

City of North Little Rock, Arkansas

Popular Annual Financial Report

For the Fiscal Year Ended
December 31, 2023



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<https://nlr.ar.gov>

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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, 2023. 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
Chief Financial Officer



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.



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



Economy

Median Household
Income - \$49,166

Median Housing
Value - \$165,600

Persons per
Household - 2.19

Unemployment
Rate - 3.2%

Education

High School
Graduates - 91.5%

Bachelor Degree
or Higher - 30.6%



Diversity

White
(Non-Hispanic) 47.1%

Black or African
American 43.2%

Asian 1.1%

Hispanic or Latino 6.2%

Female 52.3%

Demographics

Population 64,591

Square Miles 56.25

Total Retail Sales, \$24,395
per capita

U.S. Census Bureau,
Quick Facts

2023 City Events

North Little Rock Air Show

The North Little Rock Regional Airport will host the biannual air show on October 10-11, 2024. This will consist of a night show on October 10 and a day show on October 11. There will also be a kids zone, helicopter rides, a car show, and many more attractions.



Total Eclipse 2024

On April 8, 2024, North Little Rock, AR was in the zone for the total eclipse that took place. Events were held around the City, including the he Total Eclipse in the Park which was a special event held at the Burns Park Soccer Complex. The Arkansas Inland Maritime Museum also offered the opportunity to citizens to view the eclipse aboard their barge and boat on the Arkansas River.

Total Eclipse in the Park

Enjoy the eclipse along the Arkansas River

April 8, 2024

Gates open at 7:30 am
Eclipse Event 12:30-3:15pm



Net Position

The net position of the City is equal to City assets and deferred outflows offset by City liabilities and deferred inflows. Net position is the difference between what the City owns and what the City owes. A positive net position indicates a measure of financial stability.

Positive net position indicates a measure of financial stability. The City's total net position increased from \$245.2M in 2022 to \$290.6M in 2023. The increase is primarily the result of an increase in governmental activities of approximately \$29M. The increase in governmental activities 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 of \$16M in business-type activities in 2023. This increase is which is primarily due to an increase in charges for services of approximately \$3.8 million due to additional system load of 514,650kWh as weather was not as mild as the previous year. Another reason for the increase in net position of business-type activities is that operating expenses, including depreciation and amortization, decreased by approximately \$7.1 million. This decrease is due to below average purchase power costs in 2023 after being well above average in 2022 due to a volatile market.



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 other post employment benefits (OPEB) net liabilities is \$155.5M.

Government Wide Revenue

Last 3 Years

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxes - sales	72,015,308	75.845.699	80,691,742
Taxes - other	17,885,986	18.154.620	19,736,443
Electric department	93,857,877	102.966.537	106,771,617
Franchise fees	4,055,911	4.352.373	4,587,543
Charges for services	9,283,739	10.925.330	10,968,870
Capital grants	3,279,733	8.272.491	4,773,558
Operating grants	3,264,866	6.715.847	19,597,260
Investment Income	130,868	179.173	4,501,141
Other	<u>3,879,020</u>	<u>3.244.686</u>	<u>3,009,310</u>
Total Revenues	207,653,308	230.656.756	254,637,484

HOW DID WE DO?

The City's financial activities in total are made up of two broad classifications: governmental and business-type activities (*see pages 16-17 of 2023 ACFR*). 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 \$254.6 million in 2023, a 10.4% increase from 2022. This overall increase is primarily a result of higher than anticipated sales tax revenues, food and lodging taxes and motor fuel taxes all due to the continued increased prices of goods, services and fuels. On March 31, 2023, an EF3 tornado struck the City continuing on the ground in the city limits for 5.5 miles. As a result of the tornado, approximately 1,600 homes were damaged and over 15,000 people had power outages. This major storm even attributed to the increase in the tax collections as residents bought the needed supplies and materials to rebuild and people from out of town traveled to the City to help those effected and stayed in the hotels.

Government Wide Expenditures

Last 3 Years

	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government	26,654,068	30,660,183	50,216,265
Public safety	53,340,207	47,950,176	44,671,828
Public works	3,200,186	1,394,466	2,959,471
Street & traffic	10,793,629	9,786,423	8,950,164
Health & sanitation	6,840,427	6,551,846	7,088,623
Community dev.	615,673	1,446,767	950,774
Culture & recreation	9,795,437	10,427,475	11,935,917
Interest	322,202	301,671	296,603
Electric	<u>78,828,925</u>	<u>89,306,365</u>	<u>82,204,333</u>
Total Expenses	189,390,754	197,825,372	209,273,978

HOW DID WE DO?

Total expenditures for the City's activities were \$209.3 million in 2023, a 5.7% increase from 2022. This overall increase is primarily a result of the March 31st tornado and the costs associated with debris removal around the City and in Burns Park. More than 600,000 cubic yards of debris was removed from the City resulting in a cost of approximately \$18 million. FEMA reimbursed the City 75% of this cost.



General Fund Budget to Actual Revenues

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	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Taxes - sales	57,750,000	63,250,000	67,926,455
Taxes - other	8,810,000	8,810,000	16,679,373
Franchise fees	3,196,000	3,196,000	4,587,543
Fines & forfeitures	1,507,400	1,507,400	1,422,105
Licenses & permits	3,967,750	4,171,135	5,115,036
Charges for services	2,370,000	2,370,000	2,655,275
Intergovernmental	5,339,352	5,339,352	207,578
Investment earnings	715,105	1,015,105	1,826,194
Miscellaneous	<u>2,250,809</u>	<u>2,271,099</u>	<u>1,540,824</u>
Total Revenues	85,906,416	91,930,091	101,960,3834

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 \$10M. This increase is primarily a result of higher than anticipated sales tax revenues due to continued increased costs of goods and services as related to the March 31st tornado.



General Fund Budget to Actual Expenses

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>
General government	17,479,672	17,844,024	16,315,347
Animal shelter	963,248	965,246	973,167
Emergency services	2,329,549	2,406,870	2,483,138
Fit 2 live	144,197	144,428	131,513
Health	105,435	105,435	105,434
Neighborhood services	436,080	465,960	445,017
Fire	21,445,813	21,531,894	20,659,468
Police	27,206,339	27,552,442	28,842,418
Public Works	1,351,083	1,528,747	1,371,672
Sanitation	5,867,262	5,873,600	6,416,809
Senior citizens	1,079,281	1,080,931	969,803
Special appropriations	7,191,111	23,796,967	13,534,936
Capital Outlay	-	-	12,462,458
Debt Service			
Principal retirement	-	-	371,328
Interest & fiscal charges	-	-	17,336
Total Expenses	85,599,070	103,296,544	105,099,844

HOW DID WE DO?

Total expenditures for the City's activities were \$209.3 million in 2023, a 5.7% increase from 2022. This overall increase is primarily a result of the March 31st tornado and the costs associated with debris removal around the City and in Burns Park. More than 600,000 cubic yards of debris was removed from the City resulting in a cost of approximately \$18 million. FEMA reimbursed the City 75% of this cost.

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, 2023, total assets and deferred outflows exceeded total liabilities and deferred inflows by \$175,514,983 for NLRED. Of the total net position, \$115,367,289 was invested in capital assets, \$1,786,631 was restricted for debt service, and \$58,361,063 was unrestricted.



Key Ratios:

Current Ratio: 7.43

Debt Utilization Ratio: 6%

Outstanding Achievement Award



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, 2022

Christopher P. Morill

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 12/31/2023. 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. 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.