

CITY OF LITTLE ROCK, ARKANSAS

2023

POPULAR ANNUAL FINANCIAL REPORT



For the year ended
December 31, 2023



WHAT'S **INSIDE**

-  **2** WHO WE ARE
-  **3** OUR MISSION
-  **3** FINANCIAL HIGHLIGHTS
-  **4** STRATEGIC INITIATIVES
-  **4** FUTURE OUTLOOK
-  **6** OUR PROGRAMS
-  **7** WHAT WE ACHIEVED
-  **9** OUR FINANCIALS
-  **12** WHAT WE ENVISION
-  **12** CONTACT US

WHO WE ARE

Dear residents of the City of Little Rock, We are pleased to present to you the popular annual financial report for the fiscal year ending December 31, 2023. This report is designed to provide an overview of our financial performance, strategic initiatives, and future outlook. Our commitment to transparency and accountability remains steadfast as we strive to maintain the trust and confidence that you have placed in us.

This fiscal year has been marked by resilience and courage as shown by you

the residents of Little Rock following the March 31, 2023, tornado that destroyed and impacted thousands of structures. Through the disaster we have worked to rebuild and have been doing so quicker than many would have thought which is a testament to our character and spirit. The City through prudent financial planning continued to see improvement in its overall financial performance and condition.



OUR MISSION

The City of Little Rock is dedicated to improving our residents' quality of life by providing exceptional service in an efficient and equitable manner.



FINANCIAL HIGHLIGHTS

1. Revenue grew \$38.1 million or 11.2% to \$379.5 million from increased sales tax and earnings on investments.
2. Expenses grew 18.7% to \$359.1 million in 2023. Expenses were only 94.6% of revenues for the year.
3. Overall net position (the city's equity) increased by \$20.4 million or 3.3% compared to the prior year.
4. We continued to invest in our infrastructure and capital needs supported by voter-approved bonds, grants, and remaining funds from the expired sales tax.

STRATEGIC INITIATIVES

The City of Little Rock is committed to holding ourselves accountable to performance metrics that show our residents exactly how their city works for them. The ROCKfolio has been introduced which is a progress portfolio of our citywide data strategy. A component of ROCKfolio is the Little Rock City Wallet which is our very own open checkbook showing city employee salaries, contracts, financials, etc. – transparency at work.

Financial management and stewardship are important at City Hall. The City Board voted to proceed with a solar development project that will green City operations while reducing electricity costs. We will harness the power of solar energy to provide approximately 70 percent of the electricity for City operations. We anticipate that this project will lower our electricity costs by 1 million dollars annually and \$27 million over 20 years.

View the ROCKfolio 2024 Mid-year Report at www.littlerock.gov.

FUTURE OUTLOOK

The Little Rock regional economy has stabilized in the aftermath of Covid-19, in line with national trends. Job growth has surpassed its pre-Covid peak. 2023 saw local job growth above the national average. By late 2023, the Little Rock metropolitan area had nearly 389,000 jobs, compared to the previous peak of about 382,400. Little Rock's unemployment has climbed to around 3.6%, still lower than the U.S. average of 3.7%. Interest rate hikes during 2022 and early 2023 has slowed the economy down only slightly while

Inflation declined to about 3.1% annually by the end of 2023.

It is anticipated that economic growth will slow somewhat in 2024 with a decrease in the rate of sales tax growth but still above historical averages and thereby revenues in 2024 will be slightly more than 2023. Expected interest rate cuts in 2024, along with Little Rock's comparative economic diversity and low unemployment should continue to create stable revenue trends across all city funds.

The 2024 Statement of Management Policy includes these fundamental principles:

Public Safety: Strive to improve public safety through information, education, and community-based enforcement strategies to encourage cooperation with and participation in City safety services. Utilize technology and innovative methods and techniques to produce a safe environment for the residents of Little Rock.

Economic Development: Continue partnerships with private and public agencies in the recruitment of new business. Pursue innovative approaches to retain existing businesses and promote small businesses in the City of Little Rock.

Infrastructure: Focus on installing and maintaining streets, drainage, sidewalks, traffic signals, and other capital needs in the City of Little Rock.

Quality of Life: Focus on improving active, passive, and leisure activities for residents and visitors.

Financial Reporting: Continue to provide accurate and timely information on the City's financial status to the Board of Directors and the public. Continue to pursue innovative techniques to gather and report financial data.



OUR PROGRAMS

The City of Little Rock provides Police and Fire Protection services, 911 dispatch services, Public Works, Parks and Recreation including two golf courses, Housing and Neighborhood Programs, a city-owned zoo, waste disposal services, two downtown parking garages and general government services to its residents.

The City has 12 discrete component units that are controlled by independent boards and commissions and provide services to the residents of Little Rock. The

component units include the Little Rock Water Reclamation Authority, Little Rock Advertising and Promotion Commission, Little Rock Port Authority, Metropolitan Emergency Medical Services (MEMS), Rock Region Metro, Arkansas Museum of Discovery, Arkansas Museum of Fine Arts, Bill and Hillary Clinton National Airport, Central Arkansas Library System, Oakland Fraternal Cemetery, Mount Holly Cemetery, and the Little Rock Workforce Development Board.



WHAT WE ACHIEVED

Take a look at some of the key highlights from 2023:



New Police Vehicle purchased through a \$7.4 million short-term financing to move towards a single-use fleet to improve public safety.





↑
7.1%

Growth in the sales tax revenues in 2023.



*City of Little Rock
bond ratings from
S&P Global Ratings
and Moody's.*

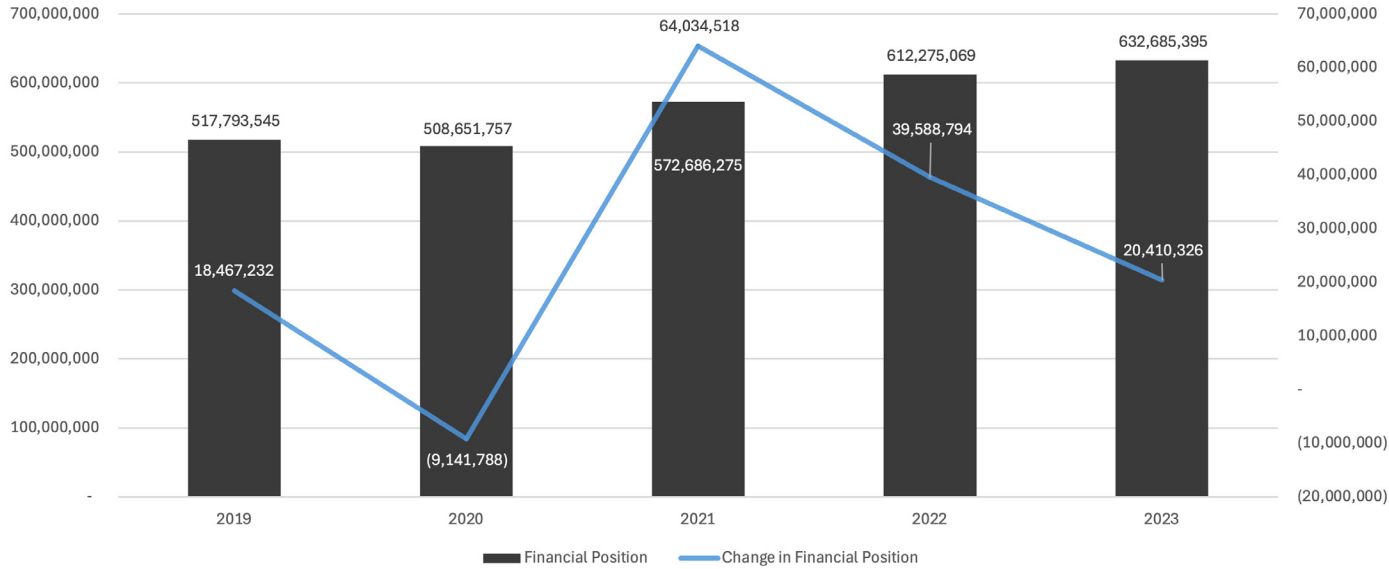
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OUR FINANCIALS

Our City continues to perform well and improve its overall financial position driven by our continued investment in our capital assets and infrastructure. In 2023, overall revenues exceeded expenses, our costs, by \$20.4 million.

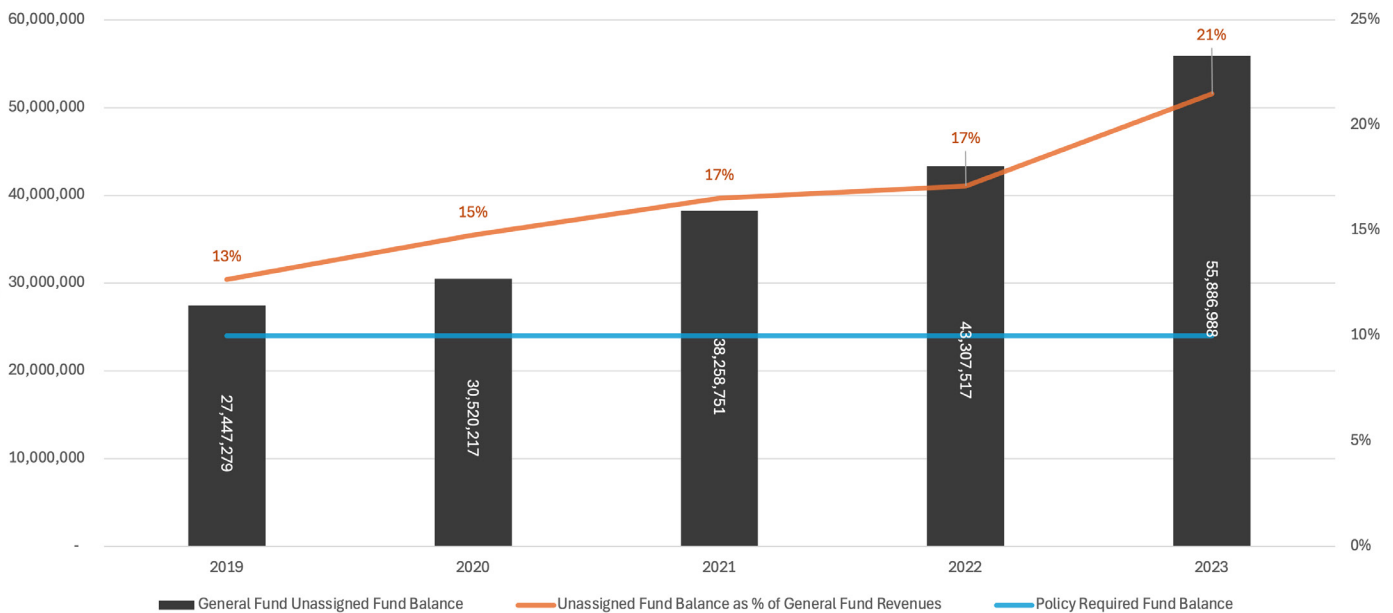
	2019	2020	2021	2022	2023
CHANGE IN FINANCIAL POSITION	18,467,232	(9,141,788)	64,034,518	39,588,794	20,410,326
FINANCIAL POSITION	517,793,545	508,651,757	572,686,275	612,275,069	632,685,395

FINANCIAL POSITION & CHANGE



	2019	2020	2021	2022	2023
GENERAL FUND UNASSIGNED FUND BALANCE	27,447,279	30,520,217	38,258,751	43,307,517	55,886,988
GENERAL FUND REVENUES	216,656,888	206,518,594	231,419,051	253,102,703	260,080,950
UNASSIGNED FUND BALANCE AS PERCENT OF GENERAL FUND REVENUES	13%	15%	17%	17%	21%
POLICY REQUIRED FUND BALANCE	10%	10%	10%	10%	10%

GENERAL FUND UNASSIGNED FUND BALANCE VS. REQUIRED AMOUNT



The General Fund is the primary operating fund of the City of Little Rock. It is used to account for Police and Fire Services, 911 dispatch, Housing and Neighborhood Programs, Parks and Recreation, the Little Rock Zoo, Facilities Maintenance,

rivermarket, Jim Dailey Fitness, golf, and general government services. The city has established a policy goal to set aside \$10M or 10% of General Fund revenues; whichever is greater. As shown in the graph, the City has Unassigned fund

balance, which is the fund balance that is not assigned or restricted for a specific purpose and a measure of financial health in the General Fund, that exceeds the policy goal. In fact, the unassigned

fund balance of the General Fund has continued to grow and improve over the last five years demonstrating a healthy financial position for the City.

SUPPLEMENTARY DOCUMENTS

City Website

- [City of Little Rock, Arkansas - Capital City - Pulaski County | City of Little Rock](#)

Annual Comprehensive Financial Report (ACFR)

- [fy23-annual-comprehensive-financial-report-and-single-audit-report-final.pdf](#)

Annual Budget

- [Operating Fund Budget | FY24 City of Little Rock Budget Book](#)

ROCKfolio 2024 Mid-year Report

- [ROCKfolio | City of Little Rock](#)

Mayor Scott's Initiatives

- [Initiatives | City of Little Rock](#)

Board Policy Statements

- [Board Initiatives | City of Little Rock](#)

Monthly Financial Reports

- [Monthly Financial Reports | City of Little Rock](#)

WHAT WE ENVISION

As a City, we must continue to invest in efforts to recruit businesses to add new jobs and industries to our community. We've been committed to all areas of Little Rock with an equity-driven approach to our policies and programs. In 2023, we have allocated \$1.5 million for a downtown master plan to ensure that we are strategic and intentional about reimagining our City's core. We've made and kept promises when it comes to commercial development that enhances the quality of

life for our residents. In the first quarter of 2023, Main Event opened its doors, as did Topgolf with its newest location near I-430 and Colonel Glenn Road. It is expected to bring even more retail development to that growing corridor of West Little Rock. In addition to supporting our local businesses, we will continue recruiting companies to Little Rock, adding to our total of more than 9,000 jobs since 2019.

CONTACT THE CITY OF LITTLE ROCK

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**THANK
YOU!**



DEPARTMENT OF
FINANCE