

**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

April 27, 2021

Honorable Mayor, City Council  
and Public Utilities Commission  
Benton Municipal Light and Water Works

We have audited the financial statements of Benton Municipal Light and Water Works for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

*Significant Audit Matters*

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Benton Municipal Light and Water Works are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by Benton Municipal Light and Water Works during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation expense and accumulated depreciation.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 27, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Benton Municipal Light and Water Works' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

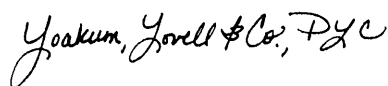
We applied certain limited procedures to management's discussion and analysis, the schedule of changes in the net pension liability and related ratios and the schedule of contributions for Benton Utilities employees' pension plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

This information is intended solely for the information and use of the Honorable Mayor, City Council, Public Utilities Commission and management of Benton Municipal Light and Water Works and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Yoakum, Lovell & Co., PLC".

Yoakum, Lovell and Company, PLC



**Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

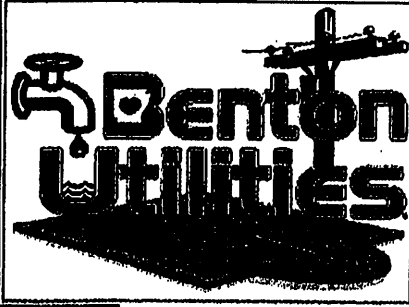
Benton Municipal Light and Water Works  
City of Benton, State of Arkansas

Financial Statements  
and Supplementary Information

December 31, 2020 and 2019

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
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December 31, 2020 and 2019

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## BENTON UTILITIES

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### Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2020. 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, 2020 and 2019. 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.

### 2020 Financial Highlights

- The Utility's total revenues decreased by \$606,993 or 1.60% from \$37,895,973 at December 31, 2019, to \$37,288,980 at December 31, 2020. The decrease in revenues is in great part due to cooler temperatures and more rainfall during the summer months.
- The Utility's total expenses decreased by \$1,780,575 or 5.35% from \$33,294,067 at December 31, 2019, to \$31,513,492 at December 31, 2020. The decrease in expenses is in great part due to a decrease in power costs.
- The Utility's total assets and deferred outflows of resources increased by \$5,565,093 or 4.82% from \$115,492,403 at December 31, 2019, to \$121,057,496 at December 31, 2020. The increase is due in great part to an increase in cash and cash equivalents.

### Financial Analysis of the Utility System

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

Investment income decreased by 20.07% or \$35,413 due to a decrease of interest income on board designated and restricted funds.

**Condensed Statements of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 23,830,769	\$ 19,893,635	\$ 14,539,621
Restricted Assets	6,701,520	8,277,471	8,978,765
Capital Assets, Net	87,149,583	83,847,638	82,953,590
Deferred Outflows	<u>3,375,624</u>	<u>3,473,659</u>	<u>2,260,410</u>
Total Assets and Deferred Outflows	<u>\$ 121,057,496</u>	<u>\$ 115,492,403</u>	<u>\$ 108,732,386</u>
Current Liabilities	\$ 9,407,127	\$ 7,786,822	\$ 8,146,129
Long-Term Liabilities	<u>45,766,357</u>	<u>50,545,689</u>	<u>51,941,997</u>
Total Liabilities	<u>55,173,484</u>	<u>58,332,511</u>	<u>60,088,126</u>
Deferred Inflows	<u>2,031,133</u>	<u>801,285</u>	<u>979,254</u>
Net Investment in Capital Assets	44,192,959	38,903,866	36,471,478
Restricted	3,644,706	3,929,775	3,325,115
Unrestricted	<u>16,015,214</u>	<u>13,524,966</u>	<u>7,868,413</u>
Total Net Position	<u>63,852,879</u>	<u>56,358,607</u>	<u>47,665,006</u>
Total Liabilities and Net Position	<u>\$ 121,057,496</u>	<u>\$ 115,492,403</u>	<u>\$ 108,732,386</u>

Total net position increased by \$7,494,272 from \$56,358,607 at December 31, 2019, to \$63,852,879 at December 31, 2020, an increase of 13.30%. Current liabilities increased by \$1,620,305 or 20.81%.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues:			
Services Fees and Penalties	\$ 36,942,553	\$ 37,452,835	\$ 39,884,463
Other Revenue	<u>205,364</u>	<u>266,662</u>	<u>177,045</u>
Total Operating Revenues	37,147,917	37,719,497	40,061,508
Investment Income	<u>141,063</u>	<u>176,476</u>	<u>110,443</u>
Total Revenue	<u>37,288,980</u>	<u>37,895,973</u>	<u>40,171,951</u>
Operating Expenses:			
Power Costs	12,842,134	14,305,505	16,838,858
Plant Production Expenses	2,238,567	2,244,304	1,977,666
General and Distribution Expenses	5,276,295	5,587,778	4,925,936
Administrative Expenses	2,421,280	2,335,816	1,996,067
Depreciation Expense	5,277,452	5,073,243	5,078,686
Franchise Fees	<u>2,031,073</u>	<u>2,060,985</u>	<u>2,214,230</u>
Total Operating Expenses	30,086,801	31,607,631	33,029,443
Issuance Cost of Bonds	207,620		91,423
Interest Expense	<u>1,219,071</u>	<u>1,686,436</u>	<u>1,723,913</u>
Total Expenses	<u>31,513,492</u>	<u>33,294,067</u>	<u>34,844,779</u>
Net Income (Loss) Before Contributions	5,775,488	4,601,906	5,327,172
Capital Contributions	<u>1,718,784</u>	<u>4,091,695</u>	<u>65,495</u>
Change in Net Position	7,494,272	8,693,601	5,392,667
Net Position at Beginning of Year	<u>56,358,607</u>	<u>47,665,006</u>	<u>42,272,339</u>
Net Position at End of Year	<u>\$ 63,852,879</u>	<u>\$ 56,358,607</u>	<u>\$ 47,665,006</u>

Total revenues from services, fees and penalties reflect a decrease from 2019 to 2020. The decrease amount was \$510,282, or 1.36%. The decrease in revenues is in great part due to cooler temperatures and more rainfall during the summer months.

Net income of \$5,775,488 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$1,718,784 were the two items that resulted in an increase of \$7,494,272 in net position for the year ending December 31, 2020.

### **Capital Assets**

At December 31, 2020, the Utility had \$44,192,959 net invested in capital assets. This investment in capital assets includes land, buildings, vehicles, equipment, utility infrastructure, construction materials and construction in progress. The total increase in the Utility's investment in capital assets for the year of 2020 was \$5,289,093 or 13.60%, due to an increase in service facilities and equipment. A scheduled summary showing the changes to the capital assets during the year of 2020 can be found in Note 4 on page 13 of this audit report. A scheduled summary showing the changes to the revenue bonds payable during the year of 2020 can be found in Note 5 on page 14 of this audit report.

### **Debt Administration**

At December 31, 2020, the Utility had \$45,073,050 in outstanding revenue bonds payable compared to \$46,859,896 outstanding at December 31, 2019. This decrease of \$1,786,846 is the amount of bonds retired (paid off) during the year. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$401,465 at December 31, 2020, is an increase of \$16,683 over the \$384,782 accrued as of December 31, 2019. 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 new Electric Wholesale Power Contract started June 1, 2019 and is providing a reduction in the "known" costs of our wholesale power through May 2022. It has begun to generate needed funds for the long-range projects to sustain the growth and infrastructure needs of the City of Benton.

Significant progress was made on several construction projects funded by the \$7.8MM Bond Issue in 2018. The most critical being the relocation of Electric and Water lines along Interstate 30. This project was completed in 2019. This will allow the widening of Interstate 30 to 6 lanes from Exit 117 (Highway 5) to Exit 111 (Highway 70). The Saline River Circuit Crossing was completed in 2020. Other projects to be funded by the Bond Issue that are still in progress and will be completed in 2021 are:

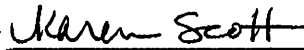
- Critical Manhole Rehabilitation
- Clarifier & Yard Piping
- 16" Water Main – Downtown Phase 1

Benton Utilities continues to strive to have rates in place that adequately fund each system (electric, water, and sewer), remain competitive in the marketplace, and fairly distribute the costs of the systems to rate payers in customer charges (fixed costs) and fuel costs (variable costs). With this goal in mind, Benton Utilities entered into a Cost of Service Study with Utility Financial Solutions, LLC (UFS) of Grand Haven, MI. The study was completed and presented to the Public Utility Commission (PUC) and City Council in November 2018. It was concluded that the Electric Utility was financially stable but the Water and Wastewater Utilities had rate structures that could not sustain them. There will need to be substantial increases for these utilities phased in over a few years in order to meet our goal of independent solvency for each utility service. This Study will continue over the next few years and be re-examined with current data every 2 years as we make adjustments to the rates of all 3 utilities so that each can effectively support

itself. The PUC decided not to pursue any rate increases in 2020 due to the COVID-19 pandemic. There are ongoing discussions about the desired timing of any rate increases that may take place in 2021. There were automatic Water rate increases of 2%, which went into effect Jan. 1, 2018 and Jan. 1, 2019 and an automatic 3% increase for Wastewater that went into effect on April 1, 2018 and will also continue through April 1, 2020 as approved by City Council.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Utility's finances. If you have any questions about this report or need additional information, contact the Utility CFO, Attn: Karen Scott, at 1827 Dale Avenue, Benton, AR 72015, call (501) 776-5931, or e-mail at [kscott@bentonutilities.com](mailto:kscott@bentonutilities.com).



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Karen Scott  
CFO  
Benton Utilities



**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

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, 2020 and 2019, 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, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the net pension liability and related ratios and schedule of contributions for Benton Utilities employees' pension plan on pages 1 through 4 and pages 31 through 32 be presented to supplement the basic financial statements. Such information, 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 30 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **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, 2020 and 2019, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Loakum, Howell & Co., P.C.*  
Certified Public Accountants

Benton, Arkansas  
April 27, 2021

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
Statements of Net Position  
December 31, 2020 and 2019

<b>Assets and Deferred Outflows of Resources</b>	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 9,253,081	\$ 5,689,301
Utility Billings, Net of Allowance for Uncollectibles	4,748,702	4,332,220
Accounts Receivable	544,826	778,803
Prepaid Expenses	119,194	122,987
Supplies Inventory	18,805	20,198
Board Designated Funds	9,146,161	8,950,126
<b>Total Current Assets</b>	<u>23,830,769</u>	<u>19,893,635</u>
<b>Non-Current Assets</b>		
Restricted Funds	6,701,520	8,277,471
Capital Assets:		
Total Plant, Property and Equipment	197,559,790	189,090,624
Less Accumulated Depreciation	<u>(110,410,207)</u>	<u>(105,242,986)</u>
<b>Total Non-Current Assets</b>	<u>93,851,103</u>	<u>92,125,109</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Outflows	2,076,648	2,867,337
Deferred Loss on Early Retirement of Debt	1,298,976	606,322
<b>Total Deferred Outflows of Resources</b>	<u>3,375,624</u>	<u>3,473,659</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 121,057,496</u>	<u>\$ 115,492,403</u>

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

**Liabilities, Deferred Inflows of Resources and Net Position**

	<u>2020</u>	<u>2019</u>
Current Liabilities		
Accounts Payable	\$ 2,818,212	\$ 1,383,898
Customer Overpayments	10,306	15,164
Meter Deposits	2,388,406	2,271,750
Accrued Compensation	401,465	384,782
Sales Tax Payable	80,822	92,231
Accrued Interest Payable	554,626	661,952
Due to City Funds	292,805	271,032
Bonds Payable - Current Maturities	2,860,485	2,706,013
Total Current Liabilities	<u>9,407,127</u>	<u>7,786,822</u>
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	42,212,565	44,153,883
Premium on Revenue Bonds	1,691,755	2,467,819
Discount on Revenue Bonds	(7,019)	(91,877)
Net Pension Liability	1,869,056	4,015,864
Total Non-Current Liabilities	<u>45,766,357</u>	<u>50,545,689</u>
Total Liabilities	<u>55,173,484</u>	<u>58,332,511</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	<u>2,031,133</u>	<u>801,285</u>
Net Position		
Net Investment in Capital Assets	44,192,961	38,903,866
Restricted for Debt Service	2,930,093	3,339,901
Restricted for Capital Assets Replacement	714,613	589,874
Unrestricted	16,015,212	13,524,966
Total Net Position	<u>63,852,879</u>	<u>56,358,607</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 121,057,496</u>	<u>\$ 115,492,403</u>

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
Statements of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Charges for Service	\$ 35,971,230	\$ 36,566,819
Service Charges and Connection Fees	698,566	619,046
Penalties	272,757	266,970
Other Income	205,364	266,662
Total Operating Revenues	37,147,917	37,719,497
Operating Expenses		
Power Costs	12,842,134	14,305,505
Plant Production Expenses	2,238,567	2,244,304
General and Distribution Expenses	5,276,295	5,587,778
Administrative Expenses	2,421,280	2,335,816
Depreciation	5,277,452	5,073,243
Franchise Fees	2,031,073	2,060,985
Total Operating Expenses	30,086,801	31,607,631
Operating Income	7,061,116	6,111,866
Non-Operating Revenues (Expenses)		
Interest Income	141,063	176,476
Interest Expense	(1,219,071)	(1,686,436)
Issuance Costs of Bonds	(207,620)	
Total Non-Operating Revenues (Expenses)	(1,285,628)	(1,509,960)
Net Income (Loss) Before Contributions and Transfers	5,775,488	4,601,906
Capital Contributions	1,718,784	4,091,695
Changes in Net Position	7,494,272	8,693,601
Total Net Position - Beginning of Year	56,358,607	47,665,006
Total Net Position - End of Year	\$ 63,852,879	\$ 56,358,607

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Receipts from Customers	\$ 36,509,804	\$ 37,469,174
Payments to Suppliers	(16,759,540)	(18,588,699)
Payments to Employees	(6,318,108)	(6,242,737)
Payments to City for Franchise Fees	(2,009,300)	(2,042,777)
Other Receipts	434,931	219,646
Net Cash Provided by Operating Activities	11,857,787	10,814,607
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	(196,035)	(3,361,209)
Net Cash Used by Non-Capital Financing Activities	(196,035)	(3,361,209)
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(6,016,720)	(3,782,663)
Principal Paid On Capital Debt	(15,941,846)	(2,635,717)
Interest Paid On Capital Debt	(1,594,981)	(2,064,204)
Proceeds from Revenue Bonds Issued	14,155,000	
Deferred Loss of Revenue Bonds	(1,271,443)	
Bond Issuance Costs	(207,620)	
Capital Contributions	945,968	1,376,484
Transfers from Restricted Accounts	1,692,607	732,013
Net Cash Used by Capital and Related Financing	(8,239,035)	(6,374,087)
Cash Flows from Investing Activities		
Interest Received	141,063	176,476
Net Cash Provided by Investing Activities	141,063	176,476
Net Change in Cash and Cash Equivalents	3,563,780	1,255,787
Cash and Cash Equivalents - Beginning of Year	5,689,301	4,433,514
Cash and Cash Equivalents - End of Year	\$ 9,253,081	\$ 5,689,301
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 7,061,116	\$ 6,111,866
Items Not Requiring Cash:		
Depreciation	5,277,452	5,073,243
Changes in Assets and Liabilities:		
Receivables, Net	(191,773)	(32,919)
Prepays	3,793	13,307
Inventories	1,393	118
Accounts Payable	(173,197)	(421,065)
Accrued Expenses	5,274	(33,122)
Net Pension Liability	(126,271)	103,179
Net Cash Provided by Operating Activities	\$ 11,857,787	\$ 10,814,607

Non-Cash Capital Financing Activities:

Capital assets of \$777,226 and \$2,006,665 were acquired through noncash contributions from developers for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

- A. Reporting Entity** - The Benton Municipal Light and Water Works (the Utilities) is a part of the City of Benton, State of Arkansas (the City). The City is governed by the Mayor Council form of government which operated the utility system in prior years through January 1, 2006. Effective February 1, 2006, a Utility Commission was created and granted full power to manage, operate, control, supervise, improve, extend, maintain, and contract concerning the utility system, subject to the authorizing legislation and certain conditions set from time to time by the City Council. The statements reflect the results of operations of three departments: light, water and waste water. Material transactions between the departments have been eliminated.
- B. Basis of Accounting** - The Benton Municipal Light and Water Works is a proprietary enterprise type fund. The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.
- C. Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Utilities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- D. Cash Deposits** – All cash deposits were insured or collateralized with securities held by the pledging financial institution, trust department, or by its agent in the City's name as of the balance sheet date.
- E. Inventories** - Inventories are stated at the lower of cost or market on a first-in, first-out method.
- F. Board Designated Funds** – The Utilities Board has designated that certain funds are to be deposited into separate accounts and are to be used for certain designated purposes. The funds may only be spent with the approval of the Utilities Board.
- G. Accumulated Compensated Absences** - It is the Utilities' policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Utilities' services. It is the Utilities' policy to pay up to a maximum of 90 accumulated sick days to employees who retire from the Utilities. The following is a schedule of accrued compensation at December 31, 2020 and 2019, respectively:

	2020	2019
Accrued Salaries	\$ 158,175	\$ 111,137
Accrued Vacation	125,566	115,813
Accrued Sick	117,724	157,832
	\$ 401,465	\$ 384,782

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.

**Note 2: Board Designated Funds**

The Benton Public Utilities Board has designated the following funds as of December 31, 2020 and 2019:

	2020	2019
Public Utility Reservoir Contingent Fund	\$ 2,076	\$ 2,061
Public Utility Emergency Fund	64,034	63,562
Water System Capital Improvement Fund	1,965	1,957
Electric Capital Improvement Fund	1,965	1,957
Facilities Capital Improvement Fund	25,404	25,300
Wastewater Capital Improvement Fund	1,188	1,183
Alcoa Road Relocation and Improvement Fund	974,178	850,673
Economic Development Fund	3,163	3,150
Investment Fund	8,072,188	8,000,283
	\$ 9,146,161	\$ 8,950,126



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

**Note 2: Board Designated Funds (Cont'd)**

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

**Note 3: Restricted Funds**

The restricted funds as of December 31, 2020 and 2019 are as follows:

	2020	2019
Bond Funds	\$ 957,294	\$ 1,577,566
Debt Service Funds	2,527,425	2,424,287
Depreciation Fund	714,613	589,874
Construction Fund	2,502,188	3,685,744
<b>Total Restricted Funds</b>	<b>\$ 6,701,520</b>	<b>\$ 8,277,471</b>

Restricted funds consist of funds in depository accounts and Treasury and Government Obligations. It is management's intent to hold the obligations to maturity, therefore the notes are carried at cost which approximates fair value.

**Note 4: Capital Assets**

The following is a summary of capital assets as of December 31, 2020 and 2019:

	Balance 12/31/19	Additions	Deletions	Transfers	Balance 12/31/20
Land	\$ 1,106,813	\$ 210,000	\$	\$	\$ 1,316,813
Buildings - Administrative	2,095,015	242,709			2,337,724
Vehicles	3,955,024	526,812	(110,233)		4,371,603
Furniture and Office Equipment	178,795	173,119			351,914
Service Facilities and Equipment	180,708,748	3,221,417		3,727,630	187,657,795
Construction Materials	805,169	65,039			870,208
Construction in Process	241,060	4,140,303		(3,727,630)	653,733
	<b>\$ 189,090,624</b>	<b>\$ 8,579,399</b>	<b>\$ (110,233)</b>	<b>\$</b>	<b>\$ 197,559,790</b>
	Balance 12/31/18	Additions	Deletions	Transfers	Balance 12/31/19
Land	\$ 1,048,248	\$ 58,565	\$	\$	\$ 1,106,813
Buildings - Administrative	2,052,673	42,342			2,095,015
Vehicles	3,783,185	171,839			3,955,024
Furniture and Office Equipment	178,795				178,795
Service Facilities and Equipment	173,156,443	3,919,200		3,633,105	180,708,748
Construction Materials	880,921			(75,752)	805,169
Construction in Process	2,023,068	1,775,345		(3,557,353)	241,060
	<b>\$ 183,123,333</b>	<b>\$ 5,967,291</b>	<b>\$</b>	<b>\$</b>	<b>\$ 189,090,624</b>

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

**Note 5: Revenue Bonds Payable**

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2020 are as follows:

Issue of March 6, 2009	2.75%	6/01/2034
Issue of April 1, 2012	1.00% to 5.00%	9/01/2022
Issue of July 1, 2015	2.00% to 5.00%	9/01/2036
Issue of January 30, 2018	2.27%	9/01/2025
Issue of February 12, 2020	1.80% to 3.05%	9/01/2036

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 46,859,896	\$ 49,495,613	\$ 43,246,040
Issued	14,155,000		7,800,000
Retired	(15,941,846)	(2,635,717)	(1,550,427)
Ending Balance	<u>\$ 45,073,050</u>	<u>\$ 46,859,896</u>	<u>\$ 49,495,613</u>

Maturities of revenue bonds as of December 31, 2020 are as follows:

	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2021	\$ 2,860,485	\$ 1,667,490	\$ 4,527,975
2022	3,046,631	1,572,175	4,618,806
2023	3,156,954	1,464,929	4,621,883
2024	3,247,284	1,372,784	4,620,068
2025	3,337,624	1,276,424	4,614,048
2026-2030	11,808,563	5,192,870	17,001,433
2031-2035	14,355,509	2,618,333	16,973,842
2036	3,260,000	123,417	3,383,417
	<u>\$ 45,073,050</u>	<u>\$ 15,288,422</u>	<u>\$ 60,361,472</u>

**Bond Premium** – The series 2012 and 2015 revenue bonds were issued at a premium. The interest method of amortization is used to amortize the premium, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2020 and 2019 was \$232,597 and \$255,076, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

**Bond Discount** – The series 2012 revenue bonds were issued at a discount. The interest method of amortization is used to amortize the discount, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2020 and 2019 was \$9,067 and \$11,449, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

**Defeased Debt** – The Utilities legally defeased most of the Series 2012 revenue bonds by placing cash and proceeds of the Series 2020 revenue bonds in a trust to provide for all future debt service payments on the Series 2012 revenue bonds until the debt can be retired on September 1, 2022. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Utilities statements of net position. As of December 31, 2020, the defeased debt outstanding amounted to \$13,145,000.

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

**Note 5: Revenue Bonds Payable (Cont'd)**

Loss from Early Retirement of Debt – The series 2012 Refunding and Improvement Bonds were issued April 1, 2012 with the proceeds of the \$24,600,000 issue to refund the 1995, 1997, 2001a, 2002, 2004a and 2004b bonds outstanding. The series 2015 Refunding Bonds were issued July 1, 2015 with the proceeds of the \$25,625,000 issue to refund the 2006 bonds outstanding. The series 2020 Revenue Refunding Bonds were issued February 12, 2020 with the proceeds of the \$14,155,000 issue to partially refund the 2012 bonds outstanding. The difference between the book value of the refunded debt and the amount required to retire the debt created an economic loss of \$89,795 for the 2012 refunding, \$810,515 for the 2015 refunding and \$1,271,443 for the 2020 refunding. Each respective loss was deferred over the life of the refunded debt using the interest method of amortization, based on the effective interest rate. The amount amortized for the years ended December 31, 2020 and 2019 was \$111,113 and \$58,934, respectively. For the years ended December 31, 2020 and 2019, this amortization is included in interest expense on the statement of revenues and expenses.

**Note 6: 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 Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2020 is not available.

For financial statement purposes, the Utilities has recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2019 using December 31, 2018 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2020 using December 31, 2019 actuarial information.

Membership in the plan as of December 31, 2019, is as follows:

Retirees and beneficiaries currently receiving benefits	71
Vested terminated employees	27
Current employees	<u>77</u>
Total	<u>175</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.

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

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

**Note 6: Retirement Plan (Cont'd)**

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 380,350	\$ 395,517	\$ 382,204
Interest	1,226,917	1,185,906	1,136,662
Differences Between Actual and Expected Experience	(122,988)	(18,858)	71,899
Benefit Payments	<u>(992,850)</u>	<u>(930,200)</u>	<u>(871,006)</u>
Net Change in Total Pension Liability	\$ 491,429	\$ 632,365	\$ 719,759
Total Pension Liability – Beginning	\$ <u>17,643,457</u>	\$ <u>17,011,092</u>	\$ <u>16,291,333</u>
Total Pension Liability – Ending	\$ <u>18,134,886</u>	\$ <u>17,643,457</u>	\$ <u>17,011,092</u>
Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 74,839	\$ 67,270	\$ 64,199
Contributions – Employer	956,004	876,337	913,740
Net Investment Income	2,600,244	(934,373)	1,431,792
Benefits Payments	<u>(992,850)</u>	<u>(930,200)</u>	<u>(871,006)</u>
Net Change in Plan Net Position	\$ 2,638,237	\$ (920,966)	\$ 1,538,725
Net Position – Beginning	\$ <u>13,627,593</u>	\$ <u>14,548,559</u>	\$ <u>13,009,834</u>
Net Position – Ending	\$ <u>16,265,830</u>	\$ <u>13,627,593</u>	\$ <u>14,548,559</u>

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
Fixed Income	30%	2.25%
Domestic Equity	50%	4.75%
Foreign Equity	5%	6.25%
Alternatives	8%	4.50%
Cash	<u>7%</u>	<u>0.25%</u>
Total	100%	
Expected Inflation		3.00%

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

**Note 6: Retirement Plan (Cont'd)**

The annual required contribution for 2020 was determined as part of the January 1, 2020, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 7.0% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefits increases. The actuarial value of assets was based on the fair market value.

The 1983 Group Annuity Mortality Table was used for life expectancy. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. Regarding the sensitivity of the net pension liability to changes in the single discount rate the following presents the plan's net pension liability, calculated using a single discount rate of 7.0% as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease to 6.0%	Current Single Rate Assumed	1% Increase to 8.0%
Total Pension Liability	\$ 20,040,653	\$ 18,134,886	\$ 15,987,765
Net Pension Liability	\$ 3,774,823	\$ 1,869,056	\$ (278,065)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,329	\$ 489,461
Net difference between projected and actual earnings on pension plan investments	1,171,945	1,541,672
Contributions subsequent to measurement date	854,374	
	\$ 2,076,648	\$ 2,031,133

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the financial statements as follows:

Years ended December 31:	2021	\$ 714,089
	2022	(121,545)
	2023	(18,071)
	2024	(408,715)
	2025	(43,383)
	Thereafter	(76,860)
		\$ 45,515

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

**Note 7: Subsequent Events**

Management has evaluated subsequent events through April 27, 2021, the date which the financial statements were available to be issued.

**Note 8: Related Party Transactions**

The Utilities pays a franchise fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utilities owed the City \$292,805 and \$271,032 at December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the Utilities had franchise fee expense to the City of \$2,031,073 and \$2,060,985, respectively.

**Note 9: Supplemental Cash Flow Disclosure**

The interest paid in the years ended December 31, 2020 and 2019 was \$1,594,981 and \$2,064,204, respectively.

Benton Municipal Light And Water Works  
City of Benton, State of Arkansas  
Schedule of Operating, Board Designated  
and Restricted Funds  
December 31, 2020 and 2019

	2020	2019
Operating Funds		
Cash on Hand	\$ 2,500	\$ 2,500
Demand Deposits - General Operating Accounts		
Bank OZK	1,324,109	2,284,932
First Security Bank	7,926,472	3,401,869
Total Operating Funds	9,253,081	5,689,301
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,076	2,061
Utility Emergency Fund - First Security Bank	64,034	63,562
Water System Capital Improvement Fund - Bank OZK	1,965	1,957
Electric Capital Improvement Fund - Bank OZK	1,965	1,957
Facilities Capital Improvement Fund - Bank OZK	25,404	25,300
Wastewater Capital Improvement Fund - Bank OZK	1,188	1,183
Alcoa Road Utilities Relocation Fund - Bank OZK	974,178	850,673
Economic Development Fund - Bank OZK	3,163	3,150
Investment Fund - Crews and Associates	8,072,188	8,000,283
Total Board Designated	9,146,161	8,950,126
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	1,510	1,499
04/01/12 Issue - US Bank Trust	315,472	790,150
01/30/18 Issue - Regions Corporate Trust	640,312	785,917
Total Bond Funds	957,294	1,577,566
Depreciation Fund		
Public Utilities - First Security Bank	714,613	589,874
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,103,113	1,174,799
07/01/15 Issue - Simmons Trust	640,630	645,713
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	179,907	
Total Debt Service Escrow Funds	2,527,425	2,424,287
Construction Fund		
01/30/18 Issue - Regions Corporate Trust	2,502,188	3,685,744
Total Restricted Funds	6,701,520	8,277,471
Total Operating, Designated and Restricted Funds	\$ 25,100,762	\$ 22,916,898

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
Departmental Statements of Revenues and Expenses  
For the Years Ended December 31, 2020 and 2019

	2020		2019		2020		2019		Eliminations		2020		2019	
	Light Dept.		Light Dept.		Water Dept.	Waste Water Dept.	Water Dept.	Waste Water Dept.	2020	2019	Combined Total	Combined Total		
Revenue - Operations	\$ 25,701,558	\$ 26,624,035	\$ 5,793,764	\$ 5,805,919	\$ 5,623,831	\$ 5,496,189	\$ (1,147,923)	\$ (1,359,324)	\$ (1,147,923)	\$ (1,359,324)	\$ 35,971,230	\$ 36,566,819		
Fees														
Service Charges and Connection Fees	214,245	322,593	183,683	129,053	300,638	167,400					698,566	619,046		
Penalties	171,625	176,169	42,771	35,642	58,361	55,159					272,757	266,970		
Other Income	124,354	165,058	15,902	27,526	65,108	74,078					205,364	266,662		
Total Revenue - Operations	26,211,782	27,287,855	6,036,120	5,998,140	6,047,938	5,792,826	(1,147,923)	(1,359,324)	(1,147,923)	(1,359,324)	37,147,917	37,719,497		
Expenses - Operations														
Power Costs	12,842,134	14,305,505									12,842,134	14,305,505		
Plant Production			1,465,704	1,514,080	1,777,174	1,932,061	(1,004,311)	(1,201,837)	(1,004,311)	(1,201,837)	2,238,567	2,244,304		
General and Distribution	2,827,276	2,974,744	1,141,860	1,288,120	1,447,103	1,479,070	(139,944)	(154,156)	(139,944)	(154,156)	5,276,295	5,587,778		
Administrative	827,226	789,306	800,780	796,207	796,942	753,634	(3,668)	(3,331)	(3,668)	(3,331)	2,421,280	2,335,816		
Depreciation	1,113,360	1,027,565	1,699,626	1,684,149	2,464,466	2,361,529					5,277,452	5,073,243		
Franchise Fees	1,385,578	1,440,827	315,139	304,513	330,356	315,645					2,031,073	2,060,985		
Total Expenses - Operations	18,995,574	20,537,947	5,423,109	5,587,069	6,816,041	6,841,939	(1,147,923)	(1,359,324)	(1,147,923)	(1,359,324)	30,086,801	31,607,631		
Operating Income (Loss)	7,216,208	6,749,908	613,011	411,071	(768,103)	(1,049,113)					7,061,116	6,111,866		
Non-Operating Revenues (Expenses)														
Interest Income	52,142	106,965	22,258	42,695	66,663	26,816					141,063	176,476		
Interest Expense	(22,912)	(58,154)	(131,606)	(416,895)	(1,064,553)	(1,211,387)					(1,219,071)	(1,686,436)		
Total Non-Operating Revenues (Expenses)	29,230	48,811	(109,348)	(374,200)	(997,890)	(1,184,571)					(1,078,008)	(1,509,960)		
Net Income (Loss) Before Contributions and Transfers	\$ 7,245,438	\$ 6,798,719	\$ 503,663	\$ 36,871	\$ (1,765,993)	\$ (2,233,684)					5,983,108	4,601,906		
Capital Contributions											1,718,784	4,091,695		
Bond Issuance Costs											(207,620)			
Change in Net Position											\$ 7,494,272	\$ 8,693,601		



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, 2020

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 431,907	\$ 441,056	\$ 872,963
Fringe Benefits	219,873	188,254	408,127
Vehicle Operations	6,479	17,088	23,567
Building Maintenance	107,194	64,462	171,656
Equipment Repairs	34,834	177,764	212,598
Office Supplies	799	697	1,496
Janitorial Supplies and Services	5,525	5,373	10,898
Computer Supplies	263	1,559	1,822
Chemicals	142,681	55,935	198,616
Laboratory	5,087	44,128	49,215
Electric, Water and Waste Water	398,893	605,617	1,004,510
Miscellaneous	(2,681)	47,672	44,991
Heat - Natural Gas	209	42,416	42,625
Telephone	2,486	3,819	6,305
Equipment Rental	1,047	1,198	2,245
Small Tool Expense	2,176	2,482	4,658
Professional and Consulting	13,804	26,285	40,089
Insurance	41,481	48,898	90,379
Small Equipment Expense	53,647	2,471	56,118
<b>Total</b>	<b>\$ 1,465,704</b>	<b>\$ 1,777,174</b>	<b>\$ 3,242,878</b>

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, 2020

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,274,527	\$ 596,589	\$ 442,689	\$ 2,313,805
Fringe Benefits	520,216	267,670	198,614	986,500
Vehicle Operations	120,973	39,865	47,998	208,836
Building Maintenance	11,816	2,446	27,213	41,475
Line Maintenance	172,900	146,287	118,152	437,339
Equipment Repairs	8,269	2,062	22,069	32,400
Street Light Repairs	60,721			60,721
Lift Station Maintenance			300,122	300,122
Office Supplies	1,403	193	1,424	3,020
Janitorial Supplies and Services	13,521	2,761	3,272	19,554
Computer Supplies	1,946	351	2,726	5,023
Computer Services	31,409	2,279	1,642	35,330
Natural Gas	1,978	3,140	241	5,359
Electric, Water and Waste Water	12,450	10,681	150,408	173,539
Miscellaneous	28,439	12,591	15,838	56,868
Telephone	18,816	11,735	4,734	35,285
Equipment Rental	3,447	142	2,072	5,661
Small Tool Expense	21,338	3,118	6,656	31,112
Professional and Consulting	475,328	20,787	27,530	523,645
Insurance	27,060	5,794	14,240	47,094
Small Equipment Expense	20,719	13,369	59,463	93,551
<b>Total</b>	<b>\$ 2,827,276</b>	<b>\$ 1,141,860</b>	<b>\$ 1,447,103</b>	<b>\$ 5,416,239</b>

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
Schedule of Administrative Expenses  
For the Year Ended December 31, 2020

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 389,495	\$ 389,495	\$ 389,494	\$ 1,168,484
Fringe Benefits	163,797	163,797	163,798	491,392
Vehicle Operations	5,276	5,276	5,277	15,829
Building Maintenance	1,478	1,478	1,477	4,433
Equipment Repairs	7,371	7,371	7,372	22,114
Office Supplies	12,731	12,731	12,730	38,192
Postage	29,313	29,313	29,312	87,938
Janitorial Supplies and Services	2,290	2,290	2,289	6,869
Computer Supplies	1,442	1,442	1,442	4,326
Computer and Billing Services	23,932	23,932	23,932	71,796
Electricity, Water and Waste Water	1,223	1,223	1,222	3,668
Miscellaneous	10,382	21,632	10,392	42,406
Heat - Natural Gas	168	168	169	505
Telephone	5,939	5,939	5,940	17,818
Professional and Consulting	107,511	107,511	107,510	322,532
Customer Collection Expense	3,808	3,808	3,809	11,425
Insurance	1,001	1,001	1,001	3,003
Small Equipment Expense	11,253	11,253	11,253	33,759
Bad Debt Expense	48,816	11,120	18,523	78,459
<b>Total</b>	<b>\$ 827,226</b>	<b>\$ 800,780</b>	<b>\$ 796,942</b>	<b>\$ 2,424,948</b>

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, 2020:

**Sewer Monthly Rates**

- (a) 0-2 mg minimum average water usage - \$13.10
- (b) All over 2 mg minimum average water usage - \$13.10 minimum, plus \$5.56 per mg for all over 2 mg, out of city limits \$22.93 minimum and \$9.73 mg for all over 2 mg.
- (c) New residential customers charged \$30.00 per month until six (6) winter month's time frame established.
- (d) Commercial/industrial customers will be based on actual monthly water usage unless a leveled bill is approved by the utilities general manager.
- (e) Those sewer customers moving from one location to another on the city system, and having a previously established six (6) winter months usage time frame at the old location, shall have the sewer rate for their previous location continued at their new location.

**Number of Sewer Users**

	<u>2020</u>
Residential	14,520
Commercial	1,248
Industrial	<u>18</u>
	<u>15,786</u>

**Annual Billable Water**

	<u>2020</u> <u>Gallons (000s)</u>
Total annual billable water	1,361,136
Less water billable to non-sewer customers	<u>(354,523)</u>
Net billable to sewer customers	<u>1,006,613</u>
Residential	765,423
Commercial	193,316
Industrial	<u>47,874</u>
Total water billable to sewer customers	<u>1,006,613</u>

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

December 31, 2020

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			178,883
06/01/2021	5,620	2,460	173,263
12/01/2021	5,698	2,382	167,565
06/01/2022	5,776	2,304	161,789
12/01/2022	5,855	2,225	155,934
06/01/2023	5,936	2,144	149,998
12/01/2023	6,018	2,062	143,980
06/01/2024	6,100	1,980	137,880
12/01/2024	6,184	1,896	131,696
06/01/2025	6,269	1,811	125,427
12/01/2025	6,355	1,725	119,072
06/01/2026	6,443	1,637	112,629
12/01/2026	6,531	1,549	106,098
06/01/2027	6,621	1,459	99,477
12/01/2027	6,712	1,368	92,765
06/01/2028	6,804	1,276	85,961
12/01/2028	6,898	1,182	79,063
06/01/2029	6,993	1,087	72,070
12/01/2029	7,089	991	64,981
06/01/2030	7,187	893	57,794
12/01/2030	7,285	795	50,509
06/01/2031	7,386	694	43,123
12/01/2031	7,487	593	35,636
06/01/2032	7,590	490	28,046
12/01/2032	7,694	386	20,352
06/01/2033	7,800	280	12,552
12/01/2033	7,907	173	4,645
06/01/2034	4,645	64	
	<u>\$ 178,883</u>	<u>\$ 35,906</u>	

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

December 31, 2020

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 1,785,000
03/01/2021		35,700	1,785,000
09/01/2021	875,000	35,700	910,000
03/01/2022		18,200	910,000
09/01/2022	910,000	18,200	
	<u>\$ 1,785,000</u>	<u>\$ 107,800</u>	

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

December 31, 2020

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 23,350,000
03/01/2021		552,425	23,350,000
09/01/2021	805,000	552,425	22,545,000
03/01/2022		536,325	22,545,000
09/01/2022	840,000	536,325	21,705,000
03/01/2023		515,325	21,705,000
09/01/2023	880,000	515,325	20,825,000
03/01/2024		493,325	20,825,000
09/01/2024	920,000	493,325	19,905,000
03/01/2025		470,325	19,905,000
09/01/2025	970,000	470,325	18,935,000
03/01/2026		455,775	18,935,000
09/01/2026	995,000	455,775	17,940,000
03/01/2027		435,875	17,940,000
09/01/2027	1,035,000	435,875	16,905,000
03/01/2028		410,000	16,905,000
09/01/2028	1,095,000	410,000	15,810,000
03/01/2029		382,625	15,810,000
09/01/2029	1,145,000	382,625	14,665,000
03/01/2030		354,000	14,665,000
09/01/2030	1,200,000	354,000	13,465,000
03/01/2031		324,000	13,465,000
09/01/2031	1,980,000	324,000	11,485,000
03/01/2032		274,500	11,485,000
09/01/2032	2,080,000	274,500	9,405,000
03/01/2033		222,500	9,405,000
09/01/2033	2,185,000	222,500	7,220,000
03/01/2034		167,875	7,220,000
09/01/2034	2,290,000	167,875	4,930,000
03/01/2035		110,625	4,930,000
09/01/2035	2,405,000	110,625	2,525,000
03/01/2036		50,500	2,525,000
09/01/2036	2,525,000	50,500	
	<u>\$ 23,350,000</u>	<u>\$ 11,512,000</u>	

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

December 31, 2020

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 5,604,167
03/01/2021		64,638	5,604,167
09/01/2021	999,167	64,638	4,605,000
03/01/2022		52,267	4,605,000
09/01/2022	1,110,000	52,267	3,495,000
03/01/2023		39,668	3,495,000
09/01/2023	1,140,000	39,668	2,355,000
03/01/2024		26,729	2,355,000
09/01/2024	1,165,000	26,729	1,190,000
03/01/2025		13,507	1,190,000
09/01/2025	1,190,000	13,507	
	<u>\$ 5,604,167</u>	<u>\$ 393,618</u>	



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

December 31, 2020

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 14,155,000
03/01/2021		178,561	14,155,000
09/01/2021	170,000	178,561	13,985,000
03/01/2022		177,031	13,985,000
09/01/2022	175,000	177,031	13,810,000
03/01/2023		175,368	13,810,000
09/01/2023	1,125,000	175,368	12,685,000
03/01/2024		164,400	12,685,000
09/01/2024	1,150,000	164,400	11,535,000
03/01/2025		152,612	11,535,000
09/01/2025	1,165,000	152,612	10,370,000
03/01/2026		139,914	10,370,000
09/01/2026	1,200,000	139,914	9,170,000
03/01/2027		126,234	9,170,000
09/01/2027	1,225,000	126,234	7,945,000
03/01/2028		111,534	7,945,000
09/01/2028	1,245,000	111,534	6,700,000
03/01/2029		95,660	6,700,000
09/01/2029	1,280,000	95,660	5,420,000
03/01/2030		78,700	5,420,000
09/01/2030	1,320,000	78,700	4,100,000
03/01/2031		60,550	4,100,000
09/01/2031	640,000	60,550	3,460,000
03/01/2032		51,430	3,460,000
09/01/2032	655,000	51,430	2,805,000
03/01/2033		42,096	2,805,000
09/01/2033	670,000	42,096	2,135,000
03/01/2034		32,214	2,135,000
09/01/2034	690,000	32,214	1,445,000
03/01/2035		22,036	1,445,000
09/01/2035	710,000	22,036	735,000
03/01/2036		11,209	735,000
09/01/2036	735,000	11,209	
	<u>\$ 14,155,000</u>	<u>\$ 3,239,098</u>	

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

December 31, 2020

Year Ending 12/31	03/06/2009 Bonds	4/1/2012 Bonds	7/1/2015 Bonds	1/30/2018 Bonds	2/12/2020 Bonds	Total Bonds
2021	\$ 16,160	\$ 946,400	\$ 1,909,850	\$ 1,128,443	\$ 527,122	\$ 4,527,975
2022	16,160	946,400	1,912,650	1,214,534	529,062	4,618,806
2023	16,160		1,910,650	1,219,336	1,475,737	4,621,883
2024	16,160		1,906,650	1,218,458	1,478,800	4,620,068
2025	16,160		1,910,650	1,217,014	1,470,224	4,614,048
2026	16,160		1,906,550		1,479,828	3,402,538
2027	16,160		1,906,750		1,477,467	3,400,377
2028	16,160		1,915,000		1,468,068	3,399,228
2029	16,160		1,910,250		1,471,320	3,397,730
2030	16,160		1,908,000		1,477,400	3,401,560
2031	16,160		2,628,000		761,100	3,405,260
2032	16,160		2,629,000		757,860	3,403,020
2033	16,160		2,630,000		754,193	3,400,353
2034	4,709		2,625,750		754,427	3,384,886
2035			2,626,250		754,073	3,380,323
2036			2,626,000		757,417	3,383,417
Totals	<u>\$ 214,789</u>	<u>\$ 1,892,800</u>	<u>\$ 34,862,000</u>	<u>\$ 5,997,785</u>	<u>\$ 17,394,098</u>	<u>\$ 60,361,472</u>

Benton Municipal Light and Water Works  
City of Benton, State of Arkansas  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Benton Utilities Employees' Pension Plan

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12
<b>Total Pension Liability</b>								
Service Cost	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980	\$ 335,144	\$ 337,147	\$ 307,809
Service Transfer				4,256	(884,253)			
Interest	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187	1,074,426	1,038,990	959,291
Difference Between Actual and Expected Experience	(122,988)	(18,858)	71,899	(363,881)	(297,057)	116,426	(164,843)	498,699
Benefit Payments	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Net Change in Total Pension Liability	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)	\$ 783,486	\$ 545,657	\$ 1,147,634
Total Pension Liability - Beginning	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964	\$ 13,859,330
Total Pension Liability - Ending	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107	\$ 15,552,621	\$ 15,006,964
<b>Plan Fiduciary Net Position</b>								
Contributions - Employee Mandatory	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301	\$ 29,480	\$ 14,000	\$ 2,263
Contributions - Employer	956,004	876,337	913,740	685,000	700,012	750,000	700,000	725,000
Service Transfer				4,256	(884,253)			
Net Investment Income	2,600,244	(934,373)	1,431,792	939,583	(493,083)	620,952	1,554,607	918,794
Benefits Payments	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)	(742,510)	(665,637)	(618,165)
Net Change in Plan Net Position	\$ 2,638,237	\$ (920,966)	\$ 1,538,725	\$ 907,890	\$ (1,362,140)	\$ 657,922	\$ 1,602,970	\$ 1,027,892
Plan Fiduciary Net Position - Beginning	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192	\$ 10,175,300
Plan Fiduciary Net Position - Ending	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084	\$ 12,806,162	\$ 11,203,192
Net Pension Liability - Ending	\$ 1,869,056	\$ 4,015,864	\$ 2,462,533	\$ 3,281,499	\$ 3,814,903	\$ 2,872,023	\$ 2,746,459	\$ 3,803,772
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.69%	77.24%	85.52%	79.86%	76.03%	82.42%	82.34%	74.65%
Covered Payroll	\$ 3,536,733	\$ 3,598,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978	\$ 3,223,284	\$ 3,236,306	\$ 3,263,281
Net Pension Liability as a Percentage of Payroll	52.85%	111.59%	64.97%	88.40%	101.49%	89.10%	84.86%	116.56%

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

Actuarial Valuation Date	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contribution as a % of Payroll (b/c)
12/31/14	\$ 697,224	\$ 750,000	\$ (52,776)	\$ 3,236,306	23.17%
12/31/15	\$ 716,658	\$ 700,012	\$ 16,646	\$ 3,758,978	18.62%
12/31/16	\$ 881,587	\$ 685,000	\$ 196,587	\$ 3,712,310	18.45%
12/31/17	\$ 790,479	\$ 913,740	\$ (123,261)	\$ 3,790,429	24.11%
12/31/18	\$ 681,567	\$ 876,337	\$ (194,770)	\$ 3,598,865	24.35%
12/31/19	\$ 880,619	\$ 956,004	\$ (75,385)	\$ 3,536,733	27.03%