



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Benton Municipal Light and Water Works

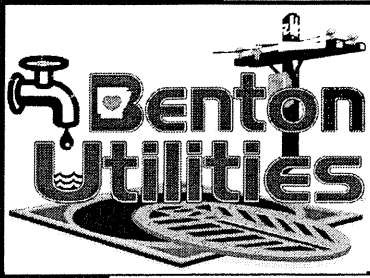
City of Benton, State of Arkansas

**Financial Statements
and Supplementary Information**

December 31, 2025 and 2024

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
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December 31, 2025 and 2024

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BENTON UTILITIES

1827 Dale Ave.
Benton, AR 72015
Phone: 501-213-1387

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, 2025. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 8 through 19.

Required Financial Statements

The financial statements of the Utility System report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States. The balance sheets include information of the Utility System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Utility System's creditors (liabilities). The statements of revenues, expenses and changes in net position identify the Utility System's revenues and expenses for the years ended December 31, 2025 and 2024. 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.

2025 Financial Highlights

- The Utility's total revenues increased by \$4,045,417 or 8.53% from \$47,451,669 at December 31, 2024, to \$51,497,086 at December 31, 2025. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.
- The Utility's total expenses increased by \$2,905,497 or 7.19% from \$40,423,578 at December 31, 2024, to \$43,329,075 at December 31, 2025. The increase in expenses is in great part due to an increase in power cost.
- The Utility's total assets and deferred outflows of resources increased by \$6,571,333 or 4.80% from \$136,933,557 at December 31, 2024, to \$143,504,890 at December 31, 2025. The increase is due in great part to an increase in cash and cash equivalents.

Financial Analysis of the Utility System

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

Investment income increased by 2.64% or \$21,772 due to an increase of interest income on cash and cash equivalents.

Condensed Statements of Net Position

	2025	2024	2023
Current Assets	\$ 30,062,000	\$ 25,588,543	\$ 20,929,226
Restricted Assets	4,406,289	4,857,970	4,768,705
Capital Assets, Net	105,335,506	101,940,697	102,930,318
Deferred Outflows	3,701,095	4,546,347	5,669,657
Total Assets and Deferred Outflows	<u>\$ 143,504,890</u>	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</u>
Current Liabilities	\$ 8,300,202	\$ 9,330,563	\$ 10,510,898
Long-Term Liabilities	30,451,285	33,343,591	37,336,094
Total Liabilities	<u>38,751,487</u>	<u>42,674,154</u>	<u>47,846,992</u>
Deferred Inflows	1,658,866	1,615,514	2,146,600
Net Investment in Capital Assets	75,637,833	68,900,872	66,619,957
Restricted	4,007,166	4,433,372	4,312,073
Unrestricted	23,449,538	19,309,645	13,372,284
Total Net Position	<u>103,094,537</u>	<u>92,643,889</u>	<u>84,304,314</u>
Total Liabilities and Net Position	<u>\$ 143,504,890</u>	<u>\$ 136,933,557</u>	<u>\$ 134,297,906</u>

Total net position increased by \$10,450,648 from \$92,643,889 at December 31, 2024, to \$103,094,537 at December 31, 2025, an increase of 11.28%. Current liabilities decreased by \$1,030,361 or 11.04%.

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

	2025	2024	2023
Operating Revenues:			
Services Fees and Penalties	\$ 50,151,939	\$ 46,294,373	\$ 40,502,539
Other Revenue	499,173	333,094	389,260
Total Operating Revenues	50,651,112	46,627,467	40,891,799
Investment Income	845,974	824,202	614,564
Total Revenue	<u>51,497,086</u>	<u>47,451,669</u>	<u>41,506,363</u>
Operating Expenses:			
Power Costs	18,302,992	17,009,211	16,650,175
Plant Production Expenses	4,412,587	4,417,223	3,205,189
General and Distribution Expenses	7,530,940	6,897,366	7,310,448
Administrative Expenses	4,709,147	4,126,616	3,035,180
Depreciation Expense	6,983,984	6,520,625	3,834,868
Franchise Fees	147,833	128,534	119,020
Total Operating Expenses	42,087,483	39,099,575	34,154,880
Interest Expense	1,241,592	1,324,003	1,425,336
Total Expenses	<u>43,329,075</u>	<u>40,423,578</u>	<u>35,580,216</u>
Net Income (Loss) Before Contributions	8,168,011	7,028,091	5,926,147
Capital Contributions	2,282,637	1,311,484	3,509,927
Change in Net Position	10,450,648	8,339,575	9,436,074
Net Position at Beginning of Year	92,643,889	84,304,314	74,868,240
Net Position at End of Year	<u>\$ 103,094,537</u>	<u>\$ 92,643,889</u>	<u>\$ 84,304,314</u>

Total revenues from services, fees and penalties reflect an increase from 2024 to 2025. The increase amount was \$3,857,566 or 8.33%. The increase in revenues is in great part due to the increase in utility rates charged to customers during the current year.

Net income of \$8,168,011 before capital contributions, transfers, and extraordinary items, plus capital contributions of \$2,282,637 were the two items that resulted in an increase of \$10,450,648 in net position for the year ending December 31, 2025.

Capital Assets

At December 31, 2025, the Utility had \$75,637,833 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 2025 was \$6,736,961 or 9.78%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year 2025 can be found in Note 4 on page 14 of this audit report.

Debt Administration

At December 31, 2025, the Utility had \$29,430,427 in outstanding revenue bonds payable compared to \$32,761,696 outstanding at December 31, 2024. This decrease of \$3,331,269 is the amount of bonds retired (paid off) during the year. A schedule summary showing the changes to the revenue bonds payable during the year 2025 can be found in Note 5 on page 15 of this audit report. An accumulated compensable (accrued salary, vacation and sick leave) balance of \$422,485 at December 31, 2025, is a decrease of \$246,270 over the \$668,755 accrued as of December 31, 2024. A schedule summary showing changes to the accumulated compensated absences can be found in Note 1G on page 12 of this audit report.

Economic Factors and Next Year's Budget and Rates

The Electric Wholesale Power Contract signed in December 2021 was a full requirements contract through May 31, 2025. This contract provided a wholesale price that covered all requirements of energy, capacity, transmission, congestion, and any ancillary service charges necessary to provide a firm power supply to Benton Utilities. Beginning June 1, 2025 and expiring May 31, 2027, this contract will only provide fifty (50) percent of the aforementioned items. Thus, Benton Utilities will be in the market for these services and subject to the fluctuations of the day-ahead market prices. Efforts are being made to minimize the financial risk to Benton Utilities and their customers.

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

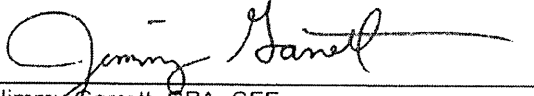
Significant progress was made on several construction and system projects in 2025. These projects were funded through operating revenues.

- Alcoa Electric Substation Upgrades
- Electrical System Improvements
- Water Plant Upgrades/Repairs
- Water Distribution Line Replacements/Repairs
- Wastewater Line Replacement/Repairs
- Wastewater Plant Upgrades/Repairs
- Benton Parkway Wastewater Improvements
- Cottage Walk Wastewater Improvements
- Liftstation Upgrades/Repairs
- Wastewater Flow Modeling
- Wastewater Equalization Basin Repairs

The 2026 budget for Benton Utilities is balanced, with total resources exceeding total expenses. The budget includes \$8,777,000 in equipment and capital expenditures to address ongoing growth and infrastructure needs. Our goal is to continue funding these investments through operating revenues without incurring additional debt. The budget also projects a surplus of \$4,952,180, which will be reserved for future projects. Furthermore, the Utility is actively exploring opportunities to restructure its current debt obligations due to the downward trend in interest rates.

Contacting the Utility's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Utility's finances. If you have any questions about this report or need additional information, contact the Utility CFO, Attn: Jimmy Garrett, at 1827 Dale Avenue, Benton, AR 72015, call (501) 213-1387, or e-mail at jgarrett@bentonutilities.com.

A handwritten signature in black ink, appearing to read "Jimmy Garrett", with a long horizontal flourish extending to the right.

Jimmy Garrett, CPA, CFF
Chief Financial Officer
Benton Utilities

(Y11)

Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Benton Municipal Light and Water Works of the City of Benton, State of Arkansas as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Benton Municipal Light and Water Works of the City of Benton, State of Arkansas and do not purport to, and do not present fairly the financial position of the City of Benton, State of Arkansas, as of December 31, 2025 and 2024, the changes in its financial position or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in the net pension liability and related ratios and schedule of contributions for Benton Utilities employees' pension plan on pages 1 through 4 and pages 30 through 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information on pages 20 through 29 is presented for purposes of additional analysis and is

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

Yoskum, Lovell & Co., P.C.

Certified Public Accountants

Benton, Arkansas
April 7, 2026

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Net Position
December 31, 2025 and 2024

Assets and Deferred Outflows of Resources		
	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and Cash Equivalents	\$ 10,070,058	\$ 7,144,716
Utility Billings, Net of Allowance for Uncollectibles	6,103,534	5,382,220
Accounts Receivable	156,837	135,904
Prepaid Expenses	520,754	205,982
Supplies Inventory	26,364	21,299
Board Designated Funds	13,184,453	12,698,422
Total Current Assets	<u>30,062,000</u>	<u>25,588,543</u>
Noncurrent Assets		
Restricted Funds	4,406,289	4,857,970
Capital Assets, Net	105,335,506	101,940,697
Total Noncurrent Assets	<u>109,741,795</u>	<u>106,798,667</u>
Deferred Outflows of Resources		
Deferred Pension Outflows	3,077,030	3,795,708
Deferred Loss on Early Retirement of Debt	624,065	750,639
Total Deferred Outflows of Resources	<u>3,701,095</u>	<u>4,546,347</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 143,504,890</u></u>	<u><u>\$ 136,933,557</u></u>

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

Liabilities, Deferred Inflows of Resources and Net Position

	2025	2024
Current Liabilities		
Accounts Payable	\$ 1,844,731	\$ 1,733,289
Meter Deposits	2,895,243	2,853,255
Accrued Compensation	422,485	668,755
Sales Tax Payable	257,654	79,802
Accrued Interest Payable	399,123	424,598
Due to City Funds	266,637	233,240
Bonds Payable - Current Maturities	2,214,329	3,337,624
Total Current Liabilities	8,300,202	9,330,563
Non-Current Liabilities		
Revenue Bonds Payable, Less		
Current Maturities	27,216,098	29,424,072
Premium on Revenue Bonds	891,311	1,028,768
Net Pension Liability	2,343,876	2,890,751
Total Non-Current Liabilities	30,451,285	33,343,591
Total Liabilities	38,751,487	42,674,154
Deferred Inflows of Resources		
Deferred Pension Inflows	1,658,866	1,615,514
Net Position		
Net Investment in Capital Assets	75,637,833	68,900,872
Restricted for Debt Service	2,633,223	3,208,862
Restricted for Capital Assets Replacement	1,373,943	1,224,510
Unrestricted	23,449,538	19,309,645
Total Net Position	103,094,537	92,643,889
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 143,504,890	\$ 136,933,557

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, 2025 and 2024

	2025	2024
Operating Revenues		
Charges for Service	\$ 47,927,392	\$ 44,606,585
Service Charges and Connection Fees	1,853,057	1,407,448
Penalties	371,490	280,340
Other Income	499,173	333,094
Total Operating Revenues	<u>50,651,112</u>	<u>46,627,467</u>
Operating Expenses		
Power Costs	18,302,992	17,009,211
Plant Production Expenses	4,412,587	4,417,223
General and Distribution Expenses	7,530,940	6,897,366
Administrative Expenses	4,709,147	4,126,616
Depreciation	6,983,984	6,520,625
Franchise Fees	147,833	128,534
Total Operating Expenses	<u>42,087,483</u>	<u>39,099,575</u>
Operating Income	<u>8,563,629</u>	<u>7,527,892</u>
Non-Operating Revenues (Expenses)		
Investment Income	845,974	824,202
Interest Expense	(1,241,592)	(1,324,003)
Total Non-Operating Revenues (Expenses)	<u>(395,618)</u>	<u>(499,801)</u>
Net Income Before Contributions	8,168,011	7,028,091
Capital Contributions	<u>2,282,637</u>	<u>1,311,484</u>
Changes in Net Position	10,450,648	8,339,575
Total Net Position - Beginning of Year	<u>92,643,889</u>	<u>84,304,314</u>
Total Net Position - End of Year	<u><u>\$ 103,094,537</u></u>	<u><u>\$ 92,643,889</u></u>

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from Customers	\$ 49,608,477	\$ 45,681,191
Payments to Suppliers	(24,901,418)	(23,841,840)
Payments to Employees	(9,341,494)	(8,473,335)
Payments to City	(1,066,700)	(726,583)
Other Receipts	478,240	328,917
Net Cash Provided by Operating Activities	<u>14,777,105</u>	<u>12,968,350</u>
Cash Flow from Non-Capital Financing Activities		
Transfers (to) from Board Designated Funds	(486,031)	(1,935,443)
Net Cash Used by Non-Capital Financing Activities	<u>(486,031)</u>	<u>(1,935,443)</u>
Cash Flows from Capital and Related Financing		
Purchases of Capital Assets	(9,744,181)	(6,403,018)
Principal Paid On Capital Debt	(3,331,269)	(3,247,284)
Interest Paid On Capital Debt	(1,277,950)	(1,379,289)
Capital Contributions	1,648,025	1,311,484
Transfers from Restricted Accounts	493,669	(52,731)
Net Cash Used by Capital and Related Financing	<u>(12,211,706)</u>	<u>(9,770,838)</u>
Cash Flows from Investing Activities		
Interest Received	845,974	824,202
Net Cash Provided by Investing Activities	<u>845,974</u>	<u>824,202</u>
Net Change in Cash and Cash Equivalents	2,925,342	2,086,271
Cash and Cash Equivalents - Beginning of Year	7,144,716	5,058,445
Cash and Cash Equivalents - End of Year	<u>\$ 10,070,058</u>	<u>\$ 7,144,716</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 8,563,629	\$ 7,527,892
Items Not Requiring Cash:		
Depreciation	6,983,984	6,520,625
Changes in Assets and Liabilities:		
Receivables, Net	(742,247)	(606,440)
Prepays	(314,772)	(56,094)
Inventories	(5,065)	(896)
Accounts Payable	144,839	(482,029)
Accrued Expenses	(68,418)	104,695
Net Pension Liability	215,155	(39,403)
Net Cash Provided by Operating Activities	<u>\$ 14,777,105</u>	<u>\$ 12,968,350</u>

Non-Cash Capital Financing Activities:

Capital assets of \$634,612 were acquired through noncash contributions from developers for the year ended December 31, 2025.

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, 2025 and 2024, respectively:

	2025	2024
Accrued Salaries	\$ 188,655	\$ 255,230
Accrued Vacation	233,830	163,822
Accrued Sick	<u>422,485</u>	<u>249,703</u>
	<u>\$ 422,485</u>	<u>\$ 668,755</u>

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

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

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

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

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

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

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

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

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

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

Note 2: Restricted Funds

The restricted funds as of December 31, 2025 and 2024 are as follows:

	2025	2024
Bond Funds	\$ 244,451	\$ 639,969
Debt Service Funds	2,787,895	2,993,491
Depreciation Fund	1,373,943	1,224,510
Total Restricted Funds	<u>\$ 4,406,289</u>	<u>\$ 4,857,970</u>

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

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

Note 3: Board Designated Funds

The Benton Public Utilities Board has designated the following funds as of December 31, 2025 and 2024:

	2025	2024
Public Utility Reservoir Contingent Fund	\$ 2,190	\$ 2,158
Public Utility Emergency Fund	67,562	66,557
Water System Capital Improvement Fund	2,110	2,084
Electric Capital Improvement Fund	2,123	2,083
Facilities Capital Improvement Fund	27,733	26,948
Wastewater Capital Improvement Fund	1,274	1,260
AR DOT Reimbursements Fund	2,367,574	2,298,693
Economic Development Fund	92,346	89,682
Pension Savings Fund	399,806	388,210
Investment Fund	10,221,735	9,820,747
	<u>\$ 13,184,453</u>	<u>\$ 12,698,422</u>

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

Note 4: Capital Assets

The following is a summary of capital assets as of December 31, 2025 and 2024:

	Balance 12/31/24	Additions	Deletions	Transfers	Balance 12/31/25
Land	\$ 1,316,813	\$	\$	\$	\$ 1,316,813
Buildings - Administrative	3,055,010			312,475	3,367,485
Vehicles	5,351,223	399,644	(134,994)		5,615,873
Furniture and Office Equipment	390,133	49,329			439,462
Service Facilities and Equipment	219,086,903	671,962		6,142,636	225,901,501
Construction Materials	3,651,076			(18,737)	3,632,339
Construction in Process	898,816	9,257,858		(6,436,374)	3,720,300
	<u>\$ 233,749,974</u>	<u>\$10,378,793</u>	<u>\$ (134,994)</u>	<u>\$</u>	<u>\$243,993,773</u>

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

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

Note 5: Revenue Bonds Payable

The interest rates and maturity dates of the revenue bonds payable as of December 31, 2025 are as follows:

Issue of March 6, 2009	2.75%	6/01/2034
Issue of July 1, 2015	2.00% to 5.00%	9/01/2036
Issue of 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>2025</u>	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 32,761,696	\$ 36,008,980	\$ 39,165,934
Issued			
Retired	(3,331,269)	(3,247,284)	(3,156,954)
Ending Balance	<u>\$ 29,430,427</u>	<u>\$ 32,761,696</u>	<u>\$ 36,008,980</u>

Maturities of revenue bonds as of December 31, 2025 are as follows:

	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2026	\$ 2,214,329	\$ 1,196,289	\$ 3,410,618
2027	2,273,333	1,127,045	3,400,378
2028	2,353,702	1,045,526	3,399,228
2029	2,439,082	958,648	3,397,730
2030	2,534,472	867,088	3,401,560
2031-2035	14,355,509	2,618,332	16,973,841
2036	3,260,000	123,418	3,383,418
	<u>\$ 29,430,427</u>	<u>\$ 7,936,346</u>	<u>\$ 37,366,773</u>

Bond Premium – The series 2015 revenue bonds were issued at a premium. The interest method of amortization is used to amortize the premium, based on the effective interest rate of the issue. The amount amortized for the years ended December 31, 2025 and 2024 was \$137,457 and \$144,032, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

Loss from Early Retirement of Debt – The series 2015 Refunding Bonds were issued July 1, 2015 with the proceeds of the \$25,625,000 issue to refund the 2006 bonds outstanding. The series 2020 Revenue Refunding Bonds were issued February 12, 2020 with the proceeds of the \$14,155,000 issue to partially refund the 2012 bonds outstanding. The difference between the book value of the refunded debt and the amount required to retire the debt created an economic loss of \$810,515 for the 2015 refunding and \$1,271,443 for the 2020 refunding. Each respective loss was deferred over the life of the refunded debt using the interest method of amortization, based on the effective interest rate. The amount amortized for the years ended December 31, 2025 and 2024 was \$126,575 and \$120,780, respectively. The amortization is included in interest expense on the statement of revenues and expenses.

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

Note 6: Related Party Transactions

The Utilities pays a franchise fee and a stormwater fee to the City and reimburses and receives reimbursement from the City for certain shared costs. The Utilities owed the City \$266,637 and \$233,240 at December 31, 2025 and 2024, respectively. For the years ended December 31, 2025 and 2024, the Utilities had franchise fee expense to the City of \$147,833 and \$128,534, respectively. For the years ended December 31, 2025 and 2024, the Utilities had stormwater fee expense to the City of \$952,264 and \$609,601.

Note 7: Supplemental Cash Flow Disclosure

The interest paid in the years ended December 31, 2025 and 2024 was \$1,277,950 and \$1,379,289, respectively.

Note 8: Retirement Plan

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

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

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2025 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, 2024 using December 31, 2023 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2025 using December 31, 2024 actuarial information.

Membership in the plan as of December 31, 2024, is as follows:

Retirees and beneficiaries currently receiving benefits	76
Vested terminated employees	39
Current employees	<u>57</u>
Total	<u>172</u>

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

Note 8: Retirement Plan (Cont'd)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability			
Service Cost	\$ 439,222	\$ 438,235	\$ 530,580
Interest	1,312,814	1,282,861	1,285,138
Differences Between Actual and Expected Experience	334,654	(71,264)	(575,139)
Benefit Payments	<u>(1,145,631)</u>	<u>(1,234,387)</u>	<u>(1,132,103)</u>
Net Change in Total Pension Liability	\$ 941,059	\$ 415,445	\$ 108,476
 Total Pension Liability – Beginning	 <u>\$ 20,330,742</u>	 <u>\$ 19,915,297</u>	 <u>\$ 19,806,821</u>
Total Pension Liability – Ending	<u>\$ 21,271,801</u>	<u>\$ 20,330,742</u>	<u>\$ 19,915,297</u>
 Plan Fiduciary Net Position			
Contributions – Employee Mandatory	\$ 121,285	\$ 152,189	\$ 129,050
Contributions – Employer	511,637	514,900	583,975
Net Investment Income	2,015,221	1,493,590	(3,080,597)
Benefits Payments	(1,145,631)	(1,234,387)	(1,132,103)
Administrative Expense	<u>(14,578)</u>	<u></u>	<u></u>
Net Change in Plan Net Position	\$ 1,487,934	\$ 926,292	\$ (3,499,675)
 Net Position – Beginning	 <u>\$ 17,439,991</u>	 <u>\$ 16,513,699</u>	 <u>\$ 20,013,374</u>
Net Position – Ending	<u>\$ 18,927,925</u>	<u>\$ 17,439,991</u>	<u>\$ 16,513,699</u>

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

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

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

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

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

Note 8: Retirement Plan (Cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rate of Return</u>
U.S. Stock – Large	35%	4.00%
U.S. Stock – Mid/Small Cap	20%	5.25%
Foreign Equity (Developed)	5%	4.25%
Alternatives	0%	3.75%
Fixed Income	35%	3.50%
Cash	5%	0.50%
Total	100%	
Expected Inflation		2.50%

The annual required contribution for 2025 was determined as part of the January 1, 2025, actuarial valuation using the entry age normal cost method. The actuarial assumptions included 6.5% investment rate of return and a projected salary increase of 2.0% annually. The assumptions did not include postretirement benefits increases. The actuarial value of assets was based on the fair market value.

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

	<u>1% Decrease to 5.5%</u>	<u>Current Single Rate Assumed</u>	<u>1% Increase to 7.5%</u>
Total Pension Liability	\$ 23,747,158	\$ 21,271,801	\$ 19,173,704
Net Pension Liability	\$ 4,819,233	\$ 2,343,876	\$ 245,779

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 237,482	\$ 506,299
Changes of assumptions	342,204	
Net difference between projected and actual earnings on pension plan investments	1,747,139	1,152,567
Contributions subsequent to measurement date	750,205	
	<u>\$ 3,077,030</u>	<u>\$ 1,658,866</u>

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

Note 8: Retirement Plan (Cont'd)

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2026. 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:	2026	\$ 1,222,184
	2027	822,535
	2028	(319,873)
	2029	(230,260)
	2030	(38,212)
	Thereafter	<u>(38,210)</u>
		<u>\$ 1,418,164</u>

Note 9: Subsequent Events

Management has evaluated subsequent events through April 7, 2026, the date which the financial statements were available to be issued.

Benton Municipal Light And Water Works
City of Benton, State of Arkansas
Schedule of Operating, Board Designated
and Restricted Funds
December 31, 2025 and 2024

	2025	2024
Operating Funds		
Cash on Hand	\$ 2,000	\$ 2,016
Demand Deposits - General Operating Accounts		
Bank OZK	10,064,662	7,139,354
First Security Bank	3,396	3,346
Total Operating Funds	<u>10,070,058</u>	<u>7,144,716</u>
Board Designated		
Reservoir Contingent Fund - First Security Bank	2,190	2,158
Utility Emergency Fund - First Security Bank	67,562	66,557
Water System Capital Improvement Fund - Bank OZK	2,110	2,084
Electric Capital Improvement Fund - Bank OZK	2,123	2,083
Facilities Capital Improvement Fund - Bank OZK	27,733	26,948
Wastewater Capital Improvement Fund - Bank OZK	1,274	1,260
AR DOT Reimbursements Fund - Bank OZK	2,367,574	2,298,693
Economic Development Fund - Bank OZK	92,346	89,682
Pension Savings Fund - Bank OZK	399,806	388,210
Investment Fund - Crews and Associates	10,221,735	9,820,747
Total Board Designated	<u>13,184,453</u>	<u>12,698,422</u>
Restricted Funds		
Bond Funds		
03/06/09 Issue - Regions Corporate Trust	8,833	582
01/30/18 Issue - Regions Corporate Trust	235,618	639,387
Total Bond Funds	<u>244,451</u>	<u>639,969</u>
Depreciation Fund		
Public Utilities - First Security Bank	<u>1,373,943</u>	<u>1,224,510</u>
Debt Service Escrow Funds		
04/01/12 Issue - US Bank Trust	1,268,512	1,219,965
07/01/15 Issue - Simmons Trust	656,898	672,363
01/30/18 Issue - Regions Corporate Trust	603,775	603,775
02/12/2020 Issue - US Bank Trust	258,710	497,388
Total Debt Service Escrow Funds	<u>2,787,895</u>	<u>2,993,491</u>
Total Restricted Funds	<u>4,406,289</u>	<u>4,857,970</u>
Total Operating, Designated and Restricted Funds	<u><u>\$ 27,660,800</u></u>	<u><u>\$ 24,701,108</u></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, 2025 and 2024

	2025	2024	2025	2024	2025	2024	Eliminations	2025	2024
	Light Dept.	Light Dept.	Water Dept.	Water Dept.	Waste Water Dept.	Waste Water Dept.		Combined Total	Combined Total
Revenue - Operations									
Fees	\$ 28,872,316	\$ 28,007,970	\$ 9,623,517	\$ 8,741,125	\$ 10,530,410	\$ 8,898,517	\$ (1,098,851)	\$ 47,927,392	\$ 44,606,585
Service Charges and Connection Fees	282,905	238,383	281,553	229,000	1,288,599	940,065		1,853,057	1,407,448
Penalties	212,837	171,439	66,770	45,317	91,883	63,584		371,490	280,340
Other Income	332,650	112,931	118,071	61,780	48,452	158,383		499,173	333,094
Total Revenue - Operations	29,700,708	28,530,723	10,089,911	9,077,222	11,959,344	10,060,549	(1,098,851)	50,651,112	46,627,467
Expenses - Operations									
Power Costs	18,302,992	17,009,211						18,302,992	17,009,211
Plant Production			2,254,439	2,323,865	3,155,217	3,030,262	(997,069)	4,412,587	4,417,223
General and Distribution	3,702,465	3,890,704	1,721,632	1,701,170	2,205,428	1,406,392	(98,585)	7,530,940	6,897,366
Administrative	1,271,425	1,179,230	1,271,731	1,193,313	2,169,188	1,757,296	(3,197)	4,709,147	4,126,616
Depreciation	1,340,598	1,323,415	2,473,738	2,343,485	3,169,648	2,853,725		6,983,984	6,520,625
Franchise Fees	27,164	18,965	75,962	72,983	44,707	36,586		147,833	128,534
Total Expenses - Operations	24,644,644	23,421,525	7,797,502	7,634,816	10,744,188	9,084,261	(1,098,851)	42,087,483	39,099,575
Operating Income (Loss)	5,056,064	5,109,198	2,292,409	1,442,406	1,215,156	976,288		8,563,629	7,527,892
Non-Operating Revenues (Expenses)									
Investment Income	336,952	329,180	187,072	165,135	321,950	329,887		845,974	824,202
Interest Expense	(45,109)	(49,802)	(246,494)	(275,701)	(949,989)	(998,500)		(1,241,592)	(1,324,003)
Total Non-Operating Revenues (Expenses)	291,843	279,378	(59,422)	(110,566)	(628,039)	(668,613)		(395,618)	(499,801)
Net Income (Loss) Before Contributions and Transfers	\$ 5,347,907	\$ 5,388,576	\$ 2,232,987	\$ 1,331,840	\$ 587,117	\$ 307,675	\$	8,168,011	7,028,091
Capital Contributions								2,282,637	1,311,484
Change in Net Position								\$ 10,450,648	\$ 8,339,575

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, 2025

	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 808,951	\$ 840,897	\$ 1,649,848
Fringe Benefits	313,047	323,822	636,869
Vehicle Operations	15,020	60,426	75,446
Building Maintenance	76,088	647,481	723,569
Equipment Repairs	87,854	241,126	328,980
Office Supplies	277	1,931	2,208
Janitorial Supplies and Services	1,086	6,883	7,969
Computer Supplies	588	508	1,096
Chemicals	400,157	79,984	480,141
Laboratory	6,068	42,894	48,962
Electric, Water and Waste Water	375,456	621,612	997,068
Miscellaneous	21,613	66,894	88,507
Heat - Natural Gas	7,418	60,135	67,553
Telephone	1,405	1,874	3,279
Equipment Rental		3,341	3,341
Small Tool Expense	1,268	2,657	3,925
Professional and Consulting	55,276	54,209	109,485
Insurance	82,867	98,543	181,410
Total	<u>\$ 2,254,439</u>	<u>\$ 3,155,217</u>	<u>\$ 5,409,656</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, 2025

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 1,726,171	\$ 919,623	\$ 786,255	\$ 3,432,049
Fringe Benefits	658,549	353,340	273,297	1,285,186
Vehicle Operations	168,470	99,526	103,901	371,897
Building Maintenance	23,308	1,801	15,654	40,763
Line Maintenance	371,478	286,178	256,556	914,212
Equipment Repairs	16,608	4,747	276,449	297,804
Street Light Repairs	78,998			78,998
Office Supplies	2,079	1,666	995	4,740
Janitorial Supplies and Services	9,387	6,495	5,764	21,646
Computer Supplies	3,532	78	1,568	5,178
Computer Services	5,260	487		5,747
Chemicals			3,309	3,309
Laboratory			3,575	3,575
Natural Gas	7,410		7,019	14,429
Electric, Water and Waste Water	15,483	6,591	120,349	142,423
Miscellaneous	81,155	12,850	10,690	104,695
Telephone	8,547	6,028	5,253	19,828
Equipment Rental	1,268	1,281	2,722	5,271
Small Tool Expense	26,407	3,191	9,111	38,709
Professional and Consulting	457,610	6,679	298,331	762,620
Insurance	40,745	11,071	24,630	76,446
Total	<u>\$ 3,702,465</u>	<u>\$ 1,721,632</u>	<u>\$ 2,205,428</u>	<u>\$ 7,629,525</u>

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Schedule of Administrative Expenses
For the Year Ended December 31, 2025

	Light Dept.	Water Dept.	Waste Water Dept.	Combined Total
Salaries	\$ 560,643	\$ 560,643	\$ 560,644	\$ 1,681,930
Fringe Benefits	208,166	208,166	208,166	624,498
Vehicle Operations	8,568	8,568	8,568	25,704
Building Maintenance	15,518	15,518	15,518	46,554
Equipment Repairs	1,848	1,848	1,847	5,543
Office Supplies	3,082	3,082	3,081	9,245
Postage	32,502	32,502	32,502	97,506
Janitorial Supplies and Services	2,069	2,069	2,070	6,208
Computer Supplies	12,477	12,477	12,476	37,430
Computer and Billing Services	195,141	195,141	195,140	585,422
Electricity, Water and Waste Water	1,066	1,066	1,065	3,197
Miscellaneous	59,204	123,184	59,202	241,590
Heat - Natural Gas	233	233	233	699
Telephone	4,007	4,007	4,008	12,022
Small Tool Expense	3,709	3,709	3,710	11,128
Professional and Consulting	80,535	80,535	80,534	241,604
Customer Collection Expense	3,525	3,525	3,525	10,575
Insurance	1,471	1,471	1,472	4,414
Stormwater Fees			952,264	952,264
Bad Debt Expense	77,661	13,987	23,163	114,811
Total	<u>\$ 1,271,425</u>	<u>\$ 1,271,731</u>	<u>\$ 2,169,188</u>	<u>\$ 4,712,344</u>

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

The following is a summary of water and sewer rates and usage information for the system at December 31, 2025:

Sewer Monthly Rates

- (a) 0-1 mg minimum average water usage - \$28.55
- (b) All over 1 mg minimum average water usage - \$28.55 minimum, plus \$5.625 per mg for all over 1 mg, out of city limits \$49.96 minimum and \$9.844 mg for all over 1 mg.
- (c) New residential customers charged \$28.55 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>2025</u>
Residential	15,265
Commercial	1,196
Industrial	<u>4</u>
	<u>16,465</u>

Annual Billable Water

	2025 <u>Gallons (000s)</u>
Total annual billable water	1,586,016
Less water billable to non-sewer customers	<u>(440,095)</u>
Net billable to sewer customers	<u>1,145,921</u>
Residential	789,191
Commercial	354,742
Industrial	<u>1,988</u>
Total water billable to sewer customers	<u>1,145,921</u>

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			125,427
06/01/2026	12,798	3,362	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>\$ 125,427</u>	<u>\$ 16,642</u>	

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
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>\$ 18,935,000</u>	<u>\$ 6,376,550</u>	

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$
			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>\$ 10,370,000</u>	<u>\$ 1,543,154</u>	

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

December 31, 2025				
Year Ending 12/31	03/06/2009 Bonds	7/1/2015 Bonds	2/12/2020 Bonds	Total Bonds
2026	\$ 24,240	\$ 1,906,550	\$ 1,479,828	\$ 3,410,618
2027	16,160	1,906,750	1,477,468	3,400,378
2028	16,160	1,915,000	1,468,068	3,399,228
2029	16,160	1,910,250	1,471,320	3,397,730
2030	16,160	1,908,000	1,477,400	3,401,560
2031	16,160	2,628,000	761,100	3,405,260
2032	16,160	2,629,000	757,860	3,403,020
2033	16,160	2,630,000	754,192	3,400,352
2034	4,709	2,625,750	754,428	3,384,887
2035		2,626,250	754,072	3,380,322
2036		2,626,000	757,418	3,383,418
Totals	<u>\$ 142,069</u>	<u>\$ 25,311,550</u>	<u>\$ 11,913,154</u>	<u>\$ 37,366,773</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

	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Total Pension Liability										
Service Cost	\$ 439,222	\$ 438,235	\$ 530,580	\$ 410,064	\$ 372,188	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980
Service Transfer									4,256	(884,253)
Interest	1,312,814	1,282,861	1,285,138	1,268,691	1,259,156	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187
Difference Between Actual and Expected Experience	334,654	(71,264)	(575,139)	(19,126)	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)
Assumption Changes	(1,145,631)	(1,234,387)	(1,132,103)	1,026,608	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)
Benefit Payments	\$ 941,059	\$ 415,445	\$ 108,476	\$ 1,499,188	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)
Net Change in Total Pension Liability	\$ 20,330,742	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107
Total Pension Liability - Beginning	\$ 21,271,801	\$ 20,330,742	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847
Total Pension Liability - Ending										
Plan Fiduciary Net Position										
Contributions - Employee Mandatory	\$ 121,285	\$ 152,189	\$ 129,050	\$ 109,396	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301
Contributions - Employer	511,637	514,900	583,975	770,444	934,041	956,004	876,337	913,740	685,000	700,012
Service Transfer									4,256	(884,253)
Net Investment Income	2,015,221	1,493,590	(3,080,597)	2,115,494	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)
Benefits Payments	(1,145,631)	(1,234,387)	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)
Administrative Expense	(14,578)				(6,000)					
Net Change in Plan Net Position	\$ 1,487,934	\$ 926,292	\$ (3,499,675)	\$ 1,808,285	\$ 1,939,259	\$ 2,638,237	\$ (920,966)	\$ 1,538,725	\$ 907,890	\$ (1,362,140)
Plan Fiduciary Net Position - Beginning	\$ 17,439,991	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084
Plan Fiduciary Net Position - Ending	\$ 18,927,925	\$ 17,439,991	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944
Net Pension Liability - Ending	\$ 2,343,876	\$ 2,890,751	\$ 3,401,598	\$ (206,553)	\$ 102,544	\$ 1,869,056	\$ 4,015,864	\$ 2,462,533	\$ 3,281,499	\$ 3,814,903
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.98%	85.78%	82.92%	101.04%	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%
Covered Payroll	\$ 4,048,863	\$ 3,920,449	\$ 3,895,993	\$ 4,552,853	\$ 3,946,975	\$ 3,536,733	\$ 3,598,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978
Net Pension Liability as a Percentage of Payroll	57.89%	73.74%	87.31%	-4.54%	2.60%	52.85%	111.59%	64.97%	88.40%	101.49%

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)
12/31/15	\$ 716,658	\$ 700,012	\$ 16,646	\$ 3,758,978	18.62%
12/31/16	\$ 881,587	\$ 685,000	\$ 196,587	\$ 3,712,310	18.45%
12/31/17	\$ 790,479	\$ 913,740	\$ (123,261)	\$ 3,790,429	24.11%
12/31/18	\$ 681,567	\$ 876,337	\$ (194,770)	\$ 3,598,865	24.35%
12/31/19	\$ 880,619	\$ 956,004	\$ (75,385)	\$ 3,536,733	27.03%
12/31/20	\$ 562,080	\$ 934,041	\$ (371,961)	\$ 3,946,975	23.66%
12/31/21	\$ 341,841	\$ 770,444	\$ (428,603)	\$ 4,552,853	16.92%
12/31/22	\$ 431,508	\$ 583,975	\$ (152,467)	\$ 3,895,993	14.99%
12/31/23	\$ 825,761	\$ 514,900	\$ 310,861	\$ 3,920,449	13.13%
12/31/24	\$ 738,699	\$ 511,637	\$ 227,062	\$ 4,048,863	12.64%