

COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF LITTLE ROCK, ARKANSAS



FOR THE YEAR ENDED DECEMBER 31, 2007

About the cover:

“Reflections” is an original watercolor by Little Rock artist Lyuba Bogan. Lyuba, an art director at Cranford Johnson Robinson Woods (CJRW), was selected to create an image to illustrate the 50th anniversary of integration at Little Rock Central High School. Charged with honoring the past, celebrating the present and looking to the future, Bogan’s watercolor captures the Little Rock Nine today and as they were when they made history in 1957. CJRW is proud to lend “Reflections” to the Central High Museum and Visitor’s Center.

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**CITY OF LITTLE ROCK,
ARKANSAS**

**FISCAL YEAR ENDED
DECEMBER 31, 2007**

**PREPARED BY:
THE DEPARTMENT OF FINANCE**

**SARA LENEHAN, CPA
DIRECTOR OF FINANCE**

City of Little Rock, Arkansas
Year Ended December 31, 2007

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INTRODUCTORY SECTION



City of Little Rock

Bruce T. Moore
City Manager

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July 30, 2008

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

State law allows municipalities to choose to publish 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 Mayor and Board of Directors exercised that option, and accordingly, we hereby issue the comprehensive annual financial report of the City of Little Rock for the fiscal year ended December 31, 2007.

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, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2007, 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 (CAFR).

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 be read in conjunction with and complement the MD&A. The City of Little Rock's MD&A can be found immediately following the report of the independent accountants.

Profile of the Government:

The City of Little Rock, incorporated in 1831, is located in the central part of the State, which is considered to be one of the top growth areas in the State. The City of Little Rock currently occupies a land area of 123 square miles and serves a population of 183,133. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. In addition, the City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Little Rock has operated under the council-manager form of government since 1957. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and ten (10) other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the Directors of various Departments. The City Board is elected on a non-partisan basis. In 1993, voters of the City approved modifications to the City Manager/Board of Directors form of municipal government. The modifications approved provided the expansion of the City Board of Directors from seven (7) Directors to ten (10) Directors; seven (7) Directors are elected by wards, and three (3) Directors are elected City-wide; the Mayor's position is a City-wide elected position with the Mayor serving a four (4)-year term. In 2007, voters approved a referendum that reorganized the Mayor's position as full-time with veto power and appointment authority of the City Manager and City Attorney and Board and Commission members, with consent of the City Board of 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 department 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 on all ten (10) 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 67 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 80.

Factors Affecting Financial Condition:

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

Local Economy: Little Rock is the center of economic activity in Arkansas. The Little Rock area is maintaining its historic trend of steady, dependable economic growth and job creation. The Little Rock metro economy generates over one-quarter of all personal income in the State of Arkansas and is growing jobs and income at a faster pace than the national average. Key industry leaders in Little Rock include firms from the aerospace, automotive, biotechnology, financial services, food processing, healthcare and the IT/telecommunications sectors. In addition, the Little Rock region is the healthcare center for the State of Arkansas. The cornerstone of healthcare in Little Rock is the University of Arkansas for Medical Sciences (UAMS) comprised of five (5) medical centers. In addition, St. Vincent's Hospital recently embarked on a \$47 million expansion, and Arkansas Children's Hospital was ranked 76th on *Fortune Magazine's* 11th annual "100 Best Companies to Work For" survey. Little Rock is the capital of Arkansas and enjoys a significant State Government presence with over 28,100 state employees headquartered in various locations throughout the City. Little Rock was one of the nation's fifteen (15) most aggressive development markets in the early part of the new century; it has doubled in the past twenty (20) years and is expected to double again over the next twenty (20) years.

Little Rock has been included in many national rankings as a result of its diverse economic and business base. Moody's Investment Service has listed Little Rock as the 2nd Most Diverse Economy. According to *Forbes Magazine*, the City is 6th in Income Growth, 21st in Cost of Living, 22nd Best Place for Business & Careers and 23rd Best City to Find a Job. *Expansion Magazine* has listed Little Rock as one of the 50 Hottest Cities for Business Expansion. Because of its location in a region with a varied economic base, unemployment is relatively stable and/or declining. Compared to the national averages, Little Rock's population is slightly younger and growing at a faster pace. Research by the Federal Reserve Bank of St. Louis stated that good job growth equaled 64.7% in Little Rock versus the national average of 37%.

Long-Term Financial Planning: In 2003, under the Mayor's direction, the Board of Directors launched an initiative called *Vision Little Rock*, which was a community-wide goal setting process designed to develop a comprehensive vision and related action plan for Little Rock's first ten (10) years of the new millennium. This effort was citizen-based and actively engaged Little Rock residents in the development of goals, action steps, and implementation strategies.

In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. The Board's goal is to have at least 10% of budgeted General Fund revenues in the reserve. Ten percent of the 2008 General Fund revenue budget is \$13,407,006. Due to increased public safety costs and a slower rate of growth of sales tax collections in the latter part of 2006, funds were not available to increase the reserve in 2006 or 2007.

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, except for water and wastewater, are at the maximum rate allowed. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and has reached a moderate growth rate, revenue growth has not kept pace with operating cost increases. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition.

Major Initiatives: Little Rock is part of the Pulaski County Empowerment Zone, and is one (1) of only seven (7) urban areas nationwide to receive an Empowerment Zone designation from the U. S. Department of Housing and Urban Development. The designation is designed to support growth and revitalization opportunities for distressed areas of communities through business tax incentives, and is part of a nationwide incentive package valued at \$17 to \$22 billion. The designation period runs until December 31, 2009.

The William J. Clinton Presidential Library and Museum opened in downtown Little Rock in November 2004. The Library and Museum are located on twenty-six (26) acres of park located beside the Arkansas River. Heifer International built its international headquarters in downtown Little Rock just south of the William J. Clinton Presidential Library and Museum. These two endeavors in the River Market District have significantly increased tourism in Little Rock. Library and economic officials report the presidential center is responsible for more than \$1 billion in downtown economic activity.

There have been several recent announcements regarding new manufacturing facilities in Little Rock. Mann Industries, a leading pipe manufacturer based in India, announced plans to invest approximately \$100 million in a new manufacturing facility near the Little Rock Port Authority. The plant is expected to employ 250 people with production scheduled to begin by early 2009. Denmark's LM Glasfiber is constructing a \$150 million wind blade manufacturing plant in Little Rock which is expected to employ over 1,000 within five (5) years. India's Welspun is constructing a \$100 million manufacturing facility in Little Rock adjacent to the Little Rock Port Authority. The plant will be capable of producing 300,000 net tons of tubular steel pipes annually for use in the oil and gas industry and is expected to employ 300 people. Dassault Falcon Jet is expanding its Little Rock Service Center which is expected to bring 100 new jobs over the next three (3) years. The \$10 million investment is expected to be complete by the end of 2008. Save V Foods is relocating its individually quick frozen rice plant from Texas to Little Rock. The \$20 million plant is expected to be open in December 2008 with sixty (60) to 100 employees and grow to about 200 employees within two (2) to three (3) years.

In addition, the University of Arkansas for Medical Sciences expanded its medical center with the construction of a \$203.9 million, ten (10)-floor, 540,000 square foot expansion and an adjacent five (5)-floor, 100,000 square foot Psychiatric Research Institute.

Shopping opportunities are also expanding in Little Rock. The new Shackleford Crossing Mall, which has opened various major retail establishments, promises to add significant retail opportunities in West Little Rock. The project's anchors include a Wal-Mart Supercenter and JC Penney. The Promenade at Chenal is a 340,000 square foot center featuring J. Crew, Aeropostale, Coldwater Creek, Dickinson Theatre which displays an IMAX digitally enhanced screen and many other national retail stores. The IMAX Theatre opened in mid-summer 2008 with the remaining shops expected to open by the end of the year. The ongoing redevelopment efforts of central Little Rock include two (2) upscale retail efforts. The Midtowne Center in Little Rock has many high-end shops including Harold's, White House/Black Market, Pottery Barn and Williams-Sonoma. In addition, work has begun on Park Avenue, a 711,000 square foot open-air lifestyle shopping center. Park Avenue will incorporate a 138,000 square foot contemporary Target and include other high-end retailers, restaurants, apartments and office space in central Little Rock.

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 CAFR for the fiscal year ended December 31, 2006. The City of Little Rock has received a Certificate of Achievement for twenty-four (24) years total, except for fiscal years 1997-1999. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1)-year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we 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. Ember Foster, Donna Facen, Mary Ellen Ewing, Anita Worley, Betty Long, Nancy Warfield, Alan Bohannon, Scott Massanelli, Kentrick Lewis and Lottie Keaton-Brooks 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 City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Director

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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, 2006

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



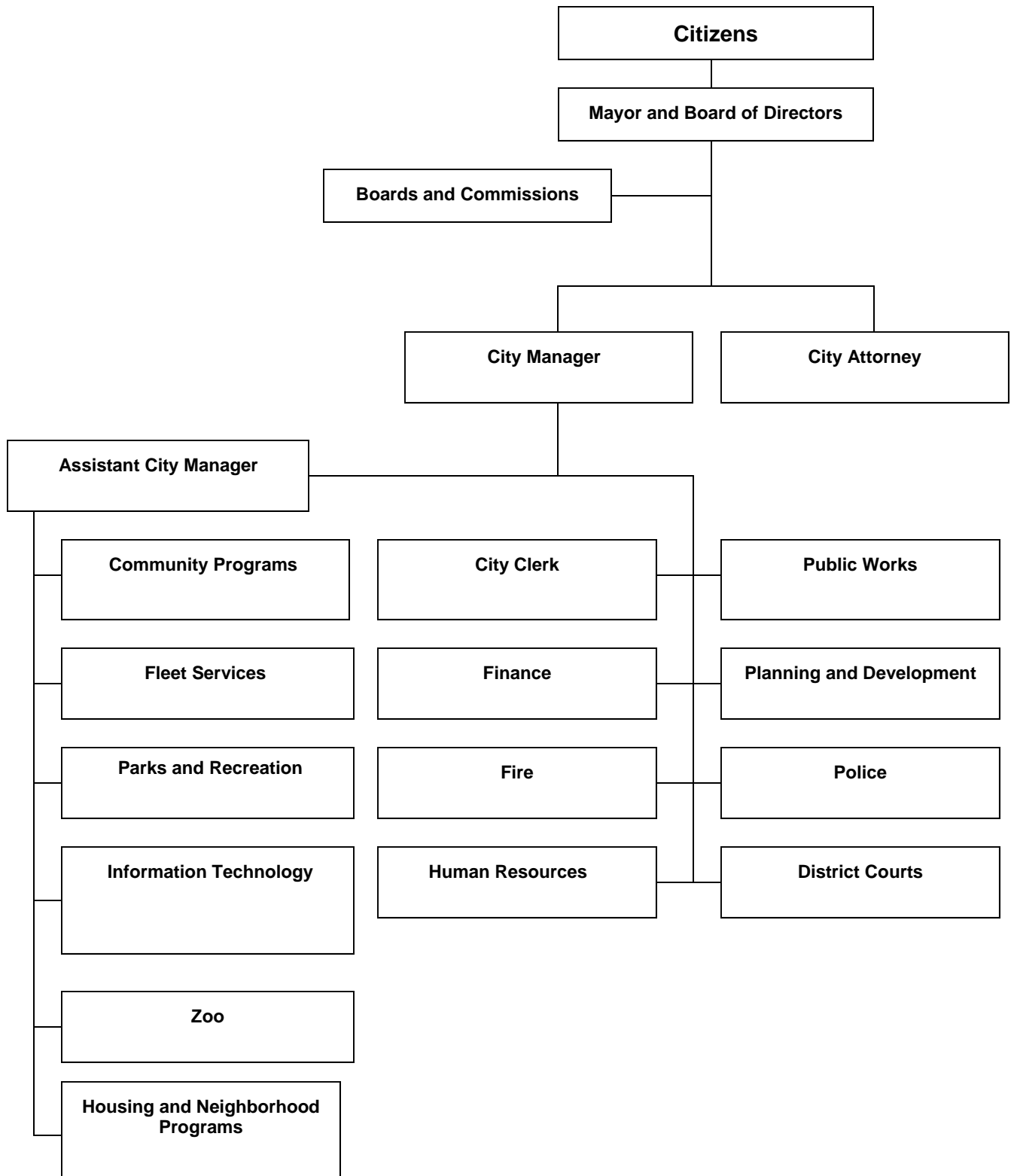
Chae S. Cox

President

Jeffrey R. Emer

Executive Director

City of Little Rock Organizational Chart



City of Little Rock, Arkansas

Elected Officials:

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

Appointed Officials:

Bruce T. Moore	City Manager
Bryan Day	Assistant City Manager
Tom Carpenter	City Attorney
Nancy Wood	City Clerk
Dorothy Nayles	Director of Community Programs
Sara Lenehan	Director of Finance
Rhoda Mae Kerr	Fire Chief
Wendell Jones	Director of Fleet Services
Andre Bernard	Director of Housing & Neighborhood Programs
Don Flegal	Director of Human Resources
Randy Foshee	Director of Information Technology
Truman Tolefree	Director of Parks & Recreation
Tony Bozynski	Director of Planning & Development
Stuart Thomas	Police Chief
Steve Beck	Director of Public Works
Mike Blakely	Director of Zoo

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FINANCIAL SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission or the Oakland Fraternal Cemetery, which statements reflect total assets and program revenues of \$815,770,690 and \$71,697,918, respectively, and represent 90% and 73% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2007 and for the year then ended, respectively. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

BKD, LLP

July 30, 2008

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2007

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, 2007. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

Financial Highlights

- Total assets of the City exceeded total liabilities at the close of 2007 by \$509,498,847. Of this amount, \$486,018,032 is invested in capital assets, net of related debt, \$22,548,046 is restricted for debt service, grant funds and other special projects, and \$932,769 is considered unrestricted. The unrestricted net assets (deficit) of the City's governmental activities decreased \$6,000,101 to (\$5,253,750) primarily due to an increase in the net pension obligation. The unrestricted net assets of the City's business-type activities are \$6,186,519 and may be used to meet the ongoing obligations of the City's solid waste and recreation business-type activities.
- The City's reported total net assets increased by \$1,658,813 in 2007. Net assets of the governmental activities decreased \$4,130,933 (0.85% below 2006) due primarily to increased public safety expenses (net pension obligation). Net assets of the business-type activities increased \$5,789,746 (24.2% over 2006).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$53,250,517. The combined governmental funds fund balances decreased \$20,822,139 from the prior year's ending fund balances. The decrease in fund balances is primarily associated with capital expenditures of approximately \$21,620,000 net of new short term financing notes issued for capital in the amount of \$7,291,000; and the repayment of debt of approximately \$19,741,000, including the defeasance of the 1998A Street and Drainage Revenue Bonds, net of committed property and franchise tax revenues of approximately \$3,554,000, and the issuance of the 2007 Capital Improvement Revenue Refunding Bonds in the amount of \$13,350,000. Approximately \$33,000,000 of the \$53,250,517 fund balances is considered unreserved at December 31, 2007. Approximately \$15,779,000 of this amount is reported in capital projects or debt service funds.
- The General Fund reported fund balance of \$17,729,183 at the end of the current fiscal year. Unreserved fund balance for the General Fund was \$17,188,490 or 12.2% of total General Fund expenditures (including transfers out). There was a \$3,767,425, decrease in the total fund balance for the General Fund for the year ended December 31, 2007.
- The City's total debt decreased by \$9,414,790 (5.8% under 2006) during the current year. The key factors in this decrease were the issuance of \$13,350,000 capital improvement revenue refunding bonds, \$3,400,000 Waste Disposal Revenue Bonds, and \$7,291,000 temporary notes offset by principal payments of \$17,530,000 for revenue bonds, \$10,565,000 for general obligation bonds, and \$5,360,790 for temporary notes.
- At the close of the current fiscal year, net assets of fiduciary funds were \$215,413,174, all held in trust for pension or other post employment benefits. There was a \$6,652,202 increase in the total fiduciary net assets held in trust for the year ended December 31, 2007. The increase in net assets is attributed to contributions to the funds in the amount of \$14,202,450, investment income and a net increase in the fair value of investments totaling \$15,117,897, offset by benefits paid directly to participants of \$22,185,070, and other investment and administrative expenses of \$483,075.
- The City's component units reported net assets of \$575,803,927 as of December 31, 2007, an increase of \$38,284,992 compared to December 31, 2006, net assets of \$536,518,935.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal 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 20 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 2004 Bond Fund and the Grand Fund, which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-66 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 67 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 72-83 of this report.

**City of Little Rock
Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$121,972,663	\$ 132,421,141	\$18,569,201	\$ 19,082,456	140,541,864	\$ 151,503,597
Capital assets	<u>562,786,288</u>	<u>552,803,548</u>	<u>61,797,780</u>	<u>54,210,832</u>	<u>624,584,068</u>	<u>607,014,380</u>
Total assets	<u>684,758,951</u>	<u>685,224,689</u>	<u>80,366,981</u>	<u>73,293,288</u>	<u>765,125,932</u>	<u>758,517,977</u>
Long-term liabilities outstanding	161,451,463	163,470,192	43,600,462	43,273,964	205,051,925	206,744,156
Other liabilities	<u>43,522,362</u>	<u>37,838,438</u>	<u>7,052,798</u>	<u>6,095,349</u>	<u>50,575,160</u>	<u>43,933,787</u>
Total liabilities	<u>204,973,825</u>	<u>201,308,630</u>	<u>50,653,260</u>	<u>49,369,313</u>	<u>255,627,085</u>	<u>250,677,943</u>
Net assets	<u>\$479,785,126</u>	<u>\$ 483,916,059</u>	<u>\$ 29,713,721</u>	<u>\$ 23,923,975</u>	<u>\$509,498,847</u>	<u>\$ 507,840,034</u>
Invested in capital assets, net of related debt	\$470,177,184	\$ 464,980,160	\$15,840,848	\$ 12,833,382	\$486,018,032	\$ 477,813,542
Restricted	14,861,692	18,189,548	7,686,354	8,170,282	22,548,046	26,359,830
Unrestricted (deficit)	<u>(5,253,750)</u>	<u>746,351</u>	<u>6,186,519</u>	<u>2,920,311</u>	<u>932,769</u>	<u>3,666,662</u>
Total net assets	<u>\$479,785,126</u>	<u>\$ 483,916,059</u>	<u>\$ 29,713,721</u>	<u>\$ 23,923,975</u>	<u>\$509,498,847</u>	<u>\$ 507,840,034</u>

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The City’s assets exceeded liabilities by \$509,498,857 at the close of the most recent fiscal year.

The largest portion of the City’s net assets (95.4%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net assets (4.4%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$932,769) may be used to meet the government’s on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is \$932,769; the net assets of the City’s business-type activities (\$6,186,519) may not be used to fund governmental activities.

City of Little Rock
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues-						
<i>Program revenues:</i>						
Charges for services	\$ 24,031,109	\$ 24,156,362	\$ 29,522,558	\$ 23,753,775	\$ 53,553,667	\$ 47,910,137
Operating grants and contributions	4,133,325	5,941,370	—	—	4,133,325	5,941,370
Capital grants and contributions	18,491,092	1,296,607	—	—	18,491,092	1,296,607
<i>General revenues:</i>						
Property taxes	41,742,564	36,931,553	—	—	41,742,564	36,931,553
Sales taxes	65,115,060	64,431,557	—	—	65,115,060	64,431,557
Utility franchise taxes	25,656,344	25,983,088	—	—	25,656,344	25,983,088
Investment earnings	2,254,443	3,872,008	1,002,452	959,678	3,256,895	4,831,686
Intergovernmental revenues	26,860,087	21,600,899	—	—	25,860,087	21,600,899
Other	—	—	(26,432)	(64,920)	(26,432)	(64,920)
Total revenues	<u>208,284,024</u>	<u>184,213,444</u>	<u>30,498,578</u>	<u>24,648,533</u>	<u>238,782,602</u>	<u>208,861,977</u>
Expenses:						
<i>General</i>						
government	40,902,900	40,824,314	—	—	40,902,900	40,824,314
Public works	30,198,787	29,576,521	—	—	30,198,787	29,576,521
Parks and recreation	10,948,381	11,652,210	5,779,776	5,456,371	16,728,157	17,108,581
Public safety	93,558,309	85,839,647	—	—	93,558,309	85,839,647
Economic development	12,555,927	3,499,207	—	—	12,555,927	3,499,207
Education	7,591,089	—	—	—	7,591,089	—
Housing and neighborhood programs	10,400,245	7,498,272	—	—	10,400,245	7,498,272
Interest on long-term debt	3,528,925	4,131,657	—	—	3,528,925	4,131,657
Other	482,975	13,236	—	—	482,975	13,236
Waste disposal	—	—	13,943,884	12,749,068	13,943,884	12,749,068
Parking system	—	—	1,732,311	1,475,135	1,732,311	1,475,135
Zoo	—	—	4,286,060	3,959,985	4,286,060	3,959,985
Vehicle storage	—	—	1,214,219	1,225,802	1,214,219	1,225,802
Total expenses	<u>210,167,539</u>	<u>183,035,064</u>	<u>26,956,250</u>	<u>24,866,361</u>	<u>237,123,789</u>	<u>207,901,425</u>
Increase in net assets before transfers	(1,883,515)	1,178,380	3,542,328	(217,828)	1,658,813	960,552
Transfers	(2,247,418)	(2,497,302)	2,247,418	2,497,302	—	—
Change in Net Assets	<u>(4,130,933)</u>	<u>(1,318,922)</u>	<u>5,789,746</u>	<u>2,279,474</u>	<u>1,658,813</u>	<u>960,552</u>
Net asset, January 1	<u>483,916,059</u>	<u>485,234,981</u>	<u>23,923,975</u>	<u>21,644,501</u>	<u>507,840,034</u>	<u>506,879,482</u>
Net asset - December 31	<u>\$ 479,785,126</u>	<u>\$ 483,916,059</u>	<u>\$ 29,713,721</u>	<u>\$ 23,923,975</u>	<u>\$ 509,498,847</u>	<u>\$ 507,840,034</u>

Governmental Activities. Governmental activities decreased the City's net assets by \$4,130,933. Increase in net capital assets and current and other assets of \$9,982,740 and \$5,823,138, respectively, and a decrease in non-current liabilities of \$2,018,739 were offset by a \$16,271,616 decrease in noncurrent assets, and a \$5,683,924 increase in current liabilities.

Property tax represents 20% of the City's governmental revenue in 2007. Sales tax represents 35% of the City's governmental revenue in 2007. Current year expenses were 100.9% of current year revenues.

Business-type Activities. Business-type activities increased the City's net assets by \$5,789,746. Key elements of this increase are as follows:

- Operating income increased net assets by \$725,492. Nonoperating expenses, primarily interest expense, decreased net assets by \$1,354,089. Contributions and donations of primarily capital assets increased net assets by \$4,170,925. Net transfers increased net assets by \$2,247,418.
- Presidential Park net assets increased by \$646,994.
- Waste Disposal net assets increased by \$2,399,877. Net income before transfers out of \$1,304,617 was \$3,704,494.
- River Market Garage operating income of \$507,440 was offset by nonoperating expense of \$509,560. The primary component of net operating expense was interest.
- Net transfers in of \$2,252,035 and capital contributions and donations of \$4,170,925 enhanced the increase in net assets for nonmajor enterprise funds to \$2,744,995.

Solid Waste activities contribute 66% of the operating revenue to the business-type activities. Current year operating expenses were 97.1% 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, the City's 20 governmental funds reported combined ending fund balances of \$53,250,517, a decrease of \$20,822,139 in comparison with the prior year. Approximately \$33,000,000 of this amount constitutes *unreserved fund balance*. Of this amount, approximately \$15,779,000 is reported in capital projects or debt service funds and is committed for those purposes. The remaining unreserved fund balance of approximately \$17,188,500 is available for spending at the government's discretion. Approximately \$20,283,000 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service and other purposes.

The General Fund is the chief operating fund of the city. At December 31, 2007, unreserved fund balance of the General Fund was \$17,188,490, while the total fund balance was \$17,729,183. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 12.2% of total General Fund expenditures (including transfers out), while total fund balance represents 12.5% of that same amount.

The fund balance of the City's General Fund decreased \$3,767,425. Increased public safety expenditures were the primary factor contributing to the decrease in fund balance.

The special revenue funds had total fund balances of \$9,148,040. The net decrease in fund balances during 2007 for the funds was \$1,523,200. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The decrease in fund balances are primarily attributed to increased expenditures as special projects were completed. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 229,969	\$ 3,506,064
Special Projects	(234,050)	2,399,919
Economic Development	(23,454)	0
Infrastructure	(299,743)	1,406,572
Emergency 911	(484,272)	806,062
CDBG	(35,978)	272,687
NHSP	(531,675)	190,241
HIPP	(38,025)	566,892
Grant	(105,972)	(397)

The debt service funds had total fund balances of \$12,072,643. The net decrease in fund balances during 2007 for the funds was \$2,183,382. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Debt service requirements decreased due to the refunding of the 1998 Street and Drainage bonds. Early bond calls paid from excess property tax collects have reduced the outstanding principal balance on the 2004 Central Arkansas Library bonds. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
1998 Street and Drainage	\$ (1,566,768)	\$ 12,439
2002 Junior Lien Bonds	8,928	17,733
2004 Bond Fund	529,950	10,243,324
2004 Central Arkansas Library	(1,155,492)	1,799,147

The capital project fund balances decreased by \$13,348,132 to total fund balances at December 31, 2007 of \$14,300,651. In accordance with the terms of the City ordinance for each fund, the \$13,348,132 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. During 2007, the City issued two temporary notes totaling \$7,291,000. The net changes and ending fund balances for the capital project funds were:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (1,080,621)	\$ 2,680,070
1995 Capital Improvement	(22,912)	47,181
1988 Capital Improvement	(139,116)	1,330,385
Short Term Financing	881,914	3,196,617
2004 Capital Improvements	(5,775,724)	1,968,341
2004 Central Arkansas Library	(7,211,673)	5,078,057

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

Net assets (deficit) at the end of the year amounted to \$17,986,157, \$294,272, \$(85,341) and \$11,518,633 for Solid Waste, Presidential Park, River Market Garage, and other proprietary funds operations, respectively. Net assets increased in the Waste Disposal, Presidential Park, and other proprietary funds by \$2,399,877, \$646,994, and \$2,744,995, respectively. Net assets decreased in the River Market Garage fund by \$2,120. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriations of \$730,738 more than the original budget. The total original appropriations, including those for transfers out, were \$129,015,756, while the final appropriations were for \$129,746,494. Revenue budget adjustments and actual results are shown below.

City of Little Rock						
General Fund Budget – Revenue						
	<u>Original</u>		<u>Amended</u>			
	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
Property Taxes	\$ 14,543,129	\$ 208,000	\$ 14,751,129	\$ 20,726,245	\$ 5,975,116	Actual includes property taxes contributed to the fire and police pension funds of \$5,887,274.
Sales Taxes	65,723,569	(1,040,000)	64,683,569	65,115,060	431,491	Sales tax revenue was originally budgeted at a growth rate of over 4%. The budget was amended to reflect a one time state turnback of \$1,255,000 less a reduction of \$2,295,000 in line with the growth trend of about 2.5%. However, fourth quarter sales tax revenues came in above the amended budget projections.
Licenses & Permits	10,062,342	15,000	10,077,342	9,935,519	(141,823)	General and mixed drink business license collections were \$115,000 below the amended budget. Electrical and HVAC permits were approximately \$34,000 lower than projected.
Intergovernmental	1,784,268	(174,862)	1,609,409	3,976,226	2,366,820	The original budget was reduced to reflect a reduction in the anticipated state pension turnback funds. Actual includes Police and Fire Pension turnback funds in the amount of \$2,366,820, which are reflected as revenue and contributions from the general fund.
Charges for Services	4,632,288	257,877	4,890,165	5,447,324	557,159	Reimbursements from the Airport for Police and Fire overtime expenses were \$408,000 over the amended budget which included an adjustment of approximately \$250,000 for these expenditures through September. Parks and Community Center revenues exceeded budget projections.

Fines and Fees	3,641,405	(10,000)	3,631,405	3,544,788	(86,617)	Rezoning fees were approximately \$25,000 below budget. Traffic fines were approximately \$20,000 below budget and Animal Control fines were approximately \$26,000 below budget
Franchise Fees	26,230,515	(1,259,000)	24,971,515	25,201,846	230,331	The original budget included a rate increase for the electric utility which was denied by the PSC in June. The budget adjustment reflects a \$2.6 million reduction for utility franchise fees, partially offset by a one time benefit of \$1.3 million associated with a reduction in fees committed to debt service due to the refunding of the 1998 Street and Drainage bonds. Fourth quarter utility fees were stronger than expected.
Interest Earnings	595,612	(53,000)	542,612	356,494	(186,118)	Interest earnings were lower than expected due to declining interest rates and lower fund balances.
Transfers In	1,282,504	235,625	1,518,129	2,616,964	1,098,835	The budget amendment reflects a transfer in from the Waste Disposal fund. The actual transfers in were higher than the amended budget due to the closing of several special projects. The general fund was reimbursed for expenditures incurred for closed projects, with remaining balances returned to the general fund.
All Other Revenues	<u>524,013</u>	<u>(36,640)</u>	<u>487,373</u>	<u>784,223</u>	<u>296,850</u>	Actual includes miscellaneous revenue from police seized property which was not budgeted.
Total General Fund Revenues	<u>\$ 129,019,645</u>	<u>\$ (1,857,000)</u>	<u>\$ 127,162,645</u>	<u>\$ 137,704,689</u>	<u>\$ 10,542,044</u>	

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

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
General Administration	\$ 19,909,147	\$ (102,271)	\$ 19,806,876	\$ 19,440,120	\$ (366,756)	Vacation and sick leave payouts of \$122,409 were budgeted in general administration, but charged to the individual departments. Property insurance and contract expenditures were approximately \$200,000 lower than expected.
Mayor & Board of Directors	290,244	34,688	324,932	313,773	(11,159)	The budget amendment includes additional funding for a full time mayor. Salaries and benefits were below budget due to the timing of the full time status of the mayor.
City Manager	960,190	(56,048)	904,142	1,593,898	689,756	Includes \$718,762 of special projects.

City of Little Rock
General Fund Budget - Expenditures

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
Community Programs	383,651	2	383,653	2,823,666	2,440,013	Includes special projects for Children, Youth and Families of over \$2,454,095.
City Attorney	1,463,007	37,845	1,500,852	1,474,219	(26,633)	Personnel cost savings from vacancies were \$29,000 in the fourth quarter. The budget was adjusted for vacancy savings through September.
Cable TV	211,096	-	211,096	234,021	22,925	Public relations expenses were higher than expected.
District Court - First Division	1,236,171	(7,071)	1,229,100	1,189,698	(39,402)	Contract costs were \$12,000 lower than budgeted. Personnel cost was approximately \$25,000 lower than expected. The budget was adjusted for vacant positions through September.
District Court - Second Division	1,167,128	(265)	1,166,863	1,128,044	(38,819)	Vacancy savings and other personnel savings were almost \$11,000. Contractual and travel costs were under budget by \$20,000 and \$3,000, respectively.
District Court - Third Division	485,103	50,767	535,870	516,213	(19,657)	Approximately \$48,000 of the budget amendment was to allocate vacation pay outs from the general and administration budget. Personnel cost was approximately \$7,000 below budget. Supplies and Contracts were \$5,000 and \$6,500 below budget, respectively.
Finance	2,645,844	4,760	2,650,604	2,588,981	(61,623)	Personnel cost was under budget by \$43,000 due to vacancies, partially offset by increased temp staff. Contract expenses were approximately \$18,000 below budget.
Human Resources	1,320,764	(23,973)	1,296,791	1,304,304	7,513	The budget amendment is primarily associated with vacancy savings through September. Actual software/hardware maintenance expenses exceeded budget.
Information Technology	2,898,155	(80,072)	2,818,083	2,634,218	(183,865)	The budget amendment was for vacancy savings of approximately \$154,000 partially offset by encumbrances rolled over from the prior year. Actual small equipment and supplies and contractual savings were \$50,000 and \$60,000, respectively. Software and hardware maintenance costs were \$75,000 below budget.
Planning & Development	2,192,452	(124,164)	2,068,288	1,988,772	(79,516)	The budget amendment was primarily associated with vacancy savings through September. Actual personnel cost savings in the fourth quarter were approximately \$73,000.

City of Little Rock
General Fund Budget - Expenditures

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Amended</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Explanation</u>
Public Works	1,326,293	78,025	1,404,318	1,800,522	396,204	The budget amendment was primarily associated with encumbrances rolled over from the previous year. Actual includes \$211,800 of special projects and \$185,000 of additional building maintenance costs.
Parks & Recreation	7,240,993	14,289	7,255,282	7,897,958	642,676	The budget amendment was for encumbrances rolled over from the previous year, additional community center utility costs of \$20,000 and increased part time help of \$28,000, partially offset by \$95,000 in vacancy savings. Actual includes \$660,000 of special projects, higher repairs and maintenance cost of \$43,000, and additional personnel cost savings of approximately \$50,000.
Fire	\$ 30,485,155	\$ (12,593)	\$ 30,472,562	\$ 35,331,265	\$ 4,858,703	Actual includes \$4,008,269 of pension costs supported by a separate levy and state turnback funds. Other personnel costs were \$410,134 more than expected. Supplies and uniforms were \$330,000 more than budgeted and fleet expenses were approximately \$140,000 more than anticipated.
Police	46,000,243	(877,557)	45,122,686	50,397,970	5,275,283	The budget amendment includes \$1.2 million in vacancy savings, partially offset by \$225,000 for additional Airport overtime and \$90,000 in additional jail funding. Actual includes \$4,296,891 of pension costs supported by a separate levy and state turnback funds and \$22,000 for special projects. Other personnel costs were \$627,000 over budget, mainly due to additional overtime costs. Fleet and fuel costs were approximately \$300,000 over budget.
Housing & Neighborhoods	4,214,629	(262,185)	3,952,444	4,075,787	123,343	The budget adjustment was primarily associated with vacancy savings of \$267,000. Actual includes \$321,588 of special projects, partially offset by approximately \$240,000 in personnel cost savings. Fleet costs were approximately \$40,000 over budget.
Transfers Out	9,416,221	(501,274)	8,914,947	4,738,685	(4,176,261)	The budget includes transfers of \$4,636,000 to general fund special projects. The amount reserved for contingency expenditures were made through other departments.
Vacancy Savings	<u>(4,830,730)</u>	<u>2,557,835</u>	<u>(2,272,895)</u>	<u>—</u>	<u>(2,272,895)</u>	The budget amendment reflects vacancy savings allocated to departments through September. Actual vacancy savings in the fourth quarter are included in departmental budgets. The City fell short of achieving the vacancy savings goal by approximately \$882,000.
Total General Fund Expenditures	<u>\$ 129,015,756</u>	<u>\$ 730,738</u>	<u>\$ 129,746,494</u>	<u>\$ 141,472,114</u>	<u>\$ 11,725,620</u>	

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2007, amounts to \$624,584,068 (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 2007 was 2.9% (a 1.8% increase for governmental activities and a 14.0 % increase for business-type activities).

City of Little Rock

Capital Assets, net of depreciation

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 148,936,492	\$ 147,350,624	\$ 19,951,570	\$ 19,951,570	\$ 168,888,062	\$ 167,302,194
Buildings	51,632,482	40,790,662	28,847,117	26,202,382	80,479,599	66,993,044
Improvements other than buildings	5,160,100	3,215,352	1,951,273	2,569,162	7,111,373	5,784,514
Vehicles and equipment	27,361,404	24,197,395	6,851,276	5,054,463	34,212,678	29,251,858
Infrastructure	313,213,015	305,277,844	—	—	313,213,015	305,277,844
Construction in progress	<u>16,482,795</u>	<u>31,971,671</u>	<u>4,196,544</u>	<u>433,255</u>	<u>20,679,341</u>	<u>32,404,926</u>
Total	<u>\$562,786,288</u>	<u>\$ 552,803,548</u>	<u>\$ 61,797,780</u>	<u>\$ 54,210,832</u>	<u>\$ 624,584,068</u>	<u>\$ 607,014,380</u>

Major capital asset events during 2007 included the following:

- Infrastructure additions were \$22,356,641.
- Vehicle and equipment additions were \$13,045,025.
- Building additions were \$16,153,593.
- Construction in progress additions were \$14,951,881.
- Land and other improvements additions were \$3,800,995.
- Depreciation expense totaled \$25,065,282.

Additional information on the City's capital assets can be found in *Note 3* on pages 39-41 of this report.

Long-term Debt. At December 31, 2007, the City, the primary government, had \$152,034,359 of long-term bonds outstanding, including general obligation bonds of \$71,615,000, Notes Payable of \$19,624,358 and \$60,795,000 of bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Little Rock General Obligation and Revenue Bonds Outstanding

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds and notes payable	\$ 91,239,359	\$ 99,874,148	\$ —	\$ —	\$ 91,239,359	\$ 99,874,148
Revenue bonds	<u>15,890,000</u>	<u>17,065,000</u>	<u>44,905,000</u>	<u>44,510,000</u>	<u>60,795,000</u>	<u>61,575,000</u>
Total	<u>\$ 107,129,359</u>	<u>\$ 116,939,148</u>	<u>\$ 44,905,000</u>	<u>\$ 44,510,000</u>	<u>\$ 152,034,359</u>	<u>\$ 161,449,148</u>

Total long-term bonds outstanding at December 31, 2007, decreased \$11,345,000, a decrease of 7.9%. The net decrease includes the issuance of 2007 capital improvement and refunding bonds in the amount of \$13,350,000 and Waste Disposal revenue bonds in the amount of \$3,400,000 less debt retirements of \$28,095,000. Short-term financing in the amount of \$7,291,000 was issued for vehicles, equipment and other capital improvements while \$5,360,790 of short-term debt was retired.

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

	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
<u>General Obligation Debt</u>		
2004 Library Refunding and Capital Improvements	Not Rated	AA
2004 Capital Improvements	Aaa (FSA)	AA (FSA)
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	Aaa (XL Capital)	AAA (XL Capital)
1998 Parks & Recreation Bonds	Not Rated	Not Rated
2002 Capital Improvement Junior Lien	Not Rated	A+ (Ambac)
2002 Waste Disposal Refunding and Improvement	Aaa	A
2007 Capital Improvement Revenue Refunding Bonds	Aaa(Ambac)	Not Rated
2007 Waste Disposal Capital Improvement Bonds	Not Rated	A
<u>Discrete Components</u>		
1990 Sewer Revenue	Not Rated	Not Rated
1991 Sewer Revenue	Not Rated	Not Rated
1996 Sewer Revenue	Not Rated	Not Rated
1999 Sewer Revenue	Not Rated	Not Rated
2001 Sewer Revenue	A1	Not Rated
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	A1	Not Rated
1993 A&P Refunding	A	Not Rated
2003 A&P Refunding	A	Not Rated
2003 Airport Refunding	A2	A-
1999A Airport Revenue	A2	A-
1999B Airport Revenue	A2	A-

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, 2007 of \$71,615,000 are well below the statutory limit of \$656,303,229. 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, 2007 of \$19,624,359 are well below the statutory limit of \$164,075,807. 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 42-50 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 fiscal year 2008 budget. With the uncertainty surrounding the economy, the City considered the impact on its two primary revenue sources: sales tax and franchise fees. The Mayor and Board of Directors decided that it was important to: 1) put the highest premium on safety for the people of Little Rock and City employees, and 2) adopt a budget designed to promote long-term fiscal stability by creating additional budget reserves. In order to meet the objectives of the 2008 budget, the City recognized the need to continue its pattern of cost containment. The total 2008 General Fund budget is \$134,071,976.

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.

BASIC FINANCIAL STATEMENTS

City of Little Rock, Arkansas
Statement of Net Assets
December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 8,756,787	\$ 3,126,357	\$ 11,883,144	\$ 34,533,322
Investments	237,867	11,914,682	12,152,549	98,890,108
Restricted cash and investments - current	13,159,589	4,099,656	17,259,245	27,602,995
Accounts receivable, net of allowance for uncollectible accounts	72,029,682	2,704,747	74,734,429	24,077,180
Interest receivable	-	5,930	5,930	-
Internal balances	7,489,445	(7,489,445)	-	-
Inventories	1,202,032	134,044	1,336,076	1,992,203
Prepaid expenses and other	1,265,393	5,390	1,270,783	3,027,653
Total current assets	104,140,795	14,501,361	118,642,156	190,123,461
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	15,676,636	5,221,847	20,898,483	39,871,984
Investments	14,618,958	1,979,246	16,598,204	58,236,211
Grants and other receivables	-	-	-	1,056,904
Interest receivable	220,277	109,081	329,358	106,248
	30,515,871	7,310,174	37,826,045	99,271,347
Less amount required to meet current obligations	13,159,589	4,099,656	17,259,245	5,551,469
Total restricted assets	17,356,282	3,210,518	20,566,800	93,719,878
Capital assets - non-depreciable	165,419,287	24,148,114	189,567,401	164,279,066
Capital assets - depreciable, net	397,367,001	37,649,666	435,016,667	457,113,989
	562,786,288	61,797,780	624,584,068	621,393,055
Other assets				
Deferred bond issue costs	475,587	857,322	1,332,909	3,138,012
Other	-	-	-	989,573
Total other assets	475,587	857,322	1,332,909	4,127,585
Total noncurrent assets	580,618,157	65,865,620	646,483,777	719,240,518
Total assets	\$ 684,758,952	\$ 80,366,981	\$ 765,125,933	\$ 909,363,979

See Notes to Financial Statements

Liabilities and Net Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current liabilities				
Accounts payable	\$ 6,688,992	\$ 959,859	\$ 7,648,851	\$ 11,784,473
Accrued wages payable and related liabilities	4,383,446	4,363	4,387,809	2,736,880
Accrued expenses and other	6,877,898	1,359,818	8,237,716	5,114,067
Accrued interest payable	1,430,808	819,656	2,250,464	-
Notes payable - current portion	5,618,781	-	5,618,781	336,901
Capital lease obligation - current portion	-	279,914	279,914	-
Bonds payable - current portion	6,110,000	3,280,000	9,390,000	8,675,433
Due to fiduciary funds	6,391,983	-	6,391,983	-
Deferred revenue	6,020,455	349,188	6,369,643	4,447,457
Total current liabilities	<u>43,522,363</u>	<u>7,052,798</u>	<u>50,575,161</u>	<u>33,095,211</u>
Noncurrent liabilities				
Notes payable	14,005,578	-	14,005,578	93,394
Bonds payable, net of unamortized premium and discount	81,969,290	40,801,323	122,770,613	277,410,679
Net pension obligation	52,236,852	-	52,236,852	-
Compensated absences	12,624,493	391,956	13,016,449	145,731
Other long-term liabilities	615,250	2,407,183	3,022,433	23,815,037
Total noncurrent liabilities	<u>161,451,463</u>	<u>43,600,462</u>	<u>205,051,925</u>	<u>301,464,841</u>
Total liabilities	<u>204,973,826</u>	<u>50,653,260</u>	<u>255,627,086</u>	<u>334,560,052</u>
Net Assets (deficit)				
Invested in capital assets, net of related debt	470,177,184	15,840,848	486,018,032	295,073,213
Restricted - expendable				
Debt service	12,072,643	7,450,336	19,522,979	156,744,730
Stormwater retention	279,431	-	279,431	-
911 fees	805,665	-	805,665	-
Grant funds	1,029,820	-	1,029,820	1,287,637
Cable network	467,924	-	467,924	-
Special projects - ADA	206,209	-	206,209	5,023,443
Zoo promotions	-	236,018	236,018	-
Passenger facility charges	-	-	-	21,410,039
Library materials	-	-	-	250,191
Art fund	-	-	-	691,981
Cemetery maintenance	-	-	-	2,539,623
Total restricted - expendable	<u>14,861,692</u>	<u>7,686,354</u>	<u>22,548,046</u>	<u>187,947,644</u>
Restricted - unexpendable	-	-	-	4,420,718
Unrestricted (deficit)	<u>(5,253,750)</u>	<u>6,186,519</u>	<u>932,769</u>	<u>87,362,352</u>
Total net assets	<u>479,785,126</u>	<u>29,713,721</u>	<u>509,498,847</u>	<u>574,803,927</u>
Total liabilities and net assets	<u>\$ 684,758,952</u>	<u>\$ 80,366,981</u>	<u>\$ 765,125,933</u>	<u>\$ 909,363,979</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General administration	\$ 19,464,615	\$ 7,868,649	\$ 44,547	\$ 142,605	\$ (11,408,814)	\$ -	\$ (11,408,814)	\$ -
Mayor and Board of Directors	554,699	-	-	-	(554,699)	-	(554,699)	-
City manager	1,881,990	-	-	-	(1,881,990)	-	(1,881,990)	-
Community programs	2,922,258	-	91,613	-	(2,830,645)	-	(2,830,645)	-
City attorney	1,506,536	-	-	-	(1,506,536)	-	(1,506,536)	-
Cable TV	242,558	-	-	-	(242,558)	-	(242,558)	-
District court - first division (criminal)	1,201,958	-	-	-	(1,201,958)	-	(1,201,958)	-
District court - second division (traffic)	1,141,557	3,487,087	-	-	2,345,530	-	2,345,530	-
District court - third division (environment)	506,147	-	-	-	(506,147)	-	(506,147)	-
Finance	4,521,265	316,735	-	-	(4,204,530)	-	(4,204,530)	-
Human resource	1,801,389	469,526	-	-	(1,331,863)	-	(1,331,863)	-
Information technology	3,156,696	-	-	-	(3,156,696)	-	(3,156,696)	-
Planning and development	2,001,233	3,061,739	-	-	1,060,506	-	1,060,506	-
Public works	30,198,787	629,934	-	4,494,710	(25,074,143)	-	(25,074,143)	-
Parks and recreation services	10,948,381	959,667	380,184	211,861	(9,396,669)	-	(9,396,669)	-
Fire	36,865,342	2,648,158	10,904	650,318	(33,555,962)	-	(33,555,962)	-
Police	56,692,967	3,627,433	227,439	549,898	(52,288,197)	-	(52,288,197)	-
Economic development	12,555,927	-	-	12,431,757	(124,170)	-	(124,170)	-
Education	7,591,089	-	-	-	(7,591,089)	-	(7,591,089)	-
Housing and neighborhood programs	10,400,245	962,181	3,378,638	9,943	(6,049,483)	-	(6,049,483)	-
Interest expense on long-term debt	3,528,925	-	-	-	(3,528,925)	-	(3,528,925)	-
Agent fees on long-term debt	482,975	-	-	-	(482,975)	-	(482,975)	-
Total governmental activities	210,167,539	24,031,109	4,133,325	18,491,092	(163,512,013)	-	(163,512,013)	-
Business-type Activities								
Presidential park	787,099	139,637	-	-	-	(647,462)	(647,462)	-
Waste disposal	13,943,884	16,787,719	-	-	-	2,843,835	2,843,835	-
Rivermarket garage	1,732,311	1,643,404	-	-	-	(88,907)	(88,907)	-
River Market	1,280,521	310,547	-	145,811	-	(824,163)	(824,163)	-
Zoo	4,286,060	2,646,480	-	3,051,771	-	1,412,191	1,412,191	-
Vehicle storage	1,214,219	1,329,776	-	211,635	-	327,192	327,192	-
Golf courses	2,551,139	1,660,152	-	20,875	-	(870,112)	(870,112)	-
Fitness center	1,018,736	766,207	-	739,666	-	487,137	487,137	-
Concessions services	148,389	67,711	-	1,167	-	(79,511)	(79,511)	-
Total business-type activities	26,962,358	25,351,633	-	4,170,925	-	2,560,200	2,560,200	-
Total primary government	\$ 237,129,897	\$ 49,382,742	\$ 4,133,325	\$ 22,662,017	\$ (163,512,013)	\$ 2,560,200	\$ (160,951,813)	\$ -

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 35,124,890	\$ 36,360,579	\$ -	\$ -	-	-	-	1,235,689
National Airport	24,355,100	21,909,030	-	-	-	-	-	(2,446,070)
All other component units	<u>74,234,793</u>	<u>28,994,994</u>	<u>2,812,245</u>	<u>7,681,668</u>	-	-	-	<u>(34,745,886)</u>
Total component units	<u>\$ 133,714,783</u>	<u>\$ 87,264,603</u>	<u>\$ 2,812,245</u>	<u>\$ 7,681,668</u>	-	-	-	<u>(35,956,267)</u>

General revenues								
General property taxes				41,742,564	-	41,742,564	12,967,953	
Sales taxes				65,115,060	-	65,115,060	9,912,859	
Utility franchise taxes				25,656,344	-	25,656,344	-	
Investment income and unrealized gains				2,254,443	1,002,452	3,256,895	10,082,973	
Grants and contributions not restricted to specific programs				26,860,087	-	26,860,087	26,455,170	
Other				-	(20,324)	(20,324)	14,822,304	
Transfers				<u>(2,247,418)</u>	<u>2,247,418</u>	-	-	
Total general revenues and transfers				<u>159,381,080</u>	<u>3,229,546</u>	<u>162,610,626</u>	<u>74,241,259</u>	
Change in Net Assets				(4,130,933)	5,789,746	1,658,813	38,284,992	
Net Assets, Beginning of Year				<u>483,916,059</u>	<u>23,923,975</u>	<u>507,840,034</u>	<u>536,518,935</u>	
Net Assets, End of Year				<u>\$ 479,785,126</u>	<u>\$ 29,713,721</u>	<u>\$ 509,498,847</u>	<u>\$ 574,803,927</u>	

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2007

	<u>General</u>	<u>2004 Bond Fund</u>	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 1,008,299	\$ 1,922,419	\$ 1,810,607	\$ 3,608,300	\$ 8,349,625
Restricted cash	-	-	-	7,176,293	7,176,293
Investments	2,130,168	7,486,154	-	12,116,921	21,733,243
Accounts receivable	40,407,192	10,561,988	7,094,599	12,404,572	70,468,351
Due from other funds	10,459,066	-	-	-	10,459,066
Interest receivable	20,089	70,601	-	114,272	204,962
Inventories	-	-	-	776,794	776,794
Prepaid expenditures and other	873,251	-	-	384,461	1,257,712
	<u>\$ 54,898,065</u>	<u>\$ 20,041,162</u>	<u>\$ 8,905,206</u>	<u>\$ 36,581,613</u>	<u>\$ 120,426,046</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,082,275	\$ -	\$ 4,585,471	\$ 768,469	\$ 6,436,215
Due to other funds	6,403,429	-	2,703,415	254,760	9,361,604
Accrued wages payable and related liabilities	4,376,343	-	6,757	(159)	4,382,941
Accrued expenditures and other	544,714	-	-	13,493	558,207
Deferred revenue	24,762,121	9,797,838	1,609,960	10,266,643	46,436,562
	<u>37,168,882</u>	<u>9,797,838</u>	<u>8,905,603</u>	<u>11,303,206</u>	<u>67,175,529</u>
Fund Balances					
Reserved					
Capital projects	-	-	-	14,300,651	14,300,651
Special projects - ADA	72,769	-	-	133,440	206,209
Debt service	-	-	-	1,829,319	1,829,319
Developer contribution account	-	-	-	1,213,812	1,213,812
Stormwater retention	-	-	-	279,431	279,431
Court automation	-	-	-	149,700	149,700
911 fees	-	-	(397)	806,062	805,665
Grant funds	-	-	-	1,029,820	1,029,820
Cable network	467,924	-	-	-	467,924
	<u>540,693</u>	<u>-</u>	<u>(397)</u>	<u>19,742,235</u>	<u>20,282,531</u>
Unreserved					
General fund	17,188,490	-	-	-	17,188,490
2004 Bond Fund	-	10,243,324	-	-	10,243,324
Special revenue	-	-	-	5,536,172	5,536,172
	<u>17,188,490</u>	<u>10,243,324</u>	<u>-</u>	<u>5,536,172</u>	<u>32,967,986</u>
Total unreserved	<u>17,188,490</u>	<u>10,243,324</u>	<u>-</u>	<u>5,536,172</u>	<u>32,967,986</u>
Total fund balances	<u>17,729,183</u>	<u>10,243,324</u>	<u>(397)</u>	<u>25,278,407</u>	<u>53,250,517</u>
Total liabilities and fund balances	<u>\$ 54,898,065</u>	<u>\$ 20,041,162</u>	<u>\$ 8,905,206</u>	<u>\$ 36,581,613</u>	

See Notes to Financial Statements

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

Capital assets used in governmental activities are not financial and are not reported in the funds.	560,803,934
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(87,505,000)
Bond issuance premiums	(1,079,165)
Deferred issuance discounts	504,875
Notes payable	(19,624,359)
Accrued interest payable	(1,430,808)
Net pension obligation	(52,236,852)
Workers compensation liability	(615,250)
Accrued compensated absences	(18,777,171)
An internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	4,076,367
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	40,416,107
Revenues that do not provide current financial resources at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide statements.	2,001,931
	<hr/>
	<u>\$ 479,785,126</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General	2004 Bond Fund	Grant Fund	Other Governmental Funds	Total
Revenues					
General property taxes	\$ 20,726,245	\$ 9,713,647	\$ -	\$ 7,211,786	\$ 37,651,678
Sales taxes	65,115,060	-	-	-	65,115,060
Licenses and permits	9,935,519	-	-	30,236	9,965,755
Intergovernmental	3,976,226	-	19,137,892	12,233,996	35,348,114
Charges for services	5,447,324	-	-	1,803,018	7,250,342
Fines and fees	3,544,788	-	-	861,484	4,406,272
Utility franchise taxes	25,201,846	-	-	454,498	25,656,344
Investment income and unrealized gains	356,494	327,783	3,253	1,566,913	2,254,443
Contributions and donations	1,791	-	-	986,003	987,794
Miscellaneous	782,432	-	-	1,606,957	2,389,389
Total revenues	135,087,725	10,041,430	19,141,145	26,754,891	191,025,191
Expenditures					
General government					
General administration	19,440,120	-	-	532,444	19,972,564
Mayor and Board of Directors	313,773	-	-	-	313,773
City manager	1,593,898	-	84,398	211,053	1,889,349
Community programs	2,823,666	-	70,196	28,396	2,922,258
City attorney	1,474,219	-	-	32,317	1,506,536
Cable TV	234,021	-	-	-	234,021
District court - first division (criminal)	1,189,698	-	-	3,470	1,193,168
District court - second division (traffic)	1,128,044	-	-	13,513	1,141,557
District court - third division (environment)	516,213	-	-	-	516,213
Finance	2,588,981	5,277	-	2,285,640	4,879,898
Human resource	1,304,304	-	-	501,597	1,805,901
Information technology	2,634,218	-	-	316,028	2,950,246
Planning and development	1,988,772	-	22,063	71,155	2,081,990
Total general government	37,229,927	5,277	176,657	3,995,613	41,407,474
Public works	1,800,522	-	4,496,048	20,182,119	26,478,689
Parks and recreation services	7,897,958	-	394,923	2,267,757	10,560,638
Zoo	-	-	161,959	609,067	771,026
Fire	35,331,265	-	696,544	1,427,960	37,455,769
Police	50,397,970	-	777,179	3,522,403	54,697,552
Fleet	-	-	-	164,973	164,973
Economic development	-	-	12,555,927	-	12,555,927
Education	-	-	-	7,591,089	7,591,089
Housing and neighborhood programs	4,075,787	-	(12,120)	5,377,607	9,441,274
Debt Service					
Principal	-	7,305,000	-	18,117,407	25,422,407
Interest	-	2,200,702	-	1,473,879	3,674,581
Agent fees	-	501	-	150,067	150,568
Total expenditures	136,733,429	9,511,480	19,247,117	64,879,941	230,371,967
Excess (Deficiency) of Revenues Over Expenditures	(1,645,704)	529,950	(105,972)	(38,125,050)	(39,346,776)
Other Financing Sources (Uses)					
Long-term debt issuance	-	-	-	20,765,438	20,765,438
Transfers in	2,616,964	-	-	1,366,318	3,983,282
Transfers out	(4,738,685)	-	-	(1,485,398)	(6,224,083)
Total other financing sources (uses)	(2,121,721)	-	-	20,646,358	18,524,637
Net Change in Fund Balances	(3,767,425)	529,950	(105,972)	(17,478,692)	(20,822,139)
Fund Balances, Beginning of Year	21,496,608	9,713,374	105,575	42,757,099	74,072,656
Fund Balances, End of Year	\$ 17,729,183	\$ 10,243,324	\$ (397)	\$ 25,278,407	\$ 53,250,517

See Notes to Financial Statements

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

Net change in fund balances - total governmental funds	\$ (20,822,139)
<p>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. The components of capital assets in 2007 are as follows:</p>	
Capital asset purchases	20,141,791
Capital asset contributions	13,148,596
Depreciation expense	(21,662,721)
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.	4,057,427
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets.	(20,641,000)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	30,115,950
Expenses that do not require current financial resources (such as interest, litigation, compensated absences, etc.) are not reported as expenses for the funds but are reported as expenses in the statement of activities.	(1,050,375)
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.	(7,558,070)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net assets of this fund is included in governmental activities in the statement of activities.	<u>139,608</u>
Change in net assets of governmental activities	<u>\$ (4,130,933)</u>

City of Little Rock, Arkansas
Statement of Fund Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds		
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 2,816,486	\$ 137,521	\$ 172,350	\$ 3,126,357	\$ 407,162
Investments	-	10,964,946	320,974	628,762	11,914,682	1,623,925
Restricted cash and investments - current	919,375	2,564,923	615,358	-	4,099,656	-
Accounts receivable	-	2,479,349	225,398	-	2,704,747	34,987
Accrued interest	-	-	-	5,930	5,930	15,315
Inventories	-	-	-	134,044	134,044	425,238
Prepaid expenses and other	-	5,390	-	-	5,390	7,681
Total current assets	<u>919,375</u>	<u>18,831,094</u>	<u>1,299,251</u>	<u>941,086</u>	<u>21,990,806</u>	<u>2,514,308</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	1,922,675	2,751,450	547,722	-	5,221,847	-
Investments	1,085,506	-	893,740	-	1,979,246	-
Accrued interest	2,646	103,408	3,027	-	109,081	-
	<u>3,010,827</u>	<u>2,854,858</u>	<u>1,444,489</u>	<u>-</u>	<u>7,310,174</u>	<u>-</u>
Less amount required to meet current obligations	<u>919,375</u>	<u>2,564,923</u>	<u>615,358</u>	<u>-</u>	<u>4,099,656</u>	<u>-</u>
Total restricted assets	<u>2,091,452</u>	<u>289,935</u>	<u>829,131</u>	<u>-</u>	<u>3,210,518</u>	<u>-</u>
Capital assets						
Land	10,911,566	1,814,495	822,652	6,402,857	19,951,570	275,459
Land improvements	-	34,722	-	304,230	338,952	-
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	10,895,701	-
Construction in progress	-	3,579,110	-	617,434	4,196,544	-
Buildings and improvements	6,452	12,794,250	8,715,041	12,917,917	34,433,660	1,777,880
Vehicles	-	12,439,356	-	1,141,762	13,581,118	716,773
Furniture and equipment	-	3,739,092	-	1,935,941	5,675,033	691,446
	<u>10,918,018</u>	<u>45,296,726</u>	<u>9,537,693</u>	<u>23,320,141</u>	<u>89,072,578</u>	<u>3,461,558</u>
Less accumulated depreciation	<u>1,196</u>	<u>22,106,973</u>	<u>1,005,021</u>	<u>4,161,608</u>	<u>27,274,798</u>	<u>1,479,204</u>
Net capital assets	<u>10,916,822</u>	<u>23,189,753</u>	<u>8,532,672</u>	<u>19,158,533</u>	<u>61,797,780</u>	<u>1,982,354</u>
Other assets						
Deferred bond issue costs	42,753	219,874	594,695	-	857,322	-
Other	-	-	-	-	-	-
Total other assets	<u>42,753</u>	<u>219,874</u>	<u>594,695</u>	<u>-</u>	<u>857,322</u>	<u>-</u>
Total noncurrent assets	<u>13,051,027</u>	<u>23,699,562</u>	<u>9,956,498</u>	<u>19,158,533</u>	<u>65,865,620</u>	<u>1,982,354</u>
Total assets	<u>\$ 13,970,402</u>	<u>\$ 42,530,656</u>	<u>\$ 11,255,749</u>	<u>\$ 20,099,619</u>	<u>\$ 87,856,426</u>	<u>\$ 4,496,662</u>

See Notes to Financial Statements

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Liabilities and Net Assets						
Current liabilities						
Accounts payable	\$ -	\$ 752,838	\$ -	\$ 207,021	\$ 959,859	\$ 252,777
Due to other funds	-	-	-	7,489,445	7,489,445	-
Accrued wages payable and related liabilities	-	3,809	-	554	4,363	505
Accrued expenses and other	-	1,038,789	-	321,029	1,359,818	135,708
Accrued interest	384,375	159,923	275,358	-	819,656	-
Capital lease obligation - current portion	-	-	-	279,914	279,914	-
Bonds payable - current portion	535,000	2,405,000	340,000	-	3,280,000	-
Unearned revenue	-	-	264,863	84,325	349,188	-
Total current liabilities	<u>919,375</u>	<u>4,360,359</u>	<u>880,221</u>	<u>8,382,288</u>	<u>14,542,243</u>	<u>388,990</u>
Noncurrent liabilities						
Bonds payable, net of unamortized premium and discount	12,756,755	17,583,699	10,460,869	-	40,801,323	-
Compensated absences	-	193,258	-	198,698	391,956	31,305
Other long-term liabilities	-	2,407,183	-	-	2,407,183	-
Total noncurrent liabilities	<u>12,756,755</u>	<u>20,184,140</u>	<u>10,460,869</u>	<u>198,698</u>	<u>43,600,462</u>	<u>31,305</u>
Total liabilities	<u>13,676,130</u>	<u>24,544,499</u>	<u>11,341,090</u>	<u>8,580,986</u>	<u>58,142,705</u>	<u>420,295</u>
Net Assets						
Invested in capital assets, net of related debt	(1,527,266)	(131,916)	(1,658,502)	19,158,532	15,840,848	1,982,354
Restricted - expendable	-	-	-	-	-	-
Debt service	1,468,891	4,815,340	1,166,105	-	7,450,336	-
Zoo promotions	-	-	-	236,018	236,018	-
Unrestricted (deficit)	<u>352,647</u>	<u>13,302,733</u>	<u>407,056</u>	<u>(7,875,917)</u>	<u>6,186,519</u>	<u>2,094,013</u>
Total net assets	<u>294,272</u>	<u>17,986,157</u>	<u>(85,341)</u>	<u>11,518,633</u>	<u>29,713,721</u>	<u>4,076,367</u>
Total liabilities and net assets	<u>\$ 13,970,402</u>	<u>\$ 42,530,656</u>	<u>\$ 11,255,749</u>	<u>\$ 20,099,619</u>	<u>\$ 87,856,426</u>	<u>\$ 4,496,662</u>

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Presidential Park</u>	<u>Waste Disposal</u>	<u>River Market Garage</u>	<u>Other Enterprise Funds</u>		
Operating Revenues						
Charges for services	\$ -	\$ 16,782,361	\$ 1,431,102	\$ 6,688,771	\$ 24,902,234	\$ 9,483,072
Licenses and permits	-	-	212,302	11,293	223,595	-
Fines and fees	-	-	-	60,767	60,767	-
Investment income and unrealized gains	99,399	932	-	-	100,331	-
Contributions and donations	-	-	-	-	-	225,506
Miscellaneous	40,238	4,426	-	20,042	64,706	(217,891)
	<u>139,637</u>	<u>16,787,719</u>	<u>1,643,404</u>	<u>6,780,873</u>	<u>25,351,633</u>	<u>9,490,687</u>
Total operating revenues						
Operating Expenses						
Salaries, wages and employee benefits	-	4,533,757	-	5,146,726	9,680,483	2,680,033
Supplies and materials	-	1,169,011	272	1,100,032	2,269,315	4,834,415
Services	-	2,504,289	148,602	2,846,419	5,499,310	1,644,624
Repairs and maintenance	-	2,290,595	-	840,002	3,130,597	80,554
Other	2,696	48,072	737,045	10,189	798,002	5,793
Depreciation and amortization	6,273	2,436,420	250,045	555,696	3,248,434	212,690
	<u>8,969</u>	<u>12,982,144</u>	<u>1,135,964</u>	<u>10,499,064</u>	<u>24,626,141</u>	<u>9,458,109</u>
Total expenses						
Operating Income	<u>130,668</u>	<u>3,805,575</u>	<u>507,440</u>	<u>(3,718,191)</u>	<u>725,492</u>	<u>32,578</u>
Nonoperating Revenues (Expenses)						
Interest income	-	870,089	92,137	40,226	1,002,452	113,647
Interest expense	(778,130)	(961,740)	(596,347)	-	(2,336,217)	-
Other, net	(5,544)	(9,430)	(5,350)	-	(20,324)	-
	<u>(783,674)</u>	<u>(101,081)</u>	<u>(509,560)</u>	<u>40,226</u>	<u>(1,354,089)</u>	<u>113,647</u>
Net nonoperating revenues (expenses)						
Income (Loss) Before Contributions and Transfers	<u>(653,006)</u>	<u>3,704,494</u>	<u>(2,120)</u>	<u>(3,677,965)</u>	<u>(628,597)</u>	<u>146,225</u>
Contributions	-	-	-	4,170,925	4,170,925	-
Transfers In	1,300,000	-	-	3,896,067	5,196,067	-
Transfers Out	-	(1,304,617)	-	(1,644,032)	(2,948,649)	(6,617)
	<u>1,300,000</u>	<u>(1,304,617)</u>	<u>-</u>	<u>6,422,960</u>	<u>6,418,343</u>	<u>(6,617)</u>
Changes in Net Assets	646,994	2,399,877	(2,120)	2,744,995	5,789,746	139,608
Net Assets, Beginning of Year	<u>(352,722)</u>	<u>15,586,280</u>	<u>(83,221)</u>	<u>8,773,638</u>	<u>23,923,975</u>	<u>3,936,759</u>
Net Assets, End of Year	<u>\$ 294,272</u>	<u>\$ 17,986,157</u>	<u>\$ (85,341)</u>	<u>\$ 11,518,633</u>	<u>\$ 29,713,721</u>	<u>\$ 4,076,367</u>

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City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Presidential Park</u>	<u>Waste Disposal</u>	<u>River Market Garage</u>	<u>Other Enterprise Funds</u>		
Operating Activities						
Receipts from customers	\$ 133,529	\$ 17,077,532	\$ 1,643,404	\$ 6,749,538	\$ 25,604,003	\$ 9,712,845
Other receipts	-	5,358	-	31,335	36,693	(217,891)
Payments to employees	-	(4,642,754)	-	(4,962,462)	(9,605,216)	(3,032,598)
Payments to suppliers	-	(1,169,011)	(272)	(1,127,345)	(2,296,628)	(4,806,521)
Payments to service providers	-	(2,504,289)	(148,602)	(2,523,675)	(5,176,566)	(1,644,715)
Other payments	4,084	(1,429,008)	(472,182)	(243,957)	(2,141,063)	(398,126)
	<u>137,613</u>	<u>7,337,828</u>	<u>1,022,348</u>	<u>(2,076,566)</u>	<u>6,421,223</u>	<u>(387,006)</u>
Net cash provided by (used in) operating activities						
	<u>137,613</u>	<u>7,337,828</u>	<u>1,022,348</u>	<u>(2,076,566)</u>	<u>6,421,223</u>	<u>(387,006)</u>
Noncapital Financing Activities						
Transfers from other funds	1,300,000	-	-	3,896,067	5,196,067	-
Transfers to other funds	(726,456)	(1,304,617)	-	(1,644,032)	(3,675,105)	(6,617)
	<u>573,544</u>	<u>(1,304,617)</u>	<u>0</u>	<u>2,252,035</u>	<u>1,520,962</u>	<u>(6,617)</u>
Net cash provided by (used in) noncapital financing activities						
	<u>573,544</u>	<u>(1,304,617)</u>	<u>0</u>	<u>2,252,035</u>	<u>1,520,962</u>	<u>(6,617)</u>
Capital and Related Financing Activities						
Purchase of capital assets	-	(6,434,800)	-	(4,354,563)	(10,789,363)	(97,856)
Payment of bond issuance costs	(5,544)	(9,430)	(5,350)	-	(20,324)	-
Principal paid on long-term debt	(494,785)	(2,175,000)	(325,000)	-	(2,994,785)	-
Proceeds from issuance of long-term debt, net	-	3,400,000	-	-	3,400,000	-
Interest paid on long-term debt	(792,523)	(953,309)	(726,176)	-	(2,472,008)	-
Capital contributions	-	-	-	4,170,925	4,170,925	-
	<u>(1,292,852)</u>	<u>(6,172,539)</u>	<u>(1,056,526)</u>	<u>(183,638)</u>	<u>(8,705,555)</u>	<u>(97,856)</u>
Net cash used in capital and related financing activities						
	<u>(1,292,852)</u>	<u>(6,172,539)</u>	<u>(1,056,526)</u>	<u>(183,638)</u>	<u>(8,705,555)</u>	<u>(97,856)</u>
Investing Activities						
Proceeds from sale of investments	1,698,698	25,949,299	819,504	1,393,047	29,860,548	4,112,607
Purchase of investments	(622,955)	(24,409,730)	(716,402)	(1,350,131)	(27,099,218)	(3,606,665)
Interest income	-	879,549	92,138	39,314	1,011,001	113,647
	<u>1,075,743</u>	<u>2,419,118</u>	<u>195,240</u>	<u>82,230</u>	<u>3,772,331</u>	<u>619,589</u>
Net cash provided by investing activities						
	<u>1,075,743</u>	<u>2,419,118</u>	<u>195,240</u>	<u>82,230</u>	<u>3,772,331</u>	<u>619,589</u>
Increase in Cash and Cash Equivalents	494,048	2,279,790	161,062	74,061	3,008,961	128,110
Cash and Cash Equivalents, Beginning of Year	1,428,627	3,288,146	524,181	98,289	5,339,243	279,052
Cash and Cash Equivalents, End of Year	<u>\$ 1,922,675</u>	<u>\$ 5,567,936</u>	<u>\$ 685,243</u>	<u>\$ 172,350</u>	<u>\$ 8,348,204</u>	<u>\$ 407,162</u>
Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:						
Current assets						
Cash and cash equivalents	\$ -	\$ 2,816,486	\$ 137,521	\$ 172,350	\$ 3,126,357	\$ 407,162
Noncurrent assets						
Cash and cash equivalents	1,922,675	2,751,450	547,722	-	5,221,847	-
	<u>\$ 1,922,675</u>	<u>\$ 5,567,936</u>	<u>\$ 685,243</u>	<u>\$ 172,350</u>	<u>\$ 8,348,204</u>	<u>\$ 407,162</u>

See Notes to Financial Statements

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

Operating income (loss)	\$ 130,668	\$ 3,805,575	\$ 507,440	\$ (3,718,191)	\$ 725,492	\$ 32,578
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization expense	6,273	2,436,420	250,045	555,696	3,248,434	212,690
Loss on disposal of assets	-	304,172	-	8,886	313,058	13,688
Changes in assets and liabilities						
Receivables, net	672	295,171	-	2,626	298,469	2,286
Due to/due from other funds, net	-	-	-	1,340,591	1,340,591	0
Prepaid expenses	-	4,130	-	3,550	7,680	1,890
Inventories	-	-	-	(29,919)	(29,919)	27,894
Accounts payable	-	495,630	-	(21,397)	474,233	(325,467)
Accrued expenses	-	(3,270)	264,863	(218,408)	43,185	(352,565)
	<u>\$ 137,613</u>	<u>\$ 7,337,828</u>	<u>\$ 1,022,348</u>	<u>\$ (2,076,566)</u>	<u>\$ 6,421,223</u>	<u>\$ (387,006)</u>
Net cash provided by (used in) operating activities						
Noncash Capital Activities						
Capital assets acquired via capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,914</u>	<u>\$ -</u>	<u>\$ -</u>

City of Little Rock, Arkansas
Statement of Fiduciary Net Assets – Fiduciary Funds
December 31, 2007

	<u>Employee Benefit Plans</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 14,916,782	\$ 117,796
Investments		
U. S. Government obligations	42,787,771	-
Equities	81,658,512	-
Mutual funds and other investments	68,670,023	88,760
Receivables		
Due from other funds	6,401,496	-
Contributions	27,736	-
Accrued interest and dividends	960,367	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 215,422,687</u>	<u>\$ 206,556</u>
 Liabilities		
Accrued liabilities	-	206,556
Due to other funds	9,513	-
	<u> </u>	<u> </u>
Total Liabilities	9,513	<u>\$ 206,556</u>
 Net Assets		
Net assets held in trust	<u>\$ 215,413,174</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2007

	Employee Benefit Plans
Additions	
Contributions	
Employer	\$ 2,695,943
Plan members	2,383,644
Property taxes contributed from general fund	6,311,822
State insurance turnback and guarantee fund	2,366,819
Other	444,222
	14,202,450
Investment income	
Net increase in fair value of investments	6,731,591
Interest and dividends	8,932,776
	15,664,367
Less investment expense	546,470
	15,117,897
Total additions	29,320,347
Deductions	
Benefits paid directly to participants	22,185,070
Administrative expenses	468,743
Other	14,332
	22,668,145
Change in Net Assets	6,652,202
Net Assets Held in Trust, Beginning of Year	208,760,972
Net Assets Held in Trust, End of Year	\$ 215,413,174

City of Little Rock, Arkansas
Statement of Net Assets
Discretely Presented Component Units
December 31, 2007

	<u>Wastewater Utility</u>	<u>National Airport</u>	<u>Other Component Units</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 3,843,481	\$ 16,957,025	\$ 13,732,816	\$ 34,533,322
Investments	73,353,431	-	25,536,677	98,890,108
Restricted cash and investments - current	21,110,643	3,689,126	2,803,226	27,602,995
Accounts receivable, net of allowance	2,365,274	419,187	21,292,719	24,077,180
Inventories	1,249,357	-	742,846	1,992,203
Prepaid expenses and other	1,468,129	330,742	1,228,782	3,027,653
	<u>103,390,315</u>	<u>21,396,080</u>	<u>65,337,066</u>	<u>190,123,461</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	34,340,814	5,531,170	39,871,984
Investments	49,241,520	-	8,994,691	58,236,211
Grants and other receivables	71,286	985,618	-	1,056,904
Interest receivable	-	34,658	71,590	106,248
	<u>49,312,806</u>	<u>35,361,090</u>	<u>14,597,451</u>	<u>99,271,347</u>
Less amounts required to meet current obligations	<u>-</u>	<u>3,689,126</u>	<u>1,862,343</u>	<u>5,551,469</u>
	<u>49,312,806</u>	<u>31,671,964</u>	<u>12,735,108</u>	<u>93,719,878</u>
Capital assets				
Land	2,825,974	55,261,246	9,304,396	67,391,616
Construction in progress	68,303,865	11,107,117	17,476,468	96,887,450
Buildings, improvements and other facilities	224,018,344	276,882,944	154,231,152	655,132,440
Vehicles	-	-	29,195,427	29,195,427
Furniture and equipment	25,419,571	7,699,740	22,019,403	55,138,714
Other	-	-	4,259,034	4,259,034
	<u>320,567,754</u>	<u>350,951,047</u>	<u>236,485,880</u>	<u>908,004,681</u>
Less accumulated depreciation	<u>88,824,259</u>	<u>112,259,893</u>	<u>85,527,474</u>	<u>286,611,626</u>
	<u>231,743,495</u>	<u>238,691,154</u>	<u>150,958,406</u>	<u>621,393,055</u>
Other assets				
Deferred bond issue costs	2,276,494	776,546	84,972	3,138,012
Other assets	-	-	989,573	989,573
	<u>2,276,494</u>	<u>776,546</u>	<u>1,074,545</u>	<u>4,127,585</u>
	<u>2,276,494</u>	<u>776,546</u>	<u>1,074,545</u>	<u>4,127,585</u>
Total noncurrent assets	<u>283,332,795</u>	<u>271,139,664</u>	<u>164,768,059</u>	<u>719,240,518</u>
Total assets	<u>\$ 386,723,110</u>	<u>\$ 292,535,744</u>	<u>\$ 230,105,125</u>	<u>\$ 909,363,979</u>

See Notes to Financial Statements

Liabilities and Net Assets	Wastewater Utility	National Airport	Other Component Units	Total
Current liabilities				
Accounts payable	\$ 5,465,747	\$ 3,159,836	\$ 3,158,890	\$ 11,784,473
Accrued wages payable and related liabilities	421,578	937,822	\$ 1,377,480	2,736,880
Notes payable - current portion	-	-	336,901	336,901
Bonds payable - current portion	4,703,185	2,185,000	1,787,248	8,675,433
Deferred revenue	-	2,344,796	2,102,661	4,447,457
Accrued expenses and other	1,022,208	-	4,091,859	5,114,067
Total current liabilities	<u>11,612,718</u>	<u>8,627,454</u>	<u>12,855,039</u>	<u>33,095,211</u>
Noncurrent liabilities				
Bonds payable, net of unamortized premium and discount	226,563,871	31,796,542	19,050,266	277,410,679
Notes payable	-	-	93,394	93,394
Other long term liabilities	1,139,456	22,574,958	100,623	23,815,037
Compensated absences	-	-	145,731	145,731
Total noncurrent liabilities	<u>227,703,327</u>	<u>54,371,500</u>	<u>19,390,014</u>	<u>301,464,841</u>
Total liabilities	<u>239,316,045</u>	<u>62,998,954</u>	<u>32,245,053</u>	<u>334,560,052</u>
Net Assets				
Invested in capital assets, net of related debt	(1,274,195)	178,941,225	117,406,183	295,073,213
Restricted - expendable	143,311,521	35,361,090	9,275,033	187,947,644
Restricted - nonexpendable	-	-	4,420,718	4,420,718
Temporarily Restricted	-	-	-	-
Unrestricted	5,369,739	15,234,475	66,758,138	87,362,352
Total net assets	<u>147,407,065</u>	<u>229,536,790</u>	<u>197,860,072</u>	<u>574,803,927</u>
Total liabilities and net assets	<u>\$ 386,723,110</u>	<u>\$ 292,535,744</u>	<u>\$ 230,105,125</u>	<u>\$ 909,363,979</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	Total
Governmental Activities								
Other component units	\$ 15,425,821	\$ 325,349	\$ 2,734,559	\$ 7,681,668	\$ -	\$ -	\$ (4,684,245)	\$ (4,684,245)
Total governmental activities	15,425,821	325,349	2,734,559	7,681,668	-	-	(4,684,245)	(4,684,245)
Business-type Activities								
Wastewater Utility	35,124,890	36,360,579	-	-	1,235,689	-	-	1,235,689
National Airport	24,355,100	21,909,030	-	-	-	(2,446,070)	-	(2,446,070)
Other component units	58,808,972	28,669,645	77,686	-	-	-	(30,061,641)	(30,061,641)
Total business-type activities	118,288,962	86,939,254	77,686	0	1,235,689	(2,446,070)	(30,061,641)	(31,272,022)
Total component units	\$ 133,714,783	\$ 87,264,603	\$ 2,812,245	\$ 7,681,668	1,235,689	(2,446,070)	(34,745,886)	(35,956,267)
General revenues								
General property taxes					-	-	12,967,953	12,967,953
Sales taxes					-	-	9,912,859	9,912,859
Investment income and unrealized gains					3,030,971	2,281,962	4,770,040	10,082,973
Grants and contributions not restricted to specific programs					3,150,099	8,630,354	14,674,717	26,455,170
Other					-	5,993,214	8,829,090	14,822,304
Total general revenues and transfers					6,181,070	16,905,530	51,154,659	74,241,259
Change in Net Assets					7,416,759	14,459,460	16,408,773	38,284,992
Net Assets, Beginning of Year					139,990,306	215,077,330	181,451,299	536,518,935
Net Assets, End of Year					\$ 147,407,065	\$ 229,536,790	\$ 197,860,072	\$ 574,803,927

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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

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

Reporting Entity

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

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

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

Blended Component Units

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Discretely Presented Component Units

Major Component Units:

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

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

There were no significant transactions between the major component units and the City or its other component units in 2007.

Other Component Units:

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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 land which is occupied by the Cemetery is owned by the City. The governing board of the Cemetery is appointed by the City Board allowing the City's will to be imposed on day-to-day operating decisions. In addition, the Cemetery operates the Perpetual Care Fund to invest moneys to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Cemetery Board.

Mt. Holly Cemetery (Mt. Holly) – The land which is occupied by Mt. Holly is owned by the City. The governing board of Mt. Holly is appointed by the City Board allowing the City's will to be imposed on day-to-day operating decisions. In addition, Mt. Holly operates the Perpetual Care Fund to invest moneys to be used for the future operations and maintenance of the Cemetery. The governing body of the Perpetual Care Fund is composed of three trustees, all of which are appointed by the Mt. Holly Board.

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

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

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

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

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

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

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

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

Arkansas Arts Center
Ninth and Commerce
Little Rock, Arkansas 72202

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

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

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

Oakland Fraternal Cemetery
2101 Barber Avenue
Little Rock, Arkansas 72206

Mt. Holly Cemetery
5120 Sherwood Road
Little Rock, Arkansas 72207

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2007

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 is, 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-governmental, proprietary and fiduciary-are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

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

The *Grant Fund* accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program.

City of Little Rock, Arkansas

Notes to Financial Statements

December 31, 2007

The government reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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 spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and obligations for worker's compensation, which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are due to a plan.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Investments and Investment Income

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

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

Inventories

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

Prepaid Items

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

Capital Assets

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

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Long-term Obligations

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

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

Compensated Absences

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

Deferred Revenue

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and \$24,919,754 of unearned lease revenue at the National Airport.

Net Assets/Fund Balance

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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, 2007:

Statement No.		Adoption Required in Fiscal Year
52	Land and Other Real Estate Held as Investments by Endowments	2008

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At December 31, 2007, none of the City's primary government bank balances were exposed to custodial credit risk. A portion of the City's component unit bank balances of \$96,456,832 were exposed to custodial credit risk as follows:

	2007
Uninsured and collateral held by pledging financial institution	\$ 66,874,919
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the component units' name	13,492,595
	\$ 80,367,514

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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 of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposits.

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

At December 31, 2007, the City had the following investments and maturities:

Type	Fair Value	Primary Government			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	\$ 89,520,941	\$ 68,031,485	\$ 2,148,456	\$ -	\$ -
Money market mutual funds	24,075,833	24,075,833	-	-	-
	113,596,774	\$ 92,107,318	\$ 2,148,456	\$ -	\$ -
Mutual Funds	82,899,782				
Corporate stocks	61,802,626				
	<u>\$ 258,299,182</u>				

City of Little Rock, Arkansas
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Type	Fair Value	Component Units			
		Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 801,291	\$ 756,263	\$ 45,028	\$ -	\$ -
U.S. agencies obligations	129,576,172	128,053,476	1,122,647	-	400,049
Corporate bonds	978,535	727,719	190,706	60,110	-
Money market mutual funds	1,556,477	1,556,477	-	-	-
Guaranteed investment contracts	2,430,842	-	-	2,430,842	-
	135,343,317	\$ 131,093,935	\$ 1,358,381	\$ 2,490,952	\$ 400,049
Mutual funds	10,152,253				
Corporate stocks	12,882,821				
	<u>\$ 158,378,391</u>				

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

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, 2007, 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. Excluding fiduciary funds, at December 31, 2007, the City’s investments are fully collateralized or are fully guaranteed by the full faith and credit of the U.S. government. The City’s collateral is held in an account with the Federal Reserve. Monthly “Collateral Reports” are sent to the City’s accounting department.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. A fund generally may invest no more than 10% of its total assets in the purchase of a single security. At December 31, 2007, the City’s investment in Fannie Mae instruments, a U.S. government agency consisted of 7.2% of the City’s total investments.

City of Little Rock, Arkansas
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Summary of Carrying Values

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

	<u>Primary Government</u>	<u>Component Units</u>
Carrying value		
Deposits	\$ 10,773,926	\$ 95,204,760
Investments	258,299,182	158,378,391
	<u>\$ 269,073,108</u>	<u>\$ 253,583,151</u>
Included in the following statements of net assets captions		
Cash and cash equivalents	\$ 11,883,144	\$ 34,533,322
Short-term investments	12,152,549	98,890,108
Restricted cash and investments	37,496,687	120,159,721
Cash and investments – fiduciary funds	208,033,088	-
	<u>\$ 269,565,468</u>	<u>\$ 253,583,151</u>

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2007, is presented below:

Governmental Activities	Balance, December 31, 2006	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2007
Capital Assets, non-depreciable				
Land	\$ 147,350,624	\$ 1,585,868	\$ -	\$ 148,936,492
Construction in progress	31,971,669	11,177,174	26,666,048	16,482,795
Total capital assets, non-depreciable	<u>179,322,293</u>	<u>12,763,042</u>	<u>26,666,048</u>	<u>165,419,287</u>
Capital Assets, depreciable				
Land Improvements	3,463,306	2,215,127	76,606	5,601,827
Infrastructure	627,242,335	22,356,641	-	649,598,976
Buildings	55,985,219	12,852,557	681,326	68,156,450
Vehicles	34,815,068	3,705,600	1,340,973	37,179,695
Equipment	22,934,080	5,623,430	75,067	28,482,443
Total capital assets, depreciable	<u>744,440,008</u>	<u>46,753,355</u>	<u>2,173,972</u>	<u>789,019,391</u>
Less accumulated depreciation				
Land Improvements	247,954	193,773	-	441,727
Infrastructure	321,964,491	14,421,470	-	336,385,961
Buildings	15,194,556	1,329,412	-	16,523,968
Vehicles	22,941,605	3,127,531	1,123,326	24,945,810
Equipment	10,610,148	2,808,865	64,089	13,354,924
Total accumulated depreciation	<u>370,958,754</u>	<u>21,881,051</u>	<u>1,187,415</u>	<u>391,652,390</u>
Total governmental activities, net	<u>\$ 552,803,547</u>	<u>\$ 37,633,346</u>	<u>\$ 27,652,605</u>	<u>\$ 562,786,288</u>

City of Little Rock, Arkansas
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Business-type Activities	Balance December 31, 2006	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2007
Capital Assets, non-depreciable				
Land	\$ 19,951,570	\$ -		\$ 19,951,570
Construction in progress	433,255	3,774,707	11,418	4,196,544
Total capital assets, non-depreciable	20,384,825	3,774,707	11,418	24,148,114
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4	10,895,701	-	-	10,895,701
Buildings	31,471,575	3,301,037	-	34,772,612
Vehicles	11,316,287	2,353,690	88,859	13,581,118
Equipment	4,312,726	1,362,307	-	5,675,033
Total capital assets, depreciable	57,996,289	7,017,034	88,859	64,924,464
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4	8,326,539	617,889	-	8,944,428
Buildings	5,269,193	656,301	-	5,925,494
Vehicles	7,500,409	1,442,176	79,714	8,862,871
Equipment	3,074,141	467,864	-	3,542,005
Total accumulated depreciation	24,170,282	3,184,230	79,714	27,274,798
Total business-type activities, net	\$ 54,210,832	\$ 7,607,511	\$ 20,563	\$ 61,797,780
Component Units	Balance December 31, 2006	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2007
Capital Assets, non-depreciable				
Land	\$ 58,715,236	\$ 10,508,460	\$ 1,832,080	\$ 67,391,616
Construction in progress	66,376,282	41,271,842	10,760,674	96,887,450
Total capital assets, non-depreciable	125,091,518	51,780,302	12,592,754	164,279,066
Capital Assets, depreciable				
Buildings, improvements and facilities	638,508,328	18,184,616	1,560,504	655,132,440
Vehicles	27,125,454	3,275,132	1,205,159	29,195,427
Equipment	56,818,028	6,178,342	3,598,622	59,397,748
Total capital assets, depreciable	722,451,810	27,638,090	6,364,285	743,725,615
Less accumulated depreciation	268,420,545	23,312,774	5,121,693	286,611,626
Total component units, net	\$ 579,122,783	\$ 56,105,618	\$ 13,835,346	\$ 621,393,055

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

Governmental Activities

General government	
Mayor and Board of Directors	\$ 240,926
City manager	21,489
Cable TV	8,537
District court – first division (criminal)	14,404
District court – second division (traffic)	8,790
Finance	197,700
Human resource	1,426
Information technology	272,301
Planning and development	22,567
Fleet services	<u>221,197</u>
 Total general government	 1,009,337
 Public works	 15,390,352
Parks and recreation services	888,948
Fire	1,969,775
Police	2,475,180
Housing and neighborhood programs	<u>147,459</u>
 Total depreciation expense – governmental activities	 <u>21,881,051</u>

Business-type Activities

Presidential park	165
Waste disposal	2,408,183
Second and main parking	220,186
Riverfront park	99,853
Zoo	182,404
Vehicle storage	17,865
Golf courses	99,244
Fitness center	<u>156,330</u>
 Total depreciation expense - business-type activities	 <u>3,184,230</u>
 Total depreciation expense - primary government	 <u><u>\$ 25,065,281</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2007, were as follows:

Governmental Activities	Balance December 31, 2006	Increases	Decreases	Balance December 31, 2007	Amounts Due in One Year
Bonds payable					
General obligation revenue bonds	\$ 17,065,000	\$ 13,350,000	\$ 14,525,000	\$ 15,890,000	\$ 1,070,000
Less deferred issuance discounts	87,687	65,148	93,116	59,719	-
Add issuance premiums	3,290	-	299	2,991	-
	<u>16,980,603</u>	<u>13,284,852</u>	<u>14,432,183</u>	<u>15,833,272</u>	<u>1,070,000</u>
General obligation bonds	82,180,000	-	10,565,000	71,615,000	5,040,000
Less deferred issuance discounts	480,981	-	35,825	445,156	-
Add issuance premiums	1,163,459	-	87,285	1,076,174	-
	<u>82,862,478</u>	<u>-</u>	<u>10,616,460</u>	<u>72,246,018</u>	<u>5,040,000</u>
Bonds payable, net	99,843,081	13,284,852	25,048,643	88,079,290	6,110,000
Notes payable	17,694,148	7,291,000	5,360,789	19,624,359	5,618,781
Capital lease obligation	321,058	-	321,058	-	-
Compensated absences	18,878,989	8,742,040	8,677,147	18,943,882	6,319,389
Net pension obligation	44,678,782	7,558,070	-	52,236,852	-
Other	1,032,807	884,486	807,366	1,109,927	494,677
	<u>182,448,865</u>	<u>37,760,448</u>	<u>40,215,003</u>	<u>179,994,310</u>	<u>18,542,847</u>
Business-type Activities					
Bonds payable					
Revenue bonds	\$ 44,510,000	\$ 3,400,000	\$ 3,005,000	\$ 44,905,000	\$ 3,280,000
Less deferred issuance discounts	1,751,539	50,397	188,505	1,613,431	-
Add issuance premiums	885,301	-	95,547	789,754	-
	<u>43,643,762</u>	<u>3,349,603</u>	<u>2,912,042</u>	<u>44,081,323</u>	<u>3,280,000</u>
Bonds payable, net	43,643,762	3,349,603	2,912,042	44,081,323	3,280,000
Compensated absences	934,717	544,885	582,675	896,927	504,971
Post-closure landfill costs	2,984,756	198,984	-	3,183,740	776,557
	<u>47,563,235</u>	<u>4,093,472</u>	<u>3,494,717</u>	<u>48,161,990</u>	<u>4,561,528</u>
Total business-type activities long-term liabilities	<u>\$ 47,563,235</u>	<u>\$ 4,093,472</u>	<u>\$ 3,494,717</u>	<u>\$ 48,161,990</u>	<u>\$ 4,561,528</u>

City of Little Rock, Arkansas
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Component Units	Balance, December 31, 2006	Increases	Decreases	Balance December 31, 2007	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 15,510,000	\$ 1,372,000	\$ 1,300,000	\$ 15,582,000	\$ 1,632,248
Add issuance premiums	1,377,537		172,023	1,205,514	-
	<u>16,887,537</u>	<u>1,372,000</u>	<u>1,472,023</u>	<u>16,787,514</u>	<u>1,632,248</u>
Central Arkansas Library					
Revenue bonds	1,310,000	2,800,000	60,000	4,050,000	155,000
Capital lease obligations	982,975		982,975	-	-
Compensated absences	685,476	605,795	554,409	736,862	736,862
	<u>2,978,451</u>	<u>3,405,795</u>	<u>1,597,384</u>	<u>4,786,862</u>	<u>891,862</u>
Little Rock Port Authority					
Compensated absences	164,654	22,678	27,249	160,083	14,352
Post-retirement health insurance	52,409	51,628	892	103,145	2,522
	<u>217,063</u>	<u>74,306</u>	<u>28,141</u>	<u>263,228</u>	<u>16,874</u>
Arkansas Museum of Science and History					
Various notes payable	426,787	110,069	106,561	430,295	336,901
National Airport					
Bonds payable					
Revenue bonds	27,045,000	12,715,000	5,870,000	33,890,000	2,185,000
Less deferred issuance discounts	470,753	126,854	79,176	518,431	
Add issuance premiums	224,009	445,164	59,200	609,973	
	<u>26,798,256</u>	<u>13,033,310</u>	<u>5,850,024</u>	<u>33,981,542</u>	<u>2,185,000</u>
Other long-term liabilities	27,264,550	-	2,344,796	24,919,754	2,344,796
	<u>54,062,806</u>	<u>13,033,310</u>	<u>8,194,820</u>	<u>58,901,296</u>	<u>4,529,796</u>
Wastewater Utility					
Revenue bonds	87,092,863	142,711,252	2,210,690	227,593,425	4,703,185
Add issuance premiums	17,823	3,902,084	246,276	3,673,631	-
Other post-employment benefit obligation	-	1,258,000	118,544	1,139,456	-
	<u>87,110,686</u>	<u>147,871,336</u>	<u>2,575,510</u>	<u>232,406,512</u>	<u>4,703,185</u>
Total component units long-term liabilities	<u>\$ 161,683,330</u>	<u>\$ 165,866,816</u>	<u>\$ 13,974,439</u>	<u>\$ 313,575,707</u>	<u>\$ 12,110,866</u>

Bonds and notes payable at December 31, 2007, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
Bonds payable	3.2% – 5.0 %	2024	\$ 133,250,000	\$ 87,505,000
Notes payable – short-term financing	2.95% - 3.86%	2012	\$ 22,231,000	\$ 18,529,359
Notes payable – Section 108 loans	Variable	2011	\$ 2,070,000	\$ 1,095,000
Enterprise funds				
Revenue bonds	4.8% - 5.8%	2028	\$ 58,990,000	\$ 44,905,000
Component Units (bonds and notes)	2% - 7.375%	2037	\$ 348,871,436	\$ 281,545,720

City of Little Rock, Arkansas
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Governmental Activities

General Obligation Bonds:

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 remain outstanding in the principal amount of \$14,130,000 and to pay the cost associated with the issuance of the Series 2007 Bonds. The Series 2007 bonds are not general obligation of the City but are special obligation payable solely from the revenue received by the City from all franchise fees charged to public utilities for the privilege of using the City's streets and rights-of-way. Principal payments are due annually on October 1 with final payment scheduled in 2019. Bonds maturing on and after October 1, 2017 are subject to optional redemption prior to maturity in inverse order of maturities in whole. Interest payments are due semiannually on April 1 and September 1. This advance refunding resulted in reducing its total debt service payments by approximately \$20,000 on an annual basis and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$400,000.

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

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

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

City of Little Rock, Arkansas
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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.

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, 2007, the following outstanding short-term financing agreements were:

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

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

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

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

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

2003 Short-term Financing Note – The \$4,250,000 promissory note was issued to finance the cost of acquiring equipment and vehicles for the City with principal and interest payable from general revenues. Due annually, payable \$926,682, on June 18, including interest at 2.95%.

The City also has entered into three loan guarantee commitments with the U.S. Department of Housing and Urban Development (HUD) for the purpose of acquiring, constructing or installing real property to be repaid with Community Development Block Grant (CDBG) funds or related program income. These notes payable with HUD at December 31, 2007 were as follows:

Section 108 Loan – Nathaniel W. Hill property (the property) – This \$1,800,000 promissory note was issued to construct and improve the property. Increasing principal payments due annually on August 1, with interest payments due semi-annually on August 1 and February 1, at a variable interest rate secured by the property.

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

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

Capital Lease

The City had entered into the following capital lease purchase agreement with the trust for public land.

Arkansas River Trail Land – This was a lease-purchase agreement with ownership transferring at the end of the lease term. The final payment of \$321,058 was made on March 23, 2007.

Other Liabilities

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

Business-type Activities

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

2007 Waste Disposal Revenue Bonds – On March 12, 2007, the City issued \$3,400,000 in 2007 Waste Disposal Refunding and Improvement Bonds with an interest rate ranging from 5.38% to 5.70%. 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.

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

1998 Parks and Recreation Bonds - Series A - The \$16,405,000 in original issue *Capital Improvement Revenue Bonds - Series 1998A* were issued for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain parks and recreation facilities of the City, including payment of a portion of the interest on the Series 1998A Bonds during the construction period. The bonds are payable solely from gross revenues derived from the City's parks and recreation facilities and certain monies pledged under a master and supplement indenture. The bonds are subject to redemption in part by sinking fund installments due annually on January 1, beginning in 2002; term bonds are due January 1, 2018 and 2023. Interest is due semiannually on January 1 and July 1. The bonds are subject to redemption at the option of the City beginning January 1, 2008.

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

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

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

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

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

City of Little Rock, Arkansas
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The 1990, 1991, and 1996 Series Sewer Revenue are part of \$7,000,000, \$6,000,000, and \$6,000,000 bond issues, respectively. The 1999 Series Sewer Revenue Bonds are a \$12,000,000 series and are subordinate to all previous bond issues. The 2001 Series Sewer Revenue Bonds (original issue of \$22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of \$23,100,000, \$14,000,000, \$13,000,000 and \$18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. As of December 31, 2007, the Utility has drawn \$23,100,000, \$13,908,792, \$8,118,984 and \$459,256, respectively, of which \$8,576,252 was drawn in 2007. 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.

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.

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

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

City of Little Rock, Arkansas

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

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

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

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

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

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

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 combined balance sheet include \$1,205,514 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 a bond totaling \$1,310,000 to expand the Maumelle Public Library. The bond bears interest, payable semiannually, at rates of 4.25% to 4.80% and are due in semiannual installments, which begin March 15, 2007 and continue until 2021. In 2007, the Library issued a 2007 Capital Improvement and Refunding Bond to pay off a previously issued note and assist with the remodeling of Geyer and Adam building. The bond bears interest at 4.8% and is due in semi-annual installments through September 2027.

City of Little Rock, Arkansas
Notes to Financial Statements
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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, 2007. Principal and interest are also disclosed for the component units as follows:

Fiscal Year	Primary Government				Component Units	
	General Obligation Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 6,110,000	\$ 3,459,383	\$ 3,280,000	\$ 2,214,657	\$ 8,675,433	\$ 12,506,974
2009	6,220,000	3,230,370	3,430,000	2,071,820	9,529,107	12,376,225
2010	6,460,000	2,988,933	3,580,000	1,915,498	10,416,762	11,972,774
2011	6,725,000	2,728,670	3,745,000	1,744,627	10,416,284	11,494,246
2012	7,000,000	2,449,670	3,910,000	1,558,560	10,870,651	11,026,883
2013 - 2017	37,920,000	7,953,395	11,790,000	5,610,130	51,601,732	47,533,763
2018 - 2022	15,115,000	1,556,206	9,490,000	2,998,029	49,056,572	36,610,732
2023 - 2027	1,955,000	53,599	4,860,000	849,688	32,588,884	27,880,835
2028 - 2032	-	-	820,000	43,460	41,575,000	19,813,949
2033-2037	-	-	-	-	56,385,000	8,141,841
	<u>\$ 87,505,000</u>	<u>\$ 24,420,225</u>	<u>\$ 44,905,000</u>	<u>\$ 19,006,469</u>	<u>\$ 281,115,425</u>	<u>\$ 199,358,222</u>

Fiscal Year	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2008	\$ 5,618,781	\$ 776,709	\$ 336,901	\$ 5,709
2009	4,910,713	567,765	67,978	1,709
2010	4,169,192	377,948	25,416	1,710
2011	3,343,625	211,387	-	-
2012	1,582,048	78,342	-	-
2013 - 2017	-	5,544	-	-
	<u>\$ 19,624,359</u>	<u>\$ 2,017,695</u>	<u>\$ 430,295</u>	<u>\$ 9,128</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2007, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 10,459,066	\$ -
Seized money fund	-	4,434
CDBG fund	-	149,400
NHSP fund	-	51,512
HIPP fund	-	35,611
Grant fund	-	2,703,415
1998 Street & Drainage Debt Service	-	18,237
Governmental Funds to/from Fiduciary Funds		
General fund	-	6,398,995
Total governmental funds	10,459,066	9,361,604
Proprietary Funds		
River Market	-	1,560,631
Zoo	-	2,136,688
Vehicle storage	-	258,857
Golf courses	-	3,181,049
Concessions services	-	352,220
Total proprietary funds	-	7,489,445
Fiduciary Funds		
Policemen's pension	3,200,748	1,785
Firemen's pension	3,200,748	7,728
Total fiduciary funds	6,401,496	9,513
Total	\$ 16,860,562	\$ 16,860,562

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.

City of Little Rock, Arkansas
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Interfund transfers in and transfers out as of December 31, 2007, are as follows:

Interfund Transfers In	Interfund Transfers Out					Totals
	Governmental Funds			Proprietary Funds		
	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Other Nonmajor Enterprise Funds	
Governmental Funds						
General	\$ -	\$ 1,310,398	\$ 6,617	\$ 955,917	\$ 344,032	\$ 2,616,964
2004 Capital Improvements	-	-	-	-	-	-
2004 Bond Fund	-	-	-	-	-	-
Other Nonmajor Governmental Funds	842,618	175,000	-	348,700	-	1,366,318
Proprietary Funds						
Presidential Park	-	-	-	-	1,300,000	1,300,000
Other Nonmajor Enterprise Funds	3,896,067	-	-	-	-	3,896,067
	\$ 4,738,685	\$ 1,485,398	\$ 6,617	\$ 1,304,617	\$ 1,644,032	\$ 9,179,349

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

City of Little Rock, Arkansas
Notes to Financial Statements
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Note 6: Pension Plans

Pension Trust Funds

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

A. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

B. Membership Information

Membership of each Plan consisted of the following at December 31, 2007:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	286	285	92	-	-
Active plan members	-	1	37	936	35
Members on Deferred Retirement Option Plan (DROP)	35	56	-	-	-
Total	321	342	129	936	35

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 Assets

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Contribution Plan	Nonuniformed Benefit Plan	401 (a) Contribution Plan
Assets					
Cash and cash equivalents	\$ 6,705,429	\$ 4,584,408	\$ 2,358,055	\$ 776,530	\$ -
Investments	59,050,184	82,294,906	35,898,468	9,905,104	5,967,644
Receivables	3,494,911	3,879,524	12,441	2,723	-
Total assets	<u>69,250,524</u>	<u>90,758,838</u>	<u>38,268,964</u>	<u>10,684,357</u>	<u>5,967,644</u>
Liabilities					
Due to other funds	1,785	7,728	-	-	-
Total liabilities	<u>1,785</u>	<u>7,728</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets					
Net assets held in trust for pension benefits	<u>\$ 69,248,739</u>	<u>\$ 90,751,110</u>	<u>\$ 38,268,964</u>	<u>\$ 10,684,357</u>	<u>\$ 5,967,644</u>

Statement of Changes in Fiduciary Net Assets

Additions					
Contributions	\$ 5,179,767	\$ 4,642,807	\$ 2,397,808	\$ 582,380	\$ 907,688
Net investment income	5,522,841	5,095,293	3,009,806	999,206	490,391
Total additions	<u>10,702,608</u>	<u>9,738,100</u>	<u>5,407,614</u>	<u>1,581,586</u>	<u>1,398,079</u>
Deductions					
Benefits paid directly to participants	8,804,530	9,032,574	2,548,517	1,318,452	518,914
Administrative expenses and other	384,668	-	47,576	12,914	-
Total deductions	<u>9,189,198</u>	<u>9,032,574</u>	<u>2,596,093</u>	<u>1,331,366</u>	<u>518,914</u>
Change in Net Assets	1,513,410	705,526	2,811,521	250,220	879,165
Net Assets Held in Trust For Pension Benefits, Beginning of Year	<u>67,735,329</u>	<u>90,045,584</u>	<u>35,457,443</u>	<u>10,434,137</u>	<u>5,088,479</u>
Net Assets Held in Trust For Pension Benefits, End of Year	<u>\$ 69,248,739</u>	<u>\$ 90,751,110</u>	<u>\$ 38,268,964</u>	<u>\$ 10,684,357</u>	<u>\$ 5,967,644</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 2007. The participants contributed 6% of their salaries in 2007. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2007 contributions to the Policemen's Fund were \$5,179,767. The City's share of contributions was \$4,612,776 and included \$3,155,911 in property taxes and \$1,327,720 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.

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

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

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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 2007. The participants contributed 6% of their salaries in 2007. 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 Directors. Total 2007 contributions to the Firemen’s Fund were \$4,642,807. The City’s share of contributions was \$4,412,942 and included \$3,155,911 in property taxes and \$1,039,099 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

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

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

Under the original provisions of the Nonuniformed Plan, participants and the City were required to contribute a certain percentage of the participant’s salary. Effective January 1, 1978, the Plan was frozen. Contributions continued to be required through December 31, 1980. As of January 1, 1981, participants of the Nonuniformed Plan became participants in the City of Little Rock Nonuniformed Employees’ Defined Contribution Plan (Defined Contribution Plan), which became effective for all regular, nonuniformed employees of the City as of that date. Currently, the only contributions the City makes to the Plan on an annual basis are those required to make the Plan actuarially sound. These contributions are made on a one year lag. Contributions during 2007 were \$582,380.

	2007 Annual Pension Cost and Net Pension Obligation (Asset)		
	Policemen’s Fund	Firemen’s Fund	Nonuniformed Plan
Annual required contributions	\$ 12,702,038	\$ 8,175,513	\$ 305,877
Interest on net pension obligation	2,397,567	369,707	-
Adjustment to annual required contribution	(8,318,911)	477,403	-
Annual pension cost	<u>6,780,694</u>	<u>9,022,623</u>	<u>305,877</u>
Contributions made	4,048,479	3,920,265	582,380
Increase in net pension obligation	<u>2,732,215</u>	<u>5,102,358</u>	<u>(276,503)</u>
Net pension obligation, beginning of the year	<u>39,730,165</u>	<u>4,366,237</u>	<u>582,380</u>
Net pension obligation, end of the year	<u><u>\$ 42,462,380</u></u>	<u><u>\$ 9,468,595</u></u>	<u><u>\$ 305,877</u></u>

City of Little Rock, Arkansas
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Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2005	\$ 7,654,447	58%	\$ 33,681,090
	12/31/2006	7,887,798	62%	36,737,276
	12/31/2007	6,780,694	60%	42,462,380
Firemen's Fund	12/31/2005	\$ 5,606,023	73%	\$ 1,785,954
	12/31/2006	6,963,485	63%	4,366,237
	12/31/2007	9,022,623	43%	9,468,595
Nonuniformed Plan	12/31/2005	\$ 637,219	94%	\$ 637,219
	12/31/2006	582,380	109%	582,380
	12/31/2007	305,877	190%	305,877

Net pension obligations have historically been the responsibility of the general fund. The Nonuniformed Plan uses the aggregate actuarial cost method in calculating the annual actuarially required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities.

Agent Multiple-Employer Defined Benefit Pension Plan

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

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

Contribution requirements are set forth in Arkansas statute. LOPFI members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 15.78% for participating policemen and 12.29% for participating firemen.

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For 2007, the City’s annual pension cost was \$3,038,453 for policemen and \$2,824,518 for firemen, which was equal to the required and actual contributions. Neither Plan has a net pension obligation (NPO). The required contributions were determined as part of the December 31, 2005, actuarial valuation using the entry age actuarial cost method.

Three-Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
LOPFI – Policemen	12/31/2005	\$ 2,511,092	100%	\$ -
	12/31/2006	2,626,371	100%	-
	12/31/2007	3,038,453	100%	-
LOPFI – Firemen	12/31/2005	\$ 2,174,645	100%	\$ -
	12/31/2006	2,497,129	100%	-
	12/31/2007	2,824,518	100%	-

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 2007, employer and employee contributions to the Plan were \$1,015,010 and \$1,388,355, respectively.

The *401(a) Money Purchase and Trust Retirement Fund* is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City’s required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established and can be amended by action of the Board of Directors. During 2007, employer and employee contributions to the plan were \$259,476 and \$648,212 respectively.

City of Little Rock, Arkansas
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Actuarial Assumptions

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan	Local Police and Fire Retirement System – Policemen	Local Police and Fire Retirement System – Firemen
Actuarial valuation date	12/31/2007	12/31/2007	12/31/2007	12/31/2007	12/31/2007
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Not applicable	Level percent open	Level percent Open
Remaining amortization period	5 years	5 years	Not applicable	30 years	30 years
Asset valuation method	Market	Market	Market	5-year smoothed market	5-year smoothed market
Actuarial assumptions: Investment rate of return*	7%	7%	8%	8%	8%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4.1% - 9.1%	4.1% - 9.1%
*Includes inflation at	4%	4%	0%	4%	4%
Cost-of-living adjustments	None	None	None	None	None

Note 7: Other Post-Employment Benefits

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

Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed for the first 6 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 6 months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). The plan has 151 retired participants who pay monthly premiums between \$253 for single coverage and \$723 for family coverage.

City of Little Rock, Arkansas
Notes to Financial Statements
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Annual OPEB Cost and Net OPEB Obligation: The City's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty 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	\$ 816,000
Interest on net OPEB obligation	<u>0</u>
Annual OPEB Cost	816,000
Total annual employer contribution	<u>(816,000)</u>
Increase in net OPEB obligation	0
Net OPEB obligation – beginning of year	<u>0</u>
Net OPEB obligation – end of year	<u><u>\$ 0</u></u>

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

Service Cost	\$ 324,000
Amortization of unfunded obligation	439,000
Interest to end-of-year	<u>53,000</u>
ARC	<u><u>\$ 816,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$816,000	100%	\$0

Funded Status and Funding Progress: As of January 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,832,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 5,832,000. The covered payroll (annual payroll of active employees covered by the plan) was \$84,153,636, and the ratio of the UAAL to the covered payroll was 14.43%.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, since this is the first year of implementation there is no trend information to report.

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

In the January 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

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 for January 1, 2006 to December 31, 2007:

Liability balance, January 1, 2006	\$	1,115,862
Claims and changes in estimates		473,908
Claims payments		(556,963)
Liability balance, December 31, 2006		<u>1,032,807</u>
Claims and changes in estimates		884,486
Claims payments		(807,366)
Liability balance, December 31, 2007	\$	<u><u>1,109,927</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Insurance Coverage

The City of Little Rock, Arkansas, 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 worker's compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2006 to 2007; nor have settlement amounts exceeded insurance coverage for each of the past three years.

Note 9: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2007, property taxes receivable and related deferred revenues of \$40,416,107 have been recorded in the governmental funds. In the government-wide statement of net assets, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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

Description	Millage Limit	Levied 2007 for 2008 Collections
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	3.30	3.30
Library capital improvement bonds	2.00	2.00
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	<u>1.45</u>	<u>1.45</u>
Total	<u><u>17.05</u></u>	<u><u>17.05</u></u>

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the new landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$3,183,740 is based on 15.6% use of Class I Waste total constructed capacity, and 32.0% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,315,434 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 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

Note 11: Other Required Disclosures

The following enterprise funds have deficit net assets as of December 31, 2007:

<u>Fund</u>	<u>Deficit Amount</u>
Rivermarket Garage	(85,341)
Golf Courses	(118,042)
Vehicle Storage	(174,591)
Concessions Services	(363,064)
	<hr/>
Total deficit net assets	\$ (655,697)
	<hr/> <hr/>

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

Note 12: Contingencies

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

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

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

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts, and alleged violations of state and federal laws.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

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, 2007, the aggregate principal amount payable on these bonds was approximately \$35,100,000.

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 newly created entity serves customers located within the corporate limits of the City parties. Under GASB 14, the entity is accounted for as a jointly governed organization.

Note 15: Change in Accounting Principles

Effective January 1, 2007, the City implemented the following new financial accounting and reporting standards issued by GASB:

- Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*

Statement No. 43 establishes uniform financial reporting standards for OPEB plans and supersedes the interim guidance included in Statement No. 26. The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 25, with modifications to reflect differences between pension plans and OPEB plans. The implementation had no financial impact on the City during the current year.

- Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*

Statement No. 45 establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans, improves the relevance and usefulness of financial reporting, and supersedes portions of statements No. 12 and 27. The financial impact of the implementation on the City during the year is further discussed in footnote 7 on pages 59-61. The adoption of GASB 45 did not have a material effect on the City's financial statements.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2007

- Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*

Statement No. 48 establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. The implementation had no financial impact on the City during the current year.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 14,543,129	\$ 14,751,129	\$ 20,726,245	\$ 5,975,116
Sales taxes	65,723,569	64,683,569	65,115,060	431,491
Licenses and permits	10,062,342	10,077,342	9,935,519	(141,823)
Intergovernmental	1,784,268	1,609,406	3,976,226	2,366,820
Charges for services	4,632,288	4,890,165	5,447,324	557,159
Fines and fees	3,641,405	3,631,405	3,544,788	(86,617)
Utility franchise fees	26,230,515	24,971,515	25,201,846	230,331
Investment income and unrealized gains	595,612	542,612	356,494	(186,118)
Miscellaneous	524,013	487,373	784,223	296,850
Total revenues	<u>127,737,141</u>	<u>125,644,516</u>	<u>135,087,725</u>	<u>9,443,209</u>
Expenditures				
General government:				
General administration	19,909,147	19,806,876	19,440,120	366,756
Mayor and board of directors	290,244	324,932	313,773	11,159
City manager	960,190	904,142	1,593,898	(689,756)
Community programs	383,651	383,653	2,823,666	(2,440,013)
City attorney	1,463,007	1,500,852	1,474,219	26,633
Cable TV	211,096	211,096	234,021	(22,925)
District court-first division (criminal)	1,236,171	1,229,100	1,189,698	39,402
District court-third division (environmental)	485,103	535,870	516,213	19,657
District court-second division (traffic)	1,167,128	1,166,863	1,128,044	38,819
Finance	2,645,844	2,650,604	2,588,981	61,623
Human resources	1,320,764	1,296,791	1,304,304	(7,513)
Information technology	2,898,155	2,818,083	2,634,218	183,865
Planning and development	2,192,452	2,068,288	1,988,772	79,516
Total general government	<u>35,162,952</u>	<u>34,897,150</u>	<u>37,229,927</u>	<u>(2,332,777)</u>
Public works	1,326,293	1,404,318	1,800,522	(396,204)
Parks and recreation services	7,240,993	7,255,282	7,897,958	(642,676)
Fire	30,485,155	30,472,562	35,331,265	(4,858,703)
Police	46,000,243	45,122,686	50,397,970	(5,275,284)
Housing and neighborhood programs	4,214,629	3,952,444	4,075,787	(123,343)
Vacancy savings	(4,830,730)	(2,272,895)	-	(2,272,895)
Total expenditures	<u>119,599,535</u>	<u>120,831,547</u>	<u>136,733,429</u>	<u>(15,901,882)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,137,606</u>	<u>4,812,969</u>	<u>(1,645,704)</u>	<u>(6,458,673)</u>
Other Financing Sources (Uses)				
Transfers In	1,282,504	1,518,129	2,616,964	1,098,835
Transfers Out	(9,416,221)	(8,914,947)	(4,738,685)	4,176,262
Total other financing sources (uses)	<u>(8,133,717)</u>	<u>(7,396,818)</u>	<u>(2,121,721)</u>	<u>5,275,097</u>
Net Change in Fund Balances	3,889	(2,583,849)	(3,767,425)	(1,183,576)
Fund Balances, Beginning of Year	<u>21,496,608</u>	<u>21,496,608</u>	<u>21,496,608</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 21,500,497</u>	<u>\$ 18,912,759</u>	<u>\$ 17,729,183</u>	<u>\$ (1,183,576)</u>

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2007

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 2007.

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, 2007

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Policemen's Pension and Relief Fund	2002	\$ 12,152,301	35%
	2003	12,179,357	48%
	2004	12,390,853	62%
	2005	12,390,853	34%
	2006	12,702,038	39%
	2007	12,702,038	32%
	Firemen's Pension and Relief Fund	2002	\$ 5,129,504
2003		5,129,504	86%
2004		5,161,220	79%
2005		5,161,220	79%
2006		7,275,892	60%
2007		8,175,513	48%
Nonuniformed Employees' Defined Benefit Pension Plan		2002	\$ 480,172
	2003	1,461,740	33%
	2004	598,970	145%
	2005	637,219	94%
	2006	582,380	109%
	2007	305,877	190%
	Local Police and Fire Retirement System – Policemen	2002	\$ 1,119,450
2003		1,126,749	100%
2004		1,558,722	100%
2005		2,511,092	100%
2006		2,626,371	100%
2007		3,038,453	100%
Local Police and Fire Retirement System – Firemen		2002	\$ 720,771
	2003	707,630	100%
	2004	1,326,107	100%
	2005	2,174,645	100%
	2006	2,497,129	100%
	2007	2,824,518	100%

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Funding Progress
Year Ended December 31, 2007

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)	Excess As A Percentage Of Covered Payroll ((a-b)/c)
Policemen's Pension and Relief Fund	12/31/97	\$ 47,864,469	\$ 88,707,782	\$ 40,843,313	54%	\$ 2,785,634	1466%	
	12/31/99	76,251,437	106,616,118	30,364,681	72%	1,629,510	1863%	
	12/31/01	59,371,210	115,944,481	56,573,271	51%	769,767	7349%	
	12/31/03	61,704,750	119,454,990	57,750,240	52%	150,796	38297%	
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A	
	12/31/07	66,039,832	118,412,550	52,372,718	56%	-	N/A	
Firemen's Pension and Relief Fund	12/31/97	70,610,935	83,574,653	12,963,718	84%	4,973,319	261%	
	12/31/99	85,047,916	99,683,234	14,635,318	85%	4,050,671	361%	
	12/31/01	81,627,419	105,512,670	23,885,251	77%	3,162,756	755%	
	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%	
	12/31/05	84,064,932	117,809,010	33,744,078	71%	278,939	12097%	
	12/31/07	87,533,202	129,213,518	41,680,316	68%	51,914	80287%	
Local Police and Fire Retirement System - Policemen	12/31/02	52,180,728	41,432,227	(10,748,501)	126%	18,888,048		57%
	12/31/03	56,488,789	48,538,609	(7,950,180)	116%	18,981,150		42%
	12/31/04	58,678,303	60,913,436	2,235,133	96%	20,415,382	11%	
	12/31/05	66,004,978	67,925,639	1,920,661	97%	21,266,161	9%	
	12/31/06	74,905,451	76,842,810	1,937,359	97%	23,570,761	8%	
	12/31/07	87,095,526	87,708,314	612,788	99%	25,257,302	2%	
Local Police and Fire Retirement System - Firemen	12/31/02	34,862,469	26,909,531	(7,952,938)	130%	12,055,371		66%
	12/31/03	38,223,188	35,328,198	(2,894,990)	108%	13,368,014		22%
	12/31/04	40,512,700	47,400,387	6,887,687	85%	14,997,552	46%	
	12/31/05	46,596,328	52,990,455	6,394,127	88%	16,110,508	40%	
	12/31/06	55,563,161	58,575,344	3,012,183	95%	16,444,539	18%	
	12/31/07	65,748,849	68,063,672	2,314,823	97%	18,187,495	13%	

Note: The Nonuniformed Employees' Defined Benefit Pension Plan uses the aggregate cost method in calculating the annual actuarially required contribution. This method does not identify or separately amortize unfunded actuarial accrued liabilities. Per paragraph 124 of Governmental Accounting Standards Board Statement 25 – *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, plans that use the aggregate cost method are not required to present a schedule of funding progress in the supplementary information to the financial statements.

City of Little Rock, Arkansas
Required Supplemental Information
Other Post-Employment Benefit Plan*
Schedule of Funding Progress
Year Ended December 31, 2007

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1/1/2007	\$0	\$5,832,000	\$5,832,000	0.0%	\$84,153,636	14.43%

*Health Management Trust

The required contribution was determined as part of the January 1, 2007, actuarial evaluation using the projected unit credit actuarial cost method. The actuarial assumptions used included (a) 7.0% rate of return on investments, (b) an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 4.0% after five years, and (c) mortality rates based on the 1983 Group Annuity Mortality Table, and (d) salary increases of 3.7%. The unfunded actuarial accrued liability is being amortized using level dollar amount over thirty 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.

ECONOMIC DEVELOPMENT FUND – Accounts for funds to be used in support of economic development efforts, as determined by the Board of Directors, which will significantly improve the general economic well-being of the City through the creation of jobs for its citizens.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

1998 STREET AND DRAINAGE BONDS – The 1998 Street and Drainage bonds were issued for the purpose of acquiring, constructing, equipping, renovating, expanding, and refurbishing certain street, sidewalk, curb, gutter, drainage and other related infrastructure improvements of the City, including payment of a portion of the interest on the Series 1998A Bonds during the construction period.

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.

2004 CENTRAL ARKANSAS LIBRARY – 2004A & 2004B Library Improvement and Refunding Bonds are limited obligations payable through 2024. The 2004 Library Bonds were issued to refund the 1999B and 2002 Library Improvement Bonds and to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries. Funding is obtained 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 2004, 2005 and 2006 Short Term Financing to acquire capital equipment, vehicles and an enterprise resource planning system for the City.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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

2007 CAPITAL IMPROVEMENTS – The 2007 Capital Improvements were issued to finance the advance refunding of the City’s Capital Improvement Revenue Bonds, Series 1998A and to pay the cost associated with the issuance of the Series 2007 Bonds. The Series 2007 bonds are not general obligation of the City but are special obligation 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.

City of Little Rock, Arkansas
Combining Balance Sheets
Governmental Funds – Nonmajor
December 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,757,413	\$ 3,926	\$ 1,846,961	\$ 3,608,300
Restricted cash	-	1,596,618	5,579,675	7,176,293
Investments	4,909,314	15,287	7,192,320	12,116,921
Accounts receivable	6,234,969	6,169,603	-	12,404,572
Interest receivable	46,298	144	67,830	114,272
Inventories	776,794	-	-	776,794
Prepaid expenditures and other	384,461	-	-	384,461
	<u>384,461</u>	<u>-</u>	<u>-</u>	<u>384,461</u>
Total assets	<u>\$ 14,109,249</u>	<u>\$ 7,785,578</u>	<u>\$ 14,686,786</u>	<u>\$ 36,581,613</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 395,827	\$ -	\$ 372,642	\$ 768,469
Due to other funds	236,523	18,237	-	254,760
Accrued wages payable and related liabilities	(159)	-	-	(159)
Accrued expenditures and other	-	-	13,493	13,493
Deferred revenue	4,328,621	5,938,022	-	10,266,643
	<u>4,328,621</u>	<u>5,938,022</u>	<u>-</u>	<u>10,266,643</u>
Total liabilities	<u>4,960,812</u>	<u>5,956,259</u>	<u>386,135</u>	<u>11,303,206</u>
 Fund Balances				
Reserved	1,776,383	-	-	1,776,383
Unreserved	7,372,054	1,829,319	14,300,651	23,502,024
	<u>7,372,054</u>	<u>1,829,319</u>	<u>14,300,651</u>	<u>23,502,024</u>
Total fund balances	<u>9,148,437</u>	<u>1,829,319</u>	<u>14,300,651</u>	<u>25,278,407</u>
Total liabilities and fund balances	<u>\$ 14,109,249</u>	<u>\$ 7,785,578</u>	<u>\$ 14,686,786</u>	<u>\$ 36,581,613</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Nonmajor
Year Ended December 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
General property taxes	\$ 4,268,119	\$ 2,943,667	\$ -	\$ 7,211,786
Licenses and permits	30,236	-	-	30,236
Intergovernmental	12,233,996	-	-	12,233,996
Charges for services	1,803,018	-	-	1,803,018
Fines and fees	861,484	-	-	861,484
Utility franchise taxes	-	454,498	-	454,498
Investment income and unrealized gains	321,078	155,418	1,090,417	1,566,913
Contributions and donations	923,503	-	62,500	986,003
Miscellaneous	1,604,343	-	2,614	1,606,957
	<u>22,045,777</u>	<u>3,553,583</u>	<u>1,155,531</u>	<u>26,754,891</u>
Total revenues				
Expenditures				
General government				
General administration	530,344	-	2,100	532,444
City manager	154,334	-	56,719	211,053
Community programs	28,396	-	-	28,396
City attorney	-	-	32,317	32,317
District court - first division (criminal)	3,470	-	-	3,470
District court - second division (traffic)	13,513	-	-	13,513
Finance	204,867	-	2,080,773	2,285,640
Human resource	501,597	-	-	501,597
Information technology	-	-	316,028	316,028
Planning and development	66,771	-	4,384	71,155
	<u>1,503,292</u>	<u>-</u>	<u>2,492,321</u>	<u>3,995,613</u>
Total general government				
Public works	14,605,635	-	5,576,484	20,182,119
Parks and recreation services	765,711	-	1,502,046	2,267,757
Zoo	-	-	609,067	609,067
Fire	251,421	-	1,176,539	1,427,960
Police	2,007,933	-	1,514,470	3,522,403
Fleet	-	-	164,973	164,973
Education	-	-	7,591,089	7,591,089
Housing and neighborhood programs	4,536,763	-	840,844	5,377,607
Debt service				
Principal	-	18,117,407	-	18,117,407
Interest	-	1,473,879	-	1,473,879
Agent fees	-	150,067	-	150,067
	<u>23,670,755</u>	<u>19,741,353</u>	<u>21,467,833</u>	<u>64,879,941</u>
Total expenditures				
Deficiency of Revenues Over Expenditures				
	<u>(1,624,978)</u>	<u>(16,187,770)</u>	<u>(20,312,302)</u>	<u>(38,125,050)</u>
Other Financing Sources (Uses)				
Long-term debt issuance	-	13,474,438	7,291,000	20,765,438
Transfers in	1,366,318	-	-	1,366,318
Transfers out	(1,158,568)	-	(326,830)	(1,485,398)
	<u>207,750</u>	<u>13,474,438</u>	<u>6,964,170</u>	<u>20,646,358</u>
Total other financing sources				
Net Change in Fund Balances				
	(1,417,228)	(2,713,332)	(13,348,132)	(17,478,692)
Fund Balances, Beginning of Year				
	<u>10,565,665</u>	<u>4,542,651</u>	<u>27,648,783</u>	<u>42,757,099</u>
Fund Balances, End of Year				
	<u>\$ 9,148,437</u>	<u>\$ 1,829,319</u>	<u>\$ 14,300,651</u>	<u>\$ 25,278,407</u>

City of Little Rock, Arkansas
Combining Balance Sheets
Special Revenue Fund - Nonmajor
December 31, 2007

	<u>Street</u>	<u>Special Projects</u>	<u>Economic Development</u>	<u>Infrastructure</u>	<u>Emergency 911</u>	<u>CDBG</u>	<u>NHSP</u>	<u>HIPP</u>	<u>Total</u>
Assets									
Cash and cash equivalents	\$ 381,725	\$ 545,919	\$ -	\$ 285,259	\$ 51,441	\$ 113,835	\$ 244,940	\$ 134,294	\$ 1,757,413
Investments	1,483,949	2,114,214	-	1,110,837	200,314	-	-	-	4,909,314
Accounts receivable	6,008,653	14,676	-	-	167,957	36,418	-	7,265	6,234,969
Interest receivable	13,994	19,939	-	10,476	1,889	-	-	-	46,298
Inventories	-	-	-	-	-	308,838	-	467,956	776,794
Prepaid expenditures and other	-	-	-	-	384,461	-	-	-	384,461
Total assets	<u>\$ 7,888,321</u>	<u>\$ 2,694,748</u>	<u>\$ -</u>	<u>\$ 1,406,572</u>	<u>\$ 806,062</u>	<u>\$ 459,091</u>	<u>\$ 244,940</u>	<u>\$ 609,515</u>	<u>\$ 14,109,249</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 77,711	\$ 270,922	\$ -	\$ -	\$ -	\$ 37,004	\$ 3,187	\$ 7,003	\$ 395,827
Due to other funds	-	-	-	-	-	149,400	51,512	35,611	236,523
Accrued wages payable and related liabilities	(78)	(90)	-	-	-	-	-	9	(159)
Deferred revenue	4,304,624	23,997	-	-	-	-	-	-	4,328,621
Total liabilities	<u>4,382,257</u>	<u>294,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,404</u>	<u>54,699</u>	<u>42,623</u>	<u>4,960,812</u>
Fund Balances									
Reserved									
Developer contribution account	-	1,213,812	-	-	-	-	-	-	1,213,812
Stormwater retention	-	279,431	-	-	-	-	-	-	279,431
Court automation	-	149,700	-	-	-	-	-	-	149,700
Special projects - ADA	133,440	-	-	-	-	-	-	-	133,440
Total reserved	133,440	1,642,943	-	-	-	-	-	-	1,776,383
Unreserved	<u>3,372,624</u>	<u>756,976</u>	<u>-</u>	<u>1,406,572</u>	<u>806,062</u>	<u>272,687</u>	<u>190,241</u>	<u>566,892</u>	<u>7,372,054</u>
Total fund balances (deficit)	<u>3,506,064</u>	<u>2,399,919</u>	<u>-</u>	<u>1,406,572</u>	<u>806,062</u>	<u>272,687</u>	<u>190,241</u>	<u>566,892</u>	<u>9,148,437</u>
Total liabilities and fund balances	<u>\$ 7,888,321</u>	<u>\$ 2,694,748</u>	<u>\$ -</u>	<u>\$ 1,406,572</u>	<u>\$ 806,062</u>	<u>\$ 459,091</u>	<u>\$ 244,940</u>	<u>\$ 609,515</u>	<u>\$ 14,109,249</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds - Nonmajor
Year Ended December 31, 2007

	<u>Street</u>	<u>Special Projects</u>	<u>Economic Development</u>	<u>Infrastructure</u>	<u>Emergency 911</u>	<u>CDBG</u>	<u>NHSP</u>	<u>HIPP</u>	<u>Total</u>
Revenues									
General property taxes	\$ 4,268,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,268,119
Licenses and permits	-	30,236	-	-	-	-	-	-	30,236
Intergovernmental	8,677,633	620,635	-	-	-	1,704,647	1,146	1,229,935	12,233,996
Charges for services	366,256	489,196	-	-	947,566	-	-	-	1,803,018
Fines and fees	-	542,310	-	-	319,174	-	-	-	861,484
Investment income and unrealized gains	94,666	88,548	1,216	94,505	42,143	-	-	-	321,078
Contribution and donations	-	923,503	-	-	-	-	-	-	923,503
Miscellaneous	103,226	742,914	-	-	-	126,154	210,226	421,823	1,604,343
Total revenues	<u>13,509,900</u>	<u>3,437,342</u>	<u>1,216</u>	<u>94,505</u>	<u>1,308,883</u>	<u>1,830,801</u>	<u>211,372</u>	<u>1,651,758</u>	<u>22,045,777</u>
Expenditures									
General government									
General administration	-	530,344	-	-	-	-	-	-	530,344
City manager	-	154,334	-	-	-	-	-	-	154,334
Community programs	-	28,396	-	-	-	-	-	-	28,396
District court - first division (criminal)	-	3,470	-	-	-	-	-	-	3,470
District court - second division (traffic)	-	13,513	-	-	-	-	-	-	13,513
Finance	-	204,867	-	-	-	-	-	-	204,867
Human resource	-	501,597	-	-	-	-	-	-	501,597
Planning and development	-	66,771	-	-	-	-	-	-	66,771
Total general government	-	1,503,292	-	-	-	-	-	-	1,503,292
Public works	13,934,337	632,721	-	38,577	-	-	-	-	14,605,635
Parks and recreation services	64,954	700,757	-	-	-	-	-	-	765,711
Fire	-	251,421	-	-	-	-	-	-	251,421
Police	-	214,778	-	-	1,793,155	-	-	-	2,007,933
Housing and neighborhood programs	-	237,154	-	-	-	1,866,779	743,047	1,689,783	4,536,763
Total expenditures	<u>13,999,291</u>	<u>3,540,123</u>	<u>-</u>	<u>38,577</u>	<u>1,793,155</u>	<u>1,866,779</u>	<u>743,047</u>	<u>1,689,783</u>	<u>23,670,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(489,391)</u>	<u>(102,781)</u>	<u>1,216</u>	<u>55,928</u>	<u>(484,272)</u>	<u>(35,978)</u>	<u>(531,675)</u>	<u>(38,025)</u>	<u>(1,624,978)</u>
Other Financing Sources (Uses)									
Transfers in	953,385	412,933	-	-	-	-	-	-	1,366,318
Transfers out	(234,025)	(544,202)	(24,670)	(355,671)	-	-	-	-	(1,158,568)
Total other financing sources (uses)	<u>719,360</u>	<u>(131,269)</u>	<u>(24,670)</u>	<u>(355,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,750</u>
Net Change in Fund Balances	<u>229,969</u>	<u>(234,050)</u>	<u>(23,454)</u>	<u>(299,743)</u>	<u>(484,272)</u>	<u>(35,978)</u>	<u>(531,675)</u>	<u>(38,025)</u>	<u>(1,417,228)</u>
Fund Balances, Beginning of Year	<u>3,276,095</u>	<u>2,633,969</u>	<u>23,454</u>	<u>1,706,315</u>	<u>1,290,334</u>	<u>308,665</u>	<u>721,916</u>	<u>604,917</u>	<u>10,565,665</u>
Fund Balances, End of Year	<u>\$ 3,506,064</u>	<u>\$ 2,399,919</u>	<u>\$ -</u>	<u>\$ 1,406,572</u>	<u>\$ 806,062</u>	<u>\$ 272,687</u>	<u>\$ 190,241</u>	<u>\$ 566,892</u>	<u>\$ 9,148,437</u>

City of Little Rock, Arkansas
Combining Balance Sheets
Debt Service Funds - Nonmajor
December 31, 2007

Assets	1998 Street and Drainage	Junior Lien	2004 Central Arkansas Library	Total
Cash and cash equivalents	\$ -	\$ 3,591	\$ 335	\$ 3,926
Restricted cash	30,676	28	1,565,914	1,596,618
Investments	-	13,982	1,305	15,287
Accounts receivable	-	-	6,169,603	6,169,603
Interest receivable	-	132	12	144
Total assets	\$ 30,676	\$ 17,733	\$ 7,737,169	\$ 7,785,578
 Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 18,237	\$ -	\$ -	\$ 18,237
Deferred revenue	-	-	5,938,022	5,938,022
Total liabilities	18,237	-	5,938,022	5,956,259
 Fund Balances				
Unreserved	12,439	17,733	1,799,147	1,829,319
Total fund balances	12,439	17,733	1,799,147	1,829,319
Total liabilities and fund balances	\$ 30,676	\$ 17,733	\$ 7,737,169	\$ 7,785,578

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds - Nonmajor
Year Ended December 31, 2007

	<u>1998 Street and Drainage</u>	<u>Junior Lien</u>	<u>2004 Central Arkansas Library</u>	<u>Total</u>
Revenues				
General property taxes	\$ -	\$ -	\$ 2,943,667	\$ 2,943,667
Utility franchise fees	137,226	317,272	-	454,498
Investment income and unrealized gains	78,954	10,179	66,285	155,418
	<u>216,180</u>	<u>327,451</u>	<u>3,009,952</u>	<u>3,553,583</u>
Expenditures				
Principal	14,662,407	195,000	3,260,000	18,117,407
Interest	457,750	122,273	893,856	1,473,879
Agent Fees	137,229	1,250	11,588	150,067
	<u>15,257,386</u>	<u>318,523</u>	<u>4,165,444</u>	<u>19,741,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,041,206)</u>	<u>8,928</u>	<u>(1,155,492)</u>	<u>(16,187,770)</u>
Other Financing Sources (Uses)				
Long-term debt issuance	13,474,438	-	-	13,474,438
	<u>13,474,438</u>	<u>-</u>	<u>-</u>	<u>13,474,438</u>
Net Change in Fund Balances	(1,566,768)	8,928	(1,155,492)	(2,713,332)
Fund Balances, Beginning of Year	<u>1,579,207</u>	<u>8,805</u>	<u>2,954,639</u>	<u>4,542,651</u>
Fund Balances, End of Year	<u>\$ 12,439</u>	<u>\$ 17,733</u>	<u>\$ 1,799,147</u>	<u>\$ 1,829,319</u>

City of Little Rock, Arkansas
Combining Balance Sheets
Capital Project Funds - Nonmajor
December 31, 2007

	<u>1998 Capital Improvements</u>	<u>1995 Capital Improvements</u>	<u>1988 Capital Improvements</u>	<u>Short-Term Financing</u>	<u>2004 Central Arkansas Library Capital Improvements</u>	<u>2004 Capital Improvements</u>	<u>Total</u>
Assets							
Cash and cash equivalents	\$ 458,931	\$ 9,568	\$ 270,796	\$ 679,724	\$ -	\$ 427,942	\$ 1,846,961
Restricted cash	501,618	-	-	-	5,078,057	-	5,579,675
Investments	1,787,141	37,261	1,054,515	2,646,938	-	1,666,465	7,192,320
Interest receivable	16,854	352	9,945	24,963	-	15,716	67,830
Total assets	<u>\$ 2,764,544</u>	<u>\$ 47,181</u>	<u>\$ 1,335,256</u>	<u>\$ 3,351,625</u>	<u>\$ 5,078,057</u>	<u>\$ 2,110,123</u>	<u>\$ 14,686,786</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 84,474	\$ -	\$ 4,871	\$ 141,515	\$ -	\$ 141,782	\$ 372,642
Accrued expenditures and other	-	-	-	13,493	-	-	13,493
Total liabilities	84,474	-	4,871	155,008	-	141,782	386,135
Fund Balances							
Unreserved	2,680,070	47,181	1,330,385	3,196,617	5,078,057	1,968,341	14,300,651
Total liabilities and fund balances	<u>\$ 2,764,544</u>	<u>\$ 47,181</u>	<u>\$ 1,335,256</u>	<u>\$ 3,351,625</u>	<u>\$ 5,078,057</u>	<u>\$ 2,110,123</u>	<u>\$ 14,686,786</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds - Nonmajor
Year Ended December 31, 2007

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2004 Capital Improvements	Total
Revenues							
Investment income and unrealized gains	\$ 174,992	\$ 3,186	\$ 79,920	\$ 222,928	\$ 379,416	\$ 229,975	\$ 1,090,417
Contributions and donations	-	-	-	-	-	62,500	62,500
Miscellaneous	-	-	-	(1)	-	2,615	2,614
Total revenues	<u>174,992</u>	<u>3,186</u>	<u>79,920</u>	<u>222,927</u>	<u>379,416</u>	<u>295,090</u>	<u>1,155,531</u>
Expenditures							
General government							
General administration	-	-	-	-	-	2,100	2,100
City manager	-	-	-	56,719	-	-	56,719
City attorney	-	-	-	32,317	-	-	32,317
Finance	-	-	-	2,080,314	-	459	2,080,773
Information technology	-	-	-	316,028	-	-	316,028
Planning and development	-	-	-	4,384	-	-	4,384
Total general government	-	-	-	2,489,762	-	2,559	2,492,321
Public works	1,255,613	26,098	44,036	920,727	-	3,330,010	5,576,484
Parks and recreation services	-	-	-	901,960	-	600,086	1,502,046
Zoo	-	-	-	59,452	-	549,615	609,067
Fire	-	-	-	549,136	-	627,403	1,176,539
Police	-	-	-	1,141,351	-	373,119	1,514,470
Fleet	-	-	-	164,973	-	-	164,973
Education	-	-	-	-	7,591,089	-	7,591,089
Housing and neighborhood programs	-	-	-	252,822	-	588,022	840,844
Total expenditures	<u>1,255,613</u>	<u>26,098</u>	<u>44,036</u>	<u>6,480,183</u>	<u>7,591,089</u>	<u>6,070,814</u>	<u>21,467,833</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,080,621)</u>	<u>(22,912)</u>	<u>35,884</u>	<u>(6,257,256)</u>	<u>(7,211,673)</u>	<u>(5,775,724)</u>	<u>(20,312,302)</u>
Other Financing Sources (Uses)							
Long-term debt issuance	-	-	-	7,291,000	-	-	7,291,000
Transfers out	-	-	(175,000)	(151,830)	-	-	(326,830)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(175,000)</u>	<u>7,139,170</u>	<u>-</u>	<u>-</u>	<u>6,964,170</u>
Net Change in Fund Balances	<u>(1,080,621)</u>	<u>(22,912)</u>	<u>(139,116)</u>	<u>881,914</u>	<u>(7,211,673)</u>	<u>(5,775,724)</u>	<u>(13,348,132)</u>
Fund Balances, Beginning of Year	<u>3,760,691</u>	<u>70,093</u>	<u>1,469,501</u>	<u>2,314,703</u>	<u>12,289,730</u>	<u>7,744,065</u>	<u>27,648,783</u>
Fund Balances, End of Year	<u>\$ 2,680,070</u>	<u>\$ 47,181</u>	<u>\$ 1,330,385</u>	<u>\$ 3,196,617</u>	<u>\$ 5,078,057</u>	<u>\$ 1,968,341</u>	<u>\$ 14,300,651</u>

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
General Property taxes	\$ 4,082,200	\$ 4,082,200	\$ 4,268,119	\$ 185,919
Intergovernmental	8,918,700	8,918,700	8,677,633	(241,067)
Charges for services	23,600	23,600	366,256	342,656
Investment income	96,064	96,064	94,666	(1,398)
Miscellaneous	71,800	120,601	103,226	(17,375)
	<u>13,192,364</u>	<u>13,241,165</u>	<u>13,509,900</u>	<u>268,735</u>
Expenditures				
Public works	14,172,405	14,474,884	13,934,337	540,547
Parks and recreation services	-	-	64,954	(64,954)
	<u>14,172,405</u>	<u>14,474,884</u>	<u>13,999,291</u>	<u>475,593</u>
Deficiency of Revenues Over Expenditures	<u>(980,041)</u>	<u>(1,233,719)</u>	<u>(489,391)</u>	<u>744,328</u>
Other Financing Sources (Uses)				
Transfers In	1,457,418	1,457,418	953,385	(504,033)
Transfers Out	(461,563)	(461,563)	(234,025)	227,538
	<u>995,855</u>	<u>995,855</u>	<u>719,360</u>	<u>(276,495)</u>
Net Change in Fund Balances	15,814	(237,864)	229,969	467,833
Fund Balances, Beginning of Year	<u>3,276,095</u>	<u>3,276,095</u>	<u>3,276,095</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,291,909</u>	<u>\$ 3,038,231</u>	<u>\$ 3,506,064</u>	<u>\$ 467,833</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Combining Statement of Fund Net Assets
Enterprise Funds – Nonmajor
December 31, 2007

	<u>River Market</u>	<u>Zoo</u>	<u>Vehicle Storage</u>	<u>Golf Courses</u>	<u>Fitness Center</u>	<u>Concessions Services</u>	<u>Total</u>
Assets							
Current assets							
Cash and cash equivalents	\$ 100	\$ 57,871	\$ 300	\$ 2,159	\$ 111,070	\$ 850	\$ 172,350
Investments	-	196,262	-	-	432,500	-	628,762
Accrued interest	-	1,851	-	-	4,079	-	5,930
Inventories	-	134,044	-	-	-	-	134,044
	<u>100</u>	<u>390,028</u>	<u>300</u>	<u>2,159</u>	<u>547,649</u>	<u>850</u>	<u>941,086</u>
Total current assets							
Noncurrent assets							
Capital assets							
Land	2,339,530	1,259,387	-	2,803,940	-	-	6,402,857
Land improvements	-	58,520	169,104	-	76,606	-	304,230
Construction in progress	-	308,026	-	309,408	-	-	617,434
Buildings and improvements	3,545,347	5,421,574	37,119	366,341	3,547,536	-	12,917,917
Vehicles	-	383,657	49,479	660,300	31,193	17,133	1,141,762
Furniture and equipment	49,061	997,038	-	358,710	524,634	6,498	1,935,941
	<u>5,933,938</u>	<u>8,428,202</u>	<u>255,702</u>	<u>4,498,699</u>	<u>4,179,969</u>	<u>23,631</u>	<u>23,320,141</u>
Less accumulated depreciation	<u>844,894</u>	<u>1,208,303</u>	<u>48,023</u>	<u>969,365</u>	<u>1,069,755</u>	<u>21,268</u>	<u>4,161,608</u>
	<u>5,089,044</u>	<u>7,219,899</u>	<u>207,679</u>	<u>3,529,334</u>	<u>3,110,214</u>	<u>2,363</u>	<u>19,158,533</u>
Net capital assets							
Total noncurrent assets	<u>5,089,044</u>	<u>7,219,899</u>	<u>207,679</u>	<u>3,529,334</u>	<u>3,110,214</u>	<u>2,363</u>	<u>19,158,533</u>
Total assets	<u>\$ 5,089,144</u>	<u>\$ 7,609,927</u>	<u>\$ 207,979</u>	<u>\$ 3,531,493</u>	<u>\$ 3,657,863</u>	<u>\$ 3,213</u>	<u>\$ 20,099,619</u>

	<u>River Market</u>	<u>Zoo</u>	<u>Vehicle Storage</u>	<u>Golf Courses</u>	<u>Fitness Center</u>	<u>Concessions Services</u>	<u>Total</u>
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 60,894	\$ 75,080	\$ 1,398	\$ 55,777	\$ 7,913	\$ 5,959	\$ 207,021
Due to other funds	1,560,631	2,136,688	258,857	3,181,049	-	352,220	7,489,445
Accrued wages payable and related liabilities	554	-	-	-	-	-	554
Accrued expenses and other	17,634	140,803	25,250	89,037	42,535	5,770	321,029
Capital lease obligation - current portion	-	-	-	279,914	-	-	279,914
Unearned revenue	-	-	84,325	-	-	-	84,325
Total current liabilities	<u>1,639,713</u>	<u>2,352,571</u>	<u>369,830</u>	<u>3,605,777</u>	<u>50,448</u>	<u>363,949</u>	<u>8,382,288</u>
Noncurrent liabilities							
Compensated absences	<u>4,821</u>	<u>86,075</u>	<u>12,740</u>	<u>43,758</u>	<u>48,976</u>	<u>2,328</u>	<u>198,698</u>
Total noncurrent liabilities	<u>4,821</u>	<u>86,075</u>	<u>12,740</u>	<u>43,758</u>	<u>48,976</u>	<u>2,328</u>	<u>198,698</u>
Total liabilities	<u>1,644,534</u>	<u>2,438,646</u>	<u>382,570</u>	<u>3,649,535</u>	<u>99,424</u>	<u>366,277</u>	<u>8,580,986</u>
Net Assets (Deficit)							
Invested in capital assets, net of related debt	5,089,044	7,219,897	207,679	3,529,334	3,110,215	2,363	19,158,532
Restricted - expendable Zoo promotions	-	236,018	-	-	-	-	236,018
Unrestricted	<u>(1,644,434)</u>	<u>(2,284,634)</u>	<u>(382,270)</u>	<u>(3,647,376)</u>	<u>448,224</u>	<u>(365,427)</u>	<u>(7,875,917)</u>
Total net assets (deficit)	<u>3,444,610</u>	<u>5,171,281</u>	<u>(174,591)</u>	<u>(118,042)</u>	<u>3,558,439</u>	<u>(363,064)</u>	<u>11,518,633</u>
Total liabilities and net assets	<u>\$ 5,089,144</u>	<u>\$ 7,609,927</u>	<u>\$ 207,979</u>	<u>\$ 3,531,493</u>	<u>\$ 3,657,863</u>	<u>\$ 3,213</u>	<u>\$ 20,099,619</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Enterprise Funds – Nonmajor
Year Ended December 31, 2007

	<u>River Market</u>	<u>Zoo</u>	<u>Vehicle Storage</u>	<u>Golf Courses</u>	<u>Fitness Center</u>	<u>Concessions Services</u>	<u>Total</u>
Operating Revenues							
Charges for services	\$ 233,060	\$ 2,627,726	\$ 1,318,483	\$ 1,675,621	\$ 766,170	\$ 67,711	\$ 6,688,771
Licenses and permits	-	-	11,293	-	-	-	11,293
Fines and fees	60,427	-	-	340	-	-	60,767
Miscellaneous	17,060	18,754	-	(15,809)	37	-	20,042
Total operating revenues	<u>310,547</u>	<u>2,646,480</u>	<u>1,329,776</u>	<u>1,660,152</u>	<u>766,207</u>	<u>67,711</u>	<u>6,780,873</u>
Operating Expenses							
Salaries, wages and employee benefits	382,413	2,319,418	581,262	1,263,383	534,025	66,225	5,146,726
Supplies and materials	60,513	703,849	42,588	152,388	74,534	66,160	1,100,032
Services	532,589	842,008	557,178	703,882	203,209	7,553	2,846,419
Repairs and maintenance	205,153	229,371	14,689	332,242	50,096	8,451	840,002
Other	-	9,010	637	-	542	-	10,189
Depreciation and amortization	99,853	182,404	17,865	99,244	156,330	-	555,696
Total expenses	<u>1,280,521</u>	<u>4,286,060</u>	<u>1,214,219</u>	<u>2,551,139</u>	<u>1,018,736</u>	<u>148,389</u>	<u>10,499,064</u>
Operating Income (Loss)	<u>(969,974)</u>	<u>(1,639,580)</u>	<u>115,557</u>	<u>(890,987)</u>	<u>(252,529)</u>	<u>(80,678)</u>	<u>(3,718,191)</u>
Nonoperating Revenues							
Interest income	-	16,230	-	-	23,996	-	40,226
Net nonoperating revenues	<u>-</u>	<u>16,230</u>	<u>-</u>	<u>-</u>	<u>23,996</u>	<u>-</u>	<u>40,226</u>
Income (Loss) Before Contributions and Transfers	<u>(969,974)</u>	<u>(1,623,350)</u>	<u>115,557</u>	<u>(890,987)</u>	<u>(228,533)</u>	<u>(80,678)</u>	<u>(3,677,965)</u>
Contributions	145,811	3,051,771	211,635	20,875	739,666	1,167	4,170,925
Transfers In	567,939	1,834,015	-	1,040,841	402,793	50,479	3,896,067
Transfers Out	(96,941)	(458,945)	(303,134)	(619,235)	(165,777)	-	(1,644,032)
	<u>616,809</u>	<u>4,426,841</u>	<u>(91,499)</u>	<u>442,481</u>	<u>976,682</u>	<u>51,646</u>	<u>6,422,960</u>
Changes in Net Assets	(353,165)	2,803,491	24,058	(448,506)	748,149	(29,032)	2,744,995
Net Assets, Beginning of Year	<u>3,797,775</u>	<u>2,367,790</u>	<u>(198,649)</u>	<u>330,464</u>	<u>2,810,290</u>	<u>(334,032)</u>	<u>8,773,638</u>
Net Assets, End of Year	<u>\$ 3,444,610</u>	<u>\$ 5,171,281</u>	<u>\$ (174,591)</u>	<u>\$ (118,042)</u>	<u>\$ 3,558,439</u>	<u>\$ (363,064)</u>	<u>\$ 11,518,633</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor
Year Ended December 31, 2007

	River front Park	Zoo	Impound Services	Golf Courses	Fitness Center	Concession Services	Total
Operating Activities							
Receipts from customers	\$ 293,487	\$ 2,627,726	\$ 1,318,483	\$ 1,675,961	\$ 766,170	\$ 67,711	\$ 6,749,538
Other receipts	17,060	18,754	11,293	(15,809)	37	-	31,335
Payments to employees	(386,956)	(2,433,373)	(640,783)	(919,468)	(542,779)	(39,103)	(4,962,462)
Payments to suppliers	(62,441)	(731,143)	(42,588)	(152,388)	(74,534)	(64,251)	(1,127,345)
Payments to service providers	(254,782)	(767,056)	(608,682)	(677,927)	(209,770)	(5,458)	(2,523,675)
Other payments	(77,366)	(13,524)	231,473	(323,357)	(50,638)	(10,545)	(243,957)
	<u>(470,998)</u>	<u>(1,298,616)</u>	<u>269,196</u>	<u>(412,988)</u>	<u>(111,514)</u>	<u>(51,646)</u>	<u>(2,076,566)</u>
Net cash provided by (used in) operating activities							
	<u>(470,998)</u>	<u>(1,298,616)</u>	<u>269,196</u>	<u>(412,988)</u>	<u>(111,514)</u>	<u>(51,646)</u>	<u>(2,076,566)</u>
Noncapital Financing Activities							
Transfers from other funds	567,939	1,834,015	-	1,040,841	402,793	50,479	3,896,067
Transfers to other funds	(96,941)	(458,945)	(303,134)	(619,235)	(165,777)	-	(1,644,032)
	<u>470,998</u>	<u>1,375,070</u>	<u>(303,134)</u>	<u>421,606</u>	<u>237,016</u>	<u>50,479</u>	<u>2,252,035</u>
Net cash provided by (used in) noncapital financing activities							
	<u>470,998</u>	<u>1,375,070</u>	<u>(303,134)</u>	<u>421,606</u>	<u>237,016</u>	<u>50,479</u>	<u>2,252,035</u>
Capital and Related Financing Activities							
Capital contributions	145,811	3,051,771	211,635	20,875	739,666	1,167	4,170,925
Purchase of capital assets	(145,811)	(3,261,980)	(177,611)	(29,495)	(739,666)	-	(4,354,563)
	<u>0</u>	<u>(210,209)</u>	<u>34,024</u>	<u>(8,620)</u>	<u>0</u>	<u>1,167</u>	<u>(183,638)</u>
Net cash provided by (used in) capital and related financing activities							
	<u>0</u>	<u>(210,209)</u>	<u>34,024</u>	<u>(8,620)</u>	<u>0</u>	<u>1,167</u>	<u>(183,638)</u>
Investing Activities							
Proceeds from sale of investments	-	544,581	-	-	848,466	-	1,393,047
Purchase of investments	-	(418,462)	-	-	(931,669)	-	(1,350,131)
Interest income	-	16,230	-	3	23,081	-	39,314
	<u>0</u>	<u>142,349</u>	<u>0</u>	<u>3</u>	<u>(60,122)</u>	<u>0</u>	<u>82,230</u>
Net cash provided by (used in) investing activities							
	<u>0</u>	<u>142,349</u>	<u>0</u>	<u>3</u>	<u>(60,122)</u>	<u>0</u>	<u>82,230</u>
Increase in Cash and Cash Equivalents							
	0	8,594	86	1	65,380	0	74,061
Cash and Cash Equivalents, Beginning of Year							
	100	49,277	214	2,158	45,690	850	98,289
Cash and Cash Equivalents, End of Year							
	<u>\$ 100</u>	<u>\$ 57,871</u>	<u>\$ 300</u>	<u>\$ 2,159</u>	<u>\$ 111,070</u>	<u>\$ 850</u>	<u>\$ 172,350</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating income (loss)	\$ (969,974)	\$ (1,639,580)	\$ 115,557	\$ (890,987)	\$ (252,529)	\$ (80,678)	\$ (3,718,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	99,853	182,404	17,865	99,244	156,330	-	555,696
Gain (Loss) on disposal of assets	-	-	-	8,886	-	-	8,886
Changes in assets and liabilities							
Receivables, net	-	2,626	-	-	-	-	2,626
Due to/due from other funds, net	405,594	294,910	246,799	365,202	-	28,086	1,340,591
Prepaid expenses	-	-	-	3,550	-	-	3,550
Inventories	-	(29,919)	-	-	-	-	(29,919)
Accounts payable	6,765	4,899	(50,814)	22,405	(6,561)	1,909	(21,397)
Accrued expenses	(13,236)	(113,956)	(60,211)	(21,288)	(8,754)	(963)	(218,408)
	<u>(470,998)</u>	<u>(1,298,616)</u>	<u>269,196</u>	<u>(412,988)</u>	<u>(111,514)</u>	<u>(51,646)</u>	<u>(2,076,566)</u>
Net cash provided by (used in) operating activities							
	<u>(470,998)</u>	<u>(1,298,616)</u>	<u>269,196</u>	<u>(412,988)</u>	<u>(111,514)</u>	<u>(51,646)</u>	<u>(2,076,566)</u>
Noncash Capital Activities							
Capital assets acquired by capital lease	\$ -	\$ -	\$ -	\$ 279,914	\$ -	\$ -	\$ 279,914

FIDUCIARY FUNDS

TRUST FUNDS

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

AGENCY FUND

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

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Assets
December 31, 2007

	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	\$ 6,705,429	\$ 4,584,408	\$ 2,358,055	\$ 776,530	\$ -	\$ 492,360	\$ 14,916,782
Investments							-
U. S. government obligations	1,506,954	39,943,750	1,141,208	195,859	-	-	42,787,771
Equities	39,332,592	27,169,072	11,798,439	3,358,409	-	-	81,658,512
Mutual funds and other investments	18,210,638	15,182,084	22,958,821	6,350,836	5,967,644	-	68,670,023
Receivables							
Due from other funds	3,200,748	3,200,748	-	-	-	-	6,401,496
Contributions	9,924	17,877	(65)	-	-	-	27,736
Accrued interest and dividends	284,239	660,899	12,506	2,723	-	-	960,367
Total assets	69,250,524	90,758,838	38,268,964	10,684,357	5,967,644	492,360	215,422,687
Liabilities							
Due to other funds	1,785	7,728	-	-	-	-	9,513
Total liabilities	1,785	7,728	-	-	-	-	9,513
Net Assets							
Net assets held in trust	<u>\$ 69,248,739</u>	<u>\$ 90,751,110</u>	<u>\$ 38,268,964</u>	<u>\$ 10,684,357</u>	<u>\$ 5,967,644</u>	<u>\$ 492,360</u>	<u>\$ 215,413,174</u>

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2007

	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	\$ 129,145	\$ 217,932	\$ 1,015,010	\$ 582,380	\$ 259,476	\$ 492,000	\$ 2,695,943
Plan members	129,145	217,932	1,388,355	-	648,212	-	2,383,644
Property taxes contributed from general fund	3,155,911	3,155,911	-	-	-	-	6,311,822
State insurance turnback and guarantee fund from general fund	1,327,720	1,039,099	-	-	-	-	2,366,819
Other	437,846	11,933	(5,557)	-	-	-	444,222
Total contributions	5,179,767	4,642,807	2,397,808	582,380	907,688	492,000	14,202,450
Investment income							
Net increase in fair value of investments	2,754,595	1,380,022	1,760,337	531,537	305,100	-	6,731,591
Interest and dividends	2,864,759	4,124,330	1,249,469	508,567	185,291	360	8,932,776
Total investment income	5,619,354	5,504,352	3,009,806	1,040,104	490,391	360	15,664,367
Less investment expense	96,513	409,059	-	40,898	-	-	546,470
Total investment expense	96,513	409,059	-	40,898	-	-	546,470
Net investment income	5,522,841	5,095,293	3,009,806	999,206	490,391	360	15,117,897
Total additions	10,702,608	9,738,100	5,407,614	1,581,586	1,398,079	492,360	29,320,347
Deductions							
Benefits paid directly to participants	8,804,530	8,994,657	2,548,517	1,318,452	518,914	-	22,185,070
Administrative expenses	380,672	27,581	47,576	12,914	-	-	468,743
Other	3,996	10,336	-	-	-	-	14,332
Total deductions	9,189,198	9,032,574	2,596,093	1,331,366	518,914	-	22,668,145
Change in Net Assets	1,513,410	705,526	2,811,521	250,220	879,165	492,360	6,652,202
Net Assets Held in Trust, Beginning of Year	67,735,329	90,045,584	35,457,443	10,434,137	5,088,479	0	208,760,972
Net Assets Held in Trust, End of Year	\$ 69,248,739	\$ 90,751,110	\$ 38,268,964	\$ 10,684,357	\$ 5,967,644	\$ 492,360	\$ 215,413,174

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
December 31, 2007

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2007</u>
Assets				
Cash and cash equivalents	\$ 162,562	\$ -	\$ 44,766	\$ 117,796
Investments - mutual funds	17,862	70,898	-	88,760
	<u>\$ 180,424</u>	<u>\$ 70,898</u>	<u>\$ 44,766</u>	<u>\$ 206,556</u>
Liabilities				
Accrued liabilities	<u>\$ 180,424</u>	<u>\$ 26,132</u>	<u>\$ -</u>	<u>\$ 206,556</u>

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**DISCRETELY PRESENTED
COMPONENT UNITS**

City of Little Rock, Arkansas
Combining Statement of Net Assets
Discretely Presented Component Units – Nonmajor
December 31, 2007

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 92,247	\$ 33,665	\$ 912,099	\$ 3,299,776	\$ 513,032	\$ 2,908,981	\$ 286,921	\$ 1,607,489	\$ 22,818	\$ 4,055,788	\$ 13,732,816
Investments	-	-	-	506,327	2,318,115	-	-	22,712,235	-	-	25,536,677
Restricted cash and investments - current	-	-	1,862,343	-	-	-	940,883	-	-	-	2,803,226
Accounts receivable, net of allowance	26,140	-	1,097,696	2,205,093	3,407,148	17,512	42,472	387,699	181,803	13,927,156	21,292,719
Inventories	-	-	-	1,609	100,605	514,459	19,941	106,232	-	-	742,846
Prepaid expenses and other	-	-	155,805	24,415	139,140	789,775	-	117,249	-	2,398	1,228,782
Total current assets	118,387	33,665	4,027,943	6,037,220	6,478,040	4,230,727	1,290,217	24,930,904	204,621	17,985,342	65,337,066
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	3,094,481	-	-	-	-	-	-	2,436,689	5,531,170
Investments	2,347,694	1,014,484	3,914,996	-	500,320	-	-	-	-	1,217,197	8,994,691
Interest receivable	-	-	71,590	-	-	-	-	-	-	-	71,590
	2,347,694	1,014,484	7,081,067	-	500,320	-	-	-	-	3,653,886	14,597,451
Less amounts required to meet current obligations	-	-	1,862,343	-	-	-	-	-	-	-	1,862,343
Total restricted assets	2,347,694	1,014,484	5,218,724	-	500,320	-	-	-	-	3,653,886	12,735,108
Capital assets											
Land	73,711	13,089	2,134,263	2,017,215	185,781	1,684,690	-	125,321	-	3,070,326	9,304,396
Construction in progress	-	-	-	2,638,587	91,338	-	13,210	-	-	14,733,333	17,476,468
Buildings, improvements and other facilities	202,690	-	51,653,601	19,358,988	1,463,441	32,644,638	3,272,966	13,990,276	-	31,644,552	154,231,152
Vehicles	134,272	-	-	-	4,710,469	24,350,686	-	-	-	-	29,195,427
Furniture and equipment	25,574	-	3,140,587	88,765	2,927,458	4,897,826	3,402,021	3,505,139	-	4,032,033	22,019,403
Other	-	-	2,699,782	-	1,418,877	-	-	-	-	140,375	4,259,034
	436,247	13,089	59,628,233	24,103,555	10,797,364	63,577,840	6,688,197	17,620,736	-	53,620,619	236,485,880
Less accumulated depreciation	218,487	-	22,208,012	10,355,814	8,091,401	22,237,076	2,812,108	7,378,619	-	12,225,957	85,527,474
Net capital assets	217,760	13,089	37,420,221	13,747,741	2,705,963	41,340,764	3,876,089	10,242,117	-	41,394,662	150,958,406
Other assets											
Deferred bond issue costs	-	-	84,972	-	-	-	-	-	-	-	84,972
Other assets	-	-	-	-	4,683	-	117,605	843,091	-	24,194	989,573
Total other assets	-	-	84,972	-	4,683	-	117,605	843,091	-	24,194	1,074,545
Total noncurrent assets	2,565,454	1,027,573	42,723,917	13,747,741	3,210,966	41,340,764	3,993,694	11,085,208	-	45,072,742	164,768,059
Total assets	\$ 2,683,841	\$ 1,061,238	\$ 46,751,860	\$ 19,784,961	\$ 9,689,006	\$ 45,571,491	\$ 5,283,911	\$ 36,016,112	\$ 204,621	\$ 63,058,084	\$ 230,105,125

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ -	\$ -	\$ 273,310	\$ 1,090,372	\$ 310,508	\$ 39,842	\$ 164,291	\$ 83,042	\$ 197,746	\$ 999,779	\$ 3,158,890
Accrued wages payable and related liabilities	-	-	288,820	4,172	-	953,291	-	-	12,671	118,526	1,377,480
Bonds payable - current portion	-	-	1,632,248	-	-	-	-	-	-	155,000	1,787,248
Notes payable - current portion	-	-	-	-	-	-	336,901	-	-	-	336,901
Deferred revenue	-	-	484,666	-	74,607	-	45,440	1,372,948	-	125,000	2,102,661
Accrued expenses and other	-	-	775,695	16,874	822,011	3,700	41,067	1,695,650	-	736,862	4,091,859
Total current liabilities	-	-	3,454,739	1,111,418	1,207,126	996,833	587,699	3,151,640	210,417	2,135,167	12,855,039

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	15,155,266	-	-	-	-	-	-	3,895,000	19,050,266
Notes payable	-	-	-	-	-	-	93,394	-	-	-	93,394
Other long-term liabilities	-	-	-	100,623	-	-	-	-	-	-	100,623
Compensated absences	-	-	-	145,731	-	-	-	-	-	-	145,731
Total noncurrent liabilities	-	-	15,155,266	246,354	-	-	93,394	-	-	3,895,000	19,390,014
Total liabilities	-	-	18,610,005	1,357,772	1,207,126	996,833	681,093	3,151,640	210,417	6,030,167	32,245,053

Net Assets

Invested in capital assets, net of related debt	217,760	13,089	20,717,678	13,747,741	2,705,963	41,340,764	-	1,318,526	-	37,344,662	117,406,183
Restricted - expendable	1,629,969	909,654	3,514,244	-	-	996,357	1,287,637	686,981	-	250,191	9,275,033
Restricted - unexpendable	-	-	-	-	-	-	-	4,048,600	-	372,118	4,420,718
Unrestricted	836,112	138,495	3,909,933	4,679,448	5,775,917	2,237,537	3,315,181	26,810,365	(5,796)	19,060,946	66,758,138
Total net assets	2,683,841	1,061,238	28,141,855	18,427,189	8,481,880	44,574,658	4,602,818	32,864,472	(5,796)	57,027,917	197,860,072
Total liabilities and net assets	\$ 2,683,841	\$ 1,061,238	\$ 46,751,860	\$ 19,784,961	\$ 9,689,006	\$ 45,571,491	\$ 5,283,911	\$ 36,016,112	\$ 204,621	\$ 63,058,084	\$ 230,105,125

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 13,650,207	\$ 325,349	\$ 990,377	\$ 7,681,668	\$ (4,652,813)	\$ -	\$ (4,652,813)
Workforce Investment Board	1,775,614	-	1,744,182	-	(31,432)	-	(31,432)
Total governmental activities	<u>15,425,821</u>	<u>325,349</u>	<u>2,734,559</u>	<u>7,681,668</u>	<u>(4,684,245)</u>	<u>-</u>	<u>(4,684,245)</u>
Business-type Activities							
Oakland Fraternal Cemetery	271,319	165,712	-	-	-	(105,607)	(105,607)
Mt. Holly Cemetery	301,349	154,475	77,686	-	-	(69,188)	(69,188)
Advertising and Promotion Commission	13,279,696	2,496,521	-	-	-	(10,783,175)	(10,783,175)
Port Authority	1,795,288	1,297,849	-	-	-	(497,439)	(497,439)
Ambulance Authority	15,716,978	15,533,194	-	-	-	(183,784)	(183,784)
Central Arkansas Transit	15,457,115	2,066,063	-	-	-	(13,391,052)	(13,391,052)
Arkansas Museum of Science and History	3,186,791	1,687,597	-	-	-	(1,499,194)	(1,499,194)
Arkansas Arts Center	8,800,436	5,268,234	-	-	-	(3,532,202)	(3,532,202)
Total business-type activities	<u>58,808,972</u>	<u>28,669,645</u>	<u>77,686</u>	<u>0</u>	<u>0</u>	<u>(30,061,641)</u>	<u>(30,061,641)</u>
Total component units	<u>\$ 74,234,793</u>	<u>\$ 28,994,994</u>	<u>\$ 2,812,245</u>	<u>\$ 7,681,668</u>	<u>(4,684,245)</u>	<u>(30,061,641)</u>	<u>(34,745,886)</u>
General revenues							
General property taxes					12,967,953	-	12,967,953
Sales taxes					-	9,912,859	9,912,859
Investment income and unrealized gains					277,870	4,492,170	4,770,040
Grants and contributions not restricted to specific programs					208,919	14,465,798	14,674,717
Other					135,974	8,693,116	8,829,090
Total general revenues					<u>13,590,716</u>	<u>37,563,943</u>	<u>51,154,659</u>
Change in net assets					8,906,471	7,502,302	16,408,773
Net Assets, Beginning of Year					<u>48,115,650</u>	<u>133,335,649</u>	<u>181,451,299</u>
Net Assets, End of Year					<u>\$ 57,022,121</u>	<u>\$ 140,837,951</u>	<u>\$ 197,860,072</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary – Component Units - Nonmajor
Year Ended December 31, 2007

	<u>Oakland Fraternal Cemetery</u>	<u>Mt. Holly Cemetery</u>	<u>Advertising And Promotion Commission</u>	<u>Port Authority</u>	<u>Ambulance Authority</u>	<u>Central Arkansas Transit</u>	<u>Arkansas Museum of Science and History</u>	<u>Arkansas Arts Center</u>	<u>Total</u>
Operating Revenues									
Charges for goods and services	\$ 165,712	\$ 154,475	\$ 1,510,803	\$ 1,297,849	\$ 15,416,461	\$ 2,066,063	\$ 1,687,597	\$ 3,246,654	\$ 25,545,614
Other	-	77,686	985,718	-	116,733	-	-	2,021,580	3,201,717
Total operating revenues	<u>165,712</u>	<u>232,161</u>	<u>2,496,521</u>	<u>1,297,849</u>	<u>15,533,194</u>	<u>2,066,063</u>	<u>1,687,597</u>	<u>5,268,234</u>	<u>28,747,331</u>
Operating Expenses									
Salaries, wages and employee benefits	115,390	71,994	5,307,129	696,593	11,565,551	8,237,961	512,900	2,437,286	28,944,804
Supplies and materials	7,565	6,049	47,370	45,905	664,870	2,312,814	65,843	864,596	4,015,012
Services	165	-	2,570,360	117,052	1,482,353	1,029,761	1,169,747	2,320,893	8,690,331
Utilities	7,124	-	1,026,015	23,025	334,917	225,838	-	327,352	1,944,271
Repairs and maintenance	-	-	1,220,023	190,201	663,407	-	-	472,480	2,546,111
Other	117,940	223,306	706,447	71,850	-	794,259	899,359	1,681,368	4,494,529
Depreciation and amortization	23,135	-	1,426,101	650,662	1,005,880	2,856,482	538,942	687,188	7,188,390
Total operating expenses	<u>271,319</u>	<u>301,349</u>	<u>12,303,445</u>	<u>1,795,288</u>	<u>15,716,978</u>	<u>15,457,115</u>	<u>3,186,791</u>	<u>8,791,163</u>	<u>57,823,448</u>
Operating Income (Loss)	<u>(105,607)</u>	<u>(69,188)</u>	<u>(9,806,924)</u>	<u>(497,439)</u>	<u>(183,784)</u>	<u>(13,391,052)</u>	<u>(1,499,194)</u>	<u>(3,522,929)</u>	<u>(29,076,117)</u>
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,945,978	-	-	6,910,905	-	-	8,856,883
Local tax levy	-	-	9,912,859	-	-	-	-	-	9,912,859
Donations, contributions and grants received	-	32,413	-	2,554,738	-	9,328,587	1,690,590	-	13,606,328
Donations, contributions and grants provided	-	-	(815,585)	-	-	-	-	1,675,055	859,470
Investment income	-	36,403	427,209	102,126	125,770	111,539	-	3,689,123	4,492,170
Interest expense	-	-	(976,251)	-	-	-	-	(9,273)	(985,524)
Other, net	(199,529)	7,609	(39,467)	(158,201)	218,205	-	-	7,616	(163,767)
Total nonoperating revenues (expenses)	<u>(199,529)</u>	<u>76,425</u>	<u>10,454,743</u>	<u>2,498,663</u>	<u>343,975</u>	<u>16,351,031</u>	<u>1,690,590</u>	<u>5,362,521</u>	<u>36,578,419</u>
Change in Net Assets	(305,136)	7,237	647,819	2,001,224	160,191	2,959,979	191,396	1,839,592	7,502,302
Net Assets, Beginning of Year	<u>2,988,977</u>	<u>1,054,001</u>	<u>27,494,036</u>	<u>16,425,965</u>	<u>8,321,689</u>	<u>41,614,679</u>	<u>4,411,422</u>	<u>31,024,880</u>	<u>133,335,649</u>
Net Assets, End of Year	<u>\$ 2,683,841</u>	<u>\$ 1,061,238</u>	<u>\$ 28,141,855</u>	<u>\$ 18,427,189</u>	<u>\$ 8,481,880</u>	<u>\$ 44,574,658</u>	<u>\$ 4,602,818</u>	<u>\$ 32,864,472</u>	<u>\$ 140,837,951</u>

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2007

	<u>Wastewater Utility</u>	<u>National Airport</u>	<u>Other Component Units</u>	<u>Total</u>
Operating Activities				
Receipts from customers	\$ 35,880,223	\$ 21,857,473	\$ 25,767,955	\$ 83,505,651
Other receipts	219,676	272,077	2,968,104	3,459,857
Payments to employees	(14,665,508)	(7,021,006)	(28,790,955)	(50,477,469)
Payments to suppliers	(2,061,632)	(7,887,091)	(7,580,231)	(17,528,954)
Payments for contractual services	(2,520,478)	-	(7,584,630)	(10,105,108)
Payments for utilities	(1,409,536)	-	(1,293,873)	(2,703,409)
Other payments	(1,385,606)	-	(4,989,344)	(6,374,950)
Net cash provided by (used in) operating activities	<u>14,057,139</u>	<u>7,221,453</u>	<u>(21,502,974)</u>	<u>(224,382)</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	317,704	15,225,890	15,543,594
Local tax levy supporting operations	-	-	9,368,508	9,368,508
Other	-	-	202,055	202,055
Net cash provided by noncapital financing activities	<u>0</u>	<u>317,704</u>	<u>24,796,453</u>	<u>25,114,157</u>
Capital and Related Financing Activities				
Purchase of capital assets	(26,238,162)	(16,718,754)	(10,912,504)	(53,869,420)
Proceeds from sale of capital assets	375,310	-	1,669,319	2,044,629
Contributions, donations and grants	-	9,237,853	4,499,323	13,737,176
Passenger facility charge	-	5,439,200	-	5,439,200
Intergovernmental revenue received for debt service	-	-	1,945,978	1,945,978
Local tax levy used for debt service	-	-	502,218	502,218
Proceeds from issuance of short-term financing	-	-	1,372,000	1,372,000
Proceeds from issuance of long-term debt	144,290,454	12,878,805	-	157,169,259
Principal paid on long-term debt	(2,210,690)	(5,870,000)	(1,401,237)	(9,481,927)
Interest paid on long-term debt	(3,861,557)	(1,633,306)	(1,148,195)	(6,643,058)
Other	-	(35,245)	488,758	453,513
Net cash provided by (used in) capital and related financing activities	<u>112,355,355</u>	<u>3,298,553</u>	<u>(2,984,340)</u>	<u>112,669,568</u>
Investing Activities				
Proceeds from sale of investments	-	-	9,686,381	9,686,381
Purchase of investments	(120,140,280)	-	(7,779,484)	(127,919,764)
Interest received	2,730,327	2,309,057	866,825	5,906,209
Net cash provided by (used in) investing activities	<u>(117,409,953)</u>	<u>2,309,057</u>	<u>2,773,722</u>	<u>(112,327,174)</u>
Increase in Cash and Cash Equivalents	9,002,541	13,146,767	3,082,861	25,232,169
Cash and Cash Equivalents, Beginning of Year	<u>15,951,583</u>	<u>38,151,072</u>	<u>9,657,616</u>	<u>63,760,271</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,954,124</u>	<u>\$ 51,297,839</u>	<u>\$ 12,740,477</u>	<u>\$ 88,992,440</u>

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

Operating income (loss)	\$ 6,641,909	\$ (701,435)	\$ (29,076,117)	\$ (23,135,643)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	6,179,107	7,038,443	7,188,390	20,405,940
Other	-	-	(19,863)	(19,863)
Changes in assets and liabilities				
Receivables, net	(300,060)	220,520	(79,668)	(159,208)
Prepaid expenses	(8,108)	(102,559)	60,497	(50,170)
Inventories	(20,035)	-	(1,573)	(21,608)
Other assets	-	-	(36,394)	(36,394)
Accounts payable	65,388	647,443	188,259	901,090
Accrued expenses	1,498,938	-	80,725	1,579,663
Other liabilities	-	119,041	192,770	311,811
	<u>\$ 14,057,139</u>	<u>\$ 7,221,453</u>	<u>\$ (21,502,974)</u>	<u>\$ (224,382)</u>
Net cash provided by (used in) operating activities				

Noncash Capital Activities

During 2007, the Little Rock Wastewater Utility received donated capital assets in the amount of \$7,146,759.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Enterprise – Nonmajor
Year Ended December 31, 2007

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 196,183	\$ 154,475	\$ 1,805,902	\$ 1,264,574	\$ 16,434,926	\$ 1,959,027	\$ 1,782,129	\$ 2,170,739	\$ 25,767,955
Other receipts	-	77,686	986,001	-	-	80,724	-	1,823,693	2,968,104
Payments to employees	(115,390)	(71,994)	(5,271,839)	(668,397)	(11,509,634)	(8,224,434)	(512,880)	(2,416,387)	(28,790,955)
Payments to suppliers	(7,565)	(6,049)	(28,443)	(195,666)	(4,084,186)	(2,337,690)	(55,223)	(865,409)	(7,580,231)
Payments for contractual services	(165)	-	(4,093,187)	-	-	(1,785,133)	(1,169,747)	(536,398)	(7,584,630)
Payments for utilities	(7,124)	-	(975,533)	-	-	-	-	(311,216)	(1,293,873)
Other payments	(140,442)	(223,306)	(592,042)	(117,052)	-	(248,657)	(895,040)	(2,772,805)	(4,989,344)
Net cash provided by (used in) operating activities	(74,503)	(69,188)	(8,169,141)	283,459	841,106	(10,556,163)	(850,761)	(2,907,783)	(21,502,974)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	11,268,556	1,690,590	2,266,744	15,225,890
Local tax levy supporting operations	-	-	9,368,508	-	-	-	-	-	9,368,508
Payments on noncapital line of credit	-	-	-	-	-	-	-	-	-
Payments for interest	-	-	-	-	-	-	-	-	-
Other	(199,529)	40,022	-	30,996	218,205	-	104,745	7,616	202,055
Net cash provided by noncapital financing activities	(199,529)	40,022	9,368,508	30,996	218,205	11,268,556	1,795,335	2,274,360	24,796,453
Capital and Related Financing Activities									
Purchase of capital assets	-	-	(1,523,450)	(2,639,738)	(582,972)	(4,957,151)	(862,029)	(347,164)	(10,912,504)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	4,499,323	-	-	4,499,323
Intergovernmental revenue received for debt service	-	-	1,945,978	-	-	-	-	-	1,945,978
Local tax levy used for debt service	-	-	502,218	-	-	-	-	-	502,218
Proceeds from issuance of short-term financing	-	-	1,372,000	-	-	-	-	-	1,372,000
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-	-	-
Principal paid on long-term debt	-	-	(1,300,000)	-	-	-	(101,237)	-	(1,401,237)
Interest paid on long-term debt	-	-	(1,148,195)	-	-	-	-	-	(1,148,195)
Proceeds from sale of capital assets	-	-	-	1,642,883	-	26,436	-	-	1,669,319
Other	-	-	-	488,758	-	-	-	-	488,758
Net cash provided by (used in) capital and related financing activities	-	-	(151,449)	(508,097)	(582,972)	(431,392)	(963,266)	(347,164)	(2,984,340)
Investing Activities									
Proceeds from sale of investments	-	-	2,385,388	1,538,200	2,925,000	-	-	2,837,793	9,686,381
Purchase of investments	248,435	(44,592)	(2,491,516)	(506,327)	(3,444,071)	-	-	(1,541,413)	(7,779,484)
Grant Revenue	-	-	-	949,097	-	-	-	-	949,097
Interest received	40,863	43,334	425,001	102,126	125,770	117,923	-	11,808	866,825
Net cash provided by (used in) investing activities	289,298	(1,258)	318,873	2,083,096	(393,301)	117,923	-	1,308,188	3,722,819
Increase (Decrease) in Cash and Cash Equivalents	15,266	(30,424)	1,366,791	1,889,454	83,038	398,924	(18,692)	327,601	4,031,958
Cash and Cash Equivalents, Beginning of Year	76,981	64,089	2,639,789	1,410,322	429,994	2,510,057	1,246,496	1,279,888	9,657,616
Cash and Cash Equivalents, End of Year	<u>\$ 92,247</u>	<u>\$ 33,665</u>	<u>\$ 4,006,580</u>	<u>\$ 3,299,776</u>	<u>\$ 513,032</u>	<u>\$ 2,908,981</u>	<u>\$ 1,227,804</u>	<u>\$ 1,607,489</u>	<u>\$ 13,689,574</u>

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

Operating income (loss)	\$ (105,607)	\$ (69,188)	\$ (9,806,924)	\$ (497,439)	\$ (183,784)	\$ (13,391,052)	\$ (1,499,194)	\$ (3,522,929)	\$ (29,076,117)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities									
Depreciation and amortization expense	23,135	-	1,426,101	650,662	1,005,880	2,856,482	538,942	687,188	7,188,390
Other	(22,745)	-	-			(26,436)	4,318	25,000	(19,863)
Changes in assets and liabilities									
Receivables, net	30,471	-	(22,442)	(33,275)	(99,245)	7,352	75,032	(37,561)	(79,668)
Prepaid expenses	-	-	39,995	11,662		8,840	-	-	60,497
Inventories	-	-	-			(35,659)	19,018	15,068	(1,573)
Other assets	2,127	-	-			-	-	(38,521)	(36,394)
Accounts payable	(1,884)	-	(87,909)	151,849	144,902	10,783	(8,398)	(21,084)	188,259
Accrued expenses	-	-	35,290			13,527	21	31,887	80,725
Other liabilities	-	-	246,748		(26,647)	-	19,500	(46,831)	192,770
Net cash provided by (used in) operating activities	<u>\$ (74,503)</u>	<u>\$ (69,188)</u>	<u>\$ (8,169,141)</u>	<u>\$ 283,459</u>	<u>\$ 841,106</u>	<u>\$ (10,556,163)</u>	<u>\$ (850,761)</u>	<u>\$ (2,907,783)</u>	<u>\$ (21,502,974)</u>

Supplemental Cash Flows Information

Contributions	<u>\$ -</u>	<u>\$ (815,585)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,371</u>	<u>\$ -</u>	<u>\$ -</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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Operating Information (Tables 18-20)	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs	109

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

Table 1

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

(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 assets of governmental activities.

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

Table 2

	<u>2002 ⁽¹⁾</u>	<u>2003</u>	<u>2004</u>	<u>2005 (2)</u>	<u>2006</u>	<u>2007</u>
Expenses						
Governmental activities:						
General government	\$32,396,254	\$35,574,263	\$34,359,791	\$40,398,560	\$40,824,314	\$40,902,901
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927
Education	2,165,955	147,691				7,591,089
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236	482,975
Total governmental activities expenses	<u>137,297,950</u>	<u>142,071,769</u>	<u>154,262,952</u>	<u>173,486,876</u>	<u>183,035,064</u>	<u>210,167,540</u>
Business-type activities:						
Presidential park	1,175,807	1,007,338	879,301	943,061	837,674	787,099
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135	1,732,311
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683	1,280,521
Zoo	2,973,358	2,986,464	3,252,245	3,589,480	3,959,985	4,286,060
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136	2,551,139
Fitness center	988,999	807,110	774,098	880,469	1,045,851	1,018,736
Concessions services	305,706	234,171	150,066	108,690	120,027	148,389
Total business-type activities expenses	<u>22,235,399</u>	<u>20,709,010</u>	<u>22,636,775</u>	<u>24,086,242</u>	<u>24,866,361</u>	<u>26,962,358</u>
Total primary government expenses	<u>\$159,533,349</u>	<u>\$162,780,779</u>	<u>\$176,899,727</u>	<u>\$197,573,118</u>	<u>\$207,901,425</u>	<u>\$237,129,898</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$16,304,154	\$19,435,156	\$14,162,061	\$17,452,391	\$15,999,081	\$15,203,736
Public works	488,437	435,761	168,730	313,407	998,515	629,934
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408	959,667
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384	2,648,158
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562	962,181
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092
Total governmental activities program revenues	<u>30,025,133</u>	<u>33,647,602</u>	<u>27,621,465</u>	<u>33,619,755</u>	<u>31,394,339</u>	<u>46,655,526</u>

Business-type activities:						
Charges for services:						
Presidential park						139,637
Waste disposal	12,167,056	13,393,676	14,109,685	14,934,170	15,919,951	16,787,719
Rivermarket garage	593,734	593,014	1,410,727	1,295,883	1,419,484	1,643,404
Riverfront park	419,529	366,049	407,144	397,194	329,914	310,547
Zoo	1,783,347	1,421,735	1,898,390	2,035,070	2,268,438	2,646,480
Vehicle storage	1,205,352	1,344,171	1,654,249	1,466,627	1,171,495	1,329,776
Golf courses	1,584,954	849,037	1,609,628	1,801,609	1,847,184	1,660,152
Fitness center	765,277	579,989	685,419	651,786	743,361	766,207
Concessions services	197,111	177,661	81,180	74,554	53,948	67,711
Total business-type activities program revenues	<u>18,716,360</u>	<u>18,725,332</u>	<u>21,856,422</u>	<u>22,656,893</u>	<u>23,753,775</u>	<u>25,351,633</u>
Total primary government program revenues	<u>\$48,741,493</u>	<u>\$53,679,985</u>	<u>\$49,477,887</u>	<u>\$56,276,648</u>	<u>\$55,148,114</u>	<u>\$72,007,159</u>
Net (expense)/revenue						
Governmental activities	(\$107,272,817)	(\$108,424,167)	(\$126,641,487)	(\$139,867,121)	(\$151,640,725)	(\$163,512,013)
Business-type activities	(3,519,039)	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)	2,560,200
Total primary government net expense	<u>(\$110,791,856)</u>	<u>(\$110,407,845)</u>	<u>(\$127,421,840)</u>	<u>(\$141,296,470)</u>	<u>(\$152,753,311)</u>	<u>(\$160,951,813)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:						
Taxes						
General Property taxes	\$61,592,212	\$33,090,573	\$35,414,871	\$33,542,201	\$36,931,553	\$41,742,564
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087
Other	-	-	-	-	-	-
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)
Total governmental activities	<u>133,820,481</u>	<u>130,756,565</u>	<u>136,409,235</u>	<u>150,226,589</u>	<u>150,321,803</u>	<u>159,381,080</u>
Business-type activities						
Investment earnings	379,525	353,737	223,486	467,783	959,678	1,002,452
Other	7,767	(38,547)	499,595	376,747	(64,920)	(20,324)
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418
Total business-type activities	<u>921,998</u>	<u>2,296,634</u>	<u>2,626,470</u>	<u>2,709,727</u>	<u>3,392,060</u>	<u>3,229,546</u>
Total primary government	<u>\$134,742,479</u>	<u>\$133,053,199</u>	<u>\$139,035,705</u>	<u>\$152,936,316</u>	<u>\$153,713,863</u>	<u>\$162,610,626</u>
Changes in Net Assets						
Governmental activities	\$26,547,664	\$21,025,347	\$9,767,748	\$10,359,468	(\$1,318,922)	(\$4,130,933)
Business-type activities	(2,597,041)	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746
Change in accounting principle	(23,452,663)			378,306,301		0
Total primary government	<u>\$497,960</u>	<u>\$22,645,354</u>	<u>\$11,613,865</u>	<u>\$389,946,147</u>	<u>\$960,552</u>	<u>\$1,658,813</u>

(1 Effective January 1, 2002, the City implemented GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (as amended by Statement No. 37.)

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

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

Table 3

<u>Year</u>	<u>General Property Taxes</u>	<u>Sales Taxes</u>	<u>Utility Franchise Taxes</u>	<u>Total</u>
2002	\$ 61,592,212	\$ 52,651,567	\$ 20,662,981	\$ 134,906,760
2003	33,090,573	54,800,103	20,890,103	108,780,779
2004	35,414,871	56,529,897	21,868,645	113,813,413
2005	33,542,201	60,299,892	23,588,872	117,430,965
2006	36,931,553	64,431,557	25,983,088	127,346,198
2007	41,742,564	65,115,060	25,656,344	132,513,968

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

Table 4

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

(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.

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

Table 5

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues						
Taxes (1)	\$97,671,645	\$101,503,838	\$113,113,245	\$117,182,208	\$125,804,151	128,423,082
Licenses and permits	8,268,835	8,708,523	8,859,344	9,307,627	9,894,766	9,965,755
Intergovernmental	19,556,572	18,621,039	19,837,898	20,435,880	17,730,551	35,348,114
Charges for services	5,789,188	4,759,347	4,492,433	4,786,588	6,656,647	7,250,342
Fines	3,803,560	5,313,622	5,077,073	5,710,201	4,277,114	4,406,272
Investment Income	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443
Miscellaneous	2,511,736	4,040,306	3,797,305	4,211,852	3,070,749	3,377,183
Total revenues	<u>139,052,365</u>	<u>143,431,220</u>	<u>156,408,609</u>	<u>164,446,449</u>	<u>171,305,986</u>	<u>191,025,191</u>
Expenditures						
General government	32,929,128	31,993,462	37,827,535	36,589,853	42,386,548	61,719,463
Public works	22,794,707	17,928,685	21,525,933	24,577,640	34,392,323	26,478,689
Parks and recreation and zoo	8,228,295	7,957,319	10,069,417	14,462,219	15,918,143	11,331,664
Fire department	23,138,524	28,040,943	31,560,941	35,298,489	44,706,618	37,455,769
Police department	44,459,817	44,059,630	45,102,475	53,470,507	54,319,391	54,697,552
Housing and neighborhood programs	9,041,226	9,676,745	7,470,436	7,905,898	8,473,162	9,441,274
Debt service						
Principal	7,385,000	9,660,000	11,055,000	6,525,000	8,840,000	25,422,407
Interest	1,879,197	1,932,911	3,533,951	4,313,380	4,265,080	3,674,581
Other charges	113,628	11,159	503,346	25,063	13,236	150,568
Total expenditures	<u>149,969,522</u>	<u>151,260,854</u>	<u>168,649,034</u>	<u>183,168,049</u>	<u>213,314,501</u>	<u>230,371,967</u>
Excess of revenues over (under) expenditures	<u>(10,917,157)</u>	<u>(7,829,634)</u>	<u>(12,240,425)</u>	<u>(18,721,600)</u>	<u>(42,008,515)</u>	<u>(39,346,776)</u>
Other financing sources (uses)						
Transfers in	11,366,863	6,766,952	2,631,865	3,024,332	2,531,535	3,983,282
Transfers out	(16,612,654)	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)
Bonds issued	20,010,000	4,250,000	99,850,000	5,205,000	6,550,000	20,765,438
Premium on bonds issued			1,425,301			0
Discount on bonds issued	(26,255)		(87,811)			0
Payments to refunded bond escrow agent			(10,249,924)			0
Capital leases			283,883			0
Total other financing sources (uses)	<u>14,737,954</u>	<u>2,272,812</u>	<u>89,351,837</u>	<u>3,346,420</u>	<u>4,059,315</u>	<u>18,524,637</u>
Net change in fund balances	<u>\$ 3,820,797</u>	<u>\$ (5,556,822)</u>	<u>\$ 77,111,412</u>	<u>\$ (15,375,180)</u>	<u>\$ (37,949,200)</u>	<u>\$ (20,822,139)</u>
Debt service as a percentage of noncapital expenditures	6.8%	8.3%	9.6%	6.7%	7.7%	12.7%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 97.

Table 6

City of Little Rock, Arkansas
General Governmental Tax Revenues by Source
Last Ten Years
(modified accrual basis of accounting)

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
1998	\$ 20,620,773	\$ 47,120,624	\$ 18,683,481	\$ 86,424,878
1999	23,871,010	51,702,310	18,559,057	94,132,377
2000	22,868,735	53,336,605	19,069,532	95,274,872
2001	24,091,887	53,593,748	21,734,193	99,419,828
2002	24,357,097	52,651,567	20,662,981	97,671,645
2003	29,372,970	51,240,765	20,890,103	101,503,838
2004	31,155,365	60,089,235	21,868,645	113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082

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

**Table 7
Assessed Value
as a Percentage
of Appraised Value**

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				
1998	\$ 1,484,277,481	\$ 17,562,743	\$ 504,485,165	\$ 91,220,332	\$ 2,097,545,721	12.00	\$ 10,487,728,605	20.00%
1999	1,525,806,492	17,025,082	558,481,620	77,526,966	2,178,840,160	13.10	10,894,200,800	20.00%
2000	1,564,188,888	20,197,101	585,688,215	104,939,832	2,275,014,036	13.10	11,375,070,180	20.00%
2001	1,594,846,478	23,514,256	609,181,800	124,601,186	2,352,143,720	13.10	11,760,718,600	20.00%
2002	1,645,954,792	24,815,572	601,976,300	112,959,382	2,385,706,046	13.10	11,928,530,230	20.00%
2003	1,746,230,726	26,233,090	631,976,635	119,324,708	2,523,765,159	13.10	12,618,825,795	20.00%
2004	1,863,590,893	24,928,143	654,022,465	116,973,443	2,659,514,944	14.10	13,297,574,720	20.00%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20.00%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20.00%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20.00%

Source: Pulaski County Tax Assessor.

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

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

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

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

Both are considered personal PSC accounts.

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
1998	12.00	12.00	10.10	10.10	41.40	41.40	63.50	63.50
1999	13.10	13.10	10.10	10.10	41.40	41.40	64.60	64.60
2000	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2001	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2002	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2003	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2004	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55

Tax Levies					
1998	\$	27,797,124	\$ 29,535,731	\$ 82,273,506	\$ 139,606,361
1999		28,643,946	27,675,504	87,122,906	143,442,356
2000		27,569,362	28,938,769	101,348,383	157,856,514
2001		29,018,683	30,105,515	103,862,006	162,986,204
2002		30,002,023	30,851,011	104,429,847	165,282,881
2003		30,429,999	32,572,873	109,860,977	172,863,849
2004		32,178,180	34,575,502	115,295,060	182,048,742
2005		33,908,999	36,966,112	121,733,219	192,608,330
2006		36,366,203	39,334,921	129,068,485	204,769,609
2007		38,848,293	42,554,360	137,582,342	218,984,995

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

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

State statutory limits on City tax rate:

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

City of Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2007

The City of Little Rock, Arkansas's largest own-source revenue is sale taxes. Sale taxes primarily come from two separate taxes; a one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2007, the one-half cent city sales tax generated revenue of \$22,971,264. The City's portion of the county one cent tax generated revenue of \$38,141,348.

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

Table 9

Little Rock Top Ten 1/2 Cent Sales Taxpayers	Tax	% of Total
Industry	Collected	
Full Service Restaurants	\$ 1,478,925	6.438%
Supermarkets and Other Grocery	1,312,614	5.714%
Electric Power Generation	1,027,937	4.475%
All Other General Merchandise	995,766	4.335%
Wire Communication Carriers	722,489	3.145%
Department Stores	689,068	3.000%
Warehouse Clubs or Superstores	617,765	2.689%
Hotels	545,351	2.374%
Consumer Electronics & Appliance Rentals	443,961	1.933%
Computer and Software Stores	427,714	1.862%
Totals	<u>\$ 8,261,590</u>	<u>35.965%</u>

Little Rock Top Ten 1 Cent County Sales Taxpayers	Tax	% of Total
Industry	Collected	
Full Service Restaurants	\$ 2,496,160	6.544%
All Other General Merchandise	2,103,936	5.516%
Supermarkets and Other Grocery	2,038,006	5.343%
Electric Power Generation	1,936,011	5.076%
Home Centers	1,234,054	3.235%
Wire Communication Carriers	1,229,931	3.225%
Warehouse Clubs or Superstores	1,209,653	3.172%
Department Stores	1,112,180	2.916%
Hotels	735,550	1.928%
Automotive Parts and Accessories Stores	664,321	1.742%
Totals	<u>\$14,759,802</u>	<u>38.698%</u>

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

Table 10

<u>Year</u>	<u>Total Tax Levy In Prior Year</u>	<u>Taxes Levied in the Prior Year Collected within the current year</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 27,797,124	\$ 25,538,110	91.87%	\$ 1,391,375	\$ 26,929,485	96.88%
1999	28,643,946	26,264,228	91.69%	1,585,989	27,850,217	97.23%
2000	27,569,362	24,545,114	89.03%	1,825,803	26,370,917	95.65%
2001	29,018,683	26,562,458	91.54%	2,173,776	28,736,234	99.03%
2002	30,002,023	27,439,091	91.46%	1,315,458	28,754,549	95.84%
2003	30,429,999	27,897,089	91.68%	1,093,861	28,990,950	95.27%
2004	32,178,180	28,396,113	88.25%	2,479,883	30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%

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 Six Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2002	\$27,915,000	\$20,710,000	\$8,560,094	\$640,000	\$45,170,000	-	\$102,995,094	2.42%	\$562.41
2003	19,090,000	19,875,000	11,403,359	480,000	52,170,000	-	103,018,359	2.42%	562.53
2004	95,635,000 (2)	18,975,000	13,342,046	398,000	49,710,000	-	178,060,046	4.19%	972.30
2005	90,045,000	18,040,000	15,397,113	822,287	47,170,000	96,941	171,571,341	4.04%	936.87
2006	82,180,000	17,065,000	17,694,148	321,058	44,510,000	-	161,770,206	3.26%	855.33
2007	71,615,000	15,890,000	19,624,359	-	44,905,000	288,534	152,322,893	2.88%	831.76

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 107 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.

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

Table 12

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Appraised Value of Property (1)</u>	<u>Per Capita (2)</u>
2002	\$27,915,000	\$9,497,956	\$18,417,044	0.77%	\$100.57
2003	19,090,000	9,580,788	9,509,212	0.38%	51.93
2004	95,635,000 (3)	8,811,574	86,823,426	3.26%	474.10
2005	90,045,000	11,104,941	78,940,059	2.77%	431.05
2006	82,180,000	11,772,050	70,407,950	2.31%	372.27
2007	71,615,000	11,045,088	60,569,912	1.85%	330.74

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 98 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 107 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.

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2007

Table 13

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>Little Rock's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$79,099,270	100%	\$79,099,270
Little Rock Public School District	<u>170,044,094</u>	100%	<u>170,044,094</u>
Total direct and overlapping debt	<u><u>\$249,143,364</u></u>		<u><u>\$249,143,364</u></u>

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

Table 14

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$407,206,187	\$419,509,144	\$435,437,045	\$455,192,385	\$444,562,725	\$630,941,290	\$664,878,736	\$713,061,161	\$761,730,525	\$820,379,036
Total net debt applicable to limit	<u>28,590,786</u>	<u>48,730,090</u>	<u>40,126,743</u>	<u>33,479,841</u>	<u>33,569,043</u>	<u>34,274,288</u>	<u>111,745,928</u>	<u>108,514,706</u>	<u>98,946,417</u>	<u>79,099,270</u>
Legal debt margin	<u>\$378,615,401</u>	<u>\$370,779,054</u>	<u>\$395,310,302</u>	<u>\$421,712,544</u>	<u>\$410,993,682</u>	<u>\$596,667,002</u>	<u>\$553,132,808</u>	<u>\$604,546,455</u>	<u>\$662,784,108</u>	<u>\$741,279,766</u>
Total net debt applicable to the limit as a percentage of debt limit	7.02%	11.62%	9.22%	7.36%	7.55%	5.43%	16.81%	15.22%	12.99%	9.64%

Legal Debt Margin Calculation for 2007

Assessed value	\$3,281,516,144
Debt limit:	
General obligation debt limitation (1)	656,303,229
Short-term financing debt limitation (2)	<u>164,075,807</u>
Total Debt Limitation	<u>820,379,036</u>
Debt applicable to limit:	
General obligation and short-term financing	90,144,358
Less: Amount set aside for repayment in debt services funds	<u>(11,045,088)</u>
Total net debt applicable to limit	<u>79,099,270</u>
Legal debt margin	<u>\$741,279,766</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

Table 15

	Operating	Operating	Net Revenue	Principal (3)	Debt Service Requirements		Coverage
	Revenue (1)	Expenses (2)			Interest	Total	
1998 Municipal Water Works	\$ 19,363,560	\$ 15,534,727	\$ 3,828,833	\$ -	\$ -	\$ -	
Wastewater Utility	17,900,210	11,753,474	6,146,736	1,434,395	1,663,738	3,098,133	1.98
Regional Airport	11,511,850	7,034,976	4,476,874	1,020,000	1,555,344	2,575,344	1.74
A&P Commission	1,794,408	7,123,606	(5,329,198)	870,000	1,594,722	2,464,722	(2.16)
Port Authority	1,246,059	827,689	418,370	130,000	6,000	136,000	3.08
Total	<u>\$ 51,816,087</u>	<u>\$ 42,274,472</u>	<u>\$ 9,541,615</u>	<u>\$ 3,454,395</u>	<u>\$ 4,819,804</u>	<u>\$ 8,274,199</u>	<u>1.15</u>
1999 Municipal Water Works	\$ 20,498,784	\$ 16,811,195	\$ 3,687,589	\$ 172,000	\$ 7,026	\$ 179,026	20.60
Wastewater Utility	17,696,083	12,166,208	5,529,875	1,599,404	1,709,981	3,309,385	1.67
Regional Airport	40,116,961	7,442,719	32,674,242	7,110,000	1,224,642	8,334,642	3.92
A&P Commission	10,213,751	7,730,443	2,483,308	900,000	1,556,442	2,456,442	1.01
Port Authority	905,763	707,691	198,072	35,000	875	35,875	5.52
Total	<u>\$ 89,431,342</u>	<u>\$ 44,858,256</u>	<u>\$ 44,573,086</u>	<u>\$ 9,816,404</u>	<u>\$ 4,498,966</u>	<u>\$ 14,315,370</u>	<u>3.11</u>
2000 Municipal Water Works	\$ 22,725,615	\$ 17,153,814	\$ 5,571,801	\$ -	\$ -	\$ -	-
Wastewater Utility	20,422,070	13,019,665	7,402,405	1,855,200	1,668,838	3,524,038	2.10
Regional Airport	12,344,600	8,829,907	3,514,693	2,060,000	2,180,334	4,240,334	0.83
A&P Commission	10,808,321	8,049,902	2,758,419	980,000	1,468,162	2,448,162	1.13
Port Authority	1,069,602	885,582	184,020	-	-	-	-
Total	<u>\$ 67,370,208</u>	<u>\$ 47,938,870</u>	<u>\$ 19,431,338</u>	<u>\$ 4,895,200</u>	<u>\$ 5,317,334</u>	<u>\$ 10,212,534</u>	<u>1.90</u>
2001 Municipal Water Works	\$ 9,745,708	\$ 9,703,581	\$ 42,127	\$ -	\$ -	\$ -	
Wastewater Utility	20,295,613	14,379,127	5,916,486	785,200	584,916	1,370,116	4.32
Regional Airport	15,477,681	9,813,814	5,663,867	1,290,000	1,905,199	3,195,199	1.77
A&P Commission	9,562,149	8,631,913	930,236	980,000	1,470,393	2,450,393	0.38
Port Authority	1,557,904	897,932	659,972	-	-	-	-
Total	<u>\$ 56,639,055</u>	<u>\$ 43,426,367</u>	<u>\$ 13,212,688</u>	<u>\$ 3,055,200</u>	<u>\$ 3,960,508</u>	<u>\$ 7,015,708</u>	<u>1.88</u>
2002 Wastewater Utility	\$ 21,136,586	\$ 16,208,850	\$ 4,927,736	\$ 1,820,787	\$ 1,432,987	\$ 3,253,774	1.51
Regional Airport	16,578,846	10,130,512	6,448,334	1,365,000	1,776,477	3,141,477	2.05
A&P Commission	11,176,391	9,454,023	1,722,368	1,030,000	1,422,373	2,452,373	0.70
Total	<u>\$ 48,891,823</u>	<u>\$ 35,793,385</u>	<u>\$ 13,098,438</u>	<u>\$ 4,215,787</u>	<u>\$ 4,631,837</u>	<u>\$ 8,847,624</u>	<u>1.48</u>
2003 Wastewater Utility	\$ 27,811,390	\$ 19,474,453	\$ 8,336,937	\$ 1,594,617	\$ 1,999,172	\$ 3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	<u>\$ 55,506,112</u>	<u>\$ 40,962,154</u>	<u>\$ 14,543,958</u>	<u>\$ 4,253,171</u>	<u>\$ 5,021,766</u>	<u>\$ 9,274,937</u>	<u>1.57</u>

	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Principal (3)	Debt Service Requirements Interest	Debt Service Requirements Total	Coverage
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	\$ 48,246,230	\$ 16,575,034	\$ 5,722,715	\$ 4,838,618	\$ 10,561,333	1.53
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	51.00
Regional Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	5.77
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	25.78

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

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

	Pledged Revenue (4)	Operating Expenses (5)	Net Revenue	Principal	Debt Service Requirements Interest	Debt Service Requirements Total	Coverage
River Market Garage	\$ 1,735,541	\$ 885,919	\$ 849,622	\$ 340,000	\$ 550,715	\$ 890,715	95.39

- (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
Demographic and Economic Statistics
Last Ten Years

Table 16

<u>Year</u>	<u>Population</u>	<u>Personal Income (3)</u>	<u>Per Capita Income (3)</u>	<u>Median Age</u>	<u>Percent of Population Age 25+ MA/Professional Degree or Higher</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1998	183,951 (1)	\$ 4,581,483,606	\$ 24,906	32.3	13.5	27,371	3.4%
1999	183,951 (1)	4,762,307,439	25,889	32.3	13.5	27,511	4.1%
2000	183,133 (2)	4,741,130,237	25,889	33.9	13.5	27,400	3.1%
2001	183,133 (2)	4,741,130,237	25,889	34.5	13.5	27,387	4.3%
2002	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,574	4.3%
2003	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,980	4.6%
2004	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,891	4.4%
2005	183,133 (2)	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 (2)	4,966,933,226	27,122	36.0	13.4	28,755 (4)	3.8%
2007	183,133 (2)	5,284,485,848	28,856	36.2	16.9	28,828 (4)	4.8%

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

(1) Estimated

(2) 2000 Census

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

(4) Little Rock Public Schools

Registered Students as of October 2007	26,757
Kindergarten	<u>2,071</u>
	<u><u>28,828</u></u>

City of Little Rock
Principal Employers
Current Year and Six Years Ago

Table 17

<u>Employer</u>	<u>2007</u>			<u>2001</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>
State of Arkansas	23,377	1	15.28%	24,700	1
Federal Government	12,000	2	7.84%	10,000	2
University of Arkansas Medical Sciences	8,500	3	5.56%	5,392	5
Public School Districts	8,434	4	5.51%	8,000	3
Baptist Health	7,000	5	4.58%	5,000	6
Little Rock Air Force Base	4,500	6	2.94%	6,890	4
Axiom	4,388	7	2.87%		
St. Vincent Infirmiry Medical Center	3,500	8	2.29%		
Entergy Arkansas	2,862	9	1.87%		
Veterans Administration Hospitals	2,785	10	1.82%	3,600	8
ALLTEL Corporation				4,500	7
Southwestern Bell Telephone				3,000	9
Union Pacific Railroad				2,610	10
	<u>77,346</u>		<u>50.6%</u>	<u>73,692</u>	

Source: Metroplan - Council of Local Governments

Note: The number of employees from ten years ago is not available. The earliest figures available were used.
 Total employment for 2001 is not available.

City of Little Rock

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

Table 18

Function	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government:										
General Administration (1), Racial Cultural Diversity (1), City Clerk (1), Arts & Humanities	4	4	6	6	5	6	2	2	3	4
Mayor and Board of Directors	2	2	2	2	1	1	1	1	1	1
City Manager	19	16	12	13	11	11	11	11	11	14
Community Programs	30	19	19	21	32	13	8	8	8	8
City Attorney	18	18	18	18	19	19	19	18	18	18
Little Rock Television				3	2	2	2	3	3	3
District Court - First Division	20	20	21	21	19	20	21	21	21	21
District Court - Second Division	17	18	21	21	21	21	20	20	20	20
District Cour - Third Division	8	8	8	8	8	7	7	6	6	7
Finance	50	49	46	46	45	44	44	44	44	44
Human Resources	19	17	17	18	18	17	18	18	20	21
Management Support / Information Technology	27	29	35	36	35	35	35	33	33	34
General Services (2)	130	132	99							
Planning and Development	49	49	48	50	46	44	43	41	40	41
Housing and Neighborhood Programs	87	104	98	107	98	95	96	95	94	97
Public Works	18		16	16	16	15	13	13	13	13
Parks and Recreation (3)	194	113	102	111	112	113	106	104	104	106
Fire	391	389	395	395	396	396	398	397	398	397
Police	679	673	672	742	739	713	713	695	670	680
Total General Fund	<u>1,762</u>	<u>1,660</u>	<u>1,635</u>	<u>1,634</u>	<u>1,623</u>	<u>1,571</u>	<u>1,570</u>	<u>1,537</u>	<u>1,512</u>	<u>1,534</u>
Zoo (3)		35	46	46	48	48	50	50	50	51
Golf (3)		26	31	29	27	27	25	25	24	24
Jim Dailey Fitness & Aquatic Center (3)		11	11	11	11	11	9	9	9	9
Concessions				3	2	1	1	1	1	1
River Market (3)		5	5	5	4	4	4	4	4	4
Waste Disposal	88	90	92	91	98	118	118	118	118	118
Public Works - Street	208	233	227	229	232	210	205	210	210	210
Fleet Services	54	54	52	56	52	56	59	59	61	61
Vehicle Storage Facility				20	18	19	17	17	17	17
Total Other Funds	<u>350</u>	<u>454</u>	<u>464</u>	<u>490</u>	<u>492</u>	<u>494</u>	<u>488</u>	<u>493</u>	<u>494</u>	<u>495</u>
Total Personnel	<u>2,112</u>	<u>2,114</u>	<u>2,099</u>	<u>2,124</u>	<u>2,115</u>	<u>2,065</u>	<u>2,058</u>	<u>2,030</u>	<u>2,006</u>	<u>2,029</u>

Source: Government Budget Office

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

City of Little Rock
Operating Indicators by Function/Program
Last Ten Years

Table 19

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Planning and Development										
Total building permits issued	2,330	2,613	2,243	4,384	4,561	4,432	5,032	5,330	4,694	2,734
Estimated building cost	\$295,624,822	\$309,887,249	\$488,530,453	\$300,318,597	\$489,610,493	\$458,553,311	\$475,269,768	\$620,819,782	\$561,752,025	\$614,558,257
New commercial construction permits	84	138	139	104	78	96	153	113	78	60
Commercial construction value	\$68,475,000	\$100,030,893	\$193,487,215	\$164,063,228	\$180,659,144	\$124,394,465	\$141,391,525	\$183,023,886	\$102,602,945	\$192,268,739
New residential construction permits	556	555	510	484	590	727	797	978	810	733
Residential construction value	\$110,179,000	\$101,877,483	\$101,839,118	\$122,786,690	\$137,152,590	\$175,801,381	\$208,581,390	\$252,222,968	\$197,698,324	\$191,545,656
Fire										
Number of uniformed employees	386	391	373	374	374	373	373	373	374	391
Fires and explosions	1,246	1,481	1,648	1,415	1,307	1,392	1,127	1,883	1,752	1,478
Overpressure rupture, explosion, overhear (no fire)	134	152	162	122	132	123	126	110	143	101
Rescue, emergency medical calls	9,110	9,307	9,840	8,820	9,727	10,128	9,869	13,982	13,948	13,946
Hazardous condition, standby	1,241	1,108	1,417	1,107	1,279	1,319	1,215	1,211	1,186	1,177
Service calls	999	1,090	1,166	1,057	1,228	1,220	1,116	984	1,236	1,265
Good intent calls	1,366	1,502	1,592	1,501	1,547	1,593	1,366	1,034	2,419	3,165
False alarm calls	2,714	2,808	2,957	2,867	2,803	2,470	2,114	2,553	3,019	2,953
Natural disaster calls	37	44	42	13	12	9	12	26	28	22
Other calls	182	163	176	193	172	229	122	89	142	117
Total calls	17,029	17,655	19,000	17,095	18,207	18,483	17,067	21,872	23,873	24,224
Police										
Number of uniformed employees	559	552	543	553	536	503	492	500	515	525
Calls for service	166,983	164,801	158,743	165,577	164,097	163,316	156,577	156,003	155,110	156,714
Arrests	11,108	11,132	11,775	13,774	14,296	14,496	16,389	17,361	15,023	17,362
Accidents (fatality and serious injury)	4,555	3,988	3,397	4,039	4,945	4,685	4,704	3,846	5,181	5,363
Training man hours	88,637	53,432	58,328	60,941	20,418	14,160	13,048	12,101	12,778	13,469
Uniform Crime Reporting (UCR) Part I offenses	18,645	17,495	17,659	17,035	20,829	21,338	19,466	19,517	19,220	19,200
Clearance rate - all crimes	21.69%	18.06%	14.98%	14.29%	15.25%	14.74%	18.11%	19.53%	21.70%	22.36%
Public Works										
Miles of graded and surface treatment	420	420	420	426	440	426	426	426	426	398
Drainage ditches maintained	742	742	745	747	750	750	745	745	745	1,578
Traffic signals repaired									1,887	2,178
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$16.35	\$16.35	\$16.35	\$16.35	\$18.91	\$18.91	\$20.99	\$20.99	\$20.99	\$20.99
On-Call service	19,980	24,443	21,175	25,882	29,382	26,705	28,448	29,231	30,370	30,500
KB's service	4,090	4,867	6,019	9,024	8,475	8,114	7,894	6,287	5,865	6,000
Roll-off service	2,264	2,281	2,327	1,993	2,014	2,194	2,240	2,311	2,194	2,200
Carts	2,767	2,753	2,683	3,413	4,420	5,262	6,076	5,436	5,124	6,500
Dead animals collected	1,130	714	764	596	780	632	574	395	343	500
Curbside recycling tonnage	(3)						4,457	4,820	4,596	4,800
Paper recycling pounds	(3)						54,240	46,880	84,200	59,490
Class I and IV tonnage	(3)						88,137	81,768	108,382	116,000
Yard Waste tonnage	(3)						21,989	22,961	23,875	23,800
Parks and Recreation										
Total recorded parks attendance	(1) 2,450,000	2,450,000	1,874,789	2,500,000	1,612,678	1,021,818	1,097,848	906,941	1,339,653	1,457,419
Zoo attendance	(1)		319,256	378,176	355,729	294,782	251,104	275,584	257,290	282,334
Zoo outreach program	(2)					92,158	67,922	72,978	98,479	55,669

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.

City of Little Rock Capital Asset Statistics by Function Last Ten Years

Table 20

<u>Function</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Fire Stations	20	20	20	20	20	20	20	20	20	20
Police Stations	3	4	4	3	4	4	4	4	5	11
Public Works										
Miles of Streets	2,255	2,300	2,500	2,358	2,375	2,399	2,496	2,527	2,548	2,567
Miles of paved - permanent streets	1,835	1,880	2,080	1,932	1,935	1,972	2,007	2,039	2,039	2,105
Alleys	63	63	72	63	72	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	340	345	350	355	350	350	350	350	350	350
Miles of sanitary sewer	1,100	1,100	1,087	1,157	1,228	1,207	1,228	1,248	2,070	1,292
Solid waste containers purchased	-	2,000	1,500	1,500	3,500	1,200	3,134	2,000	1,889	2,984
Parks and Recreation										
Acreage	4,379	4,762	5,163	5,154	5,745	5,745	5,745	5,767	5,776	5,781
Number of parks	50	52	53	53	52	52	54	54	55	55
Number of playgrounds	50	50	49	49	48	48	48	45	45	45
Number of tennis courts	52	52	52	52	52	52	52	52	52	52
Number of basketball courts	38	38	37	37	36	36	36	36	35	36
Number of museums	2	2	1	9	1	1	1	1	1	1
Number of golf courses	3	3	4	3	4	3	3	3	4	3
Number of ball fields	28	28	24	25	41	41	29	24	25	25
Number of play fields	12	12	7	7	12	12	12	18	20	20
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	1	1	1	1	1	1	1
Number of community centers	6	6	6	5	7	4	6	6	6	6
Number of fitness centers			1	1	1	1	1	1	1	1
Number of swimming pools	4	4	4	4	4	4	4	4	3	3
Number of soccer fields	11	14	11	11	9	9	9	9	9	9
Number of pavilions	22	22	26	26	26	26	26	19	19	22
Number of volleyball courts	2	2	8	8	8	9	9	9	9	2

Source: Various city departments.

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

OTHER REQUIRED REPORT



Independent Accountants' Report on Compliance with Certain State Acts

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

We have examined management's assertions that the City of Little Rock, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2007.

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

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

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

In our opinion, the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2007.

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

July 30, 2008

**SINGLE AUDIT
SECTION**



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2007, which collectively comprise its basic financial statements and have issued our report dated July 30, 2008, which contained references to the report of other accountants and change in accounting principle. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the component units Oakland Fraternal Cemetery and Arkansas Museum of Science and History were not audited in accordance with *Government Auditing Standards*. Other accountants audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Oakland Fraternal Cemetery as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-01, 2007-02 and 2007-03 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Others Matters

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

We also noted certain additional matters that we reported to the City's management in a separate letter dated July 30, 2008.

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

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

BKD, LLP

July 30, 2008



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs

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

Compliance

We have audited the compliance of the City of Little Rock, Arkansas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Little Rock, Arkansas based on our audit.

The City of Little Rock, Arkansas' financial statements include the operations of the Little Rock Port Authority, Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board and Little Rock Wastewater Utility which expended \$960,841, \$5,749,776, \$9,243,057, \$1,744,182 and \$6,576,252 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, 2007. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-04 and 2007-05.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

BKD, LLP

July 30, 2008

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2007

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Child and Adult Care Food Programs	U.S. Department of Agriculture/Arkansas Department of Human Services	10.558	\$ 380,184
Urban and Community Forestry Grant	U.S. Department of Agriculture/Arkansas Forestry Commission	10.675	2,612
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	1,583,286
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	3,553
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	1,222,711
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	569,088
Anti-Gang Initiative	U.S. Department of Justice	16.744	111,491
Justice Assistance Grant	U.S. Department of Justice	16.738	346,413
2007 Youth Services	U.S. Department of Justice/Arkansas Department of Human Services	16.523	50,705
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	21,078
Technical Preservation Grant	Department of Interior, National Park Service	15.915	55,000
African Penguin Exhibit	U.S. Department of Interior/Arkansas Parks and Tourism	15.916	161,959
Buffer Zone Protection Plan	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.078	203,484
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	29,477
State Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.073	530,869
Assistance to Firefighters Grant	U.S. Department of Homeland Security	97.044	160
Law Enforcement Terrorism Prevention Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.074	40,765
Citizen Corps CERT	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.053	23,544
Metropolitan Medical Response System	U.S. Department of Homeland Security	97.071	203,720
Public Works and Economic Development Facilities	U.S. Department of Commerce, Economic Administration	11.300	37,030
State and Community Highway Safety	U. S. Department of Transportation/ Arkansas State Highway and Transportation	20.600	115,948
Highway Planning and Construction	U.S. Department of Transportation/ Arkansas State Highway and Transportation	20.205	4,459,018
			<u>\$ 10,152,095</u>

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2007

Notes to Schedule:

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

Program	CFDA No.	Subrecipient	Amount Provided
Community Development Block Grant	14.218	Various	\$ 189,291
HOME Investment Partnerships Program	14.239	Various	<u>480,639</u>
Total provided to subrecipients			\$ <u>669,930</u>

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2007

Program Grantor/Program Title	State Awards
State of Arkansas	
Arkansas River Trail	\$ 5,367
Southside Park Improvement	6,761
Arkansas Department of Health	
Kick Tobacco Coalition	27,452
Arkansas Department of Heritage	
Mosaic Templars Redevelopment	985
Arkansas Department of Economic Development	
Little Rock Port - Welspun Pipe	2,061,315
EIF LM Glasfiber - Port	4,765,892
Sage V Foods	19,050
EIF Falcon Jet	62,500
QZCF LM Glassfiber - Port	<u>5,523,000</u>
Total State Awards	<u>\$ 12,472,322</u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

7. The City's major programs were:

Cluster/Program	CFDA Number
Child and Adult Care Food Program	10.558
HOME Investment Partnership Program (HIPP)	14.239
Community Development Block Grant (CDBG)	14.218
Highway Planning and Construction Transportation Improvement Program	20.205
State Homeland Security Grant Program	97.073

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$304,563.

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
Year Ended December 31, 2007

Findings Required to be Reported by Government Auditing Standards

Reference Number	Finding	Questioned Costs
2007-01	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Incompatible duties exist within several departments.</p> <p>Context In the cash receipts/revenue recognition cycle, several employees have incompatible duties. For example, two employees can receive payments and maintain custodianship of the payments, prepare billing documents, issue credit memos, prepare the cash receipts journal and credit customer accounts. Furthermore, these employees issue monthly statements or are responsible for reconciling cash receipts sub-ledger to the general ledger.</p> <p>In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account.</p> <p>In the cash disbursements/accounts payable cycle, three employees have incompatible duties. For example, one employee can generate a payment and authorize a payment, change computer master files affecting vendors and electronic funds transfers, make journal entries to the general ledger and reconcile accounts payable to the general ledger.</p> <p>Additionally, information technology staff have write level access to critical financial functions.</p> <p>Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause Duties in the cash disbursements/accounts payable, cash receipts/revenue, payroll recognition cycles and information technology department 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>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Reference Number	Finding	Questioned Costs
	<p>Views of Responsible Officials and Planned Corrective Actions Management continues to monitor the cost versus the benefits of further segregation of duties within the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. The City implemented a new enterprise resource planning system in 2007 and will evaluate the potential for implementing new internal controls inherent in the system. In addition, the City will consider whether budget constraints can support additional staffing in Finance.</p>	

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

Reference Number	Finding	Questioned Costs
2007-02	<p>Criteria or Specific Requirement Management is responsible for ensuring financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p>Condition Certain general ledger accounts were not reconciled timely after year-end resulting in significant adjustments being made by City after the audit started.</p> <p>Context The Finance department is responsible for ensuring all significant general ledger accounts are reconciled on a monthly basis with discrepancies investigated and resolved. Due to employee departures and unfilled positions in the finance department, various accounts were not reconciled timely.</p> <p>Effect During the course of the audit, several journal entries made by City personnel were necessary to adjust general ledger balances to the proper amounts and to ensure the financial statements were presented fairly in accordance with GAAP.</p> <p>Cause Internal controls and personnel were not in place or were not followed to ensure all accounts are reconciled timely and presented in accordance with GAAP.</p> <p>Recommendation Management should implement and monitor internal controls and hire the staff necessary to ensure reconciliations on all significant balances are performed monthly and financial statements are presented in accordance with GAAP.</p> <p>Views of Responsible Officials and Planned Corrective Actions The City had several accountant vacancies during the year. Key personnel are now in place and the City is in the process of becoming current on all significant account reconciliations.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

Reference Number	Finding	Questioned Costs
2007-03	<p>Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition Certain required filings were not made with the Internal Revenue Service during fiscal year 2007.</p> <p>Context Bond documents generally have a provision that required arbitrage calculations be performed either annually or every five years and submitted to the Internal Revenue Service. If positive arbitrage is determined, this amount must be returned to the federal government. Failure to do so could result in penalties and interest being assessed, The City of Little Rock failed to have arbitrage calculations performed on four of it's outstanding bonds during 2001.</p> <p>Effect Potentially material misstatements in the financial statements could occur and not be prevented or detected in a timely manner. Furthermore, the City could be assessed penalties and interest.</p> <p>Cause Controls were not in place to ensure the required filings were made on a timely basis.</p> <p>Recommendation Policies and procedures should be developed and implemented to ensure all federal mandated filings are completed and filed in accordance with federal regulations.</p> <p>Views of Responsible Officials and Planned Corrective Actions Management agrees with the finding. The required calculations are currently being performed. Procedures have been implemented to ensure required filings are made on a go forward basis.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2007-04	<p style="text-align: center;"><u>HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG)</u> <u>CFDA Nos. 14.239 and 14.218</u> <u>U.S. Department of Housing and Urban Development Procurement</u></p> <p>Criteria or Specific Requirement Federal regulation require formal bids be obtained on projects over certain dollar amounts. The bid process should allow for open competition.</p> <p>Condition Construction rehabilitation projects were not appropriately bid out. Vendors from a pre-approved list were used to provide construction rehabilitation for qualified homeowners.</p> <p>Context Formal advertising and open bid requirements were not fulfilled.</p> <p>Effect Federal procurement requirements were not met due to the fact that formal advertising was not performed.</p> <p>Cause Procurement procedures currently in effect do not satisfy the federal procurement guidelines.</p> <p>Recommendation We recommend that the client review and change its procurement policies to ensure federal procurement rules are satisfied.</p> <p>Views of Responsible Officials and Planned Corrective Actions The City is enhancing procurement policies to address this issue.</p>	None

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2007-05	<p style="text-align: center;"><u>Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HIPP), CFDA Nos. 14.218 and 14.239, U.S. Department of Housing and Urban Development Allowable Costs</u></p> <p>Criteria or Specific Requirement Federal regulations require grantees to ensure payments for goods and services are net of all applicable credits.</p> <p>Condition Local sales taxes were not withheld from the reimbursement of purchases related to the HOME and CDBG grants.</p> <p>Context Reimbursements were not made in the manner required by Federal regulations.</p> <p>Effect Payments for unallowed costs were made.</p> <p>Cause Internal controls were not in place or were not maintained to help ensure compliance with federal regulations.</p> <p>Recommendation Management should implement and monitor policies and procedures to help ensure federal reimbursements are made under the requirements of OMB Circular A-87.</p> <p>Views of Responsible Officials and Planned Corrective Actions HUD identified this as an issue during the 2006 monitoring and we have made great progress in resolving the issue. Policies and procedures are now in place to correct this finding.</p>	\$ 40

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Status
2006-03	<p style="text-align: center;"><u>HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG)</u> <u>CFDA Nos. 14.239 and 14.218</u> <u>U.S. Department of Housing and Urban Development Procurement</u></p> <p>Criteria or Specific Requirement Federal regulation require formal bids be obtained on projects over certain dollar amounts. The bid process should allow for open competition.</p> <p>Condition Construction rehabilitation projects were not appropriately bid out. Vendors from a pre-approved list were used to provide construction rehabilitation for qualified homeowners.</p> <p>Context Formal advertising and open bid requirements were not fulfilled.</p> <p>Effect Federal procurement requirements were not met due to the fact that formal advertising was not performed.</p> <p>Cause Procurement procedures currently in effect do not satisfy the federal procurement guidelines.</p> <p>Recommendation We recommend that the client review and change its procurement policies to ensure federal procurement rules are satisfied.</p> <p>Views of Responsible Officials and Planned Corrective Actions HUD identified this as an issue in their 2006 monitoring report. Procurement changes were implemented immediately after their review and have been accepted by HUD.</p>	Unresolved

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2007

Findings Required to be Reported by *Government Auditing Standards*

2006-04	<u>HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG) CFDA Nos. 14.239 and 14.218 U.S. Department of Housing and Urban Development Special Tests and Provisions</u>	Resolved
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Criteria or Specific Requirement

Federal regulations require certain information be obtained and maintained to document a participant's eligibility to receive assistance.

Condition

Various files were not maintained in accordance with federal requirements.

Context

During initial file review, we noted instances of incomplete participant file documentation including:

- three home files were missing environmental reviews, and
- insufficient income documentation to determine eligibility for housing assistance.

Effect

Potential noncompliance with federal requirements result including assistance being awarded to ineligible participants.

Cause

Internal control procedures were not in place or were not monitored to help ensure that compliance requirements were met.

Recommendation

We recommend that the City develop and implement procedures to ensure that all required information is maintained in program files.

Views of Responsible Officials and Planned Corrective Actions

The Environmental Review Coordinator maintains environmental reviews in one file and copies are not always placed in the participant files. Procedures will be implemented to ensure that copies of all reviews are placed in the participant files when completed.

Eligibility is being carefully confirmed and new oversight procedures are now in place to ensure additional reviews of participant's documentation of eligibility.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings (Continued)
Year Ended December 31, 2007

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Status
2006-05	<p style="text-align: center;"><u>Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HIPP), CFDA Nos. 14.218 and 14.239, U.S. Department of Housing and Urban Development Allowable Costs</u></p> <p>Criteria or Specific Requirement Federal regulations require grantees to ensure payments for goods and services are net of all applicable credits.</p> <p>Condition Local sales taxes were not withheld from the reimbursement of purchases related to the HOME and CDBG grants.</p> <p>Context Reimbursements were not made in the manner required by Federal regulations.</p> <p>Effect Payments for unallowed costs were made.</p> <p>Cause Internal controls were not in place or were not maintained to help ensure compliance with federal regulations.</p> <p>Recommendation Management should implement and monitor policies and procedures to help ensure federal reimbursements are made under the requirements of OMB Circular A-87.</p> <p>Views of Responsible Officials and Planned Corrective Actions HUD identified this as an issue during the 2006 monitoring and it is now resolved. The taxes were reimbursed to the HOME and CDBG programs and a new process is in place to reimburse both programs annually for local sales taxes paid.</p>	Unresolved