

City of Bentonville, Arkansas

Annual Comprehensive Financial Report

For the Year Ended December 31, 2025



Prepared by:
Patrick Johndrow
Finance Director

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City of Bentonville, Arkansas

December 31, 2025

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Introductory Section

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City of Bentonville, Arkansas
Finance and Accounting Department
1000 SW 14th St – Bentonville, Arkansas 72712
Phone (479)-271-3100 – Fax (479) 271-5913

To the Citizens of the City of Bentonville, Honorable Mayor and Members of the City Council:

The Annual Comprehensive Financial Report of the City of Bentonville, Arkansas (the City) for the year ended December 31, 2025, is submitted in accordance with state statutes. These statutes require that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements.

This report consists of management's representations concerning the finances of the City of Bentonville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bentonville's financial statements have been audited by Forvis Mazars, LLP, a firm of licensed independent certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the financial statements of the governmental activities, business-type activities, each major fund and aggregate remaining fund information that collectively comprise the City of Bentonville's basic financial statements as of and for the fiscal year ended December 31, 2025. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. It is our intention that the MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Bentonville was incorporated in 1837 and is located in the northwest corner of the State of Arkansas. The City currently occupies a land area of approximately 31.5 square miles. The City's population is estimated to be 63,057 as of July 1, 2025, according to the U.S. Census Bureau. According to population projections utilized in the City's Future Land Use Plan, it is estimated that Bentonville's population could grow to 161,900 by the year 2050.

The City is empowered to levy property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically, when deemed appropriate by the City Council.

The City of Bentonville is operated under the Mayor-Council form of government. The Mayor is elected by the Citizens of Bentonville to a four year term. The Mayor serves as the chief executive of the city, presides over City Council meetings and has the ability to vote on City Council items in the event of a tie. The City Council is made up of two members from each ward (eight total members) within the City and are elected for four-year terms. The City Council has the ability to enact laws (ordinances) for the health, safety and welfare of the city not in conflict with the United States constitution or the constitution of the State of Arkansas.

The legal level of budgetary control is maintained at the fund level for all funds. However, management control is maintained at the department level. Departments may transfer resources within the same budget category as they see fit. Expenditures greater than budgeted amounts must be approved by the City Council by voting to amend the budget. Budgets are annually appropriated for the general, debt service, street, impact/capcity and federal grants funds.

The City of Bentonville provides a full range of services including police, fire, emergency ambulance service, library, parks and recreation, water, sewer, electric, traffic engineering, construction and maintenance of streets, community development (planning and zoning) and economic development.

The financial reporting entity (the government) includes all funds of the primary government.

Factors Affecting Financial Condition

Local Economy. The City of Bentonville historically benefits from low unemployment rates. There are several major industries in the City, with Wal-Mart and Sam's Club headquarters in Bentonville. The City is also home to Northwest Arkansas Community College. These employers draw their workforce from a population of more than 620,000 within the Fayetteville-Springdale-Rogers MSA (metropolitan statistical area) of which Bentonville is a part. Other major employers also located in the Fayetteville-Springdale-Rogers MSA include Tyson's Foods, J.B. Hunt Transport, and the University of Arkansas.

Relevant Financial Policies. The City's accounting records for general government activities are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's electric, water and sewer utility and other proprietary activities are maintained on an accrual basis. The annual budget serves as the foundation for the City of Bentonville, Arkansas' financial planning and control. The annual budget for all funds for the following year is prepared each year by the Mayor and Department Heads and is submitted to City Council for review and approval before the end of the current year. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted, which includes the General Fund, Street fund, Debt Service fund, Impact/Capacity Fees fund, and Federal Grant fund.

Long-term Financial Planning. During the annual budgeting process, the City evaluates long-term capital requirements and projected conditions in the local economy. The City is constantly monitoring the current economic conditions and will adjust the annual budget accordingly.

Awards and Acknowledgements

Awards: The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the City of Bentonville, Arkansas for its budget document prepared for the budget year ended December 31, 2025. The City of Bentonville has earned this award for 26 consecutive years. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bentonville for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1)-year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements: This report and the information contained therein would not have been possible without the help of the all the departments within the City of Bentonville that provided information presented. We would also like to express our appreciation to the Mayor and City Council for their interest and support in the responsible planning and conducting of the financial operations of the City.

Respectively submitted,

A handwritten signature in dark ink, appearing to read 'Patrick Johndrow', written in a cursive style.

Patrick Johndrow
Finance Director

June 18, 2026



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bentonville
Arkansas**

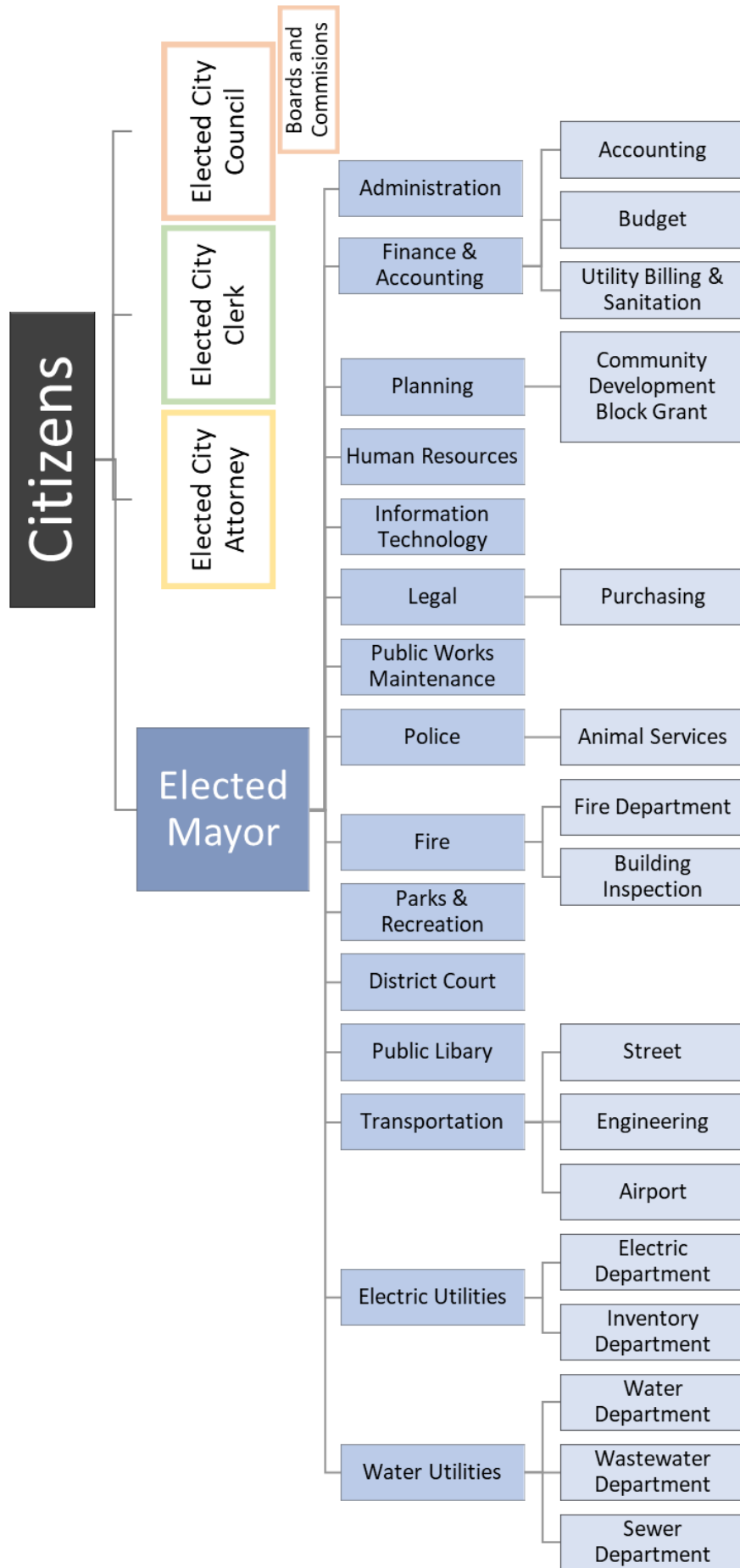
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

City of Bentonville Organizational Chart



City of Bentonville, Arkansas
List of Elected and Appointed Officials

Stephanie Orman
Mayor

Name	Ward	Position
Beckie Seba	1	1
Vacant	1	2
Cindy Acree	2	1
Chris Sooter	2	2
Aubrey Patterson	3	1
Bill Burckart	3	2
Octavio Sanchez	4	1
Holly Hook	4	2
Bonnie Bridges, City Attorney		
David Bailey, City Attorney		
Malorie Marrs, City Clerk		

Financial Section

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bentonville, Arkansas (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 (GAAS). 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.

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 the City's ability to continue as a going concern for 12 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 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, 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefit information 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 GAAS, 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 that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

The Honorable Mayor and Members of the City Council
City of Bentonville, Arkansas

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Forvis Mazars, LLP

**Rogers, Arkansas
June 18, 2026**

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City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

As management of the City of Bentonville (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2025. The information contained in this MD&A should be considered in conjunction with our letter of transmittal at the front of this report and the information contained in the Independent Auditor's Reports, Financial Statements and Supplementary Information.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,025,494,689.
- As of the close of the current fiscal year, the City of Bentonville's governmental funds reported combined ending fund balances of \$246,757,779.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$119,597,168 which is 92% of total general fund expenditures.
- The City's total bond related debt increased by \$61,153,962 or 66% during 2025 which is discussed in the *Long-term Debt* section of this document.
- The City had general revenues of \$114,849,016, grants and contribution revenue of \$68,353,596, charges for services of \$169,207,530 and program expenses of \$248,880,373 for the year ended December 31, 2025.
- The City's capital additions for the year, including outlays in the enterprise fund and developer contributions, were \$127,557,950.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into two categories, governmental and business-type activities. The governmental activities of the City include General Government, Administrative Services, Police, Fire, Public Works, Community Development, Library and Parks. The business-type activities of the City include Electric, Water, Wastewater, Sanitation and related support departments which comprise the Utility Fund.

The government-wide financial statements can be found on pages 13–15 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the street fund, the capital projects fund, and the debt service fund which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

The basic governmental fund financial statements can be found on pages 16–19 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater and sanitation operations.

Proprietary funds, in general, charge customers for services provided. Like the government-wide financial statements, proprietary fund financial statements are presented using a long-term financial accounting approach and the full accrual basis of accounting. Additional information is provided in the proprietary funds' statement of cash flows.

The basic proprietary fund financial statements can be found on pages 20–25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27–66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's budget to actual analysis for the general fund, street fund and the City's federal grant fund as well as the progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 67–69 of this report.

The combining schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budget information, pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 83–89 of this report.

GOVERNMENT-WIDE ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,025,494,689 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80%) is its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

City of Bentonville, Arkansas
Management's Discussion and Analysis
December 31, 2025

Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 297,888,273	\$ 234,160,026	\$ 99,274,773	\$ 82,908,952	\$ 397,163,046	\$ 317,068,978
Capital assets	567,025,300	494,378,334	337,854,372	316,898,707	904,879,672	811,277,041
Total assets	864,913,573	728,538,360	437,129,145	399,807,659	1,302,042,718	1,128,346,019
Total deferred outflows of resources	15,374,094	18,802,137	2,062,494	3,361,135	17,436,588	22,163,272
Long-term liabilities	200,778,576	153,457,770	34,253,360	25,250,351	235,031,936	178,708,121
Other liabilities	31,608,279	30,899,464	18,647,754	13,746,840	50,256,033	44,646,304
Total liabilities	232,386,855	184,357,234	52,901,114	38,997,191	285,287,969	223,354,425
Total deferred inflows of resources	7,228,947	4,299,256	1,467,701	890,690	8,696,648	5,189,946
Net position:						
Net investment in capital assets	501,941,531	443,943,355	317,667,636	314,071,877	819,609,167	758,015,232
Restricted	44,032,520	42,475,960	1,825,792	1,967,235	45,858,312	44,443,195
Unrestricted	94,697,814	72,264,692	65,329,396	47,241,801	160,027,210	119,506,493
Total net position	\$ 640,671,865	\$ 558,684,007	\$ 384,822,824	\$ 363,280,913	\$ 1,025,494,689	\$ 921,964,920

An additional portion of the City's net position (4.47%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$160,027,210 may be used to meet the City's ongoing obligations to citizens and creditors.

As a result of current year operations, total net position of the City increased by \$103,529,769 which is consistent with the increase in fiscal year 2024. The City continues to benefit from developer-funded infrastructure projects and capital contributions. Capital assets net of accumulated depreciation increased \$93,602,631. The major capital asset events contributing to this increase are discussed in the *Capital Assets* section of this document. Restricted net position increased by \$1,415,117 primarily due to the receipt of restricted grants.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 17,266,928	\$ 12,701,635	\$ 151,940,602	\$ 130,682,888	\$ 169,207,530	\$ 143,384,523
Operating grants and contributions	50,156,431	12,375,291	2,686,418	101,015	52,842,849	12,476,306
Capital grants and contributions	7,641,744	37,080,417	7,869,003	8,827,727	15,510,747	45,908,144
General revenues:						
Property taxes	16,333,070	13,801,494	-	-	16,333,070	13,801,494
Sales taxes	67,985,531	69,363,687	-	-	67,985,531	69,363,687
State turnback	7,043,828	6,750,189	-	-	7,043,828	6,750,189
Impact Fees	-	2,461,928	-	-	-	2,461,928
Franchise fees	7,507,136	6,499,636	-	-	7,507,136	6,499,636
Investment income (loss)	8,391,282	9,752,145	1,964,324	1,913,835	10,355,606	11,665,980
Gain (loss) on sale of capital assets	-	(1,109,559)	61,000	122,614	61,000	(986,945)
Grants not restricted to specific programs	126,014	-	-	-	126,014	-
Other	4,744,678	2,292,816	692,153	97,957	5,436,831	2,390,773
Transfers	(829,376)	(7,373,286)	829,376	7,373,286	-	-
Total revenues	<u>186,367,266</u>	<u>164,596,393</u>	<u>166,042,876</u>	<u>149,119,322</u>	<u>352,410,142</u>	<u>313,715,715</u>
Expenses:						
General government	15,147,058	20,628,670	-	-	15,147,058	20,628,670
Public safety	45,225,977	53,444,341	-	-	45,225,977	53,444,341
Recreation	20,260,043	16,692,535	-	-	20,260,043	16,692,535
Street department	16,059,799	4,717,661	-	-	16,059,799	4,717,661
Library	3,407,113	2,569,375	-	-	3,407,113	2,569,375
CDBG	42,369	30,378	-	-	42,369	30,378
Interest expense on long-term debt	4,237,049	3,657,173	-	-	4,237,049	3,657,173
Electric	-	-	91,303,405	77,315,647	91,303,405	77,315,647
Water	-	-	35,528,337	24,877,297	35,528,337	24,877,297
Wastewater	-	-	5,159,542	11,748,793	5,159,542	11,748,793
Sanitation	-	-	7,607,019	7,411,693	7,607,019	7,411,693
Support	-	-	4,902,662	5,880,824	4,902,662	5,880,824
Total expenses:	<u>104,379,408</u>	<u>101,740,133</u>	<u>144,500,965</u>	<u>127,234,254</u>	<u>248,880,373</u>	<u>228,974,387</u>
Increase in net position	81,987,858	62,856,260	21,541,911	21,885,068	103,529,769	84,741,328
Net position - beginning of the year,	<u>558,684,007</u>	<u>495,827,747</u>	<u>363,280,913</u>	<u>341,395,845</u>	<u>921,964,920</u>	<u>837,223,592</u>
Net position - end of the year	<u>\$ 640,671,865</u>	<u>\$ 558,684,007</u>	<u>\$ 384,822,824</u>	<u>\$ 363,280,913</u>	<u>\$ 1,025,494,689</u>	<u>\$ 921,964,920</u>

Governmental Activities

Governmental activities increased the City's net position by \$81,987,858, thereby accounting for 79% of the total growth in the net position of the City. The 2025 increase is \$19.1 million more than in 2024 primarily due to an increase in operating grants. The increase in operating grants is mainly attributable to various grants provided by the Walton Family Foundation for various projects throughout the City. Additionally, the year-over-year fluctuation between general revenues and charges for services is primarily attributable to a reclassification of impact fee revenue in fiscal year 2025. In fiscal year 2024, impact fees were reported as part of general revenues. In fiscal year 2025, management evaluated the nature of these revenues and determined they are more appropriately presented as charges for services, as they are directly associated with specific development-related activities. As a result of this reclassification, charges for services increased in fiscal year 2025, while general revenues decreased by a corresponding amount. This change in presentation does not impact total revenues or the overall change in net position.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

Business-type Activities

Business-type activities increased the City's net position by \$21,541,911, accounting for 21% of the total growth in the City's net position. The change in net position decreased by approximately \$0.3 million in fiscal year 2025 compared to fiscal year 2024. This variance is primarily attributable to increased operating expenses, partially offset by higher charges for services. During fiscal year 2025, the City incurred significant expenditures related to water leak repairs, which were determined to be non-capitalizable and therefore expensed as incurred, contributing to the overall increase in expenses. To help recover these additional costs, the City implemented a water rate increase in April 2025. This rate adjustment resulted in higher charges for services during the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$119,597,168, while total fund balances reached \$125,209,625. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures. Unassigned fund balances represent 92% of total general fund expenditures, while total fund balances represent 96% of that same amount.

The fund balances of the City's general fund increased \$12,994,871 during the current fiscal year, an increase of \$6,551,545 from fiscal year 2024 which was primarily driven by an increase in revenues of \$24,638,717, partially offset by an increase in expenditures of \$21,932,276. The increase in revenues was primarily driven by an increase in grant revenues due to various local grant agreements for projects throughout the City funded by the Walton Family Foundation, as well as federal funding related to the 2024 tornado response. There was also an overall increase in expenditures due primarily to increase in capital outlays, spending of grant funds for specified projects, and general government due to additional expenditures in response to the tornado.

Street Fund

The City's street fund had a total fund balance of \$15,718,020 of which \$547 is nonspendable and the remaining balance is restricted to fund street capital and maintenance projects. The net increase in fund balance during the current year in the street fund was \$4,376,137. The fund balance increase is primarily due to a decrease in grant related capital project expenditures that was only partially offset by a decrease in grant funding.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

Capital Project Fund

The City's capital project fund had a total fund balance of \$84,532,841 all of which is restricted and available to fund capital projects that meet the requirements of the Series 2021 Sales and Use Tax Refunding and Improvement Bonds, Series 2023 Sales and Use Tax Bonds, and Series 2025 Sales and Use Tax Bonds. The net increase in fund balance during the current year in the capital project fund was \$40,014,251 and is primarily the result of issuing debt of \$65.9 million in 2025, of which the Capital Project fund received \$63.8 in bond proceeds that was partially offset by spending of bond proceeds in the amount of \$27,576,361 on capital improvements.

Debt Service Fund

The City's debt service fund had a total fund balance of \$11,940,726, which is restricted for debt service. The net increase in fund balance during the current year in the debt service fund was 1,315,653 due to the issuance of Series 2025 Sales and Use Tax Bonds, offset by a slight decrease in sales tax revenues and regularly scheduled debt service payments.

Proprietary Funds

Enterprise Fund

Unrestricted net position of the enterprise fund at the end of the year was \$65,329,396. The total growth in net position of the enterprise fund was \$21,541,911. Operating revenues of the enterprise fund increased 17.0% to \$152,005,390 and the operating expenses increased 13.0% to \$143,254,141. Other factors concerning the finances of the enterprise fund have already been discussed in the City's business-type activities.

General Fund Budgetary Highlights

Original Budget as Compared to the Final Budget

During the 2025 fiscal year, the original budget expenditures of the general fund was amended primarily to budget for more capital projects and other costs not previously in the budget. Budgeted revenues for the general fund were amended primarily for an increase in grant funds of approximately \$86.0 million of which approximately \$49.8 received during the year. The most significant amendments were for a budget adjustment of \$108 million for construction projects.

Actual Results as Compared to the Final Budget

Variances between the actual revenues and expenditures and the general fund's final budget were fairly significant. The final amended budget projected a \$22,568,621 decrease in general fund balance while the actual resulted in a fund balance increase of \$12,994,871. The primary factors in the variances can be briefly summarized as follows:

- *Property tax* revenue was \$10,718,518, while the final budgeted amount was \$10,906,431. The decrease in revenues from the budgeted amount of \$187,913.
- *Sales tax* revenue was \$47,879,897, while the final budgeted amount was \$52,629,005. The decrease in revenues from the budgeted amount of \$4,749,108 can be attributed to an increase in sales tax rebates related to ongoing construction projects in the City.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

- *Charges for services* revenue was \$9,552,410, while the final budgeted amount was \$8,658,495. The increase in revenues over the budget \$893,915 can be attributed to an unforeseen increase in ambulance charges and billed services related to special events.
- *Grants* revenue was \$49,848,420, while the final budgeted amount was \$87,212,883. The decrease in revenues from the budgeted amount of \$37,364,463 can be attributed to grants that were budgeted in 2025 but were not earned during the year.
- *Contributions* revenue was \$2,186,201, while the final budgeted amount was \$4,017,102. The decrease in revenues from the budgeted amount of \$1,830,901 can be attributed to contributions that were budgeted in 2025 but were not received during the year.
- *Capital outlay* expenditure was \$62,293,494, while the final budgeted amount was \$119,004,288. The decrease in expenditures from the amount budgeted of \$56,710,794 can be attributed to various budgeted capital outlay projects that were not completed in 2025 due to time constraints or planned multi-year projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2025, the City's investment in capital assets for its governmental and business-type activities was \$904,879,672 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and streets.

Major capital asset events during the current fiscal year include the following:

- Capital expenditures of \$98.7 million were made for a variety of street construction projects primarily for the widening and expansion of existing streets. In addition, \$3.4 million of streets, drainage and sidewalks constructed by developers were contributed to the City to own and maintain.
- Capital expenditures for additions and improvements for the City's water system, sewer system and electric system were \$31.6 million. In addition, \$4.5 million in electric, water and sewer lines were contributed by developers to the City.
- Capital expenditures for furniture, fixtures and equipment city wide totaled \$12.1 million due to additional equipment needs throughout the city.

Additional information regarding capital assets can be found on pages 38–42 of this report.

Long-term Debt

The City had \$153,833,546 in revenue bonds payable outstanding as of December 31, 2025, which is an increase of \$61,153,962 from the previous year. The increase was due to the issuance of \$65.9 million in Series 2025 Sales and Use Tax Bonds offset partially by regularly schedule debt service payments.

Additional information regarding long-term debt can be found at pages 42–46 of this report.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the metropolitan area of Northwest Arkansas (of which Bentonville is a part) is currently 3.20%. This compares favorably to the state average unemployment rate of 4.3% and national average unemployment rate of 4.4%.
- The City's population growth has averaged about 6% annually and according to the most recent census the population is 63,057. Impact and capacity fees, an additional one cent sales tax for capital improvements and slight increases in utility rates are in place to meet the financial demands caused by this population growth.
- The General Fund adopted operating budget for 2026 was \$88 million which was a \$5.4 million increase from the 2025 budget.
- The City-Wide operating budget for 2026 was \$278 million which was a \$25.3 million increase from the 2025 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance; 1000 SW 14th Street; Bentonville, Arkansas 72712.

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Basic Financial Statements

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City of Bentonville, Arkansas
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 167,754,729	\$ 62,888,924	\$ 230,643,653
Investments	699	499	1,198
Restricted cash and cash equivalents	97,970,642	1,825,792	99,796,434
Receivable			
Customer accounts, net of allowance for uncollectible accounts of \$493,000	-	20,311,299	20,311,299
Property taxes, net of allowance for uncollectibles of \$842,041	16,859,722	-	16,859,722
Grants and other	5,051,342	-	5,051,342
Internal balances	(149,407)	149,407	-
Inventories	-	13,977,210	13,977,210
Prepaid items	1,208,198	121,642	1,329,840
Total current assets	<u>288,695,925</u>	<u>99,274,773</u>	<u>387,970,698</u>
Noncurrent Assets			
Restricted assets			
Sales taxes receivable	5,522,937	-	5,522,937
Total restricted assets	<u>5,522,937</u>	<u>-</u>	<u>5,522,937</u>
Net pension asset	3,669,411	-	3,669,411
Capital assets - non-depreciable	132,696,853	38,616,311	171,313,164
Capital assets - depreciable, net	434,328,447	299,238,061	733,566,508
Total pension and capital assets, net	<u>570,694,711</u>	<u>337,854,372</u>	<u>908,549,083</u>
Total noncurrent assets	<u>576,217,648</u>	<u>337,854,372</u>	<u>914,072,020</u>
Total assets	<u>864,913,573</u>	<u>437,129,145</u>	<u>1,302,042,718</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	7,318,710	812,312	8,131,022
Deferred outflows - OPEB	2,054,071	374,944	2,429,015
Deferred outflows - pension contributions	6,001,313	875,238	6,876,551
Total deferred outflows of resources	<u>15,374,094</u>	<u>2,062,494</u>	<u>17,436,588</u>

City of Bentonville, Arkansas
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 17,686,897	\$ 9,155,738	\$ 26,842,635
Accrued expenses and other	3,008,446	6,227,757	9,236,203
Accrued interest payable	915,501	42,529	958,030
Other postemployment benefit liability - current portion	181,023	43,154	224,177
Compensated absences - current portion	532,874	195,409	728,283
Due to other governments	167,974	480,533	648,507
Bonds payable - current portion	6,095,000	1,700,000	7,795,000
Unearned revenues	9,829,461	2,741,197	12,570,658
Total current liabilities	38,417,176	20,586,317	59,003,493
Noncurrent Liabilities			
Customer deposits	-	1,834,195	1,834,195
Compensated absences	4,330,498	1,672,396	6,002,894
Other postemployment benefit liability	9,328,799	1,799,827	11,128,626
Net pension liability	45,272,785	10,038,675	55,311,460
Notes payable	2,676,350	-	2,676,350
Bonds payable, net	129,068,842	16,969,704	146,038,546
Arbitrage liability	3,292,405	-	3,292,405
Total noncurrent liabilities	193,969,679	32,314,797	226,284,476
Total liabilities	232,386,855	52,901,114	285,287,969
Deferred Inflows of Resources			
Deferred inflows - OPEB	1,403,465	288,399	1,691,864
Deferred inflows - pensions	5,825,482	1,179,302	7,004,784
Total deferred inflows of resources	7,228,947	1,467,701	8,696,648
Net Position			
Net investment in capital assets	501,941,531	317,667,636	819,609,167
Restricted			
Debt service	11,025,225	1,816,728	12,841,953
New growth	9,215,605	-	9,215,605
Renewals and replacements	-	9,064	9,064
Capital improvements	3,956,205	-	3,956,205
Street improvements	15,717,473	-	15,717,473
Pensions	3,669,411	-	3,669,411
Other	448,601	-	448,601
Total restricted	44,032,520	1,825,792	45,858,312
Unrestricted	94,697,814	65,329,396	160,027,210
Total net position	\$ 640,671,865	\$ 384,822,824	\$ 1,025,494,689

See Notes to Financial Statements

City of Bentonville, Arkansas
Statement of Activities
For the Year Ended December 31, 2025

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Government/Programs					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 15,147,058	\$ 1,286,712	\$ 1,601,791	\$ 565,630	\$ (11,692,925)	\$ -	\$ (11,692,925)
Public safety	45,225,977	6,136,964	188,932	1,581,210	(37,318,871)	-	(37,318,871)
Recreation	20,260,043	7,397,026	47,555,665	26,901	34,719,549	-	34,719,549
Street department	16,059,799	2,024,454	708,247	4,201,751	(9,125,347)	-	(9,125,347)
Library	3,407,113	421,772	59,427	1,266,252	(1,659,662)	-	(1,659,662)
CDBG	42,369	-	42,369	-	-	-	-
Interest expense on long-term debt	4,237,049	-	-	-	(4,237,049)	-	(4,237,049)
Total governmental activities	104,379,408	17,266,928	50,156,431	7,641,744	(29,314,305)	-	(29,314,305)
Business-Type Activities:							
Electric	91,303,405	94,480,958	1,735,399	1,337,356	-	6,250,308	6,250,308
Water	35,528,337	26,669,398	915,527	6,531,647	-	(1,411,765)	(1,411,765)
Wastewater	5,159,542	20,643,999	35,492	-	-	15,519,949	15,519,949
Sanitation	7,607,019	8,710,948	-	-	-	1,103,929	1,103,929
Support	4,902,662	1,435,299	-	-	-	(3,467,363)	(3,467,363)
Total business-type activities	144,500,965	151,940,602	2,686,418	7,869,003	-	17,995,058	17,995,058
Total primary government	<u>\$ 248,880,373</u>	<u>\$ 169,207,530</u>	<u>\$ 52,842,849</u>	<u>\$ 15,510,747</u>	<u>(29,314,305)</u>	<u>17,995,058</u>	<u>(11,319,247)</u>
General Revenues:							
Property taxes					16,333,070	-	16,333,070
Sales taxes					67,985,531	-	67,985,531
State turnback					7,043,828	-	7,043,828
Franchise taxes					7,507,136	-	7,507,136
Investment income					8,391,282	1,964,324	10,355,606
Gain on sales of capital assets					-	61,000	61,000
Grants not restricted to specific programs					126,014	-	126,014
Other					4,744,678	692,153	5,436,831
Transfers					(829,376)	829,376	-
Total general revenues and transfers					111,302,163	3,546,853	114,849,016
Change in Net Position					81,987,858	21,541,911	103,529,769
Net Position - Beginning of Year					558,684,007	363,280,913	921,964,920
Net Position - End of Year					<u>\$ 640,671,865</u>	<u>\$ 384,822,824</u>	<u>\$ 1,025,494,689</u>

City of Bentonville, Arkansas
Balance Sheet - Governmental Funds
December 31, 2025

	General	Street	Capital Project	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 139,008,669	\$ 18,443,881	\$ -	\$ 10,302,179	\$ -	\$ 167,754,729
Investments	699	-	-	-	-	699
Accounts receivable:						
Property taxes, net of allowance for uncollectible accounts of \$842,041	12,902,901	3,956,821	-	-	-	16,859,722
Grants and other	3,511,698	1,529,999	-	-	9,645	5,051,342
Due from other funds	1,182,639	13,252	-	-	-	1,195,891
Prepaid and other	1,207,651	547	-	-	-	1,208,198
Restricted assets:						
Cash and cash equivalents	1,321,940	-	86,211,107	-	10,437,595	97,970,642
Sales tax receivable	3,884,390	-	-	1,638,547	-	5,522,937
Total assets	<u>\$ 163,020,587</u>	<u>\$ 23,944,500</u>	<u>\$ 86,211,107</u>	<u>\$ 11,940,726</u>	<u>\$ 10,447,240</u>	<u>\$ 295,564,160</u>
Liabilities						
Accounts payable	\$ 14,891,241	\$ 942,418	\$ 1,677,181	\$ -	\$ 176,057	\$ 17,686,897
Due to other funds	660,804	2,498	1,085	-	680,911	1,345,298
Due to other governments	-	-	-	-	167,974	167,974
Accrued expenditures and other	2,880,836	127,610	-	-	-	3,008,446
Unearned revenues	7,133,437	2,630,293	-	-	65,731	9,829,461
Total liabilities	<u>25,566,318</u>	<u>3,702,819</u>	<u>1,678,266</u>	<u>-</u>	<u>1,090,673</u>	<u>32,038,076</u>
Deferred Inflows of Resources						
Unavailable revenues - property taxes	12,244,644	3,754,114	-	-	-	15,998,758
Unavailable revenues - grants	-	769,547	-	-	-	769,547
Total deferred inflows of resources	<u>12,244,644</u>	<u>4,523,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,768,305</u>
Fund balances						
Nonspendable						
Prepaid expenditures	1,207,651	547	-	-	-	1,208,198
Restricted						
Debt service	-	-	-	11,940,726	-	11,940,726
General capital improvements	3,956,205	-	84,532,841	-	-	88,489,046
New growth	-	-	-	-	9,215,605	9,215,605
Street improvements	-	15,717,473	-	-	-	15,717,473
Other	448,601	-	-	-	-	448,601
Assigned	-	-	-	-	140,962	140,962
Unassigned	119,597,168	-	-	-	-	119,597,168
Total fund balances	<u>125,209,625</u>	<u>15,718,020</u>	<u>84,532,841</u>	<u>11,940,726</u>	<u>9,356,567</u>	<u>246,757,779</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 163,020,587</u>	<u>\$ 23,944,500</u>	<u>\$ 86,211,107</u>	<u>\$ 11,940,726</u>	<u>\$ 10,447,240</u>	<u>\$ 295,564,160</u>

City of Bentonville, Arkansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Total fund balances – governmental funds	\$ 246,757,779
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	567,025,300
Net pension assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	3,669,411
Property tax and certain grant revenues that do not provide current financial resources at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide statements.	16,768,305
Deferred inflows and outflows related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	8,145,147
Liabilities that are not due and payable in the current period and are not reported in the fund statements:	
Accrued interest payable	(915,501)
Accrued compensated absences	(4,863,372)
Net pension liabilities	(45,272,785)
Other postemployment benefits liability	(9,509,822)
Notes payable	(2,676,350)
Bonds payable, net of premiums and discounts	(135,163,842)
Arbitrage liability	<u>(3,292,405)</u>
Total net position – governmental activities	<u>\$ 640,671,865</u>

City of Bentonville, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2025

	General	Street	Capital Project	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	\$ 10,718,518	\$ 3,301,061	\$ -	\$ -	\$ -	\$ 14,019,579
Sales tax	47,879,897	-	-	20,136,624	-	68,016,521
State turnback	2,550,929	4,492,899	-	-	-	7,043,828
Impact fees	-	-	-	-	3,391,270	3,391,270
Franchise taxes	7,507,136	-	-	-	-	7,507,136
Charges for services	9,552,410	18,351	-	-	-	9,570,761
Fines and forfeitures	701,898	-	-	-	-	701,898
Licenses and permits	2,695,272	11,575	-	-	-	2,706,847
Grants	49,848,420	708,247	-	-	126,014	50,682,681
Contributions	2,186,201	2,001,320	-	-	-	4,187,521
Interest income	4,622,431	562,311	2,490,827	443,029	272,684	8,391,282
Miscellaneous	3,040,803	1,428,065	-	-	-	4,468,868
Total revenues	141,303,915	12,523,829	2,490,827	20,579,653	3,789,968	180,688,192
Expenditures						
Current:						
General government	11,105,173	-	-	-	57,548	11,162,721
Public safety	38,281,882	-	-	-	-	38,281,882
Recreation	16,221,500	-	-	-	-	16,221,500
Street department	-	5,660,835	-	-	-	5,660,835
Library	2,557,976	-	-	-	-	2,557,976
CDBG	42,369	-	-	-	-	42,369
Capital outlay	62,293,494	1,743,234	27,576,361	-	68,467	91,681,556
Debt service						
Principal	-	-	-	17,160,000	-	17,160,000
Interest	-	-	-	4,164,066	-	4,164,066
Bond issue costs	-	-	637,847	-	-	637,847
Total expenditures	130,502,394	7,404,069	28,214,208	21,324,066	126,015	187,570,752
Excess (Deficiency) of Revenues Over Expenditures	10,801,521	5,119,760	(25,723,381)	(744,413)	3,663,953	(6,882,560)
Other Financing Sources (Uses)						
Sale of capital assets	32,828	-	-	-	-	32,828
Issuance of debt	-	-	63,834,934	2,060,066	-	65,895,000
Premium on issuance of debt	-	-	1,159,075	-	-	1,159,075
Transfers in	2,997,085	-	743,623	-	7,187	3,747,895
Transfers out	(836,563)	(743,623)	-	-	(2,997,085)	(4,577,271)
Total other financing sources (uses)	2,193,350	(743,623)	65,737,632	2,060,066	(2,989,898)	66,257,527
Change in Fund Balances	12,994,871	4,376,137	40,014,251	1,315,653	674,055	59,374,967
Fund Balances, Beginning of Year	112,214,754	11,341,883	44,518,590	10,625,073	8,682,512	187,382,812
Fund Balances, End of Year	\$ 125,209,625	\$ 15,718,020	\$ 84,532,841	\$ 11,940,726	\$ 9,356,567	\$ 246,757,779

See Notes to Financial Statements

City of Bentonville, Arkansas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balance – total governmental funds \$ 59,374,967

**Amounts reported for governmental activities in the statement of activities
are different because:**

Governmental Funds do not report capital contributions and they report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	91,681,556
Capital contributions	3,425,412
Loss on capital asset disposals	(2,007,029)
Depreciation expense	(20,452,973)

Bond and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities

Principal paid on bonds	17,160,000
Amortization of premiums and discounts	321,817
Issuance of revenue bonds and related premium	(67,054,075)

Property tax and certain grant revenues reported in the statement of activities are not available soon after year-end and therefore are not considered current financial resources and are not recognized in the fund financial statements in the current year. This is the change in the amount of deferred property tax and grant revenues reported in the governmental fund statements.

3,083,038

Deferred inflows/outflows related to the net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These amounts are amortized into pension expense in future periods. This is the amount by which the deferred inflows/outflows changed during the current year.

(6,357,734)

Expenses for pensions and other postemployment benefit liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund financial statements in the current year. This is the change in the amount of the net pension and other postemployment benefit liabilities reported in the governmental fund statements.

3,716,551

Accrued expenses, such as compensated absences, interest, etc., reported in the statement of activities do not require the use of current financial resources, and, therefore, are not expenditures in the funds. This is the net change in accrued expenses.

(903,672)

Change in net position of governmental activities	\$ 81,987,858
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City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2025

	<u>Business-type Activity - Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 62,888,924
Investments	499
Accounts receivable (customer accounts), net of allowance for uncollectible accounts of \$493,000	20,311,299
Due from other funds	150,417
Restricted cash and cash equivalents	1,825,792
Inventories	<u>13,977,210</u>
Total current assets	<u>99,154,141</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation of \$151,987,734	337,854,372
Other assets	<u>121,642</u>
Total noncurrent assets	<u>337,976,014</u>
Total assets	<u>437,130,155</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	812,312
Deferred outflows - pension contributions	875,238
Deferred outflows - OPEB	<u>374,944</u>
Total deferred outflows of resources	<u>2,062,494</u>

City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2025

	Business-type Activity - Enterprise Fund
Liabilities	
Current Liabilities:	
Accounts payable	\$ 9,155,738
Accrued expenses and other	6,227,757
Accrued interest payable	42,529
Other postemployment benefits liability - current portion	43,154
Compensated absences - current portion	195,409
Due to other funds	1,010
Due to other governments	480,533
Bonds payable - current portion	1,700,000
Unearned revenue	2,741,197
Total current liabilities	20,587,327
Noncurrent Liabilities:	
Customer deposits	1,834,195
Compensated absences	1,672,396
Other postemployment benefits liability	1,799,827
Net pension liability	10,038,675
Bonds payable, net of unamortized premium and discount	16,969,704
Total noncurrent liabilities	32,314,797
Total liabilities	52,902,124
Deferred Inflows of Resources	
Deferred inflows - OPEB	288,399
Deferred inflows - pensions	1,179,302
Total deferred inflows of resources	1,467,701
Net Position	
Net investment in capital assets	317,667,636
Restricted	
Debt service	1,816,728
Renewals and replacements	9,064
Unrestricted	65,329,396
Total net position	\$ 384,822,824

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City of Bentonville, Arkansas
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended December 31, 2025

	Business-type Activity - Enterprise Fund
Operating Revenues	
Charges for services	\$ 148,829,421
Other, net	3,175,969
Total operating revenues	<u>152,005,390</u>
Operating Expenses	
Salaries and fringe benefits	15,695,998
Contract purchases	94,588,644
Maintenance	8,745,718
Depreciation and amortization	11,368,616
Materials and supplies	1,071,029
Other services and charges	11,784,136
Total operating expenses	<u>143,254,141</u>
Operating Income	<u>8,751,249</u>
Nonoperating Income (Expenses)	
Interest income	1,964,324
Bond interest and fiscal agent charges	(327,366)
Gain (loss) on sale of capital assets	(231,093)
Grants	5,767,704
Net non-operating revenues (expenses)	<u>7,173,569</u>
Income Before Capital Contributions and Transfers	15,924,818
Capital Contributions and Transfers	
Capital contributions	4,472,961
Developer funded infrastructure revenue	314,756
Transfers in	829,376
Change in Net Position	21,541,911
Net Position, Beginning of Year	<u>363,280,913</u>
Net Position, End of Year	<u><u>\$ 384,822,824</u></u>

City of Bentonville, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2025

	Business-type Activity – Enterprise Fund
Operating Activities	
Receipts from customers	\$ 145,058,501
Payments to suppliers	(103,025,516)
Payments to employees	(16,143,513)
Other payments	(8,303,876)
Net cash provided by operating activities	17,585,596
Noncapital Financing Activities	
Noncapital grants	5,305,714
Net cash provided by noncapital financing activities	5,305,714
Capital and Related Financing Activities	
Purchase and construction of capital assets	(23,691,912)
Proceeds from sale of capital assets	187,701
Principal paid on revenue bonds	(1,800,000)
Interest and agent fees paid of revenue bonds	(327,367)
Developer funded infrastructure receipts	314,756
Proceeds from issuance of revenue bonds	13,381,704
Transfers for capital purposes	829,376
Net cash used in capital and related financing activities	(11,105,742)
Investing Activities	
Maturity of investments	3,380,975
Interest income	1,964,324
Net cash provided by investing activities	5,345,299
Increase in Cash and Cash Equivalents	17,130,867
Cash and Cash Equivalents, Beginning of Year	47,583,849
Cash and Cash Equivalents, End of Year	<u><u>\$ 64,714,716</u></u>

City of Bentonville, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2025

	Business-type Activity – Enterprise Fund
Cash and Cash Equivalents of Proprietary Funds, as presented on the Statement of Net Position – Proprietary Funds, is as follows:	
Cash and cash equivalents	\$ 62,888,924
Restricted cash and cash equivalents – current	<u>1,825,792</u>
	<u>\$ 64,714,716</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 8,751,249
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	11,368,616
Changes in assets and liabilities	
Receivables, net	(3,770,920)
Due from other funds	(144,419)
Inventories	1,298,787
Other assets	88
Deferred outflows related to pensions	1,393,125
Deferred outflows related to OPEB	(94,484)
Accounts payable	81,088
Accrued expenses	469,288
Due to other governments	209,917
Other liabilities	238,705
OPEB liability	364,661
Net Pension liability	(3,157,116)
Deferred inflows related to OPEB	(62,775)
Deferred inflows related to pension	<u>639,786</u>
Net cash provided by operating activities	<u>\$ 17,585,596</u>
Noncash Investing, Capital and Financing Activities	
Net change in fair value of investments	\$ 6,547
Capital assets in accounts payable and accrued expenses	\$ 5,287,032
Capital assets acquired through contributions	\$ 4,472,961
Loss on disposed assets	\$ 292,093

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City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Bentonville, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute. The City operates under an elected mayor-council form of government. Eight elected council members and the Mayor set policy of the City. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the City:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the City of Bentonville, Arkansas.

The City's primary government consists of those funds or organizations that make up the legal entity for which it is financially responsible.

Jointly Governed Venture

The City is a participant with nine Northwest Arkansas cities in a jointly governed venture to operate Northwest Arkansas Conservation Authority (NACA), an organization whose purpose is to develop and implement cost-effective regional solutions to the challenges of providing environmentally sound wastewater and biosolids infrastructure and watershed management. NACA is governed by a Board of Directors consisting of 13 members appointed by the member cities. In order for NACA to secure financing of its wastewater treatment facility, the City entered into a service agreement with NACA in January 2006 committing the City to procuring NACA's services for 15 years or until the revenue bonds issued by NACA are retired. As of December 31, 2025, NACA has revenue bonds outstanding of \$138,850,086 with a final maturity date in October 2055. Service charges to the City are determined by rates based upon the actual costs incurred by NACA, including a proportional share of its overhead expenses attributable to the facility and debt service. During 2025, the City was NACA's primary customer and paid service charges to NACA in the amount of \$7,738,829, of which \$647,989 is payable at year-end. As of December 31, 2025, NACA reported an increase in Net Position of \$4,074,907. Complete financial statements for NACA can be obtained from NACA's administrative office at 11579 Snavelly Road, Bentonville, Arkansas 72712.

Related Organization

The City's Mayor and Council are also responsible for appointing members of the board of the Advertising and Promotions Commission, but the accountability for this organization does not extend beyond making the appointments. The financial operations of this related organization have not been included in the City's basic financial statements.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-wide Financial Statements

The government-wide financial statements report information on all of the activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. This elimination has taken place in the process of incorporating fund data into the government-wide financial statements, and not in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each governmental and proprietary fund are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All other governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the *general fund*, *street fund*, *capital project fund* and *debt service fund* as its major governmental funds. The general fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services and interest income. The street fund accounts for gasoline and road taxes received from the state and county levies. Revenues are expended for maintenance and repair of streets and sidewalks. The capital project fund accounts for the resources accumulated from the Series 2021B, 2023, and 2025 sales and use tax bonds of the City that are restricted for use in financing the costs of various capital improvement projects. The debt service fund accounts for financial resources that are restricted for principal and interest-related costs as well as the financial resources being accumulated for future debt service.

The City reports one major *enterprise fund*. It accounts for the City's combined electric, water, sewer and sanitation system, whose operations are financed primarily through user charges.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Funds

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

In proprietary funds, operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes; city and county sales tax; grants, entitlements and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period in which the taxes are levied. City and county sales taxes, franchise taxes, licenses and permits and fines and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and deferred outflows of resources and liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and obligations for worker's compensation and other postemployment benefits which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are due to a plan.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The City considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025, cash equivalents consisted primarily of money market accounts with brokers.

Investments and Investment Income

Generally, investments are stated at fair value or amortized cost and are held by the City in various forms as allowed by the laws of the State of Arkansas. The City records all investment income to funds with which the related investment asset is associated. Investment income includes interest income, dividend income, other investment income, realized and unrealized gains and losses on investments carried at fair value, investments carried at other than fair value, and other investment income. Investment income is included in unrestricted net position and is reflected as nonoperating revenue in the statement of revenues, expenses and changes in net position in Proprietary Funds.

Property Taxes

Property taxes are levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes are measurable when levied even though not available. Accordingly, property taxes receivable of approximately \$16.8 million and related deferred inflows of resources of approximately \$16.0 million have been recorded at December 31, 2025, in the governmental funds. Benton County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

The appraised value of taxable property upon which the property tax is levied is determined by the county assessor. The assessor estimates full market value of the property and applies a statutory rate of 20 percent to arrive at assessed value.

Unbilled Revenue

The City bills customers for electric, water and sewer services after usage based upon meter readings made during the month. The City records a receivable for unbilled revenue at December 31 for estimated usage for which bills have not been sent.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Inventories

Inventories are valued at cost using the first in/first out (FIFO) method and consist of expendable supplies. The costs of governmental fund type inventories are recorded as expenditures when consumed.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets which are defined as having a constructed cost greater than \$50,000.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water distribution facilities	50
Sewer and solid waste collection and treatment facilities	15–50
Electric distribution facilities	15–40
Street/Transportation Infrastructure	40
Building and improvements	40
Furniture and equipment	7–15
Vehicles	5

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has various items that qualify for reporting in this category. Three items are related to pensions, including the amount of contributions made to the pension plans after the measurement date, the difference in expected versus actual plan experience, and differences due to change in assumptions and proportions. Deferred outflows related to contributions made after the measurement date will be used in the next year to reduce net pension liability or increase net pension asset. The remaining amounts will be amortized to pension expense over future periods as shown within *Note 7*. The other items relate to other postemployment benefits (OPEB) and are comprised of the difference between the expected and actual experience and the change in assumptions. These amounts will be amortized to OPEB expense over future periods as shown in *Note 8*.

In addition to liabilities, the statement of net position and balance sheet - governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify as deferred inflows of resources as of December 31, 2025. The items reported in the statements are unavailable revenues in the governmental funds balance sheet and deferred inflows – pensions and deferred inflows – OPEB in the government-wide statement of net position and proprietary funds statement of net position. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows – pensions, consists of the expected and actual experience related to the pension plans, changes in proportion and assumptions, and differences between projected and actual earnings on pension plan investments. Deferred inflows – pensions are amortized to pension expense over future periods as shown within *Note 7*.

The third item, deferred inflows – OPEB consists of the difference between expected and actual experience and change in the assumption. Deferred inflows – OPEB are amortized to OPEB expense over future periods as shown in *Note 8*.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities and business-type activities. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the bond issue premiums. In the government wide statements, debt issuance costs are reported as expenditures in the period incurred.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received are reported as debt service expenditures.

Compensated Absences

The City grants vacation to all full-time employees based on continuous service. The cost of vacation (and sick pay for certain employee classifications) is accrued when it is more likely than not to be used or settled through cash payments in the government-wide and proprietary fund financial statements and reported as accrued expenses. No liability is recorded in the fund financial statements of governmental funds unless they have matured, as payment of this liability will not be made with expendable available financial resources unless an employee has terminated employment as of the end of the fiscal year. The City's policy is that leave earned in the current year will be used prior to leave earned in previous periods.

Unearned Revenue

In the governmental and proprietary funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The City had approximately \$89 thousand in unearned developer funded infrastructure projects at year-end and approximately \$12.5 million in unearned local grants for park, street and public safety projects.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firemen's Relief and Pension Fund, the Local Police and Fire Retirement System and the Arkansas Public Employee's Retirement System (together, the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For the purpose of measuring the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense associated with the City's OPEB Plan, information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, The City recognizes benefit payments when due and payable with the benefit terms.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Fund Balance – Governmental Funds

The fund balances for the City's governmental funds are displayed in four components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Committed fund balances are constrained to a specific purpose by the City itself, using the highest level of decision making authority and imposed by ordinance of the City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned – Assigned fund balances are constrained by intent to use for a specific purpose, but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in either of those unrestricted fund balance classifications could be used.

Net Position

Net position of the City is classified in three components. Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets and adding back unspent bond proceeds. Restricted net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general, street, federal grant and debt service funds. All annual appropriations lapse at year-end and are re-established in the succeeding year.

Adoption of New Accounting Standards

The City adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended December 31, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's beginning of year net position

Future Financial Reporting Requirements

The GASB has issued the following statements which the City has not yet adopted, and which require adoption subsequent to December 31, 2025. The City will evaluate the potential impact on the City's net position.

Statement No.	Title	Adoption Required
103	<i>Financial Reporting Model Improvements</i>	December 31, 2026
104	<i>Disclosure of Certain Capital Assets</i>	December 31, 2026
105	<i>Subsequent Events</i>	December 31, 2027

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires that deposits in financial institutions be collateralized with federal depository insurance and other acceptable collateral in specific amounts. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

At December 31, 2025, the City had bank balances of \$199,624,540 that were all insured (FDIC) or collateralized with securities held by the City or the City's agent in the City's name. The carrying value of these deposits as of December 31, 2025, was \$195,969,132.

Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the Arkansas State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit. Arkansas statutes also authorize the City to invest no more than 20 percent of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U.S. state or political subdivision; securities or interest in an open-end or closed-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interests issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or the District of Columbia.

Investments consisted of the following at December 31, 2025:

Type	Fair Value	Maturities in Years			
		Less than 1	1–5	6–10	More than 10
Money Market Mutual Funds (1)	\$ 134,462,364	\$ 134,462,364	\$ -	\$ -	\$ -
	<u>\$ 134,462,364</u>	<u>\$ 134,462,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Reported as cash equivalent for financial statement purposes

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 inputs are unobservable inputs. The City's investments all fall in Level 1.

Interest Rate Risk – The City's investment policy does not specifically address interest rate risk.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not specifically address credit risk.

Investment Type	Rating Agency	Rating
Money Market Mutual Funds	S&P/Moody's	AAA/Aaa
U.S. Treasury Obligations	S&P/Moody's	AA+/Aaa

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. While the City's investment policy does not directly address custodial credit risk, all investments held by the City or by an agent of the City in the City's name are insured or collateralized or limited to U.S. Treasury Obligations or Treasury Fund Money Markets.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the financial statements as follows:

Carrying value	
Deposits	\$ 195,969,132
Cash on hand	9,789
Cash equivalents	<u>134,462,364</u>
	<u>\$ 330,441,285</u>
Included in the following statement of net position captions	
Cash and cash equivalents	\$ 230,643,653
Investments	1,198
Restricted cash and cash equivalents - current	<u>99,796,434</u>
	<u>\$ 330,441,285</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2025, is presented below:

Governmental Activities	Balance, December 31, 2024	Additions and Transfers, Net	Retirements and Transfers, Net	Balance, December 31, 2025
Capital assets, non-depreciable				
Land	\$ 11,510,996	\$ -	\$ -	\$ 11,510,996
Construction in progress	142,340,978	66,782,198	87,937,319	121,185,857
Total capital assets, non-depreciable	153,851,974	66,782,198	87,937,319	132,696,853
Capital assets, depreciable				
Other improvements	86,352,156	44,286,899	-	130,639,055
Streets	280,326,790	41,345,597	-	321,672,387
Buildings	93,967,094	16,609,238	-	110,576,332
Furniture, fixtures & equipment	65,883,292	12,033,350	2,970,966	74,945,676
Total capital assets, depreciable	526,529,332	114,275,084	2,970,966	637,833,450
Less accumulated depreciation				
Other improvements	47,922,006	4,970,446	-	52,892,452
Streets	74,446,152	7,065,775	-	81,511,927
Buildings	20,516,744	2,621,940	-	23,138,684
Furniture, fixtures & equipment	43,118,070	5,794,812	2,950,942	45,961,940
Total accumulated depreciation	186,002,972	20,452,973	2,950,942	203,505,003
Total governmental activities, net	\$ 494,378,334	\$ 160,604,309	\$ 87,957,343	\$ 567,025,300

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Business-type Activities	Balance December 31, 2024	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2025
Capital Assets, non-depreciable				
Land	\$ 8,281,594	\$ -	\$ -	\$ 8,281,594
Construction in progress	17,125,186	16,885,293	3,675,762	30,334,717
Total capital assets, non-depreciable	25,406,780	16,885,293	3,675,762	38,616,311
Capital Assets, depreciable				
Other improvements	59,007,959	6,488	-	59,014,447
Water distribution facilities	85,956,047	2,166,796	-	88,122,843
Sewer and solid waste collection and treatment facilities	97,131,765	2,141,822	-	99,273,587
Electric distribution facilities	131,818,959	13,618,156	125,799	145,311,316
Buildings	27,103,119	906,824	-	28,009,943
Furniture and equipment	27,463,126	328,065	719,594	27,071,597
Vehicles	5,074,931	73,300	750,985	4,397,246
Total capital assets, depreciable	433,555,906	19,241,451	1,596,378	451,200,979
Less accumulated depreciation				
Other improvements	3,812,242	317,643	719,594	3,410,291
Water distribution facilities	32,782,205	1,871,816	-	34,654,021
Sewer and solid waste collection and treatment facilities	40,107,231	2,061,637	-	42,168,868
Electric distribution facilities	39,702,136	4,613,413	-	44,315,549
Buildings	5,209,694	683,675	-	5,893,369
Furniture and equipment	16,657,287	1,547,420	-	18,204,707
Vehicles	3,793,184	273,012	750,083	3,316,113
Total accumulated depreciation	142,063,979	11,368,616	1,469,677	151,962,918
Total business-type activities, net	\$ 316,898,707	\$ 24,758,128	\$ 3,802,463	\$ 337,854,372

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 1,663,129
Public safety	4,682,764
Recreation	3,055,213
Street department	10,301,738
Library	<u>750,129</u>
Total depreciation expense	<u>20,452,973</u>
Business-type	
Electric	5,863,010
Water	3,905,527
Wastewater	957,173
Support	<u>642,906</u>
Total depreciation expense	<u>11,368,616</u>
Total depreciation expense, primary government	<u><u>\$ 31,821,589</u></u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Construction Projects

At December 31, 2025, the City had the following commitments with respect to unfinished capital projects.

Governmental Activities Construction Projects

	Project Authorization	Expended Through December 31, 2025	Remaining Commitment
8th Street Gateway Park	\$ 40,757,159	\$ 24,655,067	\$ 16,102,092
Adult Recreation Center	23,758,059	20,733,158	3,024,901
AR/MO Trail	3,057,631	67,560	2,990,071
BHS Trail C Street	2,359,039	1,757,143	601,896
Bright Road Sidepath Trail	1,190,874	981,794	209,080
BVL Improvements - BVL Bridge	83,101	19,796	63,305
East Battlefield Improvements	2,227,833	1,979,284	248,549
East Taxiway Extension	1,555,815	1,241,338	314,477
Greenhouse Road	1,929,757	1,559,713	370,044
Hwy 12 & 279 Intersection Improvements	694,619	547,838	146,781
Little Sugar & McKissic Creek Confluence	247,816	235,066	12,750
Little Sugar/McKissic Creek Stream Restoration	179,688	113,925	65,763
LP Splash Pad Resurface	112,035	12,035	100,000
McCollum Side Path	203,901	201,955	1,946
McKissic Creek Trail	1,430,988	853,381	577,607
NE J Street Interchange	3,588,073	2,693,584	894,489
Nutmeg Drainage	267,959	265,217	2,742
NW 9TH & D ST DRAINAGE	7,929,666	7,920,583	9,083
Parks Maintenance Facility	6,855,030	3,816,697	3,038,333
Quilt of Parks - Bentonville Green	118,122	110,858	7,264
Quilt of Parks - Dave Peel	665,468	179,832	485,636
Quilt of Parks - Town Branch	663,351	662,312	1,039
Rainbow Curve Improvements	5,474,215	4,636,162	838,053
Razorback Greenway - P Street Trail	623,564	169,972	453,592
Razorback Greenway Alignment	121,226	114,344	6,882
SE Walton & SE J Street Improvement	5,775,281	5,244,719	530,562
SE Walton & SE Medical Center	4,461,362	3,684,929	776,433
Spring Creek Sanitary Sewer Interceptor	275,320	268,258	7,062
SW 14TH & BEEN ROAD	284,639	158,287	126,352
SW 28th St (Featherstone)	10,460,220	10,274,393	185,827
SW 2nd & O Street Project	231,784	192,842	38,942
SW Bentonville Trail	1,924,461	1,518,318	406,143
SW I & 41st STREET	346,000	36,533	309,467
SW Reg. Airport & SW I Street	1,176,539	808,992	367,547
Tiger Overpass	3,787,163	3,244,770	542,393
Walton & Central Intersection	1,206,307	1,086,774	119,533
Water Tower Road	11,300,976	11,113,352	187,624
Westside Development	2,142,958	1,967,377	175,581
Wishing Spring Trail	3,442,824	576,849	2,865,975
Total	<u>\$ 152,910,823</u>	<u>\$ 115,705,007</u>	<u>\$ 37,205,816</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Business-type Activities Construction Projects

	Project Authorization	Expended Through December 31, 2025	Remaining Commitment
Wastewater Improvement Project	\$ 152,634,381	\$ 17,036,381	\$ 135,598,000
AMI System Project	5,662,196	5,482,724	179,472
Sewer Collection Analysis & Peak Flow	1,529,400	1,512,740	16,660
HWY 102 Widening	828,570	227,425	601,145
HWY 112 Relocation	21,785,374	3,617,252	18,168,122
48" Transmission Main Extension	2,367,398	1,403,768	963,630
Inflow and Infiltration Reduction	134,185	61,696	72,489
Townbranch Sewer Basin Improvement	1,932,023	670,813	1,261,210
Mueller AMI Upgrade	310,240	288,526	21,714
Total	<u>\$ 187,183,767</u>	<u>\$ 30,301,325</u>	<u>\$ 156,882,442</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities were as follows for the year ended December 31, 2025:

Governmental Activities	Balance December 31, 2024	Increases	Decreases	Balance December 31, 2025	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 79,965,000	\$ 65,895,000	\$ 17,160,000	\$ 128,700,000	\$ 6,095,000
Add unamortized premium	5,626,584	1,159,075	321,817	6,463,842	-
Notes payable	<u>2,676,350</u>	<u>-</u>	<u>-</u>	<u>2,676,350</u>	<u>-</u>
Bonds and Notes payable, net	88,267,934	67,054,075	17,481,817	137,840,192	6,095,000
Compensated absences*	4,354,500	508,872	-	4,863,372	532,874
Net pension liability	49,723,586	-	4,450,801	45,272,785	-
Other postemployment benefits	7,980,140	1,529,682	-	9,509,822	181,023
Arbitrage liability	<u>3,131,610</u>	<u>160,795</u>	<u>-</u>	<u>3,292,405</u>	<u>-</u>
Total governmental activities					
long-term liabilities	<u>\$ 153,457,770</u>	<u>\$ 69,253,424</u>	<u>\$ 21,932,618</u>	<u>\$ 200,778,576</u>	<u>\$ 6,808,897</u>

* Compensated absences increases and decreases are shown net.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Business-type Activities	Balance December 31, 2024	Increases	Decreases	Balance December 31, 2025	Amounts Due in One Year
Bonds payable					
Revenue bonds - direct placement	\$ 7,088,000	\$ 13,381,704	\$ 1,800,000	\$ 18,669,704	\$ 1,700,000
Bonds payable	7,088,000	13,381,704	1,800,000	18,669,704	1,700,000
Compensated absences*	1,892,750	-	24,945	1,867,805	195,409
Net pension liability	13,195,791	-	3,157,116	10,038,675	-
Other postemployment benefits	1,478,320	364,661	-	1,842,981	43,154
Customer deposits	1,595,490	238,705	-	1,834,195	-
Total business-type activities					
long-term liabilities	\$ 25,250,351	\$ 13,985,070	\$ 4,982,061	\$ 34,253,360	\$ 1,938,563

* Compensated absences increases and decreases are shown net.

Bonds and notes outstanding at December 31, 2025, were as follows:

	Interest Rates	Date Callable	Final Maturity Date	Principal at December 31, 2025
General long-term obligations				
Sales and Use Tax bonds, Series 2021B	1.05-5.0%	2028	2046	\$ 26,645,000
Sales and Use Tax bonds, Series 2023	4.125-5.0%	N/A	2046	38,845,000
Sales and Use Tax bonds, Series 2025	4.000-5.000	N/A	2045	63,210,000
Sub-total				128,700,000
Note Payable	0%	N/A	2029	2,676,350
				<u>\$ 131,376,350</u>
Enterprise Funds				
Electric Refunding and Storm Recovery Revenue Bonds, Series 2022A	2.44%	N/A	2028	\$ 3,770,000
Water and Sewer System Refunding and Storm Recovery Revenue Bonds, Series 2022B	2.01%	N/A	2028	1,455,000
Combined Electric, Water and Sewer System Revenue Bond, Series 2024	0.75%	N/A	2048	12,004,416
Combined Electric, Water and Sewer System Revenue Bond, Series 2025	3.00%	N/A	2047	1,440,288
				<u>\$ 18,669,704</u>

Note Payable – The note payable is due October 1, 2029, with principal payable annually beginning in 2027 and interest at 0%.

Sales and Use Tax Bonds, Series 2025 – On May 20, 2025, the City issued \$65,895,000 Sales and Use Tax Bonds with interest rates ranging from 4.0% to 5.0% to finance all or a portion of the costs of various capital improvements for the City, funding a portion of a debt service reserve and paying expenses of issuing the 2025 Bonds.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Combined Electric, Water and Sewer System Revenue Bonds, Series 2025 – On October 16, 2025, the City issued \$55,000,000 of Revenue Bonds with an interest rate of 3.00% and a service fee of 1% to finance a portion of the costs of extensions, betterments, and improvements to the City's sewer facilities, which are operated with the City's electric and water facilities. Draws totaled \$1,440,288 as of December 31, 2025.

Combined Electric, Water and Sewer System Revenue Bonds, Series 2024 – On October 24, 2024, the City issued \$97,759,381 of Revenue Bonds with an interest rate of 0.75% and a service fee of 1% to finance a portion of the costs of extensions, betterments, and improvements to the City's sewer facilities, which are operated with the City's electric and water facilities. Draws totaled \$12,004,416 as of December 31, 2025.

Sales and Use Tax Bonds, Series 2023 – On November 14, 2023, the City issued \$53,925,000 Sales and Use Tax Bonds with interest rates ranging from 4.125% to 5.0% to finance all or a portion of the costs of various capital improvements for the City, funding a portion of a debt service reserve and paying expenses of issuing the 2023 Bonds.

Electric, Water and Sewer System Refunding and Storm Recovery Revenue Bonds, Taxable Series 2022A – On April 14, 2022, the City issued \$8,820,000 of Series 2022A Refunding and Storm Recovery Revenue Bonds with an interest rate of 2.44% to finance storm recovery costs, to accomplish the refunding of the Series 2006B Bonds and to pay expenses of issuing the Series 2022A Bonds.

Electric, Water and Sewer System Refunding and Storm Recovery Revenue Bonds, Series 2022B – On April 14, 2022, the City issued \$3,435,000 of Series 2022B Refunding and Storm Recovery Revenue Bonds with an interest rate of 2.01% to finance storm recovery costs, to accomplish the refunding of the Series 2000 Bonds and the Series 2006A Bonds and to pay expenses of issuing the Series 2022B Bonds.

Sales and Use Tax Refunding and Improvement Bonds, Series 2021B – On June 22, 2021, the City issued \$76,575,000 Sales and Use Tax Bonds for the purpose of financing the costs of various capital improvements, refunding the Series 2009 and Series 2010 Sales and Use Tax Bonds, financing all or a portion of the costs of various capital improvements for the City, providing for a debt service reserve and paying costs incidental thereto and to the issuance of the bonds. The bonds bear interest rates ranging from 1.05% to 5.0%.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds and notes payable outstanding at December 31, 2025.

Fiscal Year	Governmental Activities					
	Bonds – Publicly Traded		Loans – Direct Placement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest and Fees
2026	\$ 6,095,000	\$ 5,493,006	\$ -	\$ -	\$ 6,095,000	\$ 5,493,006
2027	6,395,000	5,188,256	892,117	-	7,287,117	5,188,256
2028	6,710,000	4,868,506	892,117	-	7,602,117	4,868,506
2029	7,040,000	4,533,006	892,116	-	7,932,116	4,533,006
2030	7,330,000	4,240,706	-	-	7,330,000	4,240,706
2031–2035	37,185,000	16,369,281	-	-	37,185,000	16,369,281
2036–2040	30,795,000	9,375,988	-	-	30,795,000	9,375,988
2041–2046	27,150,000	2,823,994	-	-	27,150,000	2,823,994
	<u>\$ 128,700,000</u>	<u>\$ 52,892,743</u>	<u>\$ 2,676,350</u>	<u>\$ -</u>	<u>\$ 131,376,350</u>	<u>\$ 52,892,743</u>

Fiscal Year	Business-type Activities		
	Bonds – Direct Placement		
	Principal	Interest	Service Fee
2026	\$ 1,700,000	\$ 524,575	\$ 134,447
2027	2,494,794	485,027	134,410
2028	2,470,494	443,366	133,980
2029	4,118,830	394,213	131,404
2030	4,191,791	378,988	126,329
2031–2035	3,693,795	1,649,858	549,953
2036–2040	-	1,193,455	397,818
2041–2046	-	774,441	258,147
	<u>\$ 18,669,704</u>	<u>\$ 5,843,923</u>	<u>\$ 1,866,488</u>

For governmental activities, net pension liabilities and other postemployment liabilities have historically been the responsibility of the General Fund.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

The following is a summary of pledged revenues of the City for the year ended December 31, 2025:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal, Interest and Fees	Period Revenue Will Not Be Available for Other Purposes
Governmental Activities:						
Sales and Use Tax Bonds, Series 2021B	Sales and Use Tax	20,136,624	\$ 8,054,055	40.0%	\$ 31,071,700	Until 2042
Sales and Use Tax Bonds, Series 2023	Sales and Use Tax	20,136,624	9,923,544	49.3%	56,433,981	Until 2046
Sales and Use Tax Bonds, Series 2025	Sales and Use Tax	20,136,624	3,701,355	18.4%	94,087,062	Until 2045
Business-type Activities:						
Combined Electric, Water and Sewer Refunding and Storm Recovery Revenue Bonds, Series 2022A	Revenues of the Enterprise Fund	152,005,390	1,459,562	1.0%	3,955,562	Until 2028
Combined Electric, Water and Sewer Refunding and Storm Recovery Revenue Bonds, Series 2022B	Revenues of the Enterprise Fund	152,005,390	503,592	0.3%	1,513,893	Until 2028
Combined Electric, Water and Sewer System Revenue Bonds, Series 2024	Revenues of the Enterprise Fund	152,005,390	473	-%	17,058,686	Until 2048
Combined Electric, Water and Sewer System Revenue Bonds, Series 2025	Revenues of the Enterprise Fund	152,005,390	-	-%	1,985,786	Until 2047

Revenue Bonds From Direct Placements

The City's outstanding revenue bonds from direct placements of \$18,669,704 contain a provision that in an event of default, the bonds shall during the pendency of such payment default, bear interest at the bond interest rate plus 4%.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Note 5: Interfund Receivables and Payables

Interfund receivables and payables as of December 31, 2025, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 1,182,639	\$ 660,804
Street fund	13,252	2,498
Capital Project fund	-	1,085
Nonmajor Governmental funds	-	680,911
Enterprise fund	150,417	1,010
	<u>\$ 1,346,308</u>	<u>\$ 1,346,308</u>

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 6: Interfund Transfers

Amount of interfund transfers between funds are summarized as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
General	\$ 2,997,085	\$ 836,563	\$ 2,160,522
Street fund	-	743,623	(743,623)
Capital Project fund	743,623	-	743,623
Non-major governmental funds	7,187	2,997,085	(2,989,898)
Utility	829,376	-	829,376
Total	<u>\$ 4,577,271</u>	<u>\$ 4,577,271</u>	<u>\$ -</u>

Transfers are used to move revenues from the fund where collected to the appropriate fund. These transfers represent movement of funds from impact fees held in non-major governmental funds to the respective funds for which the impact fees were imposed. \$829,376 was transferred from the General to Utility Fund to fund capital projects in the Water and Sewer Departments. \$743,623 was transferred from the Street Fund to the Capital Project Fund to fund portions of capital projects not funded by bond funds.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Note 7: Pension Plans

The City of Bentonville, Arkansas participates in three defined benefit pension plans, which are comprised of one agent multiple-employer defined benefit pension plan and two cost-sharing multiple-employer defined benefit pension plans, each of which are described and illustrated in detail below. Aggregate amounts for the three pension plans are as follows:

	FRPF	LOPFI	APERS	Total
Net pension asset	\$ 3,669,411	\$ -	\$ -	\$ 3,669,411
Net pension liability	-	30,554,357	24,757,103	55,311,460
Deferred outflows of resources	-	6,127,720	2,003,302	8,131,022
Deferred outflows of resources – contributions	-	4,718,063	2,158,487	6,876,551
Deferred inflows of resources	236,111	3,860,312	2,908,361	7,004,784
Pension expense (income)	(224,054)	1,407,434	(815,925)	367,455

Pension items listed above for the Arkansas Public Employees Retirement System (APERS) Plan have been allocated between governmental activities and business-type activities (as well as proprietary funds) on the basis of total salaries.

The City also participates in the Bentonville Volunteer Fire Plan, an agent multiple-employer defined benefit plan. Pension items and disclosures have not been included herein because of the insignificance of their dollar amounts.

Firemen's Relief and Pension Fund (FRPF) (the Old Plan)

Plan Description. The Firemen's Relief and Pension Fund (FRPF) is an agent multiple-employer defined benefit pension plan for employees of the Fire Department who were hired prior to January 1, 1983. The Old Plan was established in accordance with Arkansas statutes and was closed, by state law, to new employees effective January 1, 1983. On June 25, 2013, the City entered into an agreement with the Arkansas local police and fire (LOPFI) retirement system whereby LOPFI assumed responsibility for administration and a portion of the obligation of the Old Plan pursuant to Act 364 of 1981, as amended, and Act 655 of 1983 of the General Assembly of the State of Arkansas. Per the Agreement between the City and LOPFI, the City will contribute an actuarially determined rate sufficient to support the current plan benefit levels and fund the Old Plan's net pension obligation over a 30-year open amortization period. The Old Plan's benefit structure remains unchanged under the administration of LOPFI. The Old Plan issues separate stand-alone financial statements and can be obtained from the Arkansas Local Police and Fire Retirement System, 620 West 3rd Street, Little Rock, Arkansas, 72201.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Benefits. The FRPF provides retirement benefits for firemen who have completed 20 years of service regardless of age. The benefit is equal to 50% of the member's final salary, but not less than \$11,040. If service exceeds 20 years, the annual benefit is increased by \$240 for each year over 20, not to exceed \$1,200 per year and if service exceeds 25 years, the member will receive an additional 1.25% for each year over 25 years, however, the total benefit cannot exceed 100% of the member's final salary. Disability benefits are available to policemen who become permanently disabled, unless the disability is the direct result of gainful employment performed outside of the police department. This benefit is the same as noted above, but for non-duty disability cannot be less than \$11,040 per year and for duty-related disability cannot be less than 65% of the member's final salary. The PRPF also provides benefits for surviving spouses and dependent children in which widows receive the same amount the member is receiving or would be eligible to receive, and children receive \$1,500 per year until age 18 (23, if still in school). No participants' benefits vest until normal retirement age. At normal retirement, participants may elect to continue working and enter the Deferred Retirement Option Plan for up to 5 years. All firemen hired after January 1, 1983, participate in the Arkansas Local Police and Fire Retirement System created by Act 364 of 1981 and described later in this footnote. Therefore, the Firemen's Fund is effectively closed to new members.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	9
DROP members	-
Active members	-
Total	9

Contributions. As the plan is closed to new members and there are no active members included in the plan, there are no contributions made by members to the plan. The contribution rate for the City is actuarially determined on an annual basis. However, due to the well-funded status of the plan, there has been no contribution requirement for the City in recent years. The Plan does, however, normally receive a state insurance turn back on an annual basis. State insurance turn back of \$20,491 was received during the year ended December 31, 2025.

Net Pension Asset. The City's net pension asset of \$3,669,411 as of December 31, 2025, was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial calculation as of December 31, 2024.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Actuarial Assumptions

Valuation Date	December 31, 2024
Cost Method	Individual entry-age normal
Asset valuation method	5-Year smoothed fair value
Amortization method	Closed amortization period
Amortization period	6 years beginning January 1, 2024
Assumptions:	
Inflation rate	2.25%
Investment rate of return	7.25%

Mortality rates for retirees, beneficiaries, and DROP members were based on Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, Disabled Retiree and Employee mortality tables for males and females. The tables were adjusted fully for generational mortality improvements using scale MP-2020.

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of actuarial experience studies. The experience study in FRPF was for the period January 1, 2017 through December 31, 2020, first used in the December 31, 2021 valuation. Assumptions are reviewed annually. No additional changes were made for the 2024 valuation.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments is 7.25%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the LOPFI Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of the plan.

The long-term expected rate of return on pension plan investment was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation are developed for each major asset class). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Long-term Expected Real Rate of Return

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Stock – Large Cap	21%	5.05%
U.S. Stock – Small Cap	21%	5.57%
International Equity	9%	6.16%
Emerging Markets	9%	7.79%
U.S. Corporate Bonds	25%	2.67%
Real Estate	5%	4.62%
Private Equity	10%	9.11%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of retired and DROP members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at January 1, 2025	\$ 5,781,581	\$ 8,655,560	\$ (2,873,979)
Changes for the year:			
Interest	402,878	-	402,878
Differences between expected and actual experience	72,599	-	72,599
Contributions – employer	-	20,491	(20,491)
Contributions – employee	-	-	-
Net investment income	-	1,264,647	(1,264,647)
Benefit payments, including refunds of employee contributions	(449,276)	(449,276)	-
Change in assumptions	-	-	-
Administrative expense	-	(14,229)	14,229
Net changes	26,201	821,633	(795,432)
Balances at December 31, 2025	\$ 5,807,782	\$ 9,477,193	\$ (3,669,411)

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

The City has designated property tax millage to this plan that is paid directly to LOPFI and then allocated to the plan.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following table presents the net pension asset for the City using the current rate as compared to what the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage higher than the current rate:

	Sensitivity of the Net Pension Asset to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's Net Pension Asset	<u>\$ (3,088,760)</u>	<u>\$ (3,669,411)</u>	<u>\$ (4,165,470)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Old-Plan financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the City recognized a reduction in pension expense of \$224,054 related to this plan.

At December 31, 2025, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 236,111</u>

City of Bentonville, Arkansas

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December 31, 2025

Amounts reported as deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Fiscal Year Ending December 31	
2026	\$ (6,000)
2027	157,141
2028	(256,618)
2029	(130,634)
Total	<u>\$ (236,111)</u>

Local Police and Fire Retirement System (LOPFI)

Plan Description. The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide cost-sharing multiple-employer defined benefit pension plan administered by the LOPFI Board of Trustees. LOPFI provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. On January 1, 2008, only firemen of the City participated in the plan. Effective July 1, 2008, policemen of the City began participating in the plan. LOPFI issues a publicly available report, which may be obtained by writing to LOPFI, P.O. Drawer 34164, Little Rock, Arkansas, 72203, or by calling 501.682.1745.

Benefits provided. LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age at retirement, retirement multiplier, amount of credit services (years and months), and final average pay (FAP). Each option available to the member provides for a different calculation based on these factors.

Contributions. Contributions to LOPFI are made by both the Member and employers. Member contribution rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 2.5 percent of covered payroll for policemen and 8.5 percent of covered payroll for firemen. The City contributed 24.00% of covered employee's salaries to the plan for policemen and firemen for the year ended December 31, 2025. Contributions made to the plan by employees and the City for the year ended December 31, 2025 amounted to \$1,099,647 and \$4,718,063, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the City reported a liability of \$30,554,357 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At December 31, 2024, the City's proportion was 3.567740 percent, which was an increase of 0.29086 percent from the prior year.

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For the year ended December 31, 2024, the City recognized pension expense of \$1,407,434 related to this plan. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,113,893	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,248,535
Changes in assumptions	-	387,813
Changes in proportion	2,013,827	223,964
Contributions subsequent to the measurement date	<u>4,718,063</u>	<u>-</u>
Total	<u>\$ 10,845,783</u>	<u>\$ 3,860,312</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$4,718,063 will be recognized as a reduction of the net pension liability for the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending December 31</u>	
2026	\$ 9,721,472
2027	12,956,464
2028	(13,113,825)
2029	<u>(7,296,703)</u>
Total	<u>\$ 2,267,408</u>

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.25 percent
Wage inflation	3.00 percent
Salary increases	3.50 to 18.00 percent, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

City of Bentonville, Arkansas

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Mortality rates were based on the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Stock - Large Cap	21.00%	5.05%
U.S. Stock - Small Cap	21.00%	5.57%
International Equity	9.00%	6.16%
Emerging Markets	9.00%	7.79%
U.S. Corporate Bonds	25.00%	2.67%
Real Estate	5.00%	4.62%
Private Equity	10.00%	9.11%
Total	100.00%	

Discount Rate

In the December 31, 2024 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bentonville, Arkansas

Notes to Financial Statements

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Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's proportionate share of the net pension liability	<u>\$ 52,263,951</u>	<u>\$ 30,554,357</u>	<u>\$ 12,993,376</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report.

Arkansas Public Employees Retirement System (APERS)

Plan Description. For certain other employees, the City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit plan administered by the APERS Board of Trustees. APERS provides retirement, death and disability benefits and annual cost-of-living adjustments to plan members. APERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to APERS, One Union National Plaza, Little Rock, AR 72201 or by calling 501.682.7800.

Act 2084 of the 2005 Arkansas General Assembly provides for a new contributory program for APERS members hired on or after July 1, 2005, and those non-contributory members who elect to become contributory. Members participating in the contributory program will contribute 5% of their annual compensation, pre-tax (taxes are deferred). All active APERS members employed before July 1, 2005, had six months to elect coverage under the contributory program. The deadline to elect to be contributory was December 31, 2005. The contributory program does not provide for a temporary annuity for participants. However, the contributory program does provide for a higher multiplier (2.0%) that is utilized to calculate the member's retirement benefit.

City of Bentonville, Arkansas

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Benefits provided. Benefits under APERS are calculated depending on the member's hire date, with retirees separated into two separate categories; the non-contributory plan applies to all persons hired prior to July 1, 2005 while the new contributory plan applies to all employees hired on or after July 1, 2005. Under both plans, a member may retire with full benefits at either the age of 65 with five years of service, or at any age with 28 years of service. The member may retire with reduced benefits at either the age of 55 with five years of service or at any age with 25 years of service. The reduction is equal to one-half of one percent for each month retirement precedes normal retirement age or one-percent for each month below 28 years of actual service, whichever is less. Under the non-contributory plan, the benefit calculation is equal to a factor of 1.72% of the member's final average salary multiplied by the years and months of credited service. Under the new contributory plan, the benefit calculation is equal to a factor of 2.00% of the members final average salary multiplied by the years of credited service. Under each plan, an additional .5% of the member's final average salary is awarded for each year of credited service exceeding 28 years. The minimum monthly benefit is \$150, excluding any age and beneficiary option reductions.

Under both the non-contributory and contributory plan, the member's final average salary is the highest 36 calendar months of covered compensation. In addition, a cost-of-living adjustment of 3% annually is included in the current benefits.

Contributions. Contributions to APERS are made by both the Member (under the contributory plan) and employers. Member contribution rates are established by the APERS Board of Trustees. The employer contributions are actuarially determined on an annual basis. The current employee contribution rate is 5 percent of covered payroll for each employee under the new contributory plan. The City contributed 15.32% of covered employee's salaries to the plan for the period January 1, 2025 to December 31, 2025. Contributions made to the plan by employees and the City for the year ended December 31, 2025 amounted to \$1,410,622 and \$4,322,145, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the City reported a liability of \$24,757,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on based on the ratio of the City's actual contributions to the Plan during the measurement period to the total employer contributions to the Plan of the group for the measurement period. At June 30, 2025, the City's proportion was 1.17958990%, which is a decrease of 0.03096% from the prior year.

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Notes to Financial Statements

December 31, 2025

For the year ended December 31, 2025, the City recognized a reduction in pension expense of \$815,925. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 767,047	\$ 743,379
Change of assumptions	429,572	-
Changes in proportion	806,683	522,649
Net difference between projected and actual earnings on pension plan investments	-	1,642,333
Contributions subsequent to the measurement date	<u>2,158,487</u>	<u>-</u>
Total	<u>\$ 4,161,789</u>	<u>\$ 2,908,361</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,158,487 will be recognized as a reduction of the net pension liability for the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Fiscal Year Ending December 31	
2026	\$ 2,501,403
2027	(1,555,037)
2028	(1,159,410)
2029	<u>(692,015)</u>
Total	<u>\$ (905,059)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent to 9.85 percent
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

City of Bentonville, Arkansas

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Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2006 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2006 Employee benefit weighted generational mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. The long-term expected rates of return are shown in the table below:

Long-term Expected Real Rate of Return		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39.00%	5.14%
International Equity	17.00%	5.97%
Real Estate	16.00%	5.00%
Private Equity	5.00%	8.77%
Hedge Funds	2.00%	3.58%
Domestic Fixed	21.00%	3.26%
Total	100.00%	

Discount Rate

In the June 30, 2025 actuarial valuation, a single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Bentonville, Arkansas

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Sensitivity of the City's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability/(asset)	\$ 46,200,247	\$ 24,757,103	\$ 7,074,869

Note 8: Other Postemployment Benefits (OPEB)

Plan Description: The City sponsors and administers an informal single-employer defined benefit healthcare plan. Retirees who are vested in their retirement plan and are eligible to receive a retirement benefit (and actually apply for and receive the retirement benefit) are eligible to purchase continued health benefits coverage for the retiree and the retiree's dependents until Medicare eligibility. The City Council has the authority to establish and amend the requirements of this plan. The City does not issue stand-alone financial statements of the healthcare plan but all required information is presented in this report. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

Funding Policy: The contribution requirements of plan members are established by City ordinance and may be amended as needed. Retiree coverage is the same as the coverage provided to active City employees. Retirees pay premiums ranging from \$433.96 to \$1,168.21 per month depending on the coverage elected. The City's policy maintains that retirees must pay 100% of the cost of premiums. The cost of retiree healthcare benefits is financed on a pay-as-you-go basis and is recorded as an expense in the applicable fund as liabilities are incurred. There were 24 retirees covered under this plan at December 31, 2025. Dependent coverage was provided for three of the retirees. Total benefits paid by City to retirees during the fiscal year were \$259,818.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Employees covered by benefit terms – at December 31, 2025, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	24
Inactive plan members entitled to but not receiving benefit payments	-
Active members	<u>678</u>
Total	<u><u>702</u></u>

Total OPEB Liability – The City's total OPEB liability of \$11,352,803 was measured as of December 31, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions: The Total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.83 percent based on the 20 year municipal bond yield from the Bond Buyer's index. Prior discount rate was 4.28 percent
Salary increases	3.25 percent
Inflation rate	2.50 percent
Healthcare Cost Trend rates	8.0 percent for 2026 decreasing annually, to ultimate rate of 4.5 percent for 2031
Cost Method	Allocation of Actuarial Present Value of Future Benefits for Services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary were: Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefits at retirement; and Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2021

City of Bentonville, Arkansas

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Changes in Total OPEB Liability

Service cost	\$	789,062
Interest		433,092
Changes in benefit terms		-
Changes in assumptions		888,713
Differences between expected and actual experience		43,294
Benefit payments		<u>(259,818)</u>
Net change in total OPEB liability		1,894,343
Total OPEB Liability – beginning of year		<u>9,458,460</u>
Total OPEB Liability – end of year	\$	<u><u>11,352,803</u></u>

Sensitivity of the Total OPEB Liability to the Discount Rate – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (3.83 percent) or 1-percentage-point higher (5.83 percent) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease 3.83%	Discount Rate 4.83%	1% Increase 5.83%
Other Postemployment Benefits Liability	\$ <u>12,579,983</u>	\$ <u>11,352,803</u>	\$ <u>10,262,172</u>

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rates – The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate			
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Other Postemployment Benefits Liability	\$ <u>9,891,610</u>	\$ <u>11,352,803</u>	\$ <u>13,106,451</u>

City of Bentonville, Arkansas

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OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended December 31, 2025, the City recognized OPEB expense of \$1,337,235. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 479,263	\$ (1,264,786)
Changes in assumptions	1,949,752	(427,078)
Total	<u>\$ 2,429,015</u>	<u>\$ (1,691,864)</u>

The balances as of December 31, 2025 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost
2026	\$ 115,081
2027	115,078
2028	140,678
2029	60,816
2030	49,637
Thereafter	255,861
Total	<u>\$ 737,151</u>

Note 9: Risk Management

The City has various insurance policies to cover its potential liability risk areas (e.g., automobile, personal property, contents and outside structures and worker's compensation). Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by AML based on such factors as claims experience, employee class multipliers and population. For risks covered by AML, the City pays no deductible; however, the City pays a \$2,000 fee to AML for each legal matter it handles. There have been no significant reductions in coverage from 2024 to 2025; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2025

Note 10: Contingencies

The City, its agencies and its employees are defendants in various legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the City for property damage and personal injury, other alleged torts and alleged violations of state and federal laws. Based on the current status of all of these legal proceedings, it is the opinion of the City Attorney and management that the ultimate outcome will not have a material adverse impact on the City's financial position.

Note 11: Subsequent Events

In February 2026, the City issued \$239,000,000 of Wastewater Development Fee Revenue Bonds for the purpose of financing all or a portion of the costs of wastewater system improvements.

Required Supplementary Information

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City of Bentonville, Arkansas
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 10,906,431	\$ 10,906,431	\$ 10,718,518	\$ (187,913)
Sales tax	52,629,005	52,629,005	47,879,897	(4,749,108)
State turnback	2,240,757	2,240,757	2,550,929	310,172
Franchise taxes	6,538,290	6,538,290	7,507,136	968,846
Charges for services	8,658,495	8,658,495	9,552,410	893,915
Fines and forfeitures	499,196	499,196	701,898	202,702
Licenses and permits	1,610,927	1,610,927	2,695,272	1,084,345
Grants	1,219,724	87,212,883	49,848,420	(37,364,463)
Contributions	107,240	4,017,102	2,186,201	(1,830,901)
Interest income	3,347,224	3,347,224	4,622,431	1,275,207
Miscellaneous	194,630	194,630	3,040,803	2,846,173
Total revenues	87,951,919	177,854,940	141,303,915	(36,551,025)
Expenditures				
Current				
General government	12,951,646	15,676,716	11,105,173	4,571,543
Public safety	39,258,142	39,827,582	38,281,882	1,545,700
Recreation	16,204,360	21,263,305	16,221,500	5,041,805
Library	2,741,381	3,025,884	2,557,976	467,908
CDBG	310,326	99,123	42,369	56,754
Capital outlay	11,492,011	119,004,288	62,293,494	56,710,794
Total expenditures	82,957,866	198,896,898	130,502,394	68,394,504
Excess (Deficiency) of Revenues Over Expenditures	4,994,053	(21,041,958)	10,801,521	31,843,479
Other Financing Sources (Uses)				
Sale of capital assets	-	-	32,828	32,828
Transfers in	277,500	3,473,337	2,997,085	(476,252)
Transfers out	(5,000,000)	(5,000,000)	(836,563)	4,163,437
Total other financing sources (uses)	(4,722,500)	(1,526,663)	2,193,350	3,720,013
Net Change in Fund Balances	271,553	(22,568,621)	12,994,871	35,563,492
Fund Balances, Beginning of Year	112,214,754	112,214,754	112,214,754	-
Fund Balances, End of Year	\$ 112,486,307	\$ 89,646,133	\$ 125,209,625	\$ 35,563,492

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City of Bentonville, Arkansas
Budgetary Comparison Schedule -
Street Fund
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 3,077,443	\$ 3,077,443	\$ 3,301,061	\$ 223,618
State turnback	4,736,000	4,736,000	4,492,899	(243,101)
Charges for services	20,000	20,000	18,351	(1,649)
Licenses and permits	12,000	12,000	11,575	(425)
Grants	-	4,135,384	708,247	(3,427,137)
Contributions	-	-	2,001,320	2,001,320
Interest income	497,175	497,175	562,311	65,136
Miscellaneous	-	-	1,428,065	1,428,065
Total revenues	8,342,618	12,478,002	12,523,829	45,827
Expenditures				
Current:				
Street department	7,075,018	7,306,610	5,660,835	1,645,775
Capital outlay	1,188,500	10,172,468	1,743,234	8,429,234
Total expenditures	8,263,518	17,479,078	7,404,069	10,075,009
Excess (Deficiency) of Revenues Over Expenditures	79,100	(5,001,076)	5,119,760	10,120,836
Other Financing Sources (Uses)				
Transfers out	-	-	(743,623)	(743,623)
Total other financing sources (uses)	-	-	(743,623)	(743,623)
Net Change in Fund Balances	79,100	(5,001,076)	4,376,137	9,377,213
Fund Balances, Beginning of Year	11,341,883	11,341,883	11,341,883	-
Fund Balances, End of Year	<u>\$ 11,420,983</u>	<u>\$ 6,340,807</u>	<u>\$ 15,718,020</u>	<u>\$ 9,377,213</u>

City of Bentonville, Arkansas
Retiree Healthcare Plan
Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019
Service cost	\$ 789,062	\$ 702,803	\$ 647,402	\$ 672,862	\$ 630,525	\$ 440,363	\$ 350,443
Interest	433,092	385,541	368,692	196,178	161,312	222,061	227,467
Change in benefit terms	-	(192,580)	-	-	-	-	-
Differences between expected and actual experience	43,294	77,821	(520,443)	(791,947)	543,199	(1,063,276)	257,644
Changes of assumptions or other inputs	888,713	(339,321)	739,415	(31,045)	(113,335)	1,175,106	540,922
Benefit payments	<u>(259,818)</u>	<u>(220,896)</u>	<u>(191,819)</u>	<u>(179,686)</u>	<u>(128,782)</u>	<u>(204,440)</u>	<u>(173,719)</u>
Net change in total OPEB liability	1,894,343	413,368	1,043,247	(133,638)	1,092,919	569,814	1,202,757
Total OPEB liability – beginning	<u>9,458,460</u>	<u>9,045,092</u>	<u>8,001,845</u>	<u>8,135,483</u>	<u>7,042,564</u>	<u>6,472,750</u>	<u>5,269,993</u>
Total OPEB liability – ending	<u><u>\$ 11,352,803</u></u>	<u><u>\$ 9,458,460</u></u>	<u><u>\$ 9,045,092</u></u>	<u><u>\$ 8,001,845</u></u>	<u><u>\$ 8,135,483</u></u>	<u><u>\$ 7,042,564</u></u>	<u><u>\$ 6,472,750</u></u>
Covered-employee payroll	\$ 50,472,313	\$ 46,241,368	\$ 41,895,767	\$ 37,551,609	\$ 33,093,429	\$ 28,116,711	\$ 27,868,664
Total OPEB liability as a percentage of covered employee payroll	22.5%	20.5%	21.6%	21.3%	24.6%	25.0%	23.2%
Total OPEB Liability	2018						
Service cost	\$ 340,441						
Interest	185,817						
Change in benefit terms	-						
Differences between expected and actual experience	145,729						
Changes of assumptions or other inputs	(401,643)						
Benefit payments	<u>(122,045)</u>						
Net change in total OPEB liability	148,299						
Total OPEB liability – beginning	<u>5,121,694</u>						
Total OPEB liability – ending	<u><u>\$ 5,269,993</u></u>						
Covered-employee payroll	\$ 24,500,575						
Total OPEB liability as a percentage of covered employee payroll	21.5%						

Notes to Schedule:

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled under the provisions of GASB 75, the City will only present available information.

City of Bentonville, Arkansas
Retiree Healthcare Plan
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
(Continued)

Change in Assumptions:

	2025	2024	2023
Discount Rate	4.83%	4.28%	4.00%
Health Care Cost Trend Rates	8.0% for 2025 decreasing annually to 4.5% for 2032	7.5% for 2024 decreasing annually to 4.5% for 2031	8% for 2024 decreasing annually to 4.5% for 2031
Mortality			
	2022	2021	2020
Discount Rate	4.31%	2.25%	2.12%
Health Care Cost Trend Rates	7.5% for 2023 decreasing annually to 4.5% for 2029	7.5% for 2022 decreasing annually to 4.5% for 2028	7% for 2021 decreasing annually to 4.5% for 2026
Mortality	General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2021		General Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 Police Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020 Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality fully generational using Scale MP-2020
	2019		
Discount Rate	3.26%		
Health Care Cost Trend Rates	7.5% for 2020 decreasing annually to 4.5% for 2026		
Mortality	RPH-2019 Total Dataset Mortality Table fully Generational using Scale MP-2019		

City of Bentonville, Arkansas

Agent Multiple-Employer Plan

Schedule of Changes in the City's Net Pension Asset and Related Ratios – FRPF

Fiscal Year Ended December 31, Total Pension Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Interest	\$ 402,878	\$ 401,158	\$ 416,969	\$ 414,163	\$ 411,597	\$ 408,662	\$ 405,456	\$ 429,845	\$ 437,660	\$ 466,923
Difference between actual and expected experience	72,599	64,908	(253,800)	69,686	63,704	58,343	51,252	(192,297)	219,904	(60,276)
Assumption changes	-	-	(142,095)	5,841	-	-	-	417,704	-	132,682
Benefit payments	(449,276)	(435,411)	(453,693)	(445,527)	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)
Net Change in Total Pension Liability	26,201	30,655	(432,619)	44,163	43,552	48,611	53,279	239,860	(443,854)	183,453
Total Pension Liability – Beginning	5,781,581	5,750,926	6,183,545	6,139,382	6,095,830	6,047,219	5,993,940	5,754,080	6,197,934	6,014,481
Total Pension Liability – Ending (a)	\$ 5,807,782	\$ 5,781,581	\$ 5,750,926	\$ 6,183,545	\$ 6,139,382	\$ 6,095,830	\$ 6,047,219	\$ 5,993,940	\$ 5,754,080	\$ 6,197,934
Plan Fiduciary Net Position										
Contributions – employer	\$ 20,491	\$ 19,102	\$ 19,799	\$ 18,390	\$ 17,048	\$ 17,254	\$ 13,795	\$ (62,065)	\$ 21,017	\$ 16,427
Contributions – employee	-	-	-	-	-	-	-	-	37,908	-
Net investment income	1,264,647	1,186,840	(1,402,468)	1,413,938	1,037,393	1,314,415	(218,852)	993,670	441,257	14,939
Local plan administrative mergers	-	-	-	-	-	-	10	-	-	-
Benefit payments	(449,276)	(435,411)	(453,693)	(445,527)	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)
Administrative Expense	(14,229)	(9,945)	(9,215)	(11,735)	(12,830)	(11,560)	(14,510)	(12,739)	(14,488)	(18,669)
Net Change in Plan Fiduciary Net Position	821,633	760,586	(1,845,577)	975,066	609,862	901,715	(622,986)	503,474	(615,724)	(343,179)
Plan Fiduciary Net Position – Beginning	8,655,560	7,894,974	9,740,551	8,765,485	8,155,623	7,253,908	7,876,894	7,373,420	7,989,144	8,332,323
Plan Fiduciary Net Position – Ending (b)	\$ 9,477,193	\$ 8,655,560	\$ 7,894,974	\$ 9,740,551	\$ 8,765,485	\$ 8,155,623	\$ 7,253,908	\$ 7,876,894	\$ 7,373,420	\$ 7,989,144
City's Net Pension Asset (a) - (b)	\$ (3,669,411)	\$ (2,873,979)	\$ (2,144,048)	\$ (3,557,006)	\$ (2,626,103)	\$ (2,059,793)	\$ (1,206,689)	\$ (1,882,954)	\$ (1,619,340)	\$ (1,791,210)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	163.18%	149.71%	137.28%	157.52%	142.77%	133.79%	119.95%	131.41%	128.14%	128.90%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

Change in Assumptions:

- (1) In 2018, the investment rate of return changed from 7.75% in 2017 to 7.00% in 2018.
- (2) In 2016; the inflation rate decreased from 3.00% in 2015 to 2.75% in 2016; the investment rate of return decreased from 8.00% in 2015 to 7.75% in 2016; and the projected salary increases decreased from 4.00% in 2015 to 3.75% in 2016.
- (3) In 2023, the investment rate of return changed from 7.00% to 7.25%

City of Bentonville, Arkansas
Agent Multiple-Employer Plan
Schedule of Contributions – FRPF

FY Ended December 31,	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ -	\$ 16,427	\$ (16,427)	\$ -	N/A
2016	-	21,017	(21,017)	-	N/A
2017	-	(62,065)	62,065	-	N/A
2018	-	13,795	(13,795)	-	N/A
2019	-	17,254	(17,254)	-	N/A
2020	-	-	-	-	N/A
2021	-	18,390	(18,390)	-	N/A
2022	-	19,799	(19,799)	-	N/A
2023	-	19,102	(19,102)	-	N/A
2024	-	19,102	(19,102)	-	N/A
2025	-	20,491	(20,491)	-	N/A

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	6 Years beginning January 1, 2024
Asset Valuation	5 Year Smoothed Fair Value, 20% Corridor
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility benefits. Last updated for the 2021 pursuant to an experience study of the period 2017–2021.
Mortality	Pub-2012 Amount-Weighted General Below Median Income Healthy Retiree tables set forward one year for males and two years for females, Disabled Retiree and Employee mortality tables for males and females. The tables were adjusted fully for generational mortality improvements using Scale MP-2020.

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of the City's Proportionate Share of the Net Pension Liability – LOPFI

City Fiscal Year Ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	3.56774%	3.27688%	3.25522%	3.11353%	3.01562%	2.85581%	2.73423%	2.71200%	2.64262%	2.54026%
City's proportion share of the net pension liability	\$ 30,554,357	\$ 32,799,486	\$ 34,755,709	\$ 15,733,093	\$ 20,731,920	\$ 22,068,039	\$ 24,673,203	\$ 19,271,356	\$ 15,076,984	\$ 13,330,612
City's covered payroll	\$ 17,899,524	\$ 15,726,545	\$ 13,436,352	\$ 12,065,543	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,466	\$ 7,951,238
City's proportionate share of the net pension liability as a percentage of its covered payroll	170.70%	208.56%	258.67%	130.40%	182.68%	216.09%	264.44%	219.02%	188.36%	167.65%
Plan fiduciary net position as a percentage of the total pension liability	78.89%	73.50%	69.07%	84.67%	77.68%	73.03%	66.09%	71.48%	72.87%	72.90%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of City Contributions – LOPFI

City Fiscal Year Ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,747,246	\$ 3,962,744	\$ 3,774,349	\$ 3,156,487	\$ 2,837,067	\$ 2,676,967	\$ 2,399,934	\$ 2,135,877	\$ 1,940,202	\$ 1,684,557
Contributions in relation to the contractually required contribution	<u>(4,747,246)</u>	<u>(3,962,744)</u>	<u>(3,774,349)</u>	<u>(3,156,487)</u>	<u>(2,837,067)</u>	<u>(2,676,967)</u>	<u>(2,399,934)</u>	<u>(2,135,877)</u>	<u>(1,940,202)</u>	<u>(1,684,557)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 19,376,514	\$ 17,899,524	\$ 15,726,454	\$ 13,436,352	\$ 12,065,543	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,748
Contributions as a percentage of covered payroll	24.50%	22.14%	24.00%	23.49%	23.51%	23.59%	23.50%	22.89%	22.05%	21.04%

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of the City's Proportionate Share of the Net Pension Liability – APERS

City Fiscal Year Ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	1.17958990%	1.21054722%	1.15346255%	1.09793962%	1.02703553%	0.99458979%	0.98044303%	0.92204720%	0.89669761%	0.82968373%
City's proportion share of the net pension liability	\$ 24,757,103	\$ 30,119,891	\$ 33,614,051	\$ 29,604,661	\$ 7,896,181	\$ 28,480,919	\$ 23,653,470	\$ 20,339,762	\$ 23,171,926	\$ 19,840,626
City's covered payroll	\$ 28,107,480	\$ 25,060,593	\$ 25,323,988	\$ 22,860,560	\$ 20,363,796	\$ 19,310,426	\$ 18,020,449	\$ 17,225,762	\$ 16,818,306	\$ 14,261,744
City's proportionate share of the net pension liability as a percentage of its covered payroll	88.08%	120.19%	132.74%	129.50%	38.78%	147.49%	131.26%	118.08%	137.78%	139.12%
Plan fiduciary net position as a percentage of the total pension liability	85.04%	81.61%	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%

Note: Information in this schedule has been determined as of the measurement date (June 30 of the year prior to the most recent fiscal year-end) of the City's net pension liability.

City of Bentonville, Arkansas

Cost-Sharing Plan

Schedule of City Contributions – APERS

City Fiscal Year Ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,322,145	\$ 3,962,744	\$ 4,253,232	\$ 3,642,916	\$ 3,289,292	\$ 3,037,722	\$ 2,875,787	\$ 2,636,432	\$ 2,444,877	\$ 2,260,596
Contributions in relation to the actuarially required contribution	(4,322,145)	(3,962,744)	(4,253,232)	(3,642,916)	(3,289,292)	(3,037,722)	(2,875,787)	(2,636,432)	(2,444,877)	(2,260,596)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 28,212,437	\$ 25,866,485	\$ 26,418,269	\$ 23,778,823	\$ 21,470,574	\$ 19,828,470	\$ 18,771,454	\$ 17,534,429	\$ 16,714,991	\$ 15,590,294
Contributions as a percentage of covered payroll	15.32%	15.32%	16.10%	15.32%	15.32%	15.32%	15.32%	15.04%	14.63%	14.50%

Note: Information in this schedule has been determined as of the City's most recent fiscal year-end.

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City of Bentonville, Arkansas

Notes to Required Supplementary Information

December 31, 2025

Budget and Budgetary Accounting

The City Council (the Council) adheres to the following procedures in establishing the budgets reflected in the accompanying general purpose financial statements:

1. Prior to December 1, the Mayor and Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to February 1, the budget is legally enacted through approval by the Council.
4. Budget for the general, street and federal grant funds are adopted on a basis consistent, in all material respects, with accounting principles generally accepted in the United States of America (GAAP).

Budgeted revenues and expenditures represented the formal operating budget adopted by the City Council, as amended by the Council during the year. The legal level of budgetary control is maintained at the fund level for all funds. Management control is maintained at the department level. Budgeted amounts, other than ongoing capital projects not spent by year-end, lapse. Expenditures greater than budgeted amounts must be approved by the Council by voting to amend the budget.

Pensions

LOPFI

Economic Assumptions

Investment Rate of Return	7.25%
Price Inflation	2.25%
Pay Increase Assumptions	Ranges from 3.50 to 18.00%
Wage inflation	3.00%
Total Number of Active Members	Assumed to continue at the present number.

APERS

Economic Assumptions

Investment Rate of Return	7.15%
Pay Increase Assumptions	Ranges from 3.25% to 9.85% depending on service years, including 3.25% for wage inflation.
Total Active Member Payroll	Assumed to increase 3.25% per year, which is the portion of the individual pay increase assumptions attributable to wage inflation.
Total Number of Active Members	Assumed to continue at the present number.

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**Combining and Individual Fund
Financial Statements and Schedules**

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City of Bentonville, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2025

	Impact & Capacity	Court	Federal Grant Fund	Total Nonmajor Governmental Funds
Assets				
Accounts receivable:				
Grants and other	\$ -	\$ 9,645	\$ -	\$ 9,645
Restricted assets:				
Cash and cash equivalents	9,896,516	333,493	207,586	10,437,595
Total assets	<u>\$ 9,896,516</u>	<u>\$ 343,138</u>	<u>\$ 207,586</u>	<u>\$ 10,447,240</u>
Liabilities				
Accounts payable	\$ -	\$ 175,164	\$ 893	\$ 176,057
Due to other funds	680,911	-	-	680,911
Due to other governments	-	167,974	-	167,974
Unearned revenues	-	-	65,731	65,731
Total liabilities	<u>680,911</u>	<u>343,138</u>	<u>66,624</u>	<u>1,090,673</u>
Fund balances				
Restricted				
New growth	9,215,605	-	-	9,215,605
Assigned	-	-	140,962	140,962
Total fund balances	<u>9,215,605</u>	<u>-</u>	<u>140,962</u>	<u>9,356,567</u>
Total liabilities and fund balances	<u>\$ 9,896,516</u>	<u>\$ 343,138</u>	<u>\$ 207,586</u>	<u>\$ 10,447,240</u>

City of Bentonville, Arkansas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Impact/Capacity Fees	Court	Federal Grant Fund	Total Nonmajor Governmental Funds
Revenues				
Impact fees	\$ 3,391,270	\$ -	\$ -	\$ 3,391,270
Grants	-	-	126,014	126,014
Interest income	265,610	-	7,074	272,684
Total revenues	3,656,880	-	133,088	3,789,968
Expenditures				
Current:				
General government	-	-	57,548	57,548
Capital outlay	-	-	68,467	68,467
Total expenditures	-	-	126,015	126,015
Excess of revenues over expenditures	3,656,880	-	7,073	3,663,953
Other Financing Sources (Uses)				
Transfers in	7,187	-	-	7,187
Transfers out	(2,997,085)	-	-	(2,997,085)
Total other financing sources (uses)	(2,989,898)	-	-	(2,989,898)
Net Change in Fund Balances	666,982	-	7,073	674,055
Fund Balances, Beginning of Year	8,548,623	-	133,889	8,682,512
Fund Balances, End of Year	<u>\$ 9,215,605</u>	<u>\$ -</u>	<u>\$ 140,962</u>	<u>\$ 9,356,567</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Sales tax	\$ 22,490,746	\$ 22,490,746	\$ 20,136,624	\$ (2,354,122)
Interest income	-	-	443,029	443,029
Total revenues	22,490,746	22,490,746	20,579,653	(1,911,093)
Expenditures				
Principal	18,366,767	18,366,767	17,160,000	1,206,767
Interest	4,123,979	4,123,979	4,164,066	(40,087)
Total expenditures	22,490,746	22,490,746	21,324,066	1,166,680
Deficiency of Revenues Over Expenditures	-	-	(744,413)	(744,413)
Other financing sources (uses)				
Issuance of debt	-	-	2,060,066	2,060,066
Total other financing sources (uses)	-	-	2,060,066	2,060,066
Net Change in Fund Balances	-	-	1,315,653	1,315,653
Fund Balances, Beginning of Year	10,625,073	10,625,073	10,625,073	-
Fund Balances, End of Year	<u>\$ 10,625,073</u>	<u>\$ 10,625,073</u>	<u>\$ 11,940,726</u>	<u>\$ 1,315,653</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Impact/Capacity Fees
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Impact fees	\$ 2,250,000	\$ 2,250,000	\$ 3,391,270	\$ 1,141,270
Interest income	227,168	227,168	265,610	38,442
Miscellaneous	277,500	277,500	-	(277,500)
Total revenues	2,754,668	2,754,668	3,656,880	902,212
Expenditures				
Public safety	1,149,822	1,149,822	-	1,149,822
Recreation	1,206,957	1,206,957	-	1,206,957
Library	120,389	120,389	-	120,389
Total expenditures	2,477,168	2,477,168	-	2,477,168
Other Financing Sources (Uses)				
Transfers in	-	-	7,187	7,187
Transfers out	(277,500)	(2,046,687)	(2,997,085)	(950,398)
Net other financing sources (uses)	(277,500)	(2,046,687)	(2,989,898)	(943,211)
Net Change in Fund Balances	-	(1,769,187)	666,982	2,436,169
Fund Balances, Beginning of Year	8,548,623	8,548,623	8,548,623	-
Fund Balances, End of Year	<u>\$ 8,548,623</u>	<u>\$ 6,779,436</u>	<u>\$ 9,215,605</u>	<u>\$ 2,436,169</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Federal Grant Fund
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Grants	\$ -	\$ 194,744	\$ 126,014	\$ (68,730)
Interest income	-	-	7,074	7,074
Total revenues	-	194,744	133,088	(61,656)
Expenditures				
General government	-	115,092	57,548	57,544
Capital outlay	-	76,652	68,467	8,185
Total expenditures	-	191,744	126,015	65,729
Net Change in Fund Balances	-	3,000	7,073	4,073
Fund Balances, Beginning of Year	133,889	133,889	133,889	-
Fund Balances, End of Year	<u>\$ 133,889</u>	<u>\$ 136,889</u>	<u>\$ 140,962</u>	<u>\$ 4,073</u>

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City of Bentonville, Arkansas
Combining Statement of Revenues and Expenses -
Enterprise Fund
Year Ended December 31, 2025

	Electric	Water	Wastewater	Sanitation	Support Services and Other	Total
Operating Revenues						
Charges for services	\$ 92,037,669	\$ 26,651,782	\$ 20,661,615	\$ 8,710,948	\$ 767,407	\$ 148,829,421
Other, net	3,120,831	13,021	1,256	-	40,861	3,175,969
Total operating revenues	95,158,500	26,664,803	20,662,871	8,710,948	808,268	152,005,390
Operating Expenses						
Salaries and fringe benefits	7,830,467	3,011,106	4,254,804	-	599,621	15,695,998
Contract purchases	66,973,540	12,349,595	7,738,829	7,526,680	-	94,588,644
Maintenance	642,449	7,315,119	719,550	-	68,600	8,745,718
Depreciation and amortization	5,892,092	2,290,313	2,540,968	-	645,243	11,368,616
Materials and supplies	5,636	189,263	592,809	-	283,321	1,071,029
Other services and charges	4,514,528	2,015,644	2,502,491	80,339	2,671,134	11,784,136
Total operating expenses	85,858,712	27,171,040	18,349,451	7,607,019	4,267,919	143,254,141
Operating Income (Loss)	9,299,788	(506,237)	2,313,420	1,103,929	(3,459,651)	8,751,249
Nonoperating Income (Expenses)						
Interest income	1,506,196	258,535	144,863	54,730	-	1,964,324
Bond interest and fiscal agent charges	(120,665)	(41,692)	(165,009)	-	-	(327,366)
Gain (loss) on sale of capital assets	-	25,000	(256,093)	-	-	(231,093)
Grants	1,735,399	3,097,239	935,066	-	-	5,767,704
Net non-operating revenues (expenses)	3,120,930	3,339,082	658,827	54,730	-	7,173,569
Income (Loss) Before Contributions and Transfers	12,420,718	2,832,845	2,972,247	1,158,659	(3,459,651)	15,924,818
Capital contributions	1,066,954	2,145,129	1,260,878	-	-	4,472,961
Developer funded infrastructure revenue	270,402	29,247	15,107	-	-	314,756
Transfers in	685,480	-	143,896	-	-	829,376
Change in Net Position	<u>\$ 14,443,554</u>	<u>\$ 5,007,221</u>	<u>\$ 4,392,128</u>	<u>\$ 1,158,659</u>	<u>\$ (3,459,651)</u>	<u>\$ 21,541,911</u>

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Statistical Section

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City of Bentonville, Arkansas

Statistical Section

This section of the City of Bentonville, Arkansas annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information reflects about the City's overall financial health.

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Debt Capacity (Tables 10–12)

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Operating Information (Tables 15–20)

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City of Bentonville, Arkansas
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities										
Net investments in capital assets	\$ 501,941,531	\$ 443,943,355	\$ 385,756,761	\$ 334,555,966	\$ 293,728,622	\$ 279,366,430	\$ 252,689,293	\$ 232,185,202	\$ 214,744,281	\$ 195,975,422
Restricted	44,032,520	42,475,960	35,809,709	35,980,792	36,106,223	26,232,902	21,881,884	20,794,051	19,818,040	16,800,936
Unrestricted	94,697,814	72,264,692	74,261,277	53,088,305	41,607,804	29,922,922	34,860,246	32,844,983	34,279,668	27,397,280
Total governmental activities net position	<u>\$ 640,671,865</u>	<u>\$ 558,684,007</u>	<u>\$ 495,827,747</u>	<u>\$ 423,625,063</u>	<u>\$ 371,442,649</u>	<u>\$ 335,522,254</u>	<u>\$ 309,431,423</u>	<u>\$ 285,824,236</u>	<u>\$ 268,841,989</u>	<u>\$ 240,173,638</u>
Business-type activities										
Net investments in capital assets	\$ 317,667,636	\$ 314,071,877	\$ 290,827,026	\$ 283,389,764	\$ 263,586,357	\$ 208,392,983	\$ 202,310,382	\$ 196,638,875	\$ 190,003,709	\$ 177,477,573
Restricted	1,825,792	1,967,235	1,755,865	1,628,080	1,904,920	1,898,983	2,100,656	2,903,653	2,869,343	2,778,744
Unrestricted	65,329,396	47,241,801	48,812,954	43,530,428	35,206,442	48,801,741	39,938,805	32,421,266	26,076,418	28,427,793
Total business-type activities net position	<u>\$ 384,822,824</u>	<u>\$ 363,280,913</u>	<u>\$ 341,395,845</u>	<u>\$ 328,548,272</u>	<u>\$ 300,697,719</u>	<u>\$ 259,093,707</u>	<u>\$ 244,349,843</u>	<u>\$ 231,963,794</u>	<u>\$ 218,949,470</u>	<u>\$ 208,684,110</u>
Primary government										
Net investments in capital assets	\$ 819,609,167	\$ 758,015,232	\$ 676,583,787	\$ 617,945,730	\$ 557,314,979	\$ 487,759,413	\$ 454,999,675	\$ 428,824,077	\$ 404,747,990	\$ 373,452,995
Restricted	45,858,312	44,443,195	37,565,574	37,608,872	38,011,143	28,131,885	23,982,540	23,697,704	22,687,383	19,579,680
Unrestricted	160,027,210	119,506,493	123,074,231	96,618,733	76,814,246	78,724,663	74,080,201	65,266,249	60,356,086	55,825,073
Total Primary government net position	<u>\$ 1,025,494,689</u>	<u>\$ 921,964,920</u>	<u>\$ 837,223,592</u>	<u>\$ 752,173,335</u>	<u>\$ 672,140,368</u>	<u>\$ 594,615,961</u>	<u>\$ 553,062,416</u>	<u>\$ 517,788,030</u>	<u>\$ 487,791,459</u>	<u>\$ 448,857,748</u>

City of Bentonville, Arkansas

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

Table 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government	\$ 15,147,058	\$ 20,628,670	\$ 10,921,383	\$ 9,243,680	\$ 10,035,028	\$ 10,764,635	\$ 11,262,376	\$ 8,199,550	\$ 8,380,920	\$ 7,838,616
Public safety	45,225,977	53,444,341	52,327,094	41,609,816	29,274,828	30,483,681	27,161,452	24,926,207	22,219,435	19,978,800
Recreation	20,260,043	16,692,535	14,512,658	11,960,540	11,555,797	11,533,775	11,908,261	10,579,540	10,239,510	9,126,620
Street department	16,059,799	4,717,661	4,577,579	4,485,584	10,648,467	11,794,878	9,571,784	8,880,453	8,522,377	7,950,435
Library	3,407,113	2,569,375	2,447,699	1,971,203	1,920,680	2,014,164	1,887,076	1,765,524	1,688,914	1,505,475
CDBG	42,369	30,378	-	-	-	-	-	184	7,147	46,716
Interest on long-term debt	4,237,049	3,657,173	1,835,177	1,902,684	1,605,676	1,464,550	1,929,130	2,297,161	2,382,481	2,011,778
Total governmental activities expenses	104,379,408	101,740,133	86,621,590	71,173,507	65,040,476	68,055,683	63,720,079	56,648,619	53,440,784	48,458,440
Business-type activities										
Electric	91,303,405	77,315,647	75,682,962	80,291,013	89,019,330	59,723,199	60,093,455	59,685,788	60,318,959	59,066,230
Water	35,528,337	24,877,297	22,246,339	18,017,830	15,903,270	14,973,111	13,871,208	13,511,887	12,918,078	11,859,994
Wastewater	5,159,542	11,748,793	11,068,758	10,820,503	9,914,062	10,096,434	9,615,262	9,372,920	9,255,683	8,396,479
Sanitation	7,607,019	7,411,693	6,777,840	6,239,748	5,788,402	5,406,151	5,109,186	4,624,380	4,197,480	3,891,758
Support	4,902,662	5,880,824	4,847,777	4,719,484	3,901,263	3,480,455	3,521,239	3,456,000	3,745,763	3,268,751
Total business-type activities expenses	144,500,965	127,234,254	120,623,676	120,088,578	124,526,327	93,679,350	92,210,350	90,650,975	90,435,963	86,483,212
Total primary government	248,880,373	228,974,387	207,245,266	191,262,085	189,566,803	161,735,033	155,930,429	147,299,594	143,876,747	134,941,652
Program Revenues										
Governmental activities										
Charges for Services:										
General government	1,286,712	1,360,165	1,145,283	1,247,311	948,989	3,070,578	3,232,206	2,660,236	411,878	311,264
Public safety	6,136,964	3,815,091	4,503,657	4,169,164	4,521,886	3,302,059	2,762,512	2,537,032	1,778,596	1,527,968
Recreation	7,397,026	5,242,590	5,238,813	4,173,275	3,159,359	1,789,880	5,781,222	4,595,838	3,568,737	3,269,930
Street department	2,024,454	2,210,874	55,999	1,091,287	67,442	1,510,106	2,779,600	958,771	33,259	66,379
Library	421,772	72,915	73,034	65,207	55,601	33,902	59,892	54,224	9	0
Operating grants and contribution	50,156,431	12,375,291	10,579,766	10,631,712	5,841,361	6,119,081	660,682	3,369,266	5,402,348	7,545,636
Capital grants and contributions	7,641,744	37,080,417	19,337,604	9,518,939	4,610,177	12,434,429	5,050,131	5,513,785	5,909,573	4,795,540
Total governmental activities revenue	75,065,103	62,157,343	40,934,156	30,896,895	19,204,815	28,260,035	20,326,245	19,689,152	17,104,400	17,516,717
Business-type activities										
Charges for Services:										
Electric	94,480,958	85,081,195	83,690,683	89,258,344	78,828,519	68,092,503	70,130,577	68,494,676	66,007,652	62,539,169
Water	26,669,398	16,787,270	14,824,390	14,224,969	12,938,735	12,872,797	11,074,498	11,603,640	10,625,553	10,185,022
Wastewater	20,643,999	19,531,815	17,435,937	16,124,255	15,010,162	14,688,256	14,493,682	13,870,399	13,339,032	13,280,744
Sanitation	8,710,948	8,080,987	7,440,926	6,970,297	6,312,831	5,799,564	5,397,459	4,969,400	4,591,853	4,261,907
Support	1,435,299	1,201,621	1,150,338	1,128,968	985,394	295,496	633,512	987,220	929,561	887,122
Operating grants and contribution	2,686,418	101,015	76,561	223,439	6,693,949	827,105	-	150,122	11,978	137,426
Capital grants and contributions	7,869,003	8,827,727	7,127,117	19,816,950	44,814,654	4,459,130	2,432,863	3,150,912	4,158,642	1,203,774
Total business-type activities	162,496,023	139,611,630	131,745,952	147,747,222	165,584,244	107,034,851	104,162,591	103,226,369	99,664,271	92,495,164
Total primary government	237,561,126	201,768,973	172,680,108	178,644,117	184,789,059	135,294,886	124,488,836	122,915,521	116,768,671	110,011,881
Net (expense) revenue										
Governmental activities	(29,314,305)	(39,582,790)	(45,687,434)	(40,276,612)	(45,835,661)	(39,795,648)	(44,438,594)	(36,959,467)	(36,336,384)	(30,941,723)
Business-type activities	17,995,058	12,377,376	11,122,276	27,658,644	41,057,917	13,355,501	11,952,241	12,575,394	9,228,308	6,011,952
Total – primary government	\$ (11,319,247)	\$ (27,205,414)	\$ (34,565,158)	\$ (12,617,968)	\$ (4,777,744)	\$ (26,440,147)	\$ (32,486,353)	\$ (24,384,073)	\$ (27,108,076)	\$ (24,929,771)

City of Bentonville, Arkansas
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

Table 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General revenues and other changes in net pension										
Governmental activities										
Property taxes	\$ 16,333,070	\$ 13,801,494	\$ 13,794,453	\$ 12,180,324	\$ 10,845,680	\$ 10,023,405	\$ 9,417,015	\$ 8,945,939	\$ 8,282,975	\$ 7,757,246
Sales taxes	67,985,531	69,363,687	75,243,592	61,618,775	53,399,550	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108
State turnback	7,043,828	6,750,189	6,717,895	6,635,017	5,194,343	3,050,062	3,041,751	2,941,195	2,853,363	2,756,242
Franchise fees	7,507,136	6,499,636	6,017,352	6,060,409	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966
Impact fees	-	2,461,928	2,978,848	3,569,012	4,150,437	2,858,636	-	-	-	-
Investment income	8,391,282	9,752,145	7,284,673	746,865	215,131	735,402	1,178,951	820,608	225,496	61,952
Gain on sales of capital assets	-	(1,109,559)	60,102	97,475	753,648	20,025	3,769,638	39,540	(30,542)	271,855
Intergovernmental	126,014	-	4,351,055	-	-	-	-	-	-	-
Transfers	(829,376)	(7,373,286)	(58,983)	-	-	(951,000)	-	(121,350)	-	(2,704,809)
Other	4,744,678	2,292,816	1,501,131	1,235,068	1,493,098	1,363,288	4,570,586	2,724,433	10,671,030	5,264,905
Total governmental activities	111,302,163	102,439,050	117,890,118	92,142,945	81,756,056	65,886,479	67,001,021	56,762,330	65,004,735	48,313,465
Business-type activities										
Investment income (loss)	1,964,324	1,913,835	1,587,934	(217,137)	138,253	394,011	289,274	133,581	41,398	36,505
Gain on sales of capital assets	61,000	122,614	5,000	-	69,585	-	24,061	-	272,526	634,635
Transfers	829,376	7,373,286	58,983	-	-	951,000	-	121,350	-	2,704,809
Other	692,153	97,957	73,380	409,046	338,257	43,352	120,473	813,873	723,128	275,664
Total business-type activities	3,546,853	9,507,692	1,725,297	191,909	546,095	1,388,363	433,808	1,068,804	1,037,052	3,651,613
Total primary government	\$ 114,849,016	\$ 111,946,742	\$ 119,615,415	\$ 92,334,854	\$ 82,302,151	\$ 67,274,842	\$ 67,434,829	\$ 57,831,134	\$ 66,041,787	\$ 51,965,078
Total change in net position										
Governmental activities	\$ 81,987,858	\$ 62,856,260	\$ 72,202,684	\$ 52,182,414	\$ 35,920,395	\$ 26,090,831	\$ 23,607,187	\$ 19,802,863	\$ 28,668,351	\$ 17,371,742
Business-type activities	21,541,911	21,885,068	12,847,573	27,850,553	41,604,012	14,743,864	12,386,049	13,644,198	10,265,360	9,663,565
Total – primary government	\$ 103,529,769	\$ 84,741,328	\$ 85,050,257	\$ 80,032,967	\$ 77,524,407	\$ 40,834,695	\$ 35,993,236	\$ 33,447,061	\$ 38,933,711	\$ 27,035,307

City of Bentonville, Arkansas
Fund Balances – Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

Table 3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Nonspendable										
Prepaid expenditures	\$ 1,207,651	\$ 1,067,787	\$ 1,237,319	\$ 72,835	\$ 613,590	\$ 299,237	\$ 259,023	\$ 224,713	\$ 195,064	\$ 276,989
Restricted										
General capital improvements	3,956,205	4,146,962	3,621,647	3,621,647	4,153,328	3,032,914	2,202,079	2,169,461	-	631,806
Recreation	-	5,574,173	-	-	-	-	-	-	-	-
Other	448,601	46,763	45,862	44,723	86,059	86,016	85,035	457,250	-	358,250
Unassigned	119,597,168	101,379,069	100,866,600	81,621,966	69,469,833	59,487,999	57,991,185	51,638,842	48,453,612	38,160,366
Total general fund	<u>125,209,625</u>	<u>112,214,754</u>	<u>105,771,428</u>	<u>85,361,171</u>	<u>74,322,810</u>	<u>62,906,166</u>	<u>60,537,322</u>	<u>54,490,266</u>	<u>48,648,676</u>	<u>39,427,411</u>
All other governmental funds										
Nonspendable										
Prepaid expenditures	547	794	648	323	323	323	642	550	1,225	1,275
Restricted										
Debt service	11,940,726	10,625,073	11,191,216	7,329,718	10,381,088	7,956,798	7,399,511	8,285,673	8,486,688	5,475,760
General capital improvements	84,532,841	44,518,590	96,251,643	64,091,890	86,701,116	17,972,203	21,530,144	23,649,222	29,016,117	1,927,588
New growth	9,215,605	8,548,623	8,825,192	7,843,017	10,687,938	7,142,595	5,978,017	5,572,099	4,480,877	1,599,901
Street improvements	15,717,473	11,341,089	9,555,814	13,852,147	9,349,484	6,111,298	5,440,147	3,387,671	4,836,116	7,084,321
Assigned	140,962	133,889.00	113,406.00	26,434.00	-	-	-	-	-	-
Total all other governmental funds	<u>121,548,154</u>	<u>75,168,058</u>	<u>125,937,919</u>	<u>93,143,529</u>	<u>117,119,949</u>	<u>39,183,217</u>	<u>40,348,461</u>	<u>40,895,215</u>	<u>46,821,023</u>	<u>16,088,845</u>
Total governmental funds	<u>\$ 246,757,779</u>	<u>\$ 187,382,812</u>	<u>\$ 231,709,347</u>	<u>\$ 178,504,700</u>	<u>\$ 191,442,759</u>	<u>\$ 102,089,383</u>	<u>\$ 100,885,783</u>	<u>\$ 95,385,481</u>	<u>\$ 95,469,699</u>	<u>\$ 55,516,256</u>

City of Bentonville, Arkansas

Changes in Fund Balances – Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

Table 4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Property Tax	\$ 14,019,579	\$ 12,958,249	\$ 12,164,459	\$ 10,862,520	\$ 9,991,396	\$ 9,530,177	\$ 8,973,078	\$ 8,277,403	\$ 7,852,968	\$ 7,155,619
Sales Tax	68,016,521	69,399,794	75,279,515	61,656,404	53,430,685	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108
State Turnback	7,043,828	6,750,189	6,717,895	6,635,017	5,194,343	4,155,203	4,007,424	3,843,744	2,853,363	2,756,242
Impact Fees	3,391,270	2,461,928	2,978,848	3,569,012	4,150,437	2,858,636	4,119,459	2,391,272	3,325,568	1,861,178
Franchise Fees	7,507,136	6,499,636	6,017,352	6,060,409	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966
Charges for services	9,570,761	8,481,327	8,062,968	6,583,991	4,995,247	3,916,496	6,459,222	6,099,014	5,691,285	5,143,334
Fines and forfeitures	701,898	537,235	495,790	438,621	485,950	388,542	488,999	495,928	498,991	511,851
Licenses and permits	2,706,847	1,585,026	2,501,254	2,356,101	2,735,351	1,960,842	1,819,605	1,752,257	1,370,136	1,322,683
Grants	50,682,681	34,931,233	10,664,621	10,755,156	5,384,052	7,352,436	2,662,127	4,214,651	4,412,572	7,433,636
Contributions	4,187,521	8,650,381	13,642,135	2,630,861	518,580	462,068	280,763	1,126,912	2,212,553	3,594,921
Interest	8,391,282	9,054,911	6,610,850	1,420,733	220,895	539,721	1,178,951	820,608	225,370	61,952
Investment income (loss)	-	697,234	673,823	(673,868)	(5,764)	195,681	-	-	-	-
Intergovernmental	-	-	4,351,055	316,081	-	-	-	-	-	-
Miscellaneous	4,468,868	2,243,637	1,140,237	801,788	1,853,126	1,903,661	1,282,201	816,284	5,441,919	1,569,948
Total revenues	180,688,192	164,250,780	151,300,802	113,412,826	94,658,467	82,050,124	76,294,909	71,250,038	76,887,138	66,317,438
Expenditures										
Current:										
General government	11,162,721	17,381,672	10,726,626	9,559,743	9,031,264	8,682,730	7,515,045	6,833,349	6,694,940	6,663,862
Public Safety	38,281,882	36,403,040	31,285,629	28,215,635	25,433,415	24,418,096	21,730,128	20,392,788	18,587,838	17,146,737
Recreation	16,221,500	15,431,354	13,151,075	11,439,318	10,558,612	9,077,193	9,582,308	8,507,693	8,163,683	7,252,049
Street Department	5,660,835	4,519,405	4,325,578	4,390,627	3,741,945	3,970,303	2,520,796	2,665,820	2,553,724	2,467,752
Library	2,557,976	2,377,159	2,305,043	1,919,436	1,683,391	1,777,953	1,609,734	1,449,844	1,386,429	1,256,940
CDBG	42,369	30,378	-	-	-	-	184	7,147	46,716	-
Capital Outlay	91,681,556	105,665,610	69,297,350	49,213,572	16,221,216	18,989,724	18,172,104	19,995,607	14,914,239	24,889,343
Debt Service										
Principal	17,160,000	18,540,000	19,935,000	19,495,000	15,728,796	11,535,000	11,516,950	9,121,959	7,970,000	7,035,000
Interest	4,164,066	3,415,866	1,575,556	2,215,029	704,303	1,464,550	2,481,252	2,481,252	2,481,252	2,481,252
Bond interest costs	637,847	137,713.00	689,040.00	-	801,490	-	-	-	-	-
Total expenditures	187,570,752	203,902,197	153,290,897	126,448,360	83,904,432	79,915,549	75,128,317	71,448,496	62,759,252	69,239,651
Excess (deficiencies) of revenues over expenditures	(6,882,560)	(39,651,417)	(1,990,095)	(13,035,534)	10,754,035	2,134,575	1,166,592	(198,458)	14,127,886	(2,922,213)
Other Financing Sources (Uses)										
Sale of capital assets	32,828	21,818	70,925	97,475	1,200,728	20,025	3,769,638	39,540	106,065	161,330
Issuance of debt	65,895,000	2,676,350	55,182,800	-	84,045,000	-	-	-	25,508,231	-
Premium related to issuance of debt	1,159,075	-	-	-	5,127,487	-	-	-	-	-
Transfer to escrow agent	-	-	-	-	(11,773,874)	-	-	-	-	-
Transfers in	3,747,895	2,765,652	7,166,240	11,849,599	702,614	791,518	5,521,936	1,186,184	444,592	367,845
Transfers out	(4,577,271)	(10,138,938)	(7,225,223)	(11,849,599)	(702,614)	(1,742,518)	(5,521,936)	(1,307,534)	(444,592)	(3,072,654)
Net other financing sources (uses)	66,257,527	(4,675,118)	55,194,742	97,475	78,599,341	(930,975)	3,769,638	(81,810)	25,614,296	(2,543,479)
Net change in fund balances	\$ 59,374,967	\$ (44,326,535)	\$ 53,204,647	\$ (12,938,059)	\$ 89,353,376	\$ 1,203,600	\$ 4,936,230	\$ (280,268)	\$ 39,742,182	\$ (5,465,692)
Debt service as a percentage of noncapital expenditures	22%	22%	26%	28%	24%	21%	25%	23%	22%	21%

City of Bentonville, Arkansas
General Governmental Tax Revenues by Source
Last Ten Years
(Accrual Basis of Accounting)

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Fees</u>	<u>Alcoholic Beverage Tax</u>	<u>State Turnback</u>	<u>Total</u>
2016	\$ 7,757,246	\$ 30,117,108	\$ 4,788,966	\$ 83,388	\$ 2,756,242	\$ 45,502,950
2017	8,282,975	37,651,052	5,351,361	44,594	2,853,363	54,183,345
2018	8,277,403	35,725,644	5,653,246	33,075	3,843,744	53,533,112
2019	9,417,015	39,622,601	5,368,133	32,346	3,041,751	57,481,846
2020	10,023,405	43,279,794	5,506,867	19,075	3,050,062	61,879,203
2021	10,845,680	53,399,550	5,704,169	31,135	5,194,343	75,174,877
2022	12,180,324	61,618,775	6,060,409	37,629	6,635,017	86,532,154
2023	13,794,453	75,243,592	6,017,352	35,923	6,717,895	101,809,215
2024	13,801,494	69,363,687	6,499,636	36,107	6,750,189	96,451,113
2025	16,333,070	67,985,531	7,507,136	30,990	7,043,828	98,900,555

City of Bentonville, Arkansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
(Accrual Basis of Accounting)

Table 6

Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual	Total Direct Tax Rate
	Taxable/ Effective Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value		
2016	\$ 864,768,080	\$ 4,902,545,700	\$ 262,730,190	\$ 1,313,650,950	\$ 1,127,498,270	\$ 6,216,196,650	20%	7.21
2017	930,277,730	5,049,736,200	250,686,560	1,253,432,800	1,180,964,290	6,303,169,000	20%	7.21
2018	1,004,962,450	5,322,241,000	276,770,460	1,383,852,300	1,281,732,910	6,706,093,300	20%	7.21
2019	1,073,716,110	5,597,596,400	275,714,270	1,378,571,350	1,349,430,380	6,976,167,750	20%	7.21
2020	1,121,361,960	5,790,526,050	304,411,705	1,522,058,525	1,425,773,665	7,312,584,575	20%	7.21
2021	1,257,452,730	7,538,064,300	308,753,070	1,543,765,350	1,566,205,800	9,081,829,650	20%	7.21
2022	1,383,158,485	7,798,033,485	342,977,095	1,714,885,475	1,726,135,580	9,512,918,960	20%	7.21
2023	1,485,909,895	8,083,686,620	413,109,230	2,065,546,150	1,899,019,125	10,149,232,770	20%	7.21
2024	1,702,784,271	8,513,921,355	374,633,405	1,873,167,025	2,077,417,676	10,387,088,380	20%	7.21
2025	1,940,307,225	12,754,082,595	403,165,240	2,015,826,200	2,343,472,465	14,769,908,795	20%	7.21

Source: Benton County

City of Bentonville, Arkansas
Property Tax Rates and Tax Levies – Direct and Overlapping Governments
Last Ten Years

Table 7

Year	City of Bentonville				Overlapping Rates			Total Direct & Overlapping Rates
	Firemen's Pension & Relief Fund	General Fund	Street Fund	Total	Benton County	Bentonville Public Schools	Northwest Arkansas Community College	
2016	0.50	5.00	1.71	7.21	7.10	46.60	2.60	63.51
2017	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2018	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2019	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2020	0.50	5.00	1.71	7.21	7.10	48.50	2.60	65.41
2021	0.50	5.00	1.71	7.21	5.36	48.00	2.60	63.17
2022	0.50	5.00	1.71	7.21	5.36	48.00	2.60	63.17
2023	0.50	5.00	1.71	7.21	5.36	48.00	2.60	63.17
2024	0.50	5.00	1.71	7.21	5.36	48.00	2.60	63.17
2025	0.50	5.00	1.71	7.21	5.36	48.00	2.60	63.17

Source: Benton County

City of Bentonville, Arkansas

Principal Sales Taxpayers

Last Ten Years

The City of Bentonville, Arkansas's largest own-source revenue is sales taxes. Sales taxes primarily come from two separate taxes: a 2% city tax based on point of sale, and a portion of the county's 1% tax based on point of sale. In 2025, the city sales tax generated revenue of \$50,369,613. The City's portion of the county sales tax generated revenue of \$17,615,918.

According to Arkansas State Statutes, the City is required to keep the identity of individual taxpayers confidential. Therefore, the City of Bentonville is not able to identify the top 10 taxpayers. However, Bentonville enjoys a diverse economic sales tax base.

City of Bentonville, Arkansas
Principal Property Taxpayers
Last Ten Years

Table 8

Taxpayer	2025			2016		
	Rank	Total Assessed Value	Percentage of Total Assesed Value	Rank	Total Assessed Value	Percentage of Total Assessed Value
WAL-MART/Sam's Club	1	\$ 182,070,416	7.77%	1	\$ 177,776,875	15.77%
Crystal Pickens LLC	2	23,096,625	0.99%			
North Arkansas Wholesale Co Inc	3	19,641,274	0.84%			
211 213 215 NW A LLC	4	16,236,994	0.69%			
QHG of Springdale Inc D/B/A Bates Medical Center	5	15,401,029	0.66%	2	15,442,630	1.37%
Echo Matrix	6	12,834,375	0.55%			
Crossmar Industrial LLC	7	11,302,105	0.48%			
VR Bentonville Limited Partnership	8	10,936,942	0.47%			
Center City LLC	9	10,162,354	0.43%			
Walton Crossing Apartments	10	9,979,560	0.43%			
Bentonville Plaza Owner LLC				3	8,371,940	0.74%
J Street Company				4	5,639,880	0.50%
AT&T Mobility				5	5,331,025	0.47%
Granite Beau Terre Holdings LLC				6	5,267,570	0.47%
Trails at Rainbox Curve				7	5,069,070	0.45%
Walton Boulevard Lodging/DoubleTree Guest Suites				8	4,798,130	0.43%
Links at Rainbow Curve				9	4,589,615	0.41%
Links at Bentonville LTD Partnership				10	4,298,960	0.38%

Source: Benton County

City of Bentonville, Arkansas
Property Tax Levies and Collection
Last Ten Years

Table 9

Fiscal Year	Tax Roll Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Prior Years' Collections	Total Collections	Percentage of Total Collections to Tax Levy
2015	2014	\$ 6,766,665	\$ 6,571,243	97.11%	\$ 187,654	\$ 6,758,897	99.89%
2016	2015	7,504,340	6,659,403	88.74%	837,842	7,497,245	99.91%
2017	2016	7,744,618	7,300,908	94.27%	431,887	7,732,795	99.85%
2018	2017	8,557,427	7,705,319	90.04%	840,570	8,545,889	99.87%
2019	2018	9,026,533	8,352,832	92.54%	662,381	9,015,213	99.87%
2020	2019	9,546,626	8,871,308	92.93%	663,280	9,534,588	99.87%
2021	2020	10,444,916	9,298,528	89.02%	1,131,749	10,430,277	99.86%
2022	2021	11,559,447	10,101,042	87.38%	1,435,448	11,536,490	99.80%
2023	2022	11,802,134	10,804,781	91.55%	837,012	11,641,793	98.64%
2024	2023	13,517,917	11,320,420	83.74%	843,408	12,163,828	89.98%
2025	2024	14,405,544	12,485,396	86.67%	-	12,485,396	86.67%

Source: Benton County

Property assessments are made; tax rates are established; and taxes are levied in one year for payment by the taxpayer and collection by local government the following year. The tax levy for this schedule includes the city's levy for its general fund, street fund and fire pension plan.

City of Bentonville, Arkansas
Ratios of Outstanding Debt by Type
Last Ten Years

Table 10

Fiscal Year	Governmental Activities: Sales Tax Bonds	Business-Type Activities: Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2016	\$ 42,927,110	\$ 13,414,930	\$ 56,342,040	3.04%	1,596
2017	60,430,601	11,168,023	71,598,624	3.64%	2,028
2018	51,210,650	8,827,689	60,038,339	2.86%	1,701
2019	39,595,699	6,397,912	45,993,611	1.28%	838
2020	27,950,748	5,359,553	33,310,301	0.90%	607
2021	89,052,847	4,379,769	93,432,616	2.44%	1,725
2022	69,352,747	10,700,000	80,052,747	1.96%	1,383
2023	104,395,447	8,785,000	113,180,447	2.54%	1,903
2024	88,267,934	7,088,000	95,355,934	1.73%	1,543
2025	137,840,192	18,669,704	156,509,896	2.06%	2,482

(1) Personal income is disclosed in Table 13

(2) Population is disclosed in Table 13

City of Bentonville, Arkansas
Ratios of General Bonded Debt Outstanding
Last Ten Years

As of December 31, 2025, the City has no general bonded debt outstanding.

City of Bentonville, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2025

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bentonville School District (1) (2)	\$ 308,915,300	52%	\$ 160,635,956
Northwest Arkansas Community College (3) (4)	40,022,710	32%	12,807,267
Subtotal, overlapping debt			173,443,223
City of Bentonville, Arkansas direct debt			137,840,192
Total direct and overlapping debt			<u>\$ 311,283,415</u>

Source: Outstanding debt amount from each governmental units, most recent audited financial statements.

Note: The amount applicable to the City of Bentonville was estimated using population.

(1) Amount as of 6/30/2025 which was the most recent Audited Financial Statements available

(2) Bentonville School District is comprised of multiple cities with an estimated population of 122,076 of which Bentonville is 63,057 or 52%

(3) Northwest Arkansas Community College was created by a property tax of residents that comprise the Bentonville and Rogers, AR school district. Population estimate for both areas is estimated at 197,715 of which Bentonville is 63,057 or 32%

(4) Amount as of 6/30/2024 which was the most recent Audited Financial Statements available

City of Bentonville, Arkansas
Legal Debt Margin Information
Last Ten Years

As of December 31, 2025, the City has no general obligation debt.

City of Bentonville, Arkansas
Pledged Revenue Coverage – Proprietary Funds
Last Ten Years

Table 12

Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2016	\$ 91,567,054	\$ 85,384,256	\$ 6,182,798	\$ 2,170,954	\$ 603,337	\$ 2,774,291	2.07
2017	96,228,757	89,968,643	6,260,114	2,253,374	516,855	2,770,229	2.26
2018	100,889,330	90,228,298	10,661,032	2,346,801	422,677	2,769,478	3.85
2019	101,850,203	91,906,922	9,943,281	2,436,245	303,430	2,739,675	3.63
2020	101,792,768	93,442,172	8,350,596	1,043,456	232,836	1,276,292	6.54
2021	114,044,573	123,963,086 (1)	(9,918,513)	978,722	194,720	1,173,442	(8.45)
2022	127,500,722	119,021,631	8,479,091	5,935,831	403,834	6,339,665	1.34
2023	124,360,215	120,129,903	4,230,312	1,915,000	247,491	2,162,491	1.96
2024	129,915,407	126,765,229	3,150,178	1,760,000	266,500	2,026,500	1.55
2025	152,005,390	143,254,141	8,751,249	1,800,000	327,367	2,127,367	4.11

(1) The increase in expenses was due to the 2021 winter storm

City of Bentonville, Arkansas
Demographic and Economic Statistics
Last Ten Years

Table 13

Fiscal Year	City of Bentonville Population (1)	Benton County Population (1)	Per Capita Income (2)	Personal Income (3)	Unemployment Rate (4)
2016	35,301	221,339	\$ 80,906	2,856,062,706	2.70%
2017	35,301	221,339	82,914	2,926,947,114	2.70%
2018	35,301	221,339	90,185	3,183,620,685	2.50%
2019	54,909 (a)	279,141	82,922	4,553,164,098	2.30%
2020	54,909 (a)	279,141	83,109	4,563,432,081	3.50%
2021	54,164	284,333	105,578	5,718,526,792	1.90%
2022	57,868	302,863	108,539	6,280,934,852	2.00%
2023	59,471	311,013	116,244	6,913,146,924	2.50%
2024	61,791	321,566	120,594	7,451,623,854	2.50%
2025	63,057	332,554	120,594 (b)	7,604,295,858	3.20%

(a) These amounts are estimates from the U.S. Census Bureau. The 2020 Census numbers were finalized in 2021 and were lower than what was previously estimated.

(b) An updated amount for 2025 was not available.

(1) U.S. Census Bureau

(2) Information from the U.S. Federal Reserve Bank of St. Louis (US. Bureau of Economic Analysis, Per Capita Personal Income in Benton County, AR, retrieved from FRED, Federal Reserve Bank of St. Louis)

(3) Calculated using City of Bentonville Population and Per Capita Income

(4) Fayetteville-Springdale-Rogers MSA (of which Bentonville is a part of) information from the Bureau of Labor Statistics

City of Bentonville, Arkansas

Principal Employers

Last Ten Years

Table 14

Employer	2025			2016		
	Rank	Employees	Percentage of Population 63,057 (1)	Rank	Employees	Percentage of Population 35,301 (1)
Wal-Mart/Sam's Club	1	18,000+	28.55%	1	2,500+	7.08%
Bentonville School District	2	2,500+	3.96%	2	1000–2499	2.83%
Mercy Health System of Northwest Arkansas	7	500–999	0.79%	2	1000–2499	2.83%
City of Bentonville	7	500–999	0.79%	3	500–999	1.42%
Northwest Arkansas Community College	7	500–999	0.79%	4	300–499	0.85%
Northwest Arkansas Health Systems	7	500–999	0.79%	3	500–999	1.42%
Benton County	7	500–999	0.79%	3	500–999	1.42%
Arvest Bank Group, Inc.	8	100–499	0.16%	4	300–499	0.85%
Black Hills Energy				4	300–499	0.85%
Crafton Tull				4	300–499	0.85%
Consumer Testing Laboratories				5	200–299	0.57%

Source: Bentonville/Bella Vista Chamber of Commerce

(1) Low figure in the range of Employees used for calculation.

City of Bentonville, Arkansas
Full-time Equivalent City Employees by Function
Last Ten Years

Table 15

Function	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Activities										
General government	69.5	77.0	72.5	66.5	72.0	75.50	71.5	72.0	90.5	59.0
Public Safety	286.0	291.0	273.5	251.0	235.5	229.0	212.5	191.0	199.0	188.5
Recreation	116.5	117.0	116.0	105.0	114.0	100.5	111.5	109.0	187.0	160.0
Street Department	35.0	32.0	26.0	26.0	22.0	25.0	23.0	23.0	26.0	28.5
Library	<u>31.0</u>	<u>28.0</u>	<u>23.0</u>	<u>22.5</u>	<u>24.0</u>	<u>24.0</u>	<u>24.5</u>	<u>26.0</u>	<u>29.5</u>	<u>27.5</u>
Total	<u>538.0</u>	<u>545.0</u>	<u>511.0</u>	<u>471.0</u>	<u>467.5</u>	<u>454.0</u>	<u>443.0</u>	<u>421.0</u>	<u>532.0</u>	<u>463.5</u>
Business-Type Activities										
Electric	55.0	54.5	54.0	55.0	49.0	49.0	46.0	41.0	43.0	42.0
Water	27.0	30.0	36.0	37.0	40.0	45.0	43.0	41.0	44.0	39.0
Wastewater	44.0	45.0	37.0	37.0	22.0	22.0	22.0	23.0	26.0	25.0
Support	<u>22.0</u>	<u>22.0</u>	<u>27.0</u>	<u>25.0</u>	<u>25.5</u>	<u>22.0</u>	<u>24.0</u>	<u>23.0</u>	<u>26.0</u>	<u>23.0</u>
Total	<u>148.0</u>	<u>151.5</u>	<u>154.0</u>	<u>154.0</u>	<u>136.5</u>	<u>138.0</u>	<u>135.0</u>	<u>128.0</u>	<u>139.0</u>	<u>129.0</u>
Total Primary Government	<u>686.0</u>	<u>696.5</u>	<u>665.0</u>	<u>625.0</u>	<u>604.0</u>	<u>592.0</u>	<u>578.0</u>	<u>549.0</u>	<u>671.0</u>	<u>592.5</u>

Source: Various city departments

City of Bentonville, Arkansas

Operating Indicators by Function

Last Ten Years

Table 16

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
Governmental Activities										
General Government										
Building Permits Issued	1,799	1,354	1,660	1,481	1,562	1,797	1,750	1,732	1,562	1,461
Building Inspections performed	16,457	12,150	12,693	12,112	11,261	13,979	19,570	21,079	19,613	19,380
Fire										
Fire related calls for service	2,337	2,189	1,832	1,980	4,323	4,238	1,420	1,485	1,553	1,534
EMS related calls for service	5,770	5,389	4,938	5,006	6,107	5,804	5,534	5,304	4,788	4,786
Police										
Calls for service Police	51,786	50,386	50,908	45,674	51,203	69,239	70,483	66,312	59,100	57,193
Calls for service Fire/EMS	7,673	7,696	5,723	7,015	6,721	7,225	6,976	6,937	6,031	6,294
Physical arrests	3,467	3,492	3,800	3,436	3,796	3,782	3,981	3,544	3,601	3,405
9-1-1 Calls	18,034	18,215	19,217	17,570	21,773	16,429	17,336	15,642	16,078	16,779
Recreation										
Program Participants	810,631	755,506	757,632	596,332	407,459	223,237	735,491	728,955	726,364	661,897
Transportation										
Street Pavement Preservation (miles) *	13	11	11	13	10	7	2	2	3	3
Library										
Library card holders **	26,987	24,089	20,211	42,915	39,899	42,518	42,615	26,867	26,929	27,058
Visits	442,874	345,500	343,435	257,076	169,190	139,034	319,697	302,398	296,311	300,766
Circulation (checkouts or materials)	965,707	860,350	827,921	763,427	708,226	551,135	725,056	667,538	675,787	679,444
Business-Type Activities										
Electric, Water, Wastewater Support Activities										
Meters read	686,276	656,752	683,357	653,188	626,053	610,224	599,999	572,648	555,128	530,850
Payments Processed (dollars)	\$ 145,840,630	\$ 135,055,370	\$ 129,985,736	\$ 119,968,913	\$ 151,657,567	\$ 90,995,518	\$ 94,437,561	\$ 93,810,989	\$ 90,026,317	\$ 88,326,913
Payments Processed (transactions)	295,337	273,978	263,632	251,642	239,369	226,616	215,614	206,971	193,627	190,814

* 2015-2019 presents overlay miles only. 2020 - 2025 figures represent paved traffic lane miles.

** New reporting for library card holders in 2023. This does not include tech cards for students.

Source: Various city departments

City of Bentonville, Arkansas

Capital Assets Statistics by Function

Last Ten Years

Table 17

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
Governmental Activities										
General Government										
Number of general government buildings	5	5	5	5	5	4	4	4	4	4
Fire										
Fire Trucks available each year	9	9	9	9	9	9	8	8	8	8
Ambulances available each year	4	4	4	5	5	5	6	7	7	7
Fire Stations	7	7	7	7	7	7	6	6	6	6
Police										
Police Units (cars/trucks) that were available each year	126	129	123	103	102	103	94	91	89	85
Recreation										
Parks Acreage (*)	1,100	1,100	902	720	341	341	341	341	341	341
Number of Parks	23	23	23	23	20	20	20	20	20	20
Number of Trails	30	30	30	29	28	28	28	27	25	25
Baseball/softball fields	22	18	18	18	20	20	24	24	24	24
Soccer Fields / Football Fields	18	18	18	18	16	16	16	16	16	16
Tennis Courts	30	30	30	22	22	22	22	14	14	14
Basketball Courts	4	4	4	4	5	5	5	5	5	5
Swimming Pools / Splash Parks	5	5	5	4	4	4	4	4	4	4
Ice Rink	1	1	1	1	1	1	1	1	1	1
Indoor Rec Center	1	2	2	2	2	2	2	2	2	2
Transportation										
Total Paved Streets (miles)	327	327	327	300	297	296	284	288	274	261
Traffic Signals	69	64	60	58	53	52	50	49	45	45
Library										
Items Available for checkout	170,370	163,458	161,672	157,359	153,545	154,953	149,962	143,760	135,568	134,725
Business-Type Activities										
Electric										
Electric Substations	9	9	9	9	9	9	9	9	9	9
Electric Lines (miles)										
Distribution	1,611.00	1,065.00	1,051.00	1,031.00	1,027.00	989.00	982.10	925.50	915.68	885.88
Transmission	17.36	17.36	17.13	16.32	16.32	16.32	16.32	16.32	16.32	16.32
Water										
Water Lines (miles)	381.00	385.00	383.13	377.12	343.12	336.69	330.71	325.60	321.90	314.40
Sewer Lines (miles)	326.00	376.00	361.27	355.66	322.66	314.99	311.25	308.40	305.80	300.40

(*) Data reported prior to 2022 did not include urban forest property managed by Parks department. The 2022 and forward total includes all acreage.

Source: Various city departments.

City of Bentonville, Arkansas

Waste and Wastewater Rates

December 31, 2025

Table 18

Per 1,000 gallons					
	Water			Wastewater	
	Residential	Irrigation	Commercial	Residential	Commercial
Inside City monthly usage rates					
First 4,000 gallons of water	\$ 7.86	N/A	N/A	N/A	N/A
Next 6,000 gallons of water	8.59	N/A	N/A	N/A	N/A
Over 10,000 gallons of water	11.59	N/A	N/A	N/A	N/A
All Consumption	N/A	\$ 10.19	\$ 8.25	\$ 9.07	\$ 9.69
Outside City monthly usage rates					
First 4,000 gallons of water	\$ 9.33	N/A	N/A	N/A	N/A
Next 6,000 gallons of water	10.17	N/A	N/A	N/A	N/A
Over 10,000 gallons of water	13.77	N/A	N/A	N/A	N/A
All Consumption	N/A	\$ 12.09	\$ 9.75	\$ 10.89	\$ 11.63

Rate per Month					
	Water		Wastewater		
			Irrigation	Residential	Commercial
Meter rates					
5/8" meter	\$	15.42	\$ 20.28	\$ 15.81	\$ 16.91
3/4" meter		15.42	20.28	15.81	16.91
1" meter		38.56	51.32	52.10	55.67
1-1/2" meter		167.10	219.94	193.53	206.81
2" meter		179.96	237.04	206.62	220.79
3" meter		269.94	354.32	303.53	324.35
4" meter		771.26	1,014.12	850.93	909.31
6" meter		1,671.08	2,199.28	1,833.08	1,958.85

City of Bentonville, Arkansas
Schedule of Electric, Water and Wastewater Customers
And Annual Billable Water Gallons
December 31, 2025

Table 19

Type	Number of Customers
Electric	30,293
Water	21,662
Irrigation	4,838
Wastewater	21,073

Year Ended December 31, 2025	Gallons (in thousands)
Annual billable water gallons	3,279,039,850

City of Bentonville, Arkansas
Schedule of Insurance Coverage
December 31, 2025

Table 20

Policy Coverage	Policy Period	Coverage	Insurer
Property	7-8-25 to 7-8-26	\$ 334,804,024	Affiliated FM Insurance Company
Municipal vehicles – Includes property and bodily injury	1-1-25 to 1-1-26	\$25,000 for one person \$50,000 for 2 or more persons \$25,000 property	Arkansas Municipal League
Fraudulent or dishonest acts	7-1-25 to 6-30-26	\$ 300,000	Arkansas Fidelity Bond Trust Fund