

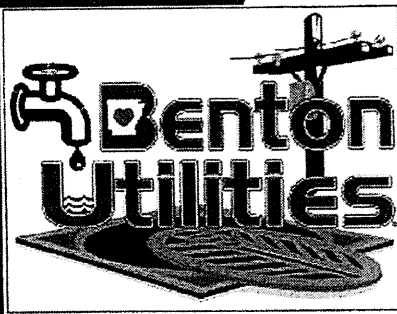
**Benton Municipal Light and Water Works
City of Benton, State of Arkansas**

**Financial Statements
and Supplementary Information**

December 31, 2022 and 2021

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Table of Contents
December 31, 2022 and 2021

	<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 – 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

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Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2022. 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, 2022 and 2021. 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.

2022 Financial Highlights

- The Utility's total revenues decreased by \$37,856 or .10% from \$39,073,857 at December 31, 2021, to \$39,036,001 at December 31, 2022. The decrease in revenues is in great part due to lower utility rates charged to customers in conjunction with the franchise fee expense changing to a pass-through charge to the customer instead of an expense to the Utility
- The Utility's total expenses increased by \$3,184,801 or 9.38% from \$33,968,171 at December 31, 2021, to \$37,152,972 at December 31, 2022. The increase in expenses is in great part due to an increase in power costs.
- The Utility's total assets and deferred outflows of resources decreased by \$866,605 or .69% from \$125,441,831 at December 31, 2021, to \$124,575,226 at December 31, 2022. The decrease is due in great part to a decrease 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 320.26% or \$70,669 due to a decrease of interest income on board designated funds.

Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current Assets	\$ 18,513,371	\$ 24,969,571	\$ 23,830,769
Restricted Assets	4,670,377	4,545,326	6,701,520
Capital Assets, Net	98,489,027	93,187,688	87,149,583
Deferred Outflows	<u>2,902,451</u>	<u>2,739,246</u>	<u>3,375,624</u>
Total Assets and Deferred Outflows	<u>\$ 124,575,226</u>	<u>\$ 125,441,831</u>	<u>\$ 121,057,496</u>
Current Liabilities	\$ 9,867,993	\$ 10,479,076	\$ 9,407,127
Long-Term Liabilities	<u>37,332,083</u>	<u>40,756,342</u>	<u>45,766,357</u>
Total Liabilities	<u>47,200,076</u>	<u>51,235,418</u>	<u>55,173,484</u>
Deferred Inflows	<u>2,506,910</u>	<u>2,531,031</u>	<u>2,031,133</u>
Net Investment in Capital Assets	59,009,702	50,878,365	44,192,959
Restricted	3,976,559	3,767,315	3,644,706
Unrestricted	<u>11,881,979</u>	<u>17,029,702</u>	<u>16,015,214</u>
Total Net Position	<u>74,868,240</u>	<u>71,675,382</u>	<u>63,852,879</u>
Total Liabilities and Net Position	<u>\$ 124,575,226</u>	<u>\$ 125,441,831</u>	<u>\$ 121,057,496</u>

Total net position increased by \$3,192,858 from \$71,675,382 at December 31, 2021, to \$74,868,240 at December 31, 2022, an increase of 4.45%. Current liabilities decreased by \$611,083 or 5.83%.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues:			
Services Fees and Penalties	\$ 38,769,011	\$ 38,814,814	\$ 36,942,553
Other Revenue	<u>315,593</u>	<u>236,977</u>	<u>205,364</u>
Total Operating Revenues	39,084,604	39,051,791	37,147,917
Investment Income	<u>(48,603)</u>	<u>22,066</u>	<u>141,063</u>
Total Revenue	<u>39,036,001</u>	<u>39,073,857</u>	<u>37,288,980</u>
Operating Expenses:			
Power Costs	16,663,973	13,742,483	12,842,134
Plant Production Expenses	3,962,090	2,788,036	2,238,567
General and Distribution Expenses	6,381,123	5,631,818	5,276,295
Administrative Expenses	2,662,018	2,591,546	2,421,280
Depreciation Expense	5,818,220	5,613,053	5,277,452
Franchise Fees	<u>163,436</u>	<u>2,129,421</u>	<u>2,031,073</u>
Total Operating Expenses	35,650,860	32,496,357	30,086,801
Issuance Cost of Bonds			207,620
Interest Expense	<u>1,502,112</u>	<u>1,471,814</u>	<u>1,219,071</u>
Total Expenses	<u>37,152,972</u>	<u>33,968,171</u>	<u>31,513,492</u>
Net Income (Loss) Before Contributions	1,883,029	5,105,686	5,775,488
Capital Contributions	<u>1,309,829</u>	<u>2,716,817</u>	<u>1,718,784</u>
Change in Net Position	3,192,858	7,822,503	7,494,272
Net Position at Beginning of Year	<u>71,675,382</u>	<u>63,852,879</u>	<u>56,358,607</u>
Net Position at End of Year	<u>\$ 74,868,240</u>	<u>\$ 71,675,382</u>	<u>\$ 63,852,879</u>

Total revenues from services, fees and penalties reflect a decrease from 2021 to 2022. The decrease amount was \$45,803 or .12%. The decrease in revenues is in great part due to lower utility rates charged to customers in conjunction with the franchise fee expense changing to a pass-through charge to the customer instead of an expense to the Utility.

Net income of \$1,883,029 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$1,309,829 were the two items that resulted in an increase of \$3,192,858 in net position for the year ending December 31, 2022.

Capital Assets

At December 31, 2022, the Utility had \$59,009,702 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 2022 was \$8,131,337 or 15.98%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year 2022 can be found in Note 5 on page 14 of this audit report.

Debt Administration

At December 31, 2022, the Utility had \$39,165,934 in outstanding revenue bonds payable compared to \$42,223,338 outstanding at December 31, 2021. This decrease of \$3,057,404 is the amount of bonds retired (paid off) during the year. A schedule summary showing the changes to the revenue bonds payable during the year 2022 can be found in Note 6 on page 15 of this audit report. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$506,953 at December 31, 2022, is an increase of \$40,048 over the \$466,905 accrued as of December 31, 2021. A schedule summary showing changes to the accumulated compensated absences can be found in Note 1G on page 12 of this audit report.

Economic Factors and Next Year's Budget and Rates

The new Electric Wholesale Power Contract started June 1, 2022, resulting in a 37% increase in wholesale power costs through May 2025.

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. This study was completed and presented to the Public Utility Commission and City Council in November 2022. It was concluded that the Electric Utility would need a minimal rate increase to offset the increase in wholesale power costs and Water and Wastewater Utilities had rate structures that could not sustain them. The City Council approved rate increases, effective May 1, 2023, for all three Utility Departments.

Electric Utility rate increases were primarily in the monthly service availability charge. The monthly service availability charge increases were: \$2.10 for residential, \$1.00 for small general service (non-metered demand), \$4.00 for small general service (metered demand), \$11.10 for large general service, and \$9.51 for large power. The energy charge per kWh increases were: \$0.000530 for small general service (non-metered demand); \$0.000870 for small general service (metered demand); \$0.001540 for large general service, and \$0.000180 for large power. There were no changes to demand charges.

Rate increases for the Water Utility included an increase of \$0.54 usage rate charge per thousand gallons. Increases were also made to the monthly meter charge for each rate class. In addition, a new rate structure for water customers outside the city limits was established.

The Wastewater Utility rate structure was amended to include a monthly meter charge based upon the water meter size of the customer and to lower the gallons included in the base charge from 2,000 to 1,000 gallons. There was no change to the usage rate charge. Like the Water Utility an additional rate structure was established for customers outside of the city limits.

Additional yearly increases will be effective on January 1st of subsequent years. Having each utility (Electric, Water, and Wastewater) become solvent and not dependent on the others, is essential for the success of future projects to meet the needs of the citizens of Benton.

Significant progress was made on several construction projects during 2022. These projects either began or were finished during the year:

- Pumps at Saline River Intake
- Downtown Water Study
- Exit 114 Water Line
- Frendall Water Tank Repaint
- Highway 5 Utilities Relocation
- Reservoir Repairs
- Water Plant Upgrades/Repairs
- Clearwell Improvements
- Distribution Line Replacements

Contacting the Utility’s Financial Management

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



Jimmy Garrett, CPA, CFF
Chief Financial Officer
Benton Utilities



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas, as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas and do not purport to, and do not present fairly the financial position of the City of Benton, State of Arkansas, as of December 31, 2022 and 2021, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the net pension liability and related ratios and schedule of contributions for Benton Utilities employees' pension plan on pages 1 through 4 and pages 31 through 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information on pages 20 through 30 is presented for purposes of additional analysis and is

not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yoakum, Lovell & Co., P.C.

Certified Public Accountants

Benton, Arkansas
May 26, 2023

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2022 and 2021

Assets and Deferred Outflows of Resources

	2022	2021
Current Assets		
Cash and Cash Equivalents	\$ 3,880,553	\$ 10,541,124
Utility Billings, Net of Allowance for Uncollectibles	4,347,248	4,022,758
Accounts Receivable	292,215	44,355
Prepaid Expenses	145,998	511,645
Supplies Inventory	21,790	19,223
Board Designated Funds	9,825,567	9,830,466
Total Current Assets	18,513,371	24,969,571
Non-Current Assets		
Restricted Funds	4,463,824	4,545,326
Net Pension Asset	206,553	
Capital Assets:		
Total Plant, Property and Equipment	220,330,507	209,210,948
Less Accumulated Depreciation	(121,841,480)	(116,023,260)
Total Non-Current Assets	103,159,404	97,733,014
Deferred Outflows of Resources		
Deferred Pension Outflows	1,892,739	1,590,139
Deferred Loss on Early Retirement of Debt	1,009,712	1,149,107
Total Deferred Outflows of Resources	2,902,451	2,739,246
Total Assets and Deferred Outflows of Resources	\$ 124,575,226	\$ 125,441,831

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

Liabilities, Deferred Inflows of Resources and Net Position

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts Payable	\$ 2,896,763	\$ 3,651,374
Customer Overpayments	16,374	7,920
Meter Deposits	2,578,808	2,435,396
Accrued Compensation	506,953	466,905
Sales Tax Payable	83,055	59,856
Accrued Interest Payable	487,265	525,239
Due to City Funds	141,821	274,982
Bonds Payable - Current Maturities	3,156,954	3,057,404
Total Current Liabilities	<u>9,867,993</u>	<u>10,479,076</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	36,008,980	39,165,934
Premium on Revenue Bonds	1,323,103	1,489,236
Discount on Revenue Bonds		(1,372)
Net Pension Liability		102,544
Total Non-Current Liabilities	<u>37,332,083</u>	<u>40,756,342</u>
Total Liabilities	<u>47,200,076</u>	<u>51,235,418</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>2,506,910</u>	<u>2,531,031</u>
Net Position		
Net Investment in Capital Assets	59,009,702	50,878,365
Restricted for Debt Service	3,013,502	2,959,188
Restricted for Capital Assets Replacement	963,057	808,127
Unrestricted	11,881,979	17,029,702
Total Net Position	<u>74,868,240</u>	<u>71,675,382</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 124,575,226</u>	<u>\$ 125,441,831</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, 2022 and 2021

	2022	2021
Operating Revenues		
Charges for Service	\$ 37,625,063	\$ 37,566,503
Service Charges and Connection Fees	932,516	988,537
Penalties	211,432	259,774
Other Income	315,593	236,977
Total Operating Revenues	39,084,604	39,051,791
Operating Expenses		
Power Costs	16,663,973	13,742,483
Plant Production Expenses	3,962,090	2,788,036
General and Distribution Expenses	6,381,123	5,631,818
Administrative Expenses	2,662,018	2,591,546
Depreciation	5,818,220	5,613,053
Franchise Fees	163,436	2,129,421
Total Operating Expenses	35,650,860	32,496,357
Operating Income	3,433,744	6,555,434
Non-Operating Revenues (Expenses)		
Investment Income	(48,603)	22,066
Interest Expense	(1,502,112)	(1,471,814)
Total Non-Operating Revenues (Expenses)	(1,550,715)	(1,449,748)
Net Income Before Contributions	1,883,029	5,105,686
Capital Contributions	1,309,829	2,716,817
Changes in Net Position	3,192,858	7,822,503
Total Net Position - Beginning of Year	71,675,382	63,852,879
Total Net Position - End of Year	\$ 74,868,240	\$ 71,675,382

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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from Customers	\$ 38,476,174	\$ 39,517,406
Payments to Suppliers	(23,774,070)	(17,814,761)
Payments to Employees	(6,856,836)	(6,722,158)
Payments to City for Franchise Fees	(296,597)	(2,147,244)
Other Receipts	67,733	737,448
Net Cash Provided by Operating Activities	7,616,404	13,570,691
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	4,899	(684,305)
Net Cash Provided (Used) by Non-Capital Financing Activities	4,899	(684,305)
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(10,493,991)	(9,670,735)
Principal Paid On Capital Debt	(3,057,404)	(2,849,712)
Interest Paid On Capital Debt	(1,565,452)	(1,669,233)
Capital Contributions	658,662	366,087
Transfers from Restricted Accounts	224,914	2,203,184
Net Cash Used by Capital and Related Financing	(14,233,271)	(11,620,409)
Cash Flows from Investing Activities		
Interest Received	(48,603)	22,066
Net Cash Provided (Used) by Investing Activities	(48,603)	22,066
Net Change in Cash and Cash Equivalents	(6,660,571)	1,288,043
Cash and Cash Equivalents - Beginning of Year	10,541,124	9,253,081
Cash and Cash Equivalents - End of Year	\$ 3,880,553	\$ 10,541,124
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,433,744	\$ 6,555,434
Items Not Requiring Cash:		
Depreciation	5,818,220	5,613,053
Changes in Assets and Liabilities:		
Receivables, Net	(563,896)	1,224,029
Prepays	365,647	(392,451)
Inventories	(2,567)	(418)
Accounts Payable	(862,173)	1,306,675
Accrued Expenses	63,247	44,474
Net Pension Liability	(635,818)	(780,105)
Net Cash Provided by Operating Activities	\$ 7,616,404	\$ 13,570,691

Non-Cash Capital Financing Activities:

Capital assets of \$651,167 and \$2,350,730 were acquired through noncash contributions from developers for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, respectively:

	2022	2021
Accrued Salaries	\$ 207,412	\$ 175,468
Accrued Vacation	141,218	118,086
Accrued Sick	158,323	173,351
	\$ 506,953	\$ 466,905

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

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

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

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

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

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

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

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

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

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

L. Accounting Pronouncements - In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB 87 – Leases. This guidance requires an entity to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as expenses when paid. The GASB also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, and timing of the leases. The Utilities has implemented GASB 87. There were no material leases for the Utilities, therefore, there was no effect on the net position in connection with the implementation of GASB 87.

Note 2: Related Party Transactions

The Utilities pays a franchise fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utilities owed the City \$141,821 and \$274,982 at December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Utilities had franchise fee expense to the City of \$163,436 and \$2,129,421, respectively.

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

Note 3: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2022 and 2021:

	2022	2021
Public Utility Reservoir Contingent Fund	\$ 2,097	\$ 2,085
Public Utility Emergency Fund	64,683	64,329
Water System Capital Improvement Fund	1,967	1,966
Electric Capital Improvement Fund	1,967	1,966
Facilities Capital Improvement Fund	25,429	25,416
Wastewater Capital Improvement Fund	1,189	1,189
Alcoa Road Relocation and Improvement Fund	1,408,892	1,408,190
Economic Development Fund	2,238	103,175
Pension Savings Fund	366,485	174,065
Investment Fund	7,950,620	8,048,085
	\$ 9,825,567	\$ 9,830,466

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

Note 4: Restricted Funds

The restricted funds as of December 31, 2022 and 2021 are as follows:

	2022	2021
Bond Funds	\$ 644,713	\$ 958,645
Debt Service Funds	2,856,054	2,525,782
Depreciation Fund	963,057	808,127
Construction Fund		252,772
Total Restricted Funds	\$ 4,463,824	\$ 4,545,326

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

Note 5: Capital Assets

The following is a summary of capital assets as of December 31, 2022 and 2021:

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

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

Note 5: Capital Assets (Cont'd)

	Balance 12/31/20	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	653,733	5,858,076		(452,669)	6,059,140
	<u>\$ 197,559,790</u>	<u>\$ 11,651,158</u>	<u>\$</u>	<u>\$</u>	<u>\$ 209,210,948</u>

Note 6: 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:

	2022	2021	2020
Beginning Balance	\$ 42,223,338	\$ 45,073,050	\$ 46,859,896
Issued			14,155,000
Retired	(3,057,404)	(2,849,712)	(15,941,846)
Ending Balance	<u>\$ 39,165,934</u>	<u>\$ 42,223,338</u>	<u>\$ 45,073,050</u>

Maturities of revenue bonds as of December 31, 2022 are as follows:

	Principal	Interest and Service Fees	Total
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	2,273,333	1,127,044	3,400,377
2028-2032	12,712,413	4,294,385	17,006,798
2033-2036	12,230,352	1,318,627	13,548,979
	<u>\$ 39,165,934</u>	<u>\$ 12,048,757</u>	<u>\$ 51,214,691</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, 2022 and 2021 was \$166,133 and \$202,519, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

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

Note 6: Revenue Bonds Payable (Cont'd)

Bond Discount – The series 2012 revenue bonds were issued at a discount. The interest method of amortization is used to amortize the discount, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2022 and 2021 was \$1,372 and \$5,647, 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, the defeased debt outstanding amounted to \$13,145,000.

Loss from Early Retirement of Debt – The series 2012 Refunding and Improvement Bonds were issued April 1, 2012 with the proceeds of the \$24,600,000 issue to refund the 1995, 1997, 2001a, 2002, 2004a and 2004b bonds outstanding. The series 2015 Refunding Bonds were issued July 1, 2015 with the proceeds of the \$25,625,000 issue to refund the 2006 bonds outstanding. The series 2020 Revenue Refunding Bonds were issued February 12, 2020 with the proceeds of the \$14,155,000 issue to partially refund the 2012 bonds outstanding. The difference between the book value of the refunded debt and the amount required to retire the debt created an economic loss of \$89,795 for the 2012 refunding, \$810,515 for the 2015 refunding and \$1,271,443 for the 2020 refunding. Each respective loss was deferred over the life of the refunded debt using the interest method of amortization, based on the effective interest rate. The amount amortized for the years ended December 31, 2022 and 2021 was \$142,819 and \$146,445, respectively. For the years ended December 31, 2022 and 2021, this amortization is included in interest expense on the statement of revenues and expenses.

Note 7: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2022 and 2021 was \$1,565,452 and \$1,669,233, respectively.

Note 8: Retirement Plan

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

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

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2022 is not available.

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

Note 8: Retirement Plan (Cont'd)

For financial statement purposes, the Utilities has recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2021 using December 31, 2020 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2022 using December 31, 2021 actuarial information.

Membership in the plan as of December 31, 2021, is as follows:

Retirees and beneficiaries currently receiving benefits	74
Vested terminated employees	31
Current employees	<u>68</u>
Total	<u>173</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability			
Service Cost	\$ 410,064	\$ 372,188	\$ 380,350
Interest	1,268,691	1,259,156	1,226,917
Differences Between Actual and Expected Experience	(19,126)	(420,330)	(122,988)
Assumption Changes	1,026,608		
Benefit Payments	<u>(1,187,049)</u>	<u>(1,038,267)</u>	<u>(992,850)</u>
Net Change in Total Pension Liability	\$ 1,499,188	\$ 172,747	\$ 491,429
Total Pension Liability – Beginning	<u>\$ 18,307,633</u>	<u>\$ 18,134,886</u>	<u>\$ 17,643,457</u>
Total Pension Liability – Ending	<u>\$ 19,806,821</u>	<u>\$ 18,307,633</u>	<u>\$ 18,134,886</u>
Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 109,396	\$ 91,648	\$ 74,839
Contributions – Employer	770,444	934,041	956,004
Net Investment Income	2,115,494	1,957,837	2,600,244
Benefits Payments	(1,187,049)	(1,038,267)	(992,850)
Administrative Expense	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>
Net Change in Plan Net Position	\$ 1,808,285	\$ 1,939,259	\$ 2,638,237
Net Position – Beginning	<u>\$ 18,205,089</u>	<u>\$ 16,265,830</u>	<u>\$ 13,627,593</u>
Net Position – Ending	<u>\$ 20,013,374</u>	<u>\$ 18,205,089</u>	<u>\$ 16,265,830</u>

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

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

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

Note 8: Retirement Plan (Cont'd)

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

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

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

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

The annual required contribution for 2022 was determined as part of the January 1, 2022, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 6.5% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefits increases. The actuarial value of assets was based on the fair market value.

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

	<u>1% Decrease to 5.5%</u>	<u>Current Single Rate Assumed</u>	<u>1% Increase to 7.5%</u>
Total Pension Liability	\$ 22,135,357	\$ 19,806,821	\$ 17,834,031
Net Pension Liability	\$ 2,121,983	\$ (206,553)	\$ (2,179,343)

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

Note 8: Retirement Plan (Cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 35,949	\$ 675,479
Changes of assumptions	855,507	
Net difference between projected and actual earnings on pension plan investments	390,649	1,831,431
Contributions subsequent to measurement date	<u>610,634</u>	
	<u>\$ 1,892,739</u>	<u>\$ 2,506,910</u>

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2023. 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:	2023	\$ 387,910
	2024	(613,368)
	2025	(248,035)
	2026	(84,061)
	2027	122,709
	Thereafter	<u>(179,326)</u>
		<u>\$ (614,171)</u>

Note 9: Subsequent Events

Management has evaluated subsequent events through May 26, 2023, the date which the financial statements were available to be issued.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2022 and 2021

	2022	2021
Operating Funds		
Cash on Hand	\$ 2,016	\$ 3,000
Demand Deposits - General Operating Accounts		
Bank OZK	1,739,884	2,846,717
First Security Bank	2,138,653	7,691,407
Total Operating Funds	3,880,553	10,541,124
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,097	2,085
Utility Emergency Fund - First Security Bank	64,683	64,329
Water System Capital Improvement Fund - Bank OZK	1,967	1,966
Electric Capital Improvement Fund - Bank OZK	1,967	1,966
Facilities Capital Improvement Fund - Bank OZK	25,429	25,416
Wastewater Capital Improvement Fund - Bank OZK	1,189	1,189
Alcoa Road Utilities Relocation Fund - Bank OZK	1,408,892	1,408,190
Economic Development Fund - Bank OZK	2,238	103,175
Pension Savings Fund - Bank OZK	366,485	174,065
Investment Fund - Crews and Associates	7,950,620	8,048,085
Total Board Designated	9,825,567	9,830,466
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	209	1,510
04/01/12 Issue - US Bank Trust	2,056	316,098
01/30/18 Issue - Regions Corporate Trust	642,448	641,037
Total Bond Funds	644,713	958,645
Depreciation Fund		
Public Utilities - First Security Bank	963,057	808,127
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,113,893	1,103,183
07/01/15 Issue - Simmons Trust	643,074	638,070
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	495,312	180,754
Total Debt Service Escrow Funds	2,856,054	2,525,782
Construction Fund		
01/30/18 Issue - Regions Corporate Trust		252,772
Total Restricted Funds	4,463,824	4,545,326
Total Operating, Designated and Restricted Funds	\$ 18,169,944	\$ 24,916,916

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2022 and 2021

	2022		2021		2022		2021		Eliminations		2022		2021		
	Light Dept.	\$	Light Dept.	\$	Water Dept.	Waste Water Dept.	Water Dept.	Waste Water Dept.	2022	2021	Combined Total	Combined Total	2022	2021	
															Light Dept.
Revenue - Operations															
Fees	\$ 26,924,749	\$ 26,813,106	\$ 6,086,532	\$ 5,920,633	\$ 5,621,100	\$ 5,817,592	\$ (984,828)	\$ (1,007,318)	\$ (1,007,318)	\$ (984,828)	\$ 37,625,063	\$ 37,566,503	\$ 37,625,063	\$ 37,566,503	
Service Charges and Connection Fees	319,677	359,036	224,105	238,262	388,734	391,239					932,516	988,537	932,516	988,537	
Penalties	136,630	167,895	28,109	35,133	46,693	56,746					211,432	259,774	211,432	259,774	
Other Income	197,042	162,040	54,715	20,630	63,836	54,307					315,593	236,977	315,593	236,977	
Total Revenue - Operations	27,578,098	27,502,077	6,393,461	6,214,658	6,120,363	6,319,884	(984,828)	(1,007,318)	(1,007,318)	(984,828)	39,084,604	39,051,791	39,084,604	39,051,791	
Expenses - Operations															
Power Costs	16,663,973	13,742,483									16,663,973	13,742,483	16,663,973	13,742,483	
Plant Production			1,872,394	1,727,673	2,953,979	1,905,471	(864,283)	(845,108)	(864,283)	(845,108)	3,962,090	2,788,036	3,962,090	2,788,036	
General and Distribution	3,316,583	3,051,268	1,374,008	1,309,845	1,829,978	1,400,548	(139,446)	(129,843)	(139,446)	(129,843)	6,381,123	5,631,818	6,381,123	5,631,818	
Administrative	889,508	886,217	920,390	900,623	855,709	814,583	(3,589)	(9,877)	(3,589)	(9,877)	2,662,018	2,591,546	2,662,018	2,591,546	
Depreciation	1,254,557	1,274,480	1,870,309	1,754,529	2,693,354	2,584,044					5,818,220	5,613,053	5,818,220	5,613,053	
Franchise Fees	49,340	1,452,584	75,161	333,198	38,935	343,639					163,436	2,129,421	163,436	2,129,421	
Total Expenses - Operations	22,173,961	20,407,032	6,112,262	6,025,868	8,371,955	7,048,285	(984,828)	(1,007,318)	(1,007,318)	(984,828)	35,650,860	32,496,357	35,650,860	32,496,357	
Operating Income (Loss)	5,404,137	7,095,045	281,199	188,790	(2,251,592)	(728,401)					3,433,744	6,555,434	3,433,744	6,555,434	
Non-Operating Revenues (Expenses)															
Investment Income	(66,330)	(16,417)	(7,494)	(5,026)	25,221	43,509					(48,603)	22,066	(48,603)	22,066	
Interest Expense	(60,773)	(54,254)	(341,712)	(295,577)	(1,099,627)	(1,121,983)					(1,502,112)	(1,471,814)	(1,502,112)	(1,471,814)	
Total Non-Operating Revenues (Expenses)	(127,103)	(70,671)	(349,206)	(300,603)	(1,074,406)	(1,078,474)					(1,550,715)	(1,449,748)	(1,550,715)	(1,449,748)	
Net Income (Loss) Before Contributions and Transfers	\$ 5,277,034	\$ 7,024,374	\$ (68,007)	\$ (111,813)	\$ (3,325,998)	\$ (1,806,875)					1,883,029	5,105,686	1,883,029	5,105,686	
Capital Contributions											1,309,829	2,716,817	1,309,829	2,716,817	
Bond Issuance Costs															
Change in Net Position											\$ 3,192,858	\$ 7,822,503	\$ 3,192,858	\$ 7,822,503	

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, 2022

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 453,843	\$ 652,159	\$ 1,106,002
Fringe Benefits	115,528	150,500	266,028
Vehicle Operations	17,504	26,290	43,794
Building Maintenance	279,988	1,068,747	1,348,735
Equipment Repairs	30,123	218,654	248,777
Office Supplies	3,139	2,427	5,566
Janitorial Supplies and Services	9,419	10,430	19,849
Computer Supplies		350	350
Chemicals	240,130	98,192	338,322
Laboratory	10,154	39,518	49,672
Electric, Water and Waste Water	437,850	428,094	865,944
Miscellaneous	18,917	60,086	79,003
Heat - Natural Gas	10,362	82,282	92,644
Telephone	5,358	3,852	9,210
Equipment Rental	2,441	3,151	5,592
Small Tool Expense	8,430	1,842	10,272
Professional and Consulting	104,244	37,990	142,234
Insurance	57,077	65,672	122,749
Small Equipment Expense	67,887	3,743	71,630
Total	<u>\$ 1,872,394</u>	<u>\$ 2,953,979</u>	<u>\$ 4,826,373</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of General, Distribution and Collection Expenses
For the Year Ended December 31, 2022

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,474,709	\$ 661,149	\$ 620,583	\$ 2,756,441
Fringe Benefits	344,221	168,049	126,293	638,563
Vehicle Operations	179,377	103,075	107,878	390,330
Building Maintenance	40,422	2,740	80,719	123,881
Line Maintenance	313,606	287,010	220,379	820,995
Equipment Repairs	8,933	3,635	25,824	38,392
Street Light Repairs	57,590			57,590
Lift Station Maintenance			299,104	299,104
Office Supplies	873	13	1,635	2,521
Janitorial Supplies and Services	12,784	9,435	16,832	39,051
Computer Supplies	1,390	142	696	2,228
Computer Services	1,731	300		2,031
Natural Gas	7,207		173	7,380
Electric, Water and Waste Water	18,424	16,965	144,535	179,924
Miscellaneous	38,473	11,579	34,232	84,284
Telephone	35,610	6,396	11,146	53,152
Equipment Rental	4,111	391	862	5,364
Small Tool Expense	25,189	2,111	9,247	36,547
Professional and Consulting	716,534	89,304	104,769	910,607
Insurance	30,919	5,179	16,385	52,483
Small Equipment Expense	4,480	6,535	8,686	19,701
Total	\$ 3,316,583	\$ 1,374,008	\$ 1,829,978	\$ 6,520,569

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2022

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 397,824	\$ 397,824	\$ 397,823	\$ 1,193,471
Fringe Benefits	105,196	105,196	105,197	315,589
Vehicle Operations	8,299	8,299	8,300	24,898
Building Maintenance	2,297	2,297	2,296	6,890
Equipment Repairs	7,248	7,248	7,247	21,743
Office Supplies	11,132	11,132	11,133	33,397
Postage	29,374	29,374	29,375	88,123
Janitorial Supplies and Services	2,079	2,079	2,080	6,238
Computer Supplies	1,232	1,232	1,232	3,696
Computer and Billing Services	60,544	60,544	60,544	181,632
Electricity, Water and Waste Water	1,196	1,196	1,197	3,589
Miscellaneous	37,684	114,952	37,684	190,320
Heat - Natural Gas	201	201	200	602
Telephone	6,893	6,893	6,894	20,680
Professional and Consulting	124,729	124,729	124,730	374,188
Customer Collection Expense	30,412	30,412	30,413	91,237
Insurance	1,065	1,065	1,064	3,194
Small Equipment Expense	1,971	1,971	1,971	5,913
Bad Debt Expense	60,132	13,746	26,329	100,207
Total	\$ 889,508	\$ 920,390	\$ 855,709	\$ 2,665,607

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, 2022:

Sewer Monthly Rates

- (a) 0-2 mg minimum average water usage - \$12.37
- (b) All over 2 mg minimum average water usage - \$12.37 minimum, plus \$5.26 per mg for all over 2 mg, out of city limits \$21.67 minimum and \$9.20 mg for all over 2 mg.
- (c) New residential customers charged \$28.36 per month until six (6) winter month's time frame established.
- (d) Commercial/industrial customers will be based on actual monthly water usage unless a 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>2022</u>
Residential	14,655
Commercial	1,289
Industrial	<u>18</u>
	<u>15,962</u>

Annual Billable Water

	<u>2022</u> <u>Gallons (000s)</u>
Total annual billable water	1,580,038
Less water billable to non-sewer customers	<u>(463,673)</u>
Net billable to sewer customers	<u>1,116,365</u>
Residential	828,303
Commercial	225,972
Industrial	<u>62,090</u>
Total water billable to sewer customers	<u>1,116,365</u>

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

December 31, 2022

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 155,934</u>	<u>\$ 26,535</u>	

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

December 31, 2022

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 21,705,000</u>	<u>\$ 9,334,500</u>	

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

December 31, 2022

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 3,495,000</u>	<u>\$ 159,808</u>	

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

December 31, 2022

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 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>\$ 13,810,000</u>	<u>\$ 2,527,914</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	7/1/2015 Bonds	1/30/2018 Bonds	2/12/2020 Bonds	Total Bonds
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>\$ 182,469</u>	<u>\$ 31,039,500</u>	<u>\$ 3,654,808</u>	<u>\$ 16,337,914</u>	<u>\$ 51,214,691</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

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12
Total Pension Liability										
Service Cost	\$ 410,064	\$ 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	1,268,691	1,259,156	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187	1,074,426	1,038,990	959,291
Difference Between Actual and Expected Experience	(19,126)	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)	116,426	(164,843)	498,699
Assumption Changes	1,026,608					(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Benefit Payments	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657	\$ 1,147,634
Net Change in Total Pension Liability	\$ 1,499,188	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657	\$ 1,147,634
Total Pension Liability - Beginning	\$ 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	\$ 13,859,330
Total Pension Liability - Ending	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964
Plan Fiduciary Net Position										
Contributions - Employee Mandatory	\$ 109,396	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301	\$ 29,480	\$ 14,000	\$ 2,263
Contributions - Employer	770,444	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	2,115,494	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)	620,952	1,554,607	918,794
Benefits Payments	(1,187,049)	(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	\$ 1,808,285	\$ 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	\$ 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	\$ 10,175,300
Plan Fiduciary Net Position - Ending	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192
Net Pension Liability - Ending	\$ (206,553)	\$ 102,544	\$ 1,869,056	\$ 4,015,864	\$ 2,462,533	\$ 3,281,499	\$ 3,814,903	\$ 2,872,023	\$ 2,746,459	\$ 3,803,772
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.04%	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%	82.42%	82.34%	74.65%
Covered Payroll	\$ 4,552,853	\$ 3,946,975	\$ 3,536,733	\$ 3,598,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978	\$ 3,223,284	\$ 3,236,306	\$ 3,263,281
Net Pension Liability as a Percentage of Payroll	-4.54%	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

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