


Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

April 27, 2021

Honorable Mayor, City Council
and Public Utilities Commission
Benton Municipal Light and Water Works

We have audited the financial statements of Benton Municipal Light and Water Works for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Benton Municipal Light and Water Works are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Benton Municipal Light and Water Works during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation expense and accumulated depreciation.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 27, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Benton Municipal Light and Water Works' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

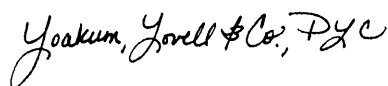
We applied certain limited procedures to management's discussion and analysis, the schedule of changes in the net pension liability and related ratios and the schedule of contributions for Benton Utilities employees' pension plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Honorable Mayor, City Council, Public Utilities Commission and management of Benton Municipal Light and Water Works and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Yoakum, Lovell and Company, PLC



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

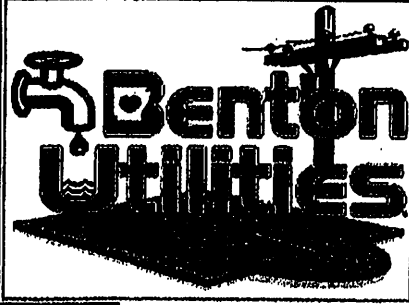
Benton Municipal Light and Water Works
City of Benton, State of Arkansas

Financial Statements
and Supplementary Information

December 31, 2020 and 2019

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Table of Contents
December 31, 2020 and 2019

| | <u>Page</u> |
|---|-------------|
| Management's Discussion and Analysis | 1-4 |
| Independent Auditors' Report | 5-6 |
| Statements of Net Position | 7-8 |
| Statements of Revenues, Expenses and Changes in Net Position | 9 |
| Statements of Cash Flows | 10 |
| Notes to Financial Statements | 11-18 |
| Supplementary Information | |
| Schedule of Operating, Board Designated and Restricted Funds | 19 |
| Departmental Statements of Revenues and Expenses | 20 |
| Schedule of Plant Production and Treatment Expenses | 21 |
| Schedule of General, Distribution and Collection Expenses | 22 |
| Schedule of Administrative Expenses | 23 |
| Supplemental Water and Sewer Disclosures | 24 |
| Revenue Bond Amortization Schedule – March 6, 2009 | 25 |
| Revenue Bond Amortization Schedule – April 1, 2012 | 26 |
| Revenue Bond Amortization Schedule – July 1, 2015 | 27 |
| Revenue Bond Amortization Schedule – January 30, 2018 | 28 |
| Revenue Bond Amortization Schedule – February 12, 2020 | 29 |
| Estimated Debt Service Coverage | 30 |
| Required Supplementary Information – Schedule of Changes in the Net Pension Liability and Related Ratios for Benton Utilities Employees' Pension Plan | 31 |
| Required Supplementary Information – Schedule of Contributions for Benton Utilities Employees' Pension Plan | 32 |



BENTON UTILITIES

1827 Dale Ave.
Benton, AR 72015
Phone: 501-776-8074

Email: kscott@bentonutilities.com

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, 2020. 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, 2020 and 2019. 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.

2020 Financial Highlights

- The Utility's total revenues decreased by \$606,993 or 1.60% from \$37,895,973 at December 31, 2019, to \$37,288,980 at December 31, 2020. The decrease in revenues is in great part due to cooler temperatures and more rainfall during the summer months.
- The Utility's total expenses decreased by \$1,780,575 or 5.35% from \$33,294,067 at December 31, 2019, to \$31,513,492 at December 31, 2020. The decrease in expenses is in great part due to a decrease in power costs.
- The Utility's total assets and deferred outflows of resources increased by \$5,565,093 or 4.82% from \$115,492,403 at December 31, 2019, to \$121,057,496 at December 31, 2020. The increase is due in great part to an increase in cash and cash equivalents.

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 decreased by 20.07% or \$35,413 due to a decrease of interest income on board designated and restricted funds.

Condensed Statements of Net Position

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Current Assets | \$ 23,830,769 | \$ 19,893,635 | \$ 14,539,621 |
| Restricted Assets | 6,701,520 | 8,277,471 | 8,978,765 |
| Capital Assets, Net | 87,149,583 | 83,847,638 | 82,953,590 |
| Deferred Outflows | <u>3,375,624</u> | <u>3,473,659</u> | <u>2,260,410</u> |
| Total Assets and Deferred Outflows | <u>\$ 121,057,496</u> | <u>\$ 115,492,403</u> | <u>\$ 108,732,386</u> |
| Current Liabilities | \$ 9,407,127 | \$ 7,786,822 | \$ 8,146,129 |
| Long-Term Liabilities | <u>45,766,357</u> | <u>50,545,689</u> | <u>51,941,997</u> |
| Total Liabilities | <u>55,173,484</u> | <u>58,332,511</u> | <u>60,088,126</u> |
| Deferred Inflows | <u>2,031,133</u> | <u>801,285</u> | <u>979,254</u> |
| Net Investment in Capital Assets | 44,192,959 | 38,903,866 | 36,471,478 |
| Restricted | 3,644,706 | 3,929,775 | 3,325,115 |
| Unrestricted | <u>16,015,214</u> | <u>13,524,966</u> | <u>7,868,413</u> |
| Total Net Position | <u>63,852,879</u> | <u>56,358,607</u> | <u>47,665,006</u> |
| Total Liabilities and Net Position | <u>\$ 121,057,496</u> | <u>\$ 115,492,403</u> | <u>\$ 108,732,386</u> |

Total net position increased by \$7,494,272 from \$56,358,607 at December 31, 2019, to \$63,852,879 at December 31, 2020, an increase of 13.30%. Current liabilities increased by \$1,620,305 or 20.81%.

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|
| Operating Revenues: | | | |
| Services Fees and Penalties | \$ 36,942,553 | \$ 37,452,835 | \$ 39,884,463 |
| Other Revenue | <u>205,364</u> | <u>266,662</u> | <u>177,045</u> |
| Total Operating Revenues | 37,147,917 | 37,719,497 | 40,061,508 |
| Investment Income | <u>141,063</u> | <u>176,476</u> | <u>110,443</u> |
| Total Revenue | <u>37,288,980</u> | <u>37,895,973</u> | <u>40,171,951</u> |
| Operating Expenses: | | | |
| Power Costs | 12,842,134 | 14,305,505 | 16,838,858 |
| Plant Production Expenses | 2,238,567 | 2,244,304 | 1,977,666 |
| General and Distribution Expenses | 5,276,295 | 5,587,778 | 4,925,936 |
| Administrative Expenses | 2,421,280 | 2,335,816 | 1,996,067 |
| Depreciation Expense | 5,277,452 | 5,073,243 | 5,078,686 |
| Franchise Fees | <u>2,031,073</u> | <u>2,060,985</u> | <u>2,214,230</u> |
| Total Operating Expenses | 30,086,801 | 31,607,631 | 33,029,443 |
| Issuance Cost of Bonds | 207,620 | | 91,423 |
| Interest Expense | <u>1,219,071</u> | <u>1,686,436</u> | <u>1,723,913</u> |
| Total Expenses | <u>31,513,492</u> | <u>33,294,067</u> | <u>34,844,779</u> |
| Net Income (Loss) Before Contributions | 5,775,488 | 4,601,906 | 5,327,172 |
| Capital Contributions | <u>1,718,784</u> | <u>4,091,695</u> | <u>65,495</u> |
| Change in Net Position | 7,494,272 | 8,693,601 | 5,392,667 |
| Net Position at Beginning of Year | <u>56,358,607</u> | <u>47,665,006</u> | <u>42,272,339</u> |
| Net Position at End of Year | <u>\$ 63,852,879</u> | <u>\$ 56,358,607</u> | <u>\$ 47,665,006</u> |

Total revenues from services, fees and penalties reflect a decrease from 2019 to 2020. The decrease amount was \$510,282, or 1.36%. The decrease in revenues is in great part due to cooler temperatures and more rainfall during the summer months.

Net income of \$5,775,488 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$1,718,784 were the two items that resulted in an increase of \$7,494,272 in net position for the year ending December 31, 2020.

Capital Assets

At December 31, 2020, the Utility had \$44,192,959 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 2020 was \$5,289,093 or 13.60%, due to an increase in service facilities and equipment. A scheduled summary showing the changes to the capital assets during the year of 2020 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 2020 can be found in Note 5 on page 14 of this audit report.

Debt Administration

At December 31, 2020, the Utility had \$45,073,050 in outstanding revenue bonds payable compared to \$46,859,896 outstanding at December 31, 2019. This decrease of \$1,786,846 is the amount of bonds retired (paid off) during the year. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$401,465 at December 31, 2020, is an increase of \$16,683 over the \$384,782 accrued as of December 31, 2019. 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

The new Electric Wholesale Power Contract started June 1, 2019 and is providing a reduction in the "known" costs of our wholesale power through May 2022. It has begun to generate needed funds for the long-range projects to sustain the growth and infrastructure needs of the City of Benton.

Significant progress was made on several construction projects funded by the \$7.8MM Bond Issue in 2018. The most critical being the relocation of Electric and Water lines along Interstate 30. This project was completed in 2019. This will allow the widening of Interstate 30 to 6 lanes from Exit 117 (Highway 5) to Exit 111 (Highway 70). The Saline River Circuit Crossing was completed in 2020. Other projects to be funded by the Bond Issue that are still in progress and will be completed in 2021 are:

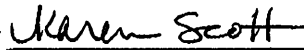
- Critical Manhole Rehabilitation
- Clarifier & Yard Piping
- 16" Water Main – Downtown Phase 1

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). With this goal in mind, Benton Utilities entered into a Cost of Service Study with Utility Financial Solutions, LLC (UFS) of Grand Haven, MI. The study was completed and presented to the Public Utility Commission (PUC) and City Council in November 2018. It was concluded that the Electric Utility was financially stable but the Water and Wastewater Utilities had rate structures that could not sustain them. There will need to be substantial increases for these utilities phased in over a few years in order to meet our goal of independent solvency for each utility service. This Study will continue over the next few years and be re-examined with current data every 2 years as we make adjustments to the rates of all 3 utilities so that each can effectively support

itself. The PUC decided not to pursue any rate increases in 2020 due to the COVID-19 pandemic. There are ongoing discussions about the desired timing of any rate increases that may take place in 2021. There were automatic Water rate increases of 2%, which went into effect Jan. 1, 2018 and Jan. 1, 2019 and an automatic 3% increase for Wastewater that went into effect on April 1, 2018 and will also continue through April 1, 2020 as approved by City Council.

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 CFO, Attn: Karen Scott, at 1827 Dale Avenue, Benton, AR 72015, call (501) 776-5931, or e-mail at kscott@bentonutilities.com.



Karen Scott
CFO
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, 2020 and 2019, 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, 2020 and 2019, 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 31 through 32 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 30 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, 2020 and 2019, 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.

Loakum, Howell & Co., P.C.
Certified Public Accountants

Benton, Arkansas
April 27, 2021

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2020 and 2019

Assets and Deferred Outflows of Resources

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 9,253,081 | \$ 5,689,301 |
| Utility Billings, Net of Allowance for Uncollectibles | 4,748,702 | 4,332,220 |
| Accounts Receivable | 544,826 | 778,803 |
| Prepaid Expenses | 119,194 | 122,987 |
| Supplies Inventory | 18,805 | 20,198 |
| Board Designated Funds | 9,146,161 | 8,950,126 |
| Total Current Assets | 23,830,769 | 19,893,635 |
| Non-Current Assets | | |
| Restricted Funds | 6,701,520 | 8,277,471 |
| Capital Assets: | | |
| Total Plant, Property and Equipment | 197,559,790 | 189,090,624 |
| Less Accumulated Depreciation | (110,410,207) | (105,242,986) |
| Total Non-Current Assets | 93,851,103 | 92,125,109 |
| Deferred Outflows of Resources | | |
| Deferred Pension Outflows | 2,076,648 | 2,867,337 |
| Deferred Loss on Early Retirement of Debt | 1,298,976 | 606,322 |
| Total Deferred Outflows of Resources | 3,375,624 | 3,473,659 |
| Total Assets and Deferred Outflows of Resources | \$ 121,057,496 | \$ 115,492,403 |

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

Liabilities, Deferred Inflows of Resources and Net Position

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 2,818,212 | \$ 1,383,898 |
| Customer Overpayments | 10,306 | 15,164 |
| Meter Deposits | 2,388,406 | 2,271,750 |
| Accrued Compensation | 401,465 | 384,782 |
| Sales Tax Payable | 80,822 | 92,231 |
| Accrued Interest Payable | 554,626 | 661,952 |
| Due to City Funds | 292,805 | 271,032 |
| Bonds Payable - Current Maturities | 2,860,485 | 2,706,013 |
| Total Current Liabilities | <u>9,407,127</u> | <u>7,786,822</u> |
| Non-Current Liabilities | | |
| Revenue Bonds Payable, Less | | |
| Current Maturities | 42,212,565 | 44,153,883 |
| Premium on Revenue Bonds | 1,691,755 | 2,467,819 |
| Discount on Revenue Bonds | (7,019) | (91,877) |
| Net Pension Liability | 1,869,056 | 4,015,864 |
| Total Non-Current Liabilities | <u>45,766,357</u> | <u>50,545,689</u> |
| Total Liabilities | <u>55,173,484</u> | <u>58,332,511</u> |
| Deferred Inflows of Resources | | |
| Deferred Pension Inflows | <u>2,031,133</u> | <u>801,285</u> |
| Net Position | | |
| Net Investment in Capital Assets | 44,192,961 | 38,903,866 |
| Restricted for Debt Service | 2,930,093 | 3,339,901 |
| Restricted for Capital Assets Replacement | 714,613 | 589,874 |
| Unrestricted | 16,015,212 | 13,524,966 |
| Total Net Position | <u>63,852,879</u> | <u>56,358,607</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 121,057,496</u> | <u>\$ 115,492,403</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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Operating Revenues | | |
| Charges for Service | \$ 35,971,230 | \$ 36,566,819 |
| Service Charges and Connection Fees | 698,566 | 619,046 |
| Penalties | 272,757 | 266,970 |
| Other Income | 205,364 | 266,662 |
| Total Operating Revenues | <u>37,147,917</u> | <u>37,719,497</u> |
| Operating Expenses | | |
| Power Costs | 12,842,134 | 14,305,505 |
| Plant Production Expenses | 2,238,567 | 2,244,304 |
| General and Distribution Expenses | 5,276,295 | 5,587,778 |
| Administrative Expenses | 2,421,280 | 2,335,816 |
| Depreciation | 5,277,452 | 5,073,243 |
| Franchise Fees | 2,031,073 | 2,060,985 |
| Total Operating Expenses | <u>30,086,801</u> | <u>31,607,631</u> |
| Operating Income | <u>7,061,116</u> | <u>6,111,866</u> |
| Non-Operating Revenues (Expenses) | | |
| Interest Income | 141,063 | 176,476 |
| Interest Expense | (1,219,071) | (1,686,436) |
| Issuance Costs of Bonds | (207,620) | |
| Total Non-Operating Revenues (Expenses) | <u>(1,285,628)</u> | <u>(1,509,960)</u> |
| Net Income (Loss) Before Contributions and Transfers | 5,775,488 | 4,601,906 |
| Capital Contributions | <u>1,718,784</u> | <u>4,091,695</u> |
| Changes in Net Position | 7,494,272 | 8,693,601 |
| Total Net Position - Beginning of Year | <u>56,358,607</u> | <u>47,665,006</u> |
| Total Net Position - End of Year | <u>\$ 63,852,879</u> | <u>\$ 56,358,607</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, 2020 and 2019

| | 2020 | 2019 |
|---|---------------|---------------|
| Cash Flows from Operating Activities | | |
| Receipts from Customers | \$ 36,509,804 | \$ 37,469,174 |
| Payments to Suppliers | (16,759,540) | (18,588,699) |
| Payments to Employees | (6,318,108) | (6,242,737) |
| Payments to City for Franchise Fees | (2,009,300) | (2,042,777) |
| Other Receipts | 434,931 | 219,646 |
| Net Cash Provided by Operating Activities | 11,857,787 | 10,814,607 |
| Cash Flow from Non-Capital Financing Activities | | |
| Transfers (to) from Board Designated Funds | (196,035) | (3,361,209) |
| Net Cash Used by Non-Capital Financing Activities | (196,035) | (3,361,209) |
| Cash Flows from Capital and Related Financing | | |
| Purchases of Capital Assets | (6,016,720) | (3,782,663) |
| Principal Paid On Capital Debt | (15,941,846) | (2,635,717) |
| Interest Paid On Capital Debt | (1,594,981) | (2,064,204) |
| Proceeds from Revenue Bonds Issued | 14,155,000 | |
| Deferred Loss of Revenue Bonds | (1,271,443) | |
| Bond Issuance Costs | (207,620) | |
| Capital Contributions | 945,968 | 1,376,484 |
| Transfers from Restricted Accounts | 1,692,607 | 732,013 |
| Net Cash Used by Capital and Related Financing | (8,239,035) | (6,374,087) |
| Cash Flows from Investing Activities | | |
| Interest Received | 141,063 | 176,476 |
| Net Cash Provided by Investing Activities | 141,063 | 176,476 |
| Net Change in Cash and Cash Equivalents | 3,563,780 | 1,255,787 |
| Cash and Cash Equivalents - Beginning of Year | 5,689,301 | 4,433,514 |
| Cash and Cash Equivalents - End of Year | \$ 9,253,081 | \$ 5,689,301 |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by Operating Activities: | | |
| Operating Income (Loss) | \$ 7,061,116 | \$ 6,111,866 |
| Items Not Requiring Cash: | | |
| Depreciation | 5,277,452 | 5,073,243 |
| Changes in Assets and Liabilities: | | |
| Receivables, Net | (191,773) | (32,919) |
| Prepays | 3,793 | 13,307 |
| Inventories | 1,393 | 118 |
| Accounts Payable | (173,197) | (421,065) |
| Accrued Expenses | 5,274 | (33,122) |
| Net Pension Liability | (126,271) | 103,179 |
| Net Cash Provided by Operating Activities | \$ 11,857,787 | \$ 10,814,607 |

Non-Cash Capital Financing Activities:

Capital assets of \$777,226 and \$2,006,665 were acquired through noncash contributions from developers for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, respectively:

| | 2020 | 2019 |
|------------------|------------|------------|
| Accrued Salaries | \$ 158,175 | \$ 111,137 |
| Accrued Vacation | 125,566 | 115,813 |
| Accrued Sick | 117,724 | 157,832 |
| | \$ 401,465 | \$ 384,782 |

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, 2020 and 2019:

| | 2020 | 2019 |
|--|--------------|--------------|
| Public Utility Reservoir Contingent Fund | \$ 2,076 | \$ 2,061 |
| Public Utility Emergency Fund | 64,034 | 63,562 |
| Water System Capital Improvement Fund | 1,965 | 1,957 |
| Electric Capital Improvement Fund | 1,965 | 1,957 |
| Facilities Capital Improvement Fund | 25,404 | 25,300 |
| Wastewater Capital Improvement Fund | 1,188 | 1,183 |
| Alcoa Road Relocation and Improvement Fund | 974,178 | 850,673 |
| Economic Development Fund | 3,163 | 3,150 |
| Investment Fund | 8,072,188 | 8,000,283 |
| | \$ 9,146,161 | \$ 8,950,126 |

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, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|-------------------------------|---------------------|---------------------|
| Bond Funds | \$ 957,294 | \$ 1,577,566 |
| Debt Service Funds | 2,527,425 | 2,424,287 |
| Depreciation Fund | 714,613 | 589,874 |
| Construction Fund | 2,502,188 | 3,685,744 |
| Total Restricted Funds | \$ 6,701,520 | \$ 8,277,471 |

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, 2020 and 2019:

| | Balance 12/31/19 | Additions | Deletions | Transfers | Balance 12/31/20 |
|-------------------------------------|-----------------------|---------------------|---------------------|-------------|-----------------------|
| Land | \$ 1,106,813 | \$ 210,000 | \$ | \$ | \$ 1,316,813 |
| Buildings - Administrative | 2,095,015 | 242,709 | | | 2,337,724 |
| Vehicles | 3,955,024 | 526,812 | (110,233) | | 4,371,603 |
| Furniture and Office Equipment | 178,795 | 173,119 | | | 351,914 |
| Service Facilities and Equipment | 180,708,748 | 3,221,417 | | 3,727,630 | 187,657,795 |
| Construction Materials | 805,169 | 65,039 | | | 870,208 |
| Construction in Process | 241,060 | 4,140,303 | | (3,727,630) | 653,733 |
| | \$ 189,090,624 | \$ 8,579,399 | \$ (110,233) | \$ | \$ 197,559,790 |
| | Balance 12/31/18 | Additions | Deletions | Transfers | Balance 12/31/19 |
| Land | \$ 1,048,248 | \$ 58,565 | \$ | \$ | \$ 1,106,813 |
| Buildings - Administrative | 2,052,673 | 42,342 | | | 2,095,015 |
| Vehicles | 3,783,185 | 171,839 | | | 3,955,024 |
| Furniture and Office Equipment | 178,795 | | | | 178,795 |
| Service Facilities and Equipment | 173,156,443 | 3,919,200 | | 3,633,105 | 180,708,748 |
| Construction Materials | 880,921 | | | (75,752) | 805,169 |
| Construction in Process | 2,023,068 | 1,775,345 | | (3,557,353) | 241,060 |
| | \$ 183,123,333 | \$ 5,967,291 | \$ | \$ | \$ 189,090,624 |

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

Note 5: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2020 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:

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-------------------|----------------------|----------------------|----------------------|
| Beginning Balance | \$ 46,859,896 | \$ 49,495,613 | \$ 43,246,040 |
| Issued | 14,155,000 | | 7,800,000 |
| Retired | (15,941,846) | (2,635,717) | (1,550,427) |
| Ending Balance | <u>\$ 45,073,050</u> | <u>\$ 46,859,896</u> | <u>\$ 49,495,613</u> |

Maturities of revenue bonds as of December 31, 2020 are as follows:

| | <u>Principal</u> | <u>Interest and Service Fees</u> | <u>Total</u> |
|-----------|----------------------|--------------------------------------|----------------------|
| 2021 | \$ 2,860,485 | \$ 1,667,490 | \$ 4,527,975 |
| 2022 | 3,046,631 | 1,572,175 | 4,618,806 |
| 2023 | 3,156,954 | 1,464,929 | 4,621,883 |
| 2024 | 3,247,284 | 1,372,784 | 4,620,068 |
| 2025 | 3,337,624 | 1,276,424 | 4,614,048 |
| 2026-2030 | 11,808,563 | 5,192,870 | 17,001,433 |
| 2031-2035 | 14,355,509 | 2,618,333 | 16,973,842 |
| 2036 | 3,260,000 | 123,417 | 3,383,417 |
| | <u>\$ 45,073,050</u> | <u>\$ 15,288,422</u> | <u>\$ 60,361,472</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, 2020 and 2019 was \$232,597 and \$255,076, 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, 2020 and 2019 was \$9,067 and \$11,449, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

Defeased Debt – The Utilities legally defeased 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 defeased bonds are not included in the Utilities statements of net position. As of December 31, 2020, the defeased debt outstanding amounted to \$13,145,000.

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

Note 5: Revenue Bonds Payable (Cont'd)

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, 2020 and 2019 was \$111,113 and \$58,934, respectively. For the years ended December 31, 2020 and 2019, this amortization is included in interest expense on the statement of revenues and expenses.

Note 6: 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 2020 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, 2019 using December 31, 2018 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2020 using December 31, 2019 actuarial information.

Membership in the plan as of December 31, 2019, is as follows:

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 71 |
| Vested terminated employees | 27 |
| Current employees | <u>77</u> |
| Total | <u>175</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 6: 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>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|----------------------|
| Total Pension Liability | | | |
| Service Cost | \$ 380,350 | \$ 395,517 | \$ 382,204 |
| Interest | 1,226,917 | 1,185,906 | 1,136,662 |
| Differences Between Actual and Expected Experience | (122,988) | (18,858) | 71,899 |
| Benefit Payments | <u>(992,850)</u> | <u>(930,200)</u> | <u>(871,006)</u> |
| Net Change in Total Pension Liability | \$ 491,429 | \$ 632,365 | \$ 719,759 |
| | | | |
| Total Pension Liability – Beginning | \$ <u>17,643,457</u> | \$ <u>17,011,092</u> | \$ <u>16,291,333</u> |
| Total Pension Liability – Ending | \$ <u>18,134,886</u> | \$ <u>17,643,457</u> | \$ <u>17,011,092</u> |
| | | | |
| Plan Fiduciary Net Position | | | |
| Contributions – Employee Mandatory | \$ 74,839 | \$ 67,270 | \$ 64,199 |
| Contributions – Employer | 956,004 | 876,337 | 913,740 |
| Net Investment Income | 2,600,244 | (934,373) | 1,431,792 |
| Benefits Payments | <u>(992,850)</u> | <u>(930,200)</u> | <u>(871,006)</u> |
| Net Change in Plan Net Position | \$ 2,638,237 | \$ (920,966) | \$ 1,538,725 |
| | | | |
| Net Position – Beginning | \$ <u>13,627,593</u> | \$ <u>14,548,559</u> | \$ <u>13,009,834</u> |
| Net Position – Ending | \$ <u>16,265,830</u> | \$ <u>13,627,593</u> | \$ <u>14,548,559</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 | <u>7%</u> | <u>0.25%</u> |
| Total | 100% | |
| Expected Inflation | | 3.00% |

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

Note 6: Retirement Plan (Cont'd)

The annual required contribution for 2020 was determined as part of the January 1, 2020, 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:

| | 1% Decrease to 6.0% | Current Single Rate Assumed | 1% Increase to 8.0% |
|-------------------------|---------------------------|-----------------------------------|---------------------------|
| Total Pension Liability | \$ 20,040,653 | \$ 18,134,886 | \$ 15,987,765 |
| Net Pension Liability | \$ 3,774,823 | \$ 1,869,056 | \$ (278,065) |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 50,329 | \$ 489,461 |
| Net difference between projected and actual earnings on pension plan investments | 1,171,945 | 1,541,672 |
| Contributions subsequent to measurement date | 854,374 | |
| | \$ 2,076,648 | \$ 2,031,133 |

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2021. 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: | 2021 | \$ 714,089 |
| | 2022 | (121,545) |
| | 2023 | (18,071) |
| | 2024 | (408,715) |
| | 2025 | (43,383) |
| | Thereafter | (76,860) |
| | | \$ 45,515 |

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

Note 7: Subsequent Events

Management has evaluated subsequent events through April 27, 2021, the date which the financial statements were available to be issued.

Note 8: 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 \$292,805 and \$271,032 at December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the Utilities had franchise fee expense to the City of \$2,031,073 and \$2,060,985, respectively.

Note 9: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2020 and 2019 was \$1,594,981 and \$2,064,204, respectively.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---------------|---------------|
| Operating Funds | | |
| Cash on Hand | \$ 2,500 | \$ 2,500 |
| Demand Deposits - General Operating Accounts | | |
| Bank OZK | 1,324,109 | 2,284,932 |
| First Security Bank | 7,926,472 | 3,401,869 |
| Total Operating Funds | 9,253,081 | 5,689,301 |
| Board Designated | | |
| Reservoir Contingent Fund - First Security Bank | 2,076 | 2,061 |
| Utility Emergency Fund - First Security Bank | 64,034 | 63,562 |
| Water System Capital Improvement Fund - Bank OZK | 1,965 | 1,957 |
| Electric Capital Improvement Fund - Bank OZK | 1,965 | 1,957 |
| Facilities Capital Improvement Fund - Bank OZK | 25,404 | 25,300 |
| Wastewater Capital Improvement Fund - Bank OZK | 1,188 | 1,183 |
| Alcoa Road Utilities Relocation Fund - Bank OZK | 974,178 | 850,673 |
| Economic Development Fund - Bank OZK | 3,163 | 3,150 |
| Investment Fund - Crews and Associates | 8,072,188 | 8,000,283 |
| Total Board Designated | 9,146,161 | 8,950,126 |
| Restricted Funds | | |
| Bond Funds | | |
| 03/06/09 Issue - Regions Corporate Trust | 1,510 | 1,499 |
| 04/01/12 Issue - US Bank Trust | 315,472 | 790,150 |
| 01/30/18 Issue - Regions Corporate Trust | 640,312 | 785,917 |
| Total Bond Funds | 957,294 | 1,577,566 |
| Depreciation Fund | | |
| Public Utilities - First Security Bank | 714,613 | 589,874 |
| Debt Service Escrow Funds | | |
| 04/01/12 Issue - US Bank Trust | 1,103,113 | 1,174,799 |
| 07/01/15 Issue - Simmons Trust | 640,630 | 645,713 |
| 01/30/18 Issue - Regions Corporate Trust | 603,775 | 603,775 |
| 02/12/2020 Issue - US Bank Trust | 179,907 | |
| Total Debt Service Escrow Funds | 2,527,425 | 2,424,287 |
| Construction Fund | | |
| 01/30/18 Issue - Regions Corporate Trust | 2,502,188 | 3,685,744 |
| Total Restricted Funds | 6,701,520 | 8,277,471 |
| Total Operating, Designated and Restricted Funds | \$ 25,100,762 | \$ 22,916,898 |

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2020 and 2019

| | 2020 | | 2019 | | 2020 | | 2019 | | Eliminations | | 2020 | | 2019 | |
|---|---------------------|---------------------|-------------------|------------------|-----------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|------|--|
| | Light Dept. | | Light Dept. | | Water Dept. | Waste Water Dept. | Water Dept. | Waste Water Dept. | 2020 | 2019 | Combined Total | Combined Total | | |
| Revenue - Operations | | | | | | | | | | | | | | |
| Fees | \$ 25,701,558 | \$ 26,624,035 | \$ 5,793,764 | \$ 5,805,919 | \$ 5,623,831 | \$ 5,496,189 | \$ (1,147,923) | \$ (1,359,324) | \$ (1,147,923) | \$ (1,359,324) | \$ 35,971,230 | \$ 36,566,819 | | |
| Service Charges and Connection Fees | 214,245 | 322,593 | 183,683 | 129,053 | 300,638 | 167,400 | | | | | 698,566 | 619,046 | | |
| Penalties | 171,625 | 176,169 | 42,771 | 35,642 | 58,361 | 55,159 | | | | | 272,757 | 266,970 | | |
| Other Income | 124,354 | 165,058 | 15,902 | 27,526 | 65,108 | 74,078 | | | | | 205,364 | 266,662 | | |
| Total Revenue - Operations | 26,211,782 | 27,287,855 | 6,036,120 | 5,998,140 | 6,047,938 | 5,792,826 | (1,147,923) | (1,359,324) | (1,147,923) | (1,359,324) | 37,147,917 | 37,719,497 | | |
| Expenses - Operations | | | | | | | | | | | | | | |
| Power Costs | 12,842,134 | 14,305,505 | | | | | | | | | 12,842,134 | 14,305,505 | | |
| Plant Production | | | 1,465,704 | 1,514,080 | 1,777,174 | 1,932,061 | (1,004,311) | (1,201,837) | (1,004,311) | (1,201,837) | 2,238,567 | 2,244,304 | | |
| General and Distribution | 2,827,276 | 2,974,744 | 1,141,860 | 1,288,120 | 1,447,103 | 1,479,070 | (139,944) | (154,156) | (139,944) | (154,156) | 5,276,295 | 5,587,778 | | |
| Administrative | 827,226 | 789,306 | 800,780 | 796,207 | 796,942 | 753,634 | (3,668) | (3,331) | (3,668) | (3,331) | 2,421,280 | 2,335,816 | | |
| Depreciation | 1,113,360 | 1,027,565 | 1,699,626 | 1,684,149 | 2,464,466 | 2,361,529 | | | | | 5,277,452 | 5,073,243 | | |
| Franchise Fees | 1,385,578 | 1,440,827 | 315,139 | 304,513 | 330,356 | 315,645 | | | | | 2,031,073 | 2,060,985 | | |
| Total Expenses - Operations | 18,995,574 | 20,537,947 | 5,423,109 | 5,587,069 | 6,816,041 | 6,841,939 | (1,147,923) | (1,359,324) | (1,147,923) | (1,359,324) | 30,086,801 | 31,607,631 | | |
| Operating Income (Loss) | 7,216,208 | 6,749,908 | 613,011 | 411,071 | (768,103) | (1,049,113) | | | | | 7,061,116 | 6,111,866 | | |
| Non-Operating Revenues (Expenses) | | | | | | | | | | | | | | |
| Interest Income | 52,142 | 106,965 | 22,258 | 42,695 | 66,663 | 26,816 | | | | | 141,063 | 176,476 | | |
| Interest Expense | (22,912) | (58,154) | (131,606) | (416,895) | (1,064,553) | (1,211,387) | | | | | (1,219,071) | (1,686,436) | | |
| Total Non-Operating Revenues (Expenses) | 29,230 | 48,811 | (109,348) | (374,200) | (997,890) | (1,184,571) | | | | | (1,078,008) | (1,509,960) | | |
| Net Income (Loss) Before Contributions and Transfers | \$ 7,245,438 | \$ 6,798,719 | \$ 503,663 | \$ 36,871 | \$ (1,765,993) | \$ (2,233,684) | | | | | 5,983,108 | 4,601,906 | | |
| Capital Contributions | | | | | | | | | | | 1,718,784 | 4,091,695 | | |
| Bond Issuance Costs | | | | | | | | | | | (207,620) | | | |
| Change in Net Position | | | | | | | | | | | \$ 7,494,272 | \$ 8,693,601 | | |

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, 2020

| | Water Dept. | Waste Water Dept. | Combined Total |
|----------------------------------|---------------------|-------------------------|---------------------|
| Salaries | \$ 431,907 | \$ 441,056 | \$ 872,963 |
| Fringe Benefits | 219,873 | 188,254 | 408,127 |
| Vehicle Operations | 6,479 | 17,088 | 23,567 |
| Building Maintenance | 107,194 | 64,462 | 171,656 |
| Equipment Repairs | 34,834 | 177,764 | 212,598 |
| Office Supplies | 799 | 697 | 1,496 |
| Janitorial Supplies and Services | 5,525 | 5,373 | 10,898 |
| Computer Supplies | 263 | 1,559 | 1,822 |
| Chemicals | 142,681 | 55,935 | 198,616 |
| Laboratory | 5,087 | 44,128 | 49,215 |
| Electric, Water and Waste Water | 398,893 | 605,617 | 1,004,510 |
| Miscellaneous | (2,681) | 47,672 | 44,991 |
| Heat - Natural Gas | 209 | 42,416 | 42,625 |
| Telephone | 2,486 | 3,819 | 6,305 |
| Equipment Rental | 1,047 | 1,198 | 2,245 |
| Small Tool Expense | 2,176 | 2,482 | 4,658 |
| Professional and Consulting | 13,804 | 26,285 | 40,089 |
| Insurance | 41,481 | 48,898 | 90,379 |
| Small Equipment Expense | 53,647 | 2,471 | 56,118 |
| Total | \$ 1,465,704 | \$ 1,777,174 | \$ 3,242,878 |

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, 2020

| | Light Dept. | Water Dept. | Waste Water Dept. | Combined Total |
|----------------------------------|---------------------|---------------------|-------------------------|---------------------|
| Salaries | \$ 1,274,527 | \$ 596,589 | \$ 442,689 | \$ 2,313,805 |
| Fringe Benefits | 520,216 | 267,670 | 198,614 | 986,500 |
| Vehicle Operations | 120,973 | 39,865 | 47,998 | 208,836 |
| Building Maintenance | 11,816 | 2,446 | 27,213 | 41,475 |
| Line Maintenance | 172,900 | 146,287 | 118,152 | 437,339 |
| Equipment Repairs | 8,269 | 2,062 | 22,069 | 32,400 |
| Street Light Repairs | 60,721 | | | 60,721 |
| Lift Station Maintenance | | | 300,122 | 300,122 |
| Office Supplies | 1,403 | 193 | 1,424 | 3,020 |
| Janitorial Supplies and Services | 13,521 | 2,761 | 3,272 | 19,554 |
| Computer Supplies | 1,946 | 351 | 2,726 | 5,023 |
| Computer Services | 31,409 | 2,279 | 1,642 | 35,330 |
| Natural Gas | 1,978 | 3,140 | 241 | 5,359 |
| Electric, Water and Waste Water | 12,450 | 10,681 | 150,408 | 173,539 |
| Miscellaneous | 28,439 | 12,591 | 15,838 | 56,868 |
| Telephone | 18,816 | 11,735 | 4,734 | 35,285 |
| Equipment Rental | 3,447 | 142 | 2,072 | 5,661 |
| Small Tool Expense | 21,338 | 3,118 | 6,656 | 31,112 |
| Professional and Consulting | 475,328 | 20,787 | 27,530 | 523,645 |
| Insurance | 27,060 | 5,794 | 14,240 | 47,094 |
| Small Equipment Expense | 20,719 | 13,369 | 59,463 | 93,551 |
| Total | \$ 2,827,276 | \$ 1,141,860 | \$ 1,447,103 | \$ 5,416,239 |

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2020

| | Light Dept. | Water Dept. | Waste Water Dept. | Combined Total |
|------------------------------------|-------------------|-------------------|-------------------------|---------------------|
| Salaries | \$ 389,495 | \$ 389,495 | \$ 389,494 | \$ 1,168,484 |
| Fringe Benefits | 163,797 | 163,797 | 163,798 | 491,392 |
| Vehicle Operations | 5,276 | 5,276 | 5,277 | 15,829 |
| Building Maintenance | 1,478 | 1,478 | 1,477 | 4,433 |
| Equipment Repairs | 7,371 | 7,371 | 7,372 | 22,114 |
| Office Supplies | 12,731 | 12,731 | 12,730 | 38,192 |
| Postage | 29,313 | 29,313 | 29,312 | 87,938 |
| Janitorial Supplies and Services | 2,290 | 2,290 | 2,289 | 6,869 |
| Computer Supplies | 1,442 | 1,442 | 1,442 | 4,326 |
| Computer and Billing Services | 23,932 | 23,932 | 23,932 | 71,796 |
| Electricity, Water and Waste Water | 1,223 | 1,223 | 1,222 | 3,668 |
| Miscellaneous | 10,382 | 21,632 | 10,392 | 42,406 |
| Heat - Natural Gas | 168 | 168 | 169 | 505 |
| Telephone | 5,939 | 5,939 | 5,940 | 17,818 |
| Professional and Consulting | 107,511 | 107,511 | 107,510 | 322,532 |
| Customer Collection Expense | 3,808 | 3,808 | 3,809 | 11,425 |
| Insurance | 1,001 | 1,001 | 1,001 | 3,003 |
| Small Equipment Expense | 11,253 | 11,253 | 11,253 | 33,759 |
| Bad Debt Expense | 48,816 | 11,120 | 18,523 | 78,459 |
| Total | \$ 827,226 | \$ 800,780 | \$ 796,942 | \$ 2,424,948 |

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, 2020:

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 \$5.56 per mg for all over 2 mg, out of city limits \$22.93 minimum and \$9.73 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 leveled 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>2020</u> |
|-------------|---------------|
| Residential | 14,520 |
| Commercial | 1,248 |
| Industrial | <u>18</u> |
| | <u>15,786</u> |

Annual Billable Water

| | <u>2020</u> <u>Gallons (000s)</u> |
|--|--------------------------------------|
| Total annual billable water | 1,361,136 |
| Less water billable to non-sewer customers | <u>(354,523)</u> |
| Net billable to sewer customers | <u>1,006,613</u> |
| | |
| Residential | 765,423 |
| Commercial | 193,316 |
| Industrial | <u>47,874</u> |
| Total water billable to sewer customers | <u>1,006,613</u> |

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

December 31, 2020

| Maturity Date | Principal | Interest | Principal Outstanding |
|------------------|-------------------|------------------|--------------------------|
| | \$ | \$ | \$ |
| | | | 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>\$ 178,883</u> | <u>\$ 35,906</u> | |

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

December 31, 2020

| Maturity Date | Principal | Interest | Principal Outstanding |
|------------------|--------------|------------|--------------------------|
| | \$ | \$ | \$ 1,785,000 |
| 03/01/2021 | | 35,700 | 1,785,000 |
| 09/01/2021 | 875,000 | 35,700 | 910,000 |
| 03/01/2022 | | 18,200 | 910,000 |
| 09/01/2022 | 910,000 | 18,200 | |
| | \$ 1,785,000 | \$ 107,800 | |

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

December 31, 2020

| Maturity Date | Principal | Interest | Principal Outstanding |
|------------------|----------------------|----------------------|--------------------------|
| | \$ | \$ | \$ 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>\$ 23,350,000</u> | <u>\$ 11,512,000</u> | |

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

December 31, 2020

| Maturity Date | Principal | Interest | Principal Outstanding |
|------------------|---------------------|-------------------|--------------------------|
| | \$ | \$ | \$ 5,604,167 |
| 03/01/2021 | | 64,638 | 5,604,167 |
| 09/01/2021 | 999,167 | 64,638 | 4,605,000 |
| 03/01/2022 | | 52,267 | 4,605,000 |
| 09/01/2022 | 1,110,000 | 52,267 | 3,495,000 |
| 03/01/2023 | | 39,668 | 3,495,000 |
| 09/01/2023 | 1,140,000 | 39,668 | 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>\$ 5,604,167</u> | <u>\$ 393,618</u> | |

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

December 31, 2020

| Maturity Date | Principal | Interest | Principal Outstanding |
|------------------|----------------------|---------------------|--------------------------|
| | \$ | \$ | \$ 14,155,000 |
| 03/01/2021 | | 178,561 | 14,155,000 |
| 09/01/2021 | 170,000 | 178,561 | 13,985,000 |
| 03/01/2022 | | 177,031 | 13,985,000 |
| 09/01/2022 | 175,000 | 177,031 | 13,810,000 |
| 03/01/2023 | | 175,368 | 13,810,000 |
| 09/01/2023 | 1,125,000 | 175,368 | 12,685,000 |
| 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>\$ 14,155,000</u> | <u>\$ 3,239,098</u> | |

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

December 31, 2020

| Year Ending 12/31 | 03/06/2009 Bonds | 4/1/2012 Bonds | 7/1/2015 Bonds | 1/30/2018 Bonds | 2/12/2020 Bonds | Total Bonds |
|-------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| 2021 | \$ 16,160 | \$ 946,400 | \$ 1,909,850 | \$ 1,128,443 | \$ 527,122 | \$ 4,527,975 |
| 2022 | 16,160 | 946,400 | 1,912,650 | 1,214,534 | 529,062 | 4,618,806 |
| 2023 | 16,160 | | 1,910,650 | 1,219,336 | 1,475,737 | 4,621,883 |
| 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 | | 1,477,467 | 3,400,377 |
| 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 | | 754,193 | 3,400,353 |
| 2034 | 4,709 | | 2,625,750 | | 754,427 | 3,384,886 |
| 2035 | | | 2,626,250 | | 754,073 | 3,380,323 |
| 2036 | | | 2,626,000 | | 757,417 | 3,383,417 |
| Totals | \$ 214,789 | \$ 1,892,800 | \$ 34,862,000 | \$ 5,997,785 | \$ 17,394,098 | \$ 60,361,472 |

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

| | 12/31/19 | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 | 12/31/13 | 12/31/12 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Total Pension Liability | | | | | | | | |
| Service Cost | \$ 380,350 | \$ 395,517 | \$ 382,204 | \$ 390,180 | \$ 340,980 | \$ 335,144 | \$ 337,147 | \$ 307,809 |
| Service Transfer | | | | 4,256 | (884,253) | | | |
| Interest | 1,226,917 | 1,185,906 | 1,136,662 | 1,114,521 | 1,144,187 | 1,074,426 | 1,038,990 | 959,291 |
| Difference Between Actual and Expected Experience | (122,988) | (18,858) | 71,899 | (363,881) | (297,057) | 116,426 | (164,843) | 498,699 |
| Benefit Payments | (992,850) | (930,200) | (871,006) | (770,590) | (723,117) | (742,510) | (665,637) | (618,165) |
| Net Change in Total Pension Liability | \$ 491,429 | \$ 632,365 | \$ 719,759 | \$ 374,486 | \$ (419,260) | \$ 783,486 | \$ 545,657 | \$ 1,147,634 |
| Total Pension Liability - Beginning | \$ 17,643,457 | \$ 17,011,092 | \$ 16,291,333 | \$ 15,916,847 | \$ 16,336,107 | \$ 15,552,621 | \$ 15,006,964 | \$ 13,859,330 |
| Total Pension Liability - Ending | \$ 18,134,886 | \$ 17,643,457 | \$ 17,011,092 | \$ 16,291,333 | \$ 15,916,847 | \$ 16,336,107 | \$ 15,552,621 | \$ 15,006,964 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - Employee Mandatory | \$ 74,839 | \$ 67,270 | \$ 64,199 | \$ 49,641 | \$ 38,301 | \$ 29,480 | \$ 14,000 | \$ 2,263 |
| Contributions - Employer | 956,004 | 876,337 | 913,740 | 685,000 | 700,012 | 750,000 | 700,000 | 725,000 |
| Service Transfer | | | | 4,256 | (884,253) | | | |
| Net Investment Income | 2,600,244 | (934,373) | 1,431,792 | 939,583 | (493,083) | 620,952 | 1,554,607 | 918,794 |
| Benefits Payments | (992,850) | (930,200) | (871,006) | (770,590) | (723,117) | (742,510) | (665,637) | (618,165) |
| Net Change in Plan Net Position | \$ 2,638,237 | \$ (920,966) | \$ 1,538,725 | \$ 907,890 | \$ (1,362,140) | \$ 657,922 | \$ 1,602,970 | \$ 1,027,892 |
| Plan Fiduciary Net Position - Beginning | \$ 13,627,593 | \$ 14,548,559 | \$ 13,009,834 | \$ 12,101,944 | \$ 13,464,084 | \$ 12,806,162 | \$ 11,203,192 | \$ 10,175,300 |
| Plan Fiduciary Net Position - Ending | \$ 16,265,830 | \$ 13,627,593 | \$ 14,548,559 | \$ 13,009,834 | \$ 12,101,944 | \$ 13,464,084 | \$ 12,806,162 | \$ 11,203,192 |
| Net Pension Liability - Ending | \$ 1,869,056 | \$ 4,015,864 | \$ 2,462,533 | \$ 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 | 89.69% | 77.24% | 85.52% | 79.86% | 76.03% | 82.42% | 82.34% | 74.65% |
| Covered Payroll | \$ 3,536,733 | \$ 3,598,865 | \$ 3,790,429 | \$ 3,712,310 | \$ 3,758,978 | \$ 3,223,284 | \$ 3,236,306 | \$ 3,263,281 |
| Net Pension Liability as a Percentage of Payroll | 52.85% | 111.59% | 64.97% | 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% |
| 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% |