

Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

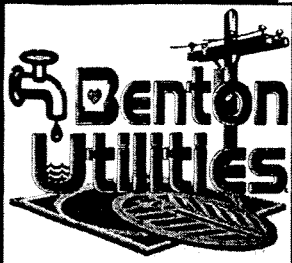
Benton Municipal Light and Water Works
City of Benton, State of Arkansas

Financial Statements
and Supplementary Information

December 31, 2014 and 2013

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Table of Contents
December 31, 2014 and 2013

	<u>Page</u>
Management's Discussion and Analysis	1-4
Independent Auditors' Report	5-6
Balance Sheets	7-8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11-18
Supplementary Information	
Schedule of Operating, Board Designated and Restricted Funds	19
Departmental Statements of Revenues and Expenses	20
Schedule of Plant Production and Treatment Expenses	21
Schedule of General, Distribution and Collection Expenses	22
Schedule of Administrative Expenses	23
Supplemental Water and Sewer Disclosures	24
Revenue Bond Amortization Schedule – December 1, 2006	25-26
Revenue Bond Amortization Schedule – March 6, 2009	27-28
Revenue Bond Amortization Schedule – April 1, 2012	29-30
Estimated Debt Service Coverage	31
Required Supplementary Information – Schedule of Funding Progress for Benton Utilities Employees' Pension Plan	32



1827 Dale Ave.
Benton, AR 72015
Phone: (501) 776-5931
Fax: (501) 776-5954

Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2014. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 7 through 18.

Required Financial Statements

The financial statements of the Utility System report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States. The balance sheets include information of the Utility System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Utility System's creditors (liabilities). The statements of revenues, expenses and changes in net position identify the Utility System's revenues and expenses for the years ended December 31, 2014 and 2013. This statement provides information on the Utility System's operations over the past two years and can be used to determine whether the Utility System has recovered all of its costs through user fees and other charges. The third financial statement is the statement of cash flows. This statement provides information on the Utility System's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the statements of cash flows, the reader can obtain comparative information on the source and use of cash and the change in the cash balance for each of the last two years.

2014 Financial Highlights

- The Utility's total revenues decreased by \$3,386,573 or 9.30% from \$36,429,092 at December 31, 2013, to \$33,042,519 at December 31, 2014. The decrease in revenues is in great part due to a reduction in electric utility rates and cooler temperatures reducing electrical and water uses especially during the summer months.
- The Utility's total expenses decreased by \$5,526,484 or 13.92% from \$39,704,922 at December 31, 2013, to \$34,178,438 at December 31, 2014. The principal factor resulting in the decreased expenses the implementation of a new lower wholesale power contract. Also, with reduced power usage from 2013 to 2014 wholesale power purchased had a corresponding reduction.
- The Utility's total assets decreased by \$2,927,535 or 2.94% from \$99,722,459 at December 31, 2013, to \$96,794,924 December 31, 2014. The main decrease is due to increases to depreciation in 2014.

Financial Analysis of the Utility System

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

Investment income decreased by 11.59% or (\$2,613) due to a reduction of restricted interest income on bond money for utility projects.

Condensed Balance Sheets

	2014	2013	2012
Current Assets	\$ 9,765,379	\$ 10,248,280	\$ 10,405,219
Restricted Assets	3,924,761	5,731,044	13,654,163
Capital Assets, Net	<u>83,104,784</u>	<u>83,743,135</u>	<u>78,819,270</u>
Total Assets	<u>\$ 96,794,924</u>	<u>\$ 99,722,459</u>	<u>\$ 102,878,652</u>
Current Liabilities	\$ 6,197,897	\$ 7,364,604	\$ 6,122,345
Long-Term Liabilities	<u>49,151,756</u>	<u>50,715,071</u>	<u>52,258,554</u>
Total Liabilities	<u>55,349,653</u>	<u>58,079,675</u>	<u>58,380,899</u>
Net Investment in Capital Assets	32,557,851	33,587,313	35,194,637
Restricted	2,363,742	2,354,896	2,345,824
Unrestricted	<u>6,523,678</u>	<u>5,700,575</u>	<u>6,957,292</u>
Total Net Position	<u>41,445,271</u>	<u>41,642,784</u>	<u>44,497,753</u>
Total Liabilities and Net Position	<u>\$ 96,794,924</u>	<u>\$ 99,722,459</u>	<u>\$ 102,878,652</u>

Total net position decreased by \$197,513 from \$41,642,784 at December 31, 2013, to \$41,445,271 at December 31, 2014, a decrease of 0.47%. Current liabilities decreased by \$1,166,707, or 15.84% due primarily to the decreased amount of construction project invoices accrued at December 31, 2014.

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

	2014	2013	2012
Operating Revenues:			
Services Fees and Penalties	\$ 32,777,210	\$ 36,217,975	\$ 37,351,576
Other Revenue	<u>245,380</u>	<u>188,575</u>	<u>282,946</u>
Total Operating Revenues	33,022,590	36,406,550	37,634,522
Investment Income	<u>19,929</u>	<u>22,542</u>	<u>20,094</u>
Total Revenue	<u>33,042,519</u>	<u>36,429,092</u>	<u>37,654,616</u>
Operating Expenses:			
Power Costs	15,876,653	22,026,435	22,255,686
Plant Production Expenses	2,148,677	2,079,765	2,033,169
General and Distribution Expenses	5,085,805	4,759,950	5,343,220
Administrative Expenses	2,189,669	2,287,339	2,352,693
Depreciation Expense	5,078,522	4,812,558	4,759,715
Franchise Fees	<u>1,762,016</u>	<u>1,803,828</u>	<u>1,863,400</u>
Total Operating Expenses	32,141,342	37,769,875	38,607,883
Issuance Cost of Revenue Bonds			245,093
Interest Expense	<u>2,037,096</u>	<u>1,935,047</u>	<u>1,972,421</u>
Total Expenses	<u>34,178,438</u>	<u>39,704,922</u>	<u>40,825,397</u>
Net Income (Loss) Before Contributions and Transfers	(1,135,919)	(3,275,830)	(3,170,781)
Capital Contributions	606,941	156,201	1,213,919
Transfers	<u>331,465</u>	<u>264,660</u>	<u>265,654</u>
Change in Net Position	(197,513)	(2,854,969)	(1,691,208)
Net Position at Beginning of Year	<u>41,642,784</u>	<u>44,497,753</u>	<u>46,188,961</u>
Net Position at End of Year	<u>\$ 41,445,271</u>	<u>\$ 41,642,784</u>	<u>\$ 44,497,753</u>

Total revenues from services, fees and penalties reflect a decrease from 2013 to 2014. The decrease amount was \$3,440,765, or 9.50%. The decrease in revenues is the result of a reduction in electric rates and a cooler summer in 2014.

Net loss of \$1,135,919 before capital contributions, transfers, and extraordinary items, less capital contributions of \$606,941, less transfers to the City of Benton of \$331,465 were the three items that resulted in a decrease of \$197,513 in net position for the year ending December 31, 2014.

Capital Assets

At December 31, 2014, the Utility had \$32,557,851 net invested in capital assets. This investment in capital assets includes land, buildings, vehicles, equipment, utility infrastructure, construction materials and construction in progress. The total decrease in the Utility's investment in capital assets for the year of 2014 was \$1,029,462 or (3.07%), due to an increase in accumulated depreciation for the wastewater, water and electric projects that were converted from construction work-in-progress to depreciable assets. A scheduled summary showing the changes to the various categories of capital assets during the year of 2014 can be found in Note 5 on page 14 of this audit report.

Debt Administration

At December 31, 2014, the Utility had \$48,482,489 in outstanding revenue bonds payable compared to \$49,852,429 outstanding at December 31, 2013. This decrease of \$1,369,940 is the difference in the amount of bonds retired (paid off) during the year. An accumulated compensable (accrued vacation and sick leave) balance of \$544,546 at December 31, 2014, is an increase of \$5,778 over the \$538,768 accrued as of December 31, 2013. A scheduled summary showing changes to the debt administration can be found in Note 1G on page 11 of this audit report.

Economic Factors and Next Year's Budget and Rates

The Utility Commission issued \$26,500,000 in utility revenue bonds in late December 2006 for major wastewater infrastructure improvements and repairs to address growth and an aging system. In all, seven projects were scheduled and all of them were completed in 2007 and 2008 with the exception of the 5 MGD wastewater treatment plant expansion, which was substantially completed in September 2009 at cost of \$15.29 million. The Utility Commission sought and gained approval of a wastewater rate increase in June 2009. There was also a water rate increase sought and approved in January 2009, which includes an automatic 2% annual rate increase through the year 2015. The rate increases are projected to result in sufficient revenues to operate and maintain the system and cover debt service requirements.

The Benton City Council approved a bond refinancing package in March 2012 that included an additional \$11.2 million dollars for new construction projects in the electric, water and wastewater departments. These projects will provide needed services for new customer growth on the system including the new Benton Event Center built by the Benton Advertising & Promotion Commission and the 1,000 plus apartment complex project which is under construction on Highway 5. There is also potential growth from a large industrial customer, a retail and residential development being contemplated at the 114 mile marker on Interstate 30 and a 5-story hotel that was built beside the Event Center. The total amount of the bond issue was \$24.6 million and went to market March 21, 2012. The annual debt service requirement did not increase with this refinancing and will not extend past the already existing number of years to retire existing debt. The bond issues that were refinanced were the 1995, 1997, 2001a, 2002, 2004a, and 2004b issues. The 2006 and 2009 issues were not included in the refinancing. The significant financial impact of this bond issue was that, due to the existing interest rate climate, the Commission was able to refinance old debt and gain \$11.2 million dollars for new projects without raising the Utility's annual debt service requirement. This transaction was of monumental value to the Utility as well as its customers.

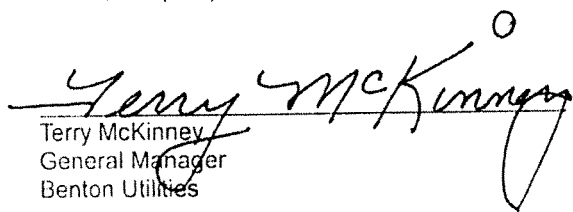
In efforts to reduce the cost of wholesale power to customers in the City of Benton, the Benton Public Utility Commission successfully secured a 5 mw base load Power Purchase Agreement with the Missouri Joint Municipal Electric Utility Commission (MJMEUC) from Plum Point Unit #1 coal fired power plant in Osceola, Ark. This agreement began April 1, 2014 and will extend for the life of the unit. Plum Point Unit

#1 has an anticipated length of operation through the year 2048. This new base load will supply approximately 10% of the city's annual electric load.

As explained in the FY 2007 management's discussion and analysis, the Utility began receiving its wholesale electric power supply from the Constellation Energy Group on April 1, 2007. The contracted purchase price represented an increase of \$0.042656 per kwh over the previous Entergy contract price of \$0.037500 per kwh. The Commission issued a request for proposals (RFP) in early March 2012 with the assistance of consulting engineer GDS in order to solicit bids from wholesale energy providers to provide power to the City of Benton beginning in April 2014. The Utility Commission was successful in signing a new wholesale electric contract on November 19, 2012, with Constellation Energy Group (Excelon) for the city's wholesale power requirements beginning April 1, 2014. The Utility's new wholesale contract reduced the energy cost to \$ 0492 per kwh through May 31, 2019. The balance of the electric power requirements over the 5 mw entitlement we have on Plum Point Unit #1 (PPA) is being provided by Constellation and their contract expires June 1, 2019. The Public Utility Commission passed a rate reduction of 17.5% beginning April 1, 2014, because of our new wholesale power contracts with Constellation and ownership in Plum Point power plant.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Utility's finances. If you have any questions about this report or need additional information, contact the Utility General Manager, attn: Terry McKinney, at 1827 Dale Avenue, Benton, AR 72015, call (501) 776-5984, or e-mail at tmckinney@bentonar.org.



Terry McKinney
General Manager
Benton Utilities

Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benton Municipal Light and Water Works of the City of Benton, State of Arkansas as of December 31, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Benton Municipal Light and Water Works and do not purport to, and do not, present fairly the financial position of the City of Benton, State of Arkansas, as of December 31, 2014 and 2013, the changes in its financial position or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 through 31 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yocum, Lovell & Co., P.C.
Certified Public Accountants

Benton, Arkansas
February 24, 2015

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Balance Sheets
December 31, 2014 and 2013

Assets	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents	\$ 2,876,429	\$ 2,898,197
Utility Billings, Net of Allowance for Uncollectibles	2,152,839	2,709,210
Accounts Receivable	1,534	23,097
Due from City Funds	53,112	
Prepaid Expenses	100,157	160,422
Supplies Inventory	16,043	18,324
Board Designated Funds	4,565,265	4,439,030
Total Current Assets	<u>9,765,379</u>	<u>10,248,280</u>
Non-Current Assets		
Restricted Funds	3,924,761	5,731,044
Capital Assets:		
Total Plant, Property and Equipment	162,313,713	158,318,936
Less Accumulated Depreciation	(79,208,929)	(74,575,801)
Total Non-Current Assets	<u>87,029,545</u>	<u>89,474,179</u>
Total Assets	<u><u>\$ 96,794,924</u></u>	<u><u>\$ 99,722,459</u></u>

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

Liabilities and Net Position

	2014	2013
Current Liabilities		
Accounts Payable	\$ 1,829,648	\$ 2,926,784
Customer Overpayments	9,524	7,755
Metered Deposits	1,643,455	1,519,987
Accrued Compensation	544,546	538,768
Sales Tax Payable	41,243	62,124
Accrued Interest Payable	734,304	743,423
Due to City Funds		195,823
Bonds Payable - Current Maturities	1,395,177	1,369,940
Total Current Liabilities	6,197,897	7,364,604
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	47,087,312	48,482,489
Premium on Revenue Bonds	2,291,367	2,482,430
Discount on Revenue Bonds	(157,318)	(173,211)
Deferred Loss on Early Retirement of Debt	(69,605)	(76,637)
Total Non-Current Liabilities	49,151,756	50,715,071
Total Liabilities	55,349,653	58,079,675
Net Position		
Net Investment in Capital Assets	32,557,851	33,587,313
Restricted for Debt Service	2,363,742	2,354,896
Unrestricted	6,523,678	5,700,575
Total Net Position	41,445,271	41,642,784
Total Liabilities and Net Position	\$ 96,794,924	\$ 99,722,459

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Charges for Service	\$ 31,900,710	\$ 35,078,145
Service Charges and Connection Fees	639,350	665,160
Penalties	237,150	266,876
Disaster Recovery		207,794
Other Income	245,380	188,575
Total Operating Revenues	33,022,590	36,406,550
Operating Expenses		
Power Costs	15,876,653	22,026,435
Plant Production Expenses	2,148,677	2,079,765
General and Distribution Expenses	5,085,805	4,759,950
Administrative Expenses	2,189,669	2,287,339
Depreciation	5,078,522	4,812,558
Franchise Fees	1,762,016	1,803,828
Total Operating Expenses	32,141,342	37,769,875
Operating Income (Loss)	881,248	(1,363,325)
Non-Operating Revenues (Expenses)		
Interest Income	19,929	22,542
Interest Expense	(2,037,096)	(1,935,047)
Total Non-Operating Revenues (Expenses)	(2,017,167)	(1,912,505)
Net Loss Before Contributions and Transfers	(1,135,919)	(3,275,830)
Capital Contributions	606,941	156,201
Transfers from the City of Benton Appropriations	331,465	264,660
Changes in Net Position	(197,513)	(2,854,969)
Total Net Position - Beginning of Year	41,642,784	44,497,753
Total Net Position - End of Year	\$ 41,445,271	\$ 41,642,784

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Receipts from Customers	\$ 33,314,469	\$ 36,053,596
Payments to Suppliers	(21,017,830)	(24,906,304)
Payments to Employees	(5,504,825)	(5,292,925)
Payments to City for Franchise Fees	(1,765,000)	(1,800,000)
Other Receipts	266,943	665,195
Net Cash Provided by Operating Activities	5,293,757	4,719,562
Cash Flow from Non-Capital Financing Activities		
Transfers to Board Designated Funds	(126,235)	(1,102,893)
Transfers from City Funds	85,514	498,925
Net Cash Used by Non-Capital Financing Activities	(40,721)	(603,968)
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(3,818,889)	(9,510,988)
Principal Paid On Capital Debt	(1,369,940)	(1,339,713)
Interest Paid On Capital Debt	(2,241,418)	(2,268,087)
Contributions from Developers	201,889	81,345
Transfers from Restricted Accounts	1,929,751	7,977,731
Net Cash Used by Capital and Related Financing	(5,298,607)	(5,059,712)
Cash Flows from Investing Activities		
Interest Received	23,803	22,542
Net Cash Provided by Investing Activities	23,803	22,542
Net Change in Cash and Cash Equivalents	(21,768)	(921,576)
Cash and Cash Equivalents - Beginning of Year	2,898,197	3,819,773
Cash and Cash Equivalents - End of Year	\$ 2,876,429	\$ 2,898,197
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 881,248	\$ (1,363,325)
Items Not Requiring Cash:		
Depreciation	5,078,522	4,812,558
Changes in Assets and Liabilities:		
Receivables, Net	516,923	344,630
Prepays	60,265	(8,802)
Inventories	2,281	(3,828)
Accounts Payable	(1,230,379)	898,940
Accrued Expenses	(15,103)	39,389
Net Cash Provided by Operating Activities	\$ 5,293,757	\$ 4,719,562

Non-Cash Capital Financing Activities:

Capital assets of \$405,052 and \$74,856 were acquired through noncash contributions from street projects and developers for the years ended December 31, 2014 and 2013, respectively.

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

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

Note 1: Summary of Significant Accounting Policies

The financial statements of the Benton Municipal Light and Water Works have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of the Benton Municipal Light and Water Works' accounting policies are described below:

- A. Reporting Entity** - The Benton Municipal Light and Water Works (the Utilities) is a part of the City of Benton, State of Arkansas (the City). The City is governed by the Mayor Council form of government which operated the utility system in prior years through January 1, 2006. Effective February 1, 2006, a Utility Commission was created and granted full power to manage, operate, control, supervise, improve, extend, maintain, and contract concerning the utility system, subject to the authorizing legislation and certain conditions set from time to time by the City Council. The statements reflect the results of operations or three departments: light, water and waste water. Material transactions between the departments have been eliminated.
- B. Basis of Accounting** - The Benton Municipal Light and Water Works is a proprietary enterprise type fund. The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.
- C. Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Utilities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- D. Cash Deposits** – All cash deposits were insured or collateralized with securities held by the pledging financial institution, trust department, or by its agent in the City's name as of the balance sheet date.
- E. Inventories** - Inventories are stated at the lower of cost or market on a first-in, first-out method.
- F. Board Designated Funds** – The Utilities Board has designated that certain funds are to be deposited into separate accounts and are to be used for certain designated purposes. The funds may only be spent with the approval of the Utilities Board.
- G. Accumulated Compensated Absences** - It is the Utilities' policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Utilities' services. It is the Utilities' policy to pay up to a maximum of 90 accumulated sick days to employees who retire from the Utilities. The following is a schedule of accrued compensation at December 31, 2014 and 2013, respectively:

	2014	2013
Accrued Salaries	\$ 188,661	\$ 172,802
Accrued Vacation	86,784	93,732
Accrued Sick	269,101	272,234
	\$ 544,546	\$ 538,768

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

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

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

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

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

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

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

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

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

K. Capitalized Interest -Interest costs are capitalized when incurred by the Utilities on debt where proceeds were used to finance the construction of assets. See Note 4 for the interest capitalized during the year.

Note 2: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2014 and 2013:

	2014	2013
Public Utility Reservoir Contingent Fund	\$ 90,860	\$ 90,489
Public Utility Emergency Fund	2,159,277	1,110,652
Water System Capital Improvement Fund	442,480	741,785
Electric Capital Improvement Fund	499,001	814,985
Facilities Capital Improvement Fund	138,706	138,567
Wastewater Capital Improvement Fund	62,536	162,389
Alcoa Road Relocation and Improvement Fund	997,344	

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

Note 2: Board Designated Funds (Cont'd)

Construction Fund	175,061	
Public Utility Rate Reserve Fund		1,034,815
Debt Surplus Fund		157,231
FEMA Fund		188,117
	<u>\$ 4,565,265</u>	<u>\$ 4,439,030</u>

The accounts for these funds are invested in the bank accounts in 2014. In 2013, the accounts are invested in Stephens Local Government Cash Management Trust and bank accounts. The carrying value is the market value for these accounts.

Note 3: Restricted Funds

The restricted funds as of December 31, 2014 and 2013 are as follows:

	2014	2013
Bond Funds	\$ 1,296,155	\$ 1,290,344
Debt Service Funds	1,801,891	1,807,975
Depreciation Fund	826,715	703,536
Facilities Improvement Funds		1,929,189
Total Restricted Funds	<u>\$ 3,924,761</u>	<u>\$ 5,731,044</u>

Restricted funds consist of funds in depository accounts, Treasury Notes, certificates of deposit and Stephens Local Government Cash Management Trust. It is management's intent to hold the Treasury Notes to maturity, therefore the notes are carried at cost. The external investment pools are cash management trusts invested in U.S. Treasury Securities or certain approved obligations of U.S. Government Agencies or instrumentalities, certificates of deposits insured by the Federal Deposit Insurance Corporation or collateralized by government securities, written repurchase agreements collateralized by government securities, or commercial paper. The following is a summary of the restricted fund investments as of December 31, 2014 and 2013:

	December 31, 2014		
	Carrying Value	Fair Market Value	Unrecognized Gain
Bond Funds			
Goldman Sachs Treasury	\$ 471,206	\$ 471,206	\$
US Bank Government Obligations	<u>823,602</u>	<u>823,602</u>	
Total Bond Funds	<u>1,294,808</u>	<u>1,294,808</u>	
Debt Service Fund			
External Investment Pool			
Stephens Insured			
Certificates of Deposit	1,385,000	1,385,000	
U S Bank Government Obligations	282,953	282,953	
Goldman Sachs Treasury	<u>130,434</u>	<u>130,434</u>	
Total Debt Service Fund	<u>1,798,387</u>	<u>1,798,387</u>	
Total	<u>\$ 3,093,195</u>	<u>\$ 3,093,195</u>	<u>\$</u>

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

Note 3: Restricted Funds (Cont'd)

	<u>December 31, 2013</u>		
	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>Unrecognized Gain</u>
Bond Funds			
External Investment Pool			
Stephens Local Government			
Goldman Sachs Treasury	\$ 472,452	\$ 472,452	\$
US Bank Government Obligations	<u>816,545</u>	<u>816,545</u>	
Total Bond Funds	<u>1,288,997</u>	<u>1,288,997</u>	
Depreciation Funds			
External Investment Pool			
Stephens Local Government			
Cash Management Trust	<u>703,536</u>	<u>703,536</u>	
Debt Service Fund			
External Investment Pool			
Stephens Insured			
Certificates of Deposit	1,385,000	1,385,000	
US Bank Government Obligations	289,738	289,738	
Goldman Sachs Treasury	<u>133,237</u>	<u>133,237</u>	
Total Debt Service Fund	<u>1,807,975</u>	<u>1,807,975</u>	
Total	<u>\$ 3,800,508</u>	<u>\$ 3,800,508</u>	<u>\$</u>

Note 4: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2014 and 2013 was \$2,241,418 and \$2,268,087, respectively.

Note 5: Capital Assets

The following is a summary of capital assets as of December 31, 2014 and 2013:

	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 12/31/14</u>
Land	\$ 895,926	\$	\$	\$ 45,550	\$ 941,476
Buildings - Administrative	984,656	15,810			1,000,466
Vehicles	3,276,289	350,832	(437,980)		3,189,141
Furniture and Office					
Equipment	175,781				175,781
Service Facilities and					
Equipment	144,828,411	1,905,797	(7,414)	7,775,994	154,502,788
Construction Materials	840,029	347,832			1,187,861
Construction in Process	<u>7,317,844</u>	<u>1,819,900</u>		<u>(7,821,544)</u>	<u>1,316,200</u>
	<u>\$ 158,318,936</u>	<u>\$ 4,440,171</u>	<u>\$ (445,394)</u>	<u>\$</u>	<u>\$ 162,313,713</u>

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

Note 5: Capital Assets (Cont'd)

	Balance 12/31/12	Additions	Deletions	Transfers	Balance 12/31/13
Land	\$ 895,926	\$	\$	\$	\$ 895,926
Buildings - Administrative	984,656				984,656
Vehicles	3,350,837		(74,548)		3,276,289
Furniture and Office Equipment	175,781				175,781
Service Facilities and Equipment	141,208,993	880,549		2,738,869	144,828,411
Construction Materials	792,455	47,574			840,029
Construction in Process	1,248,414	8,808,299		(2,738,869)	7,317,844
	<u>\$ 148,657,062</u>	<u>\$ 9,736,422</u>	<u>\$ (74,548)</u>	<u>\$</u>	<u>\$ 158,318,936</u>

Note 6: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2014 are as follows:

Issue of December 1, 2006	5.00%	9/01/2036
Issue of March 6, 2009	4.75%	6/01/2039
Issue of April 1, 2012	1.00% to 5.00%	9/01/2036

The following schedule details the changes in revenue bonds payable for the years ending December 31:

	2014	2013	2012
Beginning Balance	\$ 49,852,429	\$ 51,192,142	\$ 42,844,846
Issued			24,600,000
Retired	(1,369,940)	(1,339,713)	(16,252,704)
Ending Balance	<u>\$ 48,482,489</u>	<u>\$ 49,852,429</u>	<u>\$ 51,192,142</u>

Maturities of revenue bonds as of December 31, 2014 are as follows:

	Principal	Interest and Service Fees	Total
2015	\$ 1,395,177	\$ 2,211,133	\$ 3,606,310
2016	1,425,426	2,183,084	3,608,510
2017	1,475,687	2,133,123	3,608,810
2018	1,520,960	2,085,050	3,606,010
2019	1,576,247	2,031,113	3,607,360
2020-2024	8,921,037	9,107,013	18,028,050
2025-2029	11,255,573	6,771,615	18,027,188
2030-2034	14,172,628	3,860,909	18,033,537
2035-2039	6,739,754	512,678	7,252,432
	<u>\$ 48,482,489</u>	<u>\$ 30,895,718</u>	<u>\$ 79,378,207</u>

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

Note 6: Revenue Bonds Payable (Cont'd)

Bond Premium – The series 2006 and 2012 revenue bonds were issued at a premium. The interest method of amortization is used to amortize the premium, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2014 and 2013 was \$191,063 and \$197,827, respectively. For the years ended December 31, 2014 and 2013, \$3,755 and \$22,389 of the amortization was capitalized, respectively. The remaining amortization is included in interest expense on the statement of revenues and expenses.

Bond Discount – The series 2012 revenue bonds were issued at a discount. The interest method of amortization is used to amortize the discount, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2014 and 2013 was \$15,892 and \$16,835, respectively. For the years ended December 31, 2014 and 2013, \$548 and \$3,073 of the amortization was capitalized, respectively. The remaining amortization is included in interest expense on the statement of revenues and expenses.

Loss from Early Retirement of Debt – The Benton Utilities Commission on December 12, 2011 requested and received a resolution dated December 19, 2011 from the Benton City Council for the issuance of a 2012 Refunding and Improvement Bond Issue. The bonds were issued April 1, 2012. The proceeds of the \$24,600,000 issue refunded the 1995, 1997, 2001a, 2002, 2004a and 2004b bonds outstanding. The difference between the book value of the refunded debt and the amount required to retire the debt created an economic loss of \$89,795. The loss was deferred over the life of the refunded debt using the interest method of amortization, based on the effective interest rate. The amount amortized for the years ended December 31, 2014 and 2013 was \$7,032 and \$5,709, respectively. For the years ended December 31, 2014 and 2013, this amortization is included in interest expense on the statement of revenues and expenses.

Note 7: Retirement Plan

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

The plan is administered by Stephens Capital Management, Inc. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2014 is not available.

Membership in the plan as of December 31, 2013, is as follows:

Retirees and beneficiaries currently receiving benefits	49
Vested terminated employees	26
Current employees	<u>78</u>
Total	<u>153</u>

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

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

Note 7: Retirement Plan (Cont'd)

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

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

Employees hired before December 31, 2011 make no contribution to the plan. For employees hired after December 31, 2011, 2% of compensation is contributed until January 1 following date of hire and 4% contribution thereafter. No employees contributions after 30 years of service. The Benton Municipal Light and Water Works' contribution is actuarially determined. The amount contributed was \$754,000 in 2014, \$714,000 in 2013 and \$727,263 in 2012.

The following is a reconciliation of the Net Pension Obligation (NPO) for the years ending December 31:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ 560,962	\$ 645,453	\$ 620,402
Interest on NPO	(57,541)	(53,025)	(48,982)
Adjustment to ARC	<u>61,910</u>	<u>57,050</u>	<u>51,440</u>
Annual Pension Cost (APC)	565,331	649,478	622,860
Actual Contribution Made	<u>(754,000)</u>	<u>(714,000)</u>	<u>(727,263)</u>
Increase (Decrease) in NPO	(188,669)	(64,522)	(104,403)
NPO – Beginning of Year	<u>(822,019)</u>	<u>(757,497)</u>	<u>(653,094)</u>
NPO – End of Year	<u>\$ (1,010,688)</u>	<u>\$ (822,019)</u>	<u>\$ (757,497)</u>

The annual required contribution for 2014 was determined as part of the January 1, 2014, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 7.0% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefits increases. The actuarial value of assets was based on the fair market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

The remaining amortization period at January 1, 2014 was thirty years. The following represents the trends for the last three years:

	<u>APC</u>	<u>% of APC Contributed</u>	<u>NPO</u>
2014	\$ 565,331	133.4%	\$ (1,010,688)
2013	\$ 649,478	109.9%	\$ (822,019)
2012	\$ 622,860	116.8%	\$ (757,497)

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

Note 9: Subsequent Events

Management has evaluated subsequent events through February 24, 2015, the date which the financial statements were available to be issued.

Note 10: Related Party Transactions

The Utilities pays a franchise fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utility was owed from the City \$53,112 and the Utility owed the City \$195,823 at December 31, 2014 and 2013, respectively.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2014 and 2013

	2014	2013
Operating Funds		
Cash on Hand	\$ 2,600	\$ 2,600
Demand Deposits - General Operating Accounts		
Bank of the Ozarks	2,359,724	2,296,468
First Security Bank	514,105	579,406
Stephens Investment Pool		19,723
Total Operating Funds	<u>2,876,429</u>	<u>2,898,197</u>
Board Designated		
Reservoir Contingent Fund - First Security Bank	90,860	
Reservoir Contingent Fund - Stephens Investment Pool		90,489
Utility Rate Reserve Fund - Stephens Investment Pool		1,034,815
Utility Emergency Fund - First Security Bank	2,159,277	
Utility Emergency Fund - Stephens Investment Pool		1,110,652
Water System Capital Improvement Fund - First Security Bank	442,480	
Water System Capital Improvement Fund - Stephens Investment Pool		741,785
Electric Capital Improvement Fund - Bank of the Ozarks	499,001	814,985
Facilities Capital Improvement Fund - Bank of the Ozarks	138,706	138,567
Debt Surplus Fund - Bank of the Ozarks		157,231
Wastewater Capital Improvement Fund - Bank of the Ozarks	62,536	162,389
Alcoa Road Utilities Relocation Fund - Bank of the Ozarks	997,344	
Construction Fund - Bank of the Ozarks	175,061	
FEMA Disaster Fund - Bank of the Ozarks		188,117
Total Board Designated	<u>4,565,265</u>	<u>4,439,030</u>
Restricted Funds		
Bond Funds		
12/01/06 Issue - Goldman Sachs Treasury Instruments	471,206	472,452
03/06/09 Issue - Regions Corporate Trust Department	1,347	1,347
04/01/12 Issue - US Bank First American Government Obligation	823,602	816,545
Total Bond Funds	<u>1,296,155</u>	<u>1,290,344</u>
Depreciation Fund		
Public Utilities - Stephens Cash Management Trust	<u>826,715</u>	<u>703,536</u>
Debt Service Escrow Fund		
10/01/06 Issue - Goldman Sachs Treasury Instruments	133,938	133,237
10/01/06 Issue - Stephens Insured CD's	1,385,000	1,385,000
04/01/12 Issue - US Bank First American Government Obligation	282,953	289,738
Total Debt Service Escrow Fund	<u>1,801,891</u>	<u>1,807,975</u>
System Improvement Funds		
Electric, Water and Wasterwater - First Security Bank		1,929,189
Total System Improvement Funds		<u>1,929,189</u>
Total Restricted Funds	<u>3,924,761</u>	<u>5,731,044</u>
Total Operating, Designated and Restricted Funds	<u>\$ 11,366,455</u>	<u>\$ 13,068,271</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Departmental Statements of Revenues and Expenses
For the Years Ended December 31, 2014 and 2013

	2014		2013		2014		2013		Eliminations		2014		2013	
	Light Dept.	Light Dept.	Water Dept.	Water Dept.	Water Dept.	Waste Water Dept.	Water Dept.	Waste Water Dept.	2014	2013	Combined Total	Combined Total		
Revenue - Operations	\$ 23,120,066	\$ 26,428,284	\$ 5,015,166	\$ 5,114,733	\$ 4,836,515	\$ 4,720,404	\$ (1,071,037)	\$ (1,185,276)			\$ 31,900,710	\$ 35,078,145		
Fees														
Service Charges and Connection Fees	274,904	274,718	119,899	85,210	244,547	305,232					639,350	665,160		
Penalties	156,142	183,988	33,015	35,924	47,993	46,964					237,150	266,876		
Disaster Recovery		176,737		4,639		26,418						207,794		
Other Income	182,278	136,858	32,918	37,826	30,184	13,891					245,380	188,575		
Total Revenue - Operations	23,733,390	27,200,585	5,200,998	5,278,332	5,159,239	5,112,909	(1,071,037)	(1,185,276)			33,022,590	36,406,550		
Expenses - Operations														
Power Costs	15,876,653	22,026,435									15,876,653	22,026,435		
Plant Production			1,441,665	1,445,861	1,628,615	1,655,074	(921,603)	(1,021,170)			2,148,677	2,079,765		
General and Distribution	2,788,828	2,822,027	1,158,217	876,050	1,274,030	1,209,364	(135,270)	(147,491)			5,085,805	4,759,950		
Administrative	774,196	820,584	715,135	739,119	714,502	744,251	(14,164)	(16,615)			2,189,669	2,287,339		
Depreciation	942,048	877,370	1,542,255	1,411,852	2,594,219	2,523,336					5,078,522	4,812,558		
Franchise Fees	1,220,683	1,298,958	265,991	251,515	275,342	253,355					1,762,016	1,803,828		
Total Expenses - Operations	21,602,408	27,845,374	5,123,263	4,724,397	6,486,708	6,385,380	(1,071,037)	(1,185,276)			32,141,342	37,769,875		
Operating Income	2,130,982	(644,789)	77,735	553,935	(1,327,469)	(1,272,471)					881,248	(1,363,325)		
Non-Operating Revenues (Expenses)														
Interest Income	16,806	12,859	2,116	8,266	1,007	1,417					19,929	22,542		
Interest Expense	(89,600)	(25,843)	(485,688)	(444,901)	(1,461,808)	(1,464,303)					(2,037,096)	(1,935,047)		
Total Non-Operating Revenues (Expenses)	(72,794)	(12,984)	(483,572)	(436,635)	(1,460,801)	(1,462,886)					(2,017,167)	(1,912,505)		
Net Loss Before Contributions and Transfers	\$ 2,058,188	\$ (657,773)	\$ (405,837)	\$ 117,300	\$ (2,788,270)	\$ (2,735,357)					(1,135,919)	(3,275,830)		
Capital Contributions Transfers In:														
Appropriations											606,941	156,201		
											331,465	264,660		
Change in Net Position											\$ (197,513)	\$ (2,854,969)		

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Plant Production and Treatment Expenses
For the Year Ended December 31, 2014

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 403,005	\$ 344,505	\$ 747,510
Fringe Benefits	191,852	171,960	363,812
Vehicle Operations	16,614	16,984	33,598
Building Maintenance	80,457	64,504	144,961
Equipment Repairs	61,833	128,888	190,721
Office Supplies	479	794	1,273
Janitorial Supplies and Services	4,347	4,801	9,148
Computer Supplies	553	1,721	2,274
Chemicals	207,603	70,941	278,544
Laboratory	3,722	28,743	32,465
Electric, Water and Waste Water	367,633	556,319	923,952
Miscellaneous	11,568	43,286	54,854
Heat - Natural Gas	3,641	73,888	77,529
Telephone	2,932	4,313	7,245
Equipment Rental	659		659
Small Tool Expense	10,089	1,275	11,364
Professional and Consulting	11,626	34,204	45,830
Insurance	52,902	67,284	120,186
Small Equipment Expense	10,150	14,205	24,355
Total	<u>\$ 1,441,665</u>	<u>\$ 1,628,615</u>	<u>\$ 3,070,280</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of General, Distribution and Collection Expenses
For the Year Ended December 31, 2014

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,158,821	\$ 491,049	\$ 340,784	\$ 1,990,654
Fringe Benefits	569,192	240,024	187,444	996,660
Vehicle Operations	170,328	87,434	75,476	333,238
Building Maintenance	25,253	2,608	22,623	50,484
Line Maintenance	306,782	254,092	270,936	831,810
Equipment Repairs	3,306	7,033	7,981	18,320
Street light Repairs	40,103			40,103
Lift Station Maintenance			142,892	142,892
Office Supplies	1,728	793	1,179	3,700
Janitorial Supplies and Services	6,412	3,991	4,193	14,596
Computer Supplies	973	151	876	2,000
Computer Services	27,930			27,930
Natural Gas	3,521	3,325	526	7,372
Electric, Water and Waste Water	10,778	9,803	150,698	171,279
Miscellaneous	56,976	14,635	10,116	81,727
Telephone	16,667	7,620	3,335	27,622
Equipment Rental	87	1,481	581	2,149
Small Tool Expense	22,234	6,903	3,919	33,056
Professional and Consulting	314,246	9,539	28,770	352,555
Insurance	37,561	4,572	12,222	54,355
Small Equipment Expense	15,930	13,164	9,479	38,573
Total	\$ 2,788,828	\$ 1,158,217	\$ 1,274,030	\$ 5,221,075

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2014

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 332,080	\$ 332,080	\$ 332,080	\$ 996,240
Fringe Benefits	138,576	138,576	138,576	415,728
Vehicle Operations	5,166	5,166	5,166	15,498
Building Maintenance	5,026	5,026	5,027	15,079
Equipment Repairs	7,994	7,994	7,993	23,981
Office Supplies	12,069	12,069	12,068	36,206
Postage	27,859	27,859	27,859	83,577
Janitorial Supplies and Services	4,966	4,966	4,967	14,899
Computer Supplies	1,720	1,720	1,721	5,161
Computer and Billing Services	38,215	38,215	38,215	114,645
Electricity, Water and Waste Water	4,721	4,721	4,722	14,164
Miscellaneous	16,509	25,630	16,498	58,637
Heat - Natural Gas	718	718	719	2,155
Telephone	4,378	4,378	4,377	13,133
Professional and Consulting	68,957	68,957	68,957	206,871
Customer Collection Expense	12,819	12,819	12,820	38,458
Insurance	462	462	461	1,385
Small Equipment Expense	8,284	8,284	8,283	24,851
Bad Debt Expense	83,677	15,495	23,993	123,165
Total	\$ 774,196	\$ 715,135	\$ 714,502	\$ 2,203,833

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

The following is a summary of water and sewer rates and usage information for the system at December 31, 2014:

Sewer Monthly Rates

- (a) 0-2 mg minimum average water usage - \$13.10
- (b) All over 2 mg minimum average water usage - \$13.10 minimum, plus \$4.80 per mg for all over 2 mg, out of city limits \$22.93 minimum and \$8.40 mg for all over 2 mg.
- (c) New residential customers charged \$30.00 per month until six (6) winter month's time frame established.
- (d) Commercial/industrial customers will be based on actual monthly water usage unless a leveled bill is approved by the utilities general manager.
- (e) Those sewer customers moving from one location to another on the city system, and having a previously established six (6) winter months usage time frame at the old location, shall have the sewer rate for their previous location continued at their new location.

Number of Sewer Users

	<u>2014</u>
Residential	12,487
Commercial	1,211
Industrial	<u>17</u>
	<u>13,715</u>

Annual Billable Water	<u>2014</u> <u>Gallons (000s)</u>
Total annual billable water	932,784
Less water billable to non-sewer customers	<u>(22,680)</u>
Net billable to sewer customers	<u>910,104</u>
Residential	679,242
Commercial	149,523
Industrial	<u>81,339</u>
Total water billable to sewer customers	<u>910,104</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated December 1, 2006

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			26,500,000
03/01/2015		662,500	26,500,000
09/01/2015		662,500	26,500,000
03/01/2016		662,500	26,500,000
09/01/2016		662,500	26,500,000
03/01/2017		662,500	26,500,000
09/01/2017	185,000	662,500	26,315,000
03/01/2018		657,875	26,315,000
09/01/2018	460,000	657,875	25,855,000
03/01/2019		646,375	25,855,000
09/01/2019	745,000	646,375	25,110,000
03/01/2020		627,750	25,110,000
09/01/2020	785,000	627,750	24,325,000
03/01/2021		608,125	24,325,000
09/01/2021	820,000	608,125	23,505,000
03/01/2022		587,625	23,505,000
09/01/2022	865,000	587,625	22,640,000
03/01/2023		566,000	22,640,000
09/01/2023	905,000	566,000	21,735,000
03/01/2024		543,375	21,735,000
09/01/2024	950,000	543,375	20,785,000
03/01/2025		519,625	20,785,000
09/01/2025	1,000,000	519,625	19,785,000
03/01/2026		494,625	19,785,000
09/01/2026	1,045,000	494,625	18,740,000
03/01/2027		468,500	18,740,000
09/01/2027	1,100,000	468,500	17,640,000
03/01/2028		441,000	17,640,000
09/01/2028	1,160,000	441,000	16,480,000
03/01/2029		412,000	16,480,000
09/01/2029	1,215,000	412,000	15,265,000
03/01/2030		381,625	15,265,000
09/01/2030	1,275,000	381,625	13,990,000
03/01/2031		349,750	13,990,000
09/01/2031	2,055,000	349,750	11,935,000
03/01/2032		298,375	11,935,000
09/01/2032	2,160,000	298,375	9,775,000
03/01/2033		244,375	9,775,000
09/01/2033	2,270,000	244,375	7,505,000
03/01/2034		187,625	7,505,000

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Revenue Bond Amortization Schedule
Issue Dated December 1, 2006

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
09/01/2034	2,380,000	187,625	5,125,000
03/01/2035		128,125	5,125,000
09/01/2035	2,500,000	128,125	2,625,000
03/01/2036		65,625	2,625,000
09/01/2036	2,625,000	65,625	
	\$ 26,500,000	\$ 20,431,750	

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

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
06/01/2015	2,558	5,522	229,931
12/01/2015	2,619	5,461	227,312
06/01/2016	2,681	5,399	224,631
12/01/2016	2,745	5,335	221,886
06/01/2017	2,810	5,270	219,076
12/01/2017	2,877	5,203	216,199
06/01/2018	2,945	5,135	213,254
12/01/2018	3,015	5,065	210,239
06/01/2019	3,087	4,993	207,152
12/01/2019	3,160	4,920	203,992
06/01/2020	3,235	4,845	200,757
12/01/2020	3,312	4,768	197,445
06/01/2021	3,391	4,689	194,054
12/01/2021	3,471	4,609	190,583
06/01/2022	3,554	4,526	187,029
12/01/2022	3,638	4,442	183,391
06/01/2023	3,724	4,356	179,667
12/01/2023	3,813	4,267	175,854
06/01/2024	3,903	4,177	171,951
12/01/2024	3,996	4,084	167,955
06/01/2025	4,091	3,989	163,864
12/01/2025	4,188	3,892	159,676
06/01/2026	4,288	3,792	155,388
12/01/2026	4,390	3,690	150,998
06/01/2027	4,494	3,586	146,504
12/01/2027	4,601	3,479	141,903
06/01/2028	4,710	3,370	137,193
12/01/2028	4,822	3,258	132,371
06/01/2029	4,936	3,144	127,435
12/01/2029	5,053	3,027	122,382
06/01/2030	5,173	2,907	117,209
12/01/2030	5,296	2,784	111,913
06/01/2031	5,422	2,658	106,491
12/01/2031	5,551	2,529	100,940
06/01/2032	5,683	2,397	95,257
12/01/2032	5,818	2,262	89,439
06/01/2033	5,956	2,124	83,483
12/01/2033	6,097	1,983	77,386
06/01/2034	6,242	1,838	71,144

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

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
12/01/2034	6,390	1,690	64,754
06/01/2035	6,542	1,538	58,212
12/01/2035	6,697	1,383	51,515
03/01/2036	6,857	1,223	44,658
12/01/2036	7,019	1,061	37,639
06/01/2037	7,186	894	30,453
12/01/2037	7,357	723	23,096
06/24/2038	7,531	549	15,565
12/01/2038	7,710	370	7,855
06/01/2039	7,855	187	
	<u>\$ 232,489</u>	<u>\$ 163,393</u>	

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

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			21,750,000
03/01/2015		437,575	21,750,000
09/01/2015	1,390,000	437,575	20,360,000
03/01/2016		423,675	20,360,000
09/01/2016	1,420,000	423,675	18,940,000
03/01/2017		398,825	18,940,000
09/01/2017	1,285,000	398,825	17,655,000
03/01/2018		379,550	17,655,000
09/01/2018	1,055,000	379,550	16,600,000
03/01/2019		363,725	16,600,000
09/01/2019	825,000	363,725	15,775,000
03/01/2020		351,350	15,775,000
09/01/2020	845,000	351,350	14,930,000
03/01/2021		338,675	14,930,000
09/01/2021	875,000	338,675	14,055,000
03/01/2022		321,175	14,055,000
09/01/2022	910,000	321,175	13,145,000
03/01/2023		302,975	13,145,000
09/01/2023	945,000	302,975	12,200,000
03/01/2024		284,075	12,200,000
09/01/2024	985,000	284,075	11,215,000
03/01/2025		259,450	11,215,000
09/01/2025	1,030,000	259,450	10,185,000
03/01/2026		233,700	10,185,000
09/01/2026	1,090,000	233,700	9,095,000
03/01/2027		206,450	9,095,000
09/01/2027	1,140,000	206,450	7,955,000
03/01/2028		177,950	7,955,000
09/01/2028	1,190,000	177,950	6,765,000
03/01/2029		154,894	6,765,000
09/01/2029	1,240,000	154,893	5,525,000
03/01/2030		130,869	5,525,000
09/01/2030	1,290,000	130,869	4,235,000
03/01/2031		105,875	4,235,000
09/01/2031	625,000	105,875	3,610,000
03/01/2032		90,250	3,610,000
09/01/2032	655,000	90,250	2,955,000
03/01/2033		73,875	2,955,000
09/01/2033	685,000	73,875	2,270,000
03/01/2034		56,750	2,270,000

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

December 31, 2014

Maturity Date	Principal	Interest	Principal Outstanding
09/01/2034	720,000	56,750	1,550,000
03/01/2035		38,750	1,550,000
09/01/2035	755,000	38,750	795,000
03/01/2036		19,875	795,000
09/01/2036	795,000	19,875	
	<u>\$ 21,750,000</u>	<u>\$ 10,300,575</u>	

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

December 31, 2014

Year Ending 12/31	12/1/2006 Bonds	03/06/2009 Bonds	4/1/2012 Bonds	Total Bonds
2015	\$ 1,325,000	\$ 16,160	\$ 2,265,150	\$ 3,606,310
2016	1,325,000	16,160	2,267,350	3,608,510
2017	1,510,000	16,160	2,082,650	3,608,810
2018	1,775,750	16,160	1,814,100	3,606,010
2019	2,037,750	17,160	1,552,450	3,607,360
2020	2,040,500	16,160	1,547,700	3,604,360
2021	2,036,250	16,160	1,552,350	3,604,760
2022	2,040,250	16,160	1,552,350	3,608,760
2023	2,037,000	16,160	1,550,950	3,604,110
2024	2,036,750	16,160	1,553,150	3,606,060
2025	2,039,250	16,160	1,548,900	3,604,310
2026	2,034,250	16,160	1,557,400	3,607,810
2027	2,037,000	16,160	1,552,900	3,606,060
2028	2,042,000	16,160	1,545,900	3,604,060
2029	2,039,000	16,160	1,549,787	3,604,947
2030	2,038,250	16,160	1,551,738	3,606,148
2031	2,754,500	16,160	836,750	3,607,410
2032	2,756,750	16,160	835,500	3,608,410
2033	2,758,750	16,160	832,750	3,607,660
2034	2,755,250	15,160	833,500	3,603,910
2035	2,756,250	16,160	832,500	3,604,910
2036	2,756,250	16,160	834,750	3,607,160
2037		16,160		16,160
2038		16,160		16,160
2039		8,042		8,042
Totals	<u>\$ 46,931,750</u>	<u>\$ 395,882</u>	<u>\$ 32,050,575</u>	<u>\$ 79,378,207</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Required Supplementary Information
Schedule of Funding Progress for
Benton Utilities Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll ((b-a)/c)
12/31/13	\$ 12,806,162	\$ 15,552,621	\$ 2,746,459	82.34%	\$ 3,236,306	84.86%
12/31/12	\$ 11,203,192	\$ 15,006,964	\$ 3,803,772	74.65%	\$ 3,263,281	116.56%
12/31/11	\$ 10,175,300	\$ 13,859,330	\$ 3,684,030	73.42%	\$ 3,283,524	112.20%
12/31/10	\$ 10,145,005	\$ 13,191,285	\$ 3,046,280	76.91%	\$ 3,358,173	90.71%
12/31/09	\$ 8,965,792	\$ 12,539,395	\$ 3,573,603	71.50%	\$ 3,236,853	110.40%