



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, 2024
and 2023**

Little Rock Water Reclamation Authority
A Component Unit of the City of Little Rock, Arkansas
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December 31, 2024 and 2023

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Introductory Section



LITTLE ROCK

**Water Reclamation
Authority** ONE WATER.
ONE FUTURE.



May 2, 2025

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, 2024 and 2023. 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, 2024. 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 Mazars, LLP**, a firm of licensed certified public accountants. **Forvis Mazars, LLP** has issued unmodified (clean) opinions on LRWRA's financial statements for the years ended December 31, 2024 and 2023. 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. In April 2024, Little Rock was voted number 25 by Southern Living poll of best southern cities. They praised Little Rock for being the best of both worlds. "You can embark on top-notch outdoor pursuits one day and enjoy all the hallmarks of a buzzy metropolitan city the next."

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 (System). The number of domestic customer accounts has increased by 4.40% over the past 10 years, while non-domestic customer accounts have increased by 6.30% over the same period. The overall growth of total customer accounts for the 10-year period is 4.59%.

Long-Term Financial Planning

During the 2025 planning process, LRWRA affirmed that the most significant future capital investment requirements include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; (2) implementation of a fully integrated Asset Management/ Preventative Maintenance Program, and (3) supporting growth driven by economic development in the Port of Little Rok and westward expansion of the City.

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 Program. These items along with continued compliance with NPDES permit requirements make up the estimated \$69.6 million for 2025 CIP expenditures.

Collection System Rehabilitation Capacity Assurance Projects

Various rehabilitation projects are forecast to require expenditures totaling \$3.5 million in 2025 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 2025, \$1.5 million is forecasted for trenchless rehabilitation work. The Utility is projecting that \$10.5 million will be needed in total for years 2026 to 2030. This project is being funded with system revenues and reserves 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 2025 cost is estimated to be \$23 million and estimated to cost an additional \$16.7 million through 2027 and will be funded by revenue bonds issued in 2024.

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 2025 cost is estimated to be \$10.9 million and estimated to cost an additional \$6.8 million through 2027 and will be funded by revenue bonds issued in 2024 and system revenues.

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 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) permit 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, 2023. This was the 20th 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, 2024 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,



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**

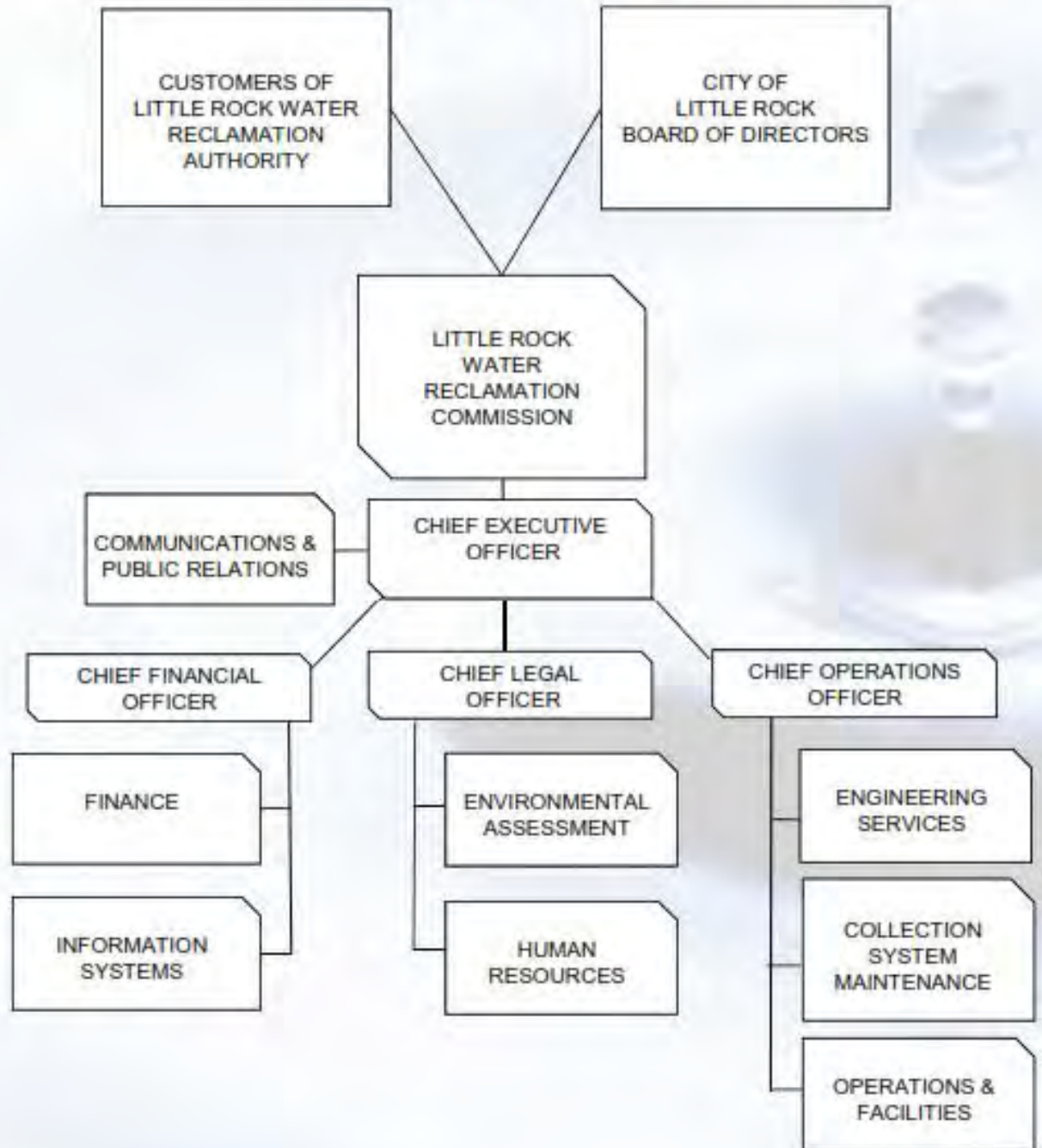
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

LITTLE ROCK WATER RECLAMATION AUTHORITY ORGANIZATIONAL CHART



2024 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**



**Christina Clark
Commissioner**



Executive Staff

Jean Block – Chief Executive Officer

Mike Rhoda – Chief Financial Officer

Deanna Ray – Chief Legal Officer

Howell Anderson, P.E. – Chief Operating Officer

Les Price, P.E. – Engineering

Rebecca Burkman – Environmental Assessment

Walter Collins, P.E. – Operations

Financial Section



LITTLE ROCK

**Water Reclamation
Authority** ONE WATER.
ONE FUTURE.

Independent Auditor's Report

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, 2024 and 2023 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, 2024 and 2023, 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 Mazars, LLP

**Little Rock, Arkansas
May 2, 2025**

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2024**

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, 2024. 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 9 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

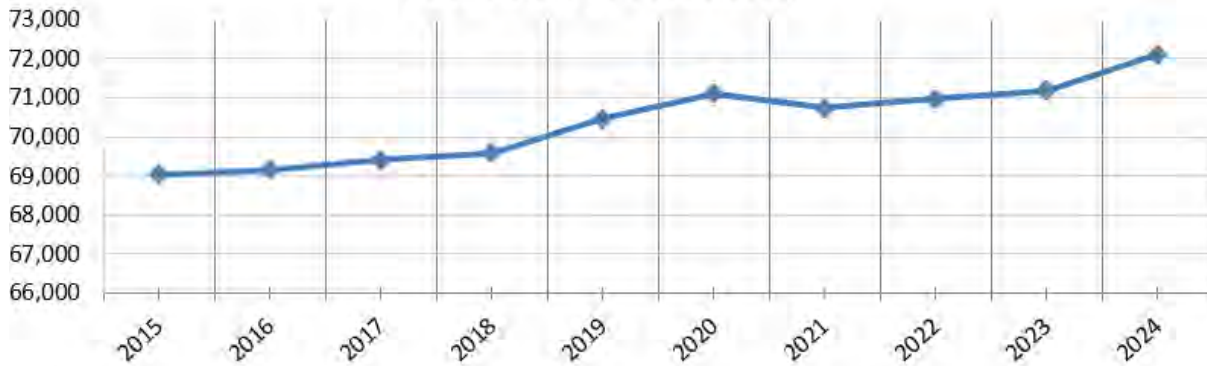
- Total Assets and Deferred Outflows of Resources at December 31, 2024 were \$712.0 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$451.4 million. Total Net Position was \$260.6 million, an increase of 2.4% from 2023. Total Assets and Deferred Outflows of Resources 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.
- Operating Revenue for fiscal year 2024 was \$66.7 million, which is a decrease of \$1.8, or 2.7%, from fiscal year 2023. 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 Expenses, before Depreciation, for fiscal year 2024 were \$34.2 million, which is a increase of \$1.3 million, or 1.3%, compared to fiscal year 2023. The increase was primarily driven by a \$927 thousand increase in supplies expense. Operating Expenses, before Depreciation, for fiscal year 2023 were \$32.9 million, which is an increase of \$3.4 million, or 11.6%, from 2022. The increase was primarily driven by a \$1.9 million increase in salaries and benefits expense.
- Operating Expenses, including Depreciation, for fiscal year 2024 were \$55.6 million, which is an increase of \$2.0 million, or 3.8%, from fiscal year 2023. Operating Expenses, including Depreciation, for fiscal year 2023 were \$53.6 million, which was a decrease of \$5.6 million or 11.6%, from fiscal year 2022.
- Debt Service Coverage was 2.28, 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.

**Little Rock Water Reclamation Authority
Management’s Discussion and Analysis
Year Ended December 31, 2024**

General Trends

The number of LRWRA’s customer accounts increased as of December 31, 2024 from December 31, 2023 by 920, or 1.29%, and increased from 2022 by 207, or 0.29%. 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 2015 to present.

Total Sewer Accounts



Water Reclamation Authority Customers	2024	2023	2022
Beginning customer accounts	71,181	70,974	70,727
Additional customers (net)	920	207	247
Ending customer	72,101	71,181	70,974

The following chart shows a sample monthly domestic customer bill based on a consumption of 600 cubic feet (CcF) in 2024, 2023, and 2022. 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	2024	2023	2022
	\$ 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
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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 2024. 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.

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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.



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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. 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, 2024**

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 Flows 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 2022–2024 Financial Information

Statement of Net Position

Total Assets and Deferred Outflows of Resources increased by \$3.9 million in 2024 and increased \$25.4 million in 2023. The change from 2023 to 2024 was primarily due to an increase in short-term investments of \$7.2 million, which was offset by a decrease in noncurrent restricted cash for capital projects of \$2.0 million. The change from 2022 to 2023 was primarily due to the increase in unrestricted net position, which increased \$13.7 million in 2023. Also, current assets increased \$3.8 million in 2024 and \$14.9 million in 2023. The 2024 increase in current assets was primarily due to the increase in short-term investments of \$7.2 million. The 2023 increase in current assets was primarily due to the increase in short-term investments of \$24.3 million.

Current Liabilities increased 10.7%, or \$2.7 million, in 2024 and increased 44.6%, or \$7.6 million, in 2023. The primary cause for the increase in 2024 was the increase in the current portion of bonds payable. The primary cause for the increase in 2023 was the increase in the current portion of bonds payable.

Noncurrent Liabilities decreased 1.2%, or \$5.2 million, for 2024 due to a decrease in net pension liability of \$3.0 million. Noncurrent Liabilities increased 2.4%, or \$9.8 million, for 2023 due to an increase in bonds payable of \$8.3 million. LRWRA's bond information can be found in Note 6 starting on Page 40. Additional information for GASB 68 net pension liability can be found on Page 87. Total Liabilities decreased in 2024 by \$2.5 million from 2023 and increased by \$17.5 million in 2023 from 2022.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2024**

In 2024, Total Net Position increased by \$6.1 million, or 2.4%, including \$3.1 million from income before capital contributions and grants, and \$3 million from capital contributions and grants. In 2023, Total Net Position increased by \$8.0 million, or 3.2%, including \$5.1 million from income before capital contributions and grants, and \$2.9 million from capital contributions and grants.

	2024	Percent Change	2023	Percent Change	2022
Assets					
Current assets	\$ 92,056,827	4.27%	\$ 88,284,276	20.27%	\$ 73,406,854
Noncurrent unrestricted and restricted assets	9,289,271	-16.60%	11,138,837	13.10%	9,848,261
Capital assets (net)	596,712,866	1.15%	589,945,439	2.03%	578,232,186
Total assets	698,058,964	1.26%	689,368,552	4.21%	661,487,301
Deferred Outflows of Resources					
Bond refunding	7,968,739	-21.00%	10,087,340	-19.84%	12,583,288
Pension funding	2,890,610	-47.92%	5,550,859	-0.14%	5,558,573
OPEB	3,098,008	-1.23%	3,136,433	-0.82%	3,162,466
Total deferred outflows of resources	13,957,357	-25.66%	18,774,632	-11.87%	21,304,327
Total assets and deferred outflows of resources	\$ 712,016,321	0.55%	\$ 708,143,184	3.71%	\$ 682,791,628
Liabilities					
Current liabilities	\$ 27,411,110	10.74%	\$ 24,752,321	44.56%	\$ 17,122,982
Noncurrent liabilities	420,376,870	-1.22%	425,569,591	2.36%	415,745,852
Total liabilities	447,787,980	-0.56%	450,321,912	4.03%	432,868,834
Deferred Inflows of Resources					
Pension funding	1,106,735	63.56%	676,650	69.64%	398,879
OPEB	2,478,758	-5.14%	2,613,019	-12.05%	2,970,920
Total deferred inflows of resources	3,585,493	8.99%	3,289,669	-2.38%	3,369,799
Net Position					
Net investment in capital assets	187,834,140	2.96%	182,427,260	-3.96%	189,958,671
Restricted	6,707,612	31.19%	5,112,988	52.73%	3,347,661
Unrestricted	66,101,096	-1.33%	66,991,355	25.81%	53,246,663
Total net position	260,642,848	2.40%	254,531,603	3.24%	246,552,995
Total liabilities, deferred inflows of resources, and net position	\$ 712,016,321	0.55%	\$ 708,143,184	3.71%	\$ 682,791,628

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, 2024**

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

Total Revenue decreased from 2024 to 2023 by \$0.8 million, or 1.1%, and from 2022 to 2023, it increased by \$5.1 million, or 7.7%. Revenues decreased from fiscal year 2023 due to decrease in customer assessments of \$1.8 million. Revenues increased from fiscal year 2022 due to increased usage by non-domestic customers. Customer Assessments and Industrial Surcharges decreased in 2024 from 2023 by \$1.9 million and increased in 2023 from 2022 by \$2.8 million. Nonoperating Income increased by \$1.0 million in 2024 and 2023 increased by \$2.4 million over 2022. The increase in 2024 was primarily due to an increase interest 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 \$1.3 million, or 4.0%, in 2024. Total Operating Expense increased by \$3.4 million, or 11.6%, in 2023 from 2022. Operating Expense increased from fiscal year 2023 due to an increase in supplies expenses. Operating Expense increased from fiscal year 2022 due to an increase in salaries and benefit expenses.

Nonoperating Expense decreased by \$0.9 million, or 6.7%, in 2024 from 2023 and increased \$0.4 million, or 3.4%, in 2023 from 2022.

The Change in Net Position for fiscal year 2024 was \$6.1 million due primarily to Income Before Contributions of \$3.1 million and capital contributions and grants of \$3 million, as LRWRA continued receiving FEMA assistance related to the 2019 flood. Total Net Position – Ending increased by 2.4% compared to 2023. 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. Total Net Position – Ending increased by 3.2% compared to 2022.

Additional information can be found on the Statements of Revenues, Expenses, and Changes in Net Position on Page 26 and Budgetary Comparison Schedule on Page 66.

**Little Rock Water Reclamation Authority
Management's Discussion and Analysis
Year Ended December 31, 2024**

	<u>2024</u>	<u>Percent Change</u>	<u>2023</u>	<u>Percent Change</u>	<u>2022</u>
Revenues					
Operating revenues					
Customer assessments	\$ 64,645,871	-2.72%	\$ 66,451,215	4.14%	\$ 63,810,572
Industrial surcharges	1,429,719	-4.60%	1,498,631	8.32%	1,383,477
Other fees and income	606,287	8.26%	560,015	-13.53%	647,651
Nonoperating income	<u>4,023,360</u>	<u>33.68%</u>	<u>3,009,739</u>	<u>410.63%</u>	<u>589,415</u>
Total revenues	<u>70,705,237</u>	<u>-1.14%</u>	<u>71,519,600</u>	<u>7.66%</u>	<u>66,431,115</u>
Expenses					
Operating expenses	34,239,518	4.00%	32,922,953	11.59%	29,502,882
Depreciation expense	21,373,795	3.53%	20,645,777	11.73%	18,478,815
Nonoperating expense	<u>12,001,555</u>	<u>-6.71%</u>	<u>12,865,205</u>	<u>3.38%</u>	<u>12,444,957</u>
Total expenses	<u>67,614,868</u>	<u>1.78%</u>	<u>66,433,935</u>	<u>9.94%</u>	<u>60,426,654</u>
Income Before Contributions	3,090,369	-39.23%	5,085,665	-15.30%	6,004,461
Capital Contributions and Grants	<u>3,020,876</u>	<u>4.42%</u>	<u>2,892,943</u>	<u>-49.88%</u>	<u>5,771,677</u>
Change in Net Position	<u>6,111,245</u>	<u>-23.40%</u>	<u>7,978,608</u>	<u>-32.25%</u>	<u>11,776,138</u>
Net Position – Beginning	<u>254,531,603</u>	<u>3.24%</u>	<u>246,552,995</u>	<u>5.02%</u>	<u>234,776,857</u>
Total Net Position – Ending	<u>\$ 260,642,848</u>	<u>2.40%</u>	<u>\$ 254,531,603</u>	<u>3.24%</u>	<u>\$ 246,552,995</u>

Capital Assets and Debt Administration

The additions to LRWRA's wastewater system capital improvements were \$29.2 million in fiscal year 2024. The capital expenditures were incurred for collection system projects in the amounts of \$10.5 million, pumping/treatment for \$12.5 million, transportation for \$1.1 million, and all other \$5.1 million. Additional information can be found on Note 4 of this report.

The total long-term debt (less bond payable within one year) decreased by \$2.1 million in 2024. 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, 2024**

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

Long-Term Debt	2024	2023	2022
2007B Sewer Revenue Bond	\$ 8,315,133	\$ 9,320,323	\$ 9,320,323
2009A Sewer Revenue Bond	4,570,436	4,983,950	4,983,950
2013 Sewer Revenue Bond	-	-	30,027,946
2014 Sewer Refunding Revenue Bond	340,000	1,000,000	1,635,000
2015 Sewer Refunding Revenue Bond	20,330,000	25,925,000	30,880,000
2016A Sewer Revenue Bond	-	-	60,366,001
2016B Sewer Refunding Revenue Bond	13,200,000	13,955,000	14,680,000
2017 Sewer Revenue Bond	9,260,000	9,510,000	9,755,000
2018 Sewer Revenue Bond	-	-	61,600,000
2019 Sewer Revenue Bond	-	-	18,000,000
2020A Sewer Revenue Bond	50,164,803	43,732,160	21,255,571
2020B Sewer Revenue Bond	22,485,000	22,850,000	22,850,000
2020C Sewer Revenue Bond	4,450,519	2,229,033	1,753,626
2021 Sewer Refunding Revenue Bond	107,970,000	107,970,000	107,970,000
2023 Sewer Refunding Revenue Bond	165,973,252	169,993,947	-
2024A Sewer Refunding Revenue Bond	4,598,875	-	-
2024B Sewer Refunding Revenue Bond	20,000	-	-
Less debt payable, due within one year	<u>(15,713,587)</u>	<u>(14,145,535)</u>	<u>(6,560,000)</u>
Total long-term debt	<u>\$ 395,964,431</u>	<u>\$ 397,323,878</u>	<u>\$ 388,517,417</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 2025 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 2025 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) implementation of a fully integrated Asset Management/Preventive Maintenance Program; and (3) supporting growth driven by economic development in the Port of Little Rock and westward expansion of Little Rock, which will drive the capital improvement plans going forward. The 2025 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 \$69.6 million are planned for 2025. LRWRA estimates the capital improvements that have funding over the next six years will cost \$375.8 million.

With the most recent bond issue (2024 Bond Revenue Issue), Moody’s Investors Service assigned LRWRA an Aa3 rating with a stable outlook to the 2024 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, 2024**

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,579,283	\$ 19,210,345
Short-term investments	61,526,374	54,337,147
Accounts and grants receivable (net of allowance for doubtful accounts of \$2,699,389 in 2024 and \$1,716,279 in 2023)	5,567,652	8,012,252
Inventories	1,841,009	1,319,186
Prepays	219,989	175,302
Restricted current assets		
Bond requirements		
Cash and cash equivalents	5,259,620	3,297,234
Accrued interest receivable	38,663	17,733
Prepaid items	2,024,237	1,915,077
Total current assets	<u>92,056,827</u>	<u>88,284,276</u>
Noncurrent Assets		
Unrestricted noncurrent assets		
Workers' compensation fund investments	<u>598,523</u>	<u>585,965</u>
Total unrestricted noncurrent assets	<u>598,523</u>	<u>585,965</u>
Restricted noncurrent assets		
Investments – bond requirements	6,529,749	6,419,750
Cash and cash equivalents – capital projects	<u>2,160,999</u>	<u>4,133,122</u>
Total restricted noncurrent assets	<u>8,690,748</u>	<u>10,552,872</u>
Capital Assets (Net of Accumulated Depreciation)	<u>596,712,866</u>	<u>589,945,439</u>
Total noncurrent assets	<u>606,002,137</u>	<u>601,084,276</u>
Total assets	<u>698,058,964</u>	<u>689,368,552</u>
Deferred Outflows of Resources		
Deferred amounts on bond funding	7,968,739	10,087,340
Deferred amounts on pension funding	2,890,610	5,550,859
Deferred amounts on OPEB	<u>3,098,008</u>	<u>3,136,433</u>
Total deferred outflows of resources	<u>13,957,357</u>	<u>18,774,632</u>
Total assets and deferred outflows of resources	<u>\$ 712,016,321</u>	<u>\$ 708,143,184</u>

Little Rock Water Reclamation Authority
Statements of Net Position
December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 442,388	\$ 35,235
Franchise fee collections due to City of Little Rock	579,534	543,612
Sewer line replacement fee	1,685,854	1,397,353
Accrued wages payable and related liabilities	997,020	605,865
Accrued expenses and other	890,175	874,946
Compensated absences	1,225,724	1,282,579
Construction contracts payable	3,639,301	3,903,860
Accrued interest payable	2,237,527	1,963,336
Bonds payable – current	15,713,587	14,145,535
	<u>27,411,110</u>	<u>24,752,321</u>
Noncurrent Liabilities		
Bonds payable (net of unamortized premiums)	397,494,577	399,556,124
Compensated absences	135,142	-
Net pension liability	16,378,805	19,405,717
Net OPEB liability	6,368,346	6,607,750
	<u>420,376,870</u>	<u>425,569,591</u>
Total noncurrent liabilities	<u>420,376,870</u>	<u>425,569,591</u>
Total liabilities	<u>447,787,980</u>	<u>450,321,912</u>
Deferred Inflows of Resources		
Deferred amounts on pension funding	1,106,735	676,650
Deferred amounts related to OPEB	2,478,758	2,613,019
	<u>3,585,493</u>	<u>3,289,669</u>
Total deferred inflows of resources	<u>3,585,493</u>	<u>3,289,669</u>
Net Position		
Net investment in capital assets	187,834,140	182,427,260
Restricted		
Debt service	6,707,612	5,112,988
Unrestricted	66,101,096	66,991,355
	<u>260,642,848</u>	<u>254,531,603</u>
Total net position	<u>260,642,848</u>	<u>254,531,603</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 712,016,321</u>	<u>\$ 708,143,184</u>

Little Rock Water Reclamation Authority
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Customer assessments	\$ 64,645,871	\$ 66,451,215
Industrial surcharges	1,429,719	1,498,631
Other fees and income	606,287	560,015
	<u>66,681,877</u>	<u>68,509,861</u>
Operating Expenses		
Salaries and benefits	20,969,840	20,791,926
Supplies	4,166,686	3,239,655
Contract services	5,074,661	4,927,646
Vehicle expenses	229,485	247,999
Utilities	1,801,100	1,818,555
Administrative	1,997,746	1,897,172
	<u>34,239,518</u>	<u>32,922,953</u>
Provision for Depreciation		
Building and improvements	5,611,438	5,516,439
Infrastructure – collections, pumping, and treatments	11,583,235	11,165,889
Equipment	4,179,122	3,963,449
	<u>21,373,795</u>	<u>20,645,777</u>
Operating Income	<u>11,068,564</u>	<u>14,941,131</u>
Nonoperating Revenues (Expenses)		
Interest income	3,895,850	2,680,100
Interest expense	(11,046,297)	(12,349,293)
Loss on disposal of capital assets	(955,258)	(515,912)
Gain on investments	127,510	204,994
Other	-	124,645
	<u>(7,978,195)</u>	<u>(9,855,466)</u>
Increase in Net Position Before Capital Contributions and Grants	<u>3,090,369</u>	<u>5,085,665</u>
Capital Contributions and Grants		
Capital contributions	1,688,381	1,765,455
Federal and state grants	1,332,495	1,127,488
	<u>3,020,876</u>	<u>2,892,943</u>
Change in Net Position	6,111,245	7,978,608
Net Position, Beginning of Year	<u>254,531,603</u>	<u>246,552,995</u>
Net Position, End of Year	<u>\$ 260,642,848</u>	<u>\$ 254,531,603</u>

Little Rock Water Reclamation Authority
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from customers	\$ 64,469,501	\$ 67,861,401
Cash received from City of Little Rock franchise fees	6,605,661	6,389,219
Other receipts	606,287	684,660
Payments to employees	(20,960,839)	(20,780,630)
Payments to suppliers	(4,281,356)	(4,171,372)
Payments for contractual services	(5,074,661)	(4,927,646)
Payments for utilities	(1,801,100)	(1,818,555)
Payments to City of Little Rock franchise fees	(6,569,739)	(6,385,363)
Other payments	(2,271,918)	(2,141,574)
	<u>30,721,836</u>	<u>34,710,140</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(27,652,660)	(30,243,900)
Grant proceeds	5,671,685	5,466,678
Proceeds from disposal of property and equipment	74,694	313,933
Principal paid on capital debt	(14,717,236)	(176,553,947)
Interest paid on capital debt	(9,355,606)	(10,258,226)
Proceeds from issuance of indebtedness	14,925,841	192,711,473
	<u>(31,053,282)</u>	<u>(18,563,989)</u>
Cash Flows From Investing Activities		
Interest on investments	4,002,430	2,674,123
Purchase of investments	(7,311,784)	(24,827,432)
	<u>(3,309,354)</u>	<u>(22,153,309)</u>
Decrease in Cash and Cash Equivalents	<u>\$ (3,640,800)</u>	<u>\$ (6,007,158)</u>

Little Rock Water Reclamation Authority
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents		
Beginning of year	\$ 26,640,702	\$ 32,647,860
Net decrease in cash and cash equivalents	(3,640,800)	(6,007,158)
End of year	<u>\$ 22,999,902</u>	<u>\$ 26,640,702</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 11,068,564	\$ 14,941,131
Adjustments		
Depreciation	21,373,795	20,645,777
Other	-	124,645
Changes in operating assets and liabilities		
Accounts receivable	(1,894,590)	(419,024)
Inventories	(521,823)	32,506
Prepaid items and other assets	(153,847)	(1,089,425)
Deferred outflows on pensions	2,660,249	7,714
Deferred outflows on OPEB	34,883	26,033
Accounts payable	695,654	(633,644)
Accrued expenses	389,979	(503,954)
City of Little Rock franchise fees	35,922	3,856
Net pension liability	(3,026,912)	583,373
Net OPEB liability	(239,404)	1,071,282
Deferred inflows on pensions	430,085	277,771
Deferred inflows on OPEB	(130,719)	(357,901)
Net cash provided by operating activities	<u>\$ 30,721,836</u>	<u>\$ 34,710,140</u>
Reconciliation of Total Cash and Cash Equivalents		
Current assets – cash and cash equivalents	\$ 15,579,283	\$ 19,210,345
Restricted for bond requirements	5,259,620	3,297,234
Restricted for capital projects	2,160,999	4,133,122
Total cash and cash equivalents	<u>\$ 22,999,902</u>	<u>\$ 26,640,701</u>
Supplemental Schedule of Noncash Investing, Capital, and Financing Activities		
Donated sewer lines capitalized	\$ 1,688,381	\$ 1,765,455
Acquisition and construction of capital assets and improvements in accounts payable	\$ 3,639,301	\$ 3,903,860

Little Rock Water Reclamation Authority
Statements of Fiduciary Net Position
Years Ended December 31, 2024 and 2023

	<u>OPEB Trust Fund 2024</u>	<u>OPEB Trust Fund 2023</u>
Assets		
Cash and cash equivalents	\$ 256,475	\$ 240,672
U.S. government bonds	<u>1,040,510</u>	<u>1,009,617</u>
Total assets	<u>\$ 1,296,985</u>	<u>\$ 1,250,289</u>
Net Position		
Restricted		
Postemployment benefits other than pensions	<u>\$ 1,296,985</u>	<u>\$ 1,250,289</u>
Total net position	<u>\$ 1,296,985</u>	<u>\$ 1,250,289</u>

Little Rock Water Reclamation Authority
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2024 and 2023

	<u>OPEB Trust Fund 2024</u>	<u>OPEB Trust Fund 2023</u>
Additions		
Employer contributions	\$ 655,252	\$ 44,327
Investment income	51,139	61,511
Less trustee fee	<u>(4,443)</u>	<u>(4,192)</u>
Total additions	<u>701,948</u>	<u>101,646</u>
Deductions		
Benefit payments	<u>655,252</u>	<u>44,327</u>
Total deductions	<u>655,252</u>	<u>44,327</u>
Change in Net Position	46,696	57,319
Net Position, Beginning of Year	<u>1,250,289</u>	<u>1,192,970</u>
Net Position, End of Year	<u>\$ 1,296,985</u>	<u>\$ 1,250,289</u>

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

Reporting Entity

The financial statements of 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 72,101 and 71,181 customers at December 31, 2024 and 2023, 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 Governmental Accounting Standards Board (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, 2024 and 2023

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, 2024 and 2023 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, prepaids, and accrued interest held in various accounts as required by the bond indentures.

Capital Projects – 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, 5 to 25 years for machinery and equipment, and 50 years for collection systems (primarily sewer lines).

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Subscription assets, which are a type of capital asset, 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, 2024 and 2023.

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, and the net difference between projected and actual earnings on pension plan investments 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, the change in assumptions, 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.

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 and 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 and changes in assumptions 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.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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 1 through 5 accrue 20 days, 6 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. The Utility’s policy is that the leave earned first is used before leave used in subsequent periods.

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

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model.

Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than no to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

The Utility adopted the standard on January 1, 2024 and applied it retrospectively to the earliest period presented. There was no effect on beginning net position as of January 1, 2023.

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, 2024 and 2023 follows:

	December 31, 2024			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	\$ 15,579,283	\$ -	\$ 15,579,283	\$ 62,124,897
Restricted assets				
Bond requirements	1,553,470	3,706,150	5,259,620	6,529,749
Construction and improvements	-	2,160,999	2,160,999	-
Total restricted assets	1,553,470	5,867,149	7,420,619	6,529,749
Total	<u>\$ 17,132,753</u>	<u>\$ 5,867,149</u>	<u>\$ 22,999,902</u>	<u>\$ 68,654,646</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

	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	<u>\$ 19,309,668</u>	<u>\$ 7,331,033</u>	<u>\$ 26,640,701</u>	<u>\$ 61,342,862</u>

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 \$19,879,105 at December 31, 2024 and \$23,881,544 at December 31, 2023. As of December 31, 2024 and 2023, the Utility's bank balance was fully insured and collateralized by the pledging financial institution.

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, 2024, were subject to custodial credit risk.

Cash equivalents and investments at December 31, 2024 and 2023 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 \$74,521,795 and \$68,673,894, respectively. Net unrealized gain for each of the years ended December 31, 2024 and 2023 was \$127,510 and \$204,994 respectively.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

At of December 31, 2024 and 2023, the Utility had the following investments and maturities:

December 31, 2024				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 5,867,149	\$ 5,867,149	\$ -	AA+/Aaa
Investments				
Federal Farm Credit Bank	2,002,852	-	2,002,852	AA+/Aaa
Certificates of Deposit*	31,509,615	31,509,615	-	
U.S. Treasury Obligations*	30,010,765	30,010,765	-	
Federal Home Loan Mortgage	5,131,414	-	5,131,414	AA+/Aaa
	<u>68,654,646</u>	<u>61,520,380</u>	<u>7,134,266</u>	
	<u>\$ 74,521,795</u>	<u>\$ 67,387,529</u>	<u>\$ 7,134,266</u>	

* Investment is carried at amortized costs.

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.

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, 2024 and 2023 are insured or registered and held in the Utility's name.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024:

- Federated Treasury Obligations of \$5.9 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$7.1 million are valued using a matrix pricing model (Level 2 inputs).

LRWRA had 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).

Note 3: Accounts and Grants Receivable

Accounts receivable at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Trade receivables – billed, current	\$ 2,409,989	\$ 2,365,977
Trade receivables – unbilled	4,099,611	4,957,868
Trade receivables, past due	1,388,197	963,647
Grants receivable	<u>369,244</u>	<u>1,441,039</u>
Total	<u>8,267,041</u>	<u>9,728,531</u>
Allowance for uncollectibles, beginning of year	(1,716,279)	(1,521,677)
Provision for bad debt expense	<u>(983,110)</u>	<u>(194,602)</u>
Allowance for uncollectibles, end of year	<u>(2,699,389)</u>	<u>(1,716,279)</u>
Accounts receivable, net of allowance for uncollectibles	<u>5,567,652</u>	<u>8,012,252</u>
Current accounts receivable	<u>\$ 5,567,652</u>	<u>\$ 8,012,252</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows:

<u>2024</u>	<u>Balance 12/31/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance 12/31/24</u>
Capital assets not being depreciated					
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ -	\$ 5,434,140
Construction in progress	78,009,054	29,076,482	1,024,937	(17,841,358)	88,219,241
Total capital assets not being depreciated	83,443,194	29,076,482	1,024,937	(17,841,358)	93,653,381
Capital assets being depreciated					
Building and improvements	178,233,497	-	-	4,116,361	182,349,858
Infrastructure – collection and treatment	514,493,302	-	-	5,782,358	520,275,660
Right to use subscription asset	523,479	94,692	104,845	-	513,326
Equipment	96,537,069	-	264,390	7,942,639	104,215,318
Total capital assets being depreciated	789,787,347	94,692	369,235	17,841,358	807,354,162
Less accumulated depreciation for					
Buildings and improvements	65,090,357	5,614,794	-	-	70,705,151
Infrastructure – collections and treatment	167,369,659	11,585,016	-	-	178,954,675
Right-to-use subscription asset	334,029	166,314	99,830	-	400,513
Equipment	50,491,057	4,007,671	264,390	-	54,234,338
Total accumulated depreciation	283,285,102	21,373,795	364,220	-	304,294,677
Capital assets, net	\$ 589,945,439	\$ 7,797,379	\$ 1,029,952	\$ -	\$ 596,712,866

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

<u>2023</u>	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance 12/31/23</u>
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	<u>77,205,491</u>	<u>31,647,125</u>	<u>876,852</u>	<u>(24,532,570)</u>	<u>83,443,194</u>
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
Right-to-use subscription assets	475,922	47,557	-	-	523,479
Equipment	94,354,242	-	436,607	2,619,434	96,537,069
Total capital assets being depreciated	<u>764,102,077</u>	<u>1,589,307</u>	<u>436,607</u>	<u>24,532,570</u>	<u>789,787,347</u>
Less accumulated depreciation and amortization 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
Right to use subscription assets	163,135	170,894	-	-	334,029
Equipment	47,139,696	3,787,418	436,057	-	50,491,057
Total accumulated depreciation and amortization	<u>263,075,382</u>	<u>20,645,777</u>	<u>436,057</u>	<u>-</u>	<u>283,285,102</u>
Capital assets, net	<u>\$ 578,232,186</u>	<u>\$ 12,590,655</u>	<u>\$ 877,402</u>	<u>\$ -</u>	<u>\$ 589,945,439</u>

The subscription liability related to the subscription assets was \$125,818 and \$130,834 for the years ended December 31, 2024 and 2023, 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 \$1,688,381 and \$1,765,455 for the years ended December 31, 2024 and 2023, respectively.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6: Long-Term Debt

Long-term debt consists of Sewer Revenue Bonds for which the changes in the years ended December 31, 2024 and 2023 are as follows:

	December 31, 2024				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	\$ 181,210,000	\$ -	\$ 7,625,000	\$ 173,585,000	\$ 8,705,000
Sewer revenue bonds – direct placement	230,259,413	14,925,841	7,092,236	238,093,018	7,008,587
Unamortized bond premium	2,232,246	-	702,100	1,530,146	-
	<u>\$ 413,701,659</u>	<u>\$ 14,925,841</u>	<u>\$ 15,419,336</u>	<u>\$ 413,208,164</u>	<u>\$ 15,713,587</u>

	December 31, 2023				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
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	2,742,259	-	510,013	2,232,246	-
	<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>

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Sewer revenue bonds payable consist of the following:

Series	Interest Rate	Year of Maturity	December 31, 2024	Amount Due Within One Year
Revenue Bonds				
2014	4.00%	2025	\$ 340,000	\$ 340,000
2015	3.125% to 4.70%	2037	20,330,000	5,825,000
2016B	3.00% to 4.00%	2038	13,200,000	780,000
2017	3.125% to 4.00%	2047	9,260,000	265,000
2020B	0.89% to 2.92%	2042	22,485,000	1,055,000
2021	0.812% to 2.376%	2037	107,970,000	440,000
			<u>\$ 173,585,000</u>	<u>\$ 8,705,000</u>
Revenue Bonds – Direct Placement				
2007B	0.00% to 2.75%	2032	\$ 8,315,133	\$ 1,033,022
2009A	0.00% to 2.00%	2035	4,570,436	421,826
2020A	2.25%	2053	50,164,803	1,242,737
2020C	1.75%	2044	4,450,519	199,332
2023	2.25%	2053	165,973,252	4,111,670
2024A	1.25%	2057	4,598,875	-
2024B	1.25%	2057	20,000	-
			<u>\$ 238,093,018</u>	<u>\$ 7,008,587</u>
Total				

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.

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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 \$7,928,071 as of December 31, 2024. 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.

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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 \$2,378,894 as of December 31, 2024. 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.

2024A Sewer Revenue Bond

The Series 2024A Bond was issued in May 2024 in the amount of \$59,600,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system, and to pay the cost of issuing the 2024A Bond. Draws totaled \$4,598,875 as of December 31, 2024. 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. Principal and interest payments are due semiannually on April 15 and October 15. The final payment is scheduled for October 2057.

2024B Sewer Revenue Bond

The Series 2024B Bond was issued in October 2024 in the amount of \$5,400,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system, and to pay the cost of issuing the 2024B Bond. Draws totaled \$20,000 as of December 31, 2024. 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. Principal and interest payments are due semiannually on April 15 and October 15. The final payment is scheduled for October 2057.

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In addition to the \$411,678,018 balance of Sewer Revenue Bonds outstanding at December 31, 2024, an additional \$64,665,803 can, as previously described, be drawn in fulfillment of current bond issues 2020A, 2020C, 2024A and 2024B for a total Sewer Revenue Bond indebtedness of \$476,343,821.

The 2007B, 2009A, 2020A, 2020C, 2023, 2024A and 2024B 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 \$36,338,209 and \$38,267,008 in 2024 and 2023, respectively, and the average yearly outstanding debt was \$15,913,896 and \$17,716,041, 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, 2024 and 2023, \$95,185,000 of bonds outstanding is considered defeased.

The annual requirements to amortize sewer revenue bond indebtedness outstanding and scheduled, including interest, as of December 31, 2024 are as follows:

Year Ending December 31,	Revenue Bonds		Revenue Bonds – Direct Placement		Total
	Principal	Interest	Principal	Interest	
2025	\$ 8,705,000	\$ 4,176,153	\$ 7,008,587	\$ 5,118,711	\$ 25,008,451
2026	10,735,000	3,849,696	7,170,324	4,956,974	26,711,994
2027	11,025,000	3,552,392	7,335,828	4,791,470	26,704,690
2028	11,260,000	3,315,100	7,632,403	4,649,127	26,856,630
2029	11,545,000	3,010,109	7,807,273	8,050,501	30,412,883
2030–2034	67,300,000	11,126,451	38,149,020	18,455,746	135,031,217
2035–2039	44,480,000	3,783,768	37,179,291	15,214,256	100,657,315
2040–2044	6,890,000	787,888	41,022,741	10,885,526	59,586,155
2045–2049	1,645,000	112,219	44,626,318	6,042,443	52,425,980
2050–2054	-	-	39,620,216	1,590,135	41,210,351
2050–2054	-	-	541,017	11,895	552,912
Total	\$ 173,585,000	\$ 33,713,776	\$ 238,093,018	\$ 79,766,784	\$ 525,158,578

Notes From Direct Placements

The Utility's outstanding notes from direct placements of \$238,093,018 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.

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Note 7: Compensated Absences

Net changes in the liability for compensated absences for the years ended December 31, 2024 and 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
2024	\$ 1,282,579	\$ 78,287	\$ -	\$ 1,360,866	\$ 1,225,724
2023	\$ 1,313,168	\$ -	\$ 30,589	\$ 1,282,579	\$ 1,282,579

*Additions and retirements are shown net

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.

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.

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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 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>.

Note 9: Other Commitments and Contingencies

Commitments

The Utility had commitments totaling approximately \$61.3 million at December 31, 2024 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 \$410,786 and \$475,002 in 2024 and 2023, 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 LRWRAPC. In July 2018, the LRWRAPC adopted a plan amendment to eliminate the two-year eligibility requirement and add 401(a) matching contribution schedules for the CEO, exempt 1 employee and exempt 2 employees. The LRWRAPC 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.

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.

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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 2024 and 2023, employers contributed 15.32% of compensation. Contributions to the pension plan from LRWRA were \$2,290,976 and \$2,261,113 for the years ended December 31, 2024 and 2023, respectively.

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

At December 31, 2024 and 2023, LRWRA reported a liability of \$16,378,805 and \$19,405,717, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, 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, 2024, LRWRA's proportion was 0.65827984%, which was a decrease of 0.00762527% from its proportion measured as of June 30, 2023 of 0.66590511%.

For the years ended December 31, 2024 and 2023, LRWRA recognized pension expense of \$2,440,309 and \$3,139,911, respectively. At December 31, 2024 and 2023, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 635,628	\$ 669,654
Changes in proportion and differences between employer contributions and proportionate share	3,744	437,081
Changes of assumptions	570,794	-
Net difference between projected and actual earnings on pension plan investments	475,143	-
Contributions subsequent to the measurement date	<u>1,205,301</u>	<u>-</u>
Total	<u>\$ 2,890,610</u>	<u>\$ 1,106,735</u>

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	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	\$ 5,550,859	\$ 676,650

The \$1,205,301 reported as deferred outflows of resources at December 31, 2024 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, 2024. 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 Ending December 31	
2025	\$ (368,701)
2026	2,082,350
2027	(743,090)
2028	(391,985)
	\$ 578,574

Actuarial Assumptions: The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2024. 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	16 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.

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.

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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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	39%	5.03%
International equity	17%	6.34%
Real assets	16%	4.51%
Private equity	5%	9.00%
Hedge funds	2%	3.63%
Domestic fixed	21%	3.38%
Total	100%	
Total real rate of return		5.00%
Plus: price inflation – actuary assumption		2.50%
Net expected return		7.50%

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%
\$ 27,948,145	\$ 16,378,805	\$ 6,840,737

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>.

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Actuarial Assumptions: The total pension liability, net pension liability, and certain sensitivity information were 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.

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	<u>100%</u>	
Total real rate of return		4.94%
Plus: price inflation – actuary assumption		<u>2.50%</u>
Net expected return		<u>7.44%</u>

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.

**Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023**

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

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 inquires 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.

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.

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Notes to the Financial Statements
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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 Statement 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, 2024 in LRWRA’s financial statements using an actuarial valuation as of December 31, 2024 as the total OPEB liability, less the amount of the plan’s fiduciary net position. A single discount rate of 4.28% and 4.00% was used to measure the total OPEB liability as of December 31, 2024 and 2023, 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, 2024 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<u>2024</u>
Total OPEB liability – ending	\$ 7,665,331
Plan fiduciary net position – ending	<u>1,296,985</u>
Net OPEB Liability – ending	<u><u>\$ 6,368,346</u></u>
Plan fiduciary net position as % of total OPEB liability	16.92%

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%

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances on January 1, 2023	\$ 6,720,462	\$ 1,192,970	\$ 5,527,492
Changes recognized for 2023			
Service cost	146,620	-	146,620
Interest on total OPEB liability	282,356	-	282,356
Changes of benefit terms	-	-	-
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)
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>
Changes recognized for 2024			
Service cost	173,602	-	173,602
Interest on total OPEB liability	307,283	-	307,283
Differences between expected and actual experience	235,742	-	235,742
Change of assumptions	(254,083)	-	(254,083)
Benefit payments	(655,252)	(655,252)	-
Contributions – employer	-	655,252	(655,252)
Contributions – employee	-	-	-
Net investment income	-	51,139	(51,139)
Administrative expense	-	(4,443)	4,443
Net changes	<u>(192,708)</u>	<u>46,696</u>	<u>(239,404)</u>
Balances on December 31, 2024	<u>\$ 7,665,331</u>	<u>\$ 1,296,985</u>	<u>\$ 6,368,346</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, 2024	1% Lower 3.38%	Current 4.38%	1% Higher 5.38%
Utility's net OPEB liability	<u>\$ 7,325,247</u>	<u>\$ 6,368,346</u>	<u>\$ 5,541,158</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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:

<u>December 31, 2024</u>	<u>1% Lower Rates</u>	<u>Current Rates</u>	<u>1% Higher Rates</u>
Utility's net OPEB liability	<u>\$ 5,461,660</u>	<u>\$ 6,368,346</u>	<u>\$ 7,438,475</u>

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

The Utility recognized OPEB expense of \$580,696 and \$506,967 for the years ended December 31, 2024 and 2023, respectively. Below is a table providing the deferred inflows and outflows of resources related to OPEB from the following sources as of December 31:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,587,367	\$ 917,285
Changes of assumptions	1,441,915	1,561,473
Net difference between projected and actual earnings on OPEB assets	<u>68,726</u>	<u>-</u>
Total	<u>\$ 3,098,008</u>	<u>\$ 2,478,758</u>
	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>114,817</u>	<u>4,722</u>
Total	<u>\$ 3,136,433</u>	<u>\$ 2,613,019</u>

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2024 will be recognized in OPEB expense as follows for the years ended December 31:

2025	\$ 71,003
2026	71,003
2027	71,003
2028	71,004
Thereafter	<u>335,237</u>
	<u>\$ 619,250</u>

Actuarial Assumptions at December 31, 2024

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: 4.28% 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>
2025	7.0%
2026	6.5%
2027	6.0%
2028	5.5%
2029	5.0%
2030 and later	4.5%

Membership Data: The membership data used in the calculation is based on data as of December 31, 2024. 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)	105	48.0	16.8
Active members (elected medical and employed after 7/1/2017)	86	38.3	2.7
Retired members under Age 65 (elected benefits)	21	64.9	N/A

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

Employer-Paid Medical Premiums: The retiree medical plan is self-funded. Employer-paid monthly premiums are set yearly, with 2024 ranging from \$290 to \$1,106, 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, 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)	17	64.7	N/A

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.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, the annual money-weighted rate of return for the investments, net of investment expense, was 3.70% and 4.80%, respectfully.

Discount Rate: At December 31, 2024, a single discount rate of 4.28% was used to measure the OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.28%. 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, 2023, a single discount rate of 4.00% 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 4.00%. 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.

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 \$973,225 and \$938,3226 for the years ended December 31, 2024 and 2023, 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 2024. In 2023, there was one insurance settlement that exceeded insurance coverage by \$18,869. The utility has elected to self-insure certain costs related to employee health programs.

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.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024, 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, 2024				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	\$ 256,475	\$ 256,475	\$ -	AA+/Aaa
Investments				
U.S. government bonds	1,040,510	-	1,040,510	AA+/Aaa
	1,040,510	-	1,040,510	
Total Cash Equivalents and Investments	<u>\$ 1,296,985</u>	<u>\$ 256,475</u>	<u>\$ 1,040,510</u>	

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	<u>\$ 1,250,289</u>	<u>\$ 240,672</u>	<u>\$ 1,009,617</u>	

*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.

Little Rock Water Reclamation Authority
Notes to the Financial Statements
December 31, 2024 and 2023

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:

	<u>Total Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
December 31, 2024		
Investments		
U.S. government bonds	\$ 1,040,510	\$ 1,040,510
	<u>\$ 1,040,510</u>	<u>\$ 1,040,510</u>
	<u>Total Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
December 31, 2023		
Investments		
U.S. government bonds	\$ 1,009,617	\$ 1,009,617
	<u>\$ 1,009,617</u>	<u>\$ 1,009,617</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

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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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service costs	\$ 173,602	\$ 146,620	\$ 231,347	\$ 200,017
Interest on total OPEB liabilities	307,283	282,356	160,997	151,516
Difference between expected and actual experience	235,742	467,178	852,078	572,166
Change in assumptions	(254,083)	285,750	(1,811,410)	122,803
Benefit payments	<u>(655,252)</u>	<u>(44,327)</u>	<u>(282,260)</u>	<u>(139,464)</u>
Net changes in total OPEB liability	(192,708)	1,137,577	(849,248)	907,038
Total OPEB liability – beginning	<u>7,858,039</u>	<u>6,720,462</u>	<u>7,569,710</u>	<u>6,662,672</u>
Total OPEB liability – ending	<u>\$ 7,665,331</u>	<u>\$ 7,858,039</u>	<u>\$ 6,720,462</u>	<u>\$ 7,569,710</u>
Plan Fiduciary Net Position				
Contributions – employer	\$ 655,252	\$ 44,327	\$ 282,260	\$ 139,464
Net investment income	51,139	61,511	(106,755)	(24,484)
Benefit payments	(655,252)	(44,327)	(282,260)	(139,464)
Administrative expenses	<u>(4,443)</u>	<u>(4,192)</u>	<u>(4,345)</u>	<u>(4,643)</u>
Net changes in plan fiduciary net position	46,696	57,319	(111,100)	(29,127)
Plan fiduciary net position – beginning	<u>1,250,289</u>	<u>1,192,970</u>	<u>1,304,070</u>	<u>1,333,197</u>
Plan fiduciary net position – ending	<u>\$ 1,296,985</u>	<u>\$ 1,250,289</u>	<u>\$ 1,192,970</u>	<u>\$ 1,304,070</u>
Net OPEB liability	<u>\$ 6,368,346</u>	<u>\$ 6,607,750</u>	<u>\$ 5,527,492</u>	<u>\$ 6,265,640</u>
Plan Fiduciary Net Position as a Percentage of				
Total OPEB Liability	16.9%	15.9%	17.8%	17.2%
Covered Payroll	\$ 16,465,155	\$ 15,123,293	\$ 15,142,627	\$ 14,890,407
Net OPEB Liability as a Percentage of				
Covered Payroll	38.7%	43.7%	36.5%	42.1%

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%	12/31/2024 0150 4.28%
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 – 4.00%	

2020	2019	2018	2017	2016
\$ 190,747	\$ 180,168	\$ 153,267	\$ 145,382	\$ 141,691
178,598	262,223	203,573	189,015	177,331
(285,946)	(1,468,285)	(362,437)	280,979	(57,544)
462,311	714,624	1,641,979	-	-
<u>(117,702)</u>	<u>(131,835)</u>	<u>(137,515)</u>	<u>(97,466)</u>	<u>(88,394)</u>
428,008	(443,105)	1,498,867	517,910	173,084
<u>6,234,664</u>	<u>6,677,769</u>	<u>5,178,902</u>	<u>4,660,992</u>	<u>4,487,908</u>
<u>\$ 6,662,672</u>	<u>\$ 6,234,664</u>	<u>\$ 6,677,769</u>	<u>\$ 5,178,902</u>	<u>\$ 4,660,992</u>
\$ 117,703	\$ 131,834	\$ 137,515	\$ 97,466	\$ 88,394
16,737	37,126	20,317	13,346	(11,061)
(117,702)	(131,835)	(137,515)	(97,466)	(88,394)
<u>(4,651)</u>	<u>(4,566)</u>	<u>(4,449)</u>	<u>(4,449)</u>	<u>(4,450)</u>
12,087	32,559	15,868	8,897	(15,511)
<u>1,321,110</u>	<u>1,288,551</u>	<u>1,272,683</u>	<u>1,263,786</u>	<u>1,279,297</u>
<u>\$ 1,333,197</u>	<u>\$ 1,321,110</u>	<u>\$ 1,288,551</u>	<u>\$ 1,272,683</u>	<u>\$ 1,263,786</u>
<u>\$ 5,329,475</u>	<u>\$ 4,913,554</u>	<u>\$ 5,389,218</u>	<u>\$ 3,906,219</u>	<u>\$ 3,397,206</u>
20.0%	21.2%	19.3%	24.6%	27.1%
\$ 15,242,051	\$ 14,406,068	\$ 13,867,243	\$ 13,606,281	\$ 13,312,297
35.0%	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, 2024

<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	75,673	15,123,293	0.29%
2024	146,000	655,252	(509,252)	16,465,155	3.98%

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:	4.28%
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, 2024

LRWRA Post Retiree Healthcare – OPEB Trust Fund

<u>Fiscal Year Ended</u>	<u>Money-Weighted Rate of Return</u>
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%
December 31, 2024	3.70%

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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 2,290,976	\$ 2,261,113	\$ 2,235,405	\$ 2,132,994
Contributions in relation to the contractually required contributions	<u>2,282,210</u>	<u>2,261,649</u>	<u>2,235,131</u>	<u>2,134,121</u>
Contribution deficiency (excess)	<u>\$ 8,766</u>	<u>\$ (536)</u>	<u>\$ 274</u>	<u>\$ (1,127)</u>
LRWRA's covered payroll	14,915,208	14,821,979	14,089,644	14,093,424
Contributions as a percentage of covered payroll	15.3%	15.3%	15.9%	15.1%

Assumption changes: Investment rate of return was 7.15% and salary increases started at 3.25% through the June 30, 2024 measurement date.

2020	2019	2018	2017	2016	2015
\$ 2,120,847	\$ 2,088,432	\$ 1,920,103	\$ 1,870,073	\$ 1,838,797	\$ 1,720,285
<u>2,121,097</u>	<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>\$ (250)</u>	<u>\$ 290</u>	<u>\$ 3,007</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ (39,245)</u>
13,865,115	13,629,820	12,981,831	12,955,527	12,674,419	12,115,376
15.3%	15.3%	14.8%	14.4%	14.5%	14.5%

Little Rock Water Reclamation Authority
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System
Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
LRWRA's proportion of the net pension liability	0.65827984%	0.66590511%	0.69805887%	0.69723272%
LRWRA's proportionate share of the net pension liability	\$ 16,378,805	\$ 19,405,717	\$ 18,822,344	\$ 5,360,550
LRWRA's covered payroll	\$ 15,519,992	\$ 15,057,069	\$ 14,343,895	\$ 14,727,761
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	105.53%	128.88%	131.22%	36.40%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	77.94%	78.31%	93.57%
APERS discount rate	7.00%	7.00%	7.15%	7.15%

2020	2019	2018	2017	2016	2015
0.70958705%	0.71226298%	0.69388988%	0.71552208%	0.68334170%	0.67188745%
\$ 20,319,625	\$ 17,183,550	\$ 15,306,760	\$ 18,490,096	\$ 16,341,079	\$ 12,374,375
\$ 15,025,831	\$ 14,238,087	\$ 13,661,710	\$ 13,352,218	\$ 12,321,987	\$ 11,905,159
135.23%	120.69%	112.04%	138.48%	132.62%	103.94%
75.38%	78.55%	79.59%	75.65%	75.50%	80.39%
7.15%	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
December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues				
Customer assessments	\$ 62,958,953	\$ 62,958,953	\$ 64,651,091	\$ 1,692,138
Industrial surcharges	1,391,714	1,391,714	1,429,719	38,005
Other fees and income	850,689	850,689	601,067	(249,622)
Total operating revenues	<u>65,201,356</u>	<u>65,201,356</u>	<u>66,681,877</u>	<u>1,480,521</u>
Operating Expenses				
Water reclamation commission	77,532	77,532	62,407	15,125
Utility management	2,311,314	2,311,314	2,037,326	273,988
Finance and administration	3,048,535	3,048,535	2,821,806	226,729
Engineering	2,746,540	2,746,540	2,501,444	245,096
Information systems	1,877,690	1,877,690	1,687,710	189,980
Collection system maintenance	9,253,559	9,253,559	9,181,445	72,114
Operations	6,854,440	6,854,440	7,800,709	(946,269)
Environmental assessment	1,811,564	1,811,564	1,863,618	(52,054)
Facilities/maintenance	5,550,251	5,550,251	5,720,824	(170,573)
Legal/HR	581,342	581,342	562,229	19,113
Total operating expenses	<u>34,112,767</u>	<u>34,112,767</u>	<u>34,239,518</u>	<u>(126,751)</u>
Provision for Depreciation				
Building and improvements	4,918,575	4,918,575	5,611,438	(692,863)
Infrastructure – collections, pumping, and treatments	10,900,472	10,900,472	11,583,235	(682,763)
Equipment	3,809,238	3,809,238	4,179,122	(369,884)
Total provision for depreciation	<u>19,628,285</u>	<u>19,628,285</u>	<u>21,373,795</u>	<u>(1,745,510)</u>
Operating Income	<u>11,460,304</u>	<u>11,460,304</u>	<u>11,068,564</u>	<u>(391,740)</u>
Nonoperating Revenues (Expenses)				
Interest income	2,565,857	2,565,857	3,895,850	1,329,993
Interest expense	(11,430,681)	(11,430,681)	(11,046,297)	384,384
Gain (loss) on sale of capital assets	60,000	60,000	(955,258)	(1,015,258)
Gain (loss) on investments	-	-	127,510	127,510
Total nonoperating revenues (expenses)	<u>(8,804,824)</u>	<u>(8,804,824)</u>	<u>(7,978,195)</u>	<u>826,629</u>
Income Before Capital Contributions and Grants	<u>2,655,480</u>	<u>2,655,480</u>	<u>3,090,369</u>	<u>434,889</u>
Capital Contributions and Grants				
Capital contributions	-	-	1,688,381	1,688,381
Federal and state grants	-	-	1,332,495	1,332,495
Total capital contributions and grants	<u>-</u>	<u>-</u>	<u>3,020,876</u>	<u>3,020,876</u>
Change in Net Position	<u>2,655,480</u>	<u>2,655,480</u>	<u>6,111,245</u>	<u>3,455,765</u>
Net Position, Beginning of Year	<u>254,531,603</u>	<u>254,531,603</u>	<u>254,531,603</u>	<u>-</u>
Net Position, End of Year	<u>\$ 257,187,083</u>	<u>\$ 257,187,083</u>	<u>\$ 260,642,848</u>	<u>\$ 3,455,765</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department – Excluding Depreciation
December 31, 2024

	<u>2024</u>	<u>2023</u>
Water Reclamation Commission		
Commission expense reimbursement	\$ 1,875	\$ 1,525
Insurance	2,342	1,847
Other	58,190	77,984
Total	<u>62,407</u>	<u>81,356</u>
Utility Management		
Salaries	1,039,512	888,582
Employee benefits	396,898	398,674
Supplies	16,012	12,751
Contract services	252,406	108,895
Vehicle maintenance	34,953	21,110
Utilities	6,253	5,345
Insurance	2,917	2,476
Training and administration	288,375	213,039
Total	<u>2,037,326</u>	<u>1,650,872</u>
Finance and Administration		
Salaries	1,068,866	1,236,021
Employee benefits	447,932	605,540
Supplies	38,758	31,325
Contract services	1,123,982	1,134,965
Vehicle maintenance	7,199	12,447
Utilities	6,934	7,498
Insurance	7,111	5,922
Training and administration	121,024	88,543
Total	<u>2,821,806</u>	<u>3,122,261</u>
Engineering		
Salaries	1,522,577	1,384,386
Employee benefits	651,053	737,774
Supplies	58,076	57,248
Contract services	162,093	187,028
Vehicle maintenance	42,305	61,209
Utilities	20,539	20,497
Insurance	16,210	13,427
Training and administration	28,591	20,781
Total	<u>2,501,444</u>	<u>2,482,350</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department – Excluding Depreciation
December 31, 2024

(Continued)

	<u>2024</u>	<u>2023</u>
Information Systems		
Salaries	\$ 571,701	\$ 634,682
Employee benefits	215,878	271,445
Supplies	112,492	150,225
Contract services	620,906	371,099
Vehicle maintenance	-	6,306
Utilities	149,718	168,547
Insurance	4,000	4,610
Training and administration	13,015	20,436
Total	<u>1,687,710</u>	<u>1,627,350</u>
Collection System Maintenance		
Salaries	4,702,960	4,370,889
Employee benefits	1,543,095	2,360,656
Supplies	904,674	690,948
Contract services	1,023,761	1,651,982
Vehicle maintenance	862,667	239,767
Utilities	49,328	51,932
Insurance	54,008	46,229
Training and administration	40,952	42,556
Total	<u>9,181,445</u>	<u>9,454,959</u>
Operations – Adams, Fourche, Maumelle, and Industrial Monitoring		
Salaries	2,158,200	2,079,775
Employee benefits	863,821	959,232
Supplies	1,001,460	688,237
Contract services	1,587,278	1,197,972
Vehicle maintenance	32,598	25,173
Utilities	1,924,974	1,875,882
Insurance	149,021	135,809
Training and administration	83,357	91,351
Total	<u>7,800,709</u>	<u>7,053,431</u>
Environmental Assessment		
Salaries	1,070,286	1,008,131
Employee benefits	477,275	506,010
Supplies	122,985	112,779
Contract services	134,314	71,335
Vehicle maintenance	16,893	17,743
Utilities	7,470	7,974
Insurance	9,048	20,987
Training and administration	25,347	7,506
Total	<u>1,863,618</u>	<u>1,752,465</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department – Excluding Depreciation
December 31, 2024

(Continued)

	<u>2024</u>	<u>2023</u>
Facilities/Maintenance		
Salaries	\$ 2,391,884	\$ 1,611,688
Benefits	976,892	730,220
Supplies	1,020,359	791,262
Contract services	958,975	553,360
Vehicle expenses	95,537	87,990
Utilities	142,359	151,616
Insurance	102,893	80,111
Other	31,925	11,968
	<u>5,720,824</u>	<u>4,018,215</u>
Legal/HR		
Salaries	319,033	504,069
Benefits	138,811	201,104
Supplies	2,463	7,695
Contract services	5,673	69,351
Vehicle expenses	6,000	7,200
Utilities	2,933	3,447
Insurance	1,673	1,102
Other	85,643	65,979
	<u>562,229</u>	<u>859,947</u>
Total	<u>562,229</u>	<u>859,947</u>
Total operating expenses	<u>\$ 34,239,518</u>	<u>\$ 32,103,206</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

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,	
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>\$ 4,129,187</u>	<u>\$ 4,185,946</u>	<u>\$ 229,289</u>	<u>\$ 192,013</u>	<u>\$ 8,736,435</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 for Bonded Indebtedness
December 31, 2024**

(Continued)

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,	
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>\$ 2,400,988</u>	<u>\$ 2,169,448</u>	<u>\$ 147,272</u>	<u>\$ 129,248</u>	<u>\$ 4,846,956</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 for Bonded Indebtedness
 December 31, 2024**

(Continued)

Series Revenue Bonds (Series 2014)

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Principal Payable</u>		<u>Interest Payable</u>		<u>Total Annual Requirement</u>
		<u>May 1,</u>	<u>November 1,</u>	<u>May 1,</u>	<u>November 1,</u>	
2025	4.000%	\$ 340,000	\$ -	\$ 6,800	\$ -	\$ 346,800
		<u>\$ 340,000</u>	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 346,800</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bonds (Series 2015)

<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Principal Payable</u>		<u>Interest Payable</u>		<u>Total Annual Requirement</u>
		<u>April 1,</u>	<u>October 1,</u>	<u>April 1,</u>	<u>October 1,</u>	
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>\$ 10,075,000</u>	<u>\$ 10,255,000</u>	<u>\$ 1,016,694</u>	<u>\$ 840,109</u>	<u>\$ 22,186,803</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bonds (Series 2016B)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		December 1,	June 1,	December 1,	
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>\$ 13,200,000</u>	<u>\$ 1,757,961</u>	<u>\$ 1,757,961</u>	<u>\$ 16,715,922</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bonds (Series 2017)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,		
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>\$ 9,260,000</u>	<u>\$ 2,107,539</u>	<u>\$ 2,107,539</u>	<u>\$ 13,475,078</u>	

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

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,	
2025	2.250%	\$ 617,893	\$ 624,844	\$ 564,354	\$ 557,403	\$ 2,364,494
2026	2.250%	631,874	638,982	550,373	543,265	2,364,494
2027	2.250%	646,171	653,440	536,076	528,807	2,364,494
2028	2.250%	660,791	668,226	521,455	514,022	2,364,494
2029	2.250%	675,743	683,345	506,504	498,902	2,364,494
2030	2.250%	691,033	698,807	491,214	483,440	2,364,494
2031	2.250%	706,668	714,618	475,579	467,629	2,364,494
2032	2.250%	722,658	730,788	459,589	451,459	2,364,494
2033	2.250%	739,009	747,323	443,238	434,924	2,364,494
2034	2.250%	755,730	764,232	426,517	418,015	2,364,494
2035	2.250%	772,830	781,524	409,417	400,723	2,364,494
2036	2.250%	790,316	799,207	391,931	383,040	2,364,494
2037	2.250%	808,198	817,291	374,049	364,956	2,364,494
2038	2.250%	826,485	835,783	355,762	346,464	2,364,494
2039	2.250%	845,186	854,694	337,061	327,553	2,364,494
2040	2.250%	864,309	874,033	317,938	308,214	2,364,494
2041	2.250%	883,866	893,809	298,381	288,438	2,364,494
2042	2.250%	903,865	914,033	278,382	268,214	2,364,494
2043	2.250%	924,315	934,714	257,932	247,533	2,364,494
2044	2.250%	945,230	955,864	237,017	226,383	2,364,494
2045	2.250%	966,617	977,492	215,630	204,755	2,364,494
2046	2.250%	988,489	999,609	193,758	182,638	2,364,494
2047	2.250%	1,010,855	1,022,227	171,392	160,020	2,364,494
2048	2.250%	1,033,727	1,045,356	148,520	136,891	2,364,494
2049	2.250%	1,057,116	1,069,010	125,130	113,238	2,364,494
2050	2.250%	1,081,035	1,093,197	101,212	89,050	2,364,494
2051	2.250%	1,105,495	1,117,932	76,752	64,315	2,364,494
2052	2.250%	1,130,509	1,143,227	51,738	39,020	2,364,494
2053	2.250%	1,156,089	1,169,094	26,156	13,148	2,364,487
		<u>\$ 24,942,102</u>	<u>\$ 25,222,701</u>	<u>\$ 9,343,057</u>	<u>\$ 9,062,459</u>	<u>\$ 68,570,319</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bonds (Series 2020B)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		August 1,	February 1,	August 1,	
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>\$ 22,485,000</u>	<u>\$ 2,997,794</u>	<u>\$ 2,997,794</u>	<u>\$ 28,480,588</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

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,	
2025	1.750%	\$ 93,294	\$ 93,908	\$ 39,375	\$ 38,761	\$ 265,338
2026	1.750%	94,951	95,588	37,719	37,081	265,339
2027	1.750%	96,636	97,298	36,033	35,371	265,338
2028	1.750%	98,164	99,037	34,506	33,632	265,339
2029	1.750%	100,097	100,808	32,572	31,861	265,338
2030	1.750%	101,874	102,611	30,795	30,058	265,338
2031	1.750%	103,683	104,446	28,986	28,223	265,338
2032	1.750%	105,376	106,313	27,294	26,356	265,339
2033	1.750%	107,398	108,214	25,272	24,455	265,339
2034	1.750%	109,305	110,149	23,364	22,520	265,338
2035	1.750%	111,247	112,119	21,422	20,550	265,338
2036	1.750%	113,116	114,122	19,553	18,547	265,338
2037	1.750%	115,233	116,163	17,436	16,507	265,339
2038	1.750%	117,281	118,239	15,389	14,429	265,338
2039	1.750%	119,364	120,353	13,305	12,316	265,338
2040	1.750%	121,424	122,504	11,246	10,165	265,339
2041	1.750%	123,643	124,693	9,026	7,876	265,238
2042	1.750%	125,840	126,922	6,829	5,747	265,338
2043	1.750%	128,076	129,191	4,593	3,479	265,339
2044	1.750%	130,340	131,499	2,329	1,170	265,338
		<u>\$ 2,216,342</u>	<u>\$ 2,234,177</u>	<u>\$ 437,044</u>	<u>\$ 419,104</u>	<u>\$ 5,306,667</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bonds (Series 2021)

Year of Maturity	Interest Rate	Principal Payable	Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,	
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>\$ 9,061,796</u>	<u>\$ 9,061,796</u>	<u>\$ 126,093,592</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

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,	
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	3,867,990	86,546	43,515	7,823,040
		<u>\$ 82,522,454</u>	<u>\$ 83,450,798</u>	<u>\$ 30,912,061</u>	<u>\$ 29,983,687</u>	<u>\$ 226,869,000</u>

Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024

(Continued)

Sewer Revenue Bonds (Series 2024A)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2028	1.250%	\$ 63,409	\$ 63,805	\$ 28,743	\$ 28,347	\$ 184,304
2029	1.250%	64,204	64,606	27,948	27,546	184,304
2030	1.250%	65,009	64,415	27,143	26,737	183,304
2031	1.250%	65,824	66,236	26,328	25,916	184,304
2032	1.250%	66,650	67,066	25,502	25,086	184,304
2033	1.250%	67,485	67,907	24,667	24,245	184,304
2034	1.250%	68,332	68,759	23,820	23,393	184,304
2035	1.250%	69,188	69,621	22,964	22,531	184,304
2036	1.250%	70,056	70,494	22,096	21,658	184,304
2037	1.250%	70,934	71,378	21,218	20,774	184,304
2038	1.250%	71,824	72,273	20,328	19,879	184,304
2039	1.250%	72,725	73,179	19,427	18,973	184,304
2040	1.250%	73,636	74,097	18,516	18,055	184,304
2041	1.250%	74,560	75,026	17,592	17,126	184,304
2042	1.250%	75,495	76,966	16,657	16,186	185,304
2043	1.250%	76,441	76,919	15,711	15,233	184,304
2044	1.250%	77,400	77,884	14,752	14,268	184,304
2045	1.250%	78,370	78,860	13,782	13,292	184,304
2046	1.250%	79,353	79,849	12,799	12,303	184,304
2047	1.250%	80,348	80,850	11,804	11,302	184,304
2048	1.250%	81,356	81,864	10,796	10,288	184,304
2049	1.250%	82,376	82,890	9,776	9,262	184,304
2050	1.250%	83,409	83,930	8,743	8,222	184,304
2051	1.250%	84,454	84,982	7,698	7,170	184,304
2052	1.250%	85,513	86,048	6,639	6,104	184,304
2053	1.250%	86,586	87,127	5,566	5,025	184,304
2054	1.250%	87,671	88,219	4,481	3,933	184,304
2055	1.250%	88,771	89,325	3,381	2,827	184,304
2056	1.250%	89,884	90,446	2,268	1,706	184,304
2057	1.250%	91,011	91,580	1,141	572	184,304
		<u>\$ 2,292,274</u>	<u>\$ 2,306,601</u>	<u>\$ 472,286</u>	<u>\$ 457,959</u>	<u>\$ 5,529,120</u>

Note 1: The available proceeds of Series 2024A is \$59,600,000.

Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024

(Continued)

Sewer Revenue Bonds (Series 2024A) – Fully Amortized

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2028	1.250%	\$ 821,762	\$ 826,898	\$ 372,500	\$ 367,364	\$ 2,388,524
2029	1.250%	832,066	837,267	362,196	356,995	2,388,524
2030	1.250%	842,499	847,765	351,763	346,497	2,388,524
2031	1.250%	853,063	858,396	341,199	335,866	2,388,524
2032	1.250%	863,761	869,158	330,501	325,104	2,388,524
2033	1.250%	874,591	880,057	319,671	314,205	2,388,524
2034	1.250%	885,557	891,092	308,705	303,170	2,388,524
2035	1.250%	896,662	902,266	297,600	291,996	2,388,524
2036	1.250%	907,905	913,579	286,357	280,683	2,388,524
2037	1.250%	919,289	925,035	274,973	296,227	2,415,524
2038	1.250%	930,816	936,633	263,446	257,629	2,388,524
2039	1.250%	942,488	948,378	251,774	245,884	2,388,524
2040	1.250%	954,306	960,270	239,956	233,992	2,388,524
2041	1.250%	966,272	972,311	227,990	221,951	2,388,524
2042	1.250%	978,388	984,503	215,874	209,759	2,388,524
2043	1.250%	990,656	996,847	203,606	197,415	2,388,524
2044	1.250%	1,003,078	1,009,347	191,184	184,915	2,388,524
2045	1.250%	1,015,565	1,022,003	178,606	172,259	2,388,433
2046	1.250%	1,028,391	1,034,818	165,871	159,444	2,388,524
2047	1.250%	1,041,286	1,047,794	152,976	146,468	2,388,524
2048	1.250%	1,054,343	1,060,932	139,919	133,330	2,388,524
2049	1.250%	1,067,563	1,074,236	126,699	120,026	2,388,524
2050	1.250%	1,080,949	1,087,706	113,313	106,556	2,388,524
2051	1.250%	1,094,503	1,101,344	99,759	92,918	2,388,524
2052	1.250%	1,108,227	1,115,154	86,035	79,108	2,388,524
2053	1.250%	1,122,123	1,129,137	72,139	65,125	2,388,524
2054	1.250%	1,136,194	1,143,296	58,068	50,966	2,388,524
2055	1.250%	1,150,441	1,157,631	43,821	36,631	2,388,524
2056	1.250%	1,164,866	1,172,147	29,396	22,115	2,388,524
2057	1.250%	1,179,473	1,186,917	14,789	7,418	2,388,597
		<u>\$ 29,707,083</u>	<u>\$ 29,892,917</u>	<u>\$ 6,120,686</u>	<u>\$ 5,962,016</u>	<u>\$ 71,682,702</u>

**Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024**

(Continued)

Sewer Revenue Bond (Series 2024B)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2028	1.250%	\$ 276	\$ 276	\$ 127	\$ 125	\$ 804
2029	1.250%	279	280	123	122	804
2030	1.250%	283	284	119	118	804
2031	1.250%	286	287	116	115	804
2032	1.250%	289	291	113	111	804
2033	1.250%	293	295	109	107	804
2034	1.250%	297	298	105	103	803
2035	1.250%	301	302	101	100	804
2036	1.250%	304	306	98	96	804
2037	1.250%	308	310	93	92	803
2038	1.250%	312	314	90	88	804
2039	1.250%	316	318	86	84	804
2040	1.250%	320	322	82	80	804
2041	1.250%	324	326	77	76	803
2042	1.250%	328	330	73	72	803
2043	1.250%	333	334	69	67	803
2044	1.250%	336	339	65	63	803
2045	1.250%	341	343	61	59	804
2046	1.250%	345	347	56	55	803
2047	1.250%	350	352	52	50	804
2048	1.250%	354	356	48	46	804
2049	1.250%	359	361	43	41	804
2050	1.250%	363	365	39	37	804
2051	1.250%	368	370	34	32	804
2052	1.250%	372	375	29	27	803
2053	1.250%	377	380	25	22	804
2054	1.250%	382	384	20	17	803
2055	1.250%	387	389	15	13	804
2056	1.250%	392	394	10	8	804
2057	1.250%	398	399	5	2	804
		<u>\$ 9,973</u>	<u>\$ 10,027</u>	<u>\$ 2,083</u>	<u>\$ 2,028</u>	<u>\$ 24,111</u>

Note: The available proceeds from the Series 2024B is \$5,400,000

Little Rock Water Reclamation Authority
Schedule for Bonded Indebtedness
December 31, 2024

(Continued)

Sewer Revenue Bond (Series 2024B) – Fully Amortized

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2028	1.250%	\$ 74,455	\$ 74,920	\$ 33,750	\$ 33,285	\$ 216,410
2029	1.250%	75,389	75,860	32,816	32,345	216,410
2030	1.250%	76,334	76,811	31,871	31,394	216,410
2031	1.250%	77,291	77,774	30,914	30,431	216,410
2032	1.250%	78,260	78,749	29,945	29,456	216,410
2033	1.250%	79,241	79,736	28,964	28,469	216,410
2034	1.250%	80,235	80,736	27,970	27,469	216,410
2035	1.250%	81,241	81,749	26,964	26,456	216,410
2036	1.250%	82,260	82,774	25,945	25,431	216,410
2037	1.250%	83,291	83,812	24,914	24,393	216,410
2038	1.250%	84,336	84,863	23,869	23,342	216,410
2039	1.250%	85,394	85,927	22,811	22,278	216,410
2040	1.250%	86,464	87,005	21,741	21,200	216,410
2041	1.250%	87,549	88,095	20,656	20,110	216,410
2042	1.250%	88,646	89,200	19,559	19,005	216,410
2043	1.250%	89,757	90,319	18,448	17,886	216,410
2044	1.250%	90,883	91,451	17,322	16,754	216,410
2045	1.250%	92,023	92,598	16,182	15,607	216,410
2046	1.250%	93,176	93,759	15,029	14,446	216,410
2047	1.250%	94,345	94,935	13,860	13,270	216,410
2048	1.250%	95,528	96,125	12,677	12,080	216,410
2049	1.250%	96,725	97,330	11,480	10,875	216,410
2050	1.250%	97,939	98,550	10,266	9,655	216,410
2051	1.250%	99,166	99,786	9,039	8,419	216,410
2052	1.250%	100,410	101,038	7,795	7,167	216,410
2053	1.250%	101,669	102,305	6,536	5,900	216,410
2054	1.250%	102,944	103,587	5,261	4,618	216,410
2055	1.250%	104,235	104,886	3,970	3,319	216,410
2056	1.250%	105,541	106,201	2,664	2,004	216,410
2057	1.250%	106,865	107,527	1,340	672	216,404
		<u>\$ 2,691,592</u>	<u>\$ 2,708,408</u>	<u>\$ 554,558</u>	<u>\$ 537,736</u>	<u>\$ 6,492,294</u>

Statistical Data



LITTLE ROCK

**Water Reclamation
Authority** ONE WATER.
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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.

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D – Demographic and Economic Information

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E – Operating Information

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

	<u>2015 (A)</u>	<u>2016</u>	<u>2017</u>	<u>2018 (B)</u>
Primary Government				
Net invested in capital assets	\$ 166,962,094	\$ 174,925,069	\$ 175,449,301	\$ 178,984,742
Restricted				
Debt service	12,534,544	6,310,592	6,868,935	7,147,197
Postemployment benefits	-	1,571,149	1,640,581	-
Total restricted	<u>12,534,544</u>	<u>7,881,741</u>	<u>8,509,516</u>	<u>7,147,197</u>
Unrestricted	<u>8,232,798</u>	<u>11,394,435</u>	<u>14,968,883</u>	<u>17,557,370</u>
Total primary government net position	<u>\$ 187,729,436</u>	<u>\$ 194,201,245</u>	<u>\$ 198,927,700</u>	<u>\$ 203,689,309</u>

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

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

2019	2020	2021	2022	2023	2024
\$ 181,817,487	\$ 188,499,492	\$ 190,697,908	\$ 189,958,671	\$ 182,427,260	\$ 187,834,140
8,002,459	5,688,547	4,972,898	3,347,661	5,112,988	6,707,612
-	-	-	-	-	-
8,002,459	5,688,547	4,972,898	3,347,661	5,112,988	6,707,612
22,708,190	25,764,938	39,106,051	53,246,663	66,991,355	66,101,096
<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>	<u>\$ 260,642,848</u>

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

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Depreciation Expense</u>	<u>Total Nonoperating Revenues (Expenses)</u>	<u>Income Before Capital Contributions</u>	<u>Capital Contributions and Grants</u>	<u>Change in Net Position</u>
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
2024	66,681,877	(34,239,518)	(21,373,795)	(7,978,195)	3,090,369	3,020,876	6,111,245

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
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
2024	64,645,871	1,429,719	31,230	575,057	66,681,877

(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
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
2024	20,969,840	4,166,686	5,074,661	229,485	1,801,100

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

<u>Administrative Costs (A)</u>	<u>Subtotal Expense Before Depreciation</u>	<u>Depreciation</u>	<u>Total Operating Expense</u>
\$ 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
1,997,746	34,239,518	21,373,795	55,613,313

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 Capital Assets	Gain (Loss) on Investments	Other	Total Nonoperating Revenue (Expense)
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)
2024	(11,046,297)	3,895,850	-	(955,258)	127,510	-	(7,978,195)

(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
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
2024	484	45	529

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)	
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
2024	64,886	7,161	54	-	72,101

(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)	2024	2023	2022	2021(D)	2020(D)	2019(D)
5/8"	\$ 12.93	\$ 12.93	\$ 12.93	\$ 12.93	\$ 12.36	\$ 11.81
3/4"	16.71	16.71	16.71	16.71	15.95	15.23
1"	25.07	25.07	25.07	25.07	24.13	23.03
Volumetric rate(B)						
Operations volumetric rate(B)	2.22	2.22	2.22	2.22	2.12	2.02
Debt repayment rate(B)	2.58	2.58	2.58	2.58	2.46	1.35

(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: Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

<u>2018(D)</u>	<u>2017(D)</u>	<u>2016</u>	<u>2015</u>
\$ 11.29	\$ 10.78	\$ 10.29	\$ 10.29
14.54	13.88	13.25	13.25
21.99	20.99	20.04	20.04
1.93	1.84	1.76	1.76
2.24	2.14	2.04	1.81

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

Base Rate(A) (Meter Size)	2024	2023	2022	2021(D)	2020(D)	2019(D)
5/8"	\$ 19.47	\$ 19.47	\$ 19.47	\$ 19.47	\$ 18.59	\$ 17.75
3/4"	25.07	25.07	25.07	25.07	23.93	22.85
1"	37.91	37.91	37.91	37.91	36.19	34.55
Volumetric Rate (B)						
Operations Volumetric Rate(B)	3.33	3.33	3.33	3.33	3.18	3.03
Debt Repayment Rate(B)	3.87	3.87	3.87	3.87	3.70	3.53

(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: Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

<u>2018(D)</u>	<u>2017(D)</u>	<u>2016</u>	<u>2015</u>
\$ 16.94	\$ 16.17	\$ 15.44	\$ 15.44
21.81	20.82	19.88	19.88
32.98	31.49	30.06	30.06
58.23	55.59	53.07	53.07
90.36	86.26	82.35	82.35
165.15	157.66	150.51	150.51
272.30	259.95	248.16	248.16
540.05	515.56	492.18	492.18
4.53	4.33	4.13	4.13
3.96	3.78	3.61	3.19

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

Base Rate(A) (Meter Size)	2024	2023	2022	2021(D)	2020(D)	2019(D)
5/8"	\$ 12.98	\$ 12.98	\$ 12.98	\$ 12.98	\$ 12.39	\$ 11.83
3/4"	16.71	16.71	16.71	16.71	15.95	15.23
1"	25.27	25.27	25.27	25.27	24.13	23.03
1.5"	44.62	44.62	44.62	44.62	42.60	40.66
2"	69.24	69.24	69.24	69.24	66.10	63.10
3"	126.54	126.54	126.54	126.54	120.81	115.33
4"	208.65	208.65	208.65	208.65	199.19	190.15
6" or larger	413.81	413.81	413.81	413.81	395.05	377.13
Operations volumetric rate(B)	3.47	3.47	3.47	3.47	3.31	3.16
Debt repayment rate(B)	3.03	3.03	3.03	3.03	2.89	2.76

(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: Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

<u>2018(D)</u>	<u>2017(D)</u>	<u>2016</u>	<u>2015</u>
\$ 11.29	\$ 10.79	\$ 10.29	\$ 10.29
14.54	13.88	13.25	13.25
21.99	20.99	20.04	20.04
38.82	37.06	35.38	35.38
60.24	57.51	54.90	54.90
110.10	105.11	100.34	100.34
181.53	173.30	165.44	165.44
360.03	343.71	328.12	328.12
3.02	2.88	2.75	
2.63	2.51	2.40	2.75

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

Base Rate(A) (Meter Size)	2024	2023	2022	2021	2020(D)	2019(D)
5/8"	\$ 19.47	\$ 19.47	\$ 19.47	\$ 19.47	\$ 18.59	\$ 17.75
3/4"	25.07	25.07	25.07	25.07	23.93	22.85
1"	37.91	37.91	37.91	37.91	36.19	34.55
1.5"	66.93	66.93	66.93	66.93	63.89	61.00
2"	103.86	103.86	103.86	103.86	99.15	94.65
3"	189.82	189.82	189.82	189.82	181.21	172.99
4"	312.97	312.97	312.97	312.97	298.78	285.23
6" or larger	620.72	620.72	620.72	620.72	592.57	565.70
Volumetric rate(B)						
Operations volumetric rate(B)	5.21	5.21	5.21	5.21	4.97	4.75
Debt repayment rate(B)	4.55	4.55	4.55	4.55	4.35	4.15

(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: Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

<u>2018(D)</u>	<u>2017(D)</u>	<u>2016</u>	<u>2015</u>
\$ 16.94	\$ 16.17	\$ 15.44	\$ 15.44
21.81	20.82	19.88	19.88
32.98	31.49	30.06	30.06
58.23	55.59	53.07	53.07
90.36	86.26	82.35	82.35
165.15	157.66	150.51	150.51
272.30	259.95	248.16	248.16
540.05	515.56	492.18	492.18
4.53	4.33	4.13	4.13
3.96	3.78	3.61	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
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	413,701,659	2,042	4.79%
2024	173,585,000	238,093,018	1,530,146	413,208,164	2,040	3.43%

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	
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
2024	70,577,727	(34,239,518)	36,338,209	525,158,578	33	15,913,896	2.28

As part of each bond ordinance, LRWRA may treat any increase in rates for the System 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 System 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 2024A and 2024B Revolving Loan Funds (RLF) at December 31. Amount also includes future interest payments on outstanding debt.

**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
2015	193,524	\$ 8,182,775,292	\$ 42,283	4.4%
2016	193,524	8,351,721,744	43,156	3.5%
2017	193,524	8,489,897,880	43,870	3.4%
2018	193,524	8,215,480,848	42,452	3.3%
2019	193,524	9,042,602,424	46,726	3.2%
2020	193,524	8,781,345,024	45,376	6.6%
2021	202,591	11,220,705,126	55,386	4.2%
2022	202,591	11,425,929,809	56,399	3.1%
2023	202,591	12,046,668,633	59,463	3.0%
2024	202,591	12,046,668,633	59,463	3.2%

(A) Population of Little Rock, Arkansas, using 2010 Census for 2012–2020 and 2020 Census for 2021–2024.

(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.

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

Customer	Fiscal Year 2024	
	Amount	Percent
UAMS	\$ 709,728	1.08%
Veterans Hospital	470,444	0.72%
Jack Wilson WTP	419,718	0.64%
Baptist Medical Center	414,158	0.63%
Hiland Dairy, West	375,467	0.57%
Little Rock Quick Rice HSW	333,294	0.51%
AluChem of Little Rock, LLC	331,174	0.50%
Pulaski County Sheriff Detention	272,652	0.42%
St. Vincent	248,273	0.38%
Custom Craft Poultry	227,327	0.35%
Subtotal	3,802,235	5.79%
Balance from other customers	61,846,910	94.21%
Grand total(A)	\$ 65,649,145	100.00%

Customer	Fiscal Year 2015	
	Amount	Percent
Baptist Medical Ct.	\$ 504,279	1.02%
University of Arkansas Medical Science	482,956	0.97%
Little Rock Quick Rice	414,140	0.83%
Central Arkansas Water	394,657	0.80%
Veterans Administration Hospitals	360,368	0.73%
St. Vincint's Hospitals	254,326	0.51%
Welspun Tubular	249,419	0.50%
Hiland Dairy	208,759	0.42%
Arkansas Children's Hospital	178,160	0.36%
Statehouse Convention Center	138,605	0.28%
Subtotal	3,185,669	6.42%
Balance from other customers	46,431,178	93.58%
Grand total(A)	\$ 49,616,847	100.00%

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

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					
	2015	2016	2017	2018	2019	2020
Administration						
Executive Administrator	1	1	1	1	1	1
Safety and Communications	4	5	4	5	5	5
Human Resources	2	2	3	3	3	3
Finance/Accounting	12	12	11	12	12	12
Information Services	11	12	13	11	11	11
Legal	-	1	1	1	1	1
Clerical	7	5	4	5	5	2
Engineering	20	23	22	23	25	26
Sewer Plant Maintenance	24	25	19	24	24	23
Sewer Systems Maintenance	82	81	88	88	87	86
Sewer Plant Operations	22	22	22	24	24	25
Environmental Assessment	24	23	22	17	16	16
Total Employees	209	212	210	214	214	211

**Full-Time Equivalent Employees
as of December 31**

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1	1	1	1
5	4	5	5
3	3	3	3
11	15	12	12
11	11	5	6
1	1	1	-
2	2	2	2
29	28	24	27
22	20	27	31
85	87	88	90
24	25	22	25
15	15	15	15
<u>209</u>	<u>212</u>	<u>205</u>	<u>217</u>

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

	2015	2016	2017	2018	2019
Wastewater treatment					
Miles of sewer	1,375	1,384	1,386	1,393	1,400
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)	37.04	32.40	29.34	35.83	38.18
Unused capacity (MGD)	18.96	23.60	26.66	20.17	17.82
Percent of capacity utilized	66%	58%	52%	64%	68%

Note: MGD = millions of gallons per day.

2020	2021	2022	2023	2024
1,404 3	1,412 3	1,416 3	1,419 3	1,424 3
56.0	56.0	56.0	56.0	56.0
156.0	156.0	156.0	156.0	156.0
33.76	32.06	33.57	37.50	36.69
22.24	23.94	22.43	18.48	19.31
60%	57%	60%	67%	66%



Little Rock Water Reclamation Authority

Single Audit Reports

December 31, 2024



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**Little Rock Water Reclamation Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
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	\$ -	\$ 7,367,750
Total Clean Water State Revolving Fund Cluster			-	7,367,750
Department of Homeland Security/Arkansas Department of Emergency Management/Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	119-UTBGN-00	-	1,332,495
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 8,700,245</u>

Little Rock Water Reclamation Authority
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

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, 2024. 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.

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

Members of the 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, 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated May 2, 2025.

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 Mazars, LLP

**Little Rock, Arkansas
May 2, 2025**

Report on Compliance for Each 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

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

Report on Compliance for Each Major Federal Program

Opinion on Each 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 each of the Utility's major federal programs for the year ended December 31, 2024. The Utility's major federal programs are 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 each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each 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 each 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 each 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, 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements. We have issued our report thereon dated May 2, 2025, 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 Mazars, LLP

**Little Rock, Arkansas
May 2, 2025**

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, 2024**

Reference Number	Summary of Finding	Status
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No matters are reportable.