Comprehensive Annual Financial Report
City of Little Rock, Arkansas

Little Rock City Hall

1908 - 2008

A Century of Service to Little Rock Citizens from the corner of Markham & Broadway.

For The Year Ended December 31, 2008

Construction on Little Rock City Hall was started in 1906. It was designed by noted Little Rock architect Charles Thompson in the classic Italian Renaissance style. City staff started moving into the building in March 1908. On April 15, 1908, an open house was held.

The other buildings in the City Hall complex include the 1912 Beaux Arts Classicism style Fire Station, now the City Hall West Wing; the 1936 City Garage; and the 1938 simplified Art Deco style City Jail Annex. These buildings now house offices, storage, and parking. In 1988, the City Hall complex was extensively renovated and remodeled.

In addition, City offices are located throughout Little Rock in fire stations, police stations, parks, alert centers, the Zoo, and other facilities. For more information regarding the Little Rock City Government, visit: *www.littlerock.org*.

Comprehensive Annual Financial Report

City of Little Rock, Arkansas

Fiscal Year Ended December 31, 2008

Prepared by:
The Department of Finance

Sara Lenehan, CPA
Director of Finance

Ember Foster
Comptroller

City of Little Rock, Arkansas

Year Ended December 31, 2008

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INTRODUCTORY SECTION

City of Little Rock

Bruce T. Moore
City Manager

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June 24, 2009

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

State law allows municipalities the option of publishing a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Board of Directors exercised that option. Accordingly, we hereby issue the Comprehensive Annual Financial Report of the City of Little Rock for the fiscal year ended December 31, 2008.

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, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles utilized and significant estimates made by management; and evaluating the overall financial statement presentation. The independent accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Little Rock's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Little Rock was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent accountants to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special

emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the City of Little Rock's Comprehensive Annual Financial Report.

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

Profile of the Government:

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

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

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

The annual budget serves as the foundation for the City of Little Rock's financial planning and control. All Departments of the City of Little Rock are required to submit requests for appropriation to the City Manager. The City Manager utilizes these requests as the starting point for developing a proposed budget. The City Manager and Mayor then present a proposed budget to the Board of Directors for review. The Board of Directors is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31st, the close of the City of Little Rock's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety) and Department (e.g., zoo). Department Directors may make transfers of appropriations within a Department. Transfers of appropriations between Departments; however, require the special approval of the City Manager, unless the amount is above $50,000, and then it requires the Board of Director's approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 73 as part of the basic financial statements for the governmental funds. For the Street Fund, this comparison is presented on page 86.

Factors Affecting Financial Condition:

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

Local Economy: Little Rock is the center of economic activity in Arkansas. Even during the recent national economic down turn, the Little Rock area is maintaining its historic trend of steady, dependable economic growth and job creation. The Little Rock metro economy generates over one-quarter of all personal income in the State of Arkansas and is growing jobs and income at a faster pace than the national average. Key industry leaders in Little Rock include firms from the aerospace, biotechnology, financial services, food processing, healthcare and the IT/telecommunications sectors. In addition, the Little Rock region is the healthcare center for the State of Arkansas. The cornerstone of healthcare in Little Rock is the University of Arkansas for Medical Sciences (UAMS); comprised of five (5) medical centers. In addition, St. Vincent's Hospital recently completed a $47 million expansion, and Arkansas Children's Hospital was ranked 85th on *Fortune* magazine's most recent annual "100 Best Companies to Work For" survey. Little Rock is the capital of Arkansas and enjoys a significant State and Federal Government presence with over 23,300 State employees and 12,000 Federal employees headquartered in various locations around the City. Little Rock was one of the nation's fifteen (15) most aggressive development markets in the early part of the new century; it has doubled in the past twenty (20) years and is expected to double again over the next twenty (20) years.

Little Rock is not immune to the economic troubles facing the country, and new housing construction has been especially problematic. The 2008 permits for new single-family housing units were approximately half of those issued in 2007. The slow down in building permits has continued into the first quarter of 2009. While real estate values for existing homes have declined slightly, Little Rock has not experienced the sharp declines noted in other areas of the country. Unemployment rates in Little Rock have continued the trend of staying well below the national average. The latest figures show Little Rock's unemployment rate dropping to 5.4% in the last few months.

Little Rock has been included in many national rankings due to its diverse economic and business base. In 2008, *Southern Business & Development* recognized the Little Rock metro area as one of the "Top Ten Smaller Markets in the South for Foreign Investment." The magazine noted that the area has attracted more large foreign-based companies in the past two (2) years than ever before. Companies coming to the area include Welspun from India, LM Glasfiber, Polymarin Composites and Wind Water Technologies from the Netherlands. Among the "Top Ten Stories" in southern economic development, "Arkansas' Great Year" is highlighted. The magazine stated that the worst recession to hit the South in decades shows up and Arkansas has its best year ever. In the latest Manpower Employment Outlook Survey released March 10, 2009, the employment outlook for the Little Rock - North Little Rock - Conway area is ranked among the top ten (10) in the nation. *Forbes Magazine* recently listed Little Rock as being among the top twenty-five (25) housing markets in the country. In addition, *Forbes* ranked Little Rock 21st out of 150 metropolitan areas on its list of the best places in America for business and careers. The ranking was based on income, job growth and cost of doing business, as well as labor, crime rates, housing costs and net migration.

Long-Term Financial Planning: In 2002, the Board adopted a policy which established a designated reserve within the General Fund. At the end of the fiscal year, the Board reviews audited financial statements and determines the appropriate amount to place in the reserve. Prior to 2006, the Board had increased the reserve to $9,418,000. The Board's goal is to have at least 10% of budgeted General Fund revenues in the reserve. Ten percent of the 2009 General Fund revenue budget is $13,770,469. Due to increased public safety costs and a slower rate of growth of sales tax collections in the last few years, funds were not available to increase the reserve in 2006, 2007 or 2008.

Relevant Financial Policies: Revenue growth within the General Fund is restricted by mill levy and franchise fee caps set in State Law. Little Rock levies the maximum mill levy (5 mills) for the General Fund. Franchise fees are at the maximum rate allowed under State Law. Further increases would require the consent of the utility or voter approval. Earlier this decade, revenue growth within the General Fund was sluggish. Although revenue growth began to accelerate in 2003 and has reached a moderate growth rate, revenue growth has not kept pace with operating cost increases. Early 2009 sales tax revenues have declined slightly in comparison with 2008 due to the weakened national economy. In accordance with the City's financial policies, the Board of Directors has adopted budgets which ensure that current year expenditures are at, or below, current year revenues. When workforce reductions have been necessary, per the City's financial policies, reductions have mainly been accomplished through attrition.

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

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

Several recent announcements have been made regarding new manufacturing facilities in Little Rock. Boyd Metal is investing $6 million in a 36,200 square-foot facility in Little Rock. The manufacturing company distributes a broad-range of carbon steel, stainless steel, aluminum and fiberglass products. Production in the new facility will begin in the late fall of 2009, and the company will employ forty-six (46) individuals.

The Little Rock Port is fast becoming a "Wind Energy Hub" for the wind industry. Polymarin, a manufacturer of rotor blades for the wind industry, will locate a new facility in Little Rock. Polymarin plans to invest $16 million in the facility and will employ approximately 630 individuals. Wind Water Technology, another wind industry company, will invest $4 million and employ approximately 200 individuals. Denmark's LM Glasfiber, a manufacturer of wind turbine blades, invested $150 million and created 800 jobs in Little Rock.

Dassault Falcon Jet expanded its Little Rock Service Center which is expected to bring 100 new jobs over the next three (3) years. The $20 million expansion, completed in October 2008, grew the facility to a total of 897,000 square feet and included a new production and design area, more warehouse space and a new flight line. Sage V Foods is relocating its individually quick frozen rice plant from Texas to Little Rock. The $20 million plant is expected to be open in July 2009 with sixty (60) to 100 employees and grow to about 200 employees within two (2) to three (3) years.

Little Rock has recently experienced changes in the telecommunications service sector. Last September, AT&T announced plans for an Internet Subscriber Center that will bring approximately 125 jobs to Little Rock. These types of call centers jobs were previously outsourced to other countries. In addition, Verizon completed their acquisition of ALLTEL Corporation. While the City expects to lose some jobs as a result of the acquisition, the telecommunication center will remain a strong presence in Little Rock and plans to maintain a regional call center.

The University of Arkansas at Little Rock (UALR) $30 million building for its College of Engineering and Information Technology, known as "the Cyber College," is in the last stages of completion. The building will include a nanotechnology center. Progress at the Cyber College, and enrollment growth at UALR, are positive indicators for the future.

In coordination with the Mayor and the Board of Directors, staff is focused on the American Recovery & Reinvestment Act of 2009. Staff is tracking grant and formula options and presenting opportunities to the City Board. A detail tracking system has been implemented with regular updates on the City's web site, www.littlerock.org. Through May 2009, the City and its affiliated agencies have been notified that they will receive grant funds in excess of $35,000,000 toward projects ranging from homeless outreach and community development to employment, airport taxiway construction, highway development, housing, safety and public transit.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Little Rock for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2007. The City of Little Rock has received a Certificate of Achievement for twenty-six (26) years total, except for fiscal years 1997-1999. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

unfailing support for maintaining the highest standards of professionalism in the management of the City of Little Rock finances.

Respectfully submitted,

Bruce T. Moore
City Manager

Sara C. Lenehan
Finance Department Director

Certificate of Achievement for Excellence in Financial Reporting

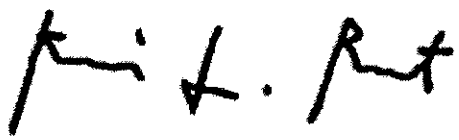
Presented to

City of Little Rock

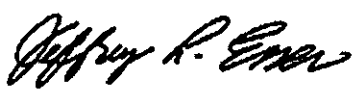
Arkansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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

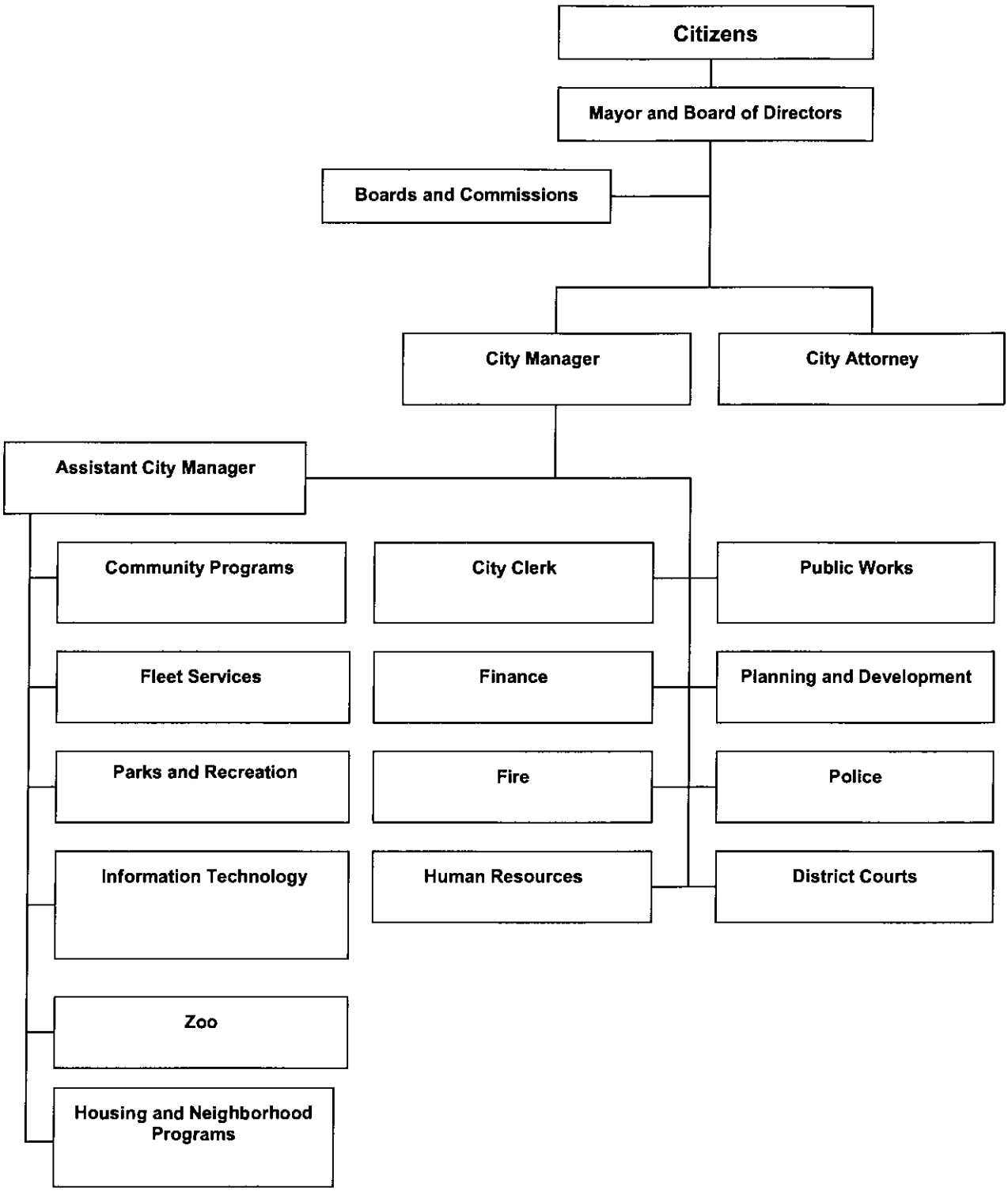


President



Executive Director

City of Little Rock Organizational Chart



Elected Officials:

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

Appointed Officials:

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

FINANCIAL SECTION

BKD LLP
CPAs & Advisors

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission or the Little Rock Ambulance Authority, which statements reflect total assets and program revenues of $860,361,975 and $94,352,017, respectively, and represent 89% and 89% of the aggregate discretely presented component units' total assets and program revenues at December 31, 2008 and for the year then ended, respectively. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Little Rock, Arkansas as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

experience BKD

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

As discussed in Note 15, in 2008, the City changed it method of disclosures of pension information by implementing Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures.*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

BKD, LLP

June 24, 2009

City of Little Rock, Arkansas, Arkansas
Management's Discussion and Analysis
December 31, 2008

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, 2008. Readers should consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements that follow this section.

Financial Highlights

- Total assets of the City exceeded total liabilities at the close of 2008 by $509,261,440. Of this amount, $493,976,547 is invested in capital assets, net of related debt, $21,003,740 is restricted for debt service, grant funds and other special projects, and ($5,718,847) is considered unrestricted. The unrestricted net assets (deficit) of the City's governmental activities decreased $1,486,963 to ($6,740,713) primarily due to an increase in the net pension obligation. The unrestricted net assets of the City's business-type activities are $1,021,866.
- The City's reported total net assets decreased by $237,407 in 2008. Net assets of the governmental activities decreased $451,326 (0.09% below 2007) due primarily to increased public safety expenses. Net assets of the business-type activities increased $213,919 (0.72% over 2007).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $48,630,500. The combined governmental funds fund balances decreased $4,620,017 from the prior year's ending fund balances. Key components of the decrease in fund balances are capital expenditures of approximately $13,400,000 net of new short term financing notes issued for capital in the amount of $4,991,500 and library construction bonds issued in the amount of $4,000,000; and the repayment of debt of approximately $17,300,000, net of committed property and franchise tax revenues of approximately $15,710,000. Approximately $33,389,000 of the $48,630,500 fund balances is considered unreserved at December 31, 2008. Approximately $16,634,000 of this amount is reported in capital projects or debt service funds.
- The General Fund reported fund balance of $17,327,028 at the end of the current fiscal year. Unreserved fund balance for the General Fund was $16,754,381 or 11.5% of total General Fund expenditures (including transfers out). There was a $402,155 decrease in the total fund balance for the General Fund for the year ended December 31, 2008.
- The City's total debt decreased by $11,577,359 (7.6% under 2007) during the current year. The key factors in this decrease were the issuance of $4,000,000 general obligation bonds for the library and $4,991,500 temporary notes offset by principal payments of $4,350,000 for revenue bonds, $10,600,000 for general obligation bonds, and $5,618,859 for temporary notes.
- At the close of the current fiscal year, net assets of fiduciary funds were $169,947,505 all held in trust for pension and other post employment benefits. There was a $45,465,669 decrease in the total fiduciary net assets held in trust for the year ended December 31, 2008. The decrease in net assets is attributed to contributions to the funds in the amount of $14,230,973, investment income and a net decrease in the fair value of investments of $36,184,136, benefits paid directly to participants of $23,272,188, and other investment and administrative expenses of $240,318.
- The City's component units reported net assets of $617,392,985 as of December 31, 2008, an increase of $35,040,967 compared to December 31, 2007 restated net assets of $582,352,018. See Note 16 for additional information regarding the restatement.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the 2004 Bond Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund budget and the City's pension information. The City adopts an annual appropriation budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on page 73 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 78-89 of this report.

City of Little Rock
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$120,599,664	$121,972,663	$14,996,905	$18,569,201	$135,596,569	$140,541,864
Capital assets	560,560,513	562,786,288	61,951,323	61,797,780	622,511,836	624,584,068
Total assets	681,160,177	684,758,951	76,948,228	80,366,981	758,108,405	765,125,932
Long-term liabilities outstanding	157,065,702	161,451,463	41,046,442	44,377,019	199,112,144	205,828,482
Other liabilities	44,760,675	43,522,362	5,974,146	6,276,241	50,734,821	49,798,603
Total liabilities	201,826,377	204,973,825	47,020,588	50,653,260	249,846,965	255,627,085
Net assets	$479,333,800	$479,785,126	$ 29,927,640	$ 29,713,721	$509,261,440	$509,498,847
Invested in capital assets, net of related related debt	$471,326,637	$470,177,184	$22,649,910	$15,840,848	$493,976,547	$486,018,032
Restricted	14,747,876	14,861,692	6,255,864	7,686,354	21,003,740	22,548,046
Unrestricted	(6,740,713)	(5,253,750)	1,021,866	6,186,519	(5,718,847)	932,769
Total net assets	$479,333,800	$479,785,126	$ 29,927,640	$ 29,713,721	$509,261,440	$509,498,847

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $509,261,440 at the close of the most recent fiscal year.

The largest portion of the City's net assets (97.11%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (4.1%) represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net assets ($5,718,847) may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net assets is ($5,718,847); the net assets of the City's business-type activities $1,021,866 may not be used to fund governmental activities.

City of Little Rock

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Revenues-						
Program revenues:						
Charges for services	$ 24,204,333	$ 24,031,109	$26,959,515	$29,522,558	$ 51,163,848	$ 53,553,667
Operating grants and contributions	2,034,054	4,133,325			2,034,054	4,133,325
Capital grants and contributions	10,377,494	18,491,092			10,377,494	18,491,092
General revenues:						
Property taxes	41,954,874	41,742,564			41,954,874	41,742,564
Sales taxes	66,157,605	65,115,060			66,157,605	65,115,060
Utility franchise taxes	29,809,410	25,656,344			29,809,410	25,656,344
Investment earnings	939,366	2,254,443	533,477	1,002,452	1,472,843	3,256,895
Intergovernmental revenues	23,596,059	26,860,087			23,596,059	26,860,087
Other	23,745	—	(29,411)	(20,324)	(5,666)	(20,324)
Total revenues	199,096,940	208,284,024	27,463,581	30,504,686	226,560,521	238,788,710
Expenses:						
General government	39,257,596	40,902,901	—	—	39,257,596	40,902,901
Public works	30,546,203	30,198,787	—	—	30,546,203	30,198,787
Parks and recreation	10,761,841	10,948,381	6,117,210	5,785,884	16,879,051	16,734,265
Public safety	95,146,733	93,558,309	—	—	95,146,733	93,558,309
Economic development	4,225,034	12,555,927	—	—	4,225,034	12,555,927
Education	8,372,418	7,591,089	—	—	8,372,418	7,591,089
Housing and neighborhood programs	7,702,220	10,400,245	—	—	7,702,220	10,400,245
Interest on long-term debt	3,216,776	3,528,925	—	—	3,216,776	3,528,925
Other	12,210	482,975	—	—	12,210	482,975
Waste disposal	—	—	13,778,712	13,943,884	13,778,712	13,943,884
Parking system	—	—	1,652,292	1,732,311	1,652,292	1,732,311
Zoo	—	—	4,758,438	4,286,060	4,758,438	4,286,060
Vehicle storage	—	—	1,250,245	1,214,219	1,250,245	1,214,219
Total expenses	199,241,031	210,167,539	27,556,897	26,962,358	226,797,928	237,129,897
Increase in net assets before transfers	(144,091)	(1,883,515)	(93,316)	3,542,328	(237,407)	1,658,813
Transfers	(307,235)	(2,247,418)	307,235	2,247,418		
Change in Net Assets	(451,326)	(4,130,933)	213,919	5,789,746	(237,407)	1,658,813
Net **assets - January 1**	479,785,126	483,916,059	29,713,721	23,923,975	509,498,847	507,840,034
Net asset s-December 31	$ 479,333,800	$ 479,785,126	$ 29,927,640	$ 29,713,721	$ 509,261,440	$ 509,498,847

Governmental Activities. Governmental activities decreased the City's net assets by $451,326. The increase in current and other assets of $1,313,240 and a decrease in non-current liabilities of $4,385,761

were offset by a $2,686,239 and $2,225,775 decrease in noncurrent assets and net capital assets, respectively, and a $1,238,312 increase in current liabilities.

Property tax represents 21% of the City's governmental revenue in 2008. Sales tax represents 33% of the City's governmental revenue in 2008. Current year expenses were 100.1% of current year revenues.

Business-type Activities. Business-type activities increased the City's net assets by $213,939. Key elements of this increase are as follows:

- Operating income decreased net assets by $579,014. Nonoperating expenses, primarily interest expense, decreased net assets by $2,270,369. Contributions and donations of primarily capital assets increased net assets by $2,252,001. Net transfers increased net assets by $307,235.
- Presidential Park net assets increased by $594,656. Transfers in from nonmajor park enterprise funds revenues of $1,300,000 were the primary source of revenue. Interest expense on the 1998A Parks and Recreation bonds of $748,035 was the primary expense.
- Waste Disposal net assets increased by $335,308. Net income before net transfers out of $2,813,500 was $3,148,808 generated primarily by waste disposal and landfill services.
- River Market Garage operating income of $702,697 was offset by net nonoperating expense of $551,702. The primary component of net nonoperating expense was interest.
- Other nonmajor enterprise funds operating income decreased net assets by $4,951,800. Net transfers in of $1,820,735 and capital contributions and donations of $2,252,001 partially offset the overall decrease in net assets for nonmajor enterprise funds of $867,040.

Solid Waste activities contribute 67% of the operating revenue to the business-type activities. Current year operating expenses were 102% of current year operating revenues.

Financial Analysis of the Government's Funds

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

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

As of December 31, 2008, the City's governmental funds reported combined ending fund balances of $48,630,500, a decrease of $4,620,017 in comparison with the prior year. Approximately $33,389,000 of this amount constitutes *unreserved fund balance*. Of this amount, approximately $16,634,000 is reported in capital projects or debt service funds and is committed for those purposes. The remaining unreserved fund balance of approximately $16,754,000 is available for spending at the government's discretion. Approximately $15,242,000 of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service and other purposes.

The General Fund is the chief operating fund of the city. At December 31, 2008, unreserved fund balance of the General Fund was $16,754,381, while the total fund balance was $17,327,028. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 11.5% of total General Fund expenditures (including transfers out), while total fund balance represents 11.9% of that same amount.

The fund balance of the City's General Fund decreased $402,155. Increased public safety expenditures associated with uniform pension contributions were the primary factor contributing to the decrease in fund balance.

The special revenue funds had total fund balances of $8,414,450. The net decrease in fund balances during 2008 for the funds was $733,590. Revenues for special projects come from intergovernmental sources, property taxes and charges for services. The net decrease in fund balances is primarily attributed to the upgrade of the Emergency 911 system and increased expenditures as special projects were completed. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
Street	$ 407,208	$ 3,913,272
Special Projects	16,297	2,416,216
Infrastructure	(62,324)	1,344,248
Emergency 911	(1,033,627)	(227,565)
CDBG	(79,875)	192,812
NHSP	(13,362)	176,879
HIPP	93,529	660,421
Grant	(61,436)	(61,833)

The debt service funds had total fund balances of $12,729,718. The net increase in fund balances during 2008 for the funds was $657,075. Revenues for debt service funds come from property tax or franchise fees set at the level necessary to meet debt service requirements. Debt service requirements in 2007 were reduced due to the refunding of the 1998 Street and Drainage bonds. Debt service requirements returned to normal levels in 2008. Net changes and ending fund balances by fund are:

Fund	Net Change	Ending Balance
2007 Capital Improvement Bonds	$ (2,429)	$ 10,010
2002 Junior Lien Bonds	4,785	22,518
2004 Bond Fund	608,795	10,852,119
2004 Central Arkansas Library	27,250	1,826,397
2008 Central Arkansas Library	18,674	18,674

The capital project fund balances decreased by $4,141,347 to total fund balances at December 31, 2008 of $10,159,304. In accordance with the terms of the City ordinance for each fund, $13,298,914 was used to acquire capital assets. Revenues for capital projects come primarily from bond and loan proceeds. During 2008, the City issued temporary notes totaling $4,991,500 and bonds for Central Arkansas Library improvements totaling $4,000,000. The net changes and ending fund balances for the capital project funds were:

Fund	Net Change	Ending Balance
1998 Capital Improvement	$ (1,240,530)	$ 1,439,540
1995 Capital Improvement	(8,435)	38,746
1988 Capital Improvement	(174,234)	1,156,151
Short Term Financing	2,261,667	5,458,284
2004 Capital Improvements	(683,662)	1,284,679
2004 Central Arkansas Library	(5,077,856)	201
2008 Central Arkansas Library	781,703	781,703

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

Net assets at the end of the year amounted to $18,321,465, $888,928, $65,654 and $10,651,593 for Solid Waste, Presidential Park, River Market Garage, and other proprietary funds operations, respectively. Net assets increased in the Waste Disposal, Presidential Park, and River Market Garage by $335,308, $594,656, and $150,995, respectively. Net assets decreased in the other proprietary funds by $867,040. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final amended General Fund budget had total appropriation of $1,056,649 more than the original budget. The total original appropriations, including those for transfers out, were $134,072,006, while the final appropriations were for $135,128,626. Revenue budget adjustments and actual results are shown below.

City of Little Rock

General Fund Budget – Revenue

	Original Budget	Adjustments	Amended Budget	Actual	Variance	Explanation
Property Taxes	$ 15,599,990	$ 324,500	$ 15,924,490	$ 22,202,198	$ 6,277,708	Actual includes property taxes contributed to the fire and police pension funds of $6,325,426.
Sales Taxes	65,518,649	160,000	65,678,649	66,157,605	1,478,956	Sales tax revenue was originally budgeted at a growth rate of 2.6%. The budget was amended to reflect actual revenues in the first three quarters with an anticipated decline in tax revenues in the fourth quarter due to the economic downturn. However, fourth quarter sales tax revenues came in above the amended budget projections with an overall growth rate of 3.6%.
Licenses & Permits	10,014,031	(336,000)	9,678,031	9,469,085	(208,946)	The original budget was amended to reflect a decrease in building and related permits associated with the economic downturn. Building and related permits were approximately $200,000 lower than the amended budget.
Intergovernmental	1,673,782	(66,000)	1,607,782	3,590,572	1,982,790	The original budget was reduced to reflect a reduction in the anticipated state pension turnback funds. Actual includes Police and Fire Pension turnback funds in the amount of $1,983,161, which are reflected as revenue and contributions from the general fund. Turnback funds retained in the general fund were $1,607,411.

Charges for Services	5,324,040	53,000	5,377,040	5,495,098	118,058	Reimbursements from the Airport for Fire protection services and False alarm revenues exceeded the original budget by approximately $88,000 and $42,000, respectively. The budget amendment was associated with summer Parks program revenues which exceeded expectations.
Fines and Fees	3,881,087	(292,500)	3,588,587	3,578,075	(10,512)	The budget amendment was primarily due to a decline of approximately $236,000 in parking fines and approximately $60,000 in criminal court fines.
Franchise Fees	27,096,415	662,000	27,758,415	28,083,417	325,002	The budget amendment was primarily associated with higher gas and electric franchise revenues in the first three quarters. Actual electric utility franchise fees were stronger than expected in the fourth quarter accounting for the year end variance.
Interest Earnings	429,000	(323,000)	106,000	68,147	(37,853)	Interest rates were lower than expected due to declining interest rates and lower fund balances.
Transfers In	4,160,412	480,432	4,640,844	4,800,815	159,971	The budget amendment reflects a transfer in from the Fleet Internal Service Fund. Fleet reserves were transferred to help offset high fuel prices in the second and third quarters. The variance from the amended budget is associated with transfers from other funds to special projects such as the weed lot program.
All Other Revenues	374,600	415,792	790,392	1,485,244	694,852	Actual includes miscellaneous revenue from police seized property which was not budgeted.
Total General Fund Revenues	$ 134,072,006	$ 1,078,224	$ 135,150,230	$ 144,930,256	$ 9,780,026	

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	Variance	Explanation
General Administration	$ 22,445,287	$ (1,020,144)	$ 21,425,143	$ 22,113,222	$ 688,079	The budget amendment reduced the general government budget by approximately $331,000 for vacant positions and by $591,000 for sick leave and vacation payouts for retiring employees. The payouts were reclassified to the appropriate departments. In addition, the workers compensation budget was reduced by $100,000 based on experience. Actual Property insurance and contract expenditures were approximately $200,000 lower than expected. In addition, actual expenditures include special project expenditures totaling $966,365 budgeted as transfers out.
Board of Directors	285,413	(708)	284,705	252,324	(32,381)	Travel expenditures were lower than projected.
Community Programs	391,688	(15,836)	375,852	3,601,852	3,226,000	Actual includes special project expenditures for Children, Youth and Families of over $3.2 million. Special project allocations are budgeted as transfers out.
City Attorney	1,609,548	(57,625)	1,551,923	1,482,636	(69,287)	The budget was amended for vacancy positions. Actual expenditures were below budget for repairs and remodeling plans that were deferred to 2009.
District Court - First Division	1,262,633	(13,498)	1,249,135	1,248,199	(936)	The budget was adjusted for vacant positions.
District Court - Third Division	498,787	(36,733)	462,054	458,595	(3,459)	The budget was adjusted for vacant positions.
District Court - Second Division	1,189,256	(7,565)	1,181,691	1,138,090	(43,601)	The budget was adjusted for vacant positions. Actual expenses for outside legal costs were below budget as fewer special judges were required.
Finance	2,701,881	(140,456)	2,561,425	2,519,311	(42,114)	The budget was adjusted for vacant positions. Supplies and materials were below budget by approximately $22,000. Travel expenses were below budget approximately $20,000.
Human Resources	1,414,271	(44,422)	1,369,849	1,360,598	(9,251)	The budget amendment is primarily associated with vacant positions.
Information Technology	3,174,980	(268,292)	2,906,688	2,762,586	(144,102)	The budget amendment was for vacant positions. Actual personnel costs were approximately $100,000 below the amended budget. Supplies, materials, and maintenance savings contributed to the year end actual variance.

Planning & Development	2,242,802	(292,167)	1,950,635	1,910,543	(40,092)	The budget amendment was primarily associated with vacant positions saving approximately $305,000. Actual supplies and travel expenditures were lower than budgeted.
Public Works	1,351,537	23,604	1,375,141	1,567,583	192,442	The budget amendment was associated with vacant positions saving approximately $83,000 offset by increased utility costs of approximately $100,000. Actual includes $234,618 of special projects funded by transfers from other funds.
Parks & Recreation	7,552,025	(202,687)	7,349,338	8,229,930	880,592	The budget amendment was for $248,171 in vacant position savings partially offset by an increase in the fuel budget. Actual includes $865,000 of special projects budgeted as transfers out.
Fire	31,486,855	465,290	31,952,145	36,263,718	4,311,573	Actual includes $4,366,250 of pension costs supported by a separate levy and state turnback funds. The budget amendment was primarily for increased overtime expenses.
Police	47,889,488	(1,491,048)	46,398,440	51,931,385	5,532,945	The budget amendment includes $1.8 million in savings for vacant positions, partially offset by $312,000 for additional fuel costs. Actual includes $4,366,883 of pension costs supported by a separate levy and state turnback funds and $108,000 for special projects. Other personnel costs were $1,060,000 over budget, mainly due to additional overtime costs.
Housing & Neighborhoods	4,317,227	(548,557)	3,768,670	4,423,235	654,565	The budget adjustment was primarily associated with savings from vacant positions of $626,211 partially offset by increased repairs and utility costs for neighborhood resource centers of approximately $54,217 and fuel cost of $23,436. Actual includes $450,718 of special projects budgeted as transfers out. In addition part time personnel and contract expenses were each over budget by approximately $90,000
Transfers Out	9,009,963	90,001	9,099,964	4,068,604	(5,031,360)	The budget adjustment provided additional funding for the Faulkner County Jail. The budget includes transfers of $5,031,360 to general fund special projects. The expenditures for these projects are reflected in the actual department expenditures above.
Vacancy Savings	(4,751,665)	4,617,493	(134,172)	—	134,172	The budget amendment reflects savings from vacant positions achieved through year end and allocated to reduce department budgets. The City fell short of achieving the vacancy savings goal by approximately $134,000.
Total General Fund Expenditures	$ 134,071,976	$1,056,650	$135,128,626	$145,332,411	$10,203,785	

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2008, amounts to $622,511,836 (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 2008 was 0.33% (a 0.4% decrease for governmental activities and a 0.25 % increase for business-type activities).

City of Little Rock

Capital Assets, net of depreciation

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 150,963,231	$ 148,936,492	$ 19,951,570	$ 19,951,570	$ 170,914,801	$ 168,888,062
Buildings	50,422,124	51,632,482	33,761,220	28,847,117	84,183,344	80,479,599
Improvements other than buildings	5,709,790	5,160,100	1,412,805	1,951,273	7,122,595	7,111,373
Vehicles and equipment	24,276,727	27,361,404	6,417,562	6,851,274	30,694,289	34,212,680
Infrastructure	314,912,988	313,213,015	—	—	314,912,988	313,213,015
Construction in progress	14,275,653	16,482,795	408,166	4,196,546	14,683,819	20,679,339
Total	$ 560,560,513	$ 562,786,288	$ 61,951,323	$ 61,797,780	$ 622,511,836	$ 624,584,068

Major capital asset events during 2008 included the following:

- Infrastructure additions were $16,318,965.
- Vehicle and equipment additions were $8,361,749.
- Building additions were $6,887,371.
- Construction in progress additions were $9,632,098.
- Land and other improvements additions were $2,940,738.
- Depreciation expense totaled $28,051,339.

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

Long-term Debt. At December 31, 2008, the City, the primary government, had $140,457,000 of long-term bonds outstanding, including general obligation bonds of $65,015,000, Notes Payable of $18,997,000 and $56,445,000 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds and notes payable	$ 84,012,000	$ 91,239,359	$ —	$ —	$ 84,012,000	$ 91,239,359
Revenue bonds	14,820,000	15,890,000	41,625,000	44,905,000	56,445,000	60,795,000
Total	$ 98,832,000	$ 107,129,359	$ 41,625,000	$ 44,905,000	$ 140,457,000	$ 152,034,359

Total long-term bonds outstanding at December 31, 2008 decreased $11,577,359, a decrease of 7.6%. The net decrease includes the issuance of 2008 capital improvement bonds for the Central Arkansas Library in the amount of $4,000,000 less debt retirements of $14,950,000. Short-term financing in the amount of $4,991,500 was issued for vehicles, equipment and other capital improvements while $5,618,859 of short-term debt was retired.

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

	Moody's Investors Service	Standard & Poor's
General Obligation Debt		
2004 Library Refunding and Capital Improvement Bonds	Not Rated	AA
2004 Capital Improvement Bonds	Aa3	AA (FSA)
2008 Library Capital Improvement Bonds	Not Rated	AA
Revenue Debt		
2003 Capital Improvement and Refunding Revenue	Baa1	BBB+
1998 Parks & Recreation Bonds	Not Rated	Not Rated
2002 Capital Improvement Junior Lien	Not Rated	A+ (Ambac)
2002 Waste Disposal Refunding and Improvement	A1	A
2007 Capital Improvement Revenue Refunding Bonds	A1	Not Rated
2007 Waste Disposal Capital Improvement Bonds	A1	A
Discrete Components		
1990 Sewer Revenue	Not Rated	Not Rated
1991 Sewer Revenue	Not Rated	Not Rated
1996 Sewer Revenue	Not Rated	Not Rated
1999 Sewer Revenue	Not Rated	Not Rated
2001 Sewer Revenue	A1	A
2004 Sewer Revenue	Not Rated	Not Rated
2005 Sewer Revenue	A1	Not Rated
2007 Sewer Construction Bonds	Aa3	AAA
1993 A&P Refunding	A	Not Rated
2003 A&P Refunding	A	Not Rated
2003 Airport Refunding	A2	A-
1999A Airport Revenue	A3	A-
1999B Airport Revenue	A3	A-
2007 Airport Revenue Refunding and Improvement Bonds	Not Rated	Not Rated

The City is within all of its legal debt limitations. Under the Arkansas Constitution, the City is allowed to issue, with voter approval, general obligation debt up to 20% of total assessed valuation. Outstanding general obligation bonds at December 31, 2008 of $65,015,000 are well below the statutory limit of $709,662,469. 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, 2008 of $18,997,000 are well below the statutory limit of $177,415,617. Voter approval is not required for short-term financing.

Additional information regarding the City's long-term debt can be found in *Note 4* on pages 44-53 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2009 budget. With the uncertainty surrounding the economy, the City considered the impact on its two primary revenue sources: sales tax and franchise fees. The Mayor and Board of Directors decided that it was important to: 1) put the highest premium on safety for the people of Little Rock and City employees, and 2) adopt a budget designed to promote long-term fiscal stability by creating additional budget reserves. In order to meet the objectives of the 2009 budget, the City recognized the need to continue its pattern of cost containment. The total 2009 General Fund budget is $137,449,966.

Request for Information

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

Basic Financial Statements

City of Little Rock, Arkansas
Statement of Net Assets
December 31, 2008

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Current assets				
Cash and cash equivalents	$ 1,357,294	$ 7,384,766	$ 8,742,060	$ 50,049,507
Investments	3,750,270	6,283,125	10,033,395	25,110,663
Restricted cash and investments - current	13,313,207	4,212,517	17,525,724	36,954,027
Accounts receivable, net of allowance for uncollectible accounts	74,605,031	2,995,045	77,600,076	26,238,215
Interest receivable	-	3,134	3,134	-
Internal balances	9,871,101	(9,871,101)	-	-
Inventories	1,221,060	132,355	1,353,415	2,067,566
Prepaid expenses and other	1,349,156	5,148	1,354,304	3,123,424
Total current assets	105,467,119	11,144,989	116,612,108	143,543,402
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	16,517,941	6,128,128	22,646,069	39,148,224
Investments	11,333,688	1,083,919	12,417,607	95,590,610
Grants and other receivables	-	-	-	2,086,528
Interest receivable	131,621	68,952	200,573	22,330
	27,983,250	7,280,999	35,264,249	136,847,692
Less amount required to meet current obligations	13,313,207	4,212,517	17,525,724	8,666,415
Total restricted assets	14,670,043	3,068,482	17,738,525	128,181,277
Capital assets - non-depreciable	165,238,884	20,359,736	185,598,620	212,592,448
Capital assets - depreciable, net	395,321,629	41,591,587	436,913,216	479,208,823
	560,560,513	61,951,323	622,511,836	691,801,271
Other assets				
Deferred bond issue costs	462,502	783,434	1,245,936	785,011
Other	-	-	-	1,612,259
Total other assets	462,502	783,434	1,245,936	2,397,270
Total noncurrent assets	575,693,058	65,803,239	641,496,297	822,379,818
Total assets	$ 681,160,177	$ 76,948,228	$ 758,108,405	$ 965,923,220

See Notes to Financial Statements

Liabilities and Net Assets

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current liabilities				
Accounts payable	$ 2,621,051	$ 706,883	$ 3,327,934	$ 13,844,519
Accrued wages payable and related liabilities	4,760,693	4,100	4,764,793	2,893,606
Accrued expenses and other	671,208	72,487	743,695	2,941,571
Accrued interest payable	1,273,590	782,517	2,056,107	-
Line of credit	-	-	-	460,772
Compensated absences - current portion	6,495,263	473,562	6,968,825	1,589,758
Notes payable - current portion	5,819,617	-	5,819,617	362,948
Capital lease obligation - current portion	-	103,443	103,443	-
Bonds payable - current portion	6,220,000	3,430,000	9,650,000	9,784,935
Due to fiduciary funds	7,089,333	-	7,089,333	-
Other current liabilities	-	834,259	834,259	-
Deferred revenue	9,809,920	316,038	10,125,958	5,663,692
Total current liabilities	44,760,675	6,723,289	51,483,964	37,541,801
Noncurrent liabilities				
Notes payable	13,177,383	-	13,177,383	46,283
Capital lease obligation	-	85,115	85,115	-
Bonds payable, net of unamortized premium and discount	74,110,209	37,472,682	111,582,891	290,174,835
Net pension obligation	55,965,855	-	55,965,855	-
Compensated absences	13,158,529	482,044	13,640,573	371,070
Other long-term liabilities	653,726	2,257,458	2,911,184	20,396,246
Total noncurrent liabilities	157,065,702	40,297,299	197,363,001	310,988,434
Total liabilities	201,826,377	47,020,588	248,846,965	348,530,235
Net Assets (Deficit)				
Invested in capital assets, net of related debt	471,326,637	22,649,910	493,976,547	431,632,253
Restricted - expendable				
Debt service	12,729,718	6,141,272	18,870,990	51,938,981
Stormwater retention	290,110	-	290,110	-
Grant funds	968,279	-	968,279	576,789
Cable network	467,924	-	467,924	-
Special projects - ADA	291,845	-	291,845	4,812,524
Zoo promotions	-	114,592	114,592	-
Passenger facility charges	-	-	-	23,487,744
Library materials	-	-	-	281,848
Art fund	-	-	-	1,366,055
Cemetery maintenance	-	-	-	2,083,057
Total restricted - expendable	14,747,876	6,255,864	21,003,740	84,546,998
Restricted - unexpendable	-	-	-	4,334,936
Unrestricted (deficit)	(6,740,713)	1,021,866	(5,718,847)	96,878,798
Total net assets	479,333,800	29,927,640	509,261,440	617,392,985
Total liabilities and net assets	$ 681,160,177	$ 76,948,228	$ 758,108,405	$ 965,923,220

City of Little Rock, Arkansas

Statement of Activities

Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
					Primary Government			
Primary Government		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities								
General administration	$ 20,974,958	$ 8,213,130	$ 482,469	$ 513,833	$ (11,765,526)	$ -	$ (11,765,526)	$ -
Board of Directors	252,324	-	-	-	(252,324)	-	(252,324)	-
Community programs	3,710,749	-	56,160	-	(3,654,589)	-	(3,654,589)	-
City attorney	1,482,636	-	-	-	(1,482,636)	-	(1,482,636)	-
Cable TV	8,318	-	-	-	(8,318)	-	(8,318)	-
District court - first division (criminal)	1,267,484	-	-	-	(1,267,484)	-	(1,267,484)	-
District court - second division (traffic)	1,185,326	4,075,085	-	-	2,889,759	-	2,889,759	-
District court - third division (environment)	458,595	-	-	-	(458,595)	-	(458,595)	-
Finance	2,961,618	180,034	33,152	-	(2,748,432)	-	(2,748,432)	-
Human resource	1,870,913	481,209	-	-	(1,389,704)	-	(1,389,704)	-
Information technology	3,077,688	-	-	-	(3,077,688)	-	(3,077,688)	-
Planning and development	2,006,987	2,364,926	21,858	23,653	403,450	-	403,450	-
Public works	30,546,203	505,189	-	3,242,284	(26,798,730)	-	(26,798,730)	-
Parks and recreation services	10,761,841	1,051,607	369,420	256,751	(9,084,063)	-	(9,084,063)	-
Fire	38,630,307	2,885,420	289,220	17,653	(35,438,014)	-	(35,438,014)	-
Police	56,516,426	3,796,987	217,324	175,835	(52,326,280)	-	(52,326,280)	-
Economic Development	4,225,034			4,313,890	88,856		88,856	
Education	8,372,418	-	-	-	(8,372,418)	-	(8,372,418)	-
Housing and neighborhood programs	7,702,220	650,746	564,451	1,833,595	(4,653,428)	-	(4,653,428)	-
Interest expense on long-term debt	3,216,776	-	-	-	(3,216,776)	-	(3,216,776)	-
Agent fees on long-term debt	12,210	-	-	-	(12,210)	-	(12,210)	-
Total governmental activities	199,241,031	24,204,333	2,034,054	10,377,494	(162,625,150)	-	(162,625,150)	-
Business-type Activities								
Presidential park	756,924	60,382	-	-	-	(696,542)	(696,542)	-
Waste disposal	13,778,712	16,473,414	-	-	-	2,694,702	2,694,702	-
Rivermarket garage	1,652,292	1,768,636	-	-	-	116,344	116,344	-
River Market	1,392,804	268,593	-	242,472	-	(881,739)	(881,739)	-
Zoo	4,758,438	2,573,440	-	2,009,431	-	(175,567)	(175,567)	-
Vehicle storage	1,250,245	1,300,655	-	-	-	50,410	50,410	-
Golf courses	2,795,234	1,517,895	-	-	-	(1,277,339)	(1,277,339)	-
Fitness center	1,023,119	696,328	-	-	-	(326,791)	(326,791)	-
Concessions services	149,129	48,171	-	98	-	(100,860)	(100,860)	-
Total business-type activities	27,556,897	24,707,514	-	2,252,001	-	(597,382)	(597,382)	-
Total primary government	$ 226,797,928	$ 48,911,847	$ 2,034,054	$ 12,629,495	$ (162,625,150)	$ (597,382)	$ (163,222,532)	$ -

See Notes to Financial Statements

Component Units								
Wastewater Utility	$ 39,450,934	$ 38,883,908	$ -	$ -	-	-	-	(567,026)
National Airport	25,520,131	24,786,792	-	-	-	-	-	(733,339)
All other component units	79,461,598	31,165,986	2,766,191	8,778,309	-	-	-	(36,751,112)
Total component units	$ 144,432,663	$ 94,836,686	$ 2,766,191	$ 8,778,309	-	-	-	(38,051,477)
General revenues								
General property taxes					41,954,874	-	41,954,874	13,918,939
Sales taxes					66,157,605	-	66,157,605	10,465,861
Utility franchise taxes					29,809,410	-	29,809,410	-
Investment income and unrealized gains					939,366	533,477	1,472,843	6,220,779
Grants and contributions not restricted to specific programs					23,596,059	-	23,596,059	28,323,130
Other					23,745	(29,411)	(5,666)	14,163,735
Transfers					(307,235)	307,235	-	-
Total general revenues and transfers					162,173,824	811,301	162,985,125	73,092,444
Change in Net Assets					(451,326)	213,919	(237,407)	35,040,967
Net Assets, Beginning of Year, As Previously Reported					479,785,126	29,713,721	509,498,847	574,803,927
Adjustment applicable to prior years - Note 16					-	-	-	7,548,091
Net Assets, Beginning of Year, As Restated					479,785,126	29,713,721	509,498,847	582,352,018
Net Assets, End of Year					$ 479,333,800	$ 29,927,640	$ 509,261,440	$617,392,985

City of Little Rock, Arkansas
Balance Sheet
Governmental Funds
December 31, 2008

	General	2004 Bond Fund	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	$ 800,001	$ 5,335,202	$ 10,522,916	$ 16,658,119
Restricted cash	-	-	2,204,487	2,204,487
Investments	306,021	4,621,890	8,949,757	13,877,668
Accounts receivable	44,361,330	11,715,626	17,529,485	73,606,441
Due from other funds	12,557,032	-	-	12,557,032
Interest receivable	1,025	44,737	84,878	130,640
Inventories	-	-	835,871	835,871
Prepaid expenditures and other	477,503	-	407,584	885,087
Total assets	$ 58,502,912	$ 21,717,455	$ 40,534,978	$ 120,755,345
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 1,143,668	$ -	$ 1,321,559	$ 2,465,227
Due to other funds	7,102,619	-	2,672,645	9,775,264
Accrued wages payable and related liabilities	4,760,188	-	-	4,760,188
Deferred compensation	-	-	-	-
Accrued expenditures and other	671,208	-	-	671,208
Deferred revenue	27,498,201	10,865,336	16,089,421	54,452,958
Total liabilities	41,175,884	10,865,336	20,083,625	72,124,845
Fund Balances				
Reserved				
Capital projects	-	-	10,159,304	10,159,304
Special projects - ADA	104,723	-	187,122	291,845
Debt service	-	-	1,877,599	1,877,599
Developer contribution account	-	-	1,258,504	1,258,504
Stormwater retention	-	-	290,110	290,110
Court automation	-	-	155,663	155,663
Grant funds	-	-	968,279	968,279
Cable network	467,924	-	-	467,924
Total reserved	572,647	-	14,896,581	15,469,228
Unreserved				
General fund	16,754,381	-	-	16,754,381
2004 Bond Fund	-	10,852,119	-	10,852,119
Special revenue	-	-	5,554,772	5,554,772
Total unreserved	16,754,381	10,852,119	5,554,772	33,161,272
Total fund balances	17,327,028	10,852,119	20,451,353	48,630,500
Total liabilities and fund balances	$ 58,502,912	$ 21,717,455	$ 40,534,978	

See Notes to Financial Statements

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

Capital assets used in governmental activities are not financial and are not reported in the funds.	558,727,023
Liabilities that are not due and payable in the current period and are not reported in the funds including:	
Bonds payable	(79,835,000)
Bond issuance premiums	(991,585)
Deferred issuance discounts	496,376
Notes payable	(18,997,000)
Accrued interest payable	(1,273,590)
Net pension obligation	(55,965,855)
Workers compensation liability	(653,726)
Accrued compensated absences	(19,468,537)
An internal service fund is used to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,571,585
Amounts reported as deferred revenue are not recognized at the fund level on the modified accrual basis but are reported as revenues on the full accrual basis in the government-wide statements.	44,643,038
Revenues that do not provide current financial resources at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide statements.	1,450,571
	$ 479,333,800

City of Little Rock, Arkansas

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2008

	General	2004 Bond Fund	Other Governmental Funds	Total
Revenues				
General property taxes	$ 22,202,198	$ 10,436,505	$ 7,802,523	$ 40,441,226
Sales taxes	66,157,605	-	-	66,157,605
Licenses and permits	9,469,085	-	24,561	9,493,646
Intergovernmental	3,590,572	-	21,069,924	24,660,496
Charges for services	5,495,098	-	2,141,182	7,636,280
Fines and fees	3,578,075	-	516,599	4,094,674
Utility franchise taxes	28,083,417	-	1,725,993	29,809,410
Investment income and unrealized gains	68,147	232,180	639,039	939,366
Contributions and donations	501,681	-	219,816	721,497
Miscellaneous	983,563	-	1,423,492	2,407,055
Total revenues	140,129,441	10,668,685	35,563,129	186,361,255
Expenditures				
General government				
General administration	22,113,222	-	877,494	22,990,716
Board of Directors	252,324	-	-	252,324
Community programs	3,601,852	-	108,897	3,710,749
City attorney	1,482,636	-	-	1,482,636
District court - first division (criminal)	1,248,199	-	12,560	1,260,759
District court - second division (traffic)	1,138,090	-	51,396	1,189,486
District court - third division (environment)	458,595	-	-	458,595
Finance	2,519,311	-	280,730	2,800,041
Human resource	1,360,598	-	493,822	1,854,420
Information technology	2,762,586	-	334,677	3,097,263
Planning and development	1,910,543	-	71,358	1,981,901
Total general government	38,847,956	-	2,230,934	41,078,890
Public works	1,567,583	-	19,429,748	20,997,331
Parks and recreation services	8,229,930	-	2,254,853	10,484,783
Zoo	-	-	367,507	367,507
Fire	36,263,718	-	878,917	37,142,635
Police	51,931,385	-	3,497,182	55,428,567
Fleet	-	-	88,644	88,644
Education	-	-	8,372,418	8,372,418
Housing and neighborhood programs	4,423,235	-	3,643,536	8,066,771
Debt Service				
Principal	-	8,160,000	3,510,000	11,670,000
Interest	-	1,899,390	1,471,567	3,370,957
Agent fees	-	500	11,710	12,210
Total expenditures	141,263,807	10,059,890	49,982,050	201,305,747
Excess (Deficiency) of Revenues Over Expenditures	(1,134,366)	608,795	(14,418,921)	(14,944,492)
Other Financing Sources				
Long-term debt issuance	-	-	8,991,500	8,991,500
Transfers in	4,800,815	-	1,515,449	6,316,264
Transfers out	(4,068,604)	-	(914,685)	(4,983,289)
Total other financing sources (uses)	732,211	-	9,592,264	10,324,475
Net Change in Fund Balances	(402,155)	608,795	(4,826,657)	(4,620,017)
Fund Balances, Beginning of Year	17,729,183	10,243,324	25,278,010	53,250,517
Fund Balances, End of Year	$ 17,327,028	$ 10,852,119	$ 20,451,353	$ 48,630,500

See Notes to Financial Statements

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

Net change in fund balances - total governmental funds	$	(4,620,017)
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The components of capital assets in 2008 are as follows:		
Capital asset purchases		13,385,531
Capital asset contributions		10,625,614
Depreciation expense		(24,519,038)
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.		3,688,656
Long-term debt issuance provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets.		(8,991,500)
The repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		17,288,859
Expenses that do not require current financial resources (such as interest, litigation, compensated absences, etc.) are not reported as expenses for the funds but are reported as expenses in the statement of activities.		(2,075,646)
Net pension obligation and/or assets do not require current financial resources and are not recorded in governmental funds. However, for government-wide statements, the liabilities and assets are recorded and a corresponding increase/decrease in expense is recognized.		(3,729,003)
An internal service fund is used to charge the costs of fleet management to individual funds. The change in net assets of this fund is included in governmental activities in the statement of activities.		(1,504,782)
Change in net assets of governmental activities	$	(451,326)

City of Little Rock, Arkansas
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	Business-type Activities - Enterprise Funds					
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Assets						
Current assets						
Cash and cash equivalents	$ -	$ 6,761,796	$ 238,396	$ 384,574	$ 7,384,766	$ 117,533
Investments	-	5,857,134	102,236	323,755	6,283,125	101,386
Restricted cash and investments - current	934,126	2,658,558	619,833	-	4,212,517	-
Accounts receivable	-	2,529,564	451,187	-	2,980,751	10,521
Contributions receivable	-	-	-	14,294	14,294	-
Accrued interest	-	-	-	3,134	3,134	981
Inventories	-	-	-	132,354	132,354	385,189
Prepaid expenses and other	-	5,148	-	-	5,148	464,069
Total current assets	934,126	17,812,200	1,411,652	858,111	21,016,089	1,079,679
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	2,870,318	2,733,596	524,214	-	6,128,128	-
Investments	190,137	-	893,782	-	1,083,919	-
Accrued interest	11,268	56,694	990	-	68,952	-
	3,071,723	2,790,290	1,418,986	-	7,280,999	-
Less amount required to meet current obligations	934,126	2,658,558	619,833	-	4,212,517	-
Total restricted assets	2,137,597	131,732	799,153	-	3,068,482	-
Capital assets						
Land	10,911,566	1,814,495	822,652	6,402,857	19,951,570	275,459
Land impovements	-	3,784,722	-	2,078,246	5,862,968	-
Landfills, Cells 1, 2 and 4	-	10,895,701	-	-	10,895,701	-
Construction in progress	-	6	-	408,160	408,166	-
Buildings and improvements	6,452	12,794,250	8,715,041	13,239,111	34,754,854	1,777,880
Vehicles	-	11,579,259	-	1,034,150	12,613,409	741,168
Furniture and equipment	-	3,668,982	-	2,437,295	6,106,277	695,838
	10,918,018	44,537,415	9,537,693	25,599,819	90,592,945	3,490,345
Less accumulated depreciation	1,361	22,561,097	1,225,206	4,853,958	28,641,622	1,656,855
Net capital assets	10,916,657	21,976,318	8,312,487	20,745,861	61,951,323	1,833,490
Other assets						
Deferred bond issue costs	36,645	181,953	564,836	-	783,434	-
Total noncurrent assets	13,090,899	22,290,003	9,676,476	20,745,861	65,803,239	1,833,490
Total assets	$ 14,025,025	$ 40,102,203	$ 11,088,128	$ 21,603,972	$ 86,819,328	$ 2,913,169

See Notes to Financial Statements

Liabilities and Net Assets	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Current liabilities						
Accounts payable	$ -	$ 448,942	$ -	$ 257,941	$ 706,883	$ 155,824
Due to other funds	-	-	-	9,871,100	9,871,100	-
Accrued wages payable and related liabilities	-	3,809	-	291	4,100	505
Accrued expenses and other	-	71,939	-	548	72,487	-
Compensated absences - current portion	-	158,666		314,896	473,562	136,717
Accrued interest	369,126	143,558	269,833	-	782,517	-
Capital lease obligation - current portion	-	-	-	103,443	103,443	-
Bonds payable - current portion	565,000	2,515,000	350,000	-	3,430,000	-
Other current liabilities	-	834,259	-	-	834,259	-
Unearned revenue	-	-	250,609	65,429	316,038	-
Total current liabilities	934,126	4,176,173	870,442	10,613,648	16,594,389	293,046
Noncurrent liabilities						
Capital lease obligation	-	-	-	85,115	85,115	-
Bonds payable, net of unamortized premium and discount	12,201,971	15,118,679	10,152,032	-	37,472,682	-
Compensated absences	-	228,428	-	253,616	482,044	48,538
Other long-term liabilities	-	2,257,458	-	-	2,257,458	-
Total noncurrent liabilities	12,201,971	17,604,565	10,152,032	338,731	40,297,299	48,538
Total liabilities	13,136,097	21,780,738	11,022,474	10,952,379	56,891,688	341,584
Net Assets						
Invested in capital assets, net of related debt	(995,893)	4,524,650	(1,624,708)	20,745,861	22,649,910	1,833,490
Restricted - expendable						-
Debt service	185,992	4,807,116	1,148,164	-	6,141,272	-
Zoo promotions	-	-	-	114,592	114,592	-
Unrestricted (deficit)	1,698,829	8,989,699	542,198	(10,208,860)	1,021,866	738,095
Total net assets	888,928	18,321,465	65,654	10,651,593	29,927,640	2,571,585
Total liabilities and net assets	$ 14,025,025	$ 40,102,203	$ 11,088,128	$ 21,603,972	$ 86,819,328	$ 2,913,169

City of Little Rock, Arkansas
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	
Operating Revenues						
Charges for services	$ -	$ 16,570,932	$ 1,487,946	$ 6,331,341	$ 24,390,219	$ 9,658,186
Licenses and permits	-	-	280,458	9,080	289,538	-
Fines and fees	-	-	-	29,421	29,421	-
Investment income and unrealized gains	44,904	-	-	-	44,904	-
Contributions and donations	-	-	-	-	-	83,266
Miscellaneous	15,478	(97,518)	232	35,240	(46,568)	152,748
Total operating revenues	60,382	16,473,414	1,768,636	6,405,082	24,707,514	9,894,200
Operating Expenses						
Salaries, wages and employee benefits	-	4,408,525	-	5,437,734	9,846,259	2,669,259
Supplies and materials	-	1,532,364	168	1,232,752	2,765,284	5,289,911
Services	-	2,393,438	73,542	3,087,222	5,554,202	1,615,658
Repairs and maintenance	-	2,176,194	-	772,285	2,948,479	5,696
Other	2,616	26,745	742,184	14,934	786,479	21,312
Depreciation and amortization	6,273	2,317,552	250,045	811,955	3,385,825	203,889
Total expenses	8,889	12,854,818	1,065,939	11,356,882	25,286,528	9,805,725
Operating Income (Loss)	51,493	3,618,596	702,697	(4,951,800)	(579,014)	88,475
Nonoperating Revenues (Expenses)						
Interest income	-	468,223	41,143	24,111	533,477	46,952
Interest expense	(748,035)	(923,894)	(586,353)	(12,087)	(2,270,369)	-
Other, net	(8,802)	(14,117)	(6,492)	-	(29,411)	-
Net nonoperating revenues (expenses)	(756,837)	(469,788)	(551,702)	12,024	(1,766,303)	46,952
Income (Loss) Before Contributions and Transfers	(705,344)	3,148,808	150,995	(4,939,776)	(2,345,317)	135,427
Contributions	-	-	-	2,252,001	2,252,001	-
Transfers In	1,300,000	32,908	-	3,464,767	4,797,675	146
Transfers Out	-	(2,846,408)	-	(1,644,032)	(4,490,440)	(1,640,355)
	1,300,000	(2,813,500)	-	4,072,736	2,559,236	(1,640,209)
Changes in Net Assets	594,656	335,308	150,995	(867,040)	213,919	(1,504,782)
Net Assets, Beginning of Year	294,272	17,986,157	(85,341)	11,518,633	29,713,721	4,076,367
Net Assets, End of Year	$ 888,928	$ 18,321,465	$ 65,654	$ 10,651,593	$ 29,927,640	$ 2,571,585

City of Little Rock, Arkansas
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds					
	Presidential Park	Waste Disposal	River Market Garage	Other Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Operating Activities						
Receipts from customers	$ 54,274	$ 16,520,717	$ 1,768,636	$ 6,360,762	$ 24,704,389	$ 9,765,918
Other receipts	-	-	-	44,607	44,607	152,748
Payments to employees	-	(4,424,891)	-	(4,518,624)	(8,943,515)	(2,651,017)
Payments to suppliers	-	(1,532,364)	(168)	(1,211,563)	(2,744,095)	(5,249,862)
Payments to service providers	-	(2,393,438)	(73,542)	(2,584,705)	(5,051,685)	(2,057,712)
Other payments	(5,130)	(2,341,605)	(756,438)	230,233	(2,872,940)	(123,961)
Net cash provided by (used in) operating activities	49,144	5,828,419	938,488	(1,679,290)	5,136,761	(163,886)
Noncapital Financing Activities						
Transfers from other funds	1,300,000	32,908	-	3,464,767	4,797,675	146
Transfers to other funds	-	(2,846,408)	-	(1,644,032)	(4,490,440)	(1,640,355)
Net cash provided by (used in) noncapital financing activities	1,300,000	(2,813,500)	0	1,820,735	307,235	(1,640,209)
Capital and Related Financing Activities						
Purchase of capital assets	-	(1,380,657)	-	(2,408,115)	(3,788,772)	(55,025)
Payment of bond issuance costs	(8,803)	(34,275)	(6,493)	-	(49,571)	-
Principal paid on long-term debt	(524,784)	(2,405,000)	(340,000)		(3,269,784)	-
Lease payment	-	-	-	(91,356)	(91,356)	-
Interest paid on long-term debt	(763,283)	(890,280)	(733,324)	(12,087)	(2,398,974)	-
Capital contributions	-	-	-	2,252,001	2,252,001	93,904
Net cash used in capital and related financing activities	(1,296,870)	(4,710,212)	(1,079,817)	(259,557)	(7,346,456)	38,879
Investing Activities						
Proceeds from sale of investments	1,521,961	24,409,907	555,613	5,376,587	31,864,068	1,856,654
Purchase of investments	(626,592)	(19,302,095)	(336,917)	(5,071,580)	(25,337,184)	(334,115)
Interest income	-	514,937	-	25,329	540,266	(46,952)
Net cash provided by investing activities	895,369	5,622,749	218,696	330,336	7,067,150	1,475,587
Increase (Decrease) in Cash and Cash Equivalents	947,643	3,927,456	77,367	212,224	5,164,690	(289,629)
Cash and Cash Equivalents, Beginning of Year	1,922,675	5,567,936	685,243	172,350	8,348,204	407,162
Cash and Cash Equivalents, End of Year	$ 2,870,318	$ 9,495,392	$ 762,610	$ 384,574	$ 13,512,894	$ 117,533
Presented on the Statement of Fund Net Assets - Proprietary Funds as Follows:						
Current assets						
Cash and cash equivalents	$ -	$ 6,761,796	$ 238,396	$ 384,574	$ 7,384,766	$ 117,533
Noncurrent assets						
Cash and cash equivalents	2,870,318	2,733,596	524,214	-	$ 6,128,128	-
	$ 2,870,318	$ 9,495,392	$ 762,610	$ 384,574	$ 13,512,894	$ 117,533

See Notes to Financial Statements

Reconciliation of Operating Income (Loss) to						
to Net Cash Provided By (Used In) Operating Activities						
Operating income (loss)	$ 51,493	$ 3,618,596	$ 702,697	$ (4,951,800)	$ (579,014)	$ 88,475
Adjustments to reconcile operating income (loss) to						
net cash provided by (used in) operating activities						
Depreciation and amortization expense	6,273	2,317,552	250,045	811,955	3,385,825	203,889
Loss on disposal of assets	-	334,620	-	8,832	343,452	0
Changes in assets and liabilities						
Receivables, net	(8,622)	(50,215)	-	(12,720)	(71,557)	38,800
Due to/due from other funds, net	-	-	-	2,381,655	2,381,655	0
Prepaid expenses	-	242	-	-	242	(456,388)
Inventories	-	-	-	1,690	1,690	40,049
Accounts payable	-	(303,896)	-	51,450	(252,446)	(96,953)
Accrued expenses	-	(88,480)	(14,254)	29,648	(73,086)	18,242
Net cash provided by (used in) operating activities	$ 49,144	$ 5,828,419	$ 938,488	$ (1,679,290)	$ 5,136,761	$ (163,886)

City of Little Rock, Arkansas
Statement of Fiduciary Net Assets – Fiduciary Funds
December 31, 2008

	Employee Benefit Plans	Agency Fund
Assets		
Cash and cash equivalents	$ 20,965,810	$ 184,464
Investments		
U. S. Government obligations	36,458,058	-
Equities	54,563,484	-
Mutual funds and other investments	50,400,580	-
Receivables		
Accounts receivable	116,371	-
Due from other funds	7,100,686	-
Contributions	22,688	-
Accrued interest and dividends	442,893	-
Total Assets	$ 170,070,570	$ 184,464
Liabilities		
Accrued liabilities	110,991	184,464
Due to other funds	12,074	-
Total Liabilities	123,065	$ 184,464
Net Assets		
Net assets held in trust	$ 169,947,505	

City of Little Rock, Arkansas
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2008

	Employee Benefit Plans
Additions	
Contributions	
Employer	$ 2,736,266
Plan members	2,142,728
Property taxes contributed from general fund	6,972,419
State insurance turnback and guarantee fund	1,983,161
Other	396,399
Total contributions	14,230,973
Investment income (loss)	
Net decrease in fair value of investments	(41,752,934)
Interest and dividends	6,320,400
	(35,432,534)
Less investment expense	751,602
Net investment income (loss)	(36,184,136)
Total additions (net of investment loss)	(21,953,163)
Deductions	
Benefits paid directly to participants	23,272,188
Administrative expenses	238,193
Other	2,125
Total deductions	23,512,506
Change in Net Assets	(45,465,669)
Net Assets Held in Trust, Beginning of Year	215,413,174
Net Assets Held in Trust, End of Year	$ 169,947,505

City of Little Rock, Arkansas
Statement of Net Assets
Discretely Presented Component Units
December 31, 2008

Assets	Wastewater Utility	National Airport	Other Component Units	Total
Current assets				
Cash and cash equivalents	$ 14,781,609	$ 20,728,425	$ 14,539,473	$ 50,049,507
Investments	-	-	25,110,663	25,110,663
Restricted cash and investments - current	28,287,612	5,846,911	2,819,504	36,954,027
Accounts receivable, net of allowance	2,344,118	1,755,381	22,138,716	26,238,215
Inventories	1,261,084	-	806,482	2,067,566
Prepaid expenses and other	1,715,998	366,105	1,041,321	3,123,424
Total current assets	48,390,421	28,696,822	66,456,159	143,543,402
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	34,127,201	5,021,023	39,148,224
Investments	87,755,388	-	7,835,222	95,590,610
Grants and other receivables	55,445	2,031,083	-	2,086,528
Interest receivable	-	19,768	2,562	22,330
	87,810,833	36,178,052	12,858,807	136,847,692
Less amounts required to meet current obligations	-	5,846,911	2,819,504	8,666,415
Total restricted assets	87,810,833	30,331,141	10,039,303	128,181,277
Capital assets				
Land	3,110,501	59,059,658	9,252,286	71,422,445
Construction in progress	96,931,550	20,630,162	23,608,291	141,170,003
Buildings, improvements and other facilities	244,904,005	277,010,419	161,702,897	683,617,321
Vehicles	-	-	32,961,904	32,961,904
Furniture and equipment	27,727,308	8,479,298	23,852,066	60,058,672
Books/AV material	-	-	12,419,406	12,419,406
Other	-	-	4,369,458	4,369,458
	372,673,364	365,179,537	268,166,308	1,006,019,209
Less accumulated depreciation	94,733,935	120,828,868	98,655,135	314,217,938
Net capital assets	277,939,429	244,350,669	169,511,173	691,801,271
Other assets				
Deferred bond issue costs	-	711,244	73,767	785,011
Other	-	-	1,612,259	1,612,259
Total other assets	-	711,244	1,686,026	2,397,270
Total noncurrent assets	365,750,262	275,393,054	181,236,502	822,379,818
Total assets	$ 414,140,683	$ 304,089,876	$ 247,692,661	$ 965,923,220

See Notes to Financial Statements

Liabilities and Net Assets	Wastewater Utility	National Airport	Other Component Units	Total
Current liabilities				
Accounts payable	$ 8,527,352	$ 3,735,990	$ 1,581,177	$ 13,844,519
Accrued wages payable and related liabilities	501,531	1,038,544	1,353,531	2,893,606
Line of credit	-	-	460,772	460,772
Notes payable - current portion	-	-	362,948	362,948
Bonds payable - current portion	5,607,582	2,280,000	1,897,353	9,784,935
Compensated absences - current portion	760,425	-	829,333	1,589,758
Deferred revenue	-	2,248,183	3,415,509	5,663,692
Accrued expenses and other	-	-	2,941,571	2,941,571
Total current liabilities	15,396,890	9,302,717	12,842,194	37,541,801
Noncurrent liabilities				
Bonds payable, net of unamortized premium and discount	243,727,316	29,469,583	16,977,936	290,174,835
Notes payable	-	-	46,283	46,283
Other long term liabilities	(93,859)	20,423,388	66,717	20,396,246
Compensated absences	215,767	-	155,303	371,070
Total noncurrent liabilities	243,849,224	49,892,971	17,246,239	310,988,434
Total liabilities	259,246,114	59,195,688	30,088,433	348,530,235
Net Assets				
Invested in capital assets, net of related debt	105,750,500	187,291,345	138,590,408	431,632,253
Restricted - expendable	39,501,133	35,925,592	9,120,273	84,546,998
Restricted - nonexpendable	-		4,334,936	4,334,936
Unrestricted	9,642,936	21,677,251	65,558,611	96,878,798
Total net assets	154,894,569	244,894,188	217,604,228	617,392,985
Total liabilities and net assets	$ 414,140,683	$ 304,089,876	$ 247,692,661	$ 965,923,220

City of Little Rock, Arkansas
Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Wastewater Utility	Net (Expense) Revenue and Changes in Net Assets: National Airport	Net (Expense) Revenue and Changes in Net Assets: Other Component Units	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities								
Other component units	$ 16,293,429	$ 333,602	$ 2,742,693	$ 8,778,309	$ -	$ -	$ (4,438,825)	$ (4,438,825)
Total governmental activities	16,293,429	333,602	2,742,693	8,778,309	-	-	(4,438,825)	(4,438,825)
Business-type Activities								
Wastewater Utility	39,450,934	38,883,908	-	-	(567,026)	-	-	(567,026)
National Airport	25,520,131	24,786,792	-	-	-	(733,339)	-	(733,339)
Other component units	63,168,169	30,832,384	23,498	-	-	-	(32,312,287)	(32,312,287)
Total business-type activities	128,139,234	94,503,084	23,498	0	(567,026)	(733,339)	(32,312,287)	(33,612,652)
Total component units	$ 144,432,663	$ 94,836,686	$ 2,766,191	$ 8,778,309	(567,026)	(733,339)	(36,751,112)	(38,051,477)
General revenues								
General property taxes					-	-	13,918,939	13,918,939
Sales taxes					-	-	10,465,861	10,465,861
Investment income and unrealized gains (losses)					5,039,411	1,072,608	108,760	6,220,779
Grants and contributions not restricted to specific programs					3,358,865	9,042,445	15,921,820	28,323,130
Other					(343,746)	5,975,684	8,531,797	14,163,735
Total general revenues and transfers					8,054,530	16,090,737	48,947,177	73,092,444
Change in Net Assets					7,487,504	15,357,398	12,196,065	35,040,967
Net Assets, Beginning of Year, As Previously Reported					147,407,065	229,536,790	197,860,072	574,803,927
Adjustment applicable to prior year(s) - Note 16					-	-	7,548,091	7,548,091
Net Assets, Beginning of Year, As Restated					147,407,065	229,536,790	205,408,163	582,352,018
Net Assets, End of Year					$ 154,894,569	$ 244,894,188	$ 217,604,228	$ 617,392,985

See Notes to Financial Statements

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2008

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

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

Reporting Entity

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

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

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

Blended Component Units

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

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

Discretely Presented Component Units

Major Component Units:

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

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

There were no significant transactions between the major component units and the City or its other component units in 2008.

Other Component Units:

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

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

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

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

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

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

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

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

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

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

Administrative Offices

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

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

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

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

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

Arkansas Arts Center
Ninth and Commerce
Little Rock, Arkansas 72202

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The government reports the following major enterprise funds:

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

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

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

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Funds

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

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

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

Governmental Fund Financial Statements

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

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

Inventories

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

Prepaid Items

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

Capital Assets

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

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

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

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

Long-term Obligations

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

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

Compensated Absences

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

Deferred Revenue

Deferred revenue consists mainly of unavailable property taxes (government funds only see *Note 9*) and $22,671,571 of unearned lease revenue at the National Airport.

Net Assets/Fund Balance

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

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

Budgetary Information

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

Future Adoption of Accounting Pronouncements

The GASB has issued the following potentially significant statements which the City has not yet adopted and which require adoption subsequent to December 31, 2008:

Statement No.		Adoption Required in Fiscal Year
51	Accounting and Financial Reporting for Intangible Assets	2010
52	Land and Other Real Estate Held as Investments by Endowments	2009
53	Accounting and Reporting for Derivative Instruments	2010
54	Fund Balance Reporting and Governmental Fund Type Definitions	2011

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At December 31, 2008, none of the City's primary government bank balances were exposed to custodial credit risk. A portion of the City's component unit bank balances of $121,556,137 were exposed to custodial credit risk as follows:

	2008
Uninsured and collateral held by pledging financial institution	$ 46,031,952
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the component units' name	11,284,694
	$ 57,316,646

Investments

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

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

At December 31, 2008, the City had the following investments and maturities:

Primary Government

Type	Fair Value	Maturities in Years: Less than 1	1-5	6-10	More than 10
U.S. agencies obligations	$ 58,859,598	$ 49,331,277	$ 9,528,321	$ -	$ -
Corporate bonds	1,177,594	-	1,177,594	-	-
Money market mutual funds	28,644,400	28,644,400	-	-	-
	88,681,592	$ 77,975,677	$ 10,705,915	$ -	$ -
Mutual Funds	64,201,362				
Corporate stocks	54,563,484				
	$ 207,446,438				

Component Units

Type	Fair Value	Maturities in Years: Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	$ 290,614	$ 63,638	$ 226,976	$ -	$ -
U.S. agencies obligations	93,829,021	92,751,982	767,819	302,440	6,780
Corporate bonds	1,201,704	336,409	205,694	118,055	541,546
Money market mutual funds	4,720,050	4,720,050	-	-	-
	100,041,389	$ 97,872,079	$ 1,200,489	$ 420,495	$ 548,326
Mutual funds	6,898,689				
Corporate stocks	10,847,402				
	$ 117,787,480				

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

Credit Risk – Credit risk is the risk that the issuer or other counterparty will not fulfill its obligations. It is the City's policy, excluding fiduciary funds, to invest almost exclusively in government-issued treasuries and agencies. At December 31, 2008, the City's and its component units' investments not directly guaranteed by the U.S. government were rated as follows:

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody's	AAA/Aaa
U.S. Agency Obligations	S&P/Moody's	AAA/Aaa
Corporate Bonds	S&P/Moody's	B to AAA/B_3 to Aaa

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Excluding fiduciary funds, at December 31, 2008, the City's investments are fully collateralized or are fully guaranteed by the full faith and credit of the U.S. government. The City's collateral is held in an account with the Federal Reserve. Monthly "Collateral Reports" are sent to the City's accounting department.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer. A fund generally may invest no more than 10% of its total assets in the purchase of a single security. At December 31, 2008, the City's investment in Fannie Mae instruments, a U.S. government agency consisted of 18.45% of the City's total investments.

Summary of Carrying Values

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

	Primary Government	Component Units
Carrying value		
Deposits	$ 8,965,089	$ 120,399,136
Investments	207,446,438	117,787,480
	$ 216,411,527	$ 238,186,616
Included in the following statements of net assets captions		
Current Assets		
Cash and cash equivalents	$ 8,742,060	$ 87,003,534
Short-term investments	10,033,395	25,110,663
Noncurrent Assets		
Restricted cash and investments	35,063,676	126,072,419
Cash and investments – fiduciary funds	162,572,396	-
	$ 216,411,527	$ 238,186,616

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2008, is presented below:

Governmental Activities	Balance, December 31, 2007	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2008
Capital Assets, non-depreciable				
Land	$ 148,936,492	$ 2,026,739	$ -	$ 150,963,231
Construction in progress	16,482,795	9,047,371	11,254,513	14,275,653
Total capital assets, non-depreciable	165,419,287	11,074,110	11,254,513	165,238,884
Capital Assets, depreciable				
Land Improvements	5,601,827	913,999	-	6,515,826
Infrastructure	649,598,976	16,318,965	-	665,917,941
Buildings	68,156,450	1,045,819	677,131	68,525,138
Vehicles	37,179,695	2,387,275	3,096,558	36,470,412
Equipment	28,482,443	3,973,986	1,958,679	30,497,750
Total capital assets, depreciable	789,019,391	24,640,044	5,732,368	807,927,067
Less accumulated depreciation				
Land Improvements	441,727	364,309	-	806,036
Infrastructure	336,385,961	14,618,992	-	351,004,953
Buildings	16,523,968	1,752,740	173,694	18,103,014
Vehicles	24,945,810	3,745,707	2,400,036	26,291,481
Equipment	13,354,924	4,241,179	1,196,149	16,399,954
Total accumulated depreciation	391,652,390	24,722,927	3,769,879	412,605,438
Total Capital Assets, depreciable	397,367,001	(82,883)	1,962,489	395,321,629
Total governmental activities, net	$ 562,786,288	$ 10,991,227	$ 13,217,002	$ 560,560,513

Business-type Activities	Balance December 31, 2007	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2008
Capital Assets, non-depreciable				
Land	$ 19,951,570	$ -		$ 19,951,570
Construction in progress	4,196,544	584,727	4,373,105	408,166
Total capital assets, non-depreciable	24,148,114	584,727	4,373,105	20,359,736
Capital Assets, depreciable				
Landfills, Cells 1, 2 and 4	10,895,701	-	-	10,895,701
Buildings	34,772,612	5,841,552	-	40,614,164
Vehicles	13,581,118	1,287,590	2,255,299	12,613,409
Equipment	5,675,033	712,898	281,654	6,106,277
Total capital assets, depreciable	64,924,464	7,842,040	2,536,953	70,229,551
Less accumulated depreciation				
Landfills, Cells 1, 2 and 4	8,944,428	538,468	-	9,482,896
Buildings	5,925,494	927,450	-	6,852,944
Vehicles	8,862,871	1,256,060	1,688,991	8,429,940
Equipment	3,542,005	606,434	276,255	3,872,184
Total accumulated depreciation	27,274,798	3,328,412	1,965,246	28,637,964
Total Capital Assets, depreciable	37,649,666	4,513,628	571,707	41,591,587
Total business-type activities, net	$ 61,797,780	$ 5,098,355	$ 4,944,812	$ 61,951,323

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2008

Component Units	December 31, 2007 As Restated	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2008
Capital Assets, non-depreciable				
Land	$ 67,391,616	$ 4,099,848	$ 69,019	$ 71,422,445
Construction in progress	95,744,271	75,235,549	29,809,817	141,170,003
Total capital assets, non-depreciable	163,135,887	79,335,397	29,878,836	212,592,448
Capital Assets, depreciable				
Buildings, improvements and facilities	656,544,736	27,693,319	620,734	683,617,321
Vehicles	29,195,427	4,335,574	569,097	32,961,904
Equipment	59,128,631	6,223,176	923,677	64,428,130
Books and audio visual material	11,172,537	1,246,869	-	12,419,406
Total capital assets, depreciable	756,041,331	39,498,938	2,113,508	793,426,761
Less accumulated depreciation	290,199,349	25,025,875	1,007,286	314,217,938
Total Capital Assets, depreciable	465,841,982	14,473,063	1,106,222	479,208,823
Total component units, net	$ 628,977,869	$ 93,808,460	$ 30,985,058	$ 691,801,271

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

Governmental Activities		
General government		
Mayor and Board of Directors	$	321,851
City manager		24,277
Cable TV		8,318
District court – first division (criminal)		14,850
District court – second division (traffic)		11,076
District court – third division (environment)		21,450
Finance		298,760
Human resource		80,676
Information technology		140,264
Planning and development		25,086
Fleet services		450,943
Total general government		1,397,551
Public works		15,685,530
Parks and recreation services		1,031,915
Fire		2,358,951
Police		4,095,685
Housing and neighborhood programs		153,295
Total depreciation expense – governmental activities		24,722,927
Business-type Activities		
Presidential park		165
Waste disposal		2,289,072
Second and main parking		220,186
Riverfront park		98,653
Zoo		372,262
Vehicle storage		17,115
Golf courses		156,363
Fitness center		174,596
Total depreciation expense - business-type activities		3,328,412
Total depreciation expense - primary government	$	28,051,339

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2008, were as follows:

Governmental Activities	Balance December 31, 2007	Increases	Decreases	Balance December 31, 2008	Amounts Due in One Year
Bonds payable					
General obligation revenue bonds	$ 15,890,000	$ -	$ 1,070,000	$ 14,820,000	$ 1,110,000
Less deferred issuance discounts	59,719	-	5,429	54,290	-
Add issuance premiums	2,991	-	299	2,692	-
	15,833,272	-	1,064,870	14,768,402	1,110,000
General obligation bonds	71,615,000	4,000,000	10,600,000	65,015,000	5,110,000
Less deferred issuance discounts	445,156	32,755	35,825	442,086	-
Add issuance premiums	1,076,174	-	87,281	988,893	-
	72,246,018	3,967,245	10,651,456	65,561,807	5,110,000
Bonds payable, net	88,079,290	3,967,245	11,716,326	80,330,209	6,220,000
Notes payable	19,624,359	4,991,500	5,618,859	18,997,000	5,819,617
Compensated absences	18,943,882	7,663,992	6,954,082	19,653,792	6,495,263
Net pension obligation	52,236,852	3,729,003	-	55,965,855	-
Other	1,109,927	829,298	743,601	1,195,624	541,898
Total governmental activities long-term liabilities	$ 179,994,310	$ 21,181,038	$ 25,032,868	$ 176,142,480	$ 19,076,778
Business-type Activities					
Bonds payable					
Revenue bonds	$ 44,905,000	$ -	$ 3,280,000	$ 41,625,000	$ 3,430,000
Less deferred issuance discounts	1,613,431	-	196,906	1,416,525	-
Add issuance premiums	789,754	-	95,547	694,207	-
Bonds payable, net	44,081,323	-	3,178,641	40,902,682	3,430,000
Capital lease obligation	279,914	-	91,356	188,558	103,443
Compensated absences	896,927	616,387	557,708	955,606	473,562
Post-closure landfill costs	3,183,740	-	92,023	3,091,717	834,259
Total business-type activities long-term liabilities	$ 48,441,904	$ 616,387	$ 3,919,728	$ 45,138,563	$ 4,841,264

City of Little Rock, Arkansas
Notes to Financial Statements
December 31, 2008

Component Units	Balance, December 31, 2007	Increases	Decreases	Balance December 31, 2008	Amounts Due in One Year
Little Rock Advertising and Promotion Commission					
Bonds payable					
Revenue bonds	$ 15,582,000	$ -	$ 1,632,249	$ 13,949,751	$ 1,737,353
Add issuance premiums	1,205,514		179,976	1,025,538	-
	16,787,514	-	1,812,225	14,975,289	1,737,353
Central Arkansas Library					
Revenue bonds	4,050,000	-	150,000	3,900,000	160,000
Compensated absences	736,862	679,153	602,147	813,868	813,868
	4,786,862	679,153	752,147	4,713,868	973,868
Little Rock Port Authority					
Compensated absences	160,083	25,037	14,352	170,768	15,465
Post-retirement health insurance	103,145	-	34,025	69,120	2,403
	263,228	25,037	48,377	239,888	17,868
Arkansas Arts Center					
Various notes payable	-	492,423	-	492,423	471,369
Arkansas Museum of Science and History					
Various notes payable	430,295	46,714	99,429	377,580	352,351
National Airport					
Bonds payable					
Revenue bonds	33,890,000	-	2,185,000	31,705,000	2,280,000
Less deferred issuance discounts	518,431	-	58,582	459,849	-
Add issuance premiums	609,973	-	105,541	504,432	-
	33,981,542	-	2,231,959	31,749,583	2,280,000
Other long-term liabilities	24,919,754	-	2,248,183	22,671,571	2,248,183
	58,901,296	-	4,480,142	54,421,154	4,528,183
Wastewater Utility					
Revenue bonds	227,593,425	27,568,237	6,703,185	248,458,477	5,591,753
Add issuance premiums	3,673,631	199,419	2,996,629	876,421	15,829
Compensated absences	-	976,192	-	976,192	760,425
Other post-employment benefit obligation	1,139,456	-	1,233,315	(93,859)	-
	232,406,512	28,743,848	10,933,129	250,217,231	6,368,007
Total component units long-term liabilities	$ 313,575,707	$ 29,987,175	$ 18,125,449	$ 325,437,433	$ 14,448,999

Bonds and notes payable at December 31, 2008, were as follows:

Primary Government	Interest Rates	Final Maturity	Original Issue	Total Outstanding
General long-term obligations				
Bonds payable	4.8% – 5.8 %	2028	$ 116,615,000	$ 79,835,000
Notes payable – short-term financing	3.35%-4.69%	2013	$ 32,502,500	$ 18,112,000
Notes payable – Section 108 loans	Variable	2011	$ 3,870,000	$ 885,000
Enterprise funds				
Revenue bonds	4.8% - 5.8%	2028	$ 58,990,000	$ 41,625,000
Component Units (bonds and notes)	2% - 7.375%	2038	$ 376,978,810	$ 298,883,231

Governmental Activities

General Obligation Bonds:

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

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

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

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

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

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

Notes Payable

In 2001, the State of Arkansas passed Amendment No. 78 and Act No. 1808, allowing cities and counties to obtain short-term financing agreements for the purpose of acquiring, constructing, installing or renting real property or tangible personal property having an expected useful life of more than one year. These financing agreements may not mature over a period to exceed five years and may have fixed or variable interest rates to be repaid with general fund revenues. At December 31, 2008, the following outstanding short-term financing agreements were:

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

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

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

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

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

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

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

The City also has entered into three loan guarantee commitments with the U.S. Department of Housing and Urban Development (HUD) for the purpose of acquiring, constructing or installing real property to be repaid with Community Development Block Grant (CDBG) funds or related program income. These notes payable with HUD at December 31, 2008 were as follows:

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

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

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

Other Liabilities

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

Business-type Activities

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

2007 Waste Disposal Revenue Bonds – On March 12, 2007, the City issued $3,400,000 in 2007 Waste Disposal Refunding and Improvement Bonds with an interest rate ranging from 5.38% to 5.70%. These bonds were issued to finance all or a portion of the costs of betterments and improvements to the System (the Project), fund a debt service reserve and pay expenses of issuing the bonds. The bonds constitute special obligations of the City, secured by a pledge of net revenues derived from the System. Interest payments are due semiannually each May 1 and November 1. To the extent not previously redeemed, the Bonds maturing on May 1, 2022 are subject to mandatory sinking fund redemption. These bonds are also subject to optional redemption at direction of the City beginning May 1, 2014.

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

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

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

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

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

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

Discretely Presented Component Units

Wastewater Utility Revenue Bonds

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

The *1990, 1991, and 1996 Series Sewer Revenue* are part of $7,000,000, $6,000,000, and $6,000,000 bond issues, respectively. The *1999 Series Sewer Revenue Bonds* are a $12,000,000 series and are subordinate to all previous bond issues. The *2001 Series Sewer Revenue Bonds* (original issue of $22,680,000) were issued to finance the cost of constructing betterments and improvements to the City's sewer system and refunding the City's Sewer Refunding and Construction Revenue Bonds, Series 1993. The 2004 Series A, B and C and the 2007B Sewer Revenue Bonds are part of $23,100,000, $14,000,000, $13,000,000 and $18,000,000 bond issues, respectively. The bonds were issued to finance the costs of constructing extensions, betterments and improvements to the Adams Field Treatment Plant, the Utility's collection system, and unsewered areas. As of December 31, 2008, the Utility has drawn $23,100,000, $14,000,000, $12,062,175 and $5,993,094, respectively, of which $9,568,237 was drawn in 2008. The $10,000,000 Series 2005 Bonds were issued for the purpose of financing certain costs of construction extensions, betterments and improvements to the sewer system and to pay off the 2004 short-term note. The 2007A and 2007C Sewer Construction Bonds are part of $63,050,000 and $71,085,000 bond issues respectively and were issued for the purpose of financing wastewater system capital improvements. In December 2008, the City of Little Rock issued $16,000,000 of sewer revenue bonds, Series 2008, for the purpose of financing wastewater system capital improvements.

National Airport

Revenue Bonds

Special Obligation Bonds Dated September 1, 1999 - The $27,860,000 *Special Obligation Bonds dated September 1, 1999,* were issued in two series: Series A of $24,730,000, and Series B of $3,130,000. The bonds were issued to finance expansion of the terminal building and construction of a parking deck and related facilities and improvements, to fund a debt service reserve, and to pay issuance costs. The bonds are special obligations payable solely from the revenues of the Airport and amounts on deposit in certain accounts established under a master and supplemental indenture. The Series 1999A Term Bonds maturing on November 1, 2016, and 2019, are subject to redemption in part by operation of sinking fund installments beginning November 1, 2015. The Series 1999A Bonds maturing November 1, in the years 2010 through 2014 and 2019 are subject to optional redemption on or after November 1, 2009, and the Series 1999A Bonds maturing on November 1, 2016, are subject to optional redemption on or after November 1, 2006.

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

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

Indentures. The bonds are subject to redemption in part by sinking fund installments beginning November 1, 2008.

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

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

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

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

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

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

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

Advertising and Promotion Commission Bonds

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

The serial bonds as presented on the combined balance sheet include $1,025,538 of unamortized premium. These bonds are collateralized by proceeds of the 2% hotel and gross receipts tax levy.

Central Arkansas Library System

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

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, 2008. Principal and interest are also disclosed for the component units as follows:

Fiscal Year	Primary Government				Component Units	
	General Obligation Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 6,220,000	$ 3,182,929	$ 3,430,000	$ 2,071,820	$ 9,769,106	$ 13,235,827
2010	6,605,000	2,925,205	3,580,000	1,915,498	10,908,285	13,423,472
2011	6,875,000	2,660,368	3,745,000	1,744,627	11,396,052	12,935,998
2012	6,700,000	2,386,570	3,910,000	1,558,560	11,879,932	12,432,675
2013	6,290,000	2,130,471	3,440,000	1,372,815	12,087,385	11,887,559
2014 - 2018	35,650,000	6,128,338	10,050,000	5,040,672	56,627,840	51,430,122
2019 - 2023	10,115,000	1,307,103	9,675,000	2,465,864	48,625,285	39,593,523
2024 - 2028	1,380,000	168,815	3,795,000	621,955	42,119,457	29,976,667
2029 - 2033	-	-	-	-	47,031,071	19,818,292
2034 - 2038	-	-	-	-	47,568,815	6,314,706
	$ 79,835,000	$ 20,889,799	$ 41,625,000	$ 16,791,811	$ 298,013,228	$ 211,048,841

Fiscal Year	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2009	$ 5,819,617	$ 801,994	$ 823,720	$ 2,391
2010	5,120,814	569,459	37,619	1,725
2011	4,339,887	358,257	8,664	300
2012	2,624,771	178,752	-	-
2013	1,091,911	56,766	-	-
	$ 18,997,000	$ 1,965,228	$ 870,003	$ 4,416

Note 5: Interfund Balances and Transfers

Interfund receivables and payables as of December 31, 2008, are as follows:

	Interfund Receivables	Interfund Payables
Primary Government		
Governmental Funds to/from Nonfiduciary Funds		
General fund	$ 12,557,032	$ -
Seized Money fund	-	4,434
Emergency 911 fund	-	837,743
CDBG fund	-	101,014
NHSP fund	-	43,645
HIPP fund	-	26,968
Grant fund	-	1,380,007
2004 Central Arkansas Library	-	283,268
Governmental Funds to/from Fiduciary Funds		
General fund	-	7,098,185
Total governmental funds	12,557,032	9,775,264
Proprietary Funds		
River Market	-	2,253,939
Zoo	-	2,691,576
Vehicle storage	-	503,189
Golf courses	-	4,014,863
Concessions services	-	407,533
Total proprietary funds	-	9,871,100
Fiduciary Funds		
Policemen's pension	3,550,343	1,785
Firemen's pension	3,550,343	9,569
Total fiduciary funds	7,100,686	11,354
Total	$ 19,657,718	$ 19,657,718

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.

Interfund transfers in and transfers out as of December 31, 2008, are as follows:

	Interfund Transfers Out					
	Governmental Funds			Proprietary Funds		
Interfund Transfers In	General	Other Nonmajor Governmental Funds	Internal Service Fund	Waste Disposal	Other Nonmajor Enterprise Funds	Totals
Governmental Funds						
General	$ -	$ 472,026	$ 1,487,049	$ 2,497,708	$ 344,032	$ 4,800,815
Other Nonmajor Governmental Funds	645,610	174,803	130,579	348,700	-	1,299,692
Internal Service Fund	-	146	-	-	-	146
Proprietary Funds						
Presidential Park	-	-	-	-	1,300,000	1,300,000
Waste Disposal	-	32,908	-	-	-	32,908
Other Nonmajor Enterprise Funds	3,422,994	19,047	22,727	-	-	3,464,768
	$ 4,068,604	$ 698,930	$ 1,640,355	$ 2,846,408	$ 1,644,032	$ 10,898,329

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

Note 6: Pension Plans

Pension Trust Funds

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

A. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Determine Fair Value of Investments

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

B. Membership Information

Membership of each Plan consisted of the following at December 31, 2008:

	Policemen's Fund	Firemen's Fund	Nonuniformed Benefit Plan	Nonuniformed Contribution Plan	401 (a) Contribution Plan
Retirees and beneficiaries receiving benefits	288	287	91	-	-
Active plan members	-	1	33	772	34
Members on Deferred Retirement Option Plan (DROP)	29	49	-	-	-
Total	317	337	124	772	34

C. Financial Information

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Contribution Plan	Nonuniformed Benefit Plan	401 (a) Contribution Plan
Statement of Fiduciary Net Assets					
Assets					
Cash and cash equivalents	$ 8,208,847	$ 6,734,982	$ 4,493,710	$ 878,083	$ -
Investments	42,259,977	62,288,200	25,723,651	6,661,572	4,107,599
Receivables	3,675,514	3,864,097	19,542	5,883	116,152
Total assets	54,144,338	72,887,279	30,236,903	7,545,538	4,223,751
Liabilities					
Accrued liabilities	59,653	51,338	-	-	-
Due to other funds	1,785	10,289	-	-	-
Total liabilities	61,438	61,627	0	0	0
Net Assets					
Net assets held in trust for pension benefits	$ 54,082,900	$ 72,825,652	$ 30,236,903	$ 7,545,538	$ 4,223,751
Statement of Changes in Fiduciary Net Assets					
Additions					
Contributions	$ 5,156,234	$ 4,883,404	$ 2,551,513	$ 349,528	$ 703,883
Net investment income (loss)	(11,180,645)	(13,717,723)	(7,214,167)	(2,140,243)	(1,888,787)
Total additions (net of investment loss)	(6,024,411)	(8,834,319)	(4,662,654)	(1,790,715)	(1,184,904)
Deductions					
Benefits paid directly to participants	9,119,034	9,056,399	3,189,662	1,348,104	558,989
Administrative expenses and other	22,394	34,740	179,745	-	-
Total deductions	9,141,428	9,091,139	3,369,407	1,348,104	558,989
Change in Net Assets	(15,165,839)	(17,925,458)	(8,032,061)	(3,138,819)	(1,743,893)
Net Assets Held in Trust For Pension Benefits, Beginning of Year	69,248,739	90,751,110	38,268,964	10,684,357	5,967,644
Net Assets Held in Trust For Pension Benefits, End of Year	$ 54,082,900	$ 72,825,652	$ 30,236,903	$ 7,545,538	$ 4,223,751

D. Plan Descriptions and Funding Information

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

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

Contributions to the Policemen's Fund are set forth in Arkansas statute. The City's contribution to the Policemen's Fund consists of a one mill real and personal property tax collection, an insurance premium tax turnback collected by the State Insurance Commissioner, and a $3 assessment against each court case plus 10% of fines and forfeitures collected. Additionally, the City contributes a percentage of the policemen's salaries, which amounted to 6% during 2008. The participants contributed 6% of their salaries in 2008. Participant contributions are returned without interest if the participant terminates covered employment. Administrative costs are financed by the Policemen's Fund. Total 2008 contributions to the Policemen's Fund were $5,156,234. The City's share of contributions was $4,590,334 and included $3,486,209 in property taxes and $991,897 in state insurance premium taxes and other supplements received from the state. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2008, the City's total payroll for all employees amounted to $93,691,631, including police and fire personnel. Total police personnel payroll amounted to $34,039,687. There are no active police employees covered by this plan.

As of December 31, 2008, the most recent actuarial valuation date, the PPRF was 43% funded. The actuarial accrued liability for benefits was $116,771,703, and the actuarial value of assets was $50,376,143, resulting in an unfunded actuarial accrued liability (UAAL) of $66,395,560. The covered payroll (annual payroll of active employees covered by the plan) was $0 and the ratio of the UAAL to the covered payroll was not applicable as there are no active employees.

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

The ***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 2008. The participants contributed 6% of their salaries in 2008. Participant contributions are returned without interest if the participant terminates covered employment. Contribution provisions applicable to the Fund are established by Arkansas code and may not be less than 6%. Administrative costs are financed through Fund assets approved by the Board of Directors. Total 2008 contributions to the Firemen's Fund were $4,883,404. The City's share of contributions was $4,680,439 and included $3,486,210 in property taxes and $991,264 in state insurance premium taxes. On behalf payments (state insurance premium taxes and other supplements received from the state) are recognized as revenues and expenditures in the appropriate fund.

For the year ended December 31, 2008, the City's total payroll for all employees amounted to $93,691,631, including police and fire personnel. Total fire personnel payroll amounted to $23,414,306. The payroll for active fire employees in the plan amounted to $50,640.

As of December 31, 2008, the most recent actuarial valuation date, the FPRF was 54% funded. The actuarial accrued liability for benefits was $128,371,518, and the actuarial value of assets was $69,120,422 resulting in an unfunded actuarial accrued liability (UAAL) of $59,251,096. The covered payroll (annual payroll of active employees covered by the plan) was $50,640 and the ratio of the UAAL to the covered payroll was 117,005%.

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

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

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

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 2008 were $349,528. Administrative costs are financed by the Nonuniformed Plan Fund.

2008 Annual Pension Cost and Net Pension Obligation (Asset)

	Policemen's Fund	Firemen's Fund	Nonuniformed Plan
Annual required contributions	$ 11,319,361	$ 8,926,574	$ 305,877
Interest on net pension obligation	2,547,743	568,116	-
Adjustment to annual required contribution	(9,296,604)	(2,025,537)	-
Annual pension cost	4,570,500	7,469,153	305,877
Contributions made	4,139,456	4,127,543	349,528
Increase (decrease) in net pension obligation	431,044	3,341,610	(43,651)
Net pension obligation, beginning of the year	42,462,380	9,468,595	305,877
Net pension obligation, end of the year	$ 42,893,424	$ 12,810,205	$ 262,226

Actuarial Assumptions

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

The State of Arkansas Fire and Police Pension Review Board is responsible for the coordination of the actuarial valuations performed on the Policemen's and Firemen's Pension and Relief Funds. Actuarial evaluations are performed biennially and the last evaluation was for the year ended December 31, 2008. Actuarial assumptions used in evaluating the fund include entry age cost method, five year smoothed market for valuing assets, level percent open amortization method, and amortization period of 5 years for active participants and 5 years for retirees, 7% investment rate of return, 4.2% to 8% salary increases, and 4% inflation rate. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at December 31, 2008, was thirty years.

Three-Year Trend Information

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Policemen's Fund	12/31/2006	$ 7,887,798	62%	$ 36,737,276
	12/31/2007	6,780,694	60%	42,462,380
	12/31/2008	4,570,500	91%	42,893,424
Firemen's Fund	12/31/2006	$ 6,963,485	63%	$ 4,366,237
	12/31/2007	9,022,623	43%	9,468,595
	12/31/2008	7,469,153	56%	12,810,205
Nonuniformed Plan	12/31/2006	$ 582,380	109%	$ 582,380
	12/31/2007	305,877	190%	305,877
	12/31/2008	305,877	115%	262,226

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

Agent Multiple-Employer Defined Benefit Pension Plan

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

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

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

For 2008, the City's annual pension cost was $3,247,330 for policemen and $2,974,426 for firemen, which was equal to the required and actual contributions. Neither Plan has a net pension obligation (NPO). The required contributions were determined as part of the December 31, 2007, actuarial valuation using the entry age actuarial cost method.

Actuarial assumptions used were entry age cost method, level percent amortization method, 30 year amortization period for active participants, five year smoothed market valuation method, 8% investment rate of return, 4.1% to 9.1% salary increases, 3% post-retirement annual increases, and 4% inflation. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2007 was 30 years.

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
LOPFI – Policemen	12/31/2006	$ 2,626,371	100%	$ -
	12/31/2007	3,038,453	100%	-
	12/31/2008	3,247,330	100%	-
LOPFI – Firemen	12/31/2006	$ 2,497,129	100%	$ -
	12/31/2007	2,824,518	100%	-
	12/31/2008	2,974,426	100%	-

For the year ended December 31, 2008, the City's total payroll for all employees amounted to $93,691,631, including police and fire personnel. Total police and fire personnel payroll amounted to $34,039,687 and $23,414,306 respectively. Total police and fire covered payroll amounted to $26,607,324 and $19,140,900 respectively. Covered payroll refers to all recurring compensation paid by the City to active employees covered by the Arkansas Local Police and Fire Retirement System.

As of December 31, 2007, the most recent actuarial valuation date, the Police plan was 99% funded. The actuarial accrued liability for benefits was $87,708,314 and the actuarial value of assets was $87,095,526 resulting in an unfunded actuarial accrued liability (UAAL) of $612,788. The covered payroll (annual payroll of active police employees covered by the plan) was $25,257,302 and the ratio of the UAAL to the covered payroll was 2%.

As of December 31, 2007, the most recent actuarial valuation date, the Fire plan was 97% funded. The actuarial accrued liability for benefits was $68,063,672 and the actuarial value of assets was $65,748,849 resulting in an unfunded actuarial accrued liability (UAAL) of $2,314,823. The covered payroll (annual payroll of active police employees covered by the plan) was $18,187,495 and the ratio of the UAAL to the covered payroll was 13%.

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.

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 2008, employer and employee contributions to the Plan were $1,193,596 and $1,414,793, respectively.

The ***401(a) Money Purchase and Trust Retirement Fund*** is a defined contribution pension plan established under Arkansas state law, covering selected employees. Pension expense is recorded for the amount of the City's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by a Board of Trustees. The Plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions and contribution requirements are contained in the plan documents and were established and can be amended by action of the Board of Directors. During 2008, employer and employee contributions to the plan were $291,141 and $412,742 respectively.

Actuarial Assumptions

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

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees Defined Benefit Pension Plan	Local Police and Fire Retirement System – Policemen	Local Police and Fire Retirement System – Firemen
Actuarial valuation date	12/31/2008	12/31/2008	12/31/2007	12/31/2007	12/31/2007
Actuarial cost method	Entry age normal	Entry age normal	Aggregate cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Not applicable	Level percent open	Level percent Open
Remaining amortization period	5 years	5 years	Not applicable	30 years	30 years
Asset valuation method	Market	Market	Market	5-year smoothed market	5-year smoothed market
Actuarial assumptions: Investment rate of return*	7%	7%	8%	8%	8%
Projected salary increases*	4.2-8.0%	4.2-8.0%	4.5%	4.1% - 9.1%	4.1% - 9.1%
*Includes inflation at	4%	4%	0%	4%	4%
Cost-of-living adjustments	None	None	None	None	None

Note 7: Other Post-Employment Benefits

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

Funding Policy: The contribution requirements of plan members are established by the City and may be amended as needed for the first 6 months of retirement. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plan. After paying full premiums for 6 months, members are eligible for City-subsidized rates (75% of the single premium rates are paid by the City). The plan has 151 retired participants who pay monthly premiums between $253 for single coverage and $723 for family coverage.

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

Annual required contribution	$ 885,080
Interest on net OPEB obligation	0
Annual OPEB Cost	885,080
Total annual employer contribution	(885,080)
Increase in net OPEB obligation	0
Net OPEB obligation – beginning of year	0
Net OPEB obligation – end of year	$ 0

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

Service Cost	$ 298,367
Amortization of unfunded obligation	528,811
Interest to end-of-year	57,902
ARC	$ 885,080

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	$885,080	100%	$0

Funded Status and Funding Progress: As of January 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $7,021,378, and the actuarial value of assets was $492,000, resulting in an unfunded actuarial accrued liability (UAAL) of $6,529,378. The covered payroll (annual payroll of active employees covered by the plan) was $93,691,631, and the ratio of the UAAL to the covered payroll was 6.97%.

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

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

In the January 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4% after five years. The UAAL is being amortized on an open basis.

Note 8: Risk Management

Workers' Compensation

The City participates in a self-funded workers' compensation plan. All full-time employees are covered by the plan. It is self-funded to a maximum of $400,000 per occurrence per employee. Coverage amounts in excess of this limit have been obtained by means of a stop loss reinsurance policy. The City records an estimated liability and liquidates that liability within the General Fund based on claims made against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not yet reported based on historical experience. Settlements have not exceeded coverage in each of the past three years. The following represents the changes in approximate aggregate liabilities of the workers' compensation plan for the City for January 1, 2007 to December 31, 2008:

Liability balance, January 1, 2007	$	1,032,807
Claims and changes in estimates		884,486
Claims payments		(807,366)
Liability balance, December 31, 2007		1,109,927
Claims and changes in estimates		829,298
Claims payments		(743,601)
Liability balance, December 31, 2008	$	1,195,624

Insurance Coverage

The City of Little Rock, Arkansas, and its component units have various insurance policies to cover their potential liability risk areas (*i.e.,* automobile, personal property, contents and outside structures and worker's compensation). The type of coverage and the liability limits vary with each entity. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a $2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2007 to 2008; nor have settlement amounts exceeded insurance coverage for each of the past three years.

Note 9: Property Taxes

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

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2008, property taxes receivable and related deferred revenues of $44,643,038 have been recorded in the governmental funds. In the government-wide statement of net assets, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

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

Description	Millage Limit	Levied 2008 for 2009 Collections
General purpose	5.00	5.00
Municipal improvements	3.30	3.30
Library operations	3.30	3.30
Library capital improvement bonds	2.00	2.00
Firemen's relief and pension fund	1.00	1.00
Policemen's pension and relief fund	1.00	1.00
Roads	1.45	1.45
Total	17.05	17.05

Note 10: Landfill Closure and Postclosure Care Cost

Federal and state laws and regulations require the Solid Waste Landfill to close the new landfill that began accepting waste after October 9, 1993, by (1) covering the site with an impermeable cap, (2) implementing additional groundwater monitoring, (3) providing a minimum of 30 years of postclosure care and (4) demonstrating financial assurance for the closure and postclosure care. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The cumulative recognition of this liability of $3,091,717 is based on 16.3% use of Class I Waste total constructed capacity, and 32.1% use of Class IV Waste constructed capacity. The Waste Disposal Fund will recognize, as the remaining capacity is filled, an estimated additional $11,599,345 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 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City Waste Disposal Fund demonstrates financial assurance for closure and postclosure care through the Environmental Protection Agency's Local Government Financial Test, 40 CFR Part 258, Subpart G, dated November 27, 1996. In this test, the City demonstrates that it is capable of meeting its financial obligations at its municipal solid waste landfill facility through a bond rating requirement where all outstanding general obligation bonds have a current investment grade bond rating.

Note 11: Other Required Disclosures

The following governmental and enterprise funds have deficit net assets as of December 31, 2008:

Fund	Deficit Amount
Emergency 911	(227,568)
Grant Fund	(61,833)
Golf Courses	(1,015,694)
Vehicle Storage	(426,349)
Concessions Services	(414,711)
Total deficit net assets	$ (2,146,155)

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

Note 12: Contingencies

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

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

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

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

It is not possible to predict with certainty or exactitude the ultimate outcome of all lawsuits pending or threatened against the City. Based on the current status of all of the legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position. However, events could occur in the near term that would cause these estimates to change materially.

Note 13: Conduit Debt Obligations

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

As of December 31, 2008, the aggregate principal amount payable on these bonds was approximately $348,474,900.

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 accounted for as a jointly governed organization.

Note 15: Change in Accounting Principle

Effective January 1, 2008, the City implemented the following new financial accounting and reporting standard issued by GASB:

- Statement No. 50, *Pension Disclosures*

Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amends applicable note disclosure and RSI requirements of Statements No. 25 and No. 27 to conform with requirements of Statements No. 43 and No. 45.

Note 16: Restatement of Prior Years' Financial Statements

In prior years, the Library chose to expense its book collection, audio/visual materials, etc. at the time of purchase instead of capitalizing and depreciating them over their estimated useful life as capital assets in the financial statements of the governmental activities. During 2008, the Library retroactively changed its accounting its accounting method to include these costs as capital assets. This change increased 2007 change in net assets by $7,584,814.

During the year ended June 30, 2008, the Arkansas Arts Center had an adjustment posted to reduce previously reported net assets and inventory in the amount of $36,723. This adjustment was the result of a computer error that occurred within the perpetual inventory system.

Note 17: Subsequent Event

Subsequent to year end, the Board of Directors approved a $19,950,000 bond issue for the purpose of refunding the 1998 Parks and Recreation Bonds – Series A and for funding the acquisition, construction and equipping of zoo and park and recreational improvements in the City.

Note 18: Current Economic Conditions

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Little Rock, Arkansas
Budgetary Comparison Schedule
General Fund
December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 15,599,990	$ 15,924,490	$ 22,202,198	$ 6,277,708
Sales taxes	65,518,649	65,678,649	66,157,605	478,956
Licenses and permits	10,014,031	9,678,031	9,469,085	(208,946)
Intergovernmental	1,673,782	1,607,782	3,590,572	1,982,790
Charges for services	5,324,040	5,377,040	5,495,098	118,058
Fines and fees	3,881,087	3,588,587	3,578,075	(10,512)
Utility franchise fees	27,096,415	27,758,415	28,083,417	325,002
Investment income and unrealized gains	429,000	106,000	68,147	(37,853)
Miscellaneous	374,600	790,392	1,485,244	694,852
Total revenues	129,911,594	130,509,386	140,129,441	9,620,055
Expenditures				
General government:				
General administration	22,445,287	21,425,143	22,113,222	(688,079)
Board of directors	285,413	284,705	252,324	32,381
Community programs	391,688	375,852	3,601,852	(3,226,000)
City attorney	1,609,548	1,551,923	1,482,636	69,287
District court-first division (criminal)	1,262,633	1,249,135	1,248,199	936
District court-third division (environmental)	498,787	462,054	458,595	3,459
District court-second division (traffic)	1,189,256	1,181,691	1,138,090	43,601
Finance	2,701,881	2,561,425	2,519,311	42,114
Human resources	1,414,271	1,369,849	1,360,598	9,251
Information technology	3,174,980	2,906,688	2,762,586	144,102
Planning and development	2,242,802	1,950,635	1,910,543	40,092
Total general government	37,216,546	35,319,100	38,847,956	(3,528,856)
Public works	1,351,537	1,375,141	1,567,583	(192,442)
Parks and recreation services	7,552,025	7,349,338	8,229,930	(880,592)
Fire	31,486,855	31,952,145	36,263,718	(4,311,573)
Police	47,889,488	46,398,440	51,931,385	(5,532,945)
Housing and neighborhood programs	4,317,227	3,768,670	4,423,235	(654,565)
Vacancy savings	(4,751,665)	(134,172)	-	(134,172)
Total expenditures	125,062,013	126,028,662	141,263,807	(15,235,145)
Excess (Deficiency) of Revenues Over Expenditures	4,849,581	4,480,724	(1,134,366)	(5,615,090)
Other Financing Sources (Uses)				
Transfers In	4,160,412	4,640,844	4,800,815	159,971
Transfers Out	(9,009,963)	(9,099,964)	(4,068,604)	5,031,360
Total other financing sources (uses)	(4,849,551)	(4,459,120)	732,211	5,191,331
Net Change in Fund Balances	30	21,604	(402,155)	(423,759)
Fund Balances, Beginning of Year	17,729,183	17,729,183	17,729,183	-
Fund Balances, End of Year	$ 17,729,213	$ 17,750,787	$ 17,327,028	$ (423,759)

City of Little Rock, Arkansas
Notes to Required Supplementary Information
December 31, 2008

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 2008.

Appropriations for special projects are made each year by the Board of Directors to finance specific events and capital outlays. These projects are carried forward each year until they are fully expended or repealed by Board of Directors' ordinance.

The City prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at the end of each year. The *Budgetary Comparison Schedule – General Fund* presents the original and revised budget amounts in comparison to the actual amounts of revenues and expenditures for the current year.

City of Little Rock, Arkansas

Defined Benefit Pension Plans – Required Supplementary Information

Schedules of Employer Contributions

Year Ended December 31, 2008

	Year Ended December 31,	Annual Required Contribution	Percentage Contributed
Policemen's Pension and Relief Fund	2003	12,179,357	35%
	2004	12,390,853	48%
	2005	12,390,853	62%
	2006	12,702,038	34%
	2007	12,702,038	39%
	2008	11,319,361	37%
Firemen's Pension and Relief Fund	2003	5,129,504	63%
	2004	5,161,220	86%
	2005	5,161,220	79%
	2006	7,275,892	79%
	2007	8,175,513	60%
	2008	8,926,574	46%
Nonuniformed Employees' Defined Benefit Pension Plan	2003	1,461,740	100%
	2004	598,970	33%
	2005	637,219	145%
	2006	582,380	94%
	2007	305,877	109%
	2008	305,877	114%
Local Police and Fire Retirement System – Policemen	2003	1,126,749	100%
	2004	1,558,722	100%
	2005	2,511,092	100%
	2006	2,626,371	100%
	2007	3,038,453	100%
	2008	3,247,330	100%
Local Police and Fire Retirement System – Firemen	2003	707,630	100%
	2004	1,326,107	100%
	2005	2,174,645	100%
	2006	2,497,129	100%
	2007	2,824,518	100%
	2008	2,974,426	100%

City of Little Rock, Arkansas

Defined Benefit Pension Plans – Required Supplementary Information

Schedules of Funding Progress

Year Ended December 31, 2008

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)	Excess As A Percentage Of Covered Payroll ((a-b)/c)
Policemen's Pension and Relief Fund	12/31/99	$ 76,251,437	$ 106,616,118	$ 30,364,681	72%	$ 1,629,510	1863%	
	12/31/01	59,371,210	116,064,322	56,693,112	51%	769,767	7365%	
	12/31/03	61,704,750	119,454,990	57,750,240	52%	150,796	38297%	
	12/31/05	59,958,266	119,335,328	59,377,062	50%	-	N/A	
	12/31/07	66,039,832	118,412,550	52,372,718	56%	-	N/A	
	12/31/08	50,376,143	116,771,703	66,395,560	43%	-	N/A	
Firemen's Pension and Relief Fund	12/31/99	85,047,916	92,470,542	7,422,626	92%	4,050,671	183%	
	12/31/01	81,627,419	105,512,669	23,885,250	77%	3,162,756	755%	
	12/31/03	84,772,761	106,719,410	21,946,649	79%	2,363,860	928%	
	12/31/05	84,064,932	122,001,989	37,937,057	69%	278,939	13600%	
	12/31/07	87,533,202	129,213,518	41,680,316	68%	51,914	80287%	
	12/31/08	69,120,422	128,371,518	59,251,096	54%	50,640	117005%	
Local Police and Fire Retirement System - Policemen	12/31/02	52,180,728	41,432,227	(10,748,501)	126%	18,888,048		57%
	12/31/03	56,488,789	48,538,609	(7,950,180)	116%	18,981,150		42%
	12/31/04	58,678,303	60,913,436	2,235,133	96%	20,415,382	11%	
	12/31/05	66,004,978	67,925,639	1,920,661	97%	21,266,161	9%	
	12/31/06	74,905,451	76,842,810	1,937,359	97%	23,570,761	8%	
	12/31/07	87,095,526	87,708,314	612,788	99%	25,257,302	2%	
Local Police and Fire Retirement System - Firemen	12/31/02	34,862,469	26,909,531	(7,952,938)	130%	12,055,371		66%
	12/31/03	38,223,188	35,328,198	(2,894,990)	108%	13,368,014		22%
	12/31/04	40,512,700	47,400,387	6,887,687	85%	14,997,552	46%	
	12/31/05	46,596,328	52,990,455	6,394,127	88%	16,110,508	40%	
	12/31/06	55,563,161	58,575,344	3,012,183	95%	16,444,539	18%	
	12/31/07	65,748,849	68,063,672	2,314,823	97%	18,187,495	13%	

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

City of Little Rock, Arkansas

Required Supplemental Information
Other Post-Employment Benefit Plans
Schedule of Funding Progress
Year Ended December 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1/1/2007	$ 0	$5,832,000	$5,832,000	0.0%	$84,153,636	6.93%
1/1/2008	$492,000	$7,021,378	$6,529,378	0.0%	$93,691,631	6.97%

*Health Management Trust

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

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

2004 CENTRAL ARKANSAS LIBRARY – 2004A & 2004B Library Improvement and Refunding Bonds are limited obligations payable through 2024. The 2004 Library Bonds were issued to refund the 1999B and 2002 Library Improvement Bonds and to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries. Funding is obtained from the collections of the Library tax.

2008 CENTRAL ARKANSAS LIBRARY – The 2008 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.

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

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

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

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

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

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

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

2008 CENTRAL ARAKANSAS LIBRARY CAPITAL IMPROVEMENTS – Accounts for the proceeds of the 2008 Library Improvement Bonds to finance the cost of acquiring, constructing and equipping capital improvements to the public city libraries operated by the City and the Central Arkansas Library System, and to pay the costs of issuance of the bonds.

City of Little Rock, Arkansas
Combining Balance Sheet
Governmental Funds – Nonmajor
December 31, 2008

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	$ 3,675,479	$ 1,687,409	$ 5,160,028	$ 10,522,916
Restricted cash	-	1,603,141	601,346	2,204,487
Investments	2,836,791	1,461,805	4,651,161	8,949,757
Accounts receivable	10,434,886	7,094,599	-	17,529,485
Interest receivable	27,458	14,150	43,270	84,878
Inventories	835,871	-	-	835,871
Prepaid expenditures and other	407,584	-	-	407,584
Total assets	$ 18,218,069	$ 11,861,104	$ 10,455,805	$ 40,534,978
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 1,025,058	$ -	$ 296,501	$ 1,321,559
Due to other funds	2,389,377	283,268	-	2,672,645
Deferred revenue	6,389,184	9,700,237	-	16,089,421
Total liabilities	9,803,619	9,983,505	296,501	20,083,625
Fund Balances				
Reserved	1,891,399	-	-	1,891,399
Unreserved	6,523,051	1,877,599	10,159,304	18,559,954
Total fund balances	8,414,450	1,877,599	10,159,304	20,451,353
Total liabilities and fund balances	$ 18,218,069	$ 11,861,104	$ 10,455,805	$ 40,534,978

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - Nonmajor

Year Ended December 31, 2008

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
General property taxes	$ 4,585,743	$ 3,216,780	$ -	$ 7,802,523
Licenses and permits	24,561	-	-	24,561
Intergovernmental	21,069,924	-	-	21,069,924
Charges for services	2,141,182	-	-	2,141,182
Fines and fees	516,599	-	-	516,599
Utility franchise taxes	-	1,725,993	-	1,725,993
Investment income and unrealized gains	176,644	96,328	366,067	639,039
Contributions and donations	219,816	-	-	219,816
Miscellaneous	1,421,039	2,453	-	1,423,492
Total revenues	30,155,508	5,041,554	366,067	35,563,129
Expenditures				
General government				
General administration	871,950	-	5,544	877,494
Community programs	108,897	-	-	108,897
District court - first division (criminal)	12,560	-	-	12,560
District court - second division (traffic)	51,396	-	-	51,396
Finance	21,817	-	258,913	280,730
Human resource	493,661	-	161	493,822
Information technology	-	-	334,677	334,677
Planning and development	71,358	-	-	71,358
Total general government	1,631,639	-	599,295	2,230,934
Public works	17,312,347	-	2,117,401	19,429,748
Parks and recreation services	1,380,040	-	874,813	2,254,853
Zoo	237,704	-	129,803	367,507
Fire	615,078	-	263,839	878,917
Police	2,891,621	-	605,561	3,497,182
Fleet	57,360	-	31,284	88,644
Education	-	-	8,372,418	8,372,418
Housing and neighborhood programs	3,339,036	-	304,500	3,643,536
Debt service				
Principal	-	3,510,000	-	3,510,000
Interest	-	1,471,567	-	1,471,567
Agent fees	-	11,710	-	11,710
Total expenditures	31,689,859	4,993,277	13,298,914	49,982,050
Excess (Deficiency) of Revenues Over Expenditures	(1,534,351)	48,277	(12,932,847)	(14,418,921)
Other Financing Sources (Uses)				
Long-term debt issuance	-	-	8,991,500	8,991,500
Transfers in	1,299,688	3	215,758	1,515,449
Transfers out	(498,927)	-	(415,758)	(914,685)
Total other financing sources	800,761	3	8,791,500	9,592,264
Net Change in Fund Balances	(733,590)	48,280	(4,141,347)	(4,826,657)
Fund Balances, Beginning of Year	9,148,040	1,829,319	14,300,651	25,278,010
Fund Balances, End of Year	$ 8,414,450	$ 1,877,599	$ 10,159,304	$ 20,451,353

City of Little Rock, Arkansas
Combining Balance Sheet
Special Revenue Funds - Nonmajor
December 31, 2008

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Assets									
Cash and cash equivalents	$ 1,194,011	$ 1,334,250	$ 749,992	$ -	$ -	$ 72,024	$ 220,901	$ 104,301	$ 3,675,479
Investments	1,033,809	1,153,263	649,719	-	-	-	-	-	2,836,791
Accounts receivable	6,499,987	26,605	-	202,594	3,665,639	18,572	-	21,489	10,434,886
Interest receivable	10,006	11,163	6,289	-	-	-	-	-	27,458
Inventories	-	-	-	-	-	227,462	-	608,409	835,871
Prepaid expenditures and other	-	-	-	407,584	-	-	-	-	407,584
Total assets	$ 8,737,813	$ 2,525,281	$ 1,406,000	$ 610,178	$ 3,665,639	$ 318,058	$ 220,901	$ 734,199	$ 18,218,069
Liabilities and Fund Balances									
Liabilities									
Accounts payable	$ 51,402	$ 83,645	$ 61,752	$ -	$ 756,840	$ 24,232	$ 377	$ 46,810	$ 1,025,058
Due to other funds	-	-	-	837,743	1,380,007	101,014	43,645	26,968	2,389,377
Deferred revenue	4,773,139	25,420	-	-	1,590,625	-	-	-	6,389,184
Total liabilities	4,824,541	109,065	61,752	837,743	3,727,472	125,246	44,022	73,778	9,803,619
Fund Balances									
Reserved									
Developer contribution account	-	1,258,504	-	-	-	-	-	-	1,258,504
Stormwater retention	-	290,110	-	-	-	-	-	-	290,110
Court automation	-	155,663	-	-	-	-	-	-	155,663
Special projects - ADA	187,122	-	-	-	-	-	-	-	187,122
Total reserved	187,122	1,704,277	-	-	-	-	-	-	1,891,399
Unreserved	3,726,150	711,939	1,344,248	(227,565)	(61,833)	192,812	176,879	660,421	6,523,051
Total fund balances (deficit)	3,913,272	2,416,216	1,344,248	(227,565)	(61,833)	192,812	176,879	660,421	8,414,450
Total liabilities and fund balances (deficits)	$ 8,737,813	$ 2,525,281	$ 1,406,000	$ 610,178	$ 3,665,639	$ 318,058	$ 220,901	$ 734,199	$ 18,218,069

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Funds - Nonmajor

Year Ended December 31, 2008

	Street	Special Projects	Infrastructure	Emergency 911	Grant Fund	CDBG	NHSP	HIPP	Total
Revenues									
General property taxes	$ 4,585,743	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,585,743
Licenses and permits	-	24,561	-	-	-	-	-	-	24,561
Intergovernmental	8,343,751	450,247	-	-	9,552,758	1,330,275	7,727	1,385,166	21,069,924
Charges for services	281,936	534,394	-	1,324,852	-	-	-	-	2,141,182
Fines and fees	-	516,534	-	65	-	-	-	-	516,599
Investment income and unrealized gains	64,090	52,204	46,843	4,374	9,133	-	-	-	176,644
Contribution and donations	-	219,816	-	-	-	-	-	-	219,816
Miscellaneous	88,985	902,608	-	-	-	(63,476)	204,285	288,637	1,421,039
Total revenues	13,364,505	2,700,364	46,843	1,329,291	9,561,891	1,266,799	212,012	1,673,803	30,155,508
Expenditures									
General government									
General administration	-	163,085	-	-	708,865	-	-	-	871,950
Community programs	-	53,214	-	-	55,683	-	-	-	108,897
District court - first division (criminal)	-	12,560	-	-	-	-	-	-	12,560
District court - second division (traffic)	-	51,396	-	-	-	-	-	-	51,396
Finance	-	21,817	-	-	-	-	-	-	21,817
Human resource	-	493,661	-	-	-	-	-	-	493,661
Information technology	-	-	-	-	-	-	-	-	-
Planning and development	-	25,965	-	-	45,393	-	-	-	71,358
Total general government	-	821,698	-	-	809,941	-	-	-	1,631,639
Public works	13,934,182	147,706	109,167	-	3,121,292	-	-	-	17,312,347
Parks and recreation services	70,316	933,133	-	-	376,591	-	-	-	1,380,040
Zoo	-	-	-	-	237,704	-	-	-	237,704
Fire	-	333,244	-	-	281,834	-	-	-	615,078
Police	-	229,599	-	2,362,918	299,104	-	-	-	2,891,621
Fleet	-	57,360	-	-	-	-	-	-	57,360
Economic development	-	-	-	-	4,225,034	-	-	-	4,225,034
Housing and neighborhood programs	-	186,714	-	-	-	1,346,674	225,374	1,580,274	3,339,036
Total expenditures	14,004,498	2,709,454	109,167	2,362,918	9,351,500	1,346,674	225,374	1,580,274	31,689,859
Excess (Deficiency) of Revenues Over Expenditures	(639,993)	(9,090)	(62,324)	(1,033,627)	210,391	(79,875)	(13,362)	93,529	(1,534,351)
Other Financing Sources (Uses)									
Transfers in	1,258,764	40,924	-	-	-	-	-	-	1,299,688
Transfers out	(211,563)	(15,537)	-	-	(271,827)	-	-	-	(498,927)
Total other financing sources (uses)	1,047,201	25,387	-	-	(271,827)	-	-	-	800,761
Net Change in Fund Balances	407,208	16,297	(62,324)	(1,033,627)	(61,436)	(79,875)	(13,362)	93,529	(733,590)
Fund Balances, Beginning of Year	3,506,064	2,399,919	1,406,572	806,062	(397)	272,687	190,241	566,892	9,148,040
Fund Balances, End of Year	$ 3,913,272	$ 2,416,216	$ 1,344,248	$ (227,565)	$ (61,833)	$ 192,812	$ 176,879	$ 660,421	$ 8,414,450

City of Little Rock, Arkansas
Combining Balance Sheet
Debt Service Funds - Nonmajor
December 31, 2008

	2007 Capital Improvements	2002 Junior Lien	2004 Central Arkansas Library	2008 Central Arkansas Library	Total
Assets					
Cash and cash equivalents	$ 5,214	$ 11,996	$ -	$ 1,670,199	$ 1,687,409
Restricted cash	236	29	1,600,047	2,829	1,603,141
Investments	4,517	10,392	-	1,446,896	1,461,805
Accounts receivable	-	-	7,094,599	-	7,094,599
Interest receivable	43	101	-	14,006	14,150
Total assets	$ 10,010	$ 22,518	$ 8,694,646	$ 3,133,930	$ 11,861,104
Liabilities and Fund Balances					
Liabilities					
Due to other funds	$ -	$ -	$ 283,268	-	$ 283,268
Deferred revenue	-	-	6,584,981	3,115,256	9,700,237
Total liabilities	-	-	6,868,249	3,115,256	9,983,505
Fund Balances					
Unreserved	10,010	22,518	1,826,397	18,674	1,877,599
Total fund balances	10,010	22,518	1,826,397	18,674	1,877,599
Total liabilities and fund balances	$ 10,010	$ 22,518	$ 8,694,646	$ 3,133,930	$ 11,861,104

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Debt Service Funds - Nonmajor

Year Ended December 31, 2008

	2007 Capital Improvements	2002 Junior Lien	2004 Central Arkansas Library	2008 Central Arkansas Library	Total
Revenues					
General property taxes	$ -	$ -	$ 3,216,780	$ -	$ 3,216,780
Utility franchise fees	1,410,546	315,447	-	-	1,725,993
Investment income and unrealized gains	28,999	6,935	44,540	15,854	96,328
Miscellaneous	-	99	2,354	-	2,453
Total revenues	1,439,545	322,481	3,263,674	15,854	5,041,554
Expenditures					
Principal	870,000	200,000	2,440,000	-	3,510,000
Interest	569,788	115,448	789,153	(2,822)	1,471,567
Agent Fees	2,186	2,248	7,274	2	11,710
Total expenditures	1,441,974	317,696	3,236,427	(2,820)	4,993,277
Excess (Deficiency) of Revenues Over Expenditures	(2,429)	4,785	27,247	18,674	48,277
Other Financing Sources (Uses)					
Transfers in	-	-	3	-	3
Total other financing sources	-	-	3	-	3
Net Change in Fund Balances	(2,429)	4,785	27,250	18,674	48,280
Fund Balances, Beginning of Year	12,439	17,733	1,799,147	-	1,829,319
Fund Balances, End of Year	$ 10,010	$ 22,518	$ 1,826,397	$ 18,674	$ 1,877,599

City of Little Rock, Arkansas
Combining Balance Sheet
Capital Project Funds - Nonmajor
December 31, 2008

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2007 Capital Improvements	2008 Central Arkansas Library Capital Improvements	Total
Assets								
Cash and cash equivalents	$ 861,511	$ 23,335	$ 636,876	$ 2,937,097	$ -	$ 701,209	$ -	$ 5,160,028
Restricted cash	468	-	-	-	201	-	600,677	601,346
Investments	746,328	20,215	551,726	2,544,409	-	607,457	181,026	4,651,161
Interest receivable	7,224	196	5,341	24,629	-	5,880	-	43,270
Total assets	$ 1,615,531	$ 43,746	$ 1,193,943	$ 5,506,135	$ 201	$ 1,314,546	$ 781,703	$ 10,455,805
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 175,991	$ 5,000	$ 37,792	$ 47,851	$ -	$ 29,867	$ -	$ 296,501
Total liabilities	175,991	5,000	37,792	47,851	-	29,867	-	296,501
Fund Balances								
Unreserved	1,439,540	38,746	1,156,151	5,458,284	201	1,284,679	781,703	10,159,304
Total liabilities and fund balances	$ 1,615,531	$ 43,746	$ 1,193,943	$ 5,506,135	$ 201	$ 1,314,546	$ 781,703	$ 10,455,805

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Project Funds - Nonmajor

Year Ended December 31, 2008

	1998 Capital Improvements	1995 Capital Improvements	1988 Capital Improvements	Short-Term Financing	2004 Central Arkansas Library Capital Improvements	2007 Capital Improvements	2008 Central Arkansas Library Capital Improvements	Total
Revenues								
Investment income and unrealized gains	$ 66,058	$ 1,566	$ 41,418	$ 127,404	$ 66,780	$ 53,356	$ 9,485	$ 366,067
Total revenues	66,058	1,566	41,418	127,404	66,780	53,356	9,485	366,067
Expenditures								
General government								
General administration	-	-	-	5,544	-	-	-	5,544
Finance	-	-	-	258,913	-	-	-	258,913
Human resource	-	-	-	161	-	-	-	161
Information technology	-	-	-	334,677	-	-	-	334,677
Total general government	-	-	-	599,295	-	-	-	599,295
Public works	1,306,588	10,001	215,652	266,640	-	318,520	-	2,117,401
Parks and recreation services	-	-	-	707,652	-	167,161	-	874,813
Zoo	-	-	-	61,262	-	68,541	-	129,803
Fire	-	-	-	211,998	-	51,841	-	263,839
Police	-	-	-	488,796	-	116,765	-	605,561
Fleet	-	-	-	31,284	-	-	-	31,284
Education	-	-	-	-	5,144,636	-	3,227,782	8,372,418
Housing and neighborhood programs	-	-	-	290,310	-	14,190	-	304,500
Total expenditures	1,306,588	10,001	215,652	2,657,237	5,144,636	737,018	3,227,782	13,298,914
Excess (Deficiency) of Revenues Over Expenditures	(1,240,530)	(8,435)	(174,234)	(2,529,833)	(5,077,856)	(683,662)	(3,218,297)	(12,932,847)
Other Financing Sources (Uses)								
Long-term debt issuance	-	-	-	4,991,500	-	-	4,000,000	8,991,500
Transfers in	-	-	-	-	-	215,758	-	215,758
Transfers out	-	-	-	(200,000)	-	(215,758)	-	(415,758)
Total other financing sources (uses)	-	-	-	4,791,500	-	-	4,000,000	8,791,500
Net Change in Fund Balances	(1,240,530)	(8,435)	(174,234)	2,261,667	(5,077,856)	(683,662)	781,703	(4,141,347)
Fund Balances, Beginning of Year	2,680,070	47,181	1,330,385	3,196,617	5,078,057	1,968,341	0	14,300,651
Fund Balances, End of Year	$ 1,439,540	$ 38,746	$ 1,156,151	$ 5,458,284	$ 201	$ 1,284,679	$ 781,703	$ 10,159,304

City of Little Rock, Arkansas
Budgetary Comparison Schedule
Street Fund
Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
General Property taxes	$ 4,485,400	$ 4,485,400	$ 4,585,743	$ 100,343
Intergovernmental	8,777,200	8,327,200	8,343,751	16,551
Charges for services	22,400	22,400	281,936	259,536
Investment income	93,005	93,005	64,090	(28,915)
Miscellaneous	92,000	125,495	88,985	(36,510)
Total revenues	13,470,005	13,053,500	13,364,505	311,005
Expenditures				
Public works	14,437,442	14,409,584	13,934,182	475,402
Parks and recreation services	-	-	70,316	(70,316)
Total expenditures	14,437,442	14,409,584	14,004,498	405,086
Deficiency of Revenues Over Expenditures	(967,437)	(1,356,084)	(639,993)	716,091
Other Financing Sources (Uses)				
Transfers In	1,429,000	1,559,579	1,258,764	(300,815)
Transfers Out	(461,563)	(461,563)	(211,563)	250,000
Total other financing sources	967,437	1,098,016	1,047,201	(50,815)
Net Change in Fund Balances	-	(258,068)	407,208	665,276
Fund Balances, Beginning of Year	3,506,064	3,506,064	3,506,064	-
Fund Balances, End of Year	$ 3,506,064	$ 3,247,996	$ 3,913,272	$ 665,276

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

City of Little Rock, Arkansas
Combining Statement of Fund Net Assets
Enterprise Funds – Nonmajor
December 31, 2008

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Assets							
Current assets							
Cash and cash equivalents	$ 100	$ 40,510	$ 300	$ 2,258	$ 340,757	$ 649	$ 384,574
Investments	-	28,596	-	-	295,159	-	323,755
Contributions receivable	14,294	-	-	-	-	-	14,294
Accrued interest	-	277	-	-	2,857	-	3,134
Inventories	-	132,354	-	-	-	-	132,354
Total current assets	14,394	201,737	300	2,258	638,773	649	858,111
Noncurrent assets			-				
Capital assets							
Land	2,339,530	1,259,387	-	2,803,940	-	-	6,402,857
Land improvements	-	1,832,536	169,104	-	76,606	-	2,078,246
Construction in progress	88,118	320,042	-	-	-	-	408,160
Buildings and improvements	3,545,347	5,742,768	37,119	366,341	3,547,536	-	13,239,111
Vehicles	-	394,884	49,479	552,508	20,146	17,133	1,034,150
Furniture and equipment	49,061	1,165,277	-	691,825	524,634	6,498	2,437,295
	6,022,056	10,714,894	255,702	4,414,614	4,168,922	23,631	25,599,819
Less accumulated depreciation	943,547	1,562,827	65,137	1,026,769	1,234,410	21,268	4,853,958
Net capital assets	5,078,509	9,152,067	190,565	3,387,845	2,934,512	2,363	20,745,861
Total noncurrent assets	5,078,509	9,152,067	190,565	3,387,845	2,934,512	2,363	20,745,861
Total assets	$ 5,092,903	$ 9,353,804	$ 190,865	$ 3,390,103	$ 3,573,285	$ 3,012	$ 21,603,972

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Liabilities and Net Assets							
Current liabilities							
Accounts payable	$ 91,160	$ 86,764	$ 2,447	$ 53,366	$ 16,077	$ 8,127	$ 257,941
Due to other funds	2,253,939	2,691,576	503,189	4,014,863	-	407,533	9,871,100
Accrued wages payable and related liabilities	291	-	-	-	-	-	291
Accrued expenses and other	-	548	-	-	-	-	548
Compensated absences - current portion	17,227	138,150	29,389	82,461	45,825	1,844	314,896
Capital lease obligation - current portion	-	-	-	103,443	-	-	103,443
Unearned revenue	-	-	65,429	-	-	-	65,429
Total current liabilities	2,362,617	2,917,038	600,454	4,254,133	61,902	417,504	10,613,648
Noncurrent liabilities							
Capital lease obligation	-	-	-	85,115	-	-	85,115
Compensated absences	6,767	106,189	16,760	66,549	57,132	219	253,616
Total noncurrent liabilities	6,767	106,189	16,760	151,664	57,132	219	338,731
Total liabilities	2,369,384	3,023,227	617,214	4,405,797	119,034	417,723	10,952,379
Net Assets (Deficit)							
Invested in capital assets, net of related debt	5,078,509	9,152,067	190,565	3,387,845	2,934,512	2,363	20,745,861
Restricted - expendable Zoo promotions	-	114,592	-	-	-	-	114,592
Unrestricted (deficit)	(2,354,990)	(2,936,082)	(616,914)	(4,403,539)	519,739	(417,074)	(10,208,860)
Total net assets (deficit)	2,723,519	6,330,577	(426,349)	(1,015,694)	3,454,251	(414,711)	10,651,593
Total liabilities and net assets (deficit)	$ 5,092,903	$ 9,353,804	$ 190,865	$ 3,390,103	$ 3,573,285	$ 3,012	$ 21,603,972

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Enterprise Funds – Nonmajor

Year Ended December 31, 2008

	River Market	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concessions Services	Total
Operating Revenues							
Charges for services	$ 228,051	$ 2,573,727	$ 1,291,575	$ 1,510,430	$ 679,387	$ 48,171	$ 6,331,341
Licenses and permits	-	-	9,080	-	-	-	9,080
Fines and fees	28,656	-	-	765	-	-	29,421
Miscellaneous	11,886	(287)	-	6,700	16,941	-	35,240
Total operating revenues	268,593	2,573,440	1,300,655	1,517,895	696,328	48,171	6,405,082
Operating Expenses							
Salaries, wages and employee benefits	396,286	2,460,070	594,592	1,385,062	525,263	76,461	5,437,734
Supplies and materials	65,830	737,871	34,913	277,022	57,631	59,485	1,232,752
Services	625,515	1,031,419	574,009	617,534	230,148	8,597	3,087,222
Repairs and maintenance	206,520	162,227	17,483	347,166	34,303	4,586	772,285
Other	-	10,130	3,627	-	1,177	-	14,934
Depreciation and amortization	98,653	356,721	25,621	156,363	174,597	-	811,955
Total expenses	1,392,804	4,758,438	1,250,245	2,783,147	1,023,119	149,129	11,356,882
Operating Income (Loss)	(1,124,211)	(2,184,998)	50,410	(1,265,252)	(326,791)	(100,958)	(4,951,800)
Nonoperating Revenues							
Interest income	-	5,832	-	-	18,279	-	24,111
Interest expense	-	-	-	(12,087)	-	-	(12,087)
Net nonoperating revenues	-	5,832	-	(12,087)	18,279	-	12,024
Income (Loss) Before Contributions and Transfers	(1,124,211)	(2,179,166)	50,410	(1,277,339)	(308,512)	(100,958)	(4,939,776)
Contributions	242,472	2,009,431	-	-	-	98	2,252,001
Transfers In	257,589	1,787,976	966	998,922	370,101	49,213	3,464,767
Transfers Out	(96,941)	(458,945)	(303,134)	(619,235)	(165,777)	-	(1,644,032)
	403,120	3,338,462	(302,168)	379,687	204,324	49,311	4,072,736
Changes in Net Assets	(721,091)	1,159,296	(251,758)	(897,652)	(104,188)	(51,647)	(867,040)
Net Assets (Deficit), Beginning of Year	3,444,610	5,171,281	(174,591)	(118,042)	3,558,439	(363,064)	11,518,633
Net Assets (Deficit), End of Year	$ 2,723,519	$ 6,330,577	$ (426,349)	$ (1,015,694)	$ 3,454,251	$ (414,711)	$ 10,651,593

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor
Year Ended December 31, 2008

	River front Park	Zoo	Vehicle Storage	Golf Courses	Fitness Center	Concession Services	Total
Operating Activities							
Receipts from customers	$ 256,707	$ 2,573,727	$ 1,291,575	$ 1,511,195	$ 679,387	$ 48,171	$ 6,360,762
Other receipts	11,886	-	9,080	6,700	16,941	-	44,607
Payments to employees	(394,795)	(2,442,061)	(605,260)	(535,033)	(514,292)	(27,183)	(4,518,624)
Payments to suppliers	(50,072)	(734,607)	(34,913)	(277,022)	(57,631)	(57,318)	(1,211,563)
Payments to service providers	(273,591)	(889,775)	(573,028)	(619,945)	(221,508)	(6,858)	(2,584,705)
Other payments	134,864	252,287	223,221	(338,334)	(35,480)	(6,325)	230,233
Net cash provided by (used in) operating activities	(315,001)	(1,240,429)	310,675	(252,439)	(132,583)	(49,513)	(1,679,290)
Noncapital Financing Activities							
Transfers from other funds	257,589	1,787,976	966	998,922	370,101	49,213	3,464,767
Transfers to other funds	(96,941)	(458,945)	(303,134)	(619,235)	(165,777)	-	(1,644,032)
Net cash provided by (used in) noncapital financing activities	160,648	1,329,031	(302,168)	379,687	204,324	49,213	1,820,735
Capital and Related Financing Activities							
Capital contributions	242,471	2,009,431	-	-	-	99	2,252,001
Lease payment	-	-	-	(91,356)	-	-	(91,356)
Interest paid	-	-	-	(12,087)	-	-	(12,087)
Purchase of capital assets	(88,118)	(2,288,889)	(8,507)	(23,706)	1,105	-	(2,408,115)
Net cash provided by (used in) capital and related financing activities	154,353	(279,458)	(8,507)	(127,149)	1,105	99	(259,557)
Investing Activities							
Proceeds from sale of investments	-	4,266,554	-	-	1,110,033	-	5,376,587
Purchase of investments	-	(4,098,888)	-	-	(972,692)	-	(5,071,580)
Interest income	-	5,829	-	-	19,500	-	25,329
Net cash provided by (used in) investing activities	0	173,495	0	0	156,841	0	330,336
Increase (Decrease) in Cash and Cash Equivalents	0	(17,361)	0	99	229,687	(201)	212,224
Cash and Cash Equivalents, Beginning of Year	100	57,871	300	2,159	111,070	850	172,350
Cash and Cash Equivalents, End of Year	$ 100	$ 40,510	$ 300	$ 2,258	$ 340,757	$ 649	$ 384,574
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities							
Operating income (loss)	$ (1,124,211)	$ (2,184,998)	$ 50,410	$ (1,265,252)	$ (326,791)	$ (100,958)	$ (4,951,800)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization expense	98,653	356,721	25,621	156,363	174,597	-	811,955
Gain on disposal of assets	-	-	-	8,832	-	-	8,832
Changes in assets and liabilities							
Receivables, net	(14,294)	1,574	-	-	-	-	(12,720)
Due to/due from other funds, net	693,308	554,888	244,332	833,814	-	55,313	2,381,655
Prepaid expenses	-	-	-	-	-	-	0
Inventories	-	1,690	-	-	-	-	1,690
Accounts payable	30,267	11,687	1,100	(2,411)	8,640	2,167	51,450
Accrued expenses	1,276	18,009	(10,788)	16,215	10,971	(6,035)	29,648
Net cash provided by (used in) operating activities	$ (315,001)	$ (1,240,429)	$ 310,675	$ (252,439)	$ (132,583)	$ (49,513)	$ (1,679,290)

FIDUCIARY FUNDS

TRUST FUNDS

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

AGENCY FUND

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

City of Little Rock, Arkansas
Combining Statement of Fiduciary Net Assets
December 31, 2008

	Employee Retirement Plans						
	Policemen's Pension And Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	Total
Assets							
Cash and cash equivalents	$ 8,208,847	$ 6,734,982	$ 4,493,710	$ 878,083	$ -	650,188	$ 20,965,810
Investments							-
U. S. government obligations	6,304,478	28,776,364	1,175,476	201,740	-	0	36,458,058
Equities	19,550,291	23,456,373	8,803,503	2,477,705	-	275,612	54,563,484
Mutual funds and other investments	16,405,208	10,055,463	15,744,672	3,982,127	4,107,599	105,511	50,400,580
Receivables							
Accounts receivable	219				116,152		116,371
Due from other funds	3,550,343	3,550,343	-	-	-	0	7,100,686
Contributions	7,926	14,827	(65)	-	-	0	22,688
Accrued interest and dividends	117,026	298,927	19,607	5,883	-	1,450	442,893
Total assets	54,144,338	72,887,279	30,236,903	7,545,538	4,223,751	1,032,761	170,070,570
Liabilities							
Accounts payable	-	-	-	-	-	-	-
Accrued liabilities	59,653	51,338	-	-	-	-	110,991
Due to other funds	1,785	10,289	-	-	-	-	12,074
Total liabilities	61,438	61,627	-	-	-	-	123,065
Net Assets							
Net assets held in trust	$ 54,082,900	$ 72,825,652	$ 30,236,903	$ 7,545,538	$ 4,223,751	$ 1,032,761	$ 169,947,505

City of Little Rock, Arkansas
Combining Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2008

	Employee Retirement Plans						
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	Nonuniformed Employees' Defined Contribution Plan	Nonuniformed Employees' Defined Benefit Plan	401(a) Money Purchase And Trust Retirement Fund	Health Management Trust Fund	Total
Additions							
Contributions							
Employer	$ 112,228	$ 202,965	$ 1,193,596	$ 349,528	$ 291,141	586,808	$ 2,736,266
Plan members	112,228	202,965	1,414,793	-	412,742	-	2,142,728
Property taxes contributed from general fund	3,486,209	3,486,210	-	-	-	-	6,972,419
State insurance turnback and guarantee fund from general fund	991,897	991,264	-	-	-	-	1,983,161
Other	453,672	-	(56,876)	-	-	(397)	396,399
Total contributions	5,156,234	4,883,404	2,551,513	349,528	703,883	586,411	14,230,973
Investment income (loss)							
Net decrease in fair value of investments	(13,000,817)	(16,143,804)	(8,275,195)	(2,386,935)	(1,888,787)	(57,396)	(41,752,934)
Interest and dividends	2,126,921	2,821,607	1,061,028	296,019	-	14,825	6,320,400
	(10,873,896)	(13,322,197)	(7,214,167)	(2,090,916)	(1,888,787)	(42,571)	(35,432,534)
Less investment expense	306,749	395,526	-	49,327	-	-	751,602
Net investment income (loss)	(11,180,645)	(13,717,723)	(7,214,167)	(2,140,243)	(1,888,787)	(42,571)	(36,184,136)
Total additions	(6,024,411)	(8,834,319)	(4,662,654)	(1,790,715)	(1,184,904)	543,840	(21,953,163)
Deductions							
Benefits paid directly to participants	9,119,034	9,056,399	3,189,662	1,348,104	558,989	0	23,272,188
Administrative expenses	22,294	32,715	179,745	-	-	3,439	238,193
Other	100	2,025	-	-	-	0	2,125
Total deductions	9,141,428	9,091,139	3,369,407	1,348,104	558,989	3,439	23,512,506
Change in Net Assets	(15,165,839)	(17,925,458)	(8,032,061)	(3,138,819)	(1,743,893)	540,401	(45,465,669)
Net Assets Held in Trust, Beginning of Year	69,248,739	90,751,110	38,268,964	10,684,357	5,967,644	492,360	215,413,174
Net Assets Held in Trust, End of Year	$ 54,082,900	$ 72,825,652	$ 30,236,903	$ 7,545,538	$ 4,223,751	$ 1,032,761	$ 169,947,505

City of Little Rock, Arkansas
Statement of Changes in Assets and Liabilities
Agency Fund – Court Fund
December 31, 2008

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Assets				
Cash and cash equivalents	$ 162,562	$ 21,902	$ -	$ 184,464
Investments - mutual funds	17,862	-	17,862	-
	$ 180,424	$ 21,902	$ 17,862	$ 184,464
Liabilities				
Accrued liabilities	$ 180,424	$ 4,040	$ -	$ 184,464

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DISCRETELY PRESENTED COMPONENT UNITS

City of Little Rock, Arkansas
Combining Statement of Net Assets
Discretely Presented Component Units – Nonmajor
December 31, 2008

Assets	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Workforce Investment Board	Central Arkansas Library	Total
Current assets											
Cash and cash equivalents	$ 526,386	$ 24,222	$ 753,554	$ 2,452,422	$ 874,214	$ 3,316,724	$ 131,535	$ 1,322,622	$ 19,192	$ 5,118,602	$ 14,539,473
Investments	-	-	-	3,024,715	1,752,110	-	-	20,333,838	-	-	25,110,663
Restricted cash and investments - current	-	-	2,161,602	-	-	-	657,902	-	-	-	2,819,504
Accounts receivable, net of allowance	28,651	-	1,153,547	240,533	4,128,449	6,462	32,059	1,150,567	108,064	15,290,384	22,138,716
Inventories	-	-	-	1,609	98,426	589,170	14,870	102,407	-	-	806,482
Prepaid expenses and other	-	-	180,854	25,662	310,454	388,035	-	121,492	-	14,824	1,041,321
Total current assets	555,037	24,222	4,249,557	5,744,941	7,163,653	4,300,391	836,366	23,030,926	127,256	20,423,810	66,456,159
Noncurrent assets											
Restricted assets											
Cash and cash equivalents	-	-	3,042,717	-	-	-	657,902	-	-	1,320,404	5,021,023
Investments	1,422,890	837,596	3,841,884	-	715,037	-	-	-	-	1,017,815	7,835,222
Interest receivable	-		2,562	-	-	-	-	-	-	-	2,562
	1,422,890	837,596	6,887,163	-	715,037	-	657,902	-	-	2,338,219	12,858,807
Less amounts required to meet current obligations	-	-	2,161,602	-	-	-	657,902	-	-	-	2,819,504
Total restricted assets	1,422,890	837,596	4,725,561	-	715,037	-	-	-	-	2,338,219	10,039,303
Capital assets											
Land	73,711	13,089	2,134,263	1,953,196	185,781	1,684,690	-	127,630	-	3,079,926	9,252,286
Construction in progress	-	-	-	73,609	209,116	-	97,415	-	-	23,228,151	23,608,291
Buildings, improvements and other facilities	202,690	99,211	51,906,432	24,909,045	1,457,441	32,727,505	3,272,966	14,381,244	-	32,746,363	161,702,897
Vehicles	133,571	-	-	-	4,922,163	27,906,170	-	-	-	-	32,961,904
Furniture and equipment	25,574	-	3,443,731	88,765	3,179,925	5,279,157	3,514,458	3,747,935	-	4,572,521	23,852,066
Books/AV materials	-	-	-	-	-	-	-	-	-	12,419,406	12,419,406
Other	-	-	2,699,782	-	1,529,301	-	-	-	-	140,375	4,369,458
	435,546	112,300	60,184,208	27,024,615	11,483,727	67,597,522	6,884,839	18,256,809	-	76,186,742	268,166,308
Less accumulated depreciation	242,083	-	23,717,394	11,089,469	8,881,542	25,010,952	3,431,491	8,046,114	-	18,236,090	98,655,135
Net capital assets	193,463	112,300	36,466,814	15,935,146	2,602,185	42,586,570	3,453,348	10,210,695	-	57,950,652	169,511,173
Other assets											
Deferred bond issue costs	-	-	73,767	-	-	-	-	-	-	-	73,767
Other	-	-	-	-	5,637	-	809,595	774,058	-	22,969	1,612,259
Total other assets	-	-	73,767	-	5,637	-	809,595	774,058	-	22,969	1,686,026
Total noncurrent assets	1,616,353	949,896	41,266,142	15,935,146	3,322,859	42,586,570	4,262,943	10,984,753	-	60,311,840	181,236,502
Total assets	$ 2,171,390	$ 974,118	$ 45,515,699	$ 21,680,087	$ 10,486,512	$ 46,886,961	$ 5,099,309	$ 34,015,679	$ 127,256	$ 80,735,650	$ 247,692,661

Liabilities and Net Assets

Current liabilities											
Accounts payable	$ -	$ -	$ 103,495	$ 154,859	$ 509,859	$ 13,080	$ 67,741	$ 210,700	$ 112,260	$ 409,183	$ 1,581,177
Accrued wages payable and related liabilities	-	-	176,188	30,701	-	818,948	-	-	13,614	314,080	1,353,531
Line of credit	-	-	-	-	-	-	-	460,772	-	-	460,772
Bonds payable - current portion	-	-	1,737,353	-	-	-	-	-	-	160,000	1,897,353
Notes payable - current portion	-	-	-	-	-	-	352,351	10,597	-	-	362,948
Compensated absences - current portion	-	-	-	15,465	-	-	-	-	-	813,868	829,333
Deferred revenue	-	-	654,044	-	63,602	-	310,332	1,323,738	-	1,063,793	3,415,509
Accrued expenses and other	8,505	-	733,088	2,403	469,232	3,724	36,982	1,687,637	-	-	2,941,571
Total current liabilities	8,505	-	3,404,168	203,428	1,042,693	835,752	767,406	3,693,444	125,874	2,760,924	12,842,194
Noncurrent liabilities											
Bonds payable, net of unamortized premium	-	-	13,237,936	-	-	-	-	-	-	3,740,000	16,977,936
Notes payable	-	-	-	-	-	-	25,229	21,054	-	-	46,283
Other long-term liabilities	-	-	-	66,717	-	-	-	-	-	-	66,717
Compensated absences	-	-	-	155,303	-	-	-	-	-	-	155,303
Total noncurrent liabilities	-	-	13,237,936	222,020	-	-	25,229	21,054	-	3,740,000	17,246,239
Total liabilities	8,505	-	16,642,104	425,448	1,042,693	835,752	792,635	3,714,498	125,874	6,500,924	30,088,433
Net Assets											
Invested in capital assets, net of related debt	193,463	112,300	21,565,293	15,935,146	2,602,185	42,586,570		1,544,799	-	54,050,652	138,590,408
Restricted - expendable	1,229,945	853,112	3,420,197	-	-	1,392,327	576,789	1,366,055	-	281,848	9,120,273
Restricted - nonexpendable	-	-	-	-	-	-	-	3,962,818	-	372,118	4,334,936
Unrestricted	739,477	8,706	3,888,105	5,319,493	6,841,634	2,072,312	3,729,885	23,427,509	1,382	19,530,108	65,558,611
Total net assets	2,162,885	974,118	28,873,595	21,254,639	9,443,819	46,051,209	4,306,674	30,301,181	1,382	74,234,726	217,604,228
Total liabilities and net assets	$ 2,171,390	$ 974,118	$ 45,515,699	$ 21,680,087	$ 10,486,512	$ 46,886,961	$ 5,099,309	$ 34,015,679	$ 127,256	$ 80,735,650	$ 247,692,661

City of Little Rock, Arkansas
Combining Statement of Activities
Discretely Presented Component Units – Nonmajor
Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities							
Central Arkansas Library	$ 14,997,693	$ 333,602	$ 1,439,779	$ 8,778,309	$ (4,446,003)	$ -	$ (4,446,003)
Workforce Investment Board	1,295,736	-	1,302,914	-	7,178	-	7,178
				-			
Total governmental activities	16,293,429	333,602	2,742,693	8,778,309	(4,438,825)	-	(4,438,825)
Business-type Activities							
Oakland Fraternal Cemetery	279,636	158,704	-	-	-	(120,932)	(120,932)
Mt. Holly Cemetery	120,403	88,897	23,498	-	-	(8,008)	(8,008)
Advertising and Promotion Commission	14,593,641	2,717,671	-	-	-	(11,875,970)	(11,875,970)
Port Authority	1,818,273	1,399,590	-	-	-	(418,683)	(418,683)
Ambulance Authority	16,665,999	17,212,195	-	-	-	546,196	546,196
Central Arkansas Transit	16,420,218	2,175,907	-	-	-	(14,244,311)	(14,244,311)
Arkansas Museum of Science and History	3,365,544	1,580,001	-	-	-	(1,785,543)	(1,785,543)
Arkansas Arts Center	9,904,455	5,499,419	-	-	-	(4,405,036)	(4,405,036)
Total business-type activities	63,168,169	30,832,384	23,498	0	0	(32,312,287)	(32,312,287)
Total component units	$ 79,461,598	$ 31,165,986	$ 2,766,191	$ 8,778,309	(4,438,825)	(32,312,287)	(36,751,112)
General revenues							
General property taxes					13,918,939	-	13,918,939
Sales taxes					-	10,465,861	10,465,861
Investment income and unrealized gains (losses)					(238,932)	347,692	108,760
Grants and contributions not restricted to specific programs					242,053	15,679,767	15,921,820
Other					145,938	8,385,859	8,531,797
Total general revenues					14,067,998	34,879,179	48,947,177
Change in net assets					9,629,173	2,566,892	12,196,065
Net Assets, Beginning of Year, as Previously Reported					57,022,121	140,837,951	197,860,072
Adjustment applicable to prior years					7,584,814	(36,723)	7,548,091
Net Assets, Beginning of Year, As Restated					64,606,935	140,801,228	205,408,163
Net Assets, End of Year					$ 74,236,108	$ 143,368,120	$ 217,604,228

City of Little Rock, Arkansas

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary – Component Units - Nonmajor

Year Ended December 31, 2008

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
Operating Revenues									
Charges for goods and services	$ 158,704	$ 88,897	$ 1,631,644	$ 1,399,590	$ 16,601,372	$ 2,175,907	$ 1,580,001	$ 3,371,859	$ 27,007,974
Other	-	23,498	1,086,027	-	610,823	-	-	2,127,560	3,847,908
Total operating revenues	158,704	112,395	2,717,671	1,399,590	17,212,195	2,175,907	1,580,001	5,499,419	30,855,882
Operating Expenses									
Salaries, wages and employee benefits	46,641	82,968	5,581,260	657,582	11,908,742	8,639,755	426,814	2,674,030	30,017,792
Supplies and materials	6,354	-	62,561	45,716	651,248	2,956,610	504,876	780,781	5,008,146
Services	101,342	-	3,342,084	127,763	1,985,130	735,473	1,610,058	2,384,900	10,286,750
Utilities	6,786	4,010	1,297,273	22,105	355,582	242,187	-	343,750	2,271,693
Repairs and maintenance	84,230	18,426	1,125,341	164,158	755,764	-	-	629,395	2,777,314
Other	8,247	14,999	774,397	67,294	-	780,160	202,571	2,393,189	4,240,857
Depreciation and amortization	26,036	-	1,512,438	733,655	1,009,533	3,066,033	621,225	681,044	7,649,964
Total operating expenses	279,636	120,403	13,695,354	1,818,273	16,665,999	16,420,218	3,365,544	9,887,089	62,252,516
Operating Income (Loss)	(120,932)	(8,008)	(10,977,683)	(418,683)	546,196	(14,244,311)	(1,785,543)	(4,387,670)	(31,396,634)
Nonoperating Revenue (Expenses)									
Intergovernmental revenue	-	-	1,941,424	-	-	6,296,094	-	-	8,237,518
Local tax levy	-	-	10,465,861	-	-	-	-	-	10,465,861
Donations, contributions and grants received	-	75,231	-	2,910,925	-	9,334,108	1,489,399	-	13,809,663
Donations, contributions and grants provided	-	-	-	-	-	-	-	1,870,104	1,870,104
Investment income	-	(142,116)	211,630	83,038	102,040	90,660	-	2,440	347,692
Interest expense	-	-	(898,287)	-	-	-	-	(17,366)	(915,653)
Other, net	(400,024)	(12,227)	(11,205)	252,170	313,703	-	-	5,924	148,341
Total nonoperating revenues (expenses)	(400,024)	(79,112)	11,709,423	3,246,133	415,743	15,720,862	1,489,399	1,861,102	33,963,526
Change in Net Assets	(520,956)	(87,120)	731,740	2,827,450	961,939	1,476,551	(296,144)	(2,526,568)	2,566,892
Net Assets, Beginning of Year As Previously Reported	2,683,841	1,061,238	28,141,855	18,427,189	8,481,880	44,574,658	4,602,818	32,864,472	140,837,951
Adjustment applicable to prior years	-	-	-	-	-	-	-	(36,723)	(36,723)
Net Assets, Beginning of Year, As Restated	2,683,841	1,061,238	28,141,855	18,427,189	8,481,880	44,574,658	4,602,818	32,827,749	140,801,228
Net Assets, End of Year	$ 2,162,885	$ 974,118	$ 28,873,595	$ 21,254,639	$ 9,443,819	$ 46,051,209	$ 4,306,674	$ 30,301,181	$ 143,368,120

City of Little Rock, Arkansas
Combining Statement of Cash Flows
Discretely Presented Component Units
Year Ended December 31, 2008

	Wastewater Utility	National Airport	Other Component Units	Total
Operating Activities				
Receipts from customers	$ 38,623,654	$ 23,054,519	$ 25,238,194	$ 86,916,367
Other receipts	385,211	396,079	4,161,252	4,942,542
Payments to employees	(16,902,047)	(7,236,354)	(30,218,899)	(54,357,300)
Payments to suppliers	(2,133,017)	(10,983,478)	(9,108,552)	(22,225,047)
Payments for contractual services	(2,849,182)	-	(8,583,648)	(11,432,830)
Payments for utilities	(1,683,070)	-	(1,730,414)	(3,413,484)
Other payments	(1,689,839)	-	(3,869,162)	(5,559,001)
Net cash provided by (used in) operating activities	13,751,710	5,230,766	(24,111,229)	(5,128,753)
Noncapital Financing Activities				
Donations, contributions and operating grants/subsidies	-	303,762	14,610,726	14,914,488
Local tax levy supporting operations	-	-	9,650,388	9,650,388
Other	-	10,000	50,710	60,710
Net cash provided by noncapital financing activities	0	313,762	24,311,824	24,625,586
Capital and Related Financing Activities				
Purchase of capital assets	(46,386,919)		(11,354,806)	(57,741,725)
Proceeds from sale of capital assets	410,998	14,033	476,543	901,574
Contributions, donations and grants	-	8,040,676	5,121,335	13,162,011
Passenger facility charge	-	4,821,752		4,821,752
Intergovernmental revenue received for debt service	-	-	1,941,424	1,941,424
Local tax levy used for debt service	-	-	817,182	817,182
Proceeds from issuance of short-term financing	-	-	36,285	36,285
Proceeds from issuance of long-term debt	27,568,237		-	27,568,237
Principal paid on long-term debt	(6,703,185)	(2,185,000)	(1,736,312)	(10,624,497)
Acquisiton and construction of capital asset		(12,184,949)		(12,184,949)
Receipts from City		50,000		50,000
Interest paid on long-term debt	(10,091,094)	(1,609,664)	(1,143,723)	(12,844,481)
Other	-	(15,348)	4,861,093	4,845,745
Net cash used in capital and related financing activities	(35,201,963)	(3,068,500)	(980,979)	(39,251,442)
Investing Activities				
Proceeds from sale of investments	35,543,174	-	14,250,839	49,794,013
Purchase of investments	(703,611)	-	(14,702,331)	(15,405,942)
Interest received	4,725,787	1,081,759	644,600	6,452,146
Net cash provided by investing activities	39,565,350	1,081,759	193,108	40,840,217
Increase (Decrease) in Cash and Cash Equivalents	18,115,097	3,557,787	(587,276)	21,085,608
Cash and Cash Equivalents, Beginning of Year	24,954,124	51,297,839	13,689,574	89,941,537
Cash and Cash Equivalents, End of Year	$ 43,069,221	$ 54,855,626	$ 13,102,298	$ 111,027,145

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	$ 8,773,811	$ 925,809	$(31,396,634)	$ (21,697,014)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization expense	6,378,990	7,056,684	7,649,964	21,085,638
Other	-	-	1,569,020	1,569,020
Changes in assets and liabilities				
Receivables, net	36,997	(1,336,194)	(1,382,098)	(2,681,295)
Prepaid expenses	(187,089)	(29,625)	(34,461)	(251,175)
Inventories	(11,727)	-	(102,538)	(114,265)
Other assets	-	-	(8,116)	(8,116)
Accounts payable	209,501	(1,502,448)	(402,913)	(1,695,860)
Accrued expenses	(1,448,773)	-	(190,054)	(1,638,827)
Other liabilities	-	116,540	186,601	303,141
Net cash provided by (used in) operating activities	$ 13,751,710	$ 5,230,766	$(24,111,229)	$ (5,128,753)

Noncash Capital Activities

During 2008, the Little Rock Wastewater Utility received donated capital assets in the amount of $3,358,865.

City of Little Rock, Arkansas

Combining Statement of Cash Flows

Discretely Presented Component Units – Enterprise – Nonmajor

Year Ended December 31, 2008

	Oakland Fraternal Cemetery	Mt. Holly Cemetery	Advertising And Promotion Commission	Port Authority	Ambulance Authority	Central Arkansas Transit	Arkansas Museum of Science and History	Arkansas Arts Center	Total
Operating Activities									
Receipts from customers	$ 156,193	$ 88,897	$ 1,740,861	$ 1,413,982	$ 15,979,122	$ 2,032,362	$ 1,855,306	$ 1,971,471	$ 25,238,194
Other receipts	-	23,498	1,071,263	-	500,767	59,764	-	2,505,960	4,161,252
Payments to employees	(46,641)	(82,968)	(5,671,040)	(654,393)	(11,908,742)	(8,774,074)	(430,899)	(2,650,142)	(30,218,899)
Payments to suppliers	(6,354)	-	(107,362)	(397,198)	(4,133,225)	(3,058,083)	(596,355)	(809,975)	(9,108,552)
Payments for contractual services	(101,342)	-	(4,672,564)	-	-	(1,527,158)	(1,610,058)	(672,526)	(8,583,648)
Payments for utilities	(6,786)	(4,010)	(1,358,878)	-	-	-	-	(360,740)	(1,730,414)
Other payments	(85,711)	(33,425)	(657,715)	(127,763)	-	(226,862)	(202,571)	(2,535,115)	(3,869,162)
Net cash provided by (used in) operating activities	(90,641)	(8,008)	(9,655,435)	234,628	437,922	(11,494,051)	(984,577)	(2,551,067)	(24,111,229)
Noncapital Financing Activities									
Donations, contributions and operating grants/subsidies	-	-	-		-	11,377,510	1,489,399	1,743,817	14,610,726
Local tax levy supporting operations	-	-	9,650,388		-	-	-	-	9,650,388
Payments on noncapital line of credit	-	-	-		-	-	-	-	-
Payments for interest	-	-	-		-	-	-	-	-
Other	(400,024)	63,004	-	21,389	313,703	-	46,714	5,924	50,710
Net cash provided by noncapital financing activities	(400,024)	63,004	9,650,388	21,389	313,703	11,377,510	1,536,113	1,749,741	24,311,824
Capital and Related Financing Activities									
Purchase of capital assets	-	(99,211)	(559,033)	(3,828,914)	(968,602)	(4,311,839)	(890,474)	(696,733)	(11,354,806)
Proceeds from contributions received for construction of capital assets	-	-	-	-		4,660,563	-	460,772	5,121,335
Intergovernmental revenue received for debt service	-	-	1,941,424	-		-	-	-	1,941,424
Local tax levy used for debt service	-	-	817,182	-		-	-	-	817,182
Proceeds from issuance of short-term financing	-	-	-	-		-	-	36,285	36,285
Principal paid on long-term debt	-	-	(1,632,249)	-		-	(99,429)	(4,634)	(1,736,312)
Interest paid on long-term debt	-	-	(1,126,357)	-		-	-	(17,366)	(1,143,723)
Proceeds from sale of capital assets	-	-	-	299,800	93,878	82,865	-	-	476,543
Other	-	-	-	4,861,093			-	-	4,861,093
Net cash provided by (used in) capital and related financing activities	-	(99,211)	(559,033)	1,331,979	(874,724)	431,589	(989,903)	(221,676)	(980,979)
Investing Activities									
Proceeds from sale of investments	-	-	2,430,842	-	5,236,800	-	-	6,583,197	14,250,839
Purchase of investments	875,848	-	(2,357,730)	(2,518,388)	(4,854,559)	-	-	(5,847,502)	(14,702,331)
Interest received	48,956	34,772	280,659	83,038	102,040	92,695	-	2,440	644,600
Net cash provided by (used in) investing activities	924,804	34,772	353,771	(2,435,350)	484,281	92,695	-	738,135	193,108
Increase (Decrease) in Cash and Cash Equivalents	434,139	(9,443)	(210,309)	(847,354)	361,182	407,743	(438,367)	(284,867)	(587,276)
Cash and Cash Equivalents, Beginning of Year	92,247	33,665	4,006,580	3,299,776	513,032	2,908,981	1,227,804	1,607,489	13,689,574
Cash and Cash Equivalents, End of Year	$ 526,386	$ 24,222	$ 3,796,271	$ 2,452,422	$ 874,214	$ 3,316,724	$ 789,437	$ 1,322,622	$ 13,102,298

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities									
Operating income (loss)	$ (120,932)	$ (8,008)	$ (10,977,683)	$ (418,683)	$ 546,196	$ (14,244,311)	$ (1,785,543)	$ (4,387,670)	$ (31,396,634)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities									
Depreciation and amortization expense	26,036	-	1,512,438	733,655	1,009,533	3,066,033	621,225	681,044	7,649,964
Other	(1,739)	-	-	-	(61,984)	(82,865)	-	1,715,608	1,569,020
Changes in assets and liabilities									
Receivables, net	(2,511)	-	(57,560)	14,392	(721,301)	11,050	10,413	(636,581)	(1,382,098)
Prepaid expenses	-	-	(25,048)	(1,247)	-	(8,166)	-	-	(34,461)
Inventories	-	-	-	-	-	(74,711)	5,071	(32,898)	(102,538)
Other assets	-	-	-	-	-	-	-	(8,116)	(8,116)
Accounts payable	8,505	-	(169,815)	(93,489)	(153,428)	(26,762)	(96,550)	128,626	(402,913)
Accrued expenses	-	-	(89,780)	-	-	(134,319)	(4,085)	38,130	(190,054)
Other liabilities	-	-	152,013	-	(181,094)	-	264,892	(49,210)	186,601
Net cash provided by (used in) operating activities	$ (90,641)	$ (8,008)	$ (9,655,435)	$ 234,628	$ 437,922	$ (11,494,051)	$ (984,577)	$ (2,551,067)	$ (24,111,229)
Supplemental Cash Flows Information									
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,492	

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STATISTICAL SECTION

City of Little Rock, Arkansas
Statistical Section

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

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Financial Trends (Tables 1-6)

These schedules contain trend information to assist the reader in understanding how the City's financial performance and well-being have changed over time 98

Revenue Capacity (Tables 7-10)

These schedules contain information to help the reader assess the City's most significant revenue sources, local sales taxes and property taxes 104

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 108

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 113

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 115

City of Little Rock, Arkansas

Net Assets by Component
Last Seven Years
(Accrual Basis of Accounting)

Table 1

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

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

(2) During 2005, the City adopted the infrastructure accounting provisions of GASB 34, *Basic Financial Statements and Management's*

City of Little Rock, Arkansas

Changes in Net Assets, Last Seven Years

(Accrual Basis of Accounting)

Table 2

	2002	2003	2004	2005 (2)	2006	2007	2008
Expenses							
Governmental activities:							
General government	$32,396,254	$35,574,263	$34,359,791	$40,398,560	$40,824,314	$40,902,901	$39,257,596
Public works	15,012,426	14,080,582	17,719,543	17,058,825	29,576,521	30,198,787	30,546,203
Parks and recreation services	8,369,683	7,794,235	9,883,758	14,806,781	11,652,210	10,948,381	10,761,841
Fire	24,049,681	26,118,472	31,208,716	34,634,751	35,347,608	36,865,342	38,630,307
Police	45,155,190	46,825,265	45,662,770	51,542,680	50,492,039	56,692,967	56,516,426
Economic development	1,010,845	1,212,133	3,903,098	3,204,412	3,499,207	12,555,927	4,225,034
Education	2,165,955	147,691	-	-	-	7,591,089	8,372,418
Housing and neighborhood programs	6,291,854	8,336,416	7,080,401	7,490,875	7,498,272	10,400,245	7,702,220
Interest expense on long-term debt	2,706,179	1,971,553	3,941,529	4,324,929	4,131,657	3,528,925	3,216,776
Agent fees on long-term debt	139,883	11,159	503,346	25,063	13,236	482,975	12,210
Total governmental activities expenses	137,297,950	142,071,769	154,262,952	173,486,876	183,035,064	210,167,539	199,241,031
Business-type activities:							
Presidential park	1,175,807	1,007,338	879,301	943,061	837,674	787,099	756,924
Waste disposal	12,259,655	11,150,818	11,875,889	12,424,204	12,749,068	13,943,884	13,778,712
Rivermarket garage	625,335	732,316	1,314,471	1,607,057	1,475,135	1,732,311	1,652,292
Riverfront park	784,993	839,162	974,874	1,036,838	1,216,683	1,280,521	1,392,804
Zoo	2,973,358	2,986,464	3,252,245	3,589,480	3,959,985	4,286,060	4,758,438
Vehicle Storage	1,049,717	1,165,744	1,349,155	1,204,017	1,225,802	1,214,219	1,250,245
Golf courses	2,071,829	1,785,887	2,066,676	2,292,426	2,236,136	2,551,139	2,795,234
Fitness center	988,999	807,110	774,098	880,469	1,045,851	1,018,736	1,023,119
Concessions services	305,706	234,171	150,066	108,690	120,027	148,389	149,129
Total business-type activities expenses	22,235,399	20,709,010	22,636,775	24,086,242	24,866,361	26,962,358	27,556,897
Total primary government expenses	$159,533,349	$162,780,779	$176,899,727	$197,573,118	$207,901,425	$237,129,897	$226,797,928
Program Revenues							
Governmental activities:							
Charges for services:							
General government	$16,304,154	$19,435,156	$14,162,061	$17,452,391	$15,999,081	$15,203,736	$15,314,384
Public works	488,437	435,761	168,730	313,407	998,515	629,934	505,189
Parks and recreation services	445,904	437,172	472,647	431,802	1,161,408	959,667	1,051,607
Fire	922,884	933,146	1,467,989	1,547,383	1,305,384	2,648,158	2,885,420
Police	2,407,704	2,749,856	2,437,945	3,859,696	4,624,412	3,627,433	3,796,987
Housing and neighborhood programs	27,340	1,558,029	1,495,309	1,047,889	67,562	962,181	650,746
Operating grants and contributions	5,542,201	5,977,538	5,736,809	6,992,565	5,941,370	4,133,325	2,034,054
Capital grants and contributions	3,886,509	2,120,944	1,679,975	1,974,622	1,296,607	18,491,092	10,377,494
Total governmental activities program revenues	30,025,133	33,647,602	27,621,465	33,619,755	31,394,339	46,655,526	36,615,881

Business-type activities:							
Charges for services:							
Presidential park						139,637	60,382
Waste disposal	12,167,056	13,393,676	14,109,685	14,934,170	15,919,951	16,787,719	16,473,414
Rivermarket garage	593,734	593,014	1,410,727	1,295,883	1,419,484	1,643,404	1,768,636
Riverfront park	419,529	366,049	407,144	397,194	329,914	310,547	268,593
Zoo	1,783,347	1,421,735	1,898,390	2,035,070	2,268,438	2,646,480	2,573,440
Vehicle storage	1,205,352	1,344,171	1,654,249	1,466,627	1,171,495	1,329,776	1,300,655
Golf courses	1,584,954	849,037	1,609,628	1,801,609	1,847,184	1,660,152	1,517,895
Fitness center	765,277	579,989	685,419	651,786	743,361	766,207	696,328
Concessions services	197,111	177,661	81,180	74,554	53,948	67,711	48,171
Capital grants and contributions	0	0	0	0	0	4,170,925	2,252,001
Total business-type activities program revenues	18,716,360	18,725,332	21,856,422	22,656,893	23,753,775	29,522,558	26,959,515
Total primary government program revenues	$48,741,493	$53,679,985	$49,477,887	$56,276,648	$55,148,114	$76,178,084	$63,575,396
Net (expense)/revenue							
Governmental activities	($107,272,817)	($108,424,167)	($126,641,487)	($139,867,121)	($151,640,725)	($163,512,013)	($162,625,150)
Business-type activities	(3,519,039)	(1,983,678)	(780,353)	(1,429,349)	(1,112,586)	2,560,200	(597,382)
Total primary government net expense	($110,791,856)	($110,407,845)	($127,421,840)	($141,296,470)	($152,753,311)	($160,951,813)	($163,222,532)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
General Property taxes	$61,592,212	$33,090,573	$35,414,871	$33,542,201	$36,931,553	$41,742,564	$41,954,874
Sales taxes	52,651,567	54,800,103	56,529,897	60,299,892	64,431,557	65,115,060	66,157,605
Utility franchise taxes	20,662,981	20,890,103	21,868,645	23,588,872	25,983,088	25,656,344	29,809,410
Investment earnings	1,450,829	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366
Unrestricted grants and contributions	10,127,862	22,165,634	23,267,900	31,848,728	21,600,899	26,860,087	23,596,059
Other	-	-	-	-	-	-	23,745
Transfers	(12,664,970)	(674,393)	(1,903,389)	(1,865,197)	(2,497,302)	(2,247,418)	(307,235)
Total governmental activities	133,820,481	130,756,565	136,409,235	150,226,589	150,321,803	159,381,080	162,173,824
Business-type activities							
Investment earnings	379,525	353,737	223,486	467,783	959,678	1,002,452	533,477
Other	7,767	(38,547)	499,595	376,747	(64,920)	(20,324)	(29,411)
Transfers	534,706	1,981,444	1,903,389	1,865,197	2,497,302	2,247,418	307,235
Total business-type activities	921,998	2,296,634	2,626,470	2,709,727	3,392,060	3,229,546	811,301
Total primary government	$134,742,479	$133,053,199	$139,035,705	$152,936,316	$153,713,863	$162,610,626	$162,985,125
Changes in Net Assets							
Governmental activities	$26,547,664	$21,025,347	$9,767,748	$10,359,468	($1,318,922)	($4,130,933)	($451,326)
Business-type activities	(2,597,041)	1,620,007	1,846,117	1,280,378	2,279,474	5,789,746	213,919
Change in accounting principle	(23,452,663)	-	-	378,306,301	-	-	-
Total primary government	$497,960	$22,645,354	$11,613,865	$389,946,147	$960,552	$1,658,813	($237,407)

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

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

City of Little Rock, Arkansas

General Tax Revenues by Source
Last Seven Years
(Accrual Basis of Accounting)

Table 3

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

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

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

Table 4

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

(1) The increase in fund balance in the capital projects funds is associated with the 2004 Limited Tax General Obligation Capital Improvement bonds issued to finance capital improvements.

(2) The decrease in capital projects fund balance is associated with completion and capitalization of capital improvement projects. The capital assets are not reported in the funds on the modified accrual basis of accounting.

City of Little Rock, Arkansas

Changes in Fund Balances, Governmental Funds

Last Seven Years

(Modified Accrual Basis of Accounting)

Table 5

	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes (1)	97,671,645.00	$101,503,838	$113,113,245	$117,182,208	$125,804,151	$128,423,082	136,408,241
Licenses and permits	8,268,835.00	8,708,523	8,859,344	9,307,627	9,894,766	9,965,755	9,493,646
Intergovernmental	19,556,572.00	18,621,039	19,837,898	20,435,880	17,730,551	35,348,114	24,660,496
Charges for services	5,789,188.00	4,759,347	4,492,433	4,786,588	6,656,647	7,250,342	7,636,280
Fines	3,803,560.00	5,313,622	5,077,073	5,710,201	4,277,114	4,406,272	4,094,674
Investment Income	1,450,829.00	484,545	1,231,311	2,812,093	3,872,008	2,254,443	939,366
Miscellaneous	2,511,736.00	4,040,306	3,797,305	4,211,852	3,070,749	3,377,183	3,128,552
Total revenues	139,052,365.00	143,431,220	156,408,609	164,446,449	171,305,986	191,025,191	186,361,255
Expenditures							
General government	32,929,128.00	31,993,462	37,827,535	36,589,853	42,386,548	61,719,463	53,764,986
Public works	22,794,707.00	17,928,685	21,525,933	24,577,640	34,392,323	26,478,689	20,997,331
Parks and recreation and zoo	8,228,295.00	7,957,319	10,069,417	14,462,219	15,918,143	11,331,664	10,852,290
Fire department	23,138,524.00	28,040,943	31,560,941	35,298,489	44,706,618	37,455,769	37,142,635
Police department	44,459,817.00	44,059,630	45,102,475	53,470,507	54,319,391	54,697,552	55,428,567
Housing and neighborhood programs	9,041,226.00	9,676,745	7,470,436	7,905,898	8,473,162	9,441,274	8,066,771
Debt service							
Principal	7,385,000.00	9,660,000	11,055,000	6,525,000	8,840,000	25,422,407	11,670,000
Interest	1,879,197.00	1,932,911	3,533,951	4,313,380	4,265,080	3,674,581	3,370,957
Other charges	113,628.00	11,159	503,346	25,063	13,236	150,568	12,210
Total expenditures	149,969,522.00	151,260,854	168,649,034	183,168,049	213,314,501	230,371,967	201,305,747
Excess of revenues over (under) expenditures	(10,917,157.00)	(7,829,634)	(12,240,425)	(18,721,600)	(42,008,515)	(39,346,776)	(14,944,492)
Other financing sources (uses)							
Transfers in	11,366,863.00	6,766,952	2,631,865	3,024,332	2,531,535	3,983,282	6,316,264
Transfers out	(16,612,654.00)	(8,744,140)	(4,501,477)	(4,882,912)	(5,022,220)	(6,224,083)	(4,983,289)
Bonds issued	20,010,000.00	4,250,000	99,850,000	5,205,000	6,550,000	20,765,438	8,991,500
Premium on bonds issued			1,425,301			0	0
Discount on bonds issued	(26,255.00)		(87,811)			0	0
Payments to refunded bond escrow agent			(10,249,924)			0	0
Capital leases			283,883			0	0
Total other financing sources (uses)	14,737,954.00	2,272,812	89,351,837	3,346,420	4,059,315	18,524,637	10,324,475
Net change in fund balances	3,820,797.00	$ (5,556,822)	$ 77,111,412	$ (15,375,180)	$ (37,949,200)	$ (20,822,139)	$ (4,620,017)
Debt service as a percentage of noncapital expenditures	6.8%	8.3%	9.6%	6.7%	7.7%	12.7%	8.0%

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

City of Little Rock, Arkansas

General Government Tax Revenues by Source

Last Ten Years

(Modified Accrual Basis of Accounting)

Table 6

Year	General Property Taxes	Sales Taxes	Utility Franchise Taxes	Total
1999	$ 23,871,010	$ 51,702,310	$ 18,559,057	$ 94,132,377
2000	22,868,735	53,336,605	19,069,532	95,274,872
2001	24,091,887	53,593,748	21,734,193	99,419,828
2002	24,357,097	52,651,567	20,662,981	97,671,645
2003	29,372,970	51,240,765	20,890,103	101,503,838
2004	31,155,365	60,089,235	21,868,645	113,113,245
2005	33,293,444	60,299,892	23,588,872	117,182,208
2006	35,389,506	64,431,557	25,983,088	125,804,151
2007	37,651,678	65,115,060	25,656,344	128,423,082
2008	40,441,226	66,157,605	29,809,410	136,408,241

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				
1999	$ 1,525,806,492	$ 17,025,082	$ 558,481,620	$ 77,526,966	$ 2,178,840,160	13.10	$ 10,894,200,800	20.00%
2000	1,564,188,888	20,197,101	585,688,215	104,939,832	2,275,014,036	13.10	11,375,070,180	20.00%
2001	1,594,846,478	23,514,256	609,181,800	124,601,186	2,352,143,720	13.10	11,760,718,600	20.00%
2002	1,645,954,792	24,815,572	601,976,300	112,959,382	2,385,706,046	13.10	11,928,530,230	20.00%
2003	1,746,230,726	26,233,090	631,976,635	119,324,708	2,523,765,159	13.10	12,618,825,795	20.00%
2004	1,863,590,893	24,928,143	654,022,465	116,973,443	2,659,514,944	14.10	13,297,574,720	20.00%
2005	1,994,266,062	-	685,092,668	172,885,916	2,852,244,646	14.10	14,261,223,230	20.00%
2006	2,116,478,714	-	728,951,404	201,491,980	3,046,922,098	15.55	15,234,610,490	20.00%
2007	2,326,687,860	-	736,683,652	218,144,632	3,281,516,144	17.05	16,407,580,720	20.00%
2008	2,518,822,634	-	797,663,450	231,826,262	3,548,312,346	17.05	17,741,561,730	20.00%

Source: Pulaski County Tax Assessor.
Note: Tax rates are per $1,000 of assessed value.
Note: Tax collection years are shown above. Assessments were made and certified the preceding year.
Note: Tax collections shown do not include Act 9 Real Estate Valuations.
Note: The Arkansas Public Service Commission has combined the personal and real estate public service accounts. Both are considered personal PSC accounts.

City of Little Rock, Arkansas

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

Table 8

Year	Little Rock Real	Little Rock Personal	Pulaski County Real	Pulaski County Personal	Little Rock School District Real	Little Rock School District Personal	Totals Real	Totals Personal
1999	13.10	13.10	10.10	10.10	41.40	41.40	64.60	64.60
2000	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2001	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2002	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2003	13.10	13.10	10.10	10.10	46.40	46.40	69.60	69.60
2004	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2005	14.10	14.10	10.10	10.10	46.40	46.40	70.60	70.60
2006	15.55	15.55	10.10	10.10	46.40	46.40	72.05	72.05
2007	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55
2008	17.05	17.05	10.10	10.10	46.40	46.40	73.55	73.55

Tax Levies

1999	$	28,643,946	$	27,675,504	$	87,122,906	$	143,442,356
2000		27,569,362		28,938,769		101,348,383		157,856,514
2001		29,018,683		30,105,515		103,862,006		162,986,204
2002		30,002,023		30,851,011		104,429,847		165,282,881
2003		30,429,999		32,572,873		109,860,977		172,863,849
2004		32,178,180		34,575,502		115,295,060		182,048,742
2005		33,908,999		36,966,112		121,733,219		192,608,330
2006		36,366,203		39,334,921		129,068,485		204,769,609
2007		38,848,293		42,554,360		137,582,342		218,984,995
2008		45,120,783		45,743,106		148,109,308		238,973,197

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

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

State statutory limits on City tax rate:

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

City of Little Rock, Arkansas

Principal Sales Taxpayers

December 31, 2008

The City of Little Rock, Arkansas's largest own-source revenue is sale taxes. Sale taxes primarily come from two separate taxes; a one-half cent city tax based on point of sale and a portion of the county's one cent tax based on population. The City of Little Rock makes up approximately 51% of the county population and receives a like proportion of the county tax. In 2008, the one-half cent city sales tax generated revenue of $22,971,264. The City's portion of the county one cent tax generated revenue of $38,141,348.

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

Table 9

Little Rock Top Ten 1/2 Cent Sales Taxpayers Industry	Tax Collected	% of Total
Full Service Restaurants	$ 1,547,337	6.521%
Supermarkets and Other Grocery	1,345,609	5.671%
Electirc Power Generation	897,153	3.781%
All Other General Merchandise	997,295	4.203%
Wire Communication Carriers	483,016	2.036%
Department Stores	627,191	2.643%
Warehouse Clubs or Superstores	624,982	2.634%
Hotels	572,688	2.414%
Consumer Electronics & Appliance Rentals	497,256	2.096%
Other Electronic Parts & Equipment Wholesalers	447,533	1.886%
Totals	$ 8,040,060	33.885%

Little Rock Top Ten 1 Cent County Sales Taxpayers Industry	Tax Collected	% of Total
Full Service Restaurants	$ 2,565,363	6.533%
All Other General Merchandise	2,350,416	5.986%
Supermarkets and Other Grocery	2,047,520	5.214%
Electric Power Generation	1,776,848	4.525%
Home Centers	1,149,470	2.927%
Wire Communication Carriers	1,027,224	2.616%
Warehouse Clubs or Superstores	1,225,945	3.122%
Department Stores	1,027,086	2.616%
Hotels	775,141	1.974%
Natural Gas Distribution	708,258	1.804%
Totals	$ 14,653,271	37.316%

City of Little Rock, Arkansas

Property Tax Levies and Collections

Last Ten Years

Table 10

Year	Total Tax Levy In Prior Year	Taxes Levied in the Prior Year Collected within the current year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 28,643,946	$ 26,264,228	91.69%	$ 1,585,989	$ 27,850,217	97.23%
2000	27,569,362	24,545,114	89.03%	1,825,803	26,370,917	95.65%
2001	29,018,683	26,562,458	91.54%	2,173,776	28,736,234	99.03%
2002	30,002,023	27,439,091	91.46%	1,315,458	28,754,549	95.84%
2003	30,429,999	27,897,089	91.68%	1,093,861	28,990,950	95.27%
2004	32,178,180	28,396,113	88.25%	2,479,883	30,875,996	95.95%
2005	33,908,999	29,478,375	86.93%	2,901,113	32,379,488	95.49%
2006	36,366,203	31,691,658	87.15%	2,934,792	34,626,450	95.22%
2007	38,848,293	34,713,497	89.36%	2,479,637	37,193,134	95.74%
2008	45,120,783	40,672,208	90.14%	2,235,852	42,908,060	95.10%

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 Seven Years

Table 11

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

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

(1) See the Schedule of Demographic and Economic Statistics on page 107 for personal income and population data.

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

City of Little Rock, Arkansas

Ratios of General Bonded Debt Outstanding

Last Seven Years

Table 12

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

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

(1) See the Schedule of Assessed and Appraised Value of Taxable Property on page 98 for property value data.
(2) See the Schedule of Demographic and Economic Statistics on page 107 for personal income and population data.
(3) In 2004, the City issued $70,635,000 of bonds to finance capital improvements. The bonds are limited tax general obligations secured by all proceeds derived from a 3.3 mill ad valorem tax levied on all taxable real and personal property. In addition, the City issued $25,000,000 in library improvement and refunding bonds.

City of Little Rock, Arkansas

Direct and Overlapping Governmental Activities Debt

As of December 31, 2007

Table 13

Governmental Unit	Debt Available for Retirement	Percentage Applicable	Little Rock's Share of Overlapping Debt
City of Little Rock, Arkansas	$71,522,197	100%	$71,522,197
Little Rock Public School District	167,646,373	100%	167,646,373
Total direct and overlapping debt	$239,168,570		$239,168,570

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

Table 14

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	$419,509,144	$435,437,045	$455,192,385	$444,562,725	$630,941,290	$664,878,736	$713,061,161	$761,730,525	$820,379,036	$887,078,087
Total net debt applicable to limit	48,730,090	40,126,743	33,479,841	33,569,043	34,274,288	111,745,928	108,514,706	98,946,417	79,099,270	71,522,197
Legal debt margin	$370,779,054	$395,310,302	$421,712,544	$410,993,682	$596,667,002	$553,132,808	$604,546,455	$662,784,108	$741,279,766	$815,555,890
Total net debt applicable to the limit as a percentage of debt limit	11.62%	9.22%	7.36%	7.55%	5.43%	16.81%	15.22%	12.99%	9.64%	8.06%

Legal Debt Margin Calculation for 2008

Assessed value	$3,548,312,346
Debt limit:	
General obligation debt limitation (1)	709,662,469
Short-term financing debt limitation (2)	177,415,617
Total Debt Limitation	887,078,087
Debt applicable to limit:	
General obligation and short-term financing	83,127,000
Less: Amount set aside for repayment in debt services funds	(11,604,803)
Total net debt applicable to limit	71,522,197
Legal debt margin	$815,555,890

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	Debt Service Requirements Principal (3)	Interest	Total	Coverage
1999 Municipal Water Works	$20,498,784	$16,811,195	$3,687,589	172000	7026	179026	20.6
Wastewater Utility	17,696,083	12,166,208	5,529,875	1,599,404	1,709,981	3,309,385	1.67
Regional Airport	40,116,961	7,442,719	32,674,242	7,110,000	1,224,642	8,334,642	3.92
A&P Commission	10,213,751	7,730,443	2,483,308	900,000	1,556,442	2,456,442	1.01
Port Authority	905,763	707,691	198,072	35,000	875	35,875	6
Total	$89,431,342	$44,858,256	$44,573,086	$9,816,404	$4,498,966	$14,315,370	3.11
2000 Municipal Water Works	$ 22,725,615	$ 17,153,814	$ 5,571,801	$ —	$ —	$ —	—
Wastewater Utility	20,422,070	13,019,665	7,402,405	1,855,200	1,668,838	3,524,038	2.1
Regional Airport	12,344,600	8,829,907	3,514,693	2,060,000	2,180,334	4,240,334	0.83
A&P Commission	10,808,321	8,049,902	2,758,419	980,000	1,468,162	2,448,162	1.13
Port Authority	1,069,602	885,582	184,020	—	—	—	—
Total	$67,370,208	$47,938,870	$19,431,338	$4,895,200	$5,317,334	$10,212,534	1.9
2001 Municipal Water Works	$9,745,708	$9,703,581	$42,127	$	$	$	
Wastewater Utility	20,295,613	14,379,127	5,916,486	785,200	584,916	1,370,116	4.32
Regional Airport	15,477,681	9,813,814	5,663,867	1,290,000	1,905,199	3,195,199	1.77
A&P Commission	9,562,149	8,631,913	930,236	980,000	1,470,393	2,450,393	0.38
Port Authority	1,557,904	897,932	659,972	—	—	—	—
Total	$56,639,055	$43,426,367	$13,212,688	$3,055,200	$3,960,508	$7,015,708	1.88
2002 Wastewater Utility	$21,136,586	$16,208,850	$4,927,736	$1,820,787	$1,432,987	$3,253,774	1.51
Regional Airport	16,578,846	10,130,512	6,448,334	1,365,000	1,776,477	3,141,477	2.05
A&P Commission	11,176,391	9,454,023	1,722,368	1,030,000	1,422,373	2,452,373	0.7
Total	$48,891,823	$35,793,385	$13,098,438	$4,215,787	$4,631,837	$8,847,624	1.48
2003 Wastewater Utility	$27,811,390	$19,474,453	$8,336,937	$1,594,617	$1,999,172	$3,593,789	2.32
Regional Airport	16,293,109	12,689,242	3,603,867	1,772,352	1,672,764	3,445,116	1.05
A&P Commission	11,401,613	8,798,459	2,603,154	886,202	1,349,830	2,236,032	1.16
Total	$55,506,112	$40,962,154	$14,543,958	$4,253,171	$5,021,766	$9,274,937	1.57
2004 Wastewater Utility	$30,295,588	$21,380,806	$8,914,782	$2,336,322	$2,050,350	$4,386,672	2.03
Regional Airport	17,236,278	13,191,863	4,044,415	1,545,000	1,544,706	3,089,706	1.31
A&P Commission	12,118,527	9,183,566	2,934,961	1,205,000	1,184,546	2,389,546	1.23
Total	$59,650,393	$43,756,235	$15,894,158	$5,086,322	$4,779,602	$9,865,924	1.61

Table 15

	Operating Revenue (1)	Operating Expenses (2)	Net Revenue	Debt Service Requirements Principal (3)	Interest	Total	Coverage
2005 Wastewater Utility	$30,609,507	$22,985,329	$7,624,178	$5,035,661	$2,122,914	$7,158,575	1.07
Regional Airport	18,508,810	14,401,111	4,107,699	1,695,000	1,404,936	3,099,936	1.33
A&P Commission	13,350,552	10,658,219	2,692,333	1,265,000	25,300	1,290,300	2.09
Total	$62,468,869	$48,044,659	$14,424,210	$7,995,661	$3,553,150	$11,548,811	1.25
2006 Wastewater Utility	$30,398,264	$22,088,849	$8,309,415	$2,625,215	$2,496,617	$5,121,832	1.62
Regional Airport	19,847,399	14,642,935	5,204,464	1,760,000	1,332,157	3,092,157	1.68
A&P Commission	13,575,601	10,519,446	3,061,155	1,337,500	1,009,844	2,347,344	1.3
Total	$68,821,264	$47,251,230	$16,575,034	$5,722,715	$4,838,618	$10,561,333	1.53
2007 Wastewater Utility	$36,360,579	$28,945,783	$7,414,796	$4,703,185	$9,580,782	$14,283,967	0.52
Regional Airport	21,909,030	15,572,022	6,337,008	2,185,000	1,609,663	3,794,663	1.67
A&P Commission	14,355,358	10,877,344	3,478,014	1,632,248	1,126,356	2,758,604	1.26
Total	$72,624,967	$55,395,149	$17,229,818	$8,520,433	$12,316,801	$20,837,234	3.45
2008 Wastewater Utility	$38,883,908	$33,071,944	$5,811,964	$5,591,753	$10,525,749	$16,117,502	0.36
Regional Airport	24,786,792	18,463,447	6,323,345	2,280,000	1,514,759	3,794,759	1.67
A&P Commission	15,336,586	13,092,408	2,244,178	1,737,353	1,012,215	2,749,568	0.82
Total	$79,007,286	$64,627,799	$14,379,487	$9,609,106	$13,052,723	$22,661,829	2.84

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

(1) Includes proceeds from long-term debt and various nonoperating revenues (intergovernmental revenue and local tax levy).

(2) Excludes depreciation.

(3) Includes bond defeasance.

	Pledged Revenue (4)	Operating Expenses (5)	Net Revenue	Debt Service Requirements Principal	Interest	Total	Coverage
River Market Garage	$ 2,393,116	$ 714,477	$ 1,678,639	$ 350,000	$ 539,665	$ 889,665	1.89

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

(5) Excludes depreciation.

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

Table 16

Year	Population	Personal Income (3)	Per Capita Income (3)	Median Age	Percent of Population Age 25+ MA/Professional Degree or Higher	School Enrollment	Unemployment Rate
1999	183,951 (1)	$ 4,762,307,439	$ 25,889	32.3	13.5	27,511	4.1%
2000	183,133 (2)	4,741,130,237	25,889	33.9	13.5	27,400	3.1%
2001	183,133 (2)	4,741,130,237	25,889	34.5	13.5	27,387	4.3%
2002	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,574	4.3%
2003	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,980	4.6%
2004	183,133 (2)	4,250,333,797	23,209	34.5	13.4	27,891	4.4%
2005	183,133 (2)	4,250,333,797	23,209	34.5	13.4	28,699	3.8%
2006	183,133 (2)	4,966,933,226	27,122	36.0	13.4	28,755 (4)	3.8%
2007	183,133 (2)	5,284,485,848	28,856	36.2	16.9	28,828 (4)	4.8%
2008	183,133 (2)	4,985,063,393	27,221	34.8	13.8	27,899 (4)	4.6%

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

(1) Estimated
(2) 2000 Census
(3) The State Library provides per capita income. Personal Income is a calculation of per capita income multiplied by the population.
(4) Little Rock Public Schools

Registered Students as of October 2008	25,910
Kindergarten	1,989
	27,899

City of Little Rock, Arkansas

Principal Employers

Current Year and Seven Years Ago

Table 17

Employer	2008 Employees	2008 Rank	2008 Percentage of Total City Employment	2001 Employees	2001 Rank
State of Arkansas	32,200	1		24,700	1
Federal Government	9,200	2		10,000	2
University of Arkansas Medical Sciences	8,500	3		5,392	5
Public School Districts	7,411	4		8,000	3
Baptist Health	7,000	5		5,000	6
Little Rock Air Force Base	4,500	6		6,890	4
Acxiom	4,388	7			
Central Arkansas Veterans Health Care	3,500	8		3,600	8
Entergy Arkansas	2,738	9		-	
AT&T	2,613	10		3,000	9
St. Vincent Infirmary Medical Center	2,600			-	
ALLTEL Corporation	2,500			4,500	7
Arkansas Children's Hospital	2,470			-	
Union Pacific Railroad	2,000			2,610	10
	91,620		0.0%	73,692	

Source: Metroplan - Council of Local Governments

Note: The number of employees from ten years ago is not available. The earliest figures available were used. Total employment for 2008 is not available.

City of Little Rock, Arkansas

Full-time Equivalent City Government Employees by Function

Last Ten Years

Table 18

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government:										
General Administration (1),	4	6	6	5	6	2	2	3	4	4
Racial Cultural Diversity (1),						3	3	3	3	3
City Clerk (1),						2	2	2	2	2
Arts & Humanities						1				
Mayor and Board of Directors	2	2	2	1	1	1	1	1	1	1
City Manager	16	12	13	11	11	11	11	11	14	15
Community Programs	19	19	21	32	13	8	8	8	8	8
City Attorney	18	18	18	19	19	19	18	18	18	19
Little Rock Television			3	2	2	2	3	3	3	3
District Court - First Division	20	21	21	19	20	21	21	21	21	21
District Court - Second Division	18	21	21	21	21	20	20	20	20	20
District Cour - Third Division	8	8	8	8	7	7	6	6	7	7
Finance	49	46	46	45	44	44	44	44	44	44
Human Resources	17	17	18	18	17	18	18	20	21	21
Management Support / Information Technology	29	35	36	35	35	35	33	33	34	35
General Services (2)	132	99								
Planning and Development	49	48	50	46	44	43	41	40	41	41
Housing and Neighborhood Programs	104	98	107	98	95	96	95	94	97	97
Public Works		16	16	16	15	13	13	13	13	13
Parks and Recreation (3)	113	102	111	112	112	113	106	104	106	106
Fire	389	395	395	396	396	398	397	398	397	397
Police	673	672	742	739	713	713	695	670	680	683
Total General Fund	1,660	1,635	1,634	1,623	1,571	1,570	1,537	1,512	1,534	1,540
Zoo (3)	35	46	46	48	48	50	50	50	51	50
Golf (3)	26	31	29	27	27	25	25	24	24	24
Jim Dailey Fitness & Aquatic Center (3)	11	11	11	11	11	9	9	9	9	9
Concessions			3	2	1	1	1	1	1	1
River Market (3)	5	5	5	4	4	4	4	4	4	4
Waste Disposal	90	92	91	98	118	118	118	118	118	118
Public Works - Street	233	227	229	232	210	205	210	210	210	208
Fleet Services	54	52	56	52	56	59	59	61	61	61
Vehicle Storage Facility			20	18	19	17	17	17	17	17
Total Other Funds	454	464	490	492	494	488	493	494	495	492
Total Personnel	2,114	2,099	2,124	2,115	2,065	2,058	2,030	2,006	2,029	2,032

Source: Government Budget Office

(1) In 2004, the City Clerk's office and the Racial and Cultural Diversity departments were broken out from General Administration .

(2) Prior to 2001, General Services included the Print Shop, Asset Management, Building Services, and Fleet Management. These positions were allocated to Finance, Housing and Neighborhood Programs, Public Works, and Fleet Services. Other positions were eliminated.

(3) Prior to 1999, Zoo, Golf, Fitness, and River Market personnel were included in Parks and Recreation.

City of Little Rock, Arkansas

Operating Indicators by Function/Program

Last Ten Years

Table 19

Function		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Planning and Development											
Total building permits issued		2,613	2,243	4,384	4,561	4,432	5,032	5,330	4,694	2,734	1,957
Estimated building cost		$309,887,249	$488,530,453	$300,318,597	$489,610,493	$458,553,311	$475,269,768	$620,819,782	$561,752,025	$614,558,257	$433,788,975
New commercial construction permits		138	139	104	78	96	153	113	78	60	45
Commercial construction value		$100,030,893	$193,487,215	$164,063,228	$180,659,144	$124,394,465	$141,391,525	$183,023,886	$102,602,945	$192,268,739	$109,789,182
New residential construction permits		555	510	484	590	727	797	978	810	733	398
Residential construction value		$101,877,483	$101,839,118	$122,786,690	$137,152,590	$175,801,381	$208,581,390	$252,222,968	$197,698,324	$191,545,656	$102,855,663
Fire											
Number of uniformed employees		391	373	374	374	373	373	373	374	391	391
Fires and explosions		1,481	1,648	1,415	1,307	1,392	1,127	1,883	1,752	1,478	1,190
Overpressure rupture, explosion, overheat (no fire)		152	162	122	132	123	126	110	143	101	90
Rescue, emergency medical calls		9,307	9,840	8,820	9,727	10,128	9,869	13,982	13,948	13,946	13,990
Hazardous condition, standby		1,108	1,417	1,107	1,279	1,319	1,215	1,211	1,186	1,177	1,392
Service calls		1,090	1,166	1,057	1,228	1,220	1,116	984	1,236	1,265	1,374
Good intent calls		1,502	1,592	1,501	1,547	1,593	1,366	1,034	2,419	3,165	3,176
False alarm calls		2,808	2,957	2,867	2,803	2,470	2,114	2,553	3,019	2,953	2,813
Natural disaster calls		44	42	13	12	9	12	26	28	22	64
Other calls		163	176	193	172	229	122	89	142	117	158
Total calls		17,655	19,000	17,095	18,207	18,483	17,067	21,872	23,873	24,224	24,247
Police											
Number of uniformed employees		552	543	553	536	503	492	500	515	525	520
Calls for service		164,801	158,743	165,577	164,097	163,316	156,577	156,003	155,110	156,714	150,042
Arrests		11,132	11,775	13,774	14,296	14,496	16,389	17,361	15,023	17,362	10,523
Accidents (fatality and serious injury)		3,988	3,397	4,039	4,945	4,685	4,704	3,846	5,181	5,363	4,054
Training man hours		53,432	58,328	60,941	20,418	14,160	13,048	12,101	12,778	13,469	26,465
Uniform Crime Reporting (UCR) Part I offenses		17,495	17,659	17,035	20,829	21,338	19,466	19,517	19,220	19,200	17,968
Clearance rate - all crimes		18.06%	14.98%	14.29%	15.25%	14.74%	18.11%	19.53%	21.70%	22.36%	24.80%
Public Works											
Miles of graded and surface treatment		420	420	426	440	426	426	426	426	398	394
Drainage ditches maintained		742	745	747	750	750	745	745	745	1,578	1,578
Traffic signals repaired									1,887	2,178	2,464
Solid Waste/Garbage Collections											
Solid waste disposal monthly service rate		$16.35	$16.35	$16.35	$18.91	$18.91	$20.99	$20.99	$20.99	$20.99	$20.99
On-Call service		24,443	21,175	25,882	29,382	26,705	28,448	29,231	30,370	30,500	32,000
KB's service		4,867	6,019	9,024	8,475	8,114	7,894	6,287	5,865	6,000	6,000
Roll-off service		2,281	2,327	1,993	2,014	2,194	2,240	2,311	2,194	2,200	2,100
Carts		2,753	2,683	3,413	4,420	5,262	6,076	5,436	5,124	6,500	5,500
Dead animals collected		714	764	596	780	632	574	395	343	500	400
Curbside recycling tonnage	(3)						4,457	4,820	4,596	4,800	5,200
Paper recycling pounds	(3)						54,240	46,880	84,200	59,490	48,942
Class I and IV tonnage	(3)						88,137	81,768	108,382	116,000	112,500
Yard Waste tonnage	(3)						21,989	22,961	23,875	23,800	24,000
Parks and Recreation											
Total recorded parks attendance	(1)	2,450,000	1,874,789	2,500,000	1,612,678	1,021,818	1,097,848	906,941	1,339,653	1,457,419	1,632,030
Zoo attendance	(1)		319,256	378,176	355,729	294,782	251,104	275,584	257,290	282,334	274,781
Zoo outreach program	(2)					92,158	67,922	72,978	98,479	55,669	69,223

Sources: Various city departments.
Note: Indicators are not available for the general government function.

(1) Zoo attendance is included in Parks until 2000.
(2) Zoo outreach program began in 2003.
(3) Solid Waste began tracking this statistic in 2004. It is not available prior to that period.

City of Little Rock

Capital Asset Statistics by Function

Last Ten Years

Table 20

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007		2008
Fire Stations	20	20	20	20	20	20	20	20	20		20
Police Stations	4	4	3	4	4	4	4	5	11	(1)	9
Public Works											
Miles of Streets	2,300	2,500	2,358	2,375	2,399	2,496	2,527	2,548	2,567		2,585
Miles of paved - permanent streets	1,880	2,080	1,932	1,935	1,972	2,007	2,039	2,039	2,105		2,146
Alleys	63	72	63	72	63	63	63	63	63		63
Waste Disposal											
Miles of storm sewer	345	350	355	350	350	350	350	350	350		355
Miles of sanitary sewer	1,100	1,087	1,157	1,228	1,207	1,228	1,248	2,070	1,292		1,311
Solid waste containers purchased	2,000	1,500	1,500	3,500	1,200	3,134	2,000	1,889	2,984		1,512
Parks and Recreation											
Acreage	4,762	5,163	5,154	5,745	5,745	5,745	5,767	5,776	5,781		5,780
Number of parks	52	53	53	52	52	54	54	55	55		55
Number of playgrounds	50	49	49	48	48	48	45	45	45		45
Number of tennis courts	52	52	52	52	52	52	52	52	52		52
Number of basketball courts	38	37	37	36	36	36	36	35	36		36
Number of museums	2	1	9	1	1	1	1	1	1		1
Number of golf courses	3	4	3	4	3	3	3	4	3		3
Number of ball fields	28	24	25	41	41	29	24	25	25		25
Number of play fields	12	7	7	12	12	12	18	20	20		20
Number of zoos	1	1	1	1	1	1	1	1	1		1
Number of adult centers	1	1	1	1	1	1	1	1	1		1
Number of community centers	6	6	5	7	4	6	6	6	6		6
Number of fitness centers		1	1	1	1	1	1	1	1		1
Number of swimming pools	4	4	4	4	4	4	4	3	3		3
Number of soccer fields	14	11	11	9	9	9	9	9	9		9
Number of pavilions	22	26	26	26	26	26	19	19	22		20
Number of volleyball courts	2	8	8	8	9	9	9	9	2		2

Source: Various city departments.
Note: No capital asset indicators are available for the general government.
(1) In 2007 the police stations began including substations in this figure.

OTHER REQUIRED REPORT

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Independent Accountants' Report on Compliance with Certain State Acts

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

We have examined management's assertions that the City of Little Rock, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2008.

(a) Municipal Accounting Law, Act 159 of 1973, Act 616 of 1979 and Act 308 of 1977 (Arkansas Statutes 19-5301 – 19-5317);

(b) Municipal Courts, Police Courts, City Courts and Justice of the Peace Courts Accounting Law of 1977, Act 332 of 1977, Acts 677 and 776 of 1985, Act 904 of 1991 and Act 1256 of 1996 (Arkansas Statutes 22-1101 – 22-1108);

(c) Municipal Court and Police Department Uniform Filing Fees and Court Cost, Act 1341 of 1997;

(d) Bonding of Municipal Officers and Employees, Act 338 of 1955, Act 677 of 1975, Act 940 of 1977 and Act 1014 of 1987 (Arkansas Statutes 13-412 – 13-412.3) (Replaced by Act 5 of 1985);

(e) Improvement Contracts over $20,000, Act 159 of 1949, Act 183 of 1957, Act 477 of 1961, Act 370 of 1977, Act 266 of 1981, Act 871 of 1983, Acts 758 and 759 of 1987, Act 936 of 1989, Act 728 of 1991, Act 645 of 1993 and Act 1319 of 1995 (Arkansas Statutes 14-611 – 14-614);

(f) Budgets, Purchases over $2,000; Payments of Claims, Etc., Act 28 of 1959, Act 154 of 1979, Acts 344 and 926 of 1981, Act 745 of 1985 and Act 812 of 1995 (Arkansas Statutes 19-4421 – 19-4430);

(g) Investment of Public Funds, Act 273 of 1943; Act 106 of 1973, Act 402 of 1995 and Act 1341 of 2000 (Arkansas Statutes 13-901 – 13-904); and

(h) Deposit of Public Funds, Act 21 of 1935, Acts 57 and 62 of 1945, Act 122 of 1947, Act 18 of 1964, Acts 89 and 107 of 1973, Act 250 of 1987, Act 459 of 1991 and Acts 232 and 700 of 1995 (Arkansas Statutes 13-801 – 13-805).

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

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

In our opinion, the City of Little Rock, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2008.

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

BKD, LLP

June 24, 2009

SINGLE AUDIT SECTION

BKD LLP
CPAs & Advisors

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2008, which collectively comprise its basic financial statements and have issued our report dated June 24, 2009, which contained references to the report of other accountants and a change in accounting principle. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of the component units Mt. Holly Cemetery, Oakland Fraternal Cemetery and Arkansas Museum of Science and History were not audited in accordance with *Government Auditing Standards*. Other accountants audited the financial statements of Wastewater Utility, Little Rock National Airport, Central Arkansas Transit Authority, Arkansas Museum of Science and History, Arkansas Arts Center, Workforce Investment Board, Little Rock Advertising and Promotion Commission and the Little Rock Ambulance Authority as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Others Matters

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

We also noted certain additional matters that we reported to the City's management in a separate letter dated June 24, 2009.

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

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

BKD, LLP

June 24, 2009

BKD LLP
CPAs & Advisors

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

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

Compliance

We have audited the compliance of the City of Little Rock, Arkansas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the compliance of the City of Little Rock, Arkansas based on our audit.

The City of Little Rock, Arkansas' financial statements include the operations of the Little Rock Port Authority, Central Arkansas Transit Authority, Little Rock National Airport, Little Rock Workforce Investment Board and Little Rock Wastewater Utility which expended $539,160, $4,054,397, $9,412,404, $1,284,357 and $11,568,237, 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, 2008. Our audit, described below, did not include the operations of these component units because each engaged auditors to perform separate audits in accordance with OMB Circular A-133.

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

In our opinion, the City of Little Rock, Arkansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City of Little Rock, Arkansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more that a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs, to be a material weakness.

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

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

BKD, LLP

June 24, 2009

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA Number	Amount Expended
Child and Adult Care Food Programs	U.S. Department of Agriculture/Arkansas Department of Human Services	10.558	$ 369,420
Community Development Block Grants/ Entitlement Grants	U.S. Department of Housing and Urban Development	14.218	909,884
Emergency Shelter Grants Program	U.S. Department of Housing and Urban Development	14.231	3,303
HOME Investment Partnerships Program	U.S. Department of Housing and Urban Development	14.239	1,215,269
Community Block Grants - Section 108 Loan Guarantees	U.S. Department of Housing and Urban Development	14.248	269,591
Justice Assistance Grant	U.S. Department of Justice	16.738	153,465
2007 Youth Services	U.S. Department of Justice/Arkansas Department of Human Services	16.523	56,160
Internet Crimes	U.S. Department of Justice	16.543	1,216
Project Safe Neighborhoods	U.S. Department of Justice	16.609	4,952
COPS Meth	U.S. Department of Justice	16.710	181,271
Historical Preservation Fund	Department of Interior, National Park Service/Arkansas Department of Heritage	15.904	45,511
African Penguin Exhibit	U.S. Department of Interior/Arkansas Parks and Tourism	15.916	256,751
Fire and Safety	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.008	178
FEMA	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.036	412,055
State Homeland Security Grant Program	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.067	535,116
Emergency Management Performance Grants	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.042	49,132
Hurricane Katrina	U.S. Department of Homeland Security	97.084	33,152
Assistance to Firefighters Grant	U.S. Department of Homeland Security	97.044	288,233
Citizen Corps CERT	U.S. Department of Homeland Security/Arkansas Department of Emergency Management	97.053	810
Metropolitan Medical Response System	U.S. Department of Homeland Security	97.071	17,653
State and Community Highway Safety	U. S. Department of Transportation/ Arkansas State Highway and Transportation	20.600	29,884
Highway Planning and Construction	U.S. Department of Transportation/ Arkansas State Highway and Transportation	20.205	3,242,285
			$ 8,075,291

City of Little Rock, Arkansas
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2008

Notes to Schedule:

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

2. Of the federal expenditures presented in this schedule, the City of Little Rock, Arkansas, provided federal awards to subrecipients as follows:

Program	CFDA No.	Subrecipient		Amount Provided
Community Development Block Grant	14.218	Various	$	163,896
HOME Investment Partnerships Program	14.239	Various		365,006
Total provided to subrecipients			$	528,902

City of Little Rock, Arkansas
Schedule of Expenditures of State Awards
Year Ended December 31, 2008

Program Grantor/Program Title		State Awards
Arkansas State Police		
Asset Forfeiture	$	16,995
Arkansas Department of Economic Development		
Little Rock Port - Welspun Pipe		1,188,685
EIF LM Glasfiber - Port		446,795
Sage V Foods		130,950
EIF Falcon Jet		1,403,079
Falcon Jet Ext. QACF		120,068
Senior Centers		34,915
QACF LM Glassfiber - Port		989,398
Total State Awards	$	4,330,885

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

Summary of Auditor's Results

1. The opinion(s) expressed in the independent accountants' report was (were):
   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting described:

Significant deficiency(s) noted considered material weakness(es)?	☐ Yes	☒ No
Significant deficiency(s) noted that are not considered to be a material weakness(es)?	☒ Yes	☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(s) noted considered material weakness(es)?	☐ Yes	☒ No
Significant deficiency(s) noted that are not considered to be a material weakness(es)?	☒ Yes	☐ No

5. The opinion(s) expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
   ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☒ Yes ☐ No

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2008

7. The City's major programs were:

Cluster/Program	CFDA Number
Child and Adult Care Food Program	10.558
HOME Investment Partnership Program (HIPP)	14.239
Community Development Block Grant (CDBG)	14.218
Highway Planning and Construction Transportation Improvement Program	20.205
Public Assistance Grants	97.036
State Homeland Security Grant Program	97.067

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

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

City of Little Rock, Arkansas

Schedule of Findings and Questioned Costs

Year Ended December 31, 2008

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
2008-01	Criteria or Specific Requirement Management is responsible for establishing and maintaining effective internal control over financial reporting. Condition Incompatible duties exist within several departments. Context In the cash receipts/revenue recognition cycle, several employees have incompatible duties. For example, two employees can receive payments and maintain custodianship of the payments, prepare billing documents, issue credit memos, prepare the cash receipts journal and credit customer accounts. Furthermore, these employees issue monthly statements or are responsible for reconciling cash receipts sub-ledger to the general ledger. In the payroll cycle, three employees have incompatible duties. For example, one employee can generate a payroll payment, authorize the payment, change online payroll entries, change master files, make journal entries and reconcile employee payroll records to the control account. In the cash disbursements/accounts payable cycle, three employees have incompatible duties. For example, one employee can generate a payment and authorize a payment, change computer master files affecting vendors and electronic funds transfers, make journal entries to the general ledger and reconcile accounts payable to the general ledger. Additionally, information technology staff have write level access to critical financial functions. Effect Potentially material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner. Cause Duties in the cash disbursements/accounts payable, cash receipts/revenue, payroll recognition cycles and information technology department are not adequately segregated and/or monitoring or other compensating controls are insufficient. Recommendation Management should periodically evaluate the costs versus the benefits of further segregation of duties or addition of monitoring or other compensating controls and implement those changes it deems appropriate for which benefits are determined to exceed costs.	None

City of Little Rock, Arkansas

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2008

Reference Number	Finding	Questioned Costs

Views of Responsible Officials and Planned Corrective Actions

Management continues to monitor the cost versus the benefits of further segregation of duties within the cash disbursements/accounts payable, cash receipts/revenue and payroll recognition cycles. The City's Internal Audit Department conducts various departmental and cycle audits to mitigate the risk of misappropriation of assets. The City will evaluate the potential for implementing new internal controls inherent in the system. In addition, the City will consider whether budget constraints can support additional staffing in Finance.

City of Little Rock, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2008

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
2008-02	Child and Adult Care Food Program CFDA No. 10.558 U. S. Department of Agriculture Eligibility	Unknown

Criteria or Specific Requirement
Federal regulations require grantees to ensure sufficient controls are in place to capture accurate data regarding eligibility of program participants and the number of units served.

Condition
Weekly and monthly logs documenting units served had various errors including weekly duplicates with conflicting information, inconsistencies between the weekly logs and the monthly billing request, etc.

Context
Billing requests could not be supported by internal documentation.

Effect
Potential federal reimbursement for insufficient documentation.

Cause
Internal controls were not in place to help ensure compliance with federal regulations.

Recommendation
Management should implement and monitor policies and procedures to help ensure federal reimbursements are supported by accurate internal documentation.

Views of Responsible Officials and Planned Corrective Actions
Management has implemented policies and procedures to ensure federal reimbursements are supported by accurate internal documentation. Management continually monitors the policies and procedures. Also additional training sessions have been conducted for all employees involved in this program.

City of Little Rock, Arkansas

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2008

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Status
2007-04 2006-03	HOME Investment Partnership Program (HIPP) and Community Development Block Grant (CDBG) CFDA Nos. 14.239 and 14.218 U.S. Department of Housing and Urban Development Procurement	Resolved

Criteria or Specific Requirement

Federal regulation require formal bids be obtained on projects over certain dollar amounts. The bid process should allow for open competition.

Condition

Construction rehabilitation projects were not appropriately bid out. Vendors from a pre-approved list were used to provide construction rehabilitation for qualified homeowners.

Context

Formal advertising and open bid requirements were not fulfilled.

Effect

Federal procurement requirements were not met due to the fact that formal advertising was not performed.

Cause

Procurement procedures currently in effect do not satisfy the federal procurement guidelines.

Recommendation

We recommend that the client review and change its procurement policies to ensure federal procurement rules are satisfied.

Views of Responsible Officials and Planned Corrective Actions

The City is enhancing procurement policies to address this issue.

City of Little Rock, Arkansas

Summary Schedule of Prior Audit Findings (Continued)

Year Ended December 31, 2008

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Status
2007-05 2006-05	Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HIPP), CFDA Nos. 14.218 and 14.239, U.S. Department of Housing and Urban Development Allowable Costs	Resolved

Criteria or Specific Requirement

Federal regulations require grantees to ensure payments for goods and services are net of all applicable credits.

Condition

Local sales taxes were not withheld from the reimbursement of purchases related to the HOME and CDBG grants.

Context

Reimbursements were not made in the manner required by Federal regulations.

Effect

Payments for unallowed costs were made.

Cause

Internal controls were not in place or were not maintained to help ensure compliance with federal regulations.

Recommendation

Management should implement and monitor policies and procedures to help ensure federal reimbursements are made under the requirements of OMB Circular A-87.

Views of Responsible Officials and Planned Corrective Actions

HUD identified this as an issue during the 2006 monitoring and we have made great progress in resolving this issue. Policies and procedures are now in place to correct this finding.