

City of Benton, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BENTON, ARKANSAS
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Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Benton, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Benton, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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.

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 the City's 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.

Auditor's 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 auditor's 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements 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 the City's 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 the City's 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

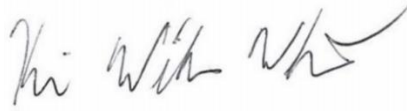
Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
July 31, 2024
LOM100923

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Benton, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated July 31, 2024. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

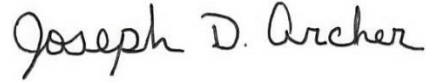
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated July 31, 2024.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer". The signature is written in a cursive style with a large initial "J".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 31, 2024

Arkansas



Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2023:

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

No issues came to our attention that we considered necessary to report to management.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
July 31, 2024

CITY OF BENTON, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 5,751,846	\$ 12,226,500	\$ 25,121,758
Investments			8,387,667
Accounts receivable	1,313,081	418,257	1,622,530
Interfund receivables	<u>16,740</u>	<u>1,948</u>	
 TOTAL ASSETS	 <u><u>\$ 7,081,667</u></u>	 <u><u>\$ 12,646,705</u></u>	 <u><u>\$ 35,131,955</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 154,593	\$ 191,791	\$ 164,797
Interfund payables	1,948		16,740
Settlements pending			224,854
Total Liabilities	<u>156,541</u>	<u>191,791</u>	<u>406,391</u>
Fund Balances:			
Restricted	144,560	10,941,473	33,466,516
Committed	10,437	1,513,441	1,198,023
Assigned	743,237		61,025
Unassigned	6,026,892		
Total Fund Balances	<u>6,925,126</u>	<u>12,454,914</u>	<u>34,725,564</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 7,081,667</u></u>	 <u><u>\$ 12,646,705</u></u>	 <u><u>\$ 35,131,955</u></u>

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

CITY OF BENTON, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 877,451	\$ 3,253,661	\$ 32,821
Federal aid	134,838	24,316	10,964
Property taxes	1,897,587	1,007,599	671,695
Franchise fees	2,088,875		933,574
Sales taxes	11,013,216	2,753,304	13,766,519
Fines, forfeitures, and costs	374,176		124,047
Interest	77,947	324,550	1,082,869
Local permits and fees	929,978	1,005,163	1,504,410
Advertising and promotion taxes			2,063,046
Donations	52,922		115,299
School resource officer reimbursement	438,644		
Rental income	126,355		465,209
Sale of equipment			15,486
Employer contributions			483,809
Employee contributions			136,842
Net increase/(decrease) in fair value of investments			713,230
Other	51,566	1,743	54,237
TOTAL REVENUES	18,063,555	8,370,336	22,174,057
EXPENDITURES			
Current:			
General government	3,626,071		535,080
Law enforcement	6,994,435		3,040,059
Highways and streets		7,415,065	174,736
Public safety	5,908,919		2,366,530
Sanitation			778
Recreation and culture	44,622		10,621,577
Water and sewer			1,344,845
Total Current	16,574,047	7,415,065	18,083,605
Debt Service:			
Bond principal			1,875,000
Bond interest and other charges			1,596,464
Financed purchase principal			127,986
Financed purchase interest			15,170
TOTAL EXPENDITURES	16,574,047	7,415,065	21,698,225

CITY OF BENTON, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,489,508</u>	<u>\$ 955,271</u>	<u>\$ 475,832</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			926,264
Transfers out	(526,264)		(400,000)
Transfer to local police and fire retirement system			(927,844)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(526,264)</u>		<u>(401,580)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	963,244	955,271	74,252
FUND BALANCES - JANUARY 1	<u>5,961,882</u>	<u>11,499,643</u>	<u>34,651,312</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 6,925,126</u></u>	<u><u>\$ 12,454,914</u></u>	<u><u>\$ 34,725,564</u></u>

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

CITY OF BENTON, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 911,335	\$ 877,451	\$ (33,884)	\$ 4,180,000	\$ 3,253,661	\$ (926,339)
Federal aid	92,173	134,838	42,665	128,000	24,316	(103,684)
Property taxes	1,641,720	1,897,587	255,867	879,493	1,007,599	128,106
Franchise fees	2,350,000	2,088,875	(261,125)			
Sales taxes	10,035,200	11,013,216	978,016	2,508,800	2,753,304	244,504
Fines, forfeitures, and costs	230,300	374,176	143,876			
Interest	2,500	77,947	75,447	7,500	324,550	317,050
Local permits and fees	977,600	929,978	(47,622)	1,009,500	1,005,163	(4,337)
Donations		52,922	52,922			
School resource officer reimbursement		438,644	438,644			
Rental income		126,355	126,355			
Other	691,895	51,566	(640,329)	500	1,743	1,243
TOTAL REVENUES	16,932,723	18,063,555	1,130,832	8,713,793	8,370,336	(343,457)
EXPENDITURES						
Current:						
General government	4,548,455	3,626,071	922,384			
Law enforcement	9,324,241	6,994,435	2,329,806			
Highways and streets				10,365,626	7,415,065	2,950,561
Public safety	7,232,115	5,908,919	1,323,196			
Recreation and culture		44,622	(44,622)			
TOTAL EXPENDITURES	21,104,811	16,574,047	4,530,764	10,365,626	7,415,065	2,950,561
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,172,088)	1,489,508	5,661,596	(1,651,833)	955,271	2,607,104
OTHER FINANCING SOURCES (USES)						
Transfers in	4,313,305		(4,313,305)			
Transfers out	(675,000)	(526,264)	148,736	(200,000)		200,000
TOTAL OTHER FINANCING SOURCES (USES)	3,638,305	(526,264)	(4,164,569)	(200,000)		200,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(533,783)	963,244	1,497,027	(1,851,833)	955,271	2,807,104
FUND BALANCES - JANUARY 1		5,961,882	5,961,882	7,940,705	11,499,643	3,558,938
FUND BALANCES - DECEMBER 31	\$ (533,783)	\$ 6,925,126	\$ 7,458,909	\$ 6,088,872	\$ 12,454,914	\$ 6,366,042

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

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value.

Settlements Pending

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

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance – amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

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

F. Budget Law

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

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

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

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds except for the Rescue and Communications System Funds.

G. Fund Balance Classification Policies and Procedures

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

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

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,008,650	\$ 1,008,650
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	38,191,747	41,179,050
Uncollateralized	3,896,717	3,896,717
Total Deposits	\$ 43,097,114	\$ 46,084,417

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

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits. A formal policy for custodial credit risk has not been adopted by the City. As of December 31, 2023, \$3,896,717 of the City's cash balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

Pension Trust Funds

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

NOTE 4: Public Fund Investments

A summary of investments by fund types is as follows:

Fund Type	December 31, 2023 Fair Value
Pension Trust - City Employees' Pension	\$ 8,387,667

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: Public Fund Investments

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

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

The City’s investments are composed of the following:

<u>December 31, 2023</u>	Quoted Prices in Active Markets for Identical Investments Level I
Investment Type	
Exchange traded funds	\$ 5,425,426
Mutual funds	2,962,241
Total	\$ 8,387,667

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

NOTE 5: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 182,876	\$ 95,966	\$ 63,972
Franchise fees	148,370		102,572
Sales taxes	973,701	243,425	1,217,125
Fines, forfeitures, and costs	8,069		
Local permits and fees		78,866	54,888
Advertising and promotion taxes			183,194
Donations			564
Other	65		215
Totals	\$ 1,313,081	\$ 418,257	\$ 1,622,530

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 153,369	\$ 191,791	\$ 164,797
Other	1,224		
Totals	<u>\$ 154,593</u>	<u>\$ 191,791</u>	<u>\$ 164,797</u>

NOTE 7: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2023	
	Interfund Receivables	Interfund Payables
General Fund	\$ 16,740	\$ 1,948
Street Fund	1,948	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Police Equipment Grant		16,740
Totals	<u>\$ 18,688</u>	<u>\$ 18,688</u>

Interfund receivables and payables consist of water permit fees remitted to the Stormwater Fund on January 22, 2024, and errors in depositing restricted revenues repaid to the General fund on June 20, 2024.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 7,128,753
Law enforcement			3,444,697
Highways and streets		\$ 10,941,473	
Public safety	\$ 92,219		2,549,822
Recreation and culture	52,341		7,516,890
Pension benefits			9,904,751
Debt service			2,921,603
Total Restricted	<u>144,560</u>	<u>10,941,473</u>	<u>33,466,516</u>
Committed for:			
General government	9,937		1,092,795
Law enforcement	300		91,111
Highways and streets		1,513,441	
Public safety	200		14,117
Total Committed	<u>10,437</u>	<u>1,513,441</u>	<u>1,198,023</u>
Assigned to:			
General government	296,677		
Law enforcement	205,756		61,025
Public safety	240,804		
Total Assigned	<u>743,237</u>		<u>61,025</u>
Unassigned	<u>6,026,892</u>		
Totals	<u>\$ 6,925,126</u>	<u>\$ 12,454,914</u>	<u>\$ 34,725,564</u>

NOTE 9: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$133,908,917. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$34,319,611. The amount of short-term financing obligations was \$406,183 leaving a legal debt margin of \$33,913,428.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 38,414,623
Lease	137,385
Construction contracts	911,791
 Total Commitments	 \$ 39,463,799

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Bonds</u>	
2014 Sales and Use Tax Bonds, dated April 15, 2014, in the amount of \$37,720,000; annual installments of \$525,000 to \$2,145,000 due June 1 beginning in 2015 to 2044; interest rate of 2% to 5%. Payments are to be made from the 2014 Sales and Use Tax Bond Fund.	\$ 30,740,000
2015 Capital Improvement Revenue Bonds, dated May 1, 2015, in the amount of \$6,455,000; annual installments of \$100,000 to \$395,000 due September 1 beginning in 2016 through 2045; interest rate from 2% to 4%. Payments are to be made from the 2015 Capital Improvement Bond Fund.	5,630,000
2015 Sales and Use Tax Bonds, dated June 1, 2015, in the amount of \$1,335,000; annual installments of \$30,000 to \$75,000 due June 1 beginning in 2016 to 2044; interest rate of 3% to 3.875%. Payments are to be made from the 2015 Sales and Use Tax Bond Fund.	1,085,000
Total Bonds	37,455,000
<u>Direct Borrowings</u>	
Financed purchase dated July 30, 2021, with Musco Finance, LLC, in the amount of \$658,621, with interest rate of 2.84% for the acquisition and installation of lighting and related equipment at Tyndall Park. Yearly payments of \$143,157 for 5 years. Payments are to be made from the Parks and Recreation Fund.	406,183
Arkansas District Judge's Retirement unfunded pension liability balance due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payments are to be made from the General Fund.	157,398
Compensated absences consisting of accrued vacation adjusted to current salary cost.	396,042
Total Long-term liabilities	\$ 38,414,623

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

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

The City's outstanding bonds payable of \$37,455,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

The City's outstanding direct borrowings of \$406,183 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2023</u>	<u>Maturities to December 31, 2023</u>
<u>Bonds</u>					
4/15/14	6/1/44	2 - 5%	\$ 37,720,000	\$ 30,740,000	\$ 6,980,000
5/1/15	9/1/45	2 - 4%	6,455,000	5,630,000	825,000
6/1/15	6/1/44	3 - 3.875%	1,335,000	1,085,000	250,000
Total Bonds			<u>45,510,000</u>	<u>37,455,000</u>	<u>8,055,000</u>
<u>Direct Borrowings</u>					
7/30/21	7/30/26	2.84%	<u>658,621</u>	<u>406,183</u>	<u>252,438</u>
Total Long-Term Debt			<u>\$ 46,168,621</u>	<u>\$ 37,861,183</u>	<u>\$ 8,307,438</u>

Changes in Long-Term Debt

	<u>Balance January 01, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2023</u>
Bonds payable	\$ 39,330,000	\$ 0	\$ 1,875,000	\$ 37,455,000
<u>Direct Borrowings</u>				
Financed purchase	534,169 *	0	127,986	406,183
Total Long-Term Debt	<u>\$ 39,864,169</u>	<u>\$ 0</u>	<u>\$ 2,002,986</u>	<u>\$ 37,861,183</u>

*The financed purchase was not included in the prior engagements.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10: Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,095,000	\$ 1,538,731	\$ 2,633,731	\$ 131,621	\$ 11,536	\$ 143,157
2025	1,130,000	1,499,181	2,629,181	135,359	7,798	143,157
2026	1,170,000	1,457,797	2,627,797	139,203	3,953	143,156
2027	1,215,000	1,409,575	2,624,575			
2028	1,270,000	1,349,325	2,619,325			
2029 through 2033	7,700,000	5,797,084	13,497,084			
2034 through 2038	9,400,000	4,077,897	13,477,897			
2039 through 2043	11,480,000	1,952,269	13,432,269			
2044 through 2045	2,995,000	96,629	3,091,629			
Totals	<u>\$ 37,455,000</u>	<u>\$ 19,178,488</u>	<u>\$ 56,633,488</u>	<u>\$ 406,183</u>	<u>\$ 23,287</u>	<u>\$ 429,470</u>

Lease

The City entered into a lease agreement for exercise equipment on March 2, 2022. Terms of the lease are yearly rental payments of \$45,795 for five years. At the end of the lease term, the City has the option to purchase the equipment at fair market value, renew for a period of not less than one year, or return the equipment.. The City is obligated for the following amounts for the next three years:

Year	December 31, 2023
2024	\$ 45,795
2025	45,795
2026	45,795
Total	<u>\$ 137,385</u>

Lease expense for 2023, was \$45,795.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2023:

Project Name	Completed Date	Contract Balance December 31, 2023
Clearwell Project	February 28, 2024	\$ 237,072
Amphitheater Renovation Project	June 7, 2024	346,000
Bike Park Project	July 8, 2024	328,719
Total Construction Contracts		<u>\$ 911,791</u>

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11: Interfund Transfers

The General Fund transferred \$526,264 to Other Funds in the Aggregate to supplement operations. Additionally, within Other Funds in the Aggregate, \$400,000 was transferred to fund debt service requirements.

NOTE 12: Pledged Revenues

Sales and Use Tax

The City pledged future 0.5% sales and use taxes and 12.5% of the 1.5% sales and use taxes to repay \$39,055,000 in bonds that were issued in 2014 and 2015 to provide funding for the expansion and improving of the Bernard W. Holland Park. Total principal and interest remaining on the bonds are \$31,825,000 and \$16,144,738, respectively, payable through June 1, 2044. For 2023, principal and interest paid were \$950,000 and \$1,350,881, respectively.

The Debt Service Fund received \$2,346,786 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for any 2014 and 2015 tax uses.

Franchise Fees

The City pledged future franchise fees collected from public utilities for the privilege of using the streets, highways, and other places in the City to repay \$6,455,000 in bonds that were issued in 2015 to provide funding for park and recreational improvements. Total principal and interest remaining on the bonds are \$5,630,000 and \$3,033,750, respectively, payable through September 1, 2045. For 2023, principal and interest paid were \$110,000 and \$223,025, respectively.

The City received \$326,093 in franchise fees in 2023. Any franchise fees collected in excess of debt service requirements on these bonds is permitted to be used for any lawful municipal purposes.

NOTE 13: Joint Venture

Saline County Emergency Communications Center

The City of Benton and Saline County entered into an agreement dated September 29, 2020, for the purpose of establishing a combined communications network to be known as the Saline County Emergency Communications Center in order to streamline the dispatching of non-emergency and emergency calls as received over the 911 telephone system and by other means. This agreement established a 911 Governing Board consisting of the Saline County Judge, Mayor of the City of Benton, Saline County Sheriff, Benton Police Chief, Benton Fire Chief, Office of Emergency Management Director, Ambulance Service Manager, and Fire Service Coordinator. The members will serve by virtue of their term in office or employment with local government, and from time to time, select their own designee to attend business and other matters of the Board. The Board shall determine the location of the public safety answering point (PSAP), which will serve the areas of, but not limited to, the unincorporated areas of Saline County, Arkansas and the incorporated areas of Benton, Haskell, Shannon Hills, Bauxite, Traskwood, and Alexander. The Board will review and approve an annual budget of costs in accordance with Ark. Code Ann. § 12-10-323. Any capital expenditures shall be approved by a majority of the Board before the expenditure is authorized. A communications director shall be hired by the Board to manage the system, and to establish policies and procedures and adopt necessary guidelines for efficient operation of the system. The Benton City Council and the Saline County Quorum Court shall be responsible for financing the operation of the Center. All monies appropriated for the Center shall be paid into a fund and managed by the communications director within specific guidelines as established by the county budget process and the 911 Governing Board. All procurement for the system shall be governed by the county purchasing and procurement guidelines. The City of Benton contributed \$0 to the Saline County Emergency Communications Center during 2023.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14: Risk Management

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

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

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

Municipal Vehicle Program

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

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$10,000, or in the case of flood or earthquake, \$500,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

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

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

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On September 28, 2020, administration of the City of Benton Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$3,120,104 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$946,443 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$20,530,358.

**NOTE 16: Municipal Employees Retirement System
(A Defined Benefit Plan)**

Plan Description

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

Funding Policy

Employees hired after December 31, 2011, are required to contribute 2% of compensation until January 1 following the employee's date of employment, and 4% thereafter. Employer contributions are determined by the retirement board upon the advice of an actuary employed by the Board. Employer contributions was \$483,809 in 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022 (actuarial valuation date and measurement date) was \$1,344,588.

CITY OF BENTON, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17: Subsequent Events

On April 3, 2024, the City entered into a construction manager contract with Moser Construction for the remodel of an existing building for Benton's new city hall. The contract has a guaranteed maximum price of \$2,200,000.

On April 22, 2024, the City entered into a contract with Township Builders, Inc. for the West Cross Street drainage improvements phase 1 project in the amount of \$904,170.

CITY OF BENTON, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

SPECIAL REVENUE FUNDS									
	1991 Act 833 - Fire Insurance Tax	Animal Control Operating	Rescue	Communications Facility and Equipment	Communications System	District Court Automation	District Court Cost	Financial Stability	Fire Truck Reserve
ASSETS									
Cash and cash equivalents	\$ 106,502	\$ 99,796	\$ 293	\$ 12,019	\$ 1,575	\$ 189,488	\$ 195,268	\$ 1,092,795	\$ 14,117
Investments									
Accounts receivable									
TOTAL ASSETS	\$ 106,502	\$ 99,796	\$ 293	\$ 12,019	\$ 1,575	\$ 189,488	\$ 195,268	\$ 1,092,795	\$ 14,117
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 10,260							
Interfund payables									
Settlements pending									
Total Liabilities		<u>10,260</u>							
Fund Balances:									
Restricted	\$ 106,502		\$ 293	\$ 12,019		\$ 189,488	\$ 195,268		
Committed		89,536			\$ 1,575			\$ 1,092,795	\$ 14,117
Assigned									
Total Fund Balances	<u>106,502</u>	<u>89,536</u>	<u>293</u>	<u>12,019</u>	<u>1,575</u>	<u>189,488</u>	<u>195,268</u>	<u>1,092,795</u>	<u>14,117</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 106,502	\$ 99,796	\$ 293	\$ 12,019	\$ 1,575	\$ 189,488	\$ 195,268	\$ 1,092,795	\$ 14,117

CITY OF BENTON, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

SPECIAL REVENUE FUNDS									
	Firemen's Pension	Municipal Judge's and Clerk's Retirement	Parks and Recreation	Police Equipment Grant	Public Safety	Franchise Fees	Advertising and Promotion Commission	Benton Events Center	Police Narcotics Seizure (State)
ASSETS									
Cash and cash equivalents	\$ 119,684	\$ 99,729	\$ 3,457,265	\$ 157,441	\$ 4,463,797	\$ 830,405	\$ 508,633	\$ 710,942	\$ 8,650
Investments									
Accounts receivable	63,972		299,092		486,850	102,572	36,639	18,319	
TOTAL ASSETS	<u>\$ 183,656</u>	<u>\$ 99,729</u>	<u>\$ 3,756,357</u>	<u>\$ 157,441</u>	<u>\$ 4,950,647</u>	<u>\$ 932,977</u>	<u>\$ 545,272</u>	<u>\$ 729,261</u>	<u>\$ 8,650</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable			\$ 46,251		\$ 103,366		\$ 64	\$ 1,930	
Interfund payables				\$ 16,740					
Settlements pending									
Total Liabilities			<u>46,251</u>	<u>16,740</u>	<u>103,366</u>		<u>64</u>	<u>1,930</u>	
Fund Balances:									
Restricted	\$ 183,656	\$ 99,729	3,710,106	119,162	4,807,795	\$ 932,977	545,208	727,331	\$ 8,650
Committed									
Assigned				21,539	39,486				
Total Fund Balances	<u>183,656</u>	<u>99,729</u>	<u>3,710,106</u>	<u>140,701</u>	<u>4,847,281</u>	<u>932,977</u>	<u>545,208</u>	<u>727,331</u>	<u>8,650</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 183,656</u>	<u>\$ 99,729</u>	<u>\$ 3,756,357</u>	<u>\$ 157,441</u>	<u>\$ 4,950,647</u>	<u>\$ 932,977</u>	<u>\$ 545,272</u>	<u>\$ 729,261</u>	<u>\$ 8,650</u>

CITY OF BENTON, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			
	Police Narcotics Seizure (Federal)	Police Federal Treasury	Advertising and Promotion Small Projects	Advertising and Promotion Large Projects	American Rescue Plan Act	2012 Capital Improvement Refunding Bond	2014 and 2015 Sales and Use Tax Bond	2015 Capital Improvement Bond
ASSETS								
Cash and cash equivalents	\$ 90,089	\$ 181,868	\$ 789,532	\$ 1,619,403	\$ 6,195,776	\$ 117	\$ 1,927,404	\$ 507,232
Investments								
Accounts receivable			36,639	91,597			486,850	
TOTAL ASSETS	<u>\$ 90,089</u>	<u>\$ 181,868</u>	<u>\$ 826,171</u>	<u>\$ 1,711,000</u>	<u>\$ 6,195,776</u>	<u>\$ 117</u>	<u>\$ 2,414,254</u>	<u>\$ 507,232</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable				\$ 2,926				
Interfund payables								
Settlements pending								
Total Liabilities				<u>2,926</u>				
Fund Balances:								
Restricted	\$ 90,089	\$ 181,868	\$ 826,171	1,708,074	\$ 6,195,776	\$ 117	\$ 2,414,254	\$ 507,232
Committed								
Assigned								
Total Fund Balances	<u>90,089</u>	<u>181,868</u>	<u>826,171</u>	<u>1,708,074</u>	<u>6,195,776</u>	<u>117</u>	<u>2,414,254</u>	<u>507,232</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 90,089</u>	<u>\$ 181,868</u>	<u>\$ 826,171</u>	<u>\$ 1,711,000</u>	<u>\$ 6,195,776</u>	<u>\$ 117</u>	<u>\$ 2,414,254</u>	<u>\$ 507,232</u>

CITY OF BENTON, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	TRUST FUND	CUSTODIAL FUNDS				Totals
	City Employees' Pension	Administration of Justice	Advertising and Promotion Commission - General	Police Bond and Fine	District Court	
ASSETS						
Cash and cash equivalents	\$ 1,517,084	\$ 2,664	\$ 3,390	\$ 7,141	\$ 211,659	\$ 25,121,758
Investments	8,387,667					8,387,667
Accounts receivable						1,622,530
TOTAL ASSETS	<u>\$ 9,904,751</u>	<u>\$ 2,664</u>	<u>\$ 3,390</u>	<u>\$ 7,141</u>	<u>\$ 211,659</u>	<u>\$ 35,131,955</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 164,797
Interfund payables						16,740
Settlements pending		\$ 2,664	\$ 3,390	\$ 7,141	\$ 211,659	224,854
Total Liabilities		<u>2,664</u>	<u>3,390</u>	<u>7,141</u>	<u>211,659</u>	<u>406,391</u>
Fund Balances:						
Restricted	\$ 9,904,751					33,466,516
Committed						1,198,023
Assigned						61,025
Total Fund Balances	<u>9,904,751</u>					<u>34,725,564</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,904,751</u>	<u>\$ 2,664</u>	<u>\$ 3,390</u>	<u>\$ 7,141</u>	<u>\$ 211,659</u>	<u>\$ 35,131,955</u>

CITY OF BENTON, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

SPECIAL REVENUE FUNDS

	1991 Act 833 - Fire Insurance Tax	Animal Control Operating	Rescue	Communications Facility and Equipment	Communications System	District Court Automation	District Court Cost	Financial Stability	Fire Truck Reserve
REVENUES									
State aid	\$ 32,663	\$ 158							
Federal aid									
Property taxes									
Franchise fees									
Sales taxes									
Fines, forfeitures, and costs				\$ 4,862		\$ 44,967	\$ 12,052		
Interest	2,904	1,524	\$ 8	267	\$ 43	5,468	5,130	\$ 29,513	\$ 12,732
Local permits and fees		28,939							
Advertising and promotion taxes									
Donations		21,961							
Rental income									
Sale of equipment									
Employer contributions									
Employee contributions									
Net increase/(decrease) in fair value of investments									
Other									
TOTAL REVENUES	35,567	52,582	8	5,129	43	50,435	17,182	29,513	12,732
EXPENDITURES									
Current:									
General government									
Law enforcement		588,071				38,498			
Highways and streets									
Public safety	25,166								595,015
Sanitation									
Recreation and culture									
Water and sewer									
Total Current	25,166	588,071				38,498			595,015
Debt Service:									
Bond principal									
Bond interest and other charges									
Financed purchase principal									
Financed purchase interest									
TOTAL EXPENDITURES	25,166	588,071				38,498			595,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,401	(535,489)	8	5,129	43	11,937	17,182	29,513	(582,283)
OTHER FINANCING SOURCES (USES)									
Transfers in		525,000							
Transfers out									
Transfer to local police and fire retirement system									
TOTAL OTHER FINANCING SOURCES (USES)		525,000							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	10,401	(10,489)	8	5,129	43	11,937	17,182	29,513	(582,283)
FUND BALANCES - JANUARY 1	96,101	100,025	285	6,890	1,532	177,551	178,086	1,063,282	596,400
FUND BALANCES - DECEMBER 31	<u>\$ 106,502</u>	<u>\$ 89,536</u>	<u>\$ 293</u>	<u>\$ 12,019</u>	<u>\$ 1,575</u>	<u>\$ 189,488</u>	<u>\$ 195,268</u>	<u>\$ 1,092,795</u>	<u>\$ 14,117</u>

CITY OF BENTON, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS									
	Firemen's Pension	Municipal Judge's and Clerk's Retirement	Parks and Recreation	Police Equipment Grant	Public Safety	Franchise Fees	Advertising and Promotion Commission	Benton Events Center	Police Narcotics Seizure (State)	Police Narcotics Seizure (Federal)
REVENUES										
State aid										
Federal aid				\$ 10,964						
Property taxes	\$ 671,695									
Franchise fees						\$ 580,443				
Sales taxes			\$ 5,913,125		\$ 5,506,608					
Fines, forfeitures, and costs		\$ 5,336						\$ 8,900	\$ 47,930	
Interest	7,446	2,630	63,763		88,184	16,564	\$ 14,857	\$ 28,281		1,355
Local permits and fees			1,475,471							
Advertising and promotion taxes							412,609	206,305		
Donations			93,338							
Rental income							465,209			
Sale of equipment				15,486						
Employer contributions										
Employee contributions										
Net increase/(decrease) in fair value of investments										
Other	1,668		22,609	1,000				28,283		
TOTAL REVENUES	680,809	7,966	7,568,306	27,450	5,594,792	597,007	427,466	728,078	8,900	49,285
EXPENDITURES										
Current:										
General government						950				
Law enforcement				37,209	2,238,973				6,741	4,500
Highways and streets										
Public safety	1,593				1,744,756					
Sanitation										
Recreation and culture			8,572,562				166,758	683,233		
Water and sewer										
Total Current	1,593		8,572,562	37,209	3,983,729	950	166,758	683,233	6,741	4,500
Debt Service:										
Bond principal										
Bond interest and other charges										
Financed purchase principal			127,986							
Financed purchase interest			15,170							
TOTAL EXPENDITURES	1,593		8,715,718	37,209	3,983,729	950	166,758	683,233	6,741	4,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	679,216	7,966	(1,147,412)	(9,759)	1,611,063	596,057	260,708	44,845	2,159	44,785
OTHER FINANCING SOURCES (USES)										
Transfers in			1,264							
Transfers out						(400,000)				
Transfer to local police and fire retirement system	(927,844)									
TOTAL OTHER FINANCING SOURCES (USES)	(927,844)		1,264			(400,000)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(248,628)	7,966	(1,146,148)	(9,759)	1,611,063	196,057	260,708	44,845	2,159	44,785
FUND BALANCES - JANUARY 1	432,284	91,763	4,856,254	150,460	3,236,218	736,920	284,500	682,486	6,491	45,304
FUND BALANCES - DECEMBER 31	\$ 183,656	\$ 99,729	\$ 3,710,106	\$ 140,701	\$ 4,847,281	\$ 932,977	\$ 545,208	\$ 727,331	\$ 8,650	\$ 90,089

CITY OF BENTON, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS			TRUST FUND	Totals
	Police Federal Treasury	Advertising and Promotion Small Projects	Advertising and Promotion Large Projects	American Rescue Plan Act	2012 Capital Improvement Refunding Bond	2014 and 2015 Sales and Use Tax Bond	2015 Capital Improvement Bond	City Employees' Pension	
REVENUES									
State aid									\$ 32,821
Federal aid									10,964
Property taxes									671,695
Franchise fees					\$ 27,038		\$ 326,093		933,574
Sales taxes						\$ 2,346,786			13,766,519
Fines, forfeitures, and costs									124,047
Interest	\$ 4,911	\$ 22,993	\$ 53,586	\$ 203,156	10,007	92,704	22,411	\$ 392,432	1,082,869
Local permits and fees									1,504,410
Advertising and promotion taxes		412,609	1,031,523						2,063,046
Donations									115,299
Rental income									465,209
Sale of equipment									15,486
Employer contributions								483,809	483,809
Employee contributions								136,842	136,842
Net increase/(decrease) in fair value of investments								713,230	713,230
Other								677	54,237
TOTAL REVENUES	4,911	435,602	1,085,109	203,156	37,045	2,439,490	348,504	1,726,990	22,174,057
EXPENDITURES									
Current:									
General government				248,706				285,424	535,080
Law enforcement								126,067	3,040,059
Highways and streets								174,736	174,736
Public safety									2,366,530
Sanitation								778	778
Recreation and culture			1,107,003					92,021	10,621,577
Water and sewer				1,344,845					1,344,845
Total Current			1,107,003	1,593,551				679,026	18,083,605
Debt Service:									
Bond principal					815,000	950,000	110,000		1,875,000
Bond interest and other charges					15,908	1,356,031	224,525		1,596,464
Financed purchase principal									127,986
Financed purchase interest									15,170
TOTAL EXPENDITURES			1,107,003	1,593,551	830,908	2,306,031	334,525	679,026	21,698,225
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,911	435,602	(21,894)	(1,390,395)	(793,863)	133,459	13,979	1,047,964	475,832
OTHER FINANCING SOURCES (USES)									
Transfers in					400,000				926,264
Transfers out									(400,000)
Transfer to local police and fire retirement system									(927,844)
TOTAL OTHER FINANCING SOURCES (USES)					400,000				(401,580)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,911	435,602	(21,894)	(1,390,395)	(393,863)	133,459	13,979	1,047,964	74,252
FUND BALANCES - JANUARY 1	176,957	390,569	1,729,968	7,586,171	393,980	2,280,795	493,253	8,856,787	34,651,312
FUND BALANCES - DECEMBER 31	\$ 181,868	\$ 826,171	\$ 1,708,074	\$ 6,195,776	\$ 117	\$ 2,414,254	\$ 507,232	\$ 9,904,751	\$ 34,725,564

CITY OF BENTON, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
1991 Act 833 - Fire Insurance Tax	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Animal Control Operating	Benton Ordinance no. 34 of 2013 (June 24, 2013) established fund and Benton Ordinance no. 84 of 2019 (November 25, 2019) amended the fund to account for fines and fees associated with animal control.
Rescue	Ark. Code Ann. § 27-101-111 established fund to receive fees from the county treasurer to be used for operating on the waterways within a city within a county or for emergency rescue services if the city has not established a patrol.
Communications Facility and Equipment	Ark. Code Ann. § 14-52-202 established fund to receive 25% of police chief fees collected to be used for communications equipment and repair and to train operations staff.
Communications System	Established by Benton Ordinance no. 43 of 1997 (November 24, 1997) to account for the proceeds derived from the leases authorized by Benton Resolution nos. 7 and 8 of 1996 (April 8, 1996) between the City of Benton and Southwestern Bell Mobile Systems, Inc. and Sprint Spectrum, L.P.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Financial Stability	Benton Ordinance no. 84 of 2007 (November 12, 2007) established fund to receive general revenues received by the City during the year, which exceed the funds which have been pledged by the City Council.
Fire Truck Reserve	Benton Ordinance no. 73 of 2012 (December 20, 2012) established fund to account for funds to be utilized towards the purchase of fire apparatus.
Firemen's Pension	Ark. Code Ann. § 24-11-801 established fund to receive property taxes, state aid, and other revenues allowed by law for support of firefighter retirement programs.

CITY OF BENTON, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Municipal Judge's and Clerk's Retirement	Ark. Code Ann. §§ 24-4-751, 24-8-902 established fund to contribute an amount of money that represents the actuarially determined accrued liability to be paid to the Arkansas Public Employees Retirement System. Excess funds will be retained in this fund for the sole purpose of paying the retirement benefits of district judges and clerks.
Parks and Recreation	Benton Ordinance nos. 42 of 2003 (November 24, 2003), 48 of 2013 (August 28, 2013), and 52 of 2013 (August 23, 2013) established fund to receive: fees, sponsorships, and donations to be used for personnel expense; excess proceeds from the 2014 Sales and Use Tax for parks and recreation expense at Riverside Park; and one-sixth of 1.5% sales and use tax to be used for operation and maintenance of parks and recreation facilities as outlined in the Parks Master Plan.
Police Equipment Grant	Established to receive grant funds through the Bulletproof Vest Partnership and funds from the sale of law enforcement equipment.
Public Safety	Benton Ordinance no. 51 of 2013 (August 28, 2013) authorized the issuance of sales and use tax to assist with operating expenses for police, fire and 911 communications.
Franchise Fees	Established by Benton Ordinance no. 46 of 2012 (August 13, 2012) and Benton Ordinance no. 21 of 2015 (April 13, 2015) to receive sales tax revenue for the purpose of providing funds for the payment of principal and interest on the bond issues.
Advertising and Promotion Commission	Advertising and Promotion Commission established to receive 10% share of advertising and promotion tax. Focus Group Project was also established to receive 10% share of advertising and promotion tax.
Benton Events Center	Advertising and Promotion Commission established to receive 10% share of advertising and promotion tax and rental income from the Benton Events Center.
Police Narcotics Seizure (State)	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Police Narcotics Seizure (Federal)	Established to receive asset forfeitures resulting from drug offense cases with the Twenty-Second Judicial District.
Police Federal Treasury	Established to receive asset forfeitures resulting from cases with the Internal Revenue Service (IRS) and Homeland Security.

CITY OF BENTON, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion Small Projects	Advertising and Promotion Commission established to receive 20% share of advertising and promotion tax.
Advertising and Promotion Large Projects	Advertising and Promotion Commission established to receive 50% share of advertising and promotion tax.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLFR), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
2012 Capital Improvement Refunding Bond	Established by Benton Ordinance no. 46 of 2012 (August 13, 2012) to maintain principal and interest payments from pledged franchise fees.
2014 and 2015 Sales and Use Tax Bond	Benton Ordinance no. 2 of 2014 (February 24, 2014) and Benton Ordinance no. 24 of 2015 (April 27, 2015) to receive sales tax distributions from the Arkansas Department of Finance and Administration.
2015 Capital Improvement Bond	Benton Ordinance no. 21 of 2015 (April 13, 2015) established fund for the purpose of providing funds for payment of principal and interest on bond issue.
City Employees' Pension	Benton Resolution no. 6 of 1971 (June 1, 1971) and Benton Resolution no. 6 of 1987 (May 18, 1987) established fund to provide retirement and incidental benefits for all eligible full-time city employees.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Advertising and Promotion Commission - General	Ark. Code Ann. § 26-75-606 established fund to receive taxes levied on gross receipts of hotels and restaurants.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF BENTON, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

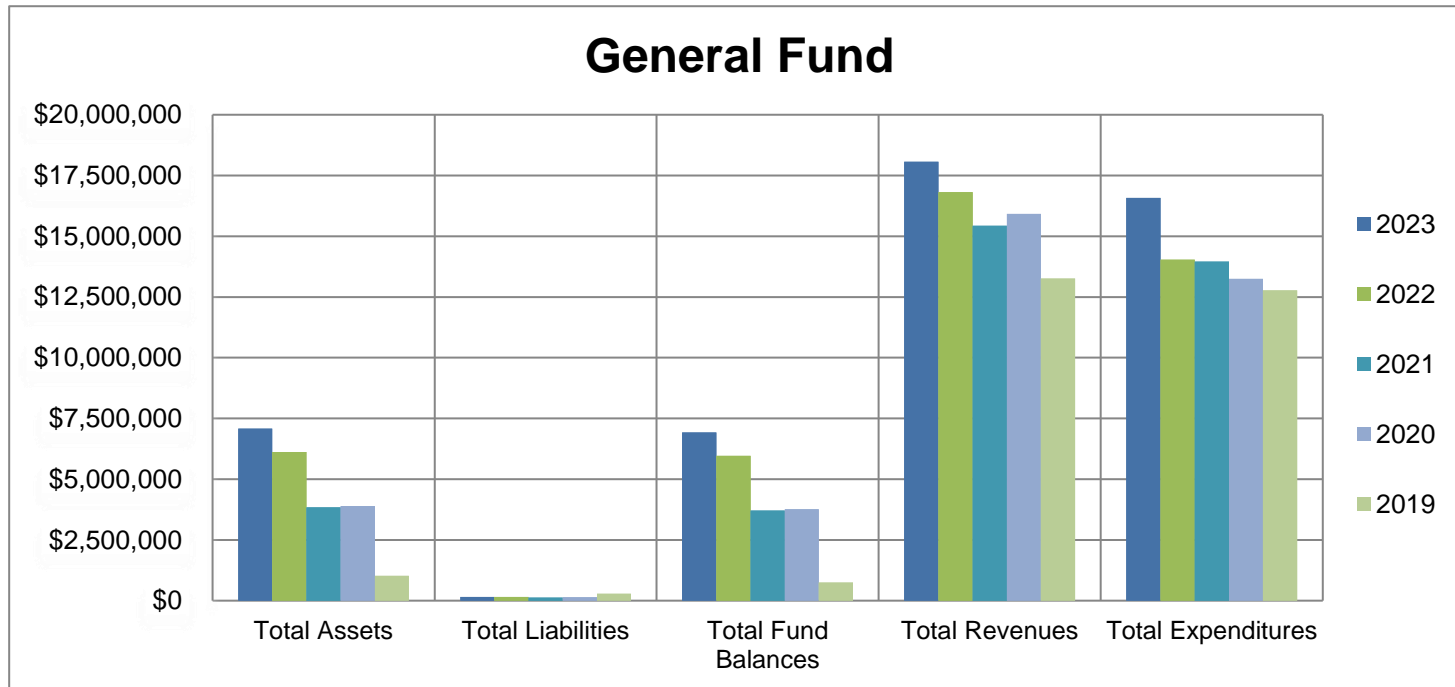
Schedule 3

	<u>December 31, 2023</u>
Land	\$ 11,328,809
Buildings & Improvements	77,356,713
Vehicles & Equipment	13,803,150
Construction in Progress	<u>1,675,096</u>
Total	<u><u>\$ 104,163,768</u></u>

CITY OF BENTON, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-1

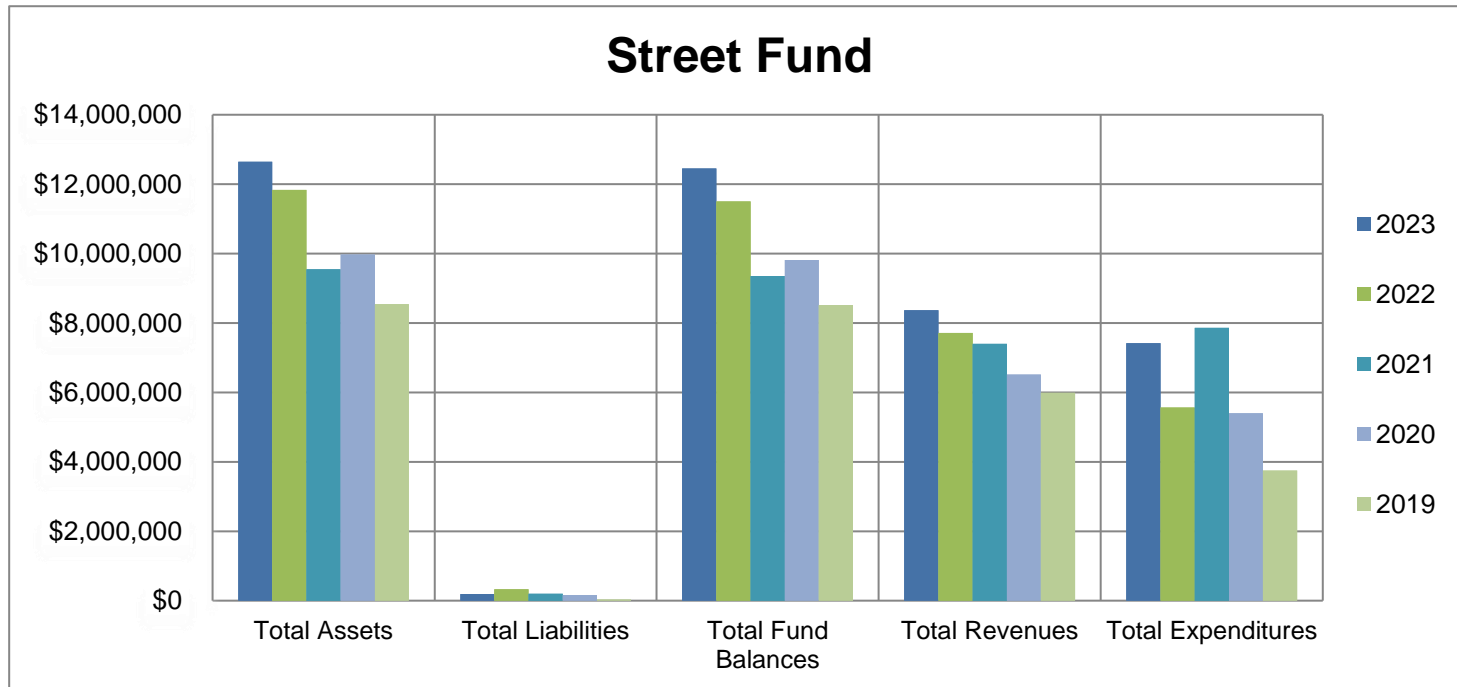
General	2023	2022	2021	2020	2019
Total Assets	\$ 7,081,667	\$ 6,119,641	\$ 3,837,310	\$ 3,892,550	\$ 1,020,333
Total Liabilities	156,541	157,759	130,580	135,370	281,906
Total Fund Balances	6,925,126	5,961,882	3,706,730	3,757,180	738,427
Total Revenues	18,063,555	16,816,440	15,432,999	15,913,473	13,255,266
Total Expenditures	16,574,047	14,036,288	13,955,030	13,246,657	12,768,407
Total Other Financing Sources/Uses	(526,264)	(525,000)	(1,528,419)	(309,489)	(445,969)



CITY OF BENTON, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-2

Street	2023	2022	2021	2020	2019
Total Assets	\$ 12,646,705	\$ 11,831,705	\$ 9,551,361	\$ 9,976,163	\$ 8,546,999
Total Liabilities	191,791	332,062	195,539	159,504	34,978
Total Fund Balances	12,454,914	11,499,643	9,355,822	9,816,659	8,512,021
Total Revenues	8,370,336	7,711,604	7,398,803	6,512,315	5,992,795
Total Expenditures	7,415,065	5,567,783	7,859,640	5,399,264	3,747,005
Total Other Financing Sources/Uses				26,231	(400,821)



CITY OF BENTON, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 35,131,955	\$ 35,197,074	\$ 32,354,270	\$ 24,534,735	\$ 22,631,770
Total Liabilities	406,391	545,762	697,592	696,893	367,881
Total Fund Balances	34,725,564	34,651,312	31,656,678	23,837,842	22,263,889
Total Revenues	22,174,057	22,018,322	22,655,705	17,227,979	18,267,359
Total Expenditures	21,698,225	19,117,811	15,968,938	13,658,385	16,921,555
Total Other Financing Sources/Uses	(401,580)	94,123	1,128,442	(2,822,423)	846,790

