



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Benton Municipal Light and Water Works

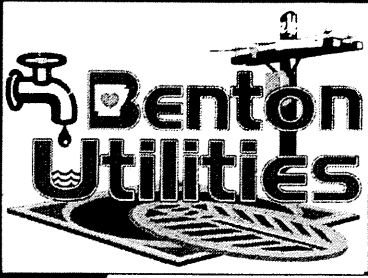
City of Benton, State of Arkansas

**Financial Statements
and Supplementary Information**

December 31, 2023 and 2022

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
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December 31, 2023 and 2022

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BENTON UTILITIES

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Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2023. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 8 through 19.

Required Financial Statements

The financial statements of the Utility System report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States. The balance sheets include information of the Utility System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Utility System's creditors (liabilities). The statements of revenues, expenses and changes in net position identify the Utility System's revenues and expenses for the years ended December 31, 2023 and 2022. This statement provides information on the Utility System's operations over the past two years and can be used to determine whether the Utility System has recovered all of its costs through user fees and other charges. The third financial statement is the statement of cash flows. This statement provides information on the Utility System's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the statements of cash flows, the reader can obtain comparative information on the source and use of cash and the change in the cash balance for each of the last two years.

2023 Financial Highlights

- The Utility's total revenues increased by \$2,470,362 or 6.33% from \$39,036,001 at December 31, 2022, to \$41,506,363 at December 31, 2023. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.
- The Utility's total expenses decreased by \$1,572,756 or 4.23% from \$37,152,972 at December 31, 2022, to \$35,580,216 at December 31, 2023. The decrease in expenses is in great part due to a decrease in depreciation.
- The Utility's total assets and deferred outflows of resources increased by \$9,722,680 or 7.80% from \$124,575,226 at December 31, 2022, to \$134,297,906 at December 31, 2023. The increase is due in great part to an increase in plant, property and equipment.

Financial Analysis of the Utility System

The statements of net position (condensed balance sheets) and condensed statements of revenues, expenses and changes in net position provide an indication of the Utility System's financial condition. The Utility System's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Investment income increased by 1,364.46% or \$663,167 due to an increase of interest income on board designated funds.

Condensed Statements of Net Position

	2023	2022	2021
Current Assets	\$ 20,929,226	\$ 18,513,371	\$ 24,969,571
Restricted Assets	4,768,705	4,670,377	4,545,326
Capital Assets, Net	102,930,318	98,489,027	93,187,688
Deferred Outflows	5,669,657	2,902,451	2,739,246
Total Assets and Deferred Outflows	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>	<u>\$ 125,441,831</u>
Current Liabilities	\$ 10,510,898	\$ 9,867,993	\$ 10,479,076
Long-Term Liabilities	37,336,094	37,332,083	40,756,342
Total Liabilities	<u>47,846,992</u>	<u>47,200,076</u>	<u>51,235,418</u>
Deferred Inflows	2,146,600	2,506,910	2,531,031
Net Investment in Capital Assets	66,619,957	59,009,702	50,878,365
Restricted	4,312,073	3,976,559	3,767,315
Unrestricted	13,372,284	11,881,979	17,029,702
Total Net Position	<u>84,304,314</u>	<u>74,868,240</u>	<u>71,675,382</u>
Total Liabilities and Net Position	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>	<u>\$ 125,441,831</u>

Total net position increased by \$9,436,074 from \$74,868,240 at December 31, 2022, to \$84,304,314 at December 31, 2023, an increase of 12.60%. Current liabilities increased by \$642,905 or 6.52%.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021
Operating Revenues:			
Services Fees and Penalties	\$ 40,502,539	\$ 38,769,011	\$ 38,814,814
Other Revenue	389,260	315,593	236,977
Total Operating Revenues	40,891,799	39,084,604	39,051,791
Investment Income	614,564	(48,603)	22,066
Total Revenue	<u>41,506,363</u>	<u>39,036,001</u>	<u>39,073,857</u>
Operating Expenses:			
Power Costs	16,650,175	16,663,973	13,742,483
Plant Production Expenses	3,205,189	3,962,090	2,788,036
General and Distribution Expenses	7,310,448	6,381,123	5,631,818
Administrative Expenses	3,035,180	2,662,018	2,591,546
Depreciation Expense	3,834,868	5,818,220	5,613,053
Franchise Fees	119,020	163,436	2,129,421
Total Operating Expenses	34,154,880	35,650,860	32,496,357
Interest Expense	1,425,336	1,502,112	1,471,814
Total Expenses	<u>35,580,216</u>	<u>37,152,972</u>	<u>33,968,171</u>
Net Income (Loss) Before Contributions	5,926,147	1,883,029	5,105,686
Capital Contributions	3,509,927	1,309,829	2,716,817
Change in Net Position	9,436,074	3,192,858	7,822,503
Net Position at Beginning of Year	<u>74,868,240</u>	<u>71,675,382</u>	<u>63,852,879</u>
Net Position at End of Year	<u>\$ 84,304,314</u>	<u>\$ 74,868,240</u>	<u>\$ 71,675,382</u>

Total revenues from services, fees and penalties reflect an increase from 2022 to 2023. The increase amount was \$1,733,528 or 4.47%. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.

Net income of \$5,926,147 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$3,509,927 were the two items that resulted in an increase of \$9,436,074 in net position for the year ending December 31, 2023.

Capital Assets

At December 31, 2023, the Utility had \$66,619,957 net invested in capital assets. This investment in capital assets includes land, buildings, vehicles, equipment, utility infrastructure, construction materials and construction in progress. The total increase in the Utility's investment in capital assets for the year 2023 was \$7,610,255 or 12.90%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year 2023 can be found in Note 5 on page 14 of this audit report.

Debt Administration

At December 31, 2023, the Utility had \$36,008,980 in outstanding revenue bonds payable compared to \$39,165,934 outstanding at December 31, 2022. This decrease of \$3,156,954 is the amount of bonds retired (paid off) during the year. A schedule summary showing the changes to the revenue bonds payable during the year 2023 can be found in Note 6 on page 15 of this audit report. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$553,141 at December 31, 2023, is an increase of \$46,188 over the \$506,953 accrued as of December 31, 2022. A schedule summary showing changes to the accumulated compensated absences can be found in Note 1G on page 12 of this audit report.

Economic Factors and Next Year's Budget and Rates

Benton Utilities signed a new Electric Wholesale Power Contract in December 2021, which was effective June 1, 2022, and unfortunately due to instability in the natural gas market, this contract will represent a 37% increase in wholesale power costs through May 2025.

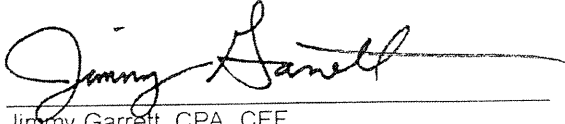
As a result, the City Council adopted ordinances authorizing rate increases, effective May 1, 2023, for all three Utility Departments. Additional yearly increases will be effective on January 1 of subsequent years. Benton Utilities continues to strive to have rates in place that adequately fund each system (electric, water, and sewer), remain competitive in the marketplace, and fairly distribute the costs of the systems to rate payers in customer charges (fixed costs) and fuel costs (variable costs). The adoption of these rate increases helped to address the shrinking excess revenues from electric sales that normally sustain any losses in water and sewer. For 2023, the Electric and Water Utilities were financially stable while the Sewer Utility was moving towards the goal of financial stability.

Significant progress was made on several construction and system projects in 2023. These projects were funded through operating revenues.

- Raw Water Metering
- Frendall Water Tank Repaint
- Highway 5 Utilities Relocation
- Reservoir Repairs
- Water Plant Upgrades/Repairs
- Distribution Line Replacements/Repairs
- Wastewater Plant Upgrades/Repairs
- Liftstation Upgrades/Repairs
- SCADA (Supervisory Control and Data Acquisition) Upgrades
- Utility Wide Software Upgrade/Implementation

Contacting the Utility's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Utility's finances. If you have any questions about this report or need additional information, contact the Utility CFO, Attn: Jimmy Garrett, at 1827 Dale Avenue, Benton, AR 72015, call (501) 776-8074, or e-mail at jgarrett@bentonutilities.com

A handwritten signature in black ink, reading "Jimmy Garrett", with a long horizontal line extending to the right.

Jimmy Garrett, CPA, CFF
Chief Financial Officer
Benton Utilities



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Honorable Mayor and Benton Public Utility Commission
Benton Municipal Light and Water Works
City of Benton, State of Arkansas

Opinions

We have audited the accompanying financial statements of the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benton Municipal Light and Water Works of the City of Benton, State of Arkansas as of December 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Benton Municipal Light and Water Works of the City of Benton, State of Arkansas and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas and do not purport to, and do not present fairly the financial position of the City of Benton, State of Arkansas, as of December 31, 2023 and 2022, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Benton Municipal Light and Water Works of the City of Benton, State of Arkansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Benton Municipal Light and Water Works of the City of Benton, State of Arkansas' 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 Benton Municipal Light and Water Works of the City of Benton, State of Arkansas' 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.

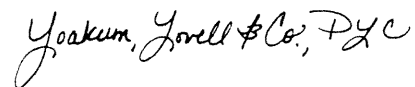
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the net pension liability and related ratios and schedule of contributions for Benton Utilities employees' pension plan on pages 1 through 4 and pages 31 through 32 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 as a whole. The supplementary information on pages 20 through 30 is presented for purposes of additional analysis and is

not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

A handwritten signature in cursive script that reads "Yoakum, Lovell & Co., P.C.".

Certified Public Accountants

Benton, Arkansas
June 20, 2024

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2023 and 2022

Assets and Deferred Outflows of Resources		
	2023	2022
Current Assets		
Cash and Cash Equivalents	\$ 5,058,445	\$ 3,880,553
Utility Billings, Net of Allowance for Uncollectibles	4,805,784	4,347,248
Accounts Receivable	131,727	292,215
Prepaid Expenses	149,888	145,998
Supplies Inventory	20,403	21,790
Board Designated Funds	10,762,979	9,825,567
Total Current Assets	<u>20,929,226</u>	<u>18,513,371</u>
Non-Current Assets		
Restricted Funds	4,768,705	4,463,824
Net Pension Asset		206,553
Capital Assets:		
Total Plant, Property and Equipment	228,606,666	220,330,507
Less Accumulated Depreciation	(125,676,348)	(121,841,480)
Total Non-Current Assets	<u>107,699,023</u>	<u>103,159,404</u>
Deferred Outflows of Resources		
Deferred Pension Outflows	4,798,238	1,892,739
Deferred Loss on Early Retirement of Debt	871,419	1,009,712
Total Deferred Outflows of Resources	<u>5,669,657</u>	<u>2,902,451</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>

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

Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022
Current Liabilities		
Accounts Payable	\$ 3,173,750	\$ 2,896,763
Customer Overpayments	25,827	16,374
Meter Deposits	2,816,721	2,578,808
Accrued Compensation	553,141	506,953
Sales Tax Payable	90,721	83,055
Accrued Interest Payable	456,632	487,265
Due to City Funds	146,822	141,821
Bonds Payable - Current Maturities	3,247,284	3,156,954
Total Current Liabilities	<u>10,510,898</u>	<u>9,867,993</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	32,761,696	36,008,980
Premium on Revenue Bonds	1,172,800	1,323,103
Net Pension Liability	3,401,598	
Total Non-Current Liabilities	<u>37,336,094</u>	<u>37,332,083</u>
Total Liabilities	<u>47,846,992</u>	<u>47,200,076</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>2,146,600</u>	<u>2,506,910</u>
Net Position		
Net Investment in Capital Assets	66,619,957	59,009,702
Restricted for Debt Service	3,215,078	3,013,502
Restricted for Capital Assets Replacement	1,096,995	963,057
Unrestricted	13,372,284	11,881,979
Total Net Position	<u>84,304,314</u>	<u>74,868,240</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for Service	\$ 39,686,130	\$ 37,625,063
Service Charges and Connection Fees	568,440	932,516
Penalties	247,969	211,432
Other Income	389,260	315,593
Total Operating Revenues	<u>40,891,799</u>	<u>39,084,604</u>
Operating Expenses		
Power Costs	16,650,175	16,663,973
Plant Production Expenses	3,205,189	3,962,090
General and Distribution Expenses	7,310,448	6,381,123
Administrative Expenses	3,035,180	2,662,018
Depreciation	3,834,868	5,818,220
Franchise Fees	119,020	163,436
Total Operating Expenses	<u>34,154,880</u>	<u>35,650,860</u>
Operating Income	<u>6,736,919</u>	<u>3,433,744</u>
Non-Operating Revenues (Expenses)		
Investment Income	614,564	(48,603)
Interest Expense	(1,425,336)	(1,502,112)
Total Non-Operating Revenues (Expenses)	<u>(810,772)</u>	<u>(1,550,715)</u>
Net Income Before Contributions	5,926,147	1,883,029
Capital Contributions	<u>3,509,927</u>	<u>1,309,829</u>
Changes in Net Position	9,436,074	3,192,858
Total Net Position - Beginning of Year	<u>74,868,240</u>	<u>71,675,382</u>
Total Net Position - End of Year	<u><u>\$ 84,304,314</u></u>	<u><u>\$ 74,868,240</u></u>

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from Customers	\$ 40,061,122	\$ 38,476,174
Payments to Suppliers	(21,677,077)	(23,774,070)
Payments to Employees	(7,611,794)	(6,856,836)
Payments to City for Franchise Fees	(114,019)	(296,597)
Other Receipts	549,748	67,733
Net Cash Provided by Operating Activities	<u>11,207,980</u>	<u>7,616,404</u>
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	(937,412)	4,899
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(937,412)</u>	<u>4,899</u>
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(8,102,576)	(10,493,991)
Principal Paid On Capital Debt	(3,156,954)	(3,057,404)
Interest Paid On Capital Debt	(1,467,979)	(1,565,452)
Capital Contributions	3,087,237	658,662
Transfers from Restricted Accounts	(66,968)	224,914
Net Cash Used by Capital and Related Financing	<u>(9,707,240)</u>	<u>(14,233,271)</u>
Cash Flows from Investing Activities		
Interest Received	614,564	(48,603)
Net Cash Provided (Used) by Investing Activities	<u>614,564</u>	<u>(48,603)</u>
Net Change in Cash and Cash Equivalents	1,177,892	(6,660,571)
Cash and Cash Equivalents - Beginning of Year	3,880,553	10,541,124
Cash and Cash Equivalents - End of Year	<u>\$ 5,058,445</u>	<u>\$ 3,880,553</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 6,736,919	\$ 3,433,744
Items Not Requiring Cash:		
Depreciation	3,834,868	5,818,220
Changes in Assets and Liabilities:		
Receivables, Net	(288,595)	(563,896)
Prepays	(3,890)	365,647
Inventories	1,387	(2,567)
Accounts Payable	531,095	(862,173)
Accrued Expenses	53,854	63,247
Net Pension Liability	342,342	(635,818)
Net Cash Provided by Operating Activities	<u>\$ 11,207,980</u>	<u>\$ 7,616,404</u>

Non-Cash Capital Financing Activities:

Capital assets of \$422,690 and \$651,167 were acquired through noncash contributions from developers for the years ended December 31, 2023 and 2022, respectively.

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The financial statements of the Benton Municipal Light and Water Works have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of the Benton Municipal Light and Water Works' accounting policies are described below:

- A. Reporting Entity** - The Benton Municipal Light and Water Works (the Utilities) is a part of the City of Benton, State of Arkansas (the City). The City is governed by the Mayor Council form of government which operated the utility system in prior years through January 1, 2006. Effective February 1, 2006, a Utility Commission was created and granted full power to manage, operate, control, supervise, improve, extend, maintain, and contract concerning the utility system, subject to the authorizing legislation and certain conditions set from time to time by the City Council. The statements reflect the results of operations of three departments: light, water and waste water. Material transactions between the departments have been eliminated.
- B. Basis of Accounting** - The Benton Municipal Light and Water Works is a proprietary enterprise type fund. The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.
- C. Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Utilities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- D. Cash Deposits** - All cash deposits were insured or collateralized with securities held by the pledging financial institution, trust department, or by its agent in the City's name as of the balance sheet date.
- E. Inventories** - Inventories are stated at the lower of cost or market on a first-in, first-out method.
- F. Board Designated Funds** - The Utilities Board has designated that certain funds are to be deposited into separate accounts and are to be used for certain designated purposes. The funds may only be spent with the approval of the Utilities Board.
- G. Accumulated Compensated Absences** - It is the Utilities' policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Utilities' services. It is the Utilities' policy to pay up to a maximum of 90 accumulated sick days to employees who retire from the Utilities. The following is a schedule of accrued compensation at December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Accrued Salaries	\$ 190,057	\$ 207,412
Accrued Vacation	150,383	141,218
Accrued Sick	<u>212,701</u>	<u>158,323</u>
	<u>\$ 553,141</u>	<u>\$ 506,953</u>

- H. Capitalized Interest** - Interest costs are capitalized when incurred by the Utilities on debt where proceeds were used to finance the construction of assets.

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Cont'd)

- I. **Capital Assets** – Capital assets, which include plant, property, equipment, and infrastructure assets, are stated at historical cost. Donated assets are valued at their fair market value on the date donated. Maintenance and repairs are charged directly against income as incurred. Renewals and betterments, which extend the useful lives of the assets, are capitalized. Interest costs incurred for specific projects are capitalized. Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more. Infrastructure assets capitalized have an original cost of \$250,000 or more. Depreciation has been provided for primarily on the straight-line method. Estimated useful lives are as follows:

Buildings	10 - 40 years
Vehicles	3 - 5 years
Furniture	3 - 10 years
Equipment and service	3 - 40 years

- J. **Net Position** – The Utilities must report its net position as either restricted, unrestricted, or net investment in capital assets. These components of net position are defined below:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the remaining balance in net position that does not meet the definition of restricted or net investment in capital assets.

- K. **Use of Estimates** - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.
- L. **Accounting Pronouncements** - In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB 87 – Leases. This guidance requires an entity to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as expenses when paid. The GASB also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, and timing of the leases. The Utilities has implemented GASB 87. There were no material leases for the Utilities, therefore, there was no effect on the net position in connection with the implementation of GASB 87.

Note 2: Related Party Transactions

The Utilities pays a franchise fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utilities owed the City \$146,822 and \$141,821 at December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Utilities had franchise fee expense to the City of \$119,020 and \$163,436, respectively.

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 3: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2023 and 2022:

	2023	2022
Public Utility Reservoir Contingent Fund	\$ 2,125	\$ 2,097
Public Utility Emergency Fund	65,561	64,683
Water System Capital Improvement Fund	2,022	1,967
Electric Capital Improvement Fund	2,021	1,967
Facilities Capital Improvement Fund	26,135	25,429
Wastewater Capital Improvement Fund	1,222	1,189
AR DOT Reimbursements Fund	1,851,903	1,408,892
Economic Development Fund	87,032	2,238
Pension Savings Fund	376,658	366,485
Investment Fund	8,348,300	7,950,620
	<u>\$ 10,762,979</u>	<u>\$ 9,825,567</u>

Board designated funds consist of funds in depository accounts and fixed income. The carrying value is the market value for these accounts.

Note 4: Restricted Funds

The restricted funds as of December 31, 2023 and 2022 are as follows:

	2023	2022
Bond Funds	\$ 742,213	\$ 644,713
Debt Service Funds	2,929,497	2,856,054
Depreciation Fund	1,096,995	963,057
Total Restricted Funds	<u>\$ 4,768,705</u>	<u>\$ 4,463,824</u>

Restricted funds consist of funds in depository accounts and Treasury and Government Obligations. The carrying value is the market value for these accounts.

Note 5: Capital Assets

The following is a summary of capital assets as of December 31, 2023 and 2022:

	Balance 12/31/22	Additions	Deletions	Transfers	Balance 12/31/23
Land	\$ 1,316,813	\$	\$	\$	\$ 1,316,813
Buildings - Administrative	2,402,686			215,161	2,617,847
Vehicles	4,739,639	75,428		(11,785)	4,803,282
Furniture and Office Equipment	377,255				377,255
Service Facilities and Equipment	208,144,759	1,173,050		3,189,280	212,507,089
Construction Materials	2,344,302	418,567			2,762,869
Construction in Process	1,005,053	6,609,114		(3,392,656)	4,221,511
	<u>\$ 220,330,507</u>	<u>\$ 8,276,159</u>	<u>\$</u>	<u>\$</u>	<u>\$ 228,606,666</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 5: Capital Assets (Cont'd)

	Balance 12/31/21	Additions	Deletions	Transfers	Balance 12/31/22
Land	\$ 1,316,813	\$	\$	\$	\$ 1,316,813
Buildings - Administrative	2,368,530			34,156	2,402,686
Vehicles	4,656,325	83,314			4,739,639
Furniture and Office Equipment	351,914	25,341			377,255
Service Facilities and Equipment	193,163,956	4,110,737		10,870,066	208,144,759
Construction Materials	1,294,270	1,050,032			2,344,302
Construction in Process	6,059,140	5,850,135		(10,904,222)	1,005,053
	<u>\$ 209,210,948</u>	<u>\$11,119,559</u>	<u>\$</u>	<u>\$</u>	<u>\$ 220,330,507</u>

Note 6: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2023 are as follows:

Issue of March 6, 2009	2.75%	6/01/2034
Issue of April 1, 2012	1.00% to 5.00%	9/01/2022
Issue of July 1, 2015	2.00% to 5.00%	9/01/2036
Issue of January 30, 2018	2.27%	9/01/2025
Issue of February 12, 2020	1.80% to 3.05%	9/01/2036

The following schedule details the changes in revenue bonds payable for the years ending December 31:

	2023	2022	2021
Beginning Balance	\$ 39,165,934	\$ 42,223,338	\$ 45,073,050
Issued			
Retired	(3,156,954)	(3,057,404)	(2,849,712)
Ending Balance	<u>\$ 36,008,980</u>	<u>\$ 39,165,934</u>	<u>\$ 42,223,338</u>

Maturities of revenue bonds as of December 31, 2023 are as follows:

	Principal	Interest and Service Fees	Total
2024	\$ 3,247,284	\$ 1,372,784	\$ 4,620,068
2025	3,337,624	1,276,424	4,614,048
2026	2,207,974	1,194,564	3,402,538
2027	2,273,333	1,127,045	3,400,378
2028	2,353,702	1,045,526	3,399,228
2029-2033	13,229,418	3,778,504	17,007,922
2034-2036	9,359,645	788,982	10,148,627
	<u>\$ 36,008,980</u>	<u>\$ 10,583,829</u>	<u>\$ 46,592,809</u>

Bond Premium – The series 2012 and 2015 revenue bonds were issued at a premium. The interest method of amortization is used to amortize the premium, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2023 and 2022 was \$150,303 and \$166,133, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 6: Revenue Bonds Payable (Cont'd)

Bond Discount – The series 2012 revenue bonds were issued at a discount. The interest method of amortization is used to amortize the discount, based on the effective interest rate of the issue. The amount amortized for the year ended December 31, 2022 was \$1,372. The amortization is included in interest expense on the statement of revenues and expenses.

Deceased Debt – The Utilities legally deceased most of the Series 2012 revenue bonds by placing cash and proceeds of the Series 2020 revenue bonds in a trust to provide for all future debt service payments on the Series 2012 revenue bonds until the debt can be retired on September 1, 2022. Accordingly, the trust account assets and the liability for the deceased bonds are not included in the Utilities statements of net position. As of December 31, 2021, the deceased debt outstanding amounted to \$13,145,000.

Loss from Early Retirement of Debt – The series 2012 Refunding and Improvement Bonds were issued April 1, 2012 with the proceeds of the \$24,600,000 issue to refund the 1995, 1997, 2001a, 2002, 2004a and 2004b bonds outstanding. The series 2015 Refunding Bonds were issued July 1, 2015 with the proceeds of the \$25,625,000 issue to refund the 2006 bonds outstanding. The series 2020 Revenue Refunding Bonds were issued February 12, 2020 with the proceeds of the \$14,155,000 issue to partially refund the 2012 bonds outstanding. The difference between the book value of the refunded debt and the amount required to retire the debt created an economic loss of \$89,795 for the 2012 refunding, \$810,515 for the 2015 refunding and \$1,271,443 for the 2020 refunding. Each respective loss was deferred over the life of the refunded debt using the interest method of amortization, based on the effective interest rate. The amount amortized for the years ended December 31, 2023 and 2022 was \$138,293 and \$142,819, respectively. For the years ended December 31, 2023 and 2022, this amortization is included in interest expense on the statement of revenues and expenses.

Note 7: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2023 and 2022 was \$1,467,979 and \$1,565,452, respectively.

Note 8: Retirement Plan

Effective January 1, 2022, the Utilities adopted the Benton Utilities Defined Contribution Plan. The plan covers employees hired as of the effective date and thereafter with entry immediate and no minimum service requirement. The Utilities requires an employee contribution of 2% and makes a matching contribution equal to 100% of employee contributions up to 5% of employee's gross income. The Utilities also makes an annual 5% contribution for all participants.

The employees of the Benton Municipal Light and Water Works hired prior to January 1, 2022 are covered by a single-employer defined benefit plan which covers all full-time employees who have six months of service.

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2023 is not available.

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 8: Retirement Plan (Cont'd)

For financial statement purposes, the Utilities has recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2022 using December 31, 2021 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2023 using December 31, 2022 actuarial information.

Membership in the plan as of December 31, 2022, is as follows:

Retirees and beneficiaries currently receiving benefits	76
Vested terminated employees	36
Current employees	<u>70</u>
Total	<u>182</u>

The following is a schedule of changes in the employers' net pension liability and related ratios for years ending December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability			
Service Cost	\$ 530,580	\$ 410,064	\$ 372,188
Interest	1,285,138	1,268,691	1,259,156
Differences Between Actual and Expected Experience	(575,139)	(19,126)	(420,330)
Assumption Changes		1,026,608	
Benefit Payments	<u>(1,132,103)</u>	<u>(1,187,049)</u>	<u>(1,038,267)</u>
Net Change in Total Pension Liability	\$ 108,476	\$ 1,499,188	\$ 172,747
 Total Pension Liability – Beginning	 <u>\$ 19,806,821</u>	 <u>\$ 18,307,633</u>	 <u>\$ 18,134,886</u>
Total Pension Liability – Ending	<u>\$ 19,915,297</u>	<u>\$ 19,806,821</u>	<u>\$ 18,307,633</u>
 Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 129,050	\$ 109,396	\$ 91,648
Contributions – Employer	583,975	770,444	934,041
Net Investment Income	(3,080,597)	2,115,494	1,957,837
Benefits Payments	(1,132,103)	(1,187,049)	(1,038,267)
Administrative Expense			<u>(6,000)</u>
Net Change in Plan Net Position	\$ (3,499,675)	\$ 1,808,285	\$ 1,939,259
 Net Position – Beginning	 <u>\$ 20,013,374</u>	 <u>\$ 18,205,089</u>	 <u>\$ 16,265,830</u>
Net Position – Ending	<u>\$ 16,513,699</u>	<u>\$ 20,013,374</u>	<u>\$ 18,205,089</u>

For services prior to October 31, 1968, benefits are based on .5% of monthly compensation and .5% of average monthly compensation in excess of \$400 multiplied by years of service from date of hire to October 31, 1968. For service between October 31, 1968 and December 31, 1989, benefits are based on 2% of average monthly compensation and .75% of average monthly compensation in excess of \$400 multiplied by years of service from the later of October 31, 1969 to December 31, 1989. For services after December 31, 1989, benefits are based on 2.75% of average monthly compensation multiplied by years of service (maximum 30 years) to normal retirement date.

The plan provides retirement benefits as well as disability benefits. Benefits begin vesting at five years of service and are 100 percent vested at ten years of service. All employees are entitled to a retirement benefit based on their period of service.

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 8: Retirement Plan (Cont'd)

Employees may take early retirement between 55 and 65. The employee must complete ten years of service and be at least 55 years of age to be eligible for benefits. The early retirement pension is the actuarial equivalent of the accrued benefits at normal retirement age.

Employees hired before December 31, 2011 make no contribution to the plan. For employees hired after December 31, 2011, 2% of compensation is contributed until January 1 following date of hire and 4% contribution thereafter. No employee contributes after thirty years of service. The Benton Municipal Light and Water Works' contribution is actuarially determined.

The long-term expected rate of return on pension plan investments was determined using a building block method of best-estimate ranges of expected future real rates of return. The target allocation of the plan is shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Fixed Income	30%	2.25%
Domestic Equity	50%	4.75%
Foreign Equity	5%	6.25%
Alternatives	8%	4.50%
Cash	7%	0.25%
Total	100%	
Expected Inflation		2.75%

The annual required contribution for 2023 was determined as part of the January 1, 2023, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 6.5% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefits increases. The actuarial value of assets was based on the fair market value.

The 1983 Group Annuity Mortality Table was used for life expectancy. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. A single discount rate of 6.5% 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 6.5%. Regarding the sensitivity of the net pension liability to changes in the single discount rate the following presents the plan's net pension liability, calculated using a single discount rate of 6.5% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	<u>1% Decrease to 5.5%</u>	<u>Current Single Rate Assumed</u>	<u>1% Increase to 7.5%</u>
Total Pension Liability	\$ 22,237,766	\$ 19,915,297	\$ 17,950,210
Net Pension Liability	\$ 5,724,067	\$ 3,401,598	\$ 1,436,511

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Notes to the Financial Statements

Note 8: Retirement Plan (Cont'd)

Deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 28,759	\$ 978,520
Changes of assumptions	684,406	
Net difference between projected and actual earnings on pension plan investments	3,494,277	1,168,080
Contributions subsequent to measurement date	590,796	
	<u>\$ 4,798,238</u>	<u>\$ 2,146,600</u>

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the financial statements as follows:

Years ended December 31:	2024	\$ 707,212
	2025	481,749
	2026	645,724
	2027	996,279
	2028	(52,395)
	Thereafter	(126,931)
		<u>\$ 2,651,638</u>

Note 9: Subsequent Events

Management has evaluated subsequent events through June 20, 2024, the date which the financial statements were available to be issued.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2023 and 2022

	2023	2022
Operating Funds		
Cash on Hand	\$ 2,016	\$ 2,016
Demand Deposits - General Operating Accounts		
Bank OZK	5,053,133	1,739,884
First Security Bank	3,296	2,138,653
Total Operating Funds	<u>5,058,445</u>	<u>3,880,553</u>
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,125	2,097
Utility Emergency Fund - First Security Bank	65,561	64,683
Water System Capital Improvement Fund - Bank OZK	2,022	1,967
Electric Capital Improvement Fund - Bank OZK	2,021	1,967
Facilities Capital Improvement Fund - Bank OZK	26,135	25,429
Wastewater Capital Improvement Fund - Bank OZK	1,222	1,189
Alcoa Road Utilities Relocation Fund - Bank OZK	1,851,903	1,408,892
Economic Development Fund - Bank OZK	87,032	2,238
Pension Savings Fund - Bank OZK	376,658	366,485
Investment Fund - Crews and Associates	8,348,300	7,950,620
Total Board Designated	<u>10,762,979</u>	<u>9,825,567</u>
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	385	209
04/01/12 Issue - US Bank Trust	6	2,056
01/30/18 Issue - Regions Corporate Trust	741,822	642,448
Total Bond Funds	<u>742,213</u>	<u>644,713</u>
Depreciation Fund		
Public Utilities - First Security Bank	1,096,995	963,057
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,164,869	1,113,893
07/01/15 Issue - Simmons Trust	663,565	643,074
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	497,288	495,312
Total Debt Service Escrow Funds	<u>2,929,497</u>	<u>2,856,054</u>
Total Restricted Funds	<u>4,768,705</u>	<u>4,463,824</u>
Total Operating, Designated and Restricted Funds	<u><u>\$ 20,590,129</u></u>	<u><u>\$ 18,169,944</u></u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2023 and 2022

	2023	2022	2023	2022	2023	2022	Eliminations		2023	2022	2023	2022
	Light Dept.	Light Dept.	Water Dept.	Water Dept.	Waste Water Dept.	Waste Water Dept.	2023	2022	Combined Total	Combined Total	Combined Total	Combined Total
Revenue - Operations												
Fees	\$ 26,833,164	\$ 26,924,749	\$ 6,730,685	\$ 6,086,532	\$ 7,060,994	\$ 5,621,100	\$ (938,713)	\$ (1,007,318)	\$ 39,686,130	\$ 37,625,063		
Service Charges and Connection Fees	203,875	319,677	143,266	224,105	221,299	388,734			568,440	932,516		
Penalties	155,387	136,630	34,141	28,109	58,441	46,693			247,969	211,432		
Other Income	190,566	197,042	80,300	54,715	118,394	63,836			389,260	315,593		
Total Revenue - Operations	27,382,992	27,578,098	6,988,392	6,393,461	7,459,128	6,120,363	(938,713)	(1,007,318)	40,891,799	39,084,604		
Expenses - Operations												
Power Costs	16,650,175	16,663,973							16,650,175	16,663,973		
Plant Production			1,816,363	1,872,394	2,206,921	2,953,979	(818,095)	(864,283)	3,205,189	3,962,090		
General and Distribution	4,083,187	3,316,583	1,611,855	1,374,008	1,732,551	1,829,978	(117,145)	(139,446)	7,310,448	6,381,123		
Administrative	1,024,310	889,508	1,028,299	920,390	986,044	855,709	(3,473)	(3,589)	3,035,180	2,662,018		
Depreciation	778,753	1,254,557	1,213,381	1,870,309	1,842,734	2,693,354			3,834,868	5,818,220		
Franchise Fees	25,048	49,340	66,929	75,161	27,043	38,935			119,020	163,436		
Total Expenses - Operations	22,561,473	22,173,961	5,736,827	6,112,262	6,795,293	8,371,955	(938,713)	(1,007,318)	34,154,880	35,650,860		
Operating Income (Loss)	4,821,519	5,404,137	1,251,565	281,199	663,835	(2,251,592)			6,736,919	3,433,744		
Non-Operating Revenues (Expenses)												
Investment Income	270,924	(66,330)	135,568	(7,494)	208,072	25,221			614,564	(48,603)		
Interest Expense	(56,130)	(60,773)	(313,309)	(341,712)	(1,055,897)	(1,099,627)			(1,425,336)	(1,502,112)		
Total Non-Operating Revenues (Expenses)	214,794	(127,103)	(177,741)	(349,206)	(847,825)	(1,074,406)			(810,772)	(1,550,715)		
Net Income (Loss) Before Contributions and Transfers	\$ 5,036,313	\$ 5,277,034	\$ 1,073,824	\$ (68,007)	\$ (183,990)	\$ (3,325,998)	\$	\$	5,926,147	1,883,029		
Capital Contributions									3,509,927	1,309,829		
Change in Net Position									\$ 9,436,074	\$ 3,192,858		

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Plant Production and Treatment Expenses
For the Year Ended December 31, 2023

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 574,683	\$ 682,501	\$ 1,257,184
Fringe Benefits	263,716	313,342	577,058
Vehicle Operations	12,605	36,542	49,147
Building Maintenance	88,965	102,393	191,358
Equipment Repairs	33,550	181,520	215,070
Office Supplies	726	1,150	1,876
Janitorial Supplies and Services	2,651	9,383	12,034
Computer Supplies	1,078	1,955	3,033
Chemicals	347,047	71,732	418,779
Laboratory	5,337	40,776	46,113
Electric, Water and Waste Water	357,565	460,939	818,504
Miscellaneous	29,017	41,902	70,919
Heat - Natural Gas	3,505	62,327	65,832
Telephone	5,417	4,082	9,499
Equipment Rental		14,615	14,615
Small Tool Expense	6,064	1,405	7,469
Professional and Consulting	(1,985)	23,057	21,072
Insurance	64,153	73,560	137,713
Small Equipment Expense	22,269	83,740	106,009
Total	<u>\$ 1,816,363</u>	<u>\$ 2,206,921</u>	<u>\$ 4,023,284</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of General, Distribution and Collection Expenses
For the Year Ended December 31, 2023

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,600,115	\$ 697,527	\$ 704,800	\$ 3,002,442
Fringe Benefits	700,442	309,227	268,840	1,278,509
Vehicle Operations	194,075	80,599	114,349	389,023
Building Maintenance	32,070	1,218	8,627	41,915
Line Maintenance	527,173	416,626	54,518	998,317
Equipment Repairs	13,093	1,016	26,397	40,506
Street Light Repairs	61,607			61,607
Lift Station Maintenance			296,983	296,983
Office Supplies	4,996	14	657	5,667
Janitorial Supplies and Services	7,748	6,671	5,353	19,772
Computer Supplies	914	1,613	2,241	4,768
Natural Gas	4,092		126	4,218
Electric, Water and Waste Water	14,440	13,956	126,768	155,164
Miscellaneous	47,544	12,927	8,075	68,546
Telephone	30,467	9,068	9,768	49,303
Equipment Rental	1,585	569	25,059	27,213
Small Tool Expense	19,430	5,745	12,100	37,275
Professional and Consulting	753,128	34,905	12,980	801,013
Insurance	31,973	5,343	17,127	54,443
Small Equipment Expense	38,295	14,831	37,783	90,909
Total	<u>\$ 4,083,187</u>	<u>\$ 1,611,855</u>	<u>\$ 1,732,551</u>	<u>\$ 7,427,593</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2023

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 437,716	\$ 437,716	\$ 437,715	\$ 1,313,147
Fringe Benefits	190,661	190,661	190,662	571,984
Vehicle Operations	5,003	5,003	5,003	15,009
Building Maintenance	2,232	2,232	2,233	6,697
Equipment Repairs	7,291	7,291	7,292	21,874
Office Supplies	9,496	9,496	9,495	28,487
Postage	29,595	29,595	29,596	88,786
Janitorial Supplies and Services	2,272	2,272	2,272	6,816
Computer Supplies	5,488	5,488	5,488	16,464
Computer and Billing Services	138,364	138,364	138,363	415,091
Electricity, Water and Waste Water	1,158	1,158	1,157	3,473
Miscellaneous	44,121	94,165	44,120	182,406
Heat - Natural Gas	2,049	2,049	2,050	6,148
Telephone	6,224	6,224	6,223	18,671
Professional and Consulting	77,933	77,933	77,934	233,800
Customer Collection Expense	3,503	3,503	3,503	10,509
Insurance	1,125	1,125	1,124	3,374
Bad Debt Expense	60,079	14,024	21,814	95,917
Total	<u>\$ 1,024,310</u>	<u>\$ 1,028,299</u>	<u>\$ 986,044</u>	<u>\$ 3,038,653</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Supplemental Water and Sewer Disclosures

The following is a summary of water and sewer rates and usage information for the system at December 31, 2023:

Sewer Monthly Rates

- (a) 0-2 mg minimum average water usage - \$16.50
- (b) All over 1 mg minimum average water usage - \$16.50 minimum, plus \$5.26 per mg for all over 1 mg, out of city limits \$28.88 minimum and \$9.21 mg for all over 1 mg.
- (c) New residential customers charged \$28.36 per month until six (6) winter month's time frame established.
- (d) Commercial/industrial customers will be based on actual monthly water usage unless a levelized bill is approved by the utilities general manager.
- (e) Those sewer customers moving from one location to another on the city system, and having a previously established six (6) winter months usage time frame at the old location, shall have the sewer rate for their previous location continued at their new location.

Number of Sewer Users

	<u>2023</u>
Residential	14,663
Commercial	1,409
Industrial	<u>18</u>
	<u>16,090</u>

Annual Billable Water

	2023 <u>Gallons (000s)</u>
Total annual billable water	1,570,008
Less water billable to non-sewer customers	<u>(446,764)</u>
Net billable to sewer customers	<u>1,123,244</u>
Residential	817,803
Commercial	281,678
Industrial	<u>23,763</u>
Total water billable to sewer customers	<u>1,123,244</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated March 6, 2009

December 31, 2023

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			143,980
06/01/2024	6,100	1,980	137,880
12/01/2024	6,184	1,896	131,696
06/01/2025	6,269	1,811	125,427
12/01/2025	6,355	1,725	119,072
06/01/2026	6,443	1,637	112,629
12/01/2026	6,531	1,549	106,098
06/01/2027	6,621	1,459	99,477
12/01/2027	6,712	1,368	92,765
06/01/2028	6,804	1,276	85,961
12/01/2028	6,898	1,182	79,063
06/01/2029	6,993	1,087	72,070
12/01/2029	7,089	991	64,981
06/01/2030	7,187	893	57,794
12/01/2030	7,285	795	50,509
06/01/2031	7,386	694	43,123
12/01/2031	7,487	593	35,636
06/01/2032	7,590	490	28,046
12/01/2032	7,694	386	20,352
06/01/2033	7,800	280	12,552
12/01/2033	7,907	173	4,645
06/01/2034	4,645	64	
	<u>\$ 143,980</u>	<u>\$ 22,329</u>	

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated July 1, 2015

December 31, 2023

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
03/01/2024		493,325	20,825,000
09/01/2024	920,000	493,325	19,905,000
03/01/2025		470,325	19,905,000
09/01/2025	970,000	470,325	18,935,000
03/01/2026		455,775	18,935,000
09/01/2026	995,000	455,775	17,940,000
03/01/2027		435,875	17,940,000
09/01/2027	1,035,000	435,875	16,905,000
03/01/2028		410,000	16,905,000
09/01/2028	1,095,000	410,000	15,810,000
03/01/2029		382,625	15,810,000
09/01/2029	1,145,000	382,625	14,665,000
03/01/2030		354,000	14,665,000
09/01/2030	1,200,000	354,000	13,465,000
03/01/2031		324,000	13,465,000
09/01/2031	1,980,000	324,000	11,485,000
03/01/2032		274,500	11,485,000
09/01/2032	2,080,000	274,500	9,405,000
03/01/2033		222,500	9,405,000
09/01/2033	2,185,000	222,500	7,220,000
03/01/2034		167,875	7,220,000
09/01/2034	2,290,000	167,875	4,930,000
03/01/2035		110,625	4,930,000
09/01/2035	2,405,000	110,625	2,525,000
03/01/2036		50,500	2,525,000
09/01/2036	2,525,000	50,500	
	<u>\$ 20,825,000</u>	<u>\$ 8,303,850</u>	

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated January 30, 2018

December 31, 2023

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 2,355,000
03/01/2024		26,729	2,355,000
09/01/2024	1,165,000	26,729	1,190,000
03/01/2025		13,507	1,190,000
09/01/2025	1,190,000	13,507	
	<u>\$ 2,355,000</u>	<u>\$ 80,472</u>	

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated February 12, 2020

December 31, 2023

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
03/01/2024		164,400	12,685,000
09/01/2024	1,150,000	164,400	11,535,000
03/01/2025		152,612	11,535,000
09/01/2025	1,165,000	152,612	10,370,000
03/01/2026		139,914	10,370,000
09/01/2026	1,200,000	139,914	9,170,000
03/01/2027		126,234	9,170,000
09/01/2027	1,225,000	126,234	7,945,000
03/01/2028		111,534	7,945,000
09/01/2028	1,245,000	111,534	6,700,000
03/01/2029		95,660	6,700,000
09/01/2029	1,280,000	95,660	5,420,000
03/01/2030		78,700	5,420,000
09/01/2030	1,320,000	78,700	4,100,000
03/01/2031		60,550	4,100,000
09/01/2031	640,000	60,550	3,460,000
03/01/2032		51,430	3,460,000
09/01/2032	655,000	51,430	2,805,000
03/01/2033		42,096	2,805,000
09/01/2033	670,000	42,096	2,135,000
03/01/2034		32,214	2,135,000
09/01/2034	690,000	32,214	1,445,000
03/01/2035		22,036	1,445,000
09/01/2035	710,000	22,036	735,000
03/01/2036		11,209	735,000
09/01/2036	735,000	11,209	
	<u>\$ 12,685,000</u>	<u>\$ 2,177,178</u>	

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Estimated Debt Service Coverage

December 31, 2023					
Year Ending 12/31	03/06/2009 Bonds	7/1/2015 Bonds	1/30/2018 Bonds	2/12/2020 Bonds	Total Bonds
2024	\$ 16,160	\$ 1,906,650	\$ 1,218,458	\$ 1,478,800	\$ 4,620,068
2025	16,160	1,910,650	1,217,014	1,470,224	4,614,048
2026	16,160	1,906,550		1,479,828	3,402,538
2027	16,160	1,906,750		1,477,468	3,400,378
2028	16,160	1,915,000		1,468,068	3,399,228
2029	16,160	1,910,250		1,471,320	3,397,730
2030	16,160	1,908,000		1,477,400	3,401,560
2031	16,160	2,628,000		761,100	3,405,260
2032	16,160	2,629,000		757,860	3,403,020
2033	16,160	2,630,000		754,192	3,400,352
2034	4,709	2,625,750		754,428	3,384,887
2035		2,626,250		754,072	3,380,322
2036		2,626,000		757,418	3,383,418
Totals	<u>\$ 166,309</u>	<u>\$ 29,128,850</u>	<u>\$ 2,435,472</u>	<u>\$ 14,862,178</u>	<u>\$ 46,592,809</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Benton Utilities Employees' Pension Plan

	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Total Pension Liability										
Service Cost	\$ 530,580	\$ 410,064	\$ 372,188	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980	\$ 335,144	\$ 337,147
Service Transfer							4,256	(884,253)		
Interest	1,285,138	1,268,691	1,259,156	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187	1,074,426	1,038,990
Difference Between Actual and Expected Experience	(575,139)	(19,126)	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)	116,426	(164,843)
Assumption Changes		1,026,608					(770,590)	(723,117)	(742,510)	(665,637)
Benefit Payments	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657
Net Change in Total Pension Liability	\$ 108,476	\$ 1,499,188	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657
Total Pension Liability - Beginning	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964
Total Pension Liability - Ending	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621
Plan Fiduciary Net Position										
Contributions - Employee Mandatory	\$ 129,050	\$ 109,396	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301	\$ 29,480	\$ 14,000
Contributions - Employer	583,975	770,444	934,041	956,004	876,337	913,740	685,000	700,012	750,000	700,000
Service Transfer							4,256	(884,253)		
Net Investment Income	(3,080,597)	2,115,494	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)	620,952	1,554,607
Benefits Payments	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)	(665,637)
Administrative Expense			(6,000)							
Net Change in Plan Net Position	\$ (3,499,675)	\$ 1,808,285	\$ 1,939,259	\$ 2,638,237	\$ (920,966)	\$ 1,538,725	\$ 907,890	\$ (1,362,140)	\$ 657,922	\$ 1,602,970
Plan Fiduciary Net Position - Beginning	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192
Plan Fiduciary Net Position - Ending	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162
Net Pension Liability - Ending	\$ 3,401,598	\$ (206,553)	\$ 102,544	\$ 1,869,056	\$ 4,015,864	\$ 2,462,533	\$ 3,281,499	\$ 3,814,903	\$ 2,872,023	\$ 2,746,459
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.92%	101.04%	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%	82.42%	82.34%
Covered Payroll	\$ 3,895,993	\$ 4,552,853	\$ 3,946,975	\$ 3,536,733	\$ 3,598,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978	\$ 3,223,284	\$ 3,236,306
Net Pension Liability as a Percentage of Payroll	87.31%	-4.54%	2.60%	52.85%	111.59%	64.97%	88.40%	101.49%	89.10%	84.86%

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Required Supplementary Information
Schedule of Contributions
Benton Utilities Employees' Pension Plan

Actuarial Valuation Date	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contribution as a % of Payroll (b/c)
12/31/14	\$ 697,224	\$ 750,000	\$ (52,776)	\$ 3,236,306	23.17%
12/31/15	\$ 716,658	\$ 700,012	\$ 16,646	\$ 3,758,978	18.62%
12/31/16	\$ 881,587	\$ 685,000	\$ 196,587	\$ 3,712,310	18.45%
12/31/17	\$ 790,479	\$ 913,740	\$ (123,261)	\$ 3,790,429	24.11%
12/31/18	\$ 681,567	\$ 876,337	\$ (194,770)	\$ 3,598,865	24.35%
12/31/19	\$ 880,619	\$ 956,004	\$ (75,385)	\$ 3,536,733	27.03%
12/31/20	\$ 562,080	\$ 934,041	\$ (371,961)	\$ 3,946,975	23.66%
12/31/21	\$ 341,841	\$ 770,444	\$ (428,603)	\$ 4,552,853	16.92%
12/31/22	\$ 431,508	\$ 583,975	\$ (152,467)	\$ 3,895,993	14.99%