

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, 2017 and 2016

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
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December 31, 2017 and 2016

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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, 2017. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 7 through 18.

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, 2017 and 2016. 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.

2017 Financial Highlights

- The Utility's total revenues decreased by \$535,005 or 1.56% from \$34,364,660 at December 31, 2016, to \$33,829,655 at December 31, 2017. The decrease in revenues is in great part due to a decrease in connection fees for electric, water and waste water.
- The Utility's total expenses decreased by \$660,734 or 1.90% from \$34,847,570 at December 31, 2016, to \$34,186,836 at December 31, 2017. The decrease in expenses is in great part due to a decrease in repair projects.
- The Utility's total assets and deferred outflows of resources decreased by \$1,978,395 or 1.99% from \$99,193,966 at December 31, 2016, to \$97,215,571 at December 31, 2017. The decrease is due in great part to increases in accumulated depreciation on capital assets.

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 14.17% or \$4,068 due to an increase of restricted interest income on bond money for utility projects.

Condensed Statements of Net Position

	2017	2016	(Restated) 2015
Current Assets	\$ 7,607,460	\$ 8,308,934	\$ 9,994,594
Restricted Assets	2,816,587	2,987,255	3,182,096
Capital Assets, Net	84,286,162	85,272,185	83,435,299
Deferred Outflows	2,505,362	2,625,592	1,556,201
Total Assets and Deferred Outflows	\$ 97,215,571	\$ 99,193,966	\$ 98,168,190
Current Liabilities	\$ 6,437,808	\$ 7,119,568	\$ 6,127,237
Long-Term Liabilities	47,848,590	50,196,858	51,025,536
Total Liabilities	54,286,398	57,316,426	57,152,773
Deferred Inflows	656,834	290,717	
Net Investment in Capital Assets	38,894,605	38,172,254	34,676,446
Restricted	1,845,553	1,820,567	1,791,668
Unrestricted	1,532,181	1,594,002	4,547,303
Total Net Position	42,272,339	41,586,823	41,015,417
Total Liabilities and Net Position	\$ 97,215,571	\$ 99,193,966	\$ 98,168,190

Total net position increased by \$685,516 from \$41,586,823 at December 31, 2016, to \$42,272,339 at December 31, 2017, an increase of 1.65%. Current liabilities decreased by \$681,760, or 9.58%.

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

	2017	2016	(Restated) 2015
Operating Revenues:			
Services Fees and Penalties	\$ 33,626,519	\$ 34,085,612	\$ 33,422,147
Other Revenue	170,361	250,341	221,527
Total Operating Revenues	33,796,880	34,335,953	33,643,674
Investment Income	32,775	28,707	26,810
Total Revenue	33,829,655	34,364,660	33,670,484
Operating Expenses:			
Power Costs	16,824,846	16,293,183	15,218,778
Plant Production Expenses	1,994,112	2,312,788	2,173,993
General and Distribution Expenses	4,624,827	5,115,675	4,846,582
Administrative Expenses	1,790,518	2,128,131	2,083,326
Depreciation Expense	5,346,165	5,314,678	5,232,639
Franchise Fees	1,847,463	1,876,566	1,838,373
Total Operating Expenses	32,427,931	33,041,021	31,393,691
Issuance Cost of Refunding Bonds			437,975
Interest Expense	1,758,905	1,806,549	1,880,776
Total Expenses	34,186,836	34,847,570	33,712,442
Net Income (Loss) Before Contributions and Transfers	(357,181)	(482,910)	(41,958)
Capital Contributions	1,042,697	1,054,316	2,094,588
Transfers			263,975
Change in Net Position	685,516	571,406	2,316,605
Net Position at Beginning of Year	41,586,823	41,015,417	38,698,812
Net Position at End of Year	\$ 42,272,339	\$ 41,586,823	\$ 41,015,417

Total revenues from services, fees and penalties reflect a decrease from 2016 to 2017. The decrease amount was \$459,093, or 1.35%. The decrease in revenues is in great part due to a decrease in connection fees for electric, water and waste water.

Net loss of \$357,181 before capital contributions, transfers, and extraordinary items, less capital contributions of \$1,042,697 were the two items that resulted in an increase of \$685,516 in net position for the year ending December 31, 2017.

Capital Assets

At December 31, 2017, the Utility had \$38,894,605 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 of 2017 was \$722,351 or 1.89%, due to an increase in construction projects and a decrease in bonds payable. A scheduled summary showing the changes to the capital assets during the year of 2017 can be found in Note 4 on page 13 of this audit report. A scheduled summary showing the changes to the revenue bonds payable during the year of 2017 can be found in Note 6 on page 14 of this audit report.

Debt Administration

At December 31, 2017, the Utility had \$43,246,040 in outstanding revenue bonds payable compared to \$44,756,886 outstanding at December 31, 2016. This decrease of \$1,510,846 is the difference in the amount of bonds retired (paid off) during the year. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$402,300 at December 31, 2017, is a decrease of \$124,207 over the \$526,507 accrued as of December 31, 2016. A scheduled summary showing changes to the debt administration can be found in Note 1G on page 11 of this audit report.

Economic Factors and Next Year's Budget and Rates

There were two main areas of impact in 2017. The first was the new Electric Sub Station built North of Highway 5. The second was the New Customer Service-Billing Office built on Citizens Way. These were unbudgeted projects. They were expected to be funded through the savings from the wholesale power cost due to our contract with Constellation that began April 1, 2014, and Power Purchase Agreement with MJMEUC from our ownership in Plum Point Unit #1. However, the very mild summer of 2017 and the maintenance shutdown of Plum Point Unit #1, resulted in \$2.2M less revenues than projected for 2017. Therefore these projects had to be funded from operating expenses and reduction of the Emergency Funds. Under the leadership of General Manager, David Vondran, all department heads drastically cut their expenditures in order to cover these unbudgeted projects. This left many projects undone. Some of these projects cannot be deferred any longer.

In order to fund these projects in 2018, the City Council has approved a \$7.8M Bond Issue effective January 2018. Some of the major projects these funds will cover are:

- I-30 Utility Relocation
- Critical Manhole Rehabilitation
- Digester & Decant Clarifier Completion
- Saline River Circuit Crossing
- Clarifier & Yard Piping
- 16" Water Main – Downtown Phase 1

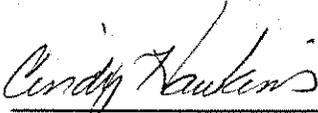
It also became evident in 2017 that the reduction in electric rates to our customers in 2014 was too aggressive with the necessary projects now needed to fulfill the needs of our growing City. Therefore the City Council approved a 12% electric rate increase that became effective Jan. 1, 2018. The automatic Water rate increase of 2%, went into effect Jan. 1, 2018 as well. This automatic increase will continue through 2019. The automatic 3% increase for Wastewater will go into effect on April 1, 2018 and will also continue through 2019 as approved by City Council. The goal of these rate increases is to make each

Utility Department (Electric, Water & Wastewater) solvent with adequate revenues to cover its own expenses.

The current Electric Wholesale Power Contract is effective through May 31st 2019. The new contract starting June 1, 2019 has been completed and will provide a reduction in the "known" costs of our wholesale power through May 2022. This should generate needed funds for the long-range projects to sustain the growth and infrastructure needs of the City of Benton.

Contacting the City'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 Comptroller, Attn: Cindy Hawkins, at 1827 Dale Avenue, Benton, AR 72015, call (501) 776-5931, or e-mail at cindy@bentonar.org



Cindy Hawkins
Comptroller
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

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, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2017 and 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 through 28 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Benton Municipal Light and Water Works 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, 2017 and 2016, 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.

Yocum, Jewell & Co., P.C.
Certified Public Accountants

Benton, Arkansas
March 10, 2018

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2017 and 2016

Assets and Deferred Outflows of Resources

	2017	2016
Current Assets		
Cash and Cash Equivalents	\$ 3,096,019	\$ 2,255,033
Utility Billings, Net of Allowance for Uncollectibles	2,324,702	2,296,833
Accounts Receivable	19,431	32,423
Prepaid Expenses	103,806	95,218
Supplies Inventory	18,165	21,809
Board Designated Funds	2,045,337	3,607,618
Total Current Assets	7,607,460	8,308,934
Non-Current Assets		
Restricted Funds	2,816,587	2,987,255
Capital Assets:		
Total Plant, Property and Equipment	179,377,219	175,017,073
Less Accumulated Depreciation	(95,091,057)	(89,744,888)
Total Non-Current Assets	87,102,749	88,259,440
Deferred Outflows of Resources		
Deferred Pension Outflows	1,779,401	1,837,881
Deferred Loss on Early Retirement of Debt	725,961	787,711
Total Deferred Outflows of Resources	2,505,362	2,625,592
Total Assets and Deferred Outflows of Resources	\$ 97,215,571	\$ 99,193,966

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

Liabilities, Deferred Inflows of Resources and Net Position

	2017	2016
Current Liabilities		
Accounts Payable	\$ 1,585,164	\$ 2,415,915
Customer Overpayments	4,765	5,612
Metered Deposits	2,064,363	1,863,217
Accrued Compensation	402,300	526,507
Sales Tax Payable	60,806	19,333
Accrued Interest Payable	640,483	655,162
Due to City Funds	129,500	128,135
Bonds Payable - Current Maturities	1,550,427	1,505,687
Total Current Liabilities	<u>6,437,808</u>	<u>7,119,568</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	41,695,613	43,251,199
Premium on Revenue Bonds	2,986,939	3,259,199
Discount on Revenue Bonds	(115,461)	(128,443)
Net Pension Liability	3,281,499	3,814,903
Total Non-Current Liabilities	<u>47,848,590</u>	<u>50,196,858</u>
Total Liabilities	<u>54,286,398</u>	<u>57,316,426</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	656,834	290,717
Net Position		
Net Investment in Capital Assets	38,894,605	38,172,254
Restricted for Debt Service	1,845,553	1,820,567
Unrestricted	1,532,181	1,594,002
Total Net Position	<u>42,272,339</u>	<u>41,586,823</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 97,215,571</u>	<u>\$ 99,193,966</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, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for Service	\$ 32,679,421	\$ 32,516,782
Service Charges and Connection Fees	710,542	1,329,704
Penalties	236,556	239,126
Other Income	170,361	250,341
Total Operating Revenues	33,796,880	34,335,953
Operating Expenses		
Power Costs	16,824,846	16,293,183
Plant Production Expenses	1,994,112	2,312,788
General and Distribution Expenses	4,624,827	5,115,675
Administrative Expenses	1,790,518	2,128,131
Depreciation	5,346,165	5,314,678
Franchise Fees	1,847,463	1,876,566
Total Operating Expenses	32,427,931	33,041,021
Operating Income	1,368,949	1,294,932
Non-Operating Revenues (Expenses)		
Interest Income	32,775	28,707
Interest Expense	(1,758,905)	(1,806,549)
Total Non-Operating Revenues (Expenses)	(1,726,130)	(1,777,842)
Net Loss Before Contributions and Transfers	(357,181)	(482,910)
Capital Contributions	1,042,697	1,054,316
Changes in Net Position	685,516	571,406
Total Net Position - Beginning of Year	41,586,823	41,015,417
Total Net Position - End of Year	\$ 42,272,339	\$ 41,586,823

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Receipts from Customers	\$ 33,639,276	\$ 33,930,893
Payments to Suppliers	(26,264,863)	(19,087,608)
Payments to Employees	(233,014)	(5,889,154)
Payments to City for Franchise Fees	(1,846,098)	(1,895,557)
Other Receipts	183,353	360,444
Net Cash Provided by Operating Activities	<u>5,478,654</u>	<u>7,419,018</u>
Cash Flow from Non-Capital Financing Activities		
Transfers from Board Designated Funds	1,562,281	939,525
Net Cash Provided by Non-Capital Financing Activities	<u>1,562,281</u>	<u>939,525</u>
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(3,587,653)	(7,015,499)
Principal Paid On Capital Debt	(1,510,846)	(1,455,426)
Interest Paid On Capital Debt	(1,971,112)	(2,026,831)
Contributions from Developers	465,073	1,054,316
Transfers from Restricted Accounts	371,814	285,110
Net Cash Used by Capital and Related Financing	<u>(6,232,724)</u>	<u>(9,158,330)</u>
Cash Flows from Investing Activities		
Interest Received	32,775	28,707
Net Cash Provided by Investing Activities	<u>32,775</u>	<u>28,707</u>
Net Change in Cash and Cash Equivalents	840,986	(771,080)
Cash and Cash Equivalents - Beginning of Year	2,255,033	3,026,113
Cash and Cash Equivalents - End of Year	<u>\$ 3,096,019</u>	<u>\$ 2,255,033</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,368,949	\$ 1,294,932
Items Not Requiring Cash:		
Depreciation	5,346,165	5,314,678
Changes in Assets and Liabilities:		
Receivables, Net	(15,724)	(31,106)
Prepays	(8,588)	6,331
Inventories	3,644	(1,429)
Accounts Payable	(1,024,251)	612,531
Accrued Expenses	(82,734)	121,250
Net Pension Liability	(108,807)	101,831
Net Cash Provided by Operating Activities	<u>\$ 5,478,654</u>	<u>\$ 7,419,018</u>
Non-Cash Capital Financing Activities:		

Capital assets of \$577,624 were acquired through noncash contributions from street projects and developers for the year ended December 31, 2017.

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, 2017 and 2016, respectively:

	2017	2016
Accrued Salaries	\$ 79,434	\$ 92,269
Accrued Vacation	124,282	112,989
Accrued Sick	198,584	321,249
	\$ 402,300	\$ 526,507

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)

H. 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

I. 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.

J. 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.

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

Note 2: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2017 and 2016:

	2017	2016
Public Utility Reservoir Contingent Fund	\$ 92,565	\$ 91,956
Public Utility Emergency Fund	1,179,407	2,511,776
Water System Capital Improvement Fund	568,802	749,695
Electric Capital Improvement Fund	27,914	27,886
Facilities Capital Improvement Fund	3,815	3,803
Wastewater Capital Improvement Fund	171,120	162,801
Alcoa Road Relocation and Improvement Fund	665	58,653
Economic Development Fund	1,049	1,048
	\$ 2,045,337	\$ 3,607,618

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

Note 2: Board Designated Funds (Cont'd)

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

Note 3: Restricted Funds

The restricted funds as of December 31, 2017 and 2016 are as follows:

	2017	2016
Bond Funds	\$ 680,834	\$ 858,661
Debt Service Funds	1,805,202	1,617,068
Depreciation Fund	330,551	511,526
Total Restricted Funds	\$ 2,816,587	\$ 2,987,255

Restricted funds consist of funds in depository accounts and Treasury and Government Obligations. It is management's intent to hold the obligations to maturity, therefore the notes are carried at cost which approximates fair value.

Note 4: Capital Assets

The following is a summary of capital assets as of December 31, 2017 and 2016:

	Balance 12/31/16	Additions	Deletions	Transfers	Balance 12/31/17
Land	\$ 1,000,642	\$ 47,606	\$	\$	\$ 1,048,248
Buildings - Administrative	1,000,466			1,052,207	2,052,673
Vehicles	3,307,723				3,307,723
Furniture and Office Equipment	175,781	3,014			178,795
Service Facilities and Equipment	165,238,122	598,725		4,852,017	170,688,864
Construction Materials	1,628,764			(514,344)	1,114,420
Construction in Process	2,665,575	3,710,801		(5,389,880)	986,496
	\$ 175,017,073	\$ 4,360,146	\$	\$	\$ 179,377,219
	Balance 12/31/15	Additions	Deletions	Transfers	Balance 12/31/16
Land	\$ 1,000,642	\$	\$	\$	\$ 1,000,642
Buildings - Administrative	1,000,466				1,000,466
Vehicles	3,270,992	36,731			3,307,723
Furniture and Office Equipment	175,781				175,781
Service Facilities and Equipment	158,987,255	2,191,311		4,059,556	165,238,122
Construction Materials	1,513,670	115,094			1,628,764
Construction in Process	1,916,701	4,808,430		(4,059,556)	2,665,575
	\$ 167,865,507	\$ 7,151,566	\$	\$	\$ 175,017,073

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

Note 5: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2017 and 2016 was \$1,968,164 and \$2,026,831, respectively.

Note 6: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2017 are as follows:

Issue of March 6, 2009	2.75%	6/01/2034
Issue of April 1, 2012	1.00% to 5.00%	9/01/2036
Issue of July 1, 2015	2.00% to 5.00%	9/01/2036

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

	2017	2016	2015
Beginning Balance	\$ 44,756,886	\$ 46,212,312	\$ 48,482,489
Issued			25,625,000
Retired	(1,510,846)	(1,455,426)	(27,895,177)
Ending Balance	<u>\$ 43,246,040</u>	<u>\$ 44,756,886</u>	<u>\$ 46,212,312</u>

Maturities of revenue bonds as of December 31, 2017 are as follows:

	Principal	Interest and Service Fees	Total
2018	\$ 1,550,427	\$ 1,925,733	\$ 3,476,160
2019	1,595,717	1,884,093	3,479,810
2020	1,641,013	1,836,247	3,477,260
2021	1,691,318	1,787,042	3,478,360
2022	1,761,631	1,719,529	3,481,160
2023-2027	10,053,169	7,332,181	17,385,350
2028-2032	12,572,413	4,818,312	17,390,725
2033-2036	12,380,352	1,482,017	13,862,369
	<u>\$ 43,246,040</u>	<u>\$ 22,785,154</u>	<u>\$ 66,031,194</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, 2017 and 2016 was \$272,261 and \$279,820, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

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 years ended December 31, 2017 and 2016 was \$12,983 and \$13,947, 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)

Loss from Early Retirement of Debt – The Benton Utilities Commission on December 12, 2011 requested and received a resolution dated December 19, 2011 from the Benton City Council for the issuance of a 2012 Refunding and Improvement Bond Issue. The bonds were issued April 1, 2012. The proceeds of the \$24,600,000 issue refunded the 1995, 1997, 2001a, 2002, 2004a and 2004b bonds outstanding. The Benton Utilities Commission requested and received a resolution dated June 8, 2015 from the Benton City Council for the issuance of a 2015 Refunding Bond Issue. The bonds were issued July 1, 2015. The proceeds of the \$25,625,000 issue refunded the 2006 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 and \$810,515 for the 2015 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, 2017 and 2016 was \$61,749 and \$62,377, respectively. For the years ended December 31, 2017 and 2016, this amortization is included in interest expense on the statement of revenues and expenses.

Note 7: Retirement Plan

The employees of the Benton Municipal Light and Water Works 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 2017 is not available.

For financial statement purposes, the Utilities has recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2016 using December 31, 2015 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2017 using December 31, 2016 actuarial information.

Membership in the plan as of December 31, 2016, is as follows:

Retirees and beneficiaries currently receiving benefits	58
Vested terminated employees	24
Current employees	<u>83</u>
Total	<u>165</u>

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

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.

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

Note 7: 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 following is a schedule of changes in the employers' net pension liability and related ratios for years ending December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 390,180	\$ 340,980	\$ 335,144
Service Transfer	4,256	(884,253)	
Interest	1,114,521	1,144,187	1,074,426
Differences Between Actual and Expected Experience	(363,881)	(297,057)	116,426
Benefit Payments	<u>(770,590)</u>	<u>(723,117)</u>	<u>(742,510)</u>
Net Change in Total Pension Liability	\$ 374,486	\$ (419,260)	\$ 783,486
Total Pension Liability – Beginning	<u>\$ 15,916,847</u>	<u>\$ 16,336,107</u>	<u>\$ 15,552,621</u>
Total Pension Liability – Ending	<u>\$ 16,291,333</u>	<u>\$ 15,916,847</u>	<u>\$ 16,336,107</u>
Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 49,641	\$ 38,301	\$ 29,480
Contributions – Employer	685,000	700,012	750,000
Service Transfer	4,256	(884,253)	
Net Investment Income	939,583	(493,083)	620,952
Benefits Payments	<u>(770,590)</u>	<u>(723,117)</u>	<u>(742,510)</u>
Net Change in Plan Net Position	\$ 907,890	\$ (1,362,140)	\$ 657,922
Net Position – Beginning	<u>\$ 12,101,944</u>	<u>\$ 13,464,084</u>	<u>\$ 12,806,162</u>
Net Position – Ending	<u>\$ 13,009,834</u>	<u>\$ 12,101,944</u>	<u>\$ 13,464,084</u>

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	<u>100%</u>	
Expected Inflation		3.00%

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

Note 7: Retirement Plan (Cont'd)

The annual required contribution for 2017 was determined as part of the January 1, 2017, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 7.0% 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 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. 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 7.0% 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 6.0%</u>	<u>Current Single Rate Assumed</u>	<u>1% Increase to 8.0%</u>
Total Pension Liability	\$ 18,202,414	\$ 16,291,333	\$ 14,669,580
Net Pension Liability	\$ 5,192,580	\$ 3,281,499	\$ 1,659,746

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	\$	\$ 581,870
Net difference between projected and actual earnings on pension plan investments	861,661	74,964
Contributions subsequent to measurement date	917,740	
	<u>\$ 1,779,401</u>	<u>\$ 656,834</u>

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2018. 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:	2018	\$ 1,113,491
	2019	195,751
	2020	195,752
	2021	(91,469)
	2022	(72,728)
	Thereafter	(218,230)
		<u>\$ 1,122,567</u>

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

Note 8: Subsequent Events

Management has evaluated subsequent events through March 10, 2018, the date which the financial statements were available to be issued.

Note 9: 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 \$129,500 and \$128,135 at December 31, 2017 and 2016, respectively. In the year ended December 31, 2016, the City transferred \$400,000 to the Utilities for ongoing Utility construction projects.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2017 and 2016

	2017	2016
Operating Funds		
Cash on Hand	\$ 2,500	\$ 2,500
Demand Deposits - General Operating Accounts		
Bank of the Ozarks	1,673,268	1,415,346
First Security Bank	1,420,251	837,187
Total Operating Funds	<u>3,096,019</u>	<u>2,255,033</u>
Board Designated		
Reservoir Contingent Fund - First Security Bank	92,565	91,956
Utility Emergency Fund - First Security Bank	1,179,407	2,511,776
Water System Capital Improvement Fund - Bank of the Ozarks	568,802	749,695
Electric Capital Improvement Fund - Bank of the Ozarks	27,914	27,886
Facilities Capital Improvement Fund - Bank of the Ozarks	3,815	3,803
Wastewater Capital Improvement Fund - Bank of the Ozarks	171,120	162,801
Alcoa Road Utilities Relocation Fund - Bank of the Ozarks	665	58,653
Economic Development Fund - Bank of the Ozarks	1,049	1,048
Total Board Designated	<u>2,045,337</u>	<u>3,607,618</u>
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	1,366	1,348
04/01/12 Issue - US Bank Trust	679,468	857,313
Total Bond Funds	<u>680,834</u>	<u>858,661</u>
Depreciation Fund		
Public Utilities - First Security Bank	330,551	511,526
Debt Service Escrow Fund		
04/01/12 Issue - US Bank Trust	1,138,138	1,041,346
07/01/15 Issue - Simmons Trust	667,064	575,722
Total Debt Service Escrow Fund	<u>1,805,202</u>	<u>1,617,068</u>
Total Restricted Funds	<u>2,816,587</u>	<u>2,987,255</u>
Total Operating, Designated and Restricted Funds	<u>\$ 7,957,943</u>	<u>\$ 8,849,906</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, 2017 and 2016

	2017		2016		2017		2016		Eliminations		2017		2016	
	Light Dept.	\$	Light Dept.	\$	Water Dept.	\$	Waste Water Dept.	\$	2017	2016	Combined Total	Combined Total		
Revenue - Operations														
Fees	\$ 22,864,171	\$ 23,198,196	\$ 5,564,822	\$ 5,288,995	\$ 5,376,602	\$ 5,085,030	\$ (1,126,174)	\$ (1,055,439)	\$ 32,679,421	\$ 32,516,782				
Service Charges and Connection Fees	270,710	400,549	194,099	455,810	245,733	473,345			710,542	1,329,704				
Penalties	151,548	154,986	34,763	34,928	50,245	49,212			236,556	239,126				
Other Income	110,728	197,931	31,521	22,714	28,112	29,696			170,361	250,341				
Total Revenue - Operations	23,397,157	23,951,662	5,825,205	5,802,447	5,700,692	5,637,283	(1,126,174)	(1,055,439)	33,796,880	34,335,953				
Expenses - Operations														
Power Costs	16,824,846	16,293,183							16,824,846	16,293,183				
Plant Production			1,337,906	1,494,880	1,640,208	1,745,738	(984,002)	(927,830)	1,994,112	2,312,788				
General and Distribution	2,507,892	2,837,497	1,127,233	1,294,002	1,128,359	1,105,162	(138,657)	(120,986)	4,624,827	5,115,675				
Administrative	612,637	731,637	582,249	693,993	599,147	709,124	(3,515)	(6,623)	1,790,518	2,128,131				
Depreciation	1,084,487	1,086,958	1,668,173	1,622,938	2,593,505	2,604,782			5,346,165	5,314,678				
Franchise Fees	1,235,480	1,267,686	301,216	301,570	310,767	307,310			1,847,463	1,876,566				
Total Expenses - Operations	22,265,342	22,216,961	5,016,777	5,407,383	6,271,986	6,472,116	(1,126,174)	(1,055,439)	32,427,931	33,041,021				
Operating Income (Loss)	1,131,815	1,734,701	808,428	395,064	(571,294)	(834,833)			1,368,949	1,294,932				
Non-Operating Revenues (Expenses)														
Interest Income	20,247	26,196	9,476	1,810	3,052	701			32,775	28,707				
Interest Expense	(80,454)	(85,012)	(439,160)	(464,176)	(1,239,291)	(1,257,361)			(1,758,905)	(1,806,549)				
Total Non-Operating Revenues (Expenses)	(60,207)	(58,816)	(429,684)	(462,366)	(1,236,239)	(1,256,660)			(1,726,130)	(1,777,842)				
Net Income (Loss) Before Contributions and Transfers	\$ 1,071,608	\$ 1,675,885	\$ 378,744	\$ (67,302)	\$ (1,807,533)	\$ (2,091,493)			(357,181)	(482,910)				
Capital Contributions									1,042,697	1,054,316				
Change in Net Position									\$ 685,516	\$ 571,406				

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, 2017

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 449,180	\$ 406,567	\$ 855,747
Fringe Benefits	216,670	204,727	421,397
Vehicle Operations	11,478	18,253	29,731
Building Maintenance	36,001	31,740	67,741
Equipment Repairs	95,956	111,785	207,741
Office Supplies	255	358	613
Janitorial Supplies and Services	3,220	3,035	6,255
Computer Supplies	202	1,138	1,340
Chemicals	107,646	36,007	143,653
Laboratory	3,541	28,309	31,850
Electric, Water and Waste Water	348,426	635,925	984,351
Miscellaneous	11,301	41,125	52,426
Heat - Natural Gas	1,633	64,157	65,790
Telephone	3,902	3,895	7,797
Equipment Rental	1,848		1,848
Small Tool Expense	1,305	1,772	3,077
Professional and Consulting	10,232	10,489	20,721
Insurance	33,210	40,076	73,286
Small Equipment Expense	1,900	850	2,750
Total	\$ 1,337,906	\$ 1,640,208	\$ 2,978,114

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, 2017

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,169,381	\$ 609,965	\$ 471,828	\$ 2,251,174
Fringe Benefits	564,054	283,724	206,583	1,054,361
Vehicle Operations	87,067	65,561	41,706	194,334
Building Maintenance	9,878		2,435	12,313
Line Maintenance	115,731	86,403	36,315	238,449
Equipment Repairs	6,890	930	21,282	29,102
Street light Repairs	53,955			53,955
Lift Station Maintenance			162,288	162,288
Office Supplies	1,112	144	827	2,083
Janitorial Supplies and Services	9,355	3,446	2,067	14,868
Computer Supplies	2,349	216	785	3,350
Computer Services	18,205	243	488	18,936
Natural Gas	1,791	1,633	466	3,890
Electric, Water and Waste Water	10,395	37,541	122,889	170,825
Miscellaneous	40,805	9,658	6,796	57,259
Telephone	15,049	8,143	3,773	26,965
Equipment Rental	130	136	3,534	3,800
Small Tool Expense	5,503	2,302	1,956	9,761
Professional and Consulting	372,207	11,008	18,809	402,024
Insurance	22,476	5,437	10,703	38,616
Small Equipment Expense	1,559	743	12,829	15,131
Total	\$ 2,507,892	\$ 1,127,233	\$ 1,128,359	\$ 4,763,484

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2017

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 286,842	\$ 286,842	\$ 286,841	\$ 860,525
Fringe Benefits	124,433	124,433	124,432	373,298
Vehicle Operations	5,359	5,359	5,360	16,078
Building Maintenance	1,028	1,028	1,027	3,083
Equipment Repairs	6,404	6,404	6,405	19,213
Office Supplies	10,676	10,676	10,677	32,029
Postage	27,441	27,441	27,441	82,323
Janitorial Supplies and Services	646	646	645	1,937
Computer Supplies	1,084	1,084	1,083	3,251
Computer and Billing Services	38,010	38,010	38,009	114,029
Electricity, Water and Waste Water	1,171	1,171	1,172	3,514
Miscellaneous	15,600	15,845	15,620	47,065
Heat - Natural Gas	299	299	300	898
Telephone	3,628	3,628	3,629	10,885
Professional and Consulting	44,770	44,770	44,770	134,310
Customer Collection Expense	1,511	1,511	1,510	4,532
Insurance	404	404	403	1,211
Small Equipment Expense	1,037	1,037	1,036	3,110
Bad Debt Expense	42,294	11,661	28,787	82,742
Total	\$ 612,637	\$ 582,249	\$ 599,147	\$ 1,794,033

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, 2017:

Sewer Monthly Rates

- (a) 0-2 mg minimum average water usage - \$13.10
- (b) All over 2 mg minimum average water usage - \$13.10 minimum, plus \$5.10 per mg for all over 2 mg, out of city limits \$22.93 minimum and \$8.93 mg for all over 2 mg.
- (c) New residential customers charged \$30.00 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

	2017
Residential	13,716
Commercial	1,247
Industrial	18
	14,981

Annual Billable Water

	2017 Gallons (000s)
Total annual billable water	994,041
Less water billable to non-sewer customers	(22,752)
Net billable to sewer customers	971,289
Residential	707,654
Commercial	186,254
Industrial	77,381
Total water billable to sewer customers	971,289

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

December 31, 2017

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 211,040
06/01/2018	5,178	2,902	205,862
12/01/2018	5,249	2,831	200,613
06/01/2019	5,322	2,758	195,291
12/01/2019	5,395	2,685	189,896
06/01/2020	5,469	2,611	184,427
12/01/2020	5,544	2,536	178,883
06/01/2021	5,620	2,460	173,263
12/01/2021	5,698	2,382	167,565
06/01/2022	5,776	2,304	161,789
12/01/2022	5,855	2,225	155,934
06/01/2023	5,936	2,144	149,998
12/01/2023	6,018	2,062	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>\$ 211,040</u>	<u>\$ 52,229</u>	

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated April 1, 2012

December 31, 2017

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 17,655,000
03/01/2018		379,550	17,655,000
09/01/2018	1,055,000	379,550	16,600,000
03/01/2019		363,725	16,600,000
09/01/2019	825,000	363,725	15,775,000
03/01/2020		351,350	15,775,000
09/01/2020	845,000	351,350	14,930,000
03/01/2021		338,675	14,930,000
09/01/2021	875,000	338,675	14,055,000
03/01/2022		321,175	14,055,000
09/01/2022	910,000	321,175	13,145,000
03/01/2023		302,975	13,145,000
09/01/2023	945,000	302,975	12,200,000
03/01/2024		284,075	12,200,000
09/01/2024	985,000	284,075	11,215,000
03/01/2025		259,450	11,215,000
09/01/2025	1,030,000	259,450	10,185,000
03/01/2026		233,700	10,185,000
09/01/2026	1,090,000	233,700	9,095,000
03/01/2027		206,450	9,095,000
09/01/2027	1,140,000	206,450	7,955,000
03/01/2028		177,950	7,955,000
09/01/2028	1,190,000	177,950	6,765,000
03/01/2029		154,894	6,765,000
09/01/2029	1,240,000	154,893	5,525,000
03/01/2030		130,869	5,525,000
09/01/2030	1,290,000	130,869	4,235,000
03/01/2031		105,875	4,235,000
09/01/2031	625,000	105,875	3,610,000
03/01/2032		90,250	3,610,000
09/01/2032	655,000	90,250	2,955,000
03/01/2033		73,875	2,955,000
09/01/2033	685,000	73,875	2,270,000
03/01/2034		56,750	2,270,000
09/01/2034	720,000	56,750	1,550,000
03/01/2035		38,750	1,550,000
09/01/2035	755,000	38,750	795,000
03/01/2036		19,875	795,000
09/01/2036	795,000	19,875	
	<u>\$ 17,655,000</u>	<u>\$ 7,780,425</u>	

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

December 31, 2017

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 25,380,000
03/01/2018		580,450	25,380,000
09/01/2018	485,000	580,450	24,895,000
03/01/2019		575,600	24,895,000
09/01/2019	760,000	575,600	24,135,000
03/01/2020		564,200	24,135,000
09/01/2020	785,000	564,200	23,350,000
03/01/2021		552,425	23,350,000
09/01/2021	805,000	552,425	22,545,000
03/01/2022		536,325	22,545,000
09/01/2022	840,000	536,325	21,705,000
03/01/2023		515,325	21,705,000
09/01/2023	880,000	515,325	20,825,000
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>\$ 25,380,000</u>	<u>\$ 14,952,500</u>	

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

December 31, 2017

Year Ending 12/31	03/06/2009 Bonds	4/1/2012 Bonds	7/1/2015 Bonds	Total Bonds
2018	\$ 16,160	\$ 1,814,100	\$ 1,645,900	\$ 3,476,160
2019	16,160	1,552,450	1,911,200	3,479,810
2020	16,160	1,547,700	1,913,400	3,477,260
2021	16,160	1,552,350	1,909,850	3,478,360
2022	16,160	1,552,350	1,912,650	3,481,160
2023	16,160	1,550,950	1,910,650	3,477,760
2024	16,160	1,553,150	1,906,650	3,475,960
2025	16,160	1,548,900	1,910,650	3,475,710
2026	16,160	1,557,400	1,906,550	3,480,110
2027	16,160	1,552,900	1,906,750	3,475,810
2028	16,160	1,545,900	1,915,000	3,477,060
2029	16,160	1,549,787	1,910,250	3,476,197
2030	16,160	1,551,738	1,908,000	3,475,898
2031	16,160	836,750	2,628,000	3,480,910
2032	16,160	835,500	2,629,000	3,480,660
2033	16,160	832,750	2,630,000	3,478,910
2034	4,709	833,500	2,625,750	3,463,959
2035		832,500	2,626,250	3,458,750
2036		834,750	2,626,000	3,460,750
Totals	<u>\$ 263,269</u>	<u>\$ 25,435,425</u>	<u>\$ 40,332,500</u>	<u>\$ 66,031,194</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

	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12
Total Pension Liability					
Service Cost	\$ 390,180	\$ 340,980	\$ 335,144	\$ 337,147	\$ 307,809
Service Transfer	4,256	(884,253)			
Interest	1,114,521	1,144,187	1,074,426	1,038,990	959,291
Difference Between Actual and Expected Experience	(363,881)	(297,057)	116,426	(164,843)	498,699
Benefit Payments	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Net Change in Total Pension Liability	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657	\$ 1,147,634
Total Pension Liability - Beginning	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964	\$ 13,859,330
Total Pension Liability - Ending	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964

Plan Fiduciary Net Position

Contributions - Employee Mandatory	\$ 49,641	\$ 38,301	\$ 29,480	\$ 14,000	\$ 2,263
Contributions - Employer	685,000	700,012	750,000	700,000	725,000
Service Transfer	4,256	(884,253)			
Net Investment Income	939,583	(493,083)	620,952	1,554,607	918,794
Benefits Payments	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Net Change in Plan Net Position	\$ 907,890	\$ (1,362,140)	\$ 657,922	\$ 1,602,970	\$ 1,027,892
Plan Fiduciary Net Position - Beginning	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192	\$ 10,175,300
Plan Fiduciary Net Position - Ending	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192
Net Pension Liability - Ending	\$ 3,281,499	\$ 3,814,903	\$ 2,872,023	\$ 2,746,459	\$ 3,803,772

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

Covered Payroll	\$ 3,712,310	\$ 3,758,978	\$ 3,223,284	\$ 3,236,306	\$ 3,263,281
Net Pension Liability as a Percentage of Payroll	88.40%	101.49%	89.10%	84.86%	116.56%

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%