



**Comprehensive Annual Financial Report
for the year ended December 31, 2016
City of Little Rock, Arkansas**

On the Cover:

First opened in February 1940 as the Joseph Taylor Robinson Memorial Auditorium, the Robinson Center Performance Hall and Conference Center reopened in November 2016. This followed a 28 month renovation and expansion of the facility. This \$70.5 million project was financed by bonded funds provided by the existing 2% Little Rock Advertising & Promotion tax. The project was approved by Little Rock voters by special election on December 10, 2013.

The design team was led by Polk Stanley Wilcox Architects of Little Rock and Ennead Architects of New York. CDI/Hunt Joint Venture served as the General Contractor and Construction Manager. The building was originally designed by the firm of Wittenberg & Delony working with Eugene John Stern.

The building was named for longtime Arkansas Senator Joseph T. Robinson, who died in July 1937, prior to the start of the construction in December 1937. The project was originally funded by the New Deal's Public Works Administration.

The building's exterior and historic lobby were restored and the essential character of the landmark building enhanced. All of the interior spaces were rethought and reconfigured to provide enhanced acoustics, updated interior finishes, new media technology, dressing room upgrades, expanded loading dock and storage areas, expanded public lobbies and restrooms, onsite box office, a new centrally-located grand stair to link multiple lobby levels, and parking garage vestibules and much more.

A brand new conference center provides a flexible event space accommodating 530 people and four new meeting rooms above with direct access to a 5,477-square-foot terrace. The spaces in the conference center were named after deceased Little Rock residents who have made major contributions to the performing arts: actress Gail Davis, singer Lawrence Hamilton, actor Ben Piazza, musician Art Porter Sr., musician Art Porter Jr., composer Florence Price, philanthropist Stella Boyle Smith, and composer William Grant Still.

(Photo by Scott Whiteley Carter)

City of Little Rock, Arkansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

The Department of Finance

Sara Lenehan, CPA
Director of Finance

Ember Strange
Assistant Director of Finance

City of Little Rock, Arkansas
Year Ended December 31, 2016

Contents

Introductory Section

Letter of Transmittal.....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xiii
Organizational Structure.....	xiv
List of Elected and Appointed Officials.....	xv

Financial Section

Independent Auditor’s Report.....	1
--	----------

Management’s Discussion and Analysis	4
---	----------

Financial Statements

Statement of Net Position.....	23
Statement of Activities	24
Balance Sheet – Governmental Funds.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	27
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Position – Fiduciary Funds.....	32
Statement of Changes in Fiduciary Net Position.....	33
Statement of Net Position – Discretely Presented Component Units.....	34
Statement of Activities – Discretely Presented Component Units	35
Notes to Financial Statements	36

City of Little Rock, Arkansas
Year Ended December 31, 2016

Contents (Continued)

Required Supplementary Information

Budgetary Comparison Schedule – General Fund.....	107
Notes to Required Supplementary Information.....	108
Budgetary Comparison Schedule – Street Fund.....	109
Other Postemployment Benefit Plans – Schedule of Funding Progress.....	110
Schedules of Changes in the City’s Net Pension Liability and Related Ratios.....	111
Schedules of Contributions.....	115
Schedules of the City’s Proportionate Share of the Net Pension Liability and Contributions	117
Schedules of Investment Returns	121

Other Supplementary Information

Governmental Funds – Nonmajor:	
Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	123
Special Revenue Funds – Nonmajor:	
Combining Balance Sheet	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	125
Debt Service Funds – Nonmajor:	
Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	127
Capital Project Funds – Nonmajor:	
Combining Balance Sheet	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	129

City of Little Rock, Arkansas
Year Ended December 31, 2016

Contents (Continued)

Fiduciary Funds

Combining Statement of Fiduciary Net Position.....	130
Combining Statement of Changes in Fiduciary Net Position.....	131
Statement of Changes in Assets and Liabilities – Agency Fund – Court Fund.....	132

Nonmajor Discretely Presented Component Units

Combining Statement of Net Position.....	133
Combining Statement of Activities	134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	135
Combining Statement of Cash Flows – Business-Type Activities.....	136
Combining Statement of Cash Flows – Nonmajor Business-Type Activities.....	137

Statistical Section

Net Position by Component – Accrual Basis of Accounting	138
Changes in Net Position – Accrual Basis of Accounting	139
General Governmental Tax Revenues by Source – Accrual Basis of Accounting.....	140
Fund Balances of Governmental Funds – Modified Accrual Basis of Accounting.....	141
Changes in Fund Balances, Governmental Funds – Modified Accrual Basis of Accounting	142
General Governmental Tax Revenues by Source – Modified Accrual Basis of Accounting	143
Assessed and Appraised Value of Taxable Property.....	144
Property Tax Rates and Tax Levies of Direct and Overlapping Governments	145
Principal Sales Taxpayers.....	146
Property Tax Levies and Collections.....	147
Ratios of Outstanding Debt by Type	148

City of Little Rock, Arkansas
Year Ended December 31, 2016

Contents (Continued)

Ratios of General Bonded Debt Outstanding	149
Direct and Overlapping Governmental Activities Debt	150
Legal Debt Margin Information	151
Revenue Bond Coverage	152
Demographic and Economic Statistics	153
Little Rock Area Major Employers	154
Full-time Equivalent City Government Employees by Function	155
Operating Indicators by Function/Program	156
Capital Asset Statistics by Function	157

Other Required Report

Independent Accountants' Report on Compliance With Certain State Acts	158
---	-----

Single Audit Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	159
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report	161
Schedule of Expenditures of Federal Awards	163
Schedule of Expenditures of State Awards	165
Schedule of Findings and Questioned Costs	166
Summary Schedule of Prior Audit Findings.....	170



City of Little Rock

Bruce T. Moore
City Manager

City Hall, Room 203
500 W. Markham
Little Rock, Arkansas 72201-1427
(501) 371-4510
Fax: (501) 371-4498
www.littlerock.gov
citymanager@littlerock.gov

August 31, 2017

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

State Law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants, and the Board of Directors exercised that option. Accordingly, we hereby issue the Comprehensive Annual Financial Report of the City of Little Rock for the fiscal year ended December 31, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2016, are fairly

presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Little Rock was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal Grantor Agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the City of Little Rock's Comprehensive Annual Financial Report.

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

Profile of the Government:

The City of Little Rock, incorporated in 1831, is located in the central part of the State, and is considered to be one of the top growth areas in the State. The City of Little Rock currently occupies a land area of 123 square-miles and serves a population of 198,541, based on the latest estimates provided by the US Census Bureau. The City of Little Rock is empowered to levy a property tax on both real and personal properties located within its boundaries. In addition, the City is empowered by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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

The City of Little Rock provides a full range of services, including Police and Fire protection, the construction and maintenance of streets and other infrastructure, and recreational activities and cultural events. Several services are provided

through separate Boards and Commissions which act as a component of the City of Little Rock and therefore have been included as an integral part of the City of Little Rock's financial statements. Additional information regarding the discretely presented component units can be found in the notes to the financial statements (See Note 1).

The Annual Budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31st, the close of the City of Little Rock's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., Zoo). Department Directors may make transfers of appropriations within a Department. Transfers of appropriations between Departments require the special approval of the City Manager, unless the amount is above \$50,000, and then it requires the approval of the Board of Directors. 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 107 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 109.

Factors Affecting Financial Condition:

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

Local Economy: The primary challenge facing the City of Little Rock remains providing a full complement of services that satisfy the needs of citizens, balanced with the resources available to the City, in an efficient, cost effective and transparent manner.

Arkansas' unemployment rate in July 2017 was 3.4%, consistent with the record low set in May 2017, and remains 0.9% lower than the national average, based on information from the U.S Department of Labor's Bureau of Labor Statistics. In addition, the Bureau of Labor Statistics reported a seasonally adjusted estimate of unemployment in the Little Rock-North Little Rock-Conway metro area of 3% in June 2017. According to data from Arkansas Department of Workforce Services, Metroplan stated that regional economic growth remains slow but steady in its December 2016 issue of the *Metrotrends Economic Review and Outlook*. "Job growth has picked up compared with a nearly flat trend 2013 – 2014, and from July 2015 to July 2016 matched the U.S. average of 1.7%. Over the past year, growth

in the local business and professional services sector handily outpaced the U.S. average. Other areas of local strength have included retail trade, transportation, utilities, education and health services.”

The December 2016 *Metrotrends Economic Review and Outlook* refers to areas of promise in the local economy. “First among these is cyber-security, where new data shows the region holds an outsized presence. This issue emphasizes entrepreneurship, exemplified by the Venture Center and a sampling of successful local firms in cyber-security, retailing, and manufacturing. The Central Arkansas Region has customarily depended on its stable base in government, education and health care. Economic demands are changing, though, and traditional “eds and meds” sectors will probably generate less growth going forward. Greater entrepreneurship in private and non-profit sectors can raise local living standards and quality of life in a time of continuing economic transformations.” Little Rock-North Little Rock-Conway, AR ranked 9th in Information Security Analyst Jobs with 1,850 jobs or 8.53% according to the U.S. Bureau of Labor Statistics, occupation data for Sector 15-1122.

U.S. Internet sales continued rapid growth accounting for approximately 8% of total sales. Internet sales have more than doubled in a decade, from less than 3% in 2006, and could easily reach 12% of total retail sales by 2025. From 2010 – 2014, electronic shopping and mail-order sales have grown nearly 35%. Internet sales have an advantage over local retailers in Arkansas and other states that are unable to collect Sales and Use Tax on online sales. The City is supportive of the Remote Transactions Parity Act before Congress, which would enable municipalities to collect sales tax from retailers that do not have a physical presence in the State. With sales tax as the primary revenue source for the City of Little Rock, this legislation is critical to retaining the resources required to sustain local services. While State Law requires that citizens prepare use tax returns for such purchases, this method of tax collection is very ineffective. In March 2017, Amazon began voluntarily collecting and remitting sales tax on Arkansas transactions. Transactions involving third-party vendors who sell through Amazon’s site are not included. In the Arkansas 91st General Assembly earlier this year, a bill was introduced in the Senate that would have required out-of-state retailers to collect sales taxes and remit them to the state; however, the bill did not pass. In July 2017, *Arkansas Business* reported that the Arkansas Municipal League is currently lobbying cities to pass resolutions to encourage the governor and legislators toward a special session, where legislation could be crafted requiring online retailers to collect sales tax. Despite their efforts, *Arkansas Business* reported that Governor Asa Hutchinson has stated that no special session is planned. “I am receiving numerous resolutions from cities on this issue, but I do not believe there is a consensus yet,” he said in an e-mail. “I also know that tax fairness is something that will be considered by the Tax Reform Task Force of the legislature, and I look forward to its recommendations.”

The regional housing market has experienced slow growth. Single-Family Housing Permits were slightly higher during the first half of 2016 in comparison to the same period a year ago. Multi-family housing experienced relatively few new starts in 2016 after large increases in 2014 and 2015. During the second quarter of 2015, over 400 new units opened in Little Rock including 262 units at LIV Riverhouse, located at 1200 Brookwood Drive, and 144 units at The Pointe Brodie Creek, Phase II, located at 3400 South Bowman Road. An additional 217 units opened at Bowman Pointe in 2016. Plans for more multi-family units along Bowman Road in West Little Rock were put on hold during 2016 while the City studies the impact on surrounding neighborhoods and traffic. In September, Little Rock approved forty-eight (48) units along Scott Street in the downtown area and 191 units along Rushmore Avenue near Cooper Orbit Road in West Little Rock. The region's low unemployment rate and steady job growth are factors boosting demand for multi-family housing. The occupancy rate in newly built complexes, those opened since 2010, is approximately 95%. Several new multi-family projects may be announced in Little Rock during 2017. A forty-eight (48)-unit project in the Aldersgate area of Little Rock was announced recently, and a new multi-family projects near Chenal Valley in the western area of the City are expected in 2017. Multi-family projects east of the Clinton Presidential Library near the river front are considered possible as well.

Little Rock's strong business environment and quality of life have been recognized by several national publications. In July 2013, Little Rock was named "#1 of America's 10 Great Places to Live" by *Kiplinger's Personal Finance*. The rankings place an emphasis on small and mid-size cities, considering metro areas with a population of one million or less that have good jobs, reasonably priced homes, decent schools and access to great health care. Little Rock is very proud of this ranking.

In addition, Little Rock was recently listed as No. 3 Best State Capital by *USA Today Readers' Choice: 10 Best*. The article had this to say about Little Rock, "A downtown renaissance has transformed Little Rock into a city with culture, cuisine and abundant outdoor activities. Visitors can rent a bike and pedal the sixteen (16)-mile loop along the Arkansas River Trail, visit the Clinton Presidential Center and the Little Rock Central National Historic Site, a National Park Service unit that interprets the crucial role played by the school in the civil rights struggle." The article may be found at (<http://www.10best.com/awards/travel/best-travel-worthy-state-capital/>).

Bicycling.com/2016 recently named the Big Dam Bridge in Little Rock as one of the "Coolest Bike and Pedestrian Bridges in the US." The Big Dam Bridge across the Arkansas River in Little Rock is the longest pedestrian/cycling bridge that wasn't formerly a motorist or train bridge.

In May 2016, *Arkansas Business* reported that Arkansas moved up ten spots in *Chief Executive Magazine's* latest Best & Worst States for Business annual survey

found at (<http://chiefexecutive.net/why-do-some-areas-of-the-country-thrive-while-others-see-businesses-atrophy-and-people-flee-at-alarming-rates/>). Arkansas was also ranked No. 1 in "Best Communication of Business Incentives." Arkansas was second only to Ohio in biggest gains. Per Mike Preston, Executive Director of the Arkansas Economic Development Commission, "What this tells us is that we are building momentum, we are capitalizing on our strengths, and we are working to improve our critical areas."

Long-Term Financial Planning: Little Rock citizens passed an additional one (1)-Cent Local Sales Tax in September 2011, which went into effect on January 1, 2012. Faced with significant challenges with stagnant revenue in many areas due to the lingering effects of the economic downturn, and one of the lowest local tax rates in the State, citizens supported the new tax initiative. The City held several public hearings in each Ward to discuss priority needs associated with Public Safety, Public Works, Jobs and Economic Development, Parks and Recreation, Zoo and Tourism, and other priorities, including fleet replacement, information technology needs, pension funding, and public transportation. The priority needs were divided between on-going operating needs and capital needs. The 5/8-cent permanent increase in sales tax for operations is reflected in the 2016 Adopted Budget. The 3/8-cent, ten (10)-year sales tax for capital projects, which expires in 2021, is reflected in a Sales Tax Capital Improvements Fund. The tax increase provides funding for additional Police Officers, more Code Enforcement Officers, new Fire and Police facilities, infrastructure projects, and a new emergency communications system. In the first five (5) years of collection, the new sales tax provided additional resources of approximately \$239.2 million, including approximately \$149.4 million for operations and \$89.8 million for capital projects.

On February 21, 2012, the Little Rock City Board of Directors approved Resolution No. 13,440, which appointed the Little Rock Citizen's Evaluation of New Tax (LR CENT) Committee. The Committee, which is made of two (2) Co-Chairs, individuals from each of the City's seven (7) Wards and three (3) At-Large Members, meets on a quarterly basis to evaluate the spending of the additional revenue that results from the One (1)-Cent Sales Tax increase.

On September 11, 2012, Little Rock citizens showed their on-going support of the City by approving the issuance of up to \$105 million in Capital Improvement Bonds to finance \$73.5 million in street improvements and \$31.5 million in drainage improvements. The bonds are secured by a three (3)-mill ad valorem tax on taxable property located within the City of Little Rock. The City issued the first series of bonds in the amount of \$58,105,000 on July 24, 2013. A second series of bonds will likely be issued in 2018.

In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to \$9,418,000. The General Fund

goal was to set aside the greater of \$10,000,000, or 10%, of General Fund revenues in the reserve. Following the completion of the 2015 Audit, the City's Management Team increased the reserve to \$10 million, with the intent of gradually increasing the designated reserve to achieve 10% of General Fund revenues over the next few years.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues and available carryovers. When workforce reductions have been necessary, reductions have mainly been accomplished through attrition. However, due to the economic downturn in 2008 and 2009, the City implemented a reduction in force at the 2009 year-end. With the passage of the additional One (1)-Cent Local Sales Tax in 2011, positions were filled and new positions were added in 2012 through 2016, particularly in the areas of Public Safety and Parks and Recreation. The 2017 General Fund Budget supports 1,708 full-time equivalent (FTE) positions, a net increase of ten (10) FTEs compared to 2016 staffing levels. Staffing includes twenty-seven (27) Police positions previously funded by a grant award under the *American Recovery and Reinvestment Act* COPS Program and eighteen (18) Firefighters previously funded by a SAFER Grant. In addition, special projects and grant awards support forty-three (43) employees, including fifteen (15) COPS positions. However, approximately 143 of the budgeted General Fund positions were vacant at the end of 2016. The City plans to create a Little Rock Brand and social media presence for Police recruitment and to implement recommendations resulting from an independent review of Police Officer recruitment and selection processes to facilitate filling vacant positions. Many of the initiatives supported by the new sales tax, such as increased funding for building maintenance, expanded park maintenance, Zoo deferred maintenance, operations and staffing, annual fleet replacement, information technology staffing and maintenance, and new transit routes were implemented during 2012 and 2013. The 2017 Budget continues the commitment to Little Rock citizens to fill vacant public safety positions and to support the initiatives outlined in the sales tax proposal.

In 2016, the City issued three (3) short-term financing notes totaling \$11,978,000. The notes included replacement of Self-Contained Breathing Apparatus for the Fire Department, Fleet vehicle and equipment replacement, fiber infrastructure and a Fire Suppression System for the Information Technology Department, new planning and permitting software, the acquisition of a building for the Little Rock Convention and Visitors Bureau, and completion of construction and the equipment and vehicles associated with the Southwest Fire Station #24. Short-term financing notes are authorized under Amendment No. 78 to the Arkansas Constitution for the acquisition, construction and installation of real and tangible

personal property having an expected useful life of more than one (1)-year. The notes are repaid from general revenues over a period of five (5) years. The principal portion of the note associated with Southwest Fire Station #24 will be funded by a transfer to the General Fund from the proceeds of the 3/8-Cent Sales Tax for capital projects. Principal and interest payments are included in the General Fund Budget. Debt service payments will increase by approximately \$1.56 million in 2017 due to the addition of the 2016 notes.

Funding of the Pulaski County Jail was continued in order to provide space for prisoners in accordance with the City's primary focus on Public Safety. In addition, an extra allocation is available from a \$20 local jail fine to contribute toward operations for expanded Pulaski County Jail space. Combined, the funding for the jail is budgeted at approximately \$1.9 million.

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

The City is appropriating approximately \$5.5 million for Children, Youth and Family Programs, including youth employment, skills center funding, and re-entry programming in 2017 as part of City's emphasis to foster and enhance youth and community development. In addition, Community Programs Staff completed the development of a Youth Master Plan following a series of community forums with Little Rock citizens. City Staff will continue to work with community groups, neighborhood associations, the faith-based community and other groups to ensure resources are targeted appropriately. In addition, the City implemented an in-house pilot program to train and utilize disadvantaged persons for the construction and maintenance of sidewalks in conjunction with the skills center and re-entry programming. The program was extremely successful and will be continued in 2017. In addition, the City has expanded the program to include additional entry-level positions available in other City Departments.

Other new programs receiving funding in the 2017 Budget include a Hispanic Outreach Pilot Program, a Little Rock Residency Incentive Program for new employees, a Public Service Announcement and Police Recruitment Program, and a full year of operating expenses for the West Central Community Center and the new Pankey Police Substation in West Little Rock.

The 2017 Budget includes a contingency allocation of \$1 million or approximately 0.5% of General Fund revenues. The City of Little Rock's Management Team will continue to manage the City in a sound and fiscally prudent manner while striving

to deliver the quality and level of service that the citizens of Little Rock expect with available resources.

Major Initiatives: Commercial property construction continues to show strong growth.

In July 2014, the Robinson Center Music Hall in Downtown Little Rock was temporarily closed for a \$70.5 million renovation project. The building increased from 133,500 square-feet to 138,000 square-feet. The overhaul included restoring the exterior, re-working audience entrances, improving performance hall acoustics and seating, upgrading the loading area and building a new conference center and grand hall on the north side of the performance hall. The upgrades were completed and the Robinson Center Performance Hall and Conference Center reopened in November 2016. The Robinson Center is featured on the cover of this year's Budget Document.

In February 2015, FedEx held a groundbreaking ceremony with company officials, as well as government leaders including U.S. Sen. Tom Cotton and U.S. Rep. French Hill. The 303,000 square-foot FedEx Corporation Distribution Center opened in Southwest Little Rock in September 2016. The \$24.9 million project employs 175 people and can process approximately 15,000 packages per hour.

In June 2015, the American Taekwondo Association International (ATAI) broke ground on its new \$13 million, 25,300 square-foot headquarters in Little Rock along Riverfront Drive, complete with a museum, video production studio and international martial arts training. The ATAI's annual World Expo, held in Little Rock's Statehouse Convention Center, brings in tens of thousands of visitors and competitors each year. The grand opening of the new World Headquarters of ATA International, Inc. was held on November 29, 2016.

In December 2015, *Arkansas Business* reported that Fidelity Information Services (FIS) would sponsor a start-up accelerator in Little Rock devoted to financial technology. FIS, based in Jacksonville, Florida, is a global banking technology services provider whose origins trace back to Systematics of Little Rock. It maintains a large campus in West Little Rock that employs approximately 1,300 workers with a focus on product development. The FinTec Accelerator is housed out of the Venture Center, which shares space with the Little Rock Technology Park in Downtown Little Rock. Launched in 2014, the Venture Center has grown to more than 200 members, seventy-six (76) active start-ups and thirty-seven (37) trained mentors who have led more than 340 mentor sessions. The Center has produced forty-four (44) of its Pre-Accelerator Program start-ups. Six (6) of its member start-ups have raised more than \$2.25 million in venture capital. On August 3, 2016, Governor Hutchinson and FIS Officials announced that the FinTec Accelerator will return to Little Rock in 2017 and 2018.

Downtown Little Rock has attracted three (3) hotel developers who have invested more than \$7.3 million to secure locations to join a hotel market thriving with conventions, commerce and tourism. The 140-room Hilton Garden Inn Project is scheduled to begin taking reservations in November 2017.

In April 2016, LM Wind Power broke ground on a new 44,000 square-foot facility at the Little Rock Port. The company, which employs 450 people across two (2) sites in Little Rock, said the expansion will allow it to store materials at its port operation, cutting transportation costs and increasing efficiencies.

In May 2016, Ronald McDonald House Charities of Arkansas announced a \$1.2 million donation from the J.E. and L.E. MaBee Foundation to help fund a new 32,000 square-foot facility under construction at the corner of 10th Street and Dr. Martin Luther King, Jr., Drive in Little Rock. The facility opened in December 2016.

In August 2016, *Arkansas Business* announced that Welspun Tubular, LLC, of Little Rock had obtained an order for more than \$47 million in coated twenty (20)-inch pipe for the Diamond Pipeline, a 440-mile project to move crude oil from the Plains Terminal in Cushing, Oklahoma, to the Valero refinery in Memphis, Tennessee. Included in the report was this quote from Rusty Fisher, Senior Vice President for Sales and Marketing at Welspun. "On behalf of our more than 500 employees in the Little Rock area, we're proud to contribute to bringing the benefits of this important piece of energy infrastructure to our community. Through this prestigious pipeline order, Welspun Tubular continues to fulfill its commitment of supporting jobs to the State of Arkansas."

In November 2016, *Arkansas Business* announced that Lowe's Home Center purchased seventeen (17) acres of land at the northwest corner of Kanis and Bowman Roads in Little Rock. Plans include a \$5.8 million project, including an 113,941 square-foot building. The location has great visibility and is convenient to a large residential population. It is expected to be a great addition to Little Rock's retail environment.

In addition, *Arkansas Business* announced the Little Rock Port purchase of 157 acres of land for \$1.35 million in November 2016 to be utilized for economic development. Executive Director Bryan Day said, "This additional land will allow the port to attract new businesses that will employ even more Arkansans in the port. The Port is the proud home of forty-one (41) companies employing more than 3,000 people, and we look forward to seeing that number grow soon." During 2016, the Port competed for and was awarded a \$6.2 million Federal TIGER Grant to enable the construction of a new rail-to-barge dock on its slackwater harbor and to add 5,400 feet of storage track on the port's railroad to alleviate congestion of out-bond shipments.

Most recently, *Arkansas Business* reported that Suzhou Tianyuan Garments Company, a Chinese company that makes clothing for Adidas and other brands,

has agreed to put a garment plant in Little Rock, investing \$20 million and employing 400 people. The investment marks the first by a Chinese-owned garment manufacturer in the United States.

The City will continue to identify economic development opportunities that result in the expansion, retention or start-up of businesses that create jobs and generate sales tax, property tax or other forms of revenue for the City. The revenue anticipated from the 3/8-Cent Sales Tax of \$38,000,000, or 19.4%, for capital projects is dedicated to jobs and economic development through 2021. The funds will be utilized for port expansion, development of a research park, and job recruitment and economic development infrastructure. Job recruitment and economic infrastructure commitments to date include awards to Welspun Tubular, LLC, Martial Arts Services, Inc., FedEx, the research park and land acquisition at the Little Rock Port Authority.

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

The City of Little Rock has made great strides in the utilization of technology to communicate with local citizens and businesses. The City's website, www.littlerock.gov, is among the best and will continue to improve communication efforts. In addition, the City is proud of our local government access channel LRTV, which broadcasts information regarding the activities of the Little Rock City Board of Directors through live and taped coverage of Board Meetings and other official proceedings; and produces programming regarding municipal affairs. The City launched a LR 311 Mobile App to enable citizens to access City services. It is available for download through the App Store or Google Play Store. In March 2016, City Officials announced that Little Rock is one of only twenty-seven (27) municipalities around the U.S. participating in the What Works Cities initiative through Bloomberg Philanthropies, part of an effort to embrace open data, create a framework for its usage, and make it readily available to citizens. The City unveiled new data portals that include several data sets covering such topics as budget information, public safety statistics, and 311 requests. The data sets are live on the new main data portal at <https://data.littlerockar.gov/>.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. The City of Little Rock has received a Certificate of Achievement for thirty-four (34) years total. In order to be awarded a Certificate of

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

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

The preparation of this report could not have been accomplished without the efforts of certain individuals: Assistant Finance Director Ember Strange; Comptroller Anita Worley; and the Accounting and Reporting Staff including Octavia Ashford, Tommie Bowman, Ben Damgaard, Ben Jurgens, Nancy Warfield, and Jean Swaebe; Treasury Manager Scott Massanelli; and Grants Manager Caran Curry, and the Grants Staff including Gene Brunner, Amanda Jones, Lottie Keaton and Brittany Felix; Internal Audit Manager Debbie Carreiro, and Fiscal Systems Administrator Jonathan Burns should be recognized for their contributions and devotion to meeting the highest standards of accounting and financial reporting. In addition, credit must be given to the Mayor, the Board of Directors and the City Staff for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,



Bruce T. Moore
City Manager



Sara C. Lenehan
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

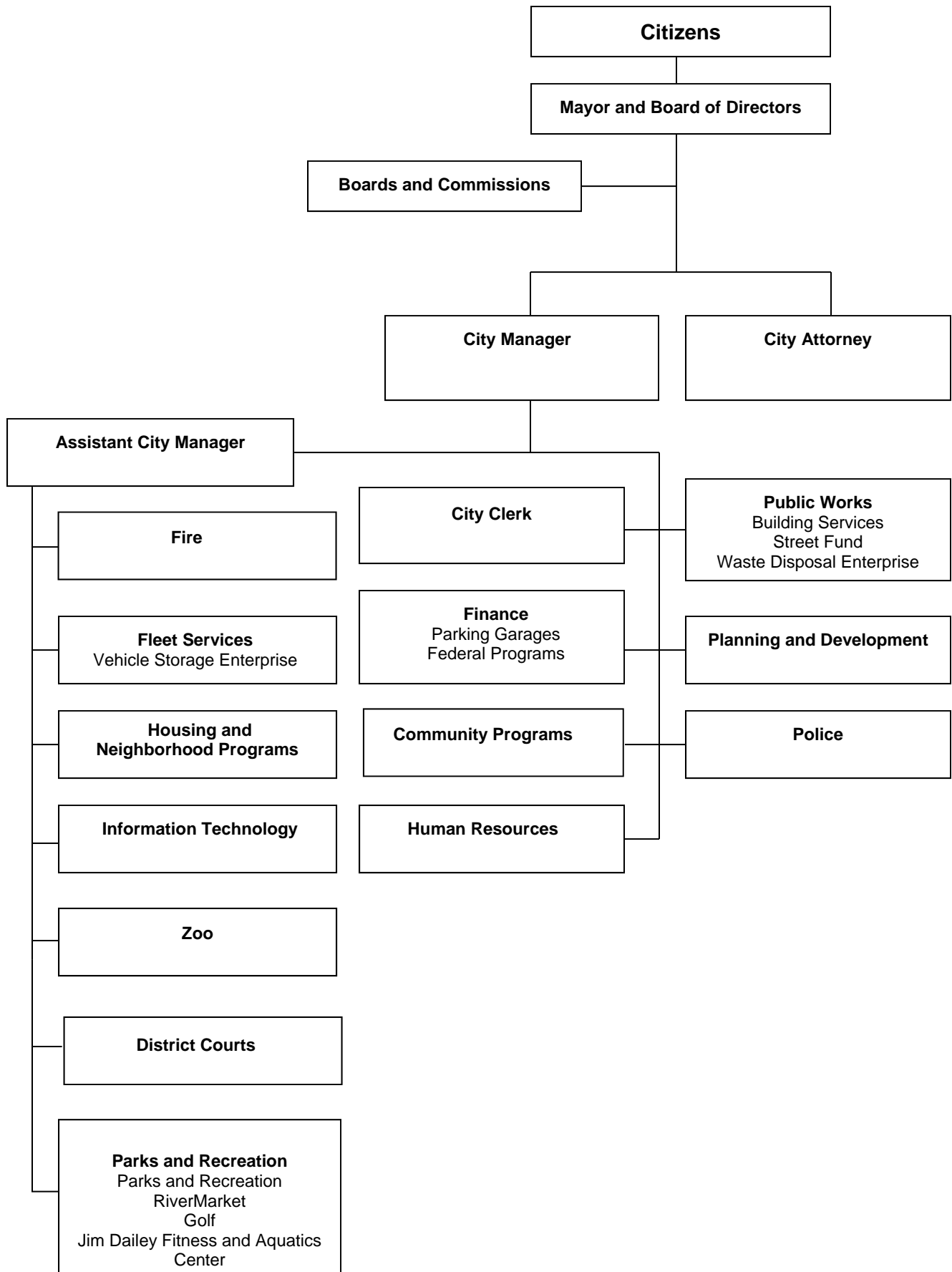
**City of Little Rock
Arkansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Little Rock Organizational Chart by Fund Responsibilities



Elected Officials:

Mark Stodola	Mayor
Kathy Webb	Vice-Mayor, Director – Ward 3
Erma Hendrix	Director – Ward 1
Ken Richardson	Director – Ward 2
Capi Peck	Director – Ward 4
Lance Hines	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
Hugh Finkelstein	District Court First Division Judge
Victor Fleming	District Court Second Division Judge
Mark Leverett	District Court Third Division Judge

Appointed Officials:

Bruce T. Moore	City Manager
Tom Carpenter	City Attorney

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority, which represent 20 percent, 18 percent and 36 percent of the assets, net position and total revenues of the aggregate discretely presented component units opinion unit. Those statements 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery, Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information including the combining and individual fund statements and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements.

The combining and individual fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
August 31, 2017

City of Little Rock, Arkansas

Management's Discussion and Analysis

December 31, 2016

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, 2016. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

Financial Highlights

- The City continued to implement projects and initiatives supported by the additional one-cent local sales tax approved by the citizens of Little Rock that became effective on January 1, 2012. The tax supplements the 1/2-cent sales tax that has been in place since 1994. The additional one-cent tax includes a 5/8-cent ongoing tax for operations and a 3/8-cent ten (10) year limited tax to fund specified capital projects.
- Total assets and deferred outflows of the City exceeded total liabilities and deferred inflows at the close of 2016 by \$508,156,278. Of this amount, \$561,130,445 reflects the net investment in capital assets; \$49,148,532 is restricted for debt service, grant funds and other special projects; \$250,000 is restricted nonexpendable; and (\$102,372,699) is considered unrestricted.
- The City's 2016 total net position increased by \$5,823,996. Net position of the governmental activities increased \$3,679,194 and business-type activities increased \$2,144,802. The unrestricted net position of the City's governmental activities decreased \$11,969,351 to (\$110,494,341). The unrestricted net position of the City's business-type activities increased \$1,133,394 to \$8,121,642.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$147,820,534. The combined governmental funds balances decreased \$14,041,299 from the prior year. The primary components of this change were the net decrease in capital project funds of approximately \$22.9 million, partially offset by net increases in General Fund balances of approximately \$0.9 million, approximately \$3.8 million in special revenue funds balances, and approximately \$4.1 million in debt service funds balances. The components of these changes will be discussed in detail in the Financial Analysis of the Government's Funds below. Approximately \$21.4 million of the \$147,820,534 fund balances is considered unassigned at December 31, 2016, and \$108,948,051 is reported as restricted for capital projects or debt service. In addition, \$6.3 million of the governmental fund balances is nonspendable, primarily representing inventories and prepaid expenditures. The committed and assigned portions of the fund balances were \$49,105 and \$11,141,556, respectively.
- The General Fund reported fund balance of \$40,122,811 at the end of the current year. Unassigned fund balance for the General Fund was approximately \$24 million or 12% of total General Fund expenditures (including transfers out). There was a \$903,566 increase in the total fund balance for the General Fund for the year ended December 31, 2016.
- During the current year, the City's total debt decreased by \$12.6 million (7.75% below 2015). The key factors in this decrease were principal payments of \$12,595,000 for general obligation

bonds, \$8,564,133 for temporary notes, and \$3.4 million for revenue bonds, partially offset by the issuance of \$11,978,000 in 2016 Short Term Financing Notes.

- At the close of the current year, net position of fiduciary funds was \$144,284,334 held in trust for pension and other post-employment benefits. Total fiduciary net position held in trust increased \$3.2 million for the year ended December 31, 2016. The increase in net position is attributed to contributions to the funds in the amount of \$15.8 million, investment income and a net change in the fair value of investments of \$4.45 million, net of benefits paid directly to participants of \$16.2 million, and other participant transfers and administrative expenses of \$0.9 million.
- The City's net pension liability increased \$30,553,661 to \$221,361,231 for Governmental Activities and \$779,045 for Business-Type Activities. The net pension liability of \$222,140,276 and the related net deferred inflows and outflows of resources of \$56,428,367 are discussed in detail in *Note 6* on Pages 68-97 of this report. Approximately \$29.1 million of the increase in the net pension liability is associated with the City's proportionate share of the liability of the Arkansas Local Police and Fire Retirement System (LOPFI) plan, primarily due to a decrease in the assumed investment rate of return and the difference between expected and actual investment earnings on pension plan investments.
- At December 31, 2016 the City's component units reported net position of \$883,042,199, an increase of \$30,569,971.

Overview of the Financial Statements

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

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

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

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

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

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

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

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Complete financial statements for these component units may be obtained by contacting the administrative offices listed on Pages 38-39.

The government-wide financial statements can be found on Pages 23-24 of this report.

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

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

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

The City maintains twenty-five (25) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Capital Improvement Fund, the 2013 Capital Improvement Fund (debt service), the 2013 Capital Improvement Fund (capital projects), and the Street Fund, which are considered to be major funds. Data from the other twenty (20) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on Pages 25-28 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, vehicle storage and parking garage operations. The Waste Disposal Fund and River Market Garage Fund are considered to be major enterprise funds of the City. The Fleet Fund is the only internal service fund.

The basic proprietary fund financial statements can be found on Pages 29-31 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 32-33 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 36-106 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, Street Fund budget and the City's pension and other postemployment benefit information. The City adopts an annual appropriation budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found beginning on Page 107 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 122-129 of this report.

Government-wide Financial Analysis

City of Little Rock, Arkansas Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 168,623,223	\$ 146,141,942	\$ 16,174,942	\$ 15,385,277	\$ 184,798,165	\$ 161,527,219
Noncurrent and other assets	65,388,607	91,853,246	1,007,901	1,567,528	66,396,508	93,420,774
Capital assets	621,746,079	615,429,095	24,127,136	23,281,409	645,873,215	638,710,504
Total assets	<u>855,757,909</u>	<u>853,424,283</u>	<u>41,309,979</u>	<u>40,234,214</u>	<u>897,067,888</u>	<u>893,658,497</u>
Deferred outflows of resources	60,221,013	29,636,595	444,637	324,005	60,665,650	29,960,600
Total deferred outflows of resources	<u>60,221,013</u>	<u>29,636,595</u>	<u>444,637</u>	<u>324,005</u>	<u>60,665,650</u>	<u>29,960,600</u>
Total assets and deferred outflows of resources	<u>915,978,922</u>	<u>883,060,878</u>	<u>41,754,616</u>	<u>40,558,219</u>	<u>957,733,538</u>	<u>923,619,097</u>
Current liabilities	62,677,360	54,534,655	2,590,386	3,313,082	65,267,746	57,847,737
Long-term liabilities outstanding	367,075,648	347,594,305	14,471,184	14,757,890	381,546,832	362,352,195
Total liabilities	<u>429,753,008</u>	<u>402,128,960</u>	<u>17,061,570</u>	<u>18,070,972</u>	<u>446,814,578</u>	<u>420,199,932</u>
Deferred inflows of resources	2,650,791	1,035,990	111,891	50,894	2,762,682	1,086,884
Total deferred inflows of resources	<u>2,650,791</u>	<u>1,035,990</u>	<u>111,891</u>	<u>50,894</u>	<u>2,762,682</u>	<u>1,086,884</u>
Net position	<u>\$ 483,575,123</u>	<u>\$ 479,895,929</u>	<u>\$ 24,581,155</u>	<u>\$ 22,436,353</u>	<u>\$ 508,156,278</u>	<u>\$ 502,332,282</u>
Net investment in capital assets	\$ 546,408,833	\$ 547,314,893	\$ 14,721,612	\$ 12,345,577	\$ 561,130,445	\$ 559,660,470
Restricted - expendable	47,410,631	30,856,026	1,737,901	3,102,528	49,148,532	33,958,554
Restricted - unexpendable	250,000	250,000	-	-	250,000	250,000
Unrestricted	<u>(110,494,341)</u>	<u>(98,524,990)</u>	<u>8,121,642</u>	<u>6,988,248</u>	<u>(102,372,699)</u>	<u>(91,536,742)</u>
Total net position	<u>\$ 483,575,123</u>	<u>\$ 479,895,929</u>	<u>\$ 24,581,155</u>	<u>\$ 22,436,353</u>	<u>\$ 508,156,278</u>	<u>\$ 502,332,282</u>

Certain reclassifications to the 2015 net positions classifications have been made.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$508,156,278 at the close of the most recent fiscal year.

The largest portion of the City's net position, 110.4%, 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 is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be utilized to liquidate these liabilities. An additional portion of the City's net position, 9.7%, represents resources that are subject to restrictions as to how they may be used. The remaining unrestricted net position of (\$110,494,341) represents -20.1% of the City's net position.

**City of Little Rock
Changes in Net Position**

Revenues	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<i>Program revenues:</i>						
Charges for services	\$ 35,813,451	\$ 31,944,939	\$ 22,168,786	\$ 21,457,756	\$ 57,982,237	\$ 53,402,695
Operating grants and contributions	4,619,575	6,041,316	-	-	4,619,575	6,041,316
Capital grants and contributions	2,415,017	591,966	17,482	-	2,432,499	591,966
<i>General revenues:</i>						
Property taxes	57,028,881	50,469,150	-	-	57,028,881	50,469,150
Sales taxes	118,220,534	118,312,110	-	-	118,220,534	118,312,110
Utility franchise taxes	29,599,082	31,065,494	-	-	29,599,082	31,065,494
Investment earnings (loss)	559,560	775,618	47,467	111,523	607,027	887,141
Intergovernmental revenues	25,055,029	22,990,373	-	-	25,055,029	22,990,373
Other	-	-	-	-	-	-
Total revenues	273,311,129	262,190,966	22,233,735	21,569,279	295,544,864	283,760,245
Expenses						
General government	53,272,987	55,582,516	-	-	53,272,987	55,582,516
Public Works	39,423,882	39,559,132	-	-	39,423,882	39,559,132
Parks and recreation	13,144,116	11,324,541	-	-	13,144,116	11,324,541
River Market	1,284,327	1,298,563	-	-	1,284,327	1,298,563
Golf	2,551,972	2,434,632	-	-	2,551,972	2,434,632
Jim Dailey Fitness	1,004,748	988,633	-	-	1,004,748	988,633
Zoo	7,466,778	10,754,587	-	-	7,466,778	10,754,587
Public safety	127,442,892	108,163,993	-	-	127,442,892	108,163,993
Education	10,131,712	5,773,774	-	-	10,131,712	5,773,774
Housing and neighborhood programs	9,149,127	10,142,884	-	-	9,149,127	10,142,884
Interest on long-term debt	4,641,761	4,680,035	-	-	4,641,761	4,680,035
Bond issue costs	-	117,481	-	-	-	117,481
Agent fees on long-term debt	-	33,030	-	-	-	33,030
Waste disposal	-	-	14,790,357	14,401,947	14,790,357	14,401,947
Parking system	-	-	2,087,989	1,985,775	2,087,989	1,985,775
Fleet	1,918,738	1,164,920	-	-	1,918,738	1,164,920
Vehicle storage	-	-	1,409,481	1,350,526	1,409,481	1,350,526
Total expenses	271,433,041	252,018,721	18,287,827	17,738,248	289,720,868	269,756,969
Change in net position before transfers	1,878,088	10,172,245	3,945,908	3,831,031	5,823,996	14,003,276
Transfers	1,801,106	1,816,098	(1,801,106)	(1,816,098)	-	-
Change in net position	3,679,194	11,988,343	2,144,802	2,014,933	5,823,996	14,003,276
Net Position, Beginning of Year, as Previously Reported *	479,895,929	589,466,696	22,436,353	20,884,192	502,332,282	610,350,888
Change in accounting principle	-	(121,559,110)	-	(462,772)	-	(122,021,882)
Net Position, Beginning of Year	479,895,929	467,907,586	22,436,353	20,421,420	502,332,282	488,329,006
Net position – December 31	\$ 483,575,123	\$ 479,895,929	\$ 24,581,155	\$ 22,436,353	\$ 508,156,277	\$ 502,332,282

* The cumulative effect of applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, resulted in beginning net position for 2015 being restated.

Governmental Activities. Governmental activities increased the City's net position by \$3,679,194. The increase in current assets of \$22.5 million, partially offset by an increase in current liabilities of \$8.1 million, increased net position by \$14.4 million. A decrease in noncurrent assets of \$26.5 million, partially offset by an increase in net capital assets of \$6.3 million and a decrease in noncurrent liabilities of \$11 million, excluding the net pension liability, decreased net position by approximately \$9.1 million. The increase in the net pension liability of \$30.5 million, partially offset by the change in deferred outflows and inflows of resources of \$29 million, decreased net position by approximately \$1.5 million.

Property tax represents 20.9% of the City's governmental revenue in 2016. Property tax revenues increased approximately \$6.6 million primarily due to an increase in assessed values and the timing of excess commissions. Sales tax represents 43.2% of the City's 2016 governmental revenue. Sales tax revenues were flat in comparison to 2015 revenues. The increase in intergovernmental revenues of approximately \$2.1 million is primarily due to increased contributions and donations of capital assets.

Excluding transfers in, current year expenses were 99% of current year revenues.

Business-type Activities. Business-type activities increased the City's net position by \$2,144,802. Key elements of this increase are as follows:

- Operating income increased net position by \$4,295,270. Net nonoperating expenses, primarily interest expense, decreased net position by \$366,844. Net transfers decreased net position by \$1,801,106.
- Waste Disposal net position increased by \$1,708,951. Net income, before net transfers out of \$1,522,037, was \$3,230,988 which was generated primarily by waste disposal and landfill services.
- River Market Garage operating income of \$1,240,390 was offset by net nonoperating expense of \$452,984 and transfers out of \$279,069. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income decreased net position by \$72,486.

Waste Disposal activities contribute 81% of the operating revenue to the business-type activities. Current year operating expenses, including transfers out, for business-type activities were 91% of current year operating revenues.

Financial Analysis of the Government's Funds

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

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

As of December 31, 2016, the City's governmental funds reported combined ending fund balances of \$147,820,534, a decrease of \$14 million in comparison with the prior year. Approximately \$108.9 million is reported as *restricted fund balance* for capital projects or debt service. In addition, approximately \$6.3 million of the governmental fund balances is *nonspendable*, representing primarily

inventories and prepaid expenditures. The *committed* and *assigned* portions of the fund balances were \$49,105 and \$11.1 million, respectively. Approximately \$21.4 million constitutes *unassigned fund balance* and is available for spending at the government’s discretion.

The General Fund is the chief operating fund of the city. At December 31, 2016, unassigned fund balance of the General Fund was \$24 million, while the total fund balance was \$40,122,811. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Unassigned fund balance represents 12% of total General Fund expenditures (including transfers out), while total fund balance represents 20% of that same amount.

The special revenue funds had total fund balances of \$22,320,672. The net increase in fund balances during 2016 for the funds was \$3,848,651. Special revenues come from intergovernmental sources, property taxes and charges for services. The net increase in fund balances is primarily attributed to an increase in Street Fund revenues primarily associated with funding from the state ½ cent sales tax allocated to the City for street construction, resurfacing and other road related projects. Unspent funds are being reserved for future street projects. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	\$ 3,231,404	\$ 15,908,488
Special Projects	835,427	3,603,334
Emergency 911	6,694	103,135
CDBG	(219,913)	839,253
NHSP	(6,913)	25,654
HIPP	11,886	884,211
Grant	(9,934)	956,597

The debt service funds had total fund balances of \$21,857,767. The net increase in fund balances during 2016 was \$4,066,074. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Revenues for the 2009 Parks and Recreation debt service come from park operating revenues. Tax increment financing (TIF) funds were issued in 2014 to fund infrastructure improvements associated with an economic development project surrounding the Bass Pro development in Southwest Little Rock. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	\$ 10,771	\$ 43,799
2002 Junior Lien Bonds	1,040	19,536
TIF #1 2014 Capital Improvements	(102,937)	247,279
2008 & 2009 Central Arkansas Library	(100,316)	-
2009 Parks and Recreation	8,805	2,245,989
2012 Central Arkansas Library	258,796	3,879,796
2015 Central Arkansas Library	2,921,286	3,057,407
2013 Capital Improvement	1,068,629	12,363,961

The capital project fund balances decreased by \$22,859,590 to total fund balances at December 31, 2016, of \$63,519,284. In accordance with the terms of the City ordinance for each fund, approximately \$46.5 million was used to acquire capital assets. Revenues for capital projects come primarily from bond proceeds and from the 3/8-cent sales tax, which generated approximately \$18.5 million in revenue in 2016, less \$7.3 million contributed to the General Fund for principal payments on note issued to advance capital projects. In addition, the City issued short-term financing notes in 2016 in the amount of \$11,978,000 million to fund completion of construction and equipping the Southwest Fire Station and the

purchase of fire vehicles, replacement of self-contained breathing apparatus, a fire suppression system for the Information Technology Department, fiber infrastructure, Planning and Permitting software, and the purchase of an office building. The net changes and ending fund balances for the capital project funds are:

Fund	Net Change	Ending Balance
1998 Capital Improvement	\$ (160,039)	\$ -
TIF #1 2014 Capital Improvements	6	6
Port TIF	137,572	700,454
Short Term Financing	1,219,975	1,367,182
2004 Capital Improvement	(3,964)	1,872
Sales Tax Capital Improvement	8,913,581	38,727,097
2012 Central Arkansas Library	(2,269,891)	879
2015 Central Arkansas Library	(7,609,290)	10,600,674
2013 Capital Improvement	(23,087,540)	12,121,120

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

Net position (deficit) at the end of the year amounted to \$24,379,184, \$1,121,285 and (\$919,314) for Waste Disposal, River Market Garage and Vehicle Storage operations, respectively. Net position increased in the Waste Disposal and River Market Garage funds by \$1,708,951 and \$508,337, respectively. Net position decreased in the Vehicle Storage Fund by \$72,486. 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 \$1,803,579 less than the original budget. The total original appropriations, including those for transfers out, were \$201,644,229, while the final appropriations were for \$199,840,650. The purpose of the budget amendment was to adjust budgeted revenues and expenditures to reflect increases in year-to-date intergovernmental revenues, licenses and permits, and charges for services; and decreases in projected sales tax revenues and utility franchise fees. In addition, the adjustment included the allocation of savings from authorized but vacant positions to the appropriate departments and allocation of vacation/sick payouts for retiring employees. Budget adjustments and actual results are shown as follows:

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

	Original	Adjustments	Amended	Actual	Favorable (Unfavorable)	Explanation
	Budget		Budget		Variance	
Property Taxes	\$28,249,736	(\$111,159)	\$28,138,577	\$28,611,668	\$473,091	The budget amendment included an increase of \$255,950 associated with excess commissions on property tax collections from the previous year, offset by a reduction of \$367,109 in Act 9 and Port property taxes due to the reclassification of revenues to applicable debt service, library, and bond funds. The actual variance is due to collections in excess of estimated revenues of which approximately \$354,000 is dedicated to the closed Police and Fire Pension funds and approximately \$119,000 is available for general uses.
Sales Taxes	101,575,420	(1,674,000)	99,901,420	99,746,536	(154,884)	The original budget included an estimate of 2% growth from the prior year. The budget amendment reflects a reduction in anticipated sales tax revenues based on actual experience through August with estimated revenues through the remainder of the year consistent with 2015 revenues. Actual revenues were less than 0.2% from the amended budget.
Licenses & Permits	10,786,600	412,500	11,199,100	11,297,877	98,777	The budget amendment reflects an increase of approximately \$184,000 for business license revenues and an increase of approximately \$228,500 for building and related permit revenues associated with apartment complexes and other development activities. The favorable actual variance is attributed to mixed drink licenses and increased permitting activity for commercial development.
Intergovernmental	7,686,800	938,472	8,625,272	8,625,272	—	Insurance pension turnback revenues are received annually in July from the State of Arkansas. The budget amendment reflects an increase in revenues dedicated to the closed local Police and Fire Pension funds and to offset approximately 40% of the contribution to LOPFI for active uniform police and fire members.
Charges for Services	10,054,277	282,800	10,337,077	10,214,683	(122,394)	The budget amendment reflects improved attendance at the Zoo associated with mild weather in the winter and spring, partially offset by reduced revenues at the Jim Dailey Fitness and Aquatics Center associated with increased private competition, and a decrease in golf revenues associated with the closing of the War Memorial course for replacement of the greens in 2016. The unfavorable actual variance is primarily associated with a reduction in 911 service fee reimbursements for the salaries of Emergency Communication personnel.

City of Little Rock
General Fund Budget – Revenue

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Fines & Fees	\$2,812,371	(\$369,600)	\$2,442,771	\$2,678,304	\$235,533	The budget amendment includes reductions in fines from general and parking fines due to a higher number of defendants choosing community service and a reduction in parking meters available during construction activity downtown. The favorable actual variance is due to increased revenue accruals for 2016 fines collected in January and February of 2017.
Franchise Fees	29,686,027	(1,850,750)	27,835,277	27,840,410	5,133	The original budget for franchise fees was based on guidance provided by the utility companies. The budget amendment reflects a reduction in gas and electric franchise fees due to historically low fuel cost, the expiration of riders associated with previous storms, and reduced usage due to mild weather. Gas usage declined by more than 17% during the year. Actual results were in line with the amended budget.
Interest Earnings	225,000	66,400	291,400	89,012	(202,388)	The budget amendment reflects slightly higher interest rates. The actual variance is associated with a negative fair market value adjustment to investments at year end due to rising interest rates on fixed income securities. The portfolio is held to maturity. No actual gains/losses are anticipated.
Transfers In	9,351,970	686,758	10,038,728	9,540,355	(498,373)	The budget amendment reflects an increase in transfers from a special project for contingencies to help offset the impact of the negative adjustment to anticipated sales tax and franchise fee revenues. In addition, the amendment includes the transfer of 311 positions from the Waste Disposal Fund to General Administration. The actual variance reflects the elimination of transfers in from general fund special projects to the general fund, partially offset by transfers in from the Street and Waste Disposal Fund to provide funding for a re-entry right-of-way mowing crew and environmental youth services.
All Other Revenues	<u>1,216,028</u>	<u>(185,000)</u>	<u>1,031,028</u>	<u>2,835,828</u>	<u>1,804,800</u>	The budget amendment is associated with reductions in actual experience through October associated with sales tax refunds, reimbursements, and workers compensation refunds. The actual variance includes revenue deposited to special projects in the amount of approximately \$1.53 million and seized funds in the amount of approximately \$153,000 that is not budgeted. The remaining \$249,000 is

associated with larger sales tax reimbursements in the 4th quarter and a year-end accrual for a large workers compensation reimbursement. The special project revenue includes approximately \$1 million from a new 1% Parks Hospitality tax dedicated to improvements and future debt service for a voter approved bond issue to fund improvements in MacArthur Park and to expand and upgrade the Arkansas Arts Center.

Total General					
Fund Revenue	<u>\$ 201,644,229</u>	<u>(\$ 1,803,579)</u>	<u>\$ 199,840,650</u>	<u>\$ 201,479,945</u>	<u>\$ 1,639,295</u>

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

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

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
General Administration	\$21,016,202	(\$1,116,928)	\$19,899,274	\$20,826,999	(\$927,725)	The budget amendment is primarily associated with vacancy savings (\$123,387) and the allocation of vacation and sick leave payouts (\$1,348,235) for retiring employees to other departments. In addition, the amendment includes the transfer of the 311 Division from the Police Department to General Administration, net of the transfer of the Racial and Cultural Diversity Division from General Administration to Community Programs. The actual variance includes special project expenditures (\$1.3 million) for homelessness outreach, grant match, public service announcements and other projects that were included in the transfers out budget. In addition, the actual variance is partially offset by a reduction in workers compensation claims and actuarially determined non-uniform pension contributions.
Board of Directors	342,818	11,550	354,368	348,348	6,020	The budget amendment is associated with the vacation/sick leave payout for an employee that resigned. The favorable year-end variance reflects unspent travel allocations, partially offset by increased supplies and other expenses.
Community Programs	427,559	107,160	534,719	5,890,515	(5,355,796)	The budget amendment reflects the transfer of the Racial and Cultural Diversity Commission from General Administration to Community Programs. The actual variance is primarily associated with the special project expenditures for Children, Youth and Family and Prevention, Intervention, and Treatment programs which are budgeted as transfers out in the amount of \$5.5 million. The actual special project expenditures totaled \$5.35 million.
City Attorney	1,939,007	(137,486)	1,801,521	1,768,815	32,706	The budget amendment reflects savings from vacant positions (\$160,012), net of an allocation for vacation/sick payouts (\$22,526) to retiring employees. The actual favorable variance is primarily associated with additional savings from vacant positions and PC training software.
District Court – First Division	1,410,338	1,856	1,412,194	1,279,134	133,060	The budget amendment is primarily associated with a vacation/sick payout for a retiring employee (\$1,856). The actual variance includes savings in part-time salaries, supplies, and contracted services.

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

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
District Court – Third Division	\$627,195	\$38,922	\$666,117	\$625,799	\$40,318	The budget amendment reflects an additional allocation for vacation/sick payouts (\$38,922) to retiring employees. The actual variance includes additional savings in personnel cost, supplies and contracted services.
District Court – Second Division	1,365,334	(37,532)	1,327,802	1,314,121	13,681	The budget amendment reflects savings from vacant positions (\$42,954), net of an allocation for vacation/sick payouts to retiring employees (\$5,422). The actual variance includes additional savings in personnel cost, supplies and repairs and maintenance.
Finance	3,407,407	(11,887)	3,395,520	3,400,061	(4,541)	The budget amendment reflects savings from vacant positions (\$45,608), net of an allocation for vacation/sick payouts to retiring employees (\$33,721). The unfavorable variance is associated with expenditures from a special project carried over from 2015 for the purchase of office furniture for the Purchasing Division.
Human Resources	1,810,554	108,864	1,701,690	1,645,359	56,331	The budget amendment reflects savings from vacant positions (\$154,982), net of an allocation for vacation/sick payouts to retiring employees (\$46,118). The actual variance is additional savings from vacant positions, software maintenance and contracted services totaling approximately \$99,000, partially offset by special project expenses of approximately \$43,000 for work boots and drivers' license monitoring.
Information Technology	4,843,151	(846,885)	3,996,266	4,514,540	(518,274)	The budget amendment includes savings from vacant positions (\$246,730), net of vacation/sick payouts to retiring employees (\$26,852), reclassification of \$626,000 from IT maintenance to a special project for the second phase of the City's Voice over Internet Protocol (VoIP) phone system upgrade, and fuel savings (\$1,007). The actual variance includes the expenditure of funds set aside in a special project in 2015 for the first phase of the VoIP phone system upgrade (\$697,700), partially offset by additional personnel savings.
Planning & Development	2,566,299	(193,556)	2,372,743	2,397,447	(24,704)	The budget amendment reflects a reduction in fuel cost (\$4,995), and savings from vacant positions (\$189,100), net of vacation/sick payouts to retiring employees (\$539). The actual variance includes \$100,707 in special project expenditures budgeted as transfers out, partially offset by additional savings in personnel cost, supplies, utilities and other expenses

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Parks & Recreation	\$10,207,910	(\$583,629)	\$9,624,281	\$10,109,876	(\$485,595)	The budget amendment reflects a reduction in fuel cost (\$44,146), and savings from vacant positions (\$543,413), net of vacation/sick payouts to retiring employees (\$23,930). In addition, the adjustment includes a transfer from the Park's maintenance budget to the Golf Division (\$20,000). The unfavorable actual variance includes special project expenditures for youth athletic programs and summer playground activities (\$573,085) that are budgeted as transfers out, partially offset by additional personnel cost and utility savings.
Rivermarket	1,174,745	—	1,174,745	1,183,258	(8,513)	The actual variance is immaterial.
Golf	2,288,313	107,066	2,395,379	2,507,605	(112,226)	The budget amendment includes additional allocations for First Tee support (\$55,000), vacation/sick payouts for retiring employees (\$35,030), and a transfer from the Parks Department for maintenance expenses (\$20,000), partially offset by a reduction in fuel cost (\$2,964). Actual expenses include additional personnel cost for part-time staff, supplies and merchandise for the pro-shop, concessions, and maintenance equipment.
Jim Dailey Fitness	909,546	(13,064)	896,482	896,483	(1)	The budget amendment includes savings from vacant positions (\$17,228), net of an additional allocation for vacation/sick payouts (\$4,164).
Zoo	6,810,041	24,184	6,834,225	6,908,062	(73,837)	The budget amendment includes an additional allocation for vacation/sick payouts for retiring employees (\$25,584), partially offset by a reduction in fuel cost (\$1,400). The actual variance is primarily due to expenditures for special events and other small projects funded by donations and funds set aside in prior years.
Housing & Neighborhoods	5,866,198	(702,314)	5,163,884	6,127,766	(963,882)	The budget adjustment includes a reduction in fuel cost (\$31,905) and savings from vacant positions (\$711,759), net of vacation/sick payouts for retiring employees (\$41,350). The actual variance includes expenditures for special projects (\$955,390) included in the budget for transfers out. Projects include allocations for various neighborhood programs, weed lot maintenance, land bank activities, and residential demolition of unsafe structures.
Fleet	—	—	—	1,196,912	(1,196,912)	Fleet replacement expenditures of \$850,000 were included in the transfers out budget. Additional expenditures were from funds set aside in prior years.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Fire	\$47,365,844	\$226,704	\$47,592,548	\$47,859,571	(\$267,023)	The budget amendment includes additional allocations for vacation/sick payouts for retiring employees (\$247,860) and for local pension contributions (\$109,054), partially offset by a reduction in fuel cost (\$130,210). The unfavorable actual variance includes \$202,500 in additional contributions to the closed local pension plan, directly offset by excess dedicated revenues. The remaining variance of approximately \$64,000 is attributed to additional personnel cost, including clothing and EMT allowances, overtime, and holiday premium, partially offset by savings in fuel cost, utilities and repairs.
Police	70,548,138	(4,057,364)	66,490,774	67,976,760	(1,485,986)	The budget amendment includes a reduction in fuel cost (\$362,603), reflects savings from vacant positions (\$4,883,389), and the transfer of 311 positions to General Administration, partially offset by additional allocations for vacation/sick payouts for retiring employees (\$782,907) and for uniform costs (\$25,428). In addition, the amendment includes an increase in the allocation for local pension contributions (\$436,565), directly offset by dedicated property tax and pension turnback revenues. The unfavorable actual variance includes special project expenditures (\$1,196,912) funded by allocations set aside in 2015 for fleet replacement, a new fueling station, and safety equipment. In addition, the variance includes additional contributions to the closed pension fund (\$237,000) offset by dedicated revenues. Other Police personnel expenses are approximately \$138,000 over budget, and other operating expenses are approximately \$41,000 over budget due to increased training and rent, partially offset by fuel and repairs and maintenance savings.
Debt Service - Principal	8,564,216	—	8,564,216	8,564,131	85	Immaterial actual variance.
Debt Service – Interest	373,390	—	373,390	373,513	(123)	Immaterial actual variance.
Agent fees	24,000	—	24,000	—	24,000	Immaterial actual variance.

City of Little Rock
General Fund Budget – Expenditures

	Original Budget	Adjustments	Amended Budget	Actual	Favorable (Unfavorable) Variance	Explanation
Vacancy Savings	(\$6,000,000)	\$6,000,000	—	—	—	The budget adjustment reflects savings achieved by maintaining vacant positions. As savings are achieved, the budgets of the applicable departments are reduced with an offset to the vacancy savings budget. Actual vacancy savings were approximately \$7.25 million.
Total General Fund Expenditure						Excess expenditures were primarily from special projects funded with prior year allocations or from donations as noted above.
	<u>\$201,644,229</u>	<u>(\$1,803,579)</u>	<u>\$199,840,650</u>	<u>\$200,576,379</u>	<u>(\$735,729)</u>	

Capital Assets and Debt Administration

Capital assets. The City’s investment in capital assets for governmental and business-type activities as of December 31, 2016, amounts to \$645,873,215 (net of accumulated depreciation). This investment in capital assets includes land, buildings, systems, improvements, vehicles and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, and drainage systems. The total decrease in the City’s investment in capital assets for 2016 was 1.1% (a 1% increase for governmental activities and a 3.6% increase for business-type activities).

City of Little Rock
Capital Assets, net of depreciation

	Governmental Activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 183,601,268	\$ 180,995,171	\$ 2,637,147	\$ 2,637,147	\$ 186,238,415	\$ 183,632,318
Buildings	82,846,969	75,948,576	15,095,793	15,434,971	97,942,762	91,383,547
Improvements other than buildings	12,076,027	12,653,128	2,327,020	3,090,595	14,403,047	15,743,723
Vehicles and equipment	30,239,695	32,964,707	4,067,176	1,980,964	34,306,871	34,945,671
Infrastructure	294,611,010	290,990,455	-	-	294,611,010	290,990,455
Construction in progress	18,371,110	21,877,058	-	137,732	18,371,110	22,014,790
Total	<u>\$ 621,746,079</u>	<u>\$ 615,429,095</u>	<u>\$ 24,127,136</u>	<u>\$ 23,281,409</u>	<u>\$ 645,873,215</u>	<u>\$ 638,710,504</u>

Major capital asset events during 2016 included the following:

- Infrastructure additions, including right-of-way were \$19,735,211
- Vehicle and equipment additions were \$10,594,107
- Building additions were \$9,677,185
- Construction in progress transfers for assets placed in service, net of additions, were (\$3,643,680)
- Land and other improvements additions were \$3,321,830

- Depreciation expense totaled \$31,679,458
- Asset retirements, net of accumulated depreciation were \$842,484

Additional information on the City’s capital assets can be found in *Note 3* on Pages 54-57 of this report.

Long-term Debt. At December 31, 2016, the City’s primary government, had \$149,771,300 of long-term bonds outstanding, including general obligation bonds of \$91,110,000, notes payable of \$27,321,300 and \$31,340,000 of bonds secured solely by specified revenue sources (*i.e.* revenue bonds).

City of Little Rock General Obligation and Revenue Bonds Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds						
and notes payable	\$ 118,431,300	\$ 127,612,433	\$ -	\$ -	\$ 118,431,300	\$ 127,612,433
Revenue bonds	<u>21,890,000</u>	<u>23,755,000</u>	<u>9,450,000</u>	<u>10,985,000</u>	<u>31,340,000</u>	<u>34,740,000</u>
Total	<u>\$ 140,321,300</u>	<u>\$ 151,367,433</u>	<u>\$ 9,450,000</u>	<u>\$ 10,985,000</u>	<u>\$ 149,771,300</u>	<u>\$ 162,352,433</u>

Total long-term bonds and notes payable outstanding at December 31, 2016, decreased \$12,581,133, a decrease of 7.75%. The net decrease includes the issuance short-term financing notes in the amount of \$11,978,000, less bonded debt retirements of \$15,995,000 and short-term financing notes retired in the amount of \$8,564,133.

The City’s general obligation bond rating by Standard & Poor’s Corporation and Moody’s Investors Service, Inc. are “AA” and “Aa1”, respectively. The City’s bond ratings are shown in the following table.

	Moody’s Investors Service	Standard & Poor’s
<u>General Obligation Debt</u>		
2012 Library Capital Improvement Bonds	Aa1	AA
2013 Capital Improvement Bonds	Aa1	AA
2015 Library Capital Improvement and Refunding Bonds	Not Rated	AA
TIF #1 2014 Capital Improvement	Not Rated	Not Rated
<u>Revenue Debt</u>		
2003 Capital Improvement and Refunding Revenue	A3	A-
2002 Capital Improvement Junior Lien	Not Rated	A+
2007 Capital Improvement Revenue Refunding Bonds	Aa3	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	AA-
2009A Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
2009B Parks and Recreation Capital Improvement Bonds	Not Rated	Not Rated
<u>Discrete Components</u>		
2007B Sewer Construction Bonds	Not Rated	Not Rated
2009A Sewer Revenue	Not Rated	Not Rated
2011 Sewer Revenue	Aa3	Not Rated
2012 Sewer Revenue	Aa3	Not Rated
2013 Sewer Revenue	Not Rated	Not Rated
2014 Sewer Revenue	Aa3	Not Rated
2015 Sewer Revenue	Aa3	Not Rated

2016 Sewer Refunding Revenue Bonds, Series 2016B	Aa3	Not Rated
2014 Hotel and Restaurant Gross Receipts Tax Bonds	Not Rated	A+

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2016, of \$93,476,815 net of premiums and discounts are well below the statutory limit of \$846,062,929. 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, 2016, of \$27,321,300 are well below the statutory limit of \$211,515,732. 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 58-66 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 2017 budget. The total 2017 General Fund budget is \$204,522,270 which reflects an increase of 1.4% from the original 2016 adopted budget and an increase of 2.3% from the final amended 2016 General Fund budget. City officials are encouraged by economic development in all sectors of the City as discussed in the letter of transmittal in the introductory section of this report on Pages *i–xii*. The Mayor and the Board of Directors continue to place the highest premium on safety for the people of Little Rock and City employees. In order to meet the objectives of the 2017 budget, the City recognized the need to continue its pattern of cost containment designed to promote long-term fiscal stability.

Request for Information

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

Financial Statements

City of Little Rock, Arkansas
Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 13,834,118	\$ 1,620,603	\$ 15,454,721	\$ 74,885,481
Investments	38,012,023	11,069,822	49,081,845	29,015,934
Restricted cash and investments – current	17,971,228	947,921	18,919,149	11,362,028
Accounts receivable, net of allowance for uncollectible accounts	94,746,783	3,106,225	97,853,008	34,779,046
Internal balances	874,731	(874,731)	-	-
Inventories	1,344,034	-	1,344,034	2,429,579
Prepaid expenses and other	1,840,306	305,102	2,145,408	4,654,469
Total current assets	168,623,223	16,174,942	184,798,165	157,126,537
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	49,068,326	519,462	49,587,788	30,446,955
Investments	33,764,158	1,399,495	35,163,653	16,680,035
Grants and other receivables	-	-	-	390,557
Interest receivable	277,511	36,865	314,376	541
	83,109,995	1,955,822	85,065,817	47,518,088
Less amount required to meet current obligations	17,971,228	947,921	18,919,149	11,362,028
Total restricted assets	65,138,767	1,007,901	66,146,668	36,156,060
Capital assets – nondepreciable	201,972,378	2,637,147	204,609,525	254,744,757
Capital assets – depreciable, net	419,773,701	21,489,989	441,263,690	827,441,868
	621,746,079	24,127,136	645,873,215	1,082,186,625
Other assets				
Net OPEB asset	249,840	-	249,840	-
Other	-	-	-	776,003
Total other assets	249,840	-	249,840	776,003
Total noncurrent assets	687,134,686	25,135,037	712,269,723	1,119,118,688
Total assets	855,757,909	41,309,979	897,067,888	1,276,245,225
Deferred Outflows of Resources				
Deferred outflows from pensions	58,812,580	378,469	59,191,049	10,862,627
Loss on refunding	1,408,433	66,168	1,474,601	5,888,235
Total deferred outflows of resources	60,221,013	444,637	60,665,650	16,750,862
Total assets and deferred outflows of resources	\$ 915,978,922	\$ 41,754,616	\$ 957,733,538	\$ 1,292,996,087

See Notes to Financial Statements

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities				
Accounts payable	\$ 9,249,449	\$ 618,889	\$ 9,868,338	\$ 10,950,479
Accrued wages payable and related liabilities	8,633,600	-	8,633,600	4,363,761
Accrued expenses and other	958,951	93,580	1,052,531	9,900,148
Accrued interest payable	1,661,089	217,921	1,879,010	-
Compensated absences - current portion	9,277,583	424,613	9,702,196	1,905,548
Notes payable - current portion	10,040,139	-	10,040,139	655,369
Capital lease obligation - current portion	-	-	-	42,876
Bonds payable - current portion	6,270,000	730,000	7,000,000	12,763,556
Due to fiduciary funds	3,413,972	-	3,413,972	-
Other current liabilities	3,980,039	-	3,980,039	-
Unearned revenue	9,192,538	505,383	9,697,921	2,045,487
Total current liabilities	<u>62,677,360</u>	<u>2,590,386</u>	<u>65,267,746</u>	<u>42,627,224</u>
Noncurrent liabilities				
Notes payable	17,281,161	-	17,281,161	2,711,144
Capital lease obligation	-	-	-	80,301
Bonds payable, net of unamortized premium and discount	108,849,630	8,675,524	117,525,154	345,033,500
Net pension liability	221,361,231	779,045	222,140,276	16,982,244
Compensated absences	19,212,176	118,833	19,331,009	861,485
Other long-term liabilities	371,450	4,897,782	5,269,232	915,628
Total noncurrent liabilities	<u>367,075,648</u>	<u>14,471,184</u>	<u>381,546,832</u>	<u>366,584,302</u>
Total liabilities	<u>429,753,008</u>	<u>17,061,570</u>	<u>446,814,578</u>	<u>409,211,526</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	2,650,791	111,891	2,762,682	742,362
Total deferred inflows of resources	<u>2,650,791</u>	<u>111,891</u>	<u>2,762,682</u>	<u>742,362</u>
Net Position				
Net investment in capital assets	546,408,833	14,721,612	561,130,445	730,003,123
Restricted - expendable				
Debt service	21,857,767	1,737,901	23,595,668	6,684,963
Developer contribution account	380,633	-	380,633	-
Stormwater retention	304,296	-	304,296	-
Court automation	219,974	-	219,974	-
Grant funds	2,705,715	-	2,705,715	3,359,728
Cable network	49,105	-	49,105	-
Drug abuse	79,294	-	79,294	1,837,804
State acts	318,825	-	318,825	-
Zoo promotions	1,244,627	-	1,244,627	-
Capital projects	20,022,071	-	20,022,071	10,193,369
Library materials	-	-	-	2,024,271
Art Fund	-	-	-	5,186,848
Police & Fire funeral expenses	228,324	-	228,324	-
Cemetery maintenance	-	-	-	1,050,894
Total restricted - expendable	<u>47,410,631</u>	<u>1,737,901</u>	<u>49,148,532</u>	<u>30,337,877</u>
Restricted - nonexpendable	250,000	-	250,000	3,781,510
Unrestricted	(110,494,341)	8,121,642	(102,372,699)	118,919,689
Total net position	<u>483,575,123</u>	<u>24,581,155</u>	<u>508,156,278</u>	<u>883,042,199</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 915,978,922</u>	<u>\$ 41,754,616</u>	<u>\$ 957,733,538</u>	<u>\$ 1,292,996,087</u>

City of Little Rock, Arkansas
Statement of Activities
Year Ended December 31, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								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	\$ 28,457,988	\$ 13,329,065	\$ 824,430	\$ 146,210	\$ (14,158,283)	\$ -	\$ (14,158,283)	\$ -	-
Board of Directors	348,348	-	-	-	(348,348)	-	(348,348)	-	-
Community programs	5,935,184	29,130	-	-	(5,906,054)	-	(5,906,054)	-	-
City attorney	1,768,815	100	-	-	(1,768,715)	-	(1,768,715)	-	-
District court - first division (criminal)	1,306,553	15,748	-	-	(1,290,805)	-	(1,290,805)	-	-
District court - second division (traffic)	1,375,066	355,399	-	-	(1,019,667)	-	(1,019,667)	-	-
District court - third division (environment)	625,799	244,442	-	-	(381,357)	-	(381,357)	-	-
Courts	-	2,396,578	-	-	2,396,578	-	2,396,578	-	-
Finance	3,557,872	574,582	8,841	-	(2,974,449)	-	(2,974,449)	-	-
Human resources	1,801,017	59,882	-	-	(1,741,135)	-	(1,741,135)	-	-
Information technology	5,623,892	1,373	-	-	(5,622,519)	-	(5,622,519)	-	-
Planning and development	2,472,453	2,376,971	164,438	11,234	80,190	-	80,190	-	-
Public works	39,423,882	422,907	-	1,406,635	(37,594,340)	-	(37,594,340)	-	-
Parks and recreation services	13,144,116	2,360,546	292,637	489,114	(10,001,819)	-	(10,001,819)	-	-
Rivermarket	1,284,327	551,711	-	-	(732,616)	-	(732,616)	-	-
Golf	2,551,972	1,306,904	-	-	(1,245,068)	-	(1,245,068)	-	-
Jim Dailey Fitness	1,004,748	455,025	-	-	(549,723)	-	(549,723)	-	-
Zoo	7,466,778	4,191,378	-	-	(3,275,400)	-	(3,275,400)	-	-
Fire	51,670,486	2,724,322	23,326	30,907	(48,891,931)	-	(48,891,931)	-	-
Police	75,772,406	3,622,692	681,883	321,306	(71,146,525)	-	(71,146,525)	-	-
Education	10,131,712	-	-	-	(10,131,712)	-	(10,131,712)	-	-
Housing and neighborhood programs	9,149,127	794,696	2,624,020	9,611	(5,720,800)	-	(5,720,800)	-	-
Fleet	1,918,738	-	-	-	(1,918,738)	-	(1,918,738)	-	-
Interest expense on long-term debt	4,641,761	-	-	-	(4,641,761)	-	(4,641,761)	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-
Agent fees on long-term debt	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>271,433,041</u>	<u>35,813,451</u>	<u>4,619,575</u>	<u>2,415,017</u>	<u>(228,584,998)</u>	<u>-</u>	<u>(228,584,998)</u>	<u>-</u>	<u>-</u>
Business-Type Activities									
Waste disposal	14,790,357	17,975,553	-	-	-	3,185,196	3,185,196	-	-
River Market Garage	2,087,989	2,873,719	-	-	-	785,730	785,730	-	-
Vehicle storage	1,409,481	1,319,514	-	17,482	-	(72,485)	(72,485)	-	-
Total business-type activities	<u>18,287,827</u>	<u>22,168,786</u>	<u>-</u>	<u>17,482</u>	<u>-</u>	<u>3,898,441</u>	<u>3,898,441</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 289,720,868</u>	<u>\$ 57,982,237</u>	<u>\$ 4,619,575</u>	<u>\$ 2,432,499</u>	<u>\$ (228,584,998)</u>	<u>\$ 3,898,441</u>	<u>\$ (224,686,557)</u>	<u>\$ -</u>	<u>-</u>

See Notes to Financial Statements

Component Units

Wastewater Utility	\$ 49,156,456	\$ 53,470,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,314,129
National Airport	34,601,031	32,873,009	-	-	-	-	-	(1,728,022)
All other component units	108,097,265	47,639,789	3,117,594	9,754,740	-	-	-	(47,585,142)
Total component units	<u>\$ 191,854,752</u>	<u>\$ 133,983,383</u>	<u>\$ 3,117,594</u>	<u>\$ 9,754,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,999,035)</u>

General revenues				
General property taxes	57,028,881	-	57,028,881	14,982,367
Sales taxes	118,220,534	-	118,220,534	15,992,534
Utility franchise taxes	29,599,082	-	29,599,082	-
Investment income	559,560	47,467	607,027	1,887,636
Grants and contributions not restricted to specific programs	25,055,029	-	25,055,029	30,457,361
Other	-	-	-	12,249,108
Transfers	<u>1,801,106</u>	<u>(1,801,106)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>232,264,192</u>	<u>(1,753,639)</u>	<u>230,510,553</u>	<u>75,569,006</u>
Change in Net Position	3,679,194	2,144,802	5,823,996	30,569,971
Net Position, Beginning of Year	<u>479,895,929</u>	<u>22,436,353</u>	<u>502,332,282</u>	<u>852,472,228</u>
Net Position, End of Year	<u>\$ 483,575,123</u>	<u>\$ 24,581,155</u>	<u>\$ 508,156,278</u>	<u>\$ 883,042,199</u>

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2016

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Street	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 3,611,127	\$ 5,345,847	\$ 9,759	\$ -	\$ 1,972,315	\$ 2,895,070	\$ 13,834,118
Restricted cash	-	-	11,517,741	16,329,297	-	21,221,288	49,068,326
Investments	23,126,993	31,002,063	56,596	-	11,434,236	5,189,130	70,809,018
Accounts receivable	56,313,585	3,392,882	12,738,738	68,130	8,358,482	10,753,450	91,625,267
Due from other funds	4,629,075	-	-	-	-	-	4,629,075
Interest receivable	76,995	103,245	188	39,864	38,079	15,737	274,108
Inventories	162,658	-	-	-	-	681,947	844,605
Prepaid expenditures and other	978,570	-	-	-	23,738	491,485	1,493,793
Total assets	<u>\$ 88,899,003</u>	<u>\$ 39,844,037</u>	<u>\$ 24,323,022</u>	<u>\$ 16,437,291</u>	<u>\$ 21,826,850</u>	<u>\$ 41,248,107</u>	<u>\$ 232,578,310</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 3,157,171	\$ 1,116,940	\$ -	\$ 1,867,974	\$ 174,876	\$ 2,534,550	\$ 8,851,511
Due to other funds	299,693	-	-	2,448,197	-	1,315,125	4,063,015
Accrued wages payable and related liabilities	8,633,600	-	-	-	-	-	8,633,600
Accrued expenditures and other	958,951	-	-	-	-	-	958,951
Unearned revenue	7,961,970	-	-	-	-	1,230,568	9,192,538
Total liabilities	<u>21,011,385</u>	<u>1,116,940</u>	<u>-</u>	<u>4,316,171</u>	<u>174,876</u>	<u>5,080,243</u>	<u>31,699,615</u>
Deferred Inflows of Resources							
Unavailable revenues - property taxes	<u>27,764,807</u>	<u>-</u>	<u>11,959,061</u>	<u>-</u>	<u>5,743,486</u>	<u>7,590,807</u>	<u>53,058,161</u>
Total deferred inflows of resources	<u>27,764,807</u>	<u>-</u>	<u>11,959,061</u>	<u>-</u>	<u>5,743,486</u>	<u>7,590,807</u>	<u>53,058,161</u>
Fund Balances							
Nonspendable	4,922,789	-	-	-	23,738	1,359,252	6,305,779
Restricted	-	38,727,097	12,363,961	12,121,120	15,884,750	29,851,123	108,948,051
Committed	49,105	-	-	-	-	-	49,105
Assigned	11,141,556	-	-	-	-	-	11,141,556
Unassigned (deficit)	24,009,361	-	-	-	-	(2,633,318)	21,376,043
Total fund balances	<u>40,122,811</u>	<u>38,727,097</u>	<u>12,363,961</u>	<u>12,121,120</u>	<u>15,908,488</u>	<u>28,577,057</u>	<u>147,820,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 88,899,003</u>	<u>\$ 39,844,037</u>	<u>\$ 24,323,022</u>	<u>\$ 16,437,291</u>	<u>\$ 21,826,850</u>	<u>\$ 41,248,107</u>	<u>\$ 232,578,310</u>

City of Little Rock, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2016

Total fund balance per statement	\$ 147,820,534
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial and are not reported in the funds.	618,199,326
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(113,000,000)
Bond issuance premiums	(3,248,825)
Bond issuance discounts	1,129,195
Notes payable	(27,321,300)
Accrued interest payable	(1,661,089)
Net pension liability	(220,841,868)
Deferred inflows and outflows of resources	57,387,792
Net OPEB asset	249,840
Workers compensation liability	(371,450)
Accrued compensated absences	(28,201,866)
Change in accounts receivable net of allowance for doubtful accounts	3,080,970
Property tax pension liability	(7,960,064)
An internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	5,255,767
Certain amounts reported as unearned revenue and deferred inflows of resources are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	<u>53,058,161</u>
Net position of governmental activities	<u><u>\$ 483,575,123</u></u>

City of Little Rock, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

	General	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Projects)	Street	Other Governmental Funds	Total
Revenues							
General property taxes	\$ 28,611,668	\$ -	\$ 12,282,925	\$ -	\$ 5,923,048	\$ 7,579,376	\$ 54,397,017
Sales taxes	99,746,536	18,473,998	-	-	-	-	118,220,534
Licenses and permits	11,297,877	-	-	-	-	50,233	11,348,110
Intergovernmental	8,625,272	-	-	-	12,931,339	4,491,689	26,048,300
Charges for services	10,214,683	-	-	-	21,381	3,607,660	13,843,724
Fines and fees	2,678,304	-	-	-	-	1,002,975	3,681,279
Utility franchise taxes	27,840,410	-	-	-	-	1,758,672	29,599,082
Investment income	89,012	85,375	15,447	164,389	40,626	164,710	559,559
Contributions and donations	419,500	-	-	-	191,410	364,979	975,889
Miscellaneous	2,416,328	-	-	-	120,122	3,779,916	6,316,366
Total revenues	191,939,590	18,559,373	12,298,372	164,389	19,227,926	22,800,210	264,989,860
Expenditures							
General government							
General administration	20,826,999	2,491,622	-	-	-	4,159,675	27,478,296
Board of Directors	348,348	-	-	-	-	-	348,348
Community programs	5,890,515	-	-	-	-	44,669	5,935,184
City attorney	1,768,815	-	-	-	-	-	1,768,815
District court - first division (criminal)	1,279,134	-	-	-	-	11,114	1,290,248
District court - second division (traffic)	1,314,121	-	-	-	-	37,249	1,351,370
District court - third division (environment)	625,799	-	-	-	-	-	625,799
Finance	3,400,061	-	-	-	-	8,841	3,408,902
Human resources	1,645,359	-	-	-	-	155,382	1,800,741
Information technology	4,514,540	239,981	-	-	-	63,315	4,817,836
Planning and development	2,397,447	-	-	-	-	58,456	2,455,903
Total general government	44,011,138	2,731,603	-	-	-	4,538,701	51,281,442
Public works	1,779,304	(1,809,976)	-	23,251,929	16,653,574	1,441,311	41,316,142
Parks and recreation services	10,109,876	4,215,208	-	-	-	1,867,450	16,192,534
Rivermarket	1,183,258	-	-	-	-	-	1,183,258
Golf	2,507,605	-	-	-	-	-	2,507,605
Jim Dailey Fitness	896,483	-	-	-	-	-	896,483
Zoo	6,908,062	455,477	-	-	-	110,526	7,474,065
Fire	47,859,571	118,140	-	-	-	2,142,183	50,119,894
Police	67,976,760	1,174,634	-	-	-	3,822,873	72,974,267
Fleet	1,196,912	1,781	-	-	-	720,046	1,918,739
Education	-	-	-	-	-	9,989,686	9,989,686
Housing and neighborhood programs	6,127,766	46,622	-	-	-	3,075,215	9,249,603
Debt Service							
Principal	8,564,131	-	9,965,000	-	-	4,495,000	23,024,131
Interest	373,513	-	1,264,743	-	-	3,025,483	4,663,739
Agent fees	-	-	-	-	-	18,677	18,677
Total expenditures	199,494,379	6,933,489	11,229,743	23,251,929	16,653,574	35,247,151	292,810,265
Excess (Deficiency) of Revenues Over Expenditures	(7,554,789)	11,625,884	1,068,629	(23,087,540)	2,574,352	(12,446,941)	(27,820,405)
Other Financing Sources							
Long-term debt issuance	-	4,603,000	-	-	-	7,375,000	11,978,000
Transfers in	9,540,355	-	-	-	1,634,769	101,795	11,276,919
Transfers out	(1,082,000)	(7,315,303)	-	-	(977,717)	(100,793)	(9,475,813)
Total other financing sources (uses)	8,458,355	(2,712,303)	-	-	657,052	7,376,002	13,779,106
Net Change in Fund Balances	903,566	8,913,581	1,068,629	(23,087,540)	3,231,404	(5,070,939)	(14,041,299)
Fund Balances, Beginning of Year	39,219,245	29,813,516	11,295,332	35,208,660	12,677,084	33,647,996	161,861,833
Fund Balances, End of Year	\$ 40,122,811	\$ 38,727,097	\$ 12,363,961	\$ 12,121,120	\$ 15,908,488	\$ 28,577,057	\$ 147,820,534

City of Little Rock, Arkansas
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$ (14,041,299)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	30,720,400
Capital asset contributions	4,706,418
Retirements	(654,393)
Depreciation expense	(29,131,039)
Revenues that do not provide current financial resources, such as property taxes and fines and fees are not reported as revenues for the funds but are reported as revenues in the statement of activities.	2,678,381
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position.	(11,978,000)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	23,024,133
Gain on refunding of debt net of accumulated amortization	(82,629)
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.	(1,507,445)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows and inflows of resources balances.	(1,417,947)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net position of this fund is included in governmental activities in the statement of activities.	<u>1,362,614</u>
Change in net position of governmental activities	<u>\$ 3,679,194</u>

City of Little Rock, Arkansas
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Assets and Deferred Outflows of Resources					
Current assets					
Cash and cash equivalents	\$ 1,418,376	\$ 156,050	\$ 46,177	\$ 1,620,603	\$ -
Investments	10,322,586	747,236	-	11,069,822	967,163
Restricted cash and investments - current	261,271	686,650	-	947,921	-
Due from other funds	-	-	-	-	874,731
Accounts receivable	2,957,541	148,684	-	3,106,225	40,539
Accrued interest	-	-	-	-	3,403
Inventories	-	-	-	-	499,429
Prepaid expenses and other	11,435	292,851	816	305,102	346,513
	14,971,209	2,031,471	46,993	17,049,673	2,731,778
Total current assets					
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	519,462	-	-	519,462	-
Investments	-	1,399,495	-	1,399,495	-
Accrued interest	34,377	2,488	-	36,865	-
	553,839	1,401,983	-	1,955,822	-
Less amount required to meet current obligations	261,271	686,650	-	947,921	-
	292,568	715,333	-	1,007,901	-
Total restricted assets					
Capital assets					
Land	1,814,495	822,652	-	2,637,147	270,154
Land improvements	4,149,352	-	174,802	4,324,154	-
Landfills, Cells 1, 2 and 4	13,326,165	-	-	13,326,165	-
Construction in progress	-	-	-	-	171,938
Buildings and improvements	12,794,251	8,715,040	31,043	21,540,334	3,739,123
Vehicles	15,608,355	-	68,636	15,676,991	757,852
Furniture and equipment	3,188,280	244,552	81,765	3,514,597	1,337,886
	50,880,898	9,782,244	356,246	61,019,388	6,276,953
Less accumulated depreciation	33,594,691	3,066,366	231,195	36,892,252	2,730,200
	17,286,207	6,715,878	125,051	24,127,136	3,546,753
Net capital assets					
	17,578,775	7,431,211	125,051	25,135,037	3,546,753
Total noncurrent assets					
	32,549,984	9,462,682	172,044	42,184,710	6,278,531
Total assets					
Deferred outflows of resources					
Deferred outflows from pensions	336,417	-	42,052	378,469	252,312
Gain on refunding	-	66,168	-	66,168	-
	336,417	66,168	42,052	444,637	252,312
Total deferred outflows of resources					
	336,417	66,168	42,052	444,637	252,312
Total assets and deferred outflows of resources					
	\$ 32,886,401	\$ 9,528,850	\$ 214,096	\$ 42,629,347	\$ 6,530,843

See Notes to Financial Statements

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)					
Current liabilities					
Accounts payable	\$ 555,816	\$ 14,618	\$ 48,455	\$ 618,889	\$ 393,226
Due to other funds	-	-	874,731	874,731	-
Accrued expenses and other	93,580	-	-	93,580	-
Accrued interest	16,271	201,650	-	217,921	-
Compensated absences - current portion	350,220	-	74,393	424,613	244,694
Bonds payable - current portion	245,000	485,000	-	730,000	-
Unearned revenue	-	479,339	26,044	505,383	-
Total current liabilities	1,260,887	1,180,607	1,023,623	3,465,117	637,920
Noncurrent liabilities					
Bonds payable, net of unamortized premium and discount	1,448,566	7,226,958	-	8,675,524	-
Net pension liability	692,485	-	86,560	779,045	519,363
Compensated absences	108,038	-	10,795	118,833	43,199
Other long-term liabilities	4,897,782	-	-	4,897,782	-
Total noncurrent liabilities	7,146,871	7,226,958	97,355	14,471,184	562,562
Total liabilities	8,407,758	8,407,565	1,120,978	17,936,301	1,200,482
Deferred Inflows of Resources					
Deferred inflows from pensions	99,459	-	12,432	111,891	74,594
Total deferred inflows of resources	99,459	-	12,432	111,891	74,594
Net Position (Deficit)					
Net investment in capital assets Restricted - expendable	15,592,641	(996,080)	125,051	14,721,612	3,546,753
Debt service	537,568	1,200,333	-	1,737,901	-
Unrestricted (deficit)	8,248,975	917,032	(1,044,365)	8,121,642	1,709,014
Total net position (deficit)	24,379,184	1,121,285	(919,314)	24,581,155	5,255,767
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 32,886,401	\$ 9,528,850	\$ 214,096	\$ 42,629,347	\$ 6,530,843

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2016

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Operating Revenues					
Charges for services	\$ 17,975,553	\$ 2,590,970	\$ 1,301,195	\$ 21,867,718	\$ 11,731,543
Licenses and permits	-	282,749	18,319	301,068	-
Miscellaneous	-	-	-	-	-
Total operating revenues	<u>17,975,553</u>	<u>2,873,719</u>	<u>1,319,514</u>	<u>22,168,786</u>	<u>11,731,543</u>
Operating Expenses					
Salaries, wages and employee benefits	4,804,092	-	691,928	5,496,020	3,376,422
Supplies and materials	953,695	-	33,541	987,236	4,653,233
Services	3,667,608	131,010	629,419	4,428,037	2,284,598
Repairs and maintenance	3,307,931	48,447	28,799	3,385,177	201,003
Other	6	1,162,541	-	1,162,547	-
Depreciation and amortization	2,097,373	291,331	25,795	2,414,499	217,270
Total operating expenses	<u>14,830,705</u>	<u>1,633,329</u>	<u>1,409,482</u>	<u>17,873,516</u>	<u>10,732,526</u>
Operating Income (Loss)	<u>3,144,848</u>	<u>1,240,390</u>	<u>(89,968)</u>	<u>4,295,270</u>	<u>999,017</u>
Nonoperating Revenues (Expenses)					
Investment income	45,792	1,676	-	47,468	5,473
Interest expense	(96,002)	(452,235)	-	(548,237)	-
Other, net	136,350	(2,425)	-	133,925	(889)
Net nonoperating revenues (expenses)	<u>86,140</u>	<u>(452,984)</u>	<u>-</u>	<u>(366,844)</u>	<u>4,584</u>
Income (Loss) Before Contributions and Transfers	<u>3,230,988</u>	<u>787,406</u>	<u>(89,968)</u>	<u>3,928,426</u>	<u>1,003,601</u>
Contributions	-	-	17,482	17,482	359,013
Transfers Out	<u>(1,522,037)</u>	<u>(279,069)</u>	<u>-</u>	<u>(1,801,106)</u>	<u>-</u>
	<u>(1,522,037)</u>	<u>(279,069)</u>	<u>17,482</u>	<u>(1,783,624)</u>	<u>359,013</u>
Changes in Net Position (Deficit)	1,708,951	508,337	(72,486)	2,144,802	1,362,614
Net Position, Beginning of Year	<u>22,670,233</u>	<u>612,948</u>	<u>(846,828)</u>	<u>22,436,353</u>	<u>3,893,153</u>
Net Position (Deficit), End of Year	<u>\$ 24,379,184</u>	<u>\$ 1,121,285</u>	<u>\$ (919,314)</u>	<u>\$ 24,581,155</u>	<u>\$ 5,255,767</u>

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Business-Type Activities			Total	Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)		
Operating Activities					
Receipts from customers	\$ 17,928,017	\$ 2,873,719	\$ 1,301,195	\$ 22,102,931	\$ 11,733,698
Other receipts	-	-	18,319	18,319	-
Payments to employees	(4,949,736)	-	(677,380)	(5,627,116)	(3,436,736)
Payments to suppliers	(944,434)	(74,091)	(33,541)	(1,052,066)	(4,627,979)
Payments to service providers	(3,620,072)	(104,184)	(592,507)	(4,316,763)	(2,134,840)
Other payments	(2,614,010)	(1,265,126)	29,691	(3,849,445)	(614,908)
Net cash provided by operating activities	5,799,765	1,430,318	45,777	7,275,860	919,235
Noncapital Financing Activities					
Transfers to other funds	(1,522,037)	(279,069)	-	(1,801,106)	-
Net cash used in noncapital financing activities	(1,522,037)	(279,069)	-	(1,801,106)	-
Capital and Related Financing Activities					
Proceeds from the sale of capital assets	-	-	-	-	889
Purchase of capital assets	(3,362,391)	-	(17,482)	(3,379,873)	(736,486)
Other - asset insurance reimbursement	136,350	-	-	136,350	-
Change in CIP	-	-	-	-	(158,157)
Capital contributions	-	-	17,482	17,482	359,013
Net cash used in capital and related financing activities	(4,398,280)	(926,875)	-	(5,325,155)	(534,741)
Investing Activities					
Proceeds from sale of investments	11,745,038	840,708	-	12,585,746	1,024,183
Purchase of investments	(12,589,494)	(1,132,048)	-	(13,721,542)	(1,548,111)
Interest income	45,792	8,891	-	54,683	5,473
Net cash used in investing activities	(798,664)	(282,449)	-	(1,081,113)	(518,455)
Increase (Decrease) in Cash and Cash Equivalents	(919,216)	(58,075)	45,777	(931,514)	(133,961)
Cash and Cash Equivalents, Beginning of Year	2,857,054	214,125	400	3,071,579	133,961
Cash and Cash Equivalents, End of Year	<u>\$ 1,937,838</u>	<u>\$ 156,050</u>	<u>\$ 46,177</u>	<u>\$ 2,140,065</u>	<u>\$ -</u>
Presented on the Statement of Net Position - Proprietary Funds as Follows:					
Current assets					
Cash and cash equivalents	\$ 1,418,376	\$ 156,050	\$ 46,177	\$ 1,620,603	\$ -
Noncurrent assets					
Cash and cash equivalents	519,462	-	-	519,462	-
	<u>\$ 1,937,838</u>	<u>\$ 156,050</u>	<u>\$ 46,177</u>	<u>\$ 2,140,065</u>	<u>\$ -</u>

See Notes to Financial Statements

City of Little Rock, Arkansas
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2016

	Business-Type Activities				Governmental Activities - Internal Service Fund
	Waste Disposal	River Market Garage	Vehicle Storage (Nonmajor)	Total	
Reconciliation of Operating Income (Loss) to to Net Cash Provided By Operating Activities					
Operating income (loss)	\$ 3,144,848	\$ 1,240,390	\$ (89,968)	\$ 4,295,270	\$ 999,017
Adjustment to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization expense	2,097,373	302,512	25,795	2,425,680	217,270
Changes in assets and liabilities					
Receivables, net	(47,536)	(77,337)	-	(124,873)	83
Due to/due from other funds, net	-	-	61,922	61,922	(61,922)
Prepaid expenses	258	26,826	(816)	26,268	(329,322)
Inventories	-	-	-	-	25,254
Deferred outflows of resources	(139,749)	-	(15,405)	(155,154)	(92,427)
Accounts payable	121,067	3,246	36,913	161,226	149,758
Accrued expenses	381,247	(65,319)	15,363	331,291	(60,314)
Net pension liability	95,784	-	11,973	107,757	71,838
Net cash provided by operating activities	<u>\$ 5,799,765</u>	<u>\$ 1,430,318</u>	<u>\$ 45,777</u>	<u>\$ 7,275,860</u>	<u>\$ 919,235</u>
Noncash Capital Activities					
Donated capital assets	\$ -	\$ -	\$ -	\$ -	\$ 89,058

City of Little Rock, Arkansas
Statement of Fiduciary Net Position – Fiduciary Funds
December 31, 2016

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 8,179,474	\$ 1,108,726
Investments		
U.S. Government obligations	577,871	-
Equities	58,926,073	-
Mutual funds and other investments	72,005,076	-
Receivables		
Accounts receivable	294,045	-
Due from other funds	4,261,477	-
Accrued interest and dividends	44,996	-
	<u>144,289,012</u>	<u>1,108,726</u>
Total Assets	<u>\$ 144,289,012</u>	<u>\$ 1,108,726</u>
Liabilities		
Accounts payable	\$ 830	\$ 231,467
Accrued liabilities	157	33,445
Due to other funds	<u>3,691</u>	<u>843,814</u>
	4,678	1,108,726
Total Liabilities	<u>4,678</u>	<u>\$ 1,108,726</u>
Net Position		
Net position restricted for pensions and other employee benefits	<u>\$ 144,284,334</u>	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 6,188,206
Plan members	2,149,416
Property taxes contributed from general fund	4,256,858
State insurance turnback	1,002,354
Other	<u>2,233,701</u>
Total contributions	<u>15,830,535</u>
Investment income	
Net increase in fair value of investments	1,871,747
Gain/loss on sale of investments	783,421
Interest and dividends	<u>2,447,742</u>
	5,102,910
Less investment expense	<u>652,045</u>
Net investment income	<u>4,450,865</u>
Total additions	<u>20,281,400</u>
Deductions	
Benefits paid directly to participants	16,167,039
Administrative expenses	30,817
Other	<u>873,703</u>
Total deductions	<u>17,071,559</u>
Net decrease in Net Position	3,209,841
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	<u>141,074,493</u>
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	<u><u>\$ 144,284,334</u></u>

City of Little Rock, Arkansas
Statement of Net Position
Discretely Presented Component Units
December 31, 2016

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 14,876,688	\$ 33,977,239	\$ 26,031,554	\$ 74,885,481
Investments	-	-	29,015,934	29,015,934
Restricted cash and investments - current	6,122,110	-	5,239,918	11,362,028
Accounts receivable, net of allowance	3,764,488	5,469,765	25,544,793	34,779,046
Accrued interest receivable	15,731	-	15,163	30,894
Inventories	1,457,908	-	971,671	2,429,579
Prepaid expenses and other	2,314,668	643,339	1,665,568	4,623,575
Total current assets	<u>28,551,593</u>	<u>40,090,343</u>	<u>88,484,601</u>	<u>157,126,537</u>
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	6,122,110	9,802,812	14,522,033	30,446,955
Investments	7,020,893	-	9,659,142	16,680,035
Grants and other receivables	-	390,557	-	390,557
Interest receivable	-	-	541	541
	<u>13,143,003</u>	<u>10,193,369</u>	<u>24,181,716</u>	<u>47,518,088</u>
Less amounts required to meet current obligations	<u>6,122,110</u>	<u>-</u>	<u>5,239,918</u>	<u>11,362,028</u>
Total restricted assets	<u>7,020,893</u>	<u>10,193,369</u>	<u>18,941,798</u>	<u>36,156,060</u>
Capital assets				
Land	5,434,140	67,408,409	17,772,889	90,615,438
Construction in progress	50,396,325	20,387,984	93,345,010	164,129,319
Buildings, improvements and other facilities	479,975,665	420,476,355	253,102,944	1,153,554,964
Vehicles	-	2,113,017	50,657,118	52,770,135
Furniture and equipment	76,649,717	17,436,935	51,952,145	146,038,797
Books/AV material	-	-	24,517,251	24,517,251
Other	-	-	483,746	483,746
	<u>612,455,847</u>	<u>527,822,700</u>	<u>491,831,103</u>	<u>1,632,109,650</u>
Less accumulated depreciation	<u>163,755,510</u>	<u>194,030,698</u>	<u>192,136,817</u>	<u>549,923,025</u>
Net capital assets	<u>448,700,337</u>	<u>333,792,002</u>	<u>299,694,286</u>	<u>1,082,186,625</u>
Other assets				
	<u>-</u>	<u>-</u>	<u>776,003</u>	<u>776,003</u>
Total other assets	<u>-</u>	<u>-</u>	<u>776,003</u>	<u>776,003</u>
Total noncurrent assets	<u>455,721,230</u>	<u>343,985,371</u>	<u>319,412,087</u>	<u>1,119,118,688</u>
Total assets	<u>484,272,823</u>	<u>384,075,714</u>	<u>407,896,688</u>	<u>1,276,245,225</u>
Deferred Outflows of Resources				
Deferred amounts on refunding	10,862,627	-	-	10,862,627
Deferred outflows from pensions	5,452,853	-	435,382	5,888,235
Total deferred outflows of resources	<u>16,315,480</u>	<u>-</u>	<u>435,382</u>	<u>16,750,862</u>
Total assets and deferred outflows of resources	<u>\$ 500,588,303</u>	<u>\$ 384,075,714</u>	<u>\$ 408,332,070</u>	<u>\$ 1,292,996,087</u>

See Notes to Financial Statements

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 349,044	\$ 4,296,977	\$ 6,304,458	\$ 10,950,479
Accrued wages payable and related liabilities	638,009	1,393,537	2,332,215	4,363,761
Notes payable - current portion	-	-	655,369	655,369
Capital lease - current portion	-	-	42,876	42,876
Bonds payable - current portion	11,268,291	-	1,495,265	12,763,556
Compensated absences - current portion	934,737	-	970,811	1,905,548
Unearned revenue	-	398,538	1,646,949	2,045,487
Accrued expenses and other	4,860,962	28,194	5,010,992	9,900,148
Total current liabilities	<u>18,051,043</u>	<u>6,117,246</u>	<u>18,458,935</u>	<u>42,627,224</u>
Noncurrent Liabilities				
Capital lease obligation	-	-	80,301	80,301
Bonds payable, net of unamortized premium and discount	271,505,003	-	73,528,497	345,033,500
Notes payable	-	-	2,711,144	2,711,144
Net pension liability	16,341,079	-	641,165	16,982,244
Other long-term liabilities	-	-	915,628	915,628
Compensated absences	75,790	-	785,695	861,485
Total noncurrent liabilities	<u>287,921,872</u>	<u>-</u>	<u>78,662,430</u>	<u>366,584,302</u>
Total liabilities	<u>305,972,915</u>	<u>6,117,246</u>	<u>97,121,365</u>	<u>409,211,526</u>
Deferred Inflows of Resources				
Deferred inflows from pensions	594,142	-	148,220	742,362
Total deferred inflows of resources	<u>594,142</u>	<u>-</u>	<u>148,220</u>	<u>742,362</u>
Net Position				
Net investment in capital assets	176,789,670	330,353,169	222,860,284	730,003,123
Restricted - expendable	6,130,591	10,193,369	14,013,917	30,337,877
Restricted - nonexpendable	-	-	3,781,510	3,781,510
Unrestricted	11,100,985	37,411,930	70,406,774	118,919,689
Total net position	<u>194,021,246</u>	<u>377,958,468</u>	<u>311,062,485</u>	<u>883,042,199</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 500,588,303</u>	<u>\$ 384,075,714</u>	<u>\$ 408,332,070</u>	<u>\$ 1,292,996,087</u>

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Wastewater Utility	National Airport	Other Component Units	
Governmental Activities								
Other component units	\$ 25,792,786	\$ 427,866	\$ 3,117,594	\$ 9,754,740	\$ -	\$ -	\$ (12,492,586)	\$ (12,492,586)
Total governmental activities	25,792,786	427,866	3,117,594	9,754,740	-	-	(12,492,586)	(12,492,586)
Business-type Activities								
Wastewater Utility	49,156,456	53,470,585	-	-	4,314,129	-	-	4,314,129
Bill and Hillary Clinton National Airport	34,601,031	32,873,009	-	-	-	(1,728,022)	-	(1,728,022)
Other component units	82,304,479	47,211,923	-	-	-	-	(35,092,556)	(35,092,556)
Total business-type activities	166,061,966	133,555,517	-	-	4,314,129	(1,728,022)	(35,092,556)	(32,506,449)
Total component units	\$ 191,854,752	\$ 133,983,383	\$ 3,117,594	\$ 9,754,740	4,314,129	(1,728,022)	(47,585,142)	(44,999,035)
General revenues								
General property taxes					-	-	14,982,367	14,982,367
Sales taxes					-	-	15,992,534	15,992,534
Investment income					149,846	305,752	1,432,038	1,887,636
Grants and contributions not restricted to specific programs					1,679,766	13,547,358	15,230,237	30,457,361
Other					148,069	4,321,473	7,779,566	12,249,108
Total general revenues and transfers					1,977,681	18,174,583	55,416,742	75,569,006
Change in Net Position					6,291,810	16,446,561	7,831,600	30,569,971
Net Position, Beginning of Year					187,729,436	361,511,907	303,230,885	852,472,228
Net Position, End of Year					\$ 194,021,246	\$ 377,958,468	\$ 311,062,485	\$ 883,042,199

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2016

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

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

Reporting Entity

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

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

Discretely Presented Component Units

Major Component Units:

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

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

There were no significant transactions between the major component units and the City or its other component units in 2016.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Other Component Units:

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

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

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

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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

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

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

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

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

Administrative Offices

Little Rock Wastewater Utility 221 East Capitol Avenue Little Rock, Arkansas 72202	Arkansas Arts Center Ninth and Commerce Little Rock, Arkansas 72202
Little Rock Advertising and Promotion Commission 7 Statehouse Plaza Little Rock, Arkansas 72201	Little Rock Port Authority 7500 Lindsey Road Little Rock, Arkansas 72206
Little Rock Ambulance Authority 1101 West 8th Street Little Rock, Arkansas 72201	Central Arkansas Transit Authority 901 North Maple North Little Rock, Arkansas 72114
Bill and Hillary Clinton National Airport 1 Airport Drive Little Rock, Arkansas 72202	Central Arkansas Library System 100 Rock Street Little Rock, Arkansas 72201
Museum of Discovery 500 President Clinton Avenue, Suite 150 Little Rock, Arkansas 72201	Little Rock Workforce Investment Board 300 South University Avenue, Suite D14 Little Rock, Arkansas 72205-5209

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Administrative Offices

Oakland Fraternal Cemetery
2101 Barber Street
Little Rock, Arkansas 72206

Mount Holly Cemetery
1 Sunset Drive
Little Rock, Arkansas 72206

Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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

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

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

The *Street Fund, designated as a major fund*, accounts for gasoline and road taxes received from state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks.

The City reports the following major enterprise funds:

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

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

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

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

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

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

Enterprise Fund – The non-major enterprise fund is used to account for vehicle storage whose operations are financed primarily or partially through user charges.

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Fund 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. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

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

Governmental Fund Financial Statements

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

interest on general long-term debt, claims and judgments, compensated absences and obligations for workers' compensation, which are recognized as expenditures when payment is due. Pension expenditures are recognized when contributed to a plan or when expected to be liquidated with expendable available financial resources.

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

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

Inventories

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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 acquisition value at the date of donation.

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

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

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

Long-term Obligations

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

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

Compensated Absences

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Unearned Revenue

Unearned revenue consists mainly of business licenses received in advance.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred outflow for a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized to interest expense over the shorter of the life of the refunded and new debt. In addition the city has deferred outflows related to pensions, consisting of the amount of contributions made to the pension plans after the measurement date, the difference in investment experience between actual earnings and projected earnings on pension plan investments, the difference in assumption changes and the difference in expected and actual experience. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of net pension liability in the following year ended December 31, 2017. The remaining amounts will be amortized to pension expense over future periods as shown within *Note 6*.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include unavailable property taxes in the governmental funds. The City also has deferred inflows related to pensions. This consists of the difference between the expected and actual experience related to the pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense as shown within *Note 6*.

Net Position/Fund Balance

Net position of the government-wide financial statements and proprietary funds of the City are classified in four components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Restricted nonexpendable net position are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the City, such as permanent endowments. Unrestricted net position is remaining assets

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

and deferred outflows of resources less remaining liabilities and deferred inflows of resources that do not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

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

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

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

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

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

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

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

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

Stabilization Arrangement

The City has a general fund reserve which was established by the City's financial policy. The general fund goal is to set aside \$10 million or ten (10) percent of budgeted general fund revenues, whichever is greater, into a restricted reserve fund, absent express action of the Board. The restricted reserve shall be maintained at that level thereafter. The monies in the reserve fund are readily available for appropriation or expenditure, but are used if there is a need to do so because of some extraordinary circumstance not foreseen during the year. Funds can be used, at the Board's discretion, to meet a unique opportunity for the overall well-being of the City unforeseen during the regular budget process, to continue to operate budgeted City services at the level set forth in the annual budget after a catastrophic event or some unforeseen economic downturn that could not be reasonably predicted during the annual budget process, or to meet some legal obligation imposed

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2016

upon the City as a result of administrative or legal action not reasonably anticipated during the annual budget process. As of December 31, 2016, the Board's established amount of the reserve is \$10,000,000, which is included in unassigned fund balance of the General Fund.

Budgetary Information

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

Pension Plan Descriptions

The City participates in seven defined benefit pension plans; which are comprised of three single-employer defined benefit pension plans, three cost-sharing multiple employer defined benefit pension plans and one agent-multiple employer defined benefit pension plan, each of which are described and illustrated in detail in *Note 6*.

Adoption of Accounting Principles

GASB Statement No. 72 – Fair Value Measurement and Application

Effective January 1, 2016, the City implemented GASB Statement 72, *Fair Value Measurement and Application*. The statement enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on government's financial position.

Implementation of GASB 72 has resulted in more expanded disclosures as they relate to investments held by the City, however, the Statement had no impact on any amounts reported by the City within any of the basic financial statements as listed in the table of contents.

GASB Statement No. 77 – Tax Abatement Disclosures

Effective January 1, 2016, the City implemented GASB Statement 77, *Tax Abatement Disclosures*. This statement includes the disclosure of additional information allowing financial statement users to be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and understand the impact that those abatements have on the government's financial position and economic condition.

Implementation of GASB 77 resulted in additional footnote disclosures related to tax abatements offered by the City. However, the Statement had no impact on any amounts reported by the City within any of the basic financial statements as listed in the table of contents.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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, 2016:

Statement No.		Adoption Required in Fiscal Year
74	<i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	2017
75	<i>Accounting and Financial Reporting for Postmeployment Benefits Other Than Pensions</i>	2018
82	<i>Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73</i>	2017
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2019
87	<i>Leases</i>	2020

The impact of these standards on the City's net position has not been determined.

Note 2: Deposits and Investments

Deposits

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

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

State statutes require all time and demand deposits to be fully insured or collateralized. Accounts with under \$250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been fully collateralized and meets statutes' requirements. At December 31, 2016, none of the City's primary government bank balances were exposed to custodial credit risk. Of the City's component units combined bank balances, \$2,051,000 were uninsured and uncollateralized.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Investments

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation (“FDIC”) insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

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

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

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

At December 31, 2016, the City had the following investments and maturities:

Primary Government					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 3,001,532	\$ 3,001,532	\$ -	\$ -	\$ -
U.S. agencies obligations	88,410,980	19,085,249	69,325,731	-	-
Corporate bonds	15,417,494	15,417,494	-	-	-
Municipal bond	4,070,603	4,070,603	-	-	-
Alternative investments	8,551,540	8,551,540	-	-	-
Bond mutual funds	29,605,371	29,605,371	-	-	-
Certificate of deposit	200,006	200,006	-	-	-
Money market mutual funds	44,805,853	44,805,853	-	-	-
	194,063,379	<u>\$ 124,737,648</u>	<u>\$ 69,325,731</u>	<u>\$ -</u>	<u>\$ -</u>
Stock mutual funds	30,760,514				
Corporate stocks	45,973,201				
	<u>\$ 270,797,094</u>				

Component Units					
Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 8,302,907	\$ 8,182,356	\$ 66,454	\$ 54,097	\$ -
U.S. agencies obligations	7,218,646	142,771	7,075,875	-	-
Corporate bonds	2,288,066	819,237	628,100	645,105	195,624
Money market mutual funds	5,211,427	5,211,427	-	-	-
Municipal bonds	1,364,505	1,066,662	-	-	297,843
Certificate of deposit	9,501,140	5,433,748	3,972,823	94,569	-
	33,886,691	<u>\$ 20,856,201</u>	<u>\$ 11,743,252</u>	<u>\$ 793,771</u>	<u>\$ 493,467</u>
Stock mutual funds	20,568,541				
Corporate stocks	3,280,029				
	<u>\$ 57,735,261</u>				

In accordance with GASB Statement No. 72, “Fair Value Measurement and Application,” the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

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.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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, 2016, the City’s and its component units’ investments not directly guaranteed by the U.S. government were rated as follows:

<u>Investment Type</u>	<u>Rating Agency</u>	<u>Rating</u>
Money Market Mutual Funds	S&P/Moody’s	AAA/Aaa
U.S. Agency Obligations	S&P/Moody’s	AA+/Aaa
U.S. Treasuries	S&P/Moody’s	Aaa/AA+
Municipal Bonds	S&P/Moody’s	A3 to Aa2/A3 to Aa2
Corporate Bonds	S&P/Moody’s	Baa3 to AA+/B ₃ to Aaa+

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City’s name, and are held by either the counterparty to the investment purchase or are held by the counterparty’s trust department or agent but not held in the City’s name. None of the City’s investments owned at December 31, 2016, were subject to custodial credit risk.

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

Pension trust funds had the following investments that exceeded five percent of net position:

Firemen’s Pension and Relief Fund – Blackrock Core Bond Fund Class I, JP Morgan Mid Cap Value Fund Class A, Metropolitan West Total Return Bond Fund Class I

Police Pension – Capital Point Partners, L.P.

Nonuniformed Employees’ Defined Contribution Plan – CDARS bearing 0.58% interest with a maturity date of 1/26/2017, iShares Russell 1000 Value ETF, iShares Russell Mid-Cap Growth EFT, T Rowe Price International Discovery, Federated Strategic Value Dividend Fd A, RREEF America REIT II INC

401(a) Money Purchase and Trust Retirement Fund – VT Vantagepoint MP Long Term Growth, VT PLUS Fund, WF VT Disc 2 Mid-Cap Stock

Nonuniformed Employees’ Defined Benefit Pension Plan – T Rowe Price International Discovery Fund, RREEF America REIT II, Federated Strategic Value A

2014 Nonuniformed Employees’ Defined Benefit Pension Plan – Vanguard Intermediate Term Corporate Bond ETF

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at December 31, 2016:

Primary Government

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
Alternative Investments	\$ 7,946,370	\$ 2,147,671	\$ 5,798,699	
U.S. Treasury obligations	3,001,533	-	3,001,533	-
U.S. agencies obligations	88,410,980	3,424,547	84,986,433	-
Corporate bonds	15,417,494	15,417,494	-	-
Bond Mutual Funds	29,605,371	29,605,371	-	-
Mutual Funds	34,747,210	34,747,210	-	-
Money Market Mutual Funds	44,805,853	4,153,679	40,652,173	-
Corporate stocks	41,986,505	41,986,505	-	-
Negotiable Certificates of Deposit	200,006	-	200,006	-
Municipal Bonds	4,070,603	-	4,070,603	-
Total investments by fair value level	<u>\$270,191,924</u>	<u>\$ 131,482,477</u>	<u>\$ 138,709,446</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Alternative fund	\$ 605,170			
Total Investments	<u><u>\$270,797,094</u></u>			

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Component Units

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016				
Alternative Investments	\$ -	\$ -	\$ -	\$ -
U.S. Treasury obligations	8,302,907	8,302,907	-	-
U.S. agencies obligations	7,218,646	-	7,218,646	-
Corporate bonds	2,288,066	-	2,288,066	-
Bond Mutual Funds	-	-	-	-
Mutual Funds	20,568,541	20,568,541	-	-
Money Market Mutual Funds	5,211,427	5,211,427	-	-
Corporate stocks	3,280,029	3,280,029	-	-
Negotiable Certificates of Deposit	9,501,140	-	9,501,140	-
Municipal Bonds	1,364,505	-	1,364,505	-
Total investments by fair value level	\$ 57,735,261	\$ 37,362,904	\$ 20,372,357	\$ -

Investments measured at the net asset value (NAV)

None

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Summary of Carrying Values

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

	Primary Government	Component Units
Carrying value		
Deposits	\$ 19,288,133	\$ 93,293,144
Investments	270,797,094	57,735,261
	\$ 290,085,227	\$ 151,028,405
Included in the following statements of net position captions		
Current Assets		
Cash and cash equivalents	\$ 15,454,721	\$ 77,618,163
Short-term investments	49,081,845	28,611,009
Noncurrent Assets		
Restricted cash and investments	84,751,441	44,799,233
Cash and investments – fiduciary funds	140,797,220	-
	\$ 290,085,227	\$ 151,028,405

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2016, is presented below:

Governmental Activities	Balance December 31, 2015	Increases	Decreases	Transfers	Balance December 31, 2016
Capital Assets, nondepreciable					
Land	\$ 180,995,171	\$ 2,606,097	\$ -	\$ -	\$ 183,601,268
Construction in progress	21,877,058	15,806,346		(19,312,294)	18,371,110
Total capital assets, nondepreciable	202,872,229	18,412,443	-	(19,312,294)	201,972,378
Capital Assets, depreciable					
Land improvements	19,909,012	715,733	-	-	20,624,745
Infrastructure	751,873,940	884,678	-	18,850,533	771,609,151
Buildings	111,401,459	9,215,424	-	461,761	121,078,644
Vehicles	50,763,089	3,660,941	1,998,101	-	52,425,929
Equipment	56,126,895	3,415,560	468,994	-	59,073,461
Total capital assets, depreciable	990,074,395	17,892,336	2,467,095	19,312,294	1,024,811,930
Less accumulated depreciation					
Land improvements	7,255,884	1,292,834	-	-	8,548,718
Infrastructure	460,883,485	16,114,656	-	-	476,998,141
Buildings	35,452,883	2,778,792	-	-	38,231,675
Vehicles	36,092,336	4,339,090	1,432,808	-	38,998,618
Equipment	37,832,941	4,808,030	379,894	-	42,261,077
Total accumulated depreciation	577,517,529	29,333,402	1,812,702	-	605,038,229
Total capital assets, depreciable, net	412,556,866	(11,441,066)	654,393	19,312,294	419,773,701
Total governmental activities, net	\$ 615,429,095	\$ 6,971,377	\$ 654,393	\$ -	\$ 621,746,079

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Business-Type Activities	Balance December 31, 2015	Increases	Decreases	Transfers	Balance December 31, 2016
Capital Assets, nondepreciable					
Land	\$ 2,637,147	\$ -	\$ -	\$ -	\$ 2,637,147
Construction in progress	137,732	138,859	-	(276,591)	-
Total capital assets, nondepreciable	2,774,879	138,859	-	(276,591)	2,637,147
Capital Assets, depreciable					
Landfills, Cells 1, 2,3,4 and 5 and land improvements	17,650,319	-	-	-	17,650,319
Buildings	21,540,334	-	-	-	21,540,334
Vehicles	13,290,179	2,852,974	742,753	276,591	15,676,991
Equipment	3,364,093	388,041	237,537	-	3,514,597
Total capital assets, depreciable	55,844,925	3,241,015	980,290	276,591	58,382,241
Less accumulated depreciation					
Landfills, Cells 1, 2 and 4 and land improvements	14,559,724	763,575	-	-	15,323,299
Buildings	6,105,363	339,178	-	-	6,444,541
Vehicles	12,171,050	888,503	665,433	-	12,394,120
Equipment	2,502,258	354,800	126,766	-	2,730,292
Total accumulated depreciation	35,338,395	2,346,056	792,199	-	36,892,252
Total capital assets, depreciable, net	20,506,530	894,959	188,091	276,591	21,489,989
Total business-type activities, net	\$ 23,281,409	\$ 1,033,818	\$ 188,091	\$ -	\$ 24,127,136

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Component Units	Balance December 31, 2015	Increases	Decreases	Transfers	Balance December 31, 2016
Capital Assets, nondepreciable					
Land	\$ 86,267,311	\$ 3,268,094	\$ 82,067	\$ 1,162,100	\$ 90,615,438
Construction in progress	115,196,863	96,006,975	30,968,420	(16,106,099)	164,129,319
Total capital assets, nondepreciable	201,464,174	99,275,069	31,050,487	(14,943,999)	254,744,757
Capital Assets, depreciable					
Buildings, improvements and facilities	1,105,253,342	36,528,544	2,882,379	14,655,457	1,153,554,964
Vehicles	50,452,545	2,406,974	89,384	-	52,770,135
Equipment	140,255,281	14,326,368	8,347,648	288,542	146,522,543
Books and audio visual material	22,997,074	1,520,177	-	-	24,517,251
Total capital assets, depreciable	1,318,958,242	54,782,063	11,319,411	14,943,999	1,377,364,893
Less accumulated depreciation	505,477,128	55,607,864	11,161,967	-	549,923,025
Total capital assets, depreciable, net	813,481,114	(825,801)	157,444	14,943,999	827,441,868
Total component units, net	\$ 1,014,945,288	\$ 98,449,268	\$ 31,207,931	\$ -	\$ 1,082,186,625

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	
City manager	\$ 251,754
District court – first division (criminal)	16,305
Finance	148,970
Human resources	276
Information technology	764,488
Planning and development	42,736
Fleet services	<u>217,270</u>
Total general government	1,441,799
Public works	16,989,212
Parks and recreation services	2,435,035
River Market	101,069
Golf	44,367
Jim Dailey Fitness	108,265
Zoo	771,304
Fire	2,657,045
Police	4,412,896
Housing and neighborhood programs	<u>372,410</u>
Total depreciation expense – governmental activities	<u>29,333,402</u>

Business-Type Activities

Waste disposal	2,055,756
Second and Main parking	264,505
Vehicle storage	<u>25,795</u>
Total depreciation expense – business-type activities	<u>2,346,056</u>
Total depreciation expense – primary government	<u><u>\$ 31,679,458</u></u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2016, were as follows:

Governmental Activities	Balance December 31, 2015 (as restated)	Increases	Decreases	Balance December 31, 2016	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 23,755,000	\$ -	\$ 1,865,000	\$ 21,890,000	\$ 1,950,000
Less issuance discounts	263,769	-	16,284	247,485	-
Add issuance premiums	599	-	299	300	-
	<u>23,491,830</u>	<u>-</u>	<u>1,849,015</u>	<u>21,642,815</u>	<u>1,950,000</u>
General obligation bonds	103,705,000	-	12,595,000	91,110,000	4,320,000
Less issuance discounts	934,847	-	53,137	881,710	-
Add issuance premiums	3,444,242	-	195,717	3,248,525	-
	<u>106,214,395</u>	<u>-</u>	<u>12,737,580</u>	<u>93,476,815</u>	<u>4,320,000</u>
Bonds payable, net	129,706,225	-	14,586,595	115,119,630	6,270,000
Notes payable	23,907,433	11,978,000	8,564,133	27,321,300	10,040,139
Compensated absences	27,612,348	12,558,464	11,681,053	28,489,759	9,277,583
Net pension liability	190,854,330	32,232,205	1,725,304	221,361,231	-
Other	1,016,093	778,494	494,095	1,300,492	1,027,223
Total governmental activities long-term liabilities	<u>\$ 373,096,429</u>	<u>\$ 57,547,163</u>	<u>\$ 37,051,180</u>	<u>\$ 393,592,412</u>	<u>\$ 26,614,945</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 10,985,000	\$ -	\$ 1,535,000	\$ 9,450,000	\$ 730,000
Less issuance discounts	49,168	-	4,692	44,476	-
Bonds payable, net	10,935,832	-	1,530,308	9,405,524	730,000
Compensated absences	565,175	340,655	362,384	543,446	424,613
Net pension liability	732,285	102,318	55,558	779,045	-
Postclosure landfill costs	4,502,291	395,491	-	4,897,782	-
Total business-type activities long-term liabilities	<u>\$ 16,735,583</u>	<u>\$ 838,464</u>	<u>\$ 1,948,250</u>	<u>\$ 15,625,797</u>	<u>\$ 1,154,613</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Component Units	Balance, December 31, 2015	Increases	Decreases	Balance December 31, 2016	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	\$ 65,065,000	\$ -	\$ 1,130,000	\$ 63,935,000	\$ 1,160,000
Add issuance premiums	3,257,685	-	113,972	3,143,713	-
Notes payable	-	2,850,000	-	2,850,000	548,857
Compensated absences	346,530	429,053	409,796	365,787	365,787
Net pension liability	494,754	146,411	-	641,165	-
	<u>69,163,969</u>	<u>3,425,464</u>	<u>1,653,768</u>	<u>70,935,665</u>	<u>2,074,644</u>
Central Arkansas Library					
Notes payable	602,500	-	92,499	510,001	100,000
Bonds payable	-	2,005,000	-	2,005,000	-
Compensated absences	1,103,966	692,626	671,814	1,124,778	562,389
	<u>1,706,466</u>	<u>2,697,626</u>	<u>764,313</u>	<u>3,639,779</u>	<u>662,389</u>
Little Rock Port Authority					
Compensated absences	217,136	58,904	29,220	246,820	23,514
Postretirement health insurance	107,035	-	19,848	87,187	4,883
	<u>324,171</u>	<u>58,904</u>	<u>49,068</u>	<u>334,007</u>	<u>28,397</u>
Ambulance Authority					
Bonds payable	50,001	5,949,999	59,951	5,940,049	335,265
Little Rock Workforce Investment Board					
Compensated absences	15,646	25,278	21,803	19,121	19,121
Arkansas Arts Center					
Capital lease payable	13,919	138,554	29,296	123,177	42,876
Various notes payable	14,910	-	8,398	6,512	6,512
	<u>28,829</u>	<u>138,554</u>	<u>37,694</u>	<u>129,689</u>	<u>49,388</u>
Wastewater Utility					
Revenue bonds	269,842,901	31,960,027	29,988,590	271,814,338	11,268,291
Add issuance premiums	10,631,206	1,092,963	765,213	10,958,956	-
Compensated absences	959,413	78,199	27,085	1,010,527	934,737
Net pension liability	12,374,375	3,966,704	-	16,341,079	-
	<u>293,807,895</u>	<u>37,097,893</u>	<u>30,780,888</u>	<u>300,124,900</u>	<u>12,203,028</u>
Total component units long-term liabilities	<u>\$ 365,046,976</u>	<u>\$ 43,443,719</u>	<u>\$ 33,307,534</u>	<u>\$ 381,123,210</u>	<u>\$ 15,372,232</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Bonds and notes payable at December 31, 2016, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
General obligation bonds	2.0%–4.75%	2038	\$ 128,355,000	\$ 91,110,000
Revenue bonds	2.0%–5.5%	2039	36,930,000	21,890,000
Notes payable – short-term financing	1.38%–1.89%	2020	50,084,000	27,321,300

Governmental Activities

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

2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B – Bonds in the amount of \$12,120,000 were issued for the purpose of refunding the City’s outstanding Capital Improvement Revenue Bonds (Parks and Recreation Projects) Series 1998A, fund a debt service reserve, fund an operating reserve and pay the costs of issuing the Series 2009B Bonds. The Series 2009 Bonds are special obligations, payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities and from funds and monies pledged to the payment of the Series 2009 Bonds. Principal payments are due annually on January 1. Interest payments are due semiannually on January 1 and July 1.

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

2012 Library Construction and Refunding Bonds – Bonds in the amount of \$31,015,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2004A, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2016

of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1.

2015 Library Construction and Refunding Bonds – Bonds in the amount of \$36,620,000 were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, and the City of Little Rock Residential Housing and Public Facilities Board Capital Improvement Revenue Bonds, Series 2007 (debt of Central Arkansas Library) and to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. Principal payments are due annually on March 1. Interest payments are due semiannually on March 1 and September 1. The City issued the 2015 series to refund the Library Construction Bonds, Series 2008 and Series 2009, obtain additional funding for capital projects and extend repayment period of existing debt. Reduction of debt service payments and economic gain related to this refunding was minimal.

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

2013 Limited Tax General Obligation Capital Improvement Bonds – Bonds in the amount of \$58,105,000 were issued to finance street and drainage capital improvements for the City. The Series 2013 Bonds are limited tax general obligations of the City, secured by all proceeds derived from the 3 mills annual ad valorem tax levied by the City on all taxable and real and personal property located within the jurisdictional limits of the City. Principal payments are due annually on October 1 with final payment scheduled in 2033. Interest payments are due semiannually on April 1 and October 1.

Tax Incremental Financing 2014 Capital Improvement Bonds – The 2014 Tax Incremental Financing 2014 Capital Improvement Bonds for \$2,615,000 were issued in April 2014. The bonds are special obligations of the City secured by and payable solely by a pledge of the incremental ad valorem tax receipts derived with respect to the real property within the City's Redevelopment District No. 1. The bond proceeds were used to finance the cost of acquisition, construction and equipping of a major street system within Development District No. 1. The principal payment is due fully at maturity in 2036. Interest payments are due semiannually on March 1 and September 1.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

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, 2016, the outstanding short-term financing agreements were as follows:

2016 Short-term Financing Note (1) – The \$4,525,000 promissory note was issued to finance the cost of acquiring self-contained breathing apparatus for the Little Rock Fire Department, the acquisition and installation of a fire suppression system for the City’s main information data center, the acquisition of vehicles and equipment, the acquisition and installation of information technology equipment, and the acquisition and installation of new planning and permitting software and field devices with interest payable from general revenues. Due annually, payable \$947,107.08, on June 10, including interest at 1.541%.

2016 Short-term Financing Note (2) – The \$2,850,000 promissory note was issued to finance the acquisition of a facility located at 101 South Spring Street in the City with principal and interest payable from general revenues. Due annually, payable \$602,722.36, on October 25, including interest at 1.89%.

2016 Short-term Financing Note (3) – The \$4,603,000 promissory note was issued to finance all or a portion of the costs of the construction of, and the acquisition and installation of equipment for, the Southwest Fire Station and the acquisition of vehicles and equipment for the Little Rock Fire Department with principal and interest payable from general revenues. Due annually, payable \$972,316.54, on December 22, including interest at 1.85%.

2015 Short-term Financing Note – The \$5,910,000 promissory note was issued to finance the cost of acquiring, constructing and equipping West Central Community Center and acquiring police vehicles and equipment with principal and interest payable from general revenues. Due annually, payable \$1,246,888, on June 24, including interest at 1.81%.

2014 Short-term Financing Note – The \$5,916,000 promissory note was issued to finance the cost of acquiring, constructing and equipping the final phase of the 12th Street Station, acquiring fire vehicles and equipment and acquiring and installing information technology equipment and software with principal and interest payable from general revenues. Due annually, payable \$1,235,564, on June 27, including interest at 1.46%.

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

City of Little Rock, Arkansas

Notes to Financial Statements

Year Ended December 31, 2016

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

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

Other Liabilities

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

Business-Type Activities

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

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

2003 Capital Improvement and Refunding Revenue Bonds (Downtown Parking Projects) – On July 1, 2003, the City issued \$11,855,000 in 2003 Capital Improvement Revenue Bonds (Downtown Parking Projects) with an interest rate ranging from 4.8% to 5.4%. The bonds were issued to finance the construction of a new parking deck and advance refund the 1997 Capital 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
Notes to Financial Statements
Year Ended December 31, 2016

Waste Disposal Revenue Bonds – Series 2010 – The \$6,570,000 of bonds were issued to refund the Waste Disposal Revenue Bonds – Series 2002, fund a debt service reserve, and pay expenses of issuing the bonds. The Series 2010 Bonds are special obligations secured by the pledge of and payable from the net revenues derived from the operations of the City’s waste collection and disposal system. Principal payments are due annually on May 1 with final payment scheduled in 2016. Interest payments are due semiannually on May 1 and November 1.

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

The following bonds are secured by Wastewater Utility revenues. In July 2007, the City issued \$18,000,000 of sewer revenue bonds, Series 2007B, for the purpose of financing costs for the construction of extensions, betterments, and improvements to the sewer system collection system. In March 2009, the City issued \$8,000,000 of sewer revenue bonds, Series 2009A, for the purpose of financing costs of the unsewered areas. In July 2011, the City issued \$17,675,000 of sewer revenue bonds, Series 2011, for the purpose of refinancing the 2001 Sewer Revenue Bonds, to establish a debt service reserve for the Series 2011 Bonds, and to pay the cost of issuing the 2011 Sewer Bonds. In August 2012, the City issued \$28,390,000 of sewer revenue bonds, Series 2012, for the purpose of financing wastewater system capital improvements, to establish a debt service reserve for the Series 2012 Bonds, and to pay the cost of issuing the 2012 Sewer Bonds. In May 2013, the City issued \$36,000,000 of sewer revenue bonds, Series 2013, for the purpose of financing the improvements to the Collection System Rehabilitation-Phase Seven and to pay the cost of issuing the bonds. In October 2014, the City issued \$11,980,000 to refund the 1999 Sewer Revenue Bond and advance fund the 2005 Sewer Revenue Bond. In March 2015, the City issued \$160,070,000 of sewer revenue bonds, Series 2015, to refund the 1996, 2004A, 2004B, 2004C, and advance fund the 2007A and 2007C Sewer Revenue Bond. In August 2016, the City issued \$61,000,000 of sewer revenue bonds, Series 2016A, for the purpose of financing costs for the construction of extensions, betterments, and improvements to the sewer system collection system, Adams Field WTF Parallel Treatment Installation & Disinfection, Fourche Creek WTF Phase III Rehabilitation and Scott Hamilton Peak Flow Equalization Facilities.. In November 2016, the City issued \$18,585,000 of sewer revenue bonds, Series 16B for the purpose of advance refunding the Issuer’s Sewer Revenue Bonds Series 2008 and the Issuer’s Sewer Revenue Bonds, Series 2009B, paying a premium for a debt service reserve insurance policy, and paying the costs of issuing the Bonds. The reacquisition price exceeded the net carrying amount by \$1,759,173. This deferred loss is being amortized over the remaining life of the refunded debt. The City advance refunded the 2008 and 2009B Sewer Revenue Bond Series to reduce its total debt service payments by approximately \$242,000 per year and to obtain an economic gain net present value savings of approximately \$3,800,000.

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

Advertising and Promotion Commission Bonds

Hotel and Restaurant Gross Receipts Tax Bonds – Series 2014 – The Series 2014 Hotel and restaurant Gross Receipts Tax Bonds were issued for the purpose of financing the renovation of the Robinson Center. Bond principal payments are due each July 1 with final payment due in 2044. These bonds are collateralized by proceeds of the 2% hotel, motel, and restaurant gross receipts tax levy.

Central Arkansas Library System

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

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, 2016. Principal and interest are also disclosed for the component units as follows:

Year	Primary Government					
	Governmental Activities		Business-Type Activities		Component Units	
	General Obligation & Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 6,270,000	\$ 4,231,914	\$ 730,000	\$ 493,945	\$ 12,564,440	\$ 12,393,716
2018	6,540,000	3,966,845	770,000	456,693	12,944,197	12,118,716
2019	6,475,000	3,681,574	810,000	417,341	13,295,713	11,754,404
2020	5,355,000	3,390,429	850,000	373,010	13,771,491	11,389,302
2021	5,595,000	3,147,328	895,000	326,504	14,238,394	10,909,578
2022-2026	31,660,000	12,050,607	3,770,000	1,005,309	68,076,019	47,966,388
2027-2031	24,970,000	6,915,579	1,625,000	129,585	75,943,824	34,164,256
2032-2036	17,120,000	3,778,456	-	-	87,341,145	18,545,506
2037-2040	9,015,000	547,863	-	-	32,929,164	5,665,079
2041-2044	-	-	-	-	12,590,000	986,238
	<u>\$ 113,000,000</u>	<u>\$ 41,710,595</u>	<u>\$ 9,450,000</u>	<u>\$ 3,202,387</u>	<u>\$ 343,694,387</u>	<u>\$ 165,893,183</u>

	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2017	\$ 10,040,139	\$ 450,184	\$ 655,369	\$ 78,845
2018	6,324,979	294,653	659,231	63,412
2019	4,815,459	189,139	679,800	47,922
2020	3,661,181	107,853	690,570	31,873
2021	2,479,542	43,213	681,543	15,500
	<u>\$ 27,321,300</u>	<u>\$ 1,085,042</u>	<u>\$ 3,366,513</u>	<u>\$ 237,552</u>

City of Little Rock, Arkansas
Notes to Financial Statements
Year Ended December 31, 2016

The following is a summary of pledged revenues of the City and its Component Units for the year ended December 31, 2016:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
2009 Parks and Recreation Capital Improvement Refunding Bonds – Series A	Golf, Zoo and Fitness Center revenues	6,617,351	501,630	7.6%	11,881,070	Until 2039
2009 Parks and Recreation Capital Improvement Refunding Bonds – Series B	Golf, Zoo and Fitness Center revenues	6,617,351	795,008	12.0%	18,918,338	Until 2039
2007 Capital Improvement Revenue Refunding Bonds	Franchise fees	29,599,082	1,438,375	4.9%	4,287,813	Until 2019
2002 Capital Improvement Junior Lien Revenue Bonds	Franchise fees	29,599,082	320,298	1.1%	647,253	Until 2018
2012 Library Construction and Refunding Bonds	Property tax	3,682,709	2,067,945	56.2%	27,964,014	Until 2030
2015 Library Construction and Refunding Bonds	Property tax	3,667,243	865,327	23.6%	49,264,969	Until 2038
2013 Limited Tax General Obligation Capital Improvement Bonds	Property tax	12,216,474	4,864,743	39.8%	36,072,589	Until 2028
2014 TIF #1 Capital Improvement Bond	Property tax	52,315	156,900	299.9%	5,674,550	Until 2036
2007 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	5,214,775	334,125	6.4%	2,009,001	Until 2022
2010 Waste Disposal Revenue Bonds	Net revenues of the waste collection and disposal system	5,214,775	855,834	16.4%	-	Paid in Full 2016
2003 Capital improvement and Refunding Revenue Bonds	Specific parking revenues and other revenues in the Rivermarket Garage Fund	3,126,150	890,155	28.5%	10,643,385	Until 2028

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
Component Units:						
Hotel and Restaurant Gross Receipts Tax Bonds Series 2014	2% hotel, motel, and restaurant gross receipts tax levy	12,673,918	3,999,431	31.6%	111,928,919	Until 2044
2007B Sewer Bonds	Net revenues of the sewer system	27,741,295	1,176,096	4.2%	15,289,223	Until 2029
2008 Sewer Bonds	Net revenues of the sewer system	27,741,295	1,094,975	3.9%	-	Defeased 2016
2009A Sewer Bonds	Net revenues of the sewer system	27,741,295	487,290	1.8%	7,552,985	Until 2032
2009B Sewer Bonds	Net revenues of the sewer system	27,741,295	410,588	1.5%	-	Defeased 2016
2011 Sewer Bonds	Net revenues of the sewer system	27,741,295	2,075,400	7.5%	13,918,010	Until 2022
2012 Sewer Bonds	Net revenues of the sewer system	27,741,295	1,581,976	5.7%	41,202,963	Until 2042
2013 Sewer Bonds	Net revenues of the sewer system	27,741,295	-	0.0%	38,709,239	Until 2036
2014 Sewer Bonds	Net revenues of the sewer system	27,741,295	1,503,450	5.4%	10,729,800	Until 2025
2015 Sewer Bonds	Net revenues of the sewer system	27,741,295	10,423,042	37.6%	231,245,033	Until 2037
2016A Sewer Bonds	Net revenues of the sewer system	27,741,295	NA	NA	2,124,979	Until 2039
2016B Sewer Bonds	Net revenues of the sewer system	27,741,295	NA	NA	26,759,906	Until 2038

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2016, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	\$ 3,781,570	\$ 18,248
2013 Capital Improvements	-	2,448,197
CDBG fund	-	43,200
HIPP fund	-	22,545
2015 Central Arkansas Library Capital Improvements	-	188,588
Emergency 911 fund	-	601,993
TIF #1 2014 Capital Improvement	-	45,343
2009A Parks & Recreation debt service fund	-	413,456
	847,505	281,445
Governmental Funds to/from Fiduciary Funds		
General fund	847,505	281,445
	4,629,075	4,063,015
Proprietary Funds		
Internal service fund	874,731	-
Vehicle storage fund	-	874,731
	874,731	874,731
Fiduciary Funds		
Agency fund	-	843,814
Firemen's pension	4,261,477	3,691
	4,261,477	847,505
Government-Wide Governmental Activities		
	-	3,980,032
	\$ 9,765,283	\$ 9,765,283

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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

The amounts due to the fiduciary funds result from the collection and remittance of property taxes by the General Fund that are levied to fund the Firemen’s Pension Plan. A portion of the amounts receivable by the pension funds from the General Fund are not accrued on the General Fund financial statements, as they are not recognizable under the modified accrual basis of accounting because the amounts due to the pension funds are not expected to be liquidated with available expendable resources. However, \$3,980,032 of the amounts receivable by the pension fund from the General fund has been included in the governmental activities statement of net position as due to fiduciary funds.

Interfund transfers in and transfers for the year ended December 31, 2016, are as follows:

Interfund Transfers In	Interfund Transfers Out								Totals
	Governmental Funds				Proprietary Funds				
	General	Street	Sales Tax Capital Improvements	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	River Market Garage		
Governmental Funds									
General	\$ (1,002)	\$ 704,017	\$ 7,315,303	\$ -	\$ -	\$ 1,522,037	\$ -	\$ 9,540,355	
Street	1,082,000	273,700	-	-	-	-	279,069	1,634,769	
Other Nonmajor Governmental Funds	1,002	-	-	100,793	-	-	-	101,795	
	<u>\$ 1,082,000</u>	<u>\$ 977,717</u>	<u>\$ 7,315,303</u>	<u>\$ 100,793</u>	<u>\$ -</u>	<u>\$ 1,522,037</u>	<u>\$ 279,069</u>	<u>\$ 11,276,919</u>	

Transfers are used to fund special projects and meet debt service requirements.

Note 6: Pension Plans

Pension Trust Funds

Substantially all of the City’s employees receive retirement benefits. The City sponsors three single employer defined benefit plans, one agent-multiple employer defined pension plan and two defined contribution pension plans. The Firemen’s Pension and Relief Fund, The Police Pension, the Nonuniformed Employees’ Defined Benefit Pension Plan, the 2014 Defined Benefit Plan, the Nonuniformed Employees’ Defined Contribution Plan and 401(a) Money Purchase and Trust Retirement Fund are reported as pension funds by the City. Separate stand-alone financial reports are not issued except for the 2014 Defined Benefit Plan. The City also contributes to three cost-sharing multiple employer defined benefit pension plans. The assets of the plans are maintained in legally separate trusts and each plan’s assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

A summary of the net pension liability, deferred outflows, deferred inflows and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

Governmental Activities	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Firemen's Pension and Relief Fund	\$ 63,757,271	\$ 5,421,835	\$ -	\$ 4,309,483
Police Pension	50,254,620	10,061,474	153,527	7,135,351
Nonuniformed Plan – Government Wide	2,830,729	568,683	-	303,510
Nonuniformed Plan – Fleet	199,816	40,142	-	21,424
2014 Defined Benefit Plan – Government Wide	4,522,200	3,055,134	1,094,365	2,955,274
2014 Defined Benefit Plan – Fleet	319,547	212,171	74,594	208,608
Police – LOPFI	50,937,762	20,112,184	999,405	8,772,281
Fire – LOPFI	47,477,923	18,865,926	258,071	8,350,158
APERS	1,061,363	475,031	70,829	143,834
	<u>\$ 221,361,231</u>	<u>\$ 58,812,580</u>	<u>\$ 2,650,791</u>	<u>\$ 32,199,923</u>
Business-Type Activities *	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Nonuniformed Plan – Waste Disposal	\$ 266,422	\$ 53,522	\$ -	\$ 28,566
Nonuniformed Plan – Vehicle Storage	33,303	6,691	-	3,571
2014 Defined Benefit Plan – Waste Disposal	426,062	282,895	99,459	278,143
2014 Defined Benefit Plan – Vehicle Storage	53,258	35,361	12,432	34,768
	<u>779,045</u>	<u>378,469</u>	<u>111,891</u>	<u>345,048</u>
Discretely Presented Component Units	<u>\$ 671,126</u>	<u>\$ 455,210</u>	<u>\$ 160,674</u>	<u>\$ 438,514</u>

* Same amounts for proprietary funds' financial statements

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

B. Membership Information

Membership of each plan consisted of the following at December 31, 2016:

	Firemen's Fund	Nonuniformed Defined Benefit Plan	Nonuniformed Defined Contribution Plan	401 (a) Defined Contribution Plan	2014 Defined Benefit Plan	Police Pension
Retirees and beneficiaries receiving benefits	285	73	-	-	38	294
Active plan members	-	8	33	20	933	-
Members on Deferred Retirement Option Plan (DROP)	1	-	-	-	-	7
Total	286	81	33	20	971	301

C. Firemen's Pension and Relief Fund (Firemen's Fund)

1. Plan Description and Funding Information

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

The Firemen's Fund provides retirement benefits for firemen who have completed 20 years of service. Disability benefits are available to firemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the fire department. The Firemen's Fund also provides benefits for surviving spouses and dependent children of deceased firemen.

No benefits are vested to participants until normal retirement. At normal retirement, participants may elect to continue working and enter the DROP for up to 10 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981. Therefore, the Firemen's Fund is effectively closed to new members.

Contributions to the Firemen's Fund are set forth in Arkansas statute. The City's contribution to the Firemen's Fund consists of a one mill real and personal property tax collection and an insurance premium tax turnback collected by the State Insurance Commissioner. Additionally, the City contributes a percentage of the firemen's salaries which amounted to 6% during 2016. The participants contributed 6% of their salaries in 2016. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6%. Administrative costs are financed through Fund assets approved by the Board of Trustees. Total 2016 contributions to the Firemen's Fund were \$6,235,915. The City's share of contributions was \$5,424,238 and included \$4,256,858 in property taxes and \$1,002,354 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund. The liability for the Firemen's Fund has typically been liquidated from the general fund.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

2. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

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.

For the December 31, 2016 actuarial valuation, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), projected salary increases of 4.2% - 8.0%, which includes an inflation rate of 3% and no costs of living increases. The remaining amortization period at December 31, 2016, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the 1983 Group Annuity Table for males, set back five years for females. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

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

Firemen's Pension and Relief Fund	Long-term Expected Real Rate of Return (Arithmetic)	
Asset Class	Target Allocation	
Domestic fixed income	80%	2.25%
Domestic equity	10%	4.75%
Foreign equity	0%	6.25%
Cash	10%	0.25%
	100%	

3. Discount Rate

The discount rate used to measure the total pension liability was 5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

The City’s net pension liability as of December 31, 2016 was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are as follows for the Firemen’s Fund as determined by the City at December 31, 2016:

Changes in Net Pension Liability – Firemen’s Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 127,351,655	\$ 62,435,551	\$ 64,916,104
Charges for the year:			
Interest on total pension liability	6,088,293	-	6,088,293
Difference between expected and actual return	(120,292)	-	(120,292)
Benefit Payments, including refunds of employee contributions	(11,171,601)	(11,171,602)	1
Administrative expense	-	(225,141)	225,141
Contributions – member	-	3,324	(3,324)
Contributions – employer	-	5,424,494	(5,424,494)
Net investment income	-	1,356,915	(1,356,915)
Other	-	567,243	(567,243)
Net Changes	<u>(5,203,600)</u>	<u>(4,044,767)</u>	<u>(1,158,833)</u>
Balances as of end of year	<u>\$ 122,148,055</u>	<u>\$ 58,390,784</u>	<u>\$ 63,757,271</u>

4. Sensitivity to Discount Rate Changes

The following presents the City’s net pension liability calculated using the discount rate of 5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease 4.0%	Current Discount Rate 5.0%	1% Increase 6.0%
Firemen’s Pension and Relief Fund	Net pension liability	\$ 74,356,612	\$ 63,757,271	\$ 54,639,482

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized an increase in pension expense, as measured in accordance with GASB Statement No. 68, of \$4,309,483, and reported deferred outflows of resources related to pensions from the following sources for the Firemen's Fund, as determined by the City at December 31, 2016:

Firemen's Pension and Relief Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 5,421,835	\$ -
Total	<u>\$ 5,421,835</u>	<u>\$ -</u>

There were no contributions subsequent to the measurement date. Deferred outflows resources related to the plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflow of Resources</u>
2017	\$ 1,488,499
2018	1,488,499
2019	1,488,499
2020	<u>956,338</u>
Total	<u>\$ 5,421,835</u>

D. Police Pension

1. Plan Description and Funding Information

The **Police Pension** is an agent multiple-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. The majority of the Plan assets are held by and managed by the Arkansas Local Police and Fire Retirement System and are excluded from the City's financial statements. The rest are held in a fiduciary fund on the City's books.

The Police Pension 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 Police Pension 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 DROP for up to 10 years. All policemen hired after January 1, 1983, participate in the Arkansas Local Police and

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Fire Retirement System created by Act 364 of 1981. Therefore, the Police Pension is effectively closed to new members.

Contributions to the Police Pension are set forth in Arkansas statute. The City's contribution to the Police Pension 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. The City's contributions to the Plan for 2016 were \$7,439,847.

2. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

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.

For the December 31, 2015 actuarial valuation, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included an 8% investment rate of return (net of administrative expenses), projected salary increases of 4%, which includes an inflation rate of 3% and no costs of living increases. The remaining amortization period at December 31, 2015, was 24 years using a closed amortization period based on projected future payroll. The mortality assumption was based on the RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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

Police Pension	Long-term Expected	
Asset Class	Target Allocation	Real Rate of Return
		(Arithmetic)
Domestic fixed income	30%	2.97%
Domestic equity	33%	5.88%
International equity	6%	1.50%
Foreign equity	7%	6.25%
Index	11%	6.73%
Alternatives	10%	6.13%
Cash	3%	-0.04%
	<hr/> <hr/>	
	100%	

Detailed information about the pension plan fiduciary net pension is available in a separately issued LOPFI financial report. That report may be obtained from the internet at www.lopfi-prb.com.

3. Discount Rate

The discount rate used to measure the total pension liability was 8 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2016 was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the Police Pension as determined by the City at December 31, 2016:

Changes in Net Pension Liability – Police Pension			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 94,577,556	\$ 46,165,175	\$ 48,412,381
Charges for the year:			
Interest on total pension liability	7,172,978	-	7,172,978
Difference between expected and actual return	626,074	-	626,074
Changes of assumptions	1,589,989	-	1,589,989
Local plan administrative mergers	-	-	-
Benefit Payments, including refunds of employee contributions	(9,830,664)	(9,830,664)	-
Administrative expense	-	(83,836)	83,836
Contributions – employer	-	7,562,305	(7,562,305)
Net investment income	-	(130,408)	130,408
Other	-	198,741	(198,741)
Net Changes	(441,623)	(2,283,862)	1,842,239
Balances as of end of year	\$ 94,135,933	\$ 43,881,313	\$ 50,254,620

4. Sensitivity to Discount Rate Changes

The following presents the City’s net pension liability calculated using the discount rate of 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Police Pension	Net pension liability	\$ 56,666,276	\$ 50,254,620	\$ 43,745,450

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

5. Pension Expense and Deferred Outflows of Resources

For the year ended December 31, 2016, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$7,135,351, and reported deferred outflows of resources related to pensions from the following sources for the Police Pension, as determined by the City at December 31, 2016:

Police Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 2,621,627	\$ 153,527
Contributions subsequent to the measurement date	7,439,847	-
Total	<u>\$ 10,061,474</u>	<u>\$ 153,527</u>

At December 31, 2016, the City reported \$7,439,847 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2017.

Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflow of Resources
2017	\$ 687,876
2018	687,876
2019	687,876
2020	404,472
Total	<u>\$ 2,468,100</u>

E. Nonuniformed Employees' Defined Benefit Pension Plan (Nonuniformed Plan)

1. Plan Description and Funding Information

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.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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 2016 were \$883,340. Administrative costs are financed by the Nonuniformed Plan Fund. The liability for the Nonuniformed Plan has typically been liquidated from the general fund.

2. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

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.

For the December 31, 2016 actuarial valuation, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2016, was 5 years using a level dollar, open basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation of the plan and the long-term expected real rates of return are shown in the table below:

Nonuniformed Defined Benefit Plan	Long-term Expected Real Rate of Return	
Asset Class	Target Allocation	(Arithmetic)
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	100%	

3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City’s net pension liability as of December 31, 2016 was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the Nonuniformed Plan as determined by the City at December 31, 2016:

Changes in Net Pension Liability – Nonuniformed Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 15,799,017	\$ 11,851,431	\$ 3,947,586
Charges for the year:			
Service Cost	9,627	-	9,627
Interest on total pension liability	992,989	-	992,989
Transfers from DC plan	679,378	679,378	-
Difference between expected and actual return	(144,356)	-	(144,356)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,723,901)	(1,723,901)	-
Administrative expense	-	(19,799)	19,799
Contributions – employer	-	883,340	(883,340)
Net investment income	-	612,036	(612,036)
Other	-	-	-
Net Changes	(186,263)	431,054	(617,317)
Balances as of end of year	\$ 15,612,754	\$ 12,282,485	\$ 3,330,270

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities) and Vehicle Storage (business-type activities) as shown on the following four schedules:

Changes in Net Pension Liability – Nonuniformed Plan (Government Wide)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 13,429,164	\$ 10,073,716	\$ 3,355,448
Charges for the year:			
Service Cost	8,183	-	8,183
Interest on total pension liability	844,041	-	844,041
Transfers from DC plan	577,471	577,471	-
Difference between expected and actual return	(122,703)	-	(122,703)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(1,465,316)	(1,465,316)	-
Administrative expense	-	(16,829)	16,829
Contributions – employer	-	750,839	(750,839)
Net investment income	-	520,231	(520,231)
Other	-	-	-
Net Changes	<u>(158,324)</u>	<u>366,396</u>	<u>(524,719)</u>
Balances as of end of year	<u>\$ 13,270,841</u>	<u>\$ 10,440,112</u>	<u>\$ 2,830,729</u>

Changes in Net Pension Liability – Nonuniformed Plan (Waste Disposal)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 1,263,921	\$ 948,114	\$ 315,807
Charges for the year:			
Service Cost	770	-	770
Interest on total pension liability	79,439	-	79,439
Transfers from DC plan	54,350	54,350	-
Difference between expected and actual return	(11,548)	-	(11,548)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(137,912)	(137,912)	-
Administrative expense	-	(1,584)	1,584
Contributions – employer	-	70,667	(70,667)
Net investment income	-	48,963	(48,963)
Other	-	-	-
Net Changes	<u>(14,901)</u>	<u>34,484</u>	<u>(49,385)</u>
Balances as of end of year	<u>\$ 1,249,020</u>	<u>\$ 982,599</u>	<u>\$ 266,422</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Changes in Net Pension Liability – Nonuniformed (Fleet)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 947,941	\$ 711,086	\$ 236,855
Charges for the year:			
Service Cost	578	-	578
Interest on total pension liability	59,579	-	59,579
Transfers from DC plan	40,763	40,763	-
Difference between expected and actual return	(8,661)	-	(8,661)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(103,434)	(103,434)	-
Administrative expense	-	(1,188)	1,188
Contributions – employer	-	53,000	(53,000)
Net investment income	-	36,722	(36,722)
Other	-	-	-
Net Changes	<u>(11,176)</u>	<u>25,863</u>	<u>(37,039)</u>
Balances as of end of year	<u>\$ 936,765</u>	<u>\$ 736,949</u>	<u>\$ 199,816</u>

Changes in Net Pension Liability – Nonuniformed Plan (Vehicle Storage)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 157,990	\$ 118,514	\$ 39,476
Charges for the year:			
Service Cost	96	-	96
Interest on total pension liability	9,930	-	9,930
Transfers from DC plan	6,794	6,794	-
Difference between expected and actual return	(1,444)	-	(1,444)
Changes of assumptions	-	-	-
Benefit Payments, including refunds of employee contributions	(17,239)	(17,239)	-
Administrative expense	-	(198)	198
Contributions – employer	-	8,833	(8,833)
Net investment income	-	6,120	(6,120)
Other	-	-	-
Net Changes	<u>(1,863)</u>	<u>4,311</u>	<u>(6,173)</u>
Balances as of end of year	<u>\$ 156,128</u>	<u>\$ 122,825</u>	<u>\$ 33,303</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
Nonuniformed Employees' Defined Benefit Pension Plan	Net pension liability	\$ 4,641,461	\$ 3,330,270	\$ 2,171,355

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$357,071, and reported deferred outflows of resources related to pensions from the following sources for the Nonuniformed Plan, as determined by the City at December 31, 2016:

Nonuniformed Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Experience	\$ 669,038	\$ -
Total	\$ 669,038	\$ -

There were no contributions subsequent to the measurement date. Amounts reported as deferred outflows related to the plan will be recognized in pension expense as follows:

Year Ending December 31,		Net Reduction in Pension Expense
2017	\$	214,765
2018		214,765
2019		214,765
2020		24,743
Total	\$	669,038

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

F. 2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)

1. Plan Description and Funding Information

The **2014 Nonuniformed Employees' Defined Benefit Pension Plan (2014 Defined Benefit Plan)** is a single-employer, defined benefit pension plan established under Arkansas state law. Benefit provisions are established by City Ordinance #20778.

The 2014 Defined Benefit Plan provides retirement, disability and survivor benefits to participating employees and/or their beneficiaries or dependents who have met eligibility requirements set forth in the Plan's benefit provisions.

Under the provisions of the 2014 Defined Benefit Plan, the City contributes 9% of the participant's salary. The participants contribute 4.5% of their salaries. City contributions during 2016 were \$3,709,110. Contributions to the plan are made from various city governmental and business type funds.

2. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future.

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.

For the December 31, 2016 actuarial valuation, the entry age cost method was used. The actuarial value of pension benefit assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), projected salary increases of 3.5%, which includes an inflation rate of 2.5% and no costs of living increases. The remaining amortization period at December 31, 2016, was 15 years using a level percent of salary basis, amortization period. The mortality assumption was based on the RP 2000 Mortality Table. There were no factors that significantly affected the identification of trends such as changes in benefits, actuarial methods or assumptions.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation of the plan and the long-term expected real rates of return are shown in the table below:

2014 Defined Benefit Plan	Long-term Expected Real Rate of Return (Arithmetic)	
Asset Class	Target Allocation	
Fixed income	30%	2.25%
Domestic equity	50%	4.75%
Foreign equity	7%	6.25%
Alternatives	10%	4.50%
Cash	3%	0.25%
	100%	

3. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The City's net pension liability as of December 31, 2016 was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the respective fiscal years ended, are as follows for the 2014 Defined Benefit Plan as determined by the City at December 31, 2016:

Changes in Net Pension Liability – 2014 DB Plan			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 40,221,052	\$ 35,509,110	\$ 4,711,942
Charges for the year:			
Service Cost	4,670,895	-	4,670,895
Interest on total pension liability	2,796,992	-	2,796,992
Difference between expected and actual return	(932,229)	-	(932,229)
Changes of assumptions	1,849,331	-	1,849,331
Benefit Payments, including refunds of employee contributions	(745,738)	(745,738)	-
Administrative expense	-	(83,231)	83,231
Contributions – employer	-	3,709,110	(3,709,110)
Contributions – member	-	1,855,506	(1,855,506)
Service Purchases	847,020	847,020	-
Net investment income	-	1,623,353	(1,623,353)
Other	-	-	-
Net Changes	8,486,271	7,206,020	1,280,251
Balances as of end of year	\$ 48,707,323	\$ 42,715,130	\$ 5,992,193

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

The above amounts are allocated between government-wide (governmental activities), Fleet (governmental activities), Waste Disposal (business-type activities), Vehicle Storage (business-type activities), Advertising and Promotion Commission (component unit), Workforce Investment Board (component unit) and Little Rock Port Authority (component unit) as shown on the following seven schedules:

Changes in Net Pension Liability – City of Little Rock Government Wide			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 30,393,038	\$ 26,832,459	\$ 3,560,579
Charges for the year:			
Service Cost	3,525,592	-	3,525,592
Interest on total pension liability	2,111,170	-	2,111,170
Difference between expected and actual return	(703,646)	-	(703,646)
Changes of assumptions	1,395,875	-	1,395,875
Benefit Payments, including refunds of employee contributions	(562,883)	(562,883)	-
Administrative expense	-	(62,823)	62,823
Contributions – employer	-	2,799,636	(2,799,636)
Contributions – member	-	1,400,536	(1,400,536)
Service Purchases	639,331	639,331	-
Net investment income	-	1,225,307	(1,225,307)
Other	-	(4,712)	(4,712)
Net Changes	<u>6,405,437</u>	<u>5,434,392</u>	<u>961,621</u>
Balances as of end of year	<u>\$ 36,798,475</u>	<u>\$ 32,266,851</u>	<u>\$ 4,522,200</u>

Changes in Net Pension Liability – City of Little Rock Waste Disposal			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 2,860,521	\$ 2,525,408	\$ 335,113
Charges for the year:			
Service Cost	331,820	-	331,820
Interest on total pension liability	198,698	-	198,698
Difference between expected and actual return	(66,226)	-	(66,226)
Changes of assumptions	131,376	-	131,376
Benefit Payments, including refunds of employee contributions	(52,977)	(52,977)	-
Administrative expense	-	(5,913)	5,913
Contributions – employer	-	263,495	(263,495)
Contributions – member	-	131,815	(131,815)
Service Purchases	60,172	60,172	-
Net investment income	-	115,323	(115,323)
Other	-	-	-
Net Changes	<u>602,865</u>	<u>511,916</u>	<u>90,949</u>
Balances as of end of year	<u>\$ 3,463,386</u>	<u>\$ 3,037,324</u>	<u>\$ 426,062</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Changes in Net Pension Liability – City of Little Rock Fleet

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 2,145,391	\$ 1,894,056	\$ 251,335
Charges for the year:			
Service Cost	248,865	-	248,865
Interest on total pension liability	149,024	-	149,024
Difference between expected and actual return	(49,669)	-	(49,669)
Changes of assumptions	98,532	-	98,532
Benefit Payments, including refunds of employee contributions	(39,733)	(39,733)	-
Administrative expense	-	(4,435)	4,435
Contributions – employer	-	197,621	(197,621)
Contributions – member	-	98,861	(98,861)
Service Purchases	45,129	45,129	-
Net investment income	-	86,492	(86,492)
Other	-	-	-
Net Changes	452,149	383,937	68,212
Balances as of end of year	\$ 2,597,539	\$ 2,277,993	\$ 319,547

Changes in Net Pension Liability – City of Little Rock Vehicle Storage

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 357,565	\$ 315,676	\$ 41,889
Charges for the year:			
Service Cost	41,478	-	41,478
Interest on total pension liability	24,837	-	24,837
Difference between expected and actual return	(8,278)	-	(8,278)
Changes of assumptions	16,422	-	16,422
Benefit Payments, including refunds of employee contributions	(6,622)	(6,622)	-
Administrative expense	-	(739)	739
Contributions – employer	-	32,937	(32,937)
Contributions – member	-	16,477	(16,477)
Service Purchases	7,522	7,522	-
Net investment income	-	14,415	(14,415)
Other	-	-	-
Net Changes	75,358	63,989	11,369
Balances as of end of year	\$ 432,923	\$ 379,665	\$ 53,258

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Changes in Net Pension Liability – Advertising and Promotion Commission

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 4,223,210	\$ 3,728,457	\$ 494,754
Charges for the year:			
Service Cost	499,786	-	499,786
Interest on total pension liability	299,278	-	299,278
Difference between expected and actual return	(99,749)	-	(99,749)
Changes of assumptions	197,878	-	197,878
Benefit Payments, including refunds of employee contributions	(79,794)	(79,794)	-
Administrative expense	-	(8,906)	8,906
Contributions – employer	-	396,875	(396,875)
Contributions – member	-	198,539	(198,539)
Service Purchases	90,631	90,631	-
Net investment income	-	173,699	(173,699)
Other	-	(9,424)	9,424
Net Changes	<u>908,031</u>	<u>761,620</u>	<u>146,411</u>
Balances as of end of year	<u>\$ 5,131,241</u>	<u>\$ 4,490,077</u>	<u>\$ 641,165</u>

Changes in Net Pension Liability – Workforce Investment Board

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 201,105	\$ 177,546	\$ 23,560
Charges for the year:			
Service Cost	18,684	-	18,684
Interest on total pension liability	11,188	-	11,188
Difference between expected and actual return	(3,729)	-	(3,729)
Changes of assumptions	7,397	-	7,397
Benefit Payments, including refunds of employee contributions	(2,983)	(2,983)	-
Administrative expense	-	(333)	333
Contributions - employer	-	14,836	(14,836)
Contributions - member	-	7,422	(7,422)
Service Purchases	3,388	3,388	-
Net investment income	-	6,493	(6,493)
Other	-	4,712	(4,712)
Net Changes	<u>33,945</u>	<u>33,536</u>	<u>409</u>
Balances as of end of year	<u>\$ 235,050</u>	<u>\$ 211,082</u>	<u>\$ 23,969</u>

Note: The Workforce Investment Board follows standards established by the Financial Accounting Standards Board and is not required to record the net pension liability.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Changes in Net Pension Liability – Little Rock Port Authority

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of beginning of year	\$ 40,221	\$ 35,509	\$ 4,712
Charges for the year:			
Service Cost	4,671	-	4,671
Interest on total pension liability	2,797	-	2,797
Difference between expected and actual return	(932)	-	(932)
Changes of assumptions	1,849	-	1,849
Benefit Payments, including refunds of employee contributions	(746)	(746)	-
Administrative expense	-	(83)	83
Contributions – employer	-	3,709	(3,709)
Contributions – member	-	1,856	(1,856)
Service Purchases	847	847	-
Net investment income	-	1,623	(1,623)
Other	-	-	-
Net Changes	<u>8,486</u>	<u>7,206</u>	<u>1,280</u>
Balances as of end of year	<u><u>\$ 48,707</u></u>	<u><u>\$ 42,715</u></u>	<u><u>\$ 5,992</u></u>

Note: The net pension liability was immaterial to the Little Rock Port Authority's financial statements and was not recorded in their financial statements.

4. Sensitivity to Discount Rate Changes

The following presents the City's net pension liability calculated using the discount rate of 6.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
2014 Defined Benefit Pension Plan			
Net pension liability (asset)	\$ 15,498,577	\$ 5,321,067	\$ (2,381,798)
Advertising & Promotion Commission			
Net pension liability (asset)	\$ 1,867,506	\$ 641,165	\$ (286,996)
Workforce Investment Board			
Net pension liability (asset)	\$ 69,813	\$ 23,969	\$ (10,729)
Little Rock Port Authority			
Net pension liability (asset)	\$ 17,453	\$ 5,992	\$ (2,682)

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$3,476,793, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the 2014 Defined Benefit Plan, as determined by the City at December 31, 2016:

2014 Defined Benefit Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 1,187,716
Changes of assumptions	1,459,739	87,607
Change in proportion	-	5,527
Difference between expected and actual investment earnings on pension plan investments	2,125,822	
Total	<u>\$ 3,585,561</u>	<u>\$ 1,280,850</u>

Advertising and Promotion Commission	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 137,663
Changes of assumptions	175,892	10,556
Changes in proportion	11,054	-
Difference between expected and actual investment earnings on plan investments	248,436	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 435,382</u>	<u>\$ 148,219</u>

Workforce Investment Board	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 5,146
Changes of assumptions	6,575	395
Changes in proportion	-	5,528
Difference between expected and actual investment earnings on plan investments	9,287	-
Total	<u>\$ 15,862</u>	<u>\$ 11,069</u>

Little Rock Port Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,287
Changes of assumptions	1,644	99
Difference between expected and actual investment earnings on plan investments	2,322	-
Total	<u>\$ 3,966</u>	<u>\$ 1,386</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	2014 Defined Benefit Plan Net Deferred Outflow of Resources	Advertising and Promotion Commission Net Deferred Outflow of Resources	Workforce Investment Board Net Deferred Outflow of Resources	Little Rock Port Authority Net Deferred Outflow of Resources
2017	\$ 653,545	\$ 80,214	\$ 1,369	\$ 737
2018	653,545	80,214	1,369	737
2019	653,545	80,214	1,369	737
2020	177,912	23,618	373	201
2021	166,164	22,903	312	168
Total	<u>\$ 2,304,711</u>	<u>\$ 287,163</u>	<u>\$ 4,793</u>	<u>\$ 2,580</u>

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, adjusted for the changing amounts actually invested. The money-weighted rates of returns are shown in the table below:

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Firemen's Pension and Relief Fund	12/31/16	2.42%
Nonuniformed Employees' Defined Benefit Pension Plan	12/31/16	5.20%
2014 Defined Benefit Pension Plan	12/31/16	4.24%

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI)

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

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

Contribution requirements are set forth in Arkansas statute. LOPFI members were required to contribute 8.5% of their annual covered salary. The City is required to contribute at an actuarially determined rate, which was 27.81% for participating policemen and 21.58% for participating firemen. City contributions for 2016 to the Plan were \$12,644,874.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the LOPFI Police and LOPFI Fire reported a liability of \$50,937,762 and \$47,477,923, respectively, for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The City's proportionate share was 9.7066% and 9.0473% respectively, for LOPFI Police and LOPFI Fire which are unchanged from the prior year. The allocation percentages are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended December 31, 2015. The contributions used excluded contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

For the year ended December 31, 2016 the LOPFI Police and LOPFI Fire recognized pension expense of \$8,772,281 and \$8,350,158, respectively. At December 31, 2016, LOPFI Police and LOPFI Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LOPFI – Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 538,842	\$ 35,405
Assumption changes	3,979,594	-
Change in porportion	-	964,000
Difference between expected and actual investment earnings on pension plan investments	9,091,204	-
Contributions subsequent to the measurement date	6,502,544	-
Total	<u>\$ 20,112,184</u>	<u>\$ 999,405</u>

LOPFI – Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 502,253	\$ 31,682
Assumption changes	3,709,305	-
Change in porportion	-	226,389
Difference between expected and actual investment earnings on pension plan investments	8,473,754	-
Contributions subsequent to the measurement date	6,180,614	-
Total	<u>\$ 18,865,926</u>	<u>\$ 258,071</u>

At December 31, 2016, LOPFI Police and LOPFI Fire reported \$6,502,544 and \$6,180,614 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2016, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	LOPFI Police Net Deferred Outflow of Resources	LOPFI Fire Net Deferred Outflow of Resources
2017	\$ 3,232,741	\$ 3,185,280
2018	3,232,741	3,185,280
2019	3,232,741	3,185,280
2020	<u>2,912,012</u>	<u>2,871,401</u>
Total	<u>\$ 12,610,235</u>	<u>\$ 12,427,241</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	LOPFI – Police	LOPFI – Fire
Inflation	3%	3%
Salary Increases	4.5%	4.5%
Investment rate of return	8%	8%
Actuarial cost method	Entry age normal	Entry age normal
	5-year smoothed market;	5-year smoothed market;
Asset valuation method	20% corridor	20% corridor

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on scale AA.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 to December 31, 2011. As a result of the 2011 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2015 actuarial evaluation to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan’s target asset allocation as of December 31, 2015, these best estimates are summarized in the following table:

LOPFI – Police and Fire	Long-term Expected Real Rate of Return (Arithmetic)	
Asset Class	Target Allocation	
Domestic fixed income	30%	2.97%
International fixed income	6%	1.50%
Domestic equity	33%	5.88%
Foreign equity	7%	6.25%
Index	11%	6.73%
Alternative investments	10%	6.13%
Cash	3%	-0.04%
	<u>100%</u>	

Discount Rate

A single discount rate of 8 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City’s net pension liability, calculated using a single discount rate of 8 percent, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

		1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
LOPFI – Police	Net pension liability	\$ 80,154,783	\$ 50,937,762	\$ 26,464,962

		1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
LOPFI – Fire	Net pension liability	\$ 74,710,441	\$ 47,477,923	\$ 24,667,386

Arkansas Public Employees Retirement System (APERS)

The following plan description of the Arkansas Public Employees Retirement System (APERS) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information. Detailed information about the pension plan fiduciary net pension is available in a separately issued APERS financial report. That report may be obtained from the internet at www.apers.org.

APERS is a cost-sharing multiple-employer defined benefit plan which provides benefits for the City’s municipal judges and court clerks. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$1,061,363 for its proportionate share of the net pension liability. The City's proportionate share was .04438351%, which remained unchanged. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on actual City contributions to the pension plan relative to the actual contributions of all participating APERS members for the year ended June 30, 2016.

For the year ended December 31, 2016, the City recognized pension expense of \$143,834. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Diffence in expected and actual experience	\$ 1,003	\$ 38,074
Change in assumptions	81,334	
Difference between expected and actual investment earnings on pension plan investments	211,911	26,605
Change in proportion	23,170	6,150
Contributions subsequent to the measurement date	157,613	
Total	<u>\$ 475,031</u>	<u>\$ 70,829</u>

At December 31, 2016, APERS reported \$157,613 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2015, related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	APERS Net Deferred Outflow of Resources
2017	\$ 48,517
2018	41,059
2019	89,800
2020	67,213
Total	<u>\$ 246,589</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	APERS
Valuation	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent-of-Payroll
Remaining Amortization	25 year closed
Asset Valuation Method	4-Year Smoothed Market with 25% Corridor
Investment rate of return	7.5%
Projected salary increase	3.95%-9.85%
Inflation	4%
Cost of living adjustments	2.5% Annual Compounded Increase

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the table below:

APERS Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad domestic equity	38%	6.82%
Internation equity	24%	6.88%
Real assets	16%	3.07%
Absolute return	5%	3.35%
Domestic fixed	17%	0.83%
	100%	

A single discount rate of 7.5 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City's net pension liability, calculated using a single discount rate of 7.5 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

		1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
APERS	Net pension liability	\$ 1,606,640	\$ 1,061,363	\$ 607,564

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 2016, pension expense to the Plan was \$1,195,451.

The *401(a) Money Purchase and Trust Retirement Fund* is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established, and can be amended, by action of the City's Board of Directors. During 2016, pension expense to the Plan was \$850,565.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 7: Other Postemployment Benefits

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

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

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

Annual required contribution	\$ 1,171,609
30-year amortization of beginning of year net OPEB assets	19,923
Interest on net OPEB asset	<u>(17,306)</u>
Annual OPEB Cost	1,174,226
Total annual employer contribution	<u>(1,171,609)</u>
Increase in net OPEB asset	2,617
Net OPEB asset – beginning of year	<u>247,223</u>
Net OPEB asset – end of year	<u>\$ 249,840</u>

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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

Service cost	\$ 427,935
Amortization of unfunded obligation	667,027
Interest to end-of-year	<u>76,647</u>
 ARC	 <u>\$ 1,171,609</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB asset for 2016 and the previous two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
12/31/16	\$1,174,226	100%	\$249,840
12/31/15	\$1,271,404	100%	\$247,223
12/31/14	\$1,252,811	100%	\$243,282

Funded Status and Funding Progress: As of January 1, 2016, the most recent actuarial valuation date, the OPEB plan was 23.9% funded. The actuarial accrued liability for benefits was \$11,637,294, and the actuarial value of assets was \$2,780,728, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,856,566. The covered payroll (annual payroll of active employees covered by the plan) was \$114,145,469, and the ratio of the UAAL to the covered payroll was 7.76%.

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

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

In the January 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an inflation rate of 2.5%, a 7.0% investment rate of return and an annual health care cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 8: Risk Management

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of \$400,000 per occurrence, per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City from January 1, 2015, to December 31, 2016:

Liability balance, January 1, 2015	\$	1,202,118
Claims and changes in estimates		676,843
Claims payments		<u>(862,868)</u>
Liability balance, December 31, 2015		1,016,093
Claims and changes in estimates		778,494
Claims payments		<u>(494,095)</u>
Liability balance, December 31, 2016	\$	<u><u>1,300,492</u></u>

Insurance Coverage

The City and its component units have various insurance policies to cover their potential liability risk areas, *i.e.*, automobile, personal property, contents and outside structures and workers' compensation. The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$3,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2015 to 2016; nor have settlement amounts exceeded insurance coverage for each of the past three years.

Note 9: Property Taxes

City property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 11 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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, 2016, property taxes receivable and related deferred inflows of resources of \$53,058,161 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

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

<u>Description</u>	<u>Millage Limit</u>	<u>Levied 2015 for 2016 Collections</u>
General purpose	5.00	5.00
Municipal improvements	3.00	3.00
Library operations	3.30	3.30
Library capital improvement bonds	1.80	1.80
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	<u>1.45</u>	<u>1.45</u>
Total	<u><u>16.55</u></u>	<u><u>16.55</u></u>

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of \$4,897,782 is based on 21% use of Class I Waste total constructed capacity, and 35.8% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional \$11,338,440 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 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

assurance for closure and postclosure care through the Environmental Protection Agency’s Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following enterprise fund has a deficit net position as of December 31, 2016:

Fund	<u>Deficit Amount</u>
Vehicle Storage	<u>\$ (919,314)</u>
Total deficit net position	<u><u>\$ (919,314)</u></u>

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

Note 12: Contingencies

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

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

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

The City, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts and alleged violations of state and federal laws. It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

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, 2016, the aggregate principal amount payable on these bonds was approximately \$146,565,105.

Note 14: Jointly Governed Organization

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

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 15: Fund Balance

The City classified governmental fund balances as follows:

	General Fund	Sales Tax Capital Improvements	2013 Capital Improvements (Debt Service)	2013 Capital Improvements (Capital Improvements)	Street	Other Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendable:							
Due from other funds	\$ 3,781,561	\$ -	\$ -	-	-	\$ -	\$ 3,781,561
Prepays and inventories	1,141,228	-	-	-	23,738	1,359,252	2,524,218
Restricted							
Debt service	-	-	12,363,961	-	-	9,493,806	21,857,767
Grant funds	-	-	-	-	-	2,023,768	2,023,768
Library capital projects	-	-	-	-	-	10,601,553	10,601,553
Infrastructure	-	-	-	-	15,884,750	6	15,884,756
Capital projects	-	-	-	-	-	2,069,508	2,069,508
General administration special projects	-	3,872,966	-	-	-	498,787	4,371,753
Courts special projects	-	-	-	-	-	303,579	303,579
Finance special projects	-	133,472	-	-	-	30,568	164,040
Human resources special projects	-	-	-	-	-	622,456	622,456
Information technology special projects	-	632,636	-	-	-	1,991	634,627
Planning and development special projects	-	-	-	-	-	126,692	126,692
Housing and neighborhood programs special projects	-	370,232	-	-	-	649,830	1,020,062
Public works special projects	-	21,519,978	-	12,121,120	-	1,102,356	34,743,454
Parks special projects	-	2,682,763	-	-	-	1,136,823	3,819,586
Zoo special projects	-	980,326	-	-	-	19,641	999,967
Fire special projects	-	4,996,003	-	-	-	366,376	5,362,379
Police special projects	-	3,415,536	-	-	-	609,229	4,024,765
Fleet special projects	-	123,185	-	-	-	194,154	317,339
Committed							
Cable network	49,105	-	-	-	-	-	49,105
Assigned							
General administration special projects	1,451,682	-	-	-	-	-	1,451,682
Community programs special projects	4,279,481	-	-	-	-	-	4,279,481
Finance special projects	8,450	-	-	-	-	-	8,450
City attorneys special projects	-	-	-	-	-	-	-
Human resources special projects	7,664	-	-	-	-	-	7,664
Information technology special projects	1,137,204	-	-	-	-	-	1,137,204
Planning special projects	100,000	-	-	-	-	-	100,000
Housing and neighborhood programs special projects	640,850	-	-	-	-	-	640,850
Public works special projects	528,376	-	-	-	-	-	528,376
Parks special projects	1,229,496	-	-	-	-	-	1,229,496
Fire special projects	124,376	-	-	-	-	-	124,376
Police special projects	-	-	-	-	-	-	-
Fleet special projects	389,350	-	-	-	-	-	389,350
Zoo special projects	1,244,627	-	-	-	-	-	1,244,627
Unassigned	24,009,361	-	-	-	-	(2,633,318)	21,376,043
Total Fund Balances	\$ 40,122,811	\$ 38,727,097	\$ 12,363,961	\$ 12,121,120	\$ 15,908,488	\$ 28,577,057	\$ 147,820,534

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 16: Tax Abatement

The City of Little Rock has eleven (11) active Payment in Lieu of Taxes Agreements (PILOTS) associated with the issuance of industrial development bonds under the provisions of the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. §§ 14-164-201 to 224, for the purpose of financing substantial industrial projects consisting of the acquisition of land, construction of buildings, and acquisition and installation of equipment located within the City (the “project”). The project is leased by the City to the company that will be utilizing the bond proceeds, pursuant to one or more lease agreements (collectively, the “Lease”), for rentals sufficient to pay debt service on the bonds. The Lease provides that the company is obligated to pay all taxes and assessments levied and assessed on the project during the term of the Lease. The company is informed and understands that, notwithstanding the provisions of the lease, under Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Arkansas Supreme Court in *Wayland v. Snapp*, 233 Ark. 57, 334 S.W.2nd 633 (1960), and *Pulaski County v. Jacuzzi Bros. Div.*, 332 Ark. 91, 964S.W.2nd 788 (1998), and Ark. Code Ann. §§ 14-164-701 to 703, the project will be exempt from ad valorem taxes because it is owned by the City and used for a public purpose within the meaning of the applicable Constitutional and statutory provisions affording the exemption. Thus, the company understands that it, as Lessee of the project owned by the City, will, in fact, pay no ad valorem taxes on the project property under the provisions of the Lease. The City does not wish to lose all tax revenues which would otherwise be received by it if the property involved was privately owned. Therefore, to induce the City to proceed with the issuance of the bonds for the industrial development project, which will inure to the benefit of the company, and for other valuable consideration, the company agrees to pay the City an annual sum equal to amounts ranging from 0% to 35% of the amount which would be payable as ad valorem taxes that would have to be paid on the project to the State of Arkansas, the City, Pulaski County, the Little Rock School District, and/or other political subdivisions of the State of Arkansas (the “taxing authorities”) if the project were not exempt from ad valorem taxes under the provisions of the Constitution of the State of Arkansas as referenced above.

Information relevant to the disclosure of taxes abated under this program for the year ended December 31, 2016 is:

Taxing Authority	Amount Due if PILOTS Were Not in Place	Actual Tax Collected Under PILOT Agreements	Tax Abatement
City of Little Rock	\$ 1,259,480	\$ 363,092	\$ 896,388
Little Rock School District	3,438,955	1,014,365	2,424,590
Pulaski County	536,516	154,670	381,845
Pulaski County Special School District	80,833	3,165	77,669
Total	\$ 5,315,784	\$ 1,535,292	\$ 3,780,492

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2016

Note 17: Subsequent Events

Subsequent to year end, the City issued a \$5,250,000 promissory note for the purpose of financing all or a portion of the costs of (i) the acquisition and installation of computer software, including particularly, without limitation, the first phase of a new computer aided dispatch system upgrade for quicker emergency response time for fire and police, an online performance portal to enable performance management and analysis associated with the City's open data initiative, and other major software upgrades to new and existing systems and (iii) the acquisition of vehicles for the Little Rock Police Department.

Required Supplementary Information

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 28,249,736	\$ 28,138,577	\$ 28,611,668	\$ 473,091
Sales taxes	101,575,420	99,901,420	99,746,536	(154,884)
Licenses and permits	10,786,600	11,199,100	11,297,877	98,777
Intergovernmental	7,686,800	8,625,272	8,625,272	-
Charges for services	10,054,277	10,337,077	10,214,683	(122,394)
Fines and fees	2,812,371	2,442,771	2,678,304	235,533
Utility franchise fees	29,686,027	27,835,277	27,840,410	5,133
Investment income	225,000	291,400	89,012	(202,388)
Miscellaneous	1,216,028	1,031,028	2,835,828	1,804,800
Total revenues	192,292,259	189,801,922	191,939,590	2,137,668
Expenditures				
General government:				
General administration	21,016,202	19,899,274	20,826,999	(927,725)
Board of directors	342,818	354,368	348,348	6,020
Community programs	427,559	534,719	5,890,515	(5,355,796)
City attorney	1,939,007	1,801,521	1,768,815	32,706
District court-first division (criminal)	1,410,338	1,412,194	1,279,134	133,060
District court-third division (environmental)	627,195	666,117	625,799	40,318
District court-second division (traffic)	1,365,334	1,327,802	1,314,121	13,681
Finance	3,407,407	3,395,520	3,400,061	(4,541)
Human resources	1,810,554	1,701,690	1,645,359	56,331
Information technology	4,843,151	3,996,266	4,514,540	(518,274)
Planning and development	2,566,299	2,372,743	2,397,447	(24,704)
Total general government	39,755,864	37,462,214	44,011,138	(6,548,924)
Public works	1,191,100	1,053,588	1,779,304	(725,716)
Parks and recreation services	10,207,910	9,624,281	10,109,876	(485,595)
River Market	1,174,745	1,174,745	1,183,258	(8,513)
Golf	2,288,313	2,395,379	2,507,605	(112,226)
Jim Daily Fitness	909,546	896,482	896,483	(1)
Zoo	6,810,041	6,834,225	6,908,062	(73,837)
Fire	47,365,844	47,592,548	47,859,571	(267,023)
Police	70,548,138	66,490,774	67,976,760	(1,485,986)
Fleet	-	-	1,196,912	(1,196,912)
Housing and neighborhood programs	5,866,198	5,163,884	6,127,766	(963,882)
Debt service				
Principal	8,564,216	8,564,216	8,564,131	85
Interest	373,390	373,390	373,513	(123)
Agent fees	24,000	24,000	-	24,000
Vacancy savings	(6,000,000)	-	-	-
Total expenditures	189,079,305	187,649,726	199,494,379	(11,844,653)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	3,212,954	2,152,196	(7,554,789)	(9,706,985)
Other Financing Sources (Uses)				
Transfers in	9,351,970	10,038,728	9,540,355	(498,373)
Transfers out	(12,564,924)	(12,190,924)	(1,082,000)	11,108,924
Total other financing sources (uses)	(3,212,954)	(2,152,196)	8,458,355	10,610,551
Net Change in Fund Balances	-	-	903,566	903,566
Fund Balances, Beginning of Year	39,219,245	39,219,245	39,219,245	-
Fund Balances, End of Year	\$ 39,219,245	\$ 39,219,245	\$ 40,122,811	\$ 903,566

City of Little Rock, Arkansas
Notes to Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2016

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 2016.

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
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 5,800,100	\$ 5,800,100	\$ 5,923,048	\$ 122,948
Intergovernmental	12,792,400	12,792,400	12,931,339	138,939
Charges for services	18,600	18,600	21,381	2,781
Investment income	57,500	57,500	40,626	(16,874)
Contributions and donations	-	-	191,410	191,410
Miscellaneous	174,100	174,100	120,122	(53,978)
Total revenues	18,842,700	18,842,700	19,227,926	385,226
Expenditures				
Public works	20,079,709	18,020,734	16,653,574	1,367,160
Total expenditures	20,079,709	18,020,734	16,653,574	1,367,160
Excess (Deficiency) of Revenues Over Expenditures	(1,237,009)	821,966	2,574,352	1,752,386
Other Financing Sources (Uses)				
Transfers in	1,714,726	1,714,726	1,634,769	(79,957)
Transfers out	(477,717)	(2,377,717)	(977,717)	1,400,000
Total other financing sources	1,237,009	(662,991)	657,052	1,320,043
Net Change in Fund Balances	-	158,975	3,231,404	3,072,429
Fund Balances, Beginning of Year	12,677,084	12,677,084	12,677,084	-
Fund Balances, End of Year	\$ 12,677,084	\$ 12,836,059	\$ 15,908,488	\$ 3,072,429

City of Little Rock, Arkansas
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2008	\$ 492,000	\$ 7,021,378	\$ 6,529,378	7.0%	\$ 93,691,631	6.97%
1/1/2009	1,032,761	7,342,781	6,310,020	14.1%	96,229,262	6.56%
1/1/2010	1,418,340	8,090,330	6,671,990	17.5%	92,343,032	7.23%
1/1/2012	1,535,885	9,565,518	8,029,633	16.1%	100,573,412	7.98%
1/1/2014	2,095,355	12,075,486	9,980,131	17.4%	115,408,058	8.65%
1/1/2016	2,780,728	11,637,294	8,856,566	23.9%	114,145,469	7.76%

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

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2016

Firemen's Pension and Relief Fund

Fiscal Year ending December 31,	<u>2016</u>	<u>2015</u>
Total pension liability		
Interest	\$ 6,088,293	\$ 6,649,073
Changes of benefit terms	-	-
Difference between expected and actual experience	(120,292)	(6,896,944)
Changes in assumptions	-	-
Benefit payments, including refunds of plan member contributions	<u>(11,171,602)</u>	<u>(10,763,891)</u>
Net change in total pension liability	(5,203,601)	(11,011,762)
Total pension liability, beginning of year	<u>127,351,655</u>	<u>138,363,417</u>
Total pension liability, end of year	<u><u>\$ 122,148,054</u></u>	<u><u>\$ 127,351,655</u></u>
Plan fiduciary net position		
Employer contributions	\$ 5,424,494	\$ 5,312,855
Plan member contributions	3,324	14,993
Net investment income	1,356,915	(2,774,677)
Benefit payments, including refunds of plan member contributions	(11,171,602)	(10,763,891)
Administrative expense	(225,141)	(9,491)
Other	<u>567,242</u>	<u>(121,985)</u>
Net change in plan fiduciary net position	(4,044,768)	(8,342,196)
Plan fiduciary net position, beginning of year	<u>62,435,551</u>	<u>70,777,747</u>
Plan fiduciary net position, end of year	\$ 58,390,783	\$ 62,435,551
City's net pension liability, end of year	<u><u>\$ 63,757,271</u></u>	<u><u>\$ 64,916,104</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	47.80%	49.03%
Covered-employee payroll	-	-
Plan's net pension liability as a percentage of covered-employee payroll	NA	NA

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2016

Police Pension Plan

Fiscal Year ending December 31,	<u>2016</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ -	\$ -
Service cost - service purchase	-	-
Interest	7,172,978	7,172,118
Changes of benefit terms	-	-
Difference between expected and actual experience	626,074	2,845,816
Changes in assumptions	1,589,989	-
Benefit payments, including refunds of plan member contributions	(9,830,664)	(10,183,707)
Net change in total pension liability	(441,623)	(165,773)
Total pension liability, beginning of year	<u>94,577,556</u>	<u>94,743,329</u>
Total pension liability, end of year	<u>\$ 94,135,933</u>	<u>\$ 94,577,556</u>
Plan fiduciary net position		
Employer contributions	\$ 7,562,305	\$ 5,939,677
Plan member contributions	-	-
Contributions - employee service purchase	-	-
Net investment income	(130,408)	2,503,835
Benefit payments, including refunds of plan member contributions	(9,830,664)	(10,183,707)
Administrative expense	(83,836)	(59,497)
Other	198,741	935,047
Net change in plan fiduciary net position	(2,283,862)	(864,645)
Plan fiduciary net position, beginning of year	<u>46,165,175</u>	<u>47,029,820</u>
Plan fiduciary net position, end of year	<u>\$ 43,881,313</u>	<u>\$ 46,165,175</u>
City's net pension liability, end of year	<u>\$ 50,254,620</u>	<u>\$ 48,412,381</u>
Plan's fiduciary net position as a percentage of the total pension liability	46.61%	48.81%
Covered-employee payroll	-	-
Plan's net pension liability as a percentage of covered-employee payroll	NA	NA

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2016

Nonuniformed Employees' Defined Benefit Plan

Fiscal Year ending December 31,	<u>2016</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ 9,627	\$ 35,084
Interest	992,989	1,066,765
Transfer from DC plan	679,378	633,501
Difference between expected and actual experience	(144,356)	(167,591)
Changes in assumptions	-	1,207,785
Benefit payments, including refunds of plan member contributions	<u>(1,723,901)</u>	<u>(1,766,611)</u>
Net change in total pension liability	(186,263)	1,008,933
Total pension liability, beginning of year	<u>15,799,017</u>	<u>14,790,084</u>
Total pension liability, end of year	<u><u>\$ 15,612,754</u></u>	<u><u>\$ 15,799,017</u></u>
Plan fiduciary net position		
Employer contributions	\$ 883,340	\$ 878,715
Plan member contributions	-	-
Net investment income	612,036	(77,820)
Benefit payments, including refunds of plan member contributions	(1,723,901)	(1,766,611)
Administrative expense	(19,799)	(30,007)
Other	<u>679,377</u>	<u>635,094</u>
Net change in plan fiduciary net position	431,053	(360,629)
Plan fiduciary net position, beginning of year	<u>11,851,431</u>	<u>12,212,060</u>
Plan fiduciary net position, end of year	<u><u>\$ 12,282,484</u></u>	<u><u>\$ 11,851,431</u></u>
City's net pension liability, end of year	<u><u>\$ 3,330,270</u></u>	<u><u>\$ 3,947,586</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	78.67%	75.01%
Covered-employee payroll	672,281	641,799
Plan's net pension liability as a percentage of covered-employee payroll	495.37%	615.08%

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Changes in the City’s Net Pension Liability and Related Ratios
Year Ended December 31, 2016

2014 Defined Benefit Pension Plan

Fiscal Year ending December 31,	<u>2016</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ 4,670,895	\$ 4,961,436
Service cost - service purchase	847,020	151,953
Interest	2,796,992	2,361,643
Changes of benefit terms	-	-
Difference between expected and actual experience	(932,229)	(588,761)
Changes in assumptions	1,849,331	(126,844)
Benefit payments, including refunds of plan member contributions	<u>(745,738)</u>	<u>(477,355)</u>
Net change in total pension liability	8,486,271	6,282,072
Total pension liability, beginning of year	<u>40,221,052</u>	<u>33,938,980</u>
Total pension liability, end of year	<u><u>\$ 48,707,323</u></u>	<u><u>\$ 40,221,052</u></u>
Plan fiduciary net position		
Employer contributions	\$ 3,709,110	\$ 3,518,861
Plan member contributions	1,855,506	1,758,973
Contributions - employee service purchase	847,020	151,953
Net investment income	1,623,353	(495,929)
Benefit payments, including refunds of plan member contributions	(745,738)	(477,355)
Administrative expense	(83,231)	(70,248)
Other	-	67,868
Net change in plan fiduciary net position	<u>7,206,020</u>	<u>4,454,123</u>
Plan fiduciary net position, beginning of year	<u>35,509,110</u>	<u>31,054,987</u>
Plan fiduciary net position, end of year	<u><u>\$ 42,715,130</u></u>	<u><u>\$ 35,509,110</u></u>
City's net pension liability, end of year	<u><u>\$ 5,992,193</u></u>	<u><u>\$ 4,711,942</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	87.70%	88.28%
Covered-employee payroll	42,382,105	40,252,708
Plan's net pension liability as a percentage of covered-employee payroll	14.14%	11.71%

Note: A full 10 year schedule will be completed as information is available.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of Contributions
Year Ended December 31, 2016

Firemen's Pension and Relief Fund

Year Ended December 31,	Actuarially		Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
	Determined Contribution (ADC)	Actual Contribution			
2015	16,048,838	5,312,855	10,735,983	-	NA
2016	15,407,946	5,424,494	9,983,452	-	NA

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization	5 years
Asset valuation	Market value of assets
Investment rate of return	5%
Mortality	1983 GAM

Police Pension

Year Ended December 31,	Actuarially		Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
	Determined Contribution (ADC)	Actual Contribution			
2015	3,875,821	6,633,686	(2,757,865)	-	NA
2016	3,228,943	7,562,305	(4,333,362)	-	NA

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Individual entry age normal
Amortization method	Closed amortization period based on projected future payroll
Remaining amortization	24 years beginning January 1, 2016
Asset valuation	5-year smoothed market; 20% corridor
Investment rate of return	8%
Mortality	RP-2000 Combined Mortality Table, projected to 2017 and set forward two years for men. Disabled lives, the mortality rates are the rates applicable to nondisabled lives set forward 10 years.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of Contributions (Continued)
Year Ended December 31, 2016

Nonuniformed Plan

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
2015	878,715	878,715	-	641,799	136.91%
2016	883,340	883,340	-	672,281	131.39%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization	5 years, open
Asset valuation	Market related value
Investment rate of return	7.0% before 2016, 6.5% after
Mortality	RP 2000 Combined Healthy Lives

2014 Defined Benefit Plan

Year Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
2015	3,424,938	3,518,861	(93,923)	40,252,708	8.74%
2016	3,252,674	3,709,110	(456,436)	42,382,105	8.75%

Note: A full 10 year schedule will be completed as information is available.

Key Assumptions for ADC:

Cost method	Entry age normal
Amortization method	Level percent of salary
Remaining amortization	15 years
Asset valuation	Market value
Investment rate of return	6.5%
Mortality	RP 2000 Combined Healthy Lives Projected to 2020 with Scale AA

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of the City’s Proportionate Share of the Net Pension Liability and
Contributions
Year Ended December 31, 2016

LOPFI – Fire

December 31	2015	2014
City's proportion of the net pension liability	9.0473%	9.1091%
City's proportionate share of the net pension liability	47,477,923	32,975,778
City's covered-employee payroll	28,505,619	28,430,617
City's proportionate share of the net pension liability as a percentage of it covered-employee payroll	166.56%	115.99%
Plan fiduciary net position as a percentage of the total pension liability	72.92%	79.14%

LOPFI – Police

December 31	2015	2014
City's proportion of the net pension liability	9.7066%	10.0287%
City's proportionate share of the net pension liability	50,937,762	36,304,815
City's covered-employee payroll	42,209,708	42,239,324
City's proportionate share of the net pension liability as a percentage of it covered-employee payroll	120.68%	85.95%
Plan fiduciary net position as a percentage of the total pension liability	72.92%	79.14%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2016

LOPFI – Fire

December 31	2016	2015
Contractually required contribution	6,172,838	5,627,114
Contributions related to the contractually required contribution	<u>(6,172,838)</u>	<u>(5,627,114)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	29,337,988	28,505,619
Contributions as a percentage of covered-employee payroll	21.04%	19.74%

LOPFI – Police

December 31	2016	2015
Contractually required contribution	6,470,527	6,056,539
Contributions related to the contractually required contribution	<u>(6,470,527)</u>	<u>(6,056,539)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	41,992,172	42,209,708
Contributions as a percentage of covered-employee payroll	15.41%	14.35%

Note: Information in this schedule has been determined as of the City's most recent year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2016

APERS	June 30	2016	2015
City's proportion of the net pension liability		0.04438351%	0.04566542%
City's proportionate share of the net pension liability		1,061,364	841,035
City's covered-employee payroll		691,532	532,755
City's proportionate share of the net pension liability as a percentage of it covered-employee payroll		153%	158%
Plan fiduciary net position as a percentage of the total pension liability		80.39%	80.39%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the fiscal year) of the City's net pension liability.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedule of the City’s Proportionate Share of the Net Pension Liability and
Contributions (Continued)
Year Ended December 31, 2016

APERS	December 31	2016	2015
Contractually required contribution		\$ 211,675	\$ 212,565
Contributions related to the contractually required contribution		<u>(211,675)</u>	<u>(212,565)</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll		586,560	533,049
Contributions as a percentage of covered-employee payroll		36%	40%

Note: Information in this schedule has been determined as of the City's most recent year-end.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 68, the City will only present available information.

City of Little Rock, Arkansas
Defined Benefit Pension Plans – Required Supplementary Information
Schedules of Investment Returns
Year Ended December 31, 2016

	Fiscal Year Ending	Annual Money-weighted Rate of Return
Firemen’s Pension and Relief Fund	12/31/16	2.42%
Nonuniformed Employees’ Defined Benefit Pension Plan	12/31/16	5.20%
2014 Defined Benefit Pension Plan	12/31/16	4.24%

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.

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

2015 CENTRAL ARKANSAS LIBRARY – The 2015 Central Arkansas Library bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, to refund the outstanding Library Construction Bonds, Series 2008 and Series 2009, to pay interest due on the bonds until collections of the library tax become available for such payments and to pay the costs of issuance of the bonds. The Series 2015 Bonds are limited obligations, payable solely from the collections of the Library Tax.

TIF #1 2014 CAPITAL IMPROVEMENT BOND – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.

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

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

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

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

TIF #1 2014 CAPITAL IMPROVEMENT FUND – The 2014 TIF #1 Capital Improvements bonds were issued to finance the costs of acquisition, construction and equipping of a major street system within Redevelopment District No. 1.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

TAX INCREMENT FINANCING PORT – The Tax Incremental Financing Development District established within the Port of the City of Little Rock was set up in order to levy taxes on property located within the redevelopment district and to the school board of any school district which includes property located within the redevelopment district. Funds from this levy are to be used for public infrastructure projects including reconstruction of streets within the redevelopment district to bring them to interstate-weight capable standards, installation of water and sewer lines to areas within the redevelopment district that are currently not served, construction of dockside improvements including cranes and warehouses, construction of additional railroad facilities and site preparation.

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

2015 CENTRAL ARKANSAS LIBRARY – The 2015 Central Arkansas Library Bonds were issued to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries.

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2016

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 2,518,917	\$ 25,470	\$ 350,683	\$ 2,895,070
Restricted cash	-	9,451,448	11,769,840	21,221,288
Investments	2,970,284	147,712	2,071,134	5,189,130
Accounts receivable	2,686,426	7,924,809	142,215	10,753,450
Interest receivable	8,338	363	7,036	15,737
Inventories	681,947	-	-	681,947
Prepaid expenditures and other	491,485	-	-	491,485
	<u>\$ 9,357,397</u>	<u>\$ 17,549,802</u>	<u>\$ 14,340,908</u>	<u>\$ 41,248,107</u>
Total assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,046,907	\$ -	\$ 1,487,643	\$ 2,534,550
Due to other funds	667,738	602,044	45,343	1,315,125
Unearned revenue	1,230,568	-	-	1,230,568
	<u>2,945,213</u>	<u>602,044</u>	<u>1,532,986</u>	<u>5,080,243</u>
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenues - property taxes	-	7,453,952	136,855	7,590,807
	<u>-</u>	<u>7,453,952</u>	<u>136,855</u>	<u>7,590,807</u>
Total deferred inflows of resources				
Fund Balances				
Nonspendable	1,359,252	-	-	1,359,252
Restricted	7,686,250	9,493,806	12,671,067	29,851,123
Unassigned (deficit)	(2,633,318)	-	-	(2,633,318)
	<u>6,412,184</u>	<u>9,493,806</u>	<u>12,671,067</u>	<u>28,577,057</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,357,397</u>	<u>\$ 17,549,802</u>	<u>\$ 14,340,908</u>	<u>\$ 41,248,107</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Nonmajor
Year Ended December 31, 2016

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	\$ -	\$ 7,442,137	\$ 137,239	\$ 7,579,376
Licenses and permits	50,233	-	-	50,233
Intergovernmental	4,491,689	-	-	4,491,689
Charges for services	2,299,560	1,308,100	-	3,607,660
Fines and fees	1,002,975	-	-	1,002,975
Utility franchise taxes	-	1,758,672	-	1,758,672
Investment income	11,014	27,696	126,000	164,710
Contributions and donations	364,979	-	-	364,979
Miscellaneous	3,779,916	-	-	3,779,916
Total revenues	12,000,366	10,536,605	263,239	22,800,210
Expenditures				
General government				
General administration	1,309,676	-	2,849,999	4,159,675
Community programs	44,669	-	-	44,669
District court - first division (criminal)	11,114	-	-	11,114
District court - second division (traffic)	37,249	-	-	37,249
Finance	8,841	-	-	8,841
Human resources	155,382	-	-	155,382
Information technology	-	-	63,315	63,315
Planning and development	58,456	-	-	58,456
Total general government	1,625,387	-	2,913,314	4,538,701
Public works	1,279,935	-	161,376	1,441,311
Parks and recreation services	1,867,450	-	-	1,867,450
Zoo	106,507	-	4,019	110,526
Fire	276,395	-	1,865,788	2,142,183
Police	2,895,769	-	927,104	3,822,873
Fleet	257,316	-	462,730	720,046
Education	-	-	9,989,686	9,989,686
Housing and neighborhood programs	3,075,215	-	-	3,075,215
Debt service				
Principal	-	4,495,000	-	4,495,000
Interest	-	3,025,483	-	3,025,483
Agent fees	-	18,677	-	18,677
Total expenditures	11,383,974	7,539,160	16,324,017	35,247,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	616,392	2,997,445	(16,060,778)	(12,446,941)
Other Financing Sources (Uses)				
Long-term debt issuance	-	-	7,375,000	7,375,000
Transfers in	1,002	100,646	147	101,795
Transfers out	(147)	(100,646)	-	(100,793)
Total other financing sources (uses)	855	-	7,375,147	7,376,002
Net Change in Fund Balances	617,247	2,997,445	(8,685,631)	(5,070,939)
Fund Balances, Beginning of Year	5,794,937	6,496,361	21,356,698	33,647,996
Fund Balances, End of Year	\$ 6,412,184	\$ 9,493,806	\$ 12,671,067	\$ 28,577,057

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds – Nonmajor
December 31, 2016

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets							
Cash and cash equivalents	\$ 794,404	\$ -	\$ 570,022	\$ 255,985	\$ 25,237	\$ 873,269	\$ 2,518,917
Investments	2,950,051	-	19,817	-	416	-	2,970,284
Accounts receivable	16,257	277,823	2,337,358	53,907	-	1,081	2,686,426
Interest receivable	8,271	-	66	-	1	-	8,338
Inventories	-	-	-	616,195	-	65,752	681,947
Prepaid expenditures and other	64,180	427,305	-	-	-	-	491,485
Total assets	<u>\$ 3,833,163</u>	<u>\$ 705,128</u>	<u>\$ 2,927,263</u>	<u>\$ 926,087</u>	<u>\$ 25,654</u>	<u>\$ 940,102</u>	<u>\$ 9,357,397</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 198,056	\$ -	\$ 771,871	\$ 43,634	\$ -	\$ 33,346	\$ 1,046,907
Due to other funds	-	601,993	-	43,200	-	22,545	667,738
Unearned revenue	31,773	-	1,198,795	-	-	-	1,230,568
Total liabilities	<u>229,829</u>	<u>601,993</u>	<u>1,970,666</u>	<u>86,834</u>	<u>-</u>	<u>55,891</u>	<u>2,945,213</u>
Fund Balances							
Nonspendable	250,000	427,305	-	616,195	-	65,752	1,359,252
Restricted	5,662,482	-	956,597	223,058	25,654	818,459	7,686,250
Unassigned (deficit)	(2,309,148)	(324,170)	-	-	-	-	(2,633,318)
Total fund balances	<u>3,603,334</u>	<u>103,135</u>	<u>956,597</u>	<u>839,253</u>	<u>25,654</u>	<u>884,211</u>	<u>6,412,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,833,163</u>	<u>\$ 705,128</u>	<u>\$ 2,927,263</u>	<u>\$ 926,087</u>	<u>\$ 25,654</u>	<u>\$ 940,102</u>	<u>\$ 9,357,397</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds – Nonmajor
Year Ended December 31, 2016

	Special Projects	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues							
Licenses and permits	\$ 50,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,233
Intergovernmental	480,404	-	1,899,466	1,693,108	-	418,711	4,491,689
Charges for services	926,683	1,372,877	-	-	-	-	2,299,560
Fines and fees	1,002,975	-	-	-	-	-	1,002,975
Investment income	(16,402)	-	27,404	8	-	4	11,014
Contribution and donations	364,979	-	-	-	-	-	364,979
Miscellaneous	784,025	-	2,683,802	-	145	311,944	3,779,916
Total revenues	<u>3,592,897</u>	<u>1,372,877</u>	<u>4,610,672</u>	<u>1,693,116</u>	<u>145</u>	<u>730,659</u>	<u>12,000,366</u>
Expenditures							
General government							
General administration	42,988	-	1,266,688	-	-	-	1,309,676
Community programs	44,669	-	-	-	-	-	44,669
City attorney	-	-	-	-	-	-	-
Cable TV	-	-	-	-	-	-	-
District court - first division (criminal)	11,114	-	-	-	-	-	11,114
District court – second division (traffic)	37,249	-	-	-	-	-	37,249
Finance	-	-	8,841	-	-	-	8,841
Human resources	155,382	-	-	-	-	-	155,382
Planning and development	19,767	-	38,689	-	-	-	58,456
Total general government	<u>311,169</u>	<u>-</u>	<u>1,314,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,625,387</u>
Public works	31,618	-	1,248,317	-	-	-	1,279,935
Parks and recreation services	1,071,294	-	796,156	-	-	-	1,867,450
Zoo	50,985	-	55,522	-	-	-	106,507
Fire	273,069	-	3,326	-	-	-	276,395
Police	531,014	1,366,183	998,572	-	-	-	2,895,769
Fleet	257,316	-	-	-	-	-	257,316
Housing and neighborhood programs	230,858	-	205,497	1,913,029	7,058	718,773	3,075,215
Total expenditures	<u>2,757,323</u>	<u>1,366,183</u>	<u>4,621,608</u>	<u>1,913,029</u>	<u>7,058</u>	<u>718,773</u>	<u>11,383,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>835,574</u>	<u>6,694</u>	<u>(10,936)</u>	<u>(219,913)</u>	<u>(6,913)</u>	<u>11,886</u>	<u>616,392</u>
Other Financing Sources (Uses)							
Transfers in	-	-	1,002	-	-	-	1,002
Transfers out	(147)	-	-	-	-	-	(147)
Total other financing sources	<u>(147)</u>	<u>-</u>	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855</u>
Net Change in Fund Balances	<u>835,427</u>	<u>6,694</u>	<u>(9,934)</u>	<u>(219,913)</u>	<u>(6,913)</u>	<u>11,886</u>	<u>617,247</u>
Fund Balances, Beginning of Year	<u>2,767,907</u>	<u>96,441</u>	<u>966,531</u>	<u>1,059,166</u>	<u>32,567</u>	<u>872,325</u>	<u>5,794,937</u>
Fund Balances, End of Year	<u>\$ 3,603,334</u>	<u>\$ 103,135</u>	<u>\$ 956,597</u>	<u>\$ 839,253</u>	<u>\$ 25,654</u>	<u>\$ 884,211</u>	<u>\$ 6,412,184</u>

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds – Nonmajor
December 31, 2016

	2007 Capital Improvement	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	Total
Assets								
Cash and cash equivalents	\$ 6,423	\$ 2,865	\$ -	\$ -	\$ 3,157	\$ 6,348	\$ 6,677	\$ 25,470
Restricted cash	2	1	-	2,659,445	3,586,839	3,005,155	200,006	9,451,448
Investments	37,250	16,615	-	-	55,124	-	38,723	147,712
Accounts receivable	-	-	-	-	3,818,985	3,818,985	286,839	7,924,809
Interest receivable	124	55	-	-	184	-	-	363
Total assets	<u>\$ 43,799</u>	<u>\$ 19,536</u>	<u>\$ -</u>	<u>\$ 2,659,445</u>	<u>\$ 7,464,289</u>	<u>\$ 6,830,488</u>	<u>\$ 532,245</u>	<u>\$ 17,549,802</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Due to other funds	\$ -	\$ -	\$ -	\$ 413,456	\$ -	188,588	\$ -	\$ 602,044
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,456</u>	<u>-</u>	<u>188,588</u>	<u>-</u>	<u>602,044</u>
Deferred Inflows of Resources								
Unavailable revenues - property taxes	-	-	-	-	3,584,493	3,584,493	284,966	7,453,952
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,584,493</u>	<u>3,584,493</u>	<u>284,966</u>	<u>7,453,952</u>
Fund Balances								
Restricted	43,799	19,536	-	2,245,989	3,879,796	3,057,407	247,279	9,493,806
Total fund balances	<u>43,799</u>	<u>19,536</u>	<u>-</u>	<u>2,245,989</u>	<u>3,879,796</u>	<u>3,057,407</u>	<u>247,279</u>	<u>9,493,806</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,799</u>	<u>\$ 19,536</u>	<u>\$ -</u>	<u>\$ 2,659,445</u>	<u>\$ 7,464,289</u>	<u>\$ 6,830,488</u>	<u>\$ 532,245</u>	<u>\$ 17,549,802</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds – Nonmajor
Year Ended December 31, 2016

	2007 Capital Improvement	2002 Junior Lien	2008 & 2009 Central Arkansas Library	2009A Parks and Recreation	2012 Central Arkansas Library	2015 Central Arkansas Library	TIF #1 2014 Capital Improvement	Total
Revenues								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,702,644	\$ 3,687,178	\$ 52,315	\$ 7,442,137
Charges for services	-	-	-	1,308,100	-	-	-	1,308,100
Utility franchise fees	1,438,375	320,297	-	-	-	-	-	1,758,672
Investment income	12,646	2,916	330	7,657	597	289	3,261	27,696
Total revenues	1,451,021	323,213	330	1,315,757	3,703,241	3,687,467	55,576	10,536,605
Expenditures								
Debt Service								
Principal	1,200,000	280,000	-	385,000	2,630,000	-	-	4,495,000
Interest	238,375	40,298	-	911,638	812,945	865,327	156,900	3,025,483
Agent fees	1,875	1,875	-	10,314	1,500	1,500	1,613	18,677
Total expenditures	1,440,250	322,173	-	1,306,952	3,444,445	866,827	158,513	7,539,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,771	1,040	330	8,805	258,796	2,820,640	(102,937)	2,997,445
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	100,646	-	100,646
Transfers out	-	-	(100,646)	-	-	-	-	(100,646)
Total other financing sources (uses)	-	-	(100,646)	-	-	100,646	-	-
Net Change in Fund Balances	10,771	1,040	(100,316)	8,805	258,796	2,921,286	(102,937)	2,997,445
Fund Balances, Beginning of Year	33,028	18,496	100,316	2,237,184	3,621,000	136,121	350,216	6,496,361
Fund Balances, End of Year	\$ 43,799	\$ 19,536	\$ -	\$ 2,245,989	\$ 3,879,796	\$ 3,057,407	\$ 247,279	\$ 9,493,806

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds – Nonmajor
Year Ended December 31, 2016

	1998 Capital Improvement	Short-Term Financing	2004 Capital Improvement	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
Assets								
Cash and cash equivalents	\$ -	\$ 203,784	\$ 379	\$ 39	\$ -	\$ 44,540	\$ 101,941	\$ 350,683
Restricted cash	-	-	-	349	45,349	11,724,142	-	11,769,840
Investments	-	1,181,799	2,199	227	-	295,725	591,184	2,071,134
Accounts receivable	-	-	-	-	-	-	142,215	142,215
Interest receivable	-	3,936	7	264	-	860	1,969	7,036
Total assets	<u>\$ -</u>	<u>\$ 1,389,519</u>	<u>\$ 2,585</u>	<u>\$ 879</u>	<u>\$ 45,349</u>	<u>\$ 12,065,267</u>	<u>\$ 837,309</u>	<u>\$ 14,340,908</u>
Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 22,337	\$ 713	\$ -	\$ -	\$ 1,464,593	\$ -	\$ 1,487,643
Due to other funds	-	-	-	-	45,343	-	-	45,343
Total liabilities	<u>-</u>	<u>22,337</u>	<u>713</u>	<u>-</u>	<u>45,343</u>	<u>1,464,593</u>	<u>-</u>	<u>1,532,986</u>
Deferred Inflows of Resources								
Unavailable revenues - property taxes	-	-	-	-	-	-	136,855	136,855
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,855</u>	<u>136,855</u>
Fund Balances								
Restricted	<u>-</u>	<u>1,367,182</u>	<u>1,872</u>	<u>879</u>	<u>6</u>	<u>10,600,674</u>	<u>700,454</u>	<u>12,671,067</u>
Total fund balances	<u>-</u>	<u>1,367,182</u>	<u>1,872</u>	<u>879</u>	<u>6</u>	<u>10,600,674</u>	<u>700,454</u>	<u>12,671,067</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 1,389,519</u>	<u>\$ 2,585</u>	<u>\$ 879</u>	<u>\$ 45,349</u>	<u>\$ 12,065,267</u>	<u>\$ 837,309</u>	<u>\$ 14,340,908</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds – Nonmajor
Year Ended December 31, 2016

	1998 Capital Improvement	Short-Term Financing	2004 Capital Improvement	2012 Central Arkansas Library Capital Improvement	TIF #1 2014 Capital Improvement	2015 Central Arkansas Library Capital Improvement	Port TIF	Total
Revenues								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,239	\$ 137,239
Investment income (loss)	1,190	13,911	55	(13,332)	6	123,837	333	126,000
Total revenues	1,190	13,911	55	(13,332)	6	123,837	137,572	263,239
Expenditures								
General government								
General administration	-	2,849,999	-	-	-	-	-	2,849,999
Information technology	-	63,315	-	-	-	-	-	63,315
Total general government	-	2,913,314	-	-	-	-	-	2,913,314
Public works	161,376	-	-	-	-	-	-	161,376
Zoo	-	-	4,019	-	-	-	-	4,019
Fire	-	1,865,788	-	-	-	-	-	1,865,788
Police	-	927,104	-	-	-	-	-	927,104
Fleet	-	462,730	-	-	-	-	-	462,730
Education	-	-	-	2,256,559	-	7,733,127	-	9,989,686
Total expenditures	161,376	6,168,936	4,019	2,256,559	-	7,733,127	-	16,324,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,186)	(6,155,025)	(3,964)	(2,269,891)	6	(7,609,290)	137,572	(16,060,778)
Other Financing Sources								
Long-term debt issuance	-	7,375,000	-	-	-	-	-	7,375,000
Transfers in	147	-	-	-	-	-	-	147
Total other financing sources (uses)	147	7,375,000	-	-	-	-	-	7,375,147
Net Change in Fund Balances	(160,039)	1,219,975	(3,964)	(2,269,891)	6	(7,609,290)	137,572	(8,685,631)
Fund Balances, Beginning of Year	160,039	147,207	5,836	2,270,770	-	18,209,964	562,882	21,356,698
Fund Balances, End of Year	\$ -	\$ 1,367,182	\$ 1,872	\$ 879	\$ 6	\$ 10,600,674	\$ 700,454	\$ 12,671,067

FIDUCIARY FUNDS

TRUST FUNDS

Trust Funds account for assets held in the Firemen's Pension and Relief Fund, the Police Pension Fund, the Nonuniformed Employees' Defined Contribution Plan, the Nonuniformed Employees' Defined Benefit Pension Plan, the 401(a) Money Purchase and Trust Retirement Fund, the 2014 Defined Benefit Plan and Health Management Trust. Fund trustees must act in accordance with the specific purposes and terms of these retirement plans.

AGENCY FUND

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

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Position
December 31, 2016

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
Assets								
Cash and cash equivalents	\$ -	\$ 4,074,727	\$ 862,713	\$ 593,358	\$ -	\$ 2,472,913	\$ 175,763	\$ 8,179,474
Investments	-	-	-	-	-	-	-	-
U. S. government obligations	-	-	50,714	527,157	-	-	-	577,871
Equities	-	22,161,357	8,231,843	5,653,249	-	21,045,019	1,834,605	58,926,073
Mutual funds and other investments	1,744,382	28,179,346	8,668,175	5,340,899	7,568,394	18,938,902	1,564,978	72,005,076
Receivables	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	71,803	222,242	-	294,045
Due from other funds	-	4,261,477	-	-	-	-	-	4,261,477
Accrued interest and dividends	-	-	3,006	5,935	-	36,055	-	44,996
Total assets	1,744,382	58,676,907	17,816,451	12,120,598	7,640,197	42,715,131	3,575,346	144,289,012
Liabilities								
Accounts payable	-	830	-	-	-	-	-	830
Accrued liabilities	-	157	-	-	-	-	-	157
Due to other funds	-	3,691	-	-	-	-	-	3,691
Total liabilities	-	4,678	-	-	-	-	-	4,678
Net Position								
Net position restricted for pensions and other employee benefits	1,744,382	\$ 58,672,229	\$ 17,816,451	\$ 12,120,598	7,640,197	42,715,131	3,575,346	\$ 144,284,334

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2016

	Employee Retirement Plans							Total
	Police Pension	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Pension Plan	401(a) Money Purchase And Trust Retirement Fund	2014 Defined Benefit Plan	Health Management Trust Fund	
Additions								
Contributions								
Employer	\$ -	\$ 503,324	\$ 146,910	\$ 887,759	\$ 322,200	\$ 3,709,110	\$ 618,903	\$ 6,188,206
Plan members	-	3,324	80,647	-	209,939	1,855,506	-	2,149,416
Property taxes contributed from general fund	-	4,256,858	-	-	-	-	-	4,256,858
State insurance turnback and guarantee fund from general fund	-	1,002,354	-	-	-	-	-	1,002,354
Other	-	470,055	207,039	697,852	11,735	847,020	-	2,233,701
Total contributions	-	6,235,915	434,596	1,585,611	543,874	6,411,636	618,903	15,830,535
Investment income								
Net increase (decrease) in fair value of investments		(320,224)	279,136	192,762	461,244	1,118,278	140,551	1,871,747
Gain/loss on sale of investments	-	681,327	208,087	115,407	-	(221,400)	-	783,421
Interest and dividends	(461,233)	1,291,536	369,827	293,632	-	885,781	68,199	2,447,742
	(461,233)	1,652,639	857,050	601,801	461,244	1,782,659	208,750	5,102,910
Less investment expense	-	232,652	61,283	82,540	-	242,536	33,034	652,045
Net investment income (loss)	(461,233)	1,419,987	795,767	519,261	461,244	1,540,123	175,716	4,450,865
Total additions	(461,233)	7,655,902	1,230,363	2,104,872	1,005,118	7,951,759	794,619	20,281,400
Deductions								
Benefits paid directly to participants	-	11,634,922	1,195,451	1,740,363	850,565	745,738	-	16,167,039
Administrative expenses	-	30,817	-	-	-	-	-	30,817
Other	-	194,325	679,378	-	-	-	-	873,703
Total deductions	-	11,860,064	1,874,829	1,740,363	850,565	745,738	-	17,071,559
Net Increase (Decrease) in Net Position	(461,233)	(4,204,162)	(644,466)	364,509	154,553	7,206,021	794,619	3,209,841
Net Position Restricted for Pensions and Other Employee Benefits, Beginning of Year	2,205,615	62,876,391	18,460,917	11,756,089	7,485,644	35,509,110	2,780,727	141,074,493
Net Position Restricted for Pensions and Other Employee Benefits, End of Year	\$ 1,744,382	\$ 58,672,229	\$ 17,816,451	\$ 12,120,598	\$ 7,640,197	\$ 42,715,131	\$ 3,575,346	\$ 144,284,334

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Assets				
Cash and cash equivalents	\$ 958,912	\$ -	\$ 694,000	\$ 1,108,726
	<u>\$ 958,912</u>	<u>\$ -</u>	<u>\$ 694,000</u>	<u>\$ 1,108,726</u>
Liabilities				
Accounts payable	\$ 168,384	\$ 63,083	\$ -	231,467
Due to other funds	757,081	86,733		843,814
Accrued liabilities	<u>33,447</u>		<u>2</u>	<u>33,445</u>
	<u>\$ 958,912</u>	<u>\$ 149,816</u>	<u>\$ 2</u>	<u>\$ 1,108,726</u>

(This Page Intentionally Left Blank)

DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Position
Discretely Presented Component Units – Nonmajor
December 31, 2016

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Assets											
Current assets											
Cash and cash equivalents	\$ 31,544	\$ 41,535	\$ 6,232,791	\$ 5,838,595	\$ 5,238,981	\$ 3,837,231	\$ 1,111,580	\$ 1,143,861	\$ 30,451	\$ 2,524,985	\$ 26,031,554
Investments	-	-	-	-	5,200,000	-	404,925	23,411,009	-	-	29,015,934
Restricted cash and investments - current	-	-	1,999,539	-	554,372	-	2,686,007	-	-	-	5,239,918
Accrued interest receivable	-	-	-	-	12,663	1,974	526	-	-	-	15,163
Accounts receivable, net of allowance	-	-	2,615,298	468,445	4,788,782	9,293	178,906	315,034	302,974	16,866,061	25,544,793
Inventories	-	-	-	-	284,938	501,077	56,120	129,536	-	-	971,671
Prepaid expenses and other	-	-	369,402	62,173	239,275	588,687	59,458	117,893	-	228,680	1,665,568
Total current assets	31,544	41,535	11,217,030	6,369,213	16,319,011	4,938,262	4,497,522	25,117,333	333,425	19,619,726	88,484,601
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	178,772	-	5,091,977	-	554,372	-	2,686,007	-	-	6,010,905	14,522,033
Investments	2,100,131	1,001,374	-	-	3,750,068	-	-	-	-	2,807,569	9,659,142
Interest receivable	-	-	541	-	-	-	-	-	-	-	541
	2,278,903	1,001,374	5,092,518	-	4,304,440	-	2,686,007	-	-	8,818,474	24,181,716
Less amounts required to meet current obligations	-	-	1,999,539	-	554,372	-	2,686,007	-	-	-	5,239,918
Total restricted assets	2,278,903	1,001,374	3,092,979	-	3,750,068	-	-	-	-	8,818,474	18,941,798
Capital assets											
Land	87,146	13,089	4,178,128	6,885,144	646,923	1,737,512	-	156,710	-	4,068,237	17,772,889
Construction in progress	-	-	76,556,847	-	11,530,336	-	49,307	-	-	5,208,520	93,345,010
Buildings, improvements and other facilities	301,133	99,211	57,437,120	32,079,518	1,991,945	39,602,037	4,203,790	15,008,399	-	102,379,791	253,102,944
Vehicles	176,280	-	3,758,815	-	8,095,304	38,617,068	-	-	9,651	-	50,657,118
Furniture and equipment	30,321	-	2,699,782	568,534	8,443,891	10,619,668	11,658,209	5,367,247	78,959	12,485,534	51,952,145
Books/AV materials	-	-	-	-	-	-	-	-	-	24,517,251	24,517,251
Other	-	-	164,001	-	-	-	-	-	-	319,745	483,746
	594,880	112,300	144,794,693	39,533,196	30,708,399	90,576,285	15,911,306	20,532,356	88,610	148,979,078	491,831,103
Less accumulated depreciation	325,242	19,842	31,878,652	18,540,996	14,718,148	46,134,663	10,959,402	13,613,876	74,717	55,871,279	192,136,817
Net capital assets	269,638	92,458	112,916,041	20,992,200	15,990,251	44,441,622	4,951,904	6,918,480	13,893	93,107,799	299,694,286
Other assets											
	-	-	-	-	7,935	-	-	768,068	-	-	776,003
Total other assets	-	-	-	-	7,935	-	-	768,068	-	-	776,003
Total noncurrent assets	2,548,541	1,093,832	116,009,020	20,992,200	19,748,254	44,441,622	4,951,904	7,686,548	13,893	101,926,273	319,412,087
Deferred Outflows Of Resources											
Deferred outflows of resources											
Deferred outflows of resources from pensions	-	-	435,382	-	-	-	-	-	-	-	435,382
Total deferred outflows of resources	-	-	435,382	-	-	-	-	-	-	-	435,382
Total assets and deferred outflows of resources	\$ 2,580,085	\$ 1,135,367	\$ 127,661,432	\$ 27,361,413	\$ 36,067,265	\$ 49,379,884	\$ 9,449,426	\$ 32,803,881	\$ 347,318	\$ 121,545,999	\$ 408,332,070

Liabilities and Net Position

Current liabilities

Accounts payable	\$ -	\$ -	\$ 4,259,155	\$ 1,954	\$ 1,114,399	\$ 105,961	\$ 81,761	\$ 152,950	\$ 313,446	\$ 274,832	\$ 6,304,458
Accrued wages payable and related liabilities	-	-	642,951	70,058	-	1,433,340	-	-	-	185,866	2,332,215
Bonds payable - current portion	-	-	1,160,000	-	335,265	-	-	-	-	-	1,495,265
Notes payable - current portion	-	-	548,857	-	-	-	-	6,512	-	100,000	655,369
Capital lease payable - current portion	-	-	-	-	-	-	-	42,876	-	-	42,876
Compensated absences - current portion	-	-	365,787	23,514	-	-	-	-	19,121	562,389	970,811
Unearned revenue	-	-	330,123	155,000	28,322	-	75,710	1,015,840	-	41,954	1,646,949
Accrued expenses and other	-	-	1,655,832	4,883	1,280,208	6,553	59,949	2,003,567	-	-	5,010,992
Total current liabilities	-	-	8,962,705	255,409	2,758,194	1,545,854	217,420	3,221,745	332,567	1,165,041	18,458,935

Noncurrent liabilities

Bonds payable, net of unamortized premium	-	-	65,918,713	-	5,604,784	-	-	-	-	2,005,000	73,528,497
Notes payable	-	-	2,301,143	-	-	-	-	-	-	410,001	2,711,144
Capital lease obligation	-	-	-	-	-	-	-	80,301	-	-	80,301
Net pension liability	-	-	641,165	-	-	-	-	-	-	-	641,165
Other long-term liabilities	-	-	-	83,304	-	-	-	-	-	832,324	915,628
Compensated absences	-	-	-	223,306	-	-	-	-	-	562,389	785,695
Total noncurrent liabilities	-	-	68,861,021	306,610	5,604,784	-	-	80,301	-	3,809,714	78,662,430
Total liabilities	-	-	77,823,726	562,019	8,362,978	1,545,854	217,420	3,302,046	332,567	4,974,755	97,121,365

Deferred Inflows of Resources

Deferred inflows from pensions	-	-	148,220	-	-	-	-	-	-	-	148,220
Total deferred inflows of resources	-	-	148,220	-	-	-	-	-	-	-	148,220

Net Position

Net investment in capital assets	269,638	92,458	42,710,737	20,992,200	10,050,202	44,441,622	4,951,904	6,788,791	13,893	92,548,839	222,860,284
Restricted - expendable	49,520	1,001,374	240,176	-	554,372	1,597,628	3,359,728	5,186,848	-	2,024,271	14,013,917
Restricted - nonexpendable	-	-	-	-	-	-	-	2,886,467	-	895,043	3,781,510
Unrestricted	2,260,927	41,535	6,738,573	5,807,194	17,099,713	1,794,780	920,374	14,639,729	858	21,103,091	70,406,774
Total net position	2,580,085	1,135,367	49,689,486	26,799,394	27,704,287	47,834,030	9,232,006	29,501,835	14,751	116,571,244	311,062,485
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 2,580,085	\$ 1,135,367	\$ 127,661,432	\$ 27,361,413	\$ 36,067,265	\$ 49,379,884	\$ 9,449,426	\$ 32,803,881	\$ 347,318	\$ 121,545,999	\$ 408,332,070

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Central Arkansas Library	\$ 24,057,640	\$ 427,866	\$ 1,368,361	\$ 9,754,740	\$ (12,506,673)	\$ -	\$ (12,506,673)
Workforce Investment Board	1,735,146	-	1,749,233	-	14,087	-	14,087
Total governmental activities	<u>25,792,786</u>	<u>427,866</u>	<u>3,117,594</u>	<u>9,754,740</u>	<u>(12,492,586)</u>	<u>-</u>	<u>(12,492,586)</u>
Business-type Activities							
Oakland Fraternal Cemetery	253,415	59,571	-	-	-	(193,844)	(193,844)
Mt. Holly Cemetery	206,464	215,980	-	-	-	9,516	9,516
Advertising and Promotion Commission	14,948,620	5,074,190	-	-	-	(9,874,430)	(9,874,430)
Port Authority	3,157,227	2,508,621	-	-	-	(648,606)	(648,606)
Ambulance Authority	27,221,591	29,740,827	-	-	-	2,519,236	2,519,236
Central Arkansas Transit Authority	21,246,270	2,393,986	-	-	-	(18,852,284)	(18,852,284)
Museum of Discovery	4,313,540	1,537,818	-	-	-	(2,775,722)	(2,775,722)
Arkansas Arts Center	10,957,352	5,680,930	-	-	-	(5,276,422)	(5,276,422)
Total business-type activities	<u>82,304,479</u>	<u>47,211,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,092,556)</u>	<u>(35,092,556)</u>
Total component units	<u>\$ 108,097,265</u>	<u>\$ 47,639,789</u>	<u>\$ 3,117,594</u>	<u>\$ 9,754,740</u>	<u>(12,492,586)</u>	<u>(35,092,556)</u>	<u>(47,585,142)</u>
General revenues							
General property taxes					14,982,367	-	14,982,367
Sales taxes					1,060,247	14,932,287	15,992,534
Investment income					185,128	1,246,910	1,432,038
Grants and contributions not restricted to specific programs					-	15,230,237	15,230,237
Other					860,943	6,918,623	7,779,566
Total general revenues					<u>17,088,685</u>	<u>38,328,057</u>	<u>55,416,742</u>
Change in net position					4,596,099	3,235,501	7,831,600
Net Position, Beginning of Year					<u>111,989,896</u>	<u>191,240,989</u>	<u>303,230,885</u>
Net Position, End of Year					<u>\$ 116,585,995</u>	<u>\$ 194,476,490</u>	<u>\$ 311,062,485</u>

City of Little Rock, Arkansas
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Business-Type Activities – Component Units - Nonmajor
Year Ended December 31, 2016

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	\$ 59,571	\$ 215,980	\$ 5,074,190	\$ 2,508,621	\$ 27,723,825	\$ 2,393,986	\$ 1,537,818	\$ 1,479,783	\$ 40,993,774
Other	-	-	-	-	2,017,002	-	-	4,201,147	6,218,149
Total operating revenues	59,571	215,980	5,074,190	2,508,621	29,740,827	2,393,986	1,537,818	5,680,930	47,211,923
Operating Expenses									
Salaries, wages and employee benefits	103,811	116,143	7,294,117	938,523	19,257,348	12,215,710	557,949	3,545,057	44,028,658
Supplies and materials	20,999	40,972	41,743	79,214	1,292,335	2,333,063	-	1,117,862	4,926,188
Services	25,700	1,545	2,981,917	451,407	1,731,716	922,463	1,826,941	4,090,163	12,031,852
Utilities	8,184	5,251	1,200,835	52,131	591,355	279,661	-	306,893	2,444,310
Repairs and maintenance	69,733	40,073	633,610	462,820	1,035,433	-	-	613,518	2,855,187
Other	6,388	-	1,198,001	94,080	1,848,879	1,004,419	397,489	570,272	5,119,528
Depreciation and amortization	18,600	2,480	1,598,397	1,079,052	1,464,525	4,490,954	1,531,161	713,587	10,898,756
Total operating expenses	253,415	206,464	14,948,620	3,157,227	27,221,591	21,246,270	4,313,540	10,957,352	82,304,479
Operating Income (Loss)	(193,844)	9,516	(9,874,430)	(648,606)	2,519,236	(18,852,284)	(2,775,722)	(5,276,422)	(35,092,556)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	79,637	2,140,000	-	4,491,338	-	780,468	7,491,443
General property taxes	-	-	14,932,287	-	-	-	-	-	14,932,287
Donations, contributions and grants received	-	29,421	-	100,000	-	12,339,786	1,142,225	1,618,805	15,230,237
Investment income	-	-	120,138	25,150	100,778	11,174	-	989,670	1,246,910
Interest expense	-	-	(81,777)	-	-	-	-	(10,715)	(92,492)
Other, net	115,273	-	(97,685)	387,927	609,633	-	-	(1,495,476)	(480,328)
Net nonoperating revenues (expenses)	115,273	29,421	14,952,600	2,653,077	710,411	16,842,298	1,142,225	1,882,752	38,328,057
Change in Net Position	(78,571)	38,937	5,078,170	2,004,471	3,229,647	(2,009,986)	(1,633,497)	(3,393,670)	3,235,501
Net Position, Beginning of Year	2,658,656	1,096,430	44,611,316	24,794,923	24,474,640	49,844,016	10,865,503	32,895,505	191,240,989
Net Position, End of Year	\$ 2,580,085	\$ 1,135,367	\$ 49,689,486	\$ 26,799,394	\$ 27,704,287	\$ 47,834,030	\$ 9,232,006	\$ 29,501,835	\$ 194,476,490

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities
Year Ended December 31, 2016

	Wastewater Utility	Bill and Hillary Clinton National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	\$ 52,690,463	\$ 32,661,990	\$ 38,931,054	\$ 124,283,507
Other receipts	734,824	-	9,523,354	10,258,178
Payments to employees	(16,899,394)	(10,201,096)	(44,722,551)	(71,823,041)
Payments to suppliers	(2,360,395)	(10,099,208)	(17,201,980)	(29,661,583)
Payments for contractual services	(3,171,189)	-	(6,286,697)	(9,457,886)
Payments for utilities	(1,703,030)	-	(357,646)	(2,060,676)
Other payments	(1,406,511)	-	(1,187,681)	(2,594,192)
Net cash provided by (used in) operating activities	<u>27,884,768</u>	<u>12,361,686</u>	<u>(21,302,147)</u>	<u>18,944,307</u>
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	298,595	17,351,059	17,649,654
Local tax levy supporting operations	-	340,990	11,746,033	12,087,023
Other	-	143,751	(339,085)	(195,334)
Net cash provided by noncapital financing activities	<u>-</u>	<u>783,336</u>	<u>28,758,007</u>	<u>29,541,343</u>
Capital and Related Financing Activities				
Purchase of capital assets	(24,458,355)	(22,498,629)	(44,253,695)	(91,210,679)
Proceeds from sale of capital assets	105,781	(2,652)	51,919	155,048
Contributions, donations and grants	-	11,757,103	2,538,177	14,295,280
Passenger facility charge	-	3,828,124	-	3,828,124
Intergovernmental revenue received for debt service	-	-	79,637	79,637
Local tax levy used for debt service	-	-	3,999,431	3,999,431
Proceeds from issuance of long-term debt	12,281,981	-	5,949,999	18,231,980
Principal paid on long-term debt	(10,603,159)	-	(1,189,951)	(11,793,110)
Principal paid on notes payable	-	-	(37,694)	(37,694)
Interest paid on long-term debt	(9,049,024)	-	(2,953,115)	(12,002,139)
Other	(250,674)	-	-	(250,674)
Net cash used in capital and related financing activities	<u>(31,973,450)</u>	<u>(6,916,054)</u>	<u>(35,815,292)</u>	<u>(74,704,796)</u>
Investing Activities				
Proceeds from sale of investments	1,627,261	-	36,253,387	37,880,648
Purchase of investments	(3,023)	-	(10,263,703)	(10,266,726)
Other income	-	-	1,463,767	1,463,767
Interest received	150,289	305,752	1,338,215	1,794,256
Net cash provided by investing activities	<u>1,774,527</u>	<u>305,752</u>	<u>28,791,666</u>	<u>30,871,945</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(2,314,155)</u>	<u>6,534,720</u>	<u>432,234</u>	<u>4,652,799</u>
Cash and Cash Equivalents, Beginning of Year	<u>23,312,952</u>	<u>37,245,331</u>	<u>31,555,012</u>	<u>92,113,295</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,998,797</u>	<u>\$ 43,780,051</u>	<u>\$ 31,987,246</u>	<u>\$ 96,766,094</u>
Presented on the Statement of Fund Net Position - Proprietary Funds as Follows:				
Current assets				
Cash and cash equivalents	\$ 14,876,687	\$ 33,977,239	\$ 23,476,118	\$ 72,330,044
Noncurrent assets				
Cash and cash equivalents	6,122,110	9,802,812	8,511,128	24,436,050
	<u>\$ 20,998,797</u>	<u>\$ 43,780,051</u>	<u>\$ 31,987,246</u>	<u>\$ 96,766,094</u>

	Wastewater Utility	National Airport	Other Component Units	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 13,557,579	\$ (1,728,022)	\$ (35,092,556)	\$ (23,262,999)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	14,033,870	14,486,130	10,898,756	39,418,756
Provisions for uncompensated care	-	-	12,210,679	12,210,679
Other	-	-	25,533	25,533
Changes in assets and liabilities				
Receivables, net	(109,190)	(211,019)	(10,586,142)	(10,906,351)
Prepaid expenses	(475,714)	(241,181)	54,700	(662,195)
Inventories	(61,948)	-	(12,318)	(74,266)
Other assets	-	-	584,193	584,193
Accounts payable	10,882	154,300	411,848	577,030
Accrued expenses	193,166	-	293,629	486,795
Net pension liability	-	-	146,411	146,411
Deferred outflows and inflows of resources	736,123	-	(128,991)	607,132
Other liabilities	-	(98,522)	(107,889)	(206,411)
Net cash provided by (used in) operating activities	<u>\$ 27,884,768</u>	<u>\$ 12,361,686</u>	<u>\$ (21,302,147)</u>	<u>\$ 18,944,307</u>

Noncash Capital Activities

During 2016, Little Rock Wastewater Utility received donated capital assets in the amount of \$1,679,766.

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units – Business-Type Activities – Nonmajor
Year Ended December 31, 2016

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit Authority	Museum of Discovery	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	\$ 59,571	\$ 215,980	\$ 1,674,456	\$ 2,544,996	\$ 29,356,197	\$ 2,079,506	\$ 1,537,818	\$ 1,462,530	\$ 38,931,054
Other receipts	-	-	3,254,986	-	1,978,077	286,623	-	4,003,668	9,523,354
Payments to employees	(103,811)	(116,143)	(7,172,208)	(867,851)	(20,191,174)	(12,172,677)	(540,880)	(3,557,807)	(44,722,551)
Payments to suppliers	(20,999)	(40,972)	(5,836,396)	(1,261,055)	(4,962,396)	(2,418,369)	-	(2,661,793)	(17,201,980)
Payments for contractual services	(25,700)	(1,545)	-	-	-	(1,889,094)	(1,307,078)	(3,063,280)	(6,286,697)
Payments for utilities	(8,184)	(5,251)	-	-	-	-	-	(344,211)	(357,646)
Other payments	(76,121)	(40,073)	-	-	-	(335,780)	(397,489)	(338,218)	(1,187,681)
Net cash provided by (used in) operating activities	(175,244)	11,996	(8,079,162)	416,090	6,180,704	(14,449,791)	(707,629)	(4,499,111)	(21,302,147)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-	-	-	14,590,029	1,142,225	1,618,805	17,351,059
Local tax levy supporting operations	-	-	10,965,565	-	-	-	-	780,468	11,746,033
Other	115,273	-	-	431,485	609,633	-	-	(1,495,476)	(339,085)
Net cash provided by noncapital financing activities	115,273	-	10,965,565	431,485	609,633	14,590,029	1,142,225	903,797	28,758,007
Capital and Related Financing Activities									
Purchase of capital assets	(6,929)	-	(29,101,755)	(602,897)	(10,789,936)	(2,170,559)	(1,321,198)	(260,421)	(44,253,695)
Proceeds from contributions received for construction of capital assets	-	-	-	-	-	2,253,756	-	-	2,253,756
Contributions and donations	-	29,421	-	255,000	-	-	-	-	284,421
Intergovernmental revenue received for debt service	-	-	79,637	-	-	-	-	-	79,637
Local tax levy used for debt service	-	-	3,999,431	-	-	-	-	-	3,999,431
Proceeds from issuance of long-term debt	-	-	-	-	5,949,999	-	-	-	5,949,999
Principal paid on long-term debt	-	-	(1,130,000)	-	(59,951)	-	-	-	(1,189,951)
Principal paid on notes payable	-	-	-	-	-	-	-	(37,694)	(37,694)
Interest paid on long-term debt	-	-	(2,869,431)	-	(72,969)	-	-	(10,715)	(2,953,115)
Proceeds from sale of capital assets	-	-	-	38,479	-	13,440	-	-	51,919
Net cash provided by (used in) capital and related financing activities	(6,929)	29,421	(29,022,118)	(309,418)	(4,972,857)	96,637	(1,321,198)	(308,830)	(35,815,292)
Investing Activities									
Proceeds from sale of investments	466,269	(24,404)	28,489,149	-	3,200,000	-	-	4,122,373	36,253,387
Purchase of investments	(576,213)	-	(3,991,754)	-	(2,950,000)	-	(404,925)	(2,340,811)	(10,263,703)
Other income	-	-	-	-	-	-	-	1,463,767	1,463,767
Interest received	66,546	-	143,763	25,150	101,941	11,145	-	989,670	1,338,215
Net cash provided by (used in) investing activities	(43,398)	(24,404)	24,641,158	25,150	351,941	11,145	(404,925)	4,234,999	28,791,666
Increase (Decrease) in Cash and Cash Equivalents	(110,298)	17,013	(1,494,557)	563,307	2,169,421	248,020	(1,291,527)	330,855	432,234
Cash and Cash Equivalents, Beginning of Year	320,614	24,522	12,819,325	5,275,288	3,623,932	3,589,211	5,089,114	813,006	31,555,012
Cash and Cash Equivalents, End of Year	\$ 210,316	\$ 41,535	\$ 11,324,768	\$ 5,838,595	\$ 5,793,353	\$ 3,837,231	\$ 3,797,587	\$ 1,143,861	\$ 31,987,246

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

Operating income (loss)	\$	(193,844)	\$	9,516	\$	(9,874,430)	\$	(648,606)	\$	2,519,236	\$	(18,852,284)	\$	(2,775,722)	\$	(5,276,422)	\$	(35,092,556)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities																		
Depreciation and amortization expense		18,600		2,480		1,598,397		1,079,052		1,464,525		4,490,954		1,531,161		713,587		10,898,756
Provisions for uncompensated care		-		-		-		-		12,210,679		-		-		-		12,210,679
Other		-		-		(35,540)		-		25,357		(13,438)		-		49,154		25,533
Changes in assets and liabilities																		
Receivables, net		-		-		(250,980)		36,375		(10,613,867)		(2,544)		22,239		222,635		(10,586,142)
Prepaid expenses		-		-		115,822		7,002		954		(30,206)		(38,872)		-		54,700
Inventories		-		-		-		-		7,436		(36,972)		(5,704)		22,922		(12,318)
Other assets		-		-		-		-		(2,000)		-		570,000		16,193		584,193
Accounts payable		-		-		170,825		(57,733)		381,587		(48,334)		2,431		(36,928)		411,848
Accrued expenses		-		-		101,099		-		190,162		43,033		17,069		(57,734)		293,629
Net pension liability		-		-		146,411		-		-		-		-		-		146,411
Deferred outflows and inflows of resources		-		-		(128,991)		-		-		-		-		-		(128,991)
Other liabilities		-		-		78,225		-		(3,365)		-		(30,231)		(152,518)		(107,889)
Net cash provided by (used in) operating activities	\$	(175,244)	\$	11,996	\$	(8,079,162)	\$	416,090	\$	6,180,704	\$	(14,449,791)	\$	(707,629)	\$	(4,499,111)	\$	(21,302,147)

Noncash Capital Activities

During 2016, Little Rock Port Authority received donated land in the amount of \$2,140,000.

(This Page Intentionally Left Blank)

Statistical Section

City of Little Rock, Arkansas

Statistical Section

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

Contents	Page
Financial Trends (Tables 1–5)	
These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time.....	138
Revenue Capacity (Tables 6–10)	
These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes.....	143
Debt Capacity (Tables 11–15)	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	148
Demographic and Economic Information (Tables 16–17)	
These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place	153
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	155

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

Table 1

	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015 ⁽³⁾	2016
Governmental activities										
Net investment in capital assets	\$ 470,177,184	\$ 471,326,637	\$ 479,611,737	\$ 494,688,762	\$ 498,370,816	\$ 533,940,568	\$ 539,105,312	\$ 549,795,437	\$ 547,314,893	\$ 546,408,833
Restricted	14,861,692	14,747,876	19,792,771	21,106,638	23,201,045	24,208,928	13,951,009	14,801,039	11,414,278	47,660,631
Unrestricted (deficit)	(5,253,750)	(6,740,713)	(20,707,353)	(31,673,380)	(37,574,646)	(46,682,528)	28,926,155	24,870,220	(78,833,242)	(110,494,341)
Total governmental activities net position	\$ 479,785,126	\$ 479,333,800	\$ 478,697,155	\$ 484,122,020	\$ 483,997,215	\$ 511,466,968	\$ 581,982,476	\$ 589,466,696	\$ 479,895,929	\$ 483,575,123
Business-type activities										
Net investment in capital assets	\$ 15,840,848	\$ 22,649,910	\$ 25,162,866	\$ 28,680,633	\$ 28,587,521	\$ 8,983,518	\$ 9,423,026	\$ 12,152,186	\$ 12,345,577	\$ 14,721,612
Restricted	7,686,354	6,255,864	8,324,557	4,847,683	5,673,566	3,769,248	2,856,964	2,980,184	3,102,528	1,737,901
Unrestricted (deficit)	6,186,519	1,021,866	(7,226,970)	(7,490,696)	(9,230,768)	3,806,762	6,284,003	5,751,822	6,988,248	8,121,642
Total business-type activities net position	\$ 29,713,721	\$ 29,927,640	\$ 26,260,453	\$ 26,037,620	\$ 25,030,319	\$ 16,559,528	\$ 18,563,993	\$ 20,884,192	\$ 22,436,353	\$ 24,581,155
Primary government										
Net investment in capital assets	\$ 486,018,032	\$ 493,976,547	\$ 504,774,603	\$ 523,369,395	\$ 526,958,337	\$ 542,924,086	\$ 548,528,338	\$ 561,947,623	\$ 559,660,470	\$ 561,130,445
Restricted	22,548,046	21,003,740	28,117,328	25,954,321	28,874,611	27,978,176	16,807,973	17,781,223	14,516,806	49,398,532
Unrestricted (deficit)	932,769	(5,718,847)	(27,934,323)	(39,164,076)	(46,805,414)	(42,875,766)	35,210,158	30,622,042	(71,844,994)	(102,372,699)
Total primary government net position	\$ 509,498,847	\$ 509,261,440	\$ 504,957,608	\$ 510,159,640	\$ 509,027,534	\$ 528,026,496	\$ 600,546,469	\$ 610,350,888	\$ 502,332,282	\$ 508,156,278

- (1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.
- (2) At the end of 2013 the City transferred administration of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of unrestricted net position of the governmental activities.
- (3) During 2015, the City adopted Governmental Accounting Standards Board Statements 68 and 71. This is the primary reason for the significant decrease of unrestricted net position of the governmental activities.

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

Table 2

	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 40,902,901	\$ 39,257,596	\$ 33,803,817	\$ 36,758,227	\$ 35,467,227	\$ 45,722,245	\$ 48,076,292	\$ 50,079,445	\$ 55,582,516	\$ 53,272,987
Public works	30,198,787	30,546,203	31,689,645	30,920,716	32,290,725	36,100,501	36,968,065	39,260,053	39,559,132	39,423,882
Parks and recreation services	10,948,381	10,761,841	9,886,376	9,032,115	6,740,682	10,131,868	11,209,542	11,436,512	11,324,541	13,144,116
Rivermarket	-	-	-	-	-	-	1,298,266	1,337,298	1,298,563	1,284,327
Golf	-	-	-	-	-	-	2,162,056	2,420,678	2,434,632	2,551,972
Jim Dailey Fitness	-	-	-	-	-	-	983,422	1,389,915	988,633	1,004,748
Zoo	-	-	-	-	-	-	6,927,190	6,920,847	10,754,587	7,466,778
Fire	36,865,342	38,630,307	46,217,347	48,582,390	49,007,470	49,271,456	48,798,721	48,017,977	36,708,372	51,670,486
Police	56,692,967	56,516,426	64,103,539	62,432,868	63,028,974	66,192,652	64,480,813	74,326,931	71,455,621	75,772,406
Economic development	12,555,927	4,225,034	-	-	-	-	-	-	-	-
Education	7,591,089	8,372,418	5,282,591	9,439,254	5,747,801	10,523,654	11,361,720	6,505,814	5,773,774	10,131,712
Housing and neighborhood programs	10,400,245	7,702,220	7,815,231	8,621,004	10,462,439	12,611,955	9,238,779	6,996,437	10,142,884	9,149,127
Fleet	-	-	-	-	-	-	2,714,412	3,397,637	1,164,920	1,918,738
Interest expense on long-term debt	3,528,925	3,216,776	3,654,132	3,849,820	3,222,981	3,791,250	4,203,511	5,096,215	4,680,035	4,641,761
Bond issue costs	-	-	-	-	-	-	-	-	117,481	-
Agent fees on long-term debt	482,975	12,210	9,546	12,780	25,145	13,016	-	-	33,030	-
Total governmental activities expenses	<u>210,167,539</u>	<u>199,241,031</u>	<u>202,462,224</u>	<u>209,649,174</u>	<u>205,993,444</u>	<u>234,358,597</u>	<u>248,422,789</u>	<u>257,185,760</u>	<u>252,018,721</u>	<u>271,433,041</u>
Business-type activities:										
Presidential park	787,099	756,924	727,723	913,050	1,284,265	636,683	-	-	-	-
Waste disposal	13,943,884	13,778,712	13,805,966	14,158,228	13,967,043	14,715,628	15,117,230	13,854,376	14,401,947	14,790,357
Rivermarket garage	1,732,311	1,652,292	1,648,216	1,585,450	1,658,341	1,703,329	1,729,131	1,938,758	1,985,775	2,087,989
Riverfront park	1,280,521	1,392,804	932,726	977,075	1,085,632	1,283,222	-	-	-	-
Zoo	4,286,060	4,758,438	4,816,545	4,818,113	5,138,281	6,125,411	-	-	-	-
Vehicle Storage	1,214,219	1,250,245	1,271,451	1,201,185	1,200,152	1,284,946	1,333,659	1,332,818	1,350,526	1,409,481
Golf courses	2,551,139	2,795,234	2,323,844	2,227,607	2,342,219	2,443,065	-	-	-	-
Fitness center	1,018,736	1,023,119	1,031,479	1,147,343	1,037,736	1,000,345	-	-	-	-
Concessions services	148,389	149,129	104,090	1,712	-	-	-	-	-	-
Total business-type activities expenses	<u>26,962,358</u>	<u>27,556,897</u>	<u>26,662,040</u>	<u>27,029,763</u>	<u>27,713,669</u>	<u>29,192,629</u>	<u>18,180,020</u>	<u>17,125,952</u>	<u>17,738,248</u>	<u>18,287,827</u>
Total primary government expenses	<u>\$ 237,129,897</u>	<u>\$ 226,797,928</u>	<u>\$ 229,124,264</u>	<u>\$ 236,678,937</u>	<u>\$ 233,707,113</u>	<u>\$ 263,551,226</u>	<u>\$ 266,602,809</u>	<u>\$ 274,311,712</u>	<u>\$ 269,756,969</u>	<u>\$ 289,720,868</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 15,203,736	\$ 15,314,384	\$ 14,125,390	\$ 14,316,575	\$ 14,375,501	\$ 15,479,490	\$ 15,945,908	\$ 16,062,816	\$ 16,717,877	\$ 19,383,270
Public works	629,934	505,189	395,554	1,080,184	350,298	560,006	387,436	593,298	571,436	422,907
Parks and recreation services	959,667	1,051,607	1,276,650	2,374,906	2,665,666	1,379,534	1,998,020	1,506,979	1,539,875	2,360,546
Rivermarket	-	-	-	-	-	-	650,259	617,337	605,207	551,711
Golf	-	-	-	-	-	-	1,497,233	1,581,520	1,476,467	1,306,904
Jim Dailey Fitness	-	-	-	-	-	-	638,214	920,051	495,687	455,025
Zoo	-	-	-	-	-	-	3,579,391	3,869,582	3,798,687	4,191,378
Fire	2,648,158	2,885,420	2,197,020	2,639,543	2,512,542	2,525,884	1,260,256	2,602,223	2,562,979	2,724,322
Police	3,627,433	3,796,987	3,278,652	3,697,419	3,306,547	3,162,965	5,253,340	3,322,195	3,231,294	3,622,692
Fleet	-	-	-	-	-	100,151	343,534	229,248	-	-
Housing and neighborhood programs	962,181	650,746	462,390	543,179	1,566,311	1,179,396	458,891	669,271	945,430	794,696
Operating grants and contributions	4,133,325	2,034,054	19,126,353	8,929,758	10,885,382	12,873,846	8,133,436	5,396,151	6,041,316	4,619,575
Capital grants and contributions	18,491,092	10,377,494	1,432,306	4,592,275	8,151,956	4,313,770	2,028,323	1,379,420	591,966	2,415,017
Total governmental activities program revenues	<u>46,655,526</u>	<u>36,615,881</u>	<u>42,294,315</u>	<u>38,173,839</u>	<u>43,814,203</u>	<u>41,575,042</u>	<u>42,174,241</u>	<u>38,750,091</u>	<u>38,578,221</u>	<u>42,848,043</u>

Business-type activities:										
Charges for services:										
Presidential park	139,637	60,382	684	-	-	-	-	-	-	-
Waste disposal	16,787,719	16,473,414	16,303,264	16,133,281	16,405,458	16,511,682	18,588,177	17,452,777	17,761,020	17,975,553
Rivermarket garage	1,643,404	1,768,636	1,676,830	1,846,258	1,855,989	2,138,957	2,138,022	2,144,882	2,500,013	2,873,719
Riverfront park	310,547	268,593	300,074	358,709	493,906	631,316	-	-	-	-
Zoo	2,646,480	2,573,440	3,057,010	3,018,702	3,436,370	3,508,321	-	-	-	-
Vehicle storage	1,329,776	1,300,655	1,203,642	1,199,238	1,288,799	1,359,763	1,362,661	1,347,321	1,196,723	1,319,514
Golf courses	1,660,152	1,517,895	1,372,751	1,461,666	1,551,889	1,797,901	-	-	-	-
Fitness center	766,207	696,328	761,485	744,609	755,754	683,632	-	-	-	-
Concessions services	67,711	48,171	37,589	-	-	-	-	-	-	-
Capital grants and contributions	4,170,925	2,252,001	516,796	2,112,812	2,072,015	3,250,743	-	170,289	-	17,482
Total business-type activities program revenues	29,522,558	26,959,515	25,230,125	26,875,275	27,860,180	29,882,315	22,088,860	21,115,269	21,457,756	22,186,268
Total primary government program revenues	\$ 76,178,084	\$ 63,575,396	\$ 67,524,440	\$ 65,049,114	\$ 71,674,383	\$ 71,457,357	\$ 64,263,101	\$ 59,865,360	\$ 60,035,977	\$ 65,034,311
Net (expense)/revenue										
Governmental activities	\$ (163,512,013)	\$ (162,625,150)	\$ (160,167,909)	\$ (171,475,335)	\$ (162,179,241)	\$ (195,541,643)	\$ (206,248,548)	\$ (218,435,668)	\$ (213,440,500)	\$ (228,584,998)
Business-type activities	2,560,200	(597,382)	(1,431,915)	(154,488)	146,511	689,686	3,908,840	3,989,317	3,719,508	3,898,441
Total primary government net expense	\$ (160,951,813)	\$ (163,222,532)	\$ (161,599,824)	\$ (171,629,823)	\$ (162,032,730)	\$ (194,851,957)	\$ (202,339,708)	\$ (214,446,351)	\$ (209,720,992)	\$ (224,686,557)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General Property taxes	\$ 41,742,564	\$ 41,954,874	\$ 45,248,710	\$ 48,007,574	\$ 51,398,592	\$ 49,532,522	\$ 52,833,701	\$ 51,570,745	\$ 50,469,150	\$ 57,028,881
Sales taxes	65,115,060	66,157,605	63,112,194	64,137,449	64,964,351	111,987,226	112,749,306	114,294,652	118,312,110	118,220,534
Utility franchise taxes	25,656,344	29,809,410	29,932,458	29,348,059	29,137,883	29,176,325	29,707,701	29,898,410	31,065,494	29,599,082
Investment income (loss)	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,617)	1,131,952	775,618	559,560
Unrestricted grants and contributions	26,860,087	23,596,059	18,887,563	35,189,761	15,293,373	22,250,304	23,452,078	27,219,998	22,990,373	25,055,029
Other	-	23,745	(246,757)	-	-	735,885	(148,720)	-	-	-
Transfers	(2,247,418)	(307,235)	2,306,053	88,142	1,185,918	9,184,248	1,661,580	1,804,131	1,816,098	1,801,106
Total governmental activities	159,381,080	162,173,824	159,531,264	176,900,200	162,054,436	223,011,396	220,139,029	225,919,888	225,428,843	232,264,192
Business-type activities										
Investment earnings	1,002,452	533,477	80,586	19,797	32,106	23,771	(28,446)	135,013	111,523	47,467
Other	(20,324)	(29,411)	(9,805)	-	-	-	-	-	-	-
Special item - transfer of net pension obligation	-	-	-	-	-	-	57,079,060	-	-	-
Transfers	2,247,418	307,235	(2,306,053)	(88,142)	(1,185,918)	(9,184,248)	(1,661,580)	(1,804,131)	(1,816,098)	(1,801,106)
Total business-type activities	3,229,546	811,301	(2,235,272)	(68,345)	(1,153,812)	(9,160,477)	55,389,034	(1,669,118)	(1,704,575)	(1,753,639)
Total primary government	\$ 162,610,626	\$ 162,985,125	\$ 157,295,992	\$ 176,831,855	\$ 160,900,624	\$ 213,850,919	\$ 275,528,063	\$ 224,250,770	\$ 223,724,268	\$ 230,510,553
Changes in Net Position										
Governmental activities	\$ (4,130,933)	\$ (451,326)	\$ (636,645)	\$ 5,424,865	\$ (124,805)	\$ 27,469,753	\$ 70,969,511	\$ 7,484,220	\$ 11,988,343	\$ 3,679,194
Business-type activities	5,789,746	213,919	(3,667,187)	(222,833)	(1,007,301)	(8,470,791)	2,218,814	2,320,199	2,014,933	2,144,802
Change in accounting principle	-	-	-	-	-	-	(668,352)	-	(122,021,882)	-
Total primary government	\$ 1,658,813	\$ (237,407)	\$ (4,303,832)	\$ 5,202,032	\$ (1,132,106)	\$ 18,998,962	\$ 72,519,973	\$ 9,804,419	\$ (108,018,606)	\$ 5,823,996

- (1) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics, and Zoo Enterprise funds into the general fund.
- (2) At the end of 2013 the City transferred administration and related net pension obligation of the Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System. This is the primary reason for the increase of the unrestricted net position of the governmental activities.

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

Table 3

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2007	\$ 41,742,564	\$ 65,115,060	\$ 25,656,344	\$ 132,513,968
2008	41,954,874	66,157,605	29,809,410	137,921,889
2009	45,248,710	63,112,194	29,932,458	138,293,362
2010	48,007,574	64,137,449	29,348,059	141,493,082
2011	51,398,591	64,964,351	29,137,883	145,500,825
2012	49,532,522	111,987,226 (1)	29,176,325	190,696,073
2013	52,833,701	112,749,306	29,707,701	195,290,708
2014	51,570,745	114,294,652	29,898,410	195,763,807
2015	50,469,150	118,312,110	31,065,494	199,846,754
2016	57,028,881	118,220,534	29,599,082	204,848,497

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

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

Table 4

Pre-GASB 54						
	2007	2008	2009	2010		
General Fund						
Reserved	\$ 540,693	\$ 572,647	\$ 1,219,426	\$ 1,368,619		
Unreserved	17,188,490	16,754,381	21,061,786	24,642,501		
Total general fund	<u>\$ 17,729,183</u>	<u>\$ 17,327,028</u>	<u>\$ 22,281,212</u>	<u>\$ 26,011,120</u>		
All other governmental funds						
Reserved	\$ 3,612,265	\$ 4,737,277	\$ 3,197,741	\$ 2,368,171		
Unreserved, reported in:						
Special revenue funds	5,536,172	5,554,772	2,846,175	4,623,440		
Capital projects funds	14,300,651 ⁽¹⁾	10,159,304 ⁽¹⁾	35,096,989 ⁽²⁾	20,523,651		
Debt service funds	12,072,643	10,852,119	16,593,060	17,369,848		
Total all other governmental funds	<u>\$ 35,521,731</u>	<u>\$ 31,303,472</u>	<u>\$ 57,733,965</u>	<u>\$ 44,885,110</u>		
Post-GASB 54						
	2011 (3)	2012	2013	2014	2015	2016
General fund						
Nonspendable	\$ 13,255,910	\$ 1,163,347 ⁽⁴⁾	\$ 1,329,476	\$ 1,251,251	\$ 1,020,087	\$ 4,922,789
Restricted	-	-	-	-	-	-
Committed	374,900	368,577	337,892	336,610	300,264	49,105
Assigned	1,473,304	7,502,079	9,487,930	8,009,164	12,331,036	11,141,556
Unassigned	10,904,042	17,456,493 ⁽⁵⁾	24,369,411 ⁽⁷⁾	24,713,596	25,567,858	24,009,361
Total general fund	<u>\$ 26,008,156</u>	<u>\$ 26,490,496</u>	<u>\$ 35,524,709</u>	<u>\$ 34,310,621</u>	<u>\$ 39,219,245</u>	<u>\$ 40,122,811</u>
All other governmental funds						
Nonspendable	\$ 407,391	\$ -	\$ 1,229,513	\$ 1,532,884	\$ 1,647,604	\$ 1,382,990
Restricted	46,731,379	77,448,650 ⁽⁶⁾	131,954,068 ⁽⁸⁾	117,940,944 ⁽⁹⁾	123,848,447	108,948,051
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(406,965)	(2,397)	(2,618,735)	(3,219,899)	(2,853,464)	(2,633,318)
Total all other governmental funds	<u>\$ 46,731,805</u>	<u>\$ 77,446,253</u>	<u>\$ 130,564,846</u>	<u>\$ 116,253,929</u>	<u>\$ 122,642,587</u>	<u>\$ 107,697,723</u>

- (1) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.
- (2) The increase in fund balance in the capital projects funds is associated with the 2009 Central Arkansas Library Capital Improvements Bond and the 2009 Parks and Recreation Capital Improvements bond issued to finance capital improvements.
- (3) In 2011 the City implemented GASB 54 which changed the fund balance classification types. Prior to 2011 fund balance was either reserved or unreserved. With the implementation of GASB 54 there are now 5 fund balance classifications: nonspendable, restricted, committed, assigned and unassigned. See page 44-45 for more discussion on these classifications.
- (4) At the end of 2012, the City consolidated the Presidential Park, River Market, Golf, Fitness and Aquatics and Zoo Enterprise funds which eliminated \$12.1 million in nonspendable fund balance.
- (5) The increase in unassigned fund balance is primarily associated with the 5/8 cent operating portion of the new sales tax.
- (6) The increase in restricted fund balance is associated with 3/8 capital portion of the new sales tax in addition to the debt service and capital projects associated with the issuance of the 2012 Library Capital Improvement and Refunding Bonds.
- (7) The increase in unassigned fund balance is associated with the excess receipts of approximately \$6.9 million that resulted when the 2004 Limited Tax Bonds were defeased.
- (8) The increase in restricted fund balance is associated with the issuance of the 2013 Capital Improvement Bonds.
- (9) The decrease in restricted fund balance is associated with the expenditures in the 2012 Central Arkansas Library Fund and the 2013 Capital Improvement Fund.

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

Table 5

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes ⁽¹⁾	\$ 128,423,082	\$ 136,408,241	\$ 138,552,899	\$ 140,393,901	\$ 142,727,033	\$ 191,473,338	\$ 191,323,825	\$ 194,663,920	\$ 199,880,800	\$ 202,216,633
Licenses and permits	9,965,755	9,493,646	9,491,852	9,378,966	9,716,395	10,137,945	10,602,406	11,116,890	11,098,754	11,348,110
Intergovernmental	35,348,114	24,660,496	23,758,563	25,854,883	30,013,617	31,893,228	27,403,766	26,327,221	26,216,512	26,048,300
Charges for services	7,250,342	7,636,280	5,896,703	6,967,081	7,160,751	7,084,384	14,045,775	14,176,733	13,515,573	13,843,724
Fines and fees	4,406,272	4,094,674	3,866,793	4,646,215	4,322,127	4,030,384	4,395,755	4,044,070	3,704,630	3,681,279
Investment income (loss)	2,254,443	939,366	291,043	129,215	74,319	144,886	(116,609)	1,131,960	775,618	559,559
Miscellaneous	3,377,183	3,128,552	3,257,697	6,262,854	7,128,631	4,339,836	4,247,918	5,032,976	4,822,969	7,292,255
Total revenues	191,025,191	186,361,255	185,115,550	193,633,115	201,142,873	249,104,001	251,902,836	256,493,770	260,014,856	264,989,860
Expenditures										
General government	61,719,463	53,764,986	47,240,799	50,036,950	40,265,241	57,247,916	61,183,366	58,771,868	50,921,165	51,281,442
Public works	26,478,689	20,997,331	19,131,584	20,331,363	24,626,577	25,760,174	26,713,458	33,693,594	33,928,160	41,316,142
Parks and recreation and zoo	11,331,664	10,852,290	10,671,631	11,868,398	9,402,332	10,612,514	15,318,714	12,626,851	12,898,624	16,192,534
Rivermarket	-	-	-	-	-	-	1,188,197	1,227,229	1,188,494	1,183,258
Golf	-	-	-	-	-	-	2,386,863	2,376,310	2,390,265	2,507,605
Jim Dailey Fitness	-	-	-	-	-	-	847,283	1,253,776	855,515	896,483
Zoo	-	-	-	-	-	-	7,096,614	7,486,377	7,370,338	7,474,065
Fire department	37,455,769	37,142,635	37,943,802	36,670,692	39,865,309	46,728,504	44,669,680	46,506,763	46,461,030	50,119,894
Police department	54,697,552	55,428,567	58,971,285	55,751,125	56,817,357	71,360,040	72,904,543	82,062,673	72,434,859	72,974,267
Housing and neighborhood programs	9,441,274	8,066,771	8,368,709	8,790,445	11,262,328	12,695,568	8,740,138	9,154,001	10,182,817	9,249,603
Fleet	-	-	-	-	-	-	-	-	665,112	1,918,739
Education	-	-	-	-	-	-	-	-	5,761,938	9,989,686
Debt service										
Principal	25,422,407	11,670,000	12,571,500	15,560,000	20,119,830	22,368,344	14,186,058	22,020,574	26,140,438	23,024,131
Interest	3,674,581	3,370,957	3,510,734	4,054,730	3,435,526	2,990,024	4,161,306	5,276,039	4,994,622	4,663,739
Bond issuance costs	-	-	95,173	-	-	107,193	148,720	-	117,481	-
Other charges	150,568	12,210	9,545	12,779	25,145	13,016	19,619	21,851	33,030	18,677
Total expenditures	230,371,967	201,305,747	198,514,762	203,076,482	205,819,645	249,883,293	259,564,559	282,477,906	276,343,888	292,810,265
Deficiency of revenues under expenditures	(39,346,776)	(14,944,492)	(13,399,212)	(9,443,367)	(4,676,772)	(779,292)	(7,661,723)	(25,984,136)	(16,329,032)	(27,820,405)
Other financing sources (uses)										
Transfers in	3,983,282	6,316,264	10,100,179	7,160,928	6,927,781	9,671,846	16,823,595	10,179,324	10,783,984	11,276,919
Transfers out	(6,224,083)	(4,983,289)	(6,835,415)	(6,836,508)	(5,007,278)	(21,696,652)	(14,866,015)	(8,251,193)	(8,553,142)	(9,475,813)
Bonds issued	20,765,438	8,991,500	35,830,000	-	4,600,000	49,595,001	65,805,000	2,615,000	42,530,000	11,978,000
Premium on bonds issued	-	-	-	-	-	756,028	2,051,949	-	112,763	-
Discount on bonds issued	-	-	(249,215)	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	(6,350,143)	-	-	(17,247,291)	-
Capital leases	-	-	-	-	-	-	-	5,916,000	-	-
Total other financing sources	18,524,637	10,324,475	38,845,549	324,420	6,520,503	31,976,080	69,814,529	10,459,131	27,626,314	13,779,106
Net change in fund balances	\$ (20,822,139)	\$ (4,620,017)	\$ 25,446,337	\$ (9,118,947)	\$ 1,843,731	\$ 31,196,788	\$ 62,152,806	\$ (15,525,005)	\$ 11,297,282	\$ (14,041,299)
Debt service as a percentage of noncapital expenditures	12.7%	8.0%	8.6%	10.5%	12.4%	13.7%	7.8%	10.8%	12.2%	10.6%

(1) See the schedule of General Governmental Tax Revenues by Source (modified accrual basis of accounting) on page 143.

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

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
2007	\$ 37,651,678	\$ 65,115,060	\$ 25,656,344	\$ 128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241
2009	45,508,247	63,112,194	29,932,458	138,552,899
2010	46,908,393	64,137,449	29,348,059	140,393,901
2011	48,624,799	64,964,351	29,137,883	142,727,033
2012	50,309,787	111,987,226 (1)	29,176,325	191,473,338
2013	48,866,818	112,749,306	29,707,701	191,323,825
2014	50,470,858	114,294,652	29,898,410	194,663,920
2015	50,503,196	118,312,110	31,065,494	199,880,800
2016	54,397,017	118,220,534	29,599,082	202,216,633

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

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

Table 7

Year	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Total Appraised Value	Assessed Value as a Percentage of Appraised Value
	Real	Utility	Real	Utility				
2007	\$ 2,326,687,860	\$ -	\$ 736,683,652	\$ 218,144,632	\$ 3,281,516,144	17.05	\$ 16,407,580,720	20%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20%
2009	2,629,177,832	-	740,067,682	230,741,218	3,599,986,732	17.05	17,999,933,660	20%
2010	2,683,795,008	-	681,224,074	246,082,210	3,611,101,292	17.05	18,055,506,460	20%
2011	2,759,721,864	-	717,552,554	249,770,530	3,727,044,948	17.05	18,635,224,740	20%
2012	2,732,143,368	-	800,186,894	239,180,450	3,771,510,712	16.65 (1)	18,857,553,560	20%
2013	2,840,238,586	-	765,722,146	257,211,894	3,863,172,626	16.65	19,315,863,130	20%
2014	2,933,524,621	-	794,658,400	275,131,285	4,003,314,306	16.65	20,122,674,340	20%
2015	3,008,366,567	-	787,937,640	252,624,940	4,048,929,147	16.55 (2)	20,201,526,950	20%
2016	3,117,379,881	-	858,956,525	253,978,240	4,230,314,646	16.55	21,050,648,700	20%

Source: Pulaski County Tax Assessor.

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

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

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

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

(2) The direct tax rate was reduced 1 mill for the 2015 Library Capital Improvement and Refunding Bonds.

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

Table 8

Year	Little Rock		Pulaski County		Little Rock School District		Totals	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal
2007	\$ 17.05	\$ 17.05	\$ 7.05	\$ 7.05	\$ 46.40	\$ 46.40	\$ 70.50	\$ 70.50
2008	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2009	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2010	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2011	17.05	17.05	7.05	7.05	46.40	46.40	70.50	70.50
2012	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2013	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2014	16.65	16.65	7.05	7.05	46.40	46.40	70.10	70.10
2015	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00
2016	16.55	16.55	7.05	7.05	46.40	46.40	70.00	70.00

Tax Levies

2007	\$ 38,848,293	\$ 39,334,921	\$ 129,068,485	\$ 207,251,699
2008	45,120,783	42,554,360	137,582,342	225,257,485
2009	48,789,133	45,743,106	148,109,308	242,641,547
2010	49,499,645	46,344,553	148,559,430	244,403,628
2011	49,687,697	46,915,434	148,192,735	244,795,866
2012	51,282,012	48,464,111	152,324,353	252,070,476
2013	50,385,921	49,084,104	153,876,053	253,346,078
2014	51,613,055	50,553,806	156,509,422	258,676,283
2015	53,396,476	52,080,512	161,329,413	266,806,401
2016	53,782,561	53,185,616	161,724,101	268,692,278

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

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

State statutory limits on City tax rate:

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

City of Little Rock, Arkansas
Principal Sales Taxpayers
December 31, 2016

The City of Little Rock, Arkansas' largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes; a one and one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2016, the 1 1/2 cent city sales tax generated revenue of \$73,821,987.

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

Table 9

Little Rock Top Ten 1 1/2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
All Other General Merchandise	\$ 6,354,269	8.56%
Full Service Restaurants	5,663,744	7.63%
Grocery Stores	5,091,672	6.86%
Electric Power Generation, Transmission and Distribution	3,330,803	4.49%
Building Materials and Supplies Dealers	3,119,789	4.20%
Clothing Stores	2,884,817	3.89%
Traveler Accommodation	2,783,314	3.75%
Sporting Goods, Hobby, and Musical Instrument Stores	2,131,740	2.87%
Professional and Commercial Equipment and Supplies Wholesalers	1,965,831	2.65%
Electronics and Appliance Stores	1,827,870	2.46%
Totals	<u>\$ 35,153,849</u>	<u>47.36%</u>

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

Table 10

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections of Delinquent Levies	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 38,848,293	\$ 34,713,497	89.36%	\$ 2,479,637	\$ 37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%
2009	48,789,133	43,092,225	88.32%	2,590,493	45,682,718	93.63%
2010	49,499,645	43,811,489	88.51%	3,134,144	46,945,633	94.84%
2011	49,687,697	45,445,800	91.46%	3,003,035	48,448,835	97.51%
2012	51,282,012	46,805,016	91.27%	3,200,327	50,005,343	97.51%
2013	50,385,921	45,233,261	89.77%	2,832,651	48,065,912	95.40%
2014	51,613,055	47,315,821	91.67%	2,805,622	50,121,443	97.11%
2015	53,396,476	48,850,999	91.49%	2,564,574	51,415,573	96.29%
2016	53,782,561	49,486,679	92.01%	2,606,358	52,093,037	96.86%

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

City of Little Rock, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Years

Table 11

Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases			
2007	\$ 72,246,018	\$ 15,833,272	\$ 19,624,358	\$ -	\$ 44,081,323	\$ 279,914	\$ 152,064,885	2.88%	\$ 830.35
2008	65,561,807	14,768,402	18,997,000	-	40,902,682	188,558	140,418,449	2.75%	766.76
2009	82,039,575 ⁽²⁾	21,268,099 ⁽³⁾	13,177,436	-	36,860,937	92,462	153,346,047	3.33%	837.35
2010	67,685,580	20,022,050	8,056,677	-	30,929,532	-	126,693,839	2.74%	691.81
2011	53,404,122	18,481,001	8,316,847	-	30,248,087	-	110,450,057	2.12%	570.73
2012	61,274,083 ⁽⁴⁾	28,588,343 ⁽⁵⁾	23,383,504 ⁽⁶⁾	-	16,307,477 ⁽⁵⁾	-	129,553,407	2.42%	667.66
2013	114,087,394 ⁽⁷⁾	26,962,094	25,472,446 ⁽⁸⁾	-	13,816,450	-	180,338,384	3.21%	904.55
2014	102,395,291	25,265,845	25,312,871	-	12,401,141	-	165,375,148	2.91%	854.55
2015	106,214,395	23,491,830	23,907,433	-	10,935,832	-	164,549,490	2.92%	850.28
2016	93,476,815	21,642,815	27,321,300	-	9,405,524	-	151,846,454	2.40%	764.81

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 153 for personal income and population data.
- (2) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (3) In 2009, the City issued \$7,830,000 of bonds to finance parks and recreation capital improvements. The bonds are special obligations payable solely from the revenues derived from the operation and ownership of the zoo, parks and recreation facilities.
- (4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.
- (5) In 2012 the City transferred the 2009 parks and recreation capital improvement refunding bonds series B in the amount of approximately \$11.8 million from business-type to governmental activities due to the consolidation of the recreation service funds with the general fund. The transfer did not impact the outstanding debt of the City.
- (6) The increase in notes payable is associated with the issuance of \$18,580,000 of 2012 short term financing notes.
- (7) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance street and drainage improvements for the City.
- (8) In 2013, the City issued \$7.7 million of short-term financing notes.

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

Table 12

Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Appraised Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2007	\$ 72,246,018	\$ 11,045,088	\$ 61,200,930	1.85%	\$ 330.74
2008	65,561,807	11,604,803	53,957,004	1.51%	291.65
2009	82,039,575 ⁽³⁾	15,200,770	66,838,805	1.84%	362.36
2010	67,685,580	16,529,241	51,156,339	1.41%	278.16
2011	53,404,122	17,518,930	35,885,192	0.96%	185.43
2012	61,274,083 ⁽⁴⁾	19,342,676	41,931,407	1.08%	211.30
2013	114,087,394 ⁽⁵⁾	16,923,578	97,163,816	2.52%	502.08
2014	102,395,291	20,845,865	81,549,426	2.04%	421.39
2015	106,214,395	14,880,687	91,333,708	2.26%	471.95
2016	93,476,815	18,299,509	75,177,306	1.78%	378.65

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 144 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 153 for personal income and population data.
- (3) In 2009, the City issued \$28,000,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library.
- (4) In 2012, the City issued \$31,015,000 of library improvement bonds to finance capital improvements to the Central Arkansas Library, offset by approximately \$23,000,000 in general obligation debt payments.
- (5) In 2013, the City issued \$58,105,000 in limited tax general obligation bonds to finance various capital improvements for the City.

City of Little Rock, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2016

Table 13

<u>Governmental Unit</u>	<u>Debt Available for Retirement</u>	<u>Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
City of Little Rock, Arkansas	\$ 142,440,930	100%	\$ 142,440,930
Little Rock Public School District	<u>186,213,198</u>	100%	<u>186,213,198</u>
Total direct and overlapping debt	<u>\$ 328,654,128</u>		<u>\$ 328,654,128</u>

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

Table 14

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 820,379,036	\$ 887,078,087	\$ 899,996,683	\$ 902,775,323	\$ 931,761,237	\$ 942,877,678	\$ 965,793,157	\$ 1,000,828,577	\$ 1,012,232,287	\$ 1,057,578,662
Total net debt applicable to limit	<u>79,099,270</u>	<u>71,522,197</u>	<u>99,033,270</u>	<u>78,652,436</u>	<u>43,822,917</u>	<u>64,275,828</u>	<u>122,636,262</u>	<u>106,862,297</u>	<u>115,241,141</u>	<u>102,498,606</u>
Legal debt margin	<u>\$ 741,279,766</u>	<u>\$ 815,555,890</u>	<u>\$ 800,963,413</u>	<u>\$ 824,122,887</u>	<u>\$ 887,938,320</u>	<u>\$ 878,601,850</u>	<u>\$ 843,156,895</u>	<u>\$ 893,966,280</u>	<u>\$ 896,991,146</u>	<u>\$ 955,080,056</u>
Total net debt applicable to the limit as a percentage of debt limit	9.64%	8.06%	11.00%	8.71%	4.70%	6.82%	12.70%	10.68%	11.38%	9.69%

Legal Debt Margin Calculation for 2016

Assessed value	\$ 4,230,314,646
Debt limit:	
General obligation debt limitation (1)	846,062,929
Short-term financing debt limitation (2)	<u>211,515,732</u>
Total Debt Limitation	<u>1,057,578,662</u>
Debt applicable to limit:	
General obligation and short-term financing	120,798,115
Less: Amount set aside for repayment in debt services funds	<u>18,299,509</u>
Total net debt applicable to limit	<u>102,498,606</u>
Legal debt margin	<u>\$ 955,080,056</u>

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

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

City of Little Rock, Arkansas

Revenue Bond Coverage

Last Ten Years

	Operating Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
					Interest	Total	
2007 Wastewater Utility	\$ 36,360,579	\$ 28,945,783	\$ 7,414,796	\$ 4,703,185	\$ 9,580,782	\$ 14,283,967	0.52
Bill and Hillary Clinton National Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	<u>\$ 72,624,967</u>	<u>\$ 55,395,149</u>	<u>\$ 17,229,818</u>	<u>\$ 8,520,433</u>	<u>\$ 12,316,801</u>	<u>\$ 20,837,234</u>	<u>0.83</u>
2008 Wastewater Utility	\$ 38,883,908	\$ 33,071,944	\$ 5,811,964	\$ 5,591,753	\$ 10,525,749	\$ 16,117,502	0.36
Bill and Hillary Clinton National Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	<u>\$ 79,007,286</u>	<u>\$ 64,627,799</u>	<u>\$ 14,379,487</u>	<u>\$ 9,609,106</u>	<u>\$ 13,052,723</u>	<u>\$ 22,661,829</u>	<u>0.63</u>
2009 Wastewater Utility	\$ 39,769,048	\$ 34,022,888	\$ 5,746,160	\$ 6,614,886	\$ 11,236,492	\$ 17,851,378	0.32
Bill and Hillary Clinton National Airport	23,323,312	16,925,424	6,397,888	2,395,000	1,406,040	3,801,040	1.68
A&P Commission	15,233,008	13,250,137	1,982,871	1,858,399	890,719	2,749,118	0.72
Total	<u>\$ 78,325,368</u>	<u>\$ 64,198,449</u>	<u>\$ 14,126,919</u>	<u>\$ 10,868,285</u>	<u>\$ 13,533,251</u>	<u>\$ 24,401,536</u>	<u>0.58</u>
2010 Wastewater Utility	\$ 42,014,840	\$ 34,022,888	\$ 7,991,952	\$ 6,855,607	\$ 11,004,113	\$ 17,859,720	0.45
Bill and Hillary Clinton National Airport	25,309,837	17,419,698	7,890,139	2,515,000	1,290,040	3,805,040	2.07
A&P Commission	15,545,711	12,959,555	2,586,156	1,985,445	756,779	2,742,224	0.94
Total	<u>\$ 82,870,388</u>	<u>\$ 64,402,141</u>	<u>\$ 18,468,247</u>	<u>\$ 11,356,052</u>	<u>\$ 13,050,932</u>	<u>\$ 24,406,984</u>	<u>0.76</u>
2011 Wastewater Utility	\$ 41,343,263	\$ 32,049,380	\$ 9,293,883	\$ 7,285,023	\$ 10,570,448	\$ 17,855,471	0.52
Bill and Hillary Clinton National Airport	27,522,515	17,631,283	9,891,232	2,615,000	1,179,060	3,794,060	2.61
A&P Commission	15,741,893	11,981,824	3,760,069	2,123,554	613,663	2,737,217	1.37
Total	<u>\$ 84,607,671</u>	<u>\$ 61,662,487</u>	<u>\$ 22,945,184</u>	<u>\$ 12,023,577</u>	<u>\$ 12,363,171</u>	<u>\$ 24,386,748</u>	<u>0.94</u>
2012 Wastewater Utility	\$ 43,547,696	\$ 31,653,755	\$ 11,893,941	\$ 8,359,601	\$ 11,332,518	\$ 19,692,119	0.60
Bill and Hillary Clinton National Airport	29,021,156	19,639,947	9,381,209	2,745,000	1,050,806	3,795,806	2.47
A&P Commission	16,197,970	12,069,527	4,128,443	1,940,000	460,568	2,400,568	1.72
Total	<u>\$ 88,766,822</u>	<u>\$ 63,363,229</u>	<u>\$ 25,403,593</u>	<u>\$ 13,044,601</u>	<u>\$ 12,843,892</u>	<u>\$ 25,888,493</u>	<u>0.98</u>

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

Table 15

	Operating	Operating	Net Revenue	Principal ⁽³⁾	Debt Service Requirements		Coverage
	Revenue ⁽¹⁾	Expenses ⁽²⁾			Interest	Total	
2013 Wastewater Utility	\$ 48,141,512	\$ 32,730,309	\$ 15,411,203	\$ 8,632,477	\$ 11,845,306	\$ 20,477,783	0.75
Bill and Hillary Clinton National Airport	30,628,890	19,844,695	10,784,195	1,160,000	495,998	1,655,998	6.51
A&P Commission	17,217,912	13,177,614	4,040,298	2,080,000	317,494	2,397,494	1.69
Total	\$ 95,988,314	\$ 65,752,618	\$ 30,235,696	\$ 11,872,477	\$ 12,658,798	\$ 24,531,275	1.23
2014 Wastewater Utility	\$ 51,214,190	\$ 23,313,891	\$ 27,900,299	\$ 9,023,866	\$ 10,562,391	\$ 19,586,257	1.42
Bill and Hillary Clinton National Airport	30,733,404	20,101,509	10,631,895	1,565,000	452,118	2,017,118	5.27
A&P Commission	16,679,718	11,495,998	5,183,720	1,115,000	2,880,581	3,995,581	1.30
Total	\$ 98,627,312	\$ 54,911,398	\$ 43,715,914	\$ 11,703,866	\$ 13,895,090	\$ 25,598,956	1.71
2015 Wastewater Utility	\$ 51,175,869	\$ 23,956,665	\$ 27,219,204	\$ 9,495,548	\$ 9,257,270	\$ 18,752,818	1.45
A&P Commission	17,031,779	11,057,348	5,974,431	1,130,000	2,869,431	3,999,431	1.49
Total	\$ 68,207,648	\$ 35,014,013	\$ 33,193,635	\$ 10,625,548	\$ 12,126,701	\$ 22,752,249	1.46
2016 Wastewater Utility	\$ 53,470,585	\$ 35,122,586	\$ 18,347,999	\$ 11,069,175	\$ 9,193,366	\$ 20,262,541	0.91
A&P Commission	20,089,114	13,350,223	6,738,891	1,160,000	2,835,531	3,995,531	1.69
Total	\$ 73,559,699	\$ 48,472,809	\$ 25,086,890	\$ 12,229,175	\$ 12,028,897	\$ 24,258,072	1.03

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

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

	Pledged	Operating	Net Revenue	Principal	Debt Service Requirements		Coverage
	Revenue ⁽⁴⁾	Expenses ⁽⁵⁾			Interest	Total	
River Market Garage	\$ 3,137,935	\$ 1,341,999	\$ 1,795,936	\$ 465,000	\$ 425,155	\$ 890,155	2.02

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

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

Table 16

Year	Population	Personal Income ⁽²⁾	Per Capita Income ⁽²⁾	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
2007	183,133 ⁽¹⁾	5,284,485,848	28,856	36.2	16.9	28,828 ⁽³⁾	4.8%
2008	183,133 ⁽¹⁾	4,985,063,393	27,221	34.8	13.8	27,899 ⁽³⁾	4.6%
2009	183,133 ⁽¹⁾	4,642,787,816	25,352	37	13.8	27,866 ⁽³⁾	6.1%
2010	193,524 ⁽⁴⁾	4,906,220,448	25,352	37	13.8	27,950 ⁽³⁾	6.1%
2011	193,524 ⁽⁴⁾	5,205,408,552	26,898	35.1	13.8	27,626 ⁽³⁾	7.3%
2012	193,524 ⁽⁴⁾	5,350,164,504	27,646	36.8	15.8	27,344 ⁽³⁾	6.8%
2013	193,524 ⁽⁴⁾	5,448,087,648	28,152	36.6	15.8	27,369 ⁽³⁾	6.7%
2014	193,524 ⁽⁴⁾	5,686,122,168	29,382	36.1	15.8	26,943 ⁽³⁾	5.9%
2015	193,524 ⁽⁴⁾	5,632,516,020	29,105	35.6	15.8	26,767 ⁽³⁾	4.8%
2016	198,541 ⁽⁵⁾	6,170,125,692	31,883	36.6	12.5	26,239 ⁽³⁾	3.5%

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

(1) 2000 Census

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

(3) Little Rock Public Schools

(4) 2010 Census

(5) Census estimate released from the US Census Bureau on July 1, 2016.

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

Table 17

Employer	2016			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arkansas (MSA)	35,200	1	18.87%	23,377	1	15.28%
Local Government (MSA)	26,500	2	14.21%			
Federal Government (MSA)	10,200	3	5.47%	12,000	2	7.84%
University of Arkansas Medical Sciences	9,100	4	4.88%	8,500	3	5.56%
Baptist Health	6,590	5	3.53%	7,000	5	4.58%
Little Rock Air Force Base	4,500	6	2.41%	4,500	6	2.94%
Arkansas Children's Hospital	4,000	7	2.14%			
Little Rock School District	3,500	8	1.88%			
Central Arkansas Veterans Health Care	2,800	9	1.50%	2,785	10	1.82%
Entergy Arkansas	2,740	10	1.47%	2,862	9	1.87%
Public School Districts				8,434	4	5.51%
St. Vincent Infirmiry Medical Center				3,500	8	2.29%
Acxiom				4,388	7	2.87%
	<u>105,130</u>		<u>56.37%</u>	<u>77,346</u>		<u>50.56%</u>

Source: Metroplan - Council of Local Governments

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

Table 18

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
General Administration	4	4	3	3	3	3	3	3	3	3
Racial Cultural Diversity	3	3	3	3	3	2	2	2	2	-
City Clerk	2	2	2	2	2	2	2	2	2	3
Mayor and Board of Directors	1	1	1	1	1	1	1	1	1	1
311 Communications Center	-	-	-	-	-	-	-	-	-	6
City Manager	14	15	15	14	14	14	14	14	14	17
Community Programs	8	8	7	6	7	10	10	10	11	13
City Attorney	18	19	19	18	18	18	18	18	19	20
Little Rock Television	3	3	3	3	3	4	4	4	4	4
District Court - First Division	21	21	21	21	21	21	21	21	21	20
District Court - Second Division	20	20	20	17	17	17	17	17	17	18
District Court - Third Division	7	7	7	7	7	7	7	8	8	8
Finance	44	44	44	40	40	40	41	41	42	43
Human Resources	21	21	21	18	18	19	19	19	20	20
Management Support/Information Technology	34	35	36	37	38	38	39	39	39	39
Planning and Development	41	41	41	39	39	39	39	39	39	39
Housing and Neighborhood Programs	97	97	98	94	94	96	103	103	104	105
Public Works	13	13	13	13	13	13	13	13	13	12
Parks and Recreation	106	106	105	100	100	117	119	122	127	130
Golf	24	24	24	21	21	21	21	21	22	22
Jim Dailey Fitness & Aquatic Center	9	9	9	9	9	9	9	9	9	9
Zoo	51	50	50	45	46	56	59	59	61	62
Fire	397	397	409	408	408	421	421	421	421	422
Police	680	683	698	698	697	709	716	716	717	733
Total General Fund	<u>1,618</u>	<u>1,623</u>	<u>1,649</u>	<u>1,617</u>	<u>1,619</u>	<u>1,677</u>	<u>1,698</u>	<u>1,702</u>	<u>1,716</u>	<u>1,749</u>
Concessions	1	1	-	-	-	-	-	-	-	-
River Market	4	4	4	-	-	-	-	-	-	-
Waste Disposal	118	118	119	112	112	112	113	113	113	113
Public Works - Street	210	208	209	210	210	211	213	213	213	216
Fleet Services	61	61	60	60	60	59	61	61	61	63
Vehicle Storage Facility	17	17	17	17	15	15	15	15	15	13
Total Other Funds	<u>411</u>	<u>409</u>	<u>409</u>	<u>399</u>	<u>397</u>	<u>397</u>	<u>402</u>	<u>402</u>	<u>402</u>	<u>405</u>
Total Personnel	<u>2,029</u>	<u>2,032</u>	<u>2,058</u>	<u>2,016</u>	<u>2,016</u>	<u>2,074</u>	<u>2,100</u>	<u>2,104</u>	<u>2,118</u>	<u>2,154</u>

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Planning and Development										
Total building permits issued	2,734	1,957	3,690	3,832	3,304	2,011	2,000	2,024	2,059	2,276
Estimated building cost	\$614,558,257	\$433,788,975	\$394,776,760	\$343,976,010	\$356,450,894	\$391,789,405	\$385,865,486	\$593,559,207	\$414,586,125	\$448,913,149
New commercial construction permits	60	45	31	26	155	94	38	62	45	40
Commercial construction value	\$192,268,739	\$109,789,182	\$63,687,048	\$58,935,859	\$134,734,044	\$115,487,012	\$86,866,172	\$189,748,670	\$137,075,636	\$116,870,836
New residential construction permits	733	398	351	361	344	349	359	343	335	337
Residential construction value	\$191,545,656	\$102,855,663	\$84,919,683	\$74,161,071	\$68,783,123	\$78,991,948	\$96,044,242	\$92,447,772	\$89,366,181	\$97,554,075
Fire										
Number of uniformed employees	391	391	402	403	403	403	415	415	415	416
Fires and explosions	1,478	1,190	1,256	1,557	1,452	1,595	1,241	1,274	1,302	1,274
Overpressure rupture, explosion, overheat (no fire)	101	90	61	65	62	96	62	76	72	116
Rescue, emergency medical calls	13,946	13,990	14,690	15,256	15,259	15,890	16,312	16,934	17,985	18,455
Hazardous condition, standby	1,177	1,392	1,178	1,130	1,298	1,420	1,233	1,383	1,371	1,384
Service calls	1,265	1,374	1,241	1,210	1,295	1,437	1,440	1,503	1,638	1,780
Good intent calls	3,165	3,176	3,327	3,523	3,332	3,426	3,846	3,839	3,419	3,179
False alarm calls	2,953	2,813	2,714	2,644	2,648	2,753	2,770	3,258	4,343	3,790
Natural disaster calls	22	64	29	17	75	37	22	26	17	47
Other calls	117	158	132	179	134	136	140	685	437	-
Total calls	24,224	24,247	24,628	25,984	25,555	26,790	27,066	28,978	30,584	30,025
Police										
Number of uniformed employees	525	520	557	557	557	577	574	574	574	590
Calls for service	156,714	150,042	148,409	143,540	143,226	157,093	158,635	150,367	162,844	162,363
Arrests	17,362	10,523	15,445	15,446	10,154	9,778	8,847	9,289	8,373	9,097
Accidents (fatality and serious injury)	5,363	4,054	3,354	3,354	2,877	3,480	2,612	2,890	224	120
Training man hours	13,469	26,465	13,525	13,625	10,825	36,780	37,568	38,507	16,230	30,241
Uniform Crime Reporting (UCR) Part I offenses	19,200	17,968	17,775	16,057	16,662	17,330	17,358	16,494	14,932	16,849
Clearance rate - all crimes	22.36%	24.80%	19.22%	19.47%	38.00%	21.66%	18.83%	20.13%	20.70%	7.23%
Public Works										
Miles of graded and surface treatment	398	394	392	425	422	422	422	422	422	419
Drainage ditches maintained	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,578	1,571
Traffic signals repaired	2,178	2,464	3,100	2,125	1,832	293	2,568	2,288	2,179	2,096
Solid Waste/Garbage Collections										
Solid waste disposal monthly service rate	\$20.99	\$20.99	\$21.00	\$21.00	\$20.99	\$20.99	\$22.02	\$22.02	\$22.02	\$22.02
On-Call service	30,500	32,000	27,900	24,620	27,135	25,601	26,649	28,148	25,523	28,098
KB's service	6,000	6,000	8,898	7,499	6,242	5,164	8,675	6,864	6,198	9,014
Roll-off service	2,200	2,100	2,108	1,839	2,139	1,973	2,058	1,935	1,149	1,136
Carts	6,500	5,500	5,664	5,852	5,874	5,742	5,501	5,121	6,667	6,220
Dead animals collected	500	400	303	451	343	329	265	309	328	312
Curbside recycling tonnage	4,800	5,200	5,240	5,414	5,688	9,307	10,287	10,219	9,839	9,381
Class I and IV tonnage	116,000	112,500	113,740	102,500	101,283	104,226	131,773	119,013	124,617	135,104
Yard Waste tonnage	23,800	24,000	26,663	25,226	32,585	30,690	47,881	30,562	27,529	28,978
Parks and Recreation										
Total recorded parks attendance	1,457,419	1,632,030	64,686 (1)	1,672,000 (2)	611,722	604,702	617,537	613,042	675,314	612,066
Zoo attendance	282,334	274,781	277,530	274,621	307,123	323,040	313,762	307,046	267,314	280,279
Zoo outreach program	55,669	69,223	74,153	39,240	37,307	21,584	37,018	18,700	46,202	22,626

Sources: Various city departments.

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

(1) In 2009, the parks department changed the method in which they recorded parks attendance

(2) In 2010, the parks department changed back to the method in which they recorded parks attendance prior to 2009.

City of Little Rock, Arkansas
Capital Asset Statistics By Function
Last Ten Years

Table 20

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire Stations	20	20	20	20	20	21	21	21	21	21
Police Stations	11	9	11	11	10	10	10	11	11	11
Public Works										
Miles of Streets	2,567	2,585	2,601	2,443	2,434	2,448	2,461	2,465	2,468	2,478
Miles of paved - permanent streets	2,105	2,146	2,164	2,018	2,016	2,026	2,039	2,046	2,050	2,057
Alleys	63	63	63	63	63	63	63	63	63	63
Waste Disposal										
Miles of storm sewer	350	355	355	357	357	359	361	361	363	367
Miles of sanitary sewer	1,292	1,311	1,312	1,320	1,345	1,400	1,365	1,368	1,375	1,384
Solid waste containers purchased	2,984	1,512	2,688	2,688	3,032	4,176	3,654	2,138	1,740	2,900
Parks and Recreation										
Acreage	5,781	5,780	6,080	6,246	6,313	6,315	6,319	6,467	6,467	6,467
Number of parks	55	55	56	58	59	59	59	62	62	63
Number of playgrounds	45	45	45	45	45	46	46	46	46	42
Number of tennis courts	52	52	52	48	48	48	48	48	48	43
Number of basketball courts	36	36	37	37	37	37	37	37	37	35
Number of museums	1	1	1	1	1	1	1	1	1	1
Number of golf courses	3	3	3	3	3	3	3	3	3	3
Number of ball fields	25	25	25	25	25	25	25	25	29	26
Number of play fields	20	20	20	20	20	20	20	22	22	22
Number of zoos	1	1	1	1	1	1	1	1	1	1
Number of adult centers	1	1	1	-	-	1	1	3	1	1
Number of community centers	6	6	5	4	4	4	5	4	6	6
Number of fitness centers	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	3	3	3	3	3	3	3	2	3	3
Number of soccer fields	9	9	9	9	9	9	9	12	12	13
Number of pavilions	22	20	22	22	22	22	22	28	28	31
Number of volleyball courts	2	2	8	8	9	9	9	8	10	18

Source: Various city departments.

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

Other Required Report

Independent Accountant's Report on Compliance with Certain State Acts

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

We have examined management's assertions that the City of Little Rock, Arkansas, complied with the requirements of the *Arkansas Act 15 of 1985* and the following Arkansas statutes during the year ended December 31, 2016.

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

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2016 is fairly stated, in all material respects.

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

BKD, LLP

Dallas, Texas
August 31, 2017

Single Audit Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 31, 2017. The financial statements of Mt. Holly Cemetery, Oakland Fraternal Cemetery, Museum of Discovery and The Arkansas Arts Center Foundation (component unit of Arkansas Arts Center), which are component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*. Our report also includes a reference to other auditors who audited the financial statements of Central Arkansas Transit Authority, Museum of Discovery, Arkansas Arts Center, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Dallas, Texas
August 31, 2017

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Little Rock, Arkansas's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Central Arkansas Transit Authority, Bill and Hillary Clinton National Airport, Little Rock Wastewater Utility and Little Rock Workforce Investment Board, which expended \$3,792,302, \$12,627,104, \$12,281,981, and \$1,749,233, 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, 2016. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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

BKD, LLP

Dallas, Texas
August 31, 2017

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Department of Agriculture Pass-Through Programs From:				
Arkansas Forestry Commission-Urban Forestry	10.664	N/A	\$ -	\$ 2,000
<u>Department of Housing and Urban Development Programs</u>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants	14.218	N/A	\$ 246,278	\$ 1,684,387
<i>Total CDBG - Entitlement Grants Cluster</i>			246,278	1,684,387
HOME Investment Partnerships Program	14.239	N/A	30,000	304,708
Housing Opportunities for Persons with Aids (HOPWA)	14.241	N/A	-	414,068
ARRA Neighborhood Stabilization Program (NSP2)	14.256	B-09-CW-AR-0039	-	228,642
Homeless Continuum	14.267	N/A	-	46,387
Total Department of Housing and Urban Development Programs			\$ 276,278	\$ 2,678,192
<u>Department of Interior Programs</u>				
Department of Interior Pass-Through Programs From: Arkansas				
Department of Heritage-Certified Local Government	15.904	N/A	\$ -	\$ 1,448
Department of Interior Pass-Through Programs From: Arkansas				
Department of Parks and Tourism - Outdoor Recreation	15.916	05-00819/P15AP00043	-	120,879
Total Department of Interior Programs			\$ -	\$ 122,327
<u>Department of Justice Programs</u>				
Department of Justice Pass-Through Programs From: Arkansas				
State Police-Internet Crimes Against Children	16.543	1CAC-13-C208	\$ -	\$ 2,122
COPS Hiring Program 15	16.731	C2015ULWX0002		\$ 543,463
Justice Assistance Grant	16.738	N/A	60,290	246,539
Federal Equitable Sharing	16.922	N/A	-	158,439
Total Department of Justice Programs			\$ 60,290	\$ 950,563
<u>Department of Transportation Programs</u>				
<i>Highway Planning and Construction Cluster</i>				
Department of Transportation Pass-Through Programs From:				
Arkansas State Highway and Transportation Department	20.205	060907	\$ -	\$ 1,067,093
Total Department of Transportation Programs			\$ -	\$ 1,067,093

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<u>Department of Treasury</u>				
Treasury Forfeiture Fund Program	21.000	N/A	\$ -	\$ 16,880
Total Department of Treasury			\$ -	\$ 16,880
<u>Corporation for National and Community Service</u>				
Corporation for National and Community Service Pass-Through Programs From: Arkansas Department of Human Services	94.006	C996103-20	\$ -	\$ 4,948
Total Corporation for National and Community Service			\$ -	\$ 4,948
<u>Executive Office of the President</u>				
Office of National Drug Control Policy Pass-Through Programs From: Washington County, Arkansas	95.001	N/A	\$ -	\$ 14,220
Total Executive Office of the President			\$ -	\$ 14,220
<u>Department of Homeland Security Programs</u>				
SHSGP	97.067	N/A	\$ -	\$ 404,967
EMP	97.042	N/A	\$ -	\$ 45,855
Department of Homeland Security Pass-Through Programs From: Central Arkansas Planning & Development - FEMA	97.092	PJ-06-AR-2016-002	-	181,225
Total Department of Homeland Security Programs			\$ -	\$ 632,047
Total Expenditures of Federal Awards			\$ 336,568	\$ 5,488,270

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Little Rock, Arkansas (City) under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The City did not have any federal loan programs during the year ended December 31, 2016.

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2016

Program Grantor/Program Title	State Awards
Arkansas Department of Finance and Administration	
Act 1210 River Trail	\$ 21,980
Pass through Program - Central Arkansas Planning & Development	27,402
West Central Radio	14,850
Arkansas Department of Heritage	
15-RETT/CLG-04	25,276
CLG Woodruff Repai-RETT/CLG-04	11,814
17-HPRG-07	10,000
16-CLG-09	150
Arkansas Department of Health	
Trauma Training Site Sustaining Grant	3,326
Arkansas Department of Parks and Tourism	
Outdoor Recreation	30,907
Arkansas Department of Environmental Quality	
2016 Recycling Grant Funding	10,000
Arkansas Development Finance Authority	
Arkansas Housing Trust Fund	154,161
Arkansas Department of Aeronautics	
Grant #3468-15	13,696
Arkansas Department of Aeronautics	
E17 Fed Ex	250,000
E17 Lighthouse for the Blind	84,380
	<hr/>
Total State Awards	<u><u>\$ 657,942</u></u>

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2016

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2016

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

7. The City's major federal programs were:

Cluster/Program	CFDA Number
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
<i>CDBG – Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
HOME Investment Partnerships Program	14.239

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee? Yes No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2016

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2016

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

City of Little Rock, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2016

Reference Number	Summary of Finding	Status
2015-001	<p style="text-align: center;">HOME Investment Partnerships Program, CFDA 14.239 U.S. Department of Housing and Urban Development Award Numbers M14-MC-05-0200 and M15-MC-05-0200 Program Years 2014 and 2015</p> <p>Criteria or specific requirement – Program Income</p> <p>Condition – In accordance with 24 CFR Part 92, Subpart K, Parts 503 and 504, the City should follow the policies and procedures documented in its Annual Action Plan in utilizing program income generated through the sale of HOME construction properties to further develop affordable housing within the City. Available program income should be used before additional funds are drawn from the U. S. Department of Housing and Urban Development (HUD).</p> <p>Questioned costs - None</p> <p>Context – Of approximately \$1,540,000 in cash drawn during 2015, approximately \$393,000 should have been funded from program income instead.</p> <p>Effect – Federal draw down of grant dollars occurred when program income was available for expenditure.</p> <p>Cause – Internal controls were insufficient to ensure the offset of program income against current year expenditures prior to drawing down federal funds.</p>	Resolved