

2024

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



CITY OF LITTLE ROCK
ARKANSAS





Little Rock, AR



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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, 2024. 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 continued efforts to grow and rebound from the Tornado that hit the City of Little

Rock on March 31, 2023, that destroyed and impacted thousands of structures. The City has continued its efforts to grow its local economy with several new businesses completing construction of new sites or selecting Little Rock for future investments. The City of Little Rock is poised to be a leader of growth in the Mid-South with our ideal location on the Arkansas River and near major interstate corridors and rail lines. Overall financial condition for the General Fund, the City's primary operating fund, declined in 2024 while overall financial condition of the City declined during the year due to continued spending of bond funds from 2022.

FINANCIAL HIGHLIGHTS

1. We experienced a growth in revenue of \$15.3 million or 4.0% compared to 2023 to \$384.8 million. The growth in revenues was driven by increases in revenues from the spending of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds which increased from \$8.5 million in 2023 to \$15.7 million in 2024 as well as growth in other grant revenues from \$35.4 million in 2023 to \$41.6 million in 2024.
2. Total expenses for the year were \$397.6 million, reflecting an 10.7% increase from 2023. Total expenses were 100.7% of revenues for the year. 2024 saw a large increase in education expenses (\$11,939,521) compared to 2023 due to the ongoing construction of library facilities by the Central Arkansas Library System which are owned by the library; however, the debt is issued by the City for the libraries benefit. Further, 2024 saw increased salary and benefit costs.

3. Overall net position decreased by \$2.8 million or 0.4% compared to the prior year.
4. The city continued to invest in itself and its capital assets and infrastructure. The city saw its capital assets increase by \$11.3 million or 1.6% in 2024 compared to 2023. The increase was due to new leases and subscription-based information technology arrangements of \$4.0 million as well as increased infrastructure of \$12.5 million and new vehicles and equipment of \$19.0 million offset by depreciation and amortization expense of \$38.3 million and retirements and canceled projects of \$5.8 million.

CONDENSED STATEMENT OF NET POSITION

ASSETS

Current and Noncurrent Assets	\$434,376,094
Capital Assets	\$710,226,969
Total Assets	\$1,144,603,063
Deferred Outflows Of Resources	\$104,910,457

LIABILITIES

Long-Term Liabilities Outstanding	\$526,043,773
Other Liabilities	\$60,901,147
Total Liabilities	\$586,944,920
Deferred Inflows Of Resources	\$32,654,657

NET POSITION

Net Investment In Capital Assets	\$633,164,431
Restricted Net Position	\$149,252,151
Unrestricted (Deficit)	(\$152,502,639)
Total Net Position	\$629,913,943

The City's overall financial condition declined year over year as a result of increased expenses in 2024 as a result of continued spending down of bond

funds for improvements to the library facilities that are owned and operated by the Central Arkansas Library System.

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. ROCKfolio 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 End-of-Year Report at www.littlerock.gov.

FUTURE OUTLOOK

The Little Rock regional economy remains strong and poised to continue to grow in 2025. The total number of jobs has increased to 401,400. Little Rock's unemployment has fallen to around 2.7%, which is lower than the U.S. average of 4.1%. Reductions in interest rates in 2024 are expected to continue to be a tailwind for growth and development in Little Rock, although we are still working through the effects of the significant increase in prices

experienced coming out of the pandemic.

It is anticipated that overall sales tax revenue growth will moderate to less than 1% as consumers adjust to increased prices from the prior years and re-prioritize their budgets in 2025. Expected interest rate cuts in 2025, along with Little Rock's comparative economic diversity and low unemployment should continue to create stable revenue trends across all city funds.

The 2025 Statement of Management Policy includes these fundamental principles:

Affordable Housing/Homelessness:

Continue to invest in affordable housing and our efforts to connect those experiencing homelessness with resources to help them get back on their feet.

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 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.

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 2024:



AA/AA1

City of Little Rock bond ratings from S&P Global Ratings and Moody's. These ratings are two of the best ratings that an organization can receive and help to lower the City's overall costs when issuing debt allowing more funds to be used on projects.



2.7%

Growth in the property tax revenues in 2024.



207,626

City's estimated population (Source: Metroplan)



11,000

Number of new jobs created in the City of Little Rock since 2019.

3.4%

Unemployment rate as of December 2024



\$41,709

City's per capita income – an increase of 43.3% since 2015





\$279,000

Median home value in Little Rock as of 2024

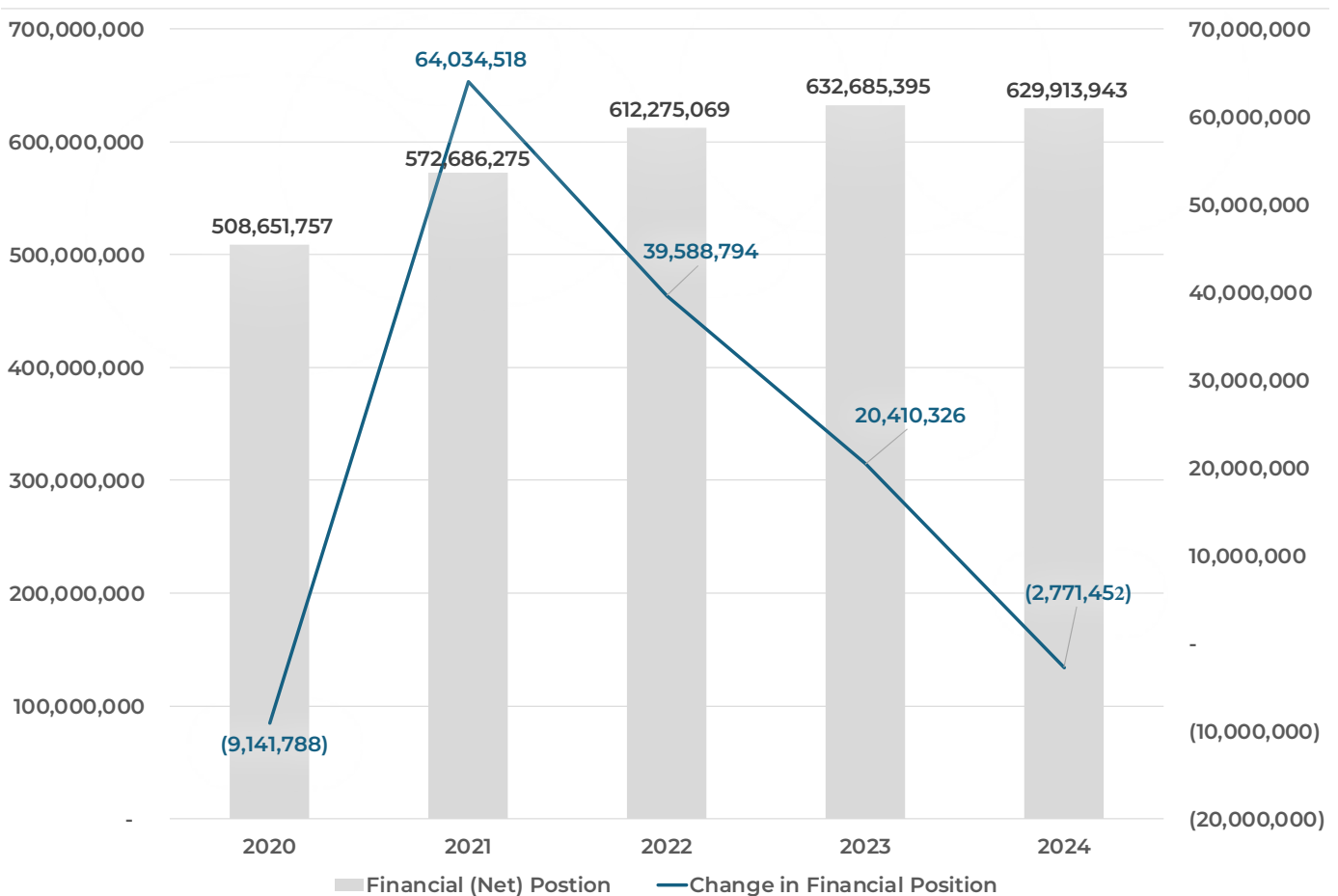


OUR FINANCIALS

Our City saw a decline in its overall net position driven by the City's continued spending down of bonds issued in 2022. In 2024, overall revenues were less than expenses of the City by \$2.8 million.

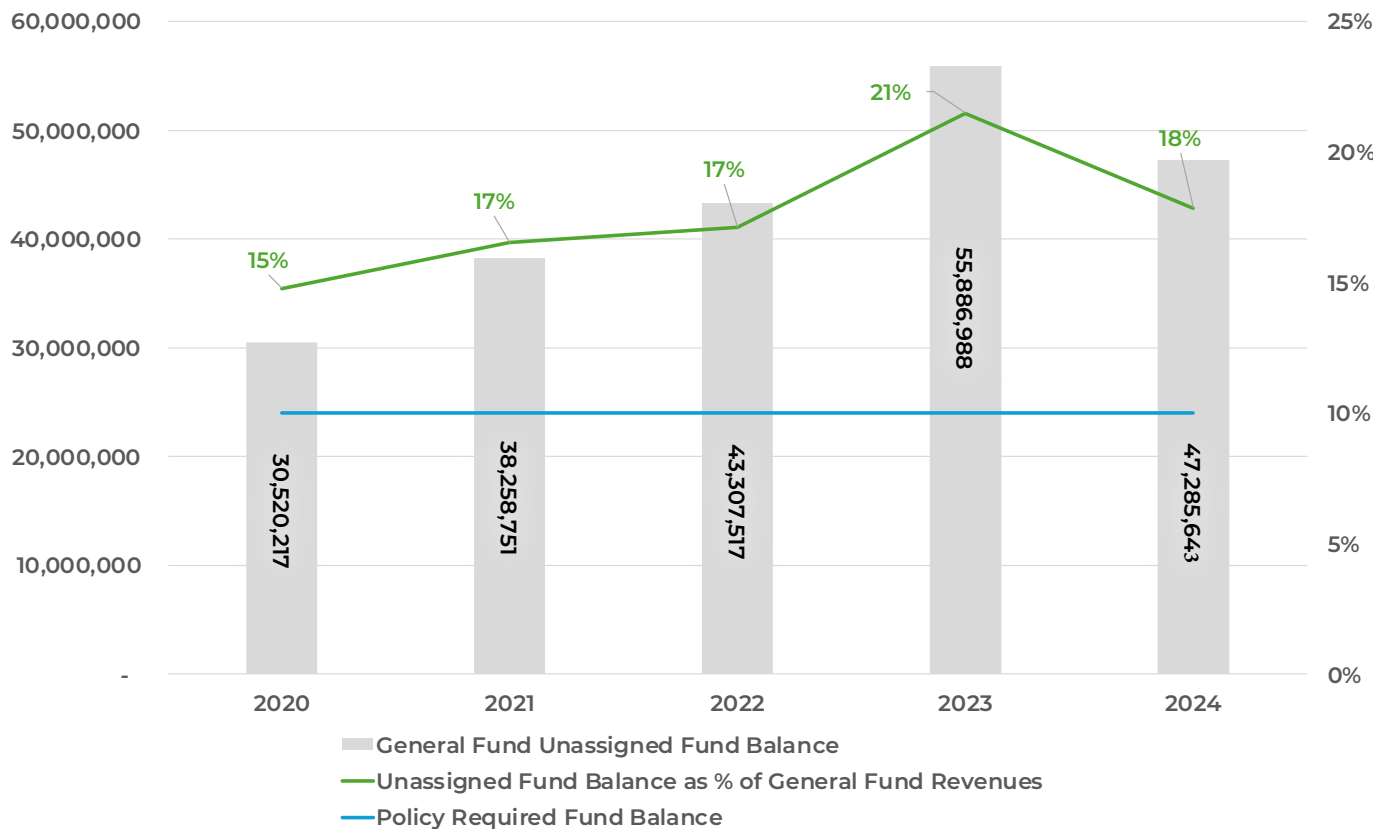
	2019	2020	2021	2022	2023	2024
Change in Financial Position	18,467,232	(9,141,788)	64,034,518	39,588,794	20,410,326	(2,771,452)
Financial (Net) Position	517,793,545	508,651,757	572,686,275	612,275,069	632,685,395	629,913,943

FINANCIAL POSITION



	2019	2020	2021	2022	2023	2024
General Fund Unassigned Fund Balance	27,447,279	30,520,217	38,258,751	43,307,517	55,886,988	47,285,643
General Fund Revenues	216,656,888	206,518,594	231,419,051	253,102,703	260,080,950	264,822,875
Unassigned Fund Balance as % of General Fund Revenues	13%	15%	17%	17%	21%	18%
Policy Required Fund Balance	10%	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. The General Fund unassigned fund balance still exceeds policy requirements; however, 2024 saw a significant decline as expenditures exceeded revenues for the General Fund due to ongoing services and contractual commitments.

SUPPLEMENTARY DOCUMENTS

City Website

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

Annual Comprehensive Financial Report (ACFR)

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

Annual Budget

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

Monthly Financial Reports

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

Mayor Scott's Initiatives

[Initiatives | City of Little Rock](#)

Board Policy Statements

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

WHAT WE ENVISION

Little Rock continues to rebuild after the devastating tornado on March 31, 2023 – a tornado that destroyed hundreds of structures and impacted about 3,000 structures. We continue to work to come back stronger and better than before the Tornado.

During 2024, the City asked voters to support a Sales Tax Election that would have increased the Sales Tax rate by a penny. 3/8th of the penny would have been used for operations while 5/8th would have been used to support capital investments. Voters rejected the proposal on November 5, 2024. As a result, the City must continue to prioritize our funding, ensuring that we are funding areas that are important to our residents given the limited resources that we have available and do more with less, as has been the case since the prior sales tax sunset in 2021.

We also must evaluate how we ensure that we are taking care of our City employees who provide services to our residents day in and day out. Our city employees are the lifeblood of our organization. We will continue to look at how we implement the recently completed compensation study to ensure that all of our employees are being paid a fair and livable wage for the work that they do.

Little Rock continues to perform well in attracting new businesses to the City and area to support quality jobs for our residents. We continue to work towards landing a super site tenant at the Port of Little Rock. In the last five years, we have created over 11,000 new jobs and over \$800 million in new investments in Little Rock. We intend to keep this momentum going into 2025 as we continue to grow at the Port of Little Rock and showcase our wonderful City to any and all businesses that are considering relocating or expanding their operations.

In 2025, we will assess City facilities and City property ownership and look at ways we can put our assets to work. This could mean working with developers via a public-private partnership, to generate revenue from land and facilities that the City owns to support operations, investing in our deferred maintenance, or it could result in the sale of land or facilities.

We will also continue to look at ways that we can address affordable housing and homelessness in our City. We are committed to working with our partners to ensure all residents who want a home are able to find one that is safe and secure.

TOP 10 EMPLOYERS

1. State of Arkansas (MSA)
2. Local Government (MSA)
3. Federal Government (MSA)
4. University of Arkansas Medical Sciences
5. Little Rock Air Force Base
6. Baptist Health
7. Arkansas Blue Cross Blue Shield
8. Arkansas Children's Hospital
9. Little Rock School District
10. Central Arkansas Veterans Health Care

GLOSSARY

Accrual Basis of Accounting

A basis of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flow.

Amortization

An accounting technique used to periodically lower the book value of a loan or an intangible asset over a set period of time. Concerning a loan, amortization focuses on spreading out loan payments over time. When applied to an intangible asset, amortization is similar to depreciation.

Audit

The process of examining an organization's financial records to determine if they are accurate and in accordance with any applicable rules (including accepted accounting standards), regulations, and laws.

Board of Directors

The ten elected Board members and the Mayor who form the City's governing body.

Bonds

Certificates of indebtedness issued by an entity which guarantee payment of principal and interest at a future date.

Capital Assets

Assets of long-term character intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment. Capital assets may also be referred to as fixed assets.

Capital Equipment

Generally, equipment with a value greater than \$5,000 and an expected life of more than one year.

Capital Improvement

For program purposes, the City defines a capital improvement as a major improvement or acquisition that results in a capital asset costing more than \$5,000 and having a useful life (depreciable life) of two (2) years or greater. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than \$250,000.

Capital Outlay

The portion of the annual operating budget that appropriates funds for the purchase of long-lived items often separated from regular operating expenditures such as personnel services, supplies and maintenance, and contractual. The capital budget includes funds for purchases such as furniture, vehicles, machinery, building improvements, data processing equipment, and special tools, usually distinguished from operating expenditures according to their value and projected useful life.

Charges for Services

The direct payment by the public for a specific service provided. For example, a monthly charge for garbage pickup.

Debt Service

Expenditures for principal and interest on outstanding bond issues.

Depreciation

An accounting method of allocating the cost of an asset over its useful life or life expectancy.

Enterprise Fund

A self-contained fund operated to account for services supported by user charges and fees. Examples include Waste Disposal, Vehicle Storage, and Parking Garage funds.

Expenditures

Decreases in net financial resources under the current financial resources measurement focus and pertains to payment of normal operating costs and encumbrances. Expenditures are measured according to governmental accounting rules.

Expenses

The cost of doing business in a proprietary organization and can be either direct outflows or the using up of an asset, such as the depreciation of capital assets.

Fiscal Year

A period of twelve (12) consecutive months designated as the budget year. The City of Little Rock's fiscal year is the calendar year.

Fleet Services

A management organization accounted for as an internal service fund and responsible for acquiring and maintaining the City's vehicle fleet.

Fund

A fiscal entity composed of a group of revenue and expenditure accounts maintained to account for a specific purpose. The section "Little Rock's Financial Structure" describes the funds controlled by the Board of Directors, various Commissions, and Pension Trustees.

Fund Balance

The balance in a fund remaining from all revenues, expenditures, and carryover funds that is subject to future appropriation.

General Fund

A fund used to account for all transactions of a government unit that are not accounted for in another fund, such as police and fire services.

General Obligation Bonds

Bonds secured by the full faith and credit of the City.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Government Fund Type

Funds generally used to account for tax-supported activities. There are five different types of government funds: The General Fund; Special Revenue Funds; Debt Service Funds; Capital Project Funds; and Trust Funds.

Grant

Contribution by one government or non-government unit or funding source to the City. The contribution is usually made to aid a specified function, but is sometimes available for general purposes.

Infrastructure

Infrastructure includes the basic public works of a city, such as roads, bridges, sewer and water systems, drainage systems, and essential public utilities.

Internal Service Fund

This fund operates like an Enterprise Fund to account for citywide vehicle and maintenance costs and the revenue from chargebacks to user departments. It provides a mechanism for identifying vehicle costs and charging them to the proper budget program.

Investment

Securities purchased and held for the production of revenues in the form of interest.

Modified Accrual Basis of Accounting

A basis of accounting according to which (1) revenues are recognized in the accounting period in which they become available and measurable and (2) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

Net Position

The residual of all other elements presented in a statement of financial position. The term incorporates deferred outflows of resources and deferred inflows of resources as defined by GASB Statement No. 63 into the definitions of the residual measure's required components and renaming that measure as net positions rather than net assets.

Revenue(s)

Increases in the net current assets of a Governmental Fund Type from other than expenditure refunds, general long-term debt proceeds and operating transfers in.

Rating

Several institutions issue ratings to indicate the likelihood that the borrower will repay an obligation. The highest rating is triple A, which is awarded to debt securities of the U. S. Government. Little Rock's general obligation bonds are rated AA by S&P Global and AA1 by Moody's Investors Service, which indicate a high level of confidence in the City's ability to repay its obligations.

CONTACT US

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THANK YOU!





DEPARTMENT OF
FINANCE

