



LITTLE ROCK, ARKANSAS

A Component Unit of the City of Little Rock, Arkansas

Comprehensive Annual

Financial Report

For The Year Ended December 31, 2009

Prepared by:

Little Rock Wastewater Finance Department

LITTLE ROCK WASTEWATER
Little Rock, Arkansas
A Component Unit of the City of Little Rock

Comprehensive Annual Financial Report
Year Ended December 31, 2009

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INTRODUCTORY SECTION



Little Rock
Wastewater

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March 16, 2010

To Little Rock Sanitary Sewer Committee,
Little Rock City Board of Directors, and
Little Rock Wastewater Customers

The staff of Little Rock Wastewater (“LRW”) is proud to present the Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended December 31, 2009. State law requires that 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, 2009. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LRW. This CAFR was prepared by the Finance Division of LRW with the help of Cobb and Suskie, Ltd.

The CAFR is management’s representation of the finances of LRW. 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 it 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.

LRW’s financial statements have been audited by Cobb and Suskie, Ltd., a firm of licensed certified public accountants. Cobb and Suskie has issued an unqualified (“clean”) opinion on LRW’s financial statements for the year ended December 31, 2009. 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 auditors 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, authorizing 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 named and the City of Little Rock Sanitary Sewer System was created. The now five-member Little Rock Sanitary Sewer Committee (“LRSSC”) manages and controls the city’s sewer system. The LRSSC and LRW must seek approval of all sewer rate increases and long term financing through the City of Little Rock Board of Directors. The City of Little Rock Board of Directors appoints LRSSC members. The LRSSC in turn hires a Chief Executive Officer. The LRSSC meets on the third Wednesday of each month.

LRW provides wastewater service to its customers. For financial reporting purposes, LRW is considered a component unit of the City of Little Rock, Arkansas. The LRSSC operates and manages LRW with the City of Little Rock having the power to impose its will on LRW. LRW adopts an annual operating, capital, and debt service budget along with associated rates and fees for services; and also issues updates to its Rules and Regulations. LRW recovers the cost of providing wastewater services primarily through user charges and collects a 10.0% Franchise Fee for the City of Little Rock.

The LRSSC is required to adopt a final budget by no later than the close of the fiscal year. This annual operating and capital budget serves as the foundation for LRW's financial planning and control. The budget is submitted by each department, consolidated and prepared by the Finance Division, and reviewed by the budget sub-committee before final approval from the LRSSC. Each month, financials are presented to the LRSSC to show that operations are being conducted according to management's intentions.

Factors Affecting Financial Condition

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

Local Economy - The City of Little Rock currently enjoys a favorable economic environment and local indicators point to continued stability. The City of Little Rock is the capital and largest city of Arkansas as well as the governmental, economic, cultural, and financial center of the state. The city and surrounding communities have a mix of industry – state government, centralized health-care centers serving the state, a financial sector, information sector, and a variety of other sectors that are not cyclical. The City of Little Rock's financial stability and plans for the future have been viewed favorably by the two leading bond rating bodies. Moody's Investors Service assigned an A1 rating, while Standard & Poor's Investor Service raised its rating to an "A" (the rating had previously been "A-".) Moody's Investment Service has named Little Rock the second most diverse economy in America. Forbes magazine ranked Little Rock 22st out of 200 metropolitan areas on its list of the best places in America for business or careers. In 2005, Metro Little Rock Alliance household had a total effective buying income of \$16.2 billion, while total retail sales numbered \$12.5 billion. In 2009, the Little Rock-North Little Rock-Conway MSA ranked 4th strongest out of 40 by BusinessWeek.com.

The customer base has continued to grow but at a slower pace from previous years for the residential and commercial users of the Sewer System. The number of residential customer accounts has increased by 7.65% over the past ten years while commercial users have increased by 11.90% over the same time period. The overall growth of total customer accounts for the ten year period is 8.17%, a decrease of 2.63% from the 2008 audit.

Long-Term Financial Planning – In 2000, the LRSSC and LRW contracted with an engineering firm to evaluate LRW's sewer system capacity. The resulting report titled System Evaluation and Capacity Assurance Plan ("SECAP") was finalized in 2002. The report recommended implementing a \$171,000,000 capacity-related capital improvement program

over a fifteen year time period, 2003-2017. The recommended capital improvement program was incorporated into a Settlement Agreement between the LRSSC and the Sierra Club. After LRSSC authorized the SECAP, the Sierra Club filed a Complaint in Federal Court concerning non-capacity and capacity related sanitary sewer overflows. The aforementioned Settlement Agreement mandates LRW meet specific overflow performance standards. For non-capacity sanitary sewer overflows, the performance requirement of six per one-hundred miles of owned and operated sewer lines must be satisfied two consecutive years before 2008. For capacity related overflows, the performance requirement is no overflows unless precipitation amounts are extremely heavy (two-year return frequency); the deadline for this performance level is 2017.

With the lawsuit and SECAP being the driving force behind capital improvements, Engineering Services schedules projects using a five-year capital budget outlook. The next five-year construction phase will consist of the following major construction projects:

Little Maumelle Wastewater Treatment Facility

A new treatment facility is needed to serve existing customers and future growth in the Little Maumelle River Basin. The pump station that currently serves the area overloads gravity sewers in Murray Park during wet weather, resulting in numerous overflows. In 2006, Camp Dresser and McKee commenced preliminary design of the treatment facility and associated improvements. This year's budget allocates \$23,621,200 in 2010 for the completion of the construction of the facility, pump station, and conveyance. In 2007 LRW received a State and Tribal Assistance Grant (STAG) in the amount of \$477,900 for partial funding of design costs associated with this project. The remaining cost of this project is funded the 2007C and 2008A Sewer Revenue Bond issues. Construction is scheduled to be substantially complete at the end of 2010. Start up of this facility is scheduled to begin in early 2011 and as a result the Operations and Maintenance budget for 2010 does not include any costs for the operation of this facility.



Peak Flow Attenuation Facilities

The purpose of this project is to 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. The project consists of a 50 MGD pump station, 12,000 l.f. of 48-inch force main, two diversion structures, and a 30 million gallon storage facility. The detention basins will store volumes of water generated by wet weather events and discharge into the collection

system when flows return to normal. These facilities were placed in service mid-year 2009. The Arch Street Pump Station rehabilitation and hydraulic upgrade project is also included with the Peak Flow Attenuation Facilities project. These projects complement each other in that they both enhance the hydraulic conveyance capacity of the interceptor system through the Fourche Creek Bottoms, thereby reducing sanitary sewer overflows during wet weather events. The Arch Street project will increase the capacity of the station by 7 million gallons per day. To assure continuous service to the Fourche Creek Treatment Facility, a 30-inch redundant force main will also be included in this project. The redundant force main will also be employed during peak hydraulic flows from the Arch Street Pump Station to the Fourche Creek Treatment Facility. The existing 42-inch force main was not designed to withstand the increased pressures which will be created from the pump station hydraulic upgrade. Both the Arch Street Pump Station project and the redundant force main are scheduled to be substantially complete in 2010. This project is being funded by the 2007A and 2008A Sewer Revenue Bond issues and Revolving Loan (RLF) 9.

Fourche Creek Treatment Plant Hydraulic Upgrade

The hydraulic upgrade of the Arch Street Pump Station from 38 MGD to 45 MGD will necessitate the hydraulic upgrade of the Fourche Creek Treatment Facility to a minimum of 45 MGD. An assessment of future flows to the facility will be conducted as part of this project to see if the minimum hydraulic capacity will need to be greater than 45 MGD. The 2010 budget allocates \$16,538,500 for the commencement of construction of the disinfection and secondary clarification process. The five-year forecast includes an additional \$6,762,400 for the completion of the third phase of this project. This project is being funded from proceeds of the 2007A, 2007C, and 2008A Sewer Revenue Bond issues.

Collection System Rehabilitation Capacity Assurance Projects

Collection system rehabilitation and capacity assurance projects scheduled over the next five years are shown below on Table I. The majority of the projects have been extracted from the 15-year capital improvement plan outlined in the SECAP report. The total cost of work scheduled for 2010 is \$2,171,300. The 5-year forecast includes over \$74,260,000 for collection system rehabilitation and capacity assurance projects. Projects currently funded by an \$18,000,000 State Revolving Loan (RLF 8) acquired in 2007 will be completed in 2011. These projects include Jimmerson Creek OMP, Upper Hinson Outfall, Allsop South OMP, Barton OMP, Jimmerson West Outfall, and the Infiltration/Inflow Analysis.

There are five projects currently in design that will be funded with a Sewer Revenue Bond to be issued in 2011. The following projects will be constructed with funding from the 2011 bond issue: Allsop North/Country Club Rehabilitation, Echo Valley OMP, Pleasant Valley OMP, Allsop Park Outfall, and Country Club Outfall.

The remaining projects identified in the five year forecast will be funded through a series of Sewer Revenue Bond Issues totaling \$60,280,000.

Trenchless Sewerline Rehabilitation

Trenchless sewer line rehabilitation is for the renewal of structurally deteriorated line segments that contribute to non-capacity overflows. Trenchless methods include Cured in Place Pipe

(CIPP) and Pipe Bursting. Sewer line segments are identified through Sewer System Overflow (SSO) follow-up inspections and routine collection system inspections by LRW crews. The line segments slated for trenchless rehabilitation are typically located in areas where replacement by reconstruction is costly due to site restrictions. Lines identified by LRW as needing rehabilitation are added to the GLES (General Engineering Study) list of projects. Each line segment is evaluated and a ranking value is assigned based on criteria established by LRW. Utilizing the GLES list and ranking system, line segments are scheduled for rehabilitation.

LRW is entering the seventh year of using annual contracts for trenchless rehabilitation of existing sewer lines. For 2010, \$1,500,000 has been budgeted for trenchless rehabilitation work. LRW is continuing to see the value and results of the annual maintenance contracts as the number of non-capacity overflows continue to drop as well as the number of emergency calls due to line failures. LRW is projecting that \$1,500,000 will be needed each year from 2011 to 2014 for rehabilitation of sewer lines by trenchless methods as the lines are identified and added to the GLES list.

Cantrell Road Pump Station Hydraulic Upgrade

Currently, all wastewater flows from the Little Maumelle sewer basin and all sanitary sewerage from the area north of Cantrell Road, including the Allsop Park and Country Club areas, flow through the Rebsamen Interceptor. This interceptor and an area of the city bounded by the Dillard's corporate headquarters to Central High School, to the University of Arkansas Medical Center, back to the Dillard's headquarters, flow to the Cantrell Road Pump Station through the Rose Creek sewer basin. Despite the planned capital improvement project to remove flows generated by the Little Maumelle sewer basin from the Rebsamen Interceptor, hydraulic modeling associated with the development of the SECAP indicated that the pump station needs to be hydraulically upgraded from its existing capacity of 28 million gallons per day, to 40 million gallons per day, in order to address sanitary sewer overflows associated with wet weather events in the vicinity of the pump station.

Additionally, frequent pump cycles indicate that the wet well of the pump station is undersized. After the pump station was constructed in 1968, a bar screen was installed to protect pumping equipment from damaging debris, despite the fact the station was not designed for such a process. The purpose of this project is to address these maintenance concerns and to improve the hydraulic capacity of the collection system during wet weather, thereby reducing the occurrence of sanitary sewer overflows in the vicinity of the pump station.

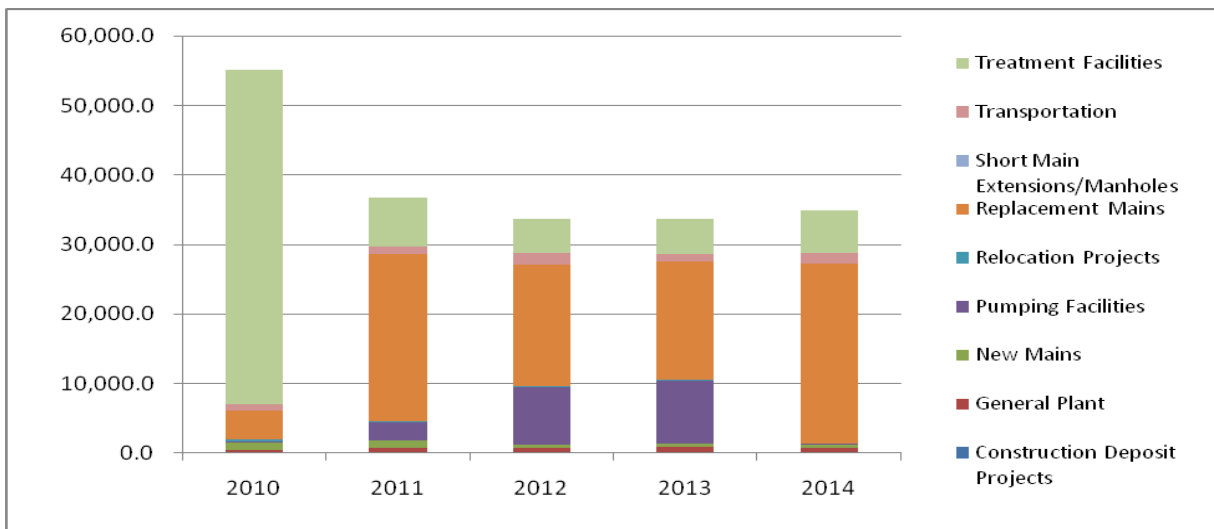
The 30-inch force main that conveys flows from the Cantrell Road Pump Station to the River Front Interceptor is a pre-stressed concrete cylinder force main that was installed circa 1968 and has been in service since. An engineering study of the force main needs to be performed to assess its existing condition as well as to determine the adequacy of the force main to withstand the additional pressures needed for the hydraulic upgrade of the pump station.

The five year forecast allocates project costs of \$2,570,000 in 2011, \$8,379,000 in 2012, and \$8,797,950 in 2013. The project is forecasted to be substantially completed in 2013 and will be funded thru a proposed Sewer Revenue Bond Issue.

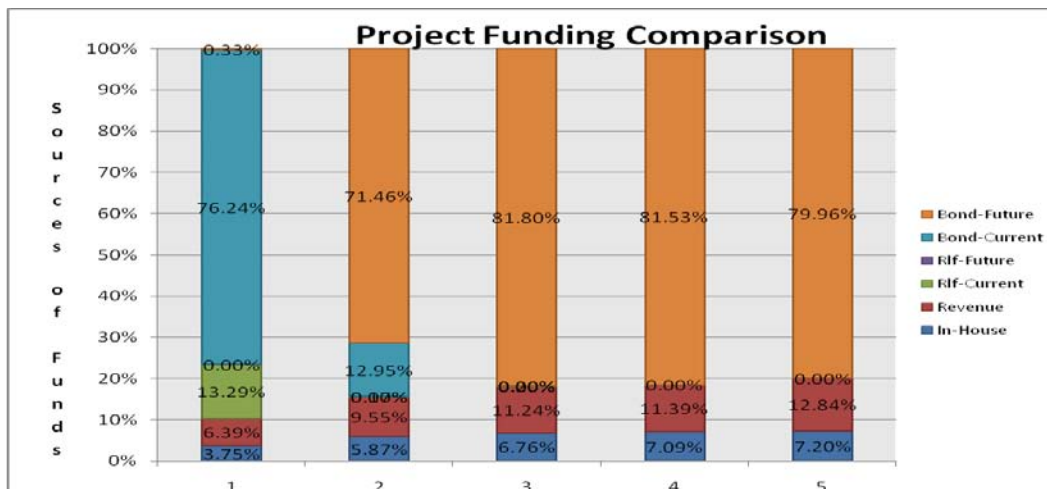
Fourche Creek Wastewater Treatment Facility Process Improvements

The hydraulic upgrade of the Arch Street Pump Station from 38 MGD to 45 MGD will necessitate the hydraulic upgrade of the Fourche Creek Treatment Facility to a minimum of 45 MGD. An assessment of future flows to the facility will be conducted as part of this project to see if the minimum hydraulic capacity will need to be greater than 45 MGD. The 2010 budget allocates \$16,538,500 for the commencement of construction of the disinfection and secondary clarification process. The five-year forecast includes an additional \$6,762,400 for the completion of the third phase of this project. This project is being funded from proceeds of the 2007A, 2007C, and 2008A Sewer Revenue Bond issues.

The Little Rock Wastewater capital strategic plan (shown on page 113) includes projects from 2010 through 2014 adjusted by an annual inflation allowance of 5%. Net expenditures of approximately \$194,000,000 are forecasted to be completed thru 2014.



Of that amount over \$11,400,000 will be completed by in-house construction, \$19,200,000 from revenues, \$7,500,000 from current State Revolving Loans, and \$156,300,000 from current and proposed revenue bond funds.



The City of Little Rock approved a rate ordinance on November 28, 2006 for the Little Rock Sanitary Sewer System. This step rate ordinance includes increases of 15% in January 2007, 8% in July 2007, 3% in January 2008, 4% in January 2009, and 5% in January 2010. In 2008 LRW contracted with Raftelis Financial Consultants, Inc. to review and update LRW's ancillary charges; to conduct a feasibility study of alternative system growth charges (System Development Fees); analyze LRW's cost of wastewater collection, treatment and disposal services; recommend adjustments to the wastewater rate structure; and conduct an asset management study of LRW's property, plant, and equipment. MWH Global assisted Raftelis with the asset management elements of this project. The results will be presented to the City of Little Rock Board of Directors in 2010.

Financial Policies

LRW is accounted for as an Enterprise Fund, which is a proprietary fund. Enterprise Funds are used to account for operations that are financed and operate in a manner similar to private business enterprises. The intent of the governing body is that the cost (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through 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 bond ordinance is #20,046. The ordinance states that rates charged for services of the System are fixed by ordinances of the City and all System revenues shall be paid into a special fund designated "Sewer Fund" (or Revenue Fund). The System revenues so 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; (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 LRSSC.

Sewer Revenue Fund

All gross revenues are deposited into the Revenue Fund as collected. Monies on deposit in the Revenue Fund shall be first used to pay all Operation and Maintenance Expenses. The revenues of the System not actually required to pay Operations and Maintenance Expenses (the "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 the interest scheduled to come due on the bonds next 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.

Reserve Fund

So long as the funds on deposit in the 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 of the Reserve Fund. However, should the 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, LRW shall transfer from the Net Revenues in the Revenue Fund and deposit to the credit of the Reserve Fund, by the 10th day of each month, such amounts in equal monthly installments to accumulate within at least a 24 month period equal to the Reserve Fund Requirement. The money on deposit in the Reserve Fund may be used to pay the principal of and interest on all bonds at any time there are not sufficient funds on deposit in the Bond Fund for such purpose.

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 continue to be paid to the Depreciation Fund established in connection with the System, and shall be held in and paid out from such fund for the following purposes:

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

Contributions in Aid of Construction Fund

Any monies that may be received by the LRSSC 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 Improvements Budget Policy- A budget will be prepared for all capital expenditures contemplated, including completions of active construction projects, projects and capitalized purchases planned for the succeeding calendar year, and all projects for which a commitment of funds is to be made even though the actual expenditure will not occur in the succeeding year.

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

The initial capital budget will be prepared within each division within LRW, assimilated and reviewed by the Manager of Finance, and submitted for approval of the Manager of Engineering Services and Chief Executive Officers.

Subsequent to the CEO's approval the Capital Budget will be incorporated into the LRW Operating Plan and submitted to the LRSSC for approval.

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

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

Due to state procurement laws and the nature of capital improvement expenditures, it generally takes more than one fiscal year to complete most capital improvement projects. Therefore many projects carry over from year to year before they are completed and placed into service. LRW does not award a project contract unless it is fully funded. However, many large projects have multiple year and/or multiple phase construction periods. LRW 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 – division heads formulate their requests for Operation and Maintenance (O&M) budgets as well as their capital budget requests for the upcoming budget year and the consecutive four years.
- September and October – department supervisors submit their budget requests, which are then combined into the first draft of the overall LRW budget. The Finance staff is responsible for combining them for each department's O&M and capital requests, budget revenues, and other expenditures.
- October and November – the CEO, division managers, and directors review the submitted budgets and establish priorities based on need and availability of funds. Any changes resulting from the management reviews are made at that time.
- November – one or more members of the LRSSC, serving as the Budget Subcommittee, review the budget document with LRW staff. Any revisions resulting from the Budget Subcommittee's review are made at that time. The budget is

presented at the regularly scheduled November or December LRSSC meeting. The budget for the coming year is considered for approval of that time.

Budget Amendment Policy - Operating or capital budget line item transfers are done on a memorandum basis, submitted by the requesting manager to Finance. The transfer is subject to approval by management but does not need approval by the LRSSC. Emergency funding authorizations and amendments to the approved operating or capital budgets can only be done with approval by the LRSSC.

Revenue Policy - Ordinance No. 19,647 also requires that the LRSSC maintain rates sufficient to produce or yield revenues to produce in each fiscal year an amount adequate to pay all expenses incurred for the operations and maintenance of the System as such expenses shall accrue during the year and to produce an additional amount equal to 120% of the aggregate amount required to be paid in such year for principal and interest and redemption premiums on bonds payable from the Bonds Funds. Another financial target that is used in preparing the five-year financial plan is maintaining a 90-day operating reserve fund balance.

LRW is a component unit of the City of Little Rock and operates as an autonomous enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance, financing and related debt service, and billing and collection. Because LRW operates in a proprietary manner, the major revenue sources are user charges for wastewater services. LRW's revenue requirements are based on cost of service. This includes operating costs, expenditures for capital improvements, and repayment of debt. The description and figures of the revenue sources are covered in the financial overview section of this budget.

Investment Policy - LRW also has an Investment Policy outlined in the bond ordinances that state available monies shall be invested and reinvested at the direction of the LRSSC in Eligible Investments. Those Eligible Investments shall be subject to redemption not later than seven (7) years after the date of investment. The primary objectives of the investment policy are 1) preservation of capital; 2) safety of LRW 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 and adoption of its investment policy and strategies.

"Eligible Investments" means any of the securities that are at the time legal for investment of City funds pursuant to Resolution No. 10,609 of the City and Arkansas Code Annotated (2007 Supp.) 14-58-309, as each may be amended from time to time. "Eligible Investments" include:

1. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities.

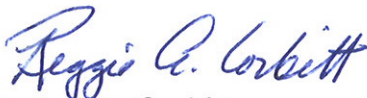
Debt Service Policy - Planned rate increases on a consistent basis are programmed in the Financial Plan, and are mainly driven by the capital improvement program and debt service coverage required both by the revenue bond covenants and by the LRSSC benchmarks for financial management. The parity revenue bond covenants require debt service coverage of 1.2 times (meaning 120% of the current year's debt service requirements must be available that fiscal year). LRW 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 the Little Rock Wastewater, Little Rock, Arkansas for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2008. This was the fifth year in a row that LRW has received this prestigious award. In order to be awarded a Certificate of Achievement, LRW had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the LRW Finance Division.

Respectfully submitted,



Reggie A. Corbitt
Chief Executive Officer



James A. Barham
Manager of Finance

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Little Rock Wastewater Arkansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

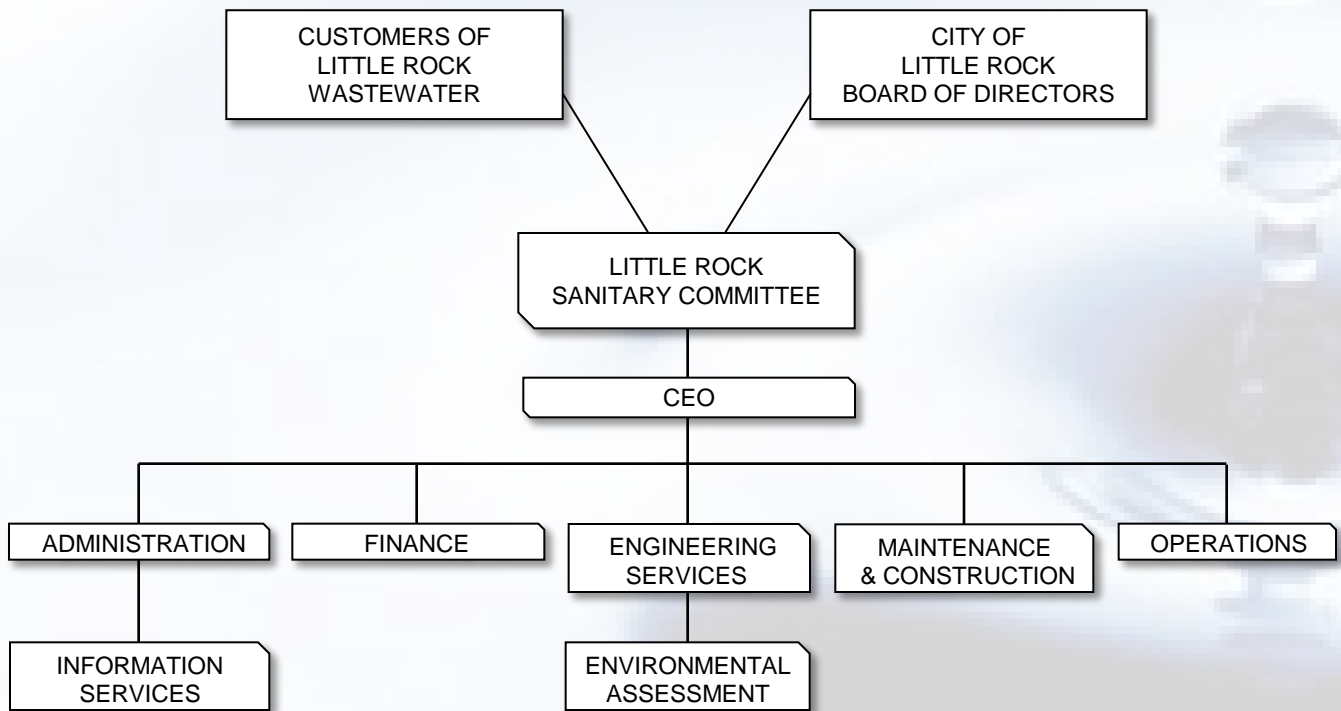
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



Little Rock Wastewater



2009 LITTLE ROCK SANITARY SEWER COMMITTEE



Marilyn K. Perryman
Secretary



Cindy C. Miller
Chair



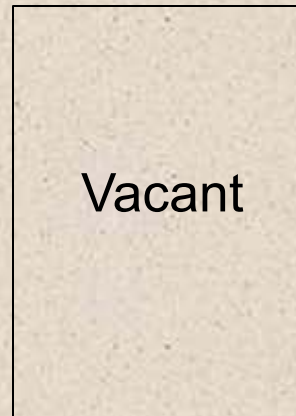
Ken Griffey
Vice Chair



Member



Reggie A. Corbitt, P.E.
Chief Executive Officer



Member

EXECUTIVE STAFF

Nancy Trotter – Administration Coordinator

Don Hamilton - General Counsel

John Jarratt – Administration and Community Relations

Jim Barham - Finance & Purchasing

Howell Anderson, P.E. - Engineering

Mack Vought - Maintenance

Stan Miller - Operations

Stanley Suel - Environmental Assessment

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