

CITY OF NORTH LITTLE ROCK, ARKANSAS



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2022

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Message from our Chief Financial Officer

Dear Citizens of North Little Rock,

We are pleased to present the City's Popular Annual Financial Report for the fiscal year ending December 31, 2022. This report is a condensed version of our Annual Comprehensive Financial Report (ACFR).

The City of North Little Rock Finance Department has prepared this report as a brief overview of where City revenue comes from and how those revenues are spent for the current year. It is intended for readers who prefer to read financial information in summary form and is not a substitute for the City's ACFR.

This report is derived from information contained in the ACFR, which is reported in conformity with generally accepted accounting principles (GAAP) and contains more detailed information needed to evaluate the City's financial position. This report only presents information for the City at the government wide level and general fund level and does not present information on the financial statements of its individual funds, fiduciary funds or component units. This PAFR is unaudited and is presented on a non-GAAP basis. The differences between the GAAP basis presentation in the ACFR and the non-GAAP presentation in the PAFR are as follows: the financial statement formats; the presentation of segregated funds; and the disclosure of all material financial and non-financial matters in the notes to the financial statements. For those interested, a copy of the City's ACFR is available online at nlr.ar.gov/finance or by contacting the City's Finance Department at 501-975-8802.

We hope you find this financial summary easy to read and you come away with a better understanding of how the City's operations are funded.

Ember Strange

A handwritten signature in cursive script that reads "Ember Strange".

Chief Financial Officer

About

- Incorporated in 1904
- Located in the central part of the State of Arkansas
- Linked by the Big Dam Bridge to trails in Little Rock, the state's capital city
- Diverse and charming city with affordable neighborhoods and beautiful lakes
- Home to the Arkansas Travelers minor league baseball team
- Home of the historic USS Razorback Submarine (WWII submarine)
- Walkable Argenta District is the home to many renowned galleries, museums, performing art venues and restaurants.

City Services

- Police & Fire Protection
- Municipal Electric Utility Services
- Maintenance of Streets, Drainage & Sidewalks
- Trash Collection & Leaf Removal
- Parks & Recreation

Overview of the Government

The City operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in the City Council consisting of eight aldermen. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the various department directors. The City Council and Mayor are elected on a non-partisan basis. The Mayor is elected to serve a four-year term. The council members serve four-year staggered terms with four council members elected every two years. All eight council members are elected by ward and the Mayor is elected at large.



Demographics

Demographics

| | |
|--------------------------------|----------|
| Population | 64,591 |
| Square Miles | 56.25 |
| Total Retail Sales, per capita | \$24,395 |

U.S. Census Bureau, QuickFacts

Top 10 Employers

- Baptist Health
- CHI St. Vincent
- Maverick Transportation, Inc.
- North Little Rock Public High School
- City of North Little Rock
- Pinnacle Business Solutions
- Caterpillar
- Ozark Waffles
- University of Arkansas - Pulaski Technical College
- Dow Building Services



ECONOMY

| | |
|-------------------------|-----------|
| Median Household Income | \$45,590 |
| Median Housing Value | \$149,200 |
| Persons per Household | 2.29 |
| Unemployment Rate | 2.9% |

EDUCATION

| |
|---------------------------------|
| 90.7% High School graduates |
| 29.6% Bachelor Degree or higher |

DIVERSITY

| |
|---------------------------------|
| 47.7% White (Non-Hispanic) |
| 43.9% Black or African American |
| 1.3% Asian |
| 6.3% Hispanic or Latino |
| 51.9% Female |

MAYOR & CITY COUNCIL MEMBERS



Debi Ross
Ward 1



Nathan Hamilton
Ward 1



Linda Robinson
Ward 2



Maurice Taylor
Ward 2



Terry C. Hartwick
Mayor



Ron Harris
Ward 3



Steve Baxter
Ward 3



Vince Insalaco III
Ward 4



Charlie Hight
Ward 4



On March 31, 2023, an EF3 tornado struck the City of North Little Rock continuing on the ground in the City for 5.5 miles. As a result of the tornado, approximately 1,600 homes were damaged and over 15,000 people had power outages. The power outages were restored within approximately a week after the tornado struck. The City estimates total costs associated with the tornado to be approximately \$35 million, however a significant amount will be covered by federal and state assistance.



A positive net position indicates a measure of financial stability. The City's net position increased from \$212.3M in 2021 to \$245.2M in 2022. The increase is primarily the result of an increase in governmental activities of approximately \$31M. The increase is primarily due to increased collections of sales tax, food and lodging taxes and motor fuel taxes all due to the continued increased prices of goods, services and fuels. The increase in net position is also attributed to an increase in grant revenue in the current year.



The City participates in five statewide multi-employer defined benefit pension plans. The City also sponsors a single-employer defined benefit plan. The City's share of those collective pensions and OPEB net liabilities is \$138.3M.

Government Wide Revenues Last 3 Years

| | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------|--------------------|--------------------|--------------------|
| Taxes - sales | 62,161,298 | 72,015,308 | 75,845,699 |
| Taxes - other | 15,868,429 | 17,885,986 | 18,154,620 |
| Electric department | 88,330,225 | 93,857,877 | 102,966,537 |
| Franchise fees | 3,737,046 | 4,055,911 | 4,352,373 |
| Charges for services | 9,009,418 | 9,283,739 | 10,925,330 |
| Capital grants | 2,794,546 | 3,279,733 | 8,272,491 |
| Operating grants | 3,207,844 | 3,264,866 | 6,715,847 |
| Investment income | 462,260 | 130,868 | 179,173 |
| Other | 2,545,631 | 3,879,020 | 3,244,686 |
| Total Revenues | 188,116,697 | 207,653,308 | 230,656,756 |

HOW DID WE DO?

The City's financial activities in total are made up of two broad classifications: governmental and business-type activities. Additionally, there are two main sources of revenue for the City: program revenues and general revenues. Program revenues include charges for services and general revenues include sales taxes, property taxes, and other revenues that are not generated through programming. Total revenues for the City's activities were \$230.6 million in 2022, an 11% increase from 2021. This overall increase is primarily a result of higher than anticipated sales tax revenues, food and lodging taxes and motor fuels taxes due to the continued increased cost of goods, services and fuels. The increase in revenue is also attributed to the increase in grant funding the City received in 2022. In May 2022, the City received its second tranche of ARPA funding of approximately \$8.4 million. The City also had several grant projects that are funded through the highway department such as the Jumpstart Levy and Jumpstart Parkhill projects in 2022.

Government Wide Expenses Last 3 Years

| | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------|--------------------|--------------------|--------------------|
| General government | 26,601,470 | 25,654,068 | 30,660,183 |
| Public safety | 59,987,367 | 53,340,207 | 47,950,176 |
| Public works | 1,782,790 | 3,200,186 | 1,394,466 |
| Street & traffic | 7,902,594 | 10,793,629 | 9,786,423 |
| Health & sanitation | 5,634,372 | 6,840,427 | 6,551,846 |
| Community development | 1,165,136 | 615,673 | 1,446,767 |
| Culture & recreation | 8,985,499 | 9,795,437 | 10,427,475 |
| Interest | 411,286 | 322,202 | 301,671 |
| Electric | 68,631,031 | 78,828,925 | 89,306,365 |
| Total Expenses | 181,101,545 | 189,390,754 | 197,825,372 |

HOW DID WE DO?

Total expenditures for the City's activities were \$197.8 million in 2022, a 4.5% increase from 2021. This overall increase is primarily a result of higher costs of power increasing the Electric Department's expenses and increased costs in salaries and benefits to uniformed and non-uniformed employees.

General Fund Budget to Actual Revenues

| | Original Budget | Amended Budget | Actual |
|----------------------|----------------------------|---------------------------|---------------|
| Taxes - sales | 53,680,000 | 61,480,000 | 63,372,459 |
| Taxes - other | 8,442,200 | 8,442,200 | 15,181,942 |
| Franchise fees | 3,256,000 | 3,256,000 | 4,352,373 |
| Fines & forfeitures | 1,722,000 | 1,722,000 | 1,233,271 |
| Licenses & permits | 3,946,500 | 3,946,500 | 4,690,547 |
| Charges for services | 2,015,000 | 2,365,000 | 2,896,069 |
| Intergovernmental | 5,525,375 | 5,525,375 | 189,069 |
| Investment earnings | 114,000 | 114,000 | (26,138) |
| Miscellaneous | 2,533,534 | 4,438,644 | 3,383,820 |

HOW DID WE DO?

Budget performance identifies how well a City is able to budget and execute funds adequately. There were adjustments made to the budget throughout the year. The General Fund actual revenues outperformed the amended budget by approximately \$4M. This increase is primarily a result of higher than anticipated sales tax revenues due to the continued increase in the cost of goods and services and consumers preferring to order online rather than going to a neighboring city to shop post-COVID.



General Fund Budget to Actual Expenses

| | Original Budget | Amended Budget | Actual |
|------------------------|----------------------------|---------------------------|---------------|
| General government | 16,498,860 | 17,028,519 | 15,314,775 |
| Animal shelter | 951,890 | 953,810 | 833,561 |
| Emergency services | 2,475,516 | 2,480,316 | 1,969,498 |
| Fit 2 live | 269,801 | 157,481 | 148,790 |
| Health | 88,218 | 88,218 | 88,141 |
| Neighborhood services | 221,324 | 349,604 | 325,993 |
| Fire | 20,519,642 | 20,683,130 | 19,644,828 |
| Police | 26,385,471 | 27,670,295 | 27,072,659 |
| Public works | 1,292,718 | 1,497,511 | 1,317,800 |
| Sanitation | 5,633,508 | 5,991,668 | 5,968,212 |
| Senior citizens | 1,056,984 | 1,058,904 | 965,944 |
| Special appropriations | 6,248,828 | 18,133,389 | 9,755,626 |
| Capital outlay | 0 | 0 | 2,083,947 |

HOW DID WE DO?

The General Fund final budget increased approximately 17.7% over the original budget in 2022. This increase was due to several amendments. Two amendments were made for renovations to Dickey Stephens Field to prevent sinkholes and repair the field from the 2019 flood. The City purchased the building and land at 4120 Baucum Pike to be the site of the new Rose City Health Clinic. Two amendments were made: one for demolition of the existing building and one for construction of the new building. The City also amended the budget for the costs associated with moving to the new City Services building. Overall, expenditures came in \$10.6 million under budget.



Electric Department

The City of North Little Rock owns a municipal electric department (NLRED) which is reflected in the ACFR in the business-type activities. As of December 31, 2022 total assets and deferred outflows exceeded total liabilities and deferred inflows by \$159,294,807 for NLRED. Of the total net position, \$109,997,145 was invested in capital assets, \$1,725,938 was restricted for debt service and \$47,571,724 was unrestricted.



Key Ratios:

Current Ratio: 7.64

Debt Utilization Ratio: 8%



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting



Presented to

**City of North Little Rock
Arkansas**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of North Little Rock for its Popular Annual Financial Report for the fiscal year ended 12/31/2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of North Little Rock has received a Popular Award for the fiscal year ended 12/31/2021. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.