



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

LITTLE ROCK, ARKANSAS

A Component Unit of the City of Little Rock, Arkansas

Annual Comprehensive Financial Report

**For the Years Ended December 31, 2023
and 2022**

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Little Rock Water Reclamation Authority
A Component Unit of the City of Little Rock, Arkansas
Table of Contents
December 31, 2023 and 2022

Contents

Introductory Section

Transmittal Letter	1
GFOA Certificate of Achievement.....	8
Organizational Chart	9
List of Appointed Officials.....	10

Financial Section

Independent Auditor's Report	11
Management's Discussion and Analysis.....	14
Basic Financial Statements	
Statements of Net Position	25
Statements of Revenues, Expenses, and Changes in Net Position.....	27
Statements of Cash Flows	28
Statements of Fiduciary Net Position.....	30
Statements of Changes in Fiduciary Net Position	31
Notes to Financial Statements	32

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios (GASB 74 and GASB 75).....	63
Schedule of Contributions – OPEB (GASB 74 and GASB 75)	64
Schedule of Investment Returns – OPEB (GASB 74 and GASB 75)	65
Schedule of Contributions – Arkansas Public Employees Retirement System	66
Schedule of Proportionate Share of the Net Pension Liability – Arkansas Public Employees Retirement System.....	67

Little Rock Water Reclamation Authority
A Component Unit of the City of Little Rock, Arkansas
Table of Contents
December 31, 2023 and 2022

Supplementary Information

Budgetary Comparison Schedule	68
Schedule of Operating Expenses by Department – Excluding Depreciation.....	69
Schedule of Bonded Indebtedness	72

Statistical Data

Net Position by Component, Last Ten Fiscal Years (Schedule 1).....	85
Changes in Net Position, Last Ten Fiscal Years (Schedule 2)	86
Operating Revenues by Source, Last Ten Fiscal Years (Schedule 3)	87
Operating Expenses, Last Ten Fiscal Years (Schedule 4)	88
Nonoperating Revenues and Expenses, Last Ten Fiscal Years (Schedule 5).....	89
New Construction/Inspections Completed, Last Ten Fiscal Years (Schedule 6)	90
Number of Sewer Customers by Type, Last Ten Fiscal Years (Schedule 7)	91
Domestic Sewer Rates (Inside City), Last Ten Fiscal Years (Schedule 8A)	92
Domestic Sewer Rates (Outside City), Last Ten Fiscal Years (Schedule 8B).....	93
Non-Domestic Sewer Rates (Inside City), Last Ten Fiscal Years (Schedule 9A)	94
Non-Domestic Sewer Rates (Outside City), Last Ten Fiscal Years (Schedule 9B).....	95
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years (Schedule 10)	96
Pledged-Revenue Coverage, Last Ten Fiscal Years (Schedule 11)	97
Demographic and Economic Statistics, Last Ten Calendar Years (Schedule 12).....	98
Ten Largest Sewer Customers, Current Year and Nine Years Ago (Schedule 13).....	99
Principal Employers, Current Year and Nine Years Ago (Schedule 14).....	100
Number of Employees by Identifiable Activity, Last Ten Fiscal Years (Schedule 15)	101
Operating and Capital Indicators, Last Ten Fiscal Years (Schedule 16).....	102

Introductory Section



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.



April 18, 2024

To Little Rock Water Reclamation Commission,
Little Rock City Board of Directors, and
Little Rock Water Reclamation Authority Customers

The staff of Little Rock Water Reclamation Authority (LRWRA or Utility) is proud to present the Annual Comprehensive Financial Report for the fiscal years ended December 31, 2023 and 2022. State law requires every general-purpose local government publish a complete set of audited financial statements for each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2023. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LRWRA.

The Annual Comprehensive Financial Report is management's representation of the finances of LRWRA. Management assumes full responsibility for the completeness and reliability of all the information presented in this report, based upon a comprehensive framework of internal control that LRWRA has established for this purpose. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

LRWRA's financial statements have been audited by **FORVIS, LLP**, a firm of licensed certified public accountants. **FORVIS, LLP** has issued unmodified (clean) opinions on LRWRA's financial statements for the years ended December 31, 2023 and 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The *1933 Arkansas General Assembly Enacted Act 132* authorizes all cities and towns in the state to levy user charges against property owners "to construct, own, equip, operate, maintain, and improve" sewage collection and treatment systems. In June 1935, a full-fledged Sanitary Sewer Committee was appointed, and the City of Little Rock Sanitary Sewer System was created. The seven-member committee changed the governing board from Little Rock Sanitary Sewer Committee (LRSSC) to Little Rock Water Reclamation Commission (LRWRC) in 2015. LRWRC changed the organization's name from Little Rock Wastewater (LRW) to Little Rock Water Reclamation Authority (LRWRA) in July 2017. The LRWRC manages and controls the City's sewer system. The LRWRC and LRWRA must seek approval of all sewer rate increases and long-term financing through the City of Little Rock Board of Directors (LRBOD). The LRBOD appoints LRWRC members. The LRWRC in turn hires a Chief Executive Officer. The LRWRC meets publicly on the third Wednesday of each month.

LRWRA provides wastewater service to its customers. For financial reporting purposes, LRWRA is considered a component unit of the City of Little Rock, Arkansas. The LRWRC operates and manages LRWRA with the City of Little Rock (City) having the power to impose its will on LRWRA. LRWRA adopts an annual operating, capital improvement, and debt service budget along with associated rates and fees for services; and issues updates to its Rules and Regulations.

LRWRA recovers the cost of providing wastewater services primarily through user charges and collects a franchise fee which is remitted to the City.

The LRWRC is required to adopt a final budget by no later than the close of the preceding fiscal year. This annual operating and capital improvement budget serves as the foundation for LRWRA's financial planning and control. Operating and capital budgets are submitted by each department, consolidated by the Finance Department and reviewed by management of LRWRA and the budget subcommittee before final approval from the LRWRC. Financial overviews are presented at each monthly LRWRC meeting to show that current operations are being conducted in accordance to management's intentions as reflected in the approved budget.

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 in which LRWRA operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability. The City is the capital and largest city of Arkansas as well as the governmental, economic, cultural, and financial center of the state. The City and surrounding communities have a mix of industry including state government, centralized healthcare centers, a financial sector, information services sector and a variety of other sectors that are not cyclical. As Arkansas's capital city, Little Rock is renowned for its charming hospitality, history, and culture. Recently ranked the third most "Travel Worthy State Capital," by *USA Today* readers, Little Rock continues to garner national and international acclaim for its quality of life and tourism amenities.

The customer base has continued to grow at a slow but steady pace from previous years for the domestic (residential) and non-domestic (non-residential) users of the City of Little Rock Water Reclamation System (the System). The number of domestic customer accounts has increased by 3.69% over the past 10 years, while non-domestic customer accounts have increased by 5.08% over the same period. The overall growth of total customer accounts for the 10-year period is 3.83%.

Long-Term Financial Planning

During the 2024 planning process, LRWRA affirmed that the most significant issues facing the Utility include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; and (2) transitioning from a successfully completed Consent Administrative Order (CAO) to a fully integrated Asset Management / Preventive Maintenance System, which will drive the capital improvement plans going forward. The 2024 Capital Improvement Plan provides funding for initiatives that afford LRWRA the opportunity to achieve its goals including replacement of aging infrastructure, construction of new facilities, and maintaining the working condition of LRWRA infrastructure and facilities.

CIP projects such as routine wastewater collection system upgrades, pumping and treatment facility improvements and general plant renewals are identified within the Asset Management/ Preventive Maintenance System. These items along with NPDES permit requirements make up the estimated \$35 million for 2024 CIP expenditures and an additional \$93.8 million through 2029.

Collection System Rehabilitation Capacity Assurance Projects

Various rehabilitation projects are forecast to require expenditures totaling \$2.1 million in 2024 and will be funded with system revenues and sewer revenue bonds issued in 2020. The balance of the cost will be funded with System revenues and sewer revenue bonds to be issued in future years.

Trenchless Sewer Line Rehabilitation

Trenchless sewer line rehabilitation is for the renewal of structurally deteriorated line segments that contribute to non-capacity overflows. The line segments for trenchless rehabilitation are typically located in areas where replacement by reconstruction is costly due to site restrictions. For 2024, \$1.5 million is forecasted for trenchless rehabilitation work. The Utility is projecting that \$6 million will be needed in total for years 2025 to 2029. This project is being funded with system revenues and current sewer revenue bonds from 2020 along with future bond issues.

Large Diameter Pipe Inspection and Rehabilitation

A large diameter pipe inspection and rehabilitation program started to address the renewal of structurally deteriorated line segments. The 2024 cost is estimated at \$1.4 million. The identified line segments will be prioritized and placed on a rehabilitation schedule. The rehabilitation is estimated at a total cost of \$1.1 million through 2029 and will be funded by System revenues and revenue bonds issued in 2020 along with future bond issues.

Fourche Creek Water Reclamation Facility (FCWRF) Solids Processing

FCWRF Solids Processing will improve the performance and reliability, as well as lower operation and maintenance cost throughout the facility. The 2024 cost is estimated to be \$6 million and estimated to cost \$21 million through 2027 and will be funded by revenue bonds.

Adams Field Water Reclamation Facility (AFWRF) Influent Pump Station and Process Rehabilitation

The influent pump station rehabilitation will increase reliability, efficiency, and processes of treatment at AFWRF. The 2024 cost is estimated to be \$1 million and estimated to cost \$10.5 million through 2027 and will be funded by revenue bonds.

Financial Policies

LRWRA is a component unit of the City of Little Rock and operates as an autonomous Enterprise Fund, which is a proprietary fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of LRWRA is that the cost (including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user rates. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing, and related debt issues and billing and collection.

Flow of Funds Policy

The flow of funds is established based on parity bond ordinances. The most recent City of Little Rock Bond Ordinance is No. 21,699. The ordinance requires that rates charged for services of the System are fixed by ordinances of the City and all System revenues shall be paid into a special fund designated "Sewer Fund" (or Revenue Fund).

The System revenues deposited in the Revenue Fund are pledged and applied in sequence to: (a) current expenses of maintenance and operations; (b) payment, pro rata, into the bond fund being maintained in connection with the Parity Bonds and any Additional Bonds that require monthly deposits; (c) payment, pro rata, into the bond fund being maintained in connection with the Subordinate Bonds; (d) payment into the Deprecation Fund (3% of System Revenues remaining after disbursement into (a), (b), and (c) from above); and (e) any surplus in the Revenue Fund after making all disbursements and providing for all funds described above may be used for any lawful purpose related to the System authorized by the LRWRA.

Sewer Revenue Fund

All gross revenues are deposited into the Sewer Revenue Fund (Revenue Fund). Monies deposited in the Sewer Revenue Fund shall first be used to pay all Operation and Maintenance Expenses (O&M). The revenues of the System not actually required to pay Operation and Maintenance Expenses (Net Revenues) shall be transferred from the Revenue Fund to the other funds, in the order of priority, in the manner set forth in the Bond Ordinance.

Bond Fund

The following shall be deposited in the Bond Fund:

1. Such amounts, in equal monthly installments by the 10th of the month following the month of closing, and on or before the 10th of each month thereafter, as will be sufficient to pay principal and interest scheduled to come due on the bonds' next principal and interest payment date, less any amount already on deposit therein for such purposes derived from the proceeds of the bonds or from any other lawfully available source.
2. Additional sums as necessary to provide for the Trustee's fees and expenses and any arbitrage rebate payment due to be paid to the United States Treasury under Section 148(f) of the code.

Bond Reserve Fund

If the funds on deposit in the Bond Reserve Fund created for the benefit of all bonds are equal to the Reserve Fund Requirement, no deposits need to be made to the credit on the individual Bond Reserve Funds. However, should the Bond Reserve Fund at any time contain less than the Reserve Fund Requirement, then subject and subordinate to making the required deposits to the credit of the Bond Fund, LRWRA shall transfer from the Net Revenues in the Revenue Fund and deposit to the credit of the Bond Reserve Fund, by the 10th day of each month, such amounts in equal monthly installments to accumulate within no longer than a 24-month period equal to the Reserve Fund Requirement. The money on deposit in the Bond Reserve Fund may be used to pay the principal and interest on any outstanding bonds when and if there are not sufficient funds on deposit in the Bond Fund for such purposes.

Depreciation Fund

Three percent (3%) of the remaining money in the Revenue Fund at the end of each month after all payments required to be made from the Revenue Fund have been made and all deficiencies accumulated from prior months have been paid shall be deposited in the Depreciation Fund and shall be held in and paid out from such fund for the following purpose:

To be used solely for paying the cost of replacement made necessary by the depreciation of the System.

Contributions in Aid of Construction Fund

Any monies that may be received from property developers that shall represent contributions in aid of construction shall be deposited in a separate account at the depository bank. Such contributions shall not be considered as part of the gross revenues of the System. Payments from such bank account shall be made only for the purposes for which the contributions were made, including any refunds that may become due to any contributor.

Capital Projects Fund

Any monies derived from the proceeds of Sewer Revenue Bond issues, State RLF issues or transfers from the Revenue Fund to finance major capital improvement projects.

Capital Improvements Budget Policy

A budget will be prepared for all capital expenditures contemplated, including estimated amounts to complete active construction projects, and capitalized purchases planned for the succeeding calendar year, and all projects for which a commitment of funds is to be made even though the actual expenditure will not occur in the succeeding year.

This budget is used for projecting anticipated capital requirements and becomes a vital element in the LRWRA Operating Plan.

The initial capital budget is prepared by each department at LRWRA, assimilated and reviewed by the Engineering and Finance departments, and submitted for approval to the Director of Engineering Services and the Executive Staff.

After the CEO's approval, the Capital Budget will be incorporated into the LRWRA Operating Plan and submitted to the LRWRC for approval.

Upon approval, all proposed expenditures included in the Capital Budget will be classified as "Planned Expenditures." Any capital expenditures proposed during the plan year which are not included in the approved capital budget will be classified as "Unplanned Expenditures."

Expenditures equal to or greater than \$5,000 on construction projects or purchases of new equipment with an expected useful life of more than one year are defined as capital expenditures. Expenditures equal to or greater than \$5,000 on work, equipment parts, or a combination of the two, that add discernible life to an existing depreciated asset are also defined as capital expenditures. In general, expenses associated with additions, replacements, reconstructions, improvements or betterments qualify as capital expenditures.

Due to the complex nature of most capital improvement projects, they generally take more than one (1) fiscal year to complete. Therefore, many projects carry over from year to year before they are completed and placed into service. LRWRA does not award a project contract unless it is fully funded. However, many large projects have multiple year and/or multiple phase construction periods. LRWRA uses several benchmarks of efficiency to ensure capital budget integrity. These include timely completion clauses, aggressive efforts to minimize change orders, and tracking the progress of the overall Capital Improvement Plan (CIP).

The following is a typical schedule for the development of a CIP and an O&M budget:

- January 1 – fiscal year begins.
- July and August – department heads formulate their requests for O&M budgets as well as their capital budget requests for the upcoming budget year and the succeeding four years.
- September – department heads and supervisors submit their budget requests, which are then combined into the first draft of the overall LRWRA budget. The CEO, officers, directors, department heads, and supervisors review the submitted budgets and establish priorities based on need and availability of funds.

- September (continued) – any changes resulting from management reviews are made at that time. One or more members of the LRWRC, serving as the Budget Subcommittee, reviews the budget document with LRWRA staff. Any revisions resulting from the Budget Subcommittee’s review are made at that time.
- October – the budget is presented at the regularly scheduled LRWRC meeting.
- November – the budget is considered for approval at the regularly scheduled LRWRC meeting.

Budget Amendment Policy

Operating or capital budget line-item transfers are done on a memorandum basis and submitted by the requesting manager to the Controller. Budgetary transfers that do not increase the amount of the consolidated budget are subject to approval by management but do not require approval from the LRWRC. Emergency funding authorizations and amendments that increase the amount of the approved operating or capital budgets require approval from the LRWRC.

Revenue Policy

City of Little Rock Ordinance No. 21,080 requires that the LRWRC maintain rates sufficient to produce or yield revenues to provide in each fiscal year amounts adequate to pay all estimated expenses incurred for the operations and maintenance of the System as such expenses that shall accrue during the year. The current bond ordinance requires that LRWRA produce an additional amount equal to 100% of the aggregate amount required to be paid in such year for principal and interest and redemption premiums on bonds payable from the Bond Fund.

Because LRWRA operates in a proprietary manner, the major revenue sources are user charges for wastewater services. LRWRA’s revenue requirements are based on cost of service. This includes operating costs, expenditures for capital improvements, and repayment of debt. The specific sources of revenue are described in more detail in the financial overview section of this budget.

Operating Cash Reserve Policy

Resolution No. 2012-12 adopted by the LRWRC created an operating cash reserve requirement whereby the amount of unrestricted cash on hand needs to be equal to or greater than the total cash expenditures anticipated over 60 days to satisfy operations and maintenance expenses, revenue-funded capital expenditures, and debt service requirements. LRWRA has consistently maintained an operating cash reserve balance that has met or exceeded this requirement since its effective date. Finally, this resolution also authorizes the CEO and staff to take actions necessary if reserve levels drop below the requirement including the adjustment of expenses to replenish reserves.

Investment Policy

LRWRA’s Investment Policy outlined in the bond ordinances, requires available funds to be invested and reinvested at the direction of the LRWRC in eligible investments. Those eligible investments shall have a maturity of no longer than five (5) years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity. The primary objectives of the investment policy are: 1) preservation of capital; 2) safety of LRWRA funds; 3) maintenance of sufficient liquidity; 4) maximization of return within acceptable risk constraints; and 5) diversification of investments. The Investment Policy requires an annual review of its investment policy and strategies by the CFO and Controller.

“Eligible Investments” defined by Arkansas statute (AR § Code 19-1-501) permits LRWRA to invest in investment securities that meet the following criteria: (1) direct or guaranteed obligation of the United States that is backed by the full faith and credit of the U.S. Government; (2) A direct obligation of an agency, instrumentality, or government-sponsored enterprise created by act of the United States Congress and authorized to issue securities or evidences of indebtedness guaranteed for repayment by the U.S. Government; and (3) A bond of a governmental entity that: (A) Is issued for an essential governmental purpose or is guaranteed by a state agency; and (B) Has a debt rating from a nationally recognized credit rating agency of “A” or better at the time of purchase, or other debt of the state, a school district, a county government, a municipal government, or an authority.

Debt Service Policy

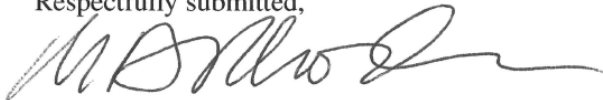
Approved rate increases are included in the Financial Plan and are mainly driven by the CIP and debt service coverage required both by the revenue bond covenants and by the LRWRC benchmarks for financial management. The parity revenue bond covenants require debt service coverage of 1.2 times or greater (meaning 120% of the current year's debt service requirements must be available that fiscal year to issue new debt). LRWRA does not have a legal debt limit.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Little Rock Water Reclamation Authority for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the nineteenth year in a row that LRWRA has received this prestigious award. To be awarded a Certificate of Achievement, LRWRA had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one (1) year. We believe that our Annual Comprehensive Financial Report for the year ended December 31, 2023, continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of LRWRA Finance and the extended employees of LRWRA for their adherence to established policies, practices, and internal controls.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'MR Rhoda', with a long horizontal flourish extending to the right.

Mike Rhoda
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Little Rock Water Reclamation Authority
Arkansas**

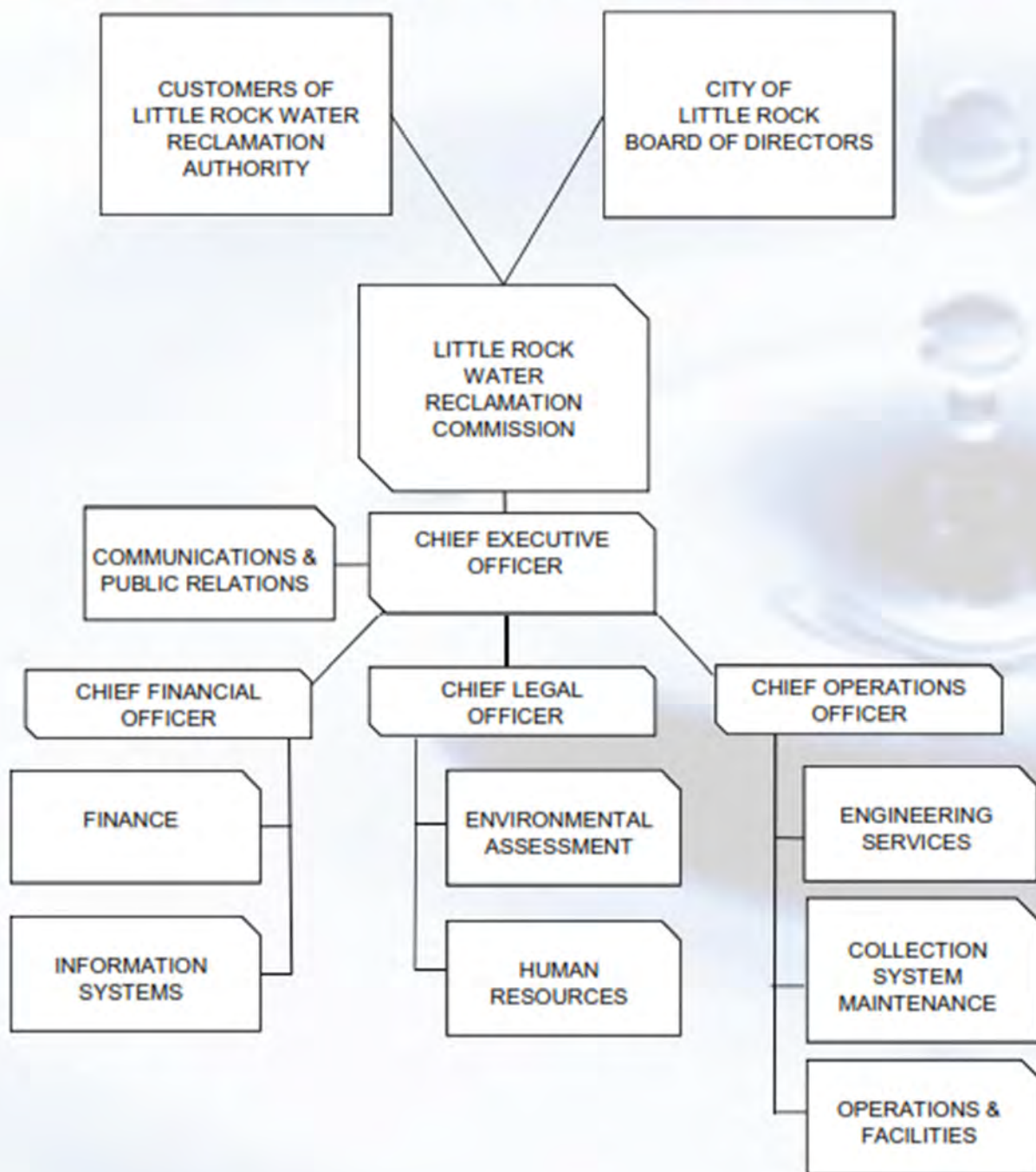
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

LITTLE ROCK WATER RECLAMATION AUTHORITY ORGANIZATIONAL CHART



2023 Little Rock Water Reclamation Commission

**Daryl Brown
Secretary**



**Schawnee
Hightower
Chair**



**Jonathan
Semans
Vice Chair**



**Chris Marsh
Commissioner**

**Prentice
O'Guinn, III
Commissioner**



**Ganelle
McBryde
Commissioner**



**Debbie Shock
Commissioner**

Executive Staff

Jean Block – Chief Executive Officer
Mike Rhoda – Chief Financial Officer
Shannon Halijan – Chief Legal Officer
Howell Anderson, P.E. – Chief Operating Officer
Les Price, P.E. – Engineering
Rebecca Burkman – Environmental Assessment
Walter Collins, P.E. – Operations
Tonya Wallace – Facility Asset Management
Harold Hounwanou, P.E. – Collection Systems Maintenance
Angela Brooks – Human Resources
BJ Harrison – Accounting and Finance

Financial Section



LITTLE ROCK

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111 Center Street, Suite 1600 / Little Rock, AR 72201

P 501.372.1040 / F 501.372.1250

forvis.com

Independent Auditor's Report

The Members of the Little Rock
Water Reclamation Commission
Little Rock Water Reclamation Authority
Little Rock, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Little Rock Water Reclamation Authority (Utility), collectively a component unit of the City of Little Rock, Arkansas, as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Utility, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility's basic financial statements. The budgetary comparison schedule, schedule of operating expenses by department – excluding depreciation, and schedule of bonded indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

**Little Rock, Arkansas
April 18, 2024**

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

As management of Little Rock Water Reclamation Authority (LRWRA), we offer readers of LRWRA's financial statements this narrative overview and analysis of the financial activities of LRWRA for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal, which can be found on pages 1 through 7 of this report. The annual comprehensive financial report is made available via the internet (www.lrwra.com). The use of the internet is consistent with LRWRA's objective to provide greater information to the public in a more efficient manner, reducing paperwork, labor, and communication costs.

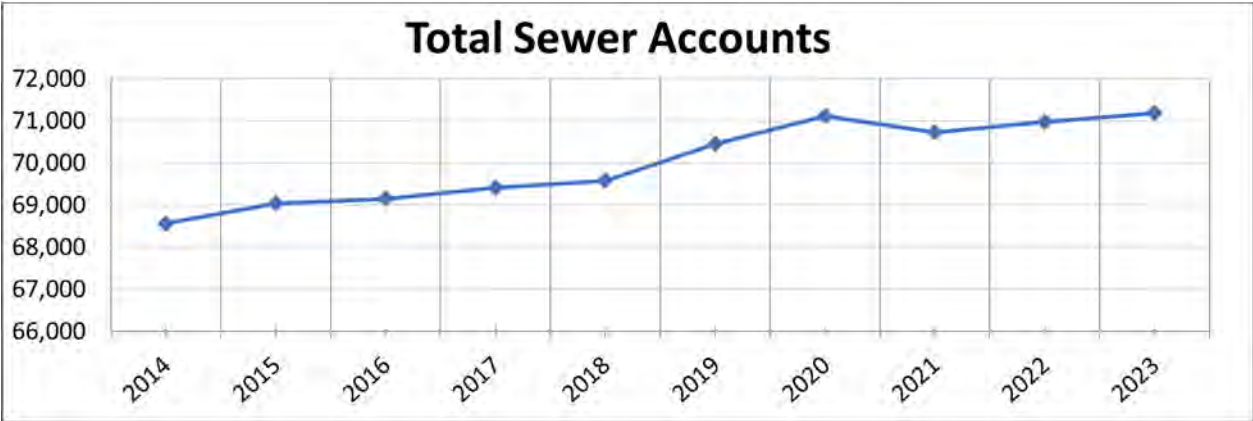
Financial Highlights

- Total Assets and Deferred Outflows of Resources at December 31, 2023 were \$708.1 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$453.6 million. Total Net Position was \$254.5 million, an increase of 3.2% from 2022. Total Assets and Deferred Outflows of Resources at December 31, 2022 were \$682.8 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$436.2 million. Total Net Position was \$246.6 million, an increase of 4.5% from 2021.
- Operating Revenue for fiscal year 2023 was \$68.5 million, which is an increase of \$2.7 million, or 4.1%, from fiscal year 2022. Operating Revenue for fiscal year 2022 was \$65.8 million, which is an increase of \$214,666, or 0.3%, from fiscal year 2021.
- Operating Expenses, before Depreciation, for fiscal year 2023 were \$32.9 million, which is an increase of \$3.4 million, or 11.6%, compared to fiscal year 2022. The increase was primarily driven by a \$1.9 million increase in salaries and benefits expense. Operating Expenses, before Depreciation, for fiscal year 2022 were \$29.5 million, which is an increase of \$3.7 million, or 14.3%, from 2021. The increase was primarily driven by a \$2.4 million increase in pension expense.
- Operating Expenses, including Depreciation, for fiscal year 2023 were \$53.6 million, which is an increase of \$5.6 million, or 11.6%, from fiscal year 2022. Operating Expenses, including Depreciation, for fiscal year 2022 were \$48.0 million, which was a decrease of \$3.9 million or 8.8%, from fiscal year 2021.
- Debt Service Coverage was 2.16, which exceeds the 1.20 required by the Bond Covenant. In the Statistical Data Section, Schedule 11 – Pledged-Revenue Coverage provides more information on debt service coverage.
- In August 2015, the City of Little Rock Board of Directors passed a new Sewer Rate Ordinance. The ordinance authorized a five-step annual sewer rate increase of 4.75% to be implemented January 2017, 2018, 2019, 2020 and 2021.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

General Trends

The number of LRWRA’s customer accounts increased as of December 31, 2023 from December 31, 2022 by 207, or 0.29%, and increased from 2021 by 247, or 0.35%. Over a 10-year period, the customer growth rate was 3.83%. As you can see from the chart below, annual customer growth has trended upward from 2014 to present.



Water Reclamation Authority Customers	2023	2022	2021
Beginning customer accounts	70,974	70,727	71,112
Additional customers (net)	207	247	(385)
Ending customer	71,181	70,974	70,727

The following chart shows a sample monthly domestic customer bill based on a consumption of 600 cubic feet (CcF) in 2023, 2022 and 2021. The changes in consumption are the result of increased water consumption experienced during the pandemic. These amounts do not include a 10.0% franchise fee that is collected for and paid to the City of Little Rock or the monthly \$1.00 service line replacement fee.

Domestic Bill	2023	2022	2021
	\$ 41.73	\$ 41.73	\$ 41.73

Little Rock’s Water Reclamation Authority rates remain moderately higher than neighboring utilities based on yearly rate surveys. The LRWRC annual budget process allows LRWRA to conduct long range planning which provides insight as to when future rate increases might be needed as well as the potential need for new debt offerings.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

Little Rock Water Reclamation Authority System

LRWRA is regulated by the United States Environmental Protection Agency (EPA) and the Arkansas Department of Environmental Quality (ADEQ). These agencies issue permits to LRWRA for discharge of treated wastewater. Currently, LRWRA has 34 remote, unattended pumping stations, one tertiary and two secondary treatment facilities, a peak flow attenuation facility, a maintenance facility, and an administration building. The collection system includes over 124 square miles containing approximately 1,416 miles of sewer lines. The National Association of Clean Water Agencies (NACWA) awarded all three LRWRA facilities in 2023. Adams Field was awarded a Platinum Peak Performance Award, which recognizes facilities with no permit violations for the entire calendar year, Fourche Creek was awarded a Platinum Peak Performance Award, and Little Maumelle was awarded a Gold Award, which recognizes facilities with consistent record of full compliance for a consecutive five-year period!

Adams Field Water Reclamation Facility (AFWRF)

AFWRF has been in operation since 1961 and was Little Rock's first water reclamation facility. The facility was put into operation at a cost of \$3.5 million and was only equipped with primary treatment capability. Secondary treatment facilities were added in the early 1970s at a cost of \$6.2 million. In 2007, the primary clarifiers were upgraded to include peak flow capabilities and a 14-million-gallon equalization basin was constructed at a cost of \$27.5 million. In an effort to further reduce wet-weather overflows, the facility was expanded in 2022 to increase the peak flow treatment capacity to 94 million gallons per day (MGD) for approximately \$30 million. This upgrade included the construction of cloth media filters and additional treatment facility upgrades that are operated in parallel with the existing activated sludge facilities to further aid in nutrient removal.



Fourche Creek Water Reclamation Facility (FCWRF)

FCWRF has been providing wastewater treatment to the Fourche Creek Valley since 1983 when it was placed in service at a cost of \$19.6 million. The step-feed activated sludge process was added to the facility in 1989 for a cost of approximately \$9 million. The FCWRF is also a two-stage, or secondary treatment facility. It has a rated biological treatment capacity of 16 MGD. The facility's average annual dry weather influent flow is 12 MGD. In 2020, the facility underwent a hydraulic upgrade to increase the wet-weather capacity from 36 MGD to 48 MGD and subsequent asset renewals for existing treatment processes at a cost of approximately \$9 million.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**



The Little Maumelle Water Reclamation Facility (LMWRF) came online in September 2011 and serves the residents of the Little Maumelle River Valley. It is the only treatment facility in Arkansas to have a tertiary treatment process. This activated sludge treatment plant of 4 MGD was built so that it could be expanded to 16 MGD. The facility has an odor control system and uses Ultraviolet light for disinfection. The outfall point (where the disinfected wastewater or effluent will be discharged) has a special diffuser that will scatter the effluent so as not to have one giant flow of treated wastewater. Aesthetically speaking, the facility is completely covered and constructed with a brick façade to match the theme of the nearby Pinnacle Mountain State Park. The cost for land, engineering, construction, administration expenses, and contingencies was \$80.9 million.



**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

The Peak Flow Attenuation Facility was constructed in two phases. Phase I was placed in service in 2009 to help improve the hydraulic capacity of the collection system during wet weather events and address wet weather overflows in the western end of the Fourche Creek Bottoms. This phase consists of a 42-MGD pump station, 12,000 linear feet (LF) of 48-inch force main, two (2) diversion structures, and a 30-million-gallon storage facility. This along with an associated project, Arch Street Pump Station rehabilitation and hydraulic upgrade, cost \$54.5 million dollars. Phase II was completed in 2019 at a cost of \$20.3 million dollars that included adding an additional 31-million-gallon storage facility and pumping equipment to increase capacity during wet weather overflows. It is part of a system created to reduce the effects of designated or “designed” storm events, also referred to as ‘peak flow events’, where a preestablished amount of rain accumulates within 48 hours.



The Clearwater Maintenance Facility is the operations/maintenance complex on a 36-acre tract that was built in 1989 at a cost of \$1.79 million. LRWRA jointly owns the building with Central Arkansas Water, and the two (2) utilities share a Fleet Maintenance Department for the maintenance and repair of vehicles and equipment. About 90 LRWRA employees in the Maintenance department work from this facility, making it the home base for a large portion of LRWRA workforce.

The Clearwater Administration Building was built in 2005 at a cost of \$3.0 million and is located near the Clearwater Maintenance Facility. The CEO, Department Managers, Engineering, Information Services, Accounting, Human Resources, Safety, Communications, and Purchasing are all located in the administrative building. This building is also the location for the monthly LRWRC meetings.



**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to LRWRA's basic financial statements. LRWRA's basic financial statements are: 1) Statement of Net Position; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; 4) Statement of Fiduciary Net Position; 5) Statement of Changes in Fiduciary Net Position; and 6) Notes to Financial Statements.

The Statement of Net Position presents information on all LRWRA's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four (4) reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of LRWRA is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position reflects the results of the business activities over the course of the most recent fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flow presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

Fiscal Years 2021–2023 Financial Information

Statement of Net Position

Total Assets and Deferred Outflows of Resources increased by \$25.7 million in 2023 and increased \$29.5 million in 2022. This change was primarily due to the increase in unrestricted net position, which increased \$13.7 million in 2023 and \$14.1 million in 2022. Also, current assets increased \$14.9 million in 2023 and \$7.9 million in 2022. The 2023 increase in current assets was primarily due to the increase in short-term investments of \$24.3 million. The 2022 increase in current assets was primarily due to the increase in cash and cash equivalents and short-term investments of \$5.9 million.

Current Liabilities increased 44.6%, or \$7.6 million, in 2023 and decreased 3.1%, or \$0.6 million, in 2022. The primary cause for the increase in 2023 was the increase in the current portion of bonds payable. The primary cause for the decrease in 2022 was the decrease in the current portion of bonds payable.

Noncurrent Liabilities increased 2.4%, or \$9.8 million, for 2023 due to an increase in bonds payable of \$8.3 million. Noncurrent Liabilities increased 6.9%, or \$26.8 million, for 2022 due to an increase in bonds payable of \$14.1 million and an increase of \$13.5 million in net pension liability. LRWRA's bond information can be found in Note 6 starting on Page 42. Additional information for GASB 68 net pension liability can be found on Page 48. Total Liabilities increased in 2023 by \$17.5 million from 2022 and \$26.3 million in 2022 from 2021.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

In 2023, Total Net Position increased by \$8.0 million, or 3.2%, including \$5.1 million from income before contributions, and \$2.9 million from capital contributions and grants. In 2022, Total Net Position increased by \$11.8 million, or 5.0%, including \$6.0 million from income before contributions, and \$5.8 million from capital contributions and grants.

	2023	Percent Change	2022	Percent Change	2021*
Assets					
Current assets	\$ 88,284,276	20.27%	\$ 73,406,854	12.00%	\$ 65,542,788
Noncurrent unrestricted and restricted assets	11,138,837	13.10%	9,848,261	78.87%	5,505,741
Capital and subscription assets (net)	589,945,439	2.03%	578,232,186	2.80%	562,456,936
Total assets	689,368,552	4.21%	661,487,301	4.42%	633,505,465
Deferred Outflows of Resources					
Bond refunding	10,087,340	-19.84%	12,583,288	-18.66%	15,469,773
Pension funding	5,550,859	-0.14%	5,558,573	303.66%	1,377,040
OPEB	3,136,433	-0.82%	3,162,466	20.66%	2,621,054
Total deferred outflows of resources	18,774,632	-11.87%	21,304,327	9.43%	19,467,867
Total assets and deferred outflows of resources	<u>\$ 708,143,184</u>	<u>3.71%</u>	<u>\$ 682,791,628</u>	<u>4.57%</u>	<u>\$ 652,973,332</u>
Liabilities					
Current liabilities	\$ 24,752,321	44.56%	\$ 17,122,982	-3.12%	\$ 17,673,723
Noncurrent liabilities	425,569,591	2.36%	415,745,852	6.89%	388,939,197
Total liabilities	450,321,912	4.03%	432,868,834	6.46%	406,612,920
Deferred Inflows of Resources					
Pension funding	676,650	69.64%	398,879	-96.04%	10,070,308
OPEB	2,613,019	-12.05%	2,970,920	96.33%	1,513,247
Total deferred inflows of resources	3,289,669	-2.38%	3,369,799	-70.91%	11,583,555
Net Position					
Net investment in capital assets	182,427,260	-3.96%	189,958,671	-0.39%	190,697,908
Restricted	5,112,988	52.73%	3,347,661	-32.68%	4,972,898
Unrestricted	66,991,355	25.81%	53,246,663	36.16%	39,106,051
Total net position	254,531,603	3.24%	246,552,995	5.02%	234,776,857
Total liabilities, deferred inflows of resources and net position	<u>\$ 708,143,184</u>	<u>3.71%</u>	<u>\$ 682,791,628</u>	<u>4.57%</u>	<u>\$ 652,973,332</u>

* In 2022, the Utility restated total assets and total liabilities for GASB 96. The 2021 amounts presented above have not been adjusted for the restatement.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenue consists of three (3) general categories: customer assessments, industrial surcharges and other fees and income. Customer assessments are monthly residential/commercial service charge billings. Industrial surcharges consist of fees charged to industrial customers based on their wastewaters having excessive levels of Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), Oil and Grease (O&G), Chemical Oxygen Demand (COD), or pH discharge. Other fees and income include permit fees, connection fees, inspection fees, sewer dump permits, and co-generation revenue.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

Nonoperating revenue consists of interest income from investments, cash and cash equivalent accounts, along with gains on disposal of property, unrealized gains on investments, and other income.

Total Revenue increased from 2022 to 2023 by \$5.1 million, or 7.7%, and from 2021 to 2022 it increased by \$0.5 million, or 0.8%. Revenues increased from fiscal year 2022 due to increased usage by non-domestic customers, new reporting from Central Arkansas Water based on read dates and an increase in interest income. Revenues increased from fiscal year 2021 due to increased usage by non-domestic customers. Customer Assessments and Industrial Surcharges increased in 2023 from 2022 by \$2.8 million and increased in 2022 from 2021 by \$0.2 million. Nonoperating Income increased by \$2.4 in 2023 and 2022 increased by \$286,000 over 2021. The increase in 2023 was primarily due to an increase investment income driven by an increase in long-term interest rates.

Operating Expenses are departmentalized within LRWRA. Expenses are categorized by salaries, benefits, supplies, contract services, vehicle maintenance, utilities, insurance, training, and administration and analyzed throughout the year. Nonoperating Expenses consist of interest expense, bond issuance costs, loss on disposal of capital assets, unrestricted loss on investments and miscellaneous expenses.

Total Operating Expense increased by \$3.4 million, or 11.6%, in 2023. Total Operating Expense increased by \$3.7 million, or 14.3%, in 2022 from 2021. Operating Expense increased from fiscal year 2022 due to an increase in salaries and benefit expenses. In 2022, LRWRA experienced inflationary increases to supplies, equipment, and services compared to 2021 and 2020.

Nonoperating Expense increased by \$0.4 million, or 3.4%, in 2023 from 2022 and decreased \$0.8 million, or 6.2%, in 2022 from 2021.

The Change in Net Position for fiscal year 2023 was \$8.0 million due primarily to Income Before Contributions of \$5.1 million and capital contributions and grants of \$2.9 million, as LRWRA continued receiving FEMA assistance related to the 2019 flood. Total Net Position – Ending increased by 3.2% compared to 2022. Change in Net Position for fiscal year 2022 was \$11.8 million due primarily to Income Before Contributions of \$6.0 million and capital contributions and grants of \$5.8 million. Total Net Position – Ending increased by 5.0% compared to 2021.

Additional information can be found on the Statement of Revenues, Expenses, and Changes in Net Position on Page 27 and Budgetary Comparison Schedule on Page 68.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

	2023	Percent Change	2022	Percent Change	2021
Revenues					
Operating revenues					
Customer assessments	\$ 66,451,215	4.14%	\$ 63,810,572	0.44%	\$ 63,528,673
Industrial surcharges	1,498,631	8.32%	1,383,477	-4.66%	1,451,120
Other fees and income	560,015	-13.53%	647,651	0.06%	647,241
Nonoperating income	3,009,739	410.63%	589,415	94.53%	302,998
Total revenues	71,519,600	7.66%	66,431,115	0.76%	65,930,032
Expenses					
Operating expenses	32,922,953	11.59%	29,502,882	14.32%	25,807,731
Depreciation and amortization expense	20,645,777	11.73%	18,478,815	1.10%	18,277,820
Nonoperating expense	12,865,205	3.38%	12,444,957	-6.17%	13,262,770
Total expenses	66,433,935	9.94%	60,426,654	5.37%	57,348,321
Income Before Contributions	5,085,665	-15.30%	6,004,461	-30.03%	8,581,711
Capital Contributions and Grants	2,892,943	-49.88%	5,771,677	-7.54%	6,242,169
Change in Net Position	7,978,608	-32.25%	11,776,138	-20.56%	14,823,880
Net Position - Beginning	246,552,995	5.02%	234,776,857	6.74%	219,952,977
Total Net Position - Ending	\$ 254,531,603	3.24%	\$ 246,552,995	5.02%	\$ 234,776,857

Capital Assets and Debt Administration

The additions to LRWRA's wastewater system capital improvements were \$33.2 million in fiscal year 2023. The capital expenditures were incurred for collection system projects in the amounts of \$25.3 million, pumping/treatment for \$4.5 million, and all other \$3.5 million. Additional information can be found on Note 4 of this report.

The total long-term debt (less bond payable within one year) increased by \$8.8 million in 2023. Additional information can be found on Note 6 of this report.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

Moody's Investors Service assigned an Aa3 rating on the City of Little Rock (AR) Sewer Revenue Bonds.

Long-Term Debt	2023	2022	2021
2007B Sewer Revenue Bond	\$ 9,320,323	\$ 9,320,323	\$ 9,320,323
2009A Sewer Revenue Bond	4,983,950	4,983,950	4,983,950
2011 Sewer Revenue and Refunding Bond	-	-	2,430,000
2013 Sewer Revenue Bond	-	30,027,946	30,027,946
2014 Sewer Refunding Revenue Bond	1,000,000	1,635,000	3,035,000
2015 Sewer Refunding Revenue Bond	25,925,000	30,880,000	35,660,000
2016A Sewer Revenue Bond	-	60,366,001	60,366,001
2016B Sewer Refunding Revenue Bond	13,955,000	14,680,000	15,375,000
2017 Sewer Revenue Bond	9,510,000	9,755,000	9,990,000
2018 Sewer Revenue Bond	-	61,600,000	56,597,570
2019 Sewer Revenue Bond	-	18,000,000	14,526,826
2020A Sewer Revenue Bond	43,732,160	21,255,571	9,327,564
2020B Sewer Revenue Bond	22,850,000	22,850,000	22,850,000
2020C Sewer Revenue Bond	2,229,033	1,753,626	876,306
2021 Sewer Refunding Revenue Bond	107,970,000	107,970,000	107,970,000
2023 Sewer Refunding Revenue Bond	169,993,947	-	-
Less debt payable, due within one year	(14,145,535)	(6,560,000)	(9,540,000)
Total long-term debt	<u>\$ 397,323,878</u>	<u>\$ 388,517,417</u>	<u>\$ 373,796,486</u>

Economic Factors and Next Year's Budget and Rates

LRWRA expects its customer base will continue to grow annually at a modest rate of less than 1.00%. In the 2024 Budget, LRWRA's revenue projects a slight decrease with the residential customers due to the annual decline in the Average Winter Consumption (AWC) and projects a slight increase with non-domestic customers. LRWRA evaluates the AWC for residential customers in the March/April timeframe. The AWC trend of domestic water consumption shows a small decline in usage over the past two years. LRWRA has one major customer that accounts for just over 1.00% of customer assessment revenues (see Schedule 13 – Ten Largest Customers).

The 10-year CIP set forth in the 2024 budget encompasses the most significant issues facing the Utility include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; and (2) transitioning from a successfully completed Consent Administrative Order (CAO) to a fully integrated Asset Management / Preventive Maintenance System, which will drive the capital improvement plans going forward. The 2024 Capital Improvement Plan provides funding for initiatives that afford LRWRA the opportunity to achieve its goals including replacement of aging infrastructure, construction of new facilities, and maintaining the working condition of LRWRA infrastructure and facilities. Total capital expenditures of \$35.0 million are planned for 2024. LRWRA estimates the capital improvements that have funding over the next six years will cost \$162.4 million.

With the most recent bond issue (2021 Bond Revenue Issue), Moody's Investors Service assigned LRWRA an Aa3 rating with a stable outlook to the 2021 Bond Revenue issue on the underlying rating of the City of Little Rock (AR) Sewer Revenue Bonds based on projected rate increases necessary to support future debt needs to maintain the system.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2023**

Request for Information

This financial report is designed to provide a general overview of LRWRA's finances for the rate payers, citizens, city leaders, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 11 Clearwater Drive, Little Rock, Arkansas 72204.

Little Rock Water Reclamation Authority
Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 19,210,345	\$ 25,999,194
Short-term investments	54,337,147	30,000,000
Accounts and grants receivable (net of allowance for doubtful accounts of \$1,716,279 in 2023 and \$1,521,677 in 2022)	8,012,252	11,932,418
Inventories	1,319,186	1,351,692
Prepays	175,302	178,898
Restricted current assets		
Bond requirements		
Cash and cash equivalents	3,297,234	3,110,841
Accrued interest receivable	17,733	11,756
Prepaid items	1,915,077	822,055
Total current assets	<u>88,284,276</u>	<u>73,406,854</u>
Noncurrent assets		
Unrestricted noncurrent assets		
Workers' compensation fund investments	<u>585,965</u>	<u>561,988</u>
Total unrestricted noncurrent assets	<u>585,965</u>	<u>561,988</u>
Restricted noncurrent assets		
Investments – bond requirements	6,419,750	5,748,448
Cash and cash equivalents – capital projects	<u>4,133,122</u>	<u>3,537,825</u>
Total restricted noncurrent assets	<u>10,552,872</u>	<u>9,286,273</u>
Capital and Subscription Assets, Net	<u>589,945,439</u>	<u>578,232,186</u>
Total noncurrent assets	<u>601,084,276</u>	<u>588,080,447</u>
Total assets	<u>689,368,552</u>	<u>661,487,301</u>
Deferred Outflows of Resources		
Deferred amounts on bond funding	10,087,340	12,583,288
Deferred amounts on pension funding	5,550,859	5,558,573
Deferred amounts on OPEB	<u>3,136,433</u>	<u>3,162,466</u>
Total deferred outflows of resources	<u>18,774,632</u>	<u>21,304,327</u>
Total assets and deferred outflows of resources	<u><u>\$ 708,143,184</u></u>	<u><u>\$ 682,791,628</u></u>

Little Rock Water Reclamation Authority
Statements of Net Position (Continued)
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 35,235	\$ 999,458
Franchise fee collections due to City of Little Rock	543,612	539,756
Sewer line replacement fee	1,397,353	1,066,774
Accrued wages payable and related liabilities	605,865	638,057
Accrued expenses and other	874,946	1,316,119
Compensated absences	1,282,579	1,185,804
Construction contracts payable	3,903,860	2,724,340
Accrued interest payable	1,963,336	2,092,674
Bonds payable – current	14,145,535	6,560,000
Total current liabilities	<u>24,752,321</u>	<u>17,122,982</u>
Noncurrent liabilities		
Bonds payable (net of unamortized premiums)	399,556,124	391,259,676
Compensated absences	-	127,364
Net pension liability	19,405,717	18,822,344
Net OPEB liability	6,607,750	5,536,468
Total noncurrent liabilities	<u>425,569,591</u>	<u>415,745,852</u>
Total liabilities	<u>450,321,912</u>	<u>432,868,834</u>
Deferred Inflows of Resources		
Deferred amounts on pension funding	676,650	398,879
Deferred amount related to OPEB	2,613,019	2,970,920
Total deferred inflows of resources	<u>3,289,669</u>	<u>3,369,799</u>
Net Position		
Net investment in capital assets	182,427,260	189,958,671
Restricted		
Debt service	5,112,988	3,347,661
Unrestricted	66,991,355	53,246,663
Total net position	<u>254,531,603</u>	<u>246,552,995</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 708,143,184</u>	<u>\$ 682,791,628</u>

Little Rock Water Reclamation Authority
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Customer assessments	\$ 66,451,215	\$ 63,810,572
Industrial surcharges	1,498,631	1,383,477
Other fees and income	560,015	647,651
	<u>68,509,861</u>	<u>65,841,700</u>
Total operating revenues		
Operating Expenses		
Salaries and benefits	20,791,926	18,856,083
Supplies	3,239,655	3,314,810
Contract services	4,927,646	3,935,390
Vehicle expenses	247,999	226,541
Utilities	1,818,555	1,434,545
Administrative	1,897,172	1,735,513
	<u>32,922,953</u>	<u>29,502,882</u>
Total operating expenses		
Provision for Depreciation and Amortization		
Building and improvements	5,516,439	4,630,534
Infrastructure – collections, pumping and treatments	11,165,889	10,262,119
Equipment	3,963,449	3,586,162
	<u>20,645,777</u>	<u>18,478,815</u>
Total provision for depreciation and amortization		
Operating Income	<u>14,941,131</u>	<u>17,860,003</u>
Nonoperating Revenues (Expenses)		
Interest income	2,680,100	944,115
Interest expense	(12,349,293)	(12,496,968)
Gain (loss) on disposal of capital assets	(515,912)	52,011
Gain (loss) on investments	204,994	(416,560)
Other	124,645	61,860
	<u>(9,855,466)</u>	<u>(11,855,542)</u>
Total nonoperating expenses		
Increase in Net Position Before Capital Contributions and Grants	<u>5,085,665</u>	<u>6,004,461</u>
Capital Contributions and Grants		
Capital contributions	1,765,455	1,254,626
Federal and state grants	1,127,488	4,517,051
	<u>2,892,943</u>	<u>5,771,677</u>
Total capital contributions and grants		
Change in Net Position	7,978,608	11,776,138
Net Position, Beginning of Year	<u>246,552,995</u>	<u>234,776,857</u>
Net Position, End of Year	<u>\$ 254,531,603</u>	<u>\$ 246,552,995</u>

Little Rock Water Reclamation Authority
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from customers	\$ 67,861,401	\$ 66,591,870
Cash received from City of Little Rock franchise fees	6,389,219	6,560,620
Other receipts	684,660	709,511
Payments to employees	(20,780,630)	(18,169,017)
Payments to suppliers	(4,171,372)	(3,877,849)
Payments for contractual services	(4,927,646)	(3,935,390)
Payments for utilities	(1,818,555)	(1,434,545)
Payments to City of Little Rock franchise fees	(6,385,363)	(6,589,828)
Other payments	(2,141,574)	(1,977,516)
Net cash provided by operating activities	<u>34,710,140</u>	<u>37,877,856</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(30,243,900)	(30,524,608)
Grant proceeds	5,466,678	803,757
Proceeds from disposal of property and equipment	313,933	66,928
Principal paid on capital debt	(176,553,947)	(9,540,000)
Interest paid on capital debt	(10,258,226)	(10,276,557)
Proceeds from issuance of indebtedness	192,711,473	21,280,931
Net cash used in capital and related financing activities	<u>(18,563,989)</u>	<u>(28,189,549)</u>
Cash Flows from Investing Activities		
Interest on investments	2,674,123	939,437
Purchase of investments	(24,827,432)	(32,001,845)
Net cash used in investing activities	<u>(22,153,309)</u>	<u>(31,062,408)</u>
Decrease in Cash and Cash Equivalents	<u><u>\$ (6,007,158)</u></u>	<u><u>\$ (21,374,101)</u></u>

Little Rock Water Reclamation Authority
Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents		
Beginning of year	\$ 32,647,860	\$ 54,021,961
Net decrease in cash and cash equivalents	<u>(6,007,158)</u>	<u>(21,374,101)</u>
End of year	<u>\$ 26,640,702</u>	<u>\$ 32,647,860</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 14,941,131	\$ 17,860,003
Adjustments		
Depreciation and amortization	20,645,777	18,478,815
Other	124,645	61,860
Changes in operating assets and liabilities		
Accounts receivable	(419,024)	1,199,552
Inventories	32,506	(83,569)
Prepaid items and other assets	(1,089,425)	(106,802)
Deferred outflows on pensions	7,714	(4,181,533)
Deferred outflows on OPEB	26,033	(541,412)
Accounts payable	(633,644)	(281,201)
Accrued expenses	(503,954)	991,461
City of Little Rock franchise fees	3,856	(29,208)
Net pension liability	583,373	13,461,794
Net OPEB liability	1,071,282	(738,148)
Deferred inflows on pensions	277,771	(9,671,429)
Deferred inflows on OPEB	<u>(357,901)</u>	<u>1,457,673</u>
Net cash provided by operating activities	<u>\$ 34,710,140</u>	<u>\$ 37,877,856</u>
Reconciliation of Total Cash and Cash Equivalents		
Current assets – cash and cash equivalents	\$ 19,210,345	\$ 25,999,194
Restricted for bond requirements	3,297,234	3,110,841
Restricted for capital projects	<u>4,133,122</u>	<u>3,537,825</u>
Total cash and cash equivalents	<u>\$ 26,640,701</u>	<u>\$ 32,647,860</u>
Supplemental Schedule of Noncash Investing, Capital and Financing Activities		
Donated sewer lines capitalized	\$ 1,765,455	\$ 1,254,626
Acquisition and construction of capital assets and improvements in accounts payable	\$ 3,903,860	\$ 2,724,340

Little Rock Water Reclamation Authority
Statements of Fiduciary Net Position
Years Ended December 31, 2023 and 2022

	OPEB Trust Fund 2023	OPEB Trust Fund 2022
Assets		
Cash and cash equivalents	\$ 240,672	\$ 12,005
U.S. government bonds	<u>1,009,617</u>	<u>1,180,965</u>
Total assets	<u><u>\$ 1,250,289</u></u>	<u><u>\$ 1,192,970</u></u>
Net Position		
Restricted		
Postemployment benefits other than pensions	<u>\$ 1,250,289</u>	<u>\$ 1,192,970</u>
Total net position	<u><u>\$ 1,250,289</u></u>	<u><u>\$ 1,192,970</u></u>

Little Rock Water Reclamation Authority
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2023 and 2022

	OPEB Trust Fund 2023	OPEB Trust Fund 2022
Additions		
Employer contributions	\$ 44,327	\$ 282,260
Investment income	61,511	(106,755)
Less trustee fee	(4,192)	(4,345)
Total additions	<u>101,646</u>	<u>171,160</u>
Deductions		
Benefit payments	<u>44,327</u>	<u>282,260</u>
Total deductions	<u>44,327</u>	<u>282,260</u>
Change in Net Position	57,319	(111,100)
Net Position, Beginning of Year	<u>1,192,970</u>	<u>1,304,070</u>
Net Position, End of Year	<u><u>\$ 1,250,289</u></u>	<u><u>\$ 1,192,970</u></u>

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

Reporting Entity

The financial statements of the Little Rock Water Reclamation Authority (LRWRA or Utility), a component unit of the City of Little Rock, conform to generally accepted accounting principles for state and local governments. The Utility provides wastewater sewer services for the greater Little Rock area. These services primarily consist of treatment and disposal of sewer water, inspection of sewer lines and construction of sewer treatment plants, rehabilitation projects, and spot repairs. The clear majority of the Utility's customers are residential; however, the Utility also services commercial businesses. The Utility had 71,181 and 70,974 customers at December 31, 2023 and 2022, respectively. LRWRA is financially accountable to the City of Little Rock, as the City's Board of Directors must approve any rate adjustments and debt issuances.

Basis of Accounting

LRWRA is an enterprise fund and its financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

As a component unit of the City of Little Rock, LRWRA has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components: restricted, net investment in capital assets, and unrestricted.

Restricted – Consists of external constraints placed on net position imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Net investment in capital assets – Consists of capital and subscription assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets, and adding back unspent proceeds.

Unrestricted – Consists of net position that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use on an expenditure, it is generally LRWRA's policy to use the restricted resources first. For projects funded by debt proceeds and other sources, the debt proceeds are used first.

As a component unit of the City of Little Rock, LRWRA applies the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement requires that capital contributions to LRWRA be presented as a change in net position.

LRWRA's accounting and financial reporting practices are like those used for business enterprises; therefore, the accrual basis of accounting is utilized. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Revenues from customer assessment, industrial surcharges, connection fees, and other sewer fees are reported as operating revenues. Revenues which stem from capital, financing or investing related activities are reported as nonoperating revenues. All expenses related to operating the sewer system such as salaries, benefits, supplies, utilities, and administrative costs are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

LRWRA utilizes a fiduciary fund to report assets that are held in a trustee or agency capacity for others and that cannot be used to support the general operations of the Utility. The Utility's fiduciary fund consists of the LRWRA Post Retiree Healthcare plan (OPEB Plan). The OPEB Plan is an employee benefit trust fund used to report the accumulation and use of resources to pay health insurance benefits for eligible retirees, as well as related liabilities for anticipated future benefits. The transactions and balances of the fiduciary fund are also reported using the economic resources measurement focus and the accrual basis of accounting. The OPEB Plan does not have a separate board and is administered by LRWRA.

Cash and Cash Equivalents

LRWRA considers both restricted and unrestricted demand deposits, certificates of deposit, money market funds, and cash management pools to be cash equivalents. In addition, all highly liquid investments, including repurchase agreements, with maturities of three months or less from the date of purchase are cash equivalents.

Investments

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.

Interest income includes dividend and interest income. Unrealized gains and losses are included as nonoperating income (expense) in the accompanying statements of revenues, expenses, and changes in net position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Details of accounts receivable and the related valuation account as of December 31, 2023 and 2022 are more fully explained in Note 3.

Inventory

Materials, supplies, and fuel inventories are valued at cost.

Restricted Assets

Restricted assets consist of monies and other resources which are restricted legally as described below:

Bond Requirements – These assets include cash, investments, and accrued interest held in various accounts as required by the bond indentures.

Construction and Improvements – These assets are restricted by bond indentures for designated capital projects and cannot be expended for any other purpose.

Capital Assets and Capital Contributions

Capital assets consist of property, plant, and equipment and include assets which have been contributed to LRWRA. Capital contributions primarily consist of sewer lines and pump stations constructed by private developers and individuals and donated to the Utility to operate and maintain that are recorded at certified acquisition costs. Capital assets are defined by LRWRA as assets with an initial, individual cost of at least \$5,000 and an estimated useful life more than one year. Depreciation is computed using the straight-line method of depreciation with estimated useful lives of 10 to 50 years for buildings and improvements, five to 25 years for machinery and equipment, and 50 years for collection systems (primarily sewer lines).

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital and Subscription Asset Impairment

The Utility evaluates capital and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are adjusted proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility has three items that qualify for reporting in this category:

- Deferred amounts on bond refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred amounts on pension funding – The contributions made to the pension plan after the measurement date are deferred and recognized in the following fiscal year. The difference between actual and expected experience, and the change in proportion are deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Deferred amounts on OPEB – The difference in assumption changes in the OPEB plan, difference in expected and actual experience, and the net difference between projected and actual earnings on OPEB assets are deferred and amortized over the average remaining service life of all participants in the OPEB plan.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

In addition to liabilities, the statement of net financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Utility has two items that qualify for reporting in this category.

- Deferred amounts on pension funding – The differences between expected and actual experience, changes in assumptions, and changes in proportionate projected and actual earnings on pension plan investments, differences between employer contributions and proportionate share are deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.
- Deferred amounts on OPEB – The differences between expected and actual experiences are deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which the difference occurred.

Compensated Absences

Employees earn Personal Time Off (PTO) as the only paid personal leave, as it covers time away from the workplace for vacation, personal time, illness, etc. There is a “use or lose” policy for any balance over 300 hours at December 31 of each year. Employees accumulate PTO each pay period based on length of service. The rate of accrual for any given year in the first 12 months is 18 days, years one through five accrue 20 days, six through 15 accrue 25 days, 16 through 25 accrue 30 days, and 25 years and up accrue 35 days. Net changes in the liability for compensated absences are summarized in Note 7.

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, liabilities and deferred outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

The Utility adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides a new framework for accounting for SBITAs under the principle that SBITAs are a right-to-use subscription asset and a corresponding subscription liability. An exception to the general model is provided for short-term SBITAs that cannot last more than 12 months. Adoption of GASB 96 resulted in the recording of a subscription asset and subscription liability as of December 31, 2023 and 2022.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Note 2: Cash and Cash Equivalents and Investments – Utility

A summary of cash, cash equivalents, and investments per the statements of net position as of December 31, 2023 and 2022 follows:

	December 31, 2023			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	\$ 19,210,345	\$ -	\$ 19,210,345	\$ 54,923,112
Restricted assets				
Bond requirements	99,323	3,197,911	3,297,234	6,419,750
Construction and improvements	-	4,133,122	4,133,122	-
Total restricted assets	99,323	7,331,033	7,430,356	6,419,750
Total	\$ 19,309,668	\$ 7,331,033	\$ 26,640,701	\$ 61,342,862

	December 31, 2022			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	\$ 25,999,194	\$ -	\$ 25,999,194	\$ 30,561,988
Restricted assets				
Bond requirements	208,527	2,902,314	3,110,841	5,748,448
Construction and improvements	-	3,537,825	3,537,825	-
Total restricted assets	208,527	6,440,139	6,648,666	5,748,448
Total	\$ 26,207,721	\$ 6,440,139	\$ 32,647,860	\$ 36,310,436

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 Utility's deposit policy for custodial credit risk requires compliance with the provisions of state law and city of Little Rock statute.

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%.

The Utility had deposits with financial institutions of \$23,881,544 at December 31, 2023 and \$29,963,961 at December 31, 2022. As of December 31, 2023 and 2022, the Utility's bank balance was fully insured and collateralized by the pledging financial institution.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Investments

Arkansas statute (AR § Code 19-1-501) authorizes the Utility to invest in eligible investment securities such as: (1) direct or guaranteed obligations of the United States that are backed by the full faith and credit of the U.S. Government; (2) A direct obligation of an agency, instrumentality, or government-sponsored enterprise created by act of the United States Congress and authorized to issue securities or evidences of indebtedness that is guaranteed for repayment by the U.S. Government; and (3) a bond or other debt of the state, a school district, a county government, a municipal government or an authority of a governmental entity that: (A) is issued for an essential governmental purpose or is guaranteed by a state agency; and (B) has a debt rating from a nationally recognized credit rating agency of "A" or better at the time of purchase. None of LRWRA's investments owned at December 31, 2023 were subject to custodial credit risk.

Cash equivalents and investments at December 31, 2023 and 2022 consisted of Federated Treasury Obligations (publicly traded government money market mutual fund held by LRWRA's bond trustee or short-term U.S. Treasury securities with a stable net asset value of one dollar) and U.S. Government Obligations stated at values of \$68,673,895 and \$42,750,575, respectively. Net unrealized gain (loss) for each of the years ended December 31, 2023 and 2022 was \$204,994 and (\$416,560), respectively.

As of December 31, 2023 and 2022, the Utility had the following investments and maturities:

December 31, 2023				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 7,331,033	\$ 7,331,033	\$ -	AA+/Aaa
Investments				
Federal Farm Credit Bank	2,837,469	-	2,837,469	AA+/Aaa
Certificates of Deposit	24,322,147	24,322,147	-	
U.S. Treasury Obligations*	30,015,000	30,015,000	-	
Federal Home Loan Mortgage	4,168,196	-	4,168,196	AA+/Aaa
	<u>61,342,812</u>	<u>54,337,147</u>	<u>7,005,665</u>	
	<u>\$ 68,673,845</u>	<u>\$ 61,668,180</u>	<u>\$ 7,005,665</u>	

* Investment is carried at amortized costs.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

	December 31, 2022			
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 6,440,139	\$ 6,440,139	\$ -	AA+/Aaa
Investments				
Federal Farm Credit Bank	2,724,138	-	2,724,138	AA+/Aaa
U.S. Treasury Obligations*	30,000,000	30,000,000	-	
Federal Home Loan Mortgage	3,586,298	-	3,586,298	AA+/Aaa
	36,310,436	30,000,000	6,310,436	
	\$ 42,750,575	\$ 36,440,139	\$ 6,310,436	

* Investment is carried at amortized costs.

Interest Rate Risk

Arkansas statute (AR Code § 19-1-504) limits the eligible investment securities to having a maturity of no longer than five (5) years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity.

Credit Risk

Credit risk is the risk that the issuer or other counterparty will not fulfill its obligation. The Utility manages its credit risk by investing exclusively in government-issued treasuries and agencies. All the Utility's investments at December 31, 2023 and 2022 are insured or registered and held in the Utility's name.

Fair Value Measurement

LRWRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LRWRA has the following recurring fair value measurements as of December 31, 2023:

- Federated Treasury Obligations of \$7.3 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$7.0 million are valued using a matrix pricing model (Level 2 inputs).

LRWRA had the following recurring fair value measurements as of December 31, 2022:

- Federated Treasury Obligations of \$6.4 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$6.3 million are valued using a matrix pricing model (Level 2 inputs).

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Note 3: Accounts and Grants Receivable

Accounts receivable at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Trade receivables – billed, current	\$ 2,365,977	\$ 4,151,243
Trade receivables – unbilled	4,957,868	2,985,189
Trade receivables, past due	963,647	537,434
Grants receivable	<u>1,441,039</u>	<u>5,780,229</u>
 Total	 <u>9,728,531</u>	 <u>13,454,095</u>
 Allowance for uncollectibles, beginning of year	 (1,521,677)	 (819,094)
Write off of uncollectibles	-	271,626
Provision for bad debt expense	<u>(194,602)</u>	<u>(974,209)</u>
 Allowance for uncollectibles, end of year	 <u>(1,716,279)</u>	 <u>(1,521,677)</u>
 Accounts receivable, net of allowance for uncollectibles	 <u>8,012,252</u>	 <u>11,932,418</u>
 Current accounts receivable	 <u><u>\$ 8,012,252</u></u>	 <u><u>\$ 11,932,418</u></u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Note 4: Capital and Subscription Assets

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

2023	Balance 12/31/2022	Additions	Retirements	Transfers	Balance 12/31/23
Capital assets					
not being depreciated					
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ -	\$ 5,434,140
Construction in progress	71,771,351	31,647,125	876,852	(24,532,570)	78,009,054
Total capital assets not being depreciated	77,205,491	31,647,125	876,852	(24,532,570)	83,443,194
Capital assets being depreciated					
Building and improvements	173,815,474	-	-	4,418,023	178,233,497
Infrastructure – collection and treatment	495,456,439	1,541,750	-	17,495,113	514,493,302
Equipment	94,354,242	-	436,607	2,619,434	96,537,069
Total capital assets being depreciated	763,626,155	1,541,750	436,607	24,532,570	789,263,868
Less accumulated depreciation for					
Buildings and improvements	59,566,641	5,523,716	-	-	65,090,357
Infrastructure – collections and treatment	156,205,910	11,163,749	-	-	167,369,659
Equipment	47,139,696	3,787,418	436,057	-	50,491,057
Total accumulated depreciation	262,912,247	20,474,883	436,057	-	282,951,073
Capital assets, net	<u>\$ 577,919,399</u>	<u>\$ 12,713,992</u>	<u>\$ 877,402</u>	<u>\$ -</u>	<u>\$ 589,755,989</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

2022	Balance 12/31/2021	Additions	Retirements	Transfers	Balance 12/31/22
Capital assets					
not being depreciated					
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ -	\$ 5,434,140
Construction in progress	136,373,213	33,044,624	24,932	(97,621,554)	71,771,351
Total capital assets not being depreciated	141,807,353	33,044,624	24,932	(97,621,554)	77,205,491
Capital assets being depreciated					
Building and improvements	137,490,727	-	-	36,324,747	173,815,474
Infrastructure – collection and treatment	446,629,633	936,425	-	47,890,381	495,456,439
Equipment	81,286,558	-	338,742	13,406,426	94,354,242
Total capital assets being depreciated	665,406,918	936,425	338,742	97,621,554	763,626,155
Less accumulated depreciation for					
Buildings and improvements	54,936,107	4,630,534	-	-	59,566,641
Infrastructure – collections and treatment	145,943,791	10,262,119	-	-	156,205,910
Equipment	43,877,437	3,586,162	323,903	-	47,139,696
Total accumulated depreciation	244,757,335	18,478,815	323,903	-	262,912,247
Capital assets, net	\$ 562,456,936	\$ 15,502,234	\$ 39,771	\$ -	\$ 577,919,399

Subscription asset activity for the years ended December 31, 2023 and 2022 was as follows:

	2023			
	Beginning Balance	Additions	Disposals	Ending Balance 12/31/23
Subscription IT assets	\$ 475,922	\$ 47,557	\$ -	\$ 523,479
	475,922	47,557	-	523,479
Less accumulated amortization				
Subscription IT assets	163,135	170,894	-	334,029
	163,135	170,894	-	334,029
Subscription Assets, net	\$ 312,787	\$ (123,337)	\$ -	\$ 189,450

Little Rock Water Reclamation Authority
Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

	2022			Ending Balance 12/31/23
	Beginning Balance	Additions	Disposals	
Subscription IT assets	\$ 475,922	\$ -	\$ -	\$ 475,922
	<u>475,922</u>	<u>-</u>	<u>-</u>	<u>475,922</u>
Less accumulated amortization				
Subscription IT assets	-	163,135	-	163,135
	<u>-</u>	<u>163,135</u>	<u>-</u>	<u>163,135</u>
Subscription Assets, net	<u>\$ 475,922</u>	<u>\$ (163,135)</u>	<u>\$ -</u>	<u>\$ 312,787</u>

The subscription liability related to the subscription assets was \$130,834 and \$312,787 for the years ended December 31, 2023 and 2022, respectively, and is included as accrued expenses and other on the statements of net position.

Note 5: Contributions in Aid of Construction

Contributions in aid of construction, consisting of cash donations and sewer lines/pump stations from private contractors and individuals, were \$1,765,455 and \$1,254,626 for the years ended December 31, 2023 and 2022, respectively.

Note 6: Long-Term Debt

Long-term debt consists of Sewer Revenue Bonds for which the changes in the years ended December 31, 2023 and 2022 are as follows:

	December 31, 2023				Amount Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Sewer revenue bonds	\$ 187,770,000	\$ -	\$ 6,560,000	\$ 181,210,000	\$ 7,625,000
Sewer revenue bonds – direct placement	207,307,417	192,711,473	169,759,477	230,259,413	6,520,535
Unamortized bond premium	<u>2,742,259</u>	<u>-</u>	<u>510,013</u>	<u>2,232,246</u>	<u>-</u>
	<u>\$ 397,819,676</u>	<u>\$ 192,711,473</u>	<u>\$ 176,829,490</u>	<u>\$ 413,701,659</u>	<u>\$ 14,145,535</u>
	December 31, 2022				Amount Due Within One Year
	Beginning Balance	Increases	Decreases	Ending Balance	
Sewer revenue bonds	\$ 197,310,000	\$ -	\$ 9,540,000	\$ 187,770,000	\$ 6,560,000
Sewer revenue bonds – direct placement	186,026,486	21,280,931	-	207,307,417	-
Unamortized bond premium	<u>3,379,177</u>	<u>-</u>	<u>636,918</u>	<u>2,742,259</u>	<u>-</u>
	<u>\$ 386,715,663</u>	<u>\$ 21,280,931</u>	<u>\$ 10,176,918</u>	<u>\$ 397,819,676</u>	<u>\$ 6,560,000</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Sewer revenue bonds payable consist of the following:

Series	Interest Rate	Year of Maturity	December 31, 2023	Amount Due Within One Year
Revenue Bonds				
2014	4.00%	2025	\$ 1,000,000	\$ 660,000
2015	3.125% to 4.70%	2037	25,925,000	5,595,000
2016B	3.00% to 4.00%	2038	13,955,000	755,000
2017	3.125% to 4.00%	2047	9,510,000	250,000
2020B	0.89% to 2.92%	2042	22,850,000	365,000
2021	0.812% to 2.376%	2037	107,970,000	-
			<u>\$ 181,210,000</u>	<u>\$ 7,625,000</u>
Revenue Bonds – Direct Placement				
2007B	0.00% to 2.75%	2032	\$ 9,320,323	\$ 1,005,190
2009A	0.00% to 2.00%	2035	4,983,950	413,514
2020A	2.25%	2053	43,732,160	1,034,353
2020C	1.75%	2044	2,229,033	46,782
2023	2.25%	2053	169,993,947	4,020,696
Total			<u>\$ 230,259,413</u>	<u>\$ 6,520,535</u>

The Arkansas Natural Resource Commission (ARNC) currently administers federal and state programs that provided aid through loans and grants for water and wastewater projects. These revenue bonds (Revolving Loan Funds – RLFs) are issued to LRWRA for financing construction costs for extensions, betterments, and improvements to the sewer system.

2007B Sewer Revenue Bond

The Series 2007B Bond was issued in July 2007 in the amount of \$18,000,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system within the city of Little Rock and designated collection system projects and to pay the cost of issuing the 2007B Bond. This bond is a special obligation through the ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on April 15 and October 15. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be three interest-free years of principal payments 2030 through 2032. The final payment is scheduled for October 2032.

2009A Sewer Revenue Bond

The Series 2009A Bond was issued in March 2009 in the amount of \$8,000,000 to finance the improvements to the Arch Street Pump Station and to pay the cost of issuing the 2009A Bond. This bond is a special obligation through the ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on April 15 and October 15. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be three interest-free years of principal payments October 2032 through April 2035. The final payment is scheduled for April 2035.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

2014 Sewer Refunding Revenue Bond

The Series 2014 Bond was issued in October 2014 in the amount of \$11,980,000 and refunded the 1999 Sewer Revenue Bond and advance fund the 2005 Sewer Revenue Bond. This bond is a special obligation of the Issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on May 1 and November 1. The final payment is scheduled for May 2025.

2015 Sewer Refunding Revenue Bond

The Series 2015 Bond was issued in March 2015 in the amount of \$160,070,000 and refunded the 1996, 2004A, 2004B, 2004C, and advance funded the 2007A and 2007C Sewer Revenue Bond. These bonds are special obligations of the Issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on April 1 and October 1. The final payment is scheduled for October 2037.

2016B Sewer Refunding Revenue Bond

The Series 2016B Bond was issued in November 2016 in the amount of \$18,585,000 and refunded the 2008 and 2009B Sewer Revenue Bonds. These bonds are special obligations of the Issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on June 1 and December 1. The final payment is scheduled for December 2038.

2017 Sewer Revenue Bond

The Series 2017 Bond was issued in October 2017 in the amount of \$10,835,000 to finance the Fourche Creek WRF Phase III Rehabilitation improvements to the facility and to pay the cost of issuing the 2017 Sewer Bond. This bond was a special obligation of the issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal payments are due annually on October 1 and interest payments are due semiannually on April 1 and October 1. The final payment is scheduled for October 2047.

2020A Sewer Revenue Bond

The Series 2020A Bond was issued in February 2020 in the amount of \$51,400,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system and to pay the cost of issuing the 2020A Bond. Draws totaled \$21,255,571 as of December 31, 2022. The remaining draws will occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due annually on April 15 and October 15 starting in 2024. The final payment is scheduled for October 2053.

2020B Sewer Refunding Bond

The Series 2020B Bond was issued in October 2020 in the amount of \$22,850,000 and advance funded the 2012 Sewer Revenue Bond. These bonds are special obligations of the Issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal is due annually on August 1 starting in 2024 and interest payments are due semiannually on February 1 and August 1 starting in 2021. The final payment is scheduled for August 2042.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

2020C Sewer Revenue Bond

The Series 2020C Bond was issued in October 2020 in the amount of \$7,500,000 to finance repairs to the sewer collection system caused by the 2019 flooding event and to pay the cost of issuing the 2020C Bond. Draws totaled \$1,753,626 as of December 31, 2022. The remaining draws can occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due annually on April 15 and October 15 starting in October 2024. The final payment is scheduled for October 2044.

2021 Sewer Revenue Refunding Bond

The Series 2021 Bond was issued in September 2021 in the amount of \$107,970,000 and partially advance refunded the 2015 Sewer Revenue Bond. \$109,209,465 was deposited into an irrevocable trust with an escrow agent for all future debt payments on a portion of the 2015 series bonds. As a result, the 2015 series bonds are considered to be partially defeased, and the liability for that portion of the bonds has been removed from the statement of net position. These bonds are special obligations of the Issuer with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal is due annually on October 1 starting in 2025, and interest payments are due annually on October 1 starting in 2022. The final payment is scheduled for October 2037. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,061,492. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through the year 2037 using the effective-interest method.

2023 Sewer Revenue Bond

The 2023 Sewer Revenue Refunding Bond was issued in October 2023 in the amount of \$169,993,949 in exchange for the 2013 Sewer Revenue Bond, 2016A Sewer Revenue Bond, 2018 Sewer Revenue Bond and 2019 Sewer Revenue Bond, which finance the costs of betterments and improvements to the Utility's water reclamation system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due semiannually on April 15 and October 15. The final payment is scheduled for October 2053. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,294,722. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through the year 2039 using the effective-interest method.

In addition to the \$411,469,413 balance of Sewer Revenue Bonds outstanding at December 31, 2023, an additional \$36,185,917 can, as previously described, be drawn in fulfillment of current bond issues 2020A and 2020C for a total Sewer Revenue Bond indebtedness of \$447,655,330.

The 2007B, 2009A, 2020A, 2020C and 2023 Series Sewer Revenue Bonds are subordinate to the 2014, 2015, 2016B, 2017, 2020B, and 2021 Series Revenue Bonds.

The net revenue available for debt service was \$38,267,008 and \$37,282,933 in 2023 and 2022, respectively, and the average yearly outstanding debt was \$17,716,041 and \$16,730,272, respectively.

During prior years, the Utility defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Utility's financial statements. At December 31, 2023 and 2022, \$93,830,000 and \$95,185,000, respectively, of bonds outstanding is considered defeased.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

The annual requirements to amortize sewer revenue bond indebtedness outstanding and scheduled, including interest, as of December 31, 2023 are as follows:

Year Ending December 31,	Revenue Bonds		Revenue Bonds – Direct Placement		Total
	Principal	Interest	Principal	Interest	
2024	\$ 7,625,000	\$ 4,472,287	\$ 6,520,535	\$ 5,044,748	\$ 23,662,570
2025	8,705,000	4,176,153	6,719,071	4,912,498	24,512,722
2026	10,735,000	3,849,696	6,874,785	4,756,785	26,216,266
2027	11,025,000	3,552,392	7,034,139	4,597,431	26,208,962
2028	11,260,000	3,315,100	7,197,220	7,564,031	29,336,351
2029–2033	64,830,000	12,460,879	36,336,649	19,112,740	132,740,268
2034–2038	56,650,000	5,137,997	34,255,683	15,389,151	111,432,831
2039–2043	8,220,000	1,036,440	37,618,150	11,326,813	58,201,403
2044–2048	2,160,000	185,118	41,435,973	6,806,357	50,587,448
2049–2053	-	-	46,267,208	2,315,209	48,582,417
Total	<u>\$ 181,210,000</u>	<u>\$ 38,186,062</u>	<u>\$ 230,259,413</u>	<u>\$ 81,825,763</u>	<u>\$ 531,481,238</u>

Notes from Direct Placements

The Utility's outstanding notes from direct placements of \$230,259,413 contain a provision that in an event of default, the bondholder may apply in proper action to a court for the appointment of a receiver to administer the Utility on behalf of the bondholder with the power to charge and collect rates sufficient to provide for the payments of the expenses of operation and to pay the bond interest and principal. These direct placements are associated with Revolving Loan Funds administered through the ANRC.

Note 7: Compensated Absences

Net changes in the liability for compensated absences for the years ended December 31, 2023 and 2022 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
2023	<u>\$ 1,313,168</u>	<u>\$ 1,282,580</u>	<u>\$ 1,208,850</u>	<u>\$ 1,386,898</u>	<u>\$ 1,386,898</u>
2022	<u>\$ 1,239,438</u>	<u>\$ 1,607,695</u>	<u>\$ 1,533,965</u>	<u>\$ 1,313,168</u>	<u>\$ 1,185,804</u>

Note 8: Litigation

Sierra Club

The Little Rock Water Reclamation Authority Commission (LRWRC), formerly known as "Little Rock Sanitary Sewer Committee," was a defendant, along with the City of Little Rock, in a lawsuit filed in the U.S. District Court on January 13, 2000 by the Sierra Club. The plaintiff alleged violations of the *Clean Water Act* and the *Resource Conservation and Recovery Act* for sanitary sewer overflows (SSOs) and sought injunctions for the alleged violations including penalties. LRWRC and the plaintiff entered into a written settlement agreement releasing LRWRC's liability for any alleged violations up to the settlement agreement dated September 12, 2001.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

A judgment approving this settlement was filed on November 16, 2001, subject to an award of the plaintiff's statutory attorneys' fees, which were awarded on December 13, 2002 and paid in full in 2003. There are no further sums due to the plaintiff related to this litigation.

Pursuant to the settlement agreement, the Court retained jurisdiction for the purpose of enforcing the provisions of the agreement. Under these provisions, LRWRC is required to follow certain reporting and notice and maintenance procedures, and to make improvements to the collection system to reduce sanitary sewer overflows. These requirements are specified in the settlement agreement, and the schedules for developing, adopting, and implementing the necessary programs and completing the improvements within agreed-upon deadlines are set forth in a separate System Evaluation and Capacity Assurance Plan (SECAP).

Management believes LRWRA is in compliance with the provisions of the settlement agreement and has satisfied all outstanding requirements of the agreement as of December 31, 2023. In a letter dated March 28, 2024, the Sierra Club confirmed that LRWRA "has fulfilled the requirements of the Settlement Agreement." The Sierra Club commended "LRWRA's commitment to both the letter and the spirit of the Settlement Agreement."

ADEQ

On March 9, 2006, staff representatives of Arkansas Department of Environmental Quality (ADEQ) and LRWRA entered into a Consent Administrative Order (CAO) addressing certain issues including, but not limited to, maintenance practices, secondary treatment bypasses at the Adams Field Water Reclamation Facility, administrative requirements, design and performance provisions, monitoring, measurement and program modifications, a sanitary sewer overflow plan, a system evaluation and capacity assurance plan, audits, communications, and financial penalties for failure of compliance with performance and specific project deadlines. Such penalties for noncompliance range from \$100 to \$500 per day, depending upon the duration of the noncompliance.

On September 6, 2011, Amendment No. 1 to the CAO was approved by ADEQ, the Sierra Club and LRWRA, extending the deadline for the obligations under the settlement agreements until December 31, 2018. Amendment No. 1 also required LRWRA submit to ADEQ a schedule of activities necessary to maintain compliance with the updated SECAP previously submitted to ADEQ. The updated SECAP was completed by RJN Group in November of 2010.

On April 15, 2015, Amendment No. 2 to the CAO was approved. ADEQ and the Sierra Club granted LRWRA an extension of the CAO deadline to December 31, 2023. On March 18, 2024, ADEQ issued a letter to LRWRA stating that the requirements of the CAO had been met.

LRWRA completed all remaining improvements and requirements by the December 31, 2023 deadline. The CAO terminated on March 19, 2024. The various capital projects related to these proceedings can be seen in greater detail within LRWRA's annual report located at <http://www.lrwra.com/capitalprojects>.

Funding

In 2015, LRWRA obtained approval from the City of Little Rock's Board of Directors to implement a series of annual end user rate increases in support of LRWRA securing adequate financing to complete the remaining outstanding system improvements in order to satisfy both the Sierra Club and ADEQ settlement agreements. The amount of capital expenditures incurred during the years ended December 31, 2022 and 2023 is \$33.1 million and \$21.2 million, respectively. As of December 31, 2023, the estimated amount of capital expenditures required to complete the remaining settlement agreement requirements was \$2.1 million. LRWRA, in early 2020, secured the final debt financing required to complete the settlement agreement related projects and satisfied fully all requirements of these settlement agreements by December 31, 2023.

Note 9: Other Commitments and Contingencies

Commitments

The Utility had commitments totaling approximately \$6.8 million at December 31, 2023 for the expansion of plant capacity and collection system improvements.

Claims and Litigation

The Utility is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The Utility administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the Utility.

Note 10: Pension Benefits

Defined Contribution Plan

LRWRA offers a voluntary 401(a) qualified pension plan to all full-time employees. LRWRA's and the employee's percent contribution is calculated on an employee's base salary and years of service for full-time employees.

The pension expense is recorded at the amount of LRWRA's required contribution, determined in accordance with the terms of the plan. The total employer contributions were \$475,002 and \$452,997 in 2023 and 2022, respectively.

The plan was established with a resolution passed by then Little Rock Sanitary Sewer Committee.

On January 17, 2018, the LRWRC passed Resolution 2018-03 to establish the LRWRA Retirement Plans Committee (LRWRARPC), adopt the LRWRARPC Charter, and delegate specific administrative duties to the LRWRARPC. Any changes in contribution rates would require LRWRC approval. Any amendments to the plan would be approved by the LRWRARPC. In July 2018, the LRWRARPC adopted a plan amendment to eliminate the two-year eligibility requirement and add 401(a) matching contribution schedules for the CEO, exempt one employee and exempt two employees. The LRWRARPC works with two entities, ICMA-RC and First Security Bank-Trust and Wealth Management, in administering the 401(a) plan.

Arkansas Public Employees Retirement System (APERS)

Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employee Retirement System (APERS) and additions to/deductions from APERS fiduciary net position have been determined on the same basis as they are reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description: The following brief description of the Arkansas Public Employees Retirement System (APERS or System) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

APERS is a cost-sharing multiple-employer defined benefit plan which covers all state employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

Benefits Provided: Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest three-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to July 1, 2005	2.07%
Contributory, on or after July 1, 2005 but prior to July 1, 2007	2.03%
Contributory on or after July 1, 2007	2.00%
Noncontributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- At age 65 with 5 years of service,
- At any age with 28 years actual service,
- At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- At age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least five years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service, and the monthly benefit is computed as if the member had retired and elected the Joint and 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contributions: Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS.

Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). For 2023 and 2022, employers contributed 15.32% of compensation. Contributions to the pension plan from LRWRA were \$2,261,113 and \$2,235,131 for the years ended December 31, 2023 and 2022, respectively.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023 and 2022, LRWRA reported a liability of \$19,405,717 and \$18,822,344, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. LRWRA's proportion of the net pension liability was based on LRWRA's contributions to the pension plan relative to the contributions of all participating APERS members.

At June 30, 2022, LRWRA's proportion was 0.66590511%, which was a decrease of 0.03215376% from its proportion measured as of June 30, 2022 of 0.69805887%.

For the years ended December 31, 2023 and 2022, LRWRA recognized pension expense of \$3,139,911 and \$1,808,002, respectively. At December 31, 2023 and 2022, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,095,412	\$ 106,607
Changes in proportion and differences between employer contributions and proportionate share	8,432	570,043
Changes of assumptions	912,309	-
Net difference between projected and actual earnings on pension plan investments	2,415,315	-
Contributions subsequent to the measurement date	1,119,391	-
Total	<u>\$ 5,550,859</u>	<u>\$ 676,650</u>

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 451,799	\$ 227,251
Changes in proportion and differences between employer contributions and proportionate share	26,721	171,628
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	3,970,602	-
Contributions subsequent to the measurement date	1,109,451	-
Total	<u>\$ 5,558,573</u>	<u>\$ 398,879</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

The \$1,119,391 reported as deferred outflows of resources at December 31, 2023 related to pensions resulting from LRWRA's contributions subsequent to measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2024	\$ 736,381
2025	507,124
2026	37,681
2027	<u>2,769,057</u>
	<u>\$ 4,050,243</u>

Actuarial Assumptions: The total pension liability, net pension liability and certain sensitivity information was determined by an actuarial valuation as of June 30, 2023. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of % of Payroll, Closed
Remaining Amortization Period	23 years
Actuarial Assumptions	
Investment rate of return	7.00%, net of investment administrative expenses
Discount Rate	7.00%
Salary Increases	3.25-9.85% including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37%	6.19%
International equity	24%	6.77%
Real assets	16%	3.34%
Absolute return	5%	3.36%
Domestic fixed	18%	1.79%
Total	100%	
Total real rate of return		4.94%
Plus: price inflation – actuary assumption		2.50%
Net expected return		7.44%

Discount Rate: A single discount rate of 7% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

Sensitivity of Discount Rate		
1% Lower 6.00%	Discount Rate 7.00%	1% Higher 8.00%
\$ 30,930,967	\$ 19,405,717	\$ 9,910,002

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report located at <http://www.apers.org/publications>.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Actuarial Assumptions: The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2022. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of % of Payroll, Closed
Remaining Amortization Period	25 years
Actuarial Assumptions:	
Investment rate of return	7.15%, net of investment administrative expenses
Discount Rate	7.15%
Salary Increases	3.95-9.85% including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37%	6.22%
International equity	24%	6.69%
Real assets	16%	4.81%
Absolute return	5%	3.05%
Domestic fixed	18%	0.57%
Total	100%	
Total real rate of return		4.93%
Plus: price inflation – actuary assumption		2.50%
Net expected return		7.43%

Discount Rate: A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

Sensitivity of Discount Rate		
1% Lower 6.15%	Discount Rate 7.15%	1% Higher 8.15%
\$ 29,924,089	\$ 18,822,344	\$ 9,656,859

Note 11: Other Postemployment Benefits (OPEB)

Plan Description

LRWRA's single-employer defined benefit postemployment healthcare plan, Little Rock Water Reclamation Authority Healthcare Plan (LRWRAHP), provides medical benefits to eligible retired employees and their beneficiaries. Employees are eligible for retiree medical coverage, including dental, prescription drug, and vision benefits, if they are eligible for retirement plan benefits under APERS. Retiree Medical Benefits cease at age 65 or upon the retiree signing a waiver of coverage.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the plan upon retirement. Arkansas statute (ACT 664) provides that any Utility employee vested in the retirement plan and 55 years of age or older may continue to receive the same medical benefits as active employees after retirement provided either the Utility or retiree pays both the employer and employee contributions to the healthcare plan. LRWRA is required to pay actual claims.

The LRWRC assigns authority to the CEO for any changes to the benefit provisions of the plan. This postemployment healthcare plan is administered by Regions Bank Trust Department. LRWRAHP does not issue a stand-alone financial report.

For inquiries relating to the plan, please contact the Little Rock Water Reclamation Authority, Finance Department (In Care of LRWRAHP), 11 Clearwater Dr., Little Rock, Arkansas 72204.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LRWRAHP and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, LRWRAHP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certificates of deposit, which are reported at cost.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Funding Policy

Starting in 2011, LRWRA's healthcare has become a fully insured employer-sponsored health plan that pays a premium to the insurance carrier from a self-funded plan. Premium rates are set annually and review by the LRWRC in conjunction with annual budget approval process. LRWRA's budget goal is that total benefits should be no more than 35% of total salaries each year. As a part of benefits, the health insurance plan is adjusted accordingly.

LRWRA Post Retiree Healthcare Plan (GASB Statement No. 74 and No. 75)

Since the LRWRAHP does not present separate financial statements, LRWRA is presenting the following disclosures below in accordance with GASB Statements No. 74 (LRWRAHP) and No. 75 (LRWRA):

LRWRAHP is supported by employer contributions. Using the Projected Unit Credit Cost Method, contributions are determined such that contributions will fund the projected benefits over a closed 30-year funding period.

The net OPEB liability is measured as of December 31, 2023 in LRWRA's financial statements using an actuarial valuation as of December 31, 2023 as the total OPEB liability, less the amount of the plan's fiduciary net position. A single discount rate of 4.00% and 4.31% was used to measure the total OPEB liability as of December 31, 2023 and 2022, respectively. This single discount rate was based on an expected rate of return on OPEB plan investments. The projection of cash flows used to determine the discount rate assumed that the Utility contributions will be made at rates equal to the actuarially determined contribution rates.

The components of the December 31, 2023 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<u>2023</u>
Total OPEB liability – ending	\$ 7,858,039
Plan fiduciary net position – ending	<u>1,250,289</u>
Net OPEB Liability – ending	<u><u>\$ 6,607,750</u></u>
Plan fiduciary net position as % of total OPEB liability	15.91%

The components of the December 31, 2022 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<u>2022</u>
Total OPEB liability – ending	\$ 6,729,438
Plan fiduciary net position – ending	<u>1,192,970</u>
Net OPEB Liability – ending	<u><u>\$ 5,536,468</u></u>
Plan fiduciary net position as % of total OPEB liability	17.73%

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances on January 1, 2022	<u>\$ 7,569,710</u>	<u>\$ 1,304,070</u>	<u>\$ 6,265,640</u>
Changes recognized for 2022			
Service cost	231,347	-	231,347
Interest on total OPEB liability	160,997	-	160,997
Changes of benefit terms	-	-	-
Differences between expected and actual experience	852,078	-	852,078
Change of assumptions	(1,811,410)	-	(1,811,410)
Benefit payments	(282,260)	(282,260)	-
Contributions – employer	-	282,260	(282,260)
Net investment income	-	(106,755)	106,755
Administrative expense	-	(4,345)	4,345
Net changes	<u>(849,248)</u>	<u>(111,100)</u>	<u>(738,148)</u>
Balances on December 31, 2022	<u>6,720,462</u>	<u>1,192,970</u>	<u>5,527,492</u>
Changes recognized for 2023			
Service cost	146,620	-	146,620
Interest on total OPEB liability	282,356	-	282,356
Differences between expected and actual experience	467,178	-	467,178
Change of assumptions	285,750	-	285,750
Benefit payments	(44,327)	(44,327)	-
Contributions – employer	-	44,327	(44,327)
Contributions – employee	-	-	-
Net investment income	-	61,511	(61,511)
Administrative expense	-	(4,192)	4,192
Net changes	<u>1,137,577</u>	<u>57,319</u>	<u>1,080,258</u>
Balances on December 31, 2023	<u>\$ 7,858,039</u>	<u>\$ 1,250,289</u>	<u>\$ 6,607,750</u>

Sensitivity of the net OPEB liability to change in the discount rate: The following presents the net OPEB liability of LRWRA, as well as what LRWRA's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

December 31, 2023	1% Lower 3.00%	Current 4.00%	1% Higher 5.00%
Utility's net OPEB liability	<u>\$ 7,600,500</u>	<u>\$ 6,607,750</u>	<u>\$ 5,750,358</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of LRWRA, as well as what LRWRA's net OPEB liability would be if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

December 31, 2023	1% Lower Rates	Current Rates	1% Higher Rates
Utility's net OPEB liability	<u>\$ 5,649,676</u>	<u>\$ 6,607,750</u>	<u>\$ 7,744,084</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Utility recognized OPEB expense of \$506,967 and \$460,463 for the years ended December 31, 2023 and 2022, respectively. Below is a table providing the deferred inflows and outflows of resources related to OPEB from the following sources as of December 31:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,540,868	\$ 1,115,909
Changes of assumptions	1,480,748	1,492,388
Net difference between projected and actual earnings on OPEB assets	114,817	4,722
Total	<u>\$ 3,136,433</u>	<u>\$ 2,613,019</u>
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,243,450	\$ 1,314,533
Changes of assumptions	1,755,199	1,656,387
Net difference between projected and actual earnings on OPEB assets	163,817	-
Total	<u>\$ 3,162,466</u>	<u>\$ 2,970,920</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2023 will be recognized in OPEB expense as follows for the year ended December 31:

2024	\$	67,736
2025		67,736
2026		67,736
2027		67,737
Thereafter		<u>252,469</u>
	\$	<u><u>523,414</u></u>

Actuarial Assumptions at December 31, 2023

Actuarial Cost Method: Entry Age Normal

Participation: Active members will elect the same retiree medical coverage as they elected with active.

Mortality: Pri-2012 Total Dataset Mortality with Improvement Scale MP-2021.

Discount Rate: 4.00% per annum. The Plan is partially funded in an irrevocable trust maintained by the plan sponsor.

Inflation: 3.5% per annum.

Assumed Utilization: 85% of eligible future retirees are assumed to elect plan benefits.

Healthcare (HC) Cost Trend Rate: Covered medical expenses are assumed to increase by the following percentages:

<u>Year</u>	<u>HC Trend Rate</u>
2024	7.0%
2025	6.5%
2026	6.0%
2027	5.5%
2028	5.0%
2029 and later	4.5%

Membership Data: The membership data used in the calculation is based on data as of December 31, 2023. The information is summarized for primary members (not dependents).

<u>Status</u>	<u>Number</u>	<u>Average Age</u>	<u>Average Years of Service</u>
Active members (elected medical and employed prior to 7/1/2017)	119	48.6	16.9
Active members (elected medical and employed after 7/1/2017)	59	38.3	2.7
Retired members under Age 65 (elected benefits)	1	64.7	N/A

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Employer-Paid Medical Premiums: The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2023 ranging from \$292 to \$1,156, depending on which healthcare plan selected and type of coverage (retiree only, retiree plus spouse, retiree plus child(ren), and retiree plus family. LRWRA funded approximately 50% of the postretirement healthcare benefit costs. Employees hired after July 1, 2017 may elect retiree medical benefits upon retirement; however, they must pay 100% of premiums.

Actuarial Assumptions at December 31, 2022

Actuarial Cost Method: Entry Age Normal

Participation: Active members will elect the same retiree medical coverage as they elected with active.

Mortality: RP-2014 Total Dataset Mortality with Improvement Scale MP-2021.

Discount Rate: 4.31% per annum. The plan is partially funded in an irrevocable trust maintained by the plan sponsor.

Inflation: 3.5% per annum.

Assumed Utilization: 85% of eligible future retirees are assumed to elect plan benefits.

Healthcare (HC) Cost Trend Rate: Covered medical expenses are assumed to increase by the following percentages:

<u>Year</u>	<u>HC Trend Rate</u>
2023	7.0%
2024	6.5%
2025	6.0%
2026	5.5%
2027	5.0%
2028 and later	4.5%

Membership Data: The membership data used in the calculation is based on data as of December 31, 2022. The information is summarized for primary members (not dependents).

<u>Status</u>	<u>Number</u>	<u>Average Age</u>	<u>Average Years of Service</u>
Active members (elected medical and employed prior to 7/1/2017)	132	48.2	16.5
Active members (elected medical and employed after 7/1/2017)	54	39.4	2
Retired members under Age 65 (elected benefits)	22	61.3	N/A

Employer-Paid Medical Premiums: The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2022 ranging from \$292 to \$1,156, depending on which healthcare plan selected and type of coverage (retiree only, retiree plus spouse, retiree plus child(ren), and retiree plus family. LRWRA funded approximately 50% of the postretirement healthcare benefit costs. Employees hired after July 1, 2017 may elect retiree medical benefits upon retirement; however, they must pay 100% of premiums.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Investment Policy and Long-Term Expected Rate of Return: The plan's policy in regard to the allocation of invested assets is established by the LRWRC. The current asset allocation policy is 100% fixed income investments. The long-term expected rate of return on plan investments used is a proxy for annual long-term asset returns that are expected on high-quality AMT-free yields on municipal bonds with maturity in approximately 20 years. For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return for the investments, net of investment expense, was 4.80% and (8.52%), respectfully.

Discount Rate: At December 31, 2023, a single discount rate of 4.00% was used to measure the OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

At December 31, 2022, a single discount rate of 4.31% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.31%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Note 12: Payments to Central Arkansas Water

The Utility pays Central Arkansas Water for billing and collection services provided by that entity. Such payments amounted to \$938,322 and \$911,966 for the years ended December 31, 2023 and 2022, respectively, and are included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

Note 13: Risk Management

The Utility has purchased commercial insurance policies for various risks of loss related to torts, theft, damage or destruction of assets, errors or omissions, and natural disasters. Payments and premiums for the policies are recorded as expenses of the Utility. Insurance settlements did not exceed insurance coverage in 2021 or 2022. In 2023, there was one insurance settlement that did exceed insurance coverage by \$18,869. The Utility has elected to self-insure certain costs related to employee health programs.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

Note 14: Fiduciary Funds

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 LRWRA Post Retiree Healthcare Plan's (Plan) deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds, and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Arkansas; bonds of any city, county, school district or special road district of the state of Arkansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2023, none of the Plan's bank balances were exposed to custodial credit risk.

Investments

The Plan may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

The Plan had the following investments and maturities*:

December 31, 2023				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 240,672	\$ 240,672	\$ -	AA+/Aaa
Investments				
U.S. government bonds	1,009,617	-	1,009,617	AA+/Aaa
	1,009,617	-	1,009,617	
Total Cash Equivalents and Investments	\$ 1,250,289	\$ 240,672	\$ 1,009,617	
December 31, 2022				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 12,005	\$ 12,005	\$ -	AA+/Aaa
Investments				
U.S. government bonds	1,180,965	-	1,180,965	AA+/Aaa
	1,180,965	-	1,180,965	
	\$ 1,192,970	\$ 12,005	\$ 1,180,965	

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2023 and 2022

*Maturities are based on the scheduled maturity dates of the underlying investments. Investment types can be bought and sold on a daily basis.

Investment Risk

Due to the nature of the Plan, the interest rate risk, credit risk, custodial risk, and concentration of credit risk will vary for the participants depending on the investment options chosen by the participant.

Disclosures About Fair Value of Assets and Liabilities

The following tables present the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at:

	Total Fair Value	Significant Other Observable Inputs (Level 2)
December 31, 2023		
Investments		
U.S. government bonds	\$ 1,009,617	\$ 1,009,617
	<u>\$ 1,009,617</u>	<u>\$ 1,009,617</u>
	Total Fair Value	Significant Other Observable Inputs (Level 2)
December 31, 2022		
Investments		
U.S. government bonds	\$ 1,180,965	\$ 1,180,965
	<u>\$ 1,180,965</u>	<u>\$ 1,180,965</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Required Supplementary Information



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

Little Rock Water Reclamation Authority
Schedule of Changes in Net Other Postemployment Benefits
Liability and Related Ratios (GASB 74 and GASB 75)
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability				
Service costs	\$ 146,620	\$ 231,347	\$ 208,993	\$ 190,747
Interest on total OPEB liabilities	282,356	160,997	151,516	178,598
Difference between expected and actual experience	467,178	852,078	572,166	(285,946)
Change in assumptions	285,750	(1,811,410)	122,803	462,311
Benefit payments	<u>(44,327)</u>	<u>(282,260)</u>	<u>(139,464)</u>	<u>(117,702)</u>
Net changes in total OPEB liability	1,137,577	(849,248)	916,014	428,008
Total OPEB liability – beginning	<u>6,729,438</u>	<u>7,578,686</u>	<u>6,662,672</u>	<u>6,234,664</u>
Total OPEB liability – ending	<u>\$ 7,867,015</u>	<u>\$ 6,729,438</u>	<u>\$ 7,578,686</u>	<u>\$ 6,662,672</u>
Plan Fiduciary Net Position				
Contributions – employer	\$ 44,327	\$ 282,260	\$ 139,464	\$ 117,703
Net investment income	61,511	(106,755)	(24,484)	16,737
Benefit payments	(44,327)	(282,260)	(139,464)	(117,702)
Administrative expenses	<u>(4,192)</u>	<u>(4,345)</u>	<u>(4,643)</u>	<u>(4,651)</u>
Net changes in plan fiduciary net position	57,319	(111,100)	(29,127)	12,087
Plan fiduciary net position – beginning	<u>1,192,970</u>	<u>1,304,070</u>	<u>1,333,197</u>	<u>1,321,110</u>
Plan fiduciary net position – ending	<u>\$ 1,250,289</u>	<u>\$ 1,192,970</u>	<u>\$ 1,304,070</u>	<u>\$ 1,333,197</u>
Net OPEB liability	<u>\$ 6,616,726</u>	<u>\$ 5,536,468</u>	<u>\$ 6,274,616</u>	<u>\$ 5,329,475</u>
Plan Fiduciary Net Position as a Percentage of				
Total OPEB Liability	15.9%	17.7%	17.2%	20.0%
Covered Payroll	\$ 15,123,293	\$ 15,142,627	\$ 14,890,407	\$ 15,242,051
Net OPEB Liability as a Percentage of				
Covered Payroll	43.8%	36.6%	42.1%	35.0%

Note: A full 10-year schedule will be completed as information is available.

Changes in Assumption:

December 31, 2021 – The mortality improvement scale has been changed from MP-2020 to MP-2021.

December 31, 2020 – All new employees have to pay 100% of the premiums at retirement. Also, the mortality improvement scale has been changed from MP-2019 to MP-2020.

Change in Discount Rate: The following discount rates were used in each period:

12/31/2016 – 4.0%	12/31/2020 – 2.31%
12/31/2017 – 4.0%	12/31/2021 – 2.17%
12/31/2018 – 4.0%	12/31/2022 – 4.31%
12/31/2019 – 2.92%	12/31/2023 – 4.31%

2019	2018	2017	2016
\$ 180,168	\$ 153,267	\$ 145,382	\$ 141,691
262,223	203,573	189,015	177,331
(1,468,285)	(362,437)	280,979	(57,544)
714,624	1,641,979	-	-
(131,835)	(137,515)	(97,466)	(88,394)
(443,105)	1,498,867	517,910	173,084
6,677,769	5,178,902	4,660,992	4,487,908
<u>\$ 6,234,664</u>	<u>\$ 6,677,769</u>	<u>\$ 5,178,902</u>	<u>\$ 4,660,992</u>
\$ 131,834	\$ 137,515	\$ 97,466	\$ 88,394
37,126	20,317	13,346	(11,061)
(131,835)	(137,515)	(97,466)	(88,394)
(4,566)	(4,449)	(4,449)	(4,450)
32,559	15,868	8,897	(15,511)
1,288,551	1,272,683	1,263,786	1,279,297
<u>\$ 1,321,110</u>	<u>\$ 1,288,551</u>	<u>\$ 1,272,683</u>	<u>\$ 1,263,786</u>
<u>\$ 4,913,554</u>	<u>\$ 5,389,218</u>	<u>\$ 3,906,219</u>	<u>\$ 3,397,206</u>
21.2%	19.3%	24.6%	27.1%
\$ 14,406,068	\$ 13,867,243	\$ 13,606,281	\$ 13,312,297
34.1%	38.9%	28.7%	25.5%

Little Rock Water Reclamation Authority
Schedule of Contributions
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2023

<u>Year Ended December 31,</u>	<u>Actuarially Determined Contributions</u>	<u>Actual Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2016	\$ 155,000	\$ 88,394	\$ 66,606	\$ 13,312,297	0.66%
2017	155,000	97,466	57,534	13,606,281	0.72%
2018	138,000	137,515	485	13,867,243	0.99%
2019	137,000	131,834	5,166	14,406,068	0.92%
2020	105,000	117,702	(12,702)	15,242,051	0.77%
2021	113,000	139,464	(26,464)	14,890,407	0.94%
2022	133,000	282,260	(149,260)	15,142,627	1.86%
2023	120,000	44,327	88,673	15,123,293	0.29%

Note: A full 10-year schedule will be completed as information is available.

Key Assumptions for Actuarially Determined Contribution

Cost Method:	Entry Age Normal
Discount Rate:	4.00%
Inflation:	3.5%
Investment Rate of Return:	4.0%
Mortality:	Pri-2012 Mortality Table with Improvement Scale MP-2021
Assumed Utilization:	85% of future retirees are assumed to elect plan benefits
Participation:	Active members will elect the same retiree medical coverage as they elected while active
Retirement Rates:	Mirror rates provided for the Arkansas Public Employees Retirement System pension valuation

Little Rock Water Reclamation Authority
Schedule of Investment Returns
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2023

LRWRA Post Retiree Healthcare - OPEB Trust Fund

Fiscal Year Ended	Money-Weighted Rate of Return
December 31, 2016	-1.21%
December 31, 2017	0.70%
December 31, 2018	1.23%
December 31, 2019	2.50%
December 31, 2020	1.60%
December 31, 2021	-2.23%
December 31, 2022	-8.52%
December 31, 2023	4.80%

Note: A full 10-year schedule will be completed as information is available.

Little Rock Water Reclamation Authority
Schedule of Contributions
Arkansas Public Employees Retirement System
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 2,261,113	\$ 2,235,405	\$ 2,132,994	\$ 2,120,847
Contributions in relation to the contractually required contributions	<u>2,261,649</u>	<u>2,235,131</u>	<u>2,134,121</u>	<u>2,121,097</u>
Contribution deficiency (excess)	<u>\$ (536)</u>	<u>\$ 274</u>	<u>\$ (1,127)</u>	<u>\$ (250)</u>
LRWRA's covered payroll	14,821,979	14,089,644	14,093,424	13,865,115
Contributions as a percentage of covered payroll	14.6%	15.9%	15.1%	15.3%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility will present information for only years which information is available. Information has been determined as of LRWRA's most recent fiscal year-end (December 31).

Note: Investment rate of return was 7.15% and salary increases started at 3.25% through the June 30, 2022 measurement date.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,088,432	\$ 1,920,103	\$ 1,870,073	\$ 1,838,797	\$ 1,720,285	\$ 1,790,896
<u>2,088,142</u>	<u>1,917,096</u>	<u>1,869,906</u>	<u>1,838,797</u>	<u>1,759,530</u>	<u>1,703,752</u>
<u>\$ 290</u>	<u>\$ 3,007</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ (39,245)</u>	<u>\$ 87,144</u>
13,629,820	12,981,831	12,955,527	12,674,419	12,115,376	11,658,706
15.3%	14.8%	14.4%	14.5%	14.5%	14.6%

Little Rock Water Reclamation Authority
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
LRWRA's proportion of the net pension liability	0.66590511%	0.69805887%	0.69723272%	0.70958705%
LRWRA's proportionate share of the net pension liability	\$ 19,405,717	\$ 18,822,344	\$ 5,360,550	\$ 20,319,625
LRWRA's covered payroll	\$ 15,057,069	\$ 14,343,895	\$ 14,727,761	\$ 15,025,831
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	128.88%	131.22%	36.40%	135.23%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%
APERS discount rate	7.00%	7.15%	7.15%	7.15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Utility will present information for only years which information is available. Information has been determined as of the measurement date used to determine the net pension liability (June 30).

2019	2018	2017	2016	2015
0.71226298%	0.69388988%	0.71552208%	0.68334170%	0.67188745%
\$ 17,183,550	\$ 15,306,760	\$ 18,490,096	\$ 16,341,079	\$ 12,374,375
\$ 14,238,087	\$ 13,661,710	\$ 13,352,218	\$ 12,321,987	\$ 11,905,159
120.69%	112.04%	138.48%	132.62%	103.94%
78.55%	79.59%	75.65%	75.50%	80.39%
7.15%	7.15%	7.15%	7.50%	7.50%

Supplementary Information



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

Little Rock Water Reclamation Authority
Budgetary Comparison Schedule
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues				
Customer assessments	\$ 63,692,021	\$ 63,692,021	\$ 66,453,593	\$ 2,761,572
Industrial surcharges	1,350,695	1,350,695	1,498,631	147,936
Other fees and income	621,543	621,543	557,637	(63,906)
Total operating revenues	65,664,259	65,664,259	68,509,861	2,845,602
Operating Expenses				
Water reclamation commission	69,526	69,526	81,356	11,830
Utility management	1,579,594	1,579,594	1,650,872	71,278
Finance and administration	3,103,062	3,103,062	3,122,261	19,199
Engineering	2,666,334	2,666,334	2,482,350	(183,984)
Information systems	2,481,572	2,481,572	1,627,350	(854,222)
Collection system maintenance	9,141,004	9,141,004	9,454,959	313,955
Operations	6,583,422	6,583,422	7,053,431	470,009
Environmental assessment	1,905,444	1,905,444	1,752,465	(152,979)
Facilities/maintenance	4,287,817	4,287,817	4,851,725	563,908
Legal/HR	989,990	989,990	846,184	(143,806)
Total operating expenses	32,807,765	32,807,765	32,922,953	115,188
Provision for Depreciation and Amortization				
Building and improvements	4,918,575	4,918,575	5,687,533	768,958
Infrastructure - collections, pumping and treatments	10,900,472	10,900,472	11,165,889	265,417
Equipment	3,809,238	3,809,238	3,792,355	(16,883)
Total provision for depreciation and amortization	19,628,285	19,628,285	20,645,777	1,017,492
Operating Income	13,228,209	13,228,209	14,941,131	1,712,922
Nonoperating Revenues (Expenses)				
Interest income	1,259,423	1,259,423	2,680,100	1,420,677
Interest expense	(12,544,125)	(12,544,125)	(12,349,293)	194,832
Gain (loss) on sale of capital assets	60,000	60,000	(515,912)	(575,912)
Gain (loss) on investments	-	-	204,994	204,994
Other	75,000	75,000	124,645	49,645
Total nonoperating revenues (expenses)	(11,149,702)	(11,149,702)	(9,855,466)	1,294,236
Income Before Capital Contributions and Grants	<u>\$ 2,078,507</u>	<u>\$ 2,078,507</u>	<u>\$ 5,085,665</u>	<u>3,007,158</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation
Year Ended December 31, 2023

	2023	2022
Water Reclamation Commission		
Commission expense reimbursement	\$ 1,525	\$ -
Insurance	1,847	1,543
Other	77,984	73,579
Total	81,356	75,122
Utility Management		
Salaries	888,582	707,064
Employee benefits	398,674	294,473
Supplies	12,751	8,570
Contract services	108,895	132,814
Vehicle maintenance	21,110	17,028
Utilities	5,345	4,951
Insurance	2,476	2,254
Training and administration	213,039	199,393
Total	1,650,872	1,366,547
Finance and Administration		
Salaries	1,236,021	1,136,706
Employee benefits	605,540	451,580
Supplies	31,325	31,687
Contract services	1,134,965	1,084,511
Vehicle maintenance	12,447	8,313
Utilities	7,498	6,981
Insurance	5,922	-
Training and administration	88,543	113,425
Total	3,122,261	2,833,203
Engineering		
Salaries	1,384,386	1,546,260
Employee benefits	737,774	642,105
Supplies	57,248	48,172
Contract services	187,028	179,547
Vehicle maintenance	61,209	66,174
Utilities	20,497	22,276
Insurance	13,427	11,943
Training and administration	20,781	20,022
Total	2,482,350	2,536,499

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation (Continued)
Year Ended December 31, 2023

	2023	2022
Information Systems		
Salaries	\$ 634,682	\$ 932,209
Employee benefits	271,445	360,215
Supplies	150,225	204,304
Contract services	371,099	639,166
Vehicle maintenance	6,306	7,498
Utilities	168,547	166,711
Insurance	4,610	4,029
Training and administration	20,436	14,608
Total	<u>1,627,350</u>	<u>2,328,740</u>
Collection System Maintenance		
Salaries	4,370,889	4,139,197
Employee benefits	2,360,656	1,860,415
Supplies	690,948	638,881
Contract services	1,651,982	783,875
Vehicle maintenance	239,767	317,973
Utilities	51,932	47,915
Insurance	46,229	44,658
Training and administration	42,556	49,029
Total	<u>9,454,959</u>	<u>7,881,943</u>
Operations – Adams, Fourche, Maumelle, and Industrial Monitoring		
Salaries	2,079,775	1,951,067
Employee benefits	959,232	758,235
Supplies	688,237	602,834
Contract services	1,197,972	1,159,608
Vehicle maintenance	25,173	24,286
Utilities	1,875,882	1,436,578
Insurance	135,809	119,078
Training and administration	91,351	83,596
Total	<u>7,053,431</u>	<u>6,135,282</u>
Environmental Assessment		
Salaries	1,008,131	841,842
Employee benefits	506,010	386,825
Supplies	112,779	106,929
Contract services	71,335	89,228
Vehicle maintenance	17,743	15,252
Utilities	7,974	7,432
Insurance	20,987	6,679
Training and administration	7,506	13,197
Total	<u>1,752,465</u>	<u>1,467,384</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation (Continued)
Year Ended December 31, 2023

	2023	2022
Facilities/Maintenance		
Salaries	\$ 1,949,593	\$ 1,611,688
Benefits	940,242	730,220
Supplies	868,268	791,262
Contract services	704,688	553,360
Vehicle expenses	104,011	87,990
Utilities	165,781	151,616
Insurance	91,098	80,111
Other	28,044	11,968
Total	<u>4,851,725</u>	<u>4,018,215</u>
Legal/HR		
Salaries	422,901	504,069
Benefits	224,894	201,104
Supplies	6,216	7,695
Contract services	101,210	69,351
Vehicle expenses	10,058	7,200
Utilities	2,799	3,447
Insurance	1,319	1,102
Other	76,787	65,979
Total	<u>846,184</u>	<u>859,947</u>
Total operating expenses	<u><u>\$ 32,922,953</u></u>	<u><u>\$ 29,502,882</u></u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness
December 31, 2023

Sewer Revenue Bonds (Series 2007B)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.75%	\$ 499,163	\$ 506,027	\$ 88,885	\$ 82,021	\$ 1,176,096
2025	2.75%	512,984	520,038	75,064	68,010	1,176,096
2026	2.75%	527,188	534,437	60,860	53,611	1,176,096
2027	2.75%	541,786	549,235	46,262	38,813	1,176,096
2028	2.75%	556,788	564,444	31,260	23,604	1,176,096
2029	2.75%	572,205	580,048	15,843	7,975	1,176,071
2030	0.00%	459,893	466,217	-	-	926,110
2031	0.00%	472,628	479,126	-	-	951,754
2032	0.00%	485,715	492,401	-	-	978,116
		<u>\$ 4,628,350</u>	<u>\$ 4,691,973</u>	<u>\$ 318,174</u>	<u>\$ 274,034</u>	<u>\$ 9,912,531</u>

Note: Due to the COVID-19 pandemic, Arkansas Natural Resources Commission and City of Little Rock agreed to suspend principal payments in 2021, 2022, and 2023 and defer them to the end of the bond indebtedness interest free.

Sewer Revenue Bonds (Series 2009A)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.00%	\$ 205,729	\$ 207,785	\$ 37,916	\$ 35,860	\$ 487,290
2025	2.00%	209,863	211,963	33,782	31,682	487,290
2026	2.00%	214,081	216,223	29,564	27,422	487,290
2027	2.00%	218,385	220,569	25,260	23,076	487,290
2028	2.00%	222,775	225,003	20,870	18,642	487,290
2029	2.00%	227,253	229,525	16,392	14,120	487,290
2030	2.00%	231,819	234,139	11,826	9,506	487,290
2031	2.00%	236,479	238,845	7,166	4,800	487,290
2032	2.00%	241,223	193,805	2,412	-	437,440
2033	2.00%	195,743	197,701	-	-	393,444
2034	2.00%	199,677	201,675	-	-	401,352
2035	0.00%	203,690	-	-	-	203,690
		<u>\$ 2,606,717</u>	<u>\$ 2,377,233</u>	<u>\$ 185,188</u>	<u>\$ 165,108</u>	<u>\$ 5,334,246</u>

Note: Due to the COVID-19 pandemic, Arkansas Natural Resources Commission and City of Little Rock agreed to suspend principal payments in 2021, 2022, and 2023 and defer them to the end of the bond indebtedness interest free.

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Series Revenue Bonds (Series 2014)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		May 1,	November 1,	May 1,	November 1,	
2024	4.000%	\$ 325,000	\$ 335,000	\$ 20,000	\$ 13,500	\$ 693,500
2025	4.000%	340,000	-	6,800	-	346,800
		<u>\$ 665,000</u>	<u>\$ 335,000</u>	<u>\$ 26,800</u>	<u>\$ 13,500</u>	<u>\$ 1,040,300</u>

Sewer Revenue Bonds (Series 2015)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 1,	October 1,	April 1,	October 1,	
2024	4.000%	\$ 2,775,000	\$ 2,820,000	\$ 497,897	\$ 456,272	\$ 6,549,169
2025	4.000%	2,890,000	2,935,000	385,772	342,422	6,553,194
2026	4.375%	3,355,000	3,430,000	269,047	195,656	7,249,703
2027	4.500%	-	-	120,625	120,625	241,250
2028	4.700%	-	-	120,625	120,625	241,250
2029	3.125%	3,830,000	3,890,000	120,625	60,781	7,901,406
		<u>\$ 12,850,000</u>	<u>\$ 13,075,000</u>	<u>\$ 1,514,591</u>	<u>\$ 1,296,381</u>	<u>\$ 28,735,972</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2016B)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		December 1,	June 1,	December 1,	
2024	4.000%	\$ 755,000	\$ 253,097	\$ 253,097	\$ 1,261,194
2025	4.000%	780,000	237,997	237,997	1,255,994
2026	4.000%	815,000	222,397	222,397	1,259,794
2027	4.000%	850,000	206,097	206,097	1,262,194
2028	4.000%	880,000	189,097	189,097	1,258,194
2029	4.000%	910,000	171,497	171,497	1,252,994
2030	4.000%	950,000	153,297	153,297	1,256,594
2031	3.000%	990,000	134,297	134,297	1,258,594
2032	3.000%	1,020,000	119,447	119,447	1,258,894
2033	4.000%	1,045,000	104,147	104,147	1,253,294
2034	4.000%	1,090,000	83,247	83,247	1,256,494
2035	3.125%	1,135,000	61,447	61,447	1,257,894
2036	3.125%	1,170,000	43,713	43,713	1,257,426
2037	3.250%	1,205,000	25,431	25,431	1,255,862
2038	3.250%	360,000	5,850	5,850	371,700
		<u>\$ 13,955,000</u>	<u>\$ 2,011,058</u>	<u>\$ 2,011,058</u>	<u>\$ 17,977,116</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2017)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,	
2024	4.000%	\$ 250,000	\$ 166,578	\$ 166,578	\$ 583,156
2025	4.000%	265,000	161,578	161,578	588,156
2026	4.000%	275,000	156,278	156,278	587,556
2027	4.000%	285,000	150,778	150,778	586,556
2028	4.000%	295,000	145,078	145,078	585,156
2029	4.000%	305,000	139,178	139,178	583,356
2030	4.000%	320,000	133,078	133,078	586,156
2031	4.000%	330,000	126,678	126,678	583,356
2032	4.000%	345,000	120,078	120,078	585,156
2033	4.000%	360,000	113,178	113,178	586,356
2034	3.125%	375,000	105,978	105,978	586,956
2035	3.125%	385,000	100,119	100,119	585,238
2036	3.125%	400,000	94,103	94,103	588,206
2037	3.125%	410,000	87,853	87,853	585,706
2038	3.250%	425,000	81,447	81,447	587,894
2039	3.250%	435,000	74,541	74,541	584,082
2040	3.250%	450,000	67,472	67,472	584,944
2041	3.250%	465,000	60,159	60,159	585,318
2042	3.250%	480,000	52,603	52,603	585,206
2043	3.375%	495,000	44,803	44,803	584,606
2044	3.375%	515,000	36,450	36,450	587,900
2045	3.375%	530,000	27,759	27,759	585,518
2046	3.375%	550,000	18,816	18,816	587,632
2047	3.375%	565,000	9,534	9,534	584,068
		<u>\$ 9,510,000</u>	<u>\$ 2,274,117</u>	<u>\$ 2,274,117</u>	<u>\$ 14,058,234</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2020A)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.250%	\$ 514,283	\$ 520,070	\$ 491,987	\$ 486,201	\$ 2,012,541
2025	2.250%	525,920	531,837	480,350	474,434	2,012,541
2026	2.250%	537,820	543,870	468,451	462,400	2,012,541
2027	2.250%	549,989	556,176	456,282	450,094	2,012,541
2028	2.250%	562,433	568,760	443,838	437,510	2,012,541
2029	2.250%	575,159	581,630	431,111	424,641	2,012,541
2030	2.250%	588,173	594,790	418,098	411,480	2,012,541
2031	2.250%	601,481	608,248	404,790	398,022	2,012,541
2032	2.250%	615,091	622,010	391,180	384,260	2,012,541
2033	2.250%	629,008	636,084	377,263	370,186	2,012,541
2034	2.250%	643,240	650,477	363,031	355,793	2,012,541
2035	2.250%	657,795	665,195	348,476	341,075	2,012,541
2036	2.250%	672,678	680,246	333,593	326,024	2,012,541
2037	2.250%	687,899	695,638	318,371	310,633	2,012,541
2038	2.250%	703,463	711,377	302,808	294,893	2,012,541
2039	2.250%	719,380	727,473	286,891	278,797	2,012,541
2040	2.250%	735,658	743,934	270,612	262,337	2,012,541
2041	2.250%	752,303	760,766	253,968	245,504	2,012,541
2042	2.250%	769,325	777,980	236,946	228,290	2,012,541
2043	2.250%	786,732	795,583	219,539	210,687	2,012,541
2044	2.250%	804,533	813,584	201,738	192,686	2,012,541
2045	2.250%	822,737	831,993	183,534	174,277	2,012,541
2046	2.250%	841,353	850,818	164,918	155,452	2,012,541
2047	2.250%	860,390	870,069	145,881	136,201	2,012,541
2048	2.250%	879,857	889,756	126,413	116,515	2,012,541
2049	2.250%	899,765	909,888	106,506	96,382	2,012,541
2050	2.250%	920,124	930,475	86,147	75,795	2,012,541
2051	2.250%	940,942	951,529	65,329	54,741	2,012,541
2052	2.250%	962,233	973,059	44,037	33,212	2,012,541
2053	2.250%	984,006	995,075	22,265	11,195	2,012,541
		<u>\$ 21,743,770</u>	<u>\$ 21,988,390</u>	<u>\$ 8,444,353</u>	<u>\$ 8,199,717</u>	<u>\$ 60,376,230</u>

Note: The available proceeds of Series 2020A is \$51,400,000.

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2020A) - Fully Amortized

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.250%	\$ 604,456	\$ 611,256	\$ 578,250	\$ 571,450	\$ 2,365,412
2025	2.250%	618,133	625,087	564,573	557,619	2,365,412
2026	2.250%	632,119	639,230	550,587	543,476	2,365,412
2027	2.250%	646,421	653,694	536,285	529,012	2,365,412
2028	2.250%	661,048	668,485	521,658	514,221	2,365,412
2029	2.250%	676,006	683,611	506,700	499,095	2,365,412
2030	2.250%	691,301	699,078	491,405	483,628	2,365,412
2031	2.250%	706,943	714,895	475,763	467,811	2,365,412
2032	2.250%	722,939	731,072	459,767	451,634	2,365,412
2033	2.250%	739,296	747,613	443,410	435,093	2,365,412
2034	2.250%	756,023	764,529	426,683	418,177	2,365,412
2035	2.250%	773,130	781,828	409,576	400,878	2,365,412
2036	2.250%	790,623	799,518	392,083	383,188	2,365,412
2037	2.250%	808,513	817,608	374,193	365,098	2,365,412
2038	2.250%	826,806	836,107	355,900	346,599	2,365,412
2039	2.250%	845,514	855,026	337,192	327,680	2,365,412
2040	2.250%	864,645	874,372	318,061	308,334	2,365,412
2041	2.250%	884,209	894,157	298,497	288,549	2,365,412
2042	2.250%	904,215	914,388	278,491	268,318	2,365,412
2043	2.250%	924,674	935,078	258,032	247,628	2,365,412
2044	2.250%	945,597	956,235	237,109	226,471	2,365,412
2045	2.250%	966,992	977,871	215,714	204,835	2,365,412
2046	2.250%	988,873	999,997	193,833	182,709	2,365,412
2047	2.250%	1,011,247	1,022,623	171,459	160,083	2,365,412
2048	2.250%	1,034,128	1,045,762	148,578	136,944	2,365,412
2049	2.250%	1,057,527	1,069,424	125,179	113,282	2,365,412
2050	2.250%	1,081,456	1,093,622	101,250	89,084	2,365,412
2051	2.250%	1,105,925	1,118,367	76,781	64,339	2,365,412
2052	2.250%	1,130,948	1,143,671	51,758	39,035	2,365,412
2053	2.250%	1,156,538	1,169,551	26,168	13,158	2,365,415
		<u>\$ 25,556,245</u>	<u>\$ 25,843,755</u>	<u>\$ 9,924,935</u>	<u>\$ 9,637,428</u>	<u>\$ 70,962,363</u>

Note: The available proceeds of Series 2020A is \$51,400,000.

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2020B)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		August 1,	February 1,	August 1,	
2023	0.893%	\$ -	\$ 264,061	\$ 264,061	\$ 528,122
2024	0.893%	365,000	264,061	264,061	893,122
2025	1.023%	1,055,000	262,432	262,432	1,579,864
2026	1.263%	1,070,000	257,035	257,035	1,584,070
2027	1.453%	1,080,000	250,278	250,278	1,580,556
2028	1.677%	1,100,000	242,432	242,432	1,584,864
2029	1.827%	1,115,000	233,209	233,209	1,581,418
2030	1.927%	1,135,000	223,023	223,023	1,581,046
2031	2.027%	1,160,000	212,087	212,087	1,584,174
2032	2.127%	1,180,000	200,331	200,331	1,580,662
2033	2.227%	1,205,000	187,781	187,781	1,580,562
2034	2.337%	1,235,000	174,364	174,364	1,583,728
2035	2.473%	1,265,000	159,933	159,933	1,584,866
2036	2.924%	1,295,000	144,519	144,519	1,584,038
2037	2.924%	1,330,000	125,586	125,586	1,581,172
2038	2.924%	1,365,000	106,141	106,141	1,577,282
2039	2.924%	1,410,000	86,185	86,185	1,582,370
2040	2.924%	1,450,000	65,571	65,571	1,581,142
2041	2.924%	1,495,000	44,372	44,372	1,583,744
2042	2.924%	1,540,000	22,515	22,515	1,585,030
		<u>\$ 22,850,000</u>	<u>\$ 3,525,916</u>	<u>\$ 3,525,916</u>	<u>\$ 29,901,832</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2020C)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	1.750%	\$ -	\$ 46,783	\$ -	\$ 19,504	\$ 66,287
2025	1.750%	47,191	47,605	19,095	18,682	132,573
2026	1.750%	48,021	48,442	18,265	17,845	132,573
2027	1.750%	48,865	49,293	17,421	16,994	132,573
2028	1.750%	49,724	50,159	16,563	16,127	132,573
2029	1.750%	50,598	51,041	15,688	15,246	132,573
2030	1.750%	51,488	51,938	14,799	14,348	132,573
2031	1.750%	52,392	52,851	13,894	13,436	132,573
2032	1.750%	53,313	53,780	12,973	12,507	132,573
2033	1.750%	54,251	54,725	12,036	11,561	132,573
2034	1.750%	55,204	55,687	11,083	10,599	132,573
2035	1.750%	56,174	56,666	10,112	9,621	132,573
2036	1.750%	57,162	57,662	9,124	8,625	132,573
2037	1.750%	58,166	58,675	8,121	7,611	132,573
2038	1.750%	59,189	59,707	7,097	6,580	132,573
2039	1.750%	60,229	60,756	6,058	5,530	132,573
2040	1.750%	61,288	61,824	4,998	4,463	132,573
2041	1.750%	62,365	62,911	3,921	3,376	132,573
2042	1.750%	63,461	64,016	2,826	2,270	132,573
2043	1.750%	64,577	65,142	1,709	1,145	132,573
2044	1.750%	65,712	-	575	-	66,287
		<u>\$ 1,119,370</u>	<u>\$ 1,109,663</u>	<u>\$ 206,358</u>	<u>\$ 216,070</u>	<u>\$ 2,651,461</u>

Note 1: The available proceeds of Series 2020C is \$7,500,000.

Note 2: The final balance of this loan is subject to the final cost of the FEMA project. It is not yet determined if the entire RLF will be drawn down.

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2020C) – Fully Amortized

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	1.750%	\$ -	\$ 157,409	\$ -	\$ 65,625	\$ 223,034
2025	1.750%	158,786	160,176	64,248	62,858	446,068
2026	1.750%	161,577	162,991	61,457	60,043	446,068
2027	1.750%	164,418	165,856	58,616	57,178	446,068
2028	1.750%	167,307	168,771	55,727	54,263	446,068
2029	1.750%	170,247	171,738	52,787	51,296	446,068
2030	1.750%	173,240	174,756	49,794	48,278	446,068
2031	1.750%	176,285	177,828	46,749	45,206	446,068
2032	1.750%	179,384	180,953	43,650	42,081	446,068
2033	1.750%	182,537	184,133	40,497	38,901	446,068
2034	1.750%	185,745	187,371	37,289	35,663	446,068
2035	1.750%	189,010	190,664	34,024	32,370	446,068
2036	1.750%	192,332	194,015	30,702	29,019	446,068
2037	1.750%	195,713	197,425	27,321	25,609	446,068
2038	1.750%	199,152	200,895	23,882	22,139	446,068
2039	1.750%	202,653	204,426	20,381	18,608	446,068
2040	1.750%	206,215	208,019	16,819	15,015	446,068
2041	1.750%	209,839	211,675	13,195	11,359	446,068
2042	1.750%	213,528	215,396	9,506	7,638	446,068
2043	1.750%	217,280	219,182	5,754	3,852	446,068
2044	1.750%	221,073	-	1,934	-	223,007
		<u>\$ 3,766,321</u>	<u>\$ 3,733,679</u>	<u>\$ 694,332</u>	<u>\$ 727,001</u>	<u>\$ 8,921,333</u>

Note 1: The available proceeds of Series 2020C is \$7,500,000.

Note 2: The final balance of this loan is subject to the final cost of the FEMA project. It is not yet determined if the entire RLF will be drawn down.

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2021)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,	
2024	1.960%	\$ -	\$ 1,058,573	\$ 1,058,573	\$ 2,117,146
2025	0.812%	440,000	1,058,573	1,058,573	2,557,146
2026	0.935%	1,790,000	1,056,787	1,056,787	3,903,574
2027	2.000%	8,810,000	1,048,418	1,048,418	10,906,836
2028	2.000%	8,985,000	960,318	960,318	10,905,636
2029	1.491%	1,495,000	870,468	870,468	3,235,936
2030	1.616%	10,540,000	859,323	859,323	12,258,646
2031	1.716%	10,715,000	774,160	774,160	12,263,320
2032	1.836%	10,890,000	682,225	682,225	12,254,450
2033	1.946%	11,100,000	582,255	582,255	12,264,510
2034	2.036%	11,315,000	474,252	474,252	12,263,504
2035	2.156%	11,550,000	359,065	359,065	12,268,130
2036	2.256%	11,805,000	234,556	234,556	12,274,112
2037	2.376%	8,535,000	101,396	101,396	8,737,792
		<u>\$ 107,970,000</u>	<u>\$ 10,120,369</u>	<u>\$ 10,120,369</u>	<u>\$ 128,210,738</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2023

Sewer Revenue Bonds (Series 2023)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.250%	\$ 1,999,103	\$ 2,021,593	\$ 1,912,432	\$ 1,889,942	\$ 7,823,070
2025	2.250%	2,044,336	2,067,334	1,867,199	1,844,201	7,823,070
2026	2.250%	2,090,592	2,114,111	1,820,943	1,797,424	7,823,070
2027	2.250%	2,137,895	2,161,946	1,773,640	1,749,589	7,823,070
2028	2.250%	2,186,269	2,210,864	1,725,266	1,700,671	7,823,070
2029	2.250%	2,235,736	2,260,888	1,675,799	1,650,647	7,823,070
2030	2.250%	2,286,323	2,312,044	1,625,212	1,599,491	7,823,070
2031	2.250%	2,338,054	2,364,358	1,573,481	1,547,177	7,823,070
2032	2.250%	2,390,956	2,417,855	1,520,579	1,493,680	7,823,070
2033	2.250%	2,445,056	2,472,563	1,466,479	1,438,972	7,823,070
2034	2.250%	2,500,380	2,528,509	1,411,155	1,383,026	7,823,070
2035	2.250%	2,556,954	2,585,720	1,354,581	1,325,815	7,823,070
2036	2.250%	2,614,809	2,644,225	1,296,726	1,267,310	7,823,070
2037	2.250%	2,673,974	2,704,055	1,237,561	1,207,480	7,823,070
2038	2.250%	2,734,476	2,765,239	1,177,059	1,146,296	7,823,070
2039	2.250%	2,796,348	2,827,807	1,115,187	1,083,728	7,823,070
2040	2.250%	2,859,620	2,891,790	1,051,915	1,019,745	7,823,070
2041	2.250%	2,924,323	2,957,222	987,212	954,313	7,823,070
2042	2.250%	2,990,491	3,024,133	921,044	887,402	7,823,070
2043	2.250%	3,058,155	3,092,559	853,380	818,976	7,823,070
2044	2.250%	3,127,351	3,162,533	784,184	749,002	7,823,070
2045	2.250%	3,198,112	3,234,091	713,423	677,444	7,823,070
2046	2.250%	3,270,474	3,307,266	641,061	604,269	7,823,070
2047	2.250%	3,344,474	3,382,099	567,061	529,436	7,823,070
2048	2.250%	3,420,148	3,458,624	491,387	452,911	7,823,070
2049	2.250%	3,497,533	3,536,881	414,002	374,654	7,823,070
2050	2.250%	3,576,671	3,616,909	334,864	294,626	7,823,070
2051	2.250%	3,657,598	3,698,746	253,937	212,789	7,823,070
2052	2.250%	3,740,357	3,782,437	171,178	129,098	7,823,070
2053	2.250%	3,824,989	3,867,989	86,546	43,515	7,823,039
		<u>\$ 84,521,557</u>	<u>\$ 85,472,390</u>	<u>\$ 32,824,493</u>	<u>\$ 31,873,629</u>	<u>\$ 234,692,069</u>

Statistical Data



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

Statistical Section – Contents and Explanations (Unaudited)

This part of Little Rock Water Reclamation Authority's annual comprehensive financial report presents summary information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Little Rock Water Reclamation Authority's overall financial health.

A – Financial Trends Information

These schedules contain trend information to help the reader understand how LRWRA's financial performance and well-being have changed over time.

Net Position by Component, Last Ten Fiscal Years	85
Changes in Net Position	86
Operating Revenues by Source	87
Operating Expenses	88
Nonoperating Revenues and Expenses	89

B – Revenue Capacity Information

These schedules contain information to help the reader assess LRWRA's primary revenue sources.

New Construction/Inspections Completed	90
Number of Sewer Customers by Type	91
Domestic Sewer Rates (Inside City)	92
Domestic Sewer Rates (Outside City)	93
Non-Domestic Sewer Rates (Inside City)	94
Non-Domestic Sewer Rates (Outside City)	95

C – Debt Capacity Information

These schedules present information to help the reader in assessing the affordability of LRWRA's current levels of outstanding debt and its ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	96
Pledged-Revenue Coverage	97

D – Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which LRWRA's financial activities take place.

Demographic and Economic Statistics, Last Ten Calendar Years	98
Ten Largest Sewer Customers, Current Year and Nine Years Ago	99
Principal Employers, Current Year and Nine Years Ago	100

E – Operating Information

These schedules contain information about LRWRA's operational activities.

Number of Employees by Identifiable Activity	101
Operating and Capital Indicators	102

Little Rock Water Reclamation Authority
Net Position by Component
Schedule 1
Last Ten Fiscal Years

	<u>2014</u>	<u>2015 (A)</u>	<u>2016</u>	<u>2017</u>
Primary Government				
Net invested in capital assets	\$ 163,269,445	\$ 166,962,094	\$ 174,925,069	\$ 175,449,301
Restricted				
Debt service	11,841,110	12,534,544	6,310,592	6,868,935
Postemployment benefits	-	-	1,571,149	1,640,581
Total restricted	<u>11,841,110</u>	<u>12,534,544</u>	<u>7,881,741</u>	<u>8,509,516</u>
Unrestricted	<u>20,338,501</u>	<u>8,232,798</u>	<u>11,394,435</u>	<u>14,968,883</u>
Total primary government net position	<u>\$ 195,449,056</u>	<u>\$ 187,729,436</u>	<u>\$ 194,201,245</u>	<u>\$ 198,927,700</u>

(A) Includes the effect of the adoption of GASB 68.

(B) Includes the effect of the adoption of GASB 75.

<u>2018 (B)</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 178,984,742	\$ 181,817,487	\$ 188,499,492	\$ 190,697,908	\$ 189,958,671	\$ 182,427,260
7,147,197	8,002,459	5,688,547	4,972,898	3,347,661	5,112,988
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,147,197</u>	<u>8,002,459</u>	<u>5,688,547</u>	<u>4,972,898</u>	<u>3,347,661</u>	<u>5,112,988</u>
<u>17,557,370</u>	<u>22,708,190</u>	<u>25,764,938</u>	<u>39,106,051</u>	<u>53,246,663</u>	<u>66,991,355</u>
<u>\$ 203,689,309</u>	<u>\$ 212,528,136</u>	<u>\$ 219,952,977</u>	<u>\$ 234,776,857</u>	<u>\$ 246,552,995</u>	<u>\$ 254,531,603</u>

Little Rock Water Reclamation Authority
Changes in Net Position
Schedule 2
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Depreciation/ Amortization Expense	Total Nonoperating Revenues (Expenses)	Income Before Capital Contributions	Capital Contributions and Grants	Change in Net Position
2014	\$ 51,214,190	\$(23,313,891)	\$ (10,280,104)	\$ (9,502,882)	\$ 8,117,313	\$ 1,891,741	\$ 10,009,054
2015	51,175,869	(23,956,665)	(13,722,622)	(12,066,359)	1,430,223	1,819,214	3,249,437
2016	53,470,585	(25,879,136)	(14,033,870)	(8,945,535)	4,612,044	1,679,766	6,291,810
2017	55,286,393	(27,196,677)	(15,190,118)	(9,035,248)	3,864,350	1,042,104	4,906,454
2018	60,887,364	(28,332,522)	(16,099,423)	(8,933,312)	7,522,107	2,786,302	10,308,409
2019	60,751,848	(30,184,369)	(17,032,333)	(7,607,154)	5,927,992	2,910,835	8,838,827
2020	59,123,018	(29,065,004)	(17,858,636)	(9,718,244)	2,481,134	4,943,707	7,424,841
2021	65,627,034	(25,807,731)	(18,277,820)	(12,957,772)	8,583,711	6,242,169	14,825,880
2022	65,841,700	(29,502,882)	(18,478,815)	(11,855,542)	6,004,461	5,771,677	11,776,138
2023	68,509,861	(32,922,953)	(20,645,777)	(9,855,466)	5,085,665	2,892,943	7,978,608

Little Rock Water Reclamation Authority
Operating Revenues by Source
Schedule 3
Last Ten Fiscal Years

Fiscal Year	Customer Assessments	Industrial Surcharges (A)	Connection Fees	Other Income (B)	Total
2014	\$ 49,699,493	\$ 886,815	\$ 28,280	\$ 599,602	\$ 51,214,190
2015	49,616,847	953,219	31,421	574,382	51,175,869
2016	51,733,703	1,002,058	27,130	707,694	53,470,585
2017	53,324,852	1,162,912	39,483	759,146	55,286,393
2018	58,836,838	1,337,871	31,993	680,662	60,887,364
2019	58,492,305	1,581,640	34,388	643,515	60,751,848
2020	57,044,610	1,350,050	35,530	692,828	59,123,018
2021	63,528,673	1,451,120	33,020	614,221	65,627,034
2022	63,810,572	1,383,477	30,635	617,016	65,841,700
2023	66,451,215	1,498,631	31,230	528,785	68,509,861

(A) Fees based on wastewaters having excessive Biochemical Oxygen Demand (BOD) or Total Suspended Solids (TSS), or Oil & Grease (O&G), or Chemical Oxygen Demand (COD) or PH discharge

(B) Includes permit fees, sewer dump permits and co-generation revenue

Little Rock Water Reclamation Authority
Operating Expenses
Schedule 4
Last Ten Fiscal Years

Fiscal Year	Employment Costs	Supplies	Contract Services	Vehicle Maintenance	Utilities
2014	\$ 15,097,683	\$ 2,218,406	\$ 2,725,022	\$ 495,932	\$ 1,623,697
2015	15,654,261	2,207,314	2,870,359	341,969	1,818,133
2016	17,357,749	2,309,329	3,171,189	310,460	1,703,030
2017	18,374,739	2,536,833	3,579,063	322,542	1,568,833
2018	18,569,410	2,655,047	3,975,373	342,651	1,629,151
2019	20,457,142	2,419,263	4,047,693	295,468	1,984,688
2020	20,118,950	2,355,208	3,925,123	234,418	1,724,446
2021	16,531,106	2,239,201	4,151,075	402,299	1,718,658
2022	18,856,083	3,314,810	3,935,390	226,541	1,434,545
2023	20,791,926	3,239,655	4,927,646	247,999	1,818,555

(A) Includes committee and insurance, and other (training and development, travel, and bank service charges) expenses

Administrative Costs (A)	Subtotal Expense Before Depreciation/ Amortization	Depreciation/ Amortization	Total Operating Expense
\$ 1,153,151	\$ 23,313,891	\$ 10,280,104	\$ 33,593,995
1,064,629	23,956,665	13,722,622	37,679,287
1,027,379	25,879,136	14,033,870	39,913,006
814,667	27,196,677	15,190,118	42,386,795
1,160,890	28,332,522	16,099,423	44,431,945
980,115	30,184,369	17,032,333	47,216,702
706,859	29,065,004	17,858,636	46,923,640
765,392	25,807,731	18,277,820	44,085,551
1,735,513	29,502,882	18,478,815	47,981,697
1,897,172	32,922,953	20,645,777	53,568,730

Little Rock Water Reclamation Authority
Nonoperating Revenues and Expenses
Schedule 5
Last Ten Fiscal Years

Fiscal Year	Interest Expense	Interest Income	Bond Issuance Costs	Gain (Loss) on Disposal of Capital Assets	Gain (Loss) on Investments	Other	Total Nonoperating Revenue (Expense)
2014	\$ (9,691,040)	\$ 172,864	\$ (179,941)	\$ (18,413)	\$ 148,019	\$ 65,629	\$ (9,502,882)
2015	(8,363,483)	154,003	(1,528,933)	(2,331,935)	(20,707)	24,696	(12,066,359)
2016	(8,945,303)	149,846	(250,674)	62,262	(47,473)	85,807	(8,945,535)
2017	(9,197,384)	295,084	(297,558)	96,011	(4,942)	73,541	(9,035,248)
2018	(9,087,059)	739,314	-	(803,812)	40,402	177,843	(8,933,312)
2019	(8,756,844)	1,027,034	(24,398)	(108,485)	58,579	196,960	(7,607,154)
2020	(9,461,928)	519,039	(388,325)	(464,663)	5,850	71,783	(9,718,244)
2021 (B)	(12,239,498)	462,920	(1,042,590)	19,318	(51,703)	(108,219)	(12,959,772)
2022 (B)	(12,496,968)	944,115	-	52,011	(416,560)	61,860	(11,855,542)
2023	(12,349,293)	2,680,100	(49,899)	(515,912)	204,994	124,645	(9,905,365)

(B) With the adoption of GASB Statement No. 89, LRWRA recognized interest cost incurred before the end of a construction period be recognized as an expense.

Little Rock Water Reclamation Authority
New Construction/Inspections Completed
Schedule 6
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Total New Construction Permits/ Inspections Completed
2014	362	81	443
2015	357	100	457
2016	341	63	404
2017	509	85	594
2018	398	96	494
2019	427	135	562
2020	443	58	501
2021	534	130	664
2022	448	50	498
2023	478	41	519

Little Rock Water Reclamation Authority
Number of Sewer Customers by Type
Schedule 7
Last Ten Fiscal Years

Fiscal Year (A)	Domestic	Non-Domestic			Total
		Commercial	Industrial	Other (B)	
2014	61,748	6,342	73	395	68,558
2015	62,239	6,335	73	392	69,039
2016	62,303	6,381	72	393	69,149
2017	62,537	6,407	70	396	69,410
2018	62,565	6,546	69	400	69,580
2019	63,367	6,644	29	413	70,453
2020	63,968	6,728	28	388	71,112
2021 (C)	63,542	7,127	58	-	70,727
2022	63,775	7,147	52	-	70,974
2023	64,025	7,104	52	-	71,181

(A) Billed account totals from December

(B) Includes public utilities, governmental (U.S., state, county, city) and public schools

(C) Billing system software conversion eliminated Other category

Little Rock Water Reclamation Authority
Domestic Sewer Rates (Inside City)
Schedule 8A
Last Ten Fiscal Years

Base Rate (A) (Meter Size)	2023	2022	2021(D)	2020(D)	2019(D)	2018(D)
5/8"	\$ 12.93	\$ 12.93	\$ 12.93	\$ 12.36	\$ 11.81	\$ 11.29
3/4"	16.71	16.71	16.71	15.95	15.23	14.54
1"	25.07	25.07	25.07	24.13	23.03	21.99
Volumetric rate(B)						
Operations volumetric rate(B)	2.22	2.22	2.22	2.12	2.02	1.93
Debt repayment rate(B)	2.58	2.58	2.58	2.46	1.35	2.24

(A) Rate charge from 2008 to June 2012 included 200 cubic feet; changed in July 2012 with zero water consumed

(B) Per 100 cubic feet

(C) In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that affected rates from 2012 to 2016. The rate ordinance split the Volumetric Rate into Operations and Debt Repayment Rates. Step one occurred on June 12, 2012 for 12.75%. Step two occurred on January 1, 2013 for 8.0%. Step three occurred on January 1, 2014 for 7.0%. The final step occurred on January 1, 2016 for 4.75% for Debt Repayment only.

(D) In August 2015, City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred on January 1, 2017 for 4.75%.

Note: No rate increase in 2015, 2016, 2022 or 2023. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

<u>2017(D)</u>	<u>2016</u>	<u>2015</u>	<u>2014(C)</u>
\$ 10.78	\$ 10.29	\$ 10.29	\$ 10.29
13.88	13.25	13.25	13.25
20.99	20.04	20.04	20.04
1.84	1.76	1.76	1.76
2.14	2.04	1.81	1.81

Little Rock Water Reclamation Authority
Domestic Sewer Rates (Outside City)
Schedule 8B
Last Ten Fiscal Years

Base Rate(A) (Meter Size)	2023	2022	2021(D)	2020(D)	2019(D)	2018(D)
5/8"	\$ 19.47	\$ 19.47	\$ 19.47	\$ 18.59	\$ 17.75	\$ 16.94
3/4"	25.07	25.07	25.07	23.93	22.85	21.81
1"	37.91	37.91	37.91	36.19	34.55	32.98
Volumetric Rate (B)						
Operations Volumetric Rate(B)	3.33	3.33	3.33	3.18	3.03	2.90
Debt Repayment Rate(B)	3.87	3.87	3.87	3.70	3.53	3.37

(A) Rate charge from 2008 to June 2012 included 200 cubic feet; changed in July 2012 with zero water consumed

(B) Per 100 cubic feet

(C) In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that affected rates from 2012 to 2016. The rate ordinance split the Volumetric Rate into Operations and Debt Repayment Rates. Step one occurred on June 12, 2012 for 12.75%. Step two occurred on January 1, 2013 for 8.0%. Step three occurred on January 1, 2014 for 7.0%. The final step occurred on January 1, 2016 for 4.75% for Debt Repayment only.

(D) In August 2015, City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred on January 1, 2017 for 4.75%.

Note: No rate increase in 2015, 2016, 2022 or 2023. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

Little Rock Water Reclamation Authority
Non-Domestic Sewer Rates (Inside City)
Schedule 9A
Last 10 Fiscal Years

Base Rate(A) (Meter Size)	2023	2022	2021(D)	2020(D)	2019(D)	2018(D)
5/8"	\$ 12.98	\$ 12.98	\$ 12.98	\$ 12.39	\$ 11.83	\$ 11.29
3/4"	16.71	16.71	16.71	15.95	15.23	14.54
1"	25.27	25.27	25.27	24.13	23.03	21.99
1.5"	44.62	44.62	44.62	42.60	40.66	38.82
2"	69.24	69.24	69.24	66.10	63.10	60.24
3"	126.54	126.54	126.54	120.81	115.33	110.10
4"	208.65	208.65	208.65	199.19	190.15	181.53
6" or larger	413.81	413.81	413.81	395.05	377.13	360.03
Operations volumetric rate(B)	3.47	3.47	3.47	3.31	3.16	3.02
Debt repayment rate(B)	3.03	3.03	3.03	2.89	2.76	2.63

(A) Rate charge from 2008 to June 2012 included 200 cubic feet; changed in July 2012 with zero water consumed

(B) Per 100 cubic feet

(C) In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that affected rates from 2012 to 2016. The rate ordinance split the Volumetric Rate of Operations and Debt Repayment Rates. Step one occurred on June 12, 2012 for 12.75%. Step two occurred on January 1, 2013 for 8.0%. Step 3 occurred on January 1, 2014 for 7.0%. The final step occurred on January 1, 2016 for 4.75% for Debt Repayment only.

(D) In August 2015, City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred on January 1, 2017 for 4.75%.

Note: No rate increase in 2015, 2016, 2022 or 2023. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

2017(D)	2016	2015	2014(C)
\$ 10.79	\$ 10.29	\$ 10.29	\$ 10.29
13.88	13.25	13.25	13.25
20.99	20.04	20.04	20.04
37.06	35.38	35.38	35.38
57.51	54.90	54.90	54.90
105.11	100.34	100.34	100.34
173.30	165.44	165.44	165.44
343.71	328.12	328.12	328.12
2.88	2.75	-	2.75
2.51	2.40	2.75	2.12

Little Rock Water Reclamation Authority
Non-Domestic Sewer Rates (Outside City)
Schedule 9B
Last 10 Fiscal Years

Base Rate(A) (Meter Size)	2023	2022	2021	2020(D)	2019(D)	2018(D)
5/8"	\$ 19.47	\$ 19.47	\$ 19.47	\$ 18.59	\$ 17.75	\$ 16.94
3/4"	25.07	25.07	25.07	23.93	22.85	21.81
1"	37.91	37.91	37.91	36.19	34.55	32.98
1.5"	66.93	66.93	66.93	63.89	61.00	58.23
2"	103.86	103.86	103.86	99.15	94.65	90.36
3"	189.82	189.82	189.82	181.21	172.99	165.15
4"	312.97	312.97	312.97	298.78	285.23	272.30
6" or larger	620.72	620.72	620.72	592.57	565.70	540.05
Volumetric rate(B)						
Operations volumetric rate(B)	5.21	5.21	5.21	4.97	4.75	4.53
Debt repayment rate(B)	4.55	4.55	4.55	4.35	4.15	3.96

(A) Rate charge from 2008 to June 2012 included 200 cubic feet; changed in July 2012 with zero water consumed

(B) Per 100 cubic feet

(C) In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that affected rates from 2012 to 2016. The rate ordinance split the Volumetric Rate of Operations and Debt Repayment Rates. Step one occurred on June 12, 2012 for 12.75%. Step two occurred on January 1, 2013 for 8.0%. Step 3 occurred on January 1, 2014 for 7.0%. The final step occurred on January 1, 2016 for 4.75% for Debt Repayment only.

(D) In August 2015, City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred on January 1, 2017 for 4.75%.

Note: No rate increase in 2015, 2016, 2022 or 2023. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

2017(D)	2016	2015	2014(C)
\$ 16.17	\$ 15.44	\$ 15.44	\$ 15.44
20.82	19.88	19.88	19.88
31.49	30.06	30.06	30.06
55.59	53.07	53.07	53.07
86.26	82.35	82.35	82.35
157.66	150.51	150.51	150.51
259.95	248.16	248.16	248.16
515.56	492.18	492.18	492.18
4.33	4.13	4.13	4.13
3.78	3.61	3.19	3.19

Little Rock Water Reclamation Authority
Ratios of Outstanding Debt by Type
Schedule 10
Last Ten Fiscal Years

Fiscal Year	Principal Only				Total	
	Revenue Bonds	Revenue Bonds (A) Direct Placement	Unamortized Bond Premium	Amount	Per Capita	As a Share Of Personal Income
2014	\$ 200,860,080	\$ 69,081,782	\$ 2,963,187	\$ 272,905,049	\$ 1,410	3.45%
2015	229,050,000	40,792,901	10,770,336	280,613,237	1,450	3.53%
2016	213,148,761	58,665,577	10,958,956	282,773,294	1,461	3.54%
2017	221,100,000	72,139,648	10,170,284	303,409,932	1,568	3.68%
2018	213,035,000	90,366,311	9,254,983	312,656,294	1,616	3.81%
2019	203,710,000	128,092,269	8,385,090	340,187,359	1,758	3.81%
2020	193,740,000	160,523,405	7,462,696	361,726,101	1,869	4.12%
2021	197,310,000	186,026,486	3,379,177	386,715,663	1,909	3.83%
2022	187,770,000	207,307,417	2,742,259	397,819,676	1,964	5.02%
2023	181,210,000	230,259,413	2,232,246	413,467,189	2,041	4.79%

Notes: LRWRA's bond covenants stipulate that it may issue debt as long as certain conditions are met. The major criterion is that the net earnings of the system must be at least 1.2 times the year's average combined debt service requirement.

See "Notes to Financial Statements Section #6" – Long-Term Debt for more information.

(A) The yearly total amount includes only that portion of debt that has been borrowed up to year-end and not total loan amount on any non-completed project with which the loan is associated.

Little Rock Water Reclamation Authority
Pledged-Revenue Coverage
Schedule 11
Last 10 Fiscal Years

Fiscal Year	Gross Revenue(A)	Direct Operating Expense(B)	Net Revenue Available for Debt Service	At December 31, Fiscal Year			Coverage
				Total Outstanding Debt(C)	Number of Years of Outstanding Debt	Average Yearly Outstanding Debt	
2014	\$ 51,387,054	\$ (23,313,891)	\$ 28,073,163	\$ 456,384,959	28	\$ 16,299,463	1.72
2015	51,329,872	(23,956,665)	27,373,207	397,723,835	27	14,730,512	1.86
2016	53,620,431	(25,879,136)	27,741,295	387,240,934	26	14,893,882	1.86
2017	55,581,477	(27,196,677)	28,384,800	415,807,342	33	12,600,222	2.25
2018	61,626,678	(28,332,522)	33,294,156	423,394,639	33	12,830,141	2.59
2019	61,778,882	(30,184,369)	31,594,513	461,463,819	33	13,983,752	2.26
2020	59,642,057	(29,065,004)	30,577,053	505,876,059	33	15,329,578	1.99
2021	66,089,954	(25,807,731)	40,282,223	508,253,839	32	15,882,932	2.54
2022	66,785,815	(29,502,882)	37,282,933	518,638,427	31	16,730,272	2.23
2023	71,189,961	(32,922,953)	38,267,008	531,481,240	30	17,716,041	2.16

As part of each bond ordinance, LRWRA may treat any increase in rates for the Utility enacted subsequent to the first day of such preceding fiscal year as having been in effect during or throughout such fiscal year and may include in Gross Revenues for such fiscal year the amount that would have been received. In order to issue new debt, coverage shall not be less than 1.20 of the average annual principal and interest requirements on all outstanding Utility Bonds and the additional bonds proposed. The ordinance also states that in order to reduce rates, the average annual principal and interest requirement must meet a 1.30 coverage.

See "Notes to the Financial Statements Section #6 – Long-Term Debt" for more information.

(A) Includes interest on investment income.

(B) See Schedule 4.

(C) Amount contains construction draws only for 2020A and 2020C Revolving Loan Funds (RLF) at December 31.

Little Rock Water Reclamation Authority
Demographic and Economic Statistics
Schedule 12
Last Ten Calendar Years

Calendar Year	Population(A)	Personal Income(B)	Per Capita Personal Income	Unemployment Percentage Rate
2014	193,524	\$ 7,919,969,700	\$ 40,925	6.0%
2015	193,524	7,946,482,488	41,062	4.9%
2016	193,524	7,982,865,000	41,250	4.0%
2017	193,524	8,240,638,968	42,582	3.3%
2018	193,524	8,215,480,848	42,452	3.4%
2019	193,524	8,781,345,024	45,376	3.4%
2020	193,524	8,985,319,320	46,430	3.3%
2021	202,591	10,096,527,667	49,837	4.5%
2022	202,591	7,929,614,331	39,141	3.1%
2023	202,591	8,633,618,056	42,616	3.1%

(A) Population of Little Rock, Arkansas, using 2010 Census for 2012 to 2020, and 2020 Census for 2021.

(B) Personal Income is a calculation of per capita income multiplied by the population.

Source: Federal Reserve St. Louis, Metroplan - Council of Local Governments, DiscoverArkansas.net, Greater Little Rock Chamber of Commerce, United States Bureau of Labor Statistics

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Little Rock Water Reclamation Authority
Ten Largest Sewer Customers
Schedule 13
Current Year and Nine Years Ago

Customer	Fiscal Year 2023	
	Amount	Percent
UAMS	\$ 649,769	1.03%
Baptist Medical Center	490,401	0.78%
Jack Wilson WTP	430,345	0.68%
Little Rock Quick Rice	425,719	0.67%
Veterans Hospital	391,340	0.62%
Hiland Dairy	341,999	0.54%
AluChem of Little Rock, LLC	329,139	0.52%
St. Vincent	298,873	0.47%
AR Children's Hospital	261,379	0.41%
Pulaski County Sheriff Detention	255,031	0.40%
Subtotal	3,873,995	6.12%
Balance from other customers	59,378,684	93.88%
Grand total(A)	<u>\$ 63,252,679</u>	<u>100.00%</u>

Customer	Fiscal Year 2014	
	Amount	Percent
University of Arkansas Medical Science	\$ 317,050	0.64%
Odom Sausage	250,554	0.50%
Baptist Medical Ct.	214,143	0.43%
Central Arkansas Water	180,271	0.36%
City of Shannon Hills	174,374	0.35%
St. Vincent Hospitals	139,524	0.28%
Coleman Dairy	99,103	0.20%
Veterans Administration Hospitals	93,971	0.19%
Arkansas Children's Hospital	84,801	0.17%
Coca-Cola Bottling	79,333	0.16%
Subtotal	1,633,124	3.29%
Balance from other customers	48,066,369	96.71%
Grand total(A)	<u>\$ 49,699,493</u>	<u>100.00%</u>

(A) Grand totals are based on sewer charges from Schedule 3.

Little Rock Water Reclamation Authority
Principal Employers
Schedule 14
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
State of Arkansas (within the MSA)	35,200	10.08%	1	32,200	10.05%	1
Local Government (within the MSA)	26,500	7.59%	2	28,800	8.99%	2
Federal Government (within the MSA)	10,200	2.92%	3	9,200	2.87%	3
University of Arkansas Medical Sciences	9,700	2.78%	4	8,500	2.65%	4
Baptist Health	7,340	2.10%	5	7,000	2.18%	5
Little Rock Air Force Base	4,500	1.29%	6	4,500	1.40%	6
Arkansas Children's Hospital	4,370	1.25%	7			
Central Arkansas Veterans Health Care	4,000	1.15%	8	3,500	1.09%	9
Little Rock School District	3,970	1.14%	9	3,511	1.10%	8
CHI St. Vincent	3,000	0.86%	10			
Acxiom				4,388	1.37%	7
Entergy Arkansas				2,738	0.85%	10
Total	<u>108,780</u>	<u>31%</u>		<u>104,337</u>	<u>33%</u>	

Sources: Greater Little Rock Chamber of Commerce and State of Arkansas (www.arkansaseconomicregions.org)

Employed Population – Labor Force Data	<u>2023</u>	<u>2014</u>
Little Rock/North Little Rock MSA	349,105	320,375

Little Rock Water Reclamation Authority
Number of Employees by Identifiable Activity
Schedule 15
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of December 31					
	2014	2015	2016	2017	2018	2019
Administration						
Executive Administrator	1	1	1	1	1	1
Safety and Communications	4	4	5	4	5	5
Human Resources	2	2	2	3	3	3
Finance/Accounting	12	12	12	11	12	12
Information Services	11	11	12	13	11	11
Legal	-	-	1	1	1	1
Clerical	7	7	5	4	5	5
Engineering	20	20	23	22	23	25
Sewer Plant Maintenance	24	24	25	19	24	24
Sewer Systems Maintenance	82	82	81	88	88	87
Sewer Plant Operations	22	22	22	22	24	24
Environmental Assessment	24	24	23	22	17	16
Total Employees	<u>209</u>	<u>209</u>	<u>212</u>	<u>210</u>	<u>214</u>	<u>214</u>

Full-Time Equivalent Employees as of December 31			
2020	2021	2022	2023
1	1	1	1
5	5	4	5
3	3	3	3
12	11	15	12
11	11	11	5
1	1	1	1
2	2	2	2
26	29	28	24
23	22	20	27
86	85	87	88
25	24	25	22
16	15	15	15
211	209	212	205

Little Rock Water Reclamation Authority
Operating and Capital Indicators
Schedule 16
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Wastewater treatment					
Miles of sewer	1,368	1,375	1,384	1,386	1,393
Number of treatment plants	3	3	3	3	3
Treatment capacity (MGD)					
Biological treatment	56.0	56.0	56.0	56.0	56.0
Hydraulic peak capacity	144.0	144.0	144.0	144.0	144.0
Daily engineering maximum plant capacity (MGD)	34.17	37.04	32.40	29.34	35.83
Unused capacity (MGD)	21.83	18.96	23.60	26.66	20.17
Percent of capacity utilized	61%	66%	58%	52%	64%

Note: MGD = millions of gallons per day.

2019	2020	2021	2022	2023
1,400 3	1,404 3	1,412 3	1,416 3	1,419 3
56.0	56.0	56.0	56.0	56.0
144.0	156.0	156.0	156.0	156.0
38.18	33.76	32.06	33.57	37.50
17.82	22.24	23.94	22.43	18.48
68%	60%	57%	60%	67%



Little Rock Water Reclamation Authority

Single Audit Reports

December 31, 2023



Contents

Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report.....	3
Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Independent Auditor’s Report.....	5
Schedule of Findings and Questioned Costs.....	8
Summary Schedule of Prior Audit Findings	10

Little Rock Water Reclamation Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Clean Water State Revolving Fund (CWSRF) Cluster				
Environmental Protection Agency/Arkansas Natural Resources Commission/Capitalization Grants for Clean Water State Revolving Funds	66.458	01212-CWRLF-L	\$ -	\$ 3,724,891
Total Clean Water State Revolving Fund Cluster			-	3,724,891
Department of Homeland Security/Arkansas Department of Emergency Management/Hazard Mitigation Grant Program	97.036	119-UTBGN-00	-	1,127,488
Total Expenditures of Federal Awards			\$ -	\$ 4,852,379

Little Rock Water Reclamation Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Little Rock Water Reclamation Authority (Utility) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Utility, it is not intended to and does not present the financial position, changes in net position or cash flows of the Utility.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Utility has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



111 Center Street, Suite 1600 / Little Rock, AR 72201

P 501.372.1040 / F 501.372.1250

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Little Rock Water Reclamation Commission
Little Rock Water Reclamation Authority
Little Rock, Arkansas

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of Little Rock Water Reclamation Authority (Utility), collectively a component unit of the City of Little Rock, Arkansas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utility's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utility's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**Little Rock, Arkansas
April 18, 2024**



111 Center Street, Suite 1600 / Little Rock, AR 72201

P 501.372.1040 / F 501.372.1250

forvis.com

Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Little Rock Water Reclamation Commission
Little Rock Water Reclamation Authority
Little Rock, Arkansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Little Rock Water Reclamation Authority's (Utility) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Utility's major federal program for the year ended December 31, 2023. The Utility's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Utility complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Utility's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Utility's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Utility's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Utility's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Utility's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Utility's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of the Utility, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements. We have issued our report thereon dated April 18, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS, LLP

**Little Rock, Arkansas
April 18, 2024**

Little Rock Water Reclamation Authority
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No
5. Type of auditor's report issued on compliance for major federal program:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No
7. Identification of major federal program:

Assistance Listing Number

Name of Federal Program or Cluster

66.458

Capitalization Grants for Clean Water State Revolving Funds/
Clean Water State Revolving Fund Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

**Little Rock Water Reclamation Authority
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023**

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Little Rock Water Reclamation Authority
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023**

Reference Number	Summary of Finding	Status
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No matters are reportable.