,212)</u>	<u>(2,633,846)</u>	<u>1,334,969</u>	<u>(24,894,089)</u>
Cash and Cash Equivalents, Beginning of Year	<u>43,069,221</u>	<u>54,855,626</u>	<u>13,102,298</u>	<u>111,027,145</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,474,009</u>	<u>\$ 52,221,780</u>	<u>\$ 14,437,267</u>	<u>\$ 86,133,056</u>

	Wastewater Utility	National Airport	Other Component Units	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 9,435,973	\$ 924,523	\$(33,743,242)	\$(23,382,746)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	6,895,912	7,035,305	7,716,224	21,647,441
Other	-	-	3,173,882	3,173,882
Changes in assets and liabilities				
Receivables, net	(49,802)	1,302,536	(2,223,762)	(971,028)
Prepaid expenses	(910,450)	(11,372)	(192,761)	(1,114,583)
Inventories	(55,094)	-	113,344	58,250
Other assets	-	-	(68,084)	(68,084)
Accounts payable	38,697	437,549	(413,241)	63,005
Accrued expenses	(590,737)	-	164,838	(425,899)
Other liabilities	-	93,730	157,012	250,742
	<u>\$ 14,764,499</u>	<u>\$ 9,782,271</u>	<u>\$(25,315,790)</u>	<u>\$ (769,020)</u>
Net cash provided by (used in) operating activities				

Noncash Capital Activities

During 2009, the Little Rock Wastewater Utility received donated capital assets in the amount of \$1,422,898.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2009

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 284,524	\$ 31,169	\$ 1,572,050	\$ 1,907,114	\$ 17,887,808	\$ 1,949,780	\$ 445,944	\$ 4,307,988	\$ 28,386,377
Other receipts	-	150	1,205,338	-	443,912	105,014	-	2,242,332	3,996,746
Payments to employees	(189,386)	(85,238)	(5,834,945)	(757,519)	(13,514,282)	(9,090,381)	(408,266)	(2,781,777)	(32,661,794)
Payments to suppliers	(19,881)	-	(43,573)	(448,078)	(3,753,025)	(2,662,982)	(478,971)	(852,387)	(8,258,897)
Payments for contractual services	(15,825)	(9,261)	(4,832,403)	-	-	(1,583,928)	(1,214,637)	(2,279,949)	(9,936,003)
Payments for utilities	(6,556)	(4,127)	(1,170,762)	-	-	-	-	(352,348)	(1,533,793)
Other payments	(19,025)	(20,206)	(588,662)	(146,947)	-	(263,135)	(75,077)	(4,195,374)	(5,308,426)
Net cash provided by (used in) operating activities	33,851	(87,513)	(9,692,957)	554,570	1,064,413	(11,545,632)	(1,731,007)	(3,911,515)	(25,315,790)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	12,270,661	2,491,626	1,780,742	16,543,029
Local tax levy supporting operations	-	-	9,537,409	-	-	-	-	-	9,537,409
Payments on noncapital line of credit	-	-	-	-	-	-	(199,795)	-	(199,795)
Other	393,033	-	-	45,169	506,155	-	-	5,221	949,578
Net cash provided by noncapital financing activities	393,033	-	9,537,409	45,169	506,155	12,270,661	2,291,831	1,785,963	26,830,221
Capital and Related Financing Activities									
Purchase of capital assets	-	-	(1,361,248)	(3,078,868)	(1,279,106)	(1,786,568)	(701,868)	(716,812)	(8,924,470)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	2,145,783	-	664,202	2,809,985
Contributions and donations	-	71,778	-	-	-	-	-	-	71,778
Intergovernmental revenue received for debt service	-	-	1,937,556	-	-	-	-	-	1,937,556
Local tax levy used for debt service	-	-	812,012	-	-	-	-	-	812,012
Principal paid on long-term debt	-	-	(1,737,353)	-	-	-	(63,477)	(13,664)	(1,814,494)
Interest paid on long-term debt	-	-	(1,012,215)	-	-	-	-	(37,070)	(1,049,285)
Proceeds from sale of capital assets	-	-	-	139,597	-	5,185	-	-	144,782
Other	-	-	-	223,146	-	-	-	-	223,146
Net cash provided by (used in) capital and related financing activities	-	71,778	(1,361,248)	(2,716,125)	(1,279,106)	364,400	(765,345)	(103,344)	(5,788,990)
Investing Activities									
Proceeds from sale of investments	(3,335)	-	2,462,371	-	3,045,841	-	-	6,688,198	12,193,075
Purchase of investments	(739,276)	(47,088)	(2,525,254)	1,484,729	(1,093,633)	-	-	(3,966,654)	(6,887,176)
Interest received	39,872	82,753	11,120	81,021	51,455	37,328	-	80	303,629
Net cash provided by (used in) investing activities	(702,739)	35,665	(51,763)	1,565,750	2,003,663	37,328	-	2,721,624	5,609,528
Increase (Decrease) in Cash and Cash Equivalents	(275,855)	19,930	(1,568,559)	(550,636)	2,295,125	1,126,757	(204,521)	492,728	1,334,969
Cash and Cash Equivalents, Beginning of Year	526,386	24,222	3,796,271	2,452,422	874,214	3,316,724	789,437	1,322,622	13,102,298
Cash and Cash Equivalents, End of Year	\$ 250,531	\$ 44,152	\$ 2,227,712	\$ 1,901,786	\$ 3,169,339	\$ 4,443,481	\$ 584,916	\$ 1,815,350	\$ 14,437,267

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

Operating income (loss)	\$	21,607	\$	(89,993)	\$	(11,059,750)	\$	(4,569)	\$	893,692	\$	(15,118,404)	\$	(2,194,298)	\$	(6,191,527)	\$	(33,743,242)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		21,449		2,480		1,512,464		702,863		831,731		3,228,695		662,674		753,868		7,716,224
Other		-		-		-		-		3,804		89,527		(10,212)		3,090,763		3,173,882
Changes in assets and liabilities																		
Receivables, net		(700)		-		(20,110)		(203,128)		(490,816)		60		(336,691)		(1,172,377)		(2,223,762)
Prepaid expenses		-		-		(110,751)		(15,728)		-		(66,282)		-		-		(192,761)
Inventories		-		-		-		-		-		112,220		955		169		113,344
Other assets		-		-		(6,015)		-		-		-		-		(62,069)		(68,084)
Accounts payable		(8,505)		-		(12,811)		75,132		(189,180)		140,775		(12,741)		(405,911)		(413,241)
Accrued expenses		-		-		94,214		-		-		67,777		2,596		251		164,838
Other liabilities		-		-		(90,198)		-		15,182		-		156,710		75,318		157,012
Net cash provided by (used in) operating activities	\$	<u>33,851</u>	\$	<u>(87,513)</u>	\$	<u>(9,692,957)</u>	\$	<u>554,570</u>	\$	<u>1,064,413</u>	\$	<u>(11,545,632)</u>	\$	<u>(1,731,007)</u>	\$	<u>(3,911,515)</u>	\$	<u>(25,315,790)</u>

Supplemental Cash Flows Information

Noncash contributions	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>0</u>	\$	<u>42,999</u>	\$	<u>0</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.

Contents	Page
Financial Trends (Tables 1-6)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.....	100
Revenue Capacity (Tables 7-10)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.....	106
Debt Capacity (Tables 11-15)	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	110
Demographic and Economic Information (Tables 16-17)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place	115
Operating Information (Tables 18-20)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs	117

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

Table 1

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

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37). This table will ultimately contain information for ten fiscal years.

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

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

Table 2

	2002 ⁽¹⁾	2003	2004	2005 ⁽²⁾	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 32,396,254	\$ 35,574,263	\$ 34,359,791	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034	-
Education	2,165,955	147,691	-	-	-	7,591,089	8,372,418	5,282,591
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236	482,975	12,210	9,545
Total governmental activities expenses	137,297,950	142,071,769	154,262,952	173,486,876	183,035,064	210,167,539	199,241,031	202,462,224
Business-type activities:								
Residential park	1,175,807	1,007,338	879,301	943,061	837,674	787,099	756,924	727,723
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683	1,280,521	1,392,804	932,726
Zoo	2,973,358	2,986,464	3,252,245	3,599,985	3,959,985	4,286,060	4,758,438	4,816,545
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136	2,551,139	2,795,234	2,323,844
Fitness center	988,999	807,110	774,098	880,469	1,045,851	1,018,736	1,023,119	1,031,479
Concessions services	305,706	234,171	150,066	108,690	120,027	148,389	149,129	104,090
Total business-type activities expenses	22,235,399	20,709,010	22,636,775	24,086,242	24,866,361	26,962,358	27,556,897	26,662,040
Total primary government expenses	\$ 159,533,349	\$ 162,780,779	\$ 176,899,727	\$ 197,573,118	\$ 207,901,425	\$ 237,129,897	\$ 226,797,928	\$ 229,124,264
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 16,304,154	\$ 19,435,156	\$ 14,162,061	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390
Public works	488,437	435,761	168,730	313,407	998,515	629,934	505,189	395,554
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408	959,667	1,051,607	1,276,650
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652
Fleet	-	-	-	-	-	-	-	-
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562	962,181	650,746	462,390
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306
Total governmental activities program revenues	30,025,133	33,647,602	27,621,465	33,619,755	31,394,339	46,655,526	36,615,881	42,294,315

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

General Revenues and Other Changes in Net Assets

Governmental activities:								
Taxes								
General Property taxes	\$ 61,592,212	\$ 33,090,573	\$ 35,414,871	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563
Other	-	-	-	-	-	-	23,745	(246,757)
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053
Total governmental activities	133,820,481	130,756,565	136,409,235	150,226,589	150,321,803	159,381,080	162,173,824	159,531,264
Business-type activities								
Investment earnings	379,525	353,737	223,486	467,783	959,678	1,002,452	533,477	80,586
Other	7,767	(38,547)	499,595	376,747	(64,920)	(20,324)	(29,411)	(9,805)
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)
Total business-type activities	921,998	2,296,634	2,626,470	2,709,727	3,392,060	3,229,546	811,301	(2,235,272)
Total primary government	\$ 134,742,479	\$ 133,053,199	\$ 139,035,705	\$ 152,936,316	\$ 153,713,863	\$ 162,610,626	\$ 162,985,125	\$ 157,295,992

Changes in Net Assets

Governmental activities	\$ 26,547,664	\$ 21,025,347	\$ 9,767,748	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)
Business-type activities	(2,597,041)	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)
Change in accounting principle	(23,452,663)	-	-	378,306,301	-	-	-	-
Total primary government	\$ 497,960	\$ 22,645,354	\$ 11,613,865	\$ 389,946,147	\$ 960,552	\$ 1,658,813	\$ (237,407)	\$ (4,303,832)

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37.) This table will ultimately contain information for ten fiscal years.

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

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

Table 3

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

(1) Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37). This table will ultimately contain information for ten fiscal years.

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

Table 4

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

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

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

Table 5

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

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 105.

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
2000	\$ 22,868,735	\$ 53,336,605	\$ 19,069,532	\$ 95,274,872
2001	24,091,887	53,593,748	21,734,193	99,419,828
2002	24,357,097	52,651,567	20,662,981	97,671,645
2003	29,372,970	51,240,765	20,890,103	101,503,838
2004	31,155,365	60,089,235	21,868,645	113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
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

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				
2000	\$1,564,188,888	\$ 20,197,101	\$ 585,688,215	\$ 104,939,832	\$ 2,275,014,036	13.10	\$ 11,375,070,180	20.00%
2001	1,594,846,478	23,514,256	609,181,800	124,601,186	2,352,143,720	13.10	11,760,718,600	20.00%
2002	1,645,954,792	24,815,572	601,976,300	112,959,382	2,385,706,046	13.10	11,928,530,230	20.00%
2003	1,746,230,726	26,233,090	631,976,635	119,324,708	2,523,765,159	13.10	12,618,825,795	20.00%
2004	1,863,590,893	24,928,143	654,022,465	116,973,443	2,659,514,944	14.10	13,297,574,720	20.00%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20.00%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20.00%
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%

Source: Pulaski County Tax Assessor.

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

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

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

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

Both are considered personal PSC accounts.

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2000	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2001	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2002	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2003	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2004	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
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

Tax Levies							
2000	\$	27,569,362	\$ 28,938,769	\$	101,348,383	\$	157,856,514
2001		29,018,683	30,105,515		103,862,006		162,986,204
2002		30,002,023	30,851,011		104,429,847		165,282,881
2003		30,429,999	32,572,873		109,860,977		172,863,849
2004		32,178,180	34,575,502		115,295,060		182,048,742
2005		33,908,999	36,966,112		121,733,219		192,608,330
2006		36,366,203	39,334,921		129,068,485		204,769,609
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

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, 2009

The City of Little Rock, Arkansas's largest own-source revenue is sale taxes. Sale taxes primarily come from two separate taxes; a one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2009, the one-half cent city sales tax generated revenue of \$22,759,190. The City's portion of the county one cent tax generated revenue of \$38,370,731.

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

Table 9

Little Rock Top Ten 1/2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
Retail Trade	\$ 10,009,586	43.98%
Wholesale Trade	2,803,941	12.32%
Acommodation and Food Services	2,646,946	11.63%
Utilities	1,729,652	7.60%
Information and Cultural Industries	1,378,904	6.06%
Manufacturing	1,255,129	5.51%
Real Estate and Rental and Leasing	1,017,148	4.47%
Other Services (except Public Administration)	713,863	3.14%
Admin and Support, Waste Mgmt and Remediation	553,677	2.43%
Construction	214,832	0.94%
Totals	<u>\$ 22,323,678</u>	<u>98.09%</u>

Little Rock Top Ten 1 Cent County Sales Taxpayers Industry	Tax Collected	% of Total
Retail Trade	\$ 18,076,106	47.11%
Acommodation and Food Services	4,114,358	10.72%
Wholesale Trade	4,075,118	10.62%
Utilities	3,189,447	8.31%
Information and Cultural Industries	2,490,359	6.49%
Manufacturing	1,990,371	5.19%
Real Estate and Rental and Leasing	1,324,587	3.45%
Other Services (except Public Administration)	1,188,835	3.10%
Admin and Support, Waste Mgmt and Remediation	784,715	2.05%
Construction	279,910	0.73%
Totals	<u>\$ 37,513,807</u>	<u>97.77%</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
2000	\$ 27,569,362	\$ 24,545,114	89.03%	\$ 1,825,803	\$ 26,370,917	95.65%
2001	29,018,683	26,562,458	91.54%	2,173,776	28,736,234	99.03%
2002	30,002,023	27,439,091	91.46%	1,315,458	28,754,549	95.84%
2003	30,429,999	27,897,089	91.68%	1,093,861	28,990,950	95.27%
2004	32,178,180	28,396,113	88.25%	2,479,883	30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
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%

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 Eight Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2002	\$ 27,915,000	\$ 20,710,000	\$ 8,560,094	\$ 640,000	\$ 45,170,000	\$ -	\$ 102,995,094	242.00%	\$ 562.41
2003	19,090,000	19,875,000	11,403,359	480,000	52,170,000	-	103,018,359	2.42%	562.53
2004	95,635,000 ⁽²⁾	18,975,000	13,342,046	398,000	49,710,000	-	178,060,046	4.19%	972.30
2005	90,045,000	18,040,000	15,397,113	822,287	47,170,000	96,941	171,571,341	4.04%	936.87
2006	82,180,000	17,065,000	17,694,148	321,058	44,510,000	-	161,770,206	3.26%	855.33
2007	71,615,000	15,890,000	19,624,359	-	44,905,000	288,534	152,322,893	2.88%	831.76
2008	65,015,000	14,820,000	18,997,000	-	41,625,000	188,558	140,645,558	2.75%	768.00
2009	81,560,000 ⁽³⁾	21,540,000 ⁽⁴⁾	13,177,436	-	38,025,000	92,462	154,394,897	3.33%	843.08

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 115 for personal income and population data.

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

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

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

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

Table 12

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

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 106 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 115 for personal income and population data.

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

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

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009

Table 13

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>Little Rock's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$ 99,033,270	100%	\$ 99,033,270
Little Rock Public School District	<u>177,185,808</u>	100%	<u>177,185,808</u>
Total direct and overlapping debt	<u>\$ 276,219,078</u>		<u>\$ 276,219,078</u>

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

Table 14

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 435,437,045	\$ 455,192,385	\$ 444,562,725	\$ 630,941,290	\$ 664,878,736	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683
Total net debt applicable to limit	40,126,743	33,479,841	33,569,043	34,274,288	111,745,928	108,514,706	98,946,417	79,099,270	71,522,197	99,033,270
Legal debt margin	<u>\$ 395,310,302</u>	<u>\$ 421,712,544</u>	<u>\$ 410,993,682</u>	<u>\$ 596,667,002</u>	<u>\$ 553,132,808</u>	<u>\$ 604,546,455</u>	<u>\$ 662,784,108</u>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>
Total net debt applicable to the limit as a percentage of debt limit	9.22%	7.36%	7.55%	5.43%	16.81%	15.22%	12.99%	9.64%	8.06%	11.00%

Legal Debt Margin Calculation for 2009

Assessed value	\$3,599,986,732
Debt limit:	
General obligation debt limitation (1)	719,997,346
Short-term financing debt limitation (2)	<u>179,999,337</u>
Total Debt Limitation	<u>899,996,683</u>
Debt applicable to limit:	
General obligation and short-term financing	115,622,435
Less: Amount set aside for repayment in debt services funds	<u>(16,589,165)</u>
Total net debt applicable to limit	<u>99,033,270</u>
Legal debt margin	<u>\$ 800,963,413</u>

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

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

City of Little Rock, Arkansas

Revenue Bond Coverage

Last Ten Years

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2000 Municipal Water Works	\$ 22,725,615	\$ 17,153,814	\$ 5,571,801	\$ -	\$ -	\$ -	-
Wastewater Utility	20,422,070	13,019,665	7,402,405	1,855,200	1,668,838	3,524,038	2.10
Regional Airport	12,344,600	8,829,907	3,514,693	2,060,000	2,180,334	4,240,334	0.83
A&P Commission	10,808,321	8,049,902	2,758,419	980,000	1,468,162	2,448,162	1.13
Port Authority	1,069,602	885,582	184,020	-	-	-	-
Total	<u>\$ 67,370,208</u>	<u>\$ 47,938,870</u>	<u>\$ 19,431,338</u>	<u>\$ 4,895,200</u>	<u>\$ 5,317,334</u>	<u>\$ 10,212,534</u>	<u>1.90</u>
2001 Municipal Water Works	\$ 9,745,708	\$ 9,703,581	\$ 42,127	\$ -	\$ -	\$ -	-
Wastewater Utility	20,295,613	14,379,127	5,916,486	785,200	584,916	1,370,116	4.32
Regional Airport	15,477,681	9,813,814	5,663,867	1,290,000	1,905,199	3,195,199	1.77
A&P Commission	9,562,149	8,631,913	930,236	980,000	1,470,393	2,450,393	0.38
Port Authority	1,557,904	897,932	659,972	-	-	-	-
Total	<u>\$ 56,639,055</u>	<u>\$ 43,426,367</u>	<u>\$ 13,212,688</u>	<u>\$ 3,055,200</u>	<u>\$ 3,960,508</u>	<u>\$ 7,015,708</u>	<u>1.88</u>
2002 Wastewater Utility	\$ 21,136,586	\$ 16,208,850	\$ 4,927,736	\$ 1,820,787	\$ 1,432,987	\$ 3,253,774	1.51
Regional Airport	16,578,846	10,130,512	6,448,334	1,365,000	1,776,477	3,141,477	2.05
A&P Commission	11,176,391	9,454,023	1,722,368	1,030,000	1,422,373	2,452,373	0.70
Total	<u>\$ 48,891,823</u>	<u>\$ 35,793,385</u>	<u>\$ 13,098,438</u>	<u>\$ 4,215,787</u>	<u>\$ 4,631,837</u>	<u>\$ 8,847,624</u>	<u>1.48</u>
2003 Wastewater Utility	\$ 27,811,390	\$ 19,474,453	\$ 8,336,937	\$ 1,594,617	\$ 1,999,172	\$ 3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	<u>\$ 55,506,112</u>	<u>\$ 40,962,154</u>	<u>\$ 14,543,958</u>	<u>\$ 4,253,171</u>	<u>\$ 5,021,766</u>	<u>\$ 9,274,937</u>	<u>1.57</u>
2004 Wastewater Utility	\$ 30,295,588	\$ 21,380,806	\$ 8,914,782	\$ 2,336,322	\$ 2,050,350	\$ 4,386,672	2.03
Regional Airport	17,236,278	13,191,863	4,044,415	1,545,000	1,544,706	3,089,706	1.31
A&P Commission	12,118,527	9,183,566	2,934,961	1,205,000	1,184,546	2,389,546	1.23
Total	<u>\$ 59,650,393</u>	<u>\$ 43,756,235</u>	<u>\$ 15,894,158</u>	<u>\$ 5,086,322</u>	<u>\$ 4,779,602</u>	<u>\$ 9,865,924</u>	<u>1.61</u>
2005 Wastewater Utility	\$ 30,609,507	\$ 22,985,329	\$ 7,624,178	\$ 5,035,661	\$ 2,122,914	\$ 7,158,575	1.07
Regional Airport	18,508,810	14,401,111	4,107,699	1,695,000	1,404,936	3,099,936	1.33
A&P Commission	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
Total	<u>\$ 62,468,869</u>	<u>\$ 48,044,659</u>	<u>\$ 14,424,210</u>	<u>\$ 7,995,661</u>	<u>\$ 3,553,150</u>	<u>\$ 11,548,811</u>	<u>1.25</u>

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
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>
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Regional Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	<u>\$ 78,325,368</u>	<u>\$ 64,198,449</u>	<u>\$ 14,126,919</u>	<u>\$ 10,868,285</u>	<u>\$ 13,533,251</u>	<u>\$ 24,401,536</u>	<u>0.58</u>

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

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

	Pledged	Operating	Net Revenue	Principal	Debt Service Requirements		Coverage
	Revenue ⁽⁴⁾	Expenses ⁽⁵⁾			Interest	Total	
River Market Garage	\$ 2,208,843	\$ 823,467	\$ 1,385,376	\$ 365,000	\$ 527,415	\$ 892,415	1.55

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

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

Table 16

Year	Population	Personal Income ⁽³⁾	Per Capita Income ⁽³⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2000	183,133 ⁽²⁾	\$ 4,741,130,237	\$ 25,889	33.9	13.5	27,400	3.1%
2001	183,133 ⁽²⁾	4,741,130,237	25,889	34.5	13.5	27,387	4.3%
2002	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	27,574	4.3%
2003	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	27,980	4.6%
2004	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	27,891	4.4%
2005	183,133 ⁽²⁾	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 ⁽²⁾	4,966,933,226	27,122	36.0	13.4	28,755 ⁽⁴⁾	3.8%
2007	183,133 ⁽²⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽⁴⁾	4.8%
2008	183,133 ⁽²⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽⁴⁾	4.6%
2009	183,133 ⁽²⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽⁴⁾	6.1%

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

(1) Estimated

(2) 2000 Census

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

(4) Little Rock Public Schools

Registered Students as of October 2009	25,899
Kindergarten	1,967
	<u>27,866</u>

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

Table 17

<u>Employer</u>	<u>2009</u>			<u>2001</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
State of Arkansas	32,200	1	21.05%	24,700	1
Federal Government	9,200	2	6.01%	10,000	2
University of Arkansas Medical Sciences	8,500	3	5.56%	5,392	5
Public School Districts	7,411	4	4.84%	8,000	3
Baptist Health	7,000	5	4.58%	5,000	6
Little Rock Air Force Base	4,500	6	2.94%	6,890	4
Axiom	4,388	7	2.87%		
Central Arkansas Veterans Health Care	3,500	8	2.29%	3,600	8
Entergy Arkansas	2,738	9	1.79%		
AT&T	2,613	10	1.71%	3,000	9
ALLTEL Corporation			1.63%	4,500	7
Union Pacific Railroad			1.31%	2,610	10
	<u>87,120</u>		<u>59.9%</u>	<u>73,692</u>	

Source: Metroplan - Council of Local Governments

Note: The number of employees from ten years ago is not available. The earliest figures available were used. Total employment information is not available.

City of Little Rock, Arkansas

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

Table 18

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government:										
General Administration (1)	6	6	5	6	2	2	3	4	4	3
Racial Cultural Diversity (1)	-	-	-	-	3	3	3	3	3	3
City Clerk (1)	-	-	-	-	2	2	2	2	2	2
Arts & Humanities	-	-	-	-	1	-	-	-	-	-
Mayor and Board of Directors	2	2	1	1	1	1	1	1	1	1
City Manager	12	13	11	11	11	11	11	14	15	15
Community Programs	19	21	32	13	8	8	8	8	8	7
City Attorney	18	18	19	19	19	18	18	18	19	19
Little Rock Television		3	2	2	2	3	3	3	3	3
District Court - First Division	21	21	19	20	21	21	21	21	21	21
District Court - Second Division	21	21	21	21	20	20	20	20	20	20
District Cour - Third Division	8	8	8	7	7	6	6	7	7	7
Finance	46	46	45	44	44	44	44	44	44	44
Human Resources	17	18	18	17	18	18	20	21	21	21
Management Support / Information Technology	35	36	35	35	35	33	33	34	35	36
General Services (2)	99									
Planning and Development	48	50	46	44	43	41	40	41	41	41
Housing and Neighborhood Programs	98	107	98	95	96	95	94	97	97	98
Public Works	16	16	16	15	13	13	13	13	13	13
Parks and Recreation (3)	102	111	112	112	113	106	104	106	106	105
Fire	395	395	396	396	398	397	398	397	397	409
Police	672	742	739	713	713	695	670	680	683	698
Total General Fund	1,635	1,634	1,623	1,571	1,570	1,537	1,512	1,534	1,540	1,566
Zoo (3)	46	46	48	48	50	50	50	51	50	50
Golf (3)	31	29	27	27	25	25	24	24	24	24
Jim Dailey Fitness & Aquatic Center (3)	11	11	11	11	9	9	9	9	9	9
Concessions		3	2	1	1	1	1	1	1	1
River Market (3)	5	5	4	4	4	4	4	4	4	4
Waste Disposal	92	91	98	118	118	118	118	118	118	119
Public Works - Street	227	229	232	210	205	210	210	210	208	209
Fleet Services	52	56	52	56	59	59	61	61	61	60
Vehicle Storage Facility		20	18	19	17	17	17	17	17	17
Total Other Funds	464	490	492	494	488	493	494	495	492	493
Total Personnel	2,099	2,124	2,115	2,065	2,058	2,030	2,006	2,029	2,032	2,059

Source: Government Budget Office

- (1) In 2004, the City Clerk's office and the Racial and Cultural Diversity departments were broken out from General Administration .
- (2) Prior to 2001, General Services included the Print Shop, Asset Management, Building Services, and Fleet Management. These positions were allocated to Finance, Housing and Neighborhood Programs, Public Works, and Fleet Services. Other positions were eliminated.
- (3) Prior to 1999, Zoo, Golf, Fitness, and River Market personnel were included in Parks and Recreation.

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Planning and Development										
Total building permits issued	2,243	4,384	4,561	4,432	5,032	5,330	4,694	2,734	1,957	3,690
Estimated building cost	\$488,530,453	\$300,318,597	\$489,610,493	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760
New commercial construction permits	139	104	78	96	153	113	78	60	45	31
Commercial construction value	\$193,487,215	\$164,063,228	\$180,659,144	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048
New residential construction permits	510	484	590	727	797	978	810	733	398	351
Residential construction value	\$101,839,118	\$122,786,690	\$137,152,590	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683
Fire										
Number of uniformed employees	373	374	374	373	373	373	374	391	391	402
Fires and explosions	1,648	1,415	1,307	1,392	1,127	1,883	1,752	1,478	1,190	1,256
Overpressure rupture, explosion, overhear (no fire)	162	122	132	123	126	110	143	101	90	61
Rescue, emergency medical calls	9,840	8,820	9,727	10,128	9,869	13,982	13,948	13,946	13,990	14,690
Hazardous condition, standby	1,417	1,107	1,279	1,319	1,215	1,211	1,186	1,177	1,392	1,178
Service calls	1,166	1,057	1,228	1,220	1,116	984	1,236	1,265	1,374	1,241
Good intent calls	1,592	1,501	1,547	1,593	1,366	1,034	2,419	3,165	3,176	3,327
False alarm calls	2,957	2,867	2,803	2,470	2,114	2,553	3,019	2,953	2,813	2,714
Natural disaster calls	42	13	12	9	12	26	28	22	64	29
Other calls	176	193	172	229	122	89	142	117	158	132
Total calls	19,000	17,095	18,207	18,483	17,067	21,872	23,873	24,224	24,247	24,628
Police										
Number of uniformed employees	543	553	536	503	492	500	515	525	520	557
Calls for service	158,743	165,577	164,097	163,316	156,577	156,003	155,110	156,714	150,042	148,409
Arrests	11,775	13,774	14,296	14,496	16,389	17,361	15,023	17,362	10,523	15,445
Accidents (fatality and serious injury)	3,397	4,039	4,945	4,685	4,704	3,846	5,181	5,363	4,054	3,354
Training man hours	58,328	60,941	20,418	14,160	13,048	12,101	12,778	13,469	26,465	13,525
Uniform Crime Reporting (UCR) Part I offenses	17,659	17,035	20,829	21,338	19,466	19,517	19,220	19,200	17,968	17,775
Clearance rate - all crimes	14.98%	14.29%	15.25%	14.74%	18.11%	19.53%	21.70%	22.36%	24.80%	19.22%
Public Works										
Miles of graded and surface treatment	420	426	440	426	426	426	426	398	394	392
Drainage ditches maintained	745	747	750	750	745	745	745	1,578	1,578	1,578
Traffic signals repaired							1,887	2,178	2,464	3,100
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$16.35	\$16.35	\$18.91	\$18.91	\$20.99	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00
On-Call service	21,175	25,882	29,382	26,705	28,448	29,231	30,370	30,500	32,000	27,900
KB's service	6,019	9,024	8,475	8,114	7,894	6,287	5,865	6,000	6,000	8,898
Roll-off service	2,327	1,993	2,014	2,194	2,240	2,311	2,194	2,200	2,100	2,108
Carts	2,683	3,413	4,420	5,262	6,076	5,436	5,124	6,500	5,500	5,664
Dead animals collected	764	596	780	632	574	395	343	500	400	303
Curbside recycling tonnage (3)	-	-	-	-	4,457	4,820	4,596	4,800	5,200	5,240
Paper recycling pounds (3)	-	-	-	-	54,240	46,880	84,200	59,490	48,942	65,060
Class I and IV tonnage (3)	-	-	-	-	88,137	81,768	108,382	116,000	112,500	113,740
Yard Waste tonnage (3)	-	-	-	-	21,989	22,961	23,875	23,800	24,000	26,663
Parks and Recreation										
Total recorded parks attendance (1)	1,874,789	2,500,000	1,612,678	1,021,818	1,097,848	906,941	1,339,653	1,457,419	1,632,030	64,686 (4)
Zoo attendance (1)	319,256	378,176	355,729	294,782	251,104	275,584	257,290	282,334	274,781	277,530
Zoo outreach program (2)	-	-	-	92,158	67,922	72,978	98,479	55,669	69,223	74,153

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

City of Little Rock, Arkansas

Capital Asset Statistics by Function

Last Ten Years

Table 20

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fire Stations	20	20	20	20	20	20	20	20	20	20
Police Stations	4	3	4	4	4	4	5	11 ⁽¹⁾	9	11
Public Works										
Miles of Streets	2,500	2,358	2,375	2,399	2,496	2,527	2,548	2,567	2,585	2,601
Miles of paved - permanent streets	2,080	1,932	1,935	1,972	2,007	2,039	2,039	2,105	2,146	2,164
Alleys	72	63	72	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	355	350	350	350	350	350	350	355	355
Miles of sanitary sewer	1,087	1,157	1,228	1,207	1,228	1,248	2,070	1,292	1,311	1,312
Solid waste containers purchased	1,500	1,500	3,500	1,200	3,134	2,000	1,889	2,984	1,512	2,688
Parks and Recreation										
Acreage	5,163	5,154	5,745	5,745	5,745	5,767	5,776	5,781	5,780	6,080
Number of parks	53	53	52	52	54	54	55	55	55	56
Number of playgrounds	49	49	48	48	48	45	45	45	45	45
Number of tennis courts	52	52	52	52	52	52	52	52	52	52
Number of basketball courts	37	37	36	36	36	36	35	36	36	37
Number of museums	1	9	1	1	1	1	1	1	1	1
Number of golf courses	4	3	4	3	3	3	4	3	3	3
Number of ball fields	24	25	41	41	29	24	25	25	25	25
Number of play fields	7	7	12	12	12	18	20	20	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	1	1	1	1
Number of community centers	6	5	7	4	6	6	6	6	6	5
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	4	3	3	3	3
Number of soccer fields	11	11	9	9	9	9	9	9	9	9
Number of pavilions	26	26	26	26	26	19	19	22	20	22
Number of volleyball courts	8	8	8	9	9	9	9	2	2	8

Source: Various city departments.

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

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

DISCRETELY PRESENTED COMPONENT UNITS

OTHER REQUIRED REPORT

Independent Accountants' Report on Compliance with Certain State Acts

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

We have examined management's assertions that the City of Little Rock, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2009.

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

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

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

In our opinion, the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2009.

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 23, 2010

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2009, which collectively comprise its basic financial statements and have issued our report dated June 23, 2010, which contained references to the report of other accountants and a change in accounting principle. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the component units Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History were not audited in accordance with *Government Auditing Standards*. Other accountants audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2009-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Others Matters

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

We also noted certain additional matters that we reported to the City's management in a separate letter dated June 23, 2010.

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

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

BKD, LLP

June 23, 2010

Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the City of Little Rock, Arkansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Little Rock, Arkansas based on our audit.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board and Little Rock Wastewater Utility which expended, \$3,500,369, \$7,305,120, \$1,567,644 and \$107,100,000, respectively in federal awards. These amounts are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2009. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City of Little Rock, Arkansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

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

BKD, LLP

June 23, 2010

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2009

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Child and Adult Care Food Programs	U.S. Department of Agriculture/Arkansas Department of Human Services	10.558	\$ 282,432
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	1,076,038
ARRA Community Development Block Grant	U.S. Department of Housing and Urban Development	14.253	224,212
	CDBG cluster total		1,300,250
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	652
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	1,127,711
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	254,631
Economic Development Initiative	U.S. Department of Housing and Urban Development	14.251	148,500
ARRA Homeless Prevention & Rapid Re-Housing Program	U.S. Department of Housing and Urban Development	14.257	4,169
Justice Assistance Grant	U.S. Department of Justice	16.738	709,401
ARRA Bureau of Justice Assistance	U.S. Department of Justice	16.804	2,219,104
	JAG cluster total		2,928,505
Internet Crimes	U.S. Department of Justice	16.543	4,578
Project Safe Neighborhoods	U.S. Department of Justice	16.609	171,483
COPS Meth	U.S. Department of Justice	16.710	292,880
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	39,750
WIA Formula Youth	U.S. Department of Labor/Little Rock Workforce Investment Board	17.259	1,930
Language of Conservation Program	Institute of Museum and Library Services	45.303	54
Clean Water State Revolving Fund	Environment Protection Agency/Arkansas Natural Resource Commission	66.458	71,800
Regional Recycling and Waste Reduction District	Environment Protection Agency/Arkansas Department of Environmental Quality	66.808	13,000
ARRA AmeriCorps Promise Fellow	Corporation for National and Community Service	94.006	5,783
FEMA	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.036	190,431
State Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	546,143
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	44,044
Fire and Emergency Response	U.S. Department of Homeland Security	97.083	473,214
Metropolitan Medical Response System	U.S. Department of Homeland Security	97.071	4,551
State and Community Highway Safety	U. S. Department of Transportation/ Arkansas State Highway and Transportation	20.600	124,600
Highway Planning and Construction	U.S. Department of Transportation/ Arkansas State Highway and Transportation	20.205	1,297,777
			<u>\$ 9,328,868</u>

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2009

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	\$ 222,087
HOME Investment Partnerships Program	14.239	Various	335,265
HOME Investment Partnerships Program - ARRA	14.257	Various	<u>4,169</u>
Total provided to subrecipients			<u>\$ 561,521</u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2009

Program Grantor/Program Title	State Awards
Arkansas State Police	
Asset Forfeiture	\$ 12,767
Arkansas Department of Aeronautics	
Airport Aid Grant	108,800
Arkansas Department of Heritage	
Historical Preservation Fund	3,000
Arkansas Department of Economic Development	
Fidelity Building Project	150,000
Supermarine	175,000
EIF LM Glasfiber - Port	184,038
Senior Centers	5,127
QACF LM Glassfiber - Port	<u>319,490</u>
Total State Awards	<u>\$ 958,222</u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

7. The City's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grant (CDBG) ARRA	14.253
Community Development Block Grant (CDBG)	14.218
Staffing for Adequate Fire and Emergency Response	97.083
Justice Assistance Grant	16.738
ARRA Justice Assistance Grant	16.804

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

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

Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2009-01	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within several departments.</p> <p>Context In the cash receipts/revenue recognition cycle, several employees have incompatible duties. For example, two employees can receive payments and maintain custodianship of the payments, prepare billing documents, issue credit memos, prepare the cash receipts journal and credit customer accounts. Furthermore, these employees issue monthly statements or are responsible for reconciling cash receipts sub-ledger to the general ledger.</p> <p>In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>In the cash disbursements/accounts payable cycle, three employees have incompatible duties. For example, one employee can generate a payment and authorize a payment, change computer master files affecting vendors and electronic funds transfers, make journal entries to the general ledger and reconcile accounts payable to the general ledger.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles are not adequately segregated and/or monitoring or other compensating controls are insufficient.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Reference Number	Finding	Questioned Costs
	<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 cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. The City will evaluate the potential for implementing new internal controls inherent in the system. In addition, the City will consider whether budget constraints can support additional staffing in Finance.</p>	

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
	No matters are reportable.	

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009

Reference Number	Finding	Status
2008-02	<u>Child and Adult Care Food Program</u> <u>CFDA No. 10.558</u> <u>U. S. Department of Agriculture</u> <u>Eligibility</u>	Resolved
	<p>Criteria or Specific Requirement Federal regulations require grantees to ensure sufficient controls are in place to capture accurate data regarding eligibility of program participants and the number of units served.</p> <p>Condition Weekly and monthly logs documenting units served had various errors including weekly duplicates with conflicting information, inconsistencies between the weekly logs and the monthly billing request, etc.</p> <p>Context Billing requests could not be supported by internal documentation.</p> <p>Effect Potential federal reimbursement for insufficient documentation.</p> <p>Cause Internal controls were not in place to help ensure compliance with federal regulations.</p> <p>Recommendation Management should implement and monitor policies and procedures to help ensure federal reimbursements are supported by accurate internal documentation.</p> <p>Views of Responsible Officials and Planned Corrective Actions Management has implemented policies and procedures to ensure federal reimbursements are supported by accurate internal documentation. Management continually monitors the policies and procedures. Also additional training sessions have been conducted for all employees involved in this program.</p>	