

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, 2024 and 2023

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
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December 31, 2024 and 2023

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BENTON UTILITIES

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Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2024. 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, 2024 and 2023. 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.

2024 Financial Highlights

- The Utility's total revenues increased by \$5,945,306 or 14.32% from \$41,506,363 at December 31, 2023, to \$47,451,669 at December 31, 2024. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.
- The Utility's total expenses increased by \$4,843,362 or 13.61% from \$35,580,216 at December 31, 2023, to \$40,423,578 at December 31, 2024. The increase in expenses is in great part due to an increase in depreciation.
- The Utility's total assets and deferred outflows of resources increased by \$2,635,651 or 1.96% from \$134,297,906 at December 31, 2023, to \$136,933,557 at December 31, 2024. The increase is due in great part to an increase in cash and cash equivalents.

Financial Analysis of the Utility System

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

Investment income increased by 34.11% or \$209,638 due to an increase of interest income on board designated funds.

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Condensed Statements of Net Position

	2024	2023	2022
Current Assets	\$ 25,588,543	\$ 20,929,226	\$ 18,513,371
Restricted Assets	4,857,970	4,768,705	4,670,377
Capital Assets, Net	101,940,697	102,930,318	98,489,027
Deferred Outflows	4,546,347	5,669,657	2,902,451
Total Assets and Deferred Outflows	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>
Current Liabilities	\$ 9,330,563	\$ 10,510,898	\$ 9,867,993
Long-Term Liabilities	33,343,591	37,336,094	37,332,083
Total Liabilities	<u>42,674,154</u>	<u>47,846,992</u>	<u>47,200,076</u>
Deferred Inflows	1,615,514	2,146,600	2,506,910
Net Investment in Capital Assets	68,900,872	66,619,957	59,009,702
Restricted	4,433,372	4,312,073	3,976,559
Unrestricted	<u>19,309,645</u>	<u>13,372,284</u>	<u>11,881,979</u>
Total Net Position	<u>92,643,889</u>	<u>84,304,314</u>	<u>74,868,240</u>
Total Liabilities and Net Position	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</u>	<u>\$ 124,575,226</u>

Total net position increased by \$8,339,575 from \$84,304,314 at December 31, 2023, to \$92,643,889 at December 31, 2024, an increase of 9.89%. Current liabilities decreased by \$1,180,335 or 11.23%.

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

	2024	2023	2022
Operating Revenues:			
Services Fees and Penalties	\$ 46,294,373	\$ 40,502,539	\$ 38,769,011
Other Revenue	333,094	389,260	315,593
Total Operating Revenues	<u>46,627,467</u>	<u>40,891,799</u>	<u>39,084,604</u>
Investment Income	824,202	614,564	(48,603)
Total Revenue	<u>47,451,669</u>	<u>41,506,363</u>	<u>39,036,001</u>
Operating Expenses:			
Power Costs	17,009,211	16,650,175	16,663,973
Plant Production Expenses	4,417,223	3,205,189	3,962,090
General and Distribution Expenses	6,897,366	7,310,448	6,381,123
Administrative Expenses	4,126,616	3,035,180	2,662,018
Depreciation Expense	6,520,625	3,834,868	5,818,220
Franchise Fees	128,534	119,020	163,436
Total Operating Expenses	<u>39,099,575</u>	<u>34,154,880</u>	<u>35,650,860</u>
Interest Expense	1,324,003	1,425,336	1,502,112
Total Expenses	<u>40,423,578</u>	<u>35,580,216</u>	<u>37,152,972</u>
Net Income (Loss) Before Contributions	7,028,091	5,926,147	1,883,029
Capital Contributions	1,311,484	3,509,927	1,309,829
Change in Net Position	8,339,575	9,436,074	3,192,858
Net Position at Beginning of Year	84,304,314	74,868,240	71,675,382
Net Position at End of Year	<u>\$ 92,643,889</u>	<u>\$ 84,304,314</u>	<u>\$ 74,868,240</u>

Total revenues from services, fees and penalties reflect an increase from 2023 to 2024. The increase amount was \$5,791,834 or 14.30%. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.

Net income of \$7,028,091 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$1,311,484 were the two items that resulted in an increase of \$8,339,575 in net position for the year ending December 31, 2024.

Capital Assets

At December 31, 2024, the Utility had \$68,900,872 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 2024 was \$2,280,915 or 3.42%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year 2024 can be found in Note 5 on page 14 of this audit report.

Debt Administration

At December 31, 2024, the Utility had \$32,761,696 in outstanding revenue bonds payable compared to \$36,008,980 outstanding at December 31, 2023. This decrease of \$3,247,284 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 2024 can be found in Note 6 on page 15 of this audit report. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$668,755 at December 31, 2024, is an increase of \$115,614 over the \$553,141 accrued as of December 31, 2023. 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 Electric Wholesale Power Contract signed in December 2021 was a full requirements contract through May 31, 2025. This contract provided a wholesale price that covered all requirements of energy, capacity, transmission, congestion, and any ancillary service charges necessary to provide a firm power supply to Benton Utilities. Beginning June 1, 2025 and expiring May 31, 2027, this contract will only provide fifty (50) percent of the aforementioned items. Thus, Benton Utilities will be in the market for these services and subject to the fluctuations of the day-ahead market prices. Efforts are being made to minimize the financial risk to Benton Utilities and their customers.

The City Council adopted ordinances authorizing rate increases, effective May 1, 2023, for all three Utility Departments. Additional yearly increases will be effective on January 1 of subsequent years. Subsequently, the City Council adopted an additional ordinance, effective July 1, 2025, authorizing the restructuring of electrical rates for the Large General Service and Industrial/Large Power Service classes, establishing a ten (10) percent discount for senior citizens, and establishing a Power Cost Adjustment (PCA). The PCA takes the place of the annual electrical rate increase as authorized in the 2023 ordinance and allows Benton Utilities to better respond to market fluctuations in the cost of energy. This PCA can result in savings or additional charges to a customer. Benton Utilities continues to strive to have rates in place that adequately fund each system (electric, water, and sewer), remain competitive in the marketplace, and fairly distribute the costs of the systems to rate payers in customer charges (fixed costs) and fuel costs (variable costs). The adoption of these rate increases helped to address the shrinking excess revenues from electric sales that normally sustain any losses in water and sewer. The goal of the Public Utility Commission and the City Council has been for all three Utility Departments to become financially stable. Under the leadership of General Manager, Todd Pedersen, this goal was obtained in 2024 with the expectation for this to continue in the future.

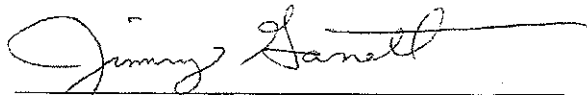
Significant progress was made on several construction and system projects in 2024. These projects were funded through operating revenues.

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

Benton Utilities continues to address growth and infrastructure needs as the 2025 budget contains \$11,103,743 in equipment and capital expenditures. Our goal is to continue to fund these expenditures through operating revenues without acquiring additional debt. Furthermore, the Utility will retire the 2018 Revenue Bonds in September of 2025, resulting in annual savings of approximately \$1,200,000 in debt service payments.

Contacting the Utility's Financial Management

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

A handwritten signature in cursive script, reading "Jimmy Garrett", with a horizontal line extending to the right.

Jimmy Garrett, CPA, CFF
Chief Financial Officer
Benton Utilities

Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas, as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Yoakum, Lovell & Co., P.C.

Certified Public Accountants

Benton, Arkansas
March 26, 2025

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2024 and 2023

Assets and Deferred Outflows of Resources	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and Cash Equivalents	\$ 7,144,716	\$ 5,058,445
Utility Billings, Net of Allowance for Uncollectibles	5,382,220	4,805,784
Accounts Receivable	135,904	131,727
Prepaid Expenses	205,982	149,888
Supplies Inventory	21,299	20,403
Board Designated Funds	12,698,422	10,762,979
Total Current Assets	<u>25,588,543</u>	<u>20,929,226</u>
Non-Current Assets		
Restricted Funds	4,857,970	4,768,705
Capital Assets:		
Total Plant, Property and Equipment	233,749,974	228,606,666
Less Accumulated Depreciation	(131,809,277)	(125,676,348)
Total Non-Current Assets	<u>106,798,667</u>	<u>107,699,023</u>
Deferred Outflows of Resources		
Deferred Pension Outflows	3,795,708	4,798,238
Deferred Loss on Early Retirement of Debt	750,639	871,419
Total Deferred Outflows of Resources	<u>4,546,347</u>	<u>5,669,657</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</u>

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

Liabilities, Deferred Inflows of Resources and Net Position

	2024	2023
Current Liabilities		
Accounts Payable	\$ 1,733,289	\$ 3,098,884
Customer Overpayments		25,827
Meter Deposits	2,853,255	2,816,721
Accrued Compensation	668,755	553,141
Sales Tax Payable	79,802	90,721
Accrued Interest Payable	424,598	456,632
Due to City Funds	233,240	221,688
Bonds Payable - Current Maturities	3,337,624	3,247,284
Total Current Liabilities	<u>9,330,563</u>	<u>10,510,898</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	29,424,072	32,761,696
Premium on Revenue Bonds	1,028,768	1,172,800
Net Pension Liability	2,890,751	3,401,598
Total Non-Current Liabilities	<u>33,343,591</u>	<u>37,336,094</u>
Total Liabilities	<u>42,674,154</u>	<u>47,846,992</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>1,615,514</u>	<u>2,146,600</u>
Net Position		
Net Investment in Capital Assets	68,900,872	66,619,957
Restricted for Debt Service	3,208,862	3,215,078
Restricted for Capital Assets Replacement	1,224,510	1,096,995
Unrestricted	19,309,645	13,372,284
Total Net Position	<u>92,643,889</u>	<u>84,304,314</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</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, 2024 and 2023

	2024	2023
Operating Revenues		
Charges for Service	\$ 44,606,585	\$ 39,686,130
Service Charges and Connection Fees	1,407,448	568,440
Penalties	280,340	247,969
Other Income	333,094	389,260
Total Operating Revenues	<u>46,627,467</u>	<u>40,891,799</u>
Operating Expenses		
Power Costs	17,009,211	16,650,175
Plant Production Expenses	4,417,223	3,205,189
General and Distribution Expenses	6,897,366	7,310,448
Administrative Expenses	4,126,616	3,035,180
Depreciation	6,520,625	3,834,868
Franchise Fees	128,534	119,020
Total Operating Expenses	<u>39,099,575</u>	<u>34,154,880</u>
Operating Income	<u>7,527,892</u>	<u>6,736,919</u>
Non-Operating Revenues (Expenses)		
Investment Income	824,202	614,564
Interest Expense	(1,324,003)	(1,425,336)
Total Non-Operating Revenues (Expenses)	<u>(499,801)</u>	<u>(810,772)</u>
Net Income Before Contributions	7,028,091	5,926,147
Capital Contributions	<u>1,311,484</u>	<u>3,509,927</u>
Changes in Net Position	8,339,575	9,436,074
Total Net Position - Beginning of Year	<u>84,304,314</u>	<u>74,868,240</u>
Total Net Position - End of Year	<u><u>\$ 92,643,889</u></u>	<u><u>\$ 84,304,314</u></u>

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from Customers	\$ 45,681,191	\$ 40,061,122
Payments to Suppliers	(23,841,840)	(21,677,077)
Payments to Employees	(8,473,335)	(7,611,794)
Payments to City	(726,583)	(114,019)
Other Receipts	328,917	549,748
Net Cash Provided by Operating Activities	<u>12,968,350</u>	<u>11,207,980</u>
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	(1,935,443)	(937,412)
Net Cash Used by Non-Capital Financing Activities	<u>(1,935,443)</u>	<u>(937,412)</u>
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(6,403,018)	(8,102,576)
Principal Paid On Capital Debt	(3,247,284)	(3,156,954)
Interest Paid On Capital Debt	(1,379,289)	(1,467,979)
Capital Contributions	1,311,484	3,087,237
Transfers from Restricted Accounts	(52,731)	(66,968)
Net Cash Used by Capital and Related Financing	<u>(9,770,838)</u>	<u>(9,707,240)</u>
Cash Flows from Investing Activities		
Interest Received	824,202	614,564
Net Cash Provided by Investing Activities	<u>824,202</u>	<u>614,564</u>
Net Change in Cash and Cash Equivalents	2,086,271	1,177,892
Cash and Cash Equivalents - Beginning of Year	5,058,445	3,880,553
Cash and Cash Equivalents - End of Year	<u>\$ 7,144,716</u>	<u>\$ 5,058,445</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 7,527,892	\$ 6,736,919
Items Not Requiring Cash:		
Depreciation	6,520,625	3,834,868
Changes in Assets and Liabilities:		
Receivables, Net	(606,440)	(288,595)
Prepays	(56,094)	(3,890)
Inventories	(896)	1,387
Accounts Payable	(482,029)	531,095
Accrued Expenses	104,695	53,854
Net Pension Liability	(39,403)	342,342
Net Cash Provided by Operating Activities	<u>\$ 12,968,350</u>	<u>\$ 11,207,980</u>

Non-Cash Capital Financing Activities:

Capital assets of \$422,690 were acquired through noncash contributions from developers for the year ended December 31, 2023.

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, 2024 and 2023, respectively:

	2024	2023
Accrued Salaries	\$ 255,230	\$ 190,057
Accrued Vacation	163,822	150,383
Accrued Sick	249,703	212,701
	<u>\$ 668,755</u>	<u>\$ 553,141</u>

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

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

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

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

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

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

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

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

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

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

Note 2: Related Party Transactions

The Utilities pays a franchise fee and a stormwater fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utilities owed the City \$233,240 and \$221,688 at December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the Utilities had franchise fee expense to the City of \$128,534 and \$119,020, respectively. For the year ended December 31, 2024, the Utilities had stormwater fee expense to the City of \$609,601.

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, 2024 and 2023:

	2024	2023
Public Utility Reservoir Contingent Fund	\$ 2,158	\$ 2,125
Public Utility Emergency Fund	66,557	65,561
Water System Capital Improvement Fund	2,084	2,022
Electric Capital Improvement Fund	2,083	2,021
Facilities Capital Improvement Fund	26,948	26,135
Wastewater Capital Improvement Fund	1,260	1,222
AR DOT Reimbursements Fund	2,298,693	1,851,903
Economic Development Fund	89,682	87,032
Pension Savings Fund	388,210	376,658
Investment Fund	9,820,747	8,348,300
	<u>\$ 12,698,422</u>	<u>\$ 10,762,979</u>

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

Note 4: Restricted Funds

The restricted funds as of December 31, 2024 and 2023 are as follows:

	2024	2023
Bond Funds	\$ 639,969	\$ 742,213
Debt Service Funds	2,993,491	2,929,497
Depreciation Fund	1,224,510	1,096,995
Total Restricted Funds	<u>\$ 4,857,970</u>	<u>\$ 4,768,705</u>

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

Note 5: Capital Assets

The following is a summary of capital assets as of December 31, 2024 and 2023:

	Balance 12/31/23	Additions	Deletions	Transfers	Balance 12/31/24
Land	\$ 1,316,813	\$	\$	\$	\$ 1,316,813
Buildings - Administrative	2,617,847			437,163	3,055,010
Vehicles	4,803,282	912,062	(364,121)		5,351,223
Furniture and Office Equipment	377,255	12,878			390,133
Service Facilities and Equipment	212,507,089	1,108,656	(23,575)	5,494,733	219,086,903
Construction Materials	2,762,869	888,207			3,651,076
Construction in Process	4,221,511	2,609,201		(5,931,896)	898,816
	<u>\$ 228,606,666</u>	<u>\$ 5,531,004</u>	<u>\$ (387,696)</u>	<u>\$</u>	<u>\$ 233,749,974</u>

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

Note 5: Capital Assets (Cont'd)

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

Note 6: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2024 are as follows:

Issue of March 6, 2009	2.75%	6/01/2034
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:

	2024	2023	2022
Beginning Balance	\$ 36,008,980	\$ 39,165,934	\$ 42,223,338
Issued			
Retired	(3,247,284)	(3,156,954)	(3,057,404)
Ending Balance	<u>\$ 32,761,696</u>	<u>\$ 36,008,980</u>	<u>\$ 39,165,934</u>

Maturities of revenue bonds as of December 31, 2024 are as follows:

	Principal	Interest and Service Fees	Total
2025	\$ 3,337,624	\$ 1,276,424	\$ 4,614,048
2026	2,207,974	1,194,564	3,402,538
2027	2,273,333	1,127,045	3,400,378
2028	2,353,702	1,045,526	3,399,228
2029	2,439,082	958,648	3,397,730
2030-2034	13,774,981	3,220,098	16,995,079
2035-2036	6,375,000	388,740	6,763,740
	<u>\$ 32,761,696</u>	<u>\$ 9,211,045</u>	<u>\$ 41,972,741</u>

Bond Premium – The series 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, 2024 and 2023 was \$144,032 and \$150,303, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

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

Note 6: Revenue Bonds Payable (Cont'd)

Loss from Early Retirement of Debt – The 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 \$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, 2024 and 2023 was \$120,780 and \$138,293, respectively. The 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, 2024 and 2023 was \$1,379,289 and \$1,467,979, 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 2024 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, 2023 using December 31, 2022 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2024 using December 31, 2023 actuarial information.

Membership in the plan as of December 31, 2023, is as follows:

Retirees and beneficiaries currently receiving benefits	75
Vested terminated employees	38
Current employees	<u>61</u>
Total	<u>174</u>

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

Note 8: Retirement Plan (Cont'd)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability			
Service Cost	\$ 438,235	\$ 530,580	\$ 410,064
Interest	1,282,861	1,285,138	1,268,691
Differences Between Actual and Expected Experience	(71,264)	(575,139)	(19,126)
Assumption Changes			1,026,608
Benefit Payments	<u>(1,234,387)</u>	<u>(1,132,103)</u>	<u>(1,187,049)</u>
Net Change in Total Pension Liability	\$ 415,445	\$ 108,476	\$ 1,499,188
 Total Pension Liability – Beginning	 \$ 19,915,297	 \$ 19,806,821	 \$ 18,307,633
Total Pension Liability – Ending	<u>\$ 20,330,742</u>	<u>\$ 19,915,297</u>	<u>\$ 19,806,821</u>
 Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 152,189	\$ 129,050	\$ 109,396
Contributions – Employer	514,900	583,975	770,444
Net Investment Income	1,493,590	(3,080,597)	2,115,494
Benefits Payments	<u>(1,234,387)</u>	<u>(1,132,103)</u>	<u>(1,187,049)</u>
Net Change in Plan Net Position	\$ 926,292	\$ (3,499,675)	\$ 1,808,285
 Net Position – Beginning	 \$ 16,513,699	 \$ 20,013,374	 \$ 18,205,089
Net Position – Ending	<u>\$ 17,439,991</u>	<u>\$ 16,513,699</u>	<u>\$ 20,013,374</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.

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.

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

Note 8: Retirement Plan (Cont'd)

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>
U.S. Stock – Large	35%	4.00%
U.S. Stock – Mid/Small Cap	20%	5.25%
Foreign Equity (Developed)	5%	4.25%
Alternatives	0%	3.75%
Fixed Income	35%	3.50%
Cash	5%	0.50%
Total	100%	
Expected Inflation		2.50%

The annual required contribution for 2024 was determined as part of the January 1, 2024, 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	\$ 22,718,229	\$ 20,330,742	\$ 18,309,967
Net Pension Liability	\$ 5,278,238	\$ 2,890,751	\$ 869,976

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	\$ 21,569	\$ 759,873
Changes of assumptions	513,305	
Net difference between projected and actual earnings on pension plan investments	2,620,708	855,641
Contributions subsequent to measurement date	640,126	
	<u>\$ 3,795,708</u>	<u>\$ 1,615,514</u>

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

Note 8: Retirement Plan (Cont'd)

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2025. 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:	2025	\$ 1,016,331
	2026	540,180
	2027	890,735
	2028	(140,121)
	2029	(50,509)
	Thereafter	(76,422)
		<u>\$ 2,180,194</u>

Note 9: Subsequent Events

Management has evaluated subsequent events through March 26, 2025, 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, 2024 and 2023

	2024	2023
Operating Funds		
Cash on Hand	\$ 2,016	\$ 2,016
Demand Deposits - General Operating Accounts		
Bank OZK	7,139,354	5,053,133
First Security Bank	3,346	3,296
Total Operating Funds	<u>7,144,716</u>	<u>5,058,445</u>
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,158	2,125
Utility Emergency Fund - First Security Bank	66,557	65,561
Water System Capital Improvement Fund - Bank OZK	2,084	2,022
Electric Capital Improvement Fund - Bank OZK	2,083	2,021
Facilities Capital Improvement Fund - Bank OZK	26,948	26,135
Wastewater Capital Improvement Fund - Bank OZK	1,260	1,222
AR DOT Reimbursements Fund - Bank OZK	2,298,693	1,851,903
Economic Development Fund - Bank OZK	89,682	87,032
Pension Savings Fund - Bank OZK	388,210	376,658
Investment Fund - Crews and Associates	9,820,747	8,348,300
Total Board Designated	<u>12,698,422</u>	<u>10,762,979</u>
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	582	385
04/01/12 Issue - US Bank Trust		6
01/30/18 Issue - Regions Corporate Trust	639,387	741,822
Total Bond Funds	<u>639,969</u>	<u>742,213</u>
Depreciation Fund		
Public Utilities - First Security Bank	1,224,510	1,096,995
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,219,965	1,164,869
07/01/15 Issue - Simmons Trust	672,363	663,565
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	497,388	497,288
Total Debt Service Escrow Funds	<u>2,993,491</u>	<u>2,929,497</u>
Total Restricted Funds	<u>4,857,970</u>	<u>4,768,705</u>
Total Operating, Designated and Restricted Funds	<u>\$ 24,701,108</u>	<u>\$ 20,590,129</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2024 and 2023

	2024	2023	2024	2023	2024	2023	Eliminations		2024	2023
	Light	Light	Water	Water	Waste	Waste			Combined	Combined
	Dept.	Dept.	Dept.	Dept.	Water Dept.	Water Dept.	2024	2023	Total	Total
Revenue - Operations										
Fees	\$ 28,007,970	\$ 26,833,164	\$ 8,741,125	\$ 6,730,685	\$ 8,898,517	\$ 7,060,994	\$ (1,041,027)	\$ (938,713)	\$ 44,606,585	\$ 39,686,130
Service Charges and										
Connection Fees	238,383	203,875	229,000	143,266	940,065	221,299			1,407,448	568,440
Penalties	171,439	155,387	45,317	34,141	63,584	58,441			280,340	247,969
Other Income	112,931	190,566	61,780	80,300	158,383	118,394			333,094	389,260
Total Revenue - Operations	28,530,723	27,382,992	9,077,222	6,988,392	10,060,549	7,459,128	(1,041,027)	(938,713)	46,627,467	40,891,799
Expenses - Operations										
Power Costs	17,009,211	16,650,175							17,009,211	16,650,175
Plant Production			2,323,865	1,816,363	3,030,262	2,206,921	(936,904)	(818,095)	4,417,223	3,205,189
General and Distribution	3,890,704	4,083,187	1,701,170	1,611,855	1,406,392	1,732,551	(100,900)	(117,145)	6,897,366	7,310,448
Administrative	1,179,230	1,024,310	1,193,313	1,028,299	1,757,296	986,044	(3,223)	(3,473)	4,126,616	3,035,180
Depreciation	1,323,415	778,753	2,343,485	1,213,381	2,853,725	1,842,734			6,520,625	3,834,868
Franchise Fees	18,965	25,048	72,983	66,929	36,586	27,043			128,534	119,020
Total Expenses - Operations	23,421,525	22,561,473	7,634,816	5,736,827	9,084,261	6,795,293	(1,041,027)	(938,713)	39,099,575	34,154,880
Operating Income (Loss)	5,109,198	4,821,519	1,442,406	1,251,565	976,288	663,835			7,527,892	6,736,919
Non-Operating Revenues										
(Expenses)										
Investment Income	329,180	270,924	165,135	135,568	329,887	208,072			824,202	614,564
Interest Expense	(49,802)	(56,130)	(275,701)	(313,309)	(998,500)	(1,055,897)			(1,324,003)	(1,425,336)
Total Non-Operating Revenues										
(Expenses)	279,378	214,794	(110,566)	(177,741)	(668,613)	(847,825)			(499,801)	(810,772)
Net Income (Loss) Before										
Contributions and Transfers	\$ 5,388,576	\$ 5,036,313	\$ 1,331,840	\$ 1,073,824	\$ 307,675	\$ (183,990)	\$	\$	7,028,091	5,926,147
Capital Contributions									1,311,484	3,509,927
Change in Net Position									\$ 8,339,575	\$ 9,436,074

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, 2024

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 729,570	\$ 974,382	\$ 1,703,952
Fringe Benefits	259,808	344,471	604,279
Vehicle Operations	23,523	81,699	105,222
Building Maintenance	46,234	107,062	153,296
Equipment Repairs	259,874	380,598	640,472
Office Supplies	1,192	2,415	3,607
Janitorial Supplies and Services	4,525	8,000	12,525
Computer Supplies	2,768	4,334	7,102
Chemicals	370,391	127,606	497,997
Laboratory	7,915	53,887	61,802
Electric, Water and Waste Water	340,717	641,070	981,787
Miscellaneous	119,868	63,157	183,025
Heat - Natural Gas	2,906	77,839	80,745
Telephone	4,269	7,713	11,982
Equipment Rental	277	2,903	3,180
Small Tool Expense	4,752	6,244	10,996
Professional and Consulting	80,005	44,422	124,427
Insurance	69,845	82,703	152,548
Small Equipment Expense	(4,574)	19,757	15,183
Total	<u>\$ 2,323,865</u>	<u>\$ 3,030,262</u>	<u>\$ 5,354,127</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, 2024

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,785,092	\$ 842,677	\$ 561,499	\$ 3,189,268
Fringe Benefits	627,316	300,663	189,103	1,117,082
Vehicle Operations	171,787	102,213	68,318	342,318
Building Maintenance	22,394	7,861	1,209	31,464
Line Maintenance	194,472	309,280	101,330	605,082
Equipment Repairs	32,569	7,363	9,882	49,814
Street Light Repairs	54,588			54,588
Office Supplies	7,669	460	516	8,645
Janitorial Supplies and Services	11,554	6,260	5,958	23,772
Computer Supplies	6,170		2,264	8,434
Chemicals	382	58		440
Laboratory		306		306
Natural Gas	2,309	1,525	2,253	6,087
Electric, Water and Waste Water	11,935	26,955	62,010	100,900
Miscellaneous	69,374	17,567	7,972	94,913
Telephone	53,679	8,730	8,447	70,856
Equipment Rental	2,587	401	234	3,222
Small Tool Expense	18,041	10,972	1,565	30,578
Professional and Consulting	779,713	53,441	6,494	839,648
Insurance	34,513	5,887	16,859	57,259
Small Equipment Expense	4,560	(1,449)	360,479	363,590
Total	<u>\$ 3,890,704</u>	<u>\$ 1,701,170</u>	<u>\$ 1,406,392</u>	<u>\$ 6,998,266</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2024

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 477,325	\$ 477,325	\$ 477,324	\$ 1,431,974
Fringe Benefits	167,662	167,662	167,663	502,987
Vehicle Operations	5,437	5,437	5,438	16,312
Building Maintenance	2,613	2,613	2,612	7,838
Equipment Repairs	3,411	3,411	3,412	10,234
Office Supplies	7,526	7,526	7,527	22,579
Postage	8,233	8,233	8,234	24,700
Janitorial Supplies and Services	3,021	3,021	3,022	9,064
Computer Supplies	6,071	6,071	6,072	18,214
Computer and Billing Services	254,679	254,679	254,680	764,038
Electricity, Water and Waste Water	1,074	1,074	1,075	3,223
Miscellaneous	47,298	116,062	47,300	210,660
Heat - Natural Gas	202	202	202	606
Telephone	(3,685)	(3,685)	(3,685)	(11,055)
Professional and Consulting	119,466	119,466	119,465	358,397
Customer Collection Expense	4,582	4,582	4,581	13,745
Insurance	1,125	1,125	1,125	3,375
Small Equipment Expense	302	302	302	906
Stormwater Fees			609,601	609,601
Bad Debt Expense	72,888	18,207	41,346	132,441
Total	<u>\$ 1,179,230</u>	<u>\$ 1,193,313</u>	<u>\$ 1,757,296</u>	<u>\$ 4,129,839</u>

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

The following is a summary of water and sewer rates and usage information for the system at December 31, 2024:

Sewer Monthly Rates

- (a) 0-1 mg minimum average water usage - \$21.50
- (b) All over 1 mg minimum average water usage - \$21.50 minimum, plus \$5.379 per mg for all over 1 mg, out of city limits \$37.63 minimum and \$9.413 mg for all over 1 mg.
- (c) New residential customers charged \$21.50 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>2024</u>
Residential	14,844
Commercial	1,236
Industrial	<u>4</u>
	<u>16,084</u>

Annual Billable Water

2024
Gallons (000s)

Total annual billable water	1,607,033
Less water billable to non-sewer customers	<u>(452,803)</u>
Net billable to sewer customers	<u>1,154,230</u>
Residential	821,548
Commercial	327,427
Industrial	<u>5,255</u>
Total water billable to sewer customers	<u>1,154,230</u>

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

December 31, 2024

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
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>\$ 131,696</u>	<u>\$ 18,453</u>	

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

December 31, 2024

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
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>\$ 19,905,000</u>	<u>\$ 7,317,200</u>	

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

December 31, 2024

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 1,190,000
03/01/2025		13,507	1,190,000
09/01/2025	1,190,000	13,507	
	<u>\$ 1,190,000</u>	<u>\$ 27,014</u>	

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

December 31, 2024

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
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>\$ 11,535,000</u>	<u>\$ 1,848,378</u>	

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

December 31, 2024

Year Ending 12/31	03/06/2009 Bonds	7/1/2015 Bonds	1/30/2018 Bonds	2/12/2020 Bonds	Total Bonds
2025	\$ 16,160	\$ 1,910,650	\$ 1,217,014	\$ 1,470,224	\$ 4,614,048
2026	16,160	1,906,550		1,479,828	3,402,538
2027	16,160	1,906,750		1,477,468	3,400,378
2028	16,160	1,915,000		1,468,068	3,399,228
2029	16,160	1,910,250		1,471,320	3,397,730
2030	16,160	1,908,000		1,477,400	3,401,560
2031	16,160	2,628,000		761,100	3,405,260
2032	16,160	2,629,000		757,860	3,403,020
2033	16,160	2,630,000		754,192	3,400,352
2034	4,709	2,625,750		754,428	3,384,887
2035		2,626,250		754,072	3,380,322
2036		2,626,000		757,418	3,383,418
Totals	<u>\$ 150,149</u>	<u>\$ 27,222,200</u>	<u>\$ 1,217,014</u>	<u>\$ 13,383,378</u>	<u>\$ 41,972,741</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

	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Total Pension Liability										
Service Cost	\$ 438,235	\$ 530,580	\$ 410,064	\$ 372,188	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980	\$ 335,144
Service Transfer								4,256	(884,253)	
Interest	1,282,861	1,285,138	1,268,691	1,259,156	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187	1,074,426
Difference Between Actual and Expected Experience	(71,264)	(575,139)	(19,126)	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)	116,426
Assumption Changes			1,026,608							
Benefit Payments	(1,234,387)	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)
Net Change in Total Pension Liability	\$ 415,445	\$ 108,476	\$ 1,499,188	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)	\$ 783,486
Total Pension Liability - Beginning	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621
Total Pension Liability - Ending	<u>\$ 20,330,742</u>	<u>\$ 19,915,297</u>	<u>\$ 19,806,821</u>	<u>\$ 18,307,633</u>	<u>\$ 18,134,886</u>	<u>\$ 17,643,457</u>	<u>\$ 17,011,092</u>	<u>\$ 16,291,333</u>	<u>\$ 15,916,847</u>	<u>\$ 16,336,107</u>
Plan Fiduciary Net Position										
Contributions - Employee Mandatory	\$ 152,189	\$ 129,050	\$ 109,396	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301	\$ 29,480
Contributions - Employer	514,900	583,975	770,444	934,041	956,004	876,337	913,740	685,000	700,012	750,000
Service Transfer								4,256	(884,253)	
Net Investment Income	1,493,580	(3,080,597)	2,115,494	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)	620,952
Benefits Payments	(1,234,387)	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)
Administrative Expense				(6,000)						
Net Change in Plan Net Position	\$ 926,292	\$ (3,499,675)	\$ 1,808,285	\$ 1,939,259	\$ 2,638,237	\$ (920,966)	\$ 1,538,725	\$ 907,890	\$ (1,362,140)	\$ 657,922
Plan Fiduciary Net Position - Beginning	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162
Plan Fiduciary Net Position - Ending	<u>\$ 17,439,991</u>	<u>\$ 16,513,699</u>	<u>\$ 20,013,374</u>	<u>\$ 18,205,089</u>	<u>\$ 16,265,830</u>	<u>\$ 13,627,593</u>	<u>\$ 14,548,559</u>	<u>\$ 13,009,834</u>	<u>\$ 12,101,944</u>	<u>\$ 13,464,084</u>
Net Pension Liability - Ending	<u>\$ 2,890,751</u>	<u>\$ 3,401,598</u>	<u>\$ (206,553)</u>	<u>\$ 102,544</u>	<u>\$ 1,869,056</u>	<u>\$ 4,015,864</u>	<u>\$ 2,462,533</u>	<u>\$ 3,281,499</u>	<u>\$ 3,814,903</u>	<u>\$ 2,872,023</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.78%	82.92%	101.04%	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%	82.42%
Covered Payroll	\$ 3,920,449	\$ 3,895,993	\$ 4,552,853	\$ 3,946,975	\$ 3,536,733	\$ 3,598,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978	\$ 3,223,284
Net Pension Liability as a Percentage of Payroll	73.74%	87.31%	-4.54%	2.60%	52.85%	111.59%	64.97%	88.40%	101.49%	89.10%

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%
12/31/22	\$ 431,508	\$ 583,975	\$ (152,467)	\$ 3,895,993	14.99%
12/31/23	\$ 825,761	\$ 514,900	\$ 310,861	\$ 3,920,449	13.13%