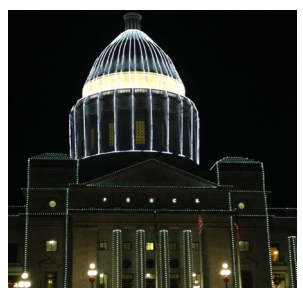




Comprehensive Annual Financial Report for the year ended December 31, 2013

City of Little Rock, Arkansas
Named #1 Great Place to Live



About the Cover: What makes a city a great place to live? According to Kiplinger Personal Finance, good jobs, reasonably priced homes, quality schools, great health care and manageable size are all essential parts of the mix. With our scenic beauty, diverse community, cultural offerings and key employers—including the state government, major healthcare institutions, and international industries—Little Rock has the amenities of a larger city but is small enough that residents feel like a strong part of the community fabric.

All of that caught the attention of Kiplinger, which named Little Rock the #1 Great Place to Live. This honor affirmed what those of us who call Little Rock home already recognize: it is a great city for living, working and playing. It serves as a testament to visionaries who have worked to position Little Rock as a leading city.

The cover of the City's 2013 Comprehensive Annual Financial Report features photographs of some of the many things that make Little Rock the #1 Great Place to Live including our city employees, diverse citizens, vibrant downtown, numerous amenities, and outstanding employers. We realize this is an incomplete depiction of why Little Rock is such a great place to live, because for each one of our citizens those reasons are different, and that is what truly makes Little Rock the greatest place to live.

Downtown skyline photo courtesy of Paul Barrows

City of Little Rock, Arkansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

The Department of Finance

Sara Lenehan, CPA
Director of Finance

Ember Strange
City Comptroller



City of Little Rock, Arkansas
Year Ended December 31, 2013

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INTRODUCTORY SECTION



City of Little Rock

Bruce T. Moore
City Manager

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June 16, 2014

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, 2013.

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, 2013, 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 unmodified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government:

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

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

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

The Annual Budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 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 79 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 92.

Factors Affecting Financial Condition:

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

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

The latest comparative figures for the City of Little Rock show unemployment at 6.7%, compared with a U.S. average of 7.4%, according to data from the United States Department of Labor, seasonally adjusted for local figures by Metroplan. The United States economy gained jobs in 2012 and 2013. Per Metroplan, the region's 2.5% employment growth from 2012 to 2013 was the strongest showing in over a decade, bringing total employment to 346,800 - still below its prerecession total of 347,900 in 2008. Little Rock remains a vital employment center, accounting for approximately 53% of all jobs, by place of work, in the Little Rock-North Little Rock metropolitan areas. A large component of the City's workforce is in the areas of health care, education and public administration. These sectors are less vulnerable to national employment trends.

Little Rock's housing markets have felt the boom-bust cycle of recent years; however, they have been less severely affected than the U.S. average. Single-family housing permits began to rebound during 2012, moving to an average of thirty (30) monthly; the highest level since 2008. Permits for single-family units were 353 in 2013 after increasing to 395 in 2012 from 328 in 2011; still far below the 700-plus permits that occurred annually 2003-2007. Multi-family housing construction slowed in 2013 to 265 units, compared with 1,022 units in 2011. However; on August 1, 2013, Moses Tucker Real Estate announced plans to redevelop the old Arkla Gas Building in Downtown Little Rock, converting it into upscale apartments by spring 2015. The \$13 million project will be called MacArthur Commons and will include eighty-four (84) units at the corner of East Capitol and River Market Avenues.

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

Little Rock's strong business environment and quality of life have been recognized by several national publications. In July 2013, Little Rock was named "#1 of America's 10 Great Places

to Live” by *Kiplinger’s Personal Finance*. The rankings place an emphasis on small and mid-size cities, considering metro areas with a population of one million or less that have good jobs, reasonably priced homes, decent schools and access to great health care. Little Rock is very proud of this ranking and features some of the reasons Little Rock is a great place to live, work, and play on the cover of this comprehensive financial report.

In August, *Forbes Magazine* ranked Central Arkansas #32 on its list of “Best Places for Business and Careers.” Central Arkansas is recognized for a diverse economy and being home to companies like Stephens, Inc., Windstream Corporation, Acxiom Corporation, and Dassault Falcon Jet, as well as non-profit developments such as the Clinton Presidential Center, Winrock International and Heifer International.

In addition, Little Rock was listed among “Best Towns 2013” by *Outside Magazine*. *Outside Magazine* has included Little Rock as an “editor’s choice” stating that “in recent years, Little Rock has become a runner’s paradise.” The article cites the Arkansas River Trail System and the thirty-eight (38) parks it connects. It also notes that the Little Rock economy is “one of the most stable in the South.”

In January 2014, *Forbes Travel Guide Blog* named Little Rock as one of “Five Secret Foodie Cities”. Ashley’s at the Capital Hotel with its collection of southern cuisine prepared with an international flair was featured as a high-end dining option. Ciao Baci and Zaza’s Fine Salad and Wood-Oven Pizza Company in the Hillcrest and Heights neighborhoods were featured for small plates inspired by European traditions, and a relaxed meal featuring organic, local ingredients, respectively. The award-winning Whole Hog Café was named for traditional smoked barbeque. This recognition adds *eat* to the accolades for Little Rock as a great place to live, work, and play.

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-cent local sales tax in September 2011 that went into effect on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each of the seven (7) Wards to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between ongoing operating needs and capital needs. The five-eighths (5/8)-cent permanent increase in sales tax for operations is reflected in the 2013 adopted budget. The three-eighths (3/8)-cent, ten (10)-year temporary sales tax for capital projects, which expires in 2021, is reflected in a Sales Tax Capital Improvements Fund. The tax increase provides funding for additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new emergency communications system. In the first two (2) years of collection, the new sales tax provided additional resources of approximately \$93.2 million, including approximately \$58.2 million for operations and \$35 million for capital projects.

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

evaluate the spending of the additional revenue that results from the one (1)-cent sales tax increase.

On September 11, 2012, Little Rock citizens showed their on-going support of the City by approving the issuance of up to \$105 million in Capital Improvement Bonds to finance \$73.5 million in street improvements and \$31.5 million in drainage improvements. The bonds are supported by a three (3)-mill levy on the assessed valuation of the City. The first series of bonds in the amount of approximately \$58 million was issued in July 2013. The City anticipates issuing the remainder of the bonds in 2016.

In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. The General Fund goal was to set aside the greater of \$10,000,000, or 10%, of General Fund revenues in the reserve. The 2014 Budget includes a contingency allocation of an additional \$1 million. Following the completion of the 2013 audit, the City's management team will determine the amount of funds available to increase the reserve, with the intent of gradually increasing the designated reserve to achieve 10% of General Fund revenues in the next few years.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and had reached a moderate growth rate prior to the economic downturn in 2008, revenue growth did not keep pace with operating cost increases. Annual 2009 sales tax revenues declined in comparison with 2008 by approximately 4.6% due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. The 2010 Budget included a reduction of forty-two (42) full-time positions from prior year staffing levels. The 2011 Budget included the same number of authorized full-time positions as the 2010 Budget. With the passage of the new sales tax, positions were filled and new positions were added in 2012 and 2013, particularly in the areas of Public Safety and Parks and Recreation. The 2014 General Fund Budget supports 1,669 full-time equivalent (FTE) positions, a net increase of thirty (30) FTEs compared to 2013 staffing levels. The staffing additions include twenty (20) Police positions previously funded by a grant award under the *American Recovery and Reinvestment Act* COPS Program. In addition, special projects and grant awards support forty-one (41) employees. However, approximately 100 of the budgeted General Fund positions were vacant during 2013. This represents a significant improvement over the 152 budgeted General Fund positions that were kept vacant in 2011. Many of the initiatives supported by the new sales tax, such as increased funding for building maintenance, expanded park maintenance, Zoo deferred maintenance, operations and staffing, annual fleet replacement, information technology staffing and maintenance, and new transit routes were implemented during 2012 and experienced the first full year of operation in 2013. The 2014

Budget continues the commitment to Little Rock citizens to fill vacant public safety positions and to support the initiatives outlined in the sales tax proposal.

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

The City is appropriating approximately \$5.5 million for children, youth and family programs, including youth employment, skills center funding, and reentry programming in 2014 as part of City's emphasis to foster and enhance youth and community development. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In addition, the City implemented an in-house pilot program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The program was extremely successful and will be continued in 2014. Community Programs Staff is evaluating other opportunities for expansion of the program utilizing entry-level positions available in other City Departments.

The City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

Major Initiatives: Commercial property construction continues to show strong growth. One of the most exciting developments is the new Bass Pro Shop that opened in Little Rock on November 13, 2013. The 120,000 square-foot location is at Little Rock's Gateway Town Center, a 169-acre project at the northwest corner of Interstates 30 and 430 in Southwest Little Rock. In addition, plans have been announced to open an outlet mall at the same location with approximately eighty (80) retail stores, bringing approximately 1,400 jobs to the area. Construction is expected to begin in the summer of 2014 with an opening in 2015.

The Central Arkansas Library System opened the Hillary Rodham Clinton Children's Library and Learning Center on 10th Street in Midtown Little Rock in March 2013. The 30,000 square-foot facility includes a computer lab, greenhouse, teaching kitchen and theater along with a collection of more than 21,000 books, DVDs and CDs. The library was funded by a bond issue approved by voters in 2007.

Construction began on a new 72,000 square-foot, \$18 million medical office building in Midtown in May 2013. The Midtown Medical Office Building is expected to be completed in May 2014. The state-of-the-art medical office will be located on South University Avenue; an area that has been an anchor for the medical community.

In August 2013, the Little Rock City Board authorized \$60 million in bonds for Dassault Falcon Jet's expansion at the Bill and Hillary Clinton National Airport. The French private jet company plans to invest \$60 million over the next three (3) years in refurbishment and new

construction at its finishing plant operations at Adams Field. Groundbreaking for its new hanger was in early 2014.

The new Arcade Building in the River Market opened in the fourth quarter of 2013. The \$17 million project is a joint venture between the Central Arkansas Library System and Moses Tucker Real Estate and contains retail space, a 325-seat theater, a restaurant and office space. The building is located at the corner of Clinton and River Market Avenues. Dr. Bobby Roberts, Central Arkansas Library System Executive Director, announced an agreement with the Little Rock Film Festival and its institute to be the host facility for the nationally-acclaimed Little Rock Film Festival.

In October 2013, LM Wind Power, the Danish blade manufacturer for wind turbines, announced that it would be adding more than 850 jobs to its U.S. manufacturing operations, which will bring employment at its Little Rock plant to approximately 400. "The company continues to expand significantly into next year, expecting to employ around 1,200 people in the US in 2014," it said. Staff is being added at factories in Grand Forks, North Dakota, and in Little Rock after Congress extended the Production Tax Credit late last year.

In December 2013, CARTI held a ground-breaking ceremony for a new \$90 million treatment facility adjacent to the Woodland Heights Retirement Community on Riley Drive in Little Rock. The 170,000 square-foot non-profit Cancer Care Center will offer medical, surgical and radiation oncology, diagnostic radiology, and hematology services.

The Midcontinent Independent System Operator, Inc. (MISO), broke ground on March 14, 2014, for a regional operations center in Little Rock in the West Lake Corporate Business Park. The facility in Little Rock will serve as the command center for MISO's newly established South Region. MISO expects to hire approximately fifty (50) employees with an average annual salary of \$85,000.

Finally, Verizon Wireless recently announced that it will add more than 285 jobs this year to its Arkansas operations. The positions will be added in the customer service, technical support, and sales areas. The majority of the customer service positions will be filled at Verizon's call center in Little Rock.

The City, in partnership with the Little Rock Regional Chamber of Commerce, will continue to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax or other forms of revenue for the City. \$38,000,000, or 19.4%, of the revenue anticipated from the three-eighths (3/8)-cent temporary sales tax for capital projects is dedicated to jobs and economic development through 2021. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. The City of Little Rock has received a Certificate of Achievement for thirty-one (31) years total. In order to be

awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Department Director



Government Finance Officers Association

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

Presented to

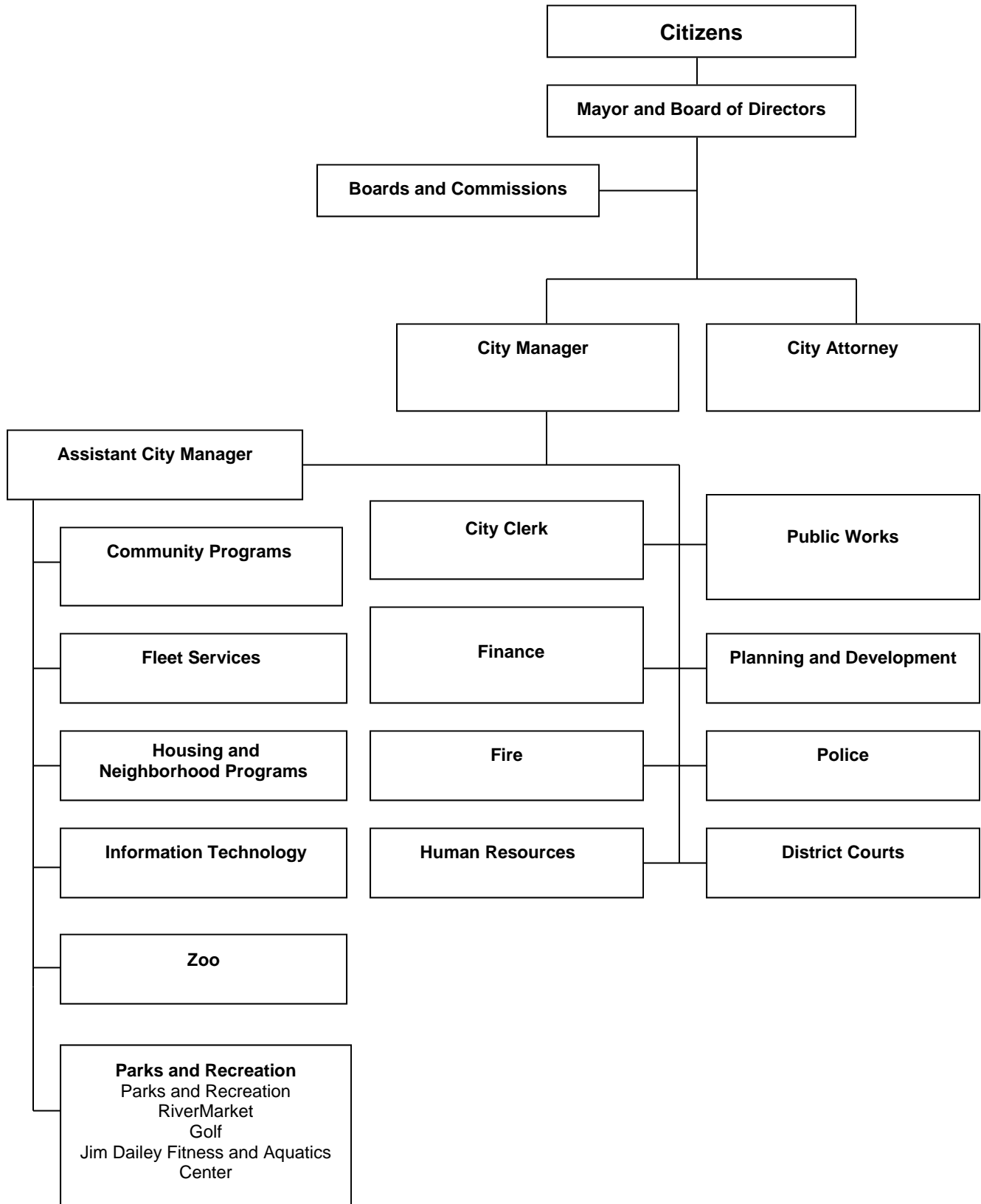
**City of Little Rock
Arkansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

City of Little Rock Organizational Chart



Elected Officials:

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

Appointed Officials:

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

FINANCIAL SECTION

Independent Auditor's Report on Financial Statements and Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (the City) as of and for the year ended December 31, 2013, and the related notes to the basic financial statements which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of \$157,008,875 and \$43,026,122, respectively, and represent 52% and 30% of the aggregate discretely presented component units' total assets and program revenues, respectively, at December 31, 2013, and for the year then ended. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Honorable Mark Stodola, Mayor
and Members of the Board of Directors
Page 2

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of 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 as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 17*, in 2013 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions and the opinions of the other auditors are not modified with respect to this matter.

The financial statements of Little Rock Wastewater Utility, Little Rock Airport Commission and the Arkansas Arts Center were restated for the corrections of errors discussed in *Note 17*. Our opinions and the opinions of the other auditors are not modified with respect to these matters.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, 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* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2013

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, 2013. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

Financial Highlights

- The City continued to implement projects and initiatives supported by the additional one-cent local sales tax approved by the citizens of Little Rock that became effective on January 1, 2012. The tax supplements the 1/2 cent sales tax that has been in place since 1994. The additional one-cent tax includes a 5/8-cent ongoing tax for operations and a 3/8-cent ten (10) year limited tax to fund specified capital projects.
- Total assets of the City exceeded total liabilities at the close of 2013 by \$600,546,469. Of this amount, \$548,528,338 is net investment in capital assets, \$16,807,973 is restricted for debt service, grant funds and other special projects, and \$35,210,158 is considered unrestricted. The unrestricted net position of the City's governmental activities increased \$75,608,683 to \$28,926,155 primarily due to the transfer of administration of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System (LOPFI). The unrestricted net position of the City's business-type activities is \$6,284,003.
- The City's reported total net position increased by \$72,471,476 in 2013. Net position of the governmental activities increased \$70,515,508 (13.8% of beginning net position) reflecting the impact of the transfer of administration of the Police Pension and Relief Fund to LOPFI along with the issuance of the 2013 Capital Improvement Bonds. Business-type activities increased by \$2,004,465. These changes in net position amounts include the effects of adjustments applicable to prior years.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$166,089,555. The combined governmental funds fund balances increased \$62,152,806 from the prior year. The primary components of this change were the net increase in capital project funds of approximately \$52 million and an increase of approximately \$1.5 million in special revenue funds, partially offset by a decrease of approximately \$415 thousand in debt service funds. The increases in capital project funds were primarily due to receipt of proceeds from the issuance of capital improvement bonds for street and drainage projects and the issuance of a short-term financing note for the cost of acquiring land, software and equipment and constructing buildings for the City's Police, Fire and Information Technology departments. Approximately \$21,750,000 of the \$166,089,555 fund balances is considered unassigned at December 31, 2013, and \$131,954,068 is reported as restricted for capital projects or debt service. In addition, \$2,558,989 of the governmental fund balances is nonspendable, representing inventories and prepaid expenditures. The committed and assigned portions of the fund balances were \$337,892 and \$9,487,930, respectively.

- The General Fund reported fund balance of \$35,524,709 at the end of the current year. Unassigned fund balance for the General Fund was \$24,369,411 or 13.1% of total General Fund expenditures (including transfers out). There was a \$9,034,213 increase in the total fund balance for the General Fund for the year ended December 31, 2013. The increase in fund balance is primarily due to the transfer in of excess property tax proceeds in the amount of approximately \$8.9 million dedicated to the retirement of debt on the City's 2004 Capital Improvement Bonds. The bonds were fully redeemed in 2013.
- The City's total debt increased by \$48,818,942 (37.8% above 2012) during the current year. The key factors in this increase were the issuance of \$7,700,000 2013 Short Term Financing Notes, the issuance of the 2013 Capital Improvement Bonds of \$58,105,000, offset by principal payments of \$4,450,000 for revenue bonds, \$6,925,000 for general obligation bonds, and \$5,611,058 for temporary notes.
- At the close of the current year, net position of fiduciary funds was \$141,841,272 held in trust for pension and other post-employment benefits. There was a decrease of \$35,979,320 in the total fiduciary net position held in trust for the year ended December 31, 2013. The decrease in net position is attributed to the transfer of the Policemen's Pension and Relief Fund assets to LOPFI in the amount of \$41,686,362, net of contributions to the funds in the amount of \$15,677,676, investment income and a net increase in the fair value of investments of \$20,308,133, benefits paid directly to participants of \$29,681,381, and other investment and administrative expenses of \$597,386.
- The City's component units reported net position of \$810,395,828 as of December 31, 2013, an increase of \$70,126,153 compared to December 31, 2012, which includes adjustments applicable to prior years.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The government-wide financial statements can be found on Pages 22-23 of this report.

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

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

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

The City maintains twenty-five (25) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Capital Improvement Fund, the 2013 Capital Improvement Fund (debt service), and the 2013 Capital Improvement Fund (capital project) which are considered to be major funds. Data from the other twenty-one (21) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, 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, vehicle storage and parking garage operations. The Waste Disposal Fund and River Market Garage Fund are considered to be major enterprise funds of the City. 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 26-28 of this report.

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

The basic fiduciary fund financial statements can be found on Pages 29-30 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on Pages 33-78 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 79 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 84-98 of this report.

Government-wide Financial Analysis

The City adopted a new accounting principle that has resulted in a restatement of net position. These changes are reflected as a cumulative restatement to beginning net position in 2013. The balances presented for 2012 have not been restated for this change. See *Note 17* to the financial statements.

City of Little Rock, Arkansas Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 142,055,932	\$ 123,053,846	\$ 14,404,506	\$ 12,718,766	\$ 156,460,438	\$ 135,772,612
Noncurrent and other assets	106,005,543	58,953,772	1,436,965	1,572,398	107,442,508	60,526,170
Capital assets	<u>607,338,961</u>	<u>602,056,397</u>	<u>23,239,476</u>	<u>24,687,844</u>	<u>630,578,437</u>	<u>626,744,241</u>
Total assets	<u>855,400,436</u>	<u>784,064,015</u>	<u>39,080,947</u>	<u>38,979,008</u>	<u>894,481,383</u>	<u>823,043,023</u>
Deferred outflows of resources	-	-	197,156	-	197,156	-
Total deferred outflows of resources	-	-	197,156	-	197,156	-
Total assets and deferred outflows of resources	<u>855,400,436</u>	<u>784,064,015</u>	<u>39,278,103</u>	<u>38,979,008</u>	<u>894,678,539</u>	<u>823,043,023</u>
Current liabilities	58,097,376	52,959,336	4,762,787	5,388,774	62,860,163	58,348,110
Long-term liabilities outstanding	<u>215,320,584</u>	<u>219,637,711</u>	<u>15,951,323</u>	<u>17,030,706</u>	<u>231,271,907</u>	<u>236,668,417</u>
Total liabilities	<u>273,417,960</u>	<u>272,597,047</u>	<u>20,714,110</u>	<u>22,419,480</u>	<u>294,132,070</u>	<u>295,016,527</u>
Net position	<u>\$ 581,982,476</u>	<u>\$ 511,466,968</u>	<u>\$ 18,563,993</u>	<u>\$ 16,559,528</u>	<u>\$ 600,546,469</u>	<u>\$ 528,026,496</u>
Net investment in capital assets	\$ 539,105,312	\$ 533,940,568	\$ 9,423,026	\$ 8,983,518	\$ 548,528,338	\$ 542,924,086
Restricted	13,951,009	24,208,928	2,856,964	3,769,248	16,807,973	27,978,176
Unrestricted	<u>28,926,155</u>	<u>(46,682,528)</u>	<u>6,284,003</u>	<u>3,806,762</u>	<u>35,210,158</u>	<u>(42,875,766)</u>
Total net position	<u>\$ 581,982,476</u>	<u>\$ 511,466,968</u>	<u>\$ 18,563,993</u>	<u>\$ 16,559,528</u>	<u>\$ 600,546,469</u>	<u>\$ 528,026,496</u>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s assets exceeded liabilities by \$600,546,469 at the close of the most recent fiscal year.

The largest portion of the City’s net position (91.3%) reflects its investment in capital assets (*e.g.*, land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the

City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be utilized to liquidate these liabilities. An additional portion of the City's net position (2.8%) represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of \$35,210,158 represents 5.9% of the City's net position and is available for expenditure.

Revenues	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<i>Program revenues:</i>						
Charges for services	\$ 32,012,482	\$ 24,387,426	\$ 22,088,860	\$ 26,631,572	\$ 54,101,342	\$ 51,018,998
Operating grants and contributions	8,133,436	12,873,846	-	-	8,133,436	12,873,846
Capital grants and contributions	2,028,323	4,313,770	-	3,250,743	2,028,323	7,564,513
<i>General revenues:</i>						
Property taxes	52,833,701	49,532,522	-	-	52,833,701	49,532,522
Sales taxes	112,749,306	111,987,226	-	-	112,749,306	111,987,226
Utility franchise taxes	29,707,701	29,176,325	-	-	29,707,701	29,176,325
Investment earnings	(116,617)	144,886	(28,446)	23,771	(145,063)	168,657
Intergovernmental revenues	23,452,078	22,250,304	-	-	23,452,078	22,250,304
Other	(148,720)	735,885	-	-	(148,720)	735,885
Total revenues	260,651,690	255,402,190	22,060,414	29,906,086	282,712,104	285,308,276
Expenses						
General government	48,076,292	45,722,245	-	-	48,076,292	45,722,245
Public Works	36,968,065	36,100,501	-	-	36,968,065	36,100,501
Parks and recreation	11,209,542	10,131,868	-	5,363,315	11,209,542	15,495,183
River Market	1,298,266	-	-	-	1,298,266	-
Golf	2,162,056	-	-	-	2,162,056	-
Jim Dailey Fitness	983,422	-	-	-	983,422	-
Zoo	6,927,190	-	-	6,125,411	6,927,190	6,125,411
Public safety	113,279,534	115,464,108	-	-	113,279,534	115,464,108
Education	11,361,720	10,523,654	-	-	11,361,720	10,523,654
Housing and neighborhood programs	9,238,779	12,611,955	-	-	9,238,779	12,611,955
Interest on long-term debt	4,203,511	3,791,250	-	-	4,203,511	3,791,250
Agent fees on long-term debt	-	13,016	-	-	-	13,016
Waste disposal	-	-	15,117,230	14,715,628	15,117,230	14,715,628
Parking system	-	-	1,729,131	1,703,329	1,729,131	1,703,329
Fleet	2,714,412	2,758,088	-	-	2,714,412	2,758,088
Vehicle storage	-	-	1,333,659	1,284,946	1,333,659	1,284,946
Total expenses	248,422,789	237,116,685	18,180,020	29,192,629	266,602,809	266,309,314
Change in net position before transfers	12,228,901	18,285,505	3,880,394	713,457	16,109,295	18,998,962
Special item – transfer of net pension obligation (See Note 6)	57,079,030	-	-	-	57,079,030	-
Transfers	1,661,580	9,184,248	(1,661,580)	(9,184,248)	-	-
Change in net position	70,969,511	27,469,753	2,218,814	(8,470,791)	73,188,325	18,998,962
Net Position, Beginning of Year, as Previously Reported	511,466,968	483,997,215	16,559,528	25,030,319	528,026,496	509,027,534
Adjustment applicable to prior years	(454,003)	-	(214,349)	-	(668,352)	-
Net Position, Beginning of Year, As Restated	511,012,965	483,997,215	16,345,179	25,030,319	527,358,144	509,027,534
Net position – December 31	\$ 581,982,476	\$ 511,466,968	\$ 18,563,993	\$ 16,559,528	\$ 600,546,469	\$ 528,026,496

Governmental Activities. Governmental activities increased the City's net position by \$70,515,508 which includes a restatement of prior year net position. The increase in current assets of \$19,002,086, the increase in noncurrent assets of \$47,051,771, the increase in net capital assets of \$5,282,564, and the decrease in noncurrent liabilities of \$4,317,127 were partially offset by an increase in current liabilities of \$5,138,040.

Property tax represents 20.3% of the City's governmental revenue in 2013. Property tax revenues increased approximately \$3.3 million due to the transfer of the Policemen's Pension and Relief Fund to LOPFI at year-end. Sales tax represents 43.3% of the City's governmental revenue in 2013. The decrease in operating grants and contributions is primarily associated with the completion of a U.S. Department of Housing and Urban Development grant award for neighborhood stabilization programs. The decrease in capital grants and contributions is primarily associated with American Recovery and Reinvestment Act assistance for the west Little Rock Fire Station construction completed in 2012. In 2013 the special item of approximately \$56.3 million represents the impact of the transfer of administration of the Policemen's Pension and Relief Fund to LOPFI at year-end.

Current year expenses were 78.2% of current year revenues, excluding transfers in. The increase in general government expense of approximately \$11.5 million is primarily due to the consolidation of the River Market, Golf, Jim Dailey Fitness and Aquatics, and Zoo departments with the General Fund at the end of 2012. These activities were previously reported in separate enterprise funds.

Business-type Activities. Business-type activities increased the City's net position by \$2,004,465. Key elements of this decrease are as follows:

- Operating income increased net position by \$4,725,503. Net nonoperating expenses, primarily interest expense, decreased net position by \$845,109. Net transfers decreased net position by \$1,661,580.
- Waste Disposal net position increased by \$1,943,520. Net income, before net transfers out of \$1,378,254, was \$3,443,803 which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$922,497 was offset by net nonoperating expense of \$514,908. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income increased net position by \$29,002.

Waste Disposal activities contribute 84.2% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 86.1% of current year operating revenues.

Financial Analysis of the Government's Funds

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

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

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$166,089,555, an increase of \$62,152,806 in comparison with the prior year. Approximately \$131,950,000 is reported as *restricted fund balance* for capital projects or debt service. In addition, \$2,558,989 of the governmental fund balances is *nonspendable*, representing inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$337,892 and \$9,487,930,

respectively. Approximately \$21,750,000 constitutes *unassigned fund balance* and is available for spending at the government's discretion.

The General Fund is the chief operating fund of the city. At December 31, 2013, unassigned fund balance of the General Fund was \$24,369,411, while the total fund balance was \$35,524,709. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 13.1% of total General Fund expenditures (including transfers out), while total fund balance represents 19.1% of that same amount.

The special revenue funds had total fund balances of \$11,352,312. The net increase in fund balances during 2013 for the funds was \$1,534,506. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to an increase in Street Fund revenues attributed to a new ½-cent state sales tax dedicated to streets and drainage and an increase in grant revenues, partially offset by a reduction in special project balances. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 2,215,261	\$ 5,988,418
Special Projects	(1,989,238)	2,517,066
Infrastructure	(42,862)	-
Emergency 911	81,811	84,634
CDBG	289,820	1,318,968
NHSP	40,001	63,693
HIPP	(91,557)	350,660
Grant	1,031,270	1,028,873

The debt service funds had total fund balances of \$20,167,139. The net decrease in fund balances during 2013 was \$414,583. The 2004 Capital Improvement Bonds were retired in 2013. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Revenues for the 2009 Parks and Recreation debt service come from park operating revenues. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 90	\$ 19,736
2002 Junior Lien Bonds	(1,741)	18,089
2004 Bond Fund	(12,139,165)	-
2008 & 2009 Central Arkansas Library	(316,577)	3,876,002
2009 Parks and Recreation	(651)	2,121,020
2012 Central Arkansas Library	1,455,781	3,544,612
2013 Capital Improvement	10,587,680	10,587,680

The capital project fund balances increased by \$51,998,670 to total fund balances at December 31, 2013, of \$99,045,395. In accordance with the terms of the City ordinance for each fund, \$30,113,608 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. New capital funding came from the issuance of the 2013 Capital Improvement Bonds in the amount of \$58,105,000 and the 3/8-cent sales tax for capital improvements. In addition, the City issued a new short-term financing note in 2013 in the amount of \$7,700,000, primarily to advance projects funded by the 3/8-cent capital sales tax. The net changes and ending fund balances for the capital project funds are:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (344,240)	\$ 384,578
1988 Capital Improvement	285	-
Short Term Financing	(166,242)	121,975
2004 Capital Improvement	(3,635)	6,689
2008 & 2009 Central Arkansas Library	(3,125)	201
2009 Parks and Recreation	(71,377)	479,634
Sales Tax Capital Improvement	7,608,442	30,053,840
2012 Central Arkansas Library	(11,342,165)	11,677,751
2013 Capital Improvement	56,320,727	56,320,727

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

Net position at the end of the year amounted to \$18,779,941, \$421,005 and (\$685,450) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position increased in the Waste Disposal and Vehicle Storage funds by \$1,943,520 and \$29,002, respectively. Net position decreased in the River Market Garage by \$16,554. The changes in net position for Waste Disposal and River Market Garage include the effects of restatements of prior year. 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 \$9,678,389 more than the original budget. The total original appropriations, including those for transfers out, were \$171,211,160, while the final appropriations were for \$180,889,549. The primary purpose of the budget amendment was to increase budgeted revenues and expenditures to reflect the separate property tax levies and intergovernmental revenues dedicated to the Police and Fire Pension and Relief Funds. These revenues are recognized in the General Fund and then contributed directly to the respective pension funds. The expenditures are reflected as pension contributions in the Fire and Police Departments. In addition, the adjustment included the allocation of savings from authorized but vacant positions to the appropriate departments and adjusted revenues based on trends through the first nine (9) months of the year. Budget adjustments and actual results are shown as follows:

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

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	\$18,522,800	\$7,562,700	\$26,085,500	\$25,833,876	(\$251,624)	The budget adjustment includes approximately \$7.4 million in property taxes collected under a special levy for contribution to the police and fire pension and relief funds. Actual property tax revenues were less than 1% below the amended budget.
Sales Taxes	96,930,800	(2,196,800)	94,734,000	95,175,603	441,603	The original budget included estimated growth in sales tax revenue of approximately 1.5%. The budget adjustment reflects a reduction in sales tax growth to approximately 0.25%. Actual results were approximately 0.5% better than the amended budget.
Licenses & Permits	9,836,600	510,200	10,346,800	10,565,824	219,024	The budget adjustment includes an increase of approximately 5% to general business license and mixed drink license revenues. The favorable actual variance is associated with building and related permits which were approximately 8% above budget due to strong fourth quarter growth.
Intergovernmental	2,424,700	3,877,845	6,302,545	6,323,066	20,521	Insurance pension turnback funds were received from the State of Arkansas in July. The receipt was \$2,961,545, which is \$536,845 higher than a year ago. In addition, approximately \$3.34 million is associated with separate state turnback allocations dedicated to the police and fire pension and relief funds. These revenues are passed through to the pension plans. Both of these items are reflected in the budget adjustment and in actual revenues.
Charges for Services	10,329,369	(149,390)	10,179,979	10,182,406	2,427	The budget adjustment and actual revenues reflect a decline from the original budget associated with repairs at the fitness center and the temporary closure of Hindman Golf course for installation of new greens.
Fines & Fees	3,308,400	(142,000)	3,166,400	3,233,653	67,253	The budget adjustment reflects a decline in traffic fines partially offset by increases in parking, criminal, and animal control fines. The favorable variance in actual revenues is primarily associated with an increase in traffic fine collections in the fourth quarter.
Franchise Fees	27,650,100	(163,200)	27,486,900	27,955,603	468,703	The budget adjustment in franchise fees reflects an increase in gas billings associated with increased usage and slightly higher natural gas rates partially offset with a decline in water and waste water fees. Significant rainfall and milder summer temperatures in 2013 significantly reduced water usage. The favorable actual variance at year-end is primarily due to an increase in electricity and gas usage in the fourth quarter of the year.

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

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Interest Earnings	\$25,950	\$25,000	\$50,950	(\$57,223)	(\$108,173)	The budget adjustment reflects increased earnings associated with higher cash balances. The unfavorable variance at year-end is due to the annual fair market value adjustment on investments. However; investments are held to maturity and will be redeemed at par value.
Transfers In	1,283,271	512,739	1,796,010	14,262,490	12,466,480	The adjustment to transfers in includes \$129,000 in Marathon proceeds to help offset the loss of golf revenues during the temporary closure of Hindman Golf course for greens replacement. In addition, the transfer of balances remaining in completed special projects for the Police Department in the amount of approximately \$338,000 were included in the adjustment to help offset Police overtime cost. The actual variance is primarily associated with excess property tax proceeds dedicated to the retirement of debt on the City's 2004 Capital Improvement Bonds. The bonds were fully redeemed in 2013. Excess tax proceeds of approximately \$8.9 million were transferred to the general fund in accordance with state statutes. In addition, transfers in includes a \$3.6 million contribution from the Sales Tax Capital Improvement fund to offset principle payments on the 2012 short-term note issued to accelerate projects in that fund.
All Other Revenues	899,170	(158,705)	740,465	1,687,025	946,560	Actual revenue includes police seized property and workers compensation reimbursements that were not included in the original budget. The adjustment reflects experience in the first nine (9) months of the year.
Total General Fund Revenue	<u>\$ 171,211,160</u>	<u>\$ 9,678,389</u>	<u>\$ 180,889,549</u>	<u>\$ 195,162,323</u>	<u>\$ 14,272,774</u>	

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

City of Little Rock General Fund Budget – Expenditures						
	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
General Administration	\$20,771,516	(\$371,354)	\$20,400,162	\$19,549,824	\$850,338	The budget adjustment is primarily associated with vacancy savings and the allocation of vacation and sick leave payouts for retiring employees to other departments. The actual variance includes approximately \$2.4 million in debt service for short-term notes that is included in the general administration budget, but was classified separately for financial reporting purposes. The remainder of the variance is primarily due to workers' compensation claims and special project expenditures of approximately \$1 million for homelessness outreach and grant match that were budgeted as transfers out.
Board of Directors	234,774	47,673	282,447	276,763	5,684	The budget adjustment reflects the mid-year increase in compensation for the Board of Directors from \$1,000 per month to \$1,500 per month.
Community Programs	358,428	3,807	362,235	4,390,520	(4,028,285)	The budget adjustment is immaterial. The actual variance is primarily associated with the special project expenditures for Children, Youth and Family and Prevention, Intervention, and Treatment programs which are budgeted as transfers out.
City Attorney	1,706,756	(122,587)	1,584,169	1,569,818	14,351	The budget adjustment primarily reflects savings from vacant positions. The actual favorable variance is primarily associated with unspent capital allocations.
District Court – First Division	1,381,441	(102,880)	1,278,561	1,179,378	99,183	The budget adjustment is primarily associated with savings from vacant positions. The actual variance includes additional savings in personnel cost.
District Court – Third Division	565,562	(3,674)	561,888	583,992	(22,104)	The budget adjustment reflects savings from vacant positions. The unfavorable variance includes the mid-year addition of a Deputy Court Clerk position.
District Court – Second Division	1,222,308	(10,351)	1,211,957	1,186,391	25,566	The budget adjustment reflects savings from vacant positions. The actual favorable variance includes additional personnel cost, utilities, and travel savings.
Finance	3,006,838	(20,456)	2,986,382	2,900,973	85,409	The budget adjustment reflects savings from vacant positions. The actual favorable variance includes savings in travel and training and in copier rental.

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended		Variance	Explanation
	Budget	Adjustments	Budget	Actual		
Human Resources	\$1,549,857	(\$1,358)	\$1,548,499	\$1,544,712	\$3,787	The budget adjustment and the actual variance are immaterial.
Information Technology	4,478,965	(548,964)	3,930,001	4,144,928	(214,927)	The budget adjustment reflects savings from vacant positions and an adjustment to transfer \$324,000 from the IT Administration budget to a special project for computer and printer replacement. The actual unfavorable variance reflects special project expenditures budgeted as transfers out, partially offset by additional personnel cost savings.
Planning & Development	2,499,148	(370,009)	2,129,139	2,052,073	77,066	The budget adjustment reflects savings from vacant positions. The actual variance includes additional supplies, utility, travel, and personnel cost savings.
Public Works	1,138,346	(112,912)	1,025,434	2,698,129	(1,672,695)	The budget adjustment reflects savings from vacant positions. The actual variance reflects expenditures from special project allocations for facility improvements and compressed natural gas station grant match funds. The special project allocations were budgeted as transfers out.
Parks & Recreation	9,534,163	(748,388)	8,785,775	9,319,477	(533,702)	The budget adjustment reflects savings from vacant positions and the transfer of a position to the Golf Department. The unfavorable actual variance includes special project expenditures for youth athletic programs, greens replacement at Hindman Golf Course, and trail repairs, with expenditures of approximately \$774,000 that are budgeted as transfers out, partially offset by utility cost savings.
Rivermarket	1,197,800	—	1,197,800	1,188,197	9,603	The actual variance is immaterial.
Golf	2,081,552	193,286	2,274,838	2,386,863	(112,025)	The budget adjustment reflects the transfer of a position from Parks & Recreation to Golf and an additional allocation for land maintenance. The actual variance includes additional repairs and maintenance, water utility, and concessions supplies.
Jim Dailey Fitness & Aquatics	891,475	(88,070)	803,405	847,283	(43,878)	The budget adjustment reflects savings from vacant positions. The unfavorable actual variance includes additional part-time personnel cost and utility cost.
Zoo	6,091,304	(194,620)	5,896,684	6,461,334	(564,650)	The budget adjustment reflects savings from vacant positions. The unfavorable actual variance includes \$404,650 in special project expenditures, such as the tiger exhibit and Boo at the Zoo, funded by outside contributions and funding from prior year transfers.
Fleet	—	—	—	851,532	(851,532)	The actual fleet balance reflects special project expenditures for general fund fleet replacement. These expenditures were budgeted as transfers out.

City of Little Rock
General Fund Budget – Expenditures

	Original		Amended			
	Budget	Adjustments	Budget	Actual	Variance	Explanation
Housing & Neighborhoods	\$5,534,697	(\$589,833)	\$4,944,864	\$5,902,990	(\$958,126)	The budget adjustment reflects savings from vacant positions. The actual variance includes special project expenditures of approximately \$947,000 for construction of the Wright Avenue Alert Center, land bank operation, board and secure, weed lot maintenance, and demolition funded by prior year transfers from the General Fund and by current year amounts budgeted as transfers out.
Debt Service	—	—	—	5,993,200	(5,993,200)	Debt service was budgeted in General Administration. The actual variance includes the principal and interest payments on temporary notes. \$3.6 million of the variance is offset by a transfer in from the Sales Tax Capital Improvement fund.
Fire	39,167,052	5,197,793	44,364,845	44,109,024	255,821	The budget adjustment includes a reclassification of \$500,000 in sales tax contributions to the Fire Pension and Relief Fund originally budgeted in transfers out. In addition, the adjustment includes \$4.9 million in contributions to the Fire Pension and Relief Fund funded by a separate property tax levy and state turnback funds. The remaining adjustment is associated with savings from vacant positions. The actual variance is less than 1% below the amended budget.
Police	58,401,831	5,807,286	64,209,117	65,232,272	(1,023,155)	The budget adjustment includes a reclassification of \$500,000 in sales tax contributions to the Police Pension and Relief Fund originally budgeted in transfers out. In addition, the adjustment includes \$5.8 million in contributions to the Police Pension and Relief Fund funded by a separate property tax levy and state turnback funds. The remaining adjustment includes an allocation for Police overtime of approximately \$1.6 million, offset by savings from vacant positions. The unfavorable actual variance is associated with special projects, such as the police camera system, body armor, radios, and siren repairs, funded by prior year transfers.
Transfers Out	13,297,347	(2,186,000)	11,111,347	1,758,437	9,352,910	The budget adjustment reflects the reclassification of \$1,000,000 in dedicated sales tax to the Fire and Police Pension funds and a reduction in the contingency allocation associated with lower than anticipated sales tax revenues. The actual variance is primarily associated with transfers to special projects. The actual expenditures for the projects are reflected in the appropriate departments above.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Vacancy Savings	<u>(\$3,900,000)</u>	<u>\$3,900,000</u>	—	—	—	The budget adjustment reflects savings achieved by maintaining vacant positions. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. Actual vacancy savings were approximately \$6 million.
Total General Fund Expenditures	<u>\$ 171,211,160</u>	<u>\$ 9,678,389</u>	<u>\$ 180,889,549</u>	<u>\$ 186,128,110</u>	<u>\$ (5,238,561)</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, 2013, amounts to \$630,578,437 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, and drainage systems. The total increase in the City's investment in capital assets for 2013 was 0.6% (a 0.9% increase for governmental activities and a 5.9% decrease for business-type activities).

City of Little Rock Capital Assets, net of depreciation						
	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 177,337,994	\$ 176,339,762	\$ 2,637,147	\$ 2,640,112	\$ 179,975,141	\$ 178,979,874
Buildings	65,020,067	61,924,741	16,113,327	16,452,504	81,133,394	78,377,245
Improvements other than buildings	13,373,865	10,891,531	1,987,476	2,511,559	15,361,341	13,403,090
Vehicles and equipment	19,232,807	17,512,861	1,985,569	3,064,585	21,218,376	20,577,446
Infrastructure	307,099,183	317,529,438	-	-	307,099,183	317,529,438
Construction in progress	25,275,045	17,858,064	515,957	19,084	25,791,002	17,877,148
Total	\$ 607,338,961	\$ 602,056,397	\$ 23,239,476	\$ 24,687,844	\$ 630,578,437	\$ 626,744,241

Major capital asset events during 2013 included the following:

- Infrastructure additions, including right-of-way were \$5,277,332
- Vehicle and equipment additions were \$5,950,029
- Building additions were \$5,351,195
- Construction in progress additions were \$23,684,928
- Land and other improvements additions were \$4,544,443
- Depreciation expense totaled \$24,953,221

The City entered into an agreement with Motorola on December 21, 2011, for the installation of a new 911 communication system. The contract amount is for \$8,725,905. At year-end, \$8,027,119 had been incurred in relation to this contract.

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

Long-term Debt. At December 31, 2013, the City's primary government, had \$178,027,446 of long-term bonds outstanding, including general obligation bonds of \$111,415,000, notes payable of \$25,472,446 and \$41,140,000 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds						
and notes payable	\$ 136,887,446	\$ 83,618,504	\$ -	\$ -	\$ 136,887,446	\$ 83,618,504
Revenue bonds	<u>27,265,000</u>	<u>28,915,000</u>	<u>13,875,000</u>	<u>16,675,000</u>	<u>41,140,000</u>	<u>45,590,000</u>
Total	<u>\$ 164,152,446</u>	<u>\$ 112,533,504</u>	<u>\$ 13,875,000</u>	<u>\$ 16,675,000</u>	<u>\$ 178,027,446</u>	<u>\$ 129,208,504</u>

Total long-term bonds and notes payable outstanding at December 31, 2013, increased \$48,818,942, an increase of 37.8%. The net increase includes the issuance of the 2013 Capital Improvement bonds in the amount of \$58,105,000, and the issuance short-term financing notes in the amount of \$7,700,000, less bonded debt retirements of \$11,375,000 and short-term financing notes retired in the amount of \$5,611,058.

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

	Moody's Investors Service	Standard & Poor's
<u>General Obligation Debt</u>		
2004 Capital Improvement Bonds	Aa2	AA
2008 Library Capital Improvement Bonds	Not Rated	AA
2009 Library Capital Improvement Bonds	Not Rated	AA
2012 Library Capital Improvement Bonds	Aa2	AA
2013 Capital Improvement Bonds	Aa2	AA
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	BBB+
2002 Capital Improvement Junior Lien	Not Rated	A+
2007 Capital Improvement Revenue Refunding Bonds	Aa3	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	AA-
2009 Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
2010 Waste Disposal Refunding Revenue Bonds	A1	AA-
<u>Discrete Components</u>		
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
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	Aa3	Not Rated
2007A Sewer Construction Bonds	Aa3	Not Rated
2007C Sewer Construction Bonds	Aa3	Not Rated
2008 Sewer Revenue	Aa3	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2009B Sewer Revenue	Aa3	Not Rated
2011 Sewer Revenue	Aa3	Not Rated

2012 Sewer Revenue	Aa3	Not Rated
2013 Sewer Revenue	Aa3	Not Rated
1993 A&P Refunding	A2	Not Rated
2003 Airport Refunding	A2	A
1999A Airport Revenue	A2	A
2007 Airport Revenue Refunding and Improvement Bonds	A2	A

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2013, of \$111,415,000 are well below the statutory limit of \$772,634,525. 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, 2013, of \$25,472,446 are well below the statutory limit of \$193,158,631. Voter approval is not required for short-term financing.

Additional information regarding the City’s long-term debt can be found in *Note 4* on Pages 51-59 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 2014 budget. The total 2014 General Fund budget is \$184,264,530 which reflects an increase of 7.6% from the original 2013 adopted budget and an increase of 1.9% from the final amended 2013 General Fund budget. The 2013 budget amendment of \$9,678,389 included an adjustment for the separate property tax levies and intergovernmental revenues dedicated to the Police and Fire Pension and Relief Funds. These revenues are recognized in the General Fund and then contributed directly to the respective pension funds. The expenditures are reflected as pension contributions in the Fire and Police Departments. The 2014 adopted budget includes these pass-through revenues and expenditures as well. City officials are encouraged by economic development in all sectors of the City as discussed in the letter of transmittal in the introductory section of this report on Pages *i-viii*. The Mayor and the Board of Directors continue to place the highest premium on safety for the people of Little Rock and City employees. In order to meet the objectives of the 2014 budget, the City recognized the need to continue its pattern of cost containment designed to promote long-term fiscal stability.

Request for Information

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

Financial Statements

City of Little Rock, Arkansas
Statement of Net Position
December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 7,997,166	\$ 1,445,053	\$ 9,442,219	\$ 37,312,874
Investments	24,581,873	8,750,108	33,331,981	29,039,499
Restricted cash and investments – current	17,405,721	1,688,372	19,094,093	25,629,453
Accounts receivable, net of allowance for uncollectible accounts	88,279,955	2,894,229	91,174,184	33,275,904
Internal balances	762,056	(762,056)	-	-
Inventories	1,482,329	-	1,482,329	2,307,235
Prepaid expenses and other	1,546,832	388,800	1,935,632	5,661,844
Total current assets	142,055,932	14,404,506	156,460,438	133,226,809
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	10,900,760	2,213,401	13,114,161	36,942,502
Investments	112,136,366	892,898	113,029,264	42,820,220
Grants and other receivables	-	-	-	325,123
Interest receivable	135,347	19,038	154,385	31,940
	123,172,473	3,125,337	126,297,810	80,119,785
Less amount required to meet current obligations	17,405,721	1,688,372	19,094,093	25,629,453
Total restricted assets	105,766,752	1,436,965	107,203,717	54,490,332
Capital assets – nondepreciable	202,613,039	3,153,104	205,766,143	215,128,005
Capital assets – depreciable, net	404,725,922	20,086,372	424,812,294	723,367,017
	607,338,961	23,239,476	630,578,437	938,495,022
Other assets				
Net OPEB asset	238,791	-	238,791	-
Other	-	-	-	772,373
Total other assets	238,791	-	238,791	772,373
Total noncurrent assets	713,344,504	24,676,441	738,020,945	993,757,727
Total assets	855,400,436	39,080,947	894,481,383	1,126,984,536
Deferred Outflows of Resources				
Loss on refunding	-	197,156	197,156	88,964
Total deferred outflows of resources	-	197,156	197,156	88,964
Total assets and deferred outflows of resources	\$ 855,400,436	\$ 39,278,103	\$ 894,678,539	\$ 1,127,073,500

See Notes to Financial Statements

	Governmental Activities	Primary Government Business-Type Activities	Total	Component Units
Liabilities and Net Position				
Current liabilities				
Accounts payable	\$ 7,544,848	\$ 797,750	\$ 8,342,598	\$ 6,987,872
Accrued wages payable and related liabilities	7,259,315	-	7,259,315	3,869,562
Accrued expenses and other	904,610	-	904,610	9,662,996
Accrued interest payable	1,855,147	268,372	2,123,519	-
Compensated absences - current portion	9,164,916	437,758	9,602,674	1,992,434
Notes payable - current portion	6,075,574	-	6,075,574	7,077
Capital lease obligation - current portion	-	-	-	25,799
Bonds payable - current portion	9,475,000	1,420,000	10,895,000	12,120,979
Due to fiduciary funds	3,794,080	-	3,794,080	-
Other current liabilities	-	1,168,980	1,168,980	-
Unearned revenue	12,023,886	669,927	12,693,813	2,220,094
Total current liabilities	<u>58,097,376</u>	<u>4,762,787</u>	<u>62,860,163</u>	<u>36,886,813</u>
Noncurrent liabilities				
Notes payable	19,396,872	-	19,396,872	6,110
Bonds payable, net of unamortized premium and discount	131,574,488	12,396,450	143,970,938	278,857,971
Net pension obligation	48,274,605	-	48,274,605	-
Compensated absences	15,200,827	163,159	15,363,986	245,579
Other long-term liabilities	873,792	3,391,714	4,265,506	664,872
Total noncurrent liabilities	<u>215,320,584</u>	<u>15,951,323</u>	<u>231,271,907</u>	<u>279,790,859</u>
Total liabilities	<u>273,417,960</u>	<u>20,714,110</u>	<u>294,132,070</u>	<u>316,677,672</u>
Net Position				
Net investment in capital assets	539,105,312	9,423,026	548,528,338	669,609,959
Restricted - expendable				
Debt service	9,579,459	2,856,964	12,436,423	14,864,254
Developer contribution account	305,833	-	305,833	-
Stormwater retention	312,685	-	312,685	-
Court automation	242,085	-	242,085	-
Grant funds	2,762,194	-	2,762,194	5,600,584
Cable network	337,892	-	337,892	-
Drug abuse	70,353	-	70,353	4,947,538
State acts	150,199	-	150,199	-
Zoo promotions	190,309	-	190,309	-
Capital projects	-	-	-	16,789,709
Library materials	-	-	-	547,219
Art fund	-	-	-	5,248,393
Cemetery maintenance	-	-	-	1,155,693
Total restricted - expendable	<u>13,951,009</u>	<u>2,856,964</u>	<u>16,807,973</u>	<u>49,153,390</u>
Restricted - unexpendable	-	-	-	4,602,511
Unrestricted	<u>28,926,155</u>	<u>6,284,003</u>	<u>35,210,158</u>	<u>87,029,968</u>
Total net position	<u>581,982,476</u>	<u>18,563,993</u>	<u>600,546,469</u>	<u>810,395,828</u>
Total liabilities and net position	<u>\$ 855,400,436</u>	<u>\$ 39,278,103</u>	<u>\$ 894,678,539</u>	<u>\$ 1,127,073,500</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Expenses	Program Revenues			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
General administration	\$ 26,813,859	\$ 10,067,870	\$ 3,014,241	\$ -	\$ (13,731,748)	\$ -	\$ (13,731,748)	\$ -
Board of Directors	276,763	-	-	-	(276,763)	-	(276,763)	-
Community programs	4,435,862	25,477	-	-	(4,410,385)	-	(4,410,385)	-
City attorney	1,569,818	2,300	-	-	(1,567,518)	-	(1,567,518)	-
District court - first division (criminal)	1,217,988	441,056	-	-	(776,932)	-	(776,932)	-
District court - second division (traffic)	1,239,364	1,748,432	-	-	509,068	-	509,068	-
District court - third division (environment)	585,222	672,721	-	-	87,499	-	87,499	-
Finance	3,054,393	714,542	-	-	(2,339,851)	-	(2,339,851)	-
Human resources	1,808,338	158,302	-	-	(1,650,036)	-	(1,650,036)	-
Information technology	4,977,707	516	-	-	(4,977,191)	-	(4,977,191)	-
Planning and development	2,096,978	2,114,692	72,565	-	90,279	-	90,279	-
Public works	36,968,065	387,436	1,235,099	147,903	(35,197,627)	-	(35,197,627)	-
Parks and recreation services	11,209,542	1,998,020	35,464	1,366,604	(7,809,454)	-	(7,809,454)	-
Rivermarket	1,298,266	650,259	-	-	(648,007)	-	(648,007)	-
Golf	2,162,056	1,497,233	-	-	(664,823)	-	(664,823)	-
Jim Dailey Fitness	983,422	638,214	-	-	(345,208)	-	(345,208)	-
Zoo	6,927,190	3,579,391	28,636	194,267	(3,124,896)	-	(3,124,896)	-
Fire	48,798,721	1,260,256	391,078	96,075	(47,051,312)	-	(47,051,312)	-
Police	64,480,813	5,253,340	961,270	-	(58,266,203)	-	(58,266,203)	-
Education	11,361,720	-	-	-	(11,361,720)	-	(11,361,720)	-
Housing and neighborhood programs	9,238,779	458,891	2,395,083	128,245	(6,256,560)	-	(6,256,560)	-
Fleet	2,714,412	343,534	-	95,229	(2,275,649)	-	(2,275,649)	-
Interest expense on long-term debt	4,203,511	-	-	-	(4,203,511)	-	(4,203,511)	-
Total governmental activities	248,422,789	32,012,482	8,133,436	2,028,323	(206,248,548)	-	(206,248,548)	-
Business-Type Activities								
Waste disposal	15,117,230	18,588,177	-	-	-	3,470,947	3,470,947	-
River Market Garage	1,729,131	2,138,022	-	-	-	408,891	408,891	-
Vehicle storage	1,333,659	1,362,661	-	-	-	29,002	29,002	-
Total business-type activities	18,180,020	22,088,860	-	-	-	3,908,840	3,908,840	-
Total primary government	\$ 266,602,809	\$ 54,101,342	\$ 8,133,436	\$ 2,028,323	\$ (206,248,548)	\$ 3,908,840	\$ (202,339,708)	\$ -

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 43,020,683	\$ 48,141,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,120,829
National Airport	31,859,044	30,628,890	-	-	-	-	-	(1,230,154)
All other component units	97,218,783	47,207,553	3,097,529	12,366,334	-	-	-	(34,547,367)
Total component units	<u>\$ 172,098,510</u>	<u>\$ 125,977,955</u>	<u>\$ 3,097,529</u>	<u>\$ 12,366,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,656,692)</u>

General revenues				
General property taxes	52,833,701	-	52,833,701	15,336,183
Sales taxes	112,749,306	-	112,749,306	11,891,091
Utility franchise taxes	29,707,701	-	29,707,701	-
Investment income (loss)	(116,617)	(28,446)	(145,063)	662,700
Grants and contributions not restricted to specific programs	23,452,078	-	23,452,078	40,033,615
Other	(148,720)	-	(148,720)	15,284,537
Special item – transfer of net pension obligation (See Note 6)	57,079,030	-	57,079,030	-
Transfers	1,661,580	(1,661,580)	-	-
Total general revenues, special items and transfers	<u>277,218,059</u>	<u>(1,690,026)</u>	<u>275,528,033</u>	<u>83,208,126</u>
Change in Net Position	70,969,511	2,218,814	73,188,325	52,551,434
Net Position, Beginning of Year, as Previously Reported	511,466,968	16,559,528	528,026,496	740,269,675
Adjustment applicable to prior years	(454,003)	(214,349)	(668,352)	17,574,719
Net Position, Beginning of Year, as Restated	<u>511,012,965</u>	<u>16,345,179</u>	<u>527,358,144</u>	<u>757,844,394</u>
Net Position, End of Year	<u>\$ 581,982,476</u>	<u>\$ 18,563,993</u>	<u>\$ 600,546,469</u>	<u>\$ 810,395,828</u>

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2013

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Other Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 7,103,241	\$ 7,162,668	\$ 701	\$ -	\$ 4,075,121	\$ 18,341,731
Restricted cash	-	-	9,910,322	56,979,211	21,041,442	87,930,975
Investments	20,303,294	20,906,951	2,046	-	7,726,954	48,939,245
Accounts receivable	52,059,944	3,191,622	11,726,645	-	17,802,054	84,780,265
Due from other funds	940,656	-	-	-	-	940,656
Interest receivable	44,177	45,490	1,323	17,225	26,478	134,693
Inventories	167,877	-	-	-	864,523	1,032,400
Prepaid expenditures and other	1,161,599	-	-	-	364,990	1,526,589
Total assets	<u>\$ 81,780,788</u>	<u>\$ 31,306,731</u>	<u>\$ 21,641,037</u>	<u>\$ 56,996,436</u>	<u>\$ 51,901,562</u>	<u>\$ 243,626,554</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 5,075,374	\$ 1,252,891	\$ -	\$ 179,883	\$ 771,317	\$ 7,279,465
Due to other funds	277,687	-	-	495,826	292,287	1,065,800
Accrued wages payable and related liabilities	7,259,315	-	-	-	-	7,259,315
Accrued expenditures and other	904,610	-	-	-	-	904,610
Unearned revenue	6,848,942	-	-	-	1,751,836	8,600,778
Total liabilities	<u>20,365,928</u>	<u>1,252,891</u>	<u>-</u>	<u>675,709</u>	<u>2,815,440</u>	<u>25,109,968</u>
Deferred Inflows of Resources						
Unavailable revenues - property taxes	25,890,151	-	11,053,357	-	15,483,523	52,427,031
Total deferred inflows of resources	<u>25,890,151</u>	<u>-</u>	<u>11,053,357</u>	<u>-</u>	<u>15,483,523</u>	<u>52,427,031</u>
Fund Balances						
Nonspendable	1,329,476	-	-	-	1,229,513	2,558,989
Restricted	-	30,053,840	10,587,680	56,320,727	34,991,821	131,954,068
Committed	337,892	-	-	-	-	337,892
Assigned	9,487,930	-	-	-	-	9,487,930
Unassigned	24,369,411	-	-	-	(2,618,735)	21,750,676
Total fund balances	<u>35,524,709</u>	<u>30,053,840</u>	<u>10,587,680</u>	<u>56,320,727</u>	<u>33,602,599</u>	<u>166,089,555</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 81,780,788</u>	<u>\$ 31,306,731</u>	<u>\$ 21,641,037</u>	<u>\$ 56,996,436</u>	<u>\$ 51,901,562</u>	<u>\$ 243,626,554</u>

See Notes to Financial Statements

Total fund balance per statement	\$ 166,089,555
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and are not reported in the funds.	605,874,268
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(138,680,000)
Bond issuance premiums	(3,427,093)
Bond issuance discounts	1,057,605
Notes payable	(25,472,446)
Accrued interest payable	(1,855,147)
Net pension obligation	(48,274,605)
Net OPEB asset	238,791
Workers compensation liability	(873,791)
Accrued compensated absences	(24,070,595)
Other	(231,196)
An internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	2,603,208
Certain amounts reported as unearned revenue and deferred inflows of resources are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>49,003,923</u>
Net position of governmental activities	<u>\$ 581,982,476</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Other Governmental Funds	Total
Revenues						
General property taxes	\$ 25,833,876	\$ -	10,894,415	\$ -	\$ 12,138,527	\$ 48,866,818
Sales taxes	95,175,603	17,573,703	-	-	-	112,749,306
Licenses and permits	10,565,824	-	-	-	36,582	10,602,406
Intergovernmental	6,323,066	-	-	-	21,080,700	27,403,766
Charges for services	10,182,406	-	-	-	3,863,369	14,045,775
Fines and fees	3,233,653	-	-	-	1,162,102	4,395,755
Utility franchise taxes	27,955,603	-	-	-	1,752,098	29,707,701
Investment income (loss)	(57,223)	(54,037)	4,003	31,947	(41,299)	(116,609)
Contributions and donations	431,388	-	-	-	604,698	1,036,086
Miscellaneous	1,255,637	-	-	-	1,956,195	3,211,832
Total revenues	180,899,833	17,519,666	10,898,418	31,947	42,552,972	251,902,836
Expenditures						
General government						
General administration	19,549,824	500,001	-	-	3,405,480	23,455,305
Board of Directors	276,763	-	-	-	-	276,763
Community programs	4,390,520	-	-	-	45,342	4,435,862
City attorney	1,569,818	-	-	-	-	1,569,818
District court - first division (criminal)	1,179,378	-	-	-	37,524	1,216,902
District court - second division (traffic)	1,186,391	-	-	-	52,211	1,238,602
District court - third division (environment)	583,992	-	-	-	1,230	585,222
Finance	2,900,973	-	-	-	-	2,900,973
Human resource	1,544,712	-	-	-	262,412	1,807,124
Information technology	4,144,928	3,174,675	-	-	-	7,319,603
Planning and development	2,052,073	-	-	-	47,704	2,099,777
Total general government	39,379,372	3,674,676	-	-	3,851,903	46,905,951
Public works						
Parks and recreation services	2,698,129	2,351,475	-	3,719,449	17,944,405	26,713,458
Rivermarket	9,319,477	1,981,050	-	-	4,018,187	15,318,714
Golf	1,188,197	-	-	-	-	1,188,197
Jim Dailey Fitness	2,386,863	-	-	-	-	2,386,863
Zoo	847,283	-	-	-	-	847,283
Fire	6,461,334	564,325	-	-	70,955	7,096,614
Police	44,109,024	38,095	-	-	522,561	44,669,680
Fleet	65,232,272	3,738,020	-	-	3,934,251	72,904,543
Education	851,532	1,648,292	-	-	415,871	2,915,695
Housing and neighborhood programs	-	-	-	-	11,361,720	11,361,720
Debt Service	5,902,990	-	-	-	2,837,148	8,740,138
Principal	5,611,058	-	-	-	8,575,000	14,186,058
Interest	382,142	-	310,738	-	3,468,426	4,161,306
Bond issuance costs	-	-	-	148,720	-	148,720
Agent fees	-	-	-	-	19,619	19,619
Total expenditures	184,369,673	13,995,933	310,738	3,868,169	57,020,046	259,564,559
Excess (Deficiency) of Revenues Over Expenditures	(3,469,840)	3,523,733	10,587,680	(3,836,222)	(14,467,074)	(7,661,723)
Other Financing Sources						
Long-term debt issuance	-	7,700,000	-	58,105,000	-	65,805,000
Premiums (discounts) on debt issuance	-	-	-	2,051,949	-	2,051,949
Transfers in	14,262,490	-	-	-	2,561,105	16,823,595
Transfers out	(1,758,437)	(3,615,291)	-	-	(9,492,287)	(14,866,015)
Total other financing sources (uses)	12,504,053	4,084,709	-	60,156,949	(6,931,182)	69,814,529
Net Change in Fund Balances	9,034,213	7,608,442	10,587,680	56,320,727	(21,398,256)	62,152,806
Fund Balances, Beginning of Year	26,490,496	22,445,398	-	-	55,000,855	103,936,749
Fund Balances, End of Year	\$ 35,524,709	\$ 30,053,840	\$ 10,587,680	\$ 56,320,727	\$ 33,602,599	\$ 166,089,555

See Notes to Financial Statements

Net change in fund balances - total governmental funds	\$ 62,152,806
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	24,615,774
Capital asset contributions	3,912,878
Depreciation expense	(22,878,749)
Revenues that do not provide current financial resources, such as property taxes and fines and fees are not reported as revenues for the funds but are reported as revenues in the statement of activities.	1,823,463
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.	(65,805,000)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	14,186,058
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.	(339,083)
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.	53,280,836
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net position of this fund is included in governmental activities in the statement of activities.	<u>20,528</u>
Change in net position of governmental activities	<u><u>\$ 70,969,511</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Other Enterprise Funds		
Assets and Deferred Outflows of Resources					
Current assets					
Cash and cash equivalents	\$ 1,050,785	\$ 393,868	\$ 400	\$ 1,445,053	\$ 103,518
Investments	7,989,728	760,380	-	8,750,108	300,696
Restricted cash and investments - current	1,031,105	657,267	-	1,688,372	-
Due from other funds	-	-	-	-	762,056
Accounts receivable	2,782,993	111,236	-	2,894,229	61,950
Accrued interest	-	-	-	-	654
Inventories	-	-	-	-	449,929
Prepaid expenses and other	15,471	373,329	-	388,800	17,757
Total current assets	12,870,082	2,296,080	400	15,166,562	1,696,560
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	1,699,332	514,069	-	2,213,401	-
Investments	-	892,898	-	892,898	-
Accrued interest	17,384	1,654	-	19,038	-
	1,716,716	1,408,621	-	3,125,337	-
Less amount required to meet current obligations	1,031,105	657,267	-	1,688,372	-
Total restricted assets	685,611	751,354	-	1,436,965	-
Capital assets					
Land	1,814,495	822,652	-	2,637,147	275,459
Landfills, Cells 1, 2 and 4	10,895,701	-	-	10,895,701	-
Construction in progress	515,957	-	-	515,957	13,625
Buildings and improvements	16,943,603	8,715,040	205,845	25,864,488	1,846,447
Vehicles	14,274,326	-	59,620	14,333,946	806,465
Furniture and equipment	2,687,036	-	52,422	2,739,458	821,413
	47,131,118	9,537,692	317,887	56,986,697	3,763,409
Less accumulated depreciation	31,271,278	2,325,883	150,060	33,747,221	2,298,716
Net capital assets	15,859,840	7,211,809	167,827	23,239,476	1,464,693
Total noncurrent assets	16,545,451	7,963,163	167,827	24,676,441	1,464,693
Total assets	29,415,533	10,259,243	168,227	39,843,003	3,161,253
Deferred outflows of resources					
Loss on refunding	27,421	169,735	-	197,156	-
Total deferred outflows of resources	27,421	169,735	-	197,156	-
Total assets and deferred outflows of resources	\$ 29,442,954	\$ 10,428,978	\$ 168,227	\$ 40,040,159	\$ 3,161,253

See Notes to Financial Statements

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Liabilities and Net Position					
Current liabilities					
Accounts payable	\$ 746,943	\$ 46,501	\$ 4,306	\$ 797,750	\$ 262,897
Due to other funds	-	-	762,056	762,056	-
Accrued interest	36,105	232,267	-	268,372	-
Compensated absences - current portion	379,241	-	58,517	437,758	247,214
Bonds payable - current portion	995,000	425,000	-	1,420,000	-
Other current liabilities	1,168,980	-	-	1,168,980	-
Unearned revenue	-	649,205	20,722	669,927	-
Total current liabilities	<u>3,326,269</u>	<u>1,352,973</u>	<u>845,601</u>	<u>5,524,843</u>	<u>510,111</u>
Noncurrent liabilities					
Bonds payable, net of unamortized premium and discount	3,789,947	8,606,503	-	12,396,450	-
Compensated absences	155,083	-	8,076	163,159	47,934
Other long-term liabilities	3,391,714	-	-	3,391,714	-
Total noncurrent liabilities	<u>7,336,744</u>	<u>8,606,503</u>	<u>8,076</u>	<u>15,951,323</u>	<u>47,934</u>
Total liabilities	<u>10,663,013</u>	<u>9,959,476</u>	<u>853,677</u>	<u>21,476,166</u>	<u>558,045</u>
Net Position					
Net investment in capital assets	11,074,893	(1,819,694)	167,827	9,423,026	1,464,693
Restricted - expendable					
Debt service	1,680,611	1,176,353	-	2,856,964	-
Unrestricted (deficit)	<u>6,024,437</u>	<u>1,112,843</u>	<u>(853,277)</u>	<u>6,284,003</u>	<u>1,138,515</u>
Total net position	<u>18,779,941</u>	<u>469,502</u>	<u>(685,450)</u>	<u>18,563,993</u>	<u>2,603,208</u>
Total liabilities and net position	<u>\$ 29,442,954</u>	<u>\$ 10,428,978</u>	<u>\$ 168,227</u>	<u>\$ 40,040,159</u>	<u>\$ 3,161,253</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2013

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Operating Revenues					
Charges for services	\$ 18,417,827	\$ 1,870,644	\$ 1,350,916	\$ 21,639,387	\$ 12,589,657
Licenses and permits	-	267,378	11,745	279,123	-
Miscellaneous	170,350	-	-	170,350	5
Total operating revenues	18,588,177	2,138,022	1,362,661	22,088,860	12,589,662
Operating Expenses					
Salaries, wages and employee benefits	5,056,614	-	630,923	5,687,537	3,156,557
Supplies and materials	1,641,443	-	50,404	1,691,847	6,388,379
Services	3,437,767	57,869	598,518	4,094,154	2,595,042
Repairs and maintenance	2,969,756	46,500	27,780	3,044,036	126,231
Other	-	864,144	-	864,144	-
Depreciation and amortization	1,708,593	247,012	26,034	1,981,639	120,868
Total operating expenses	14,814,173	1,215,525	1,333,659	17,363,357	12,387,077
Operating Income	3,774,004	922,497	29,002	4,725,503	202,585
Nonoperating Revenues (Expenses)					
Investment income (loss)	(27,144)	(1,302)	-	(28,446)	1,574
Interest expense	(297,356)	(511,357)	-	(808,713)	-
Other, net	(5,701)	(2,249)	-	(7,950)	-
Net nonoperating revenues (expenses)	(330,201)	(514,908)	-	(845,109)	1,574
Income (Loss) Before Contributions and Transfers	3,443,803	407,589	29,002	3,880,394	204,159
Contributions	-	-	-	-	112,369
Transfers Out	(1,378,254)	(283,326)	-	(1,661,580)	(296,000)
	(1,378,254)	(283,326)	-	(1,661,580)	(183,631)
Changes in Net Position	2,065,549	124,263	29,002	2,218,814	20,528
Net Position, Beginning of Year, as Previously Reported	16,836,421	437,559	(714,452)	16,559,528	2,582,680
Adjustment Applicable to Prior Years	(122,029)	(92,320)	-	(214,349)	-
Net Position, Beginning of Year, as Restated	16,714,392	345,239	(714,452)	16,345,179	2,582,680
Net Position, End of Year	\$ 18,779,941	\$ 469,502	\$ (685,450)	\$ 18,563,993	\$ 2,603,208

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City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Operating Activities					
Receipts from customers	\$ 18,265,978	\$ 2,138,022	\$ 1,350,916	\$ 21,754,916	\$ 12,613,656
Other receipts	170,350	-	11,745	182,095	5
Payments to employees	(5,066,351)	-	(628,843)	(5,695,194)	(3,223,364)
Payments to suppliers	(1,641,443)	367,589	(50,404)	(1,324,258)	(6,391,764)
Payments to service providers	(3,437,767)	(57,869)	(625,955)	(4,121,591)	(2,322,928)
Other payments	(2,141,342)	(906,463)	(57,459)	(3,105,264)	(533,227)
Net cash provided by operating activities	6,149,425	1,541,279	-	7,690,704	142,378
Noncapital Financing Activities					
Transfers to other funds	(1,378,254)	(283,326)	-	(1,661,580)	(296,000)
Net cash used in noncapital financing activities	(1,378,254)	(283,326)	-	(1,661,580)	(296,000)
Capital and Related Financing Activities					
Purchase of capital assets	(11,328)	-	-	(11,328)	(141,437)
Principal paid on long-term debt	(2,390,000)	(410,000)	-	(2,800,000)	-
Other	(509,350)	(2,248)	-	(511,598)	7,651
Interest paid on long-term debt	(236,106)	(474,652)	-	(710,758)	-
Capital contributions	-	-	-	-	112,369
Net cash used in capital and related financing activities	(3,146,784)	(932,144)	-	(4,078,928)	(21,417)
Investing Activities					
Proceeds from sale of investments	3,317,442	599,384	-	3,916,826	353,434
Purchase of investments	(7,405,155)	(1,030,814)	-	(8,435,969)	(407,640)
Net cash used in investing activities	(4,126,062)	(431,430)	-	(4,557,492)	(52,632)
Decrease in Cash and Cash Equivalents	(2,501,675)	(105,621)	-	(2,607,296)	(227,671)
Cash and Cash Equivalents, Beginning of Year	5,251,792	1,013,558	400	6,265,750	331,189
Cash and Cash Equivalents, End of Year	\$ 2,750,117	\$ 907,937	\$ 400	\$ 3,658,454	\$ 103,518
Presented on the Statement of Fund Net Position - Proprietary Funds as Follows:					
Current assets					
Cash and cash equivalents	\$ 1,050,785	\$ 393,868	\$ 400	\$ 1,445,053	\$ 103,518
Noncurrent assets					
Cash and cash equivalents	1,699,332	514,069	-	2,213,401	-
	\$ 2,750,117	\$ 907,937	\$ 400	\$ 3,658,454	\$ 103,518

See Notes to Financial Statements

	<u>Business-Type Activities</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Waste Disposal</u>	<u>River Market Garage</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Reconciliation of Operating Income to to Net Cash Provided By Operating Activities					
Operating income	\$ 3,774,004	\$ 922,497	\$ 29,002	\$ 4,725,503	\$ 202,585
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization expense	1,708,593	220,186	26,034	1,954,813	120,868
Changes in assets and liabilities					
Receivables, net	(151,849)	321,088	-	169,239	(5,945)
Due to/due from other funds, net	-	-	(29,680)	(29,680)	29,680
Prepaid expenses	(5,452)	72,070	-	66,618	9,217
Inventories	-	-	-	-	(3,385)
Accounts payable	544,376	46,500	(27,435)	563,441	(143,835)
Accrued expenses	279,753	(41,062)	2,079	240,770	(66,807)
Net cash provided by operating activities	<u>\$ 6,149,425</u>	<u>\$ 1,541,279</u>	<u>\$ -</u>	<u>\$ 7,690,704</u>	<u>\$ 142,378</u>

City of Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2013

	Employee Benefit Plans	Agency Fund
Assets		
Cash and cash equivalents	\$ 2,936,877	\$ 267,501
Investments		
U.S. Government obligations	3,179,355	-
Equities	49,056,684	-
Mutual funds and other investments	82,892,691	-
Receivables		
Accounts receivable	423,559	-
Due from other funds	3,892,218	-
Accrued interest and dividends	46,845	-
	<u>\$ 142,428,229</u>	<u>\$ 267,501</u>
Total Assets		
Liabilities		
Accounts payable	\$ -	\$ 77,477
Accrued liabilities	584,651	96,694
Due to other funds	2,306	93,330
	<u>586,957</u>	<u>\$ 267,501</u>
Total Liabilities		
Net Position		
Net position held in trust	<u>\$ 141,841,272</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2013

	Employee Benefit Plans
Additions	
Contributions	
Employer	\$ 5,328,408
Plan members	1,681,690
Property taxes contributed from general fund	3,511,422
State insurance turnback and guarantee fund	3,056,945
Other	<u>2,099,211</u>
Total contributions	<u>15,677,676</u>
Investment income	
Net increase in fair value of investments	16,256,440
Interest and dividends	4,671,981
	<u>20,928,421</u>
Less investment expense	<u>620,288</u>
Net investment income	<u>20,308,133</u>
Total additions	<u>35,985,809</u>
Deductions	
Benefits paid directly to participants	29,681,381
Administrative expenses	579,987
Other	17,399
Special item - transfer assets to LOPFI	<u>41,686,362</u>
Total deductions	<u>71,965,129</u>
Change in Net Position	<u>(35,979,320)</u>
Net Position Held in Trust, Beginning of Year	<u>177,820,592</u>
Net Position Held in Trust, End of Year	<u><u>\$ 141,841,272</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Discretely Presented Component Units
December 31, 2013

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 6,200,639	\$ 11,762,492	\$ 19,349,743	\$ 37,312,874
Investments	-	-	29,039,499	29,039,499
Restricted cash and investments - current	17,683,942	526,581	7,418,930	25,629,453
Accounts receivable, net of allowance	3,782,711	4,563,237	24,929,956	33,275,904
Accrued interest receivable	-	-	7,386	7,386
Inventories	1,430,614	-	876,621	2,307,235
Prepaid expenses and other	2,630,820	298,413	2,725,225	5,654,458
Total current assets	<u>31,728,726</u>	<u>17,150,723</u>	<u>84,347,360</u>	<u>133,226,809</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	9,118,921	19,749,045	8,074,536	36,942,502
Investments	32,309,198	-	10,511,022	42,820,220
Grants and other receivables	-	325,123	-	325,123
Interest receivable	31,918	-	22	31,940
	<u>41,460,037</u>	<u>20,074,168</u>	<u>18,585,580</u>	<u>80,119,785</u>
Less amounts required to meet current obligations	<u>17,683,942</u>	<u>526,581</u>	<u>7,418,930</u>	<u>25,629,453</u>
Total restricted assets	<u>23,776,095</u>	<u>19,547,587</u>	<u>11,166,650</u>	<u>54,490,332</u>
Capital assets				
Land	4,300,815	61,795,295	14,363,268	80,459,378
Construction in progress	108,361,176	15,137,137	11,170,314	134,668,627
Buildings, improvements and other facilities	371,448,281	376,808,361	223,780,555	972,037,197
Vehicles	-	2,101,681	40,120,440	42,222,121
Furniture and equipment	53,066,179	17,235,393	44,001,056	114,302,628
Books/AV material	-	-	20,380,068	20,380,068
Other	-	-	3,019,527	3,019,527
	<u>537,176,451</u>	<u>473,077,867</u>	<u>356,835,228</u>	<u>1,367,089,546</u>
Less accumulated depreciation	<u>129,023,691</u>	<u>147,201,975</u>	<u>152,368,858</u>	<u>428,594,524</u>
Net capital assets	<u>408,152,760</u>	<u>325,875,892</u>	<u>204,466,370</u>	<u>938,495,022</u>
Other assets	-	-	772,373	772,373
Total other assets	-	-	<u>772,373</u>	<u>772,373</u>
Total noncurrent assets	<u>431,928,855</u>	<u>345,423,479</u>	<u>216,405,393</u>	<u>993,757,727</u>
Total assets	<u>463,657,581</u>	<u>362,574,202</u>	<u>300,752,753</u>	<u>1,126,984,536</u>
Deferred Outflows of Resources				
Deferred loss on refunding	-	88,964	-	88,964
Total deferred outflows of resources	-	<u>88,964</u>	-	<u>88,964</u>
Total assets and deferred outflows	<u>\$ 463,657,581</u>	<u>\$ 362,663,166</u>	<u>\$ 300,752,753</u>	<u>\$ 1,127,073,500</u>

See Notes to Financial Statements

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 303,430	\$ 4,593,157	\$ 2,091,285	\$ 6,987,872
Accrued wages payable and related liabilities	389,393	1,478,105	2,002,064	3,869,562
Notes payable - current portion	-	-	7,077	7,077
Capital lease - current portion	-	-	25,799	25,799
Bonds payable - current portion	8,632,477	1,208,502	2,280,000	12,120,979
Compensated absences - current portion	855,108	-	1,137,326	1,992,434
Unearned revenue	-	88,192	2,131,902	2,220,094
Accrued expenses and other	4,422,174	247,829	4,992,993	9,662,996
Total current liabilities	<u>14,602,582</u>	<u>7,615,785</u>	<u>14,668,446</u>	<u>36,886,813</u>
Noncurrent Liabilities				
Capital lease obligation	-	-	16,327	16,327
Bonds payable, net of unamortized premium and discount	263,540,046	10,023,739	5,294,186	278,857,971
Notes payable	-	-	6,110	6,110
Unearned revenue	-	-	-	-
Other long-term liabilities	-	-	664,872	664,872
Compensated absences	74,861	-	170,718	245,579
Total noncurrent liabilities	<u>263,614,907</u>	<u>10,023,739</u>	<u>6,152,213</u>	<u>279,790,859</u>
Total liabilities	<u>278,217,489</u>	<u>17,639,524</u>	<u>20,820,659</u>	<u>316,677,672</u>
Net Position				
Net investment in capital assets	160,379,889	312,393,199	196,836,871	669,609,959
Restricted - expendable	12,533,307	19,120,656	17,499,427	49,153,390
Restricted - nonexpendable	-	-	4,602,511	4,602,511
Unrestricted	12,526,896	13,509,787	60,993,285	87,029,968
Total net position	<u>185,440,092</u>	<u>345,023,642</u>	<u>279,932,094</u>	<u>810,395,828</u>
Total liabilities and net position	<u>\$ 463,657,581</u>	<u>\$ 362,663,166</u>	<u>\$ 300,752,753</u>	<u>\$ 1,127,073,500</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 23,572,096	\$ 442,416	\$ 3,097,529	\$ 12,366,334	\$ -	\$ -	\$ (7,665,817)	\$ (7,665,817)
Total governmental activities	23,572,096	442,416	3,097,529	12,366,334	-	-	(7,665,817)	(7,665,817)
Business-type Activities								
Wastewater Utility	43,020,683	48,141,512	-	-	5,120,829	-	-	5,120,829
Bill and Hillary Clinton National Airport	31,859,044	30,628,890	-	-	-	(1,230,154)	-	(1,230,154)
Other component units	73,646,687	46,765,137	-	-	-	-	(26,881,550)	(26,881,550)
Total business-type activities	148,526,414	125,535,539	-	-	5,120,829	(1,230,154)	(26,881,550)	(22,990,875)
Total component units	\$ 172,098,510	\$ 125,977,955	\$ 3,097,529	\$ 12,366,334	5,120,829	(1,230,154)	(34,547,367)	(30,656,692)
General revenues								
General property taxes					-	-	15,336,183	15,336,183
Sales taxes					-	-	11,891,091	11,891,091
Investment income					52,567	191,195	418,938	662,700
Grants and contributions not restricted to specific programs					1,053,061	19,081,781	19,898,773	40,033,615
Other					116,771	6,861,181	8,306,585	15,284,537
Total general revenues and transfers					1,222,399	26,134,157	55,851,570	83,208,126
Change in Net Position					6,343,228	24,904,003	21,304,203	52,551,434
Net Position, Beginning of Year, as Previously Reported					168,863,008	312,581,830	258,824,837	740,269,675
Adjustment applicable to prior years					10,233,856	7,537,809	(196,946)	17,574,719
Net Position, Beginning of Year, as Restated					179,096,864	320,119,639	258,627,891	757,844,394
Net Position, End of Year					\$ 185,440,092	\$ 345,023,642	\$ 279,932,094	\$ 810,395,828

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

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

The City of Little Rock, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under a city manager form of government. Ten elected directors and the Mayor set policy and employ the City Manager. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City.

Reporting Entity

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

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

Blended Component Units

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Discretely Presented Component Units

Major Component Units:

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

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

There were no significant transactions between the major component units and the City or its other component units in 2013.

Other Component Units:

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

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

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

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

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

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2013

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

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

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

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

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

Administrative Offices

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

Arkansas Arts Center
Ninth and Commerce
Little Rock, Arkansas 72202

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

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Administrative Offices

Oakland Fraternal Cemetery
2101 Barber Street
Little Rock, Arkansas 72206

Mount Holly Cemetery
1 Sunset Drive
Little Rock, Arkansas 72206

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

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

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

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

The City reports the following major enterprise funds:

The *Waste Disposal 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 (golf courses, river market and fitness center) and vehicle storage whose operations are financed primarily or partially through user charges.

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

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

Governmental Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

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

Inventories

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

Prepaid Items

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

Capital Assets

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

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

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

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

Long-term Obligations

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

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

Compensated Absences

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

Unearned Revenue

Unearned revenue consists mainly of business licenses received in advance.

City of Little Rock, Arkansas
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Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred charge on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized over the shorter of the life of the refunded and new debt.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include property taxes in the governmental funds.

Net Position/Fund Balance

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
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Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

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

Stabilization Arrangement

The City has a general fund reserve which was established by City ordinance. The general fund goal is to set aside \$10 million or ten (10) percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund on or before December 31, 2005, absent express action of the Board. The restricted reserve shall be maintained at that level thereafter. The monies in the reserve fund are readily available for appropriation or expenditure, but are used if there is a need to do so because of some extraordinary circumstance not foreseen during the year. Funds can be used, at the Board’s discretion, to meet a unique opportunity for the overall well-being of the City unforeseen during the regular budget process, to continue to operate budgeted City services at the level set forth in the annual budget after a catastrophic event or some unforeseen economic downturn that could not be reasonably predicted during the annual budget process, or to meet some legal obligation imposed upon the City as a result of administrative or legal action not reasonably anticipated during the annual budget process. As of December 31, 2013, the Board’s established amount of the reserve is \$9,418,000, which is included in unassigned fund balance of the General Fund.

Budgetary Information

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

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2013:

Statement No.		Adoption Required in Fiscal Year
68	Accounting and Financial Reporting for Pensions	2015
69	Government Combinations and Disposals of Government Operations	2014
70	Accounting and Financial Reporting for Nonexchange Financial Guarantees	2014

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Note 2: Deposits and Investments

Deposits

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

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

At December 31, 2013, 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 \$65,617,026, \$4,443,050 were uninsured and uncollateralized.

Investments

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

Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any state, municipality or political subdivision; industrial development bonds for corporate obligors issued through any state or political subdivision; securities or interest in an open-end or close-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interest issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or District of Columbia. The pension 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, 2013

At December 31, 2013, the City had the following investments and maturities:

Primary Government					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 6,979,132	\$ 6,979,132	\$ -	\$ -	\$ -
U.S. agencies obligations	109,861,161	43,920,493	55,332,354	10,608,314	-
Corporate bonds	4,458,269	4,458,269	-	-	-
Alternative investments	6,413,965	6,413,965	-	-	-
Bond mutual funds	18,917,375	18,917,375	-	-	-
Money market mutual funds	78,299,195	78,299,195	-	-	-
	<u>224,929,097</u>	<u>\$ 158,988,429</u>	<u>\$ 55,332,354</u>	<u>\$ 10,608,314</u>	<u>\$ -</u>
Stock mutual funds	8,051,474				
Corporate stocks	<u>52,426,681</u>				
	<u>\$ 285,407,252</u>				

Component Units					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 10,352,526	\$ 10,246,491	\$ -	\$ 106,035	\$ -
U.S. agencies obligations	33,303,752	13,539,541	18,453,920	1,219,938	90,353
Corporate bonds	2,770,631	1,074,287	248,316	192,138	1,255,890
Money market mutual funds	3,779,760	3,779,760	-	-	-
Municipal bonds	312,174	-	-	-	312,174
Certificate of deposit	<u>5,152,549</u>	<u>3,918,834</u>	<u>1,179,545</u>	<u>-</u>	<u>54,170</u>
	55,671,392	<u>\$ 32,558,913</u>	<u>\$ 19,881,781</u>	<u>\$ 1,518,111</u>	<u>\$ 1,712,587</u>
Stock mutual funds	22,320,093				
Corporate stocks	<u>2,560,754</u>				
	<u>\$ 80,552,239</u>				

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City’s policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies. At December 31, 2013, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City’s name, and are held by either the counterparty to the investment purchase or are held by the counterparty’s trust department or agent but not held in the City’s name. None of the City’s investments owned at December 31, 2013, were subject to custodial credit risk.

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Summary of Carrying Values

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

	Primary Government	Component Units
Carrying value		
Deposits	\$ 21,843,481	\$ 65,562,856
Investments	285,407,252	80,552,239
	\$ 307,250,733	\$ 146,115,095
Included in the following statements of net position captions		
Current Assets		
Cash and cash equivalents	\$ 9,442,219	\$ 37,312,874
Short-term investments	33,331,981	29,039,499
Noncurrent Assets		
Restricted cash and investments	126,143,425	79,762,722
Cash and investments – fiduciary funds	138,333,108	-
	\$ 307,250,733	\$ 146,115,095

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2013, is presented below:

Governmental Activities	Balance December 31, 2012	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2013
Capital Assets, nondepreciable				
Land	\$ 176,339,762	\$ 998,232	\$ -	\$ 177,337,994
Construction in progress	17,858,064	23,176,726	15,759,745	25,275,045
Total capital assets, nondepreciable	<u>194,197,826</u>	<u>24,174,958</u>	<u>15,759,745</u>	<u>202,613,039</u>
Capital Assets, depreciable				
Land improvements	14,629,098	3,546,211	-	18,175,309
Infrastructure	731,311,059	5,277,332	-	736,588,391
Buildings	90,099,009	5,351,195	-	95,450,204
Vehicles	42,399,450	4,068,698	1,295,574	45,172,574
Equipment	37,074,304	1,870,003	35,600	38,908,707
Total capital assets, depreciable	<u>915,512,920</u>	<u>20,113,439</u>	<u>1,331,174</u>	<u>934,295,185</u>
Less accumulated depreciation				
Land improvements	3,737,567	1,063,877	-	4,801,444
Infrastructure	413,781,621	15,707,587	-	429,489,208
Buildings	28,174,268	2,255,869	-	30,430,137
Vehicles	33,016,061	2,064,584	1,052,658	34,027,987
Equipment	28,944,832	1,907,700	32,045	30,820,487
Total accumulated depreciation	<u>507,654,349</u>	<u>22,999,617</u>	<u>1,084,703</u>	<u>529,569,263</u>
Total capital assets, depreciable, net	<u>407,858,571</u>	<u>(2,886,178)</u>	<u>246,471</u>	<u>404,725,922</u>
Total governmental activities, net	<u>\$ 602,056,397</u>	<u>\$ 21,288,780</u>	<u>\$ 16,006,216</u>	<u>\$ 607,338,961</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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Business-Type Activities	Balance December 31, 2012	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2013
Capital Assets, nondepreciable				
Land	\$ 2,640,112	\$ -	\$ 2,965	\$ 2,637,147
Construction in progress	19,084	508,202	11,329	515,957
Total capital assets, nondepreciable	<u>2,659,196</u>	<u>508,202</u>	<u>14,294</u>	<u>3,153,104</u>
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4 and land improvements	15,219,855	-	-	15,219,855
Buildings	21,540,334	-	-	21,540,334
Vehicles	14,510,066	-	176,120	14,333,946
Equipment	2,728,130	11,328	-	2,739,458
Total capital assets, depreciable	<u>53,998,385</u>	<u>11,328</u>	<u>176,120</u>	<u>53,833,593</u>
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4 and land improvements	12,708,296	524,083	-	13,232,379
Buildings	5,087,830	339,177	-	5,427,007
Vehicles	12,273,635	838,658	176,120	12,936,173
Equipment	1,899,976	251,686	-	2,151,662
Total accumulated depreciation	<u>31,969,737</u>	<u>1,953,604</u>	<u>176,120</u>	<u>33,747,221</u>
Total capital assets, depreciable, net	<u>22,028,648</u>	<u>(1,942,276)</u>	<u>-</u>	<u>20,086,372</u>
Total business-type activities, net	<u>\$ 24,687,844</u>	<u>\$ (1,434,074)</u>	<u>\$ 14,294</u>	<u>\$ 23,239,476</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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Component Units	Balance December 31, 2012	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2013
Capital Assets, nondepreciable				
Land	\$ 80,874,588	\$ 1,152,117	\$ 1,567,327	\$ 80,459,378
Construction in progress	193,901,270	163,186,996	222,419,639	134,668,627
Total capital assets, nondepreciable	274,775,858	164,339,113	223,986,966	215,128,005
Capital Assets, depreciable				
Buildings, improvements and facilities	906,736,398	126,435,450	61,134,651	972,037,197
Vehicles	39,027,933	4,040,620	846,432	42,222,121
Equipment	111,399,596	10,966,397	8,063,365	114,302,628
Books and audio visual material	18,870,206	4,529,389	-	23,399,595
Total capital assets, depreciable	1,076,034,133	145,971,856	70,044,448	1,151,961,541
Less accumulated depreciation	421,492,782	37,478,967	30,377,225	428,594,524
Total capital assets, depreciable, net	654,541,351	108,492,889	39,667,223	723,367,017
Total component units, net	\$ 929,317,209	\$ 272,832,002	\$ 263,654,189	\$ 938,495,022

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

Governmental Activities

General government	
City manager	\$ 331,974
District court – first division (criminal)	15,135
District court – second division (traffic)	762
Finance	153,420
Human resources	1,214
Information technology	246,067
Planning and development	20,947
Fleet services	<u>120,868</u>
Total general government	890,387
Public works	16,188,259
Parks and recreation services	1,571,039
River Market	110,069
Golf	32,127
Jim Dailey Fitness	136,139
Zoo	563,594
Fire	1,731,318
Police	1,493,005
Housing and neighborhood programs	<u>283,680</u>
Total depreciation expense – governmental activities	<u>22,999,617</u>

Business-Type Activities

Waste disposal	1,707,384
Second and Main parking	220,186
Vehicle storage	<u>26,034</u>
Total depreciation expense - business-type activities	<u>1,953,604</u>
Total depreciation expense - primary government	<u><u>\$ 24,953,221</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2013, were as follows:

Governmental Activities	Balance December 31, 2012	Increases	Decreases	Balance December 31, 2013	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 28,915,000	\$ -	\$ 1,650,000	\$ 27,265,000	\$ 1,720,000
Less issuance discounts	328,153	-	24,050	304,103	-
Add issuance premiums	1,496	-	299	1,197	-
	<u>28,588,343</u>	<u>-</u>	<u>1,626,249</u>	<u>26,962,094</u>	<u>1,720,000</u>
General obligation bonds	60,235,000	58,105,000	6,925,000	111,415,000	7,755,000
Less issuance discounts	639,585	369,548	255,631	753,502	-
Add issuance premiums	1,678,667	2,421,497	674,268	3,425,896	-
	<u>61,274,083</u>	<u>60,156,949</u>	<u>7,343,637</u>	<u>114,087,394</u>	<u>7,755,000</u>
Bonds payable, net	89,862,425	60,156,949	8,969,886	141,049,488	9,475,000
Notes payable	23,383,504	7,700,000	5,611,058	25,472,446	6,075,574
Compensated absences	22,863,362	12,480,286	10,977,905	24,365,743	9,164,916
Net pension obligation	101,555,441	3,798,194	57,079,030	48,274,605	-
Other	1,760,860	820,585	939,202	1,642,243	768,451
Total governmental activities long-term liabilities	<u>\$ 239,425,592</u>	<u>\$ 84,956,014</u>	<u>\$ 83,577,081</u>	<u>\$ 240,804,525</u>	<u>\$ 25,483,941</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 16,675,000	\$ -	\$ 2,800,000	\$ 13,875,000	\$ 1,420,000
Less issuance discounts	367,523	-	308,973	58,550	-
Bonds payable, net	16,307,477	-	2,491,027	13,816,450	1,420,000
Compensated absences	591,600	389,692	380,375	600,917	437,758
Postclosure landfill costs	4,280,589	280,105	-	4,560,694	1,168,980
Total business-type activities long-term liabilities	<u>\$ 21,179,666</u>	<u>\$ 669,797</u>	<u>\$ 2,871,402</u>	<u>\$ 18,978,061</u>	<u>\$ 3,026,738</u>

City of Little Rock, Arkansas
Notes to Financial Statements
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Component Units	Balance, December 31, 2012	Increases	Decreases	Balance December 31, 2013	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 6,245,000	\$ -	\$ 1,940,000	\$ 4,305,000	\$ 2,080,000
Add issuance premiums	432,113	-	160,427	271,686	-
	<u>6,677,113</u>	<u>-</u>	<u>2,100,427</u>	<u>4,576,686</u>	<u>2,080,000</u>
Central Arkansas Library					
Revenue bonds	3,190,000	-	192,500	2,997,500	200,000
Compensated absences	1,008,239	84,682	-	1,092,921	1,092,921
	<u>4,198,239</u>	<u>84,682</u>	<u>192,500</u>	<u>4,090,421</u>	<u>1,292,921</u>
Little Rock Port Authority					
Compensated absences	170,229	128,831	109,463	189,597	18,879
Postretirement health insurance	109,110	-	6,836	102,274	7,278
	<u>279,339</u>	<u>128,831</u>	<u>116,299</u>	<u>291,871</u>	<u>26,157</u>
Little Rock Workforce Investment Board					
Compensated absences	21,582	19,434	15,490	25,526	25,526
Arkansas Arts Center					
Capital lease payable	50,134	30,163	38,171	42,126	25,799
Various notes payable	-	13,187	-	13,187	7,077
	<u>50,134</u>	<u>43,350</u>	<u>38,171</u>	<u>55,313</u>	<u>32,876</u>
National Airport					
Bonds payable					
Revenue bonds	21,900,000	-	10,780,000	11,120,000	1,160,000
Unamortized discount/premium	(16,944)	149,471	20,286	112,241	48,502
	<u>21,883,056</u>	<u>149,471</u>	<u>10,800,286</u>	<u>11,232,241</u>	<u>1,208,502</u>
Other long term liabilities	41,936,795	-	41,936,795	-	-
	<u>63,819,851</u>	<u>149,471</u>	<u>52,737,081</u>	<u>11,232,241</u>	<u>1,208,502</u>
Wastewater Utility					
Revenue bonds	277,630,939	136,986	8,332,746	269,435,179	8,632,477
Add issuance premiums	688,405	2,398,637	349,698	2,737,344	-
Compensated absences	750,877	202,105	23,013	929,969	855,108
	<u>279,070,221</u>	<u>2,737,728</u>	<u>8,705,457</u>	<u>273,102,492</u>	<u>9,487,585</u>
Total component units long-term liabilities	<u>\$ 354,116,479</u>	<u>\$ 3,163,496</u>	<u>\$ 63,905,425</u>	<u>\$ 293,374,550</u>	<u>\$ 14,153,567</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

Bonds and notes payable at December 31, 2013, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	2.0%–4.75%	2039	\$ 121,120,000	\$ 111,415,000
Revenue bonds	2.0%–5.5%	2039	36,930,000	27,265,000
Notes payable – short-term financing	1.38%–1.75%	2013	30,880,000	25,472,446

Governmental Activities

2009 Capital Improvement Construction Revenue Bonds – Series A – Bonds in the amount of \$7,830,000 were issued for the purposes of acquiring, constructing, equipping, renovating, expanding and refurbishing certain zoo, parks and recreation facilities of the City. The Series 2009 Bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1. Total principal and interest remaining on the bonds is \$13,380,328. For the current year, principal and interest paid and total pledged revenues were \$500,208 and \$5,714,838, respectively.

2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B – Bonds in the amount of \$12,120,000 were issued for the purpose of refunding the City’s outstanding Capital Improvement Revenue Bonds (Parks and Recreation Projects) Series 1998A, fund a debt service reserve, fund an operating reserve and pay the costs of issuing the Series 2009B Bonds. The Series 2009 Bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities and from funds and monies pledged to the payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1. Total principal and interest remaining on the bonds is \$21,306,408. For the current year, principal and interest paid and total pledged revenues were \$796,703 and \$5,714,838, respectively.

2007 Capital Improvement Revenue Refunding Bonds – Bonds in the amount of \$13,350,000 were issued to finance the advance refunding of the City’s Capital Improvement Revenue Bonds, Series 1998A which was called and paid in full on October 1, 2008, and to pay the cost associated with the issuance of the Series 2007 Bonds. The Series 2007 Bonds are not general obligations of the City but are special obligation bonds payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City’s streets and rights-of-way. Principal payments are due annually on October 1 with final payment scheduled in 2019. Bonds maturing on and after October 1, 2017, are subject to optional redemption prior to maturity in inverse order of maturities in whole. Interest payments are due semiannually on April 1 and October 1. Total principal and interest remaining on the bonds is \$8,602,650. For the current year, principal and interest paid and total pledged revenues were \$1,434,050 and \$29,707,701, respectively.

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.

City of Little Rock, Arkansas
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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. These bonds were redeemed in April 2013.

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. Total principal and interest remaining on the bonds is \$3,649,498. For the current year, principal and interest paid and total pledged revenues were \$447,146 and \$3,595,077, respectively.

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. Total principal and interest remaining on the bonds is \$27,365,841. For the current year, principal and interest paid and total pledged revenues were \$3,261,328 and \$3,595,077, respectively.

2012 Library Construction and Refunding Bonds – Bonds in the amount of \$31,015,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. Total principal and interest remaining on the bonds is \$40,080,599. For the current year, principal and interest paid and total pledged revenues were \$2,041,225 and \$3,295,959, respectively.

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. Total principal and interest remaining on the bonds is \$1,607,473. For the current year, principal and interest paid and total pledged revenues were \$318,048 and \$29,707,701, respectively.

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2013 Limited Tax General Obligation Capital Improvement Bonds – Bonds in the amount of \$58,105,000 were issued to finance street and drainage capital improvements for the City. The Series 2013 Bonds are limited tax general obligations of the City, secured by all proceeds derived from the 3 mills annual ad valorem tax levied by the City on all taxable and real and personal property located within the jurisdictional limits of the City. Principal payments are due annually on October 1 with final payment scheduled in 2033. Interest payments are due semiannually on April 1 and October 1. Total principal and interest remaining on the bonds is \$72,635,503. For the current year, there were no principal and interest payments due. Total pledged revenues were \$10,894,415.

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, 2013, the outstanding short-term financing agreements were as follows:

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

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

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

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%.

Other Liabilities

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

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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.

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

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

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

The 1990, 1991 and 1996 Series Sewer Revenue Bonds are part of \$7,000,000, \$6,000,000 and \$6,000,000 bond issues, respectively. The 1999 Series Sewer Revenue Bonds are a \$12,000,000 series and are subordinate to all previous bond issues.

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The 2001 Series Sewer Revenue Bonds (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively.

The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system and unsewered areas. The \$10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of \$63,050,000 and \$71,085,000 bond issues, respectively, and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City issued \$16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In November 2009, the City issued \$6,655,000 of sewer revenue bonds, Series 2009B, for the purpose of financing wastewater system capital improvements. In July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue Bonds, to establish a debt service reserve for the Series 2011 Bonds, and to pay the cost of issuing the 2011 Sewer Bonds. In August 2012, the City issued \$28,390,000 of sewer revenue bonds, Series 2012, for the purpose of financing wastewater system capital improvements, to establish a debt service reserve for the Series 2012 Bonds, and to pay the cost of issuing the 2012 Sewer Bonds.

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.

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.

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

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

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

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

Advertising and Promotion Commission Bonds

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

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

Central Arkansas Library System

Central Arkansas Library Debt Administration – During 2006, the Library obtained bonds totaling \$1,310,000 to expand the Maumelle Public Library. The bonds bear interest, payable semiannually, at rates of 4.25% to 4.80% and are due in semiannual installments, which began March 15, 2007, and continue until 2021. In 2007, the Library issued a 2007 Capital Improvement and Refunding Bonds to pay off a previously issued note and assist with the remodeling of the Geyer and Adam Building. The bonds bear 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, 2013. Principal and interest are also disclosed for the component units as follows:

Year	Primary Government					
	Governmental Activities		Business-Type Activities		Component Units	
	General Obligation & Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 9,475,000	\$ 4,914,502	\$ 1,420,000	\$ 663,643	\$ 12,072,477	\$ 11,999,151
2015	8,590,000	4,683,533	1,470,000	607,772	12,922,397	11,507,210
2016	8,155,000	4,405,819	1,535,000	545,114	10,652,624	10,981,551
2017	6,630,000	4,130,523	730,000	493,945	10,232,411	10,612,762
2018	6,910,000	3,850,672	770,000	456,693	10,601,898	10,252,632
2019–2023	31,510,000	14,895,796	4,155,000	1,629,794	55,522,481	45,097,786
2024–2028	33,375,000	8,080,488	3,795,000	621,955	52,763,015	34,942,554
2029–2033	26,585,000	3,525,342	-	-	58,241,536	23,522,920
2034–2038	4,980,000	1,393,700	-	-	58,540,000	8,552,892
2039–2042	2,470,000	67,925	-	-	6,308,840	605,322
	<u>\$ 138,680,000</u>	<u>\$ 49,948,300</u>	<u>\$ 13,875,000</u>	<u>\$ 5,018,916</u>	<u>\$ 287,857,679</u>	<u>\$ 168,074,780</u>

	Notes Payable	
	Principal	Interest
2014	\$ 6,075,574	\$ 379,618
2015	6,166,249	288,943
2016	6,258,073	197,120
2017	5,382,968	103,365
2018	1,589,582	25,592
	<u>\$ 25,472,446</u>	<u>\$ 994,638</u>

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

Interfund receivables and payables as of December 31, 2013, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 940,656	\$ 56,907
2013 Capital Improvements	-	495,826
CDBG fund	-	215,082
HIPP fund	-	6,869
2012 Central Arkansas Library Capital Improvements	-	69,469
2009A Parks & Recreation Capital Improvement fund	-	867
Governmental Funds to/from Fiduciary Funds		
General fund	-	220,780
Total governmental funds	<u>940,656</u>	<u>1,065,800</u>
Proprietary Funds		
Internal service fund	762,056	-
Vehicle storage fund	-	762,056
Total proprietary funds	<u>762,056</u>	<u>762,056</u>
Fiduciary Funds		
Agency fund	-	93,330
Policemen's pension	-	1,992
Firemen's pension	3,892,218	314
Total fiduciary funds	<u>3,892,218</u>	<u>95,636</u>
Government-Wide Governmental Activities		
	-	3,671,438
Total	<u>\$ 5,594,930</u>	<u>\$ 5,594,930</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, \$3,671,438 of the amounts receivable by the pension funds from the General fund has been included in the governmental activities statement of net position as due to fiduciary funds.

Interfund transfers in and transfers for the year ended December 31, 2013, are as follows:

Interfund Transfers In	Interfund Transfers Out							Totals
	Governmental Funds			Proprietary Funds				
	General	Sales Tax Capital Improvements	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	River Market Garage		
Governmental Funds								
General	\$ -	\$ 3,615,291	\$ 9,156,645	\$ 296,000	\$ 1,194,554	\$ -		\$ 14,262,490
Other Nonmajor Governmental Funds	1,758,437	-	335,642	-	183,700	283,326		2,561,105
	<u>\$ 1,758,437</u>	<u>\$ 3,615,291</u>	<u>\$ 9,492,287</u>	<u>\$ 296,000</u>	<u>\$ 1,378,254</u>	<u>\$ 283,326</u>		<u>\$ 16,823,595</u>

Transfers are used to fund special projects and meet debt service requirements. Approximately \$8.9 million of the transfer out from other nonmajor governmental funds is due to the transfer of excess property tax proceeds dedicated to the retirement of debt on the City's 2004 Capital Improvement Bonds.

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 cost sharing multi-employer defined benefit pension plan. The assets of the plans are maintained in legally separate trusts and each plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2013

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, 2013:

	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan
Retirees and beneficiaries receiving benefits	290	92	-	-
Active plan members	-	14	808	29
Members on Deferred Retirement Option Plan (DROP)	10	-	-	-
Total	300	106	808	29

City of Little Rock, Arkansas
Notes to Financial Statements
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C. Financial Information

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

Statement of Fiduciary Net Position					
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Defined Contribution Plan	Nonuniformed Defined Benefit Plan	401 (a) Defined Contribution Plan
Assets					
Cash and cash equivalents	\$ 253,060	\$ 1,841,291	\$ 431,148	\$ 322,120	\$ -
Investments	-	67,930,818	43,224,725	11,518,855	10,448,235
Receivables	331,905	3,897,432	27,295	12,980	91,654
Total assets	<u>584,965</u>	<u>73,669,541</u>	<u>43,683,168</u>	<u>11,853,955</u>	<u>10,539,889</u>
Liabilities					
Accrued liabilities	584,651	-	-	-	-
Due to other funds	314	1,992	-	-	-
Total liabilities	<u>584,965</u>	<u>1,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Net position held in trust for pension benefits	<u>\$ -</u>	<u>\$ 73,667,549</u>	<u>\$ 43,683,168</u>	<u>\$ 11,853,955</u>	<u>\$ 10,539,889</u>
Statement of Changes in Fiduciary Net Position					
Additions					
Contributions	\$ 2,888,270	\$ 5,509,426	\$ 3,577,999	\$ 2,383,592	\$ 1,067,039
Net investment income	4,177,418	7,931,901	5,168,494	1,196,044	1,724,756
Total additions	<u>7,065,688</u>	<u>13,441,327</u>	<u>8,746,493</u>	<u>3,579,636</u>	<u>2,791,795</u>
Deductions					
Benefits paid directly to participants	12,913,028	10,535,201	3,507,173	1,715,843	1,010,136
Administrative expenses and other	51,191	314,055	212,857	-	-
Special item - transfer of net pension obligation (See Note 6)	41,686,362	-	-	-	-
Total deductions	<u>54,650,581</u>	<u>10,849,256</u>	<u>3,720,030</u>	<u>1,715,843</u>	<u>1,010,136</u>
Change in Net Position	(47,584,893)	2,592,071	5,026,463	1,863,793	1,781,659
Net Position Held in Trust for Pension Benefits, Beginning of Year	<u>47,584,893</u>	<u>71,075,478</u>	<u>38,656,705</u>	<u>9,990,162</u>	<u>8,758,230</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ -</u>	<u>\$ 73,667,549</u>	<u>\$ 43,683,168</u>	<u>\$ 11,853,955</u>	<u>\$ 10,539,889</u>

City of Little Rock, Arkansas
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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 2013. The participants contributed 6% of their salaries in 2013. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2013 contributions to the Policemen's Fund were \$2,888,270. The City's share of contributions was \$2,430,326 and included \$2,117,825 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, 2013, the City's total payroll for all employees amounted to \$109,084,252, including police and fire personnel. Total police personnel payroll amounted to \$41,247,405. There are no active police employees covered by this plan.

In 2013, the City transferred assets, related liabilities and administration of the Police Pension and Relief Fund to LOPFI.

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.

City of Little Rock, Arkansas

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December 31, 2013

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 2013. The participants contributed 6% of their salaries in 2013. 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 2013 contributions to the Firemen's Fund were \$5,509,426. The City's share of contributions was \$5,182,023 and included \$3,701,820 in property taxes and \$939,120 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, 2013, the City's total payroll for all employees amounted to \$109,084,252, including police and fire personnel. Total fire personnel payroll amounted to \$27,448,588. There are no active fire employees covered by this plan.

As of December 31, 2012, the most recent actuarial valuation date, the FPRF was 48% funded. The actuarial accrued liability for benefits was \$139,943,066, and the actuarial value of assets was \$67,100,228 resulting in an unfunded actuarial accrued liability (UAAL) of \$72,842,838. 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.

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.

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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 2013 were \$1,168,289. Administrative costs are financed by the Nonuniformed Plan Fund.

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

As of January 1, 2012, the most recent actuarial valuation date, the Nonuniformed Plan was 71% funded. The actuarial accrued liability for benefits was \$16,571,983, and the actuarial value of assets was \$11,823,192 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,748,791. The covered payroll (annual payroll of active employees covered by the plan) was \$1,113,132 and the ratio of the UAAL to the covered payroll was 427%.

	2013 Annual Pension Cost and Net Pension Obligation	
	Firemen's Fund	Nonuniformed Plan
Annual required contributions	\$ 16,424,267	\$ 1,168,289
Interest on net pension obligation	2,123,477	-
Adjustment to annual required contribution	(10,613,394)	-
Annual pension cost	7,934,350	1,168,289
Contributions made	4,136,156	1,168,289
Increase (decrease) in net pension obligation	3,798,194	-
Net pension obligation, beginning of the year	43,507,102	969,309
Net pension obligation, end of the year	<u>\$ 47,305,296</u>	<u>\$ 969,309</u>

City of Little Rock, Arkansas
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Actuarial Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial valuations are performed biennially and the last evaluation was as of December 31, 2012. Actuarial assumptions used in evaluating the fund include entry age cost method, five-year smoothed market for valuing assets, level percent open amortization method, and amortization period of five years for active participants and five years for retirees, 5% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2013, was 30 years.

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Firemen's Fund	12/31/2011	\$ 11,346,905	33%	\$ 37,164,459
	12/31/2012	10,545,241	40%	43,507,102
	12/31/2013	7,934,350	52%	47,305,296
Nonuniformed Plan	12/31/2011	\$ 1,184,109	100%	\$ 969,309
	12/31/2012	1,080,785	100%	969,309
	12/31/2013	1,168,289	100%	969,309

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

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Cost Sharing Multi-Employer Defined Benefit Pension Plan

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

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

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 14.23% for participating policemen and 17.58% for participating firemen.

Defined Contribution Plans

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

The Plan requires that employees contribute no less than 3.5% and may contribute an additional 10% of their base salary. Only contributions up to 3.5% are pre-tax. The City is required to contribute 4% of covered payroll each pay period. Participants become fully vested in employer contributions and investment earnings credited to their account after five years of service. Nonvested City contributions and investment earnings are forfeited when participants leave covered employment and are transferred to a separate account which may be used to reduce City contributions. During 2013, employer and employee contributions to the Plan were \$2,334,708 and \$1,243,291, respectively.

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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 2013, employer and employee contributions to the plan were \$533,522 and \$394,417, respectively.

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:

	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan
Actuarial valuation date	12/31/2012	1/1/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent	Level dollar
Remaining amortization period	5 years	5 years
Asset valuation method	Market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	5%	7%
Projected salary increases	4.2-8.0%	3.5%
Includes inflation at	4%	0%
Cost-of-living adjustments	None	None

City of Little Rock, Arkansas
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Note 7: Other Postemployment Benefits

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

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

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

Annual required contribution	\$ 969,521
30-year amortization of beginning of year net OPEB assets	19,449
Interest on net OPEB asset	<u>(16,894)</u>
Annual OPEB Cost	972,076
Total annual employer contribution	<u>(969,521)</u>
Decrease in net OPEB asset	(2,555)
Net OPEB asset – beginning of year	<u>241,346</u>
Net OPEB asset – end of year	<u>\$ 238,791</u>

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

Service cost	\$ 317,288
Amortization of unfunded obligation	588,806
Interest to end-of-year	<u>63,427</u>
 ARC	 <u>\$ 969,521</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB asset for 2013 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/13	\$972,076	99%	\$238,791
12/31/12	\$966,890	100%	\$241,346
12/31/11	\$797,768	100%	\$238,354
12/31/10	\$788,459	72%	\$240,905
12/31/09	\$854,854	155%	\$466,392

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

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

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

City of Little Rock, Arkansas
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In the January 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an inflation rate of 2.5%, a 7.0% investment rate of return and an annual health care cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

Note 8: Risk Management

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2012, to December 31, 2013:

Liability balance, January 1, 2012	\$ 1,722,085
Claims and changes in estimates	253,770
Claims payments	(214,995)
Liability balance, December 31, 2012	<u>1,760,860</u>
Claims and changes in estimates	820,585
Claims payments	<u>(939,202)</u>
Liability balance, December 31, 2013	<u><u>\$ 1,642,243</u></u>

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas, *i.e.*, automobile, personal property, contents and outside structures and workers' compensation. The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2012 to 2013; nor have settlement amounts exceeded insurance coverage for each of the past three years.

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 9: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2013, property taxes receivable and related deferred inflows of resources of \$49,003,923 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

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

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2012 for 2013 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.90	1.90
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
	<hr/>	<hr/>
Total	<u>16.65</u>	<u>16.65</u>

City of Little Rock, Arkansas
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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 \$4,560,694 is based on 21.43% use of Class I Waste total constructed capacity, and 33.74% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,763,626 for final closure and postclosure of the entire landfill, which is expected to close in or about the year 2065. These amounts are based on engineering estimates of what it would cost to perform all closure and postclosure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2013:

Fund	<u>Deficit Amount</u>
Vehicle Storage	<u>\$ (685,450)</u>
Total deficit net position	<u><u>\$ (685,450)</u></u>

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

Note 12: Contingencies

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

City of Little Rock, Arkansas

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The City has an ongoing agreement with the Central Arkansas Transit Authority (CATA) to finance 67% of its operating deficits. The City could continue to be required to fund CATA's operating deficits if the current level of services is to be maintained in the future.

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

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

Note 13: Conduit Debt Obligations

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

As of December 31, 2013, the aggregate principal amount payable on these bonds was approximately \$249,310,794.

Note 14: Jointly Governed Organization

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

City of Little Rock, Arkansas
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Note 15: Fund Balance

The City classified governmental fund balances as follows:

Fund Balances	General Fund	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Improvements)	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays and inventories	\$ 1,329,476	\$ -	\$ -		\$ 1,229,513	\$ 2,558,989
Restricted						
Debt service	-	-	10,587,680	-	9,964,037	20,551,717
Grant funds	-	-	-	-	1,897,671	1,897,671
Library capital projects	-	-	-	-	11,677,952	11,677,952
Street capital projects	-	-	-	-	5,960,270	5,960,270
Parks and recreation capital projects	-	-	-	-	479,634	479,634
Capital projects	-	-	-	-	128,664	128,664
General administration special projects	-	6,241,073	-	-	330,738	6,571,811
Community programs special projects	-	-	-	-	23,952	23,952
Courts special projects	-	-	-	-	315,091	315,091
Finance special projects	-	-	-	-	1,268,262	1,268,262
Human resources special projects	-	-	-	-	252,696	252,696
Information technology special projects	-	137,432	-	-	3,222	140,654
Planning and development special projects	-	-	-	-	44,685	44,685
Housing and neighborhood programs special projects	-	147,730	-	-	182,216	329,946
Public works special projects	-	7,155,596	-	56,320,727	760,625	64,236,948
Parks special projects	-	2,863,593	-	-	1,097,836	3,961,429
Zoo special projects	-	858,472	-	-	3,227	861,699
Fire special projects	-	1,082,281	-	-	175,783	1,258,064
Police special projects	-	11,307,818	-	-	78,496	11,386,314
Fleet special projects	-	259,845	-	-	346,764	606,609
Committed						
Cable network	337,892	-	-	-	-	337,892
Assigned						
General administration special projects	2,918,042	-	-	-	-	2,918,042
Community programs special projects	4,015,337	-	-	-	-	4,015,337
Human resources special projects	7,050	-	-	-	-	7,050
Information technology special projects	324,000	-	-	-	-	324,000
Housing and neighborhood programs special projects	684,246	-	-	-	-	684,246
Public works special projects	385,387	-	-	-	-	385,387
Parks special projects	52,016	-	-	-	-	52,016
Fire special projects	10,000	-	-	-	-	10,000
Police special projects	47,856	-	-	-	-	47,856
Fleet special projects	45,000	-	-	-	-	45,000
Zoo special projects	998,996	-	-	-	-	998,996
Unassigned	24,369,411	-	-	-	(2,618,735)	21,750,676
Total Fund Balances	\$ 35,524,709	\$ 30,053,840	\$ 10,587,680	\$ 56,320,727	\$ 33,602,599	\$ 166,089,555

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 16: Subsequent Events

Subsequent to year end, the City approved the issuance of a \$5,916,000 promissory note to complete the construction of police facilities, purchase software for information technology projects and purchase vehicles and equipment for the fire department included in the priority needs capital projects listing for the 3/8-cent sales tax.

Also subsequent to year end, the City implemented a new defined benefit pension plan for the non-uniformed employees. The plan went into effect January 1, 2014.

Also subsequent to year end, the Little Rock Advertising and Promotion Commission approved the issuance of the Hotel and Restaurant Gross Receipts Tax Bonds Series 2014 in the amount of \$65,140,000 approved by taxpayers in December 2013. The City anticipates issuing the bonds in summer 2014. The bonds are being issued to finance renovations to the Robinson Center Music Hall with a tentative completion of fall 2016.

Note 17: Adjustments Applicable to Prior Years

Change in Accounting Principles

In fiscal year 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Per GASB Statement No. 65, bond issuance costs, excluding bond insurance costs which should be treated as a prepaid asset, are to be recognized in the period of the debt issue. This resulted in a restatement of previously reported net position as follows:

	<u>Amount</u>
Government-Wide	
Governmental debt	<u>\$ 454,003</u>
Proprietary Funds	
Waste Disposal	122,029
River Market Garage	<u>92,320</u>
Total Proprietary Funds	<u>214,349</u>
Total Primary Government	<u>\$ 668,352</u>
Component Units	
Little Rock Wastewater	2,017,521
Bill and Hillary Clinton National Airport	450,039
Advertising and Promotion Commission	<u>40,151</u>
Total Component Units	<u>2,507,711</u>
Total	<u>\$ 3,176,063</u>

City of Little Rock, Arkansas
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Another change resulting from the application of GASB 65 is the reclassification of property tax deferred revenue recorded in the fund statements for which revenues are not available as deferred inflows of resources. Additionally, deferred losses on refunding of debt are reclassified as a deferred outflow of resources.

Correction of an Error

Little Rock Wastewater Utility

During 2013, Little Rock Wastewater Utility determined that certain assets recorded in prior financial statements did not include capitalized interest. Little Rock Wastewater Utility recorded an adjustment to the January 1, 2012, net position for the capitalized interest. The effect on the prior adjustment on the change in net position for 2013 was an increase of \$11,578,001.

Bill and Hillary Clinton National Airport

During 2013, the Airport recorded an adjustment to the January 1, 2013, net position to remove from capital assets leasehold improvements that have yet to be contributed to the Airport and to remove the unrealized equity related to these leasehold improvements that was recorded as a liability. In addition, the Airport recorded an asset for a leasehold improvement that was contributed to the Airport during 2012.

Also during 2013, the Airport determined that certain assets that were recorded in the 2012 financial statements did not include capitalized interest. The Airport recorded an adjustment to the January 1, 2013, net position to record the capitalized interest.

Arkansas Arts Center

The Art Center's June 30, 2012, financial statements reported a \$168,000 grant received in support of a specific purpose as a contribution, increasing temporarily restricted net position. During the year ended June 30, 2013, management of the Arts Center determined that the grant award was not available for use until 2013 and, therefore, should have been deferred and recognized in 2013. The 2012 financial statements have been restated to reflect the grant award as deferred revenue. The effect of the change in accounting principle and correction of errors on the beginning net position of the discretely presented component units is as follows:

Little Rock Wastewater Utility	10,233,856
Bill and Hillary Clinton National Airport	7,537,809
Arkansas Arts Center	<u>(196,946)</u>
Total adjustments applicable to prior years	<u>\$ 17,574,719</u>

Required Supplementary Information

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 18,522,800	\$ 26,085,500	\$ 25,833,876	\$ (251,624)
Sales taxes	96,930,800	94,734,000	95,175,603	441,603
Licenses and permits	9,836,600	10,346,800	10,565,824	219,024
Intergovernmental	2,424,700	6,302,545	6,323,066	20,521
Charges for services	10,329,369	10,179,979	10,182,406	2,427
Fines and fees	3,308,400	3,166,400	3,233,653	67,253
Utility franchise fees	27,650,100	27,486,900	27,955,603	468,703
Investment income (loss)	25,950	50,950	(57,223)	(108,173)
Miscellaneous	899,170	740,465	1,687,025	946,560
Total revenues	169,927,889	179,093,539	180,899,833	1,806,294
Expenditures				
General government:				
General administration	20,771,516	20,400,162	19,549,824	850,338
Board of directors	234,774	282,447	276,763	5,684
Community programs	358,428	362,235	4,390,520	(4,028,285)
City attorney	1,706,756	1,584,169	1,569,818	14,351
District court-first division (criminal)	1,381,441	1,278,561	1,179,378	99,183
District court-third division (environmental)	565,562	561,888	583,992	(22,104)
District court-second division (traffic)	1,222,308	1,211,957	1,186,391	25,566
Finance	3,006,838	2,986,382	2,900,973	85,409
Human resources	1,549,857	1,548,499	1,544,712	3,787
Information technology	4,478,965	3,930,001	4,144,928	(214,927)
Planning and development	2,499,148	2,129,139	2,052,073	77,066
Total general government	37,775,593	36,275,440	39,379,372	(3,103,932)
Public works	1,138,346	1,025,434	2,698,129	(1,672,695)
Parks and recreation services	9,534,163	8,785,775	9,319,477	(533,702)
River Market	1,197,800	1,197,800	1,188,197	9,603
Golf	2,081,552	2,274,838	2,386,863	(112,025)
Jim Daily Fitness & Aquatics	891,475	803,405	847,283	(43,878)
Zoo	6,091,304	5,896,684	6,461,334	(564,650)
Fire	39,167,052	44,364,845	44,109,024	255,821
Police	58,401,831	64,209,117	65,232,272	(1,023,155)
Fleet	-	-	851,532	(851,532)
Housing and neighborhood programs	5,534,697	4,944,864	5,902,990	(958,126)
Debt service				
Principal	-	-	5,611,058	(5,611,058)
Interest	-	-	382,142	(382,142)
Vacancy savings	(3,900,000)	-	-	-
Total expenditures	157,913,813	169,778,202	184,369,673	(14,591,471)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	12,014,076	9,315,337	(3,469,840)	(12,785,177)
Other Financing Sources (Uses)				
Transfers in	1,283,271	1,796,010	14,262,490	12,466,480
Transfers out	(13,297,347)	(11,111,347)	(1,758,437)	9,352,910
Total other financing sources (uses)	(12,014,076)	(9,315,337)	12,504,053	21,819,390
Net Change in Fund Balances	-	-	9,034,213	9,034,213
Fund Balances, Beginning of Year	26,490,496	26,490,496	26,490,496	-
Fund Balances, End of Year	\$ 26,490,496	\$ 26,490,496	\$ 35,524,709	\$ 9,034,213

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2013

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 2013.

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, 2013

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Firemen's Pension and Relief Fund	2005	\$ 5,161,220	79%
	2006	7,275,892	79%
	2007	8,175,513	60%
	2008	8,926,574	46%
	2009	12,985,428	34%
	2010	17,621,937	23%
	2011	16,539,937	23%
	2012	17,732,753	24%
	2013	16,424,267	25%
Nonuniformed Employees' Defined Benefit Pension Plan	2005	637,219	145%
	2006	582,380	94%
	2007	305,877	109%
	2008	305,877	114%
	2009	1,085,570	35%
	2010	1,085,570	100%
	2011	1,184,109	100%
	2012	1,080,785	100%
	2013	1,168,289	100%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2013

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
Firemen's Pension and Relief Fund	12/31/03	\$ 84,772,761	\$ 106,719,410	\$ 21,946,649	79%	\$ 2,363,860	928%
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%
	12/31/07	87,533,202	128,341,579	40,808,377	68%	51,914	78608%
	12/31/08	69,120,422	120,255,298	51,134,876	57%	50,640	100977%
	12/31/09	72,865,809	146,915,849	74,050,040	50%	-	N/A
	12/31/10	73,204,203	146,560,047	73,355,844	50%	-	N/A
	12/31/11	66,306,657	144,952,727	78,646,070	46%	-	N/A
	12/31/12	67,100,228	139,943,066	72,842,838	48%	-	N/A
Nonuniformed Employees' Defined Benefit Pension Plan	1/1/08	10,833,304	12,185,081	2,573,410	70%	1,602,197	160%
	1/1/09	9,866,272	13,319,694	3,452,972	74%	1,719,789	201%
	1/1/10	10,287,483	13,617,399	3,329,916	76%	1,556,556	214%
	1/1/11	11,052,598	13,740,039	2,687,441	80%	1,363,205	197%
	1/1/12	11,823,192	16,571,983	4,748,791	71%	1,113,132	427%

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

City of Little Rock, Arkansas
Required Supplemental Information
Other Postemployment Benefit Plans
Schedule of Funding Progress (Continued)
Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2007	\$ -	\$ 5,832,000	\$ 5,832,000	0.0%	\$ 84,153,636	6.93%
1/1/2008	492,000	7,021,378	6,529,378	7.0%	93,691,631	6.97%
1/1/2009	1,032,761	7,342,781	6,310,020	14.1%	96,229,262	6.56%
1/1/2010	1,418,340	8,090,330	6,671,990	17.5%	92,343,032	7.23%
1/1/2012	1,535,885	9,565,518	8,029,633	16.1%	100,573,412	7.98%

The required contribution was determined as part of the latest actuarial evaluation using the projected unit credit actuarial cost method. The actuarial assumptions used included a 2.5% inflation rate, 7.0% rate of return on investments, an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 4.0% after five years, and mortality rates based on the 1983 Group Annuity Mortality Table, and salary increases of 3.7%. The unfunded actuarial accrued liability is being amortized using level dollar amount over 30 years based on an open group.

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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.

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

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2013

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 3,044,470	\$ 899,153	\$ 131,498	\$ 4,075,121
Restricted cash	-	8,884,861	12,156,581	21,041,442
Investments	4,718,617	2,624,514	383,823	7,726,954
Accounts receivable	10,405,556	7,396,498	-	17,802,054
Interest receivable	10,268	15,113	1,097	26,478
Inventories	864,523	-	-	864,523
Prepaid expenditures and other	364,990	-	-	364,990
	<u>\$ 19,408,424</u>	<u>\$ 19,820,139</u>	<u>\$ 12,672,999</u>	<u>\$ 51,901,562</u>
Total assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 770,013	\$ -	\$ 1,304	\$ 771,317
Due to other funds	221,951	69,469	867	292,287
Unearned revenue	1,751,836	-	-	1,751,836
	<u>2,743,800</u>	<u>69,469</u>	<u>2,171</u>	<u>2,815,440</u>
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenues - property taxes	5,312,312	10,171,211	-	15,483,523
	<u>5,312,312</u>	<u>10,171,211</u>	<u>-</u>	<u>15,483,523</u>
Total deferred inflows of resources				
Fund Balances				
Nonspendable	1,229,513	-	-	1,229,513
Restricted	12,741,534	9,579,459	12,670,828	34,991,821
Unassigned	(2,618,735)	-	-	(2,618,735)
	<u>11,352,312</u>	<u>9,579,459</u>	<u>12,670,828</u>	<u>33,602,599</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,408,424</u>	<u>\$ 19,820,139</u>	<u>\$ 12,672,999</u>	<u>\$ 51,901,562</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2013

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ 5,247,491	\$ 6,891,036	\$ -	\$ 12,138,527
Licenses and permits	36,582	-	-	36,582
Intergovernmental	21,080,700	-	-	21,080,700
Charges for services	2,510,608	1,352,761	-	3,863,369
Fines and fees	1,162,102	-	-	1,162,102
Utility franchise taxes	-	1,752,098	-	1,752,098
Investment income	(18,881)	(42,967)	20,549	(41,299)
Contributions and donations	604,698	-	-	604,698
Miscellaneous	1,956,195	-	-	1,956,195
Total revenues	32,579,495	9,952,928	20,549	42,552,972
Expenditures				
General government				
General administration	3,405,480	-	-	3,405,480
Community programs	45,342	-	-	45,342
District court - first division (criminal)	37,524	-	-	37,524
District court - second division (traffic)	52,211	-	-	52,211
District court - third division (environment)	1,230	-	-	1,230
Human resources	262,412	-	-	262,412
Planning and development	47,704	-	-	47,704
Total general government	3,851,903	-	-	3,851,903
Public works				
Public works	17,378,371	-	566,034	17,944,405
Parks and recreation services	3,946,755	-	71,432	4,018,187
Zoo	67,319	-	3,636	70,955
Fire	522,561	-	-	522,561
Police	3,687,567	-	246,684	3,934,251
Fleet	415,871	-	-	415,871
Education	-	-	11,361,720	11,361,720
Housing and neighborhood programs	2,837,148	-	-	2,837,148
Debt service				
Principal	-	8,575,000	-	8,575,000
Interest	-	3,468,426	-	3,468,426
Agent fees	-	19,619	-	19,619
Total expenditures	32,707,495	12,063,045	12,249,506	57,020,046
Deficiency of Revenues Under Expenditures	(128,000)	(2,110,117)	(12,228,957)	(14,467,074)
Other Financing Sources (Uses)				
Transfers in	2,053,792	204,968	302,345	2,561,105
Transfers out	(391,286)	(9,097,114)	(3,887)	(9,492,287)
Total other financing sources (uses)	1,662,506	(8,892,146)	298,458	(6,931,182)
Net Change in Fund Balances	1,534,506	(11,002,263)	(11,930,499)	(21,398,256)
Fund Balances, Beginning of Year	9,817,806	20,581,722	24,601,327	55,000,855
Fund Balances, End of Year	\$ 11,352,312	\$ 9,579,459	\$ 12,670,828	\$ 33,602,599

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds – Nonmajor
December 31, 2013

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets									
Cash and cash equivalents	\$ 918,612	\$ 550,186	\$ -	\$ 52,423	\$ 520,305	\$ 686,129	\$ 28,761	\$ 288,054	\$ 3,044,470
Investments	2,679,420	1,599,159	-	150,107	255,075	-	34,856	-	4,718,617
Accounts receivable	7,697,043	496,904	-	22,542	2,091,620	84,568	-	12,879	10,405,556
Interest receivable	5,830	3,480	-	327	555	-	76	-	10,268
Inventories	-	-	-	-	-	803,719	-	60,804	864,523
Prepaid expenditures and other	28,148	-	-	336,842	-	-	-	-	364,990
Total assets	<u>\$ 11,329,053</u>	<u>\$ 2,649,729</u>	<u>\$ -</u>	<u>\$ 562,241</u>	<u>\$ 2,867,555</u>	<u>\$ 1,574,416</u>	<u>\$ 63,693</u>	<u>\$ 361,737</u>	<u>\$ 19,408,424</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ 28,323	\$ 106,065	\$ -	\$ 477,607	\$ 113,444	\$ 40,366	\$ -	\$ 4,208	\$ 770,013
Due to other funds	-	-	-	-	-	215,082	-	6,869	221,951
Unearned revenue	-	26,598	-	-	1,725,238	-	-	-	1,751,836
Total liabilities	<u>28,323</u>	<u>132,663</u>	<u>-</u>	<u>477,607</u>	<u>1,838,682</u>	<u>255,448</u>	<u>-</u>	<u>11,077</u>	<u>2,743,800</u>
Deferred Inflows of Resources									
Unavailable revenues - property taxes	5,312,312	-	-	-	-	-	-	-	5,312,312
Total deferred inflows of resources	<u>5,312,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,312,312</u>
Fund Balances (deficit)									
Nonspendable	28,148	-	-	336,842	-	803,719	-	60,804	1,229,513
Restricted	5,960,270	4,883,593	-	-	1,028,873	515,249	63,693	289,856	12,741,534
Unassigned	-	(2,366,527)	-	(252,208)	-	-	-	-	(2,618,735)
Total fund balances	<u>5,988,418</u>	<u>2,517,066</u>	<u>-</u>	<u>84,634</u>	<u>1,028,873</u>	<u>1,318,968</u>	<u>63,693</u>	<u>350,660</u>	<u>11,352,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,329,053</u>	<u>\$ 2,649,729</u>	<u>\$ -</u>	<u>\$ 562,241</u>	<u>\$ 2,867,555</u>	<u>\$ 1,574,416</u>	<u>\$ 63,693</u>	<u>\$ 361,737</u>	<u>\$ 19,408,424</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds – Nonmajor
Year Ended December 31, 2013

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	\$ 5,247,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,247,491
Licenses and permits	-	36,582	-	-	-	-	-	-	36,582
Intergovernmental	10,542,380	476,488	-	-	7,538,504	1,765,218	-	758,110	21,080,700
Charges for services	13,355	1,150,689	-	1,346,564	-	-	-	-	2,510,608
Fines and fees	-	1,162,102	-	-	-	-	-	-	1,162,102
Investment income (loss)	(8,922)	(8,982)	(949)	45	158	-	(231)	-	(18,881)
Contribution and donations	-	504,698	-	-	100,000	-	-	-	604,698
Miscellaneous	149,908	1,672,320	-	-	-	67,474	66,493	-	1,956,195
Total revenues	15,944,212	4,993,897	(949)	1,346,609	7,638,662	1,832,692	66,262	758,110	32,579,495
Expenditures									
General government									
General administration	-	136,497	-	-	3,268,983	-	-	-	3,405,480
Community programs	-	45,342	-	-	-	-	-	-	45,342
District court - first division (criminal)	-	37,524	-	-	-	-	-	-	37,524
District court – second division (traffic)	-	52,211	-	-	-	-	-	-	52,211
District court – third division (environment)	-	1,230	-	-	-	-	-	-	1,230
Finance	-	-	-	-	-	-	-	-	-
Human resource	-	262,412	-	-	-	-	-	-	262,412
Planning and development	-	44,310	-	-	3,394	-	-	-	47,704
Total general government	-	579,526	-	-	3,272,377	-	-	-	3,851,903
Public works									
Public works	15,151,760	436,680	42,910	-	1,747,021	-	-	-	17,378,371
Parks and recreation services	-	3,842,898	-	-	103,857	-	-	-	3,946,755
Zoo	-	24,539	-	-	42,780	-	-	-	67,319
Fire	-	462,971	-	-	59,590	-	-	-	522,561
Police	-	1,376,002	-	1,264,798	1,046,767	-	-	-	3,687,567
Fleet	-	80,871	-	-	335,000	-	-	-	415,871
Housing and neighborhood programs	-	245,080	-	-	-	1,675,639	66,762	849,667	2,837,148
Total expenditures	15,151,760	7,048,567	42,910	1,264,798	6,607,392	1,675,639	66,762	849,667	32,707,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	792,452	(2,054,670)	(43,859)	81,811	1,031,270	157,053	(500)	(91,557)	(128,000)
Other Financing Sources (Uses)									
Transfers in	1,639,026	200,000	997	-	-	173,268	40,501	-	2,053,792
Transfers out	(216,217)	(134,568)	-	-	-	(40,501)	-	-	(391,286)
Total other financing sources (uses)	1,422,809	65,432	997	-	-	132,767	40,501	-	1,662,506
Net Change in Fund Balances	2,215,261	(1,989,238)	(42,862)	81,811	1,031,270	289,820	40,001	(91,557)	1,534,506
Fund Balances, Beginning of Year	3,773,157	4,506,304	42,862	2,823	(2,397)	1,029,148	23,692	442,217	9,817,806
Fund Balances, End of Year	\$ 5,988,418	\$ 2,517,066	\$ -	\$ 84,634	\$ 1,028,873	\$ 1,318,968	\$ 63,693	\$ 350,660	\$ 11,352,312

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds – Nonmajor
December 31, 2013

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	2004 Bond Fund	Total
Assets							
Cash and cash equivalents	\$ 5,028	\$ 4,609	\$ 798,676	\$ 90,840	\$ -	\$ -	\$ 899,153
Restricted cash	-	-	3,721,629	1,755,050	3,408,182	-	8,884,861
Investments	14,676	13,451	2,331,237	265,150	-	-	2,624,514
Accounts receivable	-	-	3,886,200	-	3,510,298	-	7,396,498
Interest receivable	32	29	5,072	9,980	-	-	15,113
Total assets	<u>\$ 19,736</u>	<u>\$ 18,089</u>	<u>\$ 10,742,814</u>	<u>\$ 2,121,020</u>	<u>\$ 6,918,480</u>	<u>\$ -</u>	<u>\$ 19,820,139</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 69,469	\$ -	\$ 69,469
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,469</u>	<u>-</u>	<u>69,469</u>
Deferred Inflows of Resources							
Unavailable revenues - property taxes	<u>-</u>	<u>-</u>	<u>6,866,812</u>	<u>-</u>	<u>3,304,399</u>	<u>-</u>	<u>10,171,211</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>6,866,812</u>	<u>-</u>	<u>3,304,399</u>	<u>-</u>	<u>10,171,211</u>
Fund Balances							
Restricted	<u>19,736</u>	<u>18,089</u>	<u>3,876,002</u>	<u>2,121,020</u>	<u>3,544,612</u>	<u>-</u>	<u>9,579,459</u>
Total fund balances	<u>19,736</u>	<u>18,089</u>	<u>3,876,002</u>	<u>2,121,020</u>	<u>3,544,612</u>	<u>-</u>	<u>9,579,459</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,736</u>	<u>\$ 18,089</u>	<u>\$ 10,742,814</u>	<u>\$ 2,121,020</u>	<u>\$ 6,918,480</u>	<u>\$ -</u>	<u>\$ 19,820,139</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds – Nonmajor
Year Ended December 31, 2013

	2007 Capital Improvements	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	2004 Bond Fund	Total
Revenues							
General property taxes	\$ -	\$ -	\$ 3,595,077	\$ -	3,295,959	\$ -	\$ 6,891,036
Charges for services	-	-	-	1,352,761	-	-	1,352,761
Utility franchise fees	1,434,050	318,048	-	-	-	-	1,752,098
Investment income (loss)	2,340	509	(2,736)	(45,634)	889	1,665	(42,967)
Total revenues	1,436,390	318,557	3,592,341	1,307,127	3,296,848	1,665	9,952,928
Expenditures							
Debt Service							
Principal	1,055,000	245,000	2,670,000	350,000	1,070,000	3,185,000	8,575,000
Interest	379,050	73,048	1,038,474	946,910	971,225	59,719	3,468,426
Agent fees	2,250	2,250	2,500	10,868	1,500	251	19,619
Total expenditures	1,436,300	320,298	3,710,974	1,307,778	2,042,725	3,244,970	12,063,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	90	(1,741)	(118,633)	(651)	1,254,123	(3,243,305)	(2,110,117)
Other Financing Sources (Uses)							
Transfers in	-	-	3,137	-	201,831	-	204,968
Transfers out	-	-	(201,081)	-	(173)	(8,895,860)	(9,097,114)
Total other financing sources (uses)	-	-	(197,944)	-	201,658	(8,895,860)	(8,892,146)
Net Change in Fund Balances	90	(1,741)	(316,577)	(651)	1,455,781	(12,139,165)	(11,002,263)
Fund Balances, Beginning of Year	19,646	19,830	4,192,579	2,121,671	2,088,831	12,139,165	20,581,722
Fund Balances, End of Year	\$ 19,736	\$ 18,089	\$ 3,876,002	\$ 2,121,020	\$ 3,544,612	\$ -	\$ 9,579,459

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds – Nonmajor
Year Ended December 31, 2013

	1998 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	2012 Central Arkansas Library Capital Improvements	Total
Assets								
Cash and cash equivalents	\$ 98,164	\$ -	\$ 31,075	\$ 1,844	\$ 52	\$ -	\$ 363	\$ 131,498
Restricted cash	-	-	-	-	-	480,518	11,676,063	12,156,581
Investments	286,528	-	90,703	5,383	149	-	1,060	383,823
Interest receivable	623	-	197	12	-	-	265	1,097
Total assets	<u>\$ 385,315</u>	<u>\$ -</u>	<u>\$ 121,975</u>	<u>\$ 7,239</u>	<u>\$ 201</u>	<u>\$ 480,518</u>	<u>\$ 11,677,751</u>	<u>\$ 12,672,999</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 737	\$ -	\$ -	\$ 550	\$ -	\$ 17	\$ -	\$ 1,304
Due to other funds	-	-	-	-	-	867	-	867
Total liabilities	<u>737</u>	<u>-</u>	<u>-</u>	<u>550</u>	<u>-</u>	<u>884</u>	<u>-</u>	<u>2,171</u>
Fund Balances								
Restricted	<u>384,578</u>	<u>-</u>	<u>121,975</u>	<u>6,689</u>	<u>201</u>	<u>479,634</u>	<u>11,677,751</u>	<u>12,670,828</u>
Total liabilities and fund balances	<u>\$ 385,315</u>	<u>\$ -</u>	<u>\$ 121,975</u>	<u>\$ 7,239</u>	<u>\$ 201</u>	<u>\$ 480,518</u>	<u>\$ 11,677,751</u>	<u>\$ 12,672,999</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds – Nonmajor
Year Ended December 31, 2013

	1998 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Capital Improvements	2008 & 2009 Central Arkansas Library Capital Improvements	2009A Parks and Recreation	2012 Central Arkansas Library Capital Improvements	Total
Revenues								
Investment income and unrealized gains (losses)	\$ 427	\$ 285	\$ (363)	\$ 1	\$ 12	\$ 55	\$ 20,132	\$ 20,549
Total revenues	427	285	(363)	1	12	55	20,132	20,549
Expenditures								
Public works	344,667	-	221,367	-	-	-	-	566,034
Parks and recreation services	-	-	-	-	-	71,432	-	71,432
Zoo	-	-	-	3,636	-	-	-	3,636
Police	-	-	246,684	-	-	-	-	246,684
Education	-	-	-	-	-	-	11,361,720	11,361,720
Total expenditures	344,667	-	468,051	3,636	-	71,432	11,361,720	12,249,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,240)	285	(468,414)	(3,635)	12	(71,377)	(11,341,588)	(12,228,957)
Other Financing Sources (Uses)								
Transfers in	-	-	302,172	-	-	-	173	302,345
Transfers out	-	-	-	-	(3,137)	-	(750)	(3,887)
Total other financing sources (uses)	-	-	302,172	-	(3,137)	-	(577)	298,458
Net Change in Fund Balances	(344,240)	285	(166,242)	(3,635)	(3,125)	(71,377)	(11,342,165)	(11,930,499)
Fund Balances, Beginning of Year	728,818	(285)	288,217	10,324	3,326	551,011	23,019,916	24,601,327
Fund Balances, End of Year	\$ 384,578	\$ -	\$ 121,975	\$ 6,689	\$ 201	\$ 479,634	\$ 11,677,751	\$ 12,670,828

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 5,237,000	\$ 5,237,000	\$ 5,247,491	\$ 10,491
Intergovernmental	10,568,500	10,568,500	10,542,380	(26,120)
Charges for services	10,000	10,000	13,355	3,355
Investment income	4,000	4,000	(8,922)	(12,922)
Miscellaneous	50,000	50,000	149,908	99,908
Total revenues	15,869,500	15,869,500	15,944,212	74,712
Expenditures				
Public works	17,128,579	17,128,579	15,151,760	1,976,819
Total expenditures	17,128,579	17,128,579	15,151,760	1,976,819
Excess (Deficiency) of Revenues Over Expenditures	(1,259,079)	(1,259,079)	792,452	2,051,531
Other Financing Sources (Uses)				
Transfers in	1,725,296	1,725,296	1,639,026	(86,270)
Transfers out	(466,217)	(466,217)	(216,217)	250,000
Total other financing sources	1,259,079	1,259,079	1,422,809	163,730
Net Change in Fund Balances	-	-	2,215,261	2,215,261
Fund Balances, Beginning of Year	3,600,174	3,600,174	3,773,157	172,983
Fund Balances, End of Year	\$ 3,600,174	\$ 3,600,174	\$ 5,988,418	\$ 2,388,244

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.

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

City of Little Rock, Arkansas
Combining Statement of Net Position
Enterprise Funds – Nonmajor
December 31, 2013

Assets	Vehicle Storage	Total
Current assets		
Cash and cash equivalents	\$ 400	\$ 400
Total current assets	<u>400</u>	<u>400</u>
Noncurrent assets		
Capital assets		
Buildings and improvements	205,845	205,845
Vehicles	59,620	59,620
Furniture and equipment	<u>52,422</u>	<u>52,422</u>
	317,887	317,887
Less accumulated depreciation	<u>150,060</u>	<u>150,060</u>
Net capital assets	<u>167,827</u>	<u>167,827</u>
Total noncurrent assets	<u>167,827</u>	<u>167,827</u>
Total assets	<u>\$ 168,227</u>	<u>\$ 168,227</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 4,306	\$ 4,306
Due to other funds	762,056	762,056
Compensated absences - current portion	58,517	58,517
Unearned revenue	<u>20,722</u>	<u>20,722</u>
Total current liabilities	<u>845,601</u>	<u>845,601</u>
Noncurrent liabilities		
Compensated absences	<u>8,076</u>	<u>8,076</u>
Total noncurrent liabilities	<u>8,076</u>	<u>8,076</u>
Total liabilities	<u>853,677</u>	<u>853,677</u>
Net Position (Deficit)		
Invested in capital assets, net of related debt	167,827	167,827
Unrestricted (deficit)	<u>(853,277)</u>	<u>(853,277)</u>
Total net position (deficit)	<u>(685,450)</u>	<u>(685,450)</u>
Total liabilities and net position (deficit)	<u>\$ 168,227</u>	<u>\$ 168,227</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds – Nonmajor
Year Ended December 31, 2013

	Vehicle Storage	Total
Operating Revenues		
Charges for services	\$ 1,350,916	\$ 1,350,916
Licenses and permits	11,745	11,745
	1,362,661	1,362,661
Operating Expenses		
Salaries, wages and employee benefits	630,923	630,923
Supplies and materials	50,404	50,404
Services	598,518	598,518
Repairs and maintenance	27,780	27,780
Depreciation and amortization	26,034	26,034
	1,333,659	1,333,659
Operating Income (Loss)	29,002	29,002
Changes in Net Position	29,002	29,002
Net Position (Deficit), Beginning of Year	(714,452)	(714,452)
Net Position (Deficit), End of Year	\$ (685,450)	\$ (685,450)

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Enterprise Funds – Nonmajor
Year Ended December 31, 2013

	Vehicle Storage	Total
Operating Activities		
Receipts from customers	\$ 1,350,916	\$ 1,350,916
Other receipts	11,745	11,745
Payments to employees	(628,843)	(628,843)
Payments to suppliers	(50,404)	(50,404)
Payments to service providers	(625,955)	(625,955)
Other payments	(57,459)	(57,459)
	-	-
Net cash provided by (used in) operating activities	-	-
 Decrease in Cash and Cash Equivalents	 -	 -
 Cash and Cash Equivalents, Beginning of Year	 400	 400
 Cash and Cash Equivalents, End of Year	 \$ 400	 \$ 400
 Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In)		
Operating Activities		
Operating income (loss)	\$ 29,002	\$ 29,002
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization expense	26,034	26,034
Gain (loss) on disposal of assets	-	-
Changes in assets and liabilities		
Receivables, net	-	-
Due to/due from other funds, net	(29,680)	(29,680)
Prepaid expenses	-	-
Inventories	-	-
Accounts payable	(27,435)	(27,435)
Accrued expenses	2,079	2,079
Bond issue costs	-	-
	-	-
Net cash provided by (used in) operating activities	\$ -	\$ -

FIDUCIARY FUNDS

TRUST FUNDS

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

AGENCY FUND

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

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Position
December 31, 2013

	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	\$ 253,060	\$ 1,841,291	\$ 431,148	\$ 322,120	\$ -	\$ 89,258	\$ 2,936,877
Investments							
U. S. government obligations	-	-	2,561,032	618,323	-	-	3,179,355
Equities	-	22,855,644	19,874,083	5,344,916	-	982,041	49,056,684
Mutual funds and other investments	-	45,075,174	20,789,610	5,555,616	10,448,235	1,024,056	82,892,691
Receivables							
Accounts receivable	331,905	-	-	-	91,654	-	423,559
Due from other funds	-	3,892,218	-	-	-	-	3,892,218
Accrued interest and dividends	-	5,214	27,295	12,980	-	1,356	46,845
Total assets	<u>584,965</u>	<u>73,669,541</u>	<u>43,683,168</u>	<u>11,853,955</u>	<u>10,539,889</u>	<u>2,096,711</u>	<u>142,428,229</u>
Liabilities							
Accrued liabilities	584,651	-	-	-	-	-	584,651
Due to other funds	314	1,992	-	-	-	-	2,306
Total liabilities	<u>584,965</u>	<u>1,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,957</u>
Net Position							
Net position held in trust	<u>\$ -</u>	<u>\$ 73,667,549</u>	<u>\$ 43,683,168</u>	<u>\$ 11,853,955</u>	<u>\$ 10,539,889</u>	<u>\$ 2,096,711</u>	<u>\$ 141,841,272</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2013

	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	\$ 502,899	\$ 541,083	\$ 2,334,708	\$ 1,168,289	\$ 533,522	\$ 247,907	\$ 5,328,408
Plan members	2,899	41,083	1,243,291	-	394,417	-	1,681,690
Property taxes contributed from general fund	(190,398)	3,701,820	-	-	-	-	3,511,422
State insurance turnback and guarantee fund from general fund	2,117,825	939,120	-	-	-	-	3,056,945
Other	455,045	286,320	-	1,215,303	139,100	3,443	2,099,211
Total contributions	<u>2,888,270</u>	<u>5,509,426</u>	<u>3,577,999</u>	<u>2,383,592</u>	<u>1,067,039</u>	<u>251,350</u>	<u>15,677,676</u>
Investment income							
Net increase in fair value of investments	3,094,484	6,129,308	4,256,736	973,191	1,724,756	77,965	16,256,440
Interest and dividends	1,322,849	2,129,572	911,758	276,247	-	31,555	4,671,981
	4,417,333	8,258,880	5,168,494	1,249,438	1,724,756	109,520	20,928,421
Less investment expense	239,915	326,979	-	53,394	-	-	620,288
Net investment income	<u>4,177,418</u>	<u>7,931,901</u>	<u>5,168,494</u>	<u>1,196,044</u>	<u>1,724,756</u>	<u>109,520</u>	<u>20,308,133</u>
Total additions	<u>7,065,688</u>	<u>13,441,327</u>	<u>8,746,493</u>	<u>3,579,636</u>	<u>2,791,795</u>	<u>360,870</u>	<u>35,985,809</u>
Deductions							
Benefits paid directly to participants	12,913,028	10,535,201	3,507,173	1,715,843	1,010,136	-	29,681,381
Administrative expenses	43,049	304,798	212,857	-	-	19,283	579,987
Other	8,142	9,257	-	-	-	-	17,399
Special item - transfer assets to LOPFI	41,686,362	-	-	-	-	-	41,686,362
Total deductions	<u>54,650,581</u>	<u>10,849,256</u>	<u>3,720,030</u>	<u>1,715,843</u>	<u>1,010,136</u>	<u>19,283</u>	<u>71,965,129</u>
Change in Net Position	(47,584,893)	2,592,071	5,026,463	1,863,793	1,781,659	341,587	(35,979,320)
Net Position Held in Trust, Beginning of Year	47,584,893	71,075,478	38,656,705	9,990,162	8,758,230	1,755,124	177,820,592
Net Position Held in Trust, End of Year	<u>\$ -</u>	<u>\$ 73,667,549</u>	<u>\$ 43,683,168</u>	<u>\$ 11,853,955</u>	<u>\$ 10,539,889</u>	<u>\$ 2,096,711</u>	<u>\$ 141,841,272</u>

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2013

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2013</u>
Assets				
Cash and cash equivalents	\$ 190,724	\$ 76,777	\$ -	\$ 267,501
	<u>\$ 190,724</u>	<u>\$ 76,777</u>	<u>\$ -</u>	<u>\$ 267,501</u>
Liabilities				
Accounts payable	65,780	\$ 11,697	\$ -	77,477
Due to other funds	-	93,330	-	93,330
Accrued liabilities	124,944	-	28,250	96,694
	<u>\$ 190,724</u>	<u>\$ 105,027</u>	<u>\$ 28,250</u>	<u>\$ 267,501</u>

DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Position
Discretely Presented Component Units – Nonmajor
December 31, 2013

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 46,659	\$ 16,390	\$ 593,759	\$ 5,228,037	\$ 973,763	\$ 4,458,817	\$ 390,028	\$ 996,391	\$ 12,017	\$ 6,633,882	\$ 19,349,743
Investments	-	-	-	-	3,868,400	-	-	25,171,099	-	-	29,039,499
Restricted cash and investments - current	-	-	2,212,289	-	-	-	5,206,641	-	-	-	7,418,930
Accrued interest receivable	-	-	-	-	4,988	1,616	782	-	-	-	7,386
Accounts receivable, net of allowance	24,382	-	1,808,293	331,044	4,887,117	5,784	309,718	1,118,016	102,976	16,342,626	24,929,956
Inventories	-	-	-	-	323,116	419,428	45,895	88,182	-	-	876,621
Prepaid expenses and other	-	-	353,589	45,416	637,090	516,512	51,234	421,775	-	699,609	2,725,225
Total current assets	71,041	16,390	4,967,930	5,604,497	10,694,474	5,402,157	6,004,298	27,795,463	114,993	23,676,117	84,347,360
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	2,401,583	-	-	-	5,206,641	-	-	466,312	8,074,536
Investments	2,459,296	1,020,171	3,523,972	-	1,000,069	-	-	-	-	2,507,514	10,511,022
Interest receivable	-	-	22	-	-	-	-	-	-	-	22
	2,459,296	1,020,171	5,925,577	-	1,000,069	-	5,206,641	-	-	2,973,826	18,585,580
Less amounts required to meet current obligations	-	-	2,212,289	-	-	-	5,206,641	-	-	-	7,418,930
Total restricted assets	2,459,296	1,020,171	3,713,288	-	1,000,069	-	-	-	-	2,973,826	11,166,650
Capital assets											
Land	83,961	13,089	3,172,328	4,827,211	646,923	1,684,690	-	150,221	-	3,784,845	14,363,268
Construction in progress	41,346	-	1,971,397	675,744	271,390	-	-	-	-	8,210,437	11,170,314
Buildings, improvements and other facilities	136,696	99,211	54,266,665	29,102,862	1,814,215	36,229,851	4,034,309	14,797,765	-	83,298,982	223,780,556
Vehicles	147,562	-	-	-	7,102,699	32,870,179	-	-	-	-	40,120,440
Furniture and equipment	23,713	-	3,919,943	118,899	6,382,248	8,305,133	9,992,999	4,703,198	77,174	10,477,749	44,001,056
Books/AV materials	-	-	-	-	-	-	-	-	-	20,380,066	20,380,066
Other	-	-	2,699,782	-	-	-	-	-	-	319,745	3,019,527
	433,278	112,300	66,030,115	34,724,716	16,217,475	79,089,853	14,027,308	19,651,184	77,174	126,471,824	356,835,227
Less accumulated depreciation	236,651	12,401	30,621,812	15,360,970	12,438,199	37,247,645	6,579,011	11,470,445	57,108	38,344,615	152,368,857
Net capital assets	196,627	99,899	35,408,303	19,363,746	3,779,276	41,842,208	7,448,297	8,180,739	20,066	88,127,209	204,466,370
Other assets	-	-	2,406	-	5,935	-	-	764,032	-	-	772,373
Total other assets	-	-	2,406	-	5,935	-	-	764,032	-	-	772,373
Total noncurrent assets	2,655,923	1,120,070	39,123,997	19,363,746	4,785,280	41,842,208	7,448,297	8,944,771	20,066	91,101,035	216,405,393
Total assets	\$ 2,726,964	\$ 1,136,460	\$ 44,091,927	\$ 24,968,243	\$ 15,479,754	\$ 47,244,365	\$ 13,452,595	\$ 36,740,234	\$ 135,059	\$ 114,777,152	\$ 300,752,753

Liabilities and Net Position

Current liabilities

Accounts payable	\$	-	\$	-	\$	618,945	\$	233,558	\$	301,062	\$	58,291	\$	163,939	\$	250,649	\$	107,358	\$	357,483	\$	2,091,285
Accrued wages payable and related liabilities	-	-	-	365,635	-	26,185	-	-	-	1,181,623	-	-	-	-	-	-	-	22,810	-	405,811	-	2,002,064
Bonds payable - current portion	-	-	-	2,080,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	-	2,280,000
Notes payable - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,077	-	-	-	-	-	7,077
Capital lease payable - current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,799	-	-	-	-	-	25,799
Compensated absences - current portion	-	-	-	-	-	18,879	-	-	-	-	-	-	-	-	-	-	-	25,526	-	1,092,921	-	1,137,326
Unearned revenue	-	-	-	131,901	-	-	177,039	-	-	-	47,219	-	1,733,789	-	-	-	-	-	-	41,954	-	2,131,902
Accrued expenses and other	-	-	-	538,482	-	7,278	956,205	-	6,551	-	81,986	-	1,902,491	-	-	-	-	-	-	1,500,000	-	4,992,993
Total current liabilities	-	-	-	3,734,963	-	285,900	1,434,306	-	1,246,465	-	293,144	-	3,919,805	-	155,694	-	-	-	3,598,169	-	14,668,446	

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	-	2,496,686	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,797,500	-	5,294,186
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-	6,110	-	-	-	-	-	-	-	-	6,110
Capital lease obligation	-	-	-	-	-	-	-	-	-	-	-	-	16,327	-	-	-	-	-	-	-	-	16,327
Other long-term liabilities	-	-	-	-	-	94,996	-	-	-	-	-	-	-	-	-	-	-	-	-	569,876	-	664,872
Compensated absences	-	-	-	-	-	170,718	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170,718
Total noncurrent liabilities	-	-	-	2,496,686	-	265,714	-	-	-	-	-	-	22,437	-	-	-	-	-	-	3,367,376	-	6,152,213

Total liabilities

Total liabilities	-	-	-	6,231,649	-	551,614	1,434,306	-	1,246,465	-	293,144	-	3,942,242	-	155,694	-	-	-	6,965,545	-	20,820,659
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Net Position (Deficit)

Net investment in capital assets	196,627	99,899	30,831,617	19,363,746	3,779,276	41,842,208	7,448,297	8,125,426	20,066	85,129,709	196,836,871
Restricted - expendable	135,522	1,020,171	3,391,705	-	-	1,555,833	5,600,584	5,248,393	-	547,219	17,499,427
Restricted - nonexpendable	-	-	-	-	-	-	-	4,110,649	-	491,862	4,602,511
Unrestricted	2,394,815	16,390	3,636,956	5,052,883	10,266,172	2,599,859	110,570	15,313,524	(40,701)	21,642,817	60,993,285
Total net position	2,726,964	1,136,460	37,860,278	24,416,629	14,045,448	45,997,900	13,159,451	32,797,992	(20,635)	107,811,607	279,932,094
Total liabilities and net position	\$ 2,726,964	\$ 1,136,460	\$ 44,091,927	\$ 24,968,243	\$ 15,479,754	\$ 47,244,365	\$ 13,452,595	\$ 36,740,234	\$ 135,059	\$ 114,777,152	\$ 300,752,753

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 21,963,408	\$ 442,416	\$ 1,519,134	\$ 12,366,334	\$ (7,635,524)	\$ -	\$ (7,635,524)
Workforce Investment Board	1,608,688	-	1,578,395	-	(30,293)	-	(30,293)
Total governmental activities	<u>23,572,096</u>	<u>442,416</u>	<u>3,097,529</u>	<u>12,366,334</u>	<u>(7,665,817)</u>	<u>-</u>	<u>(7,665,817)</u>
Business-type Activities							
Oakland Fraternal Cemetery	265,812	38,215	-	-	-	(227,597)	(227,597)
Mt. Holly Cemetery	174,424	56,539	-	-	-	(117,885)	(117,885)
Advertising and Promotion Commission	13,651,096	2,503,536	-	-	-	(11,147,560)	(11,147,560)
Port Authority	2,774,201	3,647,679	-	-	-	873,478	873,478
Ambulance Authority	23,272,058	22,567,070	-	-	-	(704,988)	(704,988)
Central Arkansas Transit	20,147,085	2,493,850	-	-	-	(17,653,235)	(17,653,235)
Museum of Discovery	4,502,292	1,464,915	-	-	-	(3,037,377)	(3,037,377)
Arkansas Arts Center	8,859,719	13,993,333	-	-	-	5,133,614	5,133,614
Total business-type activities	<u>73,646,687</u>	<u>46,765,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,881,550)</u>	<u>(26,881,550)</u>
Total component units	<u>\$ 97,218,783</u>	<u>\$ 47,207,553</u>	<u>\$ 3,097,529</u>	<u>\$ 12,366,334</u>	<u>(7,665,817)</u>	<u>(26,881,550)</u>	<u>(34,547,367)</u>
General revenues							
General property taxes					15,336,183	-	15,336,183
Sales taxes					-	11,891,091	11,891,091
Investment income					308,036	110,902	418,938
Grants and contributions not restricted to specific programs					-	19,898,773	19,898,773
Other					909,281	7,397,304	8,306,585
Total general revenues					<u>16,553,500</u>	<u>39,298,070</u>	<u>55,851,570</u>
Change in net position					8,887,683	12,416,520	21,304,203
Net Position, Beginning of Year, As Previously Reported					98,903,289	159,921,548	258,824,837
Adjustment applicable to prior years					-	(196,946)	(196,946)
Net Position, Beginning of Year, as Restated					<u>98,903,289</u>	<u>159,724,602</u>	<u>258,627,891</u>
Net Position, End of Year					<u>\$ 107,790,972</u>	<u>\$ 172,141,122</u>	<u>\$ 279,932,094</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2013

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 38,215	\$ 56,539	\$ 1,316,071	\$ 3,647,679	\$ 22,018,201	\$ 2,493,850	\$ 1,464,915	\$ 9,393,631	\$ 40,429,101
Other	-	-	1,187,465	-	548,869	-	-	4,603,120	6,339,454
Total operating revenues	38,215	56,539	2,503,536	3,647,679	22,567,070	2,493,850	1,464,915	13,996,751	46,768,555
Operating Expenses									
Salaries, wages and employee benefits	119,720	97,677	6,307,223	918,528	17,492,529	10,885,418	449,643	2,657,290	38,928,028
Supplies and materials	17,480	-	31,621	83,977	1,316,704	3,320,637	-	391,823	5,162,242
Services	26,373	9,264	2,724,800	171,409	1,890,277	847,837	2,360,951	2,781,144	10,812,055
Utilities	7,018	6,332	1,069,389	471,701	522,469	228,232	-	279,404	2,584,545
Repairs and maintenance	74,353	26,446	984,534	32,981	682,906	-	-	353,220	2,154,440
Other	4,068	32,225	744,516	71,920	-	987,498	-	1,645,872	3,486,099
Depreciation and amortization	16,800	2,480	1,548,487	1,023,685	1,367,173	3,877,463	1,691,698	750,966	10,278,752
Total operating expenses	265,812	174,424	13,410,570	2,774,201	23,272,058	20,147,085	4,502,292	8,859,719	73,406,161
Operating Loss	(227,597)	(117,885)	(10,907,034)	873,478	(704,988)	(17,653,235)	(3,037,377)	5,137,032	(26,637,606)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,919,623	-	-	5,577,122	-	-	7,496,745
Local tax levy	-	-	11,891,091	-	-	-	-	-	11,891,091
Donations, contributions and grants received	-	48,173	900,000	411,513	-	11,804,420	4,976,607	1,758,060	19,898,773
Investment income	-	41,948	3,662	30,914	29,154	4,998	-	226	110,902
Interest expense	-	-	(240,526)	-	-	-	-	(3,418)	(243,944)
Other, net	230,457	24,751	(1,075,005)	33,091	677,909	-	-	9,356	(99,441)
Net nonoperating revenues (expenses)	230,457	114,872	13,398,845	475,518	707,063	17,386,540	4,976,607	1,764,224	39,054,126
Change in Net Position	2,860	(3,013)	2,491,811	1,348,996	2,075	(266,695)	1,939,230	6,901,256	12,416,520
Net Position, Beginning of Year, As Previously Reported	2,724,104	1,139,473	35,397,413	23,067,633	14,043,373	46,264,595	11,220,221	26,064,736	159,921,548
Adjustment applicable to prior years	-	-	(28,946)	-	-	-	-	(168,000)	(196,946)
Net Position, Beginning of Year, as Restated	2,724,104	1,139,473	35,368,467	23,067,633	14,043,373	46,264,595	11,220,221	25,896,736	159,724,602
Net Position, End of Year	\$ 2,726,964	\$ 1,136,460	\$ 37,860,278	\$ 24,416,629	\$ 14,045,448	\$ 45,997,900	\$ 13,159,451	\$ 32,797,992	\$ 172,141,122

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2013

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 47,217,244	\$ 30,740,292	\$ 31,174,893	\$ 109,132,429
Other receipts	553,052	-	14,278,452	14,831,504
Payments to employees	(14,005,157)	(9,426,563)	(38,764,504)	(62,196,224)
Payments to suppliers	(2,481,952)	(10,782,898)	(11,589,534)	(24,854,384)
Payments for contractual services	(2,622,055)	-	(9,896,229)	(12,518,284)
Payments for utilities	(1,456,322)	-	(1,072,995)	(2,529,317)
Other payments	(1,509,933)	-	(3,237,439)	(4,747,372)
Net cash provided by (used in) operating activities	<u>25,694,877</u>	<u>10,530,831</u>	<u>(19,107,356)</u>	<u>17,118,352</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	264,963	21,985,014	22,249,977
Local tax levy supporting operations	-	-	11,465,089	11,465,089
Other	-	2,765,321	(51,015)	2,714,306
Net cash provided by noncapital financing activities	<u>-</u>	<u>3,030,284</u>	<u>33,399,088</u>	<u>36,429,372</u>
Capital and Related Financing Activities				
Purchase of capital assets	(7,540,981)	(31,385,769)	(8,324,086)	(47,250,836)
Proceeds from sale of capital assets	650,200	35,048	67,408	752,656
Contributions, donations and grants	-	14,250,990	3,374,250	17,625,240
Passenger facility charge	-	4,422,460	-	4,422,460
Intergovernmental revenue received for debt service	-	-	1,919,623	1,919,623
Local tax levy used for debt service	-	-	480,946	480,946
Proceeds from issuance of long-term debt	110,172	-	-	110,172
Proceeds from issuance of short-term financing	-	-	15,000	15,000
Principal paid on long-term debt	(8,332,746)	(10,779,999)	(1,941,813)	(21,054,558)
Interest paid on long-term debt	(11,331,063)	(429,710)	(463,987)	(12,224,760)
Other	-	(8,092)	(38,171)	(46,263)
Net cash provided by (used in) capital and related financing activities	<u>(26,444,418)</u>	<u>(23,895,072)</u>	<u>(4,910,830)</u>	<u>(55,250,320)</u>
Investing Activities				
Proceeds from sale of investments	5,815,385	-	11,608,613	17,423,998
Purchase of investments	(1,023,461)	-	(17,320,602)	(18,344,063)
Other income	-	-	-	0
Interest received	179,637	191,195	132,466	503,298
Net cash provided by (used in) investing activities	<u>4,971,561</u>	<u>191,195</u>	<u>(5,579,523)</u>	<u>(416,767)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>4,222,020</u>	<u>(10,142,762)</u>	<u>3,801,379</u>	<u>(2,119,363)</u>
Cash and Cash Equivalents, Beginning of Year	<u>11,097,540</u>	<u>41,654,299</u>	<u>16,510,689</u>	<u>69,262,528</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,319,560</u>	<u>\$ 31,511,537</u>	<u>\$ 20,312,068</u>	<u>\$ 67,143,165</u>
Presented on the Statement of Fund Net Position - Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 6,200,639	\$ 11,762,492	\$ 12,703,844	\$ 30,666,975
Noncurrent assets				
Cash and cash equivalents	9,118,921	19,749,045	7,608,224	36,476,190
	<u>\$ 15,319,560</u>	<u>\$ 31,511,537</u>	<u>\$ 20,312,068</u>	<u>\$ 67,143,165</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)	\$ 15,748,785	\$ (1,230,154)	\$ (26,637,606)	\$ (12,118,975)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	10,290,374	12,014,349	10,278,752	32,583,475
Other	-	-	(1,617,012)	(1,617,012)
Changes in assets and liabilities				
Receivables, net	(189,961)	111,402	40,516	(38,043)
Prepaid expenses	(80,620)	31,615	(113,472)	(162,477)
Inventories	(62,052)	-	(5,011)	(67,063)
Other assets	-	-	(111,489)	(111,489)
Accounts payable	(226,280)	(602,213)	(670,222)	(1,498,715)
Accrued expenses	214,631	-	305,948	520,579
Other liabilities	-	205,832	(577,760)	(371,928)
Net cash provided by (used in) operating activities	<u>\$ 25,694,877</u>	<u>\$ 10,530,831</u>	<u>\$ (19,107,356)</u>	<u>\$ 17,118,352</u>

Noncash Capital Activities

During 2013, the Little Rock Wastewater Utility and the Bill and Hillary Clinton National Airport received donated capital assets in the amount of \$1,053,061 and \$13,117,864, respectively.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2013

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Museum of Discovery	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 36,914	\$ 56,539	\$ 796,879	\$ 3,681,953	\$ 21,659,169	\$ 2,262,351	\$ 1,464,915	\$ 1,216,173	\$ 31,174,893
Other receipts	-	-	1,182,174	-	483,791	152,632	-	12,459,855	14,278,452
Payments to employees	(119,720)	(97,677)	(6,216,946)	(902,459)	(17,492,529)	(10,750,725)	(452,682)	(2,731,766)	(38,764,504)
Payments to suppliers	(17,480)	-	(89,062)	(666,237)	(4,695,078)	(3,390,556)	-	(2,731,121)	(11,589,534)
Payments for contractual services	(26,373)	(9,264)	(4,040,104)	-	-	(1,867,155)	(2,409,623)	(1,543,710)	(9,896,229)
Payments for utilities	-	(6,332)	(1,066,663)	-	-	-	-	-	(1,072,995)
Other payments	(85,439)	(58,671)	(691,112)	(171,409)	-	(368,489)	-	(1,862,319)	(3,237,439)
Net cash provided by (used in) operating activities	(212,098)	(115,405)	(10,124,834)	1,941,848	(44,647)	(13,961,942)	(1,397,390)	4,807,112	(19,107,356)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	900,000	-	-	14,350,347	4,976,607	1,758,060	21,985,014
Local tax levy supporting operations	-	-	11,465,089	-	-	-	-	-	11,465,089
Payments on noncapital line of credit	-	-	-	-	-	-	-	-	-
Other	230,457	24,751	(1,026,580)	33,092	677,909	-	-	9,356	(51,015)
Net cash provided by noncapital financing activities	230,457	24,751	11,338,509	33,092	677,909	14,350,347	4,976,607	1,767,416	33,399,088
Capital and Related Financing Activities									
Purchase of capital assets	(34,553)	-	(2,333,064)	(1,032,755)	(1,291,511)	(3,207,404)	(128,402)	(296,397)	(8,324,086)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	3,052,401	-	-	3,052,401
Contributions and donations	-	48,173	-	273,676	-	-	-	-	321,849
Intergovernmental revenue received for debt service	-	-	1,919,623	-	-	-	-	-	1,919,623
Local tax levy used for debt service	-	-	480,946	-	-	-	-	-	480,946
Proceeds from issuance of short-term financing	-	-	-	-	-	-	-	15,000	15,000
Principal paid on long-term debt	-	-	(1,940,000)	-	-	-	-	(1,813)	(1,941,813)
Interest paid on long-term debt	-	-	(460,569)	-	-	-	-	(3,418)	(463,987)
Proceeds from sale of capital assets	-	-	-	-	-	64,717	-	2,691	67,408
Other	-	-	-	-	-	-	-	(38,171)	(38,171)
Net cash provided by (used in) capital and related financing activities	(34,553)	48,173	(2,333,064)	(759,079)	(1,291,511)	(90,286)	(128,402)	(322,108)	(4,910,830)
Investing Activities									
Proceeds from sale of investments	252,038	-	2,466,262	-	5,499,975	-	-	3,390,338	11,608,613
Purchase of investments	(250,733)	(20,870)	(2,174,920)	-	(5,195,317)	-	-	(9,678,762)	(17,320,602)
Other income	-	-	-	-	-	-	-	-	-
Interest received	21,179	41,948	3,662	30,914	29,154	5,383	-	226	132,466
Net cash provided by (used in) investing activities	22,484	21,078	295,004	30,914	333,812	5,383	-	(6,288,198)	(5,579,523)
Increase (Decrease) in Cash and Cash Equivalents	6,290	(21,403)	(824,385)	1,246,775	(324,437)	303,502	3,450,815	(35,778)	3,801,379
Cash and Cash Equivalents, Beginning of Year	40,369	37,793	3,819,727	3,981,262	1,298,200	4,155,315	2,145,854	1,032,169	16,510,689
Cash and Cash Equivalents, End of Year	\$ 46,659	\$ 16,390	\$ 2,995,342	\$ 5,228,037	\$ 973,763	\$ 4,458,817	\$ 5,596,669	\$ 996,391	\$ 20,312,068

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

Operating loss	\$	(227,597)	\$	(117,885)	\$	(10,907,034)	\$	873,478	\$	(704,988)	\$	(17,653,235)	\$	(3,037,377)	\$	5,137,032	\$	(26,637,606)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		16,800		2,480		1,548,487		1,023,685		1,367,173		3,877,463		1,691,698		750,966		10,278,752
Other		-		-		-		-		7,216		(58,074)		-		(1,566,154)		(1,617,012)
Changes in assets and liabilities																		
Receivables, net		(1,301)		-		(471,550)		34,274		(190,264)		762		450,289		218,306		40,516
Prepaid expenses		-		-		88,016		(7,856)		-		(193,632)		-		-		(113,472)
Inventories		-		-		-		-		-		13,920		8,583		(27,514)		(5,011)
Other assets		-		-		2,636		-		-		-		(7,153)		(106,972)		(111,489)
Accounts payable		-		-		(420,098)		18,267		(182,702)		(83,839)		(380,182)		378,332		(670,222)
Accrued expenses		-		-		90,276		-		-		134,693		(3,039)		84,018		305,948
Other liabilities		-		-		(55,567)		-		(341,082)		-		(120,209)		(60,902)		(577,760)
Net cash provided by (used in) operating activities	\$	<u>(212,098)</u>	\$	<u>(115,405)</u>	\$	<u>(10,124,834)</u>	\$	<u>1,941,848</u>	\$	<u>(44,647)</u>	\$	<u>(13,961,942)</u>	\$	<u>(1,397,390)</u>	\$	<u>4,807,112</u>	\$	<u>(19,107,356)</u>

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Statistical Section

City of Little Rock, Arkansas

Statistical Section

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

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Debt Capacity (Tables 11–15)	
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Demographic and Economic Information (Tables 16–17)	
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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	121

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

Table 1

	2004	2005 ⁽¹⁾	2006	2007	2008	2009	2010	2011	2012 ⁽²⁾	2013 ⁽³⁾
Governmental activities										
Net investment in capital assets	\$ 70,448,883	\$ 461,024,448	\$ 464,980,160	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568	\$ 539,105,312
Restricted	14,779,074	17,627,261	18,189,548	14,861,692	14,747,876	19,792,771	21,106,638	23,201,045	24,208,928	13,951,009
Unrestricted (deficit)	11,341,255	6,583,272	746,351	(5,253,750)	(6,740,713)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)	28,926,155
Total governmental activities net position	\$ 96,569,212	\$ 485,234,981	\$ 483,916,059	\$ 479,785,126	\$ 479,333,800	\$ 478,697,155	\$ 484,122,020	\$ 483,997,215	\$ 511,466,968	\$ 581,982,476
Business-type activities										
Net investment in capital assets	\$ 11,377,021	\$ 11,171,798	\$ 12,833,382	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518	\$ 9,423,026
Restricted	6,268,162	6,407,826	8,170,282	7,686,354	6,255,864	8,324,557	4,847,683	5,673,566	3,769,248	2,856,964
Unrestricted (deficit)	2,718,940	4,064,877	2,920,311	6,186,519	1,021,866	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762	6,284,003
Total business-type activities net position	\$ 20,364,123	\$ 21,644,501	\$ 23,923,975	\$ 29,713,721	\$ 29,927,640	\$ 26,260,453	\$ 26,037,620	\$ 25,030,319	\$ 16,559,528	\$ 18,563,993
Primary government										
Net investment in capital assets	\$ 81,825,904	\$ 472,196,246	\$ 477,813,542	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086	\$ 548,528,338
Restricted	21,047,236	24,035,087	26,359,830	22,548,046	21,003,740	28,117,328	25,954,321	28,874,611	27,978,176	16,807,973
Unrestricted (deficit)	14,060,195	10,648,149	3,666,662	932,769	(5,718,847)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)	35,210,158
Total primary government net position	\$ 116,933,335	\$ 506,879,482	\$ 507,840,034	\$ 509,498,847	\$ 509,261,440	\$ 504,957,608	\$ 510,159,640	\$ 509,027,534	\$ 528,026,496	\$ 600,546,469

- (1) During 2005, the City adopted the infrastructure accounting provisions of GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. The retroactive application of the new method resulted in an adjustment of \$378,306,301 to beginning 2005 net position of governmental activities.
- (2) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.
- (3) At the end of 2013 the City transferred administration of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary increase of the unrestricted net position of the governmental activities.

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

Table 2

	2004	2005 ⁽¹⁾	2006	2007	2008	2009	2010	2011	2012 ⁽²⁾	2013 ⁽³⁾
Expenses										
Governmental activities:										
General government	\$ 34,359,791	\$ 40,398,560	\$ 40,824,314	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227	\$ 31,127,397	\$ 45,722,245	\$ 48,076,292
Public works	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203	31,689,645	30,920,716	32,290,725	36,100,501	36,968,065
Parks and recreation services	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841	9,886,376	9,032,115	6,740,682	10,131,868	11,209,542
Rivermarket	-	-	-	-	-	-	-	-	-	1,298,266
Golf	-	-	-	-	-	-	-	-	-	2,162,056
Jim Dailey Fitness	-	-	-	-	-	-	-	-	-	983,422
Zoo	-	-	-	-	-	-	-	-	-	6,927,190
Fire	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307	46,217,347	48,582,390	49,007,470	49,271,456	48,798,721
Police	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426	64,103,539	62,432,868	63,028,974	66,192,652	64,480,813
Economic development	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034	-	-	-	-	-
Education	-	-	-	7,591,089	8,372,418	5,282,591	9,439,254	5,747,801	10,523,654	11,361,720
Housing and neighborhood programs	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220	7,815,231	8,621,004	10,462,439	12,611,955	9,238,779
Fleet	-	-	-	-	-	-	-	-	-	2,714,412
Interest expense on long-term debt	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776	3,654,132	3,849,820	3,222,981	3,791,250	4,203,511
Agent fees on long-term debt	503,346	25,063	13,236	482,975	12,210	9,545	12,779	25,145	13,016	-
Total governmental activities expenses	154,262,952	173,486,876	183,035,064	210,167,539	199,241,031	202,462,224	209,649,174	205,993,444	234,358,597	248,422,789
Business-type activities:										
Presidential park	879,301	943,061	837,674	787,099	756,924	727,723	913,050	1,284,265	636,683	-
Waste disposal	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712	13,805,966	14,158,228	13,967,043	14,715,628	15,117,230
Rivermarket garage	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292	1,648,216	1,585,450	1,658,341	1,703,329	1,729,131
Riverfront park	974,874	1,036,838	1,216,683	1,280,521	1,392,804	932,726	977,075	1,085,632	1,283,222	-
Zoo	3,252,245	3,589,480	3,959,985	4,286,060	4,758,438	4,816,545	4,818,113	5,138,281	6,125,411	-
Vehicle Storage	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245	1,271,451	1,201,185	1,200,152	1,284,946	1,333,659
Golf courses	2,066,676	2,292,426	2,236,136	2,551,139	2,795,234	2,323,844	2,227,607	2,342,219	2,443,065	-
Fitness center	774,098	880,469	1,045,851	1,018,736	1,023,119	1,031,479	1,147,343	1,037,736	1,000,345	-
Concessions services	150,066	108,690	120,027	148,389	149,129	104,090	1,712	-	-	-
Total business-type activities expenses	22,636,775	24,086,242	24,866,361	26,962,358	27,556,897	26,662,040	27,029,763	27,713,669	29,192,629	18,180,020
Total primary government expenses	\$ 176,899,727	\$ 197,573,118	\$ 207,901,425	\$ 237,129,897	\$ 226,797,928	\$ 229,124,264	\$ 236,678,937	\$ 233,707,113	\$ 263,551,226	\$ 266,602,809
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 14,162,061	\$ 17,452,391	\$ 15,999,081	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490	\$ 15,945,908
Public works	168,730	313,407	998,515	629,934	505,189	395,554	1,080,184	350,298	560,006	387,436
Parks and recreation services	472,647	431,802	1,161,408	959,667	1,051,607	1,276,650	2,374,906	2,665,666	1,379,534	1,998,020
Rivermarket	-	-	-	-	-	-	-	-	-	650,259
Golf	-	-	-	-	-	-	-	-	-	1,497,233
Jim Dailey Fitness	-	-	-	-	-	-	-	-	-	638,214
Zoo	-	-	-	-	-	-	-	-	-	3,579,391
Fire	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420	2,197,020	2,639,543	2,512,542	2,525,884	1,260,256
Police	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987	3,278,652	3,697,419	3,306,547	3,162,965	5,253,340
Fleet	-	-	-	-	-	-	-	-	100,151	343,534
Housing and neighborhood programs	1,495,309	1,047,889	67,562	962,181	650,746	462,390	543,179	1,566,311	1,179,396	458,891
Operating grants and contributions	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054	19,126,353	8,929,758	10,885,382	12,873,846	8,133,436
Capital grants and contributions	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494	1,432,306	4,592,275	8,151,956	4,313,770	2,028,323
Total governmental activities program revenues	27,621,465	33,619,755	31,394,339	46,655,526	36,615,881	42,294,315	38,173,839	43,814,203	41,575,042	42,174,241

Business-type activities:

Charges for services:

Presidential park	-	-	-	139,637	60,382	684	-	-	-	-
Waste disposal	14,109,685	14,934,170	15,919,951	16,787,719	16,473,414	16,303,264	16,133,281	16,405,458	16,511,682	18,588,177
Rivermarket garage	1,410,727	1,295,883	1,419,484	1,643,404	1,768,636	1,676,830	1,846,258	1,855,989	2,138,957	2,138,022
Riverfront park	407,144	397,194	329,914	310,547	268,593	300,074	358,709	493,906	631,316	-
Zoo	1,898,390	2,035,070	2,268,438	2,646,480	2,573,440	3,057,010	3,018,702	3,436,370	3,508,321	-
Vehicle storage	1,654,249	1,466,627	1,171,495	1,329,776	1,300,655	1,203,642	1,199,238	1,288,799	1,359,763	1,362,661
Golf courses	1,609,628	1,801,609	1,847,184	1,660,152	1,517,895	1,372,751	1,461,666	1,551,889	1,797,901	-
Fitness center	685,419	651,786	743,361	766,207	696,328	761,485	744,609	755,754	683,632	-
Concessions services	81,180	74,554	53,948	67,711	48,171	37,589	-	-	-	-
Capital grants and contributions	-	-	-	4,170,925	2,252,001	516,796	2,112,812	2,072,015	3,250,743	-
Total business-type activities program revenues	21,856,422	22,656,893	23,753,775	29,522,558	26,959,515	25,230,125	26,875,275	27,860,180	29,882,315	22,088,860
Total primary government program revenues	\$ 49,477,887	\$ 56,276,648	\$ 55,148,114	\$ 76,178,084	\$ 63,575,396	\$ 67,524,440	\$ 65,049,114	\$ 71,674,383	\$ 71,457,357	\$ 64,263,101

Net (expense)/revenue

Governmental activities	\$ (126,641,487)	\$ (139,867,121)	\$ (151,640,725)	\$ (163,512,013)	\$ (162,625,150)	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	\$ (206,248,548)
Business-type activities	(780,353)	(1,429,349)	(1,112,586)	2,560,200	(597,382)	(1,431,915)	(154,488)	146,511	689,686	3,908,840
Total primary government net expense	\$ (127,421,840)	\$ (141,296,470)	\$ (152,753,311)	\$ (160,951,813)	\$ (163,222,532)	\$ (161,599,824)	\$ (171,629,823)	\$ (162,032,730)	\$ (194,851,957)	\$ (202,339,708)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes

General Property taxes	\$ 35,414,871	\$ 33,542,201	\$ 36,931,553	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	\$ 52,833,701
Sales taxes	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605	63,112,194	64,137,449	64,964,351	111,987,226	112,749,306
Utility franchise taxes	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410	29,932,458	29,348,059	29,137,883	29,176,325	29,707,701
Investment earnings	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,617)
Unrestricted grants and contributions	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059	18,887,563	35,189,761	15,293,373	22,250,304	23,452,078
Other	-	-	-	-	23,745	(246,757)	-	-	735,885	(148,720)
Transfers	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)	2,306,053	88,142	1,185,918	9,184,248	1,661,580
Total governmental activities	136,409,235	150,226,589	150,321,803	159,381,080	162,173,824	159,531,264	176,900,200	162,054,436	223,011,396	220,139,029

Business-type activities

Investment earnings	223,486	467,783	959,678	1,002,452	533,477	80,586	19,797	32,106	23,771	(28,446)
Other	499,595	376,747	(64,920)	(20,324)	(29,411)	(9,805)	-	-	-	-
Special item - transfer of net pension obligation	-	-	-	-	-	-	-	-	-	57,079,030
Transfers	1,903,389	1,865,197	2,497,302	2,247,418	307,235	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	(1,661,580)
Total business-type activities	2,626,470	2,709,727	3,392,060	3,229,546	811,301	(2,235,272)	(68,345)	(1,153,812)	(9,160,477)	55,389,004
Total primary government	\$ 139,035,705	\$ 152,936,316	\$ 153,713,863	\$ 162,610,626	\$ 162,985,125	\$ 157,295,992	\$ 176,831,855	\$ 160,900,624	\$ 213,850,919	\$ 275,528,033

Changes in Net Position

Governmental activities	\$ 9,767,748	\$ 10,359,468	\$ (1,318,922)	\$ (4,130,933)	\$ (451,326)	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	\$ 70,969,511
Business-type activities	1,846,117	1,280,378	2,279,474	5,789,746	213,919	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	2,218,814
Change in accounting principle	-	378,306,301	-	-	-	-	-	-	-	(668,352)
Total primary government	\$ 11,613,865	\$ 389,946,147	\$ 960,552	\$ 1,658,813	\$ (237,407)	\$ (4,303,832)	\$ 5,202,032	\$ (1,132,106)	\$ 18,998,962	\$ 72,519,973

- (1) During 2005, the City adopted the infrastructure accounting provisions of GASB 34, as amended. The retroactive application of the new method resulted in an adjustment of \$378,306,301 to beginning 2005 net position of governmental activities.
- (2) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.
- (3) At the end of 2013 the City transferred administration of the Police Pension and Relief Fund to the Arkansas Local Police and

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

Table 3

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2004	\$ 35,414,871	\$ 56,529,897	\$ 21,868,645	\$ 113,813,413
2005	33,542,201	60,299,892	23,588,872	117,430,965
2006	36,931,553	64,431,557	25,983,088	127,346,198
2007	41,742,564	65,115,060	25,656,344	132,513,968
2008	41,954,874	66,157,605	29,809,410	137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
2012	49,532,522	111,987,226 (1)	29,176,325	190,696,073
2013	52,833,701	112,749,306	29,707,701	195,290,708

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

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

Table 4

		Pre-GASB 54						
		2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved		\$ 498,396	\$ 546,742	\$ 513,092	\$ 540,693	\$ 572,647	\$ 1,219,426	\$ 1,368,619
Unreserved		14,873,326	22,215,475	20,983,516	17,188,490	16,754,381	21,061,786	24,642,501
Total general fund		<u>\$ 15,371,722</u>	<u>\$ 22,762,217</u>	<u>\$ 21,496,608</u>	<u>\$ 17,729,183</u>	<u>\$ 17,327,028</u>	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>
All other governmental funds								
Reserved		\$ 4,389,545	\$ 5,004,358	\$ 4,664,091	\$ 3,612,265	\$ 4,737,277	\$ 3,197,741	\$ 2,368,171
Unreserved, reported in:								
Special revenue funds		4,243,570	5,830,024	6,007,149	5,536,172	5,554,772	2,846,175	4,623,440
Capital projects funds		87,417,349 ⁽¹⁾	65,176,780 ⁽²⁾	27,648,782 ⁽²⁾	14,300,651 ⁽²⁾	10,159,304 ⁽²⁾	35,096,989 ⁽³⁾	20,523,651
Debt service funds		10,941,496	13,248,476	14,256,025	12,072,643	10,852,119	16,593,060	17,369,848
Total all other governmental funds		<u>\$ 106,991,960</u>	<u>\$ 89,259,638</u>	<u>\$ 52,576,047</u>	<u>\$ 35,521,731</u>	<u>\$ 31,303,472</u>	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>
		Post-GASB 54						
		2011	2012	2013				
General fund								
Nonspendable		\$ 13,255,910	\$ 1,163,347 ⁽⁴⁾	\$ 1,329,476				
Committed		374,900	368,577	337,892				
Assigned		1,473,304	7,502,079	9,487,930				
Unassigned		10,904,042	17,456,493 ⁽⁵⁾	24,369,411 ⁽⁷⁾				
Total general fund		<u>\$ 26,008,156</u>	<u>\$ 26,490,496</u>	<u>\$ 35,524,709</u>				
All other governmental funds								
Nonspendable		\$ 407,391	\$ -	\$ 1,229,513				
Restricted		46,731,379	77,448,650 ⁽⁶⁾	\$ 131,954,068 ⁽⁸⁾				
Unassigned		(406,965)	(2,397)	(2,618,735)				
Total all other governmental funds		<u>\$ 46,731,805</u>	<u>\$ 77,446,253</u>	<u>\$ 130,564,846</u>				

- (1) The increase in fund balance in the capital projects funds is associated with the 2004 Limited Tax General Obligation Capital Improvement bonds issued to finance capital improvements.
- (2) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.
- (3) The increase in fund balance in the capital projects funds is associated with the 2009 Central Arkansas Library Capital Improvements Bond and the 2009 Parks and Recreation Capital Improvements bond issued to finance capital improvements.
- (4) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics and Zoo Enterprise funds which eliminated \$12.1 million in nonspendable fund balance.
- (5) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (6) The increase in restricted fund balance is associated with 3/8 capital portion of the new sales tax in addition to the debt service and capital projects associated with the issuance of the 2012 Library Capital Improvement and Refunding Bonds.
- (7) The increase in unassigned fund balance is associated with the excess receipts of approximately \$6.9 million that resulted when the 2004 Limited Tax Bonds were defeased.
- (8) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.

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

Table 5

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes ⁽¹⁾	\$ 113,113,245	\$ 117,182,208	\$ 125,804,151	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338	\$ 191,323,825
Licenses and permits	8,859,344	9,307,627	9,894,766	9,965,755	9,493,646	9,491,852	9,378,966	9,716,395	10,137,945	10,602,406
Intergovernmental	19,837,898	20,435,880	17,730,551	35,348,114	24,660,496	23,758,563	25,854,883	30,013,617	31,893,228	27,403,766
Charges for services	4,492,433	4,786,588	6,656,647	7,250,342	7,636,280	5,896,703	6,967,081	7,160,751	7,084,384	14,045,775
Fines	5,077,073	5,710,201	4,277,114	4,406,272	4,094,674	3,866,793	4,646,215	4,322,127	4,030,384	4,395,755
Investment Income	1,231,311	2,812,093	3,872,008	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,609)
Miscellaneous	3,797,305	4,211,852	3,070,749	3,377,183	3,128,552	3,257,697	6,262,854	7,128,631	4,339,836	4,247,918
Total revenues	<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>	<u>193,633,115</u>	<u>201,142,873</u>	<u>249,104,001</u>	<u>251,902,836</u>
Expenditures										
General government	37,827,535	36,589,853	42,386,548	61,719,463	53,764,986	47,240,799	50,036,950	40,265,241	57,247,916	61,183,366
Public works	21,525,933	24,577,640	34,392,323	26,478,689	20,997,331	19,131,584	20,331,363	24,626,577	25,760,174	26,713,458
Parks and recreation and zoo	10,069,417	14,462,219	15,918,143	11,331,664	10,852,290	10,671,631	11,868,398	9,402,332	10,612,514	15,318,714
Rivermarket	-	-	-	-	-	-	-	-	-	1,188,197
Golf	-	-	-	-	-	-	-	-	-	2,386,863
Jim Dailey Fitness	-	-	-	-	-	-	-	-	-	847,283
Zoo	-	-	-	-	-	-	-	-	-	7,096,614
Fire department	31,560,941	35,298,489	44,706,618	37,455,769	37,142,635	37,943,802	36,670,692	39,865,309	46,728,504	44,669,680
Police department	45,102,475	53,470,507	54,319,391	54,697,552	55,428,567	58,971,285	55,751,125	56,817,357	71,360,040	72,904,543
Housing and neighborhood programs	7,470,436	7,905,898	8,473,162	9,441,274	8,066,771	8,368,709	8,790,445	11,262,328	12,695,568	8,740,138
Debt service										
Principal	11,055,000	6,525,000	8,840,000	25,422,407	11,670,000	12,571,500	15,560,000	20,119,830	22,368,344	14,186,058
Interest	3,533,951	4,313,380	4,265,080	3,674,581	3,370,957	3,510,734	4,054,730	3,435,526	2,990,024	4,161,306
Bond issuance costs	-	-	-	-	-	95,173	-	-	107,193	148,720
Other charges	503,346	25,063	13,236	150,568	12,210	9,545	12,779	25,145	13,016	19,619
Total expenditures	<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>	<u>203,076,482</u>	<u>205,819,645</u>	<u>249,883,293</u>	<u>259,564,559</u>
Deficiency of revenues under expenditures	<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>	<u>(9,443,367)</u>	<u>(4,676,772)</u>	<u>(779,292)</u>	<u>(7,661,723)</u>
Other financing sources (uses)										
Transfers in	2,631,865	3,024,332	2,531,535	3,983,282	6,316,264	10,100,179	7,160,928	6,927,781	9,671,846	16,823,595
Transfers out	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)	(14,866,015)
Bonds issued	99,850,000	5,205,000	6,550,000	20,765,438	8,991,500	35,830,000	-	4,600,000	49,595,001	65,805,000
Premium on bonds issued	1,425,301	-	-	-	-	-	-	-	756,028	2,051,949
Discount on bonds issued	(87,811)	-	-	-	-	(249,215)	-	-	-	-
Payments to refunded bond escrow agent	(10,249,924)	-	-	-	-	-	-	-	(6,350,143)	-
Capital leases	283,883	-	-	-	-	-	-	-	-	-
Total other financing sources	<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>	<u>324,420</u>	<u>6,520,503</u>	<u>31,976,080</u>	<u>69,814,529</u>
Net change in fund balances	<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>	<u>\$ (9,118,947)</u>	<u>\$ 1,843,731</u>	<u>\$ 31,196,788</u>	<u>\$ 62,152,806</u>
Debt service as a percentage of noncapital expenditures	9.6%	6.7%	7.7%	12.7%	8.0%	8.6%	10.5%	12.4%	13.7%	7.8%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 109.

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

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2004	\$ 31,155,365	\$ 60,089,235	\$ 21,868,645	\$ 113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
2012	50,309,787	111,987,226 (1)	29,176,325	191,473,338
2013	48,866,818	112,749,306	29,707,701	191,323,825

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

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

Table 7

Year	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Utility	Real	Utility				
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%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20%
2012	2,732,143,368	-	800,186,894	239,180,450	3,771,510,712	16.65 (1)	18,857,553,560	20%
2013	2,840,238,586	-	765,722,146	257,211,894	3,863,172,626	16.65	19,315,863,130	20%

Source: Pulaski County Tax Assessor.

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

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

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

Both are considered personal PSC accounts.

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

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2004	\$ 14.10	\$ 14.10	\$ 10.10	\$ 10.10	\$ 46.40	\$ 46.40	\$ 70.60	\$ 70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2009	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2010	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2011	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2012	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15
2013	16.65	16.65	10.10	10.10	46.40	46.40	73.15	73.15

Tax Levies

2004	\$ 32,178,180	\$ 34,575,502	\$ 115,295,060	\$ 182,048,742
2005	33,908,999	36,966,112	121,733,219	192,608,330
2006	36,366,203	39,334,921	129,068,485	204,769,609
2007	38,848,293	42,554,360	137,582,342	218,984,995
2008	45,120,783	45,743,106	148,109,308	238,973,197
2009	48,789,133	46,344,553	148,559,430	243,693,117
2010	49,499,645	46,915,434	148,192,735	244,607,815
2011	49,687,697	48,464,111	152,324,353	250,476,161
2012	51,282,012	49,084,104	153,876,053	254,242,170
2013	50,385,921	50,553,806	156,509,422	257,449,149

Note:

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

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

State statutory limits on City tax rate:

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

City of Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2013

The City of Little Rock, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes; a one and one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2013, the 1 1/2 cent city sales tax generated revenue of \$70,164,473.

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

Table 9

Little Rock Top Ten 1 1/2 Cent Sales Taxpayers	Tax	
Industry	Collected	% of Total
All Other General Merchandise	\$ 6,658,608	9.49%
Full Service Restaurants	5,486,862	7.82%
Grocery Stores	4,273,016	6.09%
Electric Power Generation, Transmission and Distribution	3,515,240	5.01%
Building Materials and Supplies Dealers	2,722,382	3.88%
Electronics and Appliance Stores	2,708,349	3.86%
Clothing Stores	2,645,201	3.77%
Sporting Goods, Hobby, and Musical Instrument Stores	2,575,036	3.67%
Electrical Goods Wholesalers	2,168,082	3.09%
Department Stores	2,083,885	2.97%
Totals	<u>\$ 34,836,661</u>	<u>49.65%</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
2004	\$ 32,178,180	\$ 28,396,113	88.25%	\$ 2,479,883	\$ 30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
2012	51,282,012	46,805,016	91.27%	3,200,327	50,005,344	97.51%
2013	50,385,921	45,233,261	89.77%	2,832,651	48,065,912	95.40%

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

City of Little Rock, Arkansas

Ratios of Outstanding Debt by Type

Last Ten Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2004	\$ 96,420,392 ⁽²⁾	\$ 18,877,710	\$ 13,342,046	\$ 398,000	\$ 48,681,364	\$ -	\$ 177,719,512	4.18%	\$ 970.44
2005	90,778,934	17,949,156	15,397,113	822,287	46,222,563	96,941	171,266,994	4.03%	935.21
2006	82,862,478	16,980,603	17,694,148	321,058	43,643,762	-	161,502,049	3.25%	853.91
2007	72,246,018	15,833,272	19,624,358	-	44,081,323	279,914	152,064,885	2.88%	830.35
2008	65,561,807	14,768,402	18,997,000	-	40,902,682	188,558	140,418,449	2.75%	766.76
2009	82,039,575 ⁽³⁾	21,268,099 ⁽⁴⁾	13,177,436	-	36,860,937	92,462	154,394,897	3.33%	843.08
2010	67,685,580	20,022,050	8,056,677	-	30,929,532	-	127,321,677	2.74%	695.24
2011	53,404,122	18,481,001	8,316,847	-	30,248,087	-	110,450,057	2.12%	570.73
2012	61,274,083 ⁽⁵⁾	28,588,343 ⁽⁶⁾	23,383,504 ⁽⁷⁾	-	16,307,477 ⁽⁶⁾	-	129,553,407	2.42%	667.66
2013	114,087,394 ⁽⁸⁾	26,962,094	25,472,446 ⁽⁹⁾	-	13,816,450	-	178,027,446	3.21%	904.55

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

(1) See the Schedule of Demographic and Economic Statistics on page 119 for personal income and population data.

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

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

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

(5) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.

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

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

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

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

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

Table 12

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2004	\$ 96,420,392 ⁽³⁾	\$ 8,811,574	\$ 87,608,818	3.29%	\$ 478.39
2005	90,778,934	11,104,941	79,673,993	2.79%	435.06
2006	82,862,478	11,772,050	71,090,428	2.33%	375.88
2007	72,246,018	11,045,088	60,569,912	1.85%	330.74
2008	65,561,807	11,604,803	53,410,197	1.51%	291.65
2009	82,039,575 ⁽⁴⁾	15,200,770	66,359,230	1.84%	362.36
2010	67,685,580	16,529,241	50,940,759	1.41%	278.16
2011	53,404,122	17,518,930	35,885,192	0.96%	185.43
2012	61,274,083 ⁽⁵⁾	19,342,676	40,892,324	1.08%	211.30
2013	114,087,394 ⁽⁶⁾	16,923,578	97,163,816	2.52%	502.08

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 110 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 119 for personal income and population data.
- (3) In 2004, the City issued \$70,635,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued \$25,000,000 in library improvement and refunding bonds.
- (4) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (5) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (6) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance various capital improvements for the City.

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2013

Table 13

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$ 166,521,934	100%	\$ 166,521,934
Little Rock Public School District	<u>196,693,140</u>	100%	<u>196,693,140</u>
Total direct and overlapping debt	<u>\$ 363,215,074</u>		<u>\$ 363,215,074</u>

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

Table 14

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 664,878,736	\$ 713,061,161	\$ 761,730,525	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678	\$ 965,793,157
Total net debt applicable to limit	<u>111,745,928</u>	<u>108,514,706</u>	<u>98,946,417</u>	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>	<u>64,275,828</u>	<u>122,636,262</u>
Legal debt margin	<u>\$ 553,132,808</u>	<u>\$ 604,546,455</u>	<u>\$ 662,784,108</u>	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>	<u>\$ 878,601,850</u>	<u>\$ 843,156,895</u>
Total net debt applicable to the limit as a percentage of debt limit	16.81%	15.22%	12.99%	9.64%	8.06%	11.00%	8.71%	4.70%	6.82%	12.70%

Legal Debt Margin Calculation for 2012

Assessed value	\$ 3,863,172,626
Debt limit:	
General obligation debt limitation (1)	772,634,525
Short-term financing debt limitation (2)	<u>193,158,631</u>
Total Debt Limitation	<u>965,793,157</u>
Debt applicable to limit:	
General obligation and short-term financing	139,559,840
Less: Amount set aside for repayment in debt services funds	<u>(16,923,578)</u>
Total net debt applicable to limit	<u>122,636,262</u>
Legal debt margin	<u>\$ 843,156,895</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	
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	\$ 59,650,393	\$ 43,756,235	\$ 15,894,158	\$ 5,086,322	\$ 4,779,602	\$ 9,865,924	1.61
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	\$ 62,468,869	\$ 48,044,659	\$ 14,424,210	\$ 7,995,661	\$ 3,553,150	\$ 11,548,811	1.25
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	\$ 68,821,264	\$ 47,251,230	\$ 16,575,034	\$ 5,722,715	\$ 4,838,618	\$ 10,561,333	1.57
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	\$ 72,624,967	\$ 55,395,149	\$ 17,229,818	\$ 8,520,433	\$ 12,316,801	\$ 20,837,234	0.83
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	\$ 79,007,286	\$ 64,627,799	\$ 14,379,487	\$ 9,609,106	\$ 13,052,723	\$ 22,661,829	0.63
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
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	\$ 78,325,368	\$ 64,198,449	\$ 14,126,919	\$ 10,868,285	\$ 13,533,251	\$ 24,401,536	0.58

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

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Regional Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	\$ 82,870,388	\$ 64,402,141	\$ 18,468,247	\$ 11,356,052	\$ 13,050,932	\$ 24,406,984	0.76
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Regional Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
Total	\$ 84,607,671	\$ 61,662,487	\$ 22,945,184	\$ 12,023,577	\$ 12,363,171	\$ 24,386,748	0.94
2012 Wastewater Utility	\$ 43,547,696	\$ 31,653,755	\$ 11,893,941	\$ 8,359,601	\$ 11,332,518	\$ 19,692,119	0.60
Regional Airport	29,021,156	19,639,947	9,381,209	2,745,000	1,050,806	3,795,806	2.47
A&P Commission	16,197,970	12,069,527	4,128,443	1,940,000	460,568	2,400,568	1.72
Total	\$ 88,766,822	\$ 63,363,229	\$ 25,403,593	\$ 13,044,601	\$ 12,843,892	\$ 25,888,493	0.98
2013 Wastewater Utility	\$ 48,141,512	\$ 32,730,309	\$ 15,411,203	\$ 8,632,477	\$ 11,845,306	\$ 20,477,783	0.75
Regional Airport	30,628,890	19,844,695	10,784,195	1,160,000	495,998	1,655,998	6.51
A&P Commission	17,217,912	13,177,614	4,040,298	2,080,000	317,494	2,397,494	1.69
Total	\$ 95,988,314	\$ 65,752,618	\$ 30,235,696	\$ 11,872,477	\$ 12,658,798	\$ 24,531,275	1.23

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	\$ 2,450,517	\$ 968,515	\$ 1,482,002	\$ 410,000	\$ 482,165	\$ 892,165	1.66

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

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

Table 16

Year	Population	Personal Income ⁽²⁾	Per Capita Income ⁽²⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2004	183,133 ⁽¹⁾	\$ 4,250,333,797	\$ 23,209	34.5	13.4	27,891	4.4%
2005	183,133 ⁽¹⁾	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 ⁽¹⁾	4,966,933,226	27,122	36.0	13.4	28,755 ⁽³⁾	3.8%
2007	183,133 ⁽¹⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽³⁾	4.8%
2008	183,133 ⁽¹⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽³⁾	4.6%
2009	183,133 ⁽¹⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽³⁾	6.1%
2010	193,524 ⁽⁴⁾	4,906,220,448	25,352	37	13.8	27,950 ⁽³⁾	6.1%
2011	193,524 ⁽⁴⁾	5,205,408,552	26,898	35.1	13.8	27,626 ⁽³⁾	7.3%
2012	193,524 ⁽⁴⁾	5,350,164,504	27,646	36.8	15.8	27,344 ⁽³⁾	6.8%
2013	193,524 ⁽⁴⁾	5,540,707,728	28,152	36.6	15.8	27,369 ⁽³⁾	6.7%

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

(1) 2000 Census

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

(3) Little Rock Public Schools

(4) 2010 Census

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

Table 17

Employer	2013			2004	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
State of Arkansas (MSA)	32,200	1	17.28%	28,100	1
Local Government (MSA)	28,800	2	15.46%		
Federal Government (MSA)	9,200	3	4.94%	9,400	2
University of Arkansas Medical Sciences	8,500	4	4.56%	7,800	3
Baptist Health	7,000	5	3.76%	7,000	5
Little Rock Air Force Base	4,500	6	2.42%	4,500	6
Acxiom	4,388	7	2.36%		
Little Rock School District	3,511	8	1.88%		
Central Arkansas Veterans Health Care	3,500	9	1.88%	2,700	10
Entergy Arkansas	2,738	10	1.47%	3,254	8
Public School Districts				7,411	4
St. Vincent Infirmiry Medical Center				4,200	7
Alltel Corporation				2,734	9
	<u>104,337</u>		<u>56.00%</u>	<u>77,099</u>	

Source: Metroplan - Council of Local Governments

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

Table 18

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
General Administration	2	2	3	4	4	3	3	3	3	3
Racial Cultural Diversity	3	3	3	3	3	3	3	3	2	2
City Clerk	2	2	2	2	2	2	2	2	2	2
Arts & Humanities	1	-	-	-	-	-	-	-	-	-
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
City Manager	11	11	11	14	15	15	14	14	14	14
Community Programs	8	8	8	8	8	7	6	7	10	10
City Attorney	19	18	18	18	19	19	18	18	18	18
Little Rock Television	2	3	3	3	3	3	3	3	4	4
District Court - First Division	21	21	21	21	21	21	21	21	21	21
District Court - Second Division	20	20	20	20	20	20	17	17	17	17
District Court - Third Division	7	6	6	7	7	7	7	7	7	7
Finance	44	44	44	44	44	44	40	40	40	41
Human Resources	18	18	20	21	21	21	18	18	19	19
Management Support/Information Technology	35	33	33	34	35	36	37	38	38	39
Planning and Development	43	41	40	41	41	41	39	39	39	39
Housing and Neighborhood Programs	96	95	94	97	97	98	94	94	96	103
Public Works	13	13	13	13	13	13	13	13	13	13
Parks and Recreation	113	106	104	106	106	105	100	100	117	119
Golf	25	25	24	24	24	24	21	21	21	21
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	9	9
Zoo	50	50	50	51	50	50	45	46	56	59
Fire	398	397	398	397	397	409	408	408	421	421
Police	713	695	670	680	683	698	698	697	709	716
Total General Fund	<u>1,654</u>	<u>1,621</u>	<u>1,595</u>	<u>1,618</u>	<u>1,623</u>	<u>1,649</u>	<u>1,617</u>	<u>1,543</u>	<u>1,677</u>	<u>1,698</u>
Concessions										
Concessions	1	1	1	1	1	-	-	-	-	-
River Market	4	4	4	4	4	4	-	-	-	-
Waste Disposal	118	118	118	118	118	119	112	112	112	113
Public Works - Street	205	210	210	210	208	209	210	210	211	213
Fleet Services	59	59	61	61	61	60	60	60	59	61
Vehicle Storage Facility	17	17	17	17	17	17	17	15	15	15
Total Other Funds	<u>404</u>	<u>409</u>	<u>411</u>	<u>411</u>	<u>409</u>	<u>409</u>	<u>399</u>	<u>473</u>	<u>397</u>	<u>402</u>
Total Personnel	<u><u>2,058</u></u>	<u><u>2,030</u></u>	<u><u>2,006</u></u>	<u><u>2,029</u></u>	<u><u>2,032</u></u>	<u><u>2,058</u></u>	<u><u>2,016</u></u>	<u><u>2,016</u></u>	<u><u>2,074</u></u>	<u><u>2,100</u></u>

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Planning and Development										
Total building permits issued	5,032	5,330	4,694	2,734	1,957	3,690	3,832	3,304	2,011	2,000
Estimated building cost	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894	\$391,789,405	\$385,865,486
New commercial construction permits	153	113	78	60	45	31	26	155	94	38
Commercial construction value	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044	\$115,487,012	\$86,866,172
New residential construction permits	797	978	810	733	398	351	361	344	349	359
Residential construction value	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123	\$78,991,948	\$9,604,424
Fire										
Number of uniformed employees	373	373	374	391	391	402	403	403	403	415
Fires and explosions	1,127	1,883	1,752	1,478	1,190	1,256	1,557	1,452	1,595	1,241
Overpressure rupture, explosion, overhear (no fire)	126	110	143	101	90	61	65	62	96	62
Rescue, emergency medical calls	9,869	13,982	13,948	13,946	13,990	14,690	15,256	15,259	15,890	16,312
Hazardous condition, standby	1,215	1,211	1,186	1,177	1,392	1,178	1,130	1,298	1,420	1,233
Service calls	1,116	984	1,236	1,265	1,374	1,241	1,210	1,295	1,437	1,440
Good intent calls	1,366	1,034	2,419	3,165	3,176	3,327	3,523	3,332	3,426	3,846
False alarm calls	2,114	2,553	3,019	2,953	2,813	2,714	2,644	2,648	2,753	2,770
Natural disaster calls	12	26	28	22	64	29	17	75	37	22
Other calls	122	89	142	117	158	132	179	134	136	140
Total calls	17,067	21,872	23,873	24,224	24,247	24,628	25,984	25,555	26,790	27,066
Police										
Number of uniformed employees	492	500	515	525	520	557	557	557	577	574
Calls for service	156,577	156,003	155,110	156,714	150,042	148,409	143,540	143,226	157,093	158,635
Arrests	16,389	17,361	15,023	17,362	10,523	15,445	15,446	10,154	9,778	8,847
Accidents (fatality and serious injury)	4,704	3,846	5,181	5,363	4,054	3,354	3,354	2,877	3,480	2,612
Training man hours	13,048	12,101	12,778	13,469	26,465	13,525	13,625	10,825	36,780	37,568
Uniform Crime Reporting (UCR) Part I offenses	19,466	19,517	19,220	19,200	17,968	17,775	16,057	16,662	17,330	17,358
Clearance rate - all crimes	18.11%	19.53%	21.70%	22.36%	24.80%	19.22%	19.47%	38.00%	21.66%	18.83%
Public Works										
Miles of graded and surface treatment	426	426	426	398	394	392	425	422	422	422
Drainage ditches maintained	745	745	745	1,578	1,578	1,578	1,578	1,578	1,578	1,578
Traffic signals repaired	-	-	1,887	2,178	2,464	3,100	2,125	1,832	293	2,568
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$20.99	\$20.99	\$20.99	\$20.99	\$20.99	\$21.00	\$21.00	\$20.99	\$20.99	\$22.02
On-Call service	28,448	29,231	30,370	30,500	32,000	27,900	24,620	27,135	25,601	26,649
KB's service	7,894	6,287	5,865	6,000	6,000	8,898	7,499	6,242	5,164	8,675
Roll-off service	2,240	2,311	2,194	2,200	2,100	2,108	1,839	2,139	1,973	2,058
Carts	6,076	5,436	5,124	6,500	5,500	5,664	5,852	5,874	5,742	5,501
Dead animals collected	574	395	343	500	400	303	451	343	329	265
Curbside recycling tonnage (3)	4,457	4,820	4,596	4,800	5,200	5,240	5,414	5,688	9,307	10,287
Paper recycling pounds (3)	54,240	46,880	84,200	59,490	48,942	65,060	7,321	57,820	145,540	31,140
Class I and IV tonnage (3)	88,137	81,768	108,382	116,000	112,500	113,740	102,500	101,283	104,226	131,773
Yard Waste tonnage (3)	21,989	22,961	23,875	23,800	24,000	26,663	25,226	32,585	30,690	47,881
Parks and Recreation										
Total recorded parks attendance (1)	1,097,848	906,941	1,339,653	1,457,419	1,632,030	64,686 (4)	1,672,000 (5)	611,722	604,702	617,537
Zoo attendance (1)	251,104	275,584	257,290	282,334	274,781	277,530	274,621	307,123	323,040	313,762
Zoo outreach program (2)	67,922	72,978	98,479	55,669	69,223	74,153	39,240	37,307	21,584	37,018

Sources: Various city departments.

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

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

City of Little Rock, Arkansas

Capital Asset Statistics By Function

Last Ten Years

Table 20

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fire Stations	20	20	20	20	20	20	20	20	21	21
Police Stations	4	4	5	11 ⁽¹⁾	9	11	11	10	10	10
Public Works										
Miles of Streets	2,496	2,527	2,548	2,567	2,585	2,601	2,443	2,434	2,448	2,461
Miles of paved - permanent streets	2,007	2,039	2,039	2,105	2,146	2,164	2,018	2,016	2,026	2,039
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	350	350	350	355	355	357	357	359	361
Miles of sanitary sewer	1,228	1,248	2,070	1,292	1,311	1,312	1,320	1,345	1,400	1,365
Solid waste containers purchased	3,134	2,000	1,889	2,984	1,512	2,688	2,688	3,032	4,176	3,654
Parks and Recreation										
Acreage	5,745	5,767	5,776	5,781	5,780	6,080	6,246	6,313	6,315	6,319
Number of parks	54	54	55	55	55	56	58	59	59	59
Number of playgrounds	48	45	45	45	45	45	45	45	46	46
Number of tennis courts	52	52	52	52	52	52	48	48	48	48
Number of basketball courts	36	36	35	36	36	37	37	37	37	37
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	3	4	3	3	3	3	3	3	3
Number of ball fields	29	24	25	25	25	25	25	25	25	25
Number of play fields	12	18	20	20	20	20	20	20	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	-	-	1	1
Number of community centers	6	6	6	6	6	5	4	4	4	5
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	4	4	3	3	3	3	3	3	3	3
Number of soccer fields	9	9	9	9	9	9	9	9	9	9
Number of pavilions	26	19	19	22	20	22	22	22	22	22
Number of volleyball courts	9	9	9	2	2	8	8	9	9	9

Source: Various city departments.

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

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

Other Required Report

Independent Auditor's Report on Compliance with Certain State Acts

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

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

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

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

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2013.

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 16, 2014

Single Audit Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2014, which contained an emphasis of matter paragraph regarding a change in accounting principle and corrections of errors. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Other auditors audited the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 13-01 that we consider to be significant deficiencies in internal control.

Compliance and Other Matters

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

City's Response to Findings

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

We also noted certain matters that we reported to the City's management in a separate letter dated June 16, 2014.

Purpose of this Report

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

BKD, LLP

Little Rock, Arkansas
June 16, 2014

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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Little Rock, Arkansas (the City) with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Little Rock National Airport and Little Rock Workforce Investment Board, which expended \$4,680,319, \$5,841,097 and \$1,578,395, 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, 2013. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Little Rock, Arkansas
June 16, 2014

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	\$ 1,332,994
		CDBG cluster total	1,332,994
ARRA COPS	U.S. Department of Justice	16.710	523,712
		COPS Cluster	523,712
Justice Assistance Grant	U.S. Department of Justice	16.738	404,249
ARRA Bureau of Justice Assistance	U.S. Department of Justice	16.804	68,378
		JAG cluster total	472,627
CDBG Disaster	U.S. Department of Housing and Urban Development/Arkansas Economic Development Commission	14.228	626,581
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	634,314
Housing Opportunities for Persons with Aids (HOPWA)	U.S. Department of Housing and Urban Development	14.241	187,111
ARRA Neighborhood Stabilization Program (NSP2)	U.S. Department of Housing and Urban Development	14.256	342,645
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	3,394
Internet Crimes	U.S. Department of Justice	16.543	1,855
Project Safe Neighborhood 2011	U.S. Department of Justice	16.609	29,440
Special Asset Forfeiture	U.S. Department of Justice	16.922	7,802
WIA National Emergency Grant	U.S. Department of Labor/Department of Workforce Services	17.277	101,042
Highway Planning and Construction	U.S. Department of Transportation/Arkansas State Highway and Transportation	20.205	55,957
Job Access Reverse Commute	U.S. Department of Transportation/Arkansas State Highway & Transportation Department	20.516	19,178
Selective Traffic Enforcement Program	U.S. Department of Transportation/Arkansas State Highway and Transportation	20.600	11,332
Section 319	Environmental Protection Agency/Arkansas Natural Resource Commission	66.460	202,572
FEMA Disaster Public Assistance	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.036	1,740,464
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	45,714
Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	635,291
Fire and Emergency Response	U.S. Department of Homeland Security	97.083	58,590
Repetitive Flood - Ramona	U.S. Department of Homeland Security/Arkansas Natural Resources Cimmission	97.092	92,733
			<u>\$ 7,125,348</u>

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2013

Notes to Schedule:

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

Program	CFDA No.	Subrecipient	Amount Provided
Community Development Block Grant	14.218	Various	\$ 268,359
CDBG Disaster	14.228	Various	499,999
HOPWA Arkansas Aids Foundation	14.241	Various	176,581
Bureau of Justice Assistance	16.738	Various	<u>91,849</u>
Total provided to subrecipients			<u>\$ 1,036,788</u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2013

Program Grantor/Program Title	State Awards
Arkansas Department of Finance and Administration	
Southside Park Improvements	\$ 316
Arkansas Department of Environmental Quality	
2012 Recycling Grant Funding	42,781
Arkansas Department of Economic Development Commission	
Arkansas Motion Picture Institute	45,000
CNG	235,000
Falcon Jet 9th Street Extension QACF	1,461,493
Central Arkansas Planning & Development District	
Dunbar Community, Love Your Block GIF	<u>7,500</u>
Total State Awards	<u>\$ 1,792,090</u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

7. The City's major programs were:

Cluster/Program	CFDA Number
Community Development Block Grant Disaster	14.228
Neighborhood Stabilization Program 2	14.256
Justice Assistance Grant Cluster	16.804 & 16.738
COPS	16.710
Disaster Grants – Public Assistance	97.036
Homeland Security Grant Program	97.067

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, 2013

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2013-001	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within the payroll department.</p> <p>Context In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the payroll recognition cycle are not adequately segregated and/or monitoring or other compensating controls are insufficient.</p> <p>Recommendation Management should periodically evaluate the costs versus the benefits of further segregation of duties or addition of monitoring or other compensating controls and implement those changes it deems appropriate for which benefits are determined to exceed costs.</p> <p>Views of Responsible Officials and Planned Corrective Actions Management continues to monitor the cost versus the benefits of further segregation of duties within the payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. In addition, the City will continue to look for opportunities to enhance internal controls and for further separation of duties with existing staff.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2013

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

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

Reference Number	Finding	Questioned Costs
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No matters are reportable.