NEW ISSUE **RATING: Moody's: Aa3 (stable outlook)**
BOOK-ENTRY ONLY

*In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2026 Bonds may be taken into account for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Under existing law, Bond Counsel is of the opinion that the Series 2026 Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. See the caption "**TAX MATTERS**" herein.*

$82,000,000
CITY OF LITTLE ROCK, ARKANSAS
WATER RECLAMATION SYSTEM REVENUE BONDS
SERIES 2026

Dated: Date of Delivery Due: October 1, as shown on inside cover

The Water Reclamation System Revenue Bonds, Series 2026 (the "Series 2026 Bonds") are being issued by the City of Little Rock, Arkansas (the "City") for the purpose of financing all or a portion of the costs of the acquisition, construction and equipping of certain betterments and improvements to the City's water reclamation system (the "System"), paying a premium for a debt service reserve insurance policy and paying certain expenses in connection with the issuance of the Series 2026 Bonds. See the caption "**SOURCES AND USES OF FUNDS**" herein.

The Series 2026 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal, premium, if any, and interest payments on the Series 2026 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2026 Bonds will not receive physical delivery of bond certificates. See the caption "**BOOK-ENTRY ONLY SYSTEM**" herein.

The Series 2026 Bonds shall bear interest from their dated date, payable on April 1 and October 1 of each year, commencing April 1, 2027. All such interest payments shall be payable to the persons in whose name such Series 2026 Bonds are registered on the bond registration books maintained by Regions Bank, Little Rock, Arkansas, as trustee (the "Trustee"), as of the fifteenth day of the calendar month next preceding the applicable interest payment date. Principal of and premium, if any, on the Series 2026 Bonds shall be payable at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Payment of the principal of, premium, if any, and interest on the Series 2026 Bonds is secured by a pledge of the net revenues (the "Net Revenues") of the System. The pledge of Net Revenues securing the Series 2026 Bonds shall be on a parity with the pledge of Net Revenues securing the City's Sewer Refunding Revenue Bonds, Series 2015, Sewer Refunding Revenue Bonds, Series 2016B, Water Reclamation System Revenue Bonds, Series 2017, Water Reclamation System Refunding Revenue Bonds, Taxable Series 2020B and Water Reclamation System Refunding Revenue Bonds, Taxable Series 2021. Such pledge of Net Revenues is senior and superior to the pledge of Net Revenues securing the payment of certain Subordinate Bonds (defined herein) of the City. In the ordinance of the City authorizing the issuance of the Series 2026 Bonds (the "Authorizing Ordinance"), the City has covenanted that rates for System services shall, if and when necessary, be increased in such manner as will produce total System revenues sufficient to pay debt service on all outstanding indebtedness to which revenues of the System are pledged, to pay System operation, repair and maintenance expenses and to fund deficiencies in the debt service reserves and depreciation fund as directed in the Authorizing Ordinance. See the captions "**SECURITY FOR THE SERIES 2026 BONDS**" and "**SUMMARY OF THE AUTHORIZING ORDINANCE**" herein. The Series 2026 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein under the caption "**THE SERIES 2026 BONDS** - Redemption."

The Series 2026 Bonds are special obligations of the City secured by and payable solely from the Net Revenues of the System. The Series 2026 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2026 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2026 Bonds, except as described herein with respect to Net Revenues of the System.

The debt service reserve for the Series 2026 Bonds will be funded with a municipal bond debt service reserve insurance policy by Assured Guaranty Inc., that is expected to be issued concurrently with the delivery of the Series 2026 Bonds.

The Series 2026 Bonds are offered when, as and if issued by the City and are subject to the final approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. It is expected that the Series 2026 Bonds will be available for delivery in New York, New York, on or about September 10, 2026.

Stephens Inc.

Dated: August 11, 2026.

$82,000,000
CITY OF LITTLE ROCK, ARKANSAS
WATER RECLAMATION SYSTEM REVENUE BONDS
SERIES 2026

MATURITY SCHEDULE

$25,130,000 Serial Bonds

Year (October 1)	Principal Amount	Interest Rate (%)	Yield (%)
2030	$1,595,000	5.000	3.030
2031	1,675,000	5.000	3.140
2032	1,755,000	5.000	3.270
2033	1,845,000	5.000	3.410*
2034	1,935,000	5.000	3.520*
2035	2,035,000	5.000	3.600*
2036	2,135,000	5.000	3.710*
2037	2,245,000	4.000	4.000
2038	2,335,000	4.000	4.120
2039	2,425,000	4.000	4.200
2040	2,525,000	4.125	4.270
2041	2,625,000	4.125	4.300

$14,925,000 4.375% Term Bonds due October 1, 2046 to Yield 4.570%
$18,585,000 4.625% Term Bonds due October 1, 2051 to Yield 4.770%
$23,360,000 4.750% Term Bonds due October 1, 2056 to Yield 4.860%

* Priced to first optional redemption date, October 1, 2032.

No dealer, broker, salesman or other person has been authorized by the City or by the underwriter, Stephens Inc. (the "Underwriter"), to give any information or to make any representations, other than those contained in this Official Statement; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any Series 2026 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the business, operations or financial condition of the City or the System since the date hereof.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE AUTHORIZING ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION CONTAINED IN SUCH LAWS.

CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE CITY, THE UTILITY, THE DEPOSITORY TRUST COMPANY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THE OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$82,000,000
CITY OF LITTLE ROCK, ARKANSAS
WATER RECLAMATION SYSTEM REVENUE BONDS
SERIES 2026

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents hereinafter set forth are qualified in their entirety by reference to each such document. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms under the caption "**DEFINITIONS OF CERTAIN TERMS**" herein.

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering of $82,000,000 Water Reclamation System Revenue Bonds, Series 2026 (the "Series 2026 Bonds") by the City of Little Rock, Arkansas (the "City").

The City is a city of the first class organized and existing under the laws of the State of Arkansas (the "State"). The City is authorized and empowered under Amendment 65 to the Constitution of the State ("Amendment 65") and the laws of the State, including particularly Title 14, Chapter 164, Subchapter 4 and Title 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue and sell its revenue bonds for the purpose of financing the cost of betterments and improvements to its sewer system, which is now identified as a water reclamation system (the "System"). The improvements consist of improvements to the System's wastewater treatment plants and collection system improvements (the "Improvements"). The System, also known as Little Rock Water Reclamation Authority (formerly Little Rock Wastewater) (the "Utility"), is a component unit of the City and is managed and operated through the Little Rock Water Reclamation Commission (the "Commission"), whose members are appointed by the governing body of the City. See the caption "**THE SYSTEM**" herein.

The Series 2026 Bonds are to be issued by the City pursuant to Amendment 65, the Authorizing Legislation and Ordinance No. 22,815, adopted and approved on August 4, 2026 (the "Authorizing Ordinance"), for the purpose of (i) financing all or a portion of the costs of the acquisition, construction and equipping of the Improvements, (ii) paying a premium for a debt service reserve insurance policy and (iii) paying the costs of issuing the Series 2026 Bonds. See the captions "**SOURCES AND USES OF FUNDS**" and "**SUMMARY OF THE AUTHORIZING ORDINANCE**" herein.

The Series 2026 Bonds are special obligations of the City, payable solely from and secured by a pledge of revenues derived from the operation of the System after the payment of the operation, maintenance and repair expenses of the System (the "Net Revenues"). Such pledge of Net Revenues is made on a parity basis with an existing pledge of Net Revenues securing (i) $14,505,000 outstanding principal amount of the City’s Sewer Refunding Revenue Bonds, Series 2015, (ii) $12,420,000 outstanding principal amount of the City's Sewer Refunding Revenue Bonds, Series 2016B (the "Series 2016B Bonds"), (iii) $8,995,000 outstanding principal amount of the City's Water Reclamation System Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), (iv) $20,360,000 outstanding principal amount of the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2020B (the "Series 2020B Bonds") and (v) $107,530,000 outstanding principal amount of the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2021 (the "Series 2021 Bonds" and collectively with the Series 2015 Bonds, the Series 2016B Bonds, the Series 2017 Bonds and the Series 2020B Bonds, the "Parity Bonds"). The pledge of Net Revenues securing the Series 2026 Bonds and the Parity Bonds is prior and senior to the pledge of Net Revenues securing (i) $6,754,915 outstanding principal amount of the City's Sewer Revenue Bond, Series 2007B (the "Series 2007B Bond"), (ii) $3,934,000 outstanding principal amount of the City’s Sewer Revenue Bond, Series 2009A (the "Series 2009A Bond"), (iii) $48,308,949 outstanding principal amount of the City's Water Reclamation

System Revenue Bond, Series 2020 (the "Series 2020A Bond"), (iv) $6,862,052 outstanding principal amount of the City's Water Reclamation System Revenue Bond, Series 2020C (the "Series 2020C Bond"), (v) $159,770,992 outstanding principal amount of the City's Water Reclamation System Revenue Bond, Series 2023 (the "Series 2023 Bond"), (vi) $59,600,000 authorized principal amount of the City's Water Reclamation System Revenue Bond, Series 2024 (the "Series 2024A Bond") and (vii) $5,400,000 authorized principal amount of the City's Water Reclamation System Revenue Bond, Series 2024B (the "Series 2024B Bond" and collectively with the Series 2007B Bond, the Series 2009A Bond, the Series 2020A Bond, the Series 2020C Bond, the Series 2023 Bond and the Series 2024A Bond, the "Subordinate Bonds").* In the Authorizing Ordinance, the City has covenanted that rates for System services shall, if and when necessary, be increased in such manner as will produce total System revenues sufficient to pay debt service on all outstanding indebtedness to which revenues of the System are pledged ("System Bonds"), to pay System operation, repair and maintenance expenses, to fund Depreciation Fund deficiencies and to make required deposits into the debt service reserves. See the caption "**SECURITY FOR THE SERIES 2026 BONDS**" herein.

In the Authorizing Ordinance, Regions Bank, Little Rock, Arkansas, has been designated as trustee and paying agent (the "Trustee") with respect to the Series 2026 Bonds.

The Series 2026 Bonds are special obligations of the City secured by and payable solely from the Net Revenues of the System. The faith and credit of the City are not pledged to the payment of the Series 2026 Bonds, and the Series 2026 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2026 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2026 Bonds, except as described herein with respect to Net Revenues of the System.

Additional Bonds may be issued on a parity of security with the Series 2026 Bonds and the Parity Bonds under certain circumstances set forth in the Authorizing Ordinance. See the caption "**THE SERIES 2026 BONDS** - Additional Bonds" herein. The Series 2026 Bonds, the Parity Bonds and any Additional Bonds are herein collectively referred to as the "Bonds."

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2026 Bonds, by and between the City and Regions Bank, Little Rock, Arkansas, as Dissemination Agent (the "Continuing Disclosure Agreement"), the City has undertaken certain obligations with respect to providing ongoing disclosure of certain financial and operating data concerning the System and of the occurrence of certain material events. See the caption "**SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT**" herein.

Descriptions of the City, the System, the Series 2026 Bonds, the Continuing Disclosure Agreement and the Authorizing Ordinance are included in this Official Statement. Copies of the Continuing Disclosure Agreement and the Authorizing Ordinance are available upon request from Stephens Inc., 111 Center Street, Suite 100, Little Rock, Arkansas 72201, Attention: Public Finance. All references to the Series 2026 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Authorizing Ordinance. Certain financial data has been provided by the City from the audited and unaudited records of the System and certain demographic information has been obtained from other sources which are believed to be reliable.

* The Arkansas Natural Resources Commission has approved a loan to the Utility as part of the State of Arkansas Clean Water Revolving Loan Fund Program in the maximum principal amount of $4,096,464.50. If and when issued, the bond evidencing such loan will be subordinate to the Parity Bonds.

THE SERIES 2026 BONDS

Description. The Series 2026 Bonds will be dated the date of delivery, and will bear interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2027, the rates set forth on the inside cover page hereof. The Series 2026 Bonds will mature on October 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2026 Bonds are issuable only in the form of fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal, premium, if any, and interest payments on the Series 2026 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made only in book-entry form, in denominations of $5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2026 Bonds will not receive physical delivery of bond certificates. See the caption "**BOOK-ENTRY ONLY SYSTEM**" herein.

All interest payments on the Series 2026 Bonds shall be payable to the persons in whose name such Series 2026 Bonds are registered on the bond registration books maintained by the Trustee, as of the close of business on fifteenth day of the calendar month next preceding the applicable interest payment date. Principal of and premium, if any, on the Series 2026 Bonds shall be payable at the principal corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2026 Bonds to the extent of the sum or sums so paid. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Redemption. The Series 2026 Bonds shall be subject to optional and mandatory sinking fund redemption prior to maturity as follows:

Optional Redemption. The Series 2026 Bonds are subject to redemption prior to maturity, at the option of the City, from funds from any source, on and after October 1, 2032, in whole or in part at any time, at a redemption price equal to the principal amount of the Series 2026 Bonds being redeemed, plus accrued interest to the date of redemption. If fewer than all of the Series 2026 Bonds shall be called for redemption, the particular maturities of the Series 2026 Bonds to be redeemed shall be selected by the City in its discretion.

Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on October 1 in the years 2046, 2051 and 2056 shall be subject to mandatory sinking fund redemption, at a price equal to the principal amount being redeemed plus accrued interest to the date of redemption, on October 1 of the years and in the amounts as follows:

Series 2026 Bonds Due October 1, 2046

Year	Amount
2042	$2,735,000
2043	2,855,000
2044	2,980,000
2045	3,110,000
2046 (maturity)	3,245,000

Series 2026 Bonds Due October 1, 2051

Year	Amount
2047	$3,390,000
2048	3,545,000
2049	3,710,000
2050	3,880,000
2051 (maturity)	4,060,000

Series 2026 Bonds Due October 1, 2056

Year	Amount
2052	$4,250,000
2053	4,450,000
2054	4,660,000
2055	4,885,000
2056 (maturity)	5,115,000

Partial Redemption of a Series 2026 Bond. If fewer than all of the Series 2026 Bonds of any one maturity shall be called for redemption, the particular Series 2026 Bonds or portions thereof to be redeemed from such maturity shall be selected by lot by the Trustee. In selecting Series 2026 Bonds for redemption prior to maturity, in the case any outstanding Series 2026 Bond is in a denomination greater than $5,000, each $5,000 of face value of such Series 2026 Bond shall be treated as a separate Series 2026 Bond in the denomination of $5,000; provided, however, that so long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, the particular Series 2026 Bonds or portions thereof to be redeemed within a maturity shall be selected by lot in such manner as DTC shall determine.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2026 Bonds or portions thereof (which shall be $5,000 or a multiple thereof) to be redeemed and the date on which they shall be presented for payment, shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, or sending a copy of the redemption notice via other standard means, including electronic or facsimile communication, to all registered owners of the Series 2026 Bonds to be redeemed. Failure to mail or send an appropriate notice or any such notice to registered owners of Series 2026 Bonds to be redeemed by mailing, shall not affect the validity of any proceeding for the redemption of any Series 2026 Bond with respect to which no such failure or defect has occurred. After the date fixed for redemption, no further interest shall accrue on any Series 2026 Bond called for redemption if funds for their redemption have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Series 2026 Bonds**.

Additional Bonds. The City may issue from time to time one or more series of Additional Bonds for the purpose of (i) making future extensions, betterments or improvements to the System; (ii) refunding the Series 2026 Bonds, the Parity Bonds, any series of Additional Bonds or Subordinate Bonds issued for such purposes; or (iii) any combination thereof. Additional Bonds shall be secured equally and ratably with the Series 2026 Bonds, the Parity Bonds and any other Additional Bonds theretofore issued and then outstanding, except insofar as any terms or conditions of redemption or purchase established under the Authorizing Ordinance may afford additional benefit or security for the Bonds of any particular series. Before the issuance of any such Additional Bonds, there shall be delivered to the City and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the Net Revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such Additional Bonds were equal to not less than 120% of the average annual principal and interest requirements on all then outstanding System Bonds, plus the Additional Bonds then proposed to be issued.

The term "Net Revenues" means gross revenues of the System less operation and maintenance expenses other than depreciation, interest and amortization of deferred bond discount expenses, determined in accordance with generally accepted accounting principles applicable to municipal sewer utilities.

In making the computation described above, the City, and the Accountant on behalf of the City, may, based upon the opinion or report of a registered professional engineer not in the regular employ of the City, treat any increase in System rates enacted subsequent to the first day of the immediately preceding fiscal year as having been in effect throughout such fiscal year and may include in gross revenues of the System for such fiscal year the amount that would have been received, based on such opinion or report, had the rate increase been in effect throughout such preceding fiscal year.

Subordinate Obligations. Nothing in the Authorizing Ordinance prevents the City from authorizing and issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness, the payment of the principal of and premium, if any, and interest on which shall be made from Net Revenues, provided payments from Net Revenues and the lien and charge on such Net Revenues shall be made junior and subordinate to the lien, pledge and charge created in the Authorizing Ordinance for the security and payment of the Bonds.

Transfer or Exchange. The Series 2026 Bonds may be transferred on the books of registration kept by the Trustee by the registered owner in person or by the owner's duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the registered owner or the owner's duly authorized attorney. Upon surrender for transfer of any Series 2026 Bond at the principal corporate office of the Trustee, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Series 2026 Bond or Bonds of the same maturity, in the same aggregate principal amount and of any authorized denomination or denominations.

Transfers of registration or exchanges of Series 2026 Bonds shall be without charge to the holders of such Series 2026 Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder of the Series 2026 Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege. Neither the City nor the Trustee shall be required to transfer or exchange any Series 2026 Bond selected for redemption in whole or in part.

So long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, transfers of beneficial interests in the Series 2026 Bonds shall be in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption "**BOOK-ENTRY ONLY SYSTEM**" herein.

SECURITY FOR THE SERIES 2026 BONDS

General. The Series 2026 Bonds are not general obligations of the City, but are special obligations payable solely from and secured by a pledge of the Net Revenues derived from operation of the System. The Series 2026 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation. The issuance of the Series 2026 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2026 Bonds except as described herein with respect to the Net Revenues of the System.

The Series 2026 Bonds are issued and secured on a parity basis with an existing pledge of Net Revenues securing the Series 2026 Bonds and the Parity Bonds. The Series 2026 Bonds, the Parity Bonds and any Additional Bonds hereafter issued are herein collectively referred to as the "Bonds."

The pledge of Net Revenues securing the Bonds is prior and senior to the pledge of Net Revenues securing the Subordinate Bonds.

Rate Covenant. In the Authorizing Ordinance, the City covenants and agrees that the rates and charges fixed for services of the System will never be reduced while any of the Series 2026 Bonds are outstanding unless there shall be obtained from an independent certified public accountant a certificate to the effect that the Net Revenues with the reduced rates will be equal to the amount required by the Authorizing Ordinance to be set aside for the Depreciation Fund and leave a balance equal to at least 130% of the average annual principal and interest requirements on all outstanding System Bonds. The City further covenants and agrees in the Authorizing Ordinance that System rates shall, if and when necessary, be increased in such manner and amount as will produce revenues at least sufficient to pay the principal and interest on all System Bonds when due, to pay the operation and maintenance expenses of the System, and to deposit the amounts required to be paid into the Depreciation Fund in accordance with the Authorizing Ordinance. In the Authorizing Ordinance, the City represents that existing System rates will produce total revenues at least sufficient to pay the operation and maintenance expenses of the System, to pay the principal of and premium, if any, and interest on all outstanding System Bonds and trustee fees in connection therewith, to deposit the amounts required to be paid into the Depreciation Fund and any debt service reserves and to reimburse the Reserve Insurer (as defined below) for any amounts owing with respect to the Reserve Policy (as defined below). See **SUMMARY OF THE AUTHORIZING ORDINANCE**, Rates and General Covenants to Operate.

Debt Service Reserve. The Debt Service Reserve, established within the Bond Fund, will be funded with a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by Assured Guaranty Inc. (the "Reserve Insurer"). The face amount of the Reserve Policy will be an amount equal to the lesser of (i) the maximum annual principal and interest requirement on the Series 2026 Bonds, (ii) 10% of the principal amount of the Series 2026 Bonds or (iii) 125% of the average annual debt service on the Series 2026 Bonds. See **THE AUTHORIZING ORDINANCE**, The Debt Service Reserve Fund.

BOOK-ENTRY ONLY SYSTEM

The Series 2026 Bonds will be issued only as one fully registered Series 2026 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all the Series 2026 Bonds. The fully registered Series 2026 Bonds will be retained and immobilized in the custody of or on behalf of DTC.

DTC, or its successor, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2026 Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

Owners of any book entry interests in the Series 2026 Bonds (the "book entry interest owners") described below, will not receive or have the right to receive physical delivery of the Series 2026 Bonds, and will not be considered by the City and the Trustee to be, and will not have any rights as, owners or holders of the Series 2026 Bonds under the bond proceedings and the Authorizing Ordinance except to the extent, if any, expressly provided thereunder.

CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE CITY, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges among Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the Book-Entry System for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the City, so long as a book entry method of recording and transferring interest in the Series 2026 Bonds is used, will send any notice of redemption or of any Authorizing Ordinance amendment or supplement or other notices to Bondholders under the Authorizing Ordinance only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2026 Bonds called for redemption, the Authorizing Ordinance amendment or supplement, or any other action premised on notice given under the Authorizing Ordinance.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2026 Bonds made to DTC or its nominee as the registered owner of the Series 2026 Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

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SOURCES AND USES OF FUNDS

The Series 2026 Bonds are being issued to (i) finance all or a portion of the Improvements, (ii) pay a premium for the Reserve Policy and (iii) pay expenses of issuing the Series 2026 Bonds.

The proceeds of the Series 2026 Bonds are expected to be used as follows:

Sources of Funds	
Principal Amount of Series 2026 Bonds	$82,000,000
Net Original Issue Discount	(295,202)
Total Sources:	$81,704,798
Uses of Funds	
Costs of Improvements	$80,755,000
Underwriter's Discount	574,000
Costs of Issuance and Debt Service Reserve Policy Premium	375,798
Total Uses:	$81,704,798

The payment of the Underwriter's discount, debt service reserve policy premium and the costs of issuing the Series 2026 Bonds relating to the payment of professional fees will be contingent on the Series 2026 Bonds being issued. See **MISCELLANEOUS** - Underwriting for a description of the Underwriter's discount.

The City will deposit the net proceeds of the Series 2026 Bonds (principal amount plus any original issue premium less any original issue discount and less Underwriter's discount, debt service reserve policy premium and issuance costs) into the Construction Fund. A depository bank or banks selected by the Commission shall have custody and control of the Construction Fund. Disbursements shall be on the basis of checks which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Series 2026 Bond proceeds are to be invested pending use and the provisions governing those investments, see **SUMMARY OF THE AUTHORIZING ORDINANCE -** Investments.

THE IMPROVEMENTS

The net proceeds of the Series 2026 Bonds will be utilized to finance the acquisition, construction and equipping of the Improvements, which include betterments and improvements to the System's wastewater treatment plants and collection system improvements. For a description of the Utility's other planned capital improvement projects, see **THE SYSTEM -** Capital Improvement Plans.

DEBT SERVICE REQUIREMENTS

As of the date of closing, the Parity Bonds, the Series 2026 Bonds and the Subordinate Bonds will constitute the only debt obligations secured by revenues of the System. It is the present intention of the City and the Utility to issue certain additional indebtedness to finance capital improvements to the System. See the caption "**THE SYSTEM** - Capital Improvement Plans" herein. The following table details amounts required to pay scheduled principal and interest on the Parity Bonds, the Series 2026 Bonds and the Subordinate Bonds during each calendar year as noted.

Year	Parity Bond Debt Service	Series 2026 Bond Principal	Series 2026 Bond Interest	Series 2026 Bond and Parity Bond Debt Service	Subordinate Bond Debt Service	Total Debt Service
2026	$14,584,697	---	--	$14,584,697	$12,288,330	$26,873,026
2027	14,577,393	---	$3,983,051	18,560,444	12,297,930	30,858,373
2028	14,575,101	--	3,763,513	18,338,613	14,902,869	33,241,482
2029	14,555,110	--	3,763,513	18,318,622	14,902,840	33,221,462
2030	15,682,442	$1,595,000	3,763,513	21,040,955	14,652,876	35,693,831
2031	15,689,444	1,675,000	3,683,763	21,048,207	14,678,520	35,726,727
2032	15,679,162	1,755,000	3,600,013	21,034,174	14,655,032	35,689,206
2033	15,684,723	1,845,000	3,512,263	21,041,985	13,632,925	34,674,910
2034	15,690,681	1,935,000	3,420,013	21,045,694	13,640,834	34,686,528
2035	15,696,127	2,035,000	3,323,263	21,054,390	13,443,176	34,497,566
2036	15,703,781	2,135,000	3,221,513	21,060,294	13,239,484	34,299,777
2037	12,160,532	2,245,000	3,114,763	17,520,294	13,239,485	30,759,779
2038	2,536,876	2,335,000	3,024,963	7,896,839	13,239,482	21,136,320
2039	2,166,451	2,425,000	2,931,563	7,523,014	13,239,484	20,762,498
2040	2,166,085	2,525,000	2,834,563	7,525,648	13,239,484	20,765,132
2041	2,169,062	2,625,000	2,730,406	7,524,468	13,239,484	20,763,953
2042	2,170,236	2,735,000	2,622,125	7,527,361	13,239,484	20,766,845
2043	584,606	2,855,000	2,502,469	5,942,075	13,239,482	19,181,557
2044	587,900	2,980,000	2,377,563	5,945,463	13,016,423	18,961,885
2045	585,519	3,110,000	2,247,188	5,942,706	12,793,415	18,736,121
2046	587,631	3,245,000	2,111,125	5,943,756	12,793,415	18,737,172
2047	584,069	3,390,000	1,969,156	5,943,225	12,793,415	18,736,640
2048		3,545,000	1,812,369	5,357,369	12,793,415	18,150,784
2049		3,710,000	1,648,413	5,358,413	12,793,415	18,151,827
2050		3,880,000	1,476,825	5,356,825	12,793,417	18,150,242
2051		4,060,000	1,297,375	5,357,375	12,793,415	18,150,790
2052		4,250,000	1,109,600	5,359,600	12,793,415	18,153,015
2053		4,450,000	907,725	5,357,725	12,793,418	18,151,143
2054		4,660,000	696,350	5,356,350	2,604,935	7,961,285
2055		4,885,000	475,000	5,360,000	2,604,934	7,964,934
2056		5,115,000	242,963	5,357,963	2,604,933	7,962,896
2057					2,604,910	2,604,910
Total*	$194,417,627	$82,000,000	$74,166,913	$350,584,540	$383,588,077	$734,172,617

The debt service requirements schedule above for the Subordinate Bonds assumes that the total principal amount of the Series 2024A Bond and the Series 2024B Bond, each of which was issued as a draw down bond, has been fully drawn down.

* Totals may not foot due to rounding.

DEBT SERVICE COVERAGE

The following table shows Net Revenues available to pay System debt service on the basis of the audited financial statements of the System for the fiscal years ended December 31, 2025 and 2024 (attached hereto as Appendix A), and the extent to which average annual debt service on the Parity Bonds, the Series 2026 Bonds and the Subordinate Bonds is covered by such moneys.

Net Revenues Available for Debt Service(A)[1]	$36,471,987
Average Annual Debt Service Requirement for Series 2026 Bonds and Parity Bonds(B)	$11,309,179
Debt Service Coverage(A/B)	3.22x
Average Annual Debt Service Requirement for Series 2026 Bonds, Parity Bonds and Subordinate Bonds(C)	$23,598,958
Debt Service Coverage(A/C)	1.55x

(1) Operating revenues of the System less operation and maintenance expenses other than depreciation, interest and amortization of deferred bond discount expenses, plus $3,373,788 of interest income, determined in accordance with accounting principles generally accepted in the United States of America.

THE NET REVENUES AVAILABLE FOR SYSTEM DEBT SERVICE SET FORTH ABOVE ARE BASED ON THE HISTORICAL RESULTS OF OPERATION OF THE SYSTEM. FUTURE NET REVENUES AVAILABLE FOR DEBT SERVICE WILL DEPEND ON NUMEROUS FACTORS, AND THERE CAN BE NO ASSURANCE THAT FUTURE NET REVENUES AVAILABLE FOR SYSTEM DEBT SERVICE WILL APPROXIMATE SUCH HISTORICAL RESULTS.

THE SYSTEM

General. Prior to 1935, the System consisted of a series of discontinuous neighborhood systems discharging partially treated sewage into neighborhood septic tanks or directly into open streams and ditches. The sewers were maintained in part by the Street Department of the City and in part by neighborhood volunteers.

In May 1935, the City created the System and, pursuant to Act No. 132 of 1933, appointed the City's first Sanitary Sewer Committee. Initially the Sanitary Sewer Committee was charged with the responsibility for administering a Public Works Administration grant made to the City for the purpose of constructing a series of trunk sewers for transporting and discharging collected wastes into the Arkansas River. This undertaking was the City's first major capital project and was completed in two years at a cost of $1,640,000. The new system provided the first central sewer collection facilities in the City's history. In 2015, the Sanitary Sewer Committee was renamed the Little Rock Water Reclamation Commission (the "Commission"). In 2017, the Utility, formerly Little Rock Wastewater, was renamed the Little Rock Water Reclamation Authority. The System is presently operated and managed by the Commission through the Utility.

In the 91 years since its creation, the System has been operated and improved exclusively from the collection of user charges and fees, supplemented by Federal grants for some capital improvements. During these years, the service area has been greatly expanded such that at present it includes over 124 square miles containing approximately 1,416 miles of public sewers serving approximately 72,060 homes and businesses.

The facilities of the System include 34 remote, unattended pumping stations, a peak flow attenuation storage/pumping facility, one tertiary treatment plant and two secondary treatment plants discharging into the Arkansas River. The Little Maumelle Water Reclamation Facility was completed in July 2011.

This activated sludge treatment plant of 4 million gallons per day ("MGD") was built so that it could be expanded to 16 MGD. The Adams Field Water Reclamation Facility ("AFWRF"), constructed in 1961, has a biological treatment capacity of 36 MGD and a hydraulic peak capacity of 94 MGD with a retrofit completed in 2007 to include odor control, UV disinfection, grit removal, stand-by generation and hydraulic capacity upgrade. In an effort to reduce wet-weather overflows, the facility was expanded in 2022 to increase the peak flow treatment capacity to 94 MGD. The Fourche Creek Water Reclamation Facility ("FCWRF"), constructed in 1983, has design capacity of 16 MGD for the biological treatment process and 36 MGD for the hydraulic peak capacity. 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. Sewage sludge from all facilities is processed at FCWRF in anaerobic digesters.

<u>Capital Improvement Plans</u>. During the 2026 planning process, the Authority affirmed that the most significant future capital investment requirements include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; (2) implementation of a fully integrated Asset Management/ Preventative Maintenance Program, and (3) supporting growth driven by economic development in the Port of Little Rock and westward expansion of the city.

Capital Improvement Plan (CIP) projects such as routine wastewater collection system upgrades, pumping and treatment facility improvements and general plant renewals are identified within the Asset Management/ Preventive Maintenance Program. These items along with continued compliance with NPDES permit requirements make up the estimated $65.5 million for 2026 CIP expenditures.

<u>Collection System Rehabilitation Capacity Assurance Projects</u>. Various rehabilitation projects are forecast to require expenditures totaling $10.1 million in 2026 and will be funded with System revenues and water reclamation system revenue bonds issued in 2020. The balance of the cost will be funded with System revenues and water reclamation revenue bonds to be issued in future years.

<u>Trenchless Sewer Line Rehabilitation</u>. 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 2026, $1.6 million is forecasted for trenchless rehabilitation work. The Utility is projecting that $7.8 million will be needed in total for years 2027 to 2030. This project is being funded with System revenues and reserves along with future bond issues.

<u>Fourche Creek Water Reclamation Facility (FCWRF) Solids Processing</u>. FCWRF Solids Processing will improve the performance and reliability, as well as lower operation and maintenance cost throughout the facility. The 2026 cost is estimated to be $13.1 million and estimated to cost an additional $4.5 million through 2027 and will be funded by revenue bonds issued in 2024.

<u>Adams Field Water Reclamation Facility (AFWRF) Influent Pump Station and Process Rehabilitation</u>. The influent pump station rehabilitation will increase reliability, efficiency, and processes of treatment at AFWRF. The 2026 cost is estimated to be $16.2 million and will be funded by revenue bonds issued in 2024 and System revenues.

<u>Awards</u>.

Peak Performance Award. In 2025, the Utility received the National Association for Clean Water Agencies (NACWA) Platinum Peak Performance award for its Fourche Creek Water Reclamation Facility (FCWRF), Adams Field Water Reclamation Facility (AFWRF) and Little Maumelle Water Reclamation Facility for the calendar year 2024. This award is earned when a facility achieves more than five years of 100% compliance. FCWRF received the Platinum status for 10 years of 100% compliance and AFWRF received Platinum status for 13 years of 100% compliance and Little Maumelle Water Reclamation Facility (LMWRF) reached Platinum for the first time with 6 years of

100% compliance. NACWA is the nation's leader in legislative, regulatory, and legal clean water advocacy.

GFOA Distinguished Budget Presentation Award. The Utility has been awarded the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its 2025 Budget Compilation. This is the 16th year in a row that the Utility has been recognized by the GFOA for its commitment to meet the highest principles of governmental budgeting. The GFOA is a nonprofit professional association serving nearly 17,400 government finance professionals throughout North America. The GFOA's Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting.

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association (GFOA) has awarded the Finance Department of the Utility the Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report. This is the Utility's twenty-first consecutive year to accomplish this feat.

Excellence in Achievement Award. The Utility received the Excellence in Achievement AWARD from the Universal Public Procurement Certification Council for having a fully certified procurement staff for the sixteenth year in 2025. The Utility is the only public entity in the State of Arkansas to receive this award.

Leadership in Environmental Education. In 2020, the Utility received the award from the Arkansas Environmental Federation for Public Education programming.

Utility of the Future Today. The Utility received the Utility of the Future Today designation presented by NACWA, Water Environment Federation, Water Environment & Reuse Foundation, WateReuse, and the U.S. Environmental Protection Agency for its forward-thinking and innovative operations in 2024.

EPA's PISCES Award. In 2017, the Utility received the Environmental Protection Agency's (EPA) PISCES Award for Exceptional Projects for its Sewer Service Line Replacement Program's innovative approach to improving water quality and public health.

<u>Management</u>. The System is governed by the Commission which is comprised of seven residents of the City who are appointed by the City Board of Directors. Members of the Commission serve staggered terms of five years each. Members may be reappointed to the Commission. The following are the names, occupations and dates of term expiration of the present members of the Commission:

Name	Occupation	Term Expires (August 1)
Jonathan Semans, Chair	Contractor	2026
Daryl Brown, Vice Chair	Director of External Affairs, MISO Energy	2029
Prentice O'Guinn, Secretary	Senior VP Sales, Priority 1	2028
Molly McNulty	Attorney, UA Little Rock William H. Bowen School of Law	2026
Schawnee Hightower	Director of Business Sales, Verizon	2028
Christina Clark	Chief Operating Officer, UAMS	2030
Chris Marsh	Economic Development Consultant	2027

Key Employees. As of December 31, 2025, the Utility had approximately 221 full-time employees. The following are the names and ages of key employees of the Utility and how long each has been employed by the Utility:

Name	Position	Age	Length of Service (Years)
Jean Block	Chief Executive Officer	52	10
Michael Rhoda	Chief Financial Officer	66	7
Deanna Ray	Chief Legal Officer	43	1
Ryan Benefield, P.E.	Chief Operating Officer	52	2
Les Price, P.E.	Director, Engineering Services	59	4
Rebecca Burkman	Director, Environmental Affairs	35	9
Beth Lipscomb	Director, Operations	34	10
Obatayo "Harold" Hounwanou	Director, Collections System Maintenance	39	9
George "Jody" Sims	Director, Facilities & Asset Management	43	11
Kenetta Ridgell	Director, Communications & Community Engagement	53	11
Doug Roe	Director, Finance & Accounting	63	2
Angela Brooks	Director, Human Resources	53	2

Employee Relations and Benefits. None of the employees of the Utility are members of any collective bargaining group.

The Utility offers a voluntary 401(a) qualified pension plan, administered by the Commission, to all of its employees upon initial employment. The 401(a) plan requires that all participating employees contribute 1% to 6% of their base salary depending upon years of service, and the Utility contributes as a match 50% of the employee contributions. Participants are fully vested after five years of service.

The Utility also participates in a cost-sharing multiple-employer plan, administered by the Arkansas Public Employees Retirement System ("APERS"). A contributory plan and a noncontributory plan are offered which provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Employer contributions to the APERS plans are actuarially determined on an annual basis. The Utility's contribution rate as of June 30, 2025 was 15.32%. Pursuant to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 68, the Utility was required to reflect on its 2025 year-end financial statements a portion of the unfunded pension liability of APERS. That portion is based on a projection of the Utility's long-term share of contributions to APERS relative to the projected contributions of all participating members of APERS, actuarially determined. At December 31, 2025, the Utility reported a liability of $14,192,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2025, the Utility's proportion was 0.67624388%, which was an increase of 0.01796404% from its proportion measured as of June 30, 2024. For a detailed discussion regarding the Utility's pension plans, see Note 10 to the audited financial statements of the System in Appendix A hereto.

The Utility provides post-retirement benefits in the form of medical insurance coverage to all eligible retirees and their beneficiaries. At December 31, 2025, there were 16 retirees plus 8 dependents eligible to receive these benefits, which are funded from the Utility's current operations. Expenditures for post-retirement benefits amounted to $283,937 and $609,453 for fiscal years 2025 and 2024, respectively. Initially, GASB Statement No. 45 ("GASB 45"), which became applicable to the Utility as of January 1, 2007, required the disclosure of certain unfunded liabilities relating to post-retirement benefits such as those provided by the Utility. The Utility's healthcare program was evaluated for 2014 as part of a biennial requirement set forth in GASB 45. As of December 2018, GASB Statement Nos. 74 and 75 replaced GASB 45. The new required disclosures on the measure of net Other Post-Employment Benefits ("OPEB") liability can be determined from deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses. This and additional information on the fiduciary net position of the System's healthcare plan can be found in more detail in Note 10 to the audited financial statements of the System in Appendix A attached hereto.

Users. There are currently approximately 72,060 sewer users, of which approximately 223 were located outside City limits. The number of sewer users by category for each of the past five (5) years is as follows:

Year	Residential	Commercial	Industrial	Total
2021	63,542	7,127	58	70,727
2022	63,775	7,147	52	70,974
2023	64,025	7,104	52	71,181
2024	64,866	7,161	54	72,101
2025	64,800	7,204	56	72,060

(1) Municipalities, schools and other public entities.

The following were the ten largest users of System services, based upon revenues produced from volumetric and availability charges, during 2025:

Customer	2025 Revenues(1)	Percentage of Total 2025 Revenues
Little Rock Quick Rice Foods	$1,119,036	1.68%
Jack Wilson WTP	970,702	1.46
University of Arkansas for Medical Sciences	936,711	1.41
Hiland Dairy	611,121	0.92
Baptist Health Medical Center	410,806	0.62
V.A. Hospital	362,478	0.54
AluChem of Little Rock, LLC	341,873	0.51
Arkansas Children's Hospital	310,961	0.47
St. Vincent Hospital	272,967	0.41
Pulaski County Sheriff Detention	261,135	0.39
Totals:	$5,597,790	8.40%

(1) Revenues shown are for assessments based on volumetric and availability charges only. Revenues collected from sewer surcharges, connection fees and miscellaneous charges are not included.

Litigation. There is no material litigation pending or threatened against the Utility or the System except as described below:

Shellabarger v. City of Little Rock, No. 60CV-25-15780, Pulaski County Circuit Court. Plaintiff challenges the legality of increased franchise fees assessed to Central Arkansas Water ("CAW") and the Utility as rental for use of the City's public rights-of-way. The specific challenge is whether the inclusion of the 10% franchise fee approved by the City Board in its 2008 budget ordinance and assessed since January 1, 2008 violated state law, and whether the increased franchise fees constitute an illegal tax. The Utility is a named defendant. The City, CAW and the Utility are vigorously defending the claims and believe that the chance of plaintiff's recovery is remote. To access the court docket and filings, see https://caseinfo.arcourts.gov/opad/case/60CV-25-15780. See also **THE CITY AND THE COUNTY**, Litigation.

System Rates. The City established current System rates by Ordinance No. 22,679 adopted and approved by the City Board of Directors on October 21, 2025. Such rates are as follows:

A. Service Availability Charge.

1. Inside City – Domestic Customers:

Description Meter Size	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
5/8"	$13.87	$14.88	$15.96	$17.12	$18.36
3/4"	17.92	19.22	20.61	22.10	23.70
1"	27.10	29.06	31.17	33.43	35.85

2. Outside City – Domestic Customers:

Description Meter Size	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
5/8"	$20.81	$22.32	$23.94	$25.68	$27.54
3/4"	26.88	28.83	30.92	33.15	35.55
1"	40.65	43.59	46.76	50.15	53.78

B. Operations Volumetric Charge (for all water consumed per 100 cubic feet).

1. Inside City – Domestic Customers:

Description	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
Flow	$5.15	$5.52	$5.92	$6.35	$6.81

2. Outside City – Domestic Customers:

Description	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
Flow	$7.73	$8.28	$8.88	$9.53	$10.21

C. Service Availability Charge.

1. Inside City – Non Domestic Customers:

Description Meter Size	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
5/8"	$ 13.87	$ 14.88	$ 15.96	$ 17.12	$ 18.36
3/4"	17.92	19.22	20.61	22.10	23.70
1"	27.10	29.06	31.17	33.43	35.85
1.5"	47.85	51.32	55.04	59.03	63.31
2"	74.26	79.64	85.41	91.60	98.24
3"	135.71	145.55	156.10	167.42	179.56
4"	223.78	240.00	257.40	276.06	296.07
6" or greater	443.81	475.99	510.50	547.51	587.20

2. Outside City – Non Domestic Customers:

Description Meter Size	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
5/8"	$ 20.81	$ 22.32	$ 23.94	$ 25.68	$ 27.54
3/4"	26.88	28.83	30.92	33.15	35.55
1"	40.65	43.59	46.76	50.15	53.78
1.5"	71.78	76.98	82.56	88.55	94.97
2"	111.39	119.46	128.12	137.40	147.36
3"	203.57	218.33	234.15	251.13	269.34
4"	335.67	360.00	386.10	414.09	444.11
6" or greater	665.72	713.99	765.75	821.27	880.80

D. Operations Volumetric Charge (for all water consumed per 100 cubic feet).

1. Inside City – Non Domestic Customers:

Description	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
Flow	$6.97	$7.48	$8.02	$8.60	$9.22

2. Outside City – Non Domestic Customers:

Description	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
Flow	$10.46	$11.22	$12.03	$12.90	$13.83

E. Unit Extra Strength Surcharges (Inside and Outside City).

Description Unit Extra Strength Surcharges	Cost Rate Based On Units of	Effective January 1, 2026	Effective January 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030
TSS>600 mg/L	Pounds	$0.22	$0.24	$0.26	$0.28	$0.30
O&G>50 mg/L	Pounds	0.26	0.28	0.30	0.32	0.34
COD>960 mg/L	Pounds	0.26	0.28	0.30	0.32	0.34

Billing Procedures, Delinquency and Uncollectible Accounts. Volumetric charges are based on the water consumption of customers. For residential customers (defined as single family residences or multi-metered, multifamily residences or apartments all of which utilize meters less than one inch in size) only, the monthly volumetric sewer charge is based upon the average monthly water consumption for the months of October, November, December, January, February and March. In the case of water used for irrigation or lawn sprinkling purposes, customers may have an additional water service meter installed so that such water is billed separately without a sewer charge being computed thereon.

Customers whose usage requires rendering a bill by means other than through a water billing by Central Arkansas Water pay an additional monthly service charge as determined by the Utility's schedule of fees.

Bills for System services are due and payable upon presentation. Bills not paid on or within thirty (30) days from the billing date of presentation are considered delinquent and unpaid balances bear interest at the maximum rate permitted by law until paid in full.

The following table details historical account data for the System:

Fiscal Year Ending December 31	System Revenues	Bad Debt Expense	Percentage
2021	$65,627,034	$1,607,213	2.45%
2022	65,841,700	983,110	1.49
2023	68,509,861	194,602	0.28
2024	66,681,877	983,110	1.47
2025	69,199,750	124,012	0.18

Financial Information. Set forth in Appendix A to this Official Statement are the financial statements regarding the System for the fiscal years ended December 31, 2025 and 2024. These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and were audited in accordance with auditing standards generally accepted in the United States of America. The financial statements as of December 31, 2025 and 2024 and for the years then ended have been audited by Forvis Mazars, LLP, independent auditors, as stated by their reports appearing therein. The notes set forth in Appendix A are an integral part of the financial statements, and the statements and the notes should be read in their entirety. The System did not request Forvis Mazars, LLP to perform any updating procedures subsequent to the date of its audit report on the financial statements for the years ended December 31, 2025 and 2024. Forvis Mazars, LLP also has not performed any procedures relating to this Official Statement.

The City has covenanted in the Authorizing Ordinance to have System finances audited by an independent certified public accountant at least once each year.

The following table sets forth a summary of the operating results (excluding extraordinary items) of the System for each of the five years ended December 31, 2025, 2024, 2023, 2022 and 2021. The table should be read in conjunction with the audited financial statements and related notes attached as Appendix A.

	Audited				
	2021	2022	2023	2024	2025
Operating Revenues	$65,627,034	$65,841,700	$68,509,861	$66,681,877	$69,199,750
Operating Expenses (Excluding Depreciation Expense)	(25,807,731)	(29,502,882)	(32,922,953)	(34,239,518)	(36,101,551)
Net Operating Income Before Depreciation	39,819,303	36,338,818	35,586,908	32,442,359	33,098,199
Depreciation Expense	(18,277,820)	(18,478,815)	(20,645,777)	(21,373,795)	(22,422,007)
Interest & Other Non-Operating Income	482,238	1,057,986	3,009,739	4,023,360	3,477,028
Interest, Amortization & Non-Operating Expense	(13,442,010)	(12,913,528)	(12,865,205)	(12,001,555)	(10,227,752)
Net Income	$8,581,711	$6,004,461	$5,085,665	$3,090,369	$3,925,468

THE CITY AND THE COUNTY

General. The City is organized under the laws of the State of Arkansas as a city of the first class. It is the capital of the State and was chartered in 1835.

The City is the largest city in Arkansas as well as the governmental, economic, cultural and financial center of the State. It is nearly equidistant from the four corners of the State and is the county seat of Pulaski County (the "County"). Within a radius of 500 miles from the City are located 24 metropolitan areas and substantial portions of 17 states containing more than one third of the nation's population. Major cities near the City include St. Louis, 360 miles northeast; Kansas City, 400 miles northwest; Atlanta, 520 miles east; New Orleans, 440 miles south; Oklahoma City, 350 miles northwest; Dallas, 310 miles southwest; and Memphis, 135 miles northeast.

The City is served by U.S. Interstates 30 and 40, U.S. Highways 65, 67, 70 and 167, and State Highways 10, 338, 365 and 367. Union Pacific Railroad Company and Amtrak provide railroad service to the City. The Bill and Hillary Clinton National Airport is owned by the City of Little Rock and operated by the Little Rock Municipal Airport Commission, and is served by American Airlines, Delta Airlines, Southwest Airlines, United Airlines, Allegiant Air, and Frontier Airlines.

Government. The City operates under the City Manager/City Board form of municipal government. It has an 11-member Board of Directors, including a directly elected Mayor, with seven Directors elected from wards and three Directors elected city-wide. The Mayor's position is a city-wide elected position and must be elected by at least 40% of the votes cast. If no candidate for Mayor receives 40% or more of the votes cast, the two candidates receiving the most votes will face each other in a run-off election. All Directors and the Mayor serve four-year terms.

At a special election held August 14, 2007, the voters of the City approved two measures which granted to the Mayor greater powers including granting the Mayor veto power over measures adopted by the Board of Directors, subject to override by the Board, the authority to hire and fire the City Manager and City Attorney, subject to Board approval, to fill vacancies on municipal boards and commissions, subject to Board approval, and to prepare the annual budget with the City Manager, subject to Board approval.

The current members of the City of Little Rock Board of Directors are as follows:

Name	Term Expires	Principal Occupation
Frank Scott, Jr., Mayor	December 31, 2026	Mayor, City of Little Rock
B.J. (Brenda) Wyrick, Vice-Mayor	December 31, 2026	Retired from Enterprise Services Network Division of the Arkansas Department of Information Services
Lance Hines	December 31, 2026	Transportation Consultant/Outside Sales, Priority 1, Inc.
Dean Kumpuris	December 31, 2028	Physician
Ken Richardson	December 31, 2026	Community Activist for Disadvantaged Youth
Capi Peck	December 31, 2028	Restaurateur and Community Activist
Kathy Webb	December 31, 2026	Executive Director, Arkansas Hunger Relief Alliance
Joan Adcock	December 31, 2028	Community Activist
Virgil Miller	December 31, 2026	Group CRA Director, Arvest Bank Operations
Andrea Hogan Lewis	December 31, 2026	Assistant Vice President and CRA Officer, First Security Bank
Antwan Phillips	December 31, 2028	Attorney

The principal executive officers of the City are:

Office	Name
City Manager	Delphone Hubbard
Chief Financial Officer	Nicholas Sarpy
City Attorney	Thomas M. Carpenter

The City Manager and the City Attorney are appointed by the Mayor with approval by the Board of Directors; the Chief Financial Officer reports to the Mayor.

The City provides a broad range of municipal services, including: Police, Fire, Parks and Recreation, Finance, City Clerk, Personnel, Housing and Neighborhood Programs, Planning, Public Works, Community Services and Information Technology. Boards and commissions have primary responsibility for the operation of the City's Airport, Water Reclamation Authority (formerly the Wastewater Utility), and Emergency Medical Service. The water utilities of the City have been conveyed for operation by a joint board known as Central Arkansas Water, which consists of the former Little Rock and North Little Rock Water Utilities.

Employees. The City operates a full service Human Resources Department under the leadership of Sheridan Richards, Human Resources Department Director. City workers are represented by a number of trade unions. The primary ones are the American Federation of State, County and Municipal Employees, representing blue-collar employees; the Fraternal Order of Police, representing police officers; and the International Association of Fire Fighters, representing fire department employees.

As of December 31, 2025 the City employment was as follows:

City Government	Total	Full-Time	Seasonal and Part-Time
AFSCME - Union Eligible	462	394	68
IAFF - Sworn Uniform	415	415	--
FOP - Sworn Uniform	487	487	--
Non-Union - Eligible	1,063	755	308
	2,427	2,051	376
Commissions			
Water Reclamation Authority	224	221	3
Bill & Hillary Clinton National Airport	181	178	3
LR Convention & Visitors Bureau	232	135	101
Port Authority	13	12	1
Metropolitan Emergency Medical Services	401	334	67
Rock Region Metro	204	194	10
Arkansas Museum of Discovery	52	27	25
Arkansas Museum of Fine Arts	164	60	104
Central Arkansas Library	314	229	85
	1,789	1,390	399
Total Employment	4,216	3,441	775

Bill and Hillary Clinton National Airport. Bill and Hillary Clinton National Airport is located within the city limits of Little Rock and is three miles from downtown. It is served by six airlines. It has three runways and twelve gates (eleven with jetways). In 2024, 2,346,456 passengers traveled through this facility. This was up from 2,237,309 passengers in 2023.

Source: Bill and Hillary Clinton National Airport Website: clintonairport.com - Activity Report.

Port of Little Rock. The development of the Arkansas River through the McClellan-Kerr Arkansas River Navigation System has resulted in a 448-mile navigation channel with 18 locks and dams from the Mississippi River northwest to a point 15 miles east of Tulsa, Oklahoma. The ability to provide low-cost, bulk transportation has created opportunities for industrial development in the area.

Little Rock is also the location of Foreign Trade Zone #14. The Zone is located in the Little Rock Port Industrial Park and allows imported goods to be stored or processed without payment of customs duty or posting of bond until the goods are moved out of the Zone and into normal domestic commerce.

The facility includes an Industrial Harbor which is 4,500 feet long, 320 feet wide and 15 feet deep. The Harbor is surrounded by 312 acres of new industrial sites and provides an additional two miles of water frontage.

Source: City of Little Rock, Arkansas Port Authority.

Population. The following chart sets out population data for the City and the County:

Year	Little Rock	Pulaski County
2020	202,591	399,125
2010	193,524	382,748
2000	183,133	361,474
1990	175,795	349,660
1980	159,151	340,613
1960	107,813	242,980

Source: U.S. Bureau of Census.

Public Schools. Enrollment in the Little Rock School District, whose boundaries are generally co-extensive with the City limits, has been as follows:

School Year	Enrollment[(1)]
2024	19,565
2023	21,252
2022	21,456
2021	22,054
2020	21,612

Source: City of Little Rock Annual Disclosure Statement.
[(1)] Average daily attendance.

Higher Education. Little Rock offers educational institutions with instruction in undergraduate, graduate and professional fields. The following is a representative list of colleges and universities located within the Little Rock MSA (or with relatively short commutes) with approximate on-campus enrollments:

University of Central Arkansas (Conway)	9,962*
University of Arkansas - Little Rock	8,026*
University of Arkansas - Pulaski Technical College	4,825*
University of Arkansas Medical Sciences Campus	3,553*
Hendrix College (Conway)	1,110**
Philander Smith College	755**
Central Baptist College (Conway)	547**
University of Arkansas Bowen School of Law	420*
Arkansas Baptist College	326**

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* Fall 2025
** Fall 2024

Building Permits. The following table shows new construction in the City, as reflected by building permits issued, at year end:

	Commercial Construction		Residential Construction	
Year	Number of Permits	Value	Number of Permits	Value
2025	113	$439,479,069	500	$192,771,452
2024	52	185,902,453	425	179,904,913
2023	139	163,637,926	423	155,743,834
2022	39	186,213,017	375	169,820,056
2021	88	166,577,215	540	166,474,819

Source: City of Little Rock Annual Disclosure Statement.

Principal Employers. The City's economy is comprised of a diverse mix of financial, commercial, industrial, government, health and educational sectors. This diversity helps maintain a relatively stable employment environment in the City. The top 10 employers within the boundaries of the City and Pulaski County (except as noted for the MSA) for 2024 were as follows:

Rank	Employer	Product/Service	Employees
1	State Government (MSA)	Government	33,900
2	Local Government (MSA)	Government	25,900
3	Federal Government (MSA)	Government	10,800
4	University of Arkansas for Medical Sciences	Education/Medical Services	9,100
5	Little Rock Air Force Base	Government	7,460
6	Baptist Health	Medical Services	6,600
7	Arkansas Blue Cross Blue Shield	Medical Services	3,360
8	Arkansas Children's Hospital	Medical Services	3,300
9	Little Rock School District	Schools/Education	3,200
10	Central Arkansas Veterans Health Care	Medical Services	2,800

Source: City of Little Rock Annual Disclosure Statement.

Employment. The Arkansas Department of Workforce Services has provided the following data about the labor force and rate of unemployment for the Little Rock MSA:

Date	Labor Force	Employed	Unemployed	Unemployment Rate (%)
2025	390,569	375,461	15,108	3.9
2024	383,354	370,848	12,506	3.3
2023	373,497	373,497	10,847	2.9
2022	364,052	364,052	11,047	3.0
2021	354,432	354,432	14,573	4.1

*As of July 2020.

Medical Facilities. Little Rock hospitals serve patients throughout Arkansas. Baptist Health Medical Center, the area's largest hospital, has an 827 licensed beds. Baptist Health Medical Center, North campus, has a 225-bed capacity. St. Vincent Infirmary Medical Center is a 600-bed general hospital. St. Vincent Medical Center, Sherwood, is a 80-bed general care hospital. The Arkansas Children's Hospital is a 336-bed facility that administers acute pediatric care to children up to age 21. The Central Arkansas Veterans Healthcare System includes two hospitals with a total of 280 operating beds, as well as a 119-bed rehabilitation unit and a 152-bed community living center. The Arkansas Heart Hospital is a 110-bed facility specializing in cardiac care. UAMS Medical Center has a hospital capacity of 559 beds, including 455 adult beds, 64 newborn bassinets and 40 psychiatric beds. The

Arkansas State Hospital is a 222-bed psychiatric facility. Arkansas Surgical Hospital in North Little Rock features 41 private patient suites and 13 advanced operating rooms. Conway Regional Medical Center is a 180-bed acute care hospital serving Conway, Faulkner County and North Pulaski County. In 2016, Baptist Health completed construction of a new 120-bed general care hospital in Conway.

Sources: Arkansas Department of Health and U. S. Department of Veterans Affairs.

County Economic Data. Per capita personal income estimates for the County are as follows: (1)

Year	Per Capita Personal Income
2024	$67,740
2023	64,790
2022	60,467
2021	61,313
2020	55,853

Total personal income estimates for the County are as follows:(1)

Year	Total Personal Income
2024	$27,177,861,000
2023	25,961,494,000
2022	24,179,867,000
2021	24,402,806,000
2020	22,301,494,000

(1) Source: Bureau of Economic Analysis, United States Department of Commerce; data for 2025 is not yet available.

Litigation. The City is a party to multiple matters of litigation and regulatory proceedings arising from the City's various governmental activities. No such pending litigation or regulatory proceedings directly impact the System, other than as described below. There are no lawsuits or regulatory proceedings pending or, to the knowledge of the City, threatened against the City, in which claims of damage are made which, individually or in the aggregate, create a financial exposure which would substantially impair the financial solvency of the City, other than as described below.

Shellabarger v. City of Little Rock, No. 60CV-25-15780, Pulaski County Circuit Court. Plaintiff challenges the legality of increased franchise fees assessed to CAW and the Utility as rental for use of the City's public rights-of-way. The specific challenge is whether the inclusion of the 10% franchise fee approved by the City Board in its 2008 budget ordinance and assessed since January 1, 2008 violated state law, and whether the increased franchise fees constitute an illegal tax. The City, CAW and the Utility are vigorously defending the claims and believe that the chance of plaintiff's recovery is remote. To access the court docket and filings, see https://caseinfo.arcourts.gov/opad/case/60CV-25-15780. See also **THE SYSTEM**, Litigation.

Pension Plans. Substantially all of the City's employees receive retirement benefits. The City sponsors three single employer defined benefit plans, one agent-multiple employer defined pension plan and two defined contribution pension plans. The City also contributes to three cost-sharing multiple employer defined benefit pension plans. The assets of the plans are maintained in legally separate trusts and each plan's assets may be used only for the payment of benefits to the members of that plan or their beneficiaries in accordance with the terms of the plan.

Information regarding the pension plans as of December 31, 2025 is found in Note 7 to the general purpose financial statements of the City for the fiscal year ended December 31, 2025 which are contained in the City's Annual Comprehensive Financial Report ("ACFR"). The ACFR can be viewed in its entirety, including the accountants' report, notes to the financial statements and required supplementary information on the City's website at www.littlerock.gov.

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Official Statement:

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants.

"Additional Bonds" means additional bonds secured by revenues of the System and issued by the City upon the terms and conditions specified in the Authorizing Ordinance and secured on a parity basis with the Parity Bonds and the Series 2026 Bonds.

"Authorizing Ordinance" means Ordinance No. 22,815 adopted by the Board of Directors of the City on August 4, 2026.

"Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries).

"Bond Fund" means the special fund of the City designated "2026 Water Reclamation System Revenue Bond Fund" created in the Authorizing Ordinance.

"Bonds" means the Series 2015 Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2020B Bonds, the Series 2021 Bonds, the Series 2026 Bonds and any series of Additional Bonds hereafter issued.

"City" means the City of Little Rock, Arkansas.

"Code" means the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated or proposed thereunder.

"Commission" means Little Rock Water Reclamation Commission.

"Construction Fund" means the "Little Rock Water Reclamation Authority Construction Fund" identified in the Authorizing Ordinance.

"Debt Service Reserve" means the Debt Service Reserve to be established in the Bond Fund into which shall be deposited the Reserve Policy, which shall be in an amount equal to the Required Level.

"Depreciation Fund" means the special fund of the City designated "Sewer Depreciation Fund" heretofore created by ordinance of the Board of Directors of the City.

"Government Securities" means direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" means gross revenues of the System less operation and maintenance expenses other than depreciation, interest and amortization of deferred bond discount expenses, determined in accordance with generally accepted accounting principles applicable to municipal utilities.

"Operation and Maintenance Fund" means the special fund of the City designated "Sewer Operation and Maintenance Fund" heretofore created by ordinance of the Board of Directors of the City.

"Parity Bonds" means the Series 2015 Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2020B Bonds and the Series 2021 Bonds.

"Required Level" means the lesser of (i) the maximum annual principal and interest requirement on the Series 2026 Bonds, (ii) 10% of the principal amount of the Series 2026 Bonds or (iii) 125% of the average annual debt service on the Series 2026 Bonds.

"Reserve Insurer" means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.

"Reserve Policy" means the municipal bond debt service reserve insurance policy issued by the Reserve Insurer.

"Revenue Fund" means the special fund of the City designated "Sewer Fund" heretofore created by ordinance of the Board of Directors of the City.

"Series 2007B Bond" means the City's Sewer Revenue Bond, Series 2007B.

"Series 2009A Bond" means the City’s Sewer Revenue Bond, Series 2009A.

"Series 2015 Bonds" means the City's Sewer Refunding Revenue Bonds, Series 2015.

"Series 2016B Bonds" means the City's Sewer Refunding Revenue Bonds, Series 2016B.

"Series 2017 Bonds" means the City's Water Reclamation System Revenue Bonds, Series 2017.

"Series 2020A Bond" means the City's Water Reclamation System Revenue Bond, Series 2020.

"Series 2020B Bonds" means the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2020B.

"Series 2020C Bond" means the City's Water Reclamation System Revenue Bond, Series 2020C.

"Series 2021 Bonds" means the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2021.

"Series 2023 Bond" means the City's Water Reclamation System Revenue Bond, Series 2023.

"Series 2024A Bond" means the City's Water Reclamation System Revenue Bond, Series 2024.

"Series 2024B Bond" means the City's Water Reclamation System Revenue Bond, Series 2024B.

"State" means the State of Arkansas.

"Subordinate Bonds" means the Series 2007B Bond, the Series 2009A Bond, the Series 2020A Bond, the Series 2020C Bond, the Series 2023 Bond, the Series 2024A Bond and the Series 2024B Bond.

"System" means the City's sewer system, which is now identified as a water reclamation system.

"System Bonds" means all outstanding indebtedness payable from revenues of the System, including the Bonds and the Subordinate Bonds.

"Trustee" means Regions Bank, Little Rock, Arkansas, or its successors designated as provided in the Authorizing Ordinance.

"Underwriter" means Stephens Inc.

"Utility" means Little Rock Water Reclamation Authority (formerly Little Rock Wastewater), a component arm of the City, responsible for the day-to-day operations of the System.

SUMMARY OF THE AUTHORIZING ORDINANCE

The Series 2026 Bonds are being issued and secured pursuant to the provisions of the Authorizing Ordinance, to which reference may be had in its entirety for a detailed statement of its provisions, the description set forth below being a summary of certain provisions. The City will covenant as set forth below in the Authorizing Ordinance.

Rates and General Covenants to Operate. (a) The rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set out in those ordinances, are ratified, confirmed and continued. None of the facilities or services afforded by the System shall be furnished without a charge being made therefor. In the event that the City or a department, agency or instrumentality thereof shall avail itself of the facilities and services afforded by the System, the reasonable value of the service or facilities so afforded shall be charged against the City or such department, agency or instrumentality and shall be paid for as the charges accrue. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be used and accounted for in the same manner as the other revenues derived from the operation of the System.

The City covenants that the rates shall never be reduced while any of the Series 2026 Bonds are outstanding unless there is obtained from an Accountant a certificate that the Net Revenues of the System, with the reduced rates, will always be equal to the amount to be set aside for the Depreciation Fund and leave a balance equal to at least 130% of the average annual principal and interest requirements on all outstanding System Bonds. The City further covenants that the rates shall, if and when necessary from time to time, be increased in such manner as will produce revenues at least sufficient to pay the principal and interest on all System Bonds when due, to pay the operation, repair and maintenance expenses of the System, and to deposit the amounts required to be paid into the Depreciation Fund and any debt service reserves, to pay insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds and to reimburse the Reserve Insurer for any amounts owing with respect to the Reserve Policy.

(b) The System shall be continuously operated as a revenue producing undertaking, and all moneys received from its operation shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by the Commission, subject, however, to the giving of security as now or as hereafter may be required by law, and provided that such depositories are located in the City, have a capital and surplus of not less than $15,000,000, and hold membership in the Federal Deposit Insurance Corporation ("FDIC").

Funds and Disposition of Revenues. (a) All revenues derived from the operation of the System shall be paid into the Revenue Fund. Moneys in the Revenue Fund shall be applied to the payment of the reasonable and necessary expenses of operation and maintenance of the System, to the payment of the principal of and interest on the System Bonds, to the providing of the Depreciation Fund, to the maintenance of debt service reserves and otherwise as described in the Authorizing Ordinance.

(b) There shall be first paid from the Revenue Fund into the Operation and Maintenance Fund, on or before the 10th day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and 1/12 of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid therein during the next succeeding month. If any surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation, repair and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Revenue Fund.

(c) After making the required monthly deposits to the Operation and Maintenance Fund, there shall next be paid from the Revenue Fund, pro rata, into the bond funds (and debt service reserves therein) being maintained in connection with the Parity Bonds and any Additional Bonds (the "Parity Bond Funds"), the required monthly deposits pursuant to the ordinances authorizing the Parity Bonds and any Additional Bonds, and into the Bond Fund. Payments into the Bond Fund shall be made on or before the 15th day of each month, commencing in September 2026, until all outstanding Series 2026 Bonds, with interest thereon, have been paid in full or provision made for such payment a sum equal to 1/6 of the next installment of interest due on the Series 2026 Bonds plus 1/12 of the next installment of principal due on the Series 2026 Bonds; provided, however, that payments into the Bond Fund for the purpose of making the first interest payment due April 1, 2027 need not commence until October 2026, and payments into the Bond Fund for the purpose of making the first principal payment due October 1, 2030 need not commence until October 2029.

The City shall also pay into the Bond Fund such additional sums as necessary to provide for the Trustee's fees and expenses, amounts due the Reserve Insurer for draws on the Reserve Policy and any arbitrage rebate due to be paid to the United States Treasury under Section 148(f) of the Code. The City shall realize a credit against monthly deposits into the Bond Fund from all interest earnings on moneys in the Bond Fund.

If Net Revenues are insufficient to make the required payment on the first business day of the following month into the Bond Fund, then the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund on the fifteenth day the next month. There shall be withdrawn from the Bond Fund and deposited with the Trustee at least five business days before the due date for the principal and/or interest on any Series 2026 Bond, at maturity or redemption prior to maturity, an amount equal to the amount of such Series 2026 Bond or interest due thereon for the sole purpose of paying the same, together with the Trustee's fee and any fees or other amounts due the Reserve Insurer. There shall also be withdrawn and paid to the United States Treasury any arbitrage rebate due at the times and in the amounts in accordance with Section 148(f) of the Code.

(d) There is created by the Authorizing Ordinance, as part of the Bond Fund, a Debt Service Reserve. There shall be deposited into the Debt Service Reserve the Reserve Policy issued by the Reserve Insurer, which shall be in an amount equal to the Required Level. If for any reason the City should fail at any time to make any of the required payments into the Bond Fund, the Debt Service Reserve shall be used to the extent necessary for the payment of principal of and interest on the Series 2026 Bonds.

The City is obligated to repay the Reserve Insurer for any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Reserve Insurer. Repayment of draws on the Reserve Policy shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate policy costs related to such draw.

(e) There shall next be paid from the Revenue Fund the amounts required to be paid into the bond funds being maintained in connection with the Subordinate Bonds for the purpose of providing for the payment of the principal of and interest on the Subordinate Bonds when due.

(f) There shall next be paid from the Revenue Fund the administrative and servicing fees due in connection with the Subordinate Bonds.

(g) There shall next be paid from the Revenue Fund into the Depreciation Fund, on or before the 15th day of each month while any of the Series 2026 Bonds are outstanding, 3% of System revenues for the preceding month which remain after the required payment into the Operation and Maintenance Fund. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made necessary by the depreciation of the System.

If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to defray the cost of the probable replacements during the then current fiscal year and next ensuing fiscal year, such surplus may be transferred into the Revenue Fund.

(h) Any surplus in the Revenue Fund after making all disbursements and providing for all funds described above shall first be used to reimburse the Reserve Insurer for any expenses owing with respect to the Reserve Policy and the balance may be used, at the option of the City, for any lawful purpose related to the System authorized by the Commission.

Parity Bonds. So long as any of the Series 2026 Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on revenues of the System over the lien securing the Series 2026 Bonds, except as described below:

The City reserves the right to issue Additional Bonds to finance or pay the cost of making any future extensions, betterments or improvements to the System, or to refund bonds issued for such purposes, but the City shall not authorize or issue any such Additional Bonds ranking on a parity with the Series 2026 Bonds unless and until there have been, procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the Net Revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such Additional Bonds shall equal not less than 120% of the average annual principal and interest requirement on all the then outstanding System Bonds and the Additional Bonds then proposed to be issued. In making the computation set forth above, the City, and the Accountant on behalf of the City, may, based upon the opinion or report of a registered professional engineer not in the regular employ of the City, 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, based on such opinion or report, had the increase been in effect during or throughout such fiscal year.

Accounts and Records. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the Trustee and any registered owner of any of the Series 2026 Bonds at reasonable times and under reasonable circumstances. The City and the Commission agree to have these records audited by an Accountant at least once each year, and a copy of the audit shall be delivered to the Trustee at its request. In the event that the City fails or refuses to make the audit, the Trustee or any registered owner of the Series 2026 Bonds may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Maintenance; Insurance. The City covenants and agrees that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any of the Series 2026 Bonds are outstanding, the City agrees that it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies selected by the Commission and authorized and qualified under the laws of the State to assume the risk thereof, all above-ground structures of the System to the extent that such structures would be covered by insurance by private companies engaged in similar types of business, against loss or damage thereto from fire, lightning, tornados, winds, riot, strike, civil commotion, malicious damage, explosion and against any other loss or damage from any other causes customarily insured against by private companies engaged in similar types of business. The insurance policies are to carry a clause making them payable to the Commission and the Trustee as their interests may appear, and satisfactory evidence of said insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Revenue Fund, and if such proceeds shall be insufficient for such purposes, the deficiency shall be supplied first from moneys in the Depreciation Fund, second from moneys in the Operation and Maintenance Fund, and third from surplus moneys in the Revenue Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Defeasance. Any Series 2026 Bond shall be deemed to be paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Series 2026 Bond (whether at maturity or upon redemption, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Government Securities") (provided that such deposit will not affect the tax exempt status of the interest on any of the Series 2026 Bonds or cause any of the Series 2026 Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Series 2026 Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any Series 2026 Bonds within the meaning of the Authorizing Ordinance, the Trustee shall hold in trust, for the benefit of the owners of such Series 2026 Bonds, all such moneys and/or Government Securities.

When all the Series 2026 Bonds shall have been paid within the meaning of the Authorizing Ordinance, if the Trustee has been paid its fees and expenses and if any arbitrage rebate due to the United States Treasury under Section 148(f) of the Code has been paid or provided for to the satisfaction of the Trustee, and if there are not amounts due the Reserve Insurer with respect to the Reserve Policy, the Trustee shall take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Series 2026 Bonds to be paid over or delivered to or at the direction of the City.

Default and Remedies. (a) If there be any default in the payment of the principal of or interest on any of the Series 2026 Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Authorizing Ordinance, and such failure continues unremedied for thirty (30) days, the Trustee may, and upon the written request of the registered owners of not less than ten percent (10%) in principal amount of the Series 2026 Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of Arkansas; and in the case of a default in the payment of the principal of and interest on any of the Series 2026 Bonds, the Trustee may, and upon the written request of registered owners of not less than ten percent (10%) in principal amount of the Series 2026 Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the

System on behalf of the City and the registered owners of the Series 2026 Bonds with power to charge and collect or by mandatory injunction or otherwise to cause to be charged and collected rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Series 2026 Bonds and interest outstanding and to apply the System revenues in conformity with the laws of Arkansas and with the Authorizing Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No registered owner of any of the outstanding Series 2026 Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than ten percent (10%) in principal amount of the Series 2026 Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Series 2026 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner described in the Authorizing Ordinance. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Series 2026 Bonds.

(c) No remedy conferred upon or reserved to the Trustee or to the registered owners of the Series 2026 Bonds is intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Authorizing Ordinance or by law.

(d) The Trustee may, and upon the written request of the registered owners of not less than a majority in principal amount of the Series 2026 Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) Upon a failure to pay amounts due to the Reserve Insurer or any other breach of the terms of the Authorizing Ordinance, the Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Authorizing Ordinance, other than remedies which would adversely affect owners of the Series 2026 Bonds.

<u>Amendment of Authorizing Ordinance</u>. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Series 2026 Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Series 2026 Bonds are outstanding, except as hereinafter set forth below.

The Trustee may consent to any variation or change in the Authorizing Ordinance without the consent of the owners of the outstanding Series 2026 Bonds (a) in connection with the issuance of Additional Bonds, (b) in order to cure any ambiguity, defect or omission therein or to correct or supplement any defective or inconsistent provisions contained therein as the City may deem necessary or desirable and not inconsistent therewith, or (c) in order to make any other variation or change which the Trustee determines (in reliance on the advice of counsel (who may be counsel for the City) and/or such other certificates or reports delivered in connection therewith) shall not adversely affect the interests of the owners of the Series 2026 Bonds.

The owners of not less than seventy-five percent (75%) in aggregate principal amount of the Series 2026 Bonds then outstanding shall have the right, from time to time, anything contained in the Authorizing Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental thereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance; provided, however, that nothing contained in the Authorizing Ordinance shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2026 Bond, or (b) a reduction in the principal amount of any Series 2026 Bond or the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge created by the Authorizing Ordinance, or (d) a privilege or priority of any Series 2026 Bond or Bonds over any other Series 2026 Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Series 2026 Bonds required for consent to such supplemental ordinance.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as the Trustee unless it shall have been requested to do so in writing by the registered owners of not less than ten percent (10%) in principal amount of the Series 2026 Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk, the registered owners of the Series 2026 Bonds and the majority in value of the registered owners of the outstanding Series 2026 Bonds or the City, if it is not in default under the Authorizing Ordinance, at any time, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk. Every successor Trustee shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Series 2026 Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee.

Investments. (a) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested pursuant to the direction of the Commission in Eligible Investments, all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the payment date for interest or principal and interest.

(b) Moneys held for the credit of any other fund shall be continuously invested and reinvested pursuant to the direction of the Commission in Eligible Investments which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required far purposes intended.

(c) "Eligible Investments" means any of the securities that are at the time legal for investment of City funds pursuant to Resolution No. 14,890 of the City, as may be amended from time to time. "Eligible Investments" include, but are not limited to, the following:

1. U.S. Treasury obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Certificates of deposit and other evidences of deposit at financial institutions, and commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, D-1, or higher) by a nationally recognized rating agency;

3. Investment-grade obligations of state, provincial, and local governments and public authorities;

4. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and

5. Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

The City's investment policy prohibits investments in derivative products, common stocks, and long-term bonds used for speculation.

(d) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

(e) Moneys so invested in Government Securities or in certificates of deposit of banks to the extent insured by FDIC, need not be secured by the depository bank or banks.

(f) All investments and deposits shall have a par value (or market value when less than par), exclusive of accrued interest, at all times at least equal to the amount of money credited to such funds and shall be made in such a manner that the money required to be expended from any fund will be available at the proper time or times.

(g) Investments of moneys in all funds shall be valued in terms of current market value as of the last day of each year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at par or face principal amount.

(h) The City covenants that it will make all arbitrage rebate payments to the United States in accordance with Section 148 of the Code.

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

During the past five years, the City has been obligated to comply with continuing disclosure agreements involving 23 bond issues. Almost all such agreements require the City to file annual reports as the dissemination agent, which reports are required to be filed with the MSRB on EMMA within various time periods set by those agreements. While the City has not made any determination as to materiality, the following summarizes a non-exhaustive list of the City's compliance with its continuing disclosure agreements during the past five years.

As part of its annual report, the City was obligated to file annual audited financial statements. For 12 of the bond issues, the City was required to file the audit of the general purpose financial statements of the City as part of its annual report. The City was obligated to file audited financial statements of the System for eight bond issues. The City was obligated to file audited financial statements of the Little Rock Port Authority for one bond issue. The City was obligated to file the audited financial statements of its advertising and promotion commission for one bond issue. The City was obligated to file both the audit of the general purpose financial statements of the City and the audited financial statements of its advertising and promotion commission for one bond issue. For one bond issue, the City failed to timely file the audited financial statements of its advertising and promotion commission for the years ended December 31, 2021 and 2025. Such filing was made approximately 42 days late and 10 days late, respectively. For one bond issue, for the years ended December 31, 2023 and 2024, the audited financial statements of the Little Rock Port Authority were filed approximately 492 days late and approximately 186 days late, respectively. For two bond issues, the City filed the general purpose financial statements of the City one day late for the year ended December 31, 2024. For two bond issues, the City filed the audited financial statements of the System approximately five days late for the year ended December 31, 2025. For three bond issues, the City filed the audited financial statements of the System approximately six days late for the year ended December 31, 2025. Notices of such failures were not filed on EMMA. Other than as set forth above, during the past five years, the City filed all audited financial statements on EMMA in a timely manner.

All of the continuing disclosure agreements require that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies by the type of bond issue and how each is secured. In certain cases, however, the supplemental data was included in the audited financial statements that were filed as part of the annual report but was not presented in the manner prescribed by the continuing disclosure agreements. In other cases, the format of the information contained in the annual report was not presented in the format prescribed by the continuing disclosure agreements. The supplemental financial and operating data required to be provided in connection with the City's Capital Improvement Refunding Revenue Bonds, Series 2017 for the year ended December 31, 2023, was filed one day late. The City did not provide all of the information required to be provided in connection with the City's Library Construction and Refunding Bonds, Series 2022 for the years ended December 31, 2022 and 2023. For the year ended December 31, 2024, the City filed its annual report one day late for three bond issues. For the year ended December 31, 2024, the City filed the supplemental financial and operating data in connection with the City's Port Authority Revenue Bonds, Taxable Series 2017 approximately 82 days late. The supplemental financial and operating data required to be provided for the City's Hotel and Restaurant Gross Receipts Tax Bonds, Series 2014 and the City's Hotel Gross Receipts Tax Bonds, Series 2018, for the year ended December 31, 2024, was timely filed on some but not all CUSIP numbers. For the year ended December 31, 2025, the City filed the supplemental financial and operating data for the System five days late on two bond issues and six days late on three bond issues. Other than as set forth above, supplemental data for all bond issues that are outstanding has been filed on EMMA in a timely manner.

The continuing disclosure agreements also obligated the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). Included in the list of events are notices of bond calls, notices of defeasance, notices of the substitution of liquidity providers and rating changes. The City failed to file a call notice with respect to one bond issue. The City failed to file a notice of defeasance with respect to two bond issues. For three bond issues, the City failed to timely file notices that the issuer of a debt service reserve insurance policy merged into a related entity. For one bond issue, the City failed to timely file a notice that the issuer of a municipal bond insurance policy merged into a related entity. For one bond issue, the City failed to timely file a notice of an upgrade to the ratings of an insurer of its bonds. Notices concerning such failures were not filed on EMMA. Otherwise, the City has timely filed a notice of the occurrence of any listed event during the past five years.

The City will enter into a Continuing Disclosure Agreement with the Trustee in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Dissemination Agent for the benefit of the Beneficial Owners of the Series 2026 Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, the Continuing Disclosure Agreement.

"Dissemination Agent" shall mean Regions Bank, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

(A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Report. (a) The City shall, or the City shall deliver to the Dissemination Agent and the Dissemination Agent shall, not later than May 31 of each year (or if the System's fiscal year changes, within 150 days after the end of the System's fiscal year), commencing with the report due May 31, 2027, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the System may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, the City shall file the System's unaudited financial statements by the required date, and the System's audited financial statements shall be submitted within thirty (30) days after receipt thereof by the City.

(b) No later than five (5) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall use its best efforts to contact the City to determine if the City is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report (containing the information set forth in (a) under Content of Annual Report, below) has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice with the MSRB.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the following:

(a) Information of the type set forth in this Official Statement under the caption "**THE SYSTEM**" with respect to (i) the number of sewer users for the fiscal year then ended and the four previous fiscal years; and (ii) which users, if any, accounted for 5% or more of System revenues for the preceding fiscal year.

(b) The annual financial statements of the System prepared using accounting practices prescribed by Arkansas Code Annotated Section 10-4-412 as it may be amended from time to time, or any successor statute, which shall be audited by the Legislative Joint Auditing Committee, Division of the Legislative Audit of the State of Arkansas or by an independent certified public accountant.

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB, or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference and certify that the submitted documents comply with the requirements of the Continuing Disclosure Agreement. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Annual Report prepared or delivered by the City pursuant to the Continuing Disclosure Agreement and shall have no duty or obligation to review any such notice or Annual Report.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following events.

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modifications to rights of security holders, if material.

8. Series 2026 Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person.

13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the City shall notify the Dissemination Agent (if other than the City) in writing in a timely manner which will allow the Dissemination Agent to file notice within the time period set forth in (c) below. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) A notice of the occurrence of any of the Listed Events (excluding an event described in (a)8 above), shall be filed in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event with the MSRB through its continuing disclosure service portal provided through http://www.emma.msrb.org, or any other similar system that is acceptable to the Securities and Exchange Commission and with the City. In the event of a Listed Event described in (a)8 above, notice need not be given under this subsection any earlier than required to be given to registered owners of affected Series 2026 Bonds pursuant to the terms of the Series 2026 Bonds. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Series 2026 Bonds.

Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be Regions Bank.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the City and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2026 Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Series 2026 Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason of the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

<u>Additional Information</u>. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

<u>Default</u>. In the event of a failure of the City or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the City or any Beneficial Owner may (and the Trustee, at the request of the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2026 Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance. The City, the Dissemination Agent and their members, officers and employees shall incur no liability under the Continuing Disclosure Agreement by reason of any act or failure to act thereunder.

<u>Duties, Immunities and Liabilities of Dissemination Agent</u>. The Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement and no further duties or responsibilities shall be implied. The Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement shall be limited to the extent the City has provided such information to the Dissemination Agent as required by the Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms thereof. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, notice of Listed Events or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Beneficial Owners of the Series 2026 Bonds or any other party. Other than as expressly set forth in the Continuing Disclosure Agreement, the Dissemination Agent shall have no responsibility for the City's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with the Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the City at all times.

The Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the City has agreed to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties thereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

The Dissemination Agent shall not have any liability to any party in connection with any failure to timely file any such information or report with the MSRB through EMMA if such information or report is not timely received by the Dissemination Agent from the City; nor shall the Dissemination Agent have any liability to any party for any failure of the MSRB or its EMMA system to timely post or register filing of any such report if the Dissemination Agent has timely submitted such report for filing with the MSRB. The City is solely responsible for the accuracy, completeness and timeliness of any information or report provided to the Dissemination Agent.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

UNDERWRITING

Under a bond purchase agreement entered into by and between the Underwriter and the City, the Series 2026 Bonds are being purchased at a purchase price of $81,130,797.65 (representing the stated principal amount of the Series 2026 Bonds less net original issue discount of $295,202.35 less an underwriting discount of $574,000). The bond purchase agreement provides that the Underwriter will purchase all of the Series 2026 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2026 Bonds is subject to various conditions contained in the bond purchase agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2026 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the City or the System.

The Underwriter intends to offer the Series 2026 Bonds to the public initially at the offering prices as set forth on the inside cover page of this Official Statement, which offering prices (or bond yields establishing such offering prices) may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2026 Bonds to the public, and may offer the Series 2026 Bonds to such dealers and other underwriters at a price below the public offering price.

The City has agreed to indemnify the Underwriter against certain civil liabilities in connection with the offering and sale of the Series 2026 Bonds, including certain liabilities under federal securities laws.

TAX MATTERS

Federal Income Taxes. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2026 Bonds is excludable from the gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with certain covenants designed to satisfy the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds. Failure to comply with certain of such requirements may cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The City has covenanted to comply with such requirements.

Original Issue Discount. As shown on the inside cover page of this Official Statement, certain of the Series 2026 Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. As shown on the inside cover page of this Official Statement, certain of the Series 2026 Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds.

The accrual or receipt of interest on the Series 2026 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2026 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2026 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2026 Bonds.

State Taxes. Bond Counsel is of the opinion that, under existing law, the interest on the Series 2026 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

Changes in Federal and State Tax Law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2026 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2026 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

RATING

Moody's Investors Service ("Moody's") has assigned a rating of "Aa3 (stable outlook)" to the Series 2026 Bonds. Such rating reflects only the views of Moody's at the time such rating was given. An explanation of the significance of the rating may be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2026 Bonds.

Neither the City nor the Underwriter has undertaken any responsibility subsequent to the issuance of the Series 2026 Bonds to assure the maintenance of the rating or to oppose any revision or withdrawal of the rating. No application has been made to any rating agency other than Moody's for a rating on the Series 2026 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, a copy of whose approving opinion, the form of which is attached hereto as Appendix B, will be delivered with the Series 2026 Bonds.

FINANCIAL STATEMENTS

Set forth in Appendix A to this Official Statement are the audited financial statements of the System for the fiscal years ended December 31, 2025 and 2024. These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and were audited in accordance with auditing standards generally accepted in the United States of America. The notes set forth in Appendix A are an integral part of the financial statements, and the statements and notes should be read in their entirety.

MISCELLANEOUS

The City has furnished the information in this Official Statement relating to the operations of the System. The Underwriter has furnished the information in this Official Statement with respect to the public offering prices of the Series 2026 Bonds and the information under the caption **"UNDERWRITING"** herein.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2026 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the City, this Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated herein, or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

This execution and delivery of this Official Statement has been duly authorized by the City of Little Rock, Arkansas.

CITY OF LITTLE ROCK, ARKANSAS

By: /s/ Frank Scott, Jr.
Mayor

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM
AS OF AND FOR THE
FISCAL YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024

Prepared by Little Rock Water Reclamation Authority Finance Department

Little Rock Water Reclamation Authority
A Component Unit of the City of Little Rock, Arkansas
Contents
December 31, 2025 and 2024

Introductory Section

LITTLE ROCK
Water Reclamation Authority
ONE WATER.
ONE FUTURE.

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April 28, 2026

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, 2025 and 2024. 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, 2025. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LRWRA.

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

LRWRA's financial statements have been audited by **Forvis Mazars, LLP**, a firm of licensed certified public accountants. **Forvis Mazars, LLP** has issued unmodified (clean) opinions on LRWRA's financial statements for the years ended December 31, 2025 and 2024. 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. Little Rock is ranked number 10 among 100 of the most populous metropolitan areas in the United States for young professionals to live by Forbes in 2025. The list measured 10 metrics across four categories: employment and pay, housing affordability, lifestyle and cost of living.

The customer base has continued to grow at a slow but steady pace from previous years for the domestic (residential) and non-domestic (non-residential) users of the City of Little Rock Water Reclamation System (the System). The number of domestic customer accounts has increased by 4.01% over the past 10 years, while non-domestic customer accounts have increased by 6.05% over the same period. The overall growth of total customer accounts for the 10-year period is 4.21%.

Long-Term Financial Planning

During the 2026 planning process, LRWRA affirmed that the most significant future capital investment requirements include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; (2) implementation of a fully integrated Asset Management/ Preventative Maintenance Program, and (3) supporting growth driven by economic development in the Port of Little Rock and westward expansion of the city.

CIP projects such as routine wastewater collection system upgrades, pumping and treatment facility improvements and general plant renewals are identified within the Asset Management/ Preventive Maintenance Program. These items along with continued compliance with NPDES permit requirements make up the estimated $65.5 million for 2026 CIP expenditures.

Collection System Rehabilitation Capacity Assurance Projects

Various rehabilitation projects are forecast to require expenditures totaling $10.1 million in 2026 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 2026, $1.6 million is forecasted for trenchless rehabilitation work. The Utility is projecting that $7.8 million will be needed in total for years 2027 to 2030. This project is being funded with system revenues and reserves along with future bond issues.

Fourche Creek Water Reclamation Facility (FCWRF) Solids Processing

FCWRF Solids Processing will improve the performance and reliability, as well as lower operation and maintenance cost throughout the facility. The 2026 cost is estimated to be $13.1 million and estimated to cost an additional $4.5 million through 2027 and will be funded by revenue bonds issued in 2024.

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

The influent pump station rehabilitation will increase reliability, efficiency, and processes of treatment at AFWRF. The 2026 cost is estimated to be $16.2 million and will be funded by revenue bonds issued in 2024 and system revenues.

Financial Policies

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

Flow of Funds Policy

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

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

Sewer Revenue Fund

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

Bond Fund

The following shall be deposited in the Bond Fund:

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

Bond Reserve Fund

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

Depreciation Fund

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

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

Contributions in Aid of Construction Fund

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

Capital Projects Fund

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

Capital Improvements Budget Policy

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

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

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

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

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

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

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

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

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

Budget Amendment Policy

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

Revenue Policy

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

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

Operating Cash Reserve Policy

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

Investment Policy

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

“Eligible Investments” defined by Arkansas statute (AR § Code 19-1-501) 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, 2024. This was the 21st 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, 2025, continues to meet the Certificate of Achievement Program’s requirements and will be submitting it to the GFOA to determine its eligibility.

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

Respectfully submitted,

Mike Rhoda
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Little Rock Water Reclamation Authority
Arkansas

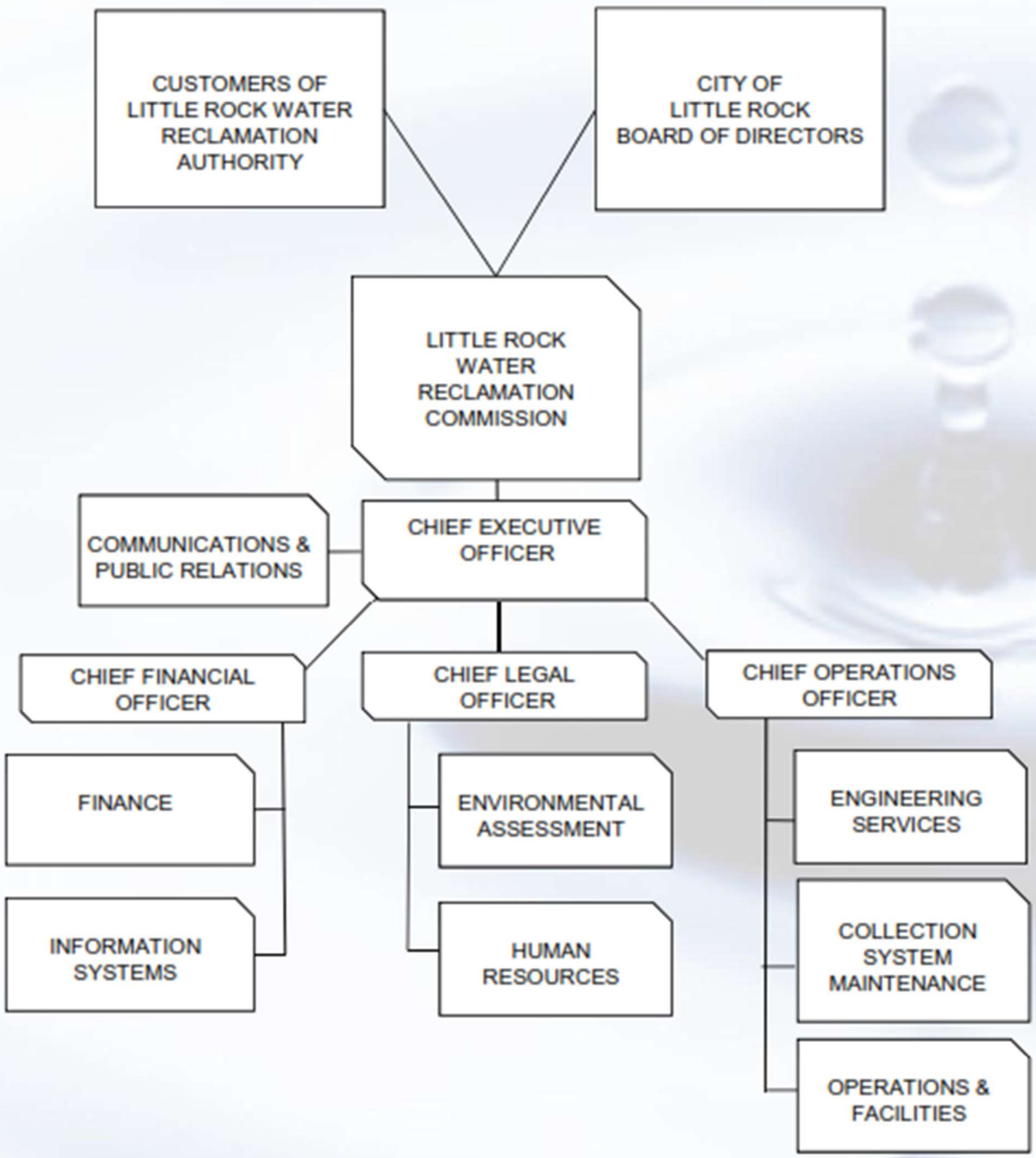
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

LITTLE ROCK WATER RECLAMATION AUTHORITY ORGANIZATIONAL CHART



2025 Little Rock Water Reclamation Commission

Prentice O'Guinn, III
Secretary

Jonathan Semans
Chair

Daryl Brown
Vice Chair

Molly McNulty
Commissioner

Schawnee Hightower
Commissioner

Chris Marsh
Commissioner

Christina Clark
Commissioner

Executive Staff

Jean Block – Chief Executive Officer
Mike Rhoda – Chief Financial Officer
Deanna Ray – Chief Legal Officer
Ryan Benefield, P.E. – Chief Operating Officer
Les Price, P.E. – Engineering
Rebecca Burkman – Environmental Assessment
Walter Collins, P.E. – Operations

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Financial Section

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Forvis Mazars, LLP
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Little Rock, AR 72201
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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, 2025 and 2024 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, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Forvis Mazars, LLP

Little Rock, Arkansas
April 28, 2026

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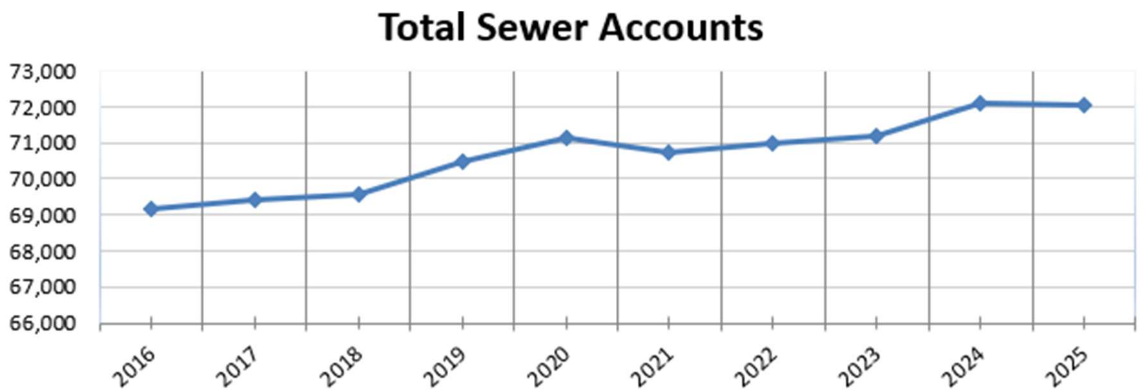
As management of Little Rock Water Reclamation Authority (LRWRA), we offer readers of LRWRA's financial statements this narrative overview and analysis of the financial activities of LRWRA for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in 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, 2025 were $737.4 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled $470.1 million. Total Net Position was $267.3 million, an increase of 2.5% from 2024. Total Assets and Deferred Outflows of Resources at December 31, 2024 were $712.0 million and exceeded Total Liabilities and Deferred Inflows of Resources that totaled $451.4 million. Total Net Position was $260.6 million, an increase of 2.4% from 2023.
- Operating Revenue for fiscal year 2025 was $69.2 million, which is an increase of $2.5 million, or 3.8%, from fiscal year 2024. Operating Revenue for fiscal year 2024 was $66.7 million, which is a decrease of $1.8 million, or (2.7)%, from fiscal year 2023.
- Operating Expenses, before Depreciation, for fiscal year 2025 were $36.1 million, which is a increase of $1.9 million, or 1.9%, compared to fiscal year 2024. The increase was primarily driven by a $1.2 million increase in salaries expense. Operating Expenses, before Depreciation, for fiscal year 2024 were $34.2 million, which is an increase of $1.3 million, or 4.0%, from 2023. The increase was primarily driven by a $927 thousand increase in supplies expense.
- Operating Expenses, including Depreciation, for fiscal year 2025 were $58.5 million, which is an increase of $2.9 million, or 5.2%, from fiscal year 2024. Operating Expenses, including Depreciation, for fiscal year 2024 were $55.6 million, which was a increase of $2.0 million or 3.8%, from fiscal year 2023.
- Debt Service Coverage was 2.17, 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.

General Trends

The number of LRWRA's customer accounts decreased as of December 31, 2025 from December 31, 2024 by 41, or 0.06%, and increased from 2023 by 920, or 1.29%. Over a 10-year period, the customer growth rate was 3.83%. As you can see from the chart below, annual customer growth has trended upward from 2016 to present.



Water Reclamation Authority Customers	2025	2024	2023
Beginning customer accounts	72,101	71,181	70,974
Increase (decrease) in customer accounts	(41)	920	207
Ending customer	72,060	72,101	71,181

The following chart shows a sample monthly domestic customer bill based on a consumption of 600 cubic feet (CcF) in 2025, 2024, and 2023. 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	2025	2024	2023
	$ 41.73	$ 41.73	$ 41.73

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

Little Rock Water Reclamation Authority System

LRWRA is regulated by the United States Environmental Protection Agency (EPA) and the Arkansas Department of Environmental Quality (ADEQ). These agencies issue permits to LRWRA for discharge of treated wastewater. Currently, LRWRA has 34 remote, unattended pumping stations, one tertiary and two secondary treatment facilities, a peak flow attenuation facility, a maintenance facility, and an administration building. The collection system includes over 124 square miles containing approximately 1,416 miles of sewer lines. The National Association of Clean Water Agencies (NACWA) awarded all three LRWRA facilities in 2024. All these facilities were awarded a Platinum Peak Performance Award, which recognizes facilities with no permit violations for the entire calendar year.

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 2023–2025 Financial Information

Statement of Net Position

Total Assets and Deferred Outflows of Resources increased by $25.4 million in 2025 and increased $3.9 million in 2024. The change from 2024 to 2025 was primarily due to an increase in capital assets of $40.9 million, which was offset by a decrease of $8.0 million in current assets. The change from 2023 to 2024 was primarily due to the increase in short term investments, which increased $7.2 million in 2024, which was offset by a decrease in noncurrent restricted cash for capital projects of $2.0 million.

Also, current assets decreased $8.0 million in 2025 and increased $3.8 million in 2024. The 2025 decrease in current assets was primarily due to the decrease in short-term investments of $8.5 million. The 2024 increase in current assets was primarily due to the increase in short-term investments of $7.2 million.

Current Liabilities increased 32.1%, or $8.8 million, in 2025 and increased 10.7%, or $2.7 million, in 2024. The primary cause for the increase in 2025 was the increase in the current portion of bonds payable of $2.2 million and an increase in construction accounts payable of $2.8 million. The primary cause for the increase in 2024 was the increase in the current portion of bonds payable.

Noncurrent Liabilities increased 2.3%, or $9.8 million, for 2025 due to an increase in the bonds payable of $11.7 million offset by a decrease in net pension liability of $2.2 million. Noncurrent Liabilities decreased 1.2%, or $5.2 million, for 2024 due to an decrease in net pension liability of $3.0 million. LRWRA's bond information can be found in Note 6 starting on Page 41. Additional information for GASB 68 net pension liability can be found on Page 93. Total Liabilities increased in 2025 by $18.6 million from 2024 and decreased by $2.5 million in 2024 from 2023.

In 2025, Total Net Position increased by $6.6 million, or 2.5%, including $3.9 million from income before capital contributions and grants, and $2.7 million from capital contributions and grants. In 2024, Total Net Position increased by $6.1 million, or 2.4%, including $3.1 million from income before capital contributions and grants, and $3.0 million from capital contributions and grants.

	2025	Percent Change	2024	Percent Change	2023
Assets					
Current assets	$ 84,027,516	-8.72%	$ 92,056,827	4.27%	$ 88,284,276
Noncurrent unrestricted and restricted assets	4,517,313	-51.37%	9,289,271	-16.60%	11,138,837
Capital assets (net)	637,605,073	6.85%	596,712,866	1.15%	589,945,439
Total assets	726,149,902	4.02%	698,058,964	1.26%	689,368,552
Deferred Outflows of Resources					
Bond refunding	6,243,859	-21.65%	7,968,739	-21.00%	10,087,340
Pension funding	2,273,884	-21.34%	2,890,610	-47.92%	5,550,859
OPEB	2,732,478	-11.80%	3,098,008	-1.23%	3,136,433
Total deferred outflows of resources	11,250,221	-19.40%	13,957,357	-25.66%	18,774,632
Total assets and deferred outflows of resources	$ 737,400,123	3.57%	$ 712,016,321	0.55%	$ 708,143,184
Liabilities					
Current liabilities	$ 36,200,175	32.06%	$ 27,411,110	10.74%	$ 24,752,321
Noncurrent liabilities	430,143,725	2.32%	420,376,870	-1.22%	425,569,591
Total liabilities	466,343,900	4.14%	447,787,980	-0.56%	450,321,912
Deferred Inflows of Resources					
Pension funding	1,576,238	42.42%	1,106,735	63.56%	676,650
OPEB	2,221,244	-10.39%	2,478,758	-5.14%	2,613,019
Total deferred inflows of resources	3,797,482	5.91%	3,585,493	8.99%	3,289,669
Net Position					
Net investment in capital assets	210,218,973	11.92%	187,834,140	2.96%	182,427,260
Restricted	6,872,254	2.45%	6,707,612	31.19%	5,112,988
Unrestricted	50,167,514	-24.10%	66,101,096	-1.33%	66,991,355
Total net position	267,258,741	2.54%	260,642,848	2.40%	254,531,603
Total liabilities, deferred inflows of resources and net position	$ 737,400,123	3.57%	$ 712,016,321	0.55%	$ 708,143,184

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, gains on investments, and other income.

Total Revenue increased from 2024 to 2025 by $2.0 million, or 2.8%, and from 2023 to 2024 it decreased by $0.8 million, or 1.1%. Revenues increased from fiscal year 2024 due to an increase in customer assessments of $2.0 million. Revenues decreased from fiscal year 2023 due to decreased customer assessments.

Nonoperating Income decreased by $0.5 in 2025 and 2024 increased by $1.0 over 2023. The decrease in 2025 was primarily due to a decrease interest income driven by an decrease in long-term interest rates. The increase in 2025 was primarily due to an increase interest income driven by an increase in long-term interest rates.

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

Total Operating Expense increased by $1.9 million, or 5.4%, in 2025. Total Operating Expense increased by $1.3 million, or 4.0%, in 2024 from 2023. Operating Expense increased from fiscal year 2024 due to an increase in salaries and benefits. Operating Expense increased from fiscal year 2023 due to an increase in supplies expenses.

Nonoperating Expense decreased by $1.8 million, or 14.8%, in 2025 from 2024 and decreased $0.9 million, or 6.7%, in 2024 from 2023. The change in both periods was primarily due to a decrease in interest expense.

The Change in Net Position for fiscal year 2025 was $6.6 million due primarily to Income Before Contributions of $3.9 million and capital contributions and grants of $2.7 million. Total Net Position – Ending increased by 2.5% compared to 2024. Change in Net Position for fiscal year 2024 was $6.1 million due primarily to Income Before Contributions of $3.1 million and capital contributions and grants of $3.0 million, as LRWRA continued to receive FEMA assistance related to the 2019 flood. Total Net Position – Ending increased by 2.4% compared to 2023.

Additional information can be found on the Statement of Revenues, Expenses, and Changes in Net Position on Page 27 and Budgetary Comparison Schedule on Page 72.

	2025	Percent Change	2024	Percent Change	2023
Revenues					
Operating revenues					
Customer assessments	$ 66,660,838	3.12%	$ 64,645,871	-2.72%	$ 66,451,215
Industrial surcharges	1,797,702	25.74%	1,429,719	-4.60%	1,498,631
Other fees and income	741,210	22.25%	606,287	8.26%	560,015
Nonoperating income	3,477,028	-13.58%	4,023,360	33.68%	3,009,739
Total revenues	72,676,778	2.79%	70,705,237	-1.14%	71,519,600
Expenses					
Operating expenses	36,101,551	5.44%	34,239,518	4.00%	32,922,953
Depreciation expense	22,422,007	4.90%	21,373,795	3.53%	20,645,777
Nonoperating expense	10,227,752	-14.78%	12,001,555	-6.71%	12,865,205
Total expenses	68,751,310	1.68%	67,614,868	1.78%	66,433,935
Income Before Contributions	3,925,468	27.02%	3,090,369	-39.23%	5,085,665
Capital Contributions and Grants	2,690,425	-10.94%	3,020,876	4.42%	2,892,943
Change in Net Position	6,615,893	8.26%	6,111,245	-23.40%	7,978,608
Net Position - Beginning	260,642,848	2.40%	254,531,603	3.24%	246,552,995
Total Net Position - Ending	$ 267,258,741	2.54%	$ 260,642,848	2.40%	$ 254,531,603

Capital Assets and Debt Administration

The additions to LRWRA's wastewater system capital improvements were $63.3 million in fiscal year 2025. The capital expenditures were incurred for collection system projects in the amounts of $9.1 million, pumping/treatment for $43.2 million, transportation for $2.9 million, and all other $8.1 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 $11.7 million in 2025. Additional information can be found on Note 6 of this report.

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

Long-Term Debt	2025	2024	2023
2007B Sewer Revenue Bond	$ 7,282,111	$ 8,315,133	$ 9,320,323
2009A Sewer Revenue Bond	4,148,610	4,570,436	4,983,950
2014 Sewer Refunding Revenue Bond	-	340,000	1,000,000
2015 Sewer Refunding Revenue Bond	14,505,000	20,330,000	25,925,000
2016B Sewer Refunding Revenue Bond	12,420,000	13,200,000	13,955,000
2017 Sewer Revenue Bond	8,995,000	9,260,000	9,510,000
2020A Sewer Revenue Bond	48,941,068	50,164,803	43,732,160
2020B Sewer Revenue Bond	21,430,000	22,485,000	22,850,000
2020C Sewer Revenue Bond	5,941,151	4,450,519	2,229,033
2021 Sewer Refunding Revenue Bond	107,530,000	107,970,000	107,970,000
2023 Sewer Refunding Revenue Bond	161,861,582	165,973,252	169,993,947
2024A Sewer Refunding Revenue Bond	32,635,653	4,598,875	-
2024B Sewer Refunding Revenue Bond	20,240	20,000	-
Less debt payable, due within one year	(17,909,665)	(15,713,587)	(14,145,535)
Total long-term debt	$ 407,800,750	$ 395,964,431	$ 397,323,878

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 2026 Budget, LRWRA's revenue projects an increase due to scheduled rate increases. A 5-year rate increase was approved by the City of Little Rock for 7.25% effective each year 2026 through 2030. The first increase was implemented in February of 2026. This rate increase is partially offset by a projected slight decrease in residential customers due to the annual decline in the Average Winter Consumption (AWC) and projects a slight increase in non-domestic customers. LRWRA evaluates the AWC for residential customers in the March/April timeframe. The AWC trend of domestic water consumption shows a small decline in usage over the past two years. LRWRA has one major customer that accounts for just over 1.00% of customer assessment revenues (see Schedule 13 – Ten Largest Customers)

During the 2026 planning process, LRWRA affirmed that the most significant future capital investment requirements include: (1) continued National Pollution Discharge Elimination System (NPDES) permit compliance for all three wastewater treatment facilities; (2) implementation of a fully integrated Asset Management / Preventive Maintenance Program, and (3) supporting growth driven by economic development in the Port of Little Rock and westward expansion of the city.

CIP projects such as routine wastewater collection system upgrades, pumping and treatment facility improvements and general plant renewals are identified within the Asset Management/ Preventive Maintenance Program. These items along with continued compliance with NPDES permit requirements make up the estimated $65.5 million for 2026 CIP expenditures. LRWRA estimates the capital improvements that will be funded through 2030 will cost $339.4 million.

Request for Information

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

Little Rock Water Reclamation Authority
Statement of Net Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 11,933,103	$ 15,579,283
Short-term investments	52,996,433	61,526,374
Accounts and grants receivable (net of allowance for doubtful accounts of $2,823,401 in 2025 and $2,699,389 in 2024)	7,694,023	5,567,652
Inventories	2,300,009	1,841,009
Prepaids	208,751	219,989
Restricted current assets		
Bond requirements		
Cash and cash equivalents	6,823,025	5,259,620
Accrued interest receivable	18,276	38,663
Prepaid items	2,053,896	2,024,237
Total current assets	84,027,516	92,056,827
Noncurrent assets		
Unrestricted noncurrent assets		
Workers' compensation fund investments	597,809	598,523
Total unrestricted noncurrent assets	597,809	598,523
Restricted noncurrent assets		
Cash and cash equivalents - capital projects	2,114,144	2,160,999
Investments - bond requirements	1,805,360	6,529,749
Total restricted noncurrent assets	3,919,504	8,690,748
Capital Assets (Net of Accumulated Depreciation)	637,605,073	596,712,866
Total noncurrent assets	642,122,386	606,002,137
Total assets	726,149,902	698,058,964
Deferred Outflows of Resources		
Deferred amounts on bond refunding	6,243,859	7,968,739
Deferred amounts on pension funding	2,273,884	2,890,610
Deferred amounts on OPEB	2,732,478	3,098,008
Total deferred outflows of resources	11,250,221	13,957,357
Total assets and deferred outflows of resources	$ 737,400,123	$ 712,016,321

	2025	2024
Liabilities		
Current liabilities		
Accounts payable	$ 406,981	$ 442,388
Franchise fee collections due to City of Little Rock	542,508	579,534
Sewer line replacement fee	1,879,348	1,685,854
Accrued wages payable and related liabilities	1,604,513	997,020
Accrued expenses and other	4,413,391	890,175
Compensated absences	1,446,539	1,225,724
Construction contracts payable	6,486,589	3,639,301
Accrued interest payable	1,510,641	2,237,527
Bonds payable - current	17,909,665	15,713,587
Total current liabilities	36,200,175	27,411,110
Noncurrent liabilities		
Bonds payable (net of unamortized premiums)	409,233,705	397,494,577
Compensated absences	-	135,142
Net pension liability	14,192,932	16,378,805
Net OPEB liability	6,717,088	6,368,346
Total noncurrent liabilities	430,143,725	420,376,870
Total liabilities	466,343,900	447,787,980
Deferred Inflows of Resources		
Deferred amounts on pension funding	1,576,238	1,106,735
Deferred amounts related to OPEB	2,221,244	2,478,758
Total deferred inflows of resources	3,797,482	3,585,493
Net Position		
Net investment in capital assets	210,218,973	187,834,140
Restricted		
Debt service	6,872,254	6,707,612
Unrestricted	50,167,514	66,101,096
Total net position	267,258,741	260,642,848
Total liabilities, deferred inflows of resources and net position	$ 737,400,123	$ 712,016,321

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Little Rock Water Reclamation Authority
Statement of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Customer assessments	$ 66,660,838	$ 64,645,871
Industrial surcharges	1,797,702	1,429,719
Other fees and income	741,210	606,287
Total operating revenues	69,199,750	66,681,877
Operating Expenses		
Salaries and benefits	22,197,127	20,969,840
Supplies	4,656,521	4,166,686
Contract services	4,916,811	5,074,661
Vehicle expenses	229,877	229,485
Utilities	2,006,897	1,801,100
Administrative	2,094,318	1,997,746
Total operating expenses	36,101,551	34,239,518
Provision for Depreciation		
Building and improvements	5,810,511	5,611,438
Infrastructure - collections, pumping and treatments	12,164,488	11,583,235
Equipment	4,447,008	4,179,122
Total provision for depreciation	22,422,007	21,373,795
Operating Income	10,676,192	11,068,564
Nonoperating Revenues (Expenses)		
Interest income	3,373,788	3,895,850
Interest expense	(10,176,253)	(11,046,297)
Loss on disposal of capital assets	(51,499)	(955,258)
Gain on investments	103,240	127,510
Total nonoperating revenues (expenses)	(6,750,724)	(7,978,195)
Increase in Net Position Before Capital Contributions and Grants	3,925,468	3,090,369
Capital Contributions and Grants		
Capital contributions	2,687,274	1,688,381
Federal and state grants	3,151	1,332,495
Total capital contributions and grants	2,690,425	3,020,876
Change in Net Position	6,615,893	6,111,245
Net Position, Beginning of Year	260,642,848	254,531,603
Net Position, End of Year	$ 267,258,741	$ 260,642,848

Little Rock Water Reclamation Authority
Statement of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash received from customers	$ 66,156,419	$ 64,469,501
Cash received from City of Little Rock franchise fees	6,665,356	6,605,661
Other receipts	741,210	606,287
Payments to employees	(18,653,290)	(20,960,839)
Payments to suppliers	(5,150,928)	(4,281,356)
Payments for contractual services	(4,916,811)	(5,074,661)
Payments for utilities	(2,006,897)	(1,801,100)
Payments to City of Little Rock franchise fees	(6,702,382)	(6,569,739)
Other payments	(2,312,957)	(2,271,918)
Net cash provided by operating activities	33,819,720	30,721,836
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(58,034,998)	(27,652,660)
Grant proceeds	372,395	5,671,685
Proceeds from disposal of property and equipment	203,847	74,694
Principal paid on capital debt	(15,833,700)	(14,717,236)
Interest paid on capital debt	(9,275,450)	(9,355,606)
Proceeds from issuance of indebtedness	29,866,097	14,925,841
Net cash used in capital and related financing activities	(52,701,809)	(31,053,282)
Cash Flows from Investing Activities		
Interest on investments	3,497,415	4,002,430
Proceeds from sale of investments	21,106,457	-
Purchase of investments	(7,851,413)	(7,311,784)
Net cash provided by (used in) investing activities	16,752,459	(3,309,354)
Decrease in Cash and Cash Equivalents	$ (2,129,630)	$ (3,640,800)

	2025		2024	
Cash and Cash Equivalents				
Beginning of year	$	22,999,902	$	26,640,702
Net decrease in cash and cash equivalents		(2,129,630)		(3,640,800)
End of year	$	20,870,272	$	22,999,902
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$	10,676,192	$	11,068,564
Adjustments				
Depreciation		22,422,007		21,373,795
Changes in operating assets and liabilities				
Accounts receivable		(2,495,615)		(1,894,590)
Inventories		(459,000)		(521,823)
Prepaid items and other assets		(18,421)		(153,847)
Deferred outflows on pensions		616,726		2,660,249
Deferred outlfows on OPEB		366,292		34,883
Accounts payable		158,087		695,654
Accrued expenses		4,216,382		389,979
City of Little Rock franchise fees		(37,026)		35,922
Net pension liability		(2,185,873)		(3,026,912)
Net OPEB liability		348,742		(239,404)
Deferred inflows on pensions		469,503		430,085
Deferred inflows on OPEB		(258,276)		(130,719)
Net cash provided by operating activities	$	33,819,720	$	30,721,836
Reconciliation of Total Cash and Cash Equivalents				
Current assets - cash and cash equivalents	$	11,933,103	$	15,579,283
Restricted for bond requirements		6,823,025		5,259,620
Restricted for capital projects		2,114,144		2,160,999
Total cash and cash equivalents	$	20,870,272	$	22,999,902
Supplemental Schedule of Noncash Investing, Capital and Financing Activities				
Donated sewer lines capitalized	$	2,687,274	$	1,688,381
Acquisition and construction of capital assets and improvements in accounts payable	$	6,486,589	$	3,639,301

Little Rock Water Reclamation Authority
Statements of Fiduciary Net Position
Years Ended December 31, 2025 and 2024

	OPEB Trust Fund 2025	OPEB Trust Fund 2024
Assets		
Cash and cash equivalents	$ 3,465	$ 256,475
U.S. government bonds	1,081,302	1,040,510
Total assets	$ 1,084,767	$ 1,296,985
Net Position		
Restricted		
Postemployment benefits other than pensions	$ 1,084,767	$ 1,296,985
Total net position	$ 1,084,767	$ 1,296,985

Little Rock Water Reclamation Authority
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2025 and 2024

	OPEB Trust Fund 2025	OPEB Trust Fund 2024
Additions		
Employer contributions	$ 102,337	$ 655,252
Investment income	60,455	51,139
Less trustee fee	(4,421)	(4,443)
Total additions	158,371	701,948
Deductions		
Benefit payments	370,589	655,252
Total deductions	370,589	655,252
Change in Net Position	(212,218)	46,696
Net Position, Beginning of Year	1,296,985	1,250,289
Net Position, End of Year	$ 1,084,767	$ 1,296,985

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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 72,060 and 72,101 customers at December 31, 2025 and 2024, 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.

<u>Restricted</u> – 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.

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Details of accounts receivable and the related valuation account as of December 31, 2025 and 2024 are more fully explained in Note 3.

Inventory

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

Restricted Assets

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

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

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

Capital Assets and Capital Contributions

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

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

Capital and Subscription Asset Impairment

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

No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of net financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to 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, differences between employer contributions and proportionate share, and the net difference between projected and actual earnings on pension plan investment are deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which the difference occurred.

- Deferred amounts on OPEB – The differences between expected and actual experiences and changes in assumptions are deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which the difference occurred.

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. The Utility's policy is that the leave earned first is used before leave used in subsequent periods.

Use of Estimates

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

Change in Accounting Principle

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures.* The new accounting guidance requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact.

The Utility adopted the standard on January 1, 2025. There was no effect on the Utility.

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, 2025 and 2024 follows:

	December 31, 2025			
	Cash	Cash Equivalents	Total Cash and Cash Equivalents	Investments
Unrestricted assets	$ 11,933,103	$ -	$ 11,933,103	$ 53,594,242
Restricted assets				
Bond requirements	2,596,821	4,226,204	6,823,025	1,805,360
Construction and improvements	-	2,114,144	2,114,144	-
Total restricted assets	2,596,821	6,340,348	8,937,169	1,805,360
Total	$ 14,529,924	$ 6,340,348	$ 20,870,272	$ 55,399,602

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

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 $17,005,377 at December 31, 2025 and $19,879,105 at December 31, 2024. As of December 31, 2025 and 2024, 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, 2025, were subject to custodial credit risk.

Cash equivalents and investments at December 31, 2025 and 2024 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 $61,739,950 and $74,521,795, respectively. Net unrealized gain for each of the years ended December 31, 2025 and 2024 was $103,240 and $127,510 respectively.

As of December 31, 2025 and 2024, the Utility had the following investments and maturities:

December 31, 2025

Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	$ 6,340,348	$ 6,340,348	$ -	AA+/Aaa
Investments				
Federal Farm Credit Bank	299,316	-	299,316	AA+/Aaa
Certificates of Deposit*	21,897,261	21,897,261	-	
U.S. Treasury Obligations	31,097,552	31,097,552	-	
Federal Home Loan Mortgage	2,105,473	-	2,105,473	AA+/Aaa
	55,399,602	52,994,813	2,404,789	
	$ 61,739,950	$ 59,335,161	$ 2,404,789	

* Investment is carried at amortized costs.

December 31, 2024

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

* Investment is carried at amortized costs.

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that the issuer or other counterparty will not fulfill its obligation. The Utility manages its credit risk by investing exclusively in government-issued treasuries and agencies. All the Utility’s investments at December 31, 2025 and 2024 are insured or registered and held in the Utility’s name.

Fair Value Measurement

LRWRA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LRWRA has the following recurring fair value measurements as of December 31, 2025:

- Federated Treasury Obligations of $6.3 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Obligations of $31.1 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of $2.4 million are valued using a matrix pricing model (Level 2 inputs).

LRWRA had the following recurring fair value measurements as of December 31, 2024:

- Federated Treasury Obligations of $5.9 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Obligations of $31.5 million are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury Securities (Federal Farm Credit Bank and Federal Home Loan) of $7.1 million are valued using a matrix pricing model (Level 2 inputs).

Note 3: Accounts and Grants Receivable

Accounts receivable at December 31, 2025 and 2024 consisted of the following:

	2025	2024
Trade receivables – billed, current	$ 4,072,910	$ 2,409,989
Trade receivables – unbilled	4,470,685	4,099,611
Trade receivables, past due	1,973,829	1,388,197
Grants receivable	-	369,244
Total	10,517,424	8,267,041
Allowance for uncollectibles, beginning of year	(2,699,389)	(1,716,279)
Provision for bad debt expense	(124,012)	(983,110)
Allowance for uncollectibles, end of year	(2,823,401)	(2,699,389)
Accounts receivable, net of allowance for uncollectibles	7,694,023	5,567,652
Current accounts receivable	$ 7,694,023	$ 5,567,652

Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2025 and 2024 was as follows:

2025	Balance 12/31/2024	Additions	Retirements	Transfers	Balance 12/31/25
Capital assets not being depreciated					
Land and right-of-way	$ 5,434,140	$ -	$ -	$ -	$ 5,434,140
Construction in progress	88,219,241	63,333,043	-	(84,815,820)	66,736,464
Total capital assets not being depreciated	93,653,381	63,333,043	-	(84,815,820)	72,170,604
Capital assets being depreciated					
Building and improvements	182,349,858	-	-	3,355,046	185,704,904
Infrastructure – collection and treatment	520,275,660	-	-	77,177,557	597,453,217
Right to use subscription asset	513,326	-	389,905	-	123,421
Equipment	104,215,318	-	665,665	4,283,217	107,832,870
Total capital assets being depreciated	807,354,162	-	1,055,570	84,815,820	891,114,412
Less accumulated depreciation for					
Buildings and improvements	70,705,151	5,810,511	-	-	76,515,662
Infrastructure – collections and treatment	178,954,675	12,164,488	-	-	191,119,163
Right to use subscription asset	400,513	60,737	371,076	-	90,174
Equipment	54,234,338	4,386,271	665,665	-	57,954,944
Total accumulated depreciation	304,294,677	22,422,007	1,036,741	-	325,679,943
Capital assets, net	$ 596,712,866	$ 40,911,036	$ 18,829	$ -	$ 637,605,073

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

The subscription liability related to the subscription assets was $0 and $125,818 for the years ended December 31, 2025 and 2024, respectively, and is included as accrued expenses and other on the statement of net position.

Note 5: Contributions in Aid of Construction

Contributions in aid of construction, consisting of cash donations and sewer lines/pump stations from private contractors and individuals, were $2,687,274 and $1,688,381 for the years ended December 31, 2025 and 2024, respectively.

Note 6: Long-Term Debt

Long-term debt consists of Sewer Revenue Bonds for which the changes in the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025				
	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Sewer revenue bonds	$ 173,585,000	$ -	$ 8,705,000	$ 164,880,000	$ 10,735,000
Sewer revenue bonds – direct placement	238,093,018	29,866,097	7,128,700	260,830,415	7,174,665
Unamortized bond premium	1,530,146	-	97,191	1,432,955	-
	$ 413,208,164	$ 29,866,097	$ 15,930,891	$ 427,143,370	$ 17,909,665

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

Sewer revenue bonds payable consist of the following:

Series	Interest Rate	Year of Maturity	December 31, 2025	Amount Due Within One Year
Revenue Bonds				
2015	3.125% to 4.70%	2037	14,505,000	6,785,000
2016B	3.00% to 4.00%	2038	12,420,000	815,000
2017	3.125% to 4.00%	2047	8,995,000	275,000
2020B	0.89% to 2.92%	2042	21,430,000	1,070,000
2021	0.812% to 2.376%	2037	107,530,000	1,790,000
			$ 164,880,000	$ 10,735,000
Revenue Bonds – Direct Placement				
2007B	0.00% to 2.75%	2032	$ 7,282,111	$ 1,061,625
2009A	0.00% to 2.00%	2035	4,148,610	430,304
2020A	2.25%	2053	48,941,068	1,211,938
2020C	1.75%	2044	5,941,151	266,095
2023	2.25%	2053	161,861,582	4,204,703
2024A	1.25%	2057	32,635,653	-
2024B	1.25%	2057	20,240	-
Total			$ 260,830,415	$ 7,174,665

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, there will be three interest-free years of principal payments 2030 through 2032. The final payment is scheduled for October 2032.

2009A Sewer Revenue Bond

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

2015 Sewer Refunding Revenue Bond

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

2016B Sewer Refunding Revenue Bond

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

2017 Sewer Revenue Bond

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

2020A Sewer Revenue Bond

The Series 2020A Bond was issued in February 2020 in the amount of $51,400,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system, and to pay the cost of issuing the 2020A Bond. Draws totaled $50,184,288 as of December 31, 2025. 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.

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 $6,260,113 as of December 31, 2025. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. The bond is secured by the net revenues available for debt service of the Utility. Principal and interest payments are due annually on April 15 and October 15 starting in October 2024. The final payment is scheduled for October 2044.

2021 Sewer Revenue Refunding Bond

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

2023 Sewer Revenue Bond

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

2024A Sewer Revenue Bond

The Series 2024A Bond was issued in May 2024 in the amount of $59,600,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system, and to pay the cost of issuing the 2024A Bond. Draws totaled $32,635,653 as of December 31, 2025. The remaining draws will occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. Principal and interest payments are due semiannually on April 15 and October 15. The final payment is scheduled for October 2057.

2024B Sewer Revenue Bond

The Series 2024B Bond was issued in October 2024 in the amount of $5,400,000 to finance the construction of extensions, betterments, and improvements to the sewer collection system, and to pay the cost of issuing the 2024B Bond. Draws totaled $20,240 as of December 31, 2025. The remaining draws will occur as construction projects are completed. This bond has a special obligation through ANRC with permission from the City of Little Rock, Arkansas, payable solely from the net revenues of the sewer system. Principal and interest payments are due semiannually on April 15 and October 15. The final payment is scheduled for October 2057.

In addition to the $425,710,415 balance of Sewer Revenue Bonds outstanding at December 31, 2025, an additional $32,344,107 can, as previously described, be drawn in fulfillment of current bond issues 2024A and 2024B for a total Sewer Revenue Bond indebtedness of $458,054,522.

The 2007B, 2009A, 2020A, 2020C, 2023, 2024A and 2024B Series Sewer Revenue Bonds are subordinate to the 2014, 2015, 2016B, 2017, 2020B, and 2021 Series Revenue Bonds.

The net revenue available for debt service was $36,471,987 and $36,338,209 in 2025 and 2024, respectively, and the average yearly outstanding debt was $16,816,883 and $15,913,896, respectively.

During prior years, the Utility defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Utility's financial statements. At December 31, 2025 and 2024, $0 and $95,185,000 of bonds outstanding are considered defeased, respectively.

The annual requirements to amortize sewer revenue bond indebtedness outstanding and scheduled, including interest, as of December 31, 2025 are as follows:

	Revenue Bonds		Revenue Bonds – Direct Placement		
Year Ending December 31,	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2026	$ 10,735,000	$ 3,849,696	$ 7,174,665	$ 4,933,416	$ 26,692,777
2027	11,025,000	3,552,392	7,340,443	4,821,733	26,739,568
2028	11,260,000	3,315,100	8,412,914	5,057,977	28,045,991
2029	11,545,000	3,010,109	8,597,285	4,873,582	28,025,976
2030	12,945,000	2,737,442	8,527,798	4,693,108	28,903,348
2031–2035	68,690,000	9,750,136	41,843,896	21,046,720	141,330,752
2036–2040	32,045,000	2,688,726	42,202,721	16,515,246	93,451,693
2041–2045	5,520,000	577,321	46,506,139	12,162,485	64,765,945
2046–2050	1,115,000	56,702	50,129,366	7,063,632	58,364,700
2051–2055	-	-	37,517,728	1,683,935	39,201,663
2056-2057	-	-	2,577,460	40,390	2,617,850
Total	$ 164,880,000	$ 29,537,624	$ 260,830,415	$ 82,892,224	$ 538,140,263

Notes from Direct Placements

The Utility's outstanding notes from direct placements of $260,830,415 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, 2025 and 2024 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
2025	$ 1,360,866	$ 85,672	$ -	$ 1,446,538	$ 1,446,539
2024	$ 1,282,579	$ 78,287	$ -	$ 1,360,866	$ 1,225,724

*Additions and retirements are shown net

Note 8: Other Commitments and Contingencies

Commitments

The Utility had commitments totaling approximately $31.2 million at December 31, 2025 for the expansion of plant capacity and collection system improvements. These commitments will be funded through operations and bond issuances.

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 9: Pension Benefits

Defined Contribution Plan

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

The pension expense is recorded at the amount of LRWRA's required contribution, determined in accordance with the terms of the plan. The total employer contributions were $493,864 and $410,786 in 2025 and 2024, 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.

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

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

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

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

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

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

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

Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). For 2025 and 2024, employers contributed 15.32% of compensation. Contributions to the pension plan from LRWRA were $2,559,258 and $2,290,976 for the years ended December 31, 2025 and 2024, respectively.

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

At December 31, 2025 and 2024, LRWRA reported a liability of $14,192,932 and $16,378,805, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, 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, 2025, LRWRA's proportion was 0.67624388%, which was an increase of 0.01796404% from its proportion measured as of June 30, 2024 of 0.65827984%.

For the years ended December 31, 2025 and 2024, LRWRA recognized pension expense of $1,459,737 and $2,440,309, respectively. At December 31, 2025 and 2024, LRWRA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 439,739	$ 426,170
Changes in proportion and differences between employer contributions and proportionate share	303,285	208,539
Changes of assumptions	246,391	-
Net difference between projected and actual earnings on pension plan investments	-	941,529
Contributions subsequent to the measurement date	1,284,469	-
Total	$ 2,273,884	$ 1,576,238

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

The $1,284,469 reported as deferred outflows of resources at December 31, 2025 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, 2026. 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	
2026	$ 1,821,502
2027	(1,085,100)
2028	(802,120)
2029	(521,105)
	$ (586,823)

Actuarial Assumptions: The total pension liability, net pension liability and certain sensitivity information was determined by an actuarial valuation as of June 30, 2025. 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	14 years
Actuarial Assumptions	
Investment rate of return	7.15%, net of investment administrative expenses
Discount Rate	7.00%
Salary Increases	3.25-9.85% including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	39%	5.14%
International equity	17%	5.97%
Real assets	16%	5.00%
Private equity	5%	8.77%
Hedge funds	2%	3.58%
Domestic fixed	21%	3.26%
Total	100%	
Total real rate of return		5.02%
Plus: price inflation – actuary assumption		2.50%
Net expected return		7.52%

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

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

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

Sensitivity of Discount Rate		
1% Lower 6.00%	Discount Rate 7.00%	1% Higher 8.00%
$ 26,486,014	$ 14,192,932	$ 4,055,932

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, 2024. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of % of Payroll, Closed
Remaining Amortization Period	16 years
Actuarial Assumptions:	
Investment rate of return	7.00%, net of investment administrative expenses
Discount Rate	7.00%
Salary Increases	3.25-9.85% including inflation
Inflation	2.50% price inflation, 3.25% wage inflation
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target allocation as of June 30, 2024 are summarized in the following table:

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

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

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

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

	Sensitivity of Discount Rate	
1% Lower 6.00%	Discount Rate 7.00%	1% Higher 8.00%
$ 27,948,145	$ 16,378,805	$ 6,840,737

Note 10: 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.

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, 2025 in LRWRA's financial statements using an actuarial valuation as of December 31, 2025 as the total OPEB liability, less the amount of the plan's fiduciary net position. A single discount rate of 4.43% and 4.28% was used to measure the total OPEB liability as of December 31, 2025 and 2024, respectively. This single discount rate was based on an expected rate of return on OPEB plan investments. The projection of cash flows used to determine the discount rate assumed that the Utility contributions will be made at rates equal to the actuarially determined contribution rates.

The components of the December 31, 2025 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

	2025
Total OPEB liability – ending	$ 7,801,855
Plan fiduciary net position – ending	1,084,767
Net OPEB Liability – ending	$ 6,717,088
Plan fiduciary net position as % of total OPEB liability	13.90%

The components of the December 31, 2024 net OPEB liability of LRWRA as determined by an actuarial valuation as of that date were as follows:

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balances on January 1, 2024	$ 7,858,039	$ 1,250,289	$ 6,607,750
Changes recognized for 2024			
Service cost	173,602	-	173,602
Interest on total OPEB liability	307,283	-	307,283
Changes of benefit terms	-	-	-
Differences between expected and actual experience	235,742	-	235,742
Change of assumptions	(254,083)	-	(254,083)
Benefit payments	(655,252)	(655,252)	-
Contributions – employer	-	655,252	(655,252)
Net investment income	-	51,139	(51,139)
Administrative expense	-	(4,443)	4,443
Net changes	(192,708)	46,696	(239,404)
Balances on December 31, 2024	7,665,331	1,296,985	6,368,346
Changes recognized for 2025			
Service cost	145,888	-	145,888
Interest on total OPEB liability	321,061	-	321,061
Differences between expected and actual experience	177,334	-	177,334
Change of assumptions	(137,170)	-	(137,170)
Benefit payments	(370,589)	(370,589)	-
Contributions – employer	-	102,337	(102,337)
Net investment income	-	60,455	(60,455)
Administrative expense	-	(4,421)	4,421
Net changes	136,524	(212,218)	348,742
Balances on December 31, 2025	$ 7,801,855	$ 1,084,767	$ 6,717,088

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, 2025	**1% Lower 3.43%**	**Current 4.43%**	**1% Higher 5.43%**
Utility's net OPEB liability	$ 7,688,735	$ 6,717,088	$ 5,873,486

December 31, 2024	**1% Lower 3.38%**	**Current 4.38%**	**1% Higher 5.38%**
Utility's net OPEB liability	$ 7,325,247	$ 6,368,346	$ 5,541,158

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, 2025	1% Lower Rates	Current Rates	1% Higher Rates
Utility's net OPEB liability	$ 5,794,470	$ 6,717,088	$ 7,800,031

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

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

The Utility recognized OPEB expense of $559,095 and $580,696 for the years ended December 31, 2025 and 2024, respectively. Below is a table providing the deferred inflows and outflows of resources related to OPEB from the following sources as of December 31:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,561,157	$ 718,661
Changes of assumptions	1,142,398	1,502,583
Net difference between projected and actual earnings on OPEB assets	28,923	-
Total	$ 2,732,478	$ 2,221,244

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,587,367	$ 917,285
Changes of assumptions	1,441,915	1,561,473
Net difference between projected and actual earnings on OPEB assets	68,726	-
Total	$ 3,098,008	$ 2,478,758

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2025 will be recognized in OPEB expense as follows for the year ended December 31:

2026	$ 53,663
2027	53,663
2028	53,663
2029	53,663
Thereafter	296,582
	$ 511,234

Actuarial Assumptions at December 31, 2025

Actuarial Cost Method: Entry Age Normal

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

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

Discount Rate: 4.43% 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:

Year	HC Trend Rate
2026	7.0%
2027	6.5%
2028	6.0%
2029	5.5%
2030	5.0%
2031 and later	4.5%

Membership Data: The membership data used in the calculation is based on data as of December 31, 2025. 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)	100	48.3	17.4
Active members (elected medical and employed after 7/1/2017)	92	39.4	3.1
Retired members under Age 65 (elected benefits)	16	61.7	N/A

Employer-Paid Medical Premiums: The retiree medical plan is self-funded. Employer-paid monthly premiums are set yearly, with 2025 ranging from $290 to $1,106, depending on which healthcare plan selected and type of coverage (retiree only, retiree plus spouse, retiree plus child(ren), and retiree plus family. LRWRA funded approximately 50% of the postretirement healthcare benefit costs. Employees hired after July 1, 2017, may elect retiree medical benefits upon retirement; however, they must pay 100% of premiums.

Actuarial Assumptions at December 31, 2024

Actuarial Cost Method: Entry Age Normal

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

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

Discount Rate: 4.28% per annum. The plan is partially funded in an irrevocable trust maintained by the plan sponsor.

Inflation: 3.5% per annum.

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

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

Year	HC Trend Rate
2025	7.0%
2026	6.5%
2027	6.0%
2028	5.5%
2029	5.0%
2030 and later	4.5%

Membership Data: The membership data used in the calculation is based on data as of December 31, 2024. The information is summarized for primary members (not dependents).

Average
Years of

Status	Number	Average Age	Service
Active members (elected medical and employed prior to 7/1/2017)	105	48.0	16.8
Active members (elected medical and employed after 7/1/2017)	86	38.3	2.7
Retired members under Age 65 (elected benefits)	1	64.9	N/A

Employer-Paid Medical Premiums: The retiree medical plan is currently fully insured. Employer-paid monthly premiums are set yearly, with 2024 ranging from $290 to $1,106, 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, 2025 and 2024, the annual money-weighted rate of return for the investments, net of investment expense, was 5.20% and 3.70%, respectfully.

Discount Rate: At December 31, 2025, a single discount rate of 4.43% was used to measure the OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.43%. 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, 2024, a single discount rate of 4.28% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on pension plan investments of 4.28%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Note 11: Payments to Central Arkansas Water

The Utility pays Central Arkansas Water for billing and collection services provided by that entity. Such payments amounted to $1,055,569 and $973,225 for the years ended December 31, 2025 and 2024, respectively, and are included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

Note 12: Risk Management

The Utility has purchased commercial insurance policies for various risks of loss related to torts, theft, damage or destruction of assets, errors or omissions, and natural disasters. Payments and premiums for the policies are recorded as expenses of the Utility. Insurance settlements did not exceed insurance coverage in 2025. In 2023, there was one insurance settlement that exceeded insurance coverage by $18,869. The utility has elected to self-insure certain costs related to employee health programs.

Note 13: 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, 2025, none of the Plan's bank balances were exposed to custodial credit risk.

Investments

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

The Plan had the following investments and maturities*:

December 31, 2025

Investment Type	Fair Value	Less than 1 year	1–5 years	Credit Rating
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	$ 3,465	$ 3,465	$ -	AA+/Aaa
Investments				
U.S. government bonds	1,081,302	-	1,081,302	AA+/Aaa
	1,081,302	-	1,081,302	
Total Cash Equivalents and Investments	$ 1,084,767	$ 3,465	$ 1,081,302	

December 31, 2024				
Investment Type	**Fair Value**	**Less than 1 year**	**1–5 years**	**Credit Rating**
Cash Equivalents and Investments				
Cash equivalents				
Federated treasury obligation	$ 256,475	$ 256,475	$ -	AA+/Aaa
Investments				
U.S. government bonds	1,040,510	-	1,040,510	AA+/Aaa
	1,040,510	-	1,040,510	
	$ 1,296,985	$ 256,475	$ 1,040,510	

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

Investment Risk

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

Disclosures About Fair Value of Assets and Liabilities

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

	Total Fair Value	**Significant Other Observable Inputs (Level 2)**
December 31, 2025		
Investments		
U.S. government bonds	$ 1,081,302	$ 1,081,302
	$ 1,081,302	$ 1,081,302

	Total Fair Value	Significant Other Observable Inputs (Level 2)
December 31, 2024		
Investments		
U.S. government bonds	$ 1,040,510	$ 1,040,510
	$ 1,040,510	$ 1,040,510

Investments

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

Required Supplementary Information

Little Rock Water Reclamation Authority
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (GASB 74 and GASB 75)
Year Ended December 31, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service costs	$ 145,888	$ 173,602	$ 146,620	$ 231,347
Interest on total OPEB liabilities	321,061	307,283	282,356	160,997
Difference between expected and actual experience	177,334	235,742	467,178	852,078
Change in assumptions	(137,170)	(254,083)	285,750	(1,811,410)
Benefit payments	(370,589)	(655,252)	(44,327)	(282,260)
Net changes in total OPEB liability	136,524	(192,708)	1,137,577	(849,248)
Total OPEB liability – beginning	7,665,331	7,858,039	6,720,462	7,569,710
Total OPEB liability – ending	$ 7,801,855	$ 7,665,331	$ 7,858,039	$ 6,720,462
Plan Fiduciary Net Position				
Contributions – employer	$ 102,337	$ 655,252	$ 44,327	$ 282,260
Net investment income	60,455	51,139	61,511	(106,755)
Benefit payments	(370,589)	(655,252)	(44,327)	(282,260)
Administrative expenses	(4,421)	(4,443)	(4,192)	(4,345)
Net changes in plan fiduciary net position	(212,218)	46,696	57,319	(111,100)
Plan fiduciary net position – beginning	1,296,985	1,250,289	1,192,970	1,304,070
Plan fiduciary net position – ending	$ 1,084,767	$ 1,296,985	$ 1,250,289	$ 1,192,970
Net OPEB liability	$ 6,717,088	$ 6,368,346	$ 6,607,750	$ 5,527,492
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.9%	16.9%	15.9%	17.8%
Covered Payroll	$ 17,439,056	$ 16,465,155	$ 15,123,293	$ 15,142,627
Net OPEB Liability as a Percentage of Covered Payroll	38.5%	38.7%	43.7%	36.5%

Changes in Assumption:

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

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

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

12/31/2016 – 4.0%	12/31/2020 – 2.31%	12/31/2024 -- 4.28%
12/31/2017 – 4.0%	12/31/2021 – 2.17%	12/31/2025 -- 4.43%
12/31/2018 – 4.0%	12/31/2022 – 4.31%	
12/31/2019 – 2.92%	12/31/2023 -- 4.00%	

	2021	2020	2019	2018	2017	2016
	$ 200,017	$ 190,747	$ 180,168	$ 153,267	$ 145,382	$ 141,691
	151,516	178,598	262,223	203,573	189,015	177,331
	572,166	(285,946)	(1,468,285)	(362,437)	280,979	(57,544)
	122,803	462,311	714,624	1,641,979	-	-
	(139,464)	(117,702)	(131,835)	(137,515)	(97,466)	(88,394)
	907,038	428,008	(443,105)	1,498,867	517,910	173,084
	6,662,672	6,234,664	6,677,769	5,178,902	4,660,992	4,487,908
	$ 7,569,710	$ 6,662,672	$ 6,234,664	$ 6,677,769	$ 5,178,902	$ 4,660,992
	$ 139,464	$ 117,703	$ 131,834	$ 137,515	$ 97,466	$ 88,394
	(24,484)	16,737	37,126	20,317	13,346	(11,061)
	(139,464)	(117,702)	(131,835)	(137,515)	(97,466)	(88,394)
	(4,643)	(4,651)	(4,566)	(4,449)	(4,449)	(4,450)
	(29,127)	12,087	32,559	15,868	8,897	(15,511)
	1,333,197	1,321,110	1,288,551	1,272,683	1,263,786	1,279,297
	$ 1,304,070	$ 1,333,197	$ 1,321,110	$ 1,288,551	$ 1,272,683	$ 1,263,786
	$ 6,265,640	$ 5,329,475	$ 4,913,554	$ 5,389,218	$ 3,906,219	$ 3,397,206
	17.2%	20.0%	21.2%	19.3%	24.6%	27.1%
	$ 14,890,407	$ 15,242,051	$ 14,406,068	$ 13,867,243	$ 13,606,281	$ 13,312,297
	42.1%	35.0%	34.1%	38.9%	28.7%	25.5%

Little Rock Water Reclamation Authority
Schedule of Contributions
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2025

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%
2023	120,000	44,327	75,673	15,123,293	0.29%
2024	146,000	655,252	(509,252)	16,465,155	3.98%
2025	-	102,337	(102,337)	17,439,056	0.59%

Key Assumptions for Actuarially Determined Contribution

Cost Method:	Entry Age Normal
Discount Rate:	4.43%
Inflation:	3.5%
Investment Rate of Return:	4.0%
Mortality:	Pri-2012 Mortality Table with Improvement Scale MP-2021
Assumed Utilization:	85% of future retirees are assumed to elect plan benefits
Participation:	Active members will elect the same retiree medical coverage as they elected while active
Retirement Rates:	Mirror rates provided for the Arkansas Public Employees Retirement System pension valuation

Little Rock Water Reclamation Authority
Schedule of Investment Returns
Other Postemployment Benefits (GASB 74 and GASB 75)
Year Ended December 31, 2025

LRWRA Post Retiree Healthcare - OPEB Trust Fund

Fiscal Year Ended	Money-Weighted Rate of Return
December 31, 2016	-1.21%
December 31, 2017	0.70%
December 31, 2018	1.23%
December 31, 2019	2.50%
December 31, 2020	1.60%
December 31, 2021	-2.23%
December 31, 2022	-8.52%
December 31, 2023	4.80%
December 31, 2024	3.70%
December 31, 2025	5.20%

Little Rock Water Reclamation Authority
Schedule of Contributions
Arkansas Public Employees Retirement System
Year Ended December 31, 2025

	2025	2024	2023	2022
Contractually required contributions	$ 2,559,258	$ 2,290,976	$ 2,261,113	$ 2,235,405
Contributions in relation to the contractually required contributions	2,480,090	2,282,210	2,261,649	2,235,131
Contribution deficiency (excess)	$ 79,168	$ 8,766	$ (536)	$ 274
LRWRA's covered payroll	16,156,938	14,915,208	14,821,979	14,089,644
Contributions as a percentage of covered payroll	15.4%	15.3%	15.3%	15.9%

Assumption changes 2024: Investment rate of return was 7.15% and salary increases started at 3.25% through the June 30, 2025, measurement date.

2021	2020	2019	2018	2017	2016
$ 2,132,994	$ 2,120,847	$ 2,088,432	$ 1,920,103	$ 1,870,073	$ 1,838,797
2,134,121	2,121,097	2,088,142	1,917,096	1,869,906	1,838,797
$ (1,127)	$ (250)	$ 290	$ 3,007	$ 167	$ -
14,093,424	13,865,115	13,629,820	12,981,831	12,955,527	12,674,419
15.1%	15.3%	15.3%	14.8%	14.4%	14.5%

Little Rock Water Reclamation Authority
Schedule of Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System
Year Ended December 31, 2025

	2025	2024	2023	2022
LRWRA's proportion of the net pension liability	0.67624388%	0.65827984%	0.66590511%	0.69805887%
LRWRA's proportionate share of the net pension liability	$ 14,192,932	$ 16,378,805	$ 19,405,717	$ 18,822,344
LRWRA's covered payroll	$ 16,704,699	$ 15,519,992	$ 15,057,069	$ 14,343,895
LRWRA's proportionate share of the net pension liability as a percentage of its covered payroll	84.96%	105.53%	128.88%	131.22%
Plan fiduciary net position as a percentage of the total pension liability	85.04%	81.61%	77.94%	78.31%
APERS discount rate	7.00%	7.00%	7.00%	7.15%

2021	2020	2019	2018	2017	2016
0.69723272%	0.70958705%	0.71226298%	0.69388988%	0.71552208%	0.68334170%
$ 5,360,550	$ 20,319,625	$ 17,183,550	$ 15,306,760	$ 18,490,096	$ 16,341,079
$ 14,727,761	$ 15,025,831	$ 14,238,087	$ 13,661,710	$ 13,352,218	$ 12,321,987
36.40%	135.23%	120.69%	112.04%	138.48%	132.62%
93.57%	75.38%	78.55%	79.59%	75.65%	75.50%
7.15%	7.15%	7.15%	7.15%	7.15%	7.50%

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Supplementary Information

LITTLE ROCK
Water Reclamation Authority
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Little Rock Water Reclamation Authority
Budgetary Comparison Schedule
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues				
Customer assessments	$ 64,062,401	$ 64,062,401	$ 66,665,698	$ 2,603,297
Industrial surcharges	1,507,103	1,507,103	1,797,702	290,599
Other fees and income	636,617	636,617	736,350	99,733
Total operating revenues	66,206,121	66,206,121	69,199,750	2,993,629
Operating Expenses				
Water reclamation commission	81,800	81,800	41,810	39,990
Utility management	2,291,427	2,291,427	2,056,121	235,306
Finance and administration	3,013,000	3,013,000	3,095,943	(82,943)
Engineering	2,574,076	2,574,076	2,634,931	(60,855)
Information systems	1,950,146	1,950,146	1,684,350	265,796
Collection system maintenance	9,378,205	9,378,205	9,604,441	(226,236)
Operations	7,850,912	7,850,912	7,914,923	(64,011)
Environmental assessment	2,036,684	2,036,684	1,980,046	56,638
Facilities/maintenance	7,223,311	7,223,311	6,351,022	872,289
Legal/HR	673,652	673,652	737,964	(64,312)
Total operating expenses	37,073,213	37,073,213	36,101,551	971,662
Provision for Depreciation				
Building and improvements	5,400,000	5,400,000	5,810,511	(410,511)
Infrastructure - collections, pumping and treatments	11,160,000	11,160,000	12,164,488	(1,004,488)
Equipment	3,480,000	3,480,000	4,447,008	(967,008)
Total provision for depreciation	20,040,000	20,040,000	22,422,007	(2,382,007)
Operating Income	9,092,908	9,092,908	10,676,192	1,583,284
Nonoperating Revenues (Expenses)				
Interest income	2,735,000	2,735,000	3,373,788	638,788
Interest expense	(11,430,681)	(11,430,681)	(10,176,253)	1,254,428
Gain (loss) on sale of capital assets	60,000	60,000	(51,499)	(111,499)
Gain (loss) on investments	-	-	103,240	103,240
Total nonoperating revenues (expenses)	(8,635,681)	(8,635,681)	(6,750,724)	1,884,957
Income Before Capital Contributions and Grants	457,227	457,227	3,925,468	3,468,241
Capital Contributions and Grants				
Capital contributions	-	-	2,687,274	2,687,274
Federal and state grants	-	-	3,151	3,151
Total capital contributions and grants	-	-	2,690,425	2,690,425
Change in Net Position	457,227	457,227	6,615,893	6,158,666
Net Position, Beginning of Year	260,642,848	254,531,603	260,642,848	6,111,245
Net Position, End of Year	$ 261,100,075	$ 254,988,830	$ 267,258,741	$ 12,269,911

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department – Excluding Depreciation
Year Ended December 31, 2025

	2025	2024
Water Reclamation Commission		
Commission expense reimbursement	$ 1,593	$ 1,875
Supplies	8	-
Insurance	1,984	2,342
Other	38,225	58,190
Total	41,810	62,407
Utility Management		
Salaries	1,050,205	1,039,512
Employee benefits	411,128	396,898
Supplies	16,068	16,012
Contract services	209,501	252,406
Vehicle maintenance	37,406	34,953
Utilities	6,191	6,253
Insurance	2,727	2,917
Training and administration	322,895	288,375
Total	2,056,121	2,037,326
Finance and Administration		
Salaries	1,115,296	1,068,866
Employee benefits	460,547	447,932
Supplies	127,411	38,758
Contract services	1,265,932	1,123,982
Vehicle maintenance	6,777	7,199
Utilities	7,578	6,934
Insurance	6,410	7,111
Training and administration	105,992	121,024
Total	3,095,943	2,821,806
Engineering		
Salaries	1,660,697	1,522,577
Employee benefits	754,086	651,053
Supplies	40,326	58,076
Contract services	73,851	162,093
Vehicle maintenance	36,738	42,305
Utilities	20,312	20,539
Insurance	15,802	16,210
Training and administration	33,119	28,591
Total	2,634,931	2,501,444

	2025	2024
Information Systems		
Salaries	$ 617,347	$ 571,701
Employee benefits	256,301	215,878
Supplies	120,402	112,492
Contract services	511,428	620,906
Utilities	152,224	149,718
Insurance	3,384	4,000
Training and administration	23,264	13,015
Total	1,684,350	1,687,710
Collection System Maintenance		
Salaries	4,883,253	4,702,960
Employee benefits	1,709,408	1,543,095
Supplies	1,001,568	904,674
Contract services	1,036,387	1,023,761
Vehicle maintenance	824,799	862,667
Utilities	43,863	49,328
Insurance	62,390	54,008
Training and administration	42,773	40,952
Total	9,604,441	9,181,445
Operations – Adams, Fourche, Maumelle, and Industrial Monitoring		
Salaries	2,208,339	2,158,200
Employee benefits	881,484	863,821
Supplies	802,049	1,001,460
Contract services	1,584,199	1,587,278
Vehicle maintenance	26,952	32,598
Utilities	2,150,011	1,924,974
Insurance	172,134	149,021
Training and administration	89,755	83,357
Total	7,914,923	7,800,709
Environmental Assessment		
Salaries	1,123,709	1,070,286
Employee benefits	493,436	477,275
Supplies	133,287	122,985
Contract services	161,409	134,314
Vehicle maintenance	17,835	16,893
Utilities	6,831	7,470
Insurance	8,911	9,048
Training and administration	34,628	25,347
Total	1,980,046	1,863,618

Little Rock Water Reclamation Authority
Schedule of Operating Expenses by Department – Excluding Depreciation
Year Ended December 31, 2025

	2025	2024
Facilities/Maintenance		
Salaries	$ 2,481,072	$ 2,391,884
Benefits	980,782	976,892
Supplies	1,301,211	1,020,359
Contract services	1,104,164	958,975
Vehicle expenses	104,169	95,537
Utilities	207,280	142,359
Insurance	113,883	102,893
Other	58,461	31,925
Total	6,351,022	5,720,824
Legal/HR		
Salaries	389,665	319,033
Benefits	162,307	138,811
Supplies	3,587	2,463
Contract services	1,864	5,673
Vehicle expenses	6,000	6,000
Utilities	3,126	2,933
Insurance	1,417	1,673
Other	169,998	85,643
Total	737,964	562,229
Total operating expenses	$ 36,101,551	$ 34,239,518

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness
December 31, 2025

Sewer Revenue Bonds (Series 2007B)

		Principal Payable		Interest Payable		
Year of Maturity	**Interest Rate**	**April 15,**	**October 15,**	**April 15,**	**October 15,**	**Total Annual Requirement**
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
		$ 3,616,203	$ 3,665,908	$ 154,225	$ 124,003	$ 7,560,339

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

Sewer Revenue Bonds (Series 2009A)

Year of Maturity	Interest Rate	Principal Payable April 15,	Principal Payable October 15,	Interest Payable April 15,	Interest Payable October 15,	Total Annual Requirement
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
		$ 2,191,125	$ 1,957,485	$ 113,490	$ 97,566	$ 4,359,666

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
December 31, 2025 **(Continued)**

Sewer Revenue Bonds (Series 2015)

Year of Maturity	Interest Rate	Principal Payable April 1,	Principal Payable October 1,	Interest Payable April 1,	Interest Payable October 1,	Total Annual Requirement
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
		$ 7,185,000	$ 7,320,000	$ 630,922	$ 497,687	$ 15,633,609

Sewer Revenue Bonds (Series 2016B)

Year of Maturity	Interest Rate	Principal Payable December 1,	Interest Payable June 1,	Interest Payable December 1,	Total Annual Requirement
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
		$ 12,420,000	$ 1,519,964	$ 1,519,964	$ 15,459,928

Sewer Revenue Bonds (Series 2017)

Year of Maturity	Interest Rate	Principal Payable October 1,	Interest Payable April 1,	Interest Payable October 1,	Total Annual Requirement
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
		$ 8,995,000	$ 1,945,961	$ 1,945,961	$ 12,886,922

Sewer Revenue Bonds (Series 2020A)

		Principal Payable		Interest Payable		
Year of Maturity	**Interest Rate**	**April 15,**	**October 15,**	**April 15,**	**October 15,**	**Total Annual Requirement**
2026	2.250%	602,820	609,602	550,587	543,805	2,306,814
2027	2.250%	616,460	623,395	536,947	530,012	2,306,814
2028	2.250%	630,408	637,500	522,999	515,907	2,306,814
2029	2.250%	644,672	651,924	508,735	501,482	2,306,813
2030	2.250%	659,259	666,675	494,148	486,732	2,306,814
2031	2.250%	674,175	681,760	479,231	471,647	2,306,813
2032	2.250%	689,430	697,186	463,977	456,221	2,306,814
2033	2.250%	705,029	712,961	448,378	440,446	2,306,814
2034	2.250%	720,981	729,092	432,425	424,314	2,306,812
2035	2.250%	737,295	745,589	416,112	407,818	2,306,814
2036	2.250%	753,977	762,459	399,430	390,947	2,306,813
2037	2.250%	771,037	779,711	382,370	373,696	2,306,814
2038	2.250%	788,483	797,353	364,924	356,053	2,306,813
2039	2.250%	806,324	815,395	347,083	338,012	2,306,814
2040	2.250%	824,568	833,844	328,839	319,562	2,306,813
2041	2.250%	843,225	852,711	310,182	300,695	2,306,813
2042	2.250%	862,304	872,005	291,102	281,401	2,306,812
2043	2.250%	881,815	891,736	271,591	261,671	2,306,813
2044	2.250%	901,768	911,913	251,639	241,494	2,306,814
2045	2.250%	922,172	932,546	231,235	220,861	2,306,814
2046	2.250%	943,037	953,647	210,369	199,760	2,306,813
2047	2.250%	964,375	975,224	189,032	178,183	2,306,814
2048	2.250%	986,196	997,290	167,211	156,117	2,306,814
2049	2.250%	1,008,510	1,019,855	144,897	133,551	2,306,813
2050	2.250%	1,031,329	1,042,931	122,078	110,476	2,306,814
2051	2.250%	1,054,664	1,066,529	98,743	86,878	2,306,814
2052	2.250%	1,078,528	1,090,661	74,879	62,746	2,306,814
2053	2.250%	1,102,931	3,383,802	50,476	38,068	4,575,277
		$ 23,205,772	$ 25,735,296	$ 9,089,619	$ 8,828,555	$ 66,859,242

Little Rock Water Reclamation Authority
Schedule of Bonded Indebtedness
December 31, 2025 **(Continued)**

Sewer Revenue Bonds (Series 2020B)

Year of Maturity	Interest Rate	Principal Payable August 1,	Interest Payable February 1,	Interest Payable August 1,	Total Annual Requirement
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
		$ 21,430,000	$ 2,735,362	$ 2,735,362	$ 26,900,724

Sewer Revenue Bonds (Series 2020C)

		Principal Payable		Interest Payable		
Year of Maturity	Interest Rate	April 15,	October 15,	April 15,	October 15,	Total Annual Requirement
2026	1.750%	132,468	133,627	51,985	50,826	368,906
2027	1.750%	134,796	135,976	49,657	48,477	368,906
2028	1.750%	137,166	138,366	47,287	46,087	368,906
2029	1.750%	139,577	140,798	44,877	43,655	368,907
2030	1.750%	142,030	143,273	42,423	41,181	368,907
2031	1.750%	144,526	145,791	39,927	38,662	368,906
2032	1.750%	147,067	148,353	37,387	36,100	368,907
2033	1.750%	149,651	150,961	34,802	33,492	368,906
2034	1.750%	152,282	153,614	32,171	30,839	368,906
2035	1.750%	154,958	156,314	29,495	28,139	368,906
2036	1.750%	157,682	159,062	26,771	25,391	368,906
2037	1.750%	160,454	161,858	24,000	22,596	368,908
2038	1.750%	163,274	164,702	21,179	19,751	368,906
2039	1.750%	166,144	167,597	18,310	16,856	368,907
2040	1.750%	169,064	170,543	15,389	13,910	368,906
2041	1.750%	172,035	173,541	12,418	10,912	368,906
2042	1.750%	175,059	176,591	9,394	7,862	368,906
2043	1.750%	178,136	179,695	6,317	4,758	368,906
2044	1.750%	181,267	182,853	3,186	1,600	368,906
		$ 2,957,636	$ 2,983,515	$ 546,975	$ 521,094	$ 7,009,220

Sewer Revenue Bonds (Series 2021)

Year of Maturity	Interest Rate	Principal Payable October 1,	Interest Payable April 1,	Interest Payable October 1,	Total Annual Requirement
2026	0.935%	1,790,000	1,056,787	1,056,787	3,903,574
2027	2.000%	8,810,000	1,048,418	1,048,418	10,906,836
2028	2.000%	8,985,000	960,318	960,318	10,905,636
2029	1.491%	1,495,000	870,468	870,468	3,235,936
2030	1.616%	10,540,000	859,323	859,323	12,258,646
2031	1.716%	10,715,000	774,160	774,160	12,263,320
2032	1.836%	10,890,000	682,225	682,225	12,254,450
2033	1.946%	11,100,000	582,255	582,255	12,264,510
2034	2.036%	11,315,000	474,252	474,252	12,263,504
2035	2.156%	11,550,000	359,065	359,065	12,268,130
2036	2.256%	11,805,000	234,556	234,556	12,274,112
2037	2.376%	8,535,000	101,396	101,396	8,737,792
		$ 107,530,000	$ 8,003,223	$ 8,003,223	$ 123,536,446

Sewer Revenue Bonds (Series 2023)

Year of Maturity	Interest Rate	Principal Payable April 15,	Principal Payable October 15,	Interest Payable April 15,	Interest Payable October 15,	Total Annual Requirement
2026	2.250%	2,090,592	2,114,111	1,820,943	1,797,424	7,823,070
2027	2.250%	2,137,895	2,161,946	1,773,640	1,749,589	7,823,070
2028	2.250%	2,186,269	2,210,864	1,725,266	1,700,671	7,823,070
2029	2.250%	2,235,736	2,260,888	1,675,799	1,650,647	7,823,070
2030	2.250%	2,286,323	2,312,044	1,625,212	1,599,491	7,823,070
2031	2.250%	2,338,054	2,364,358	1,573,481	1,547,177	7,823,070
2032	2.250%	2,390,956	2,417,855	1,520,579	1,493,680	7,823,070
2033	2.250%	2,445,056	2,472,563	1,466,479	1,438,972	7,823,070
2034	2.250%	2,500,380	2,528,509	1,411,155	1,383,026	7,823,070
2035	2.250%	2,556,954	2,585,720	1,354,581	1,325,815	7,823,070
2036	2.250%	2,614,809	2,644,225	1,296,726	1,267,310	7,823,070
2037	2.250%	2,673,974	2,704,055	1,237,561	1,207,480	7,823,070
2038	2.250%	2,734,476	2,765,239	1,177,059	1,146,296	7,823,070
2039	2.250%	2,796,348	2,827,807	1,115,187	1,083,728	7,823,070
2040	2.250%	2,859,620	2,891,790	1,051,915	1,019,745	7,823,070
2041	2.250%	2,924,323	2,957,222	987,212	954,313	7,823,070
2042	2.250%	2,990,491	3,024,133	921,044	887,402	7,823,070
2043	2.250%	3,058,155	3,092,559	853,380	818,976	7,823,070
2044	2.250%	3,127,351	3,162,533	784,184	749,002	7,823,070
2045	2.250%	3,198,112	3,234,091	713,423	677,444	7,823,070
2046	2.250%	3,270,474	3,307,266	641,061	604,269	7,823,070
2047	2.250%	3,344,474	3,382,099	567,061	529,436	7,823,070
2048	2.250%	3,420,148	3,458,624	491,387	452,911	7,823,070
2049	2.250%	3,497,533	3,536,881	414,002	374,654	7,823,070
2050	2.250%	3,576,671	3,616,909	334,864	294,626	7,823,070
2051	2.250%	3,657,598	3,698,746	253,937	212,789	7,823,070
2052	2.250%	3,740,357	3,782,437	171,178	129,098	7,823,070
2053	2.250%	3,824,989	3,867,990	86,546	43,515	7,823,040
		$ 80,478,118	$ 81,383,464	$ 29,044,862	$ 28,139,486	$ 219,045,930

Sewer Revenue Bonds (Series 2024A)

		Principal Payable		Interest Payable		
Year of Maturity	**Interest Rate**	**April 15,**	**October 15,**	**April 15,**	**October 15,**	**Total Annual Requirement**
2028	1.250%	449,979	452,792	203,973	201,160	1,307,904
2029	1.250%	455,622	458,469	198,330	195,483	1,307,904
2030	1.250%	461,335	464,218	192,617	189,734	1,307,904
2031	1.250%	467,119	470,038	186,833	183,914	1,307,904
2032	1.250%	472,977	475,932	180,975	178,020	1,307,904
2033	1.250%	478,907	481,901	175,045	172,051	1,307,904
2034	1.250%	484,912	487,943	169,040	166,009	1,307,904
2035	1.250%	490,992	494,061	162,960	159,891	1,307,904
2036	1.250%	497,149	500,256	156,803	153,696	1,307,904
2037	1.250%	503,383	506,529	150,569	147,423	1,307,904
2038	1.250%	509,695	512,881	144,257	141,071	1,307,904
2039	1.250%	516,086	519,312	137,866	134,640	1,307,904
2040	1.250%	522,557	525,823	131,395	128,129	1,307,904
2041	1.250%	529,110	532,417	124,842	121,535	1,307,904
2042	1.250%	535,744	539,092	118,208	114,860	1,307,904
2043	1.250%	542,462	545,852	111,490	108,100	1,307,904
2044	1.250%	549,263	552,697	104,689	101,255	1,307,904
2045	1.250%	556,151	559,627	97,801	94,325	1,307,904
2046	1.250%	563,125	566,644	90,827	87,308	1,307,904
2047	1.250%	570,186	573,749	83,766	80,203	1,307,904
2048	1.250%	577,336	580,943	76,616	73,009	1,307,904
2049	1.250%	584,575	588,228	69,377	65,724	1,307,904
2050	1.250%	591,905	595,604	62,047	58,348	1,307,904
2051	1.250%	599,327	603,072	54,625	50,880	1,307,904
2052	1.250%	606,842	610,634	47,110	43,318	1,307,904
2053	1.250%	614,451	618,291	39,501	35,661	1,307,904
2054	1.250%	622,156	626,043	31,796	27,909	1,307,904
2055	1.250%	629,957	633,893	23,995	20,059	1,307,904
2056	1.250%	637,856	641,842	16,096	12,110	1,307,904
2057	1.250%	645,853	649,858	8,099	4,061	1,307,871
		$ 16,267,012	$ 16,368,641	$ 3,351,548	$ 3,249,886	$ 39,237,087

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

Sewer Revenue Bonds (Series 2024A) - Fully Amortized

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

Sewer Revenue Bond (Series 2024B)

Year of Maturity	Interest Rate	Principal Payable April 15,	Principal Payable October 15,	Interest Payable April 15,	Interest Payable October 15,	Total Annual Requirement
2028	1.250%	280	281	126	125	$ 812
2029	1.250%	283	285	123	121	812
2030	1.250%	286	288	120	118	812
2031	1.250%	290	292	116	114	812
2032	1.250%	294	296	112	110	812
2033	1.250%	297	300	109	106	812
2034	1.250%	301	303	105	103	812
2035	1.250%	305	307	101	99	812
2036	1.250%	309	311	97	95	812
2037	1.250%	312	315	94	91	812
2038	1.250%	316	319	90	87	812
2039	1.250%	321	322	85	84	812
2040	1.250%	325	326	81	80	812
2041	1.250%	329	331	77	75	812
2042	1.250%	332	335	74	71	812
2043	1.250%	337	339	69	67	812
2044	1.250%	341	343	65	63	812
2045	1.250%	346	347	60	59	812
2046	1.250%	350	352	56	54	812
2047	1.250%	355	356	51	50	812
2048	1.250%	359	361	47	45	812
2049	1.250%	363	365	43	41	812
2050	1.250%	367	370	39	36	812
2051	1.250%	372	375	34	31	812
2052	1.250%	377	380	29	26	812
2053	1.250%	382	384	24	22	812
2054	1.250%	386	389	20	17	812
2055	1.250%	391	394	15	12	812
2056	1.250%	396	399	10	7	812
2057	1.250%	401	372	5	2	780
		$ 10,103	$ 10,137	$ 2,077	$ 2,011	$ 24,328

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

Sewer Revenue Bond (Series 2024B) - Fully Amortized

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

Statistical Data

LITTLE ROCK
Water Reclamation Authority
ONE WATER.
ONE FUTURE.

Statistical Section – Contents and Explanations (Unaudited)

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

A – Financial Trends Information

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

B – Revenue Capacity Information

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

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.

D – Demographic and Economic Information

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

E – Operating Information

These schedules contain information about LRWRA's operational activities.

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

	2016	2017	2018 (A)	2019
Primary Government				
Net invested in capital assets	$ 174,925,069	$ 175,449,301	$ 178,984,742	$ 181,817,487
Restricted				
Debt service	6,310,592	6,868,935	7,147,197	8,002,459
Postemployment benefits	1,571,149	1,640,581	-	-
Total restricted	7,881,741	8,509,516	7,147,197	8,002,459
Unrestricted	11,394,435	14,968,883	17,557,370	22,708,190
Total primary government net position	$ 194,201,245	$ 198,927,700	$ 203,689,309	$ 212,528,136

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

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

2020	2021	2022	2023	2024	2025
$ 188,499,492	$ 190,697,908	$ 189,958,671	$ 182,427,260	$ 187,834,140	$ 210,218,973
5,688,547	4,972,898	3,347,661	5,112,988	6,707,612	6,872,254
-	-	-	-	-	-
5,688,547	4,972,898	3,347,661	5,112,988	6,707,612	6,872,254
25,764,938	39,106,051	53,246,663	66,991,355	66,101,096	50,167,514
$ 219,952,977	$ 234,776,857	$ 246,552,995	$ 254,531,603	$ 260,642,848	$ 267,258,741

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
2016	53,470,585	(25,879,136)	(14,033,870)	(8,945,535)	4,612,044	1,679,766	6,291,810
2017	55,286,393	(27,196,677)	(15,190,118)	(9,035,248)	3,864,350	1,042,104	4,906,454
2018	60,887,364	(28,332,522)	(16,099,423)	(8,933,312)	7,522,107	2,786,302	10,308,409
2019	60,751,848	(30,184,369)	(17,032,333)	(7,607,154)	5,927,992	2,910,835	8,838,827
2020	59,123,018	(29,065,004)	(17,858,636)	(9,718,244)	2,481,134	4,943,707	7,424,841
2021	65,627,034	(25,807,731)	(18,277,820)	(12,957,772)	8,583,711	6,242,169	14,825,880
2022	65,841,700	(29,502,882)	(18,478,815)	(11,855,542)	6,004,461	5,771,677	11,776,138
2023	68,509,861	(32,922,953)	(20,645,777)	(9,855,466)	5,085,665	2,892,943	7,978,608
2024	66,681,877	(34,239,518)	(21,373,795)	(7,978,195)	3,090,369	3,020,876	6,111,245
2025	69,199,750	(36,101,551)	(22,422,007)	(6,750,724)	3,925,468	2,690,425	6,615,893

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
2016	51,733,703	1,002,058	27,130	707,694	$ 53,470,585
2017	53,324,852	1,162,912	39,483	759,146	55,286,393
2018	58,836,838	1,337,871	31,993	680,662	60,887,364
2019	58,492,305	1,581,640	34,388	643,515	60,751,848
2020	57,044,610	1,350,050	35,530	692,828	59,123,018
2021	63,528,673	1,451,120	33,020	614,221	65,627,034
2022	63,810,572	1,383,477	30,635	617,016	65,841,700
2023	66,451,215	1,498,631	31,230	528,785	68,509,861
2024	64,645,871	1,429,719	31,230	575,057	66,681,877
2025	66,660,838	1,797,702	31,230	709,980	69,199,750

(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
2016	17,357,749	2,309,329	3,171,189	310,460	1,703,030
2017	18,374,739	2,536,833	3,579,063	322,542	1,568,833
2018	18,569,410	2,655,047	3,975,373	342,651	1,629,151
2019	20,457,142	2,419,263	4,047,693	295,468	1,984,688
2020	20,118,950	2,355,208	3,925,123	234,418	1,724,446
2021	16,531,106	2,239,201	4,151,075	402,299	1,718,658
2022	18,856,083	3,314,810	3,935,390	226,541	1,434,545
2023	20,791,926	3,239,655	4,927,646	247,999	1,818,555
2024	20,969,840	4,166,686	5,074,661	229,485	1,801,100
2025	22,197,127	4,656,521	4,916,811	229,877	2,006,897

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

Administrative Costs (A)	Subtotal Expense Before Depreciation	Depreciation	Total Operating Expense
1,027,379	$ 25,879,136	14,033,870	$ 39,913,006
814,667	27,196,677	15,190,118	42,386,795
1,160,890	28,332,522	16,099,423	44,431,945
980,115	30,184,369	17,032,333	47,216,702
706,859	29,065,004	17,858,636	46,923,640
765,392	25,807,731	18,277,820	44,085,551
1,735,513	29,502,882	18,478,815	47,981,697
1,897,172	32,922,953	20,645,777	53,568,730
1,997,746	34,239,518	21,373,795	55,613,313
2,094,318	36,101,551	22,422,007	58,523,558

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)
2016	(8,945,303)	149,846	(250,674)	62,262	(47,473)	85,807	$ (8,945,535)
2017	(9,197,384)	295,084	(297,558)	96,011	(4,942)	73,541	(9,035,248)
2018	(9,087,059)	739,314	-	(803,812)	40,402	177,843	(8,933,312)
2019	(8,756,844)	1,027,034	(24,398)	(108,485)	58,579	196,960	(7,607,154)
2020	(9,461,928)	519,039	(388,325)	(464,663)	5,850	71,783	(9,718,244)
2021 (B)	(12,239,498)	462,920	(1,042,590)	19,318	(51,703)	(108,219)	(12,959,772)
2022 (B)	(12,496,968)	944,115	-	52,011	(416,560)	61,860	(11,855,542)
2023	(12,349,293)	2,680,100	(49,899)	(515,912)	204,994	124,645	(9,905,365)
2024	(11,046,297)	3,895,850	-	(955,258)	127,510	-	(7,978,195)
2025	(10,176,253)	3,373,788	-	(51,499)	103,240	-	(6,750,724)

(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
2016	341	63	404
2017	509	85	594
2018	398	96	494
2019	427	135	562
2020	443	58	501
2021	534	130	664
2022	448	50	498
2023	478	41	519
2024	484	45	529
2025	510	73	583

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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)	
2016	62,303	6,381	72	393	69,149
2017	62,537	6,407	70	396	69,410
2018	62,565	6,546	69	400	69,580
2019	63,367	6,644	29	413	70,453
2020	63,968	6,728	28	388	71,112
2021 (C)	63,542	7,127	58	-	70,727
2022	63,775	7,147	52	-	70,974
2023	64,025	7,104	52	-	71,181
2024	64,886	7,161	54	-	72,101
2025	64,800	7,204	56	-	72,060

(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)	2025	2024	2023	2022	2021(D)	2020(D)
5/8"	$ 12.93	$ 12.93	$ 12.93	$ 12.93	$ 12.93	$ 12.36
3/4"	16.71	16.71	16.71	16.71	16.71	15.95
1"	25.07	25.07	25.07	25.07	25.07	24.13
Volumetric rate(B)						
Operations volumetric rate(B)	2.22	2.22	2.22	2.22	2.22	2.12
Debt repayment rate(B)	2.58	2.58	2.58	2.58	2.58	2.46

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

(B) Per 100 cubic feet

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

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

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

2019(D)	2018(D)	2017(D)	2016
$ 11.81	$ 11.29	$ 10.78	$ 10.29
15.23	14.54	13.88	13.25
23.03	21.99	20.99	20.04
2.02	1.93	1.84	1.76
1.35	2.24	2.14	2.04

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

Base Rate(A) (Meter Size)	2025	2024	2023	2022	2021(D)	2020(D)
5/8"	$ 19.47	$ 19.47	$ 19.47	$ 19.47	$ 19.47	$ 18.59
3/4"	25.07	25.07	25.07	25.07	25.07	23.93
1"	37.91	37.91	37.91	37.91	37.91	36.19
Volumetric Rate (B)						
Operations Volumetric Rate(B)	3.33	3.33	3.33	3.33	3.33	3.18
Debt Repayment Rate(B)	3.87	3.87	3.87	3.87	3.87	3.70

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

(B) Per 100 cubic feet

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

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

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

2019(D)	2018(D)	2017(D)	2016
$ 17.75	$ 16.94	$ 16.17	$ 15.44
22.85	21.81	20.82	19.88
34.55	32.98	31.49	30.06
61.00	58.23	55.59	53.07
94.65	90.36	86.26	82.35
172.99	165.15	157.66	150.51
285.23	272.30	259.95	248.16
565.70	540.05	515.56	492.18
4.75	4.53	4.33	4.13
4.15	3.96	3.78	3.61

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

Base Rate(A) (Meter Size)	2025	2024	2023	2022	2021(D)	2020(D)
5/8”	$ 12.98	$ 12.98	$ 12.98	$ 12.98	$ 12.98	$ 12.39
3/4”	16.71	16.71	16.71	16.71	16.71	15.95
1”	25.27	25.27	25.27	25.27	25.27	24.13
1.5”	44.62	44.62	44.62	44.62	44.62	42.60
2”	69.24	69.24	69.24	69.24	69.24	66.10
3”	126.54	126.54	126.54	126.54	126.54	120.81
4”	208.65	208.65	208.65	208.65	208.65	199.19
6” or larger	413.81	413.81	413.81	413.81	413.81	395.05
Operations volumetric rate(B)	3.47	3.47	3.47	3.47	3.47	3.31
Debt repayment rate(B)	3.03	3.03	3.03	3.03	3.03	2.89

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

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

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

2019(D)	2018(D)	2017(D)	2016
$ 11.83	$ 11.29	$ 10.79	$ 10.29
15.23	14.54	13.88	13.25
23.03	21.99	20.99	20.04
40.66	38.82	37.06	35.38
63.10	60.24	57.51	54.90
115.33	110.10	105.11	100.34
190.15	181.53	173.30	165.44
377.13	360.03	343.71	328.12
3.16	3.02	2.88	2.75
2.76	2.63	2.51	2.40

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

Base Rate(A) (Meter Size)	2025	2024	2023	2022	2021	2020(D)
5/8"	$ 19.47	$ 19.47	$ 19.47	$ 19.47	$ 19.47	$ 18.59
3/4"	25.07	25.07	25.07	25.07	25.07	23.93
1"	37.91	37.91	37.91	37.91	37.91	36.19
1.5"	66.93	66.93	66.93	66.93	66.93	63.89
2"	103.86	103.86	103.86	103.86	103.86	99.15
3"	189.82	189.82	189.82	189.82	189.82	181.21
4"	312.97	312.97	312.97	312.97	312.97	298.78
6" or larger	620.72	620.72	620.72	620.72	620.72	592.57
Volumetric rate(B)						
Operations volumetric rate(B)	5.21	5.21	5.21	5.21	5.21	4.97
Debt repayment rate(B)	4.55	4.55	4.55	4.55	4.55	4.35

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

(B) Per 100 cubic feet

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

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

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

2019(D)	2018(D)	2017(D)	2016
$ 17.75	$ 16.94	$ 16.17	$ 15.44
22.85	21.81	20.82	19.88
34.55	32.98	31.49	30.06
61.00	58.23	55.59	53.07
94.65	90.36	86.26	82.35
172.99	165.15	157.66	150.51
285.23	272.30	259.95	248.16
565.70	540.05	515.56	492.18
4.75	4.53	4.33	4.13
4.15	3.96	3.78	3.61

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

	Principal Only				Total	
Fiscal Year	Revenue Bonds	Revenue Bonds (A) Direct Placement	Unamortized Bond Premium	Amount	Per Capita	As a Share Of Personal Income
2016	213,148,761	58,665,577	10,958,956	282,773,294	1,461	3.54%
2017	221,100,000	72,139,648	10,170,284	303,409,932	1,568	3.68%
2018	213,035,000	90,366,311	9,254,983	312,656,294	1,616	3.81%
2019	203,710,000	128,092,269	8,385,090	340,187,359	1,758	3.81%
2020	193,740,000	160,523,405	7,462,696	361,726,101	1,869	4.12%
2021	197,310,000	186,026,486	3,379,177	386,715,663	1,909	3.83%
2022	187,770,000	207,307,417	2,742,259	397,819,676	1,964	5.02%
2023	181,210,000	230,259,413	2,232,246	413,701,659	2,042	4.79%
2024	173,585,000	238,093,018	1,530,146	413,208,164	2,040	3.43%
2025	164,880,000	260,830,415	1,432,955	427,143,370	2,108	3.55%

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

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

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

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

				At December 31, Fiscal Year			
Fiscal Year	Gross Revenue(A)	Direct Operating Expense(B)	Net Revenue Available for Debt Service	Total Outstanding Debt(C)	Number of Years of Outstanding Debt	Average Yearly Outstanding Debt	Coverage
2016	53,620,431	(25,879,136)	$ 27,741,295	387,240,934	26	$ 14,893,882	1.86
2017	55,581,477	(27,196,677)	28,384,800	415,807,342	33	12,600,222	2.25
2018	61,626,678	(28,332,522)	33,294,156	423,394,639	33	12,830,141	2.59
2019	61,778,882	(30,184,369)	31,594,513	461,463,819	33	13,983,752	2.26
2020	59,642,057	(29,065,004)	30,577,053	505,876,059	33	15,329,578	1.99
2021	66,089,954	(25,807,731)	40,282,223	508,253,839	32	15,882,932	2.54
2022	66,785,815	(29,502,882)	37,282,933	518,638,427	31	16,730,272	2.23
2023	71,189,961	(32,922,953)	38,267,008	531,481,240	30	17,716,041	2.16
2024	70,577,727	(34,239,518)	36,338,209	525,158,578	33	15,913,896	2.28
2025	72,573,538	(36,101,551)	36,471,987	538,140,263	32	16,816,883	2.17

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 proprosed. The ordinance also states that in order to reduce rates, the average annual principal and interest requirement must meet a 1.30 coverage.

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

(A) Includes interest on investment income.

(B) See Schedule 4.

(C) Amount contains construction draws only for 2024A, and 2024B Revolving Loan Funds (RLF) at December 31. Amount also includes future interest payments on outstanding debt.

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

Calendar Year	Population(A)	Personal Income(B)	Per Capita Personal Income	Unemployment Percentage Rate
2016	193,524	8,351,721,744	43,156	3.5%
2017	193,524	8,489,897,880	43,870	3.4%
2018	193,524	8,215,480,848	42,452	3.3%
2019	193,524	9,042,602,424	46,726	3.2%
2020	193,524	8,781,345,024	45,376	6.6%
2021	202,591	11,220,705,126	55,386	4.2%
2022	202,591	11,425,929,809	56,399	3.1%
2023	202,591	12,046,668,633	59,463	3.0%
2024	202,591	12,046,668,633	59,463	3.2%
2025	202,591	12,046,668,633	59,463	3.7%

(A) Population of Little Rock, Arkansas using 2010 Census for 2016 - 2020, and 2020 Census for 2021-2025.

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

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

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

Customer	Fiscal Year 2025 Amount	Fiscal Year 2025 Percent
Little Rock Quick Rice	$ 1,119,036	1.68%
Jack Wilson WTP	970,702	1.46%
UAMS	936,711	1.41%
Hiland Dairy	611,121	0.92%
Baptist Medical Center	410,806	0.62%
Veterans Hospital	362,478	0.54%
AluChem of Little Rock, LLC	341,873	0.51%
AR Children's Hospital	310,961	0.47%
St Vincent	272,967	0.41%
Pulaski County Sheriff Detention	261,135	0.39%
Subtotal	$ 5,597,790	8.40%
Balance fromm other customers	$ 61,063,048	91.60%
Grand total(A)	$ 66,660,838	100.00%

Customer	Fiscal Year 2016 Amount	Fiscal Year 2016 Percent
Baptist Medical Ct.	$ 479,213	0.93%
Little Rock Quick Rice	434,101	0.84%
Central Arkansas Water	399,820	0.77%
University of Arkansas Medical Science	390,015	0.75%
V.A. Hospital	326,239	0.63%
St. Vincent's Infirmary	302,809	0.59%
Hiland Dairy	248,959	0.48%
Arkansas Children's Hospital	225,945	0.44%
Welspun Tubular	194,548	0.38%
Statehouse Convention Center	136,941	0.26%
Subtotal	$ 3,138,590	6.07%
Balance from other customers	$ 48,595,113	93.93%
Grand total(A)	$ 51,733,703	100.00%

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

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

Employer	2025 Employees	2025 Percentage of Total	2025 Rank	2016 Employees	2016 Percentage of Total	2016 Rank
State of Arkansas (within the MSA)	33,900	8.44%	1	34,900	10.89%	1
Local Government (within the MSA)	25,900	6.45%	2	27,200	8.49%	2
Federal Government (within the MSA)	10,800	2.69%	3	9,900	3.09%	3
University of Arkansas Medical Sciences	9,100	2.27%	4	9,100	2.84%	4
Little Rock Air Force Base	7,460	1.86%	5	4,500	1.40%	6
Baptist Health	6,600	1.64%	6	5,360	1.67%	5
Arkansas Blue Cross Blue Shield	3,360	0.84%	7			
Arkansas Children's Hospital	3,300	0.82%	8	4,000	1.25%	7
Little Rock School District	3,200	0.80%	9	3,500	1.09%	8
Central Arkansas Veterans Health Care	2,800	0.70%	10	2,800	0.87%	9
Entergy Arkansas				2,740	0.86%	10
Total	106,420	27%		104,000	32%	

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

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					
	2016	2017	2018	2019	2020	2021
Administration						
Executive Administrator	1	1	1	1	1	1
Safety and Communications	5	4	5	5	5	5
Human Resources	2	3	3	3	3	3
Finance/Accounting	12	11	12	12	12	11
InformationServices	12	13	11	11	11	11
Legal	1	1	1	1	1	1
Clerical	5	4	5	5	2	2
Engineering	23	22	23	25	26	29
Sewer Plant Maintenance	25	19	24	24	23	22
Sewer Systems Maintenance	81	88	88	87	86	85
Sewer Plant Operations	22	22	24	24	25	24
Environmental Assessment	23	22	17	16	16	15
Total Employees	212	210	214	214	211	209

Full-Time Equivalent Employees as of December 31			
2022	2023	2024	2025
1	1	1	1
4	5	5	5
3	3	3	4
15	12	12	12
11	5	6	6
1	1	-	1
2	2	2	2
28	24	27	27
20	27	31	32
87	88	90	89
25	22	25	24
15	15	15	16
212	205	217	219

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

	2016	2017	2018	2019	2020
Wastewater treatment					
Miles of sewer	1,384	1,386	1,393	1,400	1,404
Number of treatment plants	3	3	3	3	3
Treatment capacity (MGD)					
Biological treatment	56.0	56.0	56.0	56.0	56.0
Hydraulic peak capacity	144.0	144.0	144.0	144.0	156.0
Daily engineering maximum plant capacity (MGD)	32.40	29.34	35.83	38.18	33.76
Unused capacity (MGD)	23.60	26.66	20.17	17.82	22.24
Percent of capacity utilized	58%	52%	64%	68%	60%

Note: MGD = millions of gallons per day.

2021	2022	2023	2024	2025
1,412	1,416	1,419	1,424	1,424
3	3	3	3	3
56.0	56.0	56.0	56.0	56.0
156.0	156.0	156.0	156.0	156.0
32.06	33.57	37.50	36.69	34.00
23.94	22.43	18.48	19.31	22.00
57%	60%	67%	66%	60%

APPENDIX B

Proposed Form of Bond Counsel Opinion

______________, 2026

Regions Bank, as trustee
Little Rock, Arkansas

Re: $82,000,000 City of Little Rock, Arkansas Water Reclamation System Revenue Bonds, Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Little Rock, Arkansas (the "City"), a political subdivision of the State of Arkansas, of its $82,000,000 Water Reclamation System Revenue Bonds, Series 2026 (the "Bonds").

The Bonds are being issued pursuant to and in full compliance with the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 to the Arkansas Constitution ("Amendment 65") and Title 14, Chapter 164, Subchapter 4, and Title 14, Chapter 235, Subchapter 2 of the Arkansas Code of 1987 Annotated (as from time to time amended, the "Authorizing Legislation"), and pursuant to Ordinance No. 22,815 of the City, duly adopted and approved on August 4, 2026 (the "Authorizing Ordinance").

The Bonds are issued under and secured and entitled to the protection given by the Authorizing Ordinance. In the Authorizing Ordinance, Regions Bank, Little Rock, Arkansas, is named as trustee for the Bonds (the "Trustee"). Reference is hereby made to the Authorizing Ordinance for the provisions, among others, with respect to the conditions for the issuance of parity debt by the City, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City, the Trustee and the holders of the Bonds, and the terms upon which the Bonds are issued and secured.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Authorizing Ordinance and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing laws, regulations, rulings and judicial decisions, as follows:

(a) The City is duly created and validly existing as a municipal corporation and political subdivision of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and the Authorizing Legislation, the City is empowered to adopt the Authorizing Ordinance, to perform the agreements on its part contained therein, and to issue the Bonds.

(b) The Authorizing Ordinance has been duly adopted by the City and constitutes a legal, valid and binding obligation of the City enforceable upon the City in accordance with its terms.

(c) The Bonds have been validly authorized, executed, issued and delivered by the City and represent legal, valid and binding special obligations of the City. The principal, premium, if any, and interest on the Bonds shall be payable from, and shall be secured by, a valid assignment and pledge by the City of the Net Revenues (as defined in the Authorizing Ordinance) of the City's sewer system which is now identified as a water reclamation system, in the manner and to the extent described in

Section 10 of the Authorizing Ordinance. Such pledge is (i) on a parity with the pledge of Net Revenues securing the City's Sewer Refunding Revenue Bonds, Series 2015, the City's Sewer Refunding Revenue Bonds, Series 2016B, the City's Water Reclamation System Revenue Bonds, Series 2017, the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2020B and the City's Water Reclamation System Refunding Revenue Bonds, Taxable Series 2021 and (ii) senior to the pledge of Net Revenues securing the City's Sewer Revenue Bond, Series 2007B, the City's Sewer Revenue Bond, Series 2009A, the City's Water Reclamation System Revenue Bond, Series 2020, the City's Water Reclamation System Revenue Bond, Series 2020C, the City's Water Reclamation System Revenue Bond, Series 2023, the City's Water Reclamation System Revenue Bond, Series 2024 and the City's Water Reclamation System Revenue Bond, Series 2024B. The City is duly authorized to pledge such Net Revenues, and no further action on the part of the City or any other party is required to perfect the same or the interest of the owners of the Bonds therein.

(d) Interest on the Bonds (including any original issue discount properly allocable to a holder thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

(e) The interest on the Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

(f) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Authorizing Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offer and sale of the Bonds.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds and the Authorizing Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Sincerely,