



LITTLE ROCK

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

LITTLE ROCK, ARKANSAS

A Component Unit of the City of Little Rock, Arkansas

Annual Comprehensive Financial Report

**For the Years Ended December 31, 2022
and 2021**

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LITTLE ROCK WATER RECLAMATION AUTHORITY

Little Rock, Arkansas

A Component Unit of the City of Little Rock

December 31, 2022 and 2021

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LITTLE ROCK WATER RECLAMATION AUTHORITY

Little Rock, Arkansas

A Component Unit of the City of Little Rock

December 31, 2022 and 2021

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INTRODUCTORY SECTION



LITTLE ROCK

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

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April 14, 2023

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 Annual Comprehensive Financial Report for the fiscal years ended December 31, 2022 and 2021. 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, 2022. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LRWRA.

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

LRWRA's financial statements have been audited by **FORVIS**, a firm of licensed certified public accountants. **FORVIS** has issued unmodified (clean) opinions on LRWRA's financial statements for the years ended December 31, 2022 and 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which LRWRA operates.

Local Economy

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

The customer base has continued to grow at a slow but steady pace from previous years for the domestic (residential) and non-domestic (non-residential) users of the City of Little Rock Water Reclamation System (the System). The number of domestic customer accounts has increased by 3.69% over the past 10 years, while non-domestic customer accounts have increased by 6.38% over the same period. The overall growth of total customer accounts for the 10-year period is 3.96%.

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 modified the capital improvement program to place more emphasis improving the infrastructure through Collection System Overflow Mitigation Projects instead of constructing additional 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 2023 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, current cost estimates, and anticipated funding sources. Total estimated costs remaining to satisfy the CAO requirements as of December 31, 2022 are \$15.8 million. *Note 8, Litigation*, of the audit discusses the Settlement Agreement in more detail.

Total capital expenditures of \$34.9 million are planned for 2023. Of this amount, \$29.2 million relates to carryover projects and \$5.7 million is proposed for new capital projects.

The Utility estimates that capital improvements required over the next 10 years, to maintain the system, will cost \$383.4 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 \$40.4 million over the next 10 years through 2032. The total cost of work scheduled during 2023 is \$15.5 million and will be funded with system revenues and sewer revenue bonds issued in 2020. The balance of the cost will be funded with System revenues and sewer revenue bonds to be issued in future years.

Trenchless Sewer Line Rehabilitation

Trenchless sewer line rehabilitation is for the renewal of structurally deteriorated line segments that contribute to non-capacity overflows. The line segments for trenchless rehabilitation are typically located in areas where replacement by reconstruction is costly due to site restrictions. For 2023, \$.76 million is forecasted for trenchless rehabilitation work. The Utility is projecting that \$30.6 million will be needed in total for years 2023 to 2031. This project is being funded with System revenues and current sewer revenue bonds from 2020 along with future bond issues.

Large Diameter Pipe Inspection and Rehabilitation

A large diameter pipe inspection and rehabilitation program started to address the renewal of structurally deteriorated line segments. The 2023 cost is estimated at \$5.2 million. The identified line segments will be prioritized and placed on a rehabilitation schedule. The rehabilitation is estimated at a total cost of \$44.2 million through 2032 and will be funded by System revenues and revenue bonds issued in 2020 along with future bond issues.

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 million gallons per day (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 backup 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 started in 2020 and is scheduled to be completed in 2023. Estimated total cost is \$3.3 million and will be funded by the sewer revenue bond revolving loan fund (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 2024 and finish in 2025. Estimated total cost is \$3.8 million, with funding coming from the system revenues.

Financial Policies

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

Flow of Funds Policy

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

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

Sewer Revenue Fund

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

Bond Fund

The following shall be deposited in the Bond Fund:

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

Bond Reserve Fund

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

Depreciation Fund

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

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

Contributions in Aid of Construction Fund

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

Capital Projects Fund

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

Capital Improvements Budget Policy

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

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

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

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

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

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

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

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

- January 1 – fiscal year begins.
- July and August – department heads formulate their requests for O&M budgets as well as their capital budget requests for the upcoming budget year and the succeeding four years.
- September – department heads and supervisors submit their budget requests, which are then combined into the first draft of the overall LRWRA budget. The CEO, officers, directors, department heads, and supervisors review the submitted budgets and establish priorities based on need and availability of funds.
- September (continued) – any changes resulting from management reviews are made at that time. One or more members of the LRWRC, serving as the Budget Subcommittee, reviews the budget document with LRWRA staff. Any revisions resulting from the Budget Subcommittee’s review are made at that time.
- October – the budget is presented at the regularly scheduled LRWRC meeting.
- November – the budget is considered for approval at the regularly scheduled LRWRC meeting.

Budget Amendment Policy

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

Revenue Policy

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

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

Operating Cash Reserve Policy

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

Investment Policy

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

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

Debt Service Policy

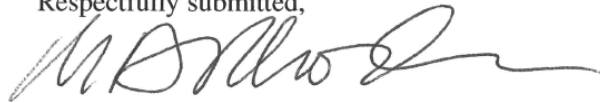
Approved rate increases are included in the Financial Plan and are mainly driven by the CIP and debt service coverage required both by the revenue bond covenants and by the LRWRC benchmarks for financial management. The parity revenue bond covenants require debt service coverage of 1.2 times or greater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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Little Rock Water Reclamation Authority for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the eighteenth year in a row that LRWRA has received this prestigious award. To be awarded a Certificate of Achievement, LRWRA had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one (1) year. We believe that our Annual Comprehensive Financial Report for the year ended December 31, 2022, continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Rhoda", with a long horizontal flourish extending to the right.

Mike Rhoda
Chief Financial Officer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Little Rock Water Reclamation Authority
Arkansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

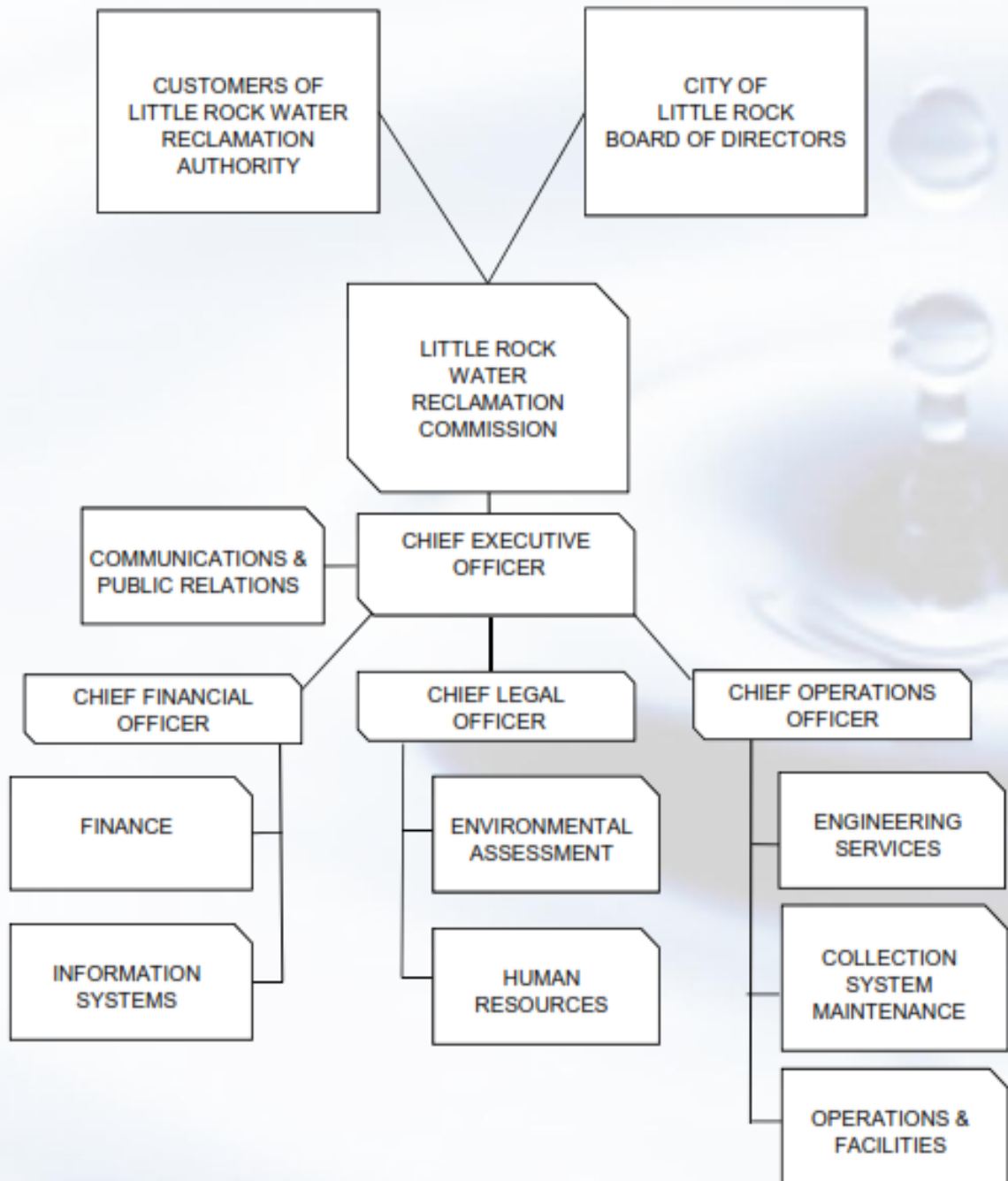
December 31, 2021

Christopher P. Morrill

Executive Director/CEO

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LITTLE ROCK WATER RECLAMATION AUTHORITY ORGANIZATIONAL CHART



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2022 LITTLE ROCK WATER RECLAMATION COMMISSION

**Debbie Shock
Secretary**



**Ganelle
McBryde
Chair**



**Schawnee
Hightower
Vice Chair**



**Richard Mays Jr.
Commissioner**

**Jonathan
Semans
Commissioner**



**Chris Marsh
Commissioner**



**Lauren Waldrip
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

Rebecca Burkman – Environmental Assessment

Walter Collins, P.E. – Operations

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FINANCIAL SECTION



LITTLE ROCK

**Water Reclamation
Authority**

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ONE FUTURE.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Little Rock Water Reclamation Authority (Utility), collectively a component unit of the City of Little Rock, Arkansas, as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Utility, as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

FORVIS,LLP

Little Rock, Arkansas
April 14, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

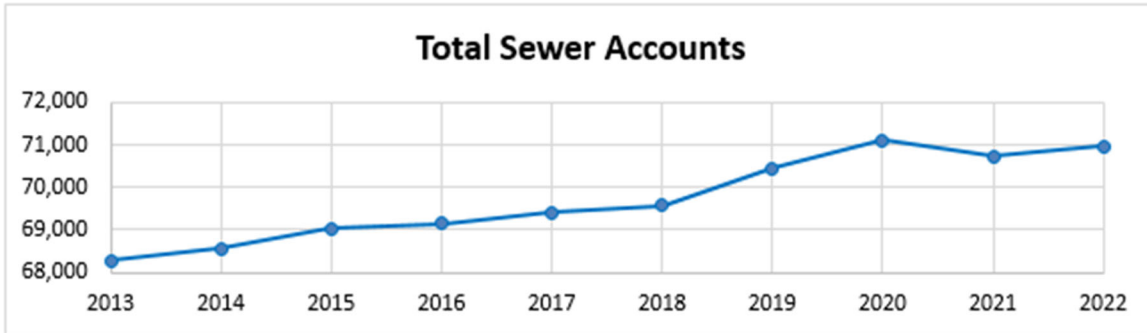
As management of Little Rock Water Reclamation Authority (LRWRA), we offer readers of LRWRA's financial statements this narrative overview and analysis of the financial activities of LRWRA for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is provided in our letter of transmittal, which can be found on pages 1 through 9 of this report. The annual comprehensive financial report is made available via the internet (www.lrwra.com). The use of the internet is consistent with LRWRA's objective to provide greater information to the public in a more efficient manner, reducing paperwork, labor, and communication costs.

Financial Highlights

- Total Assets and Deferred Outflows of Resources at December 31, 2022 were \$682.5 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$435.9 million. Total Net Position was \$246.6 million, an increase of 5.0% from 2021. Total Assets and Deferred Outflows of Resources at December 31, 2021 were \$653.0 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled \$418.2 million. Total Net Position was \$234.8 million, an increase of 6.7% from 2020.
- Operating Revenue for fiscal year 2022 was \$65.8 million, which is an increase of \$214,666, or 0.3%, from fiscal year 2021. LRWRA implemented a rate increase of 4.75% in January 2021, and revenues increased from fiscal year 2020 due to higher usage by non-domestic customers. Operating Revenue for fiscal year 2021 was \$65.6 million, which is an increase of \$6.5 million, or 11.0%, from fiscal year 2020.
- Operating Expenses, before Depreciation, for fiscal year 2022 were \$29.5 million, which is a increase of \$3.7 million, or 14.3%, compared to fiscal year 2021. The increase was primarily driven by a \$2.4 million increase in pension expense. Operating Expenses, before Depreciation, for fiscal year 2021 were \$25.8 million, which is a decrease of \$3.9 million, or 11.2%, from 2020. The decrease was primarily driven by a \$3.1 million reduction in pension expense.
- Operating Expenses, including Depreciation, for fiscal year 2022 were \$48.0 million, which is an increase of \$3.9 million, or 8.8%, from fiscal year 2021. Operating Expenses, including Depreciation, for fiscal year 2021 were \$44.1 million, which was a decrease of \$2.8 million or 6.0%, from fiscal year 2020.
- Debt Service Coverage was 2.23, which exceeds the 1.20 required by the Bond Covenant. In the Statistical Data Section, Schedule 11 – Pledged-Revenue Coverage provides more information on debt service coverage.
- In August 2015, the City of Little Rock Board of Directors passed a new Sewer Rate Ordinance. The ordinance authorized a five-step annual sewer rate increase of 4.75% to be implemented January 2017, 2018, 2019, 2020 and 2021.

General Trends

The number of LRWRA’s customer accounts increased as of December 31, 2022 from December 31, 2021 by 247, or 0.35%, and decreased from 2020 by 385, or 0.54%. Over a 10-year period, the customer growth rate was 3.96%. As you can see from the chart below, annual customer growth has trended upward from 2013 to present.



Water Reclamation Authority Customers	2022	2021	2020
Beginning customer accounts	70,727	71,112	70,453
Additional customers (net)	247	-385	659
Ending customers	70,974	70,727	71,112

The following chart shows a sample monthly domestic customer bill based on a consumption of 600 cubic feet (CcF) in 2022 and 2021 and 5 CcF in 2020. The changes in consumption are the result of increased water consumption experienced during the pandemic. These amounts do not include a 10.0% franchise fee that is collected for and paid to the City of Little Rock or the monthly \$1.00 service line replacement fee.

Domestic Bill	2022	2021	2020
	\$ 41.73	\$ 41.73	\$ 35.26

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

Little Rock Water Reclamation Authority System

LRWRA is regulated by the United States Environmental Protection Agency (EPA) and the Arkansas Department of Environmental Quality (ADEQ). These agencies issue permits to LRWRA for discharge of treated wastewater. Currently, LRWRA has 34 remote, unattended pumping stations, one tertiary and two secondary treatment facilities, a peak flow attenuation facility, a maintenance facility, and an administration building. The collection system includes over 124 square miles containing approximately 1,416 miles of sewer lines. The National Association of Clean Water Agencies (NACWA) awarded all three LRWRA facilities in 2022. Adams Field was awarded a Platinum Peak Performance Award, which recognizes facilities with no permit violations for the entire calendar year, Fourche Creek was awarded a Platinum Peak Performance Award, and Little Maumelle was awarded a Gold Award, which recognizes facilities with consistent record of full compliance for a consecutive five-year period!

Adams Field Water Reclamation Facility (AFWRF)

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



Fourche Creek Water Reclamation Facility (FCWRF)

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



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



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



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

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



Overview of the Financial Statements

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

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

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

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

Fiscal Years 2020–2022 Financial Information

Statement of Net Position

Total Assets and Deferred Outflows of Resources increased by \$29.5 million in 2022 and increased \$31.5 million in 2021. This change was primarily due to the increase in unrestricted net position, which increased \$14.1 million in 2022 and \$13.3 million in 2021. Also, current assets increased \$7.9 million in 2022 and \$11.5 million in 2021. The 2022 increase in current assets was primarily due to the increase in cash and cash equivalents and short-term investments of \$5.9 million. The 2021 increase in current assets was primarily due to the increase in cash and cash equivalents of \$11.4 million.

Current Liabilities decreased 4.9%, or \$.9 million, in 2022 and decreased 16.0%, or \$3.4 million, in 2021. The primary cause for the decrease in 2022 was the decrease in the current portion of bonds payable. The primary cause for the decrease in 2021 was the decrease in construction contracts payable.

Noncurrent Liabilities increased 6.9%, or \$26.8 million, for 2022 due to an increase in bonds payable of \$14.1 million and an increase of \$13.5 million in net pension liability. Noncurrent Liabilities increased 2.8%, or \$10.7 million, for 2021 due to an increase in bonds payable of \$24.7 million partially offset by a decrease of \$15.0 million in net pension liability. LRWRA's bond information can be found in *Note 6* starting on Page 42. Additional information for GASB 68 net pension liability can be found on Page 75. Total Liabilities increased in 2022 by \$25.9 million from 2021 and \$7.3 million in 2021 from 2020.

In 2022, Total Net Position increased by \$11.8 million, or 5.0%, including \$6.0 million from income before contributions, and \$5.8 million from capital contributions and grants. In 2021, Total Net Position increased by \$14.8 million, or 6.7%, including an increase of \$8.6 million from income before contributions, and \$6.2 million from capital contributions and grants.

	2022	Percent Change	2021	Percent Change	2020
Assets					
Current assets	\$ 73,406,854	12.00%	\$ 65,542,788	21.21%	\$ 54,075,120
Noncurrent unrestricted and restricted assets	9,848,261	78.87%	5,505,741	-24.30%	7,273,011
Capital assets (net)	<u>577,919,399</u>	<u>2.75%</u>	<u>562,456,936</u>	<u>3.19%</u>	<u>545,064,352</u>
Total assets	<u>661,174,514</u>	<u>4.37%</u>	<u>633,505,465</u>	<u>4.47%</u>	<u>606,412,483</u>
Deferred Outflows of Resources					
Bond refunding	12,583,288	-18.66%	15,469,773	75.75%	8,802,109
Pension funding	5,558,573	303.66%	1,377,040	-66.19%	4,073,255
OPEB	<u>3,162,466</u>	<u>20.66%</u>	<u>2,621,054</u>	<u>17.65%</u>	<u>2,227,895</u>
Total deferred outflows of resources	<u>21,304,327</u>	<u>9.43%</u>	<u>19,467,867</u>	<u>28.90%</u>	<u>15,103,259</u>
Total assets and deferred outflows of resources	<u>\$ 682,478,841</u>	<u>4.52%</u>	<u>\$ 652,973,332</u>	<u>5.06%</u>	<u>\$ 621,515,742</u>
Liabilities					
Current liabilities	\$ 16,810,195	-4.89%	\$ 17,673,723	-15.97%	\$ 21,033,351
Noncurrent liabilities	<u>415,745,852</u>	<u>6.89%</u>	<u>388,939,197</u>	<u>2.82%</u>	<u>378,287,621</u>
Total liabilities	<u>432,556,047</u>	<u>6.38%</u>	<u>406,612,920</u>	<u>1.83%</u>	<u>399,320,972</u>
Deferred Inflows of Resources					
Pension funding	398,879	-96.04%	10,070,308	1800.02%	530,012
OPEB	<u>2,970,920</u>	<u>96.33%</u>	<u>1,513,247</u>	<u>-11.60%</u>	<u>1,711,781</u>
Total deferred inflows of resources	<u>3,369,799</u>	<u>-70.91%</u>	<u>11,583,555</u>	<u>416.71%</u>	<u>2,241,793</u>
Net Position					
Net investment in capital assets	189,958,671	-0.39%	190,697,908	1.17%	188,499,492
Restricted	3,347,661	-32.68%	4,972,898	-12.58%	5,688,547
Unrestricted	<u>53,246,663</u>	<u>36.16%</u>	<u>39,106,051</u>	<u>51.78%</u>	<u>25,764,938</u>
Total net position	<u>246,552,995</u>	<u>5.02%</u>	<u>234,776,857</u>	<u>6.74%</u>	<u>219,952,977</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 682,478,841</u>	<u>4.52%</u>	<u>\$ 652,973,332</u>	<u>5.06%</u>	<u>\$ 621,515,742</u>

Statement of Revenues, Expenses and Changes in Net Position

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

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

Total Revenue increased from 2021 to 2022 by \$.5 million, or 0.8%, and from 2020 to 2021 it decreased by \$.6.2 million, or 10.4%. LRWRA did not have a rate increase in 2022 but did implement a rate increase of 4.75% on January 1, 2021. Revenues increased from fiscal year 2021 due to increased usage by non-domestic customers. The growth in fiscal year 2021 from fiscal year 2020 resulted from a combination of the rate increase of 4.75% and post-COVID return to normal. Customer Assessments and Industrial Surcharges increased in 2022 from 2021 by \$.2 million and increased in 2021 from 2020 by \$.6.6 million. Nonoperating Income increased by \$286,000 in 2022 and 2021 decreased by \$294,000 over 2020. The decrease in 2021 was primarily due to reduction in investment income driven by ultra-low, long-term interest rates.

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

Total Operating Expense increased by \$.3.7 million, or 14.32%, in 2022. Total Operating Expense decreased by \$.3.3 million, or 11.21%, in 2021 from 2020. The major decrease in 2021 compared to both 2022 and 2020 were primarily due to the change in Net Pension Liability/pension expense related to GASB Statement Number 68. In 2022, LRWRA experienced inflationary increases to supplies, equipment, and services compared to 2021 and 2020.

Nonoperating Expense decreased by \$.8 million, or 6.17%, in 2022 from 2021 and increased \$2.9 million, or 28.58%, in 2021 from 2020. The 2022 and 2021 increases compared to 2020 were due to the recognition of interest expense from revolving loan funds as part of GASB Statement Number 89. Prior to 2021, LRWRA capitalized loan interest expense as part of the asset.

The Change in Net Position for fiscal year 2022 was \$11.8 million due primarily to Income Before Contributions of \$.6.0 million and capital contributions and grants of \$.5.8 million, as LRWRA continued receiving FEMA assistance related to the 2019 flood. Total Net Position – Ending increased by 5.0% compared to 2021. Change in Net Position for fiscal year 2021 was \$14.8 million due primarily to Income Before Contributions of \$.8.5 million and capital contributions and grants of \$.6.2 million. Total Net Position – Ending increased by 6.7% compared to 2020.

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 77.

	2022	Percent Change	2021	Percent Change	2020
Revenues					
Operating revenues					
Customer assessments	\$ 63,810,572	0.44%	\$ 63,528,673	11.37%	\$ 57,044,610
Industrial surcharges	1,383,477	-4.66%	1,451,120	7.49%	1,350,050
Other fees and income	647,651	0.06%	647,241	-11.14%	728,358
Nonoperating income	589,415	94.53%	302,998	-49.22%	596,672
Total revenues	66,431,115	0.76%	65,930,032	10.40%	59,719,690
Expenses					
Operating expense	29,502,882	14.32%	25,807,731	-11.21%	29,065,004
Depreciation expense	18,478,815	1.10%	18,277,820	2.35%	17,858,636
Nonoperating expense	12,444,957	-6.17%	13,262,770	28.58%	10,314,916
Total expense	60,426,654	5.37%	57,348,321	0.19%	57,238,556
Income Before Contributions	6,004,461	-30.03%	8,581,711	245.88%	2,481,134
Capital Contributions and Grants	5,771,677	-7.54%	6,242,169	26.26%	4,943,707
Change in Net Position	11,776,138	-20.56%	14,823,880	99.65%	7,424,841
Net Position – Beginning	234,776,857	6.74%	219,952,977	3.49%	212,528,136
Total Net Position – Ending	\$ 246,552,995	5.02%	\$ 234,776,857	6.74%	\$ 219,952,977

Capital Assets and Debt Administration

The additions to LRWRA's wastewater system capital improvements were \$34.0 million in fiscal year 2022. The capital expenditures were incurred for collection system projects in the amounts of \$24.9 million, pumping/treatment for \$3.4 million, transportation for \$0.5 million, manhole/new mains/development/relocation at \$3.2 million, and all other \$2.0 million. Additional information can be found on *Note 4* of this report.

The total long-term debt (less bond payable within one year) increased by \$14.7 million in 2022. 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	2022	2021	2020
2007B Sewer Revenue Bond	\$ 9,320,323	\$ 9,320,323	\$ 9,320,323
2009A Sewer Revenue Bond	4,983,950	4,983,950	4,983,950
2011 Sewer Revenue and Refunding Bond	-	2,430,000	4,780,000
2013 Sewer Revenue Bond	30,027,946	30,027,946	30,027,946
2014 Sewer Refunding Revenue Bond	1,635,000	3,035,000	4,395,000
2015 Sewer Refunding Revenue Bond	30,880,000	35,660,000	135,455,000
2016A Sewer Revenue Bond	60,366,001	60,366,001	60,366,001
2016B Sewer Refunding Revenue Bond	14,680,000	15,375,000	16,045,000
2017 Sewer Revenue Bond	9,755,000	9,990,000	10,215,000
2018 Sewer Revenue Bond	61,600,000	56,597,570	48,160,483
2019 Sewer Revenue Bond	18,000,000	14,526,826	6,587,817
2020A Sewer Revenue Bond	21,255,571	9,327,564	1,060,885
2020B Sewer Revenue Bond	22,850,000	22,850,000	22,850,000
2020C Sewer Revenue Bond	1,753,626	876,306	16,000
2021 Sewer Refunding Revenue bond	107,970,000	107,970,000	-
Less debt payable, due within one year	(6,560,000)	(9,540,000)	(9,215,000)
Total long-term debt	\$ 388,517,417	\$ 373,796,486	\$ 345,048,405

Economic Factors and Next Year's Budget and Rates

LRWRA expects its customer base will continue to grow annually at a modest rate of less than 1.00%. In the 2023 Budget, LRWRA's revenue projections in both domestic and non-domestic customers reflect a slight increase based on local economy re-opening from COVID-19 mandates. LRWRA evaluates the Average Winter Consumption (AWC) for residential customers in the March/April timeframe. The AWC trend of domestic water consumption shows a levelized annual usage over the past three years. LRWRA has one major customer that accounts for just over 1.00% of customer assessment revenues (see Schedule 13 – Ten Largest Customers).

The 10-year CIP set forth in the 2023 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 2023 budget primarily relate to wastewater collection, transmission, and treatment improvements. Total capital expenditures of \$34.9 million are planned for 2023. Of this amount, \$29.2 million relates to carryover projects and \$5.7 million is proposed for new capital projects.

LRWRA estimates the capital improvements required over the next 10 years, to maintain the system, will cost \$383.4 million.

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

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.

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Little Rock Water Reclamation Authority
Statements of Net Position
December 31, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash and cash equivalents	\$ 25,999,194	\$ 47,231,964
Short-term investments	30,000,000	-
Accounts and grants receivable (net of allowance for doubtful accounts of \$1,521,677 in 2022 and \$819,094 in 2021)	11,932,418	9,418,676
Inventories	1,351,692	1,268,123
Prepaid items	178,898	163,436
Construction receivable	-	713,389
Restricted current assets		
Bond requirements		
Cash and cash equivalents	3,110,841	6,009,407
Accrued interest receivable	11,756	7,078
Prepaid items	822,055	730,715
	<u>73,406,854</u>	<u>65,542,788</u>
Total current assets		
	<u>73,406,854</u>	<u>65,542,788</u>
Noncurrent Assets		
Unrestricted noncurrent assets		
Workers' compensation fund investments	561,988	598,445
	<u>561,988</u>	<u>598,445</u>
Total unrestricted noncurrent assets		
	<u>561,988</u>	<u>598,445</u>
Restricted Noncurrent Assets		
Investments – bond requirements	5,748,448	4,126,706
Cash and cash equivalents – capital projects	3,537,825	780,590
	<u>9,286,273</u>	<u>4,907,296</u>
Total restricted noncurrent assets		
	<u>9,286,273</u>	<u>4,907,296</u>
Capital Assets (Net of Accumulated Depreciation)		
	<u>577,919,399</u>	<u>562,456,936</u>
Total noncurrent assets		
	<u>587,767,660</u>	<u>567,962,677</u>
Total assets		
	<u>661,174,514</u>	<u>633,505,465</u>
Deferred Outflows of Resources		
Deferred amounts on bond refunding	12,583,288	15,469,773
Deferred amounts on pension funding	5,558,573	1,377,040
Deferred amounts on OPEB	3,162,466	2,621,054
	<u>21,304,327</u>	<u>19,467,867</u>
Total deferred outflows of resources		
	<u>21,304,327</u>	<u>19,467,867</u>
Total assets and deferred outflows of resources		
	<u>\$ 682,478,841</u>	<u>\$ 652,973,332</u>

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

Little Rock Water Reclamation Authority
Statements of Net Position (Continued)
December 31, 2022 and 2021

Liabilities	2022	2021
Current Liabilities		
Accounts payable	\$ 999,458	\$ 1,478,928
Franchise fee collections due to City of Little Rock	539,756	568,964
Sewer line replacement fee	1,066,774	868,505
Accrued wages payable and related liabilities	638,057	315,564
Accrued expenses and other	1,003,332	408,094
Compensated absences	1,185,804	1,111,070
Construction contracts payable	2,724,340	1,260,768
Accrued bond/note interest payable	2,092,674	2,121,830
Bonds payable – current	<u>6,560,000</u>	<u>9,540,000</u>
Total current liabilities	<u>16,810,195</u>	<u>17,673,723</u>
Noncurrent Liabilities		
Bonds payable (net of unamortized premiums)	391,259,676	377,175,663
Compensated absences	127,364	128,368
Net pension liability	18,822,344	5,360,550
Net OPEB liability	<u>5,536,468</u>	<u>6,274,616</u>
Total noncurrent liabilities	<u>415,745,852</u>	<u>388,939,197</u>
Total liabilities	<u>432,556,047</u>	<u>406,612,920</u>
Deferred Inflows of Resources		
Deferred amounts on pension funding	398,879	10,070,308
Deferred amount related to OPEB	<u>2,970,920</u>	<u>1,513,247</u>
Total deferred inflows of resources	<u>3,369,799</u>	<u>11,583,555</u>
Net Position		
Net investment in capital assets	189,958,671	190,697,908
Restricted		
Debt service	3,347,661	4,972,898
Unrestricted	<u>53,246,663</u>	<u>39,106,051</u>
Total net position	<u>246,552,995</u>	<u>234,776,857</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 682,478,841</u>	<u>\$ 652,973,332</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, 2022 and 2021

	2022	2021
Operating Revenues		
Customer assessments	\$ 63,810,572	\$ 63,528,673
Industrial surcharges	1,383,477	1,451,120
Other fees and income	647,651	647,241
Total operating revenues	65,841,700	65,627,034
Operating Expenses		
Salaries and benefits	18,856,083	16,531,106
Supplies	3,314,810	2,239,201
Contract services	3,935,390	4,151,075
Vehicle expenses	226,541	402,299
Utilities	1,434,545	1,718,658
Administrative	1,735,513	765,392
Total operating expenses	29,502,882	25,807,731
Provision for Depreciation		
Building and improvements	4,630,534	4,250,319
Infrastructure – collections, pumping and treatments	10,262,119	10,358,781
Equipment	3,586,162	3,668,720
Total provision for depreciation	18,478,815	18,277,820
Operating Income	17,860,003	21,541,483
Nonoperating Income (Expense)		
Interest income	944,115	462,920
Interest expense	(12,496,968)	(12,239,498)
Bond issuance costs	-	(1,042,590)
Gain on disposal of capital assets	52,011	19,318
Loss on investments	(416,560)	(51,703)
Other	61,860	(108,219)
Net nonoperating expense	(11,855,542)	(12,959,772)
Increase in Net Position Before Capital Contributions and Grants	6,004,461	8,581,711
Capital Contributions and Grants		
Capital contributions (cash and noncash)	1,254,626	4,242,724
Federal and state grants	4,517,051	1,999,445
Total capital contributions and grants	5,771,677	6,242,169
Change in Net Position	11,776,138	14,823,880
Net Position, Beginning of Year	234,776,857	219,952,977
Net Position, End of Year	\$ 246,552,995	\$ 234,776,857

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

Little Rock Water Reclamation Authority
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from customers	\$ 66,591,870	\$ 64,731,258
Cash received City of Little Rock franchise fees	6,560,620	6,717,193
Other receipts	709,511	539,022
Payments to employees	(18,169,017)	(19,012,367)
Payments to suppliers	(3,877,849)	(1,597,404)
Payments for contractual services	(3,935,390)	(4,151,075)
Payments for utilities	(1,434,545)	(1,718,658)
Payments to City of Little Rock franchise fees	(6,589,828)	(6,649,059)
Other payments	(1,977,516)	(1,231,441)
Net cash provided by operating activities	37,877,856	37,627,469
Cash Flows from Capital and Related Financing Activities		
Bond issuance costs	-	(1,042,590)
Acquisition and construction of capital assets	(30,524,608)	(36,433,372)
Grant proceeds	803,757	3,125,560
Proceeds from disposal of property and equipment	66,928	94,565
Principal paid on indebtedness	(9,540,000)	(116,031,643)
Interest paid on indebtedness	(10,276,557)	(12,442,426)
Proceeds from issuance of indebtedness	21,280,931	134,353,541
Net cash used in capital and related financing activities	(28,189,549)	(28,376,365)
Cash Flows from Investing Activities		
Interest on investments	939,437	457,900
Proceeds from sale of investments	-	12,806,201
Purchase of investments	(32,001,845)	(12,147,091)
Net cash provided by (used in) investing activities	(31,062,408)	1,117,010
Net increase in cash and cash equivalents	\$ (21,374,101)	\$ 10,368,114

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, 2022 and 2021

	2022	2021
Cash and Cash Equivalents		
Beginning of year	\$ 54,021,961	\$ 43,653,847
Net increase (decrease) in cash and cash equivalents	(21,374,101)	10,368,114
End of year	\$ 32,647,860	\$ 54,021,961
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 17,860,003	\$ 21,541,483
Adjustments		
Depreciation	18,478,815	18,277,820
Other	61,860	(108,219)
Changes in operating assets and liabilities		
Accounts receivable	1,199,552	(345,395)
Inventories	(83,569)	174,463
Prepaid items and other assets	(106,802)	(327,358)
Deferred outflows on pensions	(4,181,533)	2,696,215
Deferred outflows on OPEB	(541,412)	(393,159)
Accounts payable	(281,201)	564,194
Accrued expenses	991,461	151,463
City of Little Rock franchise fees	(29,208)	68,134
Net pension liability	13,461,794	(14,959,075)
Net OPEB liability	(738,148)	945,141
Deferred inflows on pensions	(9,671,429)	9,540,296
Deferred inflows on OPEB	1,457,673	(198,534)
Net cash provided by operating activities	\$ 37,877,856	\$ 37,627,469
Reconciliation of Total Cash and Cash Equivalents		
Current assets – cash and cash equivalents	\$ 25,999,194	\$ 47,231,964
Restricted for bond requirements	3,110,841	6,009,407
Restricted for capital projects	3,537,825	780,590
Total cash and cash equivalents	\$ 32,647,860	\$ 54,021,961
Supplemental Schedule of Noncash Investing, Capital and Financing Activities		
Donated sewer lines capitalized	\$ 1,254,626	\$ 4,242,724
Acquisition and construction of capital assets and improvements in accounts payable	\$ 2,724,340	\$ 1,260,768

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

Little Rock Water Reclamation Authority
Statements of Fiduciary Net Position
December 31, 2022 and 2021

	OPEB Trust Fund 2022	OPEB Trust Fund 2021
Assets		
Cash and cash equivalents	\$ 12,005	\$ 9,780
Investments – at fair value		
U.S. government bonds	1,180,965	1,294,290
Total assets	1,192,970	1,304,070
Net Position		
Restricted		
Postemployment benefits other than pensions	1,192,970	1,304,070
Total net position	\$ 1,192,970	\$ 1,304,070

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

Little Rock Water Reclamation Authority
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2022 and 2020

	OPEB Trust Fund 2022	OPEB Trust Fund 2021
Additions		
Employer contributions	\$ 282,260	\$ 139,464
Investment income		
Investment income	(106,755)	(24,484)
Less trustee fee	(4,345)	(4,643)
Net investment income (loss)	(111,100)	(29,127)
Total additions	171,160	110,337
Deductions		
Benefit payments	282,260	139,464
Total deductions	282,260	139,464
Decrease in Net Position	(111,100)	(29,127)
Net Position, Beginning of the Year	1,304,070	1,333,197
Net Position, End of the year	\$ 1,192,970	\$ 1,304,070

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

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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 of the City of Little Rock, conform to generally accepted accounting principles for state and local governments. The Utility provides wastewater sewer services for the greater Little Rock area. These services primarily consist of treatment and disposal of sewer water, inspection of sewer lines and construction of sewer treatment plants, rehabilitation projects, and spot repairs. The clear majority of the Utility's customers are residential; however, the Utility also services commercial businesses. The Utility had 70,974 and 70,727 customers at December 31, 2022 and 2021, respectively. LRWRA is financially accountable to the City of Little Rock, as the City's Board of Directors must approve any rate adjustments and debt issuances.

Basis of Accounting

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

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

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

Net investment in capital assets – Consists of capital 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, 2022 and 2021

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

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

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

Cash and Cash Equivalents

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

Investments

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

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

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021 are more fully explained in *Note 3*.

Inventory

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

Restricted Assets

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

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

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

Capital Assets and Capital Contributions

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

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 adjusted proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Deferred Outflows/Inflows of Resources

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

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

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

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

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Compensated Absences

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, 2022 and 2021 follows:

	December 31, 2022			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	\$ 25,999,194	\$ -	\$ 25,999,194	\$ 30,561,988
Restricted assets				
Bond requirements	208,527	2,902,314	3,110,841	5,748,448
Construction and improvements	-	3,537,825	3,537,825	-
Total restricted assets	208,527	6,440,139	6,648,666	5,748,448
Total	<u>\$ 26,207,721</u>	<u>\$ 6,440,139</u>	<u>\$ 32,647,860</u>	<u>\$ 36,310,436</u>
	December 31, 2021			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	\$ 47,231,964	\$ -	\$ 47,231,964	\$ 598,445
Restricted assets				
Bond requirements	253,793	5,755,614	6,009,407	4,126,706
Construction and improvements	-	780,590	780,590	-
Total restricted assets	253,793	6,536,204	6,789,997	4,126,706
Total	<u>\$ 47,485,757</u>	<u>\$ 6,536,204</u>	<u>\$ 54,021,961</u>	<u>\$ 4,725,151</u>

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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 \$29,963,961 at December 31, 2022 and \$48,305,820 at December 31, 2021. As of December 31, 2022 and 2021, the Utility's bank balance was fully insured and collateralized by the pledging financial institution.

Investments

Arkansas statute (AR § Code 19-1-501) authorizes the Utility to invest in eligible investment securities such as: (1) direct or guaranteed obligations of the United States that are backed by the full faith and credit of the U.S. Government; (2) A direct obligation of an agency, instrumentality, or government-sponsored enterprise created by act of the United States Congress and authorized to issue securities or evidences of indebtedness that is guaranteed for repayment by the U.S. Government; and (3) a bond or other debt of the state, a school district, a county government, a municipal government or an authority of a governmental entity that: (A) is issued for an essential governmental purpose or is guaranteed by a state agency; and (B) has a debt rating from a nationally recognized credit rating agency of "A" or better at the time of purchase. None of LRWRA's investments owned at December 31, 2022, were subject to custodial credit risk.

Cash equivalents and investments at December 31, 2022 and 2021 consisted of Federated Treasury Obligations (publicly traded government money market mutual fund held by LRWRA's bond trustee or short-term U.S. Treasury securities with a stable net asset value of one dollar) and U.S. Government Obligations stated at values of \$42,750,575 and \$11,261,355, respectively. Net unrealized loss for each of the years ended December 31, 2022 and 2021 was \$416,560 and \$51,703 respectively.

Little Rock Water Reclamation Authority
Notes to Financial Statements
December 31, 2022 and 2021

At of December 31, 2022 and 2021, the Utility had the following investments and maturities:

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

* Investment is carried at amortized costs.

December 31, 2021				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents:				
Federated treasury obligation	\$ 6,536,204	\$ 6,536,204	\$ -	AA+/Aaa
Investments:				
Federal Farm Credit Bank	2,907,205	-	2,907,205	AA+/Aaa
Federal Home Loan Mortgage	1,817,946	-	1,817,946	AA+/Aaa
	<u>4,725,151</u>	<u>-</u>	<u>4,725,151</u>	
	<u>\$ 11,261,355</u>	<u>\$ 6,536,204</u>	<u>\$ 4,725,151</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, 2022 and 2021 are insured or registered and held in the Utility's name.

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022:

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

LRWRA had the following recurring fair value measurements as of December 31, 2021:

- Federated Treasury Obligations of \$6.5 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of \$4.7 million are valued using a matrix pricing model (Level 2 inputs).

Note 3: Accounts and Grants Receivable

Accounts receivable at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Trade receivables – billed, current	\$ 4,151,243	\$ 4,206,845
Trade receivables – unbilled	2,985,189	3,187,119
Trade receivables, past due	537,434	776,871
Grants receivable	<u>5,780,229</u>	<u>2,066,935</u>
Total	<u>13,454,095</u>	<u>10,237,770</u>
Allowance for uncollectibles, beginning of year	(819,094)	(873,127)
Write off of uncollectibles	271,626	1,661,246
Provision for bad debt expense	<u>(974,209)</u>	<u>(1,607,213)</u>
Allowance for uncollectibles, end of year	<u>(1,521,677)</u>	<u>(819,094)</u>
Accounts receivable, net of allowance for uncollectibles	<u>11,932,418</u>	<u>9,418,676</u>
Current accounts receivable	<u>\$ 11,932,418</u>	<u>\$ 9,418,676</u>

Little Rock Water Reclamation Authority
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

2022	Balance 12/31/2021	Additions	Retirements	Transfers	Balance 12/31/22
Capital assets not being depreciated					
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ -	\$ 5,434,140
Construction in progress	136,373,213	33,044,624	24,932	(97,621,554)	71,771,351
Total capital assets not being depreciated	141,807,353	33,044,624	24,932	(97,621,554)	77,205,491
Capital assets being depreciated					
Building and improvements	137,490,727	-	-	36,324,747	173,815,474
Infrastructure – collection and treatment	446,629,633	936,425	-	47,890,381	495,456,439
Equipment	81,286,558	-	338,742	13,406,426	94,354,242
Total capital assets being depreciated	665,406,918	936,425	338,742	97,621,554	763,626,155
Less accumulated depreciation for					
Buildings and improvements	54,936,107	4,630,534	-	-	59,566,641
Infrastructure – collections and treatment	145,943,791	10,262,119	-	-	156,205,910
Equipment	43,877,437	3,586,162	323,903	-	47,139,696
Total accumulated depreciation	244,757,335	18,478,815	323,903	-	262,912,247
Capital assets, net	<u>\$ 562,456,936</u>	<u>\$ 15,502,234</u>	<u>\$ 39,771</u>	<u>\$ -</u>	<u>\$ 577,919,399</u>
2021	Balance 12/31/2020	Additions	Retirements	Transfers	Balance 12/31/21
Capital assets not being depreciated					
Land and right-of-way	\$ 5,434,140	\$ -	\$ -	\$ -	\$ 5,434,140
Construction in progress	117,239,227	35,469,531	75,336	(16,260,209)	136,373,213
Total capital assets not being depreciated	122,673,367	35,469,531	75,336	(16,260,209)	141,807,353
Capital assets being depreciated					
Building and improvements	137,444,652	-	-	46,075	137,490,727
Infrastructure collection and treatment	431,023,396	-	-	15,606,237	446,629,633
Equipment	80,997,237	1,105,107	1,423,683	607,897	81,286,558
Total capital assets being depreciated	649,465,285	1,105,107	1,423,683	16,260,209	665,406,918
Less accumulated depreciation for					
Buildings and improvements	50,685,788	4,250,319	-	-	54,936,107
Infrastructure – collections and treatment	135,585,010	10,358,781	-	-	145,943,791
Equipment	40,803,502	3,668,720	594,785	-	43,877,437
Total accumulated depreciation	227,074,300	18,277,820	594,785	-	244,757,335
Capital assets, net	<u>\$ 545,064,352</u>	<u>\$ 18,296,818</u>	<u>\$ 904,234</u>	<u>\$ -</u>	<u>\$ 562,456,936</u>

Little Rock Water Reclamation Authority
Notes to Financial Statements
December 31, 2022 and 2021

Note 5: Contributions in Aid of Construction

Contributions in aid of construction, consisting of cash donations and sewer lines/pump stations from private contractors and individuals, were \$1,254,626 and \$4,242,724 for the years ended December 31, 2022 and 2021, respectively.

Note 6: Long-Term Debt

Long-term debt consists of Sewer Revenue Bonds for which the changes in the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	\$ 197,310,000	\$ -	\$ 9,540,000	\$ 187,770,000	\$ 6,560,000
Sewer revenue bonds – direct placement	186,026,486	21,280,931	-	207,307,417	-
Unamortized bond premium	3,379,177	-	636,918	2,742,259	-
	<u>\$ 386,715,663</u>	<u>\$ 21,280,931</u>	<u>\$ 10,176,918</u>	<u>\$ 397,819,676</u>	<u>\$ 6,560,000</u>
	December 31, 2021				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	\$ 193,740,000	\$ 107,970,000	\$ 104,400,000	\$ 197,310,000	\$ 9,540,000
Sewer revenue bonds – direct placement	160,523,405	25,503,081	-	186,026,486	-
Unamortized bond premium	7,462,696	880,460	4,963,979	3,379,177	-
	<u>\$ 361,726,101</u>	<u>\$ 134,353,541</u>	<u>\$ 109,363,979</u>	<u>\$ 386,715,663</u>	<u>\$ 9,540,000</u>

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Sewer revenue bonds payable consist of the following:

Series	Interest Rate	Year of Maturity	December 31, 2022	Amount Due Within One Year
Revenue Bonds				
2014	3.00% to 4.00%	2025	\$ 1,635,000	\$ 635,000
2015	3.125% to 5.00%	2037	30,880,000	4,955,000
2016B	3.00% to 4.00%	2038	14,680,000	725,000
2017	3.00% to 4.00%	2047	9,755,000	245,000
2020B	0.89% to 2.92%	2042	22,850,000	-
2021	0.812% to 2.376%	2037	107,970,000	-
			<u>\$ 187,770,000</u>	<u>\$ 6,560,000</u>
Revenue Bonds – Direct Placement				
2007B	0.00% to 2.75%	2032	\$ 9,320,323	\$ -
2009A	0.00% to 2.00%	2035	4,983,950	-
2013	0.00% to 2.25%	2039	30,027,946	-
2016A	0.00% to 2.72%	2053	60,366,001	-
2018	0.00% to 2.00%	2053	61,600,000	-
2019	0.00% to 3.00%	2053	18,000,000	-
2020A	2.25%	2053	21,255,571	-
2020C	1.75%	2044	1,753,626	-
			<u>\$ 207,307,417</u>	<u>\$ -</u>

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

2007B Sewer Revenue Bond

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

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2009A Sewer Revenue Bond

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

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 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 was secured by the net revenues available for debt service of the Utility. Principal and interest payments were due semiannually on February 1 and August 1. The final payment was made on August 2022.

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. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be three interest-free years of principal payments April 2037 through October 2039. The final payment is scheduled for October 2039.

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.

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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.

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 collection system, 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. 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, starting in October 2020. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be three interest-free years of principal payments October 2050 through April 2053. The final payment is scheduled for April 2053.

2016B Sewer Refunding Revenue Bond

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

2017 Sewer Revenue Bond

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

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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 collection system, and to pay the cost of issuing the 2018 Bond. 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. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be three interest-free years of principal payments October 2051 through October 2053. The final payment is scheduled for October 2053.

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 collection system, and to pay the cost of issuing the 2019 Bond. 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. Due to the COVID-19 pandemic, principal payments were suspended until April 2024 and there will be one interest-free year of principal payments in 2053. The final payment is scheduled for October 2053.

2020A Sewer Revenue Bond

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

2020B Sewer Refunding Bond

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

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2020C Sewer Revenue Bond

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

2021 Sewer Revenue Refunding Bond

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

In addition to the \$395,077,417 balance of Sewer Revenue Bonds outstanding at December 31, 2022, an additional \$35,890,803 can, as previously described, be drawn in fulfillment of current bond issues 2020A and 2020C for a total Sewer Revenue Bond indebtedness of \$430,968,220.

The 2007B, 2009A, 2013, 2016A, 2018, 2019, 2020A, and 2020C Series Sewer Revenue Bonds are subordinate to the 2014, 2015, 2016B, 2017, 2020B, and 2021 Series Revenue Bonds.

The net revenue available for debt service was \$37,282,933 and \$40,282,223 in 2022 and 2021, respectively, and the average yearly outstanding debt was \$15,882,932 and \$16,730,272, respectively.

During the year and in prior years, the Utility defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Utility's financial statements. At December 31, 2022 and 2021, \$95,185,000 and \$117,670,000, respectively, of bonds outstanding are considered defeased.

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The annual requirements to amortize sewer revenue bond indebtedness outstanding and scheduled, including interest, as of December 31, 2022 are as follows:

Year Ending December 31,	Revenue Bonds		Revenue Bonds – Direct Placement		Total
	Principal	Interest	Principal	Interest	
2023	\$ 6,560,000	\$ 4,738,386	\$ -	\$ 4,912,897	\$ 16,211,283
2024	7,625,000	4,472,287	6,842,219	5,237,335	24,176,841
2025	8,705,000	4,176,153	7,062,300	5,069,403	25,012,856
2026	10,735,000	3,849,696	7,250,902	4,877,801	26,713,399
2027	11,025,000	3,552,392	11,595,993	4,687,059	30,860,444
2028–2032	62,380,000	13,801,256	35,322,416	20,462,596	131,966,268
2033–2037	68,210,000	6,725,843	36,973,112	15,700,243	127,609,198
2038–2042	9,875,000	1,333,711	33,102,296	11,277,999	55,589,006
2043–2047	2,655,000	274,731	34,067,519	6,682,962	43,680,212
2048–2052	-	-	31,709,534	1,711,988	33,421,522
2053	-	-	3,381,126	16,272	3,397,398
Total	<u>\$ 187,770,000</u>	<u>\$ 42,924,455</u>	<u>\$ 207,307,417</u>	<u>\$ 80,636,555</u>	<u>\$ 518,638,427</u>

Notes from Direct Placements

The Utility’s outstanding notes from direct placements of \$207,307,417 contain a provision that in an event of default, the bondholder may apply in proper action to a court for the appointment of a receiver to administer the Utility on behalf of the bondholder with the power to charge and collect rates sufficient to provide for the payments of the expenses of operation and to pay the bond interest and principal. These direct placements are associated with Revolving Loan Funds administered through the ANRC.

Note 7: Compensated Absences

Net changes in the liability for compensated absences for the years ended December 31, 2022 and 2021 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
2022	<u>\$ 1,239,438</u>	<u>\$ 1,607,695</u>	<u>\$ 1,533,965</u>	<u>\$ 1,313,168</u>	<u>\$ 1,185,804</u>
2021	<u>\$ 1,239,607</u>	<u>\$ 1,463,875</u>	<u>\$ 1,464,044</u>	<u>\$ 1,239,438</u>	<u>\$ 1,111,070</u>

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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.

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.

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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, 2021 and 2022 is \$20.2 million and \$33.1 million, respectively. As of December 31, 2022, the estimated amount of capital expenditures required to complete the remaining settlement agreement requirements was \$15.8 million. LRWRA, in early 2020, secured the final debt financing required to complete the settlement agreement related projects and expects to fully satisfy all requirements of these settlement agreements by December 31, 2023.

Note 9: Other Commitments and Contingencies

Commitments

The Utility had commitments totaling approximately \$6.5 million at December 31, 2022 for the expansion of plant capacity and collection system improvements.

Claims and Litigation

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

Note 10: Pension Benefits

Defined Contribution Plan

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

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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 \$452,997 and \$426,534 in 2022 and 2021, respectively.

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

On January 17, 2018, the LRWRC passed Resolution 2018-03 to establish the LRWRA Retirement Plans Committee (LRWRARPC), adopt the LRWRARPC Charter, and delegate specific administrative duties to the LRWRARPC. Any changes in contribution rates would require LRWRC approval. Any amendments to the plan would be approved by the LRWRAPC. In July 2018, the LRWRAPC adopted a plan amendment to eliminate the two-year eligibility requirement and add 401(a) matching contribution schedules for the CEO, exempt 1 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.

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.

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

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

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

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

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

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

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

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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 2022 and 2021, employers contributed 15.32% of compensation. Contributions to the pension plan from LRWRA were \$2,235,131 and \$2,136,687 for the years ended December 31, 2022 and 2021, respectively.

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

At December 31, 2022 and 2021, LRWRA reported a liability of \$18,822,344 and \$5,360,550, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. LRWRA's proportion of the net pension liability was based on LRWRA's contributions to the pension plan relative to the contributions of all participating APERS members. At June 30, 2022, LRWRA's proportion was 0.69805887%, which was an increase of 0.00082615% from its proportion measured as of June 30, 2021 of 0.69723272%.

For the years ended December 31, 2022 and 2021, LRWRA recognized pension expense of \$1,808,002 and \$586,995, respectively. At December 31, 2022 and 2021, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,685	\$ 343,793
Changes in proportion and differences between employer contributions and proportionate share	108,668	279,378
Changes of assumptions	-	37,550
Net difference between projected and actual earnings on pension plan investments	-	9,409,587
Contributions subsequent to the measurement date	1,145,687	-
Total	\$ 1,377,040	\$ 10,070,308

The \$1,109,451 reported as deferred outflows of resources at December 31, 2022 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, 2022. 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:	
2023	\$ 736,381
2024	507,124
2025	37,681
2026	2,769,057
	\$ 4,050,243

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

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

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

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

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Notes to Financial Statements

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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.

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%
\$ 29,924,089	\$ 18,822,344	\$ 9,656,859

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, 2021. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of % of Payroll, Closed
Remaining Amortization Period	26 years
Actuarial assumptions:	
Investment rate of return	7.15%, net of investment administrative expenses
Discount rate	7.15%
Salary increases	3.95–9.85%, including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality table	Based on RP-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, 2022 and 2021

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, 2021 are summarized in the following table:

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

Discount Rate: A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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, 2022 and 2021

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

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

Sensitivity of Discount Rate		
1% Lower 6.15%	Discount Rate 7.15%	1% Higher 8.15%
\$ 16,035,518	\$ 5,360,550	\$ (3,455,436)

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. This postemployment health care plan is administered by Regions Bank Trust Department. LRWRAHP does not issue a stand-alone financial report.

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

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Summary of Significant Accounting Policies

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

Funding Policy

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

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, 2022 in LRWRA's financial statements using an actuarial valuation as of December 31, 2022 as the total OPEB liability, less the amount of the plan's fiduciary net position. A single discount rate of 4.31% and 2.17% was used to measure the total OPEB liability as of December 31, 2022 and 2021, respectively. This single discount rate was based on an expected rate of return on OPEB plan investments. The projection of cash flows used to determine the discount rate assumed that the Utility contributions will be made at rates equal to the actuarially determined contribution rates.

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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

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

The components of the December 31, 2021 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	<u>2021</u>
Total OPEB liability – ending	\$ 7,578,686
Plan fiduciary net position – ending	<u>1,304,070</u>
Net OPEB Liability – ending	<u>\$ 6,274,616</u>
Plan fiduciary net position as % of total OPEB liability	 17.21%

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances on January 1, 2021	\$ 6,662,672	\$ 1,333,197	\$ 5,329,475
Changes recognized for 2021:			
Service cost	208,993	-	208,993
Interest on total OPEB liability	151,516	-	151,516
Changes of benefit terms	-	-	-
Differences between expected and actual experience	572,166	-	572,166
Change of assumptions	122,803	-	122,803
Benefit payments	(139,464)	(139,464)	-
Contributions – employer	-	139,464	(139,464)
Net investment income	-	(24,484)	24,484
Administrative expense	-	(4,643)	4,643
Net changes	916,014	(29,127)	945,141
Balances on December 31, 2021	7,578,686	1,304,070	6,274,616
Changes recognized for 2022:			
Service cost	231,347	-	231,347
Interest on total OPEB liability	160,997	-	160,997
Differences between expected and actual experience	852,078	-	852,078
Change of assumptions	(1,811,410)	-	(1,811,410)
Benefit payments	(282,260)	(282,260)	-
Contributions – employer	-	282,260	(282,260)
Contributions – Employee	-	-	-
Net investment income	-	(106,755)	106,755
Administrative expense	-	(4,345)	4,345
Net changes	(849,248)	(111,100)	(738,148)
Balances on December 31, 2022	\$ 6,729,438	\$ 1,192,970	\$ 5,536,468

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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

December 31, 2022	1% Lower	Current	1% Higher
	3.31%	4.31%	5.31%
Utility's net OPEB liability	<u>\$ 6,309,517</u>	<u>\$ 5,536,468</u>	<u>\$ 4,850,201</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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

December 31, 2022	1% Lower	Current	1% Higher
	Rates	Rates	Rates
Utility's net OPEB liability	<u>\$ 4,774,433</u>	<u>\$ 5,536,468</u>	<u>\$ 6,417,795</u>

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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

The Utility recognized OPEB expense of \$460,463 and \$483,846 for the years ended December 31, 2022 and 2021, respectively. Below is a table providing the deferred inflows and outflows of resources related to OPEB from the following sources as of December 31:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,243,450	\$ 1,314,533
Changes of assumptions	1,755,199	1,656,387
Net difference between projected and actual earnings on OPEB assets	163,817	-
Total	<u>\$ 3,162,466</u>	<u>\$ 2,970,920</u>

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 520,151	\$ 1,513,247
Changes of assumptions	2,029,650	-
Net difference between projected and actual earnings on OPEB assets	71,253	-
Total	<u>\$ 2,621,054</u>	<u>\$ 1,513,247</u>

Little Rock Water Reclamation Authority
Notes to Financial Statements
December 31, 2022 and 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2022 will be recognized in OPEB expense as follows for the year ended December 31:

2023		\$ (41,246)
2024		(41,246)
2025		(41,246)
2026		(41,246)
Thereafter		<u>(26,562)</u>
		<u><u>\$ (191,546)</u></u>

Actuarial Assumptions at December 31, 2022:

Actuarial Cost Method: Entry Age Normal

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

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

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

Inflation: 3.5% per annum.

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

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>
2023	7.0%
2024	6.5%
2025	6.0%
2026	5.5%
2027	5.0%
2028 and later	4.5%

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

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

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

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

Actuarial Assumptions at December 31, 2021:

Actuarial Cost Method: Entry Age Normal

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

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

Discount Rate: 2.17% 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:

Year	HC Trend Rate
2022	7.0%
2023	6.5%
2024	6.0%
2025	5.5%
2026	5.0%
2027 and later	4.5%

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Membership Data: The membership data used in the calculation is based on data as of December 31, 2021. 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)	148	47.5	15.1
Active members (elected medical and employed after 7/1/2017)	38	38.9	2
Retired members under Age 65 (elected benefits)	26	61.5	N/A

Employer-Paid Medical Premiums: The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2021 ranging from \$264 to \$1,046, 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 healthcare 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, 2022 and 2021, the annual money-weighted rate of return for the investments, net of investment expense, was (8.52)% and (2.23)%, respectfully.

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

At December 31, 2021, a single discount rate of 2.17 was used to measure the total OPEB liability. Assuming that the plan sponsor continues to contribute in similar levels as in recent years (the average of all years since 2010). 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.

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Note 12: Payments to Central Arkansas Water

The Utility pays Central Arkansas Water for billing and collection services provided by that entity. Such payments amounted to \$911,966 and \$880,791 for the years ended December 31, 2022 and 2021, respectively, and are included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

Note 13: Risk Management

The Utility has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; and natural disasters. Payments and premiums for these policies are recorded as expenses of the Utility. Insurance settlements have not exceeded insurance coverage in any of the past three years. The Utility has elected to self-insure certain costs related to employee health programs.

Note 14: Fiduciary Funds

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The LRWRA Post Retiree Healthcare Plan's (the Plan) deposit policy for custodial credit risk requires compliance with the provisions of state law.

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

At December 31, 2022, 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.

Little Rock Water Reclamation Authority
Notes to Financial Statements
December 31, 2022 and 2021

The Plan had the following investments and maturities*:

December 31, 2021				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents:				
Federated treasury obligation	\$ 9,780	\$ 9,780	\$ -	AA+/Aaa
Investments:				
U.S. government bonds	1,294,290	-	1,294,290	AA+/Aaa
	1,294,290	-	1,294,290	
	<u>\$ 1,304,070</u>	<u>\$ 9,780</u>	<u>\$ 1,294,290</u>	

December 31, 2021				
Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents:				
Federated treasury obligation	\$ 9,780	\$ 9,780	\$ -	AA+/Aaa
Investments:				
U.S. government bonds	1,294,290	-	1,294,290	AA+/Aaa
	1,294,290	-	1,294,290	
	<u>\$ 1,304,070</u>	<u>\$ 9,780</u>	<u>\$ 1,294,290</u>	

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

Investment Risk

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

Little Rock Water Reclamation Authority

Notes to Financial Statements

December 31, 2022 and 2021

Disclosures About Fair Value of Assets and Liabilities

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

	Total Fair Value	Significant Other Observable Inputs (Level 2)
December 31, 2021		
Investments		
U.S. government bonds	\$ 1,294,290	\$ 1,294,290
	\$ 1,294,290	\$ 1,294,290

	Total Fair Value	Significant Other Observable Inputs (Level 2)
December 31, 2021		
Investments		
U.S. government bonds	\$ 1,294,290	\$ 1,294,290
	\$ 1,294,290	\$ 1,294,290

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, 2022 and 2021

Note 14: Future Change in Accounting Principle

GASB Statement No 96 – *Subscription-Based Information Technology Arrangements*: This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged.

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REQUIRED SUPPLEMENTARY INFORMATION



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Little Rock Water Reclamation Authority
Schedule of Changes in Net Other Postemployment Benefits
Liability and Related Ratios (GASB 74 and GASB 75)
Year Ended December 31, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service costs	\$ 231,347	\$ 208,993	\$ 190,747	\$ 180,168	\$ 153,267
Interest on total OPEB liabilities	160,997	151,516	178,598	262,223	203,573
Difference between expected and actual experience	852,078	572,166	(285,946)	(1,468,285)	(362,437)
Change in assumptions	(1,811,410)	122,803	462,311	714,624	1,641,979
Benefit payments	(282,260)	(139,464)	(117,702)	(131,835)	(137,515)
Net changes in total OPEB liability	<u>(849,248)</u>	<u>916,014</u>	<u>428,008</u>	<u>(443,105)</u>	<u>1,498,867</u>
Total OPEB liability – beginning	<u>7,578,686</u>	<u>6,662,672</u>	<u>6,234,664</u>	<u>6,677,769</u>	<u>5,178,902</u>
Total OPEB liability – ending	<u>6,729,438</u>	<u>7,578,686</u>	<u>6,662,672</u>	<u>6,234,664</u>	<u>6,677,769</u>
Plan Fiduciary Net Position					
Contributions – employer	282,260	139,464	117,703	131,834	137,515
Net investment income	(106,755)	(24,484)	16,737	37,126	20,317
Benefit payments	(282,260)	(139,464)	(117,702)	(131,835)	(137,515)
Administrative expenses	(4,345)	(4,643)	(4,651)	(4,566)	(4,449)
Net changes in plan fiduciary net position	<u>(111,100)</u>	<u>(29,127)</u>	<u>12,087</u>	<u>32,559</u>	<u>15,868</u>
Plan fiduciary net position – beginning	<u>1,304,070</u>	<u>1,333,197</u>	<u>1,321,110</u>	<u>1,288,551</u>	<u>1,272,683</u>
Plan fiduciary net position – ending	<u>1,192,970</u>	<u>1,304,070</u>	<u>1,333,197</u>	<u>1,321,110</u>	<u>1,288,551</u>
Net OPEB liability	<u>\$ 5,536,468</u>	<u>\$ 6,274,616</u>	<u>\$ 5,329,475</u>	<u>\$ 4,913,554</u>	<u>\$ 5,389,218</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	17.7%	17.2%	20.0%	21.2%	19.3%
Covered Payroll	\$ 15,142,627	\$ 14,890,407	\$ 15,242,051	\$ 14,406,068	\$ 13,867,243
Net OPEB Liability as a Percentage of Covered Payroll	36.6%	42.1%	35.0%	34.1%	38.9%

Little Rock Water Reclamation Authority
Schedule of Changes in Net Other Postemployment Benefits
Liability and Related Ratios (GASB 74 and GASB 75) (Continued)
Year Ended December 31, 2022

	<u>2017</u>	<u>2016</u>
Service costs	\$ 145,382	\$ 141,691
Interest on total OPEB liabilities	189,015	177,331
Difference between expected and actual experience	280,979	(57,544)
Change in assumptions	-	-
Benefit payments	<u>(97,466)</u>	<u>(88,394)</u>
Net changes in total OPEB liability	517,910	173,084
Total OPEB liability – beginning	<u>4,660,992</u>	<u>4,487,908</u>
Total OPEB liability – ending	<u>5,178,902</u>	<u>4,660,992</u>
Plan Fiduciary Net Position		
Contributions – employer	97,466	88,394
Net investment income	13,346	(11,061)
Benefit payments	(97,466)	(88,394)
Administrative expenses	<u>(4,449)</u>	<u>(4,450)</u>
Net changes in plan fiduciary net position	8,897	(15,511)
Plan fiduciary net position – beginning	<u>1,263,786</u>	<u>1,279,297</u>
Plan fiduciary net position – ending	<u>1,272,683</u>	<u>1,263,786</u>
Net OPEB liability	<u>\$ 3,906,219</u>	<u>\$ 3,397,206</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	24.6%	27.1%
Covered Payroll	\$ 13,606,281	\$ 13,312,297
Net OPEB Liability as a Percentage of Covered Payroll	28.7%	25.5%

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

Changes in Assumption:

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

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

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

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

Little Rock Water Reclamation Authority
Schedule of Contributions
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2022

Year Ended December 31,	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered 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%
2020	105,000	117,702	(12,702)	15,242,051	0.77%
2021	113,000	139,464	(26,464)	14,890,407	0.94%
2022	133,000	282,260	(149,260)	15,142,627	1.86%

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

Key Assumptions for Actuarially Determined Contribution

Cost Method:	Entry Age Normal
Discount Rate:	4.31%
Inflation:	3.5%
Investment Rate of Return:	4.0%
Mortality:	RP-2014 Mortality Table with Improvement Scale MP-2021
Assumed Utilization:	85% of future retirees are assumed to elect plan benefits
Participation:	Active members will elect the same retiree medical coverage as they elected while active
Retirement Rates:	Mirror rates provided for the Arkansas Public Employees Retirement System pension valuation

Little Rock Water Reclamation Authority
Schedule of Investment Returns
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2022

LRWRA Post Retiree Healthcare – OPEB Trust Fund

Fiscal Year Ended	Money-Weighted Rate of Return
12/31/2016	-1.21%
12/31/2017	0.70%
12/31/2018	1.23%
12/31/2019	2.50%
12/31/2020	1.60%
12/31/2021	-2.23%
12/31/2022	-8.52%

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 2,235,405	\$ 2,132,994	\$ 2,120,847	\$ 2,088,432	\$ 1,920,103
Contributions in relation to the contractually required contributions	<u>2,235,131</u>	<u>2,134,121</u>	<u>2,121,097</u>	<u>2,088,142</u>	<u>1,917,096</u>
Contribution deficiency (excess)	<u>\$ 274</u>	<u>\$ (1,127)</u>	<u>\$ (250)</u>	<u>\$ 290</u>	<u>\$ 3,007</u>
LRWRA's covered payroll	\$ 14,089,644	\$ 14,093,424	\$ 13,865,115	\$ 13,629,820	\$ 12,981,831
Contributions as a percentage of covered payroll	15.9%	15.1%	15.3%	15.3%	14.8%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contributions	\$ 1,870,073	\$ 1,838,797	\$ 1,720,285	\$ 1,790,896	
Contributions in relation to the contractually required contributions	<u>1,869,906</u>	<u>1,838,797</u>	<u>1,759,530</u>	<u>1,703,752</u>	
Contribution deficiency (excess)	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ (39,245)</u>	<u>\$ 87,144</u>	
LRWRA's covered payroll	\$ 12,955,527	\$ 12,674,419	\$ 12,115,376	\$ 11,658,706	
Contributions as a percentage of covered payroll	14.4%	14.5%	14.5%	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, 2022, 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
LRWRA's proportion of the net pension liability	0.69805887%	0.69723272%	0.70958705%	0.71226298%	0.69388988%
LRWRA's proportionate share of the net pension liability	\$ 18,822,344	\$ 5,360,550	\$ 20,319,625	\$ 17,183,550	\$ 15,306,760
LRWRA's covered payroll	\$ 14,343,895	\$ 14,727,761	\$ 15,025,831	\$ 14,238,087	\$ 13,661,710
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	131.22%	36.40%	135.23%	120.69%	112.04%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%
APERS discount rate	7.15%	7.15%	7.15%	7.15%	7.15%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
LRWRA's proportion of the net pension liability	0.71552208%	0.68334170%	0.67188745%		
LRWRA's proportionate share of the net pension liability	\$ 18,490,096	\$ 16,341,079	\$ 12,374,375		
LRWRA's covered payroll	\$ 13,352,218	\$ 12,321,987	\$ 11,905,159		
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	138.48%	132.62%	103.94%		
Plan fiduciary net position as a percentage of the total pension liability	75.65%	75.50%	80.39%		
APERS discount rate	7.15%	7.50%	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).

SUPPLEMENTARY INFORMATION



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

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Little Rock Water Reclamation Authority
Budgetary Comparison Schedule
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Over (Under)
Operating Revenue			
Customer assessments	\$ 60,563,922	\$ 63,810,572	\$ 3,246,650
Industrial surcharges	1,402,980	1,383,477	(19,503)
Other fees and income	<u>672,384</u>	<u>647,651</u>	<u>(24,733)</u>
Total operating revenue	<u>62,639,286</u>	<u>65,841,700</u>	<u>3,202,414</u>
Operating Expenses Excluding Depreciation			
Water reclamation commission	69,177	75,122	5,945
Utility management	1,516,670	1,366,547	(150,123)
Finance and administration	3,052,407	2,833,203	(219,204)
Engineering	2,357,708	2,536,499	178,791
Information systems	2,484,912	2,328,740	(156,172)
Collection system maintenance	8,706,393	7,881,943	(824,450)
Operations	5,881,244	6,135,282	254,038
Environmental assessment	1,706,404	1,467,384	(239,020)
Facilities/maintenance	4,291,603	4,018,215	(273,388)
Legal/HR	<u>888,914</u>	<u>859,947</u>	<u>(28,967)</u>
Total operating expenses, excluding depreciation	<u>30,955,432</u>	<u>29,502,882</u>	<u>(1,452,550)</u>
Operating Income Before Depreciation	<u>31,683,854</u>	<u>36,338,818</u>	<u>4,654,964</u>
Provision for depreciation			
Building and improvements	4,407,394	4,630,534	223,140
Infrastructure – collections, pumping and treatments	10,741,601	10,262,119	(479,482)
Equipment	<u>3,804,302</u>	<u>3,586,162</u>	<u>(218,140)</u>
Total provision for depreciation	<u>18,953,297</u>	<u>18,478,815</u>	<u>(474,482)</u>
Operating Income	<u>12,730,557</u>	<u>17,860,003</u>	<u>5,129,446</u>
Nonoperating Income (Expense)			
Interest income	420,289	944,115	523,826
Interest expense	(10,096,138)	(12,496,968)	(2,400,830)
Gain (loss) on disposal of capital assets	60,000	52,011	(7,989)
Gain (loss) on investments	-	(416,560)	(416,560)
Other	<u>75,000</u>	<u>61,860</u>	<u>(13,140)</u>
Net nonoperating income (expense)	<u>(9,540,849)</u>	<u>(11,855,542)</u>	<u>(2,314,693)</u>
Increase in Net Position Before Capital Contributions	<u>\$ 3,189,708</u>	<u>\$ 6,004,461</u>	<u>\$ 2,814,753</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Water Reclamation Commission		
Commission expense reimbursement	\$ -	\$ 322
Insurance	1,543	847
Other	<u>73,579</u>	<u>37,751</u>
Total	<u>75,122</u>	<u>38,920</u>
Utility Management		
Salaries	707,064	668,080
Employee benefits	294,473	178,616
Supplies	8,570	7,042
Contract services	132,814	114,485
Vehicle maintenance	17,028	17,014
Utilities	4,951	10,602
Insurance	2,254	1,745
Training and administration	<u>199,393</u>	<u>144,562</u>
Total	<u>1,366,547</u>	<u>1,142,146</u>
Finance and Administration		
Salaries	1,136,706	1,090,583
Employee benefits	451,580	275,264
Supplies	31,687	25,550
Contract services	1,084,511	1,035,429
Vehicle maintenance	8,313	8,002
Utilities	6,981	6,030
Insurance	-	3,474
Training and administration	<u>113,425</u>	<u>157,617</u>
Total	<u>2,833,203</u>	<u>2,601,949</u>
Engineering		
Salaries	1,546,260	1,371,817
Employee benefits	642,105	(12,653)
Supplies	48,172	35,267
Contract services	179,547	261,194
Vehicle maintenance	66,174	45,327
Utilities	22,276	17,970
Insurance	11,943	8,392
Training and administration	<u>20,022</u>	<u>57,848</u>
Total	<u>2,536,499</u>	<u>1,785,162</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Information Systems		
Salaries	\$ 932,209	\$ 920,544
Employee benefits	360,215	243,014
Supplies	204,304	221,621
Contract services	639,166	550,346
Vehicle maintenance	7,498	6,626
Utilities	166,711	194,279
Insurance	4,029	2,676
Training and administration	14,608	8,314
Total	<u>2,328,740</u>	<u>2,147,420</u>
Collection System Maintenance		
Salaries	4,139,197	4,327,472
Employee benefits	1,860,415	1,183,923
Supplies	638,881	589,386
Contract services	783,875	826,716
Vehicle maintenance	317,973	196,070
Utilities	47,915	38,164
Insurance	44,658	39,542
Training and administration	49,029	16,075
Total	<u>7,881,943</u>	<u>7,217,348</u>
Operations – Adams, Fourche, Maumelle, and Industrial Monitoring		
Salaries	1,951,067	1,983,510
Employee benefits	758,235	532,560
Supplies	602,834	432,191
Contract services	1,159,608	605,060
Vehicle maintenance	24,286	24,956
Utilities	1,436,578	1,305,983
Insurance	119,078	98,958
Training and administration	83,596	78,231
Total	<u>6,135,282</u>	<u>5,061,449</u>
Environmental Assessment		
Salaries	841,842	977,948
Employee benefits	386,825	275,777
Supplies	106,929	90,682
Contract services	89,228	48,285
Vehicle maintenance	15,252	17,531
Utilities	7,432	7,057
Insurance	6,679	4,855
Training and administration	13,197	7,161
Total	<u>1,467,384</u>	<u>1,429,296</u>

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department
Excluding Depreciation (Continued)
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Facilities/Maintenance		
Salaries	\$ 1,611,688	\$ 1,446,879
Benefits	730,220	445,444
Supplies	791,262	833,823
Contract services	553,360	645,049
Vehicle expenses	87,990	79,573
Utilities	151,616	136,343
Insurance	80,111	66,614
Other	11,968	5,676
	<u>4,018,215</u>	<u>3,659,401</u>
Total		
Legal/HR		
Salaries	504,069	474,584
Benefits	201,104	103,965
Supplies	7,695	3,639
Contract services	69,351	100,690
Vehicle expenses	7,200	7,200
Utilities	3,447	2,230
Insurance	1,102	585
Other	65,979	31,747
	<u>859,947</u>	<u>724,640</u>
Total		
Total operating expenses	<u>\$ 29,502,882</u>	<u>\$ 25,807,731</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness
December 31, 2022

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,	
2023	2.75%	\$ -	\$ -	\$ 102,333	\$ 95,655	\$ 197,988
2024	2.75%	499,163	506,027	88,885	82,021	1,176,096
2025	2.75%	512,984	520,038	75,064	68,010	1,176,096
2026	2.75%	527,188	534,437	60,860	53,611	1,176,096
2027	2.75%	541,786	549,235	46,262	38,813	1,176,096
2028	2.75%	556,788	564,444	31,260	23,604	1,176,096
2029	2.75%	572,205	580,048	15,843	7,975	1,176,071
2030	0.00%	459,893	466,217	-	-	926,110
2031	0.00%	472,628	479,126	-	-	951,754
2032	0.00%	485,715	492,401	-	-	978,116
		<u>\$ 4,628,350</u>	<u>\$ 4,691,973</u>	<u>\$ 420,507</u>	<u>\$ 369,689</u>	<u>\$ 10,110,519</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

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,	
2023	2.00%	\$ -	\$ -	\$ 41,970	\$ 39,954	\$ 81,924
2024	2.00%	205,729	207,785	37,916	35,860	487,290
2025	2.00%	209,863	211,963	33,782	31,682	487,290
2026	2.00%	214,081	216,223	29,564	27,422	487,290
2027	2.00%	218,385	220,569	25,260	23,076	487,290
2028	2.00%	222,775	225,003	20,870	18,642	487,290
2029	2.00%	227,253	229,525	16,392	14,120	487,290
2030	2.00%	231,819	234,139	11,826	9,506	487,290
2031	2.00%	236,479	238,845	7,166	4,800	487,290
2032	2.00%	241,223	193,805	2,412	-	437,440
2033	2.00%	195,743	197,701	-	-	393,444
2034	2.00%	199,677	201,675	-	-	401,352
2035	0.00%	203,690	-	-	-	203,690
		<u>\$ 2,606,717</u>	<u>\$ 2,377,233</u>	<u>\$ 227,158</u>	<u>\$ 205,062</u>	<u>\$ 5,416,170</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

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,	
2023	2.250%	\$ -	\$ -	\$ 301,898	\$ 292,666	\$ 594,564
2024	2.250%	839,277	848,720	283,329	273,886	2,245,212
2025	2.250%	858,267	867,922	264,339	254,684	2,245,212
2026	2.250%	877,687	887,561	244,919	235,045	2,245,212
2027	2.250%	897,546	907,643	225,060	214,963	2,245,212
2028	2.250%	917,854	928,181	204,752	194,455	2,245,242
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	141,028	129,985	2,245,212
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	72,880	61,070	2,245,212
2035	2.250%	1,073,476	1,085,555	49,228	37,051	2,245,310
2036	2.250%	1,097,768	1,110,103	24,838	12,489	2,245,198
2037	0.000%	784,791	793,620	-	-	1,578,411
2038	0.000%	802,548	811,577	-	-	1,614,125
2039	0.000%	820,708	829,940	-	-	1,650,648
		<u>\$ 14,929,996</u>	<u>\$ 15,097,950</u>	<u>\$ 2,373,925</u>	<u>\$ 2,223,747</u>	<u>\$ 34,625,618</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

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,	
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>\$ 980,000</u>	<u>\$ 655,000</u>	<u>\$ 57,924</u>	<u>\$ 39,900</u>	<u>\$ 1,732,824</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

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,	
2023	4.000%	\$ 2,460,000	\$ 2,495,000	\$ 597,172	\$ 560,272	\$ 6,112,444
2024	4.000%	2,775,000	2,820,000	497,897	456,272	6,549,169
2025	4.000%	2,890,000	2,935,000	385,772	342,422	6,553,194
2026	4.375%	3,355,000	3,430,000	269,047	195,656	7,249,703
2027	4.500%	-	-	120,625	120,625	241,250
2028	4.700%	-	-	120,625	120,625	241,250
2029	3.125%	3,830,000	3,890,000	120,625	60,781	7,901,406
		<u>\$ 15,310,000</u>	<u>\$ 15,570,000</u>	<u>\$ 2,111,763</u>	<u>\$ 1,856,653</u>	<u>\$ 34,848,416</u>

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2016A)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2023	2.720%	\$ -	\$ -	\$ 866,002	\$ 855,757	\$ 1,721,759
2024	2.720%	703,641	714,195	845,358	834,804	3,097,998
2025	2.720%	724,908	735,782	824,091	813,217	3,097,998
2026	2.720%	746,818	758,021	799,181	790,978	3,094,998
2027	2.720%	769,391	780,932	779,608	768,067	3,097,998
2028	2.720%	792,646	804,536	756,353	744,463	3,097,998
2029	2.720%	816,603	828,852	732,396	720,147	3,097,998
2030	2.720%	841,285	853,905	707,714	695,094	3,097,998
2031	2.720%	866,713	879,714	682,286	669,285	3,097,998
2032	2.720%	892,910	906,303	656,089	642,696	3,097,998
2033	2.720%	919,898	933,696	629,101	615,303	3,097,998
2034	2.720%	947,702	961,917	601,297	587,082	3,097,998
2035	2.720%	976,346	990,991	572,653	558,008	3,097,998
2036	2.720%	1,005,856	1,020,944	543,143	528,055	3,097,998
2037	2.720%	1,036,258	1,051,802	512,741	497,197	3,097,998
2038	2.720%	1,067,579	1,083,593	481,420	465,406	3,097,998
2039	2.720%	1,099,847	1,116,345	449,152	432,654	3,097,998
2040	2.720%	1,133,089	1,150,086	415,910	398,913	3,097,998
2041	2.720%	1,167,337	1,184,847	381,662	364,152	3,097,998
2042	2.720%	1,202,620	1,220,659	346,379	328,340	3,097,998
2043	2.720%	1,238,969	1,257,554	310,030	291,445	3,097,998
2044	2.720%	1,276,417	1,295,563	272,582	253,436	3,097,998
2045	2.720%	1,314,996	1,334,721	234,003	214,278	3,097,998
2046	2.720%	1,354,743	1,375,064	194,256	173,935	3,097,998
2047	2.720%	1,395,690	1,416,625	153,309	132,374	3,097,998
2048	2.720%	1,437,874	1,459,443	111,125	89,556	3,097,998
2049	2.720%	1,481,334	1,503,554	67,665	45,445	3,097,998
2050	2.720%	1,526,115	643,509	22,892	-	2,192,516
2051	0.000%	653,162	662,959	-	-	1,316,121
2052	0.000%	672,903	682,997	-	-	1,355,900
2053	0.000%	693,242	-	-	-	693,242
		<u>\$ 30,756,892</u>	<u>\$ 29,609,109</u>	<u>\$ 13,948,398</u>	<u>\$ 13,510,087</u>	<u>\$ 87,824,486</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2016B)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		December 1,	June 1,	December 1,		
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>\$ 14,680,000</u>	<u>\$ 2,278,655</u>	<u>\$ 2,278,655</u>	<u>\$ 19,237,310</u>	

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2017)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,		
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>\$ 9,755,000</u>	<u>\$ 2,445,595</u>	<u>\$ 2,445,595</u>	<u>\$ 14,646,190</u>	

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2018)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2023	3.000%	\$ -	\$ -	\$ 894,755	\$ 884,713	\$ 1,779,468
2024	3.000%	689,715	700,061	874,520	864,174	3,128,470
2025	3.000%	710,561	721,220	853,674	843,015	3,128,470
2026	3.000%	732,038	743,019	832,197	821,216	3,128,470
2027	3.000%	754,164	765,476	810,071	798,759	3,128,470
2028	3.000%	776,959	788,613	787,276	775,622	3,128,470
2029	3.000%	800,442	812,449	763,793	751,786	3,128,470
2030	3.000%	824,636	837,005	739,599	727,230	3,128,470
2031	3.000%	849,560	862,304	714,675	701,931	3,128,470
2032	3.000%	875,238	888,367	688,997	675,868	3,128,470
2033	3.000%	901,692	915,218	662,543	649,017	3,128,470
2034	3.000%	928,946	942,880	635,289	621,355	3,128,470
2035	3.000%	957,023	971,378	607,212	592,857	3,128,470
2036	3.000%	985,949	1,000,739	578,286	563,496	3,128,470
2037	3.000%	1,015,750	1,030,986	548,485	533,249	3,128,470
2038	3.000%	1,046,450	1,062,147	517,785	502,088	3,128,470
2039	3.000%	1,078,079	1,094,251	486,156	469,984	3,128,470
2040	3.000%	1,110,665	1,127,324	453,570	436,911	3,128,470
2041	3.000%	1,144,235	1,161,398	420,000	402,837	3,128,470
2042	3.000%	1,178,819	1,196,501	385,416	367,734	3,128,470
2043	3.000%	1,214,449	1,232,666	349,786	331,569	3,128,470
2044	3.000%	1,251,155	1,269,923	313,080	294,312	3,128,470
2045	3.000%	1,288,972	1,308,306	275,263	255,929	3,128,470
2046	3.000%	1,327,931	1,347,850	236,304	216,385	3,128,470
2047	3.000%	1,368,068	1,388,588	196,167	175,647	3,128,470
2048	3.000%	1,409,417	1,430,558	154,818	133,677	3,128,470
2049	3.000%	1,452,017	1,473,797	112,218	90,438	3,128,470
2050	3.000%	1,495,904	1,518,343	68,331	45,892	3,128,470
2051	3.000%	1,541,138	640,235	23,117	-	2,204,490
2052	0.000%	649,838	659,586	-	-	1,309,424
2053	0.000%	669,480	679,522	-	-	1,349,002
		<u>\$ 31,029,290</u>	<u>\$ 30,570,710</u>	<u>\$ 14,983,383</u>	<u>\$ 14,527,691</u>	<u>\$ 91,111,074</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2019)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2023	3.000%	\$ -	\$ -	\$ 270,000	\$ 267,194	\$ 537,194
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
2053	0.000%	187,082	189,888	-	-	376,970
		<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>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2020A)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	2.250%	\$ 249,962	\$ 252,774	\$ 239,125	\$ 236,313	\$ 978,174
2025	2.250%	255,618	258,494	233,469	230,594	978,175
2026	2.250%	261,402	264,343	227,686	224,745	978,176
2027	2.250%	267,316	270,324	221,771	218,764	978,175
2028	2.250%	273,365	276,440	215,723	212,647	978,175
2029	2.250%	279,550	282,695	209,537	206,392	978,174
2030	2.250%	285,875	289,092	203,212	199,996	978,175
2031	2.250%	292,344	295,633	196,744	193,455	978,176
2032	2.250%	298,959	302,322	190,129	186,766	978,176
2033	2.250%	305,723	309,162	183,364	179,925	978,174
2034	2.250%	312,640	316,158	176,447	172,930	978,175
2035	2.250%	319,714	323,311	169,373	165,776	978,174
2036	2.250%	326,948	330,627	162,139	158,461	978,175
2037	2.250%	334,346	338,108	154,741	150,980	978,175
2038	2.250%	341,911	345,758	147,176	143,330	978,175
2039	2.250%	349,648	353,581	139,440	135,506	978,175
2040	2.250%	357,559	361,581	131,529	127,506	978,175
2041	2.250%	365,649	369,763	123,438	119,325	978,175
2042	2.250%	373,923	378,129	115,165	110,958	978,175
2043	2.250%	382,383	386,685	106,704	102,402	978,174
2044	2.250%	391,035	395,434	98,052	93,653	978,174
2045	2.250%	399,883	404,382	89,204	84,706	978,175
2046	2.250%	408,931	413,531	80,157	75,556	978,175
2047	2.250%	418,184	422,888	70,904	66,199	978,175
2048	2.250%	427,646	432,457	61,442	56,631	978,176
2049	2.250%	437,322	442,242	51,766	46,846	978,176
2050	2.250%	447,217	452,248	41,871	36,839	978,175
2051	2.250%	457,336	462,481	31,752	26,607	978,176
2052	2.250%	467,684	472,945	21,404	16,142	978,175
2053	2.250%	478,266	483,644	10,822	5,441	978,173
		<u>\$ 10,568,339</u>	<u>\$ 10,687,232</u>	<u>\$ 4,104,286</u>	<u>\$ 3,985,391</u>	<u>\$ 29,345,248</u>

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2020A) – Fully Amortized

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

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2020B)

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2020C)

Year of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		April 15,	October 15,	April 15,	October 15,	
2024	1.750%	\$ -	\$ 36,805	\$ -	\$ 15,344	\$ 52,149
2025	1.750%	37,127	37,452	15,022	14,697	104,298
2026	1.750%	37,779	38,110	14,370	14,039	104,298
2027	1.750%	38,443	38,780	13,706	13,369	104,298
2028	1.750%	39,119	39,461	13,030	12,688	104,298
2029	1.750%	39,807	40,155	12,342	11,994	104,298
2030	1.750%	40,506	40,861	11,643	11,288	104,298
2031	1.750%	41,218	41,579	10,931	10,570	104,298
2032	1.750%	41,943	42,310	10,206	9,839	104,298
2033	1.750%	42,680	43,053	9,469	9,096	104,298
2034	1.750%	43,430	43,810	8,719	8,339	104,298
2035	1.750%	44,194	44,580	7,955	7,569	104,298
2036	1.750%	44,970	45,364	7,179	6,785	104,298
2037	1.750%	45,761	46,161	6,388	5,988	104,298
2038	1.750%	46,565	46,972	5,584	5,177	104,298
2039	1.750%	47,383	47,798	4,766	4,351	104,298
2040	1.750%	48,216	48,638	3,933	3,511	104,298
2041	1.750%	49,064	49,493	3,085	2,656	104,298
2042	1.750%	49,926	50,363	2,223	1,786	104,298
2043	1.750%	50,804	51,249	1,345	901	104,299
2044	1.750%	51,697	-	452	-	52,149
		<u>\$ 880,632</u>	<u>\$ 872,994</u>	<u>\$ 162,348</u>	<u>\$ 169,987</u>	<u>\$ 2,085,961</u>

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

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2020C) – Fully Amortized

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

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

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

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness (Continued)
December 31, 2022

Sewer Revenue Bonds (Series 2021)

Years of Maturity	Interest Rate	Principal Payable		Interest Payable		Total Annual Requirement
		October 1,	April 1,	October 1,		
2023	1.960%	\$ -	\$ 1,058,573	\$ 1,058,573	\$ 2,117,146	
2024	1.960%	-	1,058,573	1,058,573	2,117,146	
2025	0.812%	440,000	1,058,573	1,058,573	2,557,146	
2026	0.935%	1,790,000	1,056,787	1,056,787	3,903,573	
2027	2.000%	8,810,000	1,048,418	1,048,418	10,906,836	
2028	2.000%	8,985,000	960,318	960,318	10,905,636	
2029	1.491%	1,495,000	870,468	870,468	3,235,936	
2030	1.616%	10,540,000	859,323	859,323	12,258,646	
2031	1.716%	10,715,000	774,160	774,160	12,263,320	
2032	1.836%	10,890,000	682,225	682,225	12,254,450	
2033	1.946%	11,100,000	582,255	582,255	12,264,510	
2034	2.036%	11,315,000	474,252	474,252	12,263,504	
2035	2.156%	11,550,000	359,065	359,065	12,268,130	
2036	2.256%	11,805,000	234,556	234,556	12,274,112	
2037	2.376%	8,535,000	101,396	101,396	8,737,792	
		<u>\$ 107,970,000</u>	<u>\$ 11,178,942</u>	<u>\$ 11,178,942</u>	<u>\$ 130,327,883</u>	

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STATISTICAL DATA



LITTLE ROCK

**Water Reclamation
Authority**

ONE WATER.
ONE FUTURE.

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Statistical Section – Contents and Explanations (Unaudited)

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

A – Financial Trends Information

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

Net Position by Component, Last Ten Fiscal Years	99
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Operating Revenues by Source	101
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B – Revenue Capacity Information

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

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Domestic Sewer Rates (Outside City)	107
Non-Domestic Sewer Rates (Inside City)	108
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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.

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Pledged-Revenue Coverage	111

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.

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Principal Employers, Current Year and Nine Years Ago	114

E – Operating Information

These schedules contain information about LRWRA's operational activities.

Number of Employees by Identifiable Activity	115
Operating and Capital Indicators	116

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

	Fiscal Year				
	2018 ^b	2019	2020	2021	2022
Primary Government					
Net investment in capital assets	\$ 178,984,742	\$ 181,817,487	\$ 188,499,492	\$ 190,697,908	\$ 189,958,671
Restricted					
Debt service	7,147,197	8,002,459	5,688,547	4,972,898	3,347,661
Postemployment benefits	-	-	-	-	-
Total restricted	<u>7,147,197</u>	<u>8,002,459</u>	<u>5,688,547</u>	<u>4,972,898</u>	<u>3,347,661</u>
Unrestricted	<u>17,557,370</u>	<u>22,708,190</u>	<u>25,764,938</u>	<u>39,106,051</u>	<u>53,246,663</u>
Total primary governmental net position	<u>\$ 203,689,309</u>	<u>\$ 212,528,136</u>	<u>\$ 219,952,977</u>	<u>\$ 234,776,857</u>	<u>\$ 246,552,995</u>
	Fiscal Year				
	2013	2014	2015 ^a	2016	2017
Primary Government					
Net investment in capital assets	\$ 160,379,889	\$ 163,269,445	\$ 166,962,094	\$ 174,925,069	\$ 175,449,301
Restricted					
Debt service	11,937,387	11,841,110	12,534,544	6,310,592	6,868,935
Postemployment benefits	-	-	-	1,571,149	1,640,581
Total restricted	<u>11,937,387</u>	<u>11,841,110</u>	<u>12,534,544</u>	<u>7,881,741</u>	<u>8,509,516</u>
Unrestricted	<u>13,122,816</u>	<u>20,338,501</u>	<u>8,232,798</u>	<u>11,394,435</u>	<u>14,968,883</u>
Total primary governmental net position	<u>\$ 185,440,092</u>	<u>\$ 195,449,056</u>	<u>\$ 187,729,436</u>	<u>\$ 194,201,245</u>	<u>\$ 198,927,700</u>

^a Includes the effect of the adoption of GASB 68.

^b Includes the effect of the adoption of GASB 75.

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

Fiscal Year	Operating Revenue	Operating Expense	Depreciation Expense	Total Nonoperating Revenues (Expenses)	Income Before Capital Contributions	Capital Contributions and Grants	Change in Net Position
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
2020	59,123,018	(29,065,004)	(17,858,636)	(9,718,244)	2,481,134	4,943,707	7,424,841
2021	65,627,034	(25,807,731)	(18,277,820)	(12,957,772)	8,583,711	6,242,169	14,825,880
2022	65,841,700	(29,502,882)	(18,478,815)	(11,855,542)	6,004,461	5,771,677	11,776,138

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

Fiscal Year	Customer Assessments	Industrial Surcharges^a	Connection Fees	Other Income^b	Total
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
2020	57,044,610	1,350,050	35,530	692,828	59,123,018
2021	63,528,673	1,451,120	33,020	614,221	65,627,034
2022	63,810,572	1,383,477	30,635	617,016	65,841,700

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

^b Includes permit fees, sewer dump permits and co-generation revenue.

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

Fiscal Year	Employment Costs	Supplies	Contract Services	Vehicle Maintenance	Utilities	Administrative Costs^a	Subtotal Expense Before Depreciation	Depreciation	Total Operating Expense
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
2020	20,118,950	2,355,208	3,925,123	234,418	1,724,446	706,859	29,065,004	17,858,636	46,923,640
2021	16,531,106	2,239,201	4,151,075	402,299	1,718,658	765,392	25,807,731	18,277,820	44,085,551
2022	18,856,083	3,314,810	3,935,390	226,541	1,434,545	1,735,513	29,502,882	18,478,815	47,981,697

^a 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	Gain (Loss) on Investments	Other	Total Nonoperating Revenue (Expense)
2013 ^a	\$ (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)
2020	(9,461,928)	519,039	(388,325)	(464,663)	5,850	71,783	(9,718,244)
2021 ^b	(12,239,498)	462,920	(1,042,590)	19,318	(51,703)	(108,219)	(12,959,772)
2022 ^b	(12,496,968)	944,115	-	52,011	(416,560)	61,860	(11,855,542)

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

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

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

Fiscal Year	Residential	Commercial	Total New Construction Permits/ Inspections Completed
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
2020	443	58	501
2021	534	130	664
2022	448	50	498

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

Fiscal Year ^a	Domestic	Non-Domestic			Total
		Commercial	Industrial	Other ^b	
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
2020	63,968	6,728	28	388	71,112
2021 ^c	63,542	7,127	58	0	70,727
2022	63,775	7,147	52	0	70,974

^a Billed account totals from December

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

^c Billing system software conversion eliminated Other category

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

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

Base Rate ^a (Meter Size)	Fiscal Year Ended				
	2013 ^c	2014 ^c	2015	2016	2017 ^d
5/8"	\$ 9.89	\$ 10.29	\$ 10.29	\$ 10.29	\$ 10.78
3/4"	12.74	13.25	13.25	13.25	13.88
1"	19.27	20.04	20.04	20.04	20.99
Volumetric rate ^b					
Operations volumetric rate ^b	1.69	1.76	1.76	1.76	1.84
Debt repayment rate ^b	1.81	1.81	1.81	2.04	2.14

^a Rate charge from 2008 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

^b Per 100 cubic feet

^c In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that effected 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.

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

Note: No rate increase in 2015, 2016 or 2022. 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^a (Meter Size)	Fiscal Year Ended				
	2018^d	2019^d	2020^d	2021^d	2022^d
5/8"	\$ 16.94	\$ 17.75	\$ 18.59	\$ 19.47	\$ 19.47
3/4"	21.81	22.85	23.93	25.07	25.07
1"	32.98	34.55	36.19	37.91	37.91
Volumetric Rate ^b					
Operations Volumetric Rate ^b	2.90	3.03	3.18	3.33	3.33
Debt Repayment Rate ^b	3.37	3.53	3.70	3.87	3.87

Base Rate^a (Meter Size)	Fiscal Year Ended				
	2013^c	2014^c	2015	2016	2017^d
5/8"	\$ 14.84	\$ 15.44	\$ 15.44	\$ 15.44	\$ 16.17
3/4"	19.11	19.88	19.88	19.88	20.82
1"	28.91	30.03	30.03	30.03	31.49
Volumetric rate ^b					
Operations volumetric rate ^b	2.54	2.64	2.64	2.64	2.77
Debt repayment rate ^b	2.72	2.72	2.72	3.07	3.22

^a Rate charge from 2008 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

^b Per 100 cubic feet

^c In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that effected 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.

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

Note: No rate increase in 2015, 2016 or 2022. 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 ^a (Meter Size)	Fiscal Year Ended				
	2018 ^d	2019 ^d	2020 ^d	2021 ^d	2022 ^d
5/8"	\$ 11.29	\$ 11.83	\$ 12.39	\$ 12.98	\$ 12.98
3/4"	14.54	15.23	15.95	16.71	16.71
1"	21.99	23.03	24.13	25.27	25.27
1.5"	38.82	40.66	42.60	44.62	44.62
2"	60.24	63.10	66.10	69.24	69.24
3"	110.10	115.33	120.81	126.54	126.54
4"	181.53	190.15	199.19	208.65	208.65
6" or larger	360.03	377.13	395.05	413.81	413.81
Operations volumetric rate ^b	3.02	3.16	3.31	3.47	3.47
Debt repayment rate ^b	2.63	2.76	2.89	3.03	3.03

Base Rate ^a (Meter Size)	Fiscal Year Ended				
	2013 ^c	2014 ^c	2015	2016	2017 ^d
5/8"	\$ 9.89	\$ 10.29	\$ 10.29	\$ 10.29	\$ 10.78
3/4"	12.74	13.25	13.25	13.25	13.88
1"	19.27	20.04	20.04	20.04	20.99
1.5"	34.02	35.38	35.38	35.38	37.06
2"	52.79	54.90	54.90	54.90	57.51
3"	96.48	100.34	100.34	100.34	105.11
4"	159.08	165.44	165.44	165.44	173.30
6" or larger	315.50	328.12	328.12	328.12	343.71
Volumetric rate ^b					
Operations volumetric rate ^b	2.59	2.75	2.75	2.75	2.88
Debt repayment rate ^b	2.12	2.12	2.12	2.40	2.51

^a Rate charge from 2008 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

^b Per 100 cubic feet

^c In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that effected 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.

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

Note: No rate increase in 2015, 2016 or 2022. 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 ^a (Meter Size)	Fiscal Year Ended				
	2018 ^d	2019 ^d	2020 ^d	2021	2022
5/8"	\$ 16.94	\$ 17.75	\$ 18.59	\$ 19.47	\$ 19.47
3/4"	21.81	22.85	23.93	25.07	25.07
1"	32.98	34.55	36.19	37.91	37.91
1.5"	58.23	61.00	63.89	66.93	66.93
2"	90.36	94.65	99.15	103.86	103.86
3"	165.15	172.99	181.21	189.82	189.82
4"	272.30	285.23	298.78	312.97	312.97
6" or larger	540.05	565.70	592.57	620.72	620.72
Volumetric rate ^b					
Operations volumetric rate ^b	4.53	4.75	4.97	5.21	5.21
Debt repayment rate ^b	3.96	4.15	4.35	4.55	4.55

Base Rate ^a (Meter Size)	Fiscal Year Ended				
	2013 ^c	2014 ^c	2015	2016	2017 ^d
5/8"	\$ 14.84	\$ 15.44	\$ 15.44	\$ 15.44	\$ 16.17
3/4"	19.11	19.88	19.88	19.88	20.82
1"	28.91	30.06	30.06	30.06	31.49
1.5"	51.03	53.07	53.07	53.07	55.59
2"	79.19	82.35	82.35	82.35	86.26
3"	144.72	150.51	150.51	150.51	157.66
4"	238.62	248.16	248.16	248.16	259.95
6" or larger	473.25	492.18	492.18	492.18	515.56
Volumetric rate ^b					
Operations volumetric rate ^b	3.44	4.13	4.13	4.13	4.33
Debt repayment rate ^b	3.19	3.19	3.19	3.61	3.78

^a Rate charge from 2008 to June 2012 included 200 cubic feet; Changed in July 2012 with zero water consumed.

^b Per 100 cubic feet

^c In June 2012, City of Little Rock Board of Directors approved a four-step rate increase that effected 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.

^d In August 2015, City of Little Rock Board of Directors approved a five-step rate increase that will effect rates from 2017 to 2021.

Step one occurred in 2017 for 4.75% on January 1.

Note: No rate increase in 2015, 2016 or 2022. 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				Total		As a Share of Personal Income
	Revenue Bonds	Revenue Bonds ^a Direct Placement	Unamortized Bond Premium	Amount	Per Capita		
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	213,035,000	90,366,311	9,254,983	312,656,294	1,616	3.81%	
2019	203,710,000	128,092,269	8,385,090	340,187,359	1,758	3.81%	
2020	193,740,000	160,523,405	7,462,696	361,726,101	1,869	4.12%	
2021	197,310,000	186,026,486	3,379,177	386,715,663	1,909	3.83%	
2022	187,770,000	207,307,417	2,742,259	397,819,676	1,964	5.02%	

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

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

^a The yearly total amount includes only that portion of debt that has been borrowed up to year-end and not total loan amount on any non-completed project 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 ^a	Direct Operating Expense ^b	Net Revenue Available for Debt Service	At December 31, Fiscal Year			Coverage
				Total Outstanding Debt ^c	# of Years of Outstanding Debt	Avg. Yearly Outstanding Debt	
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
2020	59,642,057	(29,065,004)	30,577,053	505,876,059	33	15,329,578	1.99
2021	66,089,954	(25,807,731)	40,282,223	508,253,839	32	15,882,932	2.54
2022	66,785,815	(29,502,882)	37,282,933	518,638,427	31	16,730,272	2.23

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

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

^a Includes interest on investment income.

^b See Schedule 4.

^c Amount contains construction draws only for 2018, 2019, 2020A, and 2020C Revolving Loan Funds (RLF) at December 31.

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

Calendar Year	Population ^a	Personal Income ^b	Per Capita Personal Income	Unemployment Percentage Rate
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%
2020	193,524	8,985,319,320	46,430	4.5%
2021	202,591	10,096,527,667	49,837	3.1%
2022	202,591	7,929,614,331	51,787	2.8%

^a Population of Little Rock, AR using 2010 Census for 2012–2020 and 2020 Census for 2021

^b Personal Income is a calculation of per capita income multiplied by the population.

Source: Federal Reserve St. Louis, Metroplan – Council of Local Governments, DiscoverArkansas.net, Greater Little Rock Chamber of Commerce, U.S. Bureau of Labor Statistics

Little Rock Water Reclamation Authority

Ten Largest Sewer Customers

Schedule 13

Current Year and Nine Years Ago

Fiscal Year 2022		
Customer	Amount	Percent
UAMS	\$ 737,604	1.16
Baptist Medical Center	519,940	0.81
St Vincent	481,160	0.75
Little Rock Quick Rice HSW	454,943	0.71
Jack Wilson WTP	378,852	0.59
Hiland Dairy	356,812	0.56
Veterans Hospital	318,467	0.50
AR Children's Hospital	263,095	0.41
Pulaski County Sheriff Detention	260,479	0.41
Little Rock Housing	240,540	0.38
Subtotal	4,011,892	6.29
Balance from other customers	59,798,680	93.71%
Grand Totals ^a	\$ 63,810,572	100.00%

Fiscal Year 2013		
Customer	Amount	Percent
1. Baptist Medical Center	\$ 460,616	0.72%
2. Sage V Foods	391,550	0.61
3. University of Arkansas Medical Science	368,938	0.58
4. Central Arkansas Water	243,263	0.38
5. St. Vincents Infirmary	238,608	0.37
6. Odom Sausage	222,878	0.35
7. V.A. Hospital	213,997	0.34
8. Statehouse Convention Center	199,770	0.31
9. Arkansas Children's Hospital	185,198	0.29
10. Hiland Dairy	166,474	0.26
Subtotal	2,691,292	4.22
Balance from other customers	43,824,240	95.78%
Grand total ^a	\$ 46,515,532	100.00%

^a Grand totals are based on sewer charges from Schedule 3.

Little Rock Water Reclamation Authority

Principal Employers

Schedule 14

Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
State of Arkansas (within the MSA)	35,200	10.08%	1	32,200	10.05%	1
Local Government (within the MSA)	26,500	7.59%	2	28,800	8.99%	2
Federal Government (within the MSA)	10,200	2.92%	3	9,200	2.87%	3
University of Arkansas Medical Sciences	9,700	2.78%	4	8,500	2.65%	4
Baptist Health	7,340	2.10%	5	7,000	2.18%	5
Little Rock Air Force Base	4,500	1.29%	6	4,500	1.40%	6
Arkansas Children's Hospital	4,370	1.25%	7			
Central Arkansas Veterans Health Care	4,000	1.15%	8	3,500	1.09%	9
Little Rock School District	3,970	1.14%	9	3,511	1.10%	8
CHI St. Vincent	3,000	0.86%	10			
Entergy				4,388	1.37%	10
Axiom				2,738	0.85%	7
Total	108,780	31%		104,337	33%	

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

Little Rock/North Little Rock MSA 349,105 320,375

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

	Full-Time-Equivalent Employees as of December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration										
Executive Administrator	1	1	1	1	1	1	1	1	1	1
Safety & Communications	3	4	4	5	4	5	5	5	5	4
Human Resources	2	2	2	2	3	3	3	3	3	3
Finance/Accounting	9	12	12	12	11	12	12	12	11	15
Information Services	10	11	11	12	13	11	11	11	11	11
Legal	-	-	-	1	1	1	1	1	1	1
Clerical	7	7	7	5	4	5	5	2	2	2
Engineering	23	20	20	23	22	23	25	26	29	28
Sewer Plant Maintenance	23	24	24	25	19	24	24	23	22	20
Sewer Systems Maintenance	87	82	82	81	88	88	87	86	85	87
Sewer Plant Operations	18	22	22	22	22	24	24	25	24	25
Environmental Assessment	23	24	24	23	22	17	16	16	15	15
	<u>206</u>	<u>209</u>	<u>209</u>	<u>212</u>	<u>210</u>	<u>214</u>	<u>214</u>	<u>211</u>	<u>209</u>	<u>212</u>
Total Employees										

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Wastewater treatment										
Miles of sewer	1,359	1,368	1,375	1,384	1,386	1,393	1,400	1,404	1,412	1,416
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Treatment capacity (MGD)										
Biological treatment	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Hydraulic peak capacity	144.0	144.0	144.0	144.0	144.0	144.0	144.0	156.0	156.0	156.0
Daily engineering maximum plant capacity (MGD)	33.91	34.17	37.04	32.40	29.34	35.83	38.18	33.76	32.06	33.57
Unused capacity (MGD)	22.09	21.83	18.96	23.60	26.66	20.17	17.82	22.24	23.94	22.43
Percent of capacity utilized	61%	61%	66%	58%	52%	64%	68%	60%	57%	60%

Note: MGD = millions of gallons per day.