



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, 2021 and 2020

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Table of Contents
December 31, 2021 and 2020

	<u>Page</u>
Management's Discussion and Analysis	1-4
Independent Auditors' Report	5-7
Statements of Net Position	8-9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12-19
Supplementary Information	
Schedule of Operating, Board Designated and Restricted Funds	20
Departmental Statements of Revenues and Expenses	21
Schedule of Plant Production and Treatment Expenses	22
Schedule of General, Distribution and Collection Expenses	23
Schedule of Administrative Expenses	24
Supplemental Water and Sewer Disclosures	25
Revenue Bond Amortization Schedule – March 6, 2009	26
Revenue Bond Amortization Schedule – April 1, 2012	27
Revenue Bond Amortization Schedule – July 1, 2015	28
Revenue Bond Amortization Schedule – January 30, 2018	29
Revenue Bond Amortization Schedule – February 12, 2020	30
Estimated Debt Service Coverage	31
Required Supplementary Information – Schedule of Changes in the Net Pension Liability and Related Ratios for Benton Utilities Employees' Pension Plan	32
Required Supplementary Information – Schedule of Contributions for Benton Utilities Employees' Pension Plan	33



BENTON UTILITIES

Chief Financial Officer
1827 Dale Ave.
Benton, AR 72015
Phone: 501-776-8074
Fax: 501-303-6975
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, 2021. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 8 through 19.

Required Financial Statements

The financial statements of the Utility System report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States. The balance sheets include information of the Utility System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Utility System's creditors (liabilities). The statements of revenues, expenses and changes in net position identify the Utility System's revenues and expenses for the years ended December 31, 2021 and 2020. 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.

2021 Financial Highlights

- The Utility's total revenues increased by \$1,784,877 or 4.79% from \$37,288,980 at December 31, 2020, to \$39,073,857 at December 31, 2021. The increase in revenues is in great part due to warmer temperatures and less rainfall during the summer months.
- The Utility's total expenses increased by \$2,454,679 or 7.79% from \$31,513,492 at December 31, 2020, to \$33,968,171 at December 31, 2021. The increase in expenses is in great part due to a increase in power costs.
- The Utility's total assets and deferred outflows of resources increased by \$4,384,335 or 3.62% from \$121,057,496 at December 31, 2020, to \$125,441,831 at December 31, 2021. The increase is due in great part to an increase in plant, property and equipment.

Financial Analysis of the Utility System

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

Investment income decreased by 84.36% or \$118,997 due to a decrease of interest income on board designated and restricted funds.

Condensed Statements of Net Position

	2021	2020	2019
Current Assets	\$ 24,969,571	\$ 23,830,769	\$ 19,893,635
Restricted Assets	4,545,326	6,701,520	8,277,471
Capital Assets, Net	93,187,688	87,149,583	83,847,638
Deferred Outflows	2,739,246	3,375,624	3,473,659
Total Assets and Deferred Outflows	\$ 125,441,831	\$ 121,057,496	\$ 115,492,403
Current Liabilities	\$ 10,479,076	\$ 9,407,127	\$ 7,786,822
Long-Term Liabilities	40,756,342	45,766,357	50,545,689
Total Liabilities	51,235,418	55,173,484	58,332,511
Deferred Inflows	2,531,031	2,031,133	801,285
Net Investment in Capital Assets	50,878,365	44,192,959	38,903,866
Restricted	3,767,315	3,644,706	3,929,775
Unrestricted	17,029,702	16,015,214	13,524,966
Total Net Position	71,675,382	63,852,879	56,358,607
Total Liabilities and Net Position	\$ 125,441,831	\$ 121,057,496	\$ 115,492,403

Total net position increased by \$7,822,503 from \$63,852,879 at December 31, 2020, to \$71,675,382 at December 31, 2021, an increase of 12.25%. Current liabilities increased by \$1,071,949 or 11.40%.

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

	2021	2020	2019
Operating Revenues:			
Services Fees and Penalties	\$ 38,814,814	\$ 36,942,553	\$ 37,452,835
Other Revenue	236,977	205,364	266,662
Total Operating Revenues	39,051,791	37,147,917	37,719,497
Investment Income	22,066	141,063	176,476
Total Revenue	39,073,857	37,288,980	37,895,973
Operating Expenses:			
Power Costs	13,742,483	12,842,134	14,305,505
Plant Production Expenses	2,788,036	2,238,567	2,244,304
General and Distribution Expenses	5,631,818	5,276,295	5,587,778
Administrative Expenses	2,591,546	2,421,280	2,335,816
Depreciation Expense	5,613,053	5,277,452	5,073,243
Franchise Fees	2,129,421	2,031,073	2,060,985
Total Operating Expenses	32,496,357	30,086,801	31,607,631
Issuance Cost of Bonds		207,620	
Interest Expense	1,471,814	1,219,071	1,686,436
Total Expenses	33,968,171	31,513,492	33,294,067
Net Income (Loss) Before Contributions	5,105,686	5,775,488	4,601,906
Capital Contributions	2,716,817	1,718,784	4,091,695
Change in Net Position	7,822,503	7,494,272	8,693,601
Net Position at Beginning of Year	63,852,879	56,358,607	47,665,006
Net Position at End of Year	\$ 71,675,382	\$ 63,852,879	\$ 56,358,607

Total revenues from services, fees and penalties reflect an increase from 2020 to 2021. The increase amount was \$1,872,261 or 5.07%. The increase in revenues is in great part due to warmer temperatures and less rainfall during the summer months.

Net income of \$5,105,686 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$2,716,817 were the two items that resulted in an increase of \$7,822,503 in net position for the year ending December 31, 2021.

Capital Assets

At December 31, 2021, the Utility had \$50,878,365 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 2021 was \$6,685,404 or 15.13%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year of 2021 can be found in Note 4 on page 14 of this audit report. A schedule summary showing the changes to the revenue bonds payable during the year of 2021 can be found in Note 5 on page 15 of this audit report.

Debt Administration

At December 31, 2021, the Utility had \$42,223,338 in outstanding revenue bonds payable compared to \$45,073,050 outstanding at December 31, 2020. This decrease of \$2,849,712 is the amount of bonds retired (paid off) during the year. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$466,905 at December 31, 2021, is an increase of \$65,440 over the \$401,465 accrued as of December 31, 2020. A schedule summary showing changes to the debt administration can be found in Note 1G on page 12 of this audit report.

Economic Factors and Next Year's Budget and Rates

Benton Utilities signed a new Electric Wholesale Power Contract in December, 2021 which is effective June 1, 2022 and, unfortunately due to the instability in the natural gas market, will represent a 37% increase in wholesale power costs. We have had several meetings with the Benton City Council regarding the need for rate increases for water and sewer due to the shrinking excess revenues from electric sales that normally sustain any losses in water and sewer. We remain hopeful that the City Council will adopt an ordinance in the summer of 2022 that includes rate increases for water and sewer, with additional rate increases in FY2023.

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 has entered into a Cost of Service Study with Utility Financial Solutions, LLC (UFS) of Grand Haven, MI. The study will be completed in late summer 2022. We look forward to the results of this rate study in comparison to past rate studies that concluded that the Electric Utility was financially stable but the Water and Wastewater Utilities had rate structures that could not sustain them. We anticipate the outcome for the Electric Utility may be slightly different, based on the new wholesale power contract.

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 continued through April 1, 2020 as approved by City Council. There are no rate ordinances in effect with automatic increases at this time.

Significant progress was made on several construction projects funded by the \$7.8MM Bond Issue in 2018. All funds for construction projects from this bond issue have been exhausted.

Projects that were funded by the Bond Issue that are completed are:

Relocation of Electric and Water lines along Interstate 30
Critical Manhole Rehabilitation
Saline River Circuit Crossing
Clarifier & Yard Piping
16" Water Main – Downtown Phase 1 Study

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

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benton Municipal Light and Water Works of the City of Benton, State of Arkansas as of December 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Benton Municipal Light and Water Works of the City of Benton, State of Arkansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the net pension liability and related ratios and schedule of contributions for Benton Utilities employees' pension plan on pages 1 through 4 and pages 32 through 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

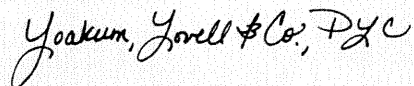
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 through 31 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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 of the City of Benton, State of Arkansas and do not purport to, and do not present fairly the financial position of the City of Benton, State of Arkansas, as of December 31, 2021 and 2020, 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.



Certified Public Accountants

Benton, Arkansas
March 24, 2022

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2021 and 2020

Assets and Deferred Outflows of Resources

	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 10,541,124	\$ 9,253,081
Utility Billings, Net of Allowance for Uncollectibles	4,022,758	4,748,702
Accounts Receivable	44,355	544,826
Prepaid Expenses	511,645	119,194
Supplies Inventory	19,223	18,805
Board Designated Funds	9,830,466	9,146,161
Total Current Assets	24,969,571	23,830,769
Non-Current Assets		
Restricted Funds	4,545,326	6,701,520
Capital Assets:		
Total Plant, Property and Equipment	209,210,948	197,559,790
Less Accumulated Depreciation	(116,023,260)	(110,410,207)
Total Non-Current Assets	97,733,014	93,851,103
Deferred Outflows of Resources		
Deferred Pension Outflows	1,590,139	2,076,648
Deferred Loss on Early Retirement of Debt	1,149,107	1,298,976
Total Deferred Outflows of Resources	2,739,246	3,375,624
Total Assets and Deferred Outflows of Resources	\$ 125,441,831	\$ 121,057,496

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

Liabilities, Deferred Inflows of Resources and Net Position

	2021	2020
Current Liabilities		
Accounts Payable	\$ 3,651,374	\$ 2,818,212
Customer Overpayments	7,920	10,306
Meter Deposits	2,435,396	2,388,406
Accrued Compensation	466,905	401,465
Sales Tax Payable	59,856	80,822
Accrued Interest Payable	525,239	554,626
Due to City Funds	274,982	292,805
Bonds Payable - Current Maturities	3,057,404	2,860,485
Total Current Liabilities	<u>10,479,076</u>	<u>9,407,127</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	39,165,934	42,212,565
Premium on Revenue Bonds	1,489,236	1,691,755
Discount on Revenue Bonds	(1,372)	(7,019)
Net Pension Liability	102,544	1,869,056
Total Non-Current Liabilities	<u>40,756,342</u>	<u>45,766,357</u>
Total Liabilities	<u>51,235,418</u>	<u>55,173,484</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>2,531,031</u>	<u>2,031,133</u>
Net Position		
Net Investment in Capital Assets	50,878,365	44,192,961
Restricted for Debt Service	2,959,188	2,930,093
Restricted for Capital Assets Replacement	808,127	714,613
Unrestricted	17,029,702	16,015,212
Total Net Position	<u>71,675,382</u>	<u>63,852,879</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 125,441,831</u>	<u>\$ 121,057,496</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, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for Service	\$ 37,566,503	\$ 35,971,230
Service Charges and Connection Fees	988,537	698,566
Penalties	259,774	272,757
Other Income	236,977	205,364
Total Operating Revenues	39,051,791	37,147,917
Operating Expenses		
Power Costs	13,742,483	12,842,134
Plant Production Expenses	2,788,036	2,238,567
General and Distribution Expenses	5,631,818	5,276,295
Administrative Expenses	2,591,546	2,421,280
Depreciation	5,613,053	5,277,452
Franchise Fees	2,129,421	2,031,073
Total Operating Expenses	32,496,357	30,086,801
Operating Income	6,555,434	7,061,116
Non-Operating Revenues (Expenses)		
Interest Income	22,066	141,063
Interest Expense	(1,471,814)	(1,219,071)
Issuance Costs of Bonds		(207,620)
Total Non-Operating Revenues (Expenses)	(1,449,748)	(1,285,628)
Net Income Before Contributions	5,105,686	5,775,488
Capital Contributions	2,716,817	1,718,784
Changes in Net Position	7,822,503	7,494,272
Total Net Position - Beginning of Year	63,852,879	56,358,607
Total Net Position - End of Year	\$ 71,675,382	\$ 63,852,879

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from Customers	\$ 39,517,406	\$ 36,509,804
Payments to Suppliers	(17,814,761)	(16,759,540)
Payments to Employees	(6,722,158)	(6,318,108)
Payments to City for Franchise Fees	(2,147,244)	(2,009,300)
Other Receipts	737,448	434,931
Net Cash Provided by Operating Activities	13,570,691	11,857,787
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	(684,305)	(196,035)
Net Cash Used by Non-Capital Financing Activities	(684,305)	(196,035)
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(9,670,735)	(6,016,720)
Principal Paid On Capital Debt	(2,849,712)	(15,941,846)
Interest Paid On Capital Debt	(1,669,233)	(1,594,981)
Proceeds from Revenue Bonds Issued		14,155,000
Deferred Loss of Revenue Bonds		(1,271,443)
Bond Issuance Costs		(207,620)
Capital Contributions	366,087	945,968
Transfers from Restricted Accounts	2,203,184	1,692,607
Net Cash Used by Capital and Related Financing	(11,620,409)	(8,239,035)
Cash Flows from Investing Activities		
Interest Received	22,066	141,063
Net Cash Provided by Investing Activities	22,066	141,063
Net Change in Cash and Cash Equivalents	1,288,043	3,563,780
Cash and Cash Equivalents - Beginning of Year	9,253,081	5,689,301
Cash and Cash Equivalents - End of Year	\$ 10,541,124	\$ 9,253,081
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 6,555,434	\$ 7,061,116
Items Not Requiring Cash:		
Depreciation	5,613,053	5,277,452
Changes in Assets and Liabilities:		
Receivables, Net	1,224,029	(191,773)
Prepays	(392,451)	3,793
Inventories	(418)	1,393
Accounts Payable	1,306,675	(173,197)
Accrued Expenses	44,474	5,274
Net Pension Liability	(780,105)	(126,271)
Net Cash Provided by Operating Activities	\$ 13,570,691	\$ 11,857,787

Non-Cash Capital Financing Activities:

Capital assets of \$2,350,730 and \$777,226 were acquired through noncash contributions from developers for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, respectively:

	2021	2020
Accrued Salaries	\$ 175,468	\$ 158,175
Accrued Vacation	118,086	125,566
Accrued Sick	173,351	117,724
	\$ 466,905	\$ 401,465

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

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

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

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

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

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

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

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

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

K. Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Note 2: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2021 and 2020:

	2021	2020
Public Utility Reservoir Contingent Fund	\$ 2,085	\$ 2,076
Public Utility Emergency Fund	64,329	64,034
Water System Capital Improvement Fund	1,966	1,965
Electric Capital Improvement Fund	1,966	1,965
Facilities Capital Improvement Fund	25,416	25,404
Wastewater Capital Improvement Fund	1,189	1,188
Alcoa Road Relocation and Improvement Fund	1,408,190	974,178
Economic Development Fund	103,175	3,163
Pension Savings Fund	174,065	
Investment Fund	8,048,085	8,072,188
	\$ 9,830,466	\$ 9,146,161

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 and fixed income. The carrying value is the market value for these accounts.

Note 3: Restricted Funds

The restricted funds as of December 31, 2021 and 2020 are as follows:

	2021	2020
Bond Funds	\$ 958,645	\$ 957,294
Debt Service Funds	2,525,782	2,527,425
Depreciation Fund	808,127	714,613
Construction Fund	<u>252,772</u>	<u>2,502,188</u>
Total Restricted Funds	<u>\$ 4,545,326</u>	<u>\$ 6,701,520</u>

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

Note 4: Capital Assets

The following is a summary of capital assets as of December 31, 2021 and 2020:

	Balance 12/31/20	Additions	Deletions	Transfers	Balance 12/31/21
Land	\$ 1,316,813	\$	\$	\$	\$ 1,316,813
Buildings - Administrative	2,337,724			30,806	2,368,530
Vehicles	4,371,603	284,722			4,656,325
Furniture and Office Equipment	351,914				351,914
Service Facilities and Equipment	187,657,795	5,084,298		421,863	193,163,956
Construction Materials	870,208	424,062			1,294,270
Construction in Process	<u>653,733</u>	<u>5,858,076</u>		<u>(452,669)</u>	<u>6,059,140</u>
	<u>\$ 197,559,790</u>	<u>\$11,651,158</u>	<u>\$</u>	<u>\$</u>	<u>\$ 209,210,948</u>
	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 12/31/20</u>
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	<u>241,060</u>	<u>4,140,303</u>		<u>(3,727,630)</u>	<u>653,733</u>
	<u>\$ 189,090,624</u>	<u>\$ 8,579,399</u>	<u>\$ (110,233)</u>	<u>\$</u>	<u>\$ 197,559,790</u>

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, 2021 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>2021</u>	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 45,073,050	\$ 46,859,896	\$ 49,495,613
Issued		14,155,000	
Retired	<u>(2,849,712)</u>	<u>(15,941,846)</u>	<u>(2,635,717)</u>
Ending Balance	<u>\$ 42,223,338</u>	<u>\$ 45,073,050</u>	<u>\$ 46,859,896</u>

Maturities of revenue bonds as of December 31, 2021 are as follows:

	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2022	\$ 3,057,404	\$ 1,572,175	\$ 4,629,579
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	2,207,974	1,194,564	3,402,538
2027-2031	12,235,462	4,768,693	17,004,155
2032-2036	14,980,636	1,971,363	16,951,999
	<u>\$ 42,223,338</u>	<u>\$ 13,620,932</u>	<u>\$ 55,844,270</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, 2021 and 2020 was \$202,519 and \$232,597, 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, 2021 and 2020 was \$5,647 and \$9,067, 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, 2021 and 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, 2021 and 2020 was \$146,445 and \$111,113, respectively. For the years ended December 31, 2021 and 2020, this amortization is included in interest expense on the statement of revenues and expenses.

Note 6: Retirement Plan

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

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

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2021 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, 2020 using December 31, 2019 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2021 using December 31, 2020 actuarial information.

Membership in the plan as of December 31, 2020, is as follows:

Retirees and beneficiaries currently receiving benefits	76
Vested terminated employees	28
Current employees	<u>82</u>
Total	<u>186</u>

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

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

Note 6: Retirement Plan (Cont'd)

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

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>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability			
Service Cost	\$ 372,188	\$ 380,350	\$ 395,517
Interest	1,259,156	1,226,917	1,185,906
Differences Between Actual and Expected Experience	(420,330)	(122,988)	(18,858)
Benefit Payments	<u>(1,038,267)</u>	<u>(992,850)</u>	<u>(930,200)</u>
Net Change in Total Pension Liability	\$ 172,747	\$ 491,429	\$ 632,365
Total Pension Liability – Beginning	<u>\$ 18,134,886</u>	<u>\$ 17,643,457</u>	<u>\$ 17,011,092</u>
Total Pension Liability – Ending	<u>\$ 18,307,633</u>	<u>\$ 18,134,886</u>	<u>\$ 17,643,457</u>
Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 91,648	\$ 74,839	\$ 67,270
Contributions – Employer	934,041	956,004	876,337
Net Investment Income	1,957,837	2,600,244	(934,373)
Benefits Payments	(1,038,267)	(992,850)	(930,200)
Administrative Expense	<u>(6,000)</u>	<u></u>	<u></u>
Net Change in Plan Net Position	\$ 1,939,259	\$ 2,638,237	\$ (920,966)
Net Position – Beginning	<u>\$ 16,265,830</u>	<u>\$ 13,627,593</u>	<u>\$ 14,548,559</u>
Net Position – Ending	<u>\$ 18,205,089</u>	<u>\$ 16,265,830</u>	<u>\$ 13,627,593</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 6: Retirement Plan (Cont'd)

The annual required contribution for 2021 was determined as part of the January 1, 2021, 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	\$ 20,360,966	\$ 18,307,633	\$ 16,566,412
Net Pension Liability	\$ 2,155,877	\$ 102,544	\$ (1,638,677)

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	\$ 43,139	\$ 784,666
Net difference between projected and actual earnings on pension plan investments	781,297	1,746,365
Contributions subsequent to measurement date	765,703	
	\$ 1,590,139	\$ 2,531,031

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2022. 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:		2022	\$ 441,970
		2023	(220,259)
		2024	(610,903)
		2025	(245,570)
		2026	(81,596)
		Thereafter	(224,534)
			\$ (940,892)

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 March 24, 2022, 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 \$274,982 and \$292,805 at December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Utilities had franchise fee expense to the City of \$2,129,421 and \$2,031,073, respectively.

Note 9: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2021 and 2020 was \$1,669,233 and \$1,594,981, respectively.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2021 and 2020

	2021	2020
Operating Funds		
Cash on Hand	\$ 3,000	\$ 2,500
Demand Deposits - General Operating Accounts		
Bank OZK	2,846,717	1,324,109
First Security Bank	7,691,407	7,926,472
Total Operating Funds	10,541,124	9,253,081
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,085	2,076
Utility Emergency Fund - First Security Bank	64,329	64,034
Water System Capital Improvement Fund - Bank OZK	1,966	1,965
Electric Capital Improvement Fund - Bank OZK	1,966	1,965
Facilities Capital Improvement Fund - Bank OZK	25,416	25,404
Wastewater Capital Improvement Fund - Bank OZK	1,189	1,188
Alcoa Road Utilities Relocation Fund - Bank OZK	1,408,190	974,178
Economic Development Fund - Bank OZK	103,175	3,163
Pension Savings Fund - Bank OZK	174,065	
Investment Fund - Crews and Associates	8,048,085	8,072,188
Total Board Designated	9,830,466	9,146,161
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	1,510	1,510
04/01/12 Issue - US Bank Trust	316,098	315,472
01/30/18 Issue - Regions Corporate Trust	641,037	640,312
Total Bond Funds	958,645	957,294
Depreciation Fund		
Public Utilities - First Security Bank	808,127	714,613
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,103,183	1,103,113
07/01/15 Issue - Simmons Trust	638,070	640,630
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	180,754	179,907
Total Debt Service Escrow Funds	2,525,782	2,527,425
Construction Fund		
01/30/18 Issue - Regions Corporate Trust	252,772	2,502,188
Total Restricted Funds	4,545,326	6,701,520
Total Operating, Designated and Restricted Funds	\$ 24,916,916	\$ 25,100,762

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2021 and 2020

	2021		2020		2021		2020		Eliminations		2021		2020	
	Light Dept.	Water Dept.	Light Dept.	Water Dept.	Water Dept.	Waste Water Dept.	Water Dept.	Waste Water Dept.	2021	2020	Combined Total	Combined Total		
Revenue - Operations	\$ 26,813,106	\$ 5,920,633	\$ 25,701,558	\$ 5,793,764	\$ 5,817,592	\$ 5,623,831	\$ (984,828)	\$ (1,147,923)	\$ 37,566,503	\$ 35,971,230				
Fees														
Service Charges and Connection Fees	359,036	238,262	214,245	183,683	391,239	300,638			988,537	698,566				
Penalties	167,895	35,133	171,625	42,771	56,746	58,361			259,774	272,757				
Other Income	162,040	20,630	124,354	15,902	54,307	65,108			236,977	205,364				
Total Revenue - Operations	27,502,077	6,214,658	26,211,782	6,036,120	6,319,884	6,047,938	(984,828)	(1,147,923)	39,051,791	37,147,917				
Expenses - Operations														
Power Costs	13,742,483		12,842,134						13,742,483	12,842,134				
Plant Production					1,905,471	1,777,174	(845,108)	(1,004,311)	2,788,036	2,238,567				
General and Distribution	3,051,268	1,309,845	2,827,276	1,141,860	1,400,548	1,447,103	(129,843)	(139,944)	5,631,818	5,276,295				
Administrative	886,217	900,623	827,226	800,780	814,583	796,942	(9,877)	(3,668)	2,591,546	2,421,280				
Depreciation	1,274,480	1,754,529	1,113,360	1,699,626	2,584,044	2,464,466			5,613,053	5,277,452				
Franchise Fees	1,452,584	333,198	1,385,578	315,139	343,639	330,356			2,129,421	2,031,073				
Total Expenses - Operations	20,407,032	6,025,868	18,995,574	5,423,109	7,048,285	6,816,041	(984,828)	(1,147,923)	32,496,357	30,086,801				
Operating Income (Loss)	7,095,045	188,790	7,216,208	613,011	(728,401)	(768,103)			6,555,434	7,061,116				
Non-Operating Revenues (Expenses)														
Interest Income	(16,417)	(5,026)	52,142	22,258	43,509	66,663			22,066	141,063				
Interest Expense	(54,254)	(295,577)	(22,912)	(131,606)	(1,121,983)	(1,064,553)			(1,471,814)	(1,219,071)				
Total Non-Operating Revenues (Expenses)	(70,671)	(300,603)	29,230	(109,348)	(1,078,474)	(997,890)			(1,449,748)	(1,078,008)				
Net Income (Loss) Before Contributions and Transfers	\$ 7,024,374	\$ (111,813)	\$ 7,245,438	\$ 503,663	\$ (1,806,875)	\$ (1,765,993)			5,105,686	5,983,108				
Capital Contributions									2,716,817	1,718,784				
Bond Issuance Costs										(207,620)				
Change in Net Position									\$ 7,822,503	\$ 7,494,272				

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, 2021

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 459,796	\$ 583,275	\$ 1,043,071
Fringe Benefits	118,512	130,547	249,059
Vehicle Operations	60,668	32,217	92,885
Building Maintenance	42,149	112,039	154,188
Equipment Repairs	58,455	218,529	276,984
Office Supplies	6,875	1,567	8,442
Janitorial Supplies and Services	11,643	12,384	24,027
Computer Supplies	1,349	849	2,198
Chemicals	141,166	65,630	206,796
Laboratory	16,142	59,961	76,103
Electric, Water and Waste Water	411,704	433,628	845,332
Miscellaneous	6,997	30,499	37,496
Heat - Natural Gas	5,438	57,744	63,182
Telephone	4,272	3,554	7,826
Equipment Rental	55,845	3,266	59,111
Small Tool Expense	983	2,119	3,102
Professional and Consulting	87,668	19,566	107,234
Insurance	45,674	55,214	100,888
Small Equipment Expense	192,337	82,883	275,220
Total	\$ 1,727,673	\$ 1,905,471	\$ 3,633,144

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, 2021

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,435,421	\$ 657,863	\$ 527,599	\$ 2,620,883
Fringe Benefits	338,299	176,188	124,444	638,931
Vehicle Operations	142,290	70,359	67,179	279,828
Building Maintenance	10,811	34,202	33,848	78,861
Line Maintenance	172,381	257,635	94,173	524,189
Equipment Repairs	9,267	10,911	26,603	46,781
Street Light Repairs	74,172			74,172
Lift Station Maintenance			252,455	252,455
Office Supplies	1,916	350	1,983	4,249
Janitorial Supplies and Services	18,554	11,251	7,533	37,338
Computer Supplies	1,149	175	1,633	2,957
Computer Services	11,894	3,135		15,029
Natural Gas	2,799		232	3,031
Electric, Water and Waste Water	13,259	10,846	144,736	168,841
Miscellaneous	30,983	9,461	20,841	61,285
Telephone	38,917	5,716	8,066	52,699
Equipment Rental	1,993	153	443	2,589
Small Tool Expense	26,460	1,699	5,121	33,280
Professional and Consulting	650,769	34,061	36,278	721,108
Insurance	28,341	5,644	14,666	48,651
Small Equipment Expense	41,593	20,196	32,715	94,504
Total	\$ 3,051,268	\$ 1,309,845	\$ 1,400,548	\$ 5,761,661

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2021

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 395,223	\$ 395,223	\$ 395,222	\$ 1,185,668
Fringe Benefits	89,961	89,961	89,961	269,883
Vehicle Operations	10,934	10,934	10,935	32,803
Building Maintenance	2,654	2,654	2,655	7,963
Equipment Repairs	13,956	13,956	13,956	41,868
Office Supplies	14,466	14,466	14,466	43,398
Postage	32,111	32,111	32,110	96,332
Janitorial Supplies and Services	2,708	2,708	2,708	8,124
Computer Supplies	2,184	2,184	2,184	6,552
Computer and Billing Services	64,645	64,645	64,645	193,935
Electricity, Water and Waste Water	3,292	3,292	3,293	9,877
Miscellaneous	14,269	122,365	14,273	150,907
Heat - Natural Gas	194	194	195	583
Telephone	6,523	6,523	6,524	19,570
Professional and Consulting	82,020	82,020	82,021	246,061
Customer Collection Expense	4,660	4,660	4,659	13,979
Insurance	969	969	970	2,908
Small Equipment Expense	25,753	25,753	25,753	77,259
Bad Debt Expense	119,695	26,005	48,053	193,753
Total	\$ 886,217	\$ 900,623	\$ 814,583	\$ 2,601,423

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, 2021:

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

	2021
Residential	14,351
Commercial	1,317
Industrial	18
	15,686

Annual Billable Water

	2021 Gallons (000s)
Total annual billable water	1,434,967
Less water billable to non-sewer customers	(374,923)
Net billable to sewer customers	1,060,044
Residential	793,436
Commercial	212,137
Industrial	54,471
Total water billable to sewer customers	1,060,044

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

December 31, 2021

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 167,565</u>	<u>\$ 31,064</u>	

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

December 31, 2021

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 910,000
03/01/2022		18,200	910,000
09/01/2022	910,000	18,200	
	\$ 910,000	\$ 36,400	

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

December 31, 2021

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 22,545,000</u>	<u>\$ 10,407,150</u>	

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

December 31, 2021

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 4,615,773
03/01/2022		52,267	4,615,773
09/01/2022	1,120,773	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>\$ 4,615,773</u>	<u>\$ 264,342</u>	

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

December 31, 2021

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 13,985,000</u>	<u>\$ 2,881,976</u>	

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

December 31, 2021

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
2022	\$ 16,160	\$ 946,400	\$ 1,912,650	\$ 1,225,307	\$ 529,062	\$ 4,629,579
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	<u>\$ 198,629</u>	<u>\$ 946,400</u>	<u>\$ 32,952,150</u>	<u>\$ 4,880,115</u>	<u>\$ 16,866,976</u>	<u>\$ 55,844,270</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

	12/31/20	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	\$ 372,188	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980	\$ 335,144	\$ 337,147	\$ 307,809
Service Transfer					4,256	(884,253)			
Interest	1,259,156	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	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)	116,426	(164,843)	498,699
Benefit Payments	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Net Change in Total Pension Liability	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657	\$ 1,147,634
Total Pension Liability - Beginning	\$ 18,134,886	\$ 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	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964
Plan Fiduciary Net Position									
Contributions - Employee Mandatory	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301	\$ 29,480	\$ 14,000	\$ 2,263
Contributions - Employer	934,041	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	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)	620,952	1,554,607	918,794
Benefits Payments	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Administrative Expense	(6,000)								
Net Change in Plan Net Position	\$ 1,939,259	\$ 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	\$ 16,265,830	\$ 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	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192
Net Pension Liability - Ending	\$ 102,544	\$ 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	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%	82.42%	82.34%	74.65%
Covered Payroll	\$ 3,946,975	\$ 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	2.60%	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		Contribution as a % of Payroll (b/c)
			Deficiency (Excess) (a-b)	Covered Payroll (c)	
12/31/14	\$ 697,224	\$ 750,000	\$ (52,776)	\$ 3,236,306	23.17%
12/31/15	\$ 716,658	\$ 700,012	\$ 16,646	\$ 3,758,978	18.62%
12/31/16	\$ 881,587	\$ 685,000	\$ 196,587	\$ 3,712,310	18.45%
12/31/17	\$ 790,479	\$ 913,740	\$ (123,261)	\$ 3,790,429	24.11%
12/31/18	\$ 681,567	\$ 876,337	\$ (194,770)	\$ 3,598,865	24.35%
12/31/19	\$ 880,619	\$ 956,004	\$ (75,385)	\$ 3,536,733	27.03%
12/31/20	\$ 562,080	\$ 934,041	\$ (371,961)	\$ 3,946,975	23.66%