



LITTLE ROCK

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

**LITTLE ROCK, ARKANSAS**

A Component Unit of the City of Little Rock, Arkansas

**Comprehensive Annual Financial Report**

**For the Years Ended December 31, 2019  
and 2018**



# LITTLE ROCK WATER RECLAMATION AUTHORITY

Little Rock, Arkansas

A Component Unit of the City of Little Rock

## Contents

### Introductory Section

Transmittal Letter .....	1
GFOA Certificate of Achievement.....	10
Organizational Chart.....	11
List of Appointed Officials.....	12

### Financial Section

Independent Auditor's Report .....	13
Management's Discussion and Analysis .....	16
Basic Financial Statements	
Statements of Net Position .....	26
Statements of Revenues, Expenses and Changes in Net Position .....	28
Statements of Cash Flows .....	29
Statement of Fiduciary Net Position.....	31
Statement of Changes in Fiduciary Net Position.....	32
Notes to Financial Statements .....	33

### Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios (GASB 74 and GASB 75) .....	70
Schedule of Contributions – OPEB (GASB 74 and GASB 75) .....	71
Schedule of Investment Returns – OPEB (GASB 74 and GASB 75) .....	72
Schedule of Contributions – Arkansas Public Employees Retirement System .....	73
Schedule of Proportionate Share of the Net Pension Liability – Arkansas Public Employees Retirement System.....	74

### Supplementary Information

Budgetary Comparison Schedule .....	75
Schedule of Operating Expenses by Department – Excluding Depreciation .....	76
Schedule of Bonded Indebtedness .....	79

(This Page Intentionally Left Blank)

# LITTLE ROCK WATER RECLAMATION AUTHORITY

Little Rock, Arkansas

A Component Unit of the City of Little Rock

## Contents (Continued)

### Statistical Data

Net Position by Component, Last Ten Fiscal Years (Schedule 1).....	95
Changes in Net Position, Last Ten Fiscal Years (Schedule 2) .....	96
Operating Revenues by Source, Last Ten Fiscal Years (Schedule 3) .....	97
Operating Expenses, Last Ten Fiscal Years (Schedule 4).....	98
Nonoperating Revenues and Expenses, Last Ten Fiscal Years (Schedule 5).....	99
New Construction/Inspections Completed, Last Ten Fiscal Years (Schedule 6) .....	100
Number of Sewer Customers by Type, Last Ten Fiscal Years (Schedule 7) .....	101
Domestic Sewer Rates (Inside City), Last Ten Fiscal Years (Schedule 8A).....	102
Domestic Sewer Rates (Outside City), Last Ten Fiscal Years (Schedule 8B).....	103
Non-Domestic Sewer Rates (Inside City), Last Ten Fiscal Years (Schedule 9A).....	104
Non-Domestic Sewer Rates (Outside City), Last Ten Fiscal Years (Schedule 9B) .....	105
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years (Schedule 10).....	106
Pledged-Revenue Coverage, Last Ten Fiscal Years (Schedule 11).....	107
Demographic and Economic Statistics, Last Ten Calendar Years (Schedule 12) .....	108
Ten Largest Sewer Customers, Current Year and Nine Years Ago (Schedule 13) .....	109
Principal Employers, Current Year and Nine Years Ago (Schedule 14).....	110
Number of Employees by Identifiable Activity, Last Ten Fiscal Years (Schedule 15) .....	111
Operating and Capital Indicators, Last Ten Fiscal Years (Schedule 16).....	112

(This Page Intentionally Left Blank)

# INTRODUCTORY SECTION



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







May 15, 2020

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 the Utility) is proud to present the Comprehensive Annual Financial Report (CAFR) for the fiscal years ended December 31, 2019 and 2018. 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, 2019. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LRWRA.

The CAFR 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 **BKD, LLP**, a firm of licensed certified public accountants. BKD has issued unmodified (clean) opinions on LRWRA's financial statements for the years ended December 31, 2019 and 2018. 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, 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 fiscal year. This annual operating and capital budget serves as the foundation for LRWRA's financial planning and control. The budget is submitted by each department, consolidated and prepared by the Finance Department and reviewed by 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.

### **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 – state government, centralized health care centers, a financial sector, information sector and a variety of other sectors that are not cyclical. As Arkansas's capital city, Little Rock is renowned for its charming hospitality, history and culture. Recently ranked the third most "Travel Worthy State Capital," by *USA Today* readers, Little Rock continues to garner national and international acclaim for its quality of life and tourism amenities.

The customer base has continued to grow at a slow but steady pace from previous years for the domestic (residential) and non-domestic (non-residential) users of the City of Little Rock Water Reclamation System (the System). The number of domestic customer accounts has increased by 4.12% over the past 10 years, while non-domestic customer accounts have increased by 4.82% over the same period. The overall growth of total customer accounts for the 10-year period is 4.19%, an increase of 1.25% from 2018.

### **Long-Term Financial Planning**

The Capital Improvement Plan (CIP) is a multi-year plan to address capital projects outlined in the System Evaluation and Capacity Assurance Plan (SECAP), the SECAP update, and routine expenditures to maintain infrastructure and replace aging fleet and equipment. The SECAP was adopted as part of the Sierra Club Settlement Agreement dated September 12, 2001. In 2006, Arkansas Department of Environmental Quality (ADEQ) and LRWRA signed a Consent Administrative Order (CAO) to address sanitary sewer overflows. The deadline to complete all the requirements of the CAO was initially set at January 1, 2016. In 2010, RJN Group was selected to provide LRWRA with an update to the SECAP report. In 2011, the deadline to complete the requirements of the CAO was extended three years to December 31, 2018. During 2015, LRWRA changed the capital improvement program to focus on Collection System Overflow Mitigation Projects instead of wet weather storage facilities. Because of these changes, the deadline to complete all the requirements of the CAO and the Settlement Agreement was extended to December 31, 2023.

The 10-year plan contained in the 2020 budget includes estimated capital expenditures required to meet the goals of the SECAP plan from the study completed in 2002, the updated study from 2010, and the new Collection System Overflow Mitigation Projects by December 31, 2023. The plan is updated annually to reflect the latest priorities, updated cost estimates, and anticipated funding. Total estimated costs remaining to satisfy the CAO requirements are \$75.0 million. *Note 8, Litigation*, of the audit discusses the Settlement Agreement in more detail.

Total capital expenditures of \$62.1 million are planned for 2020. Of this amount, \$53.4 million relates to carryover projects and \$8.7 million is proposed for new capital projects.

The Utility estimates that capital improvements required over the next 10 years, both to comply with the Settlement Agreement and the CAO and for routine capital improvements, will cost \$248.4 million. Some of the larger capital projects included in the capital budget are as follows:

### **Collection System Rehabilitation Capacity Assurance Projects**

Various rehabilitation projects are forecast to require expenditures totaling \$107.8 million over the next 10 years through 2029. The total cost of work scheduled during 2020 is \$38.3 million and will be funded with system revenues and sewer revenue bonds issued in 2016, 2018 and 2019. The balance of the cost will be funded with System revenues and sewer revenue bonds to be issued in 2020 and 2024.

### **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 2020, \$3.0 million is forecasted for trenchless rehabilitation work. The Utility is projecting that \$21.5 million will be needed in total for years 2020 to 2029. This project is being funded with System revenues and sewer revenue bonds from 2016, 2018, 2019, 2020 and 2024.

### **Large Diameter Pipe Inspection and Rehabilitation**

A large diameter pipe inspection and rehabilitation program started to address the renewal of structurally deteriorated line segments. The 2020 cost is estimated at \$3.0 million. The identified line segments will be prioritized and placed on a rehabilitation schedule. The rehabilitation is estimated at a total cost of \$30.6 million through 2026 and will be funded by System revenues and revenue bonds to be issued in 2018, 2019, 2020 and 2024.

### **Adams Field Water Reclamation Facility – Parallel Treatment Installation/Disinfection**

To help reduce wet-weather overflows, LRWRA plans to increase the peak flow treatment capacity of its Adams Field Water Reclamation Facility (AFWRF) to 94 million gallons per day (MGD) by installing media filters at additional treatment facilities that will be operated in parallel with the existing activated sludge facilities. The project construction is expected to be completed by 2020 and the total capital cost for this project is estimated at \$34.1 million. The funding sources are sewer revenue bonds RLF 2016A and RLF 2020.

### **Adams Field WTF Asset Renewal – Phase II**

Based on current trends and in anticipation of future regulatory requirements on nutrient removal, LRWRA created a project for projected upgrades to facilities through the design phase for nutrient removal. Estimated expenditures through 2025 (estimated completion date) are \$4.7 million and will be funded by System revenues and sewer revenue bond RLF 2024.

### **Fourche Creek Water Reclamation Facility Phase III – Rehabilitation**

In the 2008 Facility Plan for the facility, the hydraulic throughput of the plant was increased from 36 MGD to 52 MGD to allow for anticipated growth in the industrial port complex. Construction is scheduled to be completed by the end of 2021. The total cost is estimated at \$15.9 million for the construction of hydraulic and other capital improvements and will be funded by System revenues and sewer revenue bond RLF 2016 and 2017 bonds.

### **Jamison Pump Station Upgrade**

The Jamison Road Pump Station was constructed in 1993. The station consists of five submersible pumps, which include two 25 hp and three 150 hp pumps. There are two grinders and screens—one on each of the inlet channels. Dry weather flow at the station is approximately 2 MGD. Peak pumping capacity is approximately 16 MGD. Overall the wet well, valve vault, and building structure are in good condition and the station is functioning as designed. No changes are immediately required, but the SECAP recommended installing back-up power, painting the ferrous surfaces at the station, and replacing the grinders with a mechanical bar screen when maintenance of the grinders becomes an issue. The project is scheduled to start in 2020 and be completed in 2021. Estimated total cost is \$2.3 million and will be funded by System revenues and sewer revenue bond RLF 2020.

### **Two Rivers Park Station**

The Two Rivers Park Pump Station would allow the Walton Heights area sewer to operate independently during all wasting activities at Little Maumelle Water Reclamation Facility (LMWRF). The Walton Heights gravity line valve must be shut during wasting, or the flows from the LMWRF will back up in the lines and cause stoppages and overflows. This project would allow the flexibility to waste at the treatment plant when needed. The project is scheduled to start in 2020 and finish in 2022. Estimated total cost is \$3.4 million, with funding coming from the 2020 RLF.

## **Financial Policies**

LRWRA is accounted for as an Enterprise Fund, which is a proprietary fund. Enterprise Funds are used to account for operations that are financed and operated in a manner like 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 states 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 all bonds at any time 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 by the LRWRC 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, 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 of the 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 are hereby 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 state procurement laws and the nature of capital improvement expenditures, it generally takes more than one (1) fiscal year to complete most capital improvement projects. 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 finance staff is responsible for combining them for each department’s O&M and capital requests, budget revenues and other expenditures. 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 are subject to approval by management but do not require approval from the LRWRC. Emergency funding authorizations and amendments to 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.

LRWRA is a component unit of the City of Little Rock and operates as an autonomous enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner like a private business enterprise, where the intent of the governing body is that the costs (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 service, and billing and collection. 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 description and figures of the revenue sources are covered in the financial overview section of this budget.

### **Operating Cash Reserve Policy**

Resolution No 2012-12 created a 60-day operating cash reserve of operations and maintenance, revenue-funded capital, and debt principal and interest requirements by December 31, 2020, and set a minimum cash operating balance of 45 days effective immediately. This resolution also gives the CEO and staff authorization to take necessary action if reserve levels drop below minimum to adjust expenses and 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) authorizes LRWRA to invest in investment securities such as: (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 capital improvement program 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.

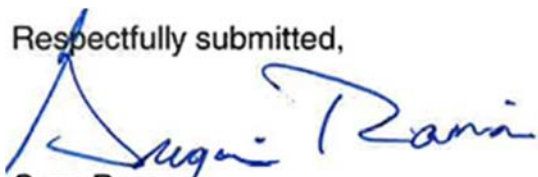
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Little Rock Water Reclamation Authority, Little Rock, Arkansas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the fifteenth 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 CAFR 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 CAFR for the year ended December 31, 2019, 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 Michael Rhoda, Chief Financial Officer, and the entire staff of LRWRA Finance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Greg Ramon". The signature is stylized with a large initial 'G' and a long, sweeping underline.

Greg Ramon  
Chief Executive Officer

(This Page Intentionally Left Blank)



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Little Rock  
Water Reclamation Authority  
Arkansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

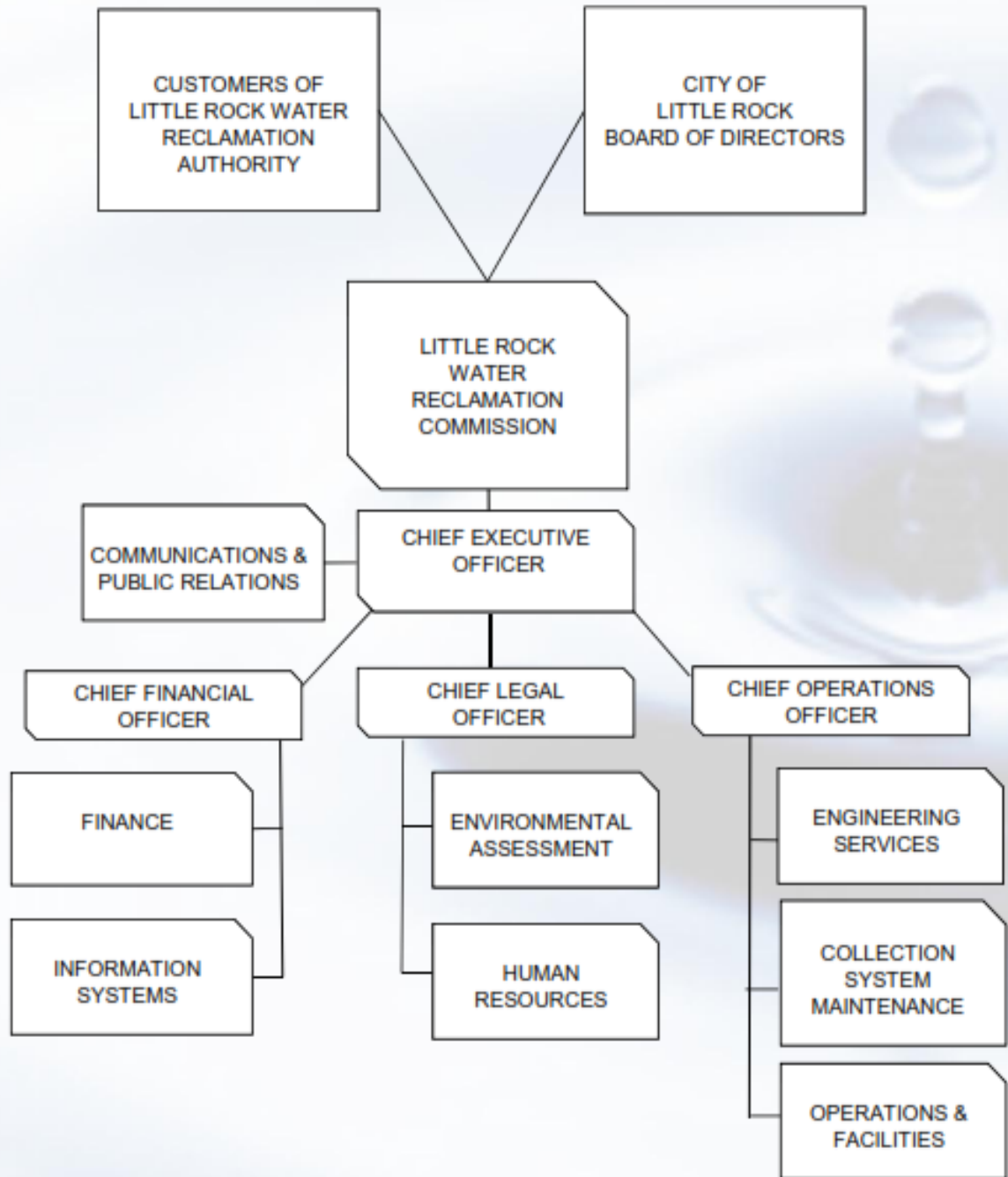
**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

(This Page Intentionally Left Blank)

# LITTLE ROCK WATER RECLAMATION AUTHORITY ORGANIZATIONAL CHART



(This Page Intentionally Left Blank)

# 2019 LITTLE ROCK WATER RECLAMATION COMMISSION

**Ganelle Holman  
Secretary**



**Richard Mays  
Jr.  
Chair**



**Chris Marsh  
Vice Chair**



**Debbie Shock  
Commissioner**

**Bill Flowers  
Commissioner**



**Schawnee Hightower  
Commissioner**



**Lauren Ward  
Commissioner**

## EXECUTIVE STAFF

Greg Ramon – Chief Executive Officer  
Mike Rhoda – Chief Financial Officer  
Jean Block – Chief Legal Officer  
Howell Anderson, P.E. – Chief Operating Officer  
John Holloway, P.E. – Engineering  
Jamie Ewing – Environmental Assessment  
Walter Collins, P.E. – Operations

(This Page Intentionally Left Blank)



# FINANCIAL SECTION



LITTLE ROCK

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



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities of Little Rock Water Reclamation Authority (Utility) as of and for the years ended December 31, 2019 and 2018, and the fiduciary activities of the Utility for the year ended December 31, 2019, collectively a component unit of the City of Little Rock, Arkansas, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

### *Management's Responsibility 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; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Little Rock Water Reclamation Authority as of December 31, 2019 and 2018, and the fiduciary activities as of December 31, 2019, 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.

### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2019 the Utility adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***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 information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

#### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Rock Water Reclamation Authority's basic financial statements. The introductory section, budgetary comparison schedule, schedule of operating expenses by department – excluding depreciation, schedule of bonded indebtedness and the statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule, schedule of operating expenses by department – excluding depreciation and schedule of bonded indebtedness are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 budgetary comparison schedule, schedule of operating expenses – excluding depreciation and schedule of bonded indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*BKD, LLP*

Dallas, Texas  
May 15, 2020

(This Page Intentionally Left Blank)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

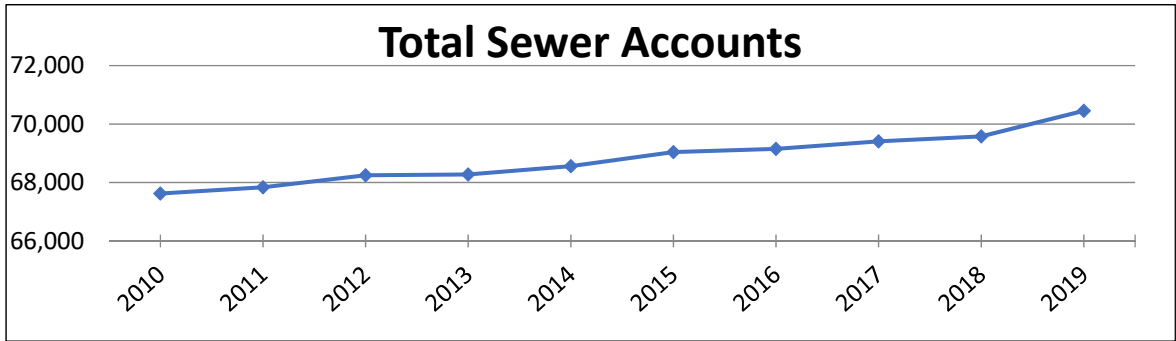
As management of Little Rock Water Reclamation Authority (LRWRA), we offer readers of LRWRA's financial statements this narrative overview and analysis of the financial activities of LRWRA for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in 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 comprehensive annual financial report is made available via the internet ([www.lrwra.com](http://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, 2019, were \$588.9 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$376.4 million. Total Net Position was \$212.5 million, an increase of 4.3% from 2018. Total Assets and Deferred Outflows of Resources at **December 31, 2018**, were \$550.1 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$346.4 million. Total Net Position was \$203.7 million, an increase of 2.4% from 2017.
- Operating Revenue for fiscal year 2019 was \$60.8 million, which is a decrease of \$135,000, or 0.2%, from fiscal year 2018. Even though LRWRA implemented a rate change of 4.75% in January 2019, revenues decreased from fiscal year 2018 due to a lower usage by both domestic and non-domestic customers. Operating Revenue for fiscal year 2018 was \$60.9 million, which is an increase of \$5.6 million, or 9.9%, from fiscal year 2017. The increase in fiscal year 2018 from fiscal year 2017 reflects two major items; LRWRA implemented a rate change of 4.75% and a 4% increase in surcharge to industrial customers.
- Operating Expenses, before Depreciation, for fiscal year 2019 were \$30.2 million, which is an increase of \$1.9 million, or 6.5%, compared to fiscal year 2018. The increases were primarily driven by a \$1.8 million increase in salaries and benefits in fiscal year 2019 compared to fiscal year 2018. Operating Expenses, before Depreciation, for fiscal year 2018 were \$28.3 million, which is an increase of \$1.1 million, or 4.2%, from 2017. The major increases were \$195,000 in salaries and benefits, \$396,000 in contract services and \$346,000 in administrative expense in fiscal year 2018 compared to fiscal year 2017.
- Operating Expenses, including Depreciation, for fiscal year 2019 were \$47.2 million, which is an increase of \$2.7 million, or 6.3%, from fiscal year 2018. Operating Expenses, including Depreciation, for fiscal year 2018 were \$44.4 million, which was an increase of \$2.0 million, or 4.8%, from fiscal year 2017.
- Debt Service Coverage was 2.26, which exceeds the 1.20 required by the Bond Covenant. In the Statistical Data Section, Schedule 11 – Pledged-Revenue Coverage provides more information on debt service coverage.
- In August 2015, the City of Little Rock Board of Directors passed a new Sewer Rate Ordinance. The ordinance included a five-step sewer rate adjustment timeline; 4.75% for January 2017; 4.75% for January 2018; 4.75% for January 2019; 4.75% for January 2020; and 4.75% for January 2021. Most of this revenue is to fund debt service for the 2016 Sewer Revenue Bond, the 2017 Construction Revenue Bond, the 2018 Sewer Revenue Bond, the 2019 Sewer Revenue Bond, and a future debt issue in 2020.
- Adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84). This implementation resulted in the restatement of 2019 beginning fiduciary net position.

**General Trends**

LRWRA’s customer accounts increased in 2019 from December 31, 2018 by 1.25%, or 873, and from 2017 by 170, or 0.24%. Over a 10-year period, the customer growth rate was 4.19%. As you can see from the chart below, customer growth has slow steady upward movement starting in 2010 to present.



<b>Water Reclamation Authority Customers</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning customer accounts	69,580	69,410	69,039
Additional customers (net)	873	170	371
Ending customers	70,453	69,580	69,410

The following chart shows a sample monthly domestic customer bill based on a consumption of 6 Ccf. 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.

<b>Domestic Bill</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	\$ 38.03	\$ 36.31	\$ 34.66

Little Rock’s Water Reclamation Authority rates remain moderately higher than neighboring utilities based on yearly rate surveys. The LRWRC updates the annual budget plan that allows LRWRA to project the need for potential rate adjustments in conjunction future foreseen with major capital construction and debt issuance.



## **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 1,393 miles of sewer lines. The National Association of Clean Water Agencies (NACWA) awarded all three LRWRA facilities in 2019. Adams Field was awarded a Platinum Peak Performance Award, which recognizes facilities with consistent record of full compliance for a consecutive five-year period; Fourche Creek was awarded a Gold Peak Performance Award, which recognizes facilities with no permit violations for the entire calendar year, and Little Maumelle was awarded a Silver Award!

The Adams Field Water Reclamation Facility 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. The latest facility upgrade was completed in 2007 at a cost of \$27.5 million. The construction consisted of upgrading the primary clarifiers for peak flow and building an equalization basin to hold up to 14 million gallons. The plant has a new Hydraulic Peak Capacity, with the maximum capacity consisting of 94 Million Gallons per Day (MGD). The plant is a complete-mix activated sludge plant, serving approximately 70% of the city of Little Rock, and is a two-stage secondary treatment plant, designed to reduce the pollutant load by approximately 90% through a combination of physical and biological processes. Starting in 2007, this treatment facility added an Ultra-Violet disinfection process.



The Fourche Creek Water Reclamation Facility (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 brought on line in 1989 at a cost of \$9 million. The FCWRF is also a two-stage, or secondary treatment facility. It has a rated biological treatment capacity of 16 MGD. The plant's annual average dry weather influent sewage flow is 12 MGD.

FCWRF has a hydrological capacity of 32MGD. The facility is currently in the construction stage of being upgraded to accommodate higher peak wet weather flows to approximately 48 MGD to further mitigate collection system surcharging.



The Little Maumelle Water Reclamation Facility 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 Ultra Violet 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.



The Peak Flow Attenuation Facility 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 project consists of a 50 MGD pump station, 12,000 linear feet (LF) of 48-inch force main, two (2) diversion structures, and a 30-million-gallon storage facility. This, along with an associated project, Arch Street Pump Station rehabilitation and hydraulic upgrade, cost \$54.5 million dollars. 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 pre-established 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 work force.

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.



## **Overview of the Financial Statements**

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

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

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

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

A major change to the 2018 LRWRA financial statements was the implementation (and initial adjusting entries for change in accounting principle) of the GASB Statement No. 75, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans* (GASB 75). The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits, or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*. Only the net position at the beginning of fiscal year was restated.

A major change to the 2019 LRWRA financial statements was the implementation of the GASB Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. As a result of the implementation, the Utility included the financial statements of the 401(a) Defined Contribution Plan in the statement of fiduciary net position and the statement of changes in fiduciary net position.

## **Fiscal Years 2017–2019 Financial Information**

### **Statement of Net Position**

Total Assets and Deferred Outflows of Resources increased by \$38.8 million in 2019 and increased \$20.1 million in 2018. This change was primarily due to the increase in Net Capital Assets, which increased \$33.7 million in 2019 and \$16.6 million in 2018. *Note 4* on page 42 provides a breakdown between classes of additions and retirements. Also, current assets increased \$6.7 million in 2019 and \$7.8 million in 2018. The 2019 increase was primarily due to the increase in cash and equivalents of \$7.6 million and a decrease of bond requirement-cash and cash equivalents of \$1.2 million. The 2018 increase was due to an increase of cash and cash equivalents of \$5.7 million, an increase in accounts receivable of \$2.9 million and a decrease of bond requirement -cash and cash equivalents of \$1.0 million.

Current Liabilities increased 7.2%, or \$1.6 million, in 2019 and 17.8%, or \$3.5 million, in 2018. The primary causes for the increases were the current portion of bonds payable increasing \$1.2 million in 2019 and \$324.0 thousand in 2018, and construction accounts payable increased \$2.9 million in 2018.

Noncurrent Liabilities increased 8.6% or \$27.8 million, for 2019 due to an increase in bonds payable of \$26.4 million and an increase of \$1.8 million in net pension liability. The increase of 3.2% or \$10.1 for 2018 was due to an increase in bonds payable of \$7.9 million, a decrease in net pension liability of \$3.2 million and an increase in Other Post Employment Benefits (OPEB) of \$5.4 million. LRWRA's bond information can be found in *Note 6* starting on Page 43. Additional information for GASB 68 net pension liability can be found on Pages 70 and 71. Total Liabilities increased by \$29.4 million from 2018 and \$13.6 million from 2017.

In 2019, Total Net Position increased by \$8.8 million, or 4.3%, including an increase of \$5.9 million from income before contributions, and \$2.9 million from capital contributions and grants. In 2018, Total Net Position increased by \$4.8 million, or 2.4%, including a change of \$7.5 million from income before contributions and grants and \$2.8 million from capital contributions and a prior period adjustment of \$5.5 million for the implementation of GASB 75.

	2019	Percent Change	2018	Percent Change	2017
<b>Assets</b>					
Current assets	\$ 47,594,978	16.30%	\$ 40,926,045	23.61%	\$ 33,107,687
Noncurrent unrestricted and restricted assets	16,113,998	-4.54%	16,879,965	-13.33%	19,476,487
Capital assets (net)	511,931,639	7.05%	478,224,019	3.59%	461,636,852
Total assets	<u>575,640,615</u>	<u>7.39%</u>	<u>536,030,029</u>	<u>4.24%</u>	<u>514,221,026</u>
<b>Deferred Outflows of Resources</b>					
Bond refunding	8,284,837	-9.12%	9,116,181	-8.66%	9,980,769
Pension funding	2,949,378	-14.82%	3,462,493	-40.17%	5,787,553
OPEB	2,018,483	100.00%	1,516,554	0.00%	-
Total deferred outflows of resources	<u>13,252,698</u>	<u>-5.98%</u>	<u>14,095,228</u>	<u>-10.61%</u>	<u>15,768,322</u>
Total assets and deferred outflows of resources	<u>\$ 588,893,313</u>	<u>7.05%</u>	<u>\$ 550,125,257</u>	<u>3.80%</u>	<u>\$ 529,989,348</u>
<b>Liabilities</b>					
Current liabilities	\$ 24,595,168	7.19%	\$ 22,945,797	17.75%	\$ 19,487,165
Noncurrent liabilities	349,098,339	8.64%	321,325,948	3.25%	311,205,177
Total liabilities	<u>373,693,507</u>	<u>8.55%</u>	<u>344,271,745</u>	<u>4.11%</u>	<u>330,692,342</u>
<b>Deferred Inflows of Resources</b>					
Pension funding	1,047,211	-42.95%	1,835,639	397.05%	369,306
OPEB	1,624,459	100.00%	328,564	0.00%	-
Total deferred inflows of resources	<u>2,671,670</u>	<u>23.45%</u>	<u>2,164,203</u>	<u>486.02%</u>	<u>369,306</u>
<b>Net Position</b>					
Net investment in capital assets	181,817,487	1.58%	178,984,742	2.02%	175,449,301
Restricted	8,002,459	11.97%	7,147,197	-16.01%	8,509,516
Unrestricted	22,708,190	29.34%	17,557,370	17.29%	14,968,883
Total net position	<u>212,528,136</u>	<u>4.34%</u>	<u>203,689,309</u>	<u>2.39%</u>	<u>198,927,700</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 588,893,313</u>	<u>7.05%</u>	<u>\$ 550,125,257</u>	<u>3.80%</u>	<u>\$ 529,989,348</u>

## Statement of Revenues, Expenses and Changes in Net Position

Operating revenue consists of three (3) general categories: assessments levied, industrial surcharges and other fees and income. Assessments levied are monthly residential/commercial service charge billings. Industrial surcharges consist of fees based on wastewaters having excessive 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.

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

Total Revenue increased from 2018 to 2019 by \$189.5 thousand, or 0.31%, and from 2017 to 2018 by \$6.1 million, or 10.9%. Even though LRWRA implemented a rate change of 4.75% in January 2019, revenues decreased from fiscal year 2018 due to lower usage by both domestic and non-domestic customers. The increase in fiscal year 2018 from fiscal year 2017 reflects an implemented rate change of 4.75% and an increase of 4% for industrial surcharge customers. The end user rate increase of 4.75% in January 2019 and 2018 will be used to support the future debt repayment on the 2016 RLF principal and interest, the 2017 Sewer Revenue Bond principal and interest, 2018 RLF principal and interest, and 2019 RLF principal and interest along with operations. Assessments Levied and Industrial Surcharges decreased in 2019 from 2018 by \$100.1 thousand and increased over 2017 by \$5.6 million. Nonoperating Revenue increased by \$325.0 thousand in 2019 and 2018 increased by \$792.9 thousand over 2017. The 2019 and 2018 increases were primarily due to increases in investment income driven by better interest rates and more dollars invested.

Operating Expenses are departmentalized within LRWRA. Expenses are categorized by salaries, benefits, supplies, contract services, vehicle maintenance, utilities, insurance and 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 \$1.9 million, or 6.5%, in 2019. Total Operating Expenses exceeded the budget by 7.04%. The variance to budget is primarily due to an increase in administrative expenses, filling of vacant positions, associated benefits and normal business activities. Total Operating Expense increased by \$1.1 million, or 4.18%, in 2018 from 2017. The major increases in 2018 from 2017 were \$195.0 thousand in salaries and benefits, \$396.0 thousand in contract services and \$346.0 thousand in administrative expenses.

Nonoperating Expense decreased by \$1.0 million in 2019 compared to 2018 and increased \$391 thousand in 2018 compared to 2017. The 2019 decrease was due to a reduced loss on disposal of capital assets. The 2018 increase was due to an increase in the loss on disposal of capital assets.

Change in Net Position for fiscal year 2019 increased by \$8.8 million due primarily to Income Before Contributions of \$5.9 million and capital contributions and grants of \$2.9 million. Total Net Position – Ending increased by 4.3% compared to 2018. Change in Net Position for fiscal year 2018 increased by \$ 10.3 million due primarily to income before contributions of \$7.5 million and capital contributions of \$2.8 million. Total Net Position – Ending increased by 2.39% compared 2017.

Additional information can be found on the Statement of Revenues, Expenses and Changes in Net Position on Page 28 and Budgetary Comparison Schedule on Page 75.

	2019	Percent Change	2018	Percent Change	2017
<b>Revenues</b>					
Operating revenues					
Assessments levied	\$ 58,492,305	-0.59%	\$ 58,836,838	10.34%	\$ 53,324,852
Industrial surcharges	1,581,640	18.22%	1,337,871	15.04%	1,162,912
Other fees and income	677,903	-4.88%	712,655	-10.77%	798,629
Nonoperating revenues	1,282,573	33.94%	957,559	106.09%	464,636
Total revenues	62,034,421	0.31%	61,844,923	10.93%	55,751,029
<b>Expenses</b>					
Operating expense	30,184,369	6.54%	28,332,522	4.18%	27,196,677
Depreciation expense	17,032,333	5.79%	16,099,423	5.99%	15,190,118
Nonoperating expense	8,889,727	-10.12%	9,890,871	4.12%	9,499,884
Total expense	56,106,429	3.28%	54,322,816	4.70%	51,886,679
<b>Income Before Contributions</b>	5,927,992	-21.19%	7,522,107	94.65%	3,864,350
<b>Capital Contributions and Grants</b>	2,910,835	4.47%	2,786,302	167.37%	1,042,104
<b>Change in Net Position</b>	8,838,827	-14.26%	10,308,409	110.10%	4,906,454
<b>Net Position – Beginning*</b>	203,689,309	5.33%	193,380,900	-0.33%	194,021,246
<b>Total Net Position – Ending</b>	\$212,528,136	4.34%	\$203,689,309	2.39%	\$198,927,700

\* In 2018, LRWRA restated beginning net position for GASB 75 and prior period adjustments totaled \$5,546,800. The 2017 amounts presented above have not been adjusted for the restatement

## Capital Assets and Debt Administration

The additions to LRWRA's wastewater system capital improvements were \$50.9 million in fiscal year 2019. The capital expenditures were incurred for collection system projects in the amounts of \$24.5 million, pumping/treatment for \$0.8 million, transportation for \$1.2 million, mains/development at \$1.4 million, AFWTF Parallel Treatment Disinfection for \$15.0 million, Scott Hamilton Drive Peak Flow Facility for \$.6 million, FCWTF Phase III for \$4.0 million, and all other \$3.4 million. Additional information can be found on *Note 5* of this report.

The total long-term debt (less bond payable within one year) increased by \$27.2 million in 2019. Additional information can be found on *Note 6* of this report.

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

Long-Term Debt	2019	2018	2017
2007B Sewer Revenue Bond	\$ 10,221,481	\$ 11,098,358	\$ 11,951,610
2009A Sewer Revenue Bond	5,365,824	5,740,173	6,107,145
2011 Sewer Revenue and Refunding Bond	7,030,000	8,995,000	10,695,000
2012 Sewer Revenue Bond	23,915,000	24,600,000	25,265,000
2013 Sewer Revenue Bond	31,571,435	33,080,773	34,556,715
2014 Sewer Refunding Revenue Bond	5,715,000	7,015,000	8,290,000
2015 Sewer Refunding Revenue Bond	139,915,000	144,440,000	149,050,000
2016A Sewer Revenue Bond	51,496,650	32,892,558	19,524,179
2016B Sewer Refunding Revenue Bond	16,700,000	17,335,000	17,965,000
2017 Sewer Revenue Bond	10,435,000	10,650,000	10,835,000
2018 Sewer Revenue Bond	28,793,214	7,554,450	-
2019 Sewer Revenue Bond	643,665	-	-
Less debt payable, due within one year	(13,250,740)	(12,085,562)	(11,761,167)
Total long-term debt	\$ 318,551,529	\$ 291,315,750	\$ 282,478,482

Additional information on LRWRA's long-term debt can be found in *Note 7* on Page 43 of this report.

### **Economic Factors and Next Year's Budget and Rates**

LRWRA expects its customer base will continue to grow annually at a modest pace of less than 1.0%. LRWRA believes that fiscal year 2020 revenues could decrease significantly from budget based on the impact of COVID-19 to both domestic and non-domestic customers. LRWRA evaluates the Average Winter Consumption (AWC) for residential customers in the March/April timeframe. The AWC trend of domestic water consumption shows a modest annual usage decline over the past five years. LRWRA has one major customer that accounts for just over 1% of assessment levied revenues (see Schedule 13 – Ten Largest Customers).

The 10-year capital improvement plan set forth in the 2020 budget encompasses the amended deadline of December 31, 2023, to meet the requirements of the Settlement Agreement and the CAO. Unfinished capital projects represented in the 2020 budget primarily relate to wastewater collection, transmission and treatment improvements. Total capital expenditures of \$62.1 million are planned for 2020. Of this amount, \$53.4 million relates to carryover projects and \$8.7 million is proposed for new capital projects.

LRWRA estimates the capital improvements required over the next 10 years, both to comply with the Settlement Agreement and the CAO and for routine capital improvements, will cost \$248.4 million. In August 2015, the City of Little Rock Board of Directors passed a five-step rate increase for the following timelines and percentage adjustments; 4.75% on January 1, 2017; 4.75% on January 1, 2018; 4.75% on January 1, 2019; 4.75% on January 1, 2020; and 4.75% on January 1, 2021.

Moody's Investors Service rated LRWRA with a Aa3 and a stable outlook to the 2017 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 meet the CAO.

### **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.



(This Page Intentionally Left Blank)

**Little Rock Water Reclamation Authority**  
**Statements of Net Position**  
**December 31, 2019 and 2018**

<b>Assets</b>	<b>2019</b>	<b>2018</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 33,845,203	\$ 26,203,394
Accounts receivable (net of allowance for doubtful accounts of \$465,979 in 2019 and \$381,338 in 2018)	6,936,571	6,583,590
Inventories	1,500,234	1,533,657
Prepaid items	121,697	113,323
Construction receivable	8,565	115,132
Restricted current assets		
Bond requirements		
Cash and cash equivalents	4,508,237	5,580,431
Accrued interest receivable	26,318	55,214
Prepaid items	648,153	741,304
Total current assets	<u>47,594,978</u>	<u>40,926,045</u>
<b>Noncurrent Assets</b>		
Unrestricted noncurrent assets		
Workers' compensation fund investments	<u>600,114</u>	<u>596,070</u>
Total unrestricted noncurrent assets	<u>600,114</u>	<u>596,070</u>
<b>Restricted Noncurrent Assets</b>		
Other prepaid items	-	1,092
Bond requirements		
Investments	8,598,729	6,448,773
Cash and cash equivalents	<u>6,915,155</u>	<u>9,834,030</u>
Total restricted noncurrent assets	<u>15,513,884</u>	<u>16,283,895</u>
<b>Capital Assets (Net of Accumulated Depreciation)</b>	<u>511,931,639</u>	<u>478,224,019</u>
Total noncurrent assets	<u>528,045,637</u>	<u>495,103,984</u>
Total assets	<u>575,640,615</u>	<u>536,030,029</u>
<b>Deferred Outflows of Resources</b>		
Deferred amounts on bond refunding	8,284,837	9,116,181
Deferred amounts on pension funding	2,949,378	3,462,493
Deferred amounts on OPEB	<u>2,018,483</u>	<u>1,516,554</u>
Total deferred outflows of resources	<u>13,252,698</u>	<u>14,095,228</u>
Total assets and deferred outflows of resources	<u>\$ 588,893,313</u>	<u>\$ 550,125,257</u>

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statements of Net Position (Continued)**  
**December 31, 2019 and 2018**

<b>Liabilities</b>	<u>2019</u>	<u>2018</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 524,037	\$ 397,973
Franchise fee collections due to City of Little Rock	476,996	442,764
Sewer line replacement fee	728,566	492,092
Accrued wages payable and related liabilities	791,519	719,484
Accrued expenses and other	-	33,066
Compensated absences	939,329	922,449
Construction contracts payable	5,126,785	5,533,193
Accrued bond/note interest payable	2,757,196	2,319,214
Bonds payable – current	<u>13,250,740</u>	<u>12,085,562</u>
Total current liabilities	<u>24,595,168</u>	<u>22,945,797</u>
<b>Noncurrent Liabilities</b>		
Bonds payable (net of unamortized premiums)	326,936,619	300,570,733
Compensated absences	64,616	59,237
Net pension liability	17,183,550	15,306,760
Net OPEB liability	<u>4,913,554</u>	<u>5,389,218</u>
Total noncurrent liabilities	<u>349,098,339</u>	<u>321,325,948</u>
Total liabilities	<u>373,693,507</u>	<u>344,271,745</u>
<b>Deferred Inflows of Resources</b>		
Deferred amounts on pension funding	1,047,211	1,835,639
Deferred amount related to OPEB	<u>1,624,459</u>	<u>328,564</u>
	<u>2,671,670</u>	<u>2,164,203</u>
<b>Net Position</b>		
Net investment in capital assets	181,817,487	178,984,742
Restricted		
Debt service	<u>8,002,459</u>	<u>7,147,197</u>
Unrestricted	<u>22,708,190</u>	<u>17,557,370</u>
Total net position	<u>212,528,136</u>	<u>203,689,309</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 588,893,313</u>	<u>\$ 550,125,257</u>

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Operating Revenues</b>		
Sewer charges	\$ 58,492,305	\$ 58,836,838
Industrial surcharges	1,581,640	1,337,871
Other	677,903	712,655
Total operating revenues	60,751,848	60,887,364
<b>Operating Expenses</b>		
Salaries and benefits	20,457,142	18,569,410
Supplies	2,419,263	2,655,047
Contract services	4,047,693	3,975,373
Vehicle expenses	295,468	342,651
Utilities	1,984,688	1,629,151
Administrative	980,115	1,160,890
Total operating expenses	30,184,369	28,332,522
<b>Provision for Depreciation</b>		
Building and improvements	4,183,557	4,149,796
Infrastructure – collections, pumping and treatments	8,913,060	8,249,157
Equipment	3,935,716	3,700,470
Total provision for depreciation	17,032,333	16,099,423
<b>Operating Income</b>	13,535,146	16,455,419
<b>Nonoperating Income (Expense)</b>		
Interest income	1,027,034	739,314
Interest expense	(8,756,844)	(9,087,059)
Bond issuance costs	(24,398)	-
Loss on disposal of capital assets	(108,485)	(803,812)
Gain (loss) on investments	58,579	40,402
Other	196,960	177,843
Net nonoperating expense	(7,607,154)	(8,933,312)
<b>Increase in Net Position Before Capital Contributions and Grants</b>	5,927,992	7,522,107
<b>Capital Contributions and Grants</b>		
Capital contributions (cash and noncash)	2,783,315	2,786,302
Federal grants	127,520	-
Total capital contributions and grants	2,910,835	2,786,302
<b>Change in Net Position</b>	8,838,827	10,308,409
<b>Net Position, Beginning of Year</b>	203,689,309	193,380,900
<b>Net Position, End of Year</b>	<u>\$ 212,528,136</u>	<u>\$ 203,689,309</u>

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 60,084,958	\$ 57,475,835
Cash received City of Little Rock franchise fees	5,939,345	5,777,800
Other receipts	874,863	890,498
Payments to employees	(17,593,464)	(19,042,151)
Payments to suppliers	(2,259,776)	(2,781,498)
Payments for contractual services	(4,047,693)	(3,975,373)
Payments for utilities	(1,984,688)	(1,629,151)
Payments to City of Little Rock franchise fees	(5,905,113)	(5,780,257)
Other payments	<u>(2,072,385)</u>	<u>(78,412)</u>
Net cash provided by operating activities	<u>33,036,047</u>	<u>30,857,291</u>
<b>Cash Flows from Capital and Related</b>		
<b>Financing Activities</b>		
Bond issuance costs	(24,398)	-
Acquisition and construction of capital assets	(47,038,504)	(28,107,562)
Cash donations	27,737	193,660
Proceeds from disposal of property and equipment	84,198	178,052
Principal paid on indebtedness	(12,097,416)	(12,052,309)
Interest paid on indebtedness	(8,357,411)	(9,199,878)
Proceeds from issuance of indebtedness	<u>39,059,978</u>	<u>21,213,973</u>
Net cash used in capital and related		
Financing activities	<u>(28,345,816)</u>	<u>(27,774,064)</u>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	1,055,930	700,233
Proceeds from sale of investments	6,071,535	24,691
Purchase of investments	<u>(8,166,956)</u>	<u>(13,181)</u>
Net cash provided by (used in) investing activities	<u>(1,039,491)</u>	<u>711,743</u>
Net increase in cash and cash equivalents	<u>\$ 3,650,740</u>	<u>\$ 3,794,970</u>

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	\$ 41,617,855	\$ 37,822,885
Net increase in cash and cash equivalents	3,650,740	3,794,970
End of year	\$ 45,268,595	\$ 41,617,855
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 13,535,146	\$ 16,455,419
Adjustments		
Depreciation	17,032,333	16,099,423
Other income	196,960	177,843
Change in operating assets and liabilities		
(Increase) decrease in accounts receivable	(225,461)	(2,908,096)
(Increase) decrease in inventories	33,423	(65,072)
(Increase) decrease in prepaid items and other assets	85,869	(54,750)
(Increase) decrease in deferred outflows on pensions	513,115	2,325,060
(Increase) decrease in deferred outflows on OPEB	(501,929)	(1,516,554)
Increase (decrease) in accounts payable	362,538	147,843
Increase (decrease) in accrued expenses	61,228	104,072
Increase (decrease) in City of Little Rock franchise fees	34,232	(2,457)
Increase (decrease) in net pension liability	1,876,790	(3,183,336)
Increase (decrease) in net OPEB liability	(475,664)	1,482,999
Increase (decrease) in deferred inflows on pensions	(788,428)	1,466,333
Increase (decrease) in deferred inflows on OPEB	1,295,895	328,564
Net cash provided by operating activities	\$ 33,036,047	\$ 30,857,291
<b>Reconciliation of Total Cash and Cash Equivalents</b>		
Current assets – cash and cash equivalents	\$ 33,845,203	\$ 26,203,394
Restricted for bond requirements	4,508,237	5,580,431
Restricted for construction and improvement	6,915,155	9,834,030
Total cash and cash equivalents	\$ 45,268,595	\$ 41,617,855
<b>Supplemental Schedule of Noncash Investing, Capital and Financing Activities</b>		
Donated sewer lines capitalized	\$ 2,755,578	\$ 2,592,642
Acquisition and construction of capital assets and improvements in accounts payable	\$ 5,126,785	\$ 5,533,193

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statement of Fiduciary Net Position**  
**December 31, 2019**

	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 47,695
Investments – at fair value	17,884,016
Receivables	48,367
Loans receivable	822,634
Total assets	18,802,712
<b>Liabilities</b>	
Benefits payable and accrued expenses	-
Total liability	-
<b>Net Position</b>	
Restricted	
Defined contribution plan	17,481,602
Postemployment benefits other than pensions	1,321,110
Total net position	\$ 18,802,712

The accompanying notes are an integral part of these financial statements.

**Little Rock Water Reclamation Authority**  
**Statement of Changes in Fiduciary Net Position**  
**Years Ended December 31, 2019**

	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>Additions</b>	
Employer contributions	\$ 568,242
Employee contributions	861,515
Investment income	
Investment income	2,276,947
Less trustee fee	(29,634)
Net investment income	<u>2,247,313</u>
Total additions	<u>3,677,070</u>
 <b>Deductions</b>	
Benefit payments	<u>1,101,923</u>
Total deductions	<u>1,101,923</u>
 <b>Net Increase in Net Position</b>	 <u>2,575,147</u>
 <b>Net Position, Beginning of the Year, as Previously Reported</b>	 1,288,551
 <b>Adjustments for Accounting Change - Adoption of GASB 84</b>	 <u>14,939,014</u>
 <b>Net Position, Beginning of the Year, Adjusted</b>	 <u>16,227,565</u>
 <b>Net Position, End of the year</b>	 <u>\$ 18,802,712</u>

The accompanying notes are an integral part of these financial statements.



# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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

#### **Reporting Entity**

The financial statements of the Little Rock Water Reclamation Authority (LRWRA or the Utility), a component unit (Enterprise Fund) of the City of Little Rock, conform to generally accepted accounting principles for state and local governments. The Utility provides 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 70,453 and 69,580 customers at December 31, 2019 and 2018, respectively. LRWRA is financially accountable to the City of Little Rock because the City's Board of Directors must approve any rate adjustments and debt issuances.

#### **Basis of Accounting**

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

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

Restricted – Consists of constraints placed on net position used through external constraints 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 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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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 assessments levied, industrial surcharges, connection fees and other sewer fees are reported as operating revenues. Transactions which are capital, financing or investing related 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.

LRWRA utilizes fiduciary funds 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 funds consist of the LRWRA Post Retiree Healthcare plan (OPEB Plan) and the 401(a) Defined Contribution Plan (401(a) 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 401(a) Plan is an employee benefit trust fund used to manage employee retirement funds. 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 and 401(a) Plan do not have a separate board and are 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 are stated at fair value and consist of debt securities with original maturities more than three months when purchased. 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, 2019 and 2018, are more fully explained in *Note 3*.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### ***Inventory***

Materials, supplies and fuel inventories are valued at cost.

### ***Restricted Assets***

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

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

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

### ***Capital Assets and Capital Contributions***

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

### ***Capital Asset Impairment***

The Utility evaluates capital 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 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 decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended December 31, 2019 and 2018.

### ***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 position that applies to a future period(s) 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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

- 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 in assumption changes in the pension plan, the difference between actual and expected experience and the change in proportion are deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Deferred amounts on OPEB – The difference in assumption changes in the OPEB plan 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, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utility has two items that qualify for reporting in this category.

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

### **Compensated Absences**

Employees earn Personal Time Off (PTO) as the only paid personal leave, as it covers time away from the workplace for vacation, personal time, illness, etc. There are no restrictions on how much PTO can be accrued and no deadline to use the time accrued, but 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, one through five years accrue 20 days, six through 15 years accrue 25 days, 16 through 25 years accrue 30 days, and 25 years and up accrue 35 days. Net changes in the liability for compensated absences are summarized in *Note 7*.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### ***Basis of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Adoption of GASB Statement No. 84***

In 2019, the Utility implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the adoption, the fiduciary statements related to the 401(a) Defined Contribution Plan Trust are now included in the fiduciary net position and changes in fiduciary net position. The adoption of this statement required the Utility to restate its fiduciary net position as of January 1, 2019, as information to restate as of January 1, 2018, was not readily available.

### ***Adoption of GASB Statement No. 88***

In 2019, the Utility implemented GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Implementation did not materially affect the financial statements.

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**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, 2019 and 2018, follows:

	<b>December 31, 2019</b>			
	<b>Cash</b>	<b>Cash Equivalents</b>	<b>Total Cash and Cash Equivalents</b>	<b>Investments</b>
Unrestricted assets	\$ 33,845,203	\$ -	\$ 33,845,203	\$ 600,114
Restricted assets				
Bond requirements	345,032	4,163,205	4,508,237	8,598,729
Construction and improvements	-	6,915,155	6,915,155	-
Total restricted assets	<u>345,032</u>	<u>11,078,360</u>	<u>11,423,392</u>	<u>8,598,729</u>
Total	<u>\$ 34,190,235</u>	<u>\$ 11,078,360</u>	<u>\$ 45,268,595</u>	<u>\$ 9,198,843</u>
	<b>December 31, 2018</b>			
	<b>Cash</b>	<b>Cash Equivalents</b>	<b>Total Cash and Cash Equivalents</b>	<b>Investments</b>
Unrestricted assets	\$ 26,203,394	\$ -	\$ 26,203,394	\$ 596,070
Restricted assets				
Bond requirements	-	5,580,431	5,580,431	6,448,773
Construction and improvements	-	9,834,030	9,834,030	-
Total restricted assets	<u>-</u>	<u>15,414,461</u>	<u>15,414,461</u>	<u>6,448,773</u>
Total	<u>\$ 26,203,394</u>	<u>\$ 15,414,461</u>	<u>\$ 41,617,855</u>	<u>\$ 7,044,843</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 \$34,457,909 at December 31, 2019, and \$26,751,524 at December 31, 2018. The Utility had deposits on books of \$34,190,235 at December 31, 2019, and \$26,203,394 at December 31, 2018. The greatest credit risk exposure would be uninsured portions not collateralized since the collateral is not held by our pledging financial institution itself and all collateralized amounts are in the name of LRWRA.

As of December 31, 2019 and December 31, 2018, the Utility's bank balance was fully insured and collateralized by the pledging financial institution.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### 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 are 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, 2019, were subject to custodial credit risk.

Cash equivalents and investments at December 31, 2019 and 2018, consisted of Federated Treasury Obligations (publicly traded government money market mutual fund held by LRWRA’s bond trustee and are short-term U.S. Treasury securities with a stable net asset value of one dollar), U.S. Government Obligations stated at fair values of \$20,277,203 and \$22,459,304, respectively. Net unrealized gain for each of the years ended December 31, 2019 and 2018, was \$58,579 and \$40,402 , respectively.

December 31, 2019				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
<b>Cash Equivalents and Investments</b>				
Cash equivalents				
Federated treasury obligation	\$ 11,078,360	\$ 11,078,360	-	AA+/Aaa
Investments:				
Federal Farm Credit Bank	4,373,987	-	4,373,987	AA+/Aaa
Federal Home Loan Mortgage	4,824,856	-	4,824,856	AA+/Aaa
	9,198,843	-	9,198,843	
	<u>\$ 20,277,203</u>	<u>\$ 11,078,360</u>	<u>\$ 9,198,843</u>	

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

December 31, 2018				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
<b>Cash Equivalents and Investments</b>				
Cash equivalents:				
Federated treasury obligation	\$ 15,414,461	\$ 15,414,461	\$ -	AA+/Aaa
Investments:				
Federal Farm Credit Bank	5,992,659	-	5,992,659	AA+/Aaa
Federal Home Loan Mortgage	740,208	-	740,208	AA+/Aaa
Arkansas State Development Finance Authority Bonds	311,976	-	311,976	AA+/Aaa
	<u>7,044,843</u>	<u>-</u>	<u>7,044,843</u>	
	<u>\$ 22,459,304</u>	<u>\$ 15,414,461</u>	<u>\$ 7,044,843</u>	

**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, 2019 and 2018, are insured or registered and held in the Utility’s name.

**Fair Value Measurement**

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

LRWRA has the following recurring fair value measurements as of December 31, 2019:

- Federated Treasury Obligations of \$11.1 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$9.2 million are valued using a matrix pricing model (Level 2 inputs).



# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

LRWRA had the following recurring fair value measurements as of December 31, 2018:

- Federated Treasury Obligations of \$15.4 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$6.7 million are valued using a matrix pricing model (Level 2 inputs).
- Arkansas State Development Finance Authority Economic Bonds of \$311 thousand are valued using a matrix pricing model (Level 2 inputs).

### Note 3: Accounts Receivable

Accounts receivable at December 31, 2019 and 2018, consisted of the following:

	<u>2019</u>	<u>2018</u>
Trade receivables – billed, current	\$ 4,379,541	\$ 4,284,328
Trade receivables – unbilled	2,617,922	2,357,973
Trade receivables, past due	405,087	322,627
Total	<u>7,402,550</u>	<u>6,964,928</u>
Allowance for uncollectibles, beginning of year	(381,338)	(433,783)
Write off of uncollectibles	327,986	368,612
Provision for bad debt expense	(412,627)	(316,167)
Allowance for uncollectibles, end of year	<u>(465,979)</u>	<u>(381,338)</u>
Accounts receivable, net of allowance for uncollectibles	<u>6,936,571</u>	<u>6,583,590</u>
Current accounts receivable	<u>\$ 6,936,571</u>	<u>\$ 6,583,590</u>

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 4: Capital Assets**

Capital asset activity for the years ended December 31, 2019 and 2018, was as follows:

<b>2019</b>	<b>Balance 12/31/2018</b>	<b>Additions and Transfers In</b>	<b>Retirements and Transfers Out</b>	<b>Balance 12/31/19</b>
Capital assets not being depreciated				
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ 5,434,140
Construction in progress	63,786,352	50,949,620	34,893,172	79,842,800
Total capital assets not being depreciated	<u>69,220,492</u>	<u>50,949,620</u>	<u>34,893,172</u>	<u>85,276,940</u>
Capital assets being depreciated				
Building and improvements	136,755,836	331,744	-	137,087,580
Infrastructure – collection and treatment	385,773,003	32,752,366	-	418,525,369
Equipment	79,470,993	1,606,869	605,352	80,472,510
Total capital assets being depreciated	<u>601,999,832</u>	<u>34,690,979</u>	<u>605,352</u>	<u>636,085,459</u>
Less accumulated depreciation for				
Buildings and improvements	42,354,077	4,183,557	-	46,537,634
Infrastructure – collections and treatment	111,580,814	8,913,060	-	120,493,874
Equipment	39,061,414	3,935,716	597,878	42,399,252
Total accumulated depreciation	<u>192,996,305</u>	<u>17,032,333</u>	<u>597,878</u>	<u>209,430,760</u>
Capital assets, net	<u>\$ 478,224,019</u>	<u>\$ 68,608,266</u>	<u>\$ 34,900,646</u>	<u>\$ 511,931,639</u>
<b>2018</b>	<b>Balance 12/31/2017</b>	<b>Additions and Transfers In</b>	<b>Retirements and Transfers Out</b>	<b>Balance 12/31/18</b>
Capital assets not being depreciated				
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ 5,434,140
Construction in progress	65,961,867	33,663,908	35,839,423	63,786,352
Total capital assets not being depreciated	<u>71,396,007</u>	<u>33,663,908</u>	<u>35,839,423</u>	<u>69,220,492</u>
Capital assets being depreciated				
Building and improvements	136,093,040	662,796	-	136,755,836
Infrastructure collection and treatment	354,773,500	31,008,690	9,187	385,773,003
Equipment	77,667,199	3,505,901	1,702,107	79,470,993
Total capital assets being depreciated	<u>568,533,739</u>	<u>35,177,387</u>	<u>1,711,294</u>	<u>601,999,832</u>
Less accumulated depreciation for				
Buildings and improvements	38,204,281	4,149,796	-	42,354,077
Infrastructure – collections and treatment	103,332,366	8,249,156	708	111,580,814
Equipment	36,756,247	3,700,471	1,395,304	39,061,414
Total accumulated depreciation	<u>178,292,894</u>	<u>16,099,423</u>	<u>1,396,012</u>	<u>192,996,305</u>
Capital assets, net	<u>\$ 461,636,852</u>	<u>\$ 52,741,872</u>	<u>\$ 36,154,705</u>	<u>\$ 478,224,019</u>

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

Construction in progress at December 31, 2019 and 2018, included capitalized construction period interest of \$654,878 and \$191,627 that was incurred in each respective year.

Depreciation expense was \$17,032,333 and \$16,099,423 for the years ended December 31, 2019 and 2018, respectively.

### Note 5: Contributions in Aid of Construction

Contributions in aid of construction, because of acceptance of cash donations and sewer lines from private contractors and individuals, were \$2,783,315 and \$2,786,302 for the years ended December 31, 2019 and 2018, respectively.

### Note 6: Long-Term Debt

Long-term debt consists of Sewer Revenue Bonds for which the changes in the years ended December 31, 2019 and 2018, are as follows:

	December 31, 2019				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	\$ 213,035,000	\$ -	\$ 9,325,000	\$ 203,710,000	\$ 9,610,000
Sewer revenue bonds – direct placement	90,366,312	40,498,373	2,772,416	128,092,269	3,640,740
Unamortized bond premium	9,254,983	-	869,893	8,385,090	-
	<u>\$ 312,656,295</u>	<u>\$ 40,498,373</u>	<u>\$ 12,967,309</u>	<u>\$ 340,187,359</u>	<u>\$ 13,250,740</u>
	December 31, 2018				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	\$ 222,100,000	\$ -	\$ 9,065,000	\$ 213,035,000	\$ 9,325,000
Sewer revenue bonds – direct placement	72,139,648	21,213,973	2,987,309	90,366,312	2,760,562
Unamortized bond premium	10,170,285	-	915,302	9,254,983	-
	<u>\$ 304,409,933</u>	<u>\$ 21,213,973</u>	<u>\$ 12,967,611</u>	<u>\$ 312,656,295</u>	<u>\$ 12,085,562</u>

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

Sewer revenue bonds payable consist of the following:

Series	Interest Rate	Year of Maturity	December 31, 2019	Amount Due Within One Year
2007B	2.75%	2029	\$ 10,221,481	\$ 901,159
2009A	2.00%	2032	5,365,824	381,874
2011	3.25% to 5.00%	2022	7,030,000	2,250,000
2012	3.00% to 4.00%	2042	23,915,000	705,000
2013	2.25%	2036	31,571,435	1,543,489
2014	3.00% to 4.00%	2025	5,715,000	1,320,000
2015	3.00% to 5.00%	2037	139,915,000	4,460,000
2016A	2.72%	2050	51,496,650	814,218
2016B	3.00% to 4.00%	2038	16,700,000	655,000
2017	1.15% to 4.00%	2047	10,435,000	220,000
2018	2.00%	2051	28,793,214	-
2019	3.00%	2052	643,665	-
			<u>331,802,269</u>	<u>13,250,740</u>
Total			\$ 331,802,269	\$ 13,250,740

The Arkansas Natural Resource Commission (ARNC) currently administers federal and state programs that aid through loans and grants for water and wastewater. These loan (Revolving Loan Funds – RLFs) fund revenue bonds are issued to LRWRA for financing costs of construction 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 system 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. The final payment is scheduled for October 2029.

**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. The final payment is scheduled for April 2032.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### **2011 Sewer Revenue and Refunding Bond**

The Series 2011 Bond was issued in July 2011 in the amount of \$17,675,000 to refinance the 2001 Sewer Revenue Bond, to establish a debt service reserve for the Series 2011 Bond, and to pay the cost of issuing the 2011 Sewer 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 February 1 and August 1. The final payment is scheduled for August 2022.

### **2012 Sewer Revenue Bond**

The Series 2012 Bond was issued in August 2012 in the amount of \$28,390,000 to finance capital projects (Cantrell Road Pump Station, Cantrell Road Force Main, Fourche Creek Plant Upgrades), to establish a debt service reserve for the Series 2012 Bond, and to pay the cost of issuing the 2012 Sewer 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 payments are due annually on August 1, and interest payments are due semiannually on February 1 and August 1. The final payment is scheduled for August 2042.

### **2013 Sewer Revenue Bond**

The Series 2013 Bond was issued in May 2013 in the amount of \$36,000,000 to finance the improvements to the Collection System Rehabilitation-Phase Seven and to pay the cost of issuing the 2013 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 starting in 2020. The final payment is scheduled for October 2036.

### **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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### **2016A Sewer Revenue Bond**

The Series 2016A Bond was issued in August 2016 in the amount of \$61,000,000 to finance the construction of extensions, betterments and improvements to the sewer system collection systems, Adams Field WTF Parallel Treatment Installation & Disinfection, Fourche Creek WTF Phase III Rehabilitation, Scott Hamilton Peak Flow Equalization Facilities, and to pay the cost of issuing the 2016A Bond. Outstanding draws totaled \$51,496,650 as of December 31, 2019. The remaining draws will occur as construction projects are completed. This bond was 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 beginning in 2020. The final payment is scheduled for April 2050.

### **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 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 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.

### **2018 Sewer Revenue Bond**

The Series 2018 Bond was issued in February 2018 in the amount of \$61,600,000 to finance the construction of extensions, betterments and improvements to the sewer system collection systems, and to pay the cost of issuing the 2018 Bond. Draws totaled \$28,793,214 as of December 31, 2019. The remaining draws will occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due annually on April 15 and October 15 starting in 2021. The final payment is scheduled for April 2051.

### **2019 Sewer Revenue Bond**

The Series 2019 Bond was issued in February 2019 in the amount of \$18,000,000 to finance the construction of extensions, betterments and improvements to the sewer system collection systems, and to pay the cost of issuing the 2019 Bond. Draws totaled \$634,665 as of December 31, 2019.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

The remaining draws will occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due annually on April 15 and October 15 starting in 2022. The final payment is scheduled for October 2052.

In addition to the \$331,802,269 balance of Sewer Revenue Bonds outstanding at December 31, 2019, an additional \$59,666,471 will, as previously described, be drawn in fulfillment of current bond issues 2016A, 2018, and 2019 for a total Sewer Revenue Bond indebtedness of \$391,468,740.

The 2007B, 2009A, 2013, 2016A, 2018, and 2019 Series Sewer Revenue Bonds are subordinate to the 2011, 2012, 2014, 2015, 2016B and 2017 Series Revenue Bonds.

The annual requirements to amortize sewer revenue bond indebtedness outstanding, and scheduled, including interest, as of December 31, 2019, are as follows:

<b>Year Ending</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 13,250,740	\$ 9,597,363	\$ 22,848,103
2021	14,794,046	10,295,759	25,089,805
2022	15,565,025	10,258,254	25,823,279
2023	12,758,040	9,809,126	22,567,166
2024	13,616,460	9,381,509	22,997,969
2025 to 2029	75,202,409	39,451,054	114,653,463
2030 to 2034	87,806,842	25,659,745	113,466,587
2035 to 2039	65,539,974	9,802,989	75,342,963
2040 to 2044	17,548,523	3,828,114	21,376,637
2045 to 2049	12,982,595	1,489,068	14,471,663
2050 to 2052	2,737,615	88,569	2,826,184
Total	<u>\$ 331,802,269</u>	<u>\$ 129,661,550</u>	<u>\$ 461,463,819</u>

### Notes from Direct Placements

The Utility's outstanding notes from direct placements of \$128,092,269 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.

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 7: Compensated Absences**

Net changes in the liability for compensated absences for the years ended December 31, 2019 and 2018, are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
<b>2019</b>	\$ 981,686	\$ 49,674	\$ 27,415	\$ 1,003,945	\$ 939,329
<b>2018</b>	\$ 959,344	\$ 55,049	\$ 32,707	\$ 981,686	\$ 922,449

**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 expects to satisfy all outstanding requirements of the agreement by December 31, 2023.



# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### **ADEQ**

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

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

On April 15, 2015, Amendment No. 2 to the CAO was approved. ADEQ and the Sierra Club granted LRWRA an extension of the CAO deadline to December 31, 2023. Management expects to complete all remaining improvements and requirements by the December 31, 2023 deadline. The CAO will terminate once LRWRA achieves full compliance and LRWRA receives written notice of termination by ADEQ. The Court's jurisdiction over the Sierra Club settlement agreement will terminate thirty (30) months after the Compliance Deadline, or the date of dismissal of this proceeding, if earlier. The various capital projects related to these proceedings can be seen in greater detail within LRWRA's annual report located at <http://www.lrwra.com/capitalprojects>

### **Funding**

In 2015, LRWRA obtained approval from the City of Little Rock's Board of Directors to implement a series of annual end user rate increases in support of LRWRA securing adequate financing to complete the remaining outstanding system improvements in order to satisfy both the Sierra Club and ADEQ settlement agreements. The amount of capital expenditures incurred during the years ended December 31, 2018 and 2019 are \$19.9 million and \$35.0 million, respectively. As of December 31, 2019, the estimated amount of capital expenditures required to complete the remaining settlement agreement requirements was \$75.0 million. LRWRA anticipates securing the final debt financing required to complete the settlement agreement related projects in early 2020 and expects to fully satisfy all requirements of these settlement agreements by December 31, 2023.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 9: Other Commitments and Contingencies

#### **Commitments**

The Utility had commitments totaling approximately \$38.4 million at December 31, 2019, 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. The following breakdown shows both LRWRA's and the employee's percent contribution that is calculated on an employee's base salary and years of service for full-time employees, except the CEO, exempt 1 and exempt 2 employees.

<u>Years of Service</u>	<u>LRWRA</u>	<u>Employee</u>	<u>Vesting</u>
Less than 5 years	1%	2%	None
More than 5 years, but less than 10 years	2%	4%	100%
More than 10 years	3%	6%	100%

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 \$436,408 and \$361,938 in 2019 and 2018, 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 duties to the LRWRARPC. Any amendments to the Plan would be adopted 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 employees 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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### **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 the 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 (the 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%

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

### December 31, 2019 and 2018

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

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

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

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service, and the monthly benefit is computed as if the member had retired and elected the Joint & 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 2019 and 2018, employers contributed 15.32% and 15.35%, respectively, of compensation. Contributions to the pension plan from LRWRA were \$2,088,142 and \$1,917,096 for the years ended December 31, 2019 and 2018, respectively.

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

At December 31, 2019 and 2018, LRWRA reported a liability of \$17,183,550 and \$15,306,760, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, 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, 2019, LRWRA's proportion was 0.71226298%, which was an increase of 0.0183731% from its proportion measured as of June 30, 2018, of 0.69388988%.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

For the years ended December 31, 2019 and 2018, LRWRA recognized pension expense of \$3,703,646 and \$2,603,347, respectively. At December 31, 2019 and 2018, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 467,663	\$ 25,530
Changes in proportion and differences between employer contributions and proportionate share	509,162	230,598
Changes of assumptions	932,675	660,565
Net difference between projected and actual earnings on pension plan investments	-	130,518
Contributions subsequent to the measurement date	1,039,878	-
Total	\$ 2,949,378	\$ 1,047,211
	<b>2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 243,433	\$ 160,683
Changes in proportion and differences between employer contributions and proportionate share	451,618	341,021
Changes of assumptions	1,741,592	946,603
Net difference between projected and actual earnings on pension plan investments	-	387,332
Contributions subsequent to the measurement date	1,025,850	-
Total	\$ 3,462,493	\$ 1,835,639

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

The \$1,039,878 reported as deferred outflows of resources at December 31, 2019, 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 ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2019	\$ 972,738
2020	(423,309)
2021	61,194
2022	251,666
	\$ 862,289

**Actuarial Assumptions:** The total pension liability, net pension liability and certain sensitivity information was determined by an actuarial valuation as of June 30, 2019. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees, were as follows:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment rate of return	7.15%, net of investment administrative expenses
Discount Rate	7.15%
Salary Increases	3.25–9.85% including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality Table	Based on RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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, 2019, these best estimates are summarized in the following:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.20%
International equity	24%	6.33%
Real assets	16%	3.32%
Absolute return	5%	3.56%
Domestic fixed	<u>18%</u>	1.54%
 Total	 <u>100%</u>	
 Total real rate of return		 4.80%
Plus: price inflation – actuary assumption		<u>2.50%</u>
 Net expected return		 <u>7.30%</u>

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

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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

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

Sensitivity of Discount Rate		
1% Lower	Discount Rate	1% Higher
6.15%	7.15%	8.15%
\$ 27,540,941	\$ 17,183,550	\$ 8,638,228

**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>.

**Actuarial Assumptions:** The total pension liability, net pension liability and certain sensitivity information was determined by an actuarial valuation as of June 30, 2018. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees were as follows:

Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.15%, net of investment administrative expenses
Discount rate	7.15%
Salary increases	3.95–9.85%
Inflation	2.50%
Mortality table	Based on RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females



# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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, 2018, these best estimates are summarized in the following:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	5.97%
International equity	24%	6.54%
Real assets	16%	4.59%
Absolute return	5%	3.15%
Domestic fixed	<u>18%</u>	0.83%
 Total	 <u>100%</u>	
 Total real rate of return		 4.71%
Plus: price inflation – actuary assumption		<u>2.50%</u>
 Net expected return		 <u>7.21%</u>

**Discount Rate:** A single discount rate of 7.15% (7.50% in 2016) was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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

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

Sensitivity of Discount Rate		
1% Lower	Discount Rate	1% Higher
6.15%	7.15%	8.15%
\$ 25,025,787	\$ 15,306,790	\$ 7,289,340

### Note 11: Other Postemployment Benefits (OPEB)

#### Plan Description

LRWRA's single-employer defined benefit postemployment health care 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 health care 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 based on recommendations by LRWRAHP. This postemployment health care plan is administered by Regions Bank Trust Department. LRWRAHP does not issue a stand-alone financial report.

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

#### Summary of Significant Accounting Policies

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

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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 health care 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 on an annual basis with members of LRWRAHP and an outside benefit consulting firm and are approved by the LRWRC. LRWRA's budget goal is that total benefits should be no more than 35% of total salaries each year. As a part of benefits, the health insurance plan is adjusted accordingly.

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

Since the LRWRAHP does not present separate financial statements, LRWRA is presenting the following disclosures below in accordance with GASB 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, 2019, in LRWRA's financial statements using an actuarial valuation as of December 31, 2019, as the total OPEB liability, less the amount of the plan's fiduciary net position. A single discount rate of 2.92% and 4.0% was used to measure the total OPEB liability as of December 31, 2019 and 2018, respectively. This single discount rate was based on an expected rate of return on OPEB plan investments. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefits 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 total OPEB liability.

The components of the December 31, 2019, net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<u>2019</u>
Total OPEB liability – ending	\$ 6,234,664
Plan fiduciary net position – ending	<u>1,321,110</u>
Net OPEB Liability – ending	<u>\$ 4,913,554</u>
Plan fiduciary net position as % of total OPEB liability	21.19%

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

The components of the December 31, 2018, net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<b>2018</b>
Total OPEB liability – ending	\$ 6,677,769
Plan fiduciary net position – ending	<u>1,288,551</u>
Net OPEB Liability – ending	<u>\$ 5,389,218</u>
Plan fiduciary net position as % of total OPEB liability	19.30%

### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balances on January 1, 2018</b>	\$ 5,178,902	\$ 1,272,683	\$ 3,906,219
Changes recognized for 2018:			
Service cost	153,267	-	153,267
Interest on total OPEB liability	203,573	-	203,573
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(362,437)	-	(362,437)
Change of assumptions	1,641,979	-	1,641,979
Benefit payments	(137,515)	(137,515)	-
Contributions – employer	-	137,515	(137,515)
Net investment income	-	20,317	(20,317)
Administrative expense	-	(4,449)	4,449
Net changes	<u>1,498,867</u>	<u>15,868</u>	<u>1,482,999</u>
<b>Balances on December 31, 2018</b>	<u>6,677,769</u>	<u>1,288,551</u>	<u>5,389,218</u>
Changes recognized for 2019:			
Service cost	180,168	-	180,168
Interest on total OPEB liability	262,223	-	262,223
Differences between expected and actual experience	(1,468,285)	-	(1,468,285)
Change of assumptions	714,624	-	714,624
Benefit payments	(131,835)	(131,835)	-
Contributions – employer	-	131,834	(131,834)
Net investment income	-	37,126	(37,126)
Administrative expense	-	(4,566)	4,566
Net changes	<u>(443,105)</u>	<u>32,559</u>	<u>(475,664)</u>
<b>Balances on December 31, 2019</b>	<u>\$ 6,234,664</u>	<u>\$ 1,321,110</u>	<u>\$ 4,913,554</u>

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

**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:

	1% Lower	Current	1% Higher
<b>December 31, 2019</b>	<b>1.92%</b>	<b>2.92%</b>	<b>3.92%</b>
TOL	\$ 7,004,832	\$ 6,234,664	\$ 5,569,167
Net position	<u>1,321,110</u>	<u>1,321,110</u>	<u>1,321,110</u>
NOL	<u>\$ 5,683,722</u>	<u>\$ 4,913,554</u>	<u>\$ 4,248,057</u>
<b>December 31, 2018</b>	<b>3.00%</b>	<b>4.00%</b>	<b>5.00%</b>
TOL	\$ 7,457,847	\$ 6,677,769	\$ 6,004,235
Net position	<u>1,288,551</u>	<u>1,288,551</u>	<u>1,288,551</u>
NOL	<u>\$ 6,169,296</u>	<u>\$ 5,389,218</u>	<u>\$ 4,715,684</u>

**Sensitivity of the net OPEB liability to changes in the health care 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 health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

	1% Lower	Current	1% Higher
<b>December 31, 2019</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>
TOL	\$ 5,473,681	\$ 6,234,664	\$ 7,146,735
Net position	<u>1,321,110</u>	<u>1,321,110</u>	<u>1,321,110</u>
NOL	<u>\$ 4,152,571</u>	<u>\$ 4,913,554</u>	<u>\$ 5,825,625</u>
<b>December 31, 2018</b>	<b>Rates</b>	<b>Rates</b>	<b>Rates</b>
TOL	\$ 5,925,150	\$ 6,677,769	\$ 7,573,573
Net position	<u>1,288,551</u>	<u>1,288,551</u>	<u>1,288,551</u>
NOL	<u>\$ 4,636,599</u>	<u>\$ 5,389,218</u>	<u>\$ 6,285,022</u>

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

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

The Utility recognized OPEB expense of \$450,136 and \$432,524 for the years ended December 31, 2019 and 2018, respectively. Below is a table providing the deferred inflows and outflows of resources related to OPEB from the following sources as of December 31:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,624,459
Changes of assumptions	1,982,274	-
Net difference between projected and actual earnings on OPEB assets	36,209	-
Total	\$ 2,018,483	\$ 1,624,459

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 328,564
Changes of assumptions	1,488,523	-
Net difference between projected and actual earnings on OPEB assets	28,013	-
Total	\$ 1,516,536	\$ 328,564

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2019, will be recognized in OPEB expense as follows for the year ended December 31:

2020	\$ (46,325)
2021	(46,325)
2022	(46,325)
2023	(46,326)
Thereafter	(208,723)
	\$ (394,024)

#### Actuarial Assumptions at December 31, 2019:

**Actuarial Cost Method:** Entry Age Normal

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

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

**Mortality:** RP-2014 Total Dataset Mortality with Improvement Scale MP-2019.

**Discount Rate:** 2.92% per annum. The plan is partially funded in an irrevocable trust maintained by the plan sponsor.

**Inflation:** 2.5% per annum.

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

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

<u>Year</u>	<u>HC Trend Rate</u>
2020	7.0%
2021	6.5%
2022	6.0%
2023	5.5%
2024	5.0%
2025 and later	4.5%

**Membership Data:** The membership data used in the calculation is based on data as of December 31, 2019. The information is summarized for primary members (not dependents).

Status	Number	Average Age	Average Years of Service
Active members (elected medical and employed prior to 7/1/2017)	177	46.9	14.4
Active members (elected medical and employed after 7/1/2017)	18	41.4	1.3
Retired members under Age 65 (elected benefits)	23	58.4	N/A

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

**Employer-Paid Medical Premiums:** The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2019 ranging from \$230 to \$910, depending on which health care 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 health care 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, 2018:**

**Actuarial Cost Method:** Entry Age Normal

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

**Mortality:** RP-2014 Total Dataset Mortality with Improvement Scale MP-2018.

**Discount Rate:** 4.0% per annum. The plan is partially funded in an irrevocable trust maintained by the plan sponsor.

**Inflation:** 2.5% per annum.

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

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

<u>Year</u>	<u>HC Trend Rate</u>
2019	7.0%
2020	6.5%
2021	6.0%
2022	5.5%
2023	5.0%
2024 and later	4.5%

**Membership Data:** The membership data used in the calculation is based on data as of December 31, 2018. 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 (with medical benefits)	185	46.1	13.7
Retired members under Age 65 (elected benefits)	25	58.4	N/A



# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

**Employer-Paid Medical Premiums:** The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2018 ranging from \$219 to \$866, depending on which health care 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 health care benefit costs. Employees hired after July 1, 2017, may elect retiree medical benefits upon retirement; however, they must pay 100% of premiums.

**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, 2019 and 2018, the annual money-weighted rate of return for the investments, net of investment expense, was 2.5% and 1.23% , respectfully.

Assuming that the plan sponsor continues to contribute in similar levels as in recent years (years on the average of all years since 2010), the plan should be sufficiently funded to pay benefits due for several years. The expected fund value would be projected to be at \$0 by the end of 2028 if the funds were used for its designated retiree benefits.

### Note 11: Payments to Central Arkansas Water

The Utility pays Central Arkansas Water for billing and collection services provided by that entity. Such payments amount to exactly \$820,119 and \$798,531 for the years ended December 31, 2019 and 2018, respectively, and are included as operating expenses in the accompanying statements of revenues, expenses and changes in net position.

### Note 12: 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 these policies are recorded as expenses of the Utility. Insurance settlements have not exceeded insurance coverage in any of the past three years.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### Note 13: Pension and OPEB Plan Financial Statements

The following tables include financial information for the pension and OPEB plans as of December 31, 2019:

	OPEB Trust	401(a) Plan	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 47,695	\$ -	\$ 47,695
Investments – at fair value	1,273,415	16,610,601	17,884,016
Accounts receivable	-	48,367	48,367
Loans receivable	-	822,634	822,634
<b>Total assets</b>	<b>1,321,110</b>	<b>17,481,602</b>	<b>18,802,712</b>
<b>Liabilities</b>			
Benefits payable and accrued expenses	-	-	-
<b>Total liability</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>			
Restricted			
Defined contribution plan	-	17,481,602	17,481,602
Postemployment benefits other than pensions	1,321,110	-	1,321,110
<b>Total Net Position</b>	<b>\$ 1,321,110</b>	<b>\$ 17,481,602</b>	<b>\$ 18,802,712</b>
<b>Additions</b>			
Employer contributions	\$ 131,834	\$ 436,408	\$ 568,242
Employee contributions	-	861,515	861,515
Investment income			
Investment income	37,125	2,239,822	2,276,947
Less trustee fee	(4,566)	(25,068)	(29,634)
Net investment income	32,559	2,214,754	2,247,313
<b>Total additions</b>	<b>164,393</b>	<b>3,512,677</b>	<b>3,677,070</b>
<b>Deductions</b>			
Benefit payments	131,834	970,089	1,101,923
<b>Total deductions</b>	<b>131,834</b>	<b>970,089</b>	<b>1,101,923</b>
<b>Net Increase in Net Position</b>	<b>32,559</b>	<b>2,542,588</b>	<b>2,575,147</b>
<b>Net Position, Beginning of the Year, as Previously Reported</b>	<b>1,288,551</b>	<b>-</b>	<b>1,288,551</b>
<b>Adjustments for Accounting Change - Adoption of GASB 84</b>	<b>-</b>	<b>14,939,014</b>	<b>14,939,014</b>
<b>Net Position, Beginning of the Year, Adjusted</b>	<b>1,288,551</b>	<b>14,939,014</b>	<b>16,227,565</b>
<b>Net Position, End of the Year</b>	<b>\$ 1,321,110</b>	<b>\$ 17,481,602</b>	<b>\$ 18,802,712</b>

The 2018 information for the 401(a) Plan is not readily available.

**Little Rock Water Reclamation Authority**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**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 Plan's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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

At December 31, 2019, 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.

At December 31, 2019, the Plan had the following investments and maturities\*:

<b>December 31, 2019</b>					
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Credit Rating</b>
<b>Cash Equivalents and Investments</b>					
Cash equivalents					
Federated treasury obligation	\$ 47,695	\$ 47,695	\$ -	\$ -	AA+/Aaa
Investments					
Federal Farm Credit Bank	1,273,415	-	1,273,415	-	AA+/Aaa
Mutual Funds - Stable Value/ Cash Management	4,872,369	3,463	4,868,906	-	AA+/Aaa
Mutual Funds - Balanced Asset	4,613,803	4,613,803	-	-	AA+/Aaa
Mutual Funds - Bond	1,356,638	-	358,088	998,550	AA+/Aaa
	<u>12,116,225</u>	<u>4,617,266</u>	<u>6,500,409</u>	<u>998,550</u>	
		<u>\$ 4,664,961</u>	<u>\$ 6,500,409</u>	<u>\$ 998,550</u>	
Mutual Funds - Equity and Specialty	<u>5,767,791</u>				
Total Cash Equivalents and Investments	<u>\$ 17,931,711</u>				

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

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### Investment Risk

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

### Disclosures About Fair Value of Assets and Liabilities

The following table presents the fair value measurements of assets recognized in the accompanying statement 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 December 31, 2019:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2019</b>				
<b>Investments</b>				
Stable Value/Cash Management Funds	\$ 4,872,369	\$ -	\$ 4,872,369	\$ -
Federal Farm Credit Bank	1,273,415	-	1,273,415	-
Mutual Funds - Specialty	205,844	205,844	-	-
Mutual Funds - Balanced Asset	4,613,803	4,613,803	-	-
Mutual Funds - Bond	1,356,638	1,356,638	-	-
Mutual Funds - Equity Stock	5,561,947	5,561,947	-	-
	<u>\$ 17,884,016</u>	<u>\$ 11,738,232</u>	<u>\$ 6,145,784</u>	<u>\$ -</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.

# Little Rock Water Reclamation Authority

## Notes to Financial Statements

December 31, 2019 and 2018

### **Note 15: Future Change in Accounting Principle**

The Governmental Accounting Standards Board recently issued its Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Statement requires interest incurred before the end of a construction period be expensed. The Utility expects to first apply GASB 89 during the year ending December 31, 2021, using a prospective recognition method. The impact of applying the Statement has not been determined.

### **Note 16: Subsequent Events**

#### ***Revolving Loan Fund***

During 2020, the Utility issued \$51,400,000 in revolving loan funds that will be used for construction activities.

#### ***Economic Environment***

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, the state of Arkansas and the City of Little Rock has issued measures around public gatherings and business operations to slow the spread of the virus. As a result of this guidance, the Utility has started to incur revenue decreases and is curtailing certain operational and capital expenditures in response. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of our investment portfolio.

(This Page Intentionally Left Blank)

**REQUIRED SUPPLEMENTARY  
INFORMATION**



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





**Little Rock Water Reclamation Authority**  
**Schedule of Changes in Net Other Postemployment Benefits**  
**Liability and Related Ratios (GASB 74 and GASB 75)**  
**Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total OPEB Liability</b>				
Service costs	\$ 180,168	\$ 153,267	\$ 145,382	\$ 141,691
Interest on total OPEB liabilities	262,223	203,573	189,015	177,331
Difference between expected and actual experience	(1,468,285)	(362,437)	280,979	(57,544)
Change in assumptions	714,624	1,641,979	-	-
Benefit payments	(131,835)	(137,515)	(97,466)	(88,394)
Net changes in total OPEB liability	(443,105)	1,498,867	517,910	173,084
Total OPEB liability – beginning	6,677,769	5,178,902	4,660,992	4,487,908
Total OPEB liability – ending	6,234,664	6,677,769	5,178,902	4,660,992
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	131,834	137,515	97,466	88,394
Net investment income	37,126	20,317	13,346	(11,061)
Benefit payments	(131,835)	(137,515)	(97,466)	(88,394)
Administrative expenses	(4,566)	(4,449)	(4,449)	(4,450)
Net changes in plan fiduciary net position	32,559	15,868	8,897	(15,511)
Plan fiduciary net position – beginning	1,288,551	1,272,683	1,263,786	1,279,297
Plan fiduciary net position – ending	1,321,110	1,288,551	1,272,683	1,263,786
Net OPEB liability	\$ 4,913,554	\$ 5,389,218	\$ 3,906,219	\$ 3,397,206
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	21.2%	19.3%	24.6%	27.1%
<b>Covered Employee Payroll</b>	\$ 14,406,068	\$ 13,867,243	\$ 13,606,281	\$ 13,312,297
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	34.1%	38.9%	28.7%	25.5%

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

**Changes in Assumption:** For the December 31, 2019, actuarial valuation, all new employees have to pay 100% of the premiums at retirement. Also, the mortality improvement scale has been changed from MP-2018 to MP-2019 and the year-end discount rate has changed from 4.0% to 2.92%

**Little Rock Water Reclamation Authority**  
**Schedule of Contributions**  
**Other Postemployment Benefits (GASB 74 and GASB 75)**  
**Year Ended December 31, 2019**

Year Ended December 31,	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Payroll
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%

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:	2.92%
Inflation:	2.5%
Investment Rate of Return:	2.92%
Mortality:	RP-2014 Mortality Table with Improvement Scale MP-2019
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, 2019**

**LRWRA Post Retiree Healthcare – OPEB Trust Fund**

<b>Fiscal Year Ended</b>	<b>Money-Weighted Rate of Return</b>
12/31/2016	-1.21%
12/31/2017	0.70%
12/31/2018	1.23%
12/31/2019	2.50%

**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, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,088,432	\$ 1,920,103	\$ 1,870,073	\$ 1,838,797	\$ 1,720,285
Contributions in relation to the contractually required contributions	<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>
Contribution deficiency (excess)	<u>\$ 290</u>	<u>\$ 3,007</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ (39,245)</u>
LRWRA's covered payroll	\$ 13,629,820	\$ 12,981,831	\$ 12,955,527	\$ 12,674,419	\$ 12,115,376
Contributions as a percentage of covered payroll	15.3%	14.8%	14.4%	14.5%	14.5%
	<u><b>2014</b></u>				
Contractually required contributions	\$ 1,790,896				
Contributions in relation to the contractually required contributions	<u>1,703,752</u>				
Contribution deficiency (excess)	<u>\$ 87,144</u>				
LRWRA's covered payroll	\$ 11,658,706				
Contributions as a percentage of covered payroll	14.6%				

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

**Note:** Investment rate of return was 7.15% and salary increases started at 3.25% through the June 30, 2019, measurement date.

**Little Rock Water Reclamation Authority**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Arkansas Public Employees Retirement System**  
**Year Ended December 31, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
LRWRA's proportion of the net pension liability	0.71226298%	0.69388988%	0.71552208%	0.68334170%
LRWRA's proportionate share of the net pension liability	\$ 17,183,550	\$ 15,306,760	\$ 18,490,096	\$ 16,341,079
LRWRA's covered payroll	\$ 14,238,087	\$ 13,661,710	\$ 13,352,218	\$ 12,321,987
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	120.69%	112.04%	138.48%	132.62%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%
APERS discount rate	7.15%	7.15%	7.15%	7.50%

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

(This Page Intentionally Left Blank)

# SUPPLEMENTARY INFORMATION



LITTLE ROCK

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





**Little Rock Water Reclamation Authority**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2019**

	Original and Final Budget	Actual	Variance Over (Under)
<b>Operating Revenue</b>			
Sewer charges	\$ 59,112,023	\$ 58,492,305	\$ (619,718)
Industrial surcharges	1,054,100	1,581,640	527,540
Other	788,500	677,903	(110,597)
Total operating revenue	<u>60,954,623</u>	<u>60,751,848</u>	<u>(202,775)</u>
<b>Operating Expenses Excluding Depreciation</b>			
Water reclamation committee	57,457	59,587	2,130
Utility management	1,539,997	1,408,463	(131,534)
Finance and administration	2,616,211	2,796,238	180,027
Engineering	2,409,743	2,574,227	164,484
Information systems	2,115,371	2,222,155	106,784
Collection system maintenance	7,795,315	8,575,908	780,593
Operations	5,332,920	5,966,075	633,155
Environmental assessment	1,699,686	1,804,391	104,705
Facilities/maintenance	3,802,473	3,921,974	119,501
Legal/HR	831,075	855,351	24,276
Total operating expenses, excluding depreciation	<u>28,200,248</u>	<u>30,184,369</u>	<u>1,984,121</u>
<b>Operating Income Before Depreciation</b>	<u>32,754,375</u>	<u>30,567,479</u>	<u>(2,186,896)</u>
Provision for depreciation			
Building and improvements	4,372,616	4,183,557	(189,059)
Infrastructure – collections, pumping and treatments	8,692,088	8,913,060	220,972
Equipment	3,899,163	3,935,716	36,553
Total provision for depreciation	<u>16,963,867</u>	<u>17,032,333</u>	<u>68,466</u>
<b>Operating Income</b>	<u>15,790,508</u>	<u>13,535,146</u>	<u>(2,255,362)</u>
<b>Nonoperating Income (Expense)</b>			
Interest income	375,000	1,027,034	652,034
Interest expense	(9,675,800)	(8,756,844)	918,956
Bond issuance/amortization expense	(50,000)	(24,398)	25,602
Gain (loss) on disposal of capital assets	95,000	(108,485)	(203,485)
Gain on investments	-	58,579	58,579
Other	75,000	196,960	121,960
Net nonoperating income (expense)	<u>(9,180,800)</u>	<u>(7,607,154)</u>	<u>1,573,646</u>
<b>Increase in Net Position Before Capital Contributions</b>	<u>\$ 6,609,708</u>	<u>\$ 5,927,992</u>	<u>\$ (681,716)</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Operating Expenses by Department**  
**Excluding Depreciation**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Water Reclamation Commission</b>		
Commission expense reimbursement	\$ 1,807	\$ 1,599
Insurance	1,492	2,979
Other	<u>56,288</u>	<u>52,511</u>
Total	<u>59,587</u>	<u>57,089</u>
<b>Utility Management</b>		
Salaries	596,413	570,382
Employee benefits	365,255	334,898
Supplies	9,514	12,764
Contract services	190,541	174,059
Vehicle maintenance	17,168	17,025
Utilities	11,097	7,794
Insurance	2,181	2,310
Training and administration	<u>216,294</u>	<u>286,730</u>
Total	<u>1,408,463</u>	<u>1,405,962</u>
<b>Finance and Administration</b>		
Salaries	1,028,681	951,000
Employee benefits	599,661	475,881
Supplies	35,738	41,043
Contract services	985,524	999,895
Vehicle maintenance	3,021	7,749
Utilities	6,531	5,588
Insurance	12,397	9,850
Training and administration	<u>124,685</u>	<u>113,382</u>
Total	<u>2,796,238</u>	<u>2,604,388</u>
<b>Engineering</b>		
Salaries	1,261,383	1,182,615
Employee benefits	669,004	477,980
Supplies	53,167	60,252
Contract services	429,011	539,562
Vehicle maintenance	28,800	31,792
Utilities	18,141	13,698
Insurance	9,838	14,372
Training and administration	<u>104,883</u>	<u>272,702</u>
Total	<u>2,574,227</u>	<u>2,592,973</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Operating Expenses by Department**  
**Excluding Depreciation (Continued)**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Collection System Maintenance:</b>		
Salaries	\$ 4,315,440	\$ 4,308,355
Employee benefits	2,702,124	2,259,003
Supplies	655,455	709,171
Contract services	687,083	794,980
Vehicle maintenance	114,096	166,431
Utilities	39,741	35,537
Insurance	41,626	61,807
Training and administration	20,343	36,006
Total	<u>8,575,908</u>	<u>8,371,290</u>
<b>Operations – Adams, Fourche, Maumelle and Industrial Monitoring</b>		
Salaries	1,836,967	1,757,005
Employee benefits	1,086,713	896,442
Supplies	512,178	457,043
Contract services	733,708	576,514
Vehicle maintenance	22,132	12,313
Utilities	1,586,440	1,264,084
Insurance	94,974	62,690
Training and administration	92,963	86,433
Total	<u>5,966,075</u>	<u>5,112,524</u>
<b>Information Systems</b>		
Salaries	845,283	803,891
Employee benefits	470,000	391,942
Supplies	196,134	250,103
Contract services	487,866	439,392
Vehicle maintenance	6,819	5,732
Utilities	178,479	162,634
Insurance	3,622	3,801
Training and administration	33,952	31,184
Total	<u>2,222,155</u>	<u>2,088,679</u>
<b>Environmental Assessment</b>		
Salaries	975,337	966,250
Employee benefits	609,915	496,101
Supplies	114,001	128,424
Contract services	53,095	57,939
Vehicle maintenance	21,411	20,003
Utilities	5,933	4,902
Insurance	6,563	6,522
Training and administration	18,136	13,670
Total	<u>1,804,391</u>	<u>1,693,811</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Operating Expenses by Department**  
**Excluding Depreciation (Continued)**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Facilities/Maintenance</b>		
Salaries	\$ 1,466,103	\$ 1,346,458
Benefits	882,670	722,144
Supplies	833,735	987,721
Contract services	447,337	349,213
Vehicle expenses	74,821	74,406
Utilities	137,341	134,023
Insurance	64,138	49,671
Other	15,829	8,984
	<u>3,921,974</u>	<u>3,672,620</u>
Total		
<b>Legal/HR</b>		
Salaries	461,223	443,152
Benefits	236,090	185,911
Supplies	8,860	8,124
Contract services	72,558	43,819
Vehicle expenses	7,200	7,200
Utilities	1,466	1,293
Insurance	1,066	1,150
Other	66,888	42,537
	<u>855,351</u>	<u>733,186</u>
Total		
Total operating expenses	<u>\$ 30,184,369</u>	<u>\$ 28,332,522</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness**  
**December 31, 2019**

**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,	
2020	2.75%	\$ 447,503	\$ 453,656	\$ 140,545	\$ 134,392	\$ 1,176,096
2021	2.75%	459,893	466,217	128,155	121,831	1,176,096
2022	2.75%	472,628	479,126	115,420	108,922	1,176,096
2023	2.75%	485,715	492,393	102,333	95,655	1,176,096
2024	2.75%	499,163	506,027	88,885	82,021	1,176,096
2025	2.75%	512,984	520,038	75,064	68,010	1,176,096
2026	2.75%	527,188	534,437	60,860	53,611	1,176,096
2027	2.75%	541,786	549,235	46,262	38,813	1,176,096
2028	2.75%	556,788	564,444	31,260	23,604	1,176,096
2029	2.75%	572,211	580,049	15,843	7,974	1,176,077
		<u>\$ 5,075,859</u>	<u>\$ 5,145,622</u>	<u>\$ 804,627</u>	<u>\$ 734,833</u>	<u>\$ 11,760,941</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**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,	
2020	2.00%	\$ 189,987	\$ 191,887	\$ 53,658	\$ 51,758	\$ 487,290
2021	2.00%	193,805	195,743	49,840	47,902	487,290
2022	2.00%	197,701	199,677	45,944	43,968	487,290
2023	2.00%	201,675	203,691	41,970	39,954	487,290
2024	2.00%	205,729	207,785	37,916	35,860	487,290
2025	2.00%	209,863	211,963	33,782	31,682	487,290
2026	2.00%	214,081	216,223	29,564	27,422	487,290
2027	2.00%	218,385	220,569	25,260	23,076	487,290
2028	2.00%	222,775	225,003	20,870	18,642	487,290
2029	2.00%	227,253	229,525	16,392	14,120	487,290
2030	2.00%	231,819	234,139	11,826	9,506	487,290
2031	2.00%	236,478	238,845	7,166	4,800	487,289
2032	2.00%	241,223	-	2,412	-	243,635
		<u>\$ 2,790,774</u>	<u>\$ 2,575,050</u>	<u>\$ 376,600</u>	<u>\$ 348,690</u>	<u>\$ 6,091,114</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2011)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		February 1,	August 1,	February 1,	August 1,	
2020	5.00%	\$ 1,110,000	\$ 1,140,000	\$ 136,963	\$ 109,213	\$ 2,496,176
2021	3.25%	1,160,000	1,190,000	80,712	61,863	2,492,575
2022	3.50%	1,205,000	1,225,000	42,525	21,438	2,493,963
		<u>\$ 3,475,000</u>	<u>\$ 3,555,000</u>	<u>\$ 260,200</u>	<u>\$ 192,514</u>	<u>\$ 7,482,714</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2012)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		February 1,	August 1,	February 1,	August 1,	
2020	3.000%	\$ -	\$ 705,000	\$ 440,388	\$ 440,388	\$ 1,585,776
2021	3.000%	-	725,000	429,812	429,812	1,584,624
2022	3.000%	-	745,000	418,938	418,938	1,582,876
2023	3.000%	-	770,000	407,762	407,762	1,585,524
2024	3.000%	-	790,000	396,213	396,213	1,582,426
2025	3.000%	-	815,000	384,362	384,362	1,583,724
2026	3.125%	-	840,000	372,137	372,137	1,584,274
2027	3.250%	-	865,000	359,013	359,013	1,583,026
2028	3.250%	-	895,000	344,956	344,956	1,584,912
2029	3.750%	-	925,000	330,413	330,413	1,585,826
2030	3.750%	-	960,000	313,069	313,069	1,586,138
2031	3.750%	-	995,000	295,069	295,069	1,585,138
2032	3.750%	-	1,030,000	276,412	276,413	1,582,825
2033	3.750%	-	1,070,000	257,100	257,100	1,584,200
2034	4.000%	-	1,115,000	235,700	235,700	1,586,400
2035	4.000%	-	1,160,000	213,400	213,400	1,586,800
2036	4.000%	-	1,205,000	190,200	190,200	1,585,400
2037	4.000%	-	1,250,000	166,100	166,100	1,582,200
2038	4.000%	-	1,300,000	141,100	141,100	1,582,200
2039	4.000%	-	1,355,000	115,100	115,100	1,585,200
2040	4.000%	-	1,410,000	88,000	88,000	1,586,000
2041	4.000%	-	1,465,000	59,800	59,800	1,584,600
2042	4.000%	-	1,525,000	30,500	30,500	1,586,000
		<u>\$ -</u>	<u>\$ 23,915,000</u>	<u>\$ 6,265,544</u>	<u>\$ 6,265,545</u>	<u>\$ 36,446,089</u>



**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2013)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2020	2.250%	\$ 767,428	\$ 776,061	\$ 355,179	\$ 346,545	\$ 2,245,213
2021	2.250%	784,791	793,620	337,814	328,985	2,245,210
2022	2.250%	802,548	811,577	320,057	311,029	2,245,211
2023	2.250%	820,708	829,940	301,898	292,665	2,245,211
2024	2.250%	839,277	848,720	283,329	273,887	2,245,213
2025	2.250%	858,267	867,922	264,339	254,683	2,245,211
2026	2.250%	877,687	887,561	244,919	235,045	2,245,212
2027	2.250%	897,546	907,643	225,060	214,962	2,245,211
2028	2.250%	917,854	928,181	204,752	194,426	2,245,213
2029	2.250%	938,622	949,182	183,984	173,424	2,245,212
2030	2.250%	959,860	970,659	162,746	151,947	2,245,212
2031	2.250%	981,578	992,621	141,027	129,985	2,245,211
2032	2.250%	1,003,788	1,015,081	118,818	107,525	2,245,212
2033	2.250%	1,026,500	1,038,049	96,106	84,557	2,245,212
2034	2.250%	1,049,726	1,061,536	72,879	61,070	2,245,211
2035	2.250%	1,073,476	1,085,555	49,127	37,081	2,245,239
2036	2.250%	1,097,768	1,110,103	24,839	12,489	2,245,199
		<u>\$ 15,697,424</u>	<u>\$ 15,874,011</u>	<u>\$ 3,386,873</u>	<u>\$ 3,210,305</u>	<u>\$ 38,168,613</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2014)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		May 1,	November 1,	May 1,	November 1,	
2020	3.000%	\$ 650,000	\$ 670,000	\$ 90,788	\$ 81,037	\$ 1,491,825
2021	3.000%	675,000	685,000	74,338	65,900	1,500,238
2022	3.500%	695,000	705,000	55,625	43,463	1,499,088
2023	4.000%	315,000	320,000	31,124	26,400	692,524
2024	4.000%	325,000	335,000	20,000	13,500	693,500
2025	4.000%	340,000	-	6,800	-	346,800
		<u>\$ 3,000,000</u>	<u>\$ 2,715,000</u>	<u>\$ 278,675</u>	<u>\$ 230,300</u>	<u>\$ 6,223,975</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2015)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 1,	October 1,	April 1,	October 1,	
2020	3.000%	\$ 2,215,000	\$ 2,245,000	\$ 2,793,046	\$ 2,759,821	\$ 10,012,867
2021	4.000%	2,285,000	2,325,000	2,726,146	2,680,446	10,016,592
2022	3.500%	2,375,000	2,405,000	2,633,946	2,598,321	10,012,267
2023	4.000%	2,460,000	2,495,000	2,550,221	2,513,321	10,018,542
2024	4.000%	2,775,000	2,820,000	2,450,946	2,409,321	10,455,267
2025	4.000%	2,890,000	2,935,000	2,338,821	2,295,471	10,459,292
2026	4.375%	3,355,000	3,430,000	2,222,096	2,148,705	11,155,801
2027	4.500%	3,880,000	3,210,000	2,073,674	1,986,374	11,150,048
2028	4.700%	3,660,000	3,745,000	1,914,149	1,828,139	11,147,288
2029	3.125%	3,830,000	3,890,000	1,740,131	1,680,288	11,140,419
2030	3.250%	4,510,000	4,585,000	1,619,506	1,546,219	12,260,725
2031	3.250%	4,665,000	4,735,000	1,471,713	1,395,906	12,267,619
2032	5.000%	4,810,000	4,930,000	1,318,963	1,198,713	12,257,676
2033	5.000%	5,055,000	5,185,000	1,075,463	949,088	12,264,551
2034	5.000%	5,315,000	5,445,000	819,463	686,588	12,266,051
2035	3.500%	5,585,000	5,685,000	550,463	452,725	12,273,188
2036	3.500%	5,785,000	5,885,000	353,238	252,000	12,275,238
2037	3.500%	4,220,000	4,295,000	149,013	75,163	8,739,176
		<u>\$ 69,670,000</u>	<u>\$ 70,245,000</u>	<u>\$ 30,800,998</u>	<u>\$ 29,456,609</u>	<u>\$ 200,172,607</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2016A)<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2020	2.720%	\$ -	\$ 814,218	\$ -	\$ 695,192	\$ 1,509,410
2021	2.720%	824,931	835,786	684,479	673,625	3,018,821
2022	2.720%	846,785	857,929	662,626	651,482	3,018,822
2023	2.720%	869,221	880,663	640,190	628,748	3,018,822
2024	2.720%	892,256	904,003	617,155	605,408	3,018,822
2025	2.720%	915,906	927,967	593,505	581,444	3,018,822
2026	2.720%	940,187	952,570	569,223	556,841	3,018,821
2027	2.720%	965,117	977,830	544,294	531,581	3,018,822
2028	2.720%	990,712	1,003,765	518,699	505,646	3,018,822
2029	2.720%	1,016,991	1,030,393	492,420	479,018	3,018,822
2030	2.720%	1,043,972	1,057,732	465,439	451,679	3,018,822
2031	2.720%	1,071,674	1,085,802	437,737	423,609	3,018,822
2032	2.720%	1,100,117	1,114,622	409,294	394,789	3,018,822
2033	2.720%	1,129,319	1,144,212	380,091	365,198	3,018,820
2034	2.720%	1,159,303	1,174,594	350,108	334,817	3,018,822
2035	2.720%	1,190,088	1,205,789	319,322	303,622	3,018,821
2036	2.720%	1,221,697	1,237,817	287,713	271,593	3,018,820
2037	2.720%	1,254,152	1,270,703	255,259	238,707	3,018,821
2038	2.720%	1,287,475	1,304,469	221,936	204,941	3,018,821
2039	2.720%	1,321,690	1,339,139	187,721	170,272	3,018,822
2040	2.720%	1,356,821	388,270	152,590	134,673	2,032,354
2041	2.720%	394,094	400,006	128,849	122,938	1,045,887
2042	2.720%	406,006	412,096	116,938	110,848	1,045,888
2043	2.720%	418,277	424,552	104,666	98,392	1,045,887
2044	2.720%	430,920	437,384	92,024	85,560	1,045,888
2045	2.720%	443,944	450,604	78,999	72,340	1,045,887
2046	2.720%	457,363	464,223	65,581	58,721	1,045,888
2047	2.720%	471,186	478,254	51,757	44,690	1,045,887
2048	2.720%	485,428	492,709	37,516	30,234	1,045,887
2049	2.720%	500,100	507,602	22,844	15,342	1,045,888
2050	2.720%	515,215	-	7,728	-	522,943
		<u>\$ 25,920,947</u>	<u>\$ 25,575,703</u>	<u>\$ 9,496,703</u>	<u>\$ 9,841,950</u>	<u>\$ 70,835,303</u>

<sup>a</sup> The available proceeds of Series 2016A is \$61,000,000 and includes 20- and 30-year blended rates. The Utility received an extension on drawing down the 2016A bond, and is required to pay all scheduled principal, but is only required to pay interest on the outstanding balance.

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2016A) – Fully Amortized<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2020	2.720%	\$ -	\$ 983,854	\$ -	\$ 829,918	\$ 1,813,772
2021	2.720%	997,239	1,010,807	816,533	802,965	3,627,544
2022	2.720%	1,024,559	1,038,498	789,213	775,274	3,627,544
2023	2.720%	1,052,628	1,066,949	761,144	746,823	3,627,544
2024	2.720%	1,081,465	1,096,179	732,307	717,593	3,627,544
2025	2.720%	1,111,092	1,126,209	702,680	687,563	3,627,544
2026	2.720%	1,141,531	1,157,062	672,241	656,710	3,627,544
2027	2.720%	1,172,804	1,188,760	640,968	625,012	3,627,544
2028	2.720%	1,204,934	1,221,327	608,838	592,445	3,627,544
2029	2.720%	1,237,943	1,254,786	575,829	558,986	3,627,544
2030	2.720%	1,271,858	1,289,161	541,914	524,611	3,627,544
2031	2.720%	1,306,701	1,324,479	507,071	489,293	3,627,544
2032	2.720%	1,342,499	1,360,764	471,273	453,008	3,627,544
2033	2.720%	1,379,277	1,398,043	434,495	415,729	3,627,544
2034	2.720%	1,417,063	1,436,342	396,709	377,430	3,627,544
2035	2.720%	1,455,884	1,475,691	357,888	338,081	3,627,544
2036	2.720%	1,495,769	1,516,120	318,003	297,652	3,627,544
2037	2.720%	1,536,746	1,557,654	277,026	256,118	3,627,544
2038	2.720%	1,578,846	1,600,327	234,926	213,445	3,627,544
2039	2.720%	1,622,099	1,644,169	191,673	169,603	3,627,544
2040	2.720%	1,666,538	401,409	147,234	124,561	2,339,742
2041	2.720%	406,871	412,407	119,099	113,563	1,051,940
2042	2.720%	418,018	423,705	107,952	102,265	1,051,940
2043	2.720%	429,469	435,312	96,501	90,658	1,051,940
2044	2.720%	441,234	447,237	84,736	78,733	1,051,940
2045	2.720%	453,323	459,490	72,647	66,480	1,051,940
2046	2.720%	465,742	472,078	60,228	53,892	1,051,940
2047	2.720%	478,501	485,011	47,469	40,959	1,051,940
2048	2.720%	491,609	498,298	34,361	27,672	1,051,940
2049	2.720%	505,078	511,949	20,892	14,021	1,051,940
2050	2.720%	518,603	-	7,056	-	525,659
		<u>\$ 30,705,923</u>	<u>\$ 30,294,077</u>	<u>\$ 10,828,906</u>	<u>\$ 11,241,063</u>	<u>\$ 83,069,969</u>

<sup>a</sup> The available proceeds of Series 2016A is \$61,000,000.

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2016B)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		June 1,	December 1,	June 1,	December 1,	
2020	3.000%	\$ -	\$ 655,000	\$ 301,372	\$ 301,372	\$ 1,257,744
2021	3.000%	-	670,000	291,547	291,547	1,253,094
2022	4.000%	-	695,000	281,497	281,497	1,257,994
2023	4.000%	-	725,000	267,597	267,597	1,260,194
2024	4.000%	-	755,000	253,097	253,097	1,261,194
2025	4.000%	-	780,000	237,997	237,997	1,255,994
2026	4.000%	-	815,000	222,397	222,397	1,259,794
2027	4.000%	-	850,000	206,097	206,097	1,262,194
2028	4.000%	-	880,000	189,097	189,097	1,258,194
2029	4.000%	-	910,000	171,497	171,497	1,252,994
2030	4.000%	-	950,000	153,297	153,297	1,256,594
2031	3.000%	-	990,000	134,297	134,297	1,258,594
2032	3.000%	-	1,020,000	119,447	119,447	1,258,894
2033	4.000%	-	1,045,000	104,147	104,147	1,253,294
2034	4.000%	-	1,090,000	83,247	83,247	1,256,494
2035	3.125%	-	1,135,000	61,447	61,447	1,257,894
2036	3.125%	-	1,170,000	43,713	43,713	1,257,426
2037	3.250%	-	1,205,000	25,431	25,431	1,255,862
2038	3.250%	-	360,000	5,850	5,850	371,700
		<u>\$ -</u>	<u>\$ 16,700,000</u>	<u>\$ 3,153,071</u>	<u>\$ 3,153,071</u>	<u>\$ 23,006,142</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2017)**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 1,	October 1,	April 1,	October 1,	
2020	3.000%	\$ -	\$ 220,000	\$ 182,854	\$ 182,854	\$ 585,708
2021	3.000%	-	225,000	179,553	179,553	584,106
2022	4.000%	-	235,000	176,178	176,178	587,356
2023	4.000%	-	245,000	171,478	171,478	587,956
2024	4.000%	-	250,000	166,578	166,578	583,156
2025	4.000%	-	265,000	161,578	161,578	588,156
2026	4.000%	-	275,000	156,278	156,278	587,556
2027	4.000%	-	285,000	150,778	150,778	586,556
2028	4.000%	-	295,000	145,078	145,078	585,156
2029	4.000%	-	305,000	139,178	139,178	583,356
2030	4.000%	-	320,000	133,078	133,078	586,156
2031	4.000%	-	330,000	126,678	126,678	583,356
2032	4.000%	-	345,000	120,078	120,078	585,156
2033	4.000%	-	360,000	113,178	113,178	586,356
2034	3.125%	-	375,000	105,978	105,978	586,956
2035	3.125%	-	385,000	100,119	100,119	585,238
2036	3.125%	-	400,000	94,103	94,103	588,206
2037	3.125%	-	410,000	87,853	87,853	585,706
2038	3.250%	-	425,000	81,447	81,447	587,894
2039	3.250%	-	435,000	74,541	74,541	584,082
2040	3.250%	-	450,000	67,472	67,472	584,944
2041	3.250%	-	465,000	60,159	60,159	585,318
2042	3.250%	-	480,000	52,603	52,603	585,206
2043	3.375%	-	495,000	44,803	44,803	584,606
2044	3.375%	-	515,000	36,450	36,450	587,900
2045	3.375%	-	530,000	27,759	27,759	585,518
2046	3.375%	-	550,000	18,816	18,816	587,632
2047	3.375%	-	565,000	9,534	9,534	584,068
		<u>\$ -</u>	<u>\$ 10,435,000</u>	<u>\$ 2,984,180</u>	<u>\$ 2,984,180</u>	<u>\$ 16,403,360</u>

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2018)<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2021	2.000%	\$ -	\$ 299,260	\$ -	\$ 431,898	\$ 731,158
2022	2.000%	303,749	308,305	427,409	422,853	1,462,316
2023	2.000%	312,930	317,624	418,228	413,535	1,462,317
2024	2.000%	322,388	327,224	408,770	403,934	1,462,316
2025	2.000%	332,132	337,114	399,026	394,044	1,462,316
2026	2.000%	342,171	347,304	388,987	383,855	1,462,317
2027	2.000%	352,513	357,801	378,645	373,357	1,462,316
2028	2.000%	363,168	368,615	367,990	362,543	1,462,316
2029	2.000%	374,145	379,757	357,014	351,402	1,462,318
2030	2.000%	385,453	391,235	345,705	339,923	1,462,316
2031	2.000%	397,104	403,060	334,055	328,098	1,462,317
2032	2.000%	409,106	415,243	322,052	315,916	1,462,317
2033	2.000%	421,471	427,793	309,687	303,365	1,462,316
2034	2.000%	434,210	440,723	296,948	290,435	1,462,316
2035	2.000%	447,334	454,044	283,824	277,114	1,462,316
2036	2.000%	460,855	467,768	270,304	263,391	1,462,318
2037	2.000%	474,784	481,906	256,374	249,252	1,462,316
2038	2.000%	489,135	496,472	242,024	234,687	1,462,318
2039	2.000%	503,919	511,477	227,240	219,681	1,462,317
2040	2.000%	519,150	526,937	212,009	204,222	1,462,318
2041	2.000%	534,841	542,863	196,318	188,295	1,462,317
2042	2.000%	551,006	559,272	180,152	171,887	1,462,317
2043	2.000%	567,661	576,176	163,498	154,983	1,462,318
2044	2.000%	584,818	593,590	146,340	137,568	1,462,316
2045	2.000%	602,494	611,532	128,664	119,627	1,462,317
2046	2.000%	620,705	630,015	110,454	101,143	1,462,317
2047	2.000%	639,465	649,057	91,693	82,101	1,462,316
2048	2.000%	658,793	668,675	72,365	62,483	1,462,316
2049	2.000%	678,707	688,886	52,453	42,272	1,462,318
2050	2.000%	699,219	709,707	31,939	21,451	1,462,316
2051	2.000%	720,353	-	10,805	-	731,158
		<u>\$ 14,503,779</u>	<u>\$ 14,289,435</u>	<u>\$ 7,430,972</u>	<u>\$ 7,645,315</u>	<u>\$ 43,869,501</u>

<sup>a</sup> The available proceeds of Series 2018 is \$61,600,000



**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2018) – Fully Amortized<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2021	3.000%	\$ -	\$ 633,653	\$ -	\$ 939,400	\$ 1,573,053
2022	3.000%	648,397	653,204	924,656	919,849	3,146,106
2023	3.000%	668,138	673,355	904,915	899,698	3,146,106
2024	3.000%	683,623	694,049	889,430	879,004	3,146,106
2025	3.000%	709,378	715,451	863,675	857,602	3,146,106
2026	3.000%	730,988	737,509	842,065	835,544	3,146,106
2027	3.000%	753,260	760,243	819,793	812,810	3,146,106
2028	3.000%	771,837	783,608	801,216	789,445	3,146,106
2029	3.000%	799,806	807,755	773,247	765,298	3,146,106
2030	3.000%	824,188	832,642	748,865	740,411	3,146,106
2031	3.000%	849,316	858,292	723,737	714,761	3,146,106
2032	3.000%	871,381	884,669	701,672	688,384	3,146,106
2033	3.000%	901,848	911,913	671,205	661,140	3,146,106
2034	3.000%	929,357	939,993	643,696	633,060	3,146,106
2035	3.000%	957,709	968,933	615,344	604,120	3,146,106
2036	3.000%	983,709	998,711	589,344	574,342	3,146,106
2037	3.000%	1,016,996	1,029,450	556,057	543,603	3,146,106
2038	3.000%	1,048,034	1,061,132	525,019	511,921	3,146,106
2039	3.000%	1,080,023	1,093,784	493,030	479,269	3,146,106
2040	3.000%	1,110,465	1,127,399	462,588	445,654	3,146,106
2041	3.000%	1,146,933	1,162,083	426,120	410,970	3,146,106
2042	3.000%	1,181,953	1,197,829	391,100	375,224	3,146,106
2043	3.000%	1,218,047	1,234,671	355,006	338,382	3,146,106
2044	3.000%	1,253,500	1,272,616	319,553	300,437	3,146,106
2045	3.000%	1,293,559	1,311,750	279,494	261,303	3,146,106
2046	3.000%	1,333,073	1,352,084	239,980	220,969	3,146,106
2047	3.000%	1,373,798	1,393,653	199,255	179,400	3,146,106
2048	3.000%	1,414,907	1,436,484	158,146	136,569	3,146,106
2049	3.000%	1,459,017	1,480,640	114,036	92,413	3,146,106
2050	3.000%	1,495,952	1,533,741	77,101	39,312	3,146,106
2051	3.000%	1,549,512	-	23,540	-	1,573,052
		<u>\$ 31,058,704</u>	<u>\$ 30,541,296</u>	<u>\$ 16,132,885</u>	<u>\$ 16,650,294</u>	<u>\$ 94,383,179</u>

<sup>a</sup> The available proceeds of Series 2018 is \$61,600,000.

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2019)<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2023	3.000%	\$ 6,690	\$ 6,790	\$ 9,655	\$ 9,555	\$ 32,690
2024	3.000%	6,892	6,995	9,453	9,349	32,689
2025	3.000%	7,100	7,207	9,244	9,138	32,689
2026	3.000%	7,315	7,425	9,030	8,920	32,690
2027	3.000%	7,536	7,649	8,809	8,696	32,690
2028	3.000%	7,764	7,880	8,581	8,465	32,690
2029	3.000%	7,999	8,119	8,346	8,226	32,690
2030	3.000%	8,240	8,364	8,105	7,981	32,690
2031	3.000%	8,489	8,617	7,855	7,728	32,689
2032	3.000%	8,746	8,877	7,599	7,468	32,690
2033	3.000%	9,010	9,145	7,335	7,199	32,689
2034	3.000%	9,283	9,422	7,062	6,923	32,690
2035	3.000%	9,563	9,707	6,782	6,638	32,690
2036	3.000%	9,852	10,000	6,493	6,345	32,690
2037	3.000%	10,150	10,302	6,195	6,043	32,690
2038	3.000%	10,457	10,614	5,888	5,731	32,690
2039	3.000%	10,773	10,934	5,572	5,410	32,689
2040	3.000%	11,099	11,265	5,246	5,080	32,690
2041	3.000%	11,434	11,605	4,911	4,739	32,689
2042	3.000%	11,780	11,956	4,565	4,389	32,690
2043	3.000%	12,136	12,318	4,389	4,209	33,052
2044	3.000%	12,502	12,690	4,209	4,027	33,428
2045	3.000%	12,880	13,073	4,027	3,842	33,822
2046	3.000%	13,270	13,469	3,842	3,655	34,236
2047	3.000%	13,671	13,876	3,655	3,465	34,667
2048	3.000%	14,084	14,295	3,465	3,271	35,115
2049	3.000%	14,510	14,727	3,271	3,075	35,583
2050	3.000%	14,948	15,172	3,075	2,876	36,071
2051	3.000%	15,400	15,631	2,876	2,674	36,581
2052	3.000%	15,865	16,103	2,674	2,469	37,111
		<u>\$ 319,438</u>	<u>\$ 324,227</u>	<u>\$ 182,209</u>	<u>\$ 177,586</u>	<u>\$ 1,003,460</u>

<sup>a</sup> The available proceeds of Series 2019 is \$18,000,000.

**Little Rock Water Reclamation Authority**  
**Schedule of Bonded Indebtedness (Continued)**  
**December 31, 2019**

**Sewer Revenue Bonds (Series 2019) – Fully Amortized<sup>a</sup>**

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2023	3.000%	\$ 187,082	\$ 189,888	\$ 270,000	\$ 267,194	\$ 914,164
2024	3.000%	192,737	195,628	264,345	261,454	914,164
2025	3.000%	198,562	201,540	258,520	255,542	914,164
2026	3.000%	204,563	207,632	252,519	249,450	914,164
2027	3.000%	210,746	213,908	246,336	243,174	914,164
2028	3.000%	217,116	220,373	239,966	236,709	914,164
2029	3.000%	223,679	227,034	233,403	230,048	914,164
2030	3.000%	230,439	233,896	226,643	223,186	914,164
2031	3.000%	237,404	240,965	219,678	216,117	914,164
2032	3.000%	244,580	248,249	212,502	208,833	914,164
2033	3.000%	251,972	255,752	205,110	201,330	914,164
2034	3.000%	259,588	263,482	197,494	193,600	914,164
2035	3.000%	267,434	271,445	189,648	185,637	914,164
2036	3.000%	275,517	279,650	181,565	177,432	914,164
2037	3.000%	283,845	288,103	173,237	168,979	914,164
2038	3.000%	292,424	296,810	164,658	160,272	914,164
2039	3.000%	301,262	305,782	155,820	151,300	914,164
2040	3.000%	310,368	315,024	146,714	142,058	914,164
2041	3.000%	319,749	324,545	137,333	132,537	914,164
2042	3.000%	329,414	334,355	127,668	122,727	914,164
2043	3.000%	339,370	344,461	117,712	112,621	914,164
2044	3.000%	349,628	354,872	107,454	102,210	914,164
2045	3.000%	360,195	365,598	96,887	91,484	914,164
2046	3.000%	371,082	376,648	86,000	80,434	914,164
2047	3.000%	382,298	388,032	74,784	69,050	914,164
2048	3.000%	393,853	399,761	63,229	57,321	914,164
2049	3.000%	405,757	411,843	51,325	45,239	914,164
2050	3.000%	418,021	424,292	39,061	32,790	914,164
2051	3.000%	430,656	437,116	26,426	19,966	914,164
2052	3.000%	443,672	450,303	13,410	6,755	914,140
		<u>\$ 8,933,013</u>	<u>\$ 9,066,987</u>	<u>\$ 4,779,447</u>	<u>\$ 4,645,449</u>	<u>\$ 27,424,896</u>

<sup>a</sup> The available proceeds of Series 2019 is \$18,000,000.

(This Page Intentionally Left Blank)

# STATISTICAL DATA



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



## Statistical Section – Contents and Explanations (Unaudited)

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

### A – Financial Trends Information

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

---

Net Position by Component, Last Ten Fiscal Years	95
Changes in Net Position	96
Operating Revenues by Source	97
Operating Expenses	98
Nonoperating Revenues and Expenses	99

---

### B – Revenue Capacity Information

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

---

New Construction/Inspections Completed	100
Number of Sewer Customers by Type	101
Domestic Sewer Rates (Inside City)	102
Domestic Sewer Rates (Outside City)	103
Non-Domestic Sewer Rates (Inside City)	104
Non-Domestic Sewer Rates (Outside City)	105

---

### C – Debt Capacity Information

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

---

Ratios of Outstanding Debt by Type	106
Pledged-Revenue Coverage	107

---

### D – Demographic and Economic Information

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

---

Demographic and Economic Statistics, Last Ten Calendar Years	108
Ten Largest Sewer Customers, Current Year and Nine Years Ago	109
Principal Employers, Current Year and Nine Years Ago	110

---

### E – Operating Information

These schedules contain information about LRWRA’s operational activities.

---

Number of Employees by Identifiable Activity	111
Operating and Capital Indicators	112

---

(This Page Intentionally Left Blank)



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

	Fiscal Year				
	2015 <sup>a</sup>	2016	2017	2018 <sup>b</sup>	2019
<b>Primary Government</b>					
Net investment in capital assets	\$ 166,962,094	\$ 174,925,069	\$ 175,449,301	\$ 178,984,742	\$ 181,817,487
Restricted					
Debt service	12,534,544	6,130,592	6,868,935	7,147,197	8,002,459
Postemployment benefits	-	1,571,149	1,640,581	-	-
Total restricted	<u>12,534,544</u>	<u>7,701,741</u>	<u>8,509,516</u>	<u>7,147,197</u>	<u>8,002,459</u>
<b>Unrestricted</b>	<u>8,232,798</u>	<u>11,394,435</u>	<u>14,968,883</u>	<u>17,557,370</u>	<u>22,708,190</u>
Total primary governmental net position	<u>\$ 187,729,436</u>	<u>\$ 194,021,245</u>	<u>\$ 198,927,700</u>	<u>\$ 203,689,309</u>	<u>\$ 212,528,136</u>
	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Primary Government</b>					
Net investment in capital assets	\$ 145,335,731	\$ 139,771,009	\$ 153,882,712	\$ 160,379,889	\$ 163,269,445
Restricted					
Debt service	8,717,901	8,201,722	9,941,067	11,937,387	11,841,110
Postemployment benefits	-	-	-	-	-
Total restricted	<u>8,717,901</u>	<u>8,201,722</u>	<u>9,941,067</u>	<u>11,937,387</u>	<u>11,841,110</u>
<b>Unrestricted</b>	<u>3,668,629</u>	<u>15,072,179</u>	<u>15,273,085</u>	<u>13,122,816</u>	<u>20,338,501</u>
Total primary governmental net position	<u>\$ 157,722,261</u>	<u>\$ 163,044,910</u>	<u>\$ 179,096,864</u>	<u>\$ 185,440,092</u>	<u>\$ 195,449,056</u>

<sup>a</sup> Includes the effect of the adoption of GASB 68.

<sup>b</sup> Includes the effect of the adoption of GASB 75.

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

<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Operating Expense</b>	<b>Depreciation Expense</b>	<b>Total Nonoperating Revenues (Expenses)</b>	<b>Income Before Capital Contributions</b>	<b>Capital Contributions and Grants</b>	<b>Change in Net Position</b>
2010	\$ 42,014,840	\$ (23,310,477)	\$ (7,737,659)	\$ (10,449,831)	\$ 516,873	\$ 1,320,229	\$ 1,837,102
2011	41,343,263	(21,375,526)	(7,778,436)	(8,464,927)	3,724,374	1,598,275	5,322,649
2012	43,547,696	(20,845,059)	(7,805,859)	(10,985,650)	3,911,128	1,906,970	5,818,098
2013	48,141,512	(22,102,353)	(10,141,151)	(13,273,368)	2,624,640	1,053,061	3,677,701
2014	51,214,190	(23,313,891)	(10,280,104)	(9,502,882)	8,117,313	1,891,741	10,009,054
2015	51,175,869	(23,956,665)	(13,722,622)	(12,066,359)	1,430,223	1,819,214	3,249,437
2016	53,470,585	(25,879,136)	(14,033,870)	(8,945,535)	4,612,044	1,679,766	6,291,810
2017	55,286,393	(27,196,677)	(15,190,118)	(9,035,248)	3,864,350	1,042,104	4,906,454
2018	60,887,364	(28,332,522)	(16,099,423)	(8,933,312)	7,522,107	2,786,302	10,308,409
2019	60,751,848	(30,184,369)	(17,032,333)	(7,607,154)	5,927,992	2,910,835	8,838,827

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

<b>Fiscal Year</b>	<b>Sewer Charges</b>	<b>Industrial Surcharges<sup>a</sup></b>	<b>Connection Fees</b>	<b>Other Income<sup>b</sup></b>	<b>Total</b>
2010	\$ 39,788,224	\$ 1,702,263	\$ 30,011	\$ 494,342	\$ 42,014,840
2011	39,685,509	1,159,226	33,597	464,931	41,343,263
2012	42,049,133	1,080,731	36,385	381,447	43,547,696
2013	46,515,532	1,072,928	24,986	528,066	48,141,512
2014	49,699,493	886,815	28,280	599,602	51,214,190
2015	49,616,847	953,219	31,421	574,382	51,175,869
2016	51,733,703	1,002,058	27,130	707,694	53,470,585
2017	53,324,852	1,162,912	39,483	759,146	55,286,393
2018	58,836,838	1,337,871	31,993	680,662	60,887,364
2019	58,492,305	1,581,640	34,388	643,515	60,751,848

<sup>a</sup> 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.

<sup>b</sup> Includes permit fees, sewer dump permits and co-generation revenue.

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

<b>Fiscal Year</b>	<b>Employment Costs</b>	<b>Supplies</b>	<b>Contract Services</b>	<b>Vehicle Maintenance</b>	<b>Utilities</b>	<b>Administrative Costs<sup>a</sup></b>	<b>Subtotal Expense Before Depreciation</b>	<b>Depreciation</b>	<b>Total Operating Expense</b>
2010	\$ 15,992,624	\$ 1,662,988	\$ 2,524,181	\$ 652,114	\$ 1,551,441	\$ 927,129	\$ 23,310,477	\$ 7,737,659	\$ 31,048,136
2011	13,997,893	2,220,871	2,390,989	443,134	1,470,380	852,259	21,375,526	7,778,436	29,153,962
2012	13,436,496	2,029,640	2,736,347	474,662	1,363,224	804,690	20,845,059	7,805,859	28,650,918
2013	14,315,370	2,193,620	2,622,055	573,276	1,456,322	941,710	22,102,353	10,141,151	32,243,504
2014	15,097,683	2,218,406	2,725,022	495,932	1,623,697	1,153,151	23,313,891	10,280,104	33,593,995
2015	15,654,261	2,207,314	2,870,359	341,969	1,818,133	1,064,629	23,956,665	13,722,622	37,679,287
2016	17,357,749	2,309,329	3,171,189	310,460	1,703,030	1,027,379	25,879,136	14,033,870	39,913,006
2017	18,374,739	2,536,833	3,579,063	322,542	1,568,833	814,667	27,196,677	15,190,118	42,386,795
2018	18,569,410	2,655,047	3,975,373	342,651	1,629,151	1,160,890	28,332,522	16,099,423	44,431,945
2019	20,457,142	2,419,263	4,047,693	295,468	1,984,688	980,115	30,184,369	17,032,333	47,216,702

<sup>a</sup> Includes committee and insurance, and other (training and development, travel, and bank service charges) expenses

**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	Unrealized Gain (Loss) on Investments	Other	Total Nonoperating Revenue (Expense)
2010	\$ (10,981,462)	\$ 147,124	\$ -	\$ (30,932)	\$ 353,193	\$ 62,246	\$ (10,449,831)
2011	(10,990,449)	151,072	-	(60,727)	266,225	2,168,952	(8,464,927)
2012	(11,035,424)	338,699	-	(885,759)	(102,535)	699,369	(10,985,650)
2013 <sup>a</sup>	(13,337,916)	52,567	-	111,517	(131,603)	32,067	(13,273,368)
2014	(9,691,040)	172,864	(179,941)	(18,413)	148,019	65,629	(9,502,882)
2015	(8,363,483)	154,003	(1,528,933)	(2,331,935)	(20,707)	24,696	(12,066,359)
2016	(8,945,303)	149,846	(250,674)	62,262	(47,473)	85,807	(8,945,535)
2017	(9,197,384)	295,084	(297,558)	96,011	(4,942)	73,541	(9,035,248)
2018	(9,087,059)	739,314	-	(803,812)	40,402	177,843	(8,933,312)
2019	(8,756,844)	1,027,034	(24,398)	(108,485)	58,579	196,960	(7,607,154)

<sup>a</sup> With the adoption of GASB Statement No. 65, LRWRA recognized outstanding amortization expense at year-end.

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

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Total New Construction Permits/ Inspections Completed</b>
2010	385	69	454
2011	371	124	495
2012	529	128	657
2013	335	109	444
2014	362	81	443
2015	357	100	457
2016	341	63	404
2017	509	85	594
2018	398	96	494
2019	427	135	562

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

Fiscal Year <sup>a</sup>	Non-Domestic				Total
	Domestic	Commercial	Industrial	Other <sup>b</sup>	
2010	60,862	6,262	74	424	67,622
2011	61,030	6,304	74	429	67,837
2012	61,394	6,381	72	399	68,246
2013	61,505	6,284	72	411	68,272
2014	61,748	6,342	73	395	68,558
2015	62,239	6,335	73	392	69,039
2016	62,303	6,381	72	393	69,149
2017	62,537	6,407	70	396	69,410
2018	62,565	6,546	69	400	69,580
2019	63,367	6,644	29	413	70,453

<sup>a</sup> Billed account totals from December

<sup>b</sup> Includes public utilities, governmental (U.S., state, county, city) and public schools

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

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2015	2016 <sup>c</sup>	2017 <sup>d</sup>	2018 <sup>d</sup>	2019 <sup>d</sup>
5/8"	\$ 10.29	\$ 10.29	\$ 10.78	\$ 11.29	\$ 11.81
3/4"	13.25	13.25	13.88	14.54	15.23
1"	20.04	20.04	20.99	21.99	23.03
Volumetric rate <sup>b</sup>					
Operations volumetric rate <sup>b</sup>	1.76	1.76	1.84	1.93	2.02
Debt repayment rate <sup>b</sup>	1.81	2.04	2.14	2.24	2.35

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2010	2011	2012 <sup>c</sup>	2013 <sup>c</sup>	2014 <sup>c</sup>
5/8"	\$ 15.37	\$ 15.37	\$ 9.24	\$ 9.89	\$ 10.29
3/4"	18.02	18.02	11.91	12.74	13.25
1"	24.10	24.10	18.01	19.27	20.04
1.5"	39.46	39.46			
2"	57.83	57.83			
3"	100.58	100.58			
4"	161.84	161.84			
6" or larger	314.87	314.87			
Volumetric rate <sup>b</sup>	3.09	3.09			
Operations volumetric rate <sup>b</sup>			1.58	1.69	1.76
Debt repayment rate <sup>b</sup>			1.81	1.81	1.81

<sup>a</sup> Rate charge from 2010 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

<sup>b</sup> Per 100 cubic feet

<sup>c</sup> In June 2012, the 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 in 2012 for 12.75% on June 12. Step two occurred in 2013 for 8.0% on January 1. Step three occurred in 2014 for 7.0% on January 1. The final step occurred in 2016 for 4.75% on January 1 for Debt Repayment only.

<sup>d</sup> 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 in 2017 for 4.75% on January 1. Step two occurred in 2018 for 4.75% on January 1. Step three occurred in 2019 for 4.75% on January 1.

**Note:** No rate increase in 2011 or 2015. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.



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

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2015	2016 <sup>c</sup>	2017 <sup>d</sup>	2018 <sup>d</sup>	2019 <sup>d</sup>
5/8"	\$ 15.44	\$ 15.44	\$ 16.17	\$ 16.94	\$ 17.75
3/4"	19.88	19.88	20.82	21.81	22.85
1"	30.03	30.03	31.49	32.98	34.55
Volumetric Rate <sup>b</sup>					
Operations Volumetric Rate <sup>b</sup>	2.64	2.64	2.77	2.90	3.03
Debt Repayment Rate <sup>b</sup>	2.72	3.07	3.22	3.37	3.53

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2010	2011	2012 <sup>c</sup>	2013 <sup>c</sup>	2014 <sup>c</sup>
5/8"	\$ 23.05	\$ 23.05	\$ 13.86	\$ 14.84	\$ 15.44
3/4"	27.10	27.10	17.87	19.11	19.88
1"	36.11	36.11	27.02	28.91	30.03
1.5"	59.23	59.23			
2"	88.50	88.50			
3"	150.87	150.87			
4"	242.79	242.79			
6" or larger	472.31	472.31			
Volumetric rate <sup>b</sup>	4.63	4.63			
Operations volumetric rate <sup>b</sup>			2.37	2.54	2.64
Debt repayment rate <sup>b</sup>			2.72	2.72	2.72

<sup>a</sup> Rate charge from 2010 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

<sup>b</sup> Per 100 cubic feet

<sup>c</sup> In June 2012, the 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 in 2012 for 12.75% on June 12. Step two occurred in 2013 for 8.0% on January 1. Step three occurred 2014 for 7.0% on January 1. The final step occurred in 2016 for 4.75% on January 1 for Debt Repayment only.

<sup>d</sup> In August 2015, the City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred in 2017 for 4.75% on January 1. Step two occurred in 2018 for 4.75% on January 1. Step three occurred in 2019 for 4.75% on January 1.

**Note:** No rate increase in 2011 or 2015. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

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

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2015	2016 <sup>c</sup>	2017 <sup>d</sup>	2018 <sup>d</sup>	2019 <sup>d</sup>
5/8"	\$ 10.29	\$ 10.29	\$ 10.78	\$ 11.29	\$ 11.83
3/4"	13.25	13.25	13.88	14.54	15.23
1"	20.04	20.04	20.99	21.99	23.03
1.5"	35.38	35.38	37.06	38.82	40.66
2"	54.90	54.90	57.51	60.24	63.10
3"	100.34	100.34	105.11	110.10	115.33
4"	165.44	165.44	173.30	181.53	190.15
6" or larger	328.12	328.12	343.71	360.03	377.13
Operations volumetric rate <sup>b</sup>	2.75	2.75	2.88	3.02	3.16
Debt repayment rate <sup>b</sup>	2.12	2.40	2.51	3.63	2.76

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2010	2011	2012 <sup>c</sup>	2013 <sup>c</sup>	2014 <sup>c</sup>
5/8"	\$ 15.37	\$ 15.37	\$ 9.24	\$ 9.89	\$ 10.29
3/4"	18.02	18.02	11.91	12.74	13.25
1"	24.10	24.10	18.01	19.27	20.04
1.5"	39.46	39.46	31.79	34.02	35.38
2"	57.83	57.83	49.34	52.79	54.90
3"	100.58	100.58	90.17	96.48	100.34
4"	161.84	161.84	148.67	159.08	165.44
6" or larger	314.87	314.87	294.86	315.50	328.12
Volumetric rate <sup>b</sup>	3.09	3.09			
Operations volumetric rate <sup>b</sup>			1.85	2.59	2.75
Debt repayment rate <sup>b</sup>			2.12	2.12	2.12

<sup>a</sup> Rate charge from 2010 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

<sup>b</sup> Per 100 cubic feet

<sup>c</sup> In June 2012, the 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 for 12.75% on June 12. Step two occurred in 2013 for 8.0% on January 1. Step three occurred in 2014 for 7.0% on January 1. The final step occurred in 2016 for 4.75% on January 1 for Debt Repayment only.

<sup>d</sup> In August 2015, the City of Little Rock Board of Directors approved a five step rate increase that will affect rates from 2017 to 2021. Step one occurred in 2017 for 4.75% on January 1. Step two occurred in 2018 for 4.75% on January 1. Step three occurred in 2019 for 4.75% on January 1.

**Note:** No rate increase in 2011 or 2015. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

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

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2015	2016 <sup>c</sup>	2017 <sup>d</sup>	2018 <sup>d</sup>	2019 <sup>d</sup>
5/8"	\$ 15.44	\$ 15.44	\$ 16.17	\$ 16.94	\$ 17.75
3/4"	19.88	19.88	20.82	21.81	22.85
1"	30.06	30.06	31.49	32.98	34.55
1.5"	53.07	53.07	55.59	58.23	61.00
2"	82.35	82.35	86.26	90.36	94.65
3"	150.51	150.51	157.66	165.15	172.99
4"	248.16	248.16	259.95	272.30	285.23
6" or larger	492.18	492.18	515.56	540.05	565.70
Volumetric rate <sup>b</sup>					
Operations volumetric rate <sup>b</sup>	4.13	4.13	4.33	4.53	4.75
Debt repayment rate <sup>b</sup>	3.19	3.61	3.78	3.96	4.15

Base Rate <sup>a</sup> (Meter Size)	Fiscal Year Ended				
	2010	2011	2012 <sup>c</sup>	2013 <sup>c</sup>	2014 <sup>c</sup>
5/8"	\$ 23.05	\$ 23.05	\$ 13.86	\$ 14.84	\$ 15.44
3/4"	27.10	27.10	17.87	19.11	19.88
1"	36.11	36.11	27.02	28.91	30.06
1.5"	59.23	59.23	47.69	51.03	53.07
2"	88.50	88.50	74.01	79.19	82.35
3"	150.87	150.87	135.26	144.72	150.51
4"	242.79	242.79	223.01	238.62	248.16
6" or larger	472.31	472.31	442.29	473.25	492.18
Volumetric rate <sup>b</sup>	4.63	4.63			
Operations volumetric rate <sup>b</sup>			2.78	3.44	4.13
Debt repayment rate <sup>b</sup>			3.19	3.19	3.19

<sup>a</sup> Rate charge from 2010 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

<sup>b</sup> Per 100 cubic feet

<sup>c</sup> In June 2012, the 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 in 2012 for 12.75% on June 12. Step two occurred in 2013 for 8.0% on January 1. Step three occurred in 2014 for 7.0% on January 1. The final step occurred in 2016 for 4.75% on January 1 for Debt Repayment only.

<sup>d</sup> In August 2015, the City of Little Rock Board of Directors approved a five-step rate increase that will affect rates from 2017 to 2021. Step one occurred in 2017 for 4.75% on January 1. Step 2 occurred in 2018 for 4.75% on January 1. Step three occurred in 2019 for 4.75% on January 1.

**Note:** No rate increase in 2011 or 2015. Increases in sewer rates must be approved by the City of Little Rock Board of Directors.

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

Fiscal Year	Principal Only			Amount	Total	As a Share of Personal Income
	Revenue Bonds	Revolving Fund Loans <sup>a</sup>	Unamortized Bond Premium		Per Capita	
2010	\$ 179,640,000	\$ 81,817,242	\$ 626,808	\$262,084,050	\$ 1,354	3.67%
2011	176,720,000	79,397,360	891,488	257,008,848	1,328	3.44%
2012	202,543,537	75,086,015	688,405	278,317,957	1,438	3.54%
2013	199,230,470	70,204,709	2,737,344	272,172,523	1,406	3.53%
2014	200,860,080	69,081,782	2,963,187	272,905,049	1,410	3.45%
2015	229,050,000	40,792,901	10,770,336	280,613,237	1,450	3.53%
2016	213,148,761	58,665,577	10,958,956	282,773,294	1,461	3.54%
2017	221,100,000	72,139,648	10,170,284	303,409,932	1,568	3.68%
2018	229,873,531	73,527,781	9,254,983	312,656,295	1,616	3.81%
2019	250,868,740	80,933,529	8,385,090	340,187,359	1,758	3.87%

**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.

<sup>a</sup>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 for which the loan is associated with.

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

Fiscal Year	Gross Revenue <sup>a</sup>	Direct Operating Expense <sup>b</sup>	Net Revenue Available for Debt Service	At December 31, Fiscal Year			Coverage
				Total Outstanding Debt <sup>c</sup>	# of Years of Outstanding Debt	Avg. Yearly Outstanding Debt	
2010 <sup>d</sup>	\$ 42,161,964	\$ (23,310,477)	\$ 18,851,487	\$441,050,765	29	\$ 15,208,647	1.24
2011	41,494,335	(21,375,526)	20,118,809	422,421,951	28	15,086,498	1.33
2012	43,886,395	(20,845,059)	23,041,336	438,506,442	30	14,616,881	1.58
2013	48,194,079	(22,102,353)	26,091,726	477,572,007	29	16,468,000	1.58
2014	51,387,054	(23,313,891)	28,073,163	456,384,959	28	16,299,463	1.72
2015	51,329,872	(23,956,665)	27,373,207	397,723,835	27	14,730,512	1.86
2016	53,620,431	(25,879,136)	27,741,295	387,240,934	26	14,893,882	1.86
2017	55,581,477	(27,196,677)	28,384,800	415,807,342	33	12,600,222	2.25
2018	61,626,678	(28,332,522)	33,294,156	423,394,639	33	12,830,141	2.59
2019	61,778,882	(30,184,369)	31,594,513	461,463,819	33	13,983,752	2.26

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.

<sup>a</sup> Includes interest on investment income.

<sup>b</sup> See Schedule 4.

<sup>c</sup> Amount contains construction draws only for 2016A, 2018, and 2019 Revolving Loan Funds (RLF) at December 31.

<sup>d</sup> Includes an estimated look-forward rate increase of \$1.988 million in Gross Revenues based on approved January 1, 2010, respectively rate increases.

<sup>e</sup> Upon conversion to new software system with Utility Billing Services, it was discovered that several customers were miscoded as industrial that were commercial

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

Calendar Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income	Unemployment Percentage Rate
2010	193,524	\$ 7,140,261,504	\$ 36,896	8.2%
2011	193,524	7,470,413,448	38,602	7.1%
2012	193,524	7,860,751,356	40,619	6.7%
2013	193,524	7,717,737,120	39,880	6.0%
2014	193,524	7,919,969,700	40,925	4.9%
2015	193,524	7,946,482,488	41,062	4.0%
2016	193,524	7,982,865,000	41,250	3.3%
2017	193,524	8,240,638,968	42,582	3.4%
2018	193,524	8,215,480,848	42,452	3.4%
2019	193,524	8,781,345,024	45,376	3.3%

<sup>a</sup> Population of Little Rock, Arkansas, using 2010 Census

<sup>b</sup> 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 and Greater Little Rock Chamber of Commerce

# Little Rock Water Reclamation Authority

## Ten Largest Sewer Customers

### Schedule 13

#### Current Year and Nine Years Ago

Customer	Fiscal Year 2019	
	Amount	Percent
1. Little Rock Quick Rice Foods	\$ 567,026	0.98%
2. Baptist Medical Center	530,138	0.98
3. Central Arkansas Water	431,245	0.74
4. University of Arkansas Medical Sciences	371,460	0.64
5. Welspun Tubular	348,977	0.60
6. Veterans Administration Hospital	347,398	0.59
7. St. Vincent's Hospital	315,890	0.54
8. Hiland Dairy	286,029	0.49
9. Arkansas Children's Hospital	260,375	0.45
10. Statehouse Convention Center	166,443	0.28
Subtotal	3,624,981	5.31
Balance from other customers	54,867,324	(4.31)
Grand totals <sup>a</sup>	\$ 58,492,305	100.00%

Customer	Fiscal Year 2010	
	Amount	Percent
1. Odom Sausage	\$ 388,422	0.98%
2. Baptist Medical Center	316,482	0.80
3. Sage V Foods	243,618	0.61
4. University of Arkansas Medical Science	235,190	0.59
5. St. Vincent Infirmary	200,460	0.50
6. Central Arkansas Water	193,185	0.49
7. V.A. Hospital	177,248	0.45
8. Coleman/Turner Dairy	168,285	0.42
9. Arkansas Children's Hospital	122,698	0.31
10. Coca-Cola Bottling	113,123	0.28
Subtotal	2,158,711	4.46
Balance from other customers	37,629,513	-3.46
Grand total <sup>a</sup>	\$ 39,788,224	100.00%

<sup>a</sup> Grand totals are based on sewer charges from Schedule 3.

# Little Rock Water Reclamation Authority

## Principal Employers

### Schedule 14

#### Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
State of Arkansas (within the MSA)	35,200	9.83%	1	32,900	9.40%	1
Local Government (within the MSA)	26,500	7.40%	2	28,800	8.23%	2
Federal Government (within the MSA)	10,200	2.85%	3	9,500	2.71%	3
University of Arkansas for Medical Sciences	9,200	2.57%	4	8,500	2.43%	4
Baptist Health	7,340	2.05%	5	6,160	1.76%	6
Little Rock Air Force Base	4,500	1.26%	6	5,660	1.62%	7
Arkansas Children's Hospital	4,370	1.22%	7	2,830	0.81%	10
Central Arkansas Veterans Health Care	4,000	1.12%	8	3,500	1.00%	8
Little Rock School District	3,970	1.11%	9			
CHI St. Vincent	3,000	0.84%	10			
Axiom				3,000	0.86%	9
Public School Districts				7,400	2.11%	5
<b>Total</b>	<b>108,280</b>	<b>30%</b>		<b>108,250</b>	<b>31%</b>	

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

Little Rock/North Little Rock MSA                      358,200                      350,000



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

	<b>Full-Time-Equivalent Employees as of December 31</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Administration										
Executive Administrator	1	1	1	1	1	1	1	1	1	1
Safety & Communications	4	4	3	3	4	4	5	4	5	5
Human Resources	2	2	2	2	2	2	2	3	3	3
Finance/Accounting	12	10	8	9	12	12	12	11	12	12
Information Services	13	10	9	10	11	11	12	13	11	11
Legal	0	0	0	0	0	0	1	1	1	1
Clerical	10	9	7	7	7	7	5	4	5	5
Engineering	29	27	20	23	20	20	23	22	23	25
Sewer Plant Maintenance	21	21	22	23	24	24	25	19	24	24
Sewer Systems Maintenance	94	90	81	87	82	82	81	88	88	87
Sewer Plant Operations	20	20	21	18	22	22	22	22	24	24
Environmental Assessment	16	16	17	23	24	24	23	22	17	16
<b>Total Employees</b>	<b>222</b>	<b>210</b>	<b>191</b>	<b>206</b>	<b>209</b>	<b>209</b>	<b>212</b>	<b>210</b>	<b>214</b>	<b>214</b>

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

	Fiscal Year									
	2010	2011 <sup>a</sup>	2012	2013	2014	2015	2016	2017	2018	2019
Wastewater treatment										
Miles of sewer	1,320	1,346	1,353	1,359	1,368	1,375	1,384	1,386	1,393	1,400
Number of treatment plants	2	3	3	3	3	3	3	3	3	3
Treatment capacity (MGD)										
Biological treatment	52.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Hydraulic peak capacity	130.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0	144.0
Daily engineering maximum plant capacity (MGD)	40.58	35.55	31.04	33.91	34.17	37.04	32.40	29.34	35.83	38.18
Unused capacity (MGD)	11.42	20.45	24.96	22.09	21.83	18.96	23.60	26.66	20.17	17.82
Percent of capacity utilized	78%	63%	55%	61%	61%	66%	58%	52%	64%	68%

Note: MGD = millions of gallons per day.

<sup>a</sup> Little Maumelle Treatment Facility became operational on August 8, 2011.