

**City of Benton, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**December 31, 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BENTON, ARKANSAS  
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# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

City of Benton, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Benton, Arkansas, as of December 31, 2020, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

**Unmodified Opinions on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas, as of December 31, 2020, the regulatory basis revenues, expenditures, and changes in net position, and the budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the City would have included another fund under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*. However, under the regulatory basis, this fund is not required to be included as part of the reporting entity. Our opinion is not modified with respect to this matter.

**Other Matters**

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the accompanying regulatory basis financial statements. The accompanying supplementary information and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

The other information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
August 17, 2021  
LOM100920

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
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House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### INDEPENDENT AUDITOR'S REPORT

City of Benton, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2021. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated August 17, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Marti Steel". The signature is written in a cursive, flowing style.

Marti Steel, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 17, 2021

# Arkansas



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## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

City of Benton, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

The commentary contained in this letter relates to the following officials who held office during 2020:

Mayor: Tom Farmer  
City Clerk: Cindy Stracener  
Treasurer: Jordan Woolbright  
Chief Financial Officer: Mandy Spicer  
District Court Clerk: Leah Redmon  
Police Chief: Scotty L. Hodges  
Advertising and Promotion Commission President: Bill Eldridge

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with City officials during the course of our audit fieldwork and at the exit conference.

#### **District Court Clerk**

The District Court Clerk was unable to identify \$199,030 remaining in the bank account with receipts issued for cases not yet adjudicated and payments made on all unpaid individual time accounts, as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous report.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Marti Steel".

Marti Steel, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
August 17, 2021

CITY OF BENTON, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2020

Exhibit A

	General	Street	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,639,003	\$ 9,624,234	\$ 14,489,131
Investments			8,764,733
Accounts receivable	1,029,512	351,929	1,280,871
Interfund receivables	224,035		
<b>TOTAL ASSETS</b>	<b>\$ 3,892,550</b>	<b>\$ 9,976,163</b>	<b>\$ 24,534,735</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 135,370	\$ 159,504	\$ 210,629
Interfund payables			224,035
Settlements pending			262,229
<b>Total Liabilities</b>	<b>135,370</b>	<b>159,504</b>	<b>696,893</b>
<b>Fund Balances:</b>			
Restricted	118,462	8,851,551	22,876,469
Committed	300,900	965,108	718,306
Assigned	984,067		243,067
Unassigned	2,353,751		
<b>Total Fund Balances</b>	<b>3,757,180</b>	<b>9,816,659</b>	<b>23,837,842</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,892,550</b>	<b>\$ 9,976,163</b>	<b>\$ 24,534,735</b>

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 458,188	\$ 2,453,567	\$ 604,476
Federal aid	1,392,481		57,808
Property taxes	1,529,421	819,088	546,757
Franchise fees	2,019,368		951,820
Sales taxes	8,560,247	2,140,062	10,700,309
Fines, forfeitures, and costs	180,897		94,605
Interest	2,639	35,782	360,580
Local permits and fees	646,573	1,062,562	776,221
Advertising and promotion taxes			1,423,654
Rental income	130,016		248,132
Donations	103,546		4,824
911 fees	513,644		
Insurance premiums collected			3,688
Employer contributions			386,817
Employee contributions			103,819
Sale of equipment	1,500		9,475
Net increase/(decrease) in fair value of investments			875,747
Other	374,953	1,254	79,247
<b>TOTAL REVENUES</b>	<b>15,913,473</b>	<b>6,512,315</b>	<b>17,227,979</b>
EXPENDITURES			
Current:			
General government	3,604,611		205,930
Law enforcement	5,245,471		2,088,188
Highways and streets	1,332	5,399,264	147,742
Public safety	4,290,327		2,030,448
Sanitation			817
Recreation and culture			4,331,263
Total Current	13,141,741	5,399,264	8,804,388
Debt Service:			
Bond principal			2,375,000
Bond interest and other charges			1,823,037
Lease principal			623,619
Lease interest			32,341
Note principal	101,973		
Note interest	2,943		
<b>TOTAL EXPENDITURES</b>	<b>13,246,657</b>	<b>5,399,264</b>	<b>13,658,385</b>

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,666,816	\$ 1,113,051	\$ 3,569,594
OTHER FINANCING SOURCES (USES)			
Transfers in	278,177	26,231	1,847,559
Transfers out	(587,666)		(1,564,301)
Transfer to local police and fire retirement system			(3,097,672)
Contribution to water department			(8,009)
TOTAL OTHER FINANCING SOURCES (USES)	(309,489)	26,231	(2,822,423)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,357,327	1,139,282	747,171
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	738,427	8,512,021	22,263,889
Restatement adjustment (Note 12)	661,426	165,356	826,782
FUND BALANCES - JANUARY 1, AS RESTATED	1,399,853	8,677,377	23,090,671
FUND BALANCES - DECEMBER 31	\$ 3,757,180	\$ 9,816,659	\$ 23,837,842

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 616,827	\$ 458,188	\$ (158,639)	\$ 1,464,000	\$ 2,453,567	\$ 989,567
Federal aid	1,699,290	1,392,481	(306,809)	60,000		(60,000)
Property taxes	1,540,000	1,529,421	(10,579)	824,857	819,088	(5,769)
Franchise fees	2,297,000	2,019,368	(277,632)			
Sales taxes	8,220,455	8,560,247	339,792	725,000	2,140,062	1,415,062
Fines, forfeitures, and costs	307,710	180,897	(126,813)			
Interest	13,175	2,639	(10,536)	30,000	35,782	5,782
Local permits and fees	358,350	646,573	288,223	60,000	1,062,562	1,002,562
Rental income	141,263	130,016	(11,247)			
Donations	120,250	103,546	(16,704)			
Sale of equipment	24,660	1,500	(23,160)			
911 fees		513,644	513,644			
Other	61,990	374,953	312,963		1,254	1,254
<b>TOTAL REVENUES</b>	<b>15,400,970</b>	<b>15,913,473</b>	<b>512,503</b>	<b>3,163,857</b>	<b>6,512,315</b>	<b>3,348,458</b>
EXPENDITURES						
Current:						
General government	3,551,750	3,604,611	(52,861)			
Law enforcement	7,088,058	5,245,471	1,842,587			
Highways and streets		1,332	(1,332)	5,758,276	5,399,264	359,012
Public safety	6,827,611	4,290,327	2,537,284			
Total Current	17,467,419	13,141,741	4,325,678	5,758,276	5,399,264	359,012
Debt Service:						
Note principal		101,973	(101,973)			
Note interest		2,943	(2,943)			
<b>TOTAL EXPENDITURES</b>	<b>17,467,419</b>	<b>13,246,657</b>	<b>4,220,762</b>	<b>5,758,276</b>	<b>5,399,264</b>	<b>359,012</b>

CITY OF BENTON, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,066,449)	\$ 2,666,816	\$ 4,733,265	\$ (2,594,419)	\$ 1,113,051	\$ 3,707,470
OTHER FINANCING SOURCES (USES)						
Transfers in	3,648,006	278,177	(3,369,829)		26,231	26,231
Transfers out	(440,000)	(587,666)	(147,666)	(200,000)		200,000
TOTAL OTHER FINANCING SOURCES (USES)	3,208,006	(309,489)	(3,517,495)	(200,000)	26,231	226,231
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,141,557	2,357,327	1,215,770	(2,794,419)	1,139,282	3,933,701
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	1,686,953	738,427	(948,526)	3,856,267	8,512,021	4,655,754
Restatement adjustment (Note 12)		661,426	661,426		165,356	165,356
FUND BALANCES - JANUARY 1, AS RESTATED	1,686,953	1,399,853	(287,100)	3,856,267	8,677,377	4,821,110
FUND BALANCES - DECEMBER 31	\$ 2,828,510	\$ 3,757,180	\$ 928,670	\$ 1,061,848	\$ 9,816,659	\$ 8,754,811

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

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Benton was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following fund of the City would have been included in the reporting entity: Benton Municipal Light and Water Works. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is not included in this report.

**B. Basis of Presentation – Regulatory**

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

**General Fund** - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

**Street Fund** - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, property taxes, sales taxes, and local permits and fees that are restricted or committed for maintaining and constructing highways and streets.

**Other Funds in the Aggregate** - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

**Capital Projects Funds** - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedule 2 for Capital Projects Funds as reported with other funds in the aggregate.

**Debt Service Funds** - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for Debt Service Funds as reported with other funds in the aggregate.

**Pension Trust Funds** - Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See Schedules 1 and 2 for Pension Trust Funds as reported with other funds in the aggregate.

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation – Regulatory (Continued)**

**Other Funds in the Aggregate - (Continued)**

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

**C. Basis of Accounting - Regulatory**

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

**D. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and advertising and promotion taxes that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Fund Balances (Continued)**

Fund Balance Classifications (Continued)

4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**E. Property Taxes**

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

**F. Budget Law**

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds except for the Police Federal Treasury, Municipal Judge's and Clerk's Retirement, Police Narcotics Seizure (State), Police Narcotics Seizure (Federal), and the Advertising and Promotion Tax Bond.

**G. Fund Balance Classification Policies and Procedures**

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

CITY OF BENTON, ARKANSAS  
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DECEMBER 31, 2020

**NOTE 2: Cash Deposits with Financial Institutions**

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,089,288	\$ 1,089,288
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	22,361,235	23,719,050
Uncollateralized	3,298,855	3,298,855
Total Deposits	\$ 26,749,378	\$ 28,107,193

The above total deposits do not include cash on hand of \$2,990.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits. A formal policy for custodial credit risk has not been adopted by the City. As of December 31, 2020, \$3,298,855 of the City's cash balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

**Pension Trust Funds**

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or of the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provides that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

**NOTE 4: Public Fund Investments**

A summary of investments by fund types is as follows:

Fund Type	December 31, 2020 Fair Value
Pension Trust - City Employees' Pension	\$ 8,764,733

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 4: Public Fund Investments (Continued)**

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity.)

The City’s investments are composed of the following:

<u>December 31, 2020</u>	Quoted Prices in Active Markets for Identical Investments Level I
Investment Type	
Mutual funds	\$ 3,223,827
Exchange traded funds	5,540,906
Totals	\$ 8,764,733

The fair value of mutual funds and exchange traded funds are measured on a recurring basis on quoted market prices obtained from independent price sources, and are classified as Level I inputs.

**NOTE 5: Accounts Receivable**

The accounts receivable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
State aid		\$ 39,463	\$ 164,328
Federal aid	\$ 3,606		
Property taxes	99,241	53,162	35,410
Franchise fees	156,793		110,475
Sales taxes	729,700	182,425	912,125
Local permits and fees		76,879	23,499
Advertising and promotion taxes			26,542
Rental income			355
Other	40,172		8,137
Totals	\$ 1,029,512	\$ 351,929	\$ 1,280,871

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 DECEMBER 31, 2020

**NOTE 6: Accounts Payable**

The accounts payable balance at December 31, 2020, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 122,308	\$ 159,504	\$ 210,629
Salaries payable	13,062		
Totals	<u>\$ 135,370</u>	<u>\$ 159,504</u>	<u>\$ 210,629</u>

**NOTE 7: Interfund Balances**

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2020	
	Interfund Receivables	Interfund Payables
General Fund	\$ 224,035	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Public Safety		\$ 224,035
Totals	<u>\$ 224,035</u>	<u>\$ 224,035</u>

Interfund receivables and payables consist of interfund loans. These balances were repaid the first quarter of 2021.

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2020, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
General government	\$ 2,003		\$ 1,126,590
Law enforcement			4,601,014
Highways and streets		\$ 8,851,551	
Public safety	45		57,742
Recreation and culture	116,414		4,293,312
Pension benefits			9,165,771
Debt service			3,632,040
Total Restricted	<u>118,462</u>	<u>8,851,551</u>	<u>22,876,469</u>
Committed for:			
General government	300,900		651,276
Law enforcement			65,721
Highways and streets		965,108	
Public safety			1,309
Total Committed	<u>300,900</u>	<u>965,108</u>	<u>718,306</u>
Assigned to:			
General government	550,000		
Law enforcement	200,000		243,067
Public safety	234,067		
Total Assigned	<u>984,067</u>		<u>243,067</u>
Unassigned	<u>2,353,751</u>		
Totals	<u>\$ 3,757,180</u>	<u>\$ 9,816,659</u>	<u>\$ 23,837,842</u>

**NOTE 9: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2020, the legal debt limit for the bonded debt was \$108,222,892. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2020, the legal debt limit for short-term financing obligations was \$27,837,231. The amount of short-term financing obligations was \$116,641, leaving a legal debt margin of \$27,720,590

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 10: Commitments**

Total commitments consist of the following at December 31, 2020:

	December 31, 2020
Long-term liabilities	\$ 43,901,253
Construction contracts	3,329,497
Total Commitments	\$ 47,230,750

Long-term liabilities

Long-term liabilities at December 31, 2020, are comprised of the following:

	December 31, 2020
<u>Bonds</u>	
2012 Hotel and Restaurant Gross Receipts Tax Bonds, dated August 1, 2012, in the amount of \$7,815,000; due in annual installments of \$265,000 to \$2,235,000 due August 1 beginning in 2012 through 2022; interest rate of 1.162% to 4.555%. Payments are to be made from the 2012 Sales and Use Tax Bond Fund.	\$ 800,000
2012 Capital Improvement Refunding and Improvement Revenue Bonds, dated September 15, 2012, in the amount of \$3,560,000; annual installments of \$195,000 to \$275,000 due September 1 beginning in 2013 through 2028; interest rate of 1% to 3.5%. Payments are to be made from the 2012 Capital Improvement Refunding and Improvement Revenue Bond Fund.	1,960,000
2014 Sales & Use Tax Bonds, dated April 15, 2014, in the amount of \$37,720,000; annual installments of \$525,000 to \$2,145,000 due June 1 beginning in 2015 to 2044; interest rate of 2% to 5%. Payments are to be made from the 2014 Sales and Use Tax Bond Fund.	33,365,000
2015 Capital Improvement Revenue Bonds, dated May 1, 2015, in the amount of \$6,455,000; annual installments of \$100,000 to \$395,000 due September 1 beginning in 2016 through 2045; interest rate from 2% to 4%. Payments are to be made from the 2015 Capital Improvement Bond Fund.	5,955,000
2015 Sales and Use Tax Bonds, dated June 1, 2015, in the amount of \$1,335,000; annual installments of \$30,000 to \$75,000 due June 1 beginning in 2016 to 2044; interest rate of 3% to 3.875%. Payments are to be made from the 2015 Sales and Use Tax Bond Fund.	1,185,000
Total Bonds	43,265,000

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 10: Commitments (Continued)**

	December 31, 2020
<u>Direct Borrowings</u>	
Lease-purchase agreement dated June 10, 2019, with Musco Finance, LLC in the amount of \$225,000, with interest rate of 3.95% for the installation of lighting systems for Tyndall Park and Ralph Bunche. Yearly payments of \$62,018 for 4 years. Payments are to be made from the Parks and Recreation Fund.	\$ 116,641
Arkansas District Judge's Retirement unfunded pension liability balance due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payments are to be made from the General Fund.	157,506
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	362,106
Total Long-term liabilities	\$ 43,901,253

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

The City's outstanding bonds payable of \$43,265,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$116,641 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2020	Maturities to December 31, 2020
<u>Bonds</u>					
8/1/12	8/1/22	1.16 - 4.56%	\$ 7,815,000	\$ 800,000	\$ 7,015,000
9/15/12	9/1/28	1 - 3.5%	3,560,000	1,960,000	1,600,000
4/15/14	6/1/44	2 - 5%	37,720,000	33,365,000	4,355,000
5/1/15	9/1/45	2 - 4%	6,455,000	5,955,000	500,000
6/1/15	6/1/44	3 - 3.88%	1,335,000	1,185,000	150,000
Total Bonds			56,885,000	43,265,000	13,620,000
<u>Direct Borrowings</u>					
6/10/19	10/20/22	3.95%	225,000	116,641	108,359
Total Long-Term Debt			\$ 57,110,000	\$ 43,381,641	\$ 13,728,359

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10: Commitments (Continued)**

Changes in Long-Term Debt

	Balance January 01, 2020	Retired	Balance December 31, 2020
Bonds payable	\$ 45,640,000	\$ 2,375,000	\$ 43,265,000
<u>Direct Borrowings</u>			
Notes payable	101,973	101,973	
Capital leases	740,260	623,619	116,641
Total Direct Borrowings	842,233	725,592	116,641
Total Long-Term Debt	<u>\$ 46,482,233</u>	<u>\$ 3,100,592</u>	<u>\$ 43,381,641</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,730,000	\$ 1,746,967	\$ 3,476,967	\$ 57,411	\$ 4,607	\$ 62,018
2022	1,505,000	1,682,980	3,187,980	59,230	2,339	61,569
2023	1,295,000	1,623,677	2,918,677			
2024	1,335,000	1,580,928	2,915,928			
2025	1,375,000	1,533,878	2,908,878			
2026 through 2030	7,340,000	6,780,213	14,120,213			
2031 through 2035	8,350,000	5,142,084	13,492,084			
2036 through 2040	10,170,000	3,296,688	13,466,688			
2041 through 2045	10,165,000	976,641	11,141,641			
Totals	<u>\$ 43,265,000</u>	<u>\$ 24,364,056</u>	<u>\$ 67,629,056</u>	<u>\$ 116,641</u>	<u>\$ 6,946</u>	<u>\$ 123,587</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2020:

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2020
Princeton and Montclair	June 2021	\$ 375,814
Shenandoah Bridge	September 2021	756,246
East Lakeview Drive	2022	1,769,265
Oak Creek Village Drainage	May 2021	428,172
Total Construction Contracts		<u>\$ 3,329,497</u>

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11: Interfund Transfers**

The General Fund transferred \$587,666 to Other Funds in the Aggregate to supplement operations and distribute excess revenues. The Other Funds in the Aggregate transferred \$26,231 to the Street Fund to close out inactive accounts. The Other Funds in the Aggregate transferred \$278,177 in excess franchise fees and to close inactive accounts to the General Fund. Additionally, within Other Funds in the Aggregate, \$1,259,893 was transferred to supplement operations, fund debt service requirements and to close out inactive accounts.

**NOTE 12: Prior Year Restatement**

The beginning fund balances of the General, Street, and Others Funds in the Aggregate increased by \$661,426, \$165,356, and \$826,782, respectively, for the correction of prior year receivable errors.

**NOTE 13: Pledged Revenues**

Sales and Use Tax

The City pledged future 0.5% sales and use taxes and 12.5% of the 1.5% sales and use taxes to repay \$39,055,000 in bonds that were issued in 2014 and 2015 to provide funding for the expansion and improving of the Bernard W. Holland Park. Total principal and interest remaining on the bonds are \$34,550,000 and \$20,315,782, respectively, payable through June 1, 2044. For 2020, principal and interest paid were \$840,000 and \$1,459,131, respectively.

The City received \$2,308,414 in sales taxes in 2020. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any 2014 and 2015 tax uses.

Franchise Fees

- a. The City pledged future franchise fees collected from public utilities for the privilege of using the streets, highways, and other places in the City to repay \$3,560,000 in bonds that were issued in 2012 to refund the City's Capital Improvement Revenue Bonds, Series 2000, to finance costs of street and drainage improvements. Total principal and interest remaining on the bonds are \$1,960,000 and \$299,451, respectively, payable through September 1, 2028. For 2020, principal and interest paid were \$215,000 and \$67,964, respectively.

The City received \$275,097 in franchise fees in 2020. Any franchise fees collected in excess of debt service requirements on these bonds is permitted to be used for any lawful municipal purposes.

- b. The City pledged future franchise fees collected from public utilities for the privilege of using the streets, highways, and other places in the City to repay \$6,455,000 in bonds that were issued in 2015 to provide funding for park and recreational improvements. Total principal and interest remaining on the bonds are \$5,955,000 and \$3,711,500, respectively, payable through September 1, 2045. For 2020, principal and interest paid were \$100,000 and \$230,675, respectively.

The City received \$322,205 in franchise fees in 2020. Any franchise fees collected in excess of debt service requirements on these bonds is permitted to be used for any lawful municipal purposes.

Advertising and Promotion Tax

The City pledged future 1.5% tax levied by the City on the gross receipts or gross proceeds from motels, hotels, and restaurants to repay \$7,815,000 in bonds that were issued in 2012 for the purpose of financing all or a portion of the costs of acquiring, constructing, furnishing, and equipping an event center. Total principal and interest remaining on the bonds are \$800,000 and \$37,323, respectively, payable through August 1, 2022. For 2020, principal and interest paid were \$1,220,000 and \$56,944, respectively.

The debt service fund received \$1,259,879 in advertising and promotion taxes in 2020 from the Advertising and Promotion Tax Bond Fund. Any taxes collected in excess of debt service requirements shall be used for such lawful purposes as are approved by the Commission.

CITY OF BENTON, ARKANSAS  
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**NOTE 14: Joint Venture**

Saline County Emergency Communications Center

The City of Benton and Saline County entered into an agreement dated September 29, 2020, for the purpose of establishing a combined communications network to be known as the Saline County Emergency Communications Center in order to streamline the dispatching of non-emergency and emergency calls as received over the 911 telephone system and by other means. This agreement established a 911 Governing Board consisting of the Saline County Judge, Mayor of the City of Benton, Saline County Sheriff, Benton Police Chief, Benton Fire Chief, Office of Emergency Management Director, Ambulance Service Manager, and Fire Service Coordinator. The members will serve by virtue of their term in office or employment with local government, and from time to time, select their own designee to attend business and other matters of the Board. The Board shall determine the location of the public safety answering point (PSAP), which will serve the areas of, but not limited to, the unincorporated areas of Saline County, Arkansas and the incorporated areas of Benton, Haskell, Shannon Hills, Bauxite, Traskwood, and Alexander. The Board will review and approve an annual budget of costs in accordance with Ark. Code Ann. § 12-10-323. Any capital expenditures shall be approved by a majority of the Board before the expenditure is authorized. A communications director shall be hired by the Board to manage the system, and to establish policies and procedures and adopt necessary guidelines for efficient operation of the system. The Benton City Council and the Saline County Quorum Court shall be responsible for financing the operation of the Center. All monies appropriated for the Center shall be paid into a fund and managed by the communications director within specific guidelines as established by the county budget process and the 911 Governing Board. All procurement for the system shall be governed by the county purchasing and procurement guidelines. The City of Benton contributed \$0 to the Saline County Emergency Communications Center during 2020.

**NOTE 15: Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$250,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

CITY OF BENTON, ARKANSAS  
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**NOTE 15: Risk Management (Confirmed)**

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

**NOTE 16: Firemen's Pension and Relief Plan**

Plan Description

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability, and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Contributions

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contributions of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable. The City's contribution to the plan was \$3,227 for the year ended December 31, 2020. The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's net pension liability. Based on the December 31, 2020 actuarial valuation, the plan has a net pension liability of \$0.

Deferred Retirement Option Plan

The local firemen's pension and relief board of trustees approved the participation in the Arkansas Fire Fighter's Deferred Retirement Option Plan (DROP). Any full-paid fire fighter who is a member of the firemen's pension and relief fund who has at least 20 years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed 5 years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the fire fighter and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the firemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid into the DROP account.

At the end of the five years, the participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a fire fighter and start receiving the member's accrued monthly retirement benefit from the firemen's pension and relief fund.

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 17: Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$1,223,872 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$714,522 for the year ended December 31, 2020.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2020 (actuarial valuation date and measurement date) was \$13,582,950.

**NOTE 18: Municipal Employees Retirement Plan  
(A Defined Benefit Plan)**

Plan Description

The Municipal Employees Retirement Plan is a simple-employer defined benefit plan which covers the City of Benton's employees except those covered by LOPFI, the Court Clerk, and employees of Benton Utilities. The plan, administered by the City, provides retirement, disability, and survivor benefits. Participants begin vesting at five years of service and are 100 percent vested at fifteen years of service. Retirement benefits are based on period of service. Benefits and contributions are established by the Municipal Employees Retirement Board. The plan does not issue a stand-alone financial report but is included in the City's financial report.

Funding Policy

Employees hired after December 31, 2011, are required to contribute 2% of compensation until January 1 following the employee's date of employment, and 4% thereafter. Employer contributions are determined by the retirement board upon the advice of an actuary employed by the Board. Employer contributions was \$386,817 in 2020.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2019 (actuarial valuation date and measurement date) was \$431,935.

CITY OF BENTON, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 19: Corona Virus (COVID-19)**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). Between October 8 and December 29, 2020, the City Received \$1,343,339 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. On July 26, 2021, the City received \$3,804,245 in federal aid from the American Rescue Plan Act of 2021. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF BENTON, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2020

Schedule 1

SPECIAL REVENUE FUNDS									
	1991 Act 833 - Fire Insurance Tax	Animal Control Operating	Rescue	Communications Facility and Equipment	Communications System	District Court Automation	District Court Cost	Police Federal Treasury	Financial Stability
<b>ASSETS</b>									
Cash and cash equivalents	\$ 57,742	\$ 79,248	\$ 1,640	\$ 1,403	\$ 79	\$ 124,141	\$ 156,630	\$ 38,802	\$ 651,276
Investments									
Accounts receivable									
<b>TOTAL ASSETS</b>	<b>\$ 57,742</b>	<b>\$ 79,248</b>	<b>\$ 1,640</b>	<b>\$ 1,403</b>	<b>\$ 79</b>	<b>\$ 124,141</b>	<b>\$ 156,630</b>	<b>\$ 38,802</b>	<b>\$ 651,276</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable		\$ 13,606							
Interfund payables									
Settlements pending									
<b>Total Liabilities</b>		<b>13,606</b>							
<b>Fund Balances:</b>									
Restricted	\$ 57,742		\$ 1,640	\$ 1,403		\$ 124,141	\$ 156,630	\$ 38,802	
Committed		65,642			\$ 79				\$ 651,276
Assigned									
<b>Total Fund Balances</b>	<b>57,742</b>	<b>65,642</b>	<b>1,640</b>	<b>1,403</b>	<b>79</b>	<b>124,141</b>	<b>156,630</b>	<b>38,802</b>	<b>651,276</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 57,742</b>	<b>\$ 79,248</b>	<b>\$ 1,640</b>	<b>\$ 1,403</b>	<b>\$ 79</b>	<b>\$ 124,141</b>	<b>\$ 156,630</b>	<b>\$ 38,802</b>	<b>\$ 651,276</b>

CITY OF BENTON, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2020

Schedule 1

	SPECIAL REVENUE FUNDS								
	Fire Truck Reserve	Municipal Judge's and Clerk's Retirement	Parks and Recreation	Police Equipment Grant	Public Safety	Benton Events Center	Police Narcotics Seizure (State)	Police Narcotics Seizure (Federal)	Advertising and Promotion Commission
ASSETS									
Cash and cash equivalents	\$ 1,309	\$ 82,156	\$ 3,339,206	\$ 75,353	\$ 4,106,110	\$ 646,445	\$ 16	\$ 126,151	\$ 90,262
Investments									
Accounts receivable			378,389		364,850	13,626			13,271
<b>TOTAL ASSETS</b>	<b>\$ 1,309</b>	<b>\$ 82,156</b>	<b>\$ 3,717,595</b>	<b>\$ 75,353</b>	<b>\$ 4,470,960</b>	<b>\$ 660,071</b>	<b>\$ 16</b>	<b>\$ 126,151</b>	<b>\$ 103,533</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 187,850		\$ 9,136	\$ 37			
Interfund payables					224,035				
Settlements pending									
<b>Total Liabilities</b>			<b>187,850</b>		<b>233,171</b>	<b>37</b>			
Fund Balances:									
Restricted		\$ 82,156	3,529,745	\$ 70,403	3,999,672	660,034	\$ 16	\$ 126,151	\$ 103,533
Committed	\$ 1,309								
Assigned				4,950	238,117				
<b>Total Fund Balances</b>	<b>1,309</b>	<b>82,156</b>	<b>3,529,745</b>	<b>75,353</b>	<b>4,237,789</b>	<b>660,034</b>	<b>16</b>	<b>126,151</b>	<b>103,533</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,309</b>	<b>\$ 82,156</b>	<b>\$ 3,717,595</b>	<b>\$ 75,353</b>	<b>\$ 4,470,960</b>	<b>\$ 660,071</b>	<b>\$ 16</b>	<b>\$ 126,151</b>	<b>\$ 103,533</b>

CITY OF BENTON, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2020

Schedule 1

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS				TRUST FUNDS	
	Advertising and Promotion Tax Bond	Franchise Fee	2012 Capital Improvement Refunding Bond	2012 Sales and Use Tax Bond	2014 and 2015 Sales and Use Tax Bond	2015 Capital Improvement Bond	Firemen's Pension	City Employees' Pension
<b>ASSETS</b>								
Cash and cash equivalents	\$ 620,675	\$ 395,440	\$ 378,171	\$ 597,308	\$ 1,799,570	\$ 492,141	\$ 84,943	\$ 280,685
Investments								8,764,733
Accounts receivable		110,475			364,850		35,410	
<b>TOTAL ASSETS</b>	<u>\$ 620,675</u>	<u>\$ 505,915</u>	<u>\$ 378,171</u>	<u>\$ 597,308</u>	<u>\$ 2,164,420</u>	<u>\$ 492,141</u>	<u>\$ 120,353</u>	<u>\$ 9,045,418</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable								
Interfund payables								
Settlements pending								
Total Liabilities								
Fund Balances:								
Restricted	\$ 620,675	\$ 505,915	\$ 378,171	\$ 597,308	\$ 2,164,420	\$ 492,141	\$ 120,353	\$ 9,045,418
Committed								
Assigned								
Total Fund Balances	<u>620,675</u>	<u>505,915</u>	<u>378,171</u>	<u>597,308</u>	<u>2,164,420</u>	<u>492,141</u>	<u>120,353</u>	<u>9,045,418</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 620,675</u>	<u>\$ 505,915</u>	<u>\$ 378,171</u>	<u>\$ 597,308</u>	<u>\$ 2,164,420</u>	<u>\$ 492,141</u>	<u>\$ 120,353</u>	<u>\$ 9,045,418</u>

CITY OF BENTON, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2020

Schedule 1

CUSTODIAL FUNDS					
	Advertising and Promotion Commission - General	Police Bond and Fine	District Court	Administration of Justice	Totals
ASSETS					
Cash and cash equivalents	\$ 809	\$ 10,423	\$ 248,761	\$ 2,236	\$ 14,489,131
Investments					8,764,733
Accounts receivable					1,280,871
TOTAL ASSETS	\$ 809	\$ 10,423	\$ 248,761	\$ 2,236	\$ 24,534,735
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 210,629
Interfund payables					224,035
Settlements pending	\$ 809	\$ 10,423	\$ 248,761	\$ 2,236	262,229
Total Liabilities	809	10,423	248,761	2,236	696,893
Fund Balances:					
Restricted					22,876,469
Committed					718,306
Assigned					243,067
Total Fund Balances					23,837,842
TOTAL LIABILITIES AND FUND BALANCES	\$ 809	\$ 10,423	\$ 248,761	\$ 2,236	\$ 24,534,735

CITY OF BENTON, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

SPECIAL REVENUE FUNDS									
	1991 Act 833 - Fire Insurance Tax	Animal Control Operating	Arkansas Community and Economic Development Program Grant	Arkansas Department of Economic Development Multi Activity Grant	Rescue	Child Passenger Protection	Communications Facility and Equipment	Communications System	District Court Automation
REVENUES									
State aid	\$ 25,186	\$ 138			\$ 846				
Federal aid									
Property taxes									
Franchise fees									
Sales taxes									
Fines, forfeitures, and costs							\$ 2,462		\$ 29,857
Interest	174	173			4	\$ 13	75	\$ 212	\$ 410
Local permits and fees		34,187							
Advertising and promotion taxes									
Rental income								17,418	
Donations		4,824							
Insurance premiums collected									
Employer contributions									
Employee contributions									
Sale of equipment									
Net increase/(decrease) in fair value of investments									
Other									
<b>TOTAL REVENUES</b>	<b>25,360</b>	<b>39,322</b>			<b>850</b>	<b>13</b>	<b>2,537</b>	<b>17,630</b>	<b>30,267</b>
EXPENDITURES									
Current:									
General government									
Law enforcement		438,995					18,900	65,100	
Highways and streets									
Public safety	12,685								
Sanitation									
Recreation and culture									
Total Current	12,685	438,995					18,900	65,100	
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal									
Lease interest									
<b>TOTAL EXPENDITURES</b>	<b>12,685</b>	<b>438,995</b>					<b>18,900</b>	<b>65,100</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,675</b>	<b>(399,673)</b>			<b>850</b>	<b>13</b>	<b>(16,363)</b>	<b>(47,470)</b>	<b>30,267</b>
OTHER FINANCING SOURCES (USES)									
Transfers in		411,843							
Transfers out			\$ (5)	\$ (149)		(3,271)			
Transfer to local police and fire retirement system									
Contribution to water department									
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>411,843</b>	<b>(5)</b>	<b>(149)</b>		<b>(3,271)</b>			
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>12,675</b>	<b>12,170</b>	<b>(5)</b>	<b>(149)</b>	<b>850</b>	<b>(3,258)</b>	<b>(16,363)</b>	<b>(47,470)</b>	<b>30,267</b>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	45,067	53,472	5	149	790	3,258	17,766	47,549	93,874
Restatement adjustment (Note 12)									
FUND BALANCES - JANUARY 1, AS RESTATED	45,067	53,472	5	149	790	3,258	17,766	47,549	93,874
FUND BALANCES - DECEMBER 31	<b>\$ 57,742</b>	<b>\$ 65,642</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,640</b>	<b>\$ 0</b>	<b>\$ 1,403</b>	<b>\$ 79</b>	<b>\$ 124,141</b>

CITY OF BENTON, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

SPECIAL REVENUE FUNDS

	District Court Cost	Police Federal Treasury	Financial Stability	Fire Truck Reserve	Municipal Judge's and Clerk's Retirement	Parks and Recreation	Police Equipment Grant	Public Safety	Fire Act Grant
REVENUES									
State aid						\$ 248,168		\$ 82,650	
Federal aid							\$ 56,469		
Property taxes									
Franchise fees									
Sales taxes						4,111,771		4,280,124	
Fines, forfeitures, and costs	\$ 11,741	\$ 41,289			\$ 4,578				
Interest	599	595	\$ 1,947	\$ 6	319	18,807		30,117	\$ 474
Local permits and fees						742,034			
Advertising and promotion taxes									
Rental income									
Donations									
Insurance premiums collected									
Employer contributions									
Employee contributions									
Sale of equipment							9,475		
Net increase/(decrease) in fair value of investments									
Other						8,893	1,000		
<b>TOTAL REVENUES</b>	<b>12,340</b>	<b>41,884</b>	<b>1,947</b>	<b>6</b>	<b>4,897</b>	<b>5,129,673</b>	<b>66,944</b>	<b>4,392,891</b>	<b>474</b>
EXPENDITURES									
Current:									
General government									
Law enforcement		154,056					2,470	1,201,040	
Highways and streets									
Public safety								1,443,344	
Sanitation									
Recreation and culture						3,738,954			
Total Current		154,056				3,738,954	2,470	2,644,384	
Debt Service:									
Bond principal									
Bond interest and other charges									
Lease principal						623,619			
Lease interest						32,341			
<b>TOTAL EXPENDITURES</b>		<b>154,056</b>				<b>4,394,914</b>	<b>2,470</b>	<b>2,644,384</b>	
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,340</b>	<b>(112,172)</b>	<b>1,947</b>	<b>6</b>	<b>4,897</b>	<b>734,759</b>	<b>64,474</b>	<b>1,748,507</b>	<b>474</b>
OTHER FINANCING SOURCES (USES)									
Transfers in			175,823			14			
Transfers out									(116,844)
Transfer to local police and fire retirement system									
Contribution to water department									
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<b>175,823</b>			<b>14</b>			<b>(116,844)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>12,340</b>	<b>(112,172)</b>	<b>177,770</b>	<b>6</b>	<b>4,897</b>	<b>734,773</b>	<b>64,474</b>	<b>1,748,507</b>	<b>(116,370)</b>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	144,290	150,974	473,506	1,303	77,259	2,629,616	10,879	2,158,569	116,370
Restatement adjustment (Note 12)						165,356		330,713	
FUND BALANCES - JANUARY 1, AS RESTATED	144,290	150,974	473,506	1,303	77,259	2,794,972	10,879	2,489,282	116,370
FUND BALANCES - DECEMBER 31	<u>\$ 156,630</u>	<u>\$ 38,802</u>	<u>\$ 651,276</u>	<u>\$ 1,309</u>	<u>\$ 82,156</u>	<u>\$ 3,529,745</u>	<u>\$ 75,353</u>	<u>\$ 4,237,789</u>	<u>\$ 0</u>

CITY OF BENTON, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	SPECIAL REVENUE FUNDS					
	Benton Events Center	Police Narcotics Seizure (State)	Police Narcotics Seizure (Federal)	Advertising and Promotion Commission	Advertising and Promotion Tax Bond	Franchise Fee
REVENUES						
State aid						
Federal aid	\$ 1,339					
Property taxes						
Franchise fees						\$ 354,518
Sales taxes						
Fines, forfeitures, and costs		\$ 2,494	\$ 2,184			
Interest	4,644		683	\$ 307	\$ 972	1,712
Local permits and fees						
Advertising and promotion taxes	142,481			143,570	1,137,603	
Rental income	230,714					
Donations						
Insurance premiums collected						
Employer contributions						
Employee contributions						
Sale of equipment						
Net increase/(decrease) in fair value of investments						
Other	17,225			1,000	51,129	
<b>TOTAL REVENUES</b>	<b>396,403</b>	<b>2,494</b>	<b>2,867</b>	<b>144,877</b>	<b>1,189,704</b>	<b>356,230</b>
EXPENDITURES						
Current:						
General government						5,692
Law enforcement		14,831	65,935			
Highways and streets						
Public safety						
Sanitation						
Recreation and culture	349,925			154,397		
Total Current	349,925	14,831	65,935	154,397		5,692
Debt Service:						
Bond principal						
Bond interest and other charges						
Lease principal						
Lease interest						
<b>TOTAL EXPENDITURES</b>	<b>349,925</b>	<b>14,831</b>	<b>65,935</b>	<b>154,397</b>		<b>5,692</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>46,478</b>	<b>(12,337)</b>	<b>(63,068)</b>	<b>(9,520)</b>	<b>1,189,704</b>	<b>350,538</b>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out					(1,259,879)	(155,378)
Transfer to local police and fire retirement system						
Contribution to water department						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					<b>(1,259,879)</b>	<b>(155,378)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>46,478</b>	<b>(12,337)</b>	<b>(63,068)</b>	<b>(9,520)</b>	<b>(70,175)</b>	<b>195,160</b>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	613,556	12,353	189,219	113,053	690,850	310,755
Restatement adjustment (Note 12)						
FUND BALANCES - JANUARY 1, AS RESTATED	613,556	12,353	189,219	113,053	690,850	310,755
FUND BALANCES - DECEMBER 31	<b>\$ 660,034</b>	<b>\$ 16</b>	<b>\$ 126,151</b>	<b>\$ 103,533</b>	<b>\$ 620,675</b>	<b>\$ 505,915</b>

CITY OF BENTON, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	CAPITAL PROJECTS FUNDS				DEBT SERVICE FUNDS			
	Special Projects - Lillian Street	Parks and Recreation - Riverside Park Development Construction	Economic Development Grant	Special Projects - Alcoa Road	2012 Capital Improvement Refunding Bond	2012 Sales and Use Tax Bond	2014 and 2015 Sales and Use Tax Bond	2015 Capital Improvement Bond
REVENUES								
State aid								
Federal aid								
Property taxes								
Franchise fees								
Sales taxes					\$ 275,097			\$ 322,205
Fines, forfeitures, and costs						\$ 2,308,414		
Interest			\$ 11	\$ 178	1,391	2,507	10,544	2,618
Local permits and fees								
Advertising and promotion taxes								
Rental income								
Donations								
Insurance premiums collected								
Employer contributions								
Employee contributions								
Sale of equipment								
Net increase/(decrease) in fair value of investments								
Other								
<b>TOTAL REVENUES</b>			<u>11</u>	<u>178</u>	<u>276,488</u>	<u>2,507</u>	<u>2,318,958</u>	<u>324,823</u>
EXPENDITURES								
Current:								
General government								
Law enforcement								
Highways and streets								
Public safety								
Sanitation								
Recreation and culture								
Total Current								
Debt Service:								
Bond principal						215,000	1,220,000	840,000
Bond interest and other charges						68,514	58,067	1,464,281
Lease principal								232,175
Lease interest								
<b>TOTAL EXPENDITURES</b>					<u>283,514</u>	<u>1,278,067</u>	<u>2,304,281</u>	<u>332,175</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			<u>11</u>	<u>178</u>	<u>(7,026)</u>	<u>(1,275,560)</u>	<u>14,677</u>	<u>(7,352)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in						1,259,879		
Transfers out	\$ (19)	\$ (14)	(2,530)	(26,212)				
Transfer to local police and fire retirement system								
Contribution to water department								
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(19)</u>	<u>(14)</u>	<u>(2,530)</u>	<u>(26,212)</u>		<u>1,259,879</u>		
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(19)</u>	<u>(14)</u>	<u>(2,519)</u>	<u>(26,034)</u>	<u>(7,026)</u>	<u>(15,681)</u>	<u>14,677</u>	<u>(7,352)</u>
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	19	14	2,519	26,034	385,197	612,989	1,819,030	499,493
Restatement adjustment (Note 12)							330,713	
FUND BALANCES - JANUARY 1, AS RESTATED	<u>19</u>	<u>14</u>	<u>2,519</u>	<u>26,034</u>	<u>385,197</u>	<u>612,989</u>	<u>2,149,743</u>	<u>499,493</u>
FUND BALANCES - DECEMBER 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 378,171</u>	<u>\$ 597,308</u>	<u>\$ 2,164,420</u>	<u>\$ 492,141</u>

CITY OF BENTON, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	TRUST FUNDS		
	Firemen's Pension	City Employees' Pension	Totals
REVENUES			
State aid	\$ 247,488		\$ 604,476
Federal aid			57,808
Property taxes	546,757		546,757
Franchise fees			951,820
Sales taxes			10,700,309
Fines, forfeitures, and costs			94,605
Interest	33,329	\$ 247,759	360,580
Local permits and fees			776,221
Advertising and promotion taxes			1,423,654
Rental income			248,132
Donations			4,824
Insurance premiums collected	3,688		3,688
Employer contributions		386,817	386,817
Employee contributions		103,819	103,819
Sale of equipment			9,475
Net increase/(decrease) in fair value of investments	176,972	698,775	875,747
Other			79,247
TOTAL REVENUES	1,008,234	1,437,170	17,227,979
EXPENDITURES			
Current:			
General government		200,238	205,930
Law enforcement		126,861	2,088,188
Highways and streets		147,742	147,742
Public safety	574,419		2,030,448
Sanitation		817	817
Recreation and culture		87,987	4,331,263
Total Current	574,419	563,645	8,804,388
Debt Service:			
Bond principal			2,375,000
Bond interest and other charges			1,823,037
Lease principal			623,619
Lease interest			32,341
TOTAL EXPENDITURES	574,419	563,645	13,658,385
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	433,815	873,525	3,569,594
OTHER FINANCING SOURCES (USES)			
Transfers in			1,847,559
Transfers out			(1,564,301)
Transfer to local police and fire retirement system	(3,097,672)		(3,097,672)
Contribution to water department		(8,009)	(8,009)
TOTAL OTHER FINANCING SOURCES (USES)	(3,097,672)	(8,009)	(2,822,423)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,663,857)	865,516	747,171
FUND BALANCES - JANUARY 1, AS PREVIOUSLY REPORTED	2,784,210	8,179,902	22,263,889
Restatement adjustment (Note 12)			826,782
FUND BALANCES - JANUARY 1, AS RESTATED	2,784,210	8,179,902	23,090,671
FUND BALANCES - DECEMBER 31	\$ 120,353	\$ 9,045,418	\$ 23,837,842

CITY OF BENTON, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2020

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
1991 Act 833 - Fire Insurance Tax	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Animal Control Operating	Benton Ordinance no. 34 of 2013 (June 24, 2013) established fund and Benton Ordinance no. 84 of 2019 (November 25, 2019) amended the fund to account for fines and fees associated with animal control.
Arkansas Community and Economic Development Program Grant	Established to receive state grant funds to purchase a generator for Saline Memorial Hospital.
Arkansas Department of Economic Development Multi Activity Grant	Established to account for state grants to be utilized for improvements to the Gann Museum.
Rescue	Ark. Code Ann. § 27-101-111 established fund to receive fees from the county treasurer to be used for operating on the waterways within a city within a county or for emergency rescue services if the city has not established a patrol.
Child Passenger Protection	Ark. Code Ann. § 27-34-108 established fund to receive 25% of the district court fines collected for violations of the Child Passenger Protection Act to be used for promotion of public safety.
Communications Facility and Equipment	Ark. Code Ann. § 14-52-202 established fund to receive 25% of police chief fees collected to be used for communications equipment and repair and to train operations staff.
Communications System	Established by Benton Ordinance no. 43 of 1997 (November 24, 1997) to account for the proceeds derived from the leases authorized by Benton Resolution nos. 7 and 8 of 1996 between the City of Benton and Southwestern Bell Mobile Systems, Inc. and Sprint Spectrum, L.P.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.

CITY OF BENTON, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2020

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Police Federal Treasury	Established to receive asset forfeitures resulting from cases with the Internal Revenue Service (IRS) and Homeland Security.
Financial Stability	Benton Ordinance no. 84 of 2007 (November 12, 2007) established fund to receive general revenues received by the City during the year, which exceed the funds which have been pledged by the City Council.
Fire Truck Reserve	Benton Ordinance no. 73 of 2012 (December 20, 2012) established fund to account for funds to be utilized towards the purchase of fire apparatus.
Municipal Judge's and Clerk's Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Parks and Recreation	Benton Ordinance nos. 42 of 2003 (November 24, 2003), 48 of 2013 (August 28, 2013), and 52 of 2013 (August 23, 2013) established fund to receive: fees, sponsorships, and donations to be used for personnel expense; excess proceeds from the 2014 Sales and Use Tax for parks and recreation expense at Riverside Park; and one-sixth of 1.5% sales and use tax to be used for operation and maintenance of parks and recreation facilities as outlined in the Parks Master Plan.
Police Equipment Grant	Established to receive grant funds through the Bulletproof Vest Partnership and funds from the sale of law enforcement equipment.
Public Safety	Benton Ordinance no. 51 of 2013 (August 28, 2013) authorized the issuance of sales and use tax to assist with operating expenses for police, fire and 911 communications.
Fire Act Grant	Established to account for federal grant funds to assist with firefighter training.
Benton Events Center	Advertising and Promotion Commission established to receive 10% share of advertising and promotion tax and rental income from the Benton Events Center.
Police Narcotics Seizure (State)	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.

CITY OF BENTON, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2020

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Police Narcotics Seizure (Federal)	Established to receive asset forfeitures resulting from drug offense cases with the Twenty-Second Judicial District.
Advertising and Promotion Commission	Advertising and Promotion Commission established to receive 10% share of advertising and promotion tax.
Advertising and Promotion Tax Bond	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Benton Ordinance no. 46 of 2005 (October 10, 2005) levied a 1.5 percent gross receipts tax on hotels, motels, and restaurants to be used for the development, construction, and maintenance of city parks.
Franchise Fee	Established by Benton Ordinance no. 46 of 2012 (August 13, 2012) and Benton Ordinance no. 21 of 2015 (April 13, 2015) to receive sales tax revenue for the purpose of providing funds for the payment of principal and interest on the bond issues.
Special Projects - Lillian Street	Benton Ordinance no. 66 of 2015 (December 21, 2015) established fund to receive proceeds from the 2015 General Revenue Promissory Note to be utilized for the reconstruction and resurfacing of Lillian Street.
Parks and Recreation - Riverside Park Development Construction	Established to account for funds received for expense related to Riverside Park. The account was not utilized and expense was paid directly by the bank.
Economic Development Grant	Established to account for grants used for Benton Parkway.
Special Projects - Alcoa Road	Benton Ordinance no. 66 of 2015 (December 21, 2015) established fund to receive proceeds from the 2015 General Revenue Promissory Note to be utilized for the widening of Alcoa Road.
2012 Capital Improvement Refunding Bond	Established by Benton Ordinance no. 46 of 2012 (August 13, 2012) to maintain principal and interest payments from pledged franchise fees.
2012 Sales and Use Tax Bond	Benton Ordinance no. 40 of 2012 (July 9, 2012) established fund for the purpose of providing funds for the payment of principal and interest on bond issue.

CITY OF BENTON, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2020

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
2014 and 2015 Sales and Use Tax Bond	Benton Ordinance no. 2 of 2014 (February 24, 2014) and Benton Ordinance no. 24 of 2015 (April 27, 2015) to receive sales tax distributions from the Arkansas Department of Finance and Administration.
2015 Capital Improvement Bond	Benton Ordinance no. 21 of 2015 (April 13, 2015) established fund for the purpose of providing funds for payment of principal and interest on bond issue.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.
City Employees' Pension	Benton Resolution no. 6 of 1971 (June 1, 1971) and Benton Resolution no. 6 of 1987 (May 18, 1987) established fund to provide retirement and incidental benefits for all eligible full-time city employees.
Advertising and Promotion Commission - General	Ark. Code Ann. § 26-75-606 established fund to receive taxes levied on gross receipts of hotels and restaurants.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.

CITY OF BENTON, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2020  
(Unaudited)

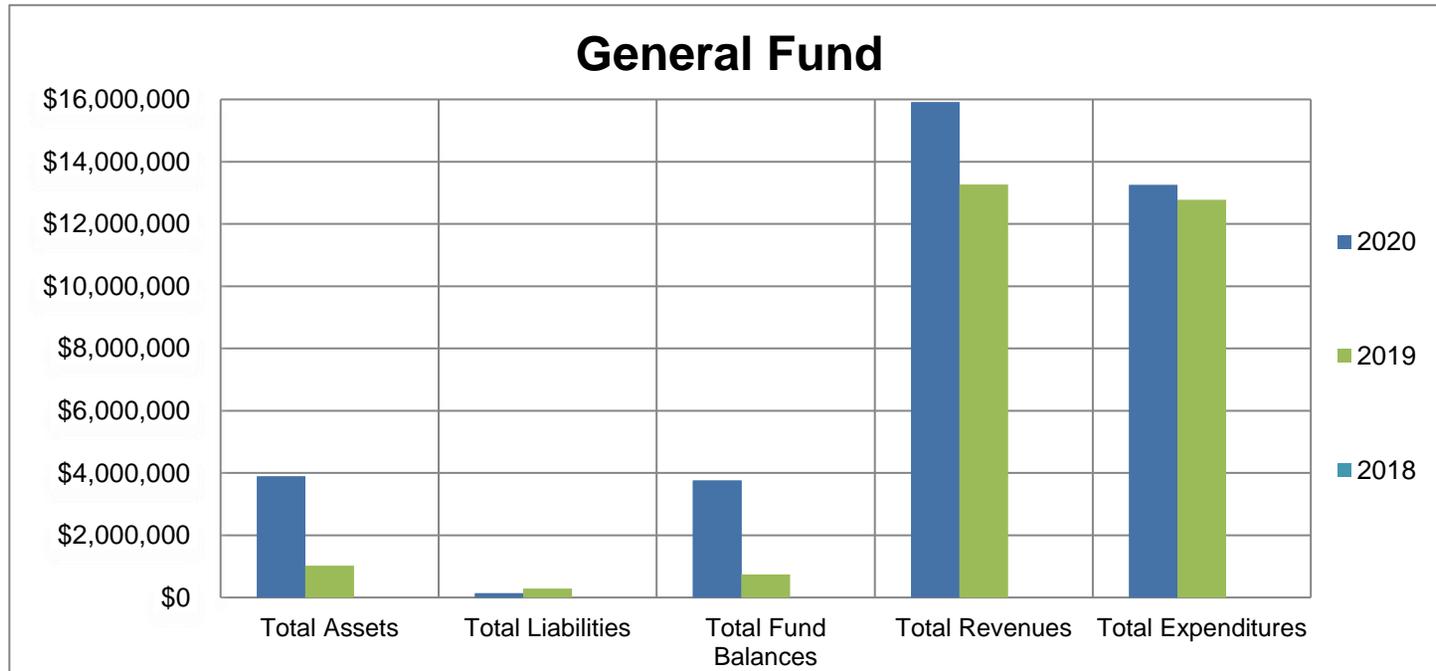
Schedule 3

	<u>December 31, 2020</u>
Land	\$ 7,806,786
Buildings	73,647,823
Equipment	10,383,539
Construction in progress	<u>3,905,036</u>
Total	<u>\$ 95,743,184</u>

CITY OF BENTON, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST TWO YEARS - GENERAL FUND - REGULATORY BASIS  
 DECEMBER 31, 2020  
 (Unaudited)

Schedule 4-1

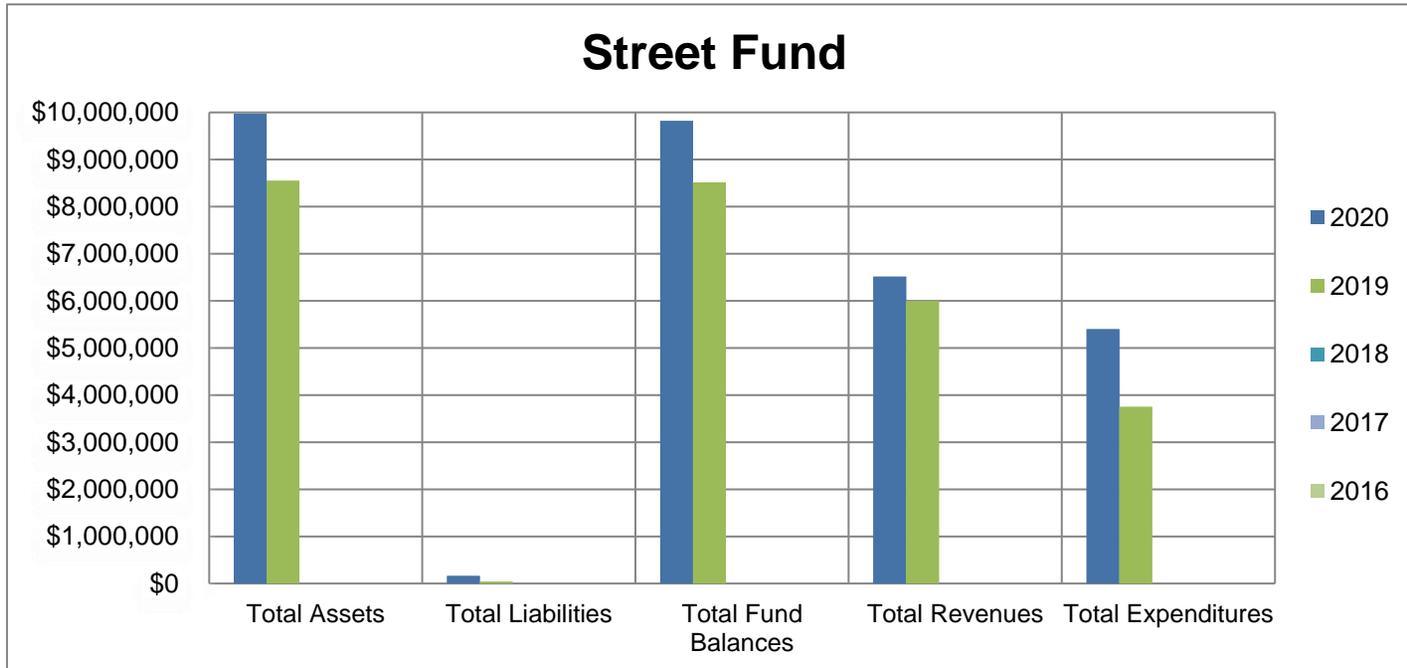
<u>General</u>	2020	2019
Total Assets	\$ 3,892,550	\$ 1,020,333
Total Liabilities	135,370	281,906
Total Fund Balances	3,757,180	738,427
Total Revenues	15,913,473	13,255,266
Total Expenditures	13,246,657	12,768,407
Total Other Financing Sources/Uses	(309,489)	(445,969)



CITY OF BENTON, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST TWO YEARS - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2020  
 (Unaudited)

Schedule 4-2

<u>Street</u>	2020	2019
Total Assets	\$ 9,976,163	\$ 8,546,999
Total Liabilities	159,504	34,978
Total Fund Balances	9,816,659	8,512,021
Total Revenues	6,512,315	5,992,795
Total Expenditures	5,399,264	3,747,005
Total Other Financing Sources/Uses	26,231	(400,821)



CITY OF BENTON, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST TWO YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2020  
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2020	2019
Total Assets	\$ 24,534,735	\$ 22,631,770
Total Liabilities	696,893	367,881
Total Fund Balances	23,837,842	22,263,889
Total Revenues	17,227,979	18,267,359
Total Expenditures	13,658,385	16,921,555
Total Other Financing Sources/Uses	(2,822,423)	846,790

