

City of Bentonville, Arkansas

Annual Comprehensive Financial Report

For the Year Ended December 31, 2023



Prepared by:
Patrick Johndrow
Finance Director

Visit our web site at: www.bentonvillear.com

City of Bentonville, Arkansas

December 31, 2023

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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, 2023, 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, 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, 2023. 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 59,471 as of July 1, 2023, according to the U.S. Census Bureau. According to population projections from the Northwest Arkansas Regional Planning Commission, it is estimated that Bentonville's population could grow to 113,658 by the year 2045.

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.

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

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 590,000 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.

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, 2023. The City of Bentonville has earned this award for 25 consecutive years.

The Government Finance Officers Association (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, 2022. 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,



Patrick Johndrow
Finance Director

June 25, 2024



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bentonville
Arkansas**

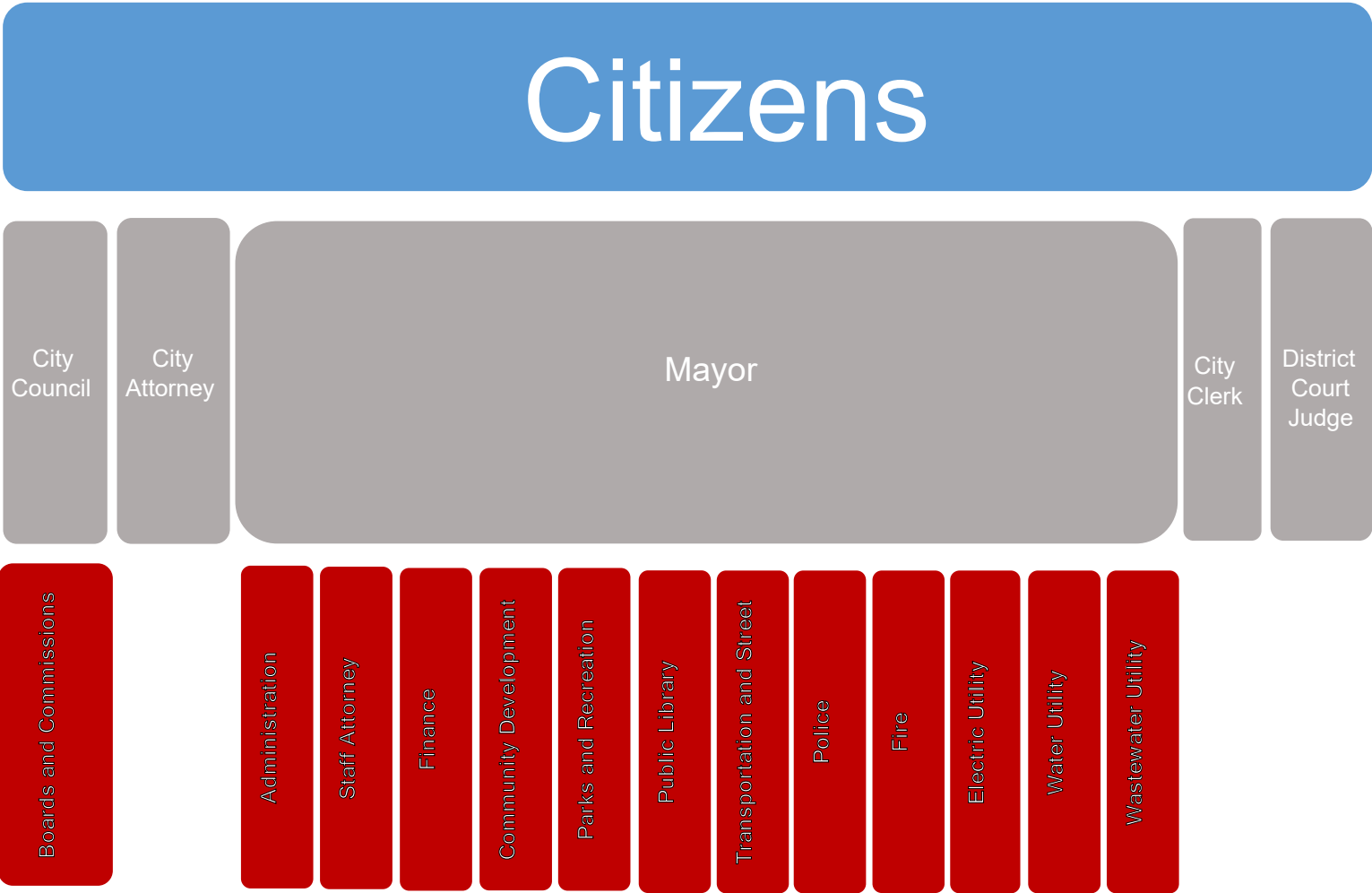
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

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
Gayatri Agnew	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
Andrew Myers, City Attorney		
Kirby Romines, 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
Bentonville, Arkansas

Report on the Audit of the Financial Statements

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, 2023 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 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, 2023 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional 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 comparisons, 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 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and the schedule of expenditures of federal awards 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 comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Rogers, Arkansas
June 25, 2024**

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2023

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, 2023. 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 \$837,223,592.
- As of the close of the current fiscal year, the City of Bentonville's governmental funds reported combined ending fund balances of \$231,709,347 of which \$100,866,600 was unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$100,866,600 which is 114% of total general fund expenditures.
- The City's total bond related debt increased by \$33,127,700 or 41% during 2023 which is discussed in the *Long-term Debt* section of this document.
- The City had general revenues of \$119,615,415, grants and contribution revenue of \$37,121,048, charges for services of \$135,559,060 and program expenses of \$207,245,266 for the year ended December 31, 2023.
- The City's capital additions for the year, including outlays in the enterprise fund and developer contributions, were \$95,237,023.

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, 2023

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 13-14 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, the debt service fund and the federal grant fund which are considered to be major funds. Data from the other two 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, 2023

The basic governmental fund financial statements can be found on pages 15-16 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 17-19 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 20-55 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 56-67 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 68-72 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 \$837,223,592 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (81%) 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, 2023

Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 280,974,168	\$ 218,733,085	\$ 77,529,883	\$ 74,230,248	\$ 358,504,051	\$ 292,963,333
Capital assets	398,702,504	339,816,823	294,328,339	286,884,322	693,030,843	626,701,145
Total assets	679,676,672	558,549,908	371,858,222	361,114,570	1,051,534,894	919,664,478
Total deferred outflows of resources	24,867,589	14,652,154	5,024,939	4,609,937	29,892,528	19,262,091
Long-term liabilities	164,559,594	108,603,251	23,875,906	24,084,928	188,435,500	132,688,179
Other liabilities	38,842,286	28,430,973	11,187,217	12,639,108	50,029,503	41,070,081
Total liabilities	203,401,880	137,034,224	35,063,123	36,724,036	238,465,003	173,758,260
Total deferred inflows of resources	5,314,634	12,542,775	424,193	452,199	5,738,827	12,994,974
Net position:						
Net investment in capital assets	385,756,761	334,555,966	290,827,026	283,389,764	676,583,787	617,945,730
Restricted	35,809,709	35,980,792	1,755,865	1,628,080	37,565,574	37,608,872
Unrestricted	74,261,277	53,088,305	48,812,954	43,530,428	123,074,231	96,618,733
Total net position	\$ 495,827,747	\$ 423,625,063	\$ 341,395,845	\$ 328,548,272	\$ 837,223,592	\$ 752,173,335

An additional portion of the City's net position (4.49%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$123,074,231 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 \$85,050,257 which is consistent with the increase in fiscal year 2022. The City continues to benefit from developer funded infrastructure projects and capital contributions. Capital assets net of accumulated depreciation increased \$66,329,698. The major capital asset events contributing to this increase are discussed in the *Capital Assets* section of this document. Restricted net position decreased by \$43,298 primarily due to the use of funds set aside for new growth.

City of Bentonville, Arkansas
Management's Discussion and Analysis
December 31, 2023

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 11,016,786	\$ 10,746,244	\$ 124,542,274	\$ 127,706,833	\$ 135,559,060	\$ 138,453,077
Operating grants and contributions	10,579,766	10,631,712	76,561	223,439	10,656,327	10,855,151
Capital grants and contributions	19,337,604	9,518,939	7,127,117	19,816,950	26,464,721	29,335,889
General revenues:						
Property taxes	13,794,453	12,180,324	-	-	13,794,453	12,180,324
Sales taxes	75,243,592	61,618,775	-	-	75,243,592	61,618,775
State turnback	6,717,895	6,635,017	-	-	6,717,895	6,635,017
Impact Fees	2,978,848	3,569,012	-	-	2,978,848	3,569,012
Franchise fees	6,017,352	6,060,409	-	-	6,017,352	6,060,409
Investment income (loss)	7,284,673	746,865	1,587,934	(217,137)	8,872,607	529,728
Gain (loss) on sale of capital assets	60,102	97,475	5,000	-	65,102	97,475
Intergovernmental	4,351,055	316,081	-	-	4,351,055	316,081
Other	1,501,131	1,235,068	73,380	409,046	1,574,511	1,644,114
Transfers	(58,983)	-	58,983	-	-	-
Total revenues	<u>158,824,274</u>	<u>123,355,921</u>	<u>133,471,249</u>	<u>147,939,131</u>	<u>292,295,523</u>	<u>271,295,052</u>
Expenses:						
General government	10,921,383	9,243,680	-	-	10,921,383	9,243,680
Public safety	52,327,094	41,609,816	-	-	52,327,094	41,609,816
Recreation	14,512,658	11,960,540	-	-	14,512,658	11,960,540
Street department	4,577,579	4,485,584	-	-	4,577,579	4,485,584
Library	2,447,699	1,971,203	-	-	2,447,699	1,971,203
Interest expense on long-term debt	1,835,177	1,902,684	-	-	1,835,177	1,902,684
Electric	-	-	75,682,962	80,291,013	75,682,962	80,291,013
Water	-	-	22,246,339	18,017,830	22,246,339	18,017,830
Wastewater	-	-	11,068,758	10,820,503	11,068,758	10,820,503
Sanitation	-	-	6,777,840	6,239,748	6,777,840	6,239,748
Support	-	-	4,847,777	4,719,484	4,847,777	4,719,484
Total expenses:	<u>86,621,590</u>	<u>71,173,507</u>	<u>120,623,676</u>	<u>120,088,578</u>	<u>207,245,266</u>	<u>191,262,085</u>
Increase in net position	72,202,684	52,182,414	12,847,573	27,850,553	85,050,257	80,032,967
Net position - beginning of the year,	<u>423,625,063</u>	<u>371,442,649</u>	<u>328,548,272</u>	<u>300,697,719</u>	<u>752,173,335</u>	<u>672,140,368</u>
Net position – end of the year	<u>\$ 495,827,747</u>	<u>\$ 423,625,063</u>	<u>\$ 341,395,845</u>	<u>\$ 328,548,272</u>	<u>\$ 837,223,592</u>	<u>\$ 752,173,335</u>

Governmental Activities

Governmental activities increased the City's net position by \$72,202,684, thereby accounting for 85% of the total growth in the net position of the City. The 2023 increase is \$20.0 million more than in 2022 primarily due to increases in sales tax, grants and investment income offset somewhat by an increase in pension expense.

Business-type Activities

Business-type activities increased the City's net position by \$12,847,573, accounting for 15% of the total growth in the City's net position. The 2023 net position is a decrease of \$15.0 million from 2022 primarily due to nonrecurring revenues received from 3rd party entities in prior year.

City of Bentonville, Arkansas
Management's Discussion and Analysis
December 31, 2023

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 \$100,866,600, while total fund balances reached \$105,771,428. 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 114% of total general fund expenditures, while total fund balances represent 120% of that same amount.

The fund balances of the City's general fund increased \$20,410,257 during the current fiscal year, an increase of \$9,371,896 from fiscal year 2022 which was primarily driven by a net increase in transfers. Overall revenues increased by \$23,614,417 driven primarily by increase in sales tax. There was also an overall increase in expenses of \$19,904,171 due primarily to increase in capital outlays.

Street Fund

The City's street fund had a total fund balance of \$9,556,462 of which \$648 is nonspendable and the remaining balance is restricted to fund street capital and maintenance projects. The net decrease in fund balance during the current year in the street fund was \$4,296,008. The fund balance decrease is primarily due to a \$5,000,000 transfer to the General Fund.

Capital Project Fund

The City's capital project fund had a total fund balance of \$96,251,643 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 and the Series 2023 Sales and Use Tax Bonds. The net increase in fund balance during the current year in the capital project fund was \$32,159,753 and is primarily the result of issuing approximately \$53 million in bonds, including a premium, partially offset by spending \$23,352,283 on capital improvements.

Debt Service Fund

The City's debt service fund had a total fund balance of \$11,191,216, which is restricted for debt service. The net increase in fund balance during the current year in the debt service fund was 3,861,498 due to the issuance of the 2023 Sales and Use Tax Bonds.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2023

Federal Grant Fund

The City's federal grant fund had a total fund balance of \$113,406, with revenues of \$4,438,028 and corresponding expenses of \$4,351,056. Revenue included in this fund are recorded as earned revenue as applicable costs are incurred. Any funds received in advance are recorded as unearned revenue.

Proprietary Funds

Enterprise Fund

Unrestricted net position of the enterprise fund at the end of the year was \$48,812,954. The total growth in net position of the enterprise fund was \$12,847,573. Operating revenues of the enterprise fund increased (2.5)% to \$124,360,215 and the operating expenses decreased (0.9)% to \$120,129,903. 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 2023 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 was amended primarily for an increase in grant funds of approximately \$31.5 million received during the year. The most significant amendments were for a budget adjustment of \$16 million for the A Street Promenade construction and a budget adjustment of \$12.96 million for the Phillips Park upgrade.

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 \$27,563,515 decrease in general fund balance while the actual resulted in a fund balance increase of \$20,410,257. The primary factors in the variances can be briefly summarized as follows:

- *Property tax* revenue was \$9,278,636, while the final budgeted amount was \$7,959,414. The excess revenues over the budget \$1,319,222 can be attributed to a general improvement in the local economy in 2023 compared to 2022 and an increase in assessed values of \$172,883,545, or 10%.
- *Sales tax* revenue was \$52,004,216, while the final budgeted amount was \$40,085,973. The increase in revenues over the budget \$11,918,243 can be attributed to a general increase in retail sales tax from various projects in the City and the County and inflation.
- *Charges for services* revenue was \$7,949,447, while the final budgeted amount was \$6,743,438. The increase in revenues over the budget \$1,206,009 can be attributed to an unforeseen increase in recreation services programs and ambulance charges.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2023

- *Grants* revenue was \$10,602,622, while the final budgeted amount was \$32,333,690. The decrease in revenues from the budgeted amount of \$21,731,068 can be attributed to grants that were budgeted in 2023 but were not earned during the year.
- *Contributions* revenue was \$5,877,411, while the final budgeted amount was \$13,532,043. The decrease in revenues from the budgeted amount of \$7,654,632 can be attributed to contributions that were budgeted in 2023 but were not received during the year.
- *Capital outlay* expenditure was \$30,908,971, while the final budgeted amount was \$93,231,228. The decrease in expenditures from the amount budgeted of \$62,322,257 can be attributed to various budgeted capital outlay projects that were not completed in 2023 due to time constraints or planned multi-year projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2023 the City's investment in capital assets for its governmental and business-type activities was \$693,030,843 (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 \$12.8 million were made for a variety of street construction projects primarily for the widening and expansion of existing streets. In addition, \$5.8 million of streets, drainage and sidewalks constructed by developers were contributed to the City to own and maintain.
- Capital expenditures of \$4.8 million were made for various Airport improvements including widening the runway.
- Capital expenditures for additions and improvements for the City's water system, sewer system and electric system were \$6.3 million. In addition, \$4.8 million in electric, water and sewer lines were contributed by developers to the City.
- Capital expenditures for furniture, fixtures and equipment city wide totaled \$7.9 million due to additional equipment needs throughout the city.

Additional information regarding capital assets can be found on pages 31-33 of this report.

City of Bentonville, Arkansas

Management's Discussion and Analysis

December 31, 2023

Long-term Debt

The City had \$113,180,447 in revenue bonds payable outstanding as of December 31, 2023, which is an increase of \$33,127,700 from the previous year. The increase was due to issuance of the Series 2023 Sales and Use Tax Bonds along with regularly scheduled principal reductions on the outstanding debt as well as the call and redemption of \$17,485,000 of Series 2021B bonds with excess tax receipts. In October 2023, pursuant to the issuance of the City's 2023 Sales and Use Tax Refunding and Improvement Bonds, the City received a bond rating of AA- by Standard & Poor's.

Additional information regarding long-term debt can be found at pages 34-37 of this report.

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 2.50%. This compares favorably to the state average unemployment rate of 3.3% and national average unemployment rate of 3.6%.
- The City's population growth has averaged about 6% annually and according to the most recent census the population is 59,471. 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 value of building permits issued, excluding public buildings, was approximately \$766.6 billion in 2022 and \$616 billion in 2023.
- The General Fund adopted operating budget for 2024 was \$79.2 million which was an \$2.5 million increase from the 2023 original budget.
- The City-Wide operating budget for 2024 was \$245 million which was a \$47 million increase from the 2023 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.

Basic Financial Statements

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City of Bentonville, Arkansas
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 170,318,225	\$ 37,189,702	\$ 207,507,927
Investments	15,342,364	10,023,887	25,366,251
Restricted cash and cash equivalents	70,229,633	1,755,865	71,985,498
Receivable			
Customer accounts, net of allowance for uncollectible accounts of \$430,000	-	15,866,891	15,866,891
Property taxes, net of allowance for uncollectibles of \$675,897	13,580,842	-	13,580,842
Grants and other	1,581,020	686,661	2,267,681
Internal balances	(27,731)	27,731	-
Inventories	-	11,867,301	11,867,301
Prepaid items	1,237,967	111,845	1,349,812
Total current assets	<u>272,262,320</u>	<u>77,529,883</u>	<u>349,792,203</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	771,256	-	771,256
Sales taxes receivable	5,796,544	-	5,796,544
Total restricted assets	<u>6,567,800</u>	<u>-</u>	<u>6,567,800</u>
Net pension asset	2,144,048	-	2,144,048
Capital assets - non-depreciable	97,113,812	20,380,770	117,494,582
Capital assets - depreciable, net	301,588,692	273,947,569	575,536,261
	<u>400,846,552</u>	<u>294,328,339</u>	<u>695,174,891</u>
Total noncurrent assets	<u>407,414,352</u>	<u>294,328,339</u>	<u>701,742,691</u>
Total assets	<u>679,676,672</u>	<u>371,858,222</u>	<u>1,051,534,894</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	18,025,727	3,865,154	21,890,881
Deferred outflows - OPEB	1,875,129	333,223	2,208,352
Deferred outflows - pension contributions	4,966,733	826,562	5,793,295
Total deferred outflows of resources	<u>24,867,589</u>	<u>5,024,939</u>	<u>29,892,528</u>

See Notes to Financial Statements

City of Bentonville, Arkansas
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 8,305,980	\$ 8,138,434	\$ 16,444,414
Accrued expenses and other	2,191,559	504,392	2,695,951
Accrued interest payable	177,276	42,529	219,805
Other postemployment benefit liability - current portion	133,826	32,936	166,762
Compensated absences - current portion	142,433	643,562	785,995
Due to other governments	93,089	-	93,089
Bonds payable - current portion	4,110,000	1,760,000	5,870,000
Unearned revenues	<u>23,688,123</u>	<u>65,364</u>	<u>23,753,487</u>
Total current liabilities	<u>38,842,286</u>	<u>11,187,217</u>	<u>50,029,503</u>
Noncurrent Liabilities			
Customer deposits	-	1,466,875	1,466,875
Compensated absences	2,152,396	257,692	2,410,088
Other postemployment benefit liability	7,513,677	1,364,653	8,878,330
Net pension liability	54,608,074	13,761,686	68,369,760
Bonds payable, net	<u>100,285,447</u>	<u>7,025,000</u>	<u>107,310,447</u>
Total noncurrent liabilities	<u>164,559,594</u>	<u>23,875,906</u>	<u>188,435,500</u>
Total liabilities	<u>203,401,880</u>	<u>35,063,123</u>	<u>238,465,003</u>
Deferred Inflows of Resources			
Deferred inflows - OPEB	1,656,155	348,592	2,004,747
Deferred inflows - pensions	<u>3,658,479</u>	<u>75,601</u>	<u>3,734,080</u>
Total deferred inflows of resources	<u>5,314,634</u>	<u>424,193</u>	<u>5,738,827</u>
Net Position			
Net investment in capital assets	<u>385,756,761</u>	<u>290,827,026</u>	<u>676,583,787</u>
Restricted			
Debt service	11,098,940	34,024	11,132,964
New growth	8,825,192	-	8,825,192
Renewals and replacements	-	1,721,841	1,721,841
Capital improvements	4,139,205	-	4,139,205
Street improvements	9,556,462	-	9,556,462
Pensions	2,144,048	-	2,144,048
Other	<u>45,862</u>	<u>-</u>	<u>45,862</u>
Total restricted	<u>35,809,709</u>	<u>1,755,865</u>	<u>37,565,574</u>
Unrestricted	<u>74,261,277</u>	<u>48,812,954</u>	<u>123,074,231</u>
Total net position	<u>\$ 495,827,747</u>	<u>\$ 341,395,845</u>	<u>\$ 837,223,592</u>

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City of Bentonville, Arkansas
Statement of Activities
For the year ended December 31, 2023

	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	\$ 10,921,383	\$ 1,145,283	\$ 3,081,316	\$ 37,069	\$ (6,657,715)	\$ -	\$ (6,657,715)
Public safety	52,327,094	4,503,657	1,170,951	559,906	(46,092,580)	-	(46,092,580)
Recreation	14,512,658	5,238,813	6,253,450	79,144	(2,941,251)	-	(2,941,251)
Street department	4,577,579	55,999	61,999	13,733,039	9,273,458	-	9,273,458
Library	2,447,699	73,034	12,050	4,928,446	2,565,831	-	2,565,831
Interest expense on long-term debt	1,835,177	-	-	-	(1,835,177)	-	(1,835,177)
Total governmental activities	86,621,590	11,016,786	10,579,766	19,337,604	(45,687,434)	-	(45,687,434)
Business-Type Activities:							
Electric	75,682,962	83,690,683	-	3,024,277	-	11,031,998	11,031,998
Water	22,246,339	14,824,390	76,561	4,102,840	-	(3,242,548)	(3,242,548)
Wastewater	11,068,758	17,435,937	-	-	-	6,367,179	6,367,179
Sanitation	6,777,840	7,440,926	-	-	-	663,086	663,086
Support	4,847,777	1,150,338	-	-	-	(3,697,439)	(3,697,439)
Total business-type activities	120,623,676	124,542,274	76,561	7,127,117	-	11,122,276	11,122,276
Total primary government	<u>\$ 207,245,266</u>	<u>\$ 135,559,060</u>	<u>\$ 10,656,327</u>	<u>\$ 26,464,721</u>	<u>(45,687,434)</u>	<u>11,122,276</u>	<u>(34,565,158)</u>
General Revenues and Transfers:							
Property taxes					13,794,453	-	13,794,453
Sales taxes					75,243,592	-	75,243,592
State turnback					6,717,895	-	6,717,895
Impact fees					2,978,848	-	2,978,848
Franchise taxes					6,017,352	-	6,017,352
Investment income (loss)					7,284,673	1,587,934	8,872,607
Gain on sales of capital assets					60,102	5,000	65,102
Intergovernmental					4,351,055	-	4,351,055
Other					1,501,131	73,380	1,574,511
Transfers					(58,983)	58,983	-
Total general revenues and transfers					117,890,118	1,725,297	119,615,415
Change in Net Position					72,202,684	12,847,573	85,050,257
Net Position - Beginning of Year					423,625,063	328,548,272	752,173,335
Net Position - End of Year					<u>\$ 495,827,747</u>	<u>\$ 341,395,845</u>	<u>\$ 837,223,592</u>

City of Bentonville, Arkansas
Balance Sheet - Governmental Funds
December 31, 2023

	General	Street	Capital Project	Debt Service	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 99,935,183	\$ 21,517,309	\$ -	\$ -	\$ -	\$ -	\$ 121,452,492
Investments	15,342,364	-	-	-	-	-	15,342,364
Accounts receivable:							
Property taxes, net of allowance for uncollectible accounts of \$675,897	10,393,307	3,187,535	-	-	-	-	13,580,842
Grants and other	1,047,264	527,736	-	-	-	6,020	1,581,020
Due from other funds	626,866	207,045	-	-	-	-	833,911
Prepaid and other	1,237,319	648	-	-	-	-	1,237,967
Restricted assets							
Cash and cash equivalents	1,171,816	-	98,268,964	9,549,641	1,298,708	9,577,493	119,866,622
Sales tax receivable	4,069,969	-	-	1,726,575	-	-	5,796,544
Total assets	\$ 133,824,088	\$ 25,440,273	\$ 98,268,964	\$ 11,276,216	\$ 1,298,708	\$ 9,583,513	\$ 279,691,762
Liabilities							
Accounts payable	\$ 5,750,256	\$ 482,871	\$ 1,676,270	\$ 85,000	\$ 131,343	\$ 180,240	\$ 8,305,980
Due to other funds	12,786	2,430	341,051	-	20,383	484,992	861,642
Due to other governments	-	-	-	-	-	93,089	93,089
Accrued expenditures and other	2,113,051	80,924	-	-	-	-	2,193,975
Unearned revenues	10,346,831	12,305,300	-	-	1,033,576	-	23,685,707
Total liabilities	18,222,924	12,871,525	2,017,321	85,000	1,185,302	758,321	35,140,393
Deferred Inflows of Resources							
Unavailable revenues - property taxes	9,829,736	3,012,286	-	-	-	-	12,842,022
Fund balances							
Nonspendable							
Prepaid expenditures	1,237,319	648	-	-	-	-	1,237,967
Restricted							
Debt service	-	-	-	11,191,216	-	-	11,191,216
General capital improvements	3,621,647	-	96,251,643	-	-	-	99,873,290
New growth	-	-	-	-	-	8,825,192	8,825,192
Street improvements	-	9,555,814	-	-	-	-	9,555,814
Other	45,862	-	-	-	-	-	45,862
Assigned	-	-	-	-	113,406	-	113,406
Unassigned	100,866,600	-	-	-	-	-	100,866,600
Total fund balances	105,771,428	9,556,462	96,251,643	11,191,216	113,406	8,825,192	231,709,347
Total liabilities, deferred inflows of resources and fund balances	\$ 133,824,088	\$ 25,440,273	\$ 98,268,964	\$ 11,276,216	\$ 1,298,708	\$ 9,583,513	\$ 279,691,762

See Notes to Financial Statements

Total fund balances - governmental funds	\$ 231,709,347
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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.	398,702,504
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Net pension assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	2,144,048
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Property tax 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.	12,842,022
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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.	19,552,955
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Liabilities that are not due and payable in the current period and are not reported in the fund statements:

Accrued interest payable	(177,276)
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Accrued compensated absences	(2,294,829)
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Net pension liabilities	(54,608,074)
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Other postemployment benefits liability	(7,647,503)
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Bonds payable, net of premiums and discounts	<u>(104,395,447)</u>
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Total net position - governmental activities	<u>\$ 495,827,747</u>
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City of Bentonville, Arkansas
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2023

	General	Street	Capital Project	Debt Service	Federal Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property tax	\$ 9,278,636	\$ 2,885,823	\$ -	\$ -	\$ -	\$ -	\$ 12,164,459
Sales tax	52,004,216	-	-	23,275,299	-	-	75,279,515
State turnback	2,164,751	4,553,144	-	-	-	-	6,717,895
Impact fees	-	-	-	-	-	2,978,848	2,978,848
Franchise taxes	6,017,352	-	-	-	-	-	6,017,352
Charges for services	7,949,447	113,521	-	-	-	-	8,062,968
Fines and forfeitures	495,790	-	-	-	-	-	495,790
Licenses and permits	2,492,799	8,455	-	-	-	-	2,501,254
Grants	10,602,622	61,999	-	-	-	-	10,664,621
Contributions	5,877,411	7,764,724	-	-	-	-	13,642,135
Interest income	2,737,667	576,434	2,563,933	417,293	86,973	228,550	6,610,850
Investment income	673,823	-	-	-	-	-	673,823
Intergovernmental	-	-	-	-	4,351,055	-	4,351,055
Miscellaneous	1,129,137	11,100	-	-	-	-	1,140,237
Total revenues	101,423,651	15,975,200	2,563,933	23,692,592	4,438,028	3,207,398	151,300,802
Expenditures							
Current:							
General government	10,466,036	-	-	-	260,590	-	10,726,626
Public safety	31,285,629	-	-	-	-	-	31,285,629
Recreation	13,151,075	-	-	-	-	-	13,151,075
Street Department	-	4,325,578	-	-	-	-	4,325,578
Library	2,305,043	-	-	-	-	-	2,305,043
Capital outlay	30,908,971	10,945,630	23,352,283	-	4,090,466	-	69,297,350
Debt service							
Principal	-	-	-	19,935,000	-	-	19,935,000
Interest	-	-	-	1,575,556	-	-	1,575,556
Bond issue costs	133,805	-	-	555,235	-	-	689,040
Total expenditures	88,250,559	15,271,208	23,352,283	22,065,791	4,351,056	-	153,290,897
Excess (Deficiency) of Revenues Over Expenditures	13,173,092	703,992	(20,788,350)	1,626,801	86,972	3,207,398	(1,990,095)
Other Financing Sources (Uses)							
Sale of capital assets	70,925	-	-	-	-	-	70,925
Debt proceeds including premium	-	-	52,948,103	2,234,697	-	-	55,182,800
Transfers in	7,166,240	-	-	-	-	-	7,166,240
Transfers out	-	(5,000,000)	-	-	-	(2,225,223)	(7,225,223)
Total other financing sources (uses)	7,237,165	(5,000,000)	52,948,103	2,234,697	-	(2,225,223)	55,194,742
Change in Fund Balances	20,410,257	(4,296,008)	32,159,753	3,861,498	86,972	982,175	53,204,647
Fund Balances, Beginning of Year	85,361,171	13,852,470	64,091,890	7,329,718	26,434	7,843,017	178,504,700
Fund Balances, End of Year	<u>\$ 105,771,428</u>	<u>\$ 9,556,462</u>	<u>\$ 96,251,643</u>	<u>\$ 11,191,216</u>	<u>\$ 113,406</u>	<u>\$ 8,825,192</u>	<u>\$ 231,709,347</u>

See Notes to Financial Statements

Net change in fund balance - total governmental funds	\$ 53,204,647
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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	69,297,349
Capital contributions	5,892,359
Capital asset disposals	(10,553)
Depreciation expense	(16,293,474)

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	19,935,000
Amortization of premiums and discounts	205,100
Issuance of bonds	(53,890,000)
Premium	(1,292,800)

Property tax 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 revenues reported in the governmental fund statements.

1,629,994

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.

17,443,576

Expenses for pensions and other post employment 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.

(23,836,218)

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.

(82,296)

Change in net position of governmental activities	\$ 72,202,684
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City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2023

	Business-type Activity - Enterprise Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 37,223,726
Investments	10,023,887
Accounts receivable (customer accounts), net of allowance for uncollectible accounts of \$430,000	16,553,552
Due from other funds	28,149
Restricted cash and cash equivalents	1,721,841
Inventories	11,867,301
Total current assets	77,418,456
Noncurrent Assets	
Capital assets, net of accumulated depreciation of \$134,327,739	294,328,339
Other assets	111,845
Total noncurrent assets	294,440,184
Total assets	371,858,640
Deferred Outflows of Resources	
Deferred outflows - pensions	3,865,154
Deferred outflows - pension contributions	826,562
Deferred outflows - OPEB	333,223
Total deferred outflows of resources	5,024,939

City of Bentonville, Arkansas

Statement of Net Position -

Proprietary Funds

December 31, 2023

	Business-type Activity - Enterprise Fund
Liabilities	
Current Liabilities:	
Accounts payable	\$ 8,138,434
Accrued expenses and other	504,392
Accrued interest payable	42,529
Other postemployment benefits liability - current portion	32,936
Compensated absences	643,562
Due to other funds	418
Bonds payable - current portion	1,760,000
Unearned revenue	65,364
	<hr/>
Total current liabilities	11,187,635
Noncurrent Liabilities	
Customer deposits	1,466,875
Compensated absences	257,692
Other postemployment benefits liability	1,364,653
Net pension liability	13,761,686
Bonds payable, net of unamortized premium and discount	7,025,000
	<hr/>
Total noncurrent liabilities	23,875,906
Total liabilities	<hr/> 35,063,541
Deferred Inflows of Resources	
Deferred inflows - OPEB	348,592
Deferred inflows - pensions	75,601
	<hr/>
Total deferred inflows of resources	424,193
Net Position	
Net investment in capital assets	290,827,026
Restricted	
Debt service	34,024
Renewals and replacements	1,721,841
Unrestricted	48,812,954
	<hr/>
Total net position	<u><u>\$ 341,395,845</u></u>

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City of Bentonville, Arkansas
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
Year Ended December 31, 2023

	Business-type Activity - Enterprise Fund
Operating Revenues	
Charges for services	\$ 124,279,299
Other, net	80,916
Total operating revenues	<u>124,360,215</u>
Operating Expenses	
Salaries and fringe benefits	16,581,237
Contract purchases	78,073,306
Maintenance	2,433,314
Depreciation and amortization	12,603,298
Materials and supplies	1,873,679
Other services and charges	8,565,069
Total operating expenses	<u>120,129,903</u>
Operating Income	<u>4,230,312</u>
Nonoperating Income (Expenses)	
Interest income	1,138,890
Investment income	449,044
Bond interest and fiscal agent charges	(238,334)
Gain on sale of capital assets	5,000
Grants	76,561
Net non-operating revenues (expenses)	<u>1,431,161</u>
Income Before Capital Contributions and Transfers	5,661,473
Capital Contributions and Transfers	
Capital contributions	4,881,300
Developer funded infrastructure revenue	2,245,817
Transfers in	58,983
Change in Net Position	12,847,573
Net Position - Beginning of Year	<u>328,548,272</u>
Net Position, End of Year	<u><u>\$ 341,395,845</u></u>

City of Bentonville, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2023

	Business-type Activity - Enterprise Fund
Operating Activities	
Receipts from customers	\$ 124,597,421
Payments to suppliers	(87,515,677)
Payments to employees	(15,316,075)
Other payments	(8,863,021)
	<hr/>
Net cash provided by operating activities	12,902,648
	<hr/>
Noncapital Financing Activities	
Noncapital grants	900
	<hr/>
Net cash provided by noncapital financing activities	900
	<hr/>
Capital and Related Financing Activities	
Purchase and construction of capital assets	(15,166,015)
Proceeds from sale of capital assets	5,000
Principal paid on revenue bonds	(1,915,000)
Interest and agent fees paid of revenue bonds	(247,491)
Developer funded infrastructure receipts	2,245,817
Transfers for capital purposes	58,983
	<hr/>
Net cash used in capital and related financing activities	(15,018,706)
	<hr/>
Investing Activities	
Maturity of investments	470,000
Purchases of investments	(470,000)
Interest income	2,337,213
	<hr/>
Net cash provided by investing activities	2,337,213
	<hr/>
Increase in Cash and Cash Equivalents	222,055
	<hr/>
Cash and Cash Equivalents, Beginning of Year	38,723,512
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 38,945,567
	<hr/> <hr/>

See Notes to Financial Statements

City of Bentonville, Arkansas
Statement of Cash Flows – Proprietary Funds (Continued)
Year Ended December 31, 2023

	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	\$ 37,223,726
Restricted cash and cash equivalents - current	<u>1,721,841</u>
	<u>\$ 38,945,567</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 4,230,312
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	12,603,298
Changes in assets and liabilities	
Receivables, net	318,122
Due from other funds	(24,713)
Inventories	(4,086,346)
Other assets	(33,922)
Deferred outflows related to pensions	(336,157)
Deferred outflows related to OPEB	(78,845)
Accounts payable	(1,049,032)
Accrued expenses	56,177
Due to other governments	(266,311)
Other liabilities	(53,922)
OPEB liability	206,041
Net Pension liability	1,445,952
Deferred inflows related to OPEB	45,084
Deferred inflows related to pension	<u>(73,090)</u>
Net cash provided by operating activities	<u>\$ 12,902,648</u>
 Noncash Investing, Capital and Financing Activities	
Net change in fair value of investments	\$ 449,044
Capital assets acquired through contributions	\$ 4,881,300

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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, 2023, NACA has revenue bonds outstanding of \$107,056,154 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 2023, the City was NACA’s primary customer and paid service charges to NACA in the amount of \$5,862,497, of which \$511,196 is payable at year end. As of December 31, 2023, NACA reported a decrease in Net Position of \$6,196,638. Complete financial statements for NACA can be obtained from NACA’s administrative office at 11579 Snively Road, Bentonville, AR 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 has not been included in the City’s basic financial statements.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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, federal grant 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 2021A, 2021B and 2023 sales and use tax bonds of the City that are restricted for use in financing the costs of various capital improvement projects. The federal grant fund accounts for grant funds received for various programs. These monies are expended to satisfy purposes as outlined by each federal program. The debt service fund accounts

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

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

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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 post-employment benefits which are recognized as expenditures when payment is due. Pension expenditures are recognized when amounts are due to a plan.

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, 2023, 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 \$13.6 million and related deferred inflows of resources of approximately \$12.8 million have been recorded at December 31, 2023, 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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

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

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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

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. Five 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, the difference between projected and actual earnings on pension plan investments 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, 2023. 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. 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 difference between the projected and actual earnings on pension plan investments, the expected and actual experience related to the pension plans, and changes in proportion and assumptions. 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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

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 earned 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. For governmental activities, compensated absences are generally liquidated by the general fund.

Unearned Revenue

In the governmental and proprietary funds, unearned revenue represents a liability for resources obtained prior to revenue recognition. The American Rescue Plan Act grant had \$1,033,576 of unearned revenues at year-end. The City also had approximately \$8.0 million in unearned developer funded infrastructure projects at year-end and approximately \$14.8 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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

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.

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 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. 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, 2023

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.

New Governmental Accounting Standards Board (GASB) Pronouncement

The GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2023:

GASB Statement No. 101 – *Compensated Absences*: The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. This standard is applicable for the City's fiscal year 2024.

GASB Statement No. 102 - *Certain Risk Disclosures*: The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 103 - *Financial Reporting Model Improvements*: The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The effect of these statements on the City has not been determined, but is not expected to have a significant impact on the City's overall net position.

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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

At December 31, 2023, the City had bank balances of \$106,336,545 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, 2023, was \$100,925,440.

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 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 at December 31, 2023 consisted of the following:

Type	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money Market Mutual Funds (1)	\$ 179,328,380	\$ 179,328,380	\$ -	\$ -	\$ -
U.S. Treasury Bonds	25,366,251	24,878,825	487,426	-	-
	<u>204,694,631</u>	<u>204,207,205</u>	<u>487,426</u>	<u>-</u>	<u>-</u>

(1) reported as cash equivalent for financial statement purposes

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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.

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.

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

Carrying value	
Deposits	\$ 100,925,440
Cash on hand	10,861
Investments	<u>204,694,631</u>
	<u><u>\$ 305,630,932</u></u>
Included in the following statement of net position captions	
Cash and cash equivalents	\$ 207,507,927
Investments	25,366,251
Restricted cash and cash equivalents - current	71,985,498
Restricted cash and cash equivalents - noncurrent	<u>771,256</u>
	<u><u>\$ 305,630,932</u></u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2023

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023, is presented below:

Governmental Activities	Balance, December 31, 2022	Additions and Transfers, Net	Retirements and Transfers, Net	Balance, December 31, 2023
Capital assets, non-depreciable				
Land	\$ 11,351,278	\$ -	\$ -	\$ 11,351,278
Construction in progress	39,868,811	55,944,765	10,051,042	85,762,534
Total capital assets, non-depreciable	51,220,089	55,944,765	10,051,042	97,113,812
Capital assets, depreciable				
Other improvements	107,661,424	6,056,749	-	113,718,173
Streets	206,423,499	7,759,230	-	214,182,729
Buildings	77,090,108	8,200,497	-	85,290,605
Furniture, fixtures & equipment	51,834,811	7,279,509	509,583	58,604,737
Total capital assets, depreciable	443,009,842	29,295,985	509,583	471,796,244
Less accumulated depreciation				
Other improvements	43,361,476	2,225,361	-	45,586,837
Streets	60,858,694	7,618,831	499,030	67,978,495
Buildings	16,201,391	2,011,377	-	18,212,768
Furniture, fixtures & equipment	33,991,547	4,437,905	-	38,429,452
Total accumulated depreciation	154,413,108	16,293,474	499,030	170,207,552
Total governmental activities, net	\$ 339,816,823	\$ 68,947,276	\$ 10,061,595	\$ 398,702,504

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2023

Business-type Activities	Balance December 31, 2022	Additions and Transfers, Net	Retirements and Transfers, Net	Balance December 31, 2023
Capital Assets, non-depreciable				
Land	\$ 8,249,434	\$ 32,160	\$ -	\$ 8,281,594
Construction in progress	59,298,205	4,430,083	51,629,112	12,099,176
Total capital assets, non-depreciable	67,547,639	4,462,243	51,629,112	20,380,770
Capital Assets, depreciable				
Other improvements	4,825,999	54,008,513	-	58,834,512
Water distribution facilities	79,816,407	2,555,844	-	82,372,251
Sewer and solid waste collection and treatment facilities	91,928,807	3,208,993	-	95,137,800
Electric distribution facilities	108,973,618	5,374,496	-	114,348,114
Buildings	25,824,561	531,351	-	26,355,912
Furniture and equipment	25,449,990	1,121,262	-	26,571,252
Vehicles	4,255,235	413,725	13,493	4,655,467
Total capital assets, depreciable	341,074,617	67,214,184	13,493	408,275,308
Less accumulated depreciation				
Other improvements	833,173	438	-	833,611
Water distribution facilities	29,879,463	2,545,833	-	32,425,296
Sewer and solid waste collection and treatment facilities	35,668,420	2,394,263	-	38,062,683
Electric distribution facilities	32,667,867	6,898,152	-	39,566,019
Buildings	3,960,520	123,345	-	4,083,865
Furniture and equipment	15,370,996	496,160	-	15,867,156
Vehicles	3,357,495	145,107	13,493	3,489,109
Total accumulated depreciation	121,737,934	12,603,298	13,493	134,327,739
Total business-type activities, net	\$ 286,884,322	\$ 59,073,129	\$ 51,629,112	\$ 294,328,339

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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

Governmental activities	
General government	\$ 1,858,583
Public safety	3,550,948
Recreation	1,925,725
Street department	8,585,174
Library	<u>373,044</u>
Total depreciation expense	<u>16,293,474</u>
Business-type	
Electric	6,911,646
Water	4,116,368
Wastewater	959,731
Support	<u>615,553</u>
Total depreciation expense	<u>12,603,298</u>
Total depreciation expense, primary government	<u><u>\$ 28,896,772</u></u>

Construction Projects

At December 31, 2023, the City had the following commitments with respect to unfinished capital projects.

Governmental Fund Construction Projects

	Project Authorization	Expended Through December 31, 2023	Remaining Commitment
A Street Promenade	\$ 15,996,320	\$ 1,168,967	\$ 14,827,353
Bentonville Bikeways	2,008,891	1,682,191	326,700
Bright Road Extension	4,745,355	4,316,569	428,786
Cemetery Columbarium	1,118,932	286,423	832,509
Fire Station 3 Expansion	1,396,320	1,258,899	137,421
Greenhouse Road	1,335,139	722,028	613,111
Hwy 12-SW Regional Airport/279	613,146	34,517	578,629
Library Expansion	13,551,421	4,907,111	8,644,310
McKissic Creek Trail	1,351,539	624,734	726,805
Phillips Park	17,140,400	2,617,662	14,522,738
Runway Widening	4,281,659	3,550,571	731,088
Southwest Bentonville Trail	1,331,816	755,031	576,785
Walton/Tiger/12th	<u>1,881,799</u>	<u>1,308,245</u>	<u>573,554</u>
Total	<u><u>\$ 66,752,737</u></u>	<u><u>\$ 23,232,948</u></u>	<u><u>\$ 43,519,789</u></u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2023

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2023, were as follows:

Governmental Activities	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable					
Revenue bonds	\$ 64,550,000	\$ 53,890,000	\$ 19,935,000	\$ 98,505,000	\$ 4,110,000
Add unamortized premium	4,802,747	1,292,800	205,100	5,890,447	-
Bonds payable, net	69,352,747	55,182,800	20,140,100	104,395,447	4,110,000
Compensated absences	2,122,019	348,412	175,602	2,294,829	142,433
Net pension liability	33,022,020	21,586,054	-	54,608,074	-
Other postemployment benefits	6,810,297	837,206	-	7,647,503	133,826
Total governmental activities long-term liabilities	<u>\$ 111,307,083</u>	<u>\$ 77,954,472</u>	<u>\$ 20,315,702</u>	<u>\$ 168,945,853</u>	<u>\$ 4,386,259</u>

Business-type Activities	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023	Amounts Due in One Year
Bonds payable					
Revenue bonds - direct placement	\$ 10,700,000	\$ -	\$ 1,915,000	\$ 8,785,000	\$ 1,760,000
Bonds payable	10,700,000	-	1,915,000	8,785,000	1,760,000
Compensated absences	922,008	81,082	101,836	901,254	643,562
Net pension liability	12,315,734	1,445,952	-	13,761,686	-
Other postemployment benefits	1,191,548	206,041	-	1,397,589	32,936
Customer deposits	1,520,797	-	53,922	1,466,875	-
Total business-type activities long-term liabilities	<u>\$ 26,650,087</u>	<u>\$ 1,733,075</u>	<u>\$ 2,070,758</u>	<u>\$ 26,312,404</u>	<u>\$ 2,436,498</u>

Bonds outstanding at December 31, 2023, were as follows:

	Interest Rates	Date Callable	Final Maturity Date	Principal at December 31, 2023
General long-term obligations				
Sales and Use Tax bonds, Series 2021A	.32-1.1%	N/A	2025	\$ 3,040,000
Sales and Use Tax bonds, Series 2021B	1.05-5.0%	2028	2046	41,575,000
Sales and Use Tax bonds, Series 2023	4.125-5.0%	N/A	2046	53,890,000
				<u>\$ 98,505,000</u>
Enterprise Funds				
Electric Refunding and Storm Recovery Revenue Bonds, Series 2022A	2.44%	N/A	2028	\$ 6,410,000
Water and Sewer System Refunding and Storm Recovery Revenue Bonds, Series 2022B	2.01%	N/A	2028	2,375,000
				<u>\$ 8,785,000</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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 2021A – On June 22, 2021, the City issued \$7,470,000 Sales and Use Tax Refunding and Improvement Bonds with interest rates ranging from .32% to 1.1% to finance a portion of the costs of street improvements, fund a portion of a debt reserve, and advance refund \$6,685,000 of outstanding Series Sales and Use Tax Bonds with interest rates ranging from 2.0% to 5.0%. The net proceeds of the refunding portion of the bonds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2017 bonds. As a result, the Series 2017 Bonds are considered to be defeased, and the liability for those bonds has been removed from the City's statement of net position. The Series 2017 Bonds were paid in full as of December 31, 2022.

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, 2023

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on revenue bonds outstanding at December 31, 2023.

Fiscal Year	Governmental Activities Bonds - Publicly Traded		Business Type Activities Bonds - Direct Placement	
	Principal	Interest	Principal	Interest
2024	\$ 4,110,000	\$ 2,101,745	\$ 1,760,000	\$ 204,142
2025	3,885,000	2,382,549	1,800,000	163,154
2026	4,050,000	2,323,044	1,700,000	121,233
2027	4,250,000	2,252,669	1,740,000	81,796
2028	4,465,000	2,178,919	1,785,000	41,426
2029-2033	25,230,000	9,480,544	-	-
2034-2038	26,375,000	6,915,263	-	-
2039-2044	26,140,000	4,852,195	-	-
	<u>\$ 98,505,000</u>	<u>\$ 32,486,928</u>	<u>\$ 8,785,000</u>	<u>\$ 611,751</u>

For governmental activities, net pension liabilities and other post-employment liabilities have historically been the responsibility of the General Fund. Compensated absences are liquidated in the fund in which the expenditures/expenses are accrued.

The following is a summary of pledged revenues of the City for the year ended December 31, 2023:

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 2021A	Sales and Use Tax	\$ 23,275,299	\$ 2,489,761	10.7%	\$ 3,071,948	Until 2025
Sales and Use Tax Bonds, Series 2021B	Sales and Use Tax	23,275,299	19,098,854	82.1%	42,268,278	Until 2042
Sales and Use Tax Bonds, Series 2023	Sales and Use Tax	23,275,299	-	-%	85,651,702	Until 2046
Business-Type Activities:						
Combined Electric, Water and Sewer Refunding and Storm Recovery Revenue Bonds, Series 2022A	Revenues of the Enterprise Fund	124,360,215	1,456,928	1.2%	6,876,528	Until 2028
Combined Electric, Water and Sewer Refunding and Storm Recovery Revenue Bonds, Series 2022B	Revenues of the Enterprise Fund	124,360,215	705,563	0.6%	2,520,223	Until 2028

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

Revenue Bonds from Direct Placements

The City's outstanding revenue bonds from direct placements of \$8,785,000 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%.

Note 5: Interfund Receivables and Payables

Interfund receivables and payables as of December 31, 2023, are as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ 626,866	\$ 12,786
Street fund	207,045	2,430
Capital Project fund	-	341,051
Federal Grant fund	-	20,383
Nonmajor Governmental funds	-	484,992
Enterprise fund	28,149	418
	<u>\$ 862,060</u>	<u>\$ 862,060</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:

	Transfer In	Transfer Out	Total
General	\$ 7,166,240	\$ -	\$ 7,166,240
Street	-	5,000,000	(5,000,000)
Non-major governmental funds	-	2,225,223	(2,225,223)
Utility	58,983	-	58,983
	<u>\$ 7,225,223</u>	<u>\$ 7,225,223</u>	<u>\$ -</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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. \$5,000,000 for the 8th Street project was able to be funded by the 2021 Street Bond and this amount was returned to General Fund reserves.

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	\$ 2,144,048	\$ -	\$ -	\$ 2,144,048
Net pension liability	-	34,755,709	33,614,051	68,369,760
Deferred outflows of resources	-	12,449,925	9,440,956	21,890,881
Deferred outflows of resources - contributions	-	3,774,349	2,018,946	5,793,295
Deferred inflows of resources	808,807	2,740,612	184,661	3,734,080
Pension expense (income)	(494,716)	6,544,205	6,930,932	12,980,421

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, 2023

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 widow's 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	9
DROP members	-
Active members	-
	<hr/>
Total	<u><u>9</u></u>

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 \$19,102 was received during the year ended December 31, 2023.

Net Pension Asset. The City's net pension asset of \$2,144,048 as of December 31, 2023, was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial calculation as of December 31, 2022.

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2023

Actuarial Assumptions

Valuation Date	December 31, 2022
Cost Method	Individual entry-age normal
Asset valuation method	5-Year smoothed fair value
Amortization method	Closed amortization period
Amortization period	7 years beginning January 1, 2023
Assumptions:	
Inflation rate	2.50%
Investment rate of return	7.25%

Mortality rates for retirees, beneficiaries, and DROP members were based on the RP-2014 Healthy Annuitant, Disabled Retiree and Employee 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-2016.

Actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. The experience study in FRPF was for the period January 1, 2012 through December 31, 2016, first used in the December 31, 2017 valuation. Assumptions are reviewed annually. No additional changes were made for the 2022 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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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. 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%	4.05%
U.S. Stock - Small Cap	21%	4.65%
International Equity	9%	5.27%
Emerging Markets	9%	7.49%
U.S. Corporate Bonds	25%	(0.35)%
Real Estate	5%	3.76%
Private Equity	10%	9.10%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at January 1, 2023	\$ 6,183,545	\$ 9,740,551	\$ (3,557,006)
Changes for the year:			
Interest	416,969	-	416,969
Differences between expected and actual experience	(253,800)	-	(253,800)
Contributions - employer	-	19,799	(19,799)
Contributions - employee	-	-	-
Net investment income	-	(1,402,468)	1,402,468
Benefit payments, including refunds of employee contributions	(453,693)	(453,693)	-
Change in assumptions	(142,095)	-	(142,095)
Administrative expense	-	(9,215)	9,215
Net changes	<u>(432,619)</u>	<u>(1,845,577)</u>	<u>1,412,958</u>
Balances at December 31, 2023	<u>\$ 5,750,926</u>	<u>\$ 7,894,974</u>	<u>\$ (2,144,048)</u>

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>\$ (1,541,100)</u>	<u>\$ (2,144,048)</u>	<u>\$ (2,661,881)</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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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

For the year ended December 31, 2023, the City recognized a reduction in pension expense of \$494,716 related to this plan.

At December 31, 2023, 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>808,807</u>

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

Year Ending December 31	
2024	\$ (9,894)
2025	154,326
2026	250,617
2027	<u>413,758</u>
Total	<u>\$ 808,807</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.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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, 2023. Contributions made to the plan by employees and the City for the year ended December 31, 2023 amounted to \$678,607 and \$3,774,349, respectively.

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

At December 31, 2023, the City reported a liability of \$34,755,709 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, 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, 2022, the City's proportion was 3.25522 percent, which was an increase of 0.14169 percent from the prior year.

For the year ended December 31, 2023, the City recognized pension expense of \$6,544,205 related to this plan. At December 31, 2023, 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	\$ 2,284,628	\$ -
Net difference between projected and actual earnings on pension plan investments	8,460,137	-
Changes in assumptions	378,904	2,694,837
Changes in proportion	1,326,256	45,775
Contributions subsequent to the measurement date	3,774,349	-
	<u>16,224,274</u>	<u>2,740,612</u>
Total	<u>\$ 16,224,274</u>	<u>\$ 2,740,612</u>

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$3,774,349 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. 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:

Year Ending December 31	
2024	\$ 1,252,741
2025	2,215,154
2026	2,423,156
2027	<u>3,818,262</u>
Total	<u>\$ 9,709,313</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 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	2.50 percent
Wage inflation	3.25 percent
Salary increases	3.75 to 18.25 percent, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2014 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2014 Employee benefit weighted generational mortality tables for males and females. Fifty percent of deaths-in-service were assumed to be duty related. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to December 31, 2016. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the December 31, 2021 actuarial evaluation to more closely reflect actual experience.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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%	4.05%
U.S. Stock - Small Cap	21.00%	4.65%
International Equity	9.00%	5.27%
Emerging Markets	9.00%	7.49%
U.S. Corporate Bonds	25.00%	(0.35)%
Real Estate	5.00%	3.76%
Private Equity	10.00%	9.10%
Total	100.00%	

Discount Rate

In the December 31, 2022 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

December 31, 2023

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	\$ 51,741,534	\$ 34,755,709	\$ 21,017,716

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

Notes to Financial Statements

December 31, 2023

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, 2023 to December 31, 2023. Contributions made to the plan by employees and the City for the year ended December 31, 2023 amounted to \$1,188,137 and \$4,253,232, respectively.

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

At December 31, 2023, the City reported a liability of \$33,614,051 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the City's proportion was 1.15346255%, which is an increase of .05552293% from the prior year.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

For the year ended December 31, 2023, the City recognized pension expense of \$6,930,932. At December 31, 2023, 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	\$ 1,897,443	\$ 184,661
Change of assumptions	1,580,276	-
Changes in proportion	1,779,494	-
Net difference between projected and actual earnings on pension plan investments	4,183,743	-
Contributions subsequent to the measurement date	<u>2,018,946</u>	<u>-</u>
Total	<u>\$ 11,459,902</u>	<u>\$ 184,661</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,018,946 will be recognized as a reduction of the net pension liability for the year ended December 31, 2024. 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:

Year Ending December 31	
2024	\$ 2,207,228
2025	1,090,900
2026	6,307,744
2027	<u>(349,577)</u>
Total	<u>\$ 9,256,295</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 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	7.00 percent, net of pension plan investment expense, including inflation

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2022 actuarial evaluation to more closely reflect actual experience.

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	37.00%	6.19%
International Equity	24.00%	6.77%
Real Estate	16.00%	3.34%
Absolute Return	5.00%	3.36%
Domestic Fixed	18.00%	1.79%
Total	100.00%	

Discount Rate

In the June 30, 2023 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

Notes to Financial Statements

December 31, 2023

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)	\$ 54,292,838	\$ 33,614,051	\$ 17,320,358

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 \$417.55 to \$1,195.95 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 31 retirees covered under this plan at December 31, 2023. Dependent coverage was provided for three of the retirees. Total benefits paid by City retirees during the fiscal year were \$191,819.

City of Bentonville, Arkansas

Notes to Financial Statements

December 31, 2023

Employees covered by benefit terms - at December 31, 2023, the following employees were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	31
Inactive plan members entitled to but not receiving benefit payments	0
Active members	<u>630</u>
 Total	 <u><u>661</u></u>

Total OPEB Liability - The City's total OPEB liability of \$9,045,092 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions: The Total OPEB liability in the December 31, 2023 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	4.00 percent based on the 20 year municipal bond yield from the Bond Buyer's index. Prior discount rate was 4.31 percent
Salary increases	3.25 percent
Inflation rate	2.50 percent
Healthcare Cost	
Trend rates	8.0 percent for 2024 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: Services 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

Notes to Financial Statements

December 31, 2023

Changes in Total OPEB Liability

Service cost	\$	647,402
Interest		368,692
Changes in assumptions		739,415
Differences between expected and actual experience		(520,443)
Benefit payments		<u>(191,819)</u>
Net change in total OPEB liability		1,043,247
Total OPEB Liability - beginning of year		<u>8,001,845</u>
Total OPEB Liability - end of year	\$	<u><u>9,045,092</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 (4.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Other Postemployment Benefits Liability	<u>\$ 10,016,213</u>	<u>\$ 9,045,092</u>	<u>\$ 8,180,735</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>\$ 7,869,279</u>	<u>\$ 9,045,092</u>	<u>\$ 10,457,077</u>

City of Bentonville, Arkansas
Notes to Financial Statements
December 31, 2023

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended December 31, 2023, the City recognized OPEB expense of \$1,064,125. At December 31, 2023, 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	\$ 567,355	\$ (1,739,920)
Changes in assumptions	1,640,997	(264,827)
Total	<u>\$ 2,208,352</u>	<u>\$ (2,004,747)</u>

The balances as of December 31, 2023 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
2024	\$ 48,031
2025	48,031
2026	48,031
2027	48,028
2028	73,628
Thereafter	<u>(62,144)</u>
Total	<u>\$ 203,605</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 2022 to 2023; 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, 2023

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.

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Required Supplementary Information

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City of Bentonville, Arkansas
Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 7,959,414	\$ 7,959,414	\$ 9,278,636	\$ 1,319,222
Sales tax	40,085,973	40,085,973	52,004,216	11,918,243
State turnback	1,833,027	1,833,027	2,164,751	331,724
Franchise taxes	5,910,233	5,910,233	6,017,352	107,119
Charges for services	6,743,438	6,743,438	7,949,447	1,206,009
Fines and forfeitures	508,199	508,199	495,790	(12,409)
Licenses and permits	2,280,565	2,280,565	2,492,799	212,234
Grants	854,559	32,333,690	10,602,622	(21,731,068)
Contributions	179,760	13,532,043	5,877,411	(7,654,632)
Interest income	313,786	313,786	2,737,667	2,423,881
Investment income	-	-	673,823	673,823
Miscellaneous	8,904,088	9,203,281	1,129,137	(8,074,144)
Total revenues	75,573,042	120,703,649	101,423,651	(19,279,998)
Expenditures				
Current				
General government	12,068,869	12,401,761	10,466,036	1,935,725
Public safety	32,042,451	33,649,151	31,285,629	2,363,522
Recreation	13,000,652	13,519,060	13,151,075	367,985
Library	2,314,239	2,483,914	2,305,043	178,871
Capital outlay	17,141,403	93,231,228	30,908,971	62,322,257
Bond issue costs	151,582	155,290	133,805	21,485
Total expenditures	76,719,196	155,440,404	88,250,559	67,189,845
Excess (Deficiency) of Revenues Over Expenditures	(1,146,154)	(34,736,755)	13,173,092	47,909,847
Other Financing Sources (Uses)				
Sale of capital assets	-	-	70,925	70,925
Transfers in	1,502,314	7,173,240	7,166,240	(7,000)
Total other financing sources (uses)	1,502,314	7,173,240	7,237,165	63,925
Net Change in Fund Balances	356,160	(27,563,515)	20,410,257	47,973,772
Fund Balances, Beginning of Year	85,361,171	85,361,171	85,361,171	-
Fund Balances, End of Year	<u>\$ 85,717,331</u>	<u>\$ 57,797,656</u>	<u>\$ 105,771,428</u>	<u>\$ 47,973,772</u>

City of Bentonville, Arkansas
Budgetary Comparison Schedule -
Street Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 2,477,343	\$ 2,477,343	\$ 2,885,823	\$ 408,480
State turnback	4,543,615	4,543,615	4,553,144	9,529
Charges for services	21,000	21,000	113,521	92,521
Licenses and permits	17,000	17,000	8,455	(8,545)
Grants	-	6,368,663	61,999	(6,306,664)
Contributions	-	12,466,483	7,764,724	(4,701,759)
Interest income	40,345	40,345	576,434	536,089
Miscellaneous	-	-	11,100	11,100
Total revenues	7,099,303	25,934,449	15,975,200	(9,959,249)
Expenditures				
Current:				
Street Department	3,962,239	4,141,949	4,325,578	(183,629)
Capital outlay	2,663,500	24,642,468	10,945,630	13,696,838
Total expenditures	6,625,739	28,784,417	15,271,208	13,513,209
Excess (Deficiency) of Revenues Over Expenditures	473,564	(2,849,968)	703,992	3,553,960
Other Financing Sources (Uses)				
Transfers out	-	(5,000,000)	(5,000,000)	-
Total other financing sources (uses)	-	(5,000,000)	(5,000,000)	-
Net Change in Fund Balances	473,564	(7,849,968)	(4,296,008)	3,553,960
Fund Balances, Beginning of Year	13,852,470	13,852,470	13,852,470	-
Fund Balances, End of Year	<u>\$ 14,326,034</u>	<u>\$ 6,002,502</u>	<u>\$ 9,556,462</u>	<u>\$ 3,553,960</u>

City of Bentonville, Arkansas
Budgetary Comparison Schedule -
Federal Grant Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest income	\$ -	\$ -	\$ 86,973	\$ 86,973
Intergovernmental	-	5,387,631	4,351,055	(1,036,576)
Total revenues	-	5,387,631	4,438,028	(949,603)
Expenditures				
Current:				
General government	-	691,993	260,590	431,403
Capital outlay	-	4,949,759	4,090,466	859,293
Total expenditures	-	5,641,752	4,351,056	1,290,696
Net Change in Fund Balances	-	(254,121)	86,972	341,093
Fund Balances, Beginning of Year	26,434	26,434	26,434	-
Fund Balances, End of Year	<u>\$ 26,434</u>	<u>\$ (227,687)</u>	<u>\$ 113,406</u>	<u>\$ 341,093</u>

City of Bentonville, Arkansas

Retiree Healthcare Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	\$ 647,402	\$ 672,862	\$ 630,525	\$ 440,363	\$ 350,443	\$ 340,441
Interest	368,692	196,178	161,312	222,061	227,467	185,817
Differences between expected and actual experience	(520,443)	(791,947)	543,199	(1,063,276)	257,644	145,729
Changes of assumptions or other inputs	739,415	(31,045)	(113,335)	1,175,106	540,922	(401,643)
Benefit payments	<u>(191,819)</u>	<u>(179,686)</u>	<u>(128,782)</u>	<u>(204,440)</u>	<u>(173,719)</u>	<u>(122,045)</u>
Net change in total OPEB liability	1,043,247	(133,638)	1,092,919	569,814	1,202,757	148,299
Total OPEB liability - beginning	<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>	<u>5,121,694</u>
Total OPEB liability - ending	<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>
Covered-employee payroll	\$ 41,895,767	\$ 37,551,609	\$ 33,093,429	\$ 28,116,711	\$ 27,868,664	\$ 24,500,575
Total OPEB liability as a percentage of covered-employee payroll	21.6%	21.3%	24.6%	25.0%	23.2%	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.

Change in Assumptions:

	2023	2022	2021
Discount Rate	4.00%	4.31%	2.25%
Health Care Cost Trend Rates	8% for 2024 decreasing annually to 4.5% for 2031	7.5% for 2023 decreasing annually to 4.5% for 2029	7.5% for 2022 decreasing annually to 4.5% for 2028
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-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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount Rate	2.12%	3.26%	4.11%
Health Care Cost Trend Rates	7% for 2021 decreasing annually to 4.5% for 2026	7.5% for 2020 decreasing annually to 4.5% for 2026	8% for 2019 decreasing annually to 4.5% for 2026
Mortality	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	RPH-2019 Total Dataset Mortality Table fully Generational using Scale MP-2019	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Interest	\$ 416,969	\$ 414,163	\$ 411,597	\$ 408,662	\$ 405,456	\$ 429,845	\$ 437,660	\$ 466,923	\$ 398,688
Difference between actual and expected experience	(253,800)	69,686	63,704	58,343	51,252	(192,297)	219,904	(60,276)	804,333
Assumption changes	(142,095)	5,841	-	-	-	417,704	-	132,682	-
Benefit payments	(453,693)	(445,527)	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)	(344,268)
Net Change in Total Pension Liability	(432,619)	44,163	43,552	48,611	53,279	239,860	(443,854)	183,453	858,753
Total Pension Liability - Beginning	6,183,545	6,139,382	6,095,830	6,047,219	5,993,940	5,754,080	6,197,934	6,014,481	5,155,728
Total Pension Liability - Ending (a)	<u>\$ 5,750,926</u>	<u>\$ 6,183,545</u>	<u>\$ 6,139,382</u>	<u>\$ 6,095,830</u>	<u>\$ 6,047,219</u>	<u>\$ 5,993,940</u>	<u>\$ 5,754,080</u>	<u>\$ 6,197,934</u>	<u>\$ 6,014,481</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 19,799	\$ 18,390	\$ 17,048	\$ 17,254	\$ 13,795	\$ (62,065)	\$ 21,017	\$ 16,427	\$ 15,135
Contributions - employee	-	-	-	-	-	-	37,908	-	-
Net investment income	(1,402,468)	1,413,938	1,037,393	1,314,415	(218,852)	993,670	441,257	14,939	581,099
Local plan administrative mergers	-	-	-	-	10	-	-	-	-
Benefit payments	(453,693)	(445,527)	(431,749)	(418,394)	(403,429)	(415,392)	(1,101,418)	(355,876)	(344,268)
Administrative Expense	(9,215)	(11,735)	(12,830)	(11,560)	(14,510)	(12,739)	(14,488)	(18,669)	(13,808)
Net Change in Plan Fiduciary Net Position	(1,845,577)	975,066	609,862	901,715	(622,986)	503,474	(615,724)	(343,179)	238,158
Plan Fiduciary Net Position - Beginning	9,740,551	8,765,485	8,155,623	7,253,908	7,876,894	7,373,420	7,989,144	8,332,323	8,094,165
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,894,974</u>	<u>\$ 9,740,551</u>	<u>\$ 8,765,485</u>	<u>\$ 8,155,623</u>	<u>\$ 7,253,908</u>	<u>\$ 7,876,894</u>	<u>\$ 7,373,420</u>	<u>\$ 7,989,144</u>	<u>\$ 8,332,323</u>
City's Net Pension Asset (a) - (b)	<u>\$ (2,144,048)</u>	<u>\$ (3,557,006)</u>	<u>\$ (2,626,103)</u>	<u>\$ (2,059,793)</u>	<u>\$ (1,206,689)</u>	<u>\$ (1,882,954)</u>	<u>\$ (1,619,340)</u>	<u>\$ (1,791,210)</u>	<u>\$ (2,317,842)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	137.28%	157.52%	142.77%	133.79%	119.95%	131.41%	128.14%	128.90%	138.54%
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

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.

Note: 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 68, the City will only present available information.

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

Key Assumptions for ADC:

Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	8 Years beginning January 1, 2022
Asset Valuation	5 Year Smoothed Fair Value, 20% Corridor
Inflation	2.50%
Salary Increases	3.25%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility benefits. Last updated for the 2017 pursuant to an experience study of the period 2012-2016.
Mortality	RP2014 Healthy Annuitant. Disabled Retiree and Employee mortality for males and females. The tables applied credibility adjustment of 135% for males and 125% for females were adjusted for fully generational mortality improvements using Scale MP-2016.

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

Note: 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 68, the City will only present available information.

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	3.25522%	3.11353%	3.01562%	2.85581%	2.73423%	2.71200%	2.64262%	2.54026%	2.472571%
City's proportion share of the net pension liability	\$ 34,755,709	\$ 15,733,093	\$ 20,731,920	\$ 22,068,039	\$ 24,673,203	\$ 19,271,356	\$ 15,076,984	\$ 13,330,612	\$ 9,023,336
City's covered payroll	\$ 13,436,352	\$ 12,065,543	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,466	\$ 7,951,238	\$ 6,953,609
City's proportionate share of the net pension liability as a percentage of its covered payroll	258.67%	130.40%	182.68%	216.09%	264.44%	219.02%	188.36%	167.65%	129.76%
Plan fiduciary net position as a percentage of the total pension liability	69.07%	84.67%	77.68%	73.03%	66.09%	71.48%	72.87%	72.90%	79.14%

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.

Note: 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 68, the City will only present available information.

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

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,774,349	\$ 3,156,487	\$ 2,837,067	\$ 2,676,967	\$ 2,399,934	\$ 2,135,877	\$ 1,940,202	\$ 1,684,557	\$ 1,639,457
Contributions in relation to the contractually required contribution	(3,774,349)	(3,156,487)	(2,837,067)	(2,676,967)	(2,399,934)	(2,135,877)	(1,940,202)	(1,684,557)	(1,639,457)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 15,726,454	\$ 13,436,352	\$ 12,065,543	\$ 11,348,676	\$ 10,212,486	\$ 9,330,536	\$ 8,798,931	\$ 8,004,748	\$ 7,951,239
Contributions as a percentage of covered payroll	24.00%	23.49%	23.51%	23.59%	23.50%	22.89%	22.05%	21.04%	20.62%

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

Note: 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 68, the City will only present available information.

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.15346255%	1.09793962%	1.02703553%	0.99458979%	0.98044303%	0.92204720%	0.89669761%	0.82968373%	0.80078759%
City's proportion share of the net pension liability	\$ 33,614,051	\$ 29,604,661	\$ 7,896,181	\$ 28,480,919	\$ 23,653,470	\$ 20,339,762	\$ 23,171,926	\$ 19,840,626	\$ 14,748,372
City's covered payroll	\$ 25,323,988	\$ 22,860,560	\$ 20,363,796	\$ 19,310,426	\$ 18,020,449	\$ 17,225,762	\$ 16,818,306	\$ 14,261,744	\$ 14,277,688
City's proportionate share of the net pension liability as a percentage of its covered payroll	132.74%	129.50%	38.78%	147.49%	131.26%	118.08%	137.78%	139.12%	103.30%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%

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.

Note: 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 68, the City will only present available information.

City of Bentonville, Arkansas
Cost-Sharing Plan
Schedule of City Contributions - APERS

City Fiscal year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,253,232	\$ 3,642,916	\$ 3,289,292	\$ 3,037,722	\$ 2,875,787	\$ 2,636,432	\$ 2,444,877	\$ 2,260,596	\$ 2,224,163
Contributions in relation to the actuarially required contribution	<u>(4,253,232)</u>	<u>(3,642,916)</u>	<u>(3,289,292)</u>	<u>(3,037,722)</u>	<u>(2,875,787)</u>	<u>(2,636,432)</u>	<u>(2,444,877)</u>	<u>(2,260,596)</u>	<u>(2,224,163)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 26,418,269	\$ 23,778,823	\$ 21,470,574	\$ 19,828,470	\$ 18,771,454	\$ 17,534,429	\$ 16,714,991	\$ 15,590,294	\$ 15,208,940
Contributions as a percentage of covered payroll	16.10%	15.32%	15.32%	15.32%	15.32%	15.04%	14.63%	14.50%	14.62%

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

Note: 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 68, the City will only present available information.

City of Bentonville, Arkansas

Notes to Required Supplementary Information

December 31, 2023

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	2.50%
Pay Increase Assumptions	Ranges from 3.50 to 18.00%
Wage inflation	3.25%
Total Number of Active Members	Assumed to continue at the present number.

APERS

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.

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

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City of Bentonville, Arkansas
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2023

	Impact & Capacity	Court	Total Nonmajor Governmental Funds
Assets			
Accounts receivable:			
Grants and other	\$ -	\$ 6,020	\$ 6,020
Restricted assets			
Cash and cash equivalents	<u>9,310,184</u>	<u>267,309</u>	<u>9,577,493</u>
Total assets	<u><u>\$ 9,310,184</u></u>	<u><u>\$ 273,329</u></u>	<u><u>\$ 9,583,513</u></u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 180,240	\$ 180,240
Due to other funds	484,992	-	484,992
Due to other governments	<u>-</u>	<u>93,089</u>	<u>93,089</u>
Total liabilities	<u>484,992</u>	<u>273,329</u>	<u>758,321</u>
Fund balances			
Restricted			
New growth	<u>8,825,192</u>	<u>-</u>	<u>8,825,192</u>
Total fund balances	<u>8,825,192</u>	<u>-</u>	<u>8,825,192</u>
Total liabilities and fund balances	<u><u>\$ 9,310,184</u></u>	<u><u>\$ 273,329</u></u>	<u><u>\$ 9,583,513</u></u>

City of Bentonville, Arkansas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance -
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Impact/Capacity Fees	Total Nonmajor Governmental Funds
Revenues		
Impact fees	\$ 2,978,848	\$ 2,978,848
Interest income	228,550	228,550
	<hr/>	<hr/>
Total revenues	3,207,398	3,207,398
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Transfers out	(2,225,223)	(2,225,223)
	<hr/>	<hr/>
Net Other Financing Sources (Uses)	(2,225,223)	(2,225,223)
	<hr/>	<hr/>
Net Change in Fund Balance	982,175	982,175
	<hr/>	<hr/>
Fund Balance at Beginning of Year	7,843,017	7,843,017
	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$ 8,825,192</u>	<u>\$ 8,825,192</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Sales tax	\$ 17,972,263	\$ 17,972,263	\$ 23,275,299	\$ 5,303,036
Interest income	-	-	417,293	417,293
Total revenues	<u>17,972,263</u>	<u>17,972,263</u>	<u>23,692,592</u>	<u>5,720,329</u>
Expenditures				
Principal	2,450,000	2,450,000	19,935,000	(17,485,000)
Interest	1,606,741	1,606,741	1,575,556	31,185
Bond issue costs	-	-	555,235	(555,235)
Total expenditures	<u>4,056,741</u>	<u>4,056,741</u>	<u>22,065,791</u>	<u>(18,009,050)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,915,522</u>	<u>13,915,522</u>	<u>1,626,801</u>	<u>(12,288,721)</u>
Other financing sources (uses)				
Debt proceeds including premium	-	-	2,234,697	2,234,697
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,234,697</u>	<u>2,234,697</u>
Net Change in Fund Balance	<u>13,915,522</u>	<u>13,915,522</u>	<u>3,861,498</u>	<u>(10,054,024)</u>
Fund Balance at Beginning of Year	<u>7,329,718</u>	<u>7,329,718</u>	<u>7,329,718</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 21,245,240</u>	<u>\$ 21,245,240</u>	<u>\$ 11,191,216</u>	<u>\$ (10,054,024)</u>

City of Bentonville, Arkansas
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Impact/Capacity Fees
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Impact fees	\$ 1,785,000	\$ 1,785,000	\$ 2,978,848	\$ 1,193,848
Interest income	-	-	228,550	228,550
Total revenues	1,785,000	1,785,000	3,207,398	1,422,398
Expenditures				
Public safety	800,000	800,000	-	800,000
Recreation	900,000	900,000	-	900,000
Library	85,000	85,000	-	85,000
Total expenditures	1,785,000	1,785,000	-	1,785,000
Excess of Revenues over Expenditures	-	-	3,207,398	3,207,398
Other Financing Sources (Uses)				
Transfers out	(1,502,314)	(2,225,223)	(2,225,223)	-
Net other financing sources (uses)	(1,502,314)	(2,225,223)	(2,225,223)	-
Net Change in Fund Balance	(1,502,314)	(2,225,223)	982,175	3,207,398
Fund Balance at Beginning of Year	7,843,017	7,843,017	7,843,017	-
Fund Balance at End of Year	<u>\$ 6,340,703</u>	<u>\$ 5,617,794</u>	<u>\$ 8,825,192</u>	<u>\$ 3,207,398</u>

City of Bentonville, Arkansas
Combining Statement of Revenues and Expenses -
Enterprise Fund
Year Ended December 31, 2023

	Electric	Water	Wastewater	Sanitation	Support Services and Other	Total
Operating Revenues						
Charges for services	\$ 83,690,683	\$ 14,814,107	\$ 17,446,220	\$ 7,440,926	\$ 887,363	\$ 124,279,299
Other, net	52,238	14,423	898	-	13,357	80,916
Total operating revenues	83,742,921	14,828,530	17,447,118	7,440,926	900,720	124,360,215
Operating Expenses						
Salaries and fringe benefits	7,582,820	2,917,085	4,199,702	-	1,881,630	16,581,237
Contract purchases	55,559,578	9,929,382	5,862,497	6,721,849	-	78,073,306
Maintenance	768,207	951,720	659,258	-	54,129	2,433,314
Depreciation and amortization	6,912,701	2,538,733	2,537,366	-	614,498	12,603,298
Materials and supplies	318,955	213,150	888,584	-	452,990	1,873,679
Other services and charges	4,363,533	1,020,217	1,536,237	55,991	1,589,091	8,565,069
Total operating expenses	75,505,794	17,570,287	15,683,644	6,777,840	4,592,338	120,129,903
Operating Income (Loss)	8,237,127	(2,741,757)	1,763,474	663,086	(3,691,618)	4,230,312
Nonoperating Income (Expenses)						
Interest income	920,869	123,944	72,213	21,864	-	1,138,890
Investment income	305,350	80,828	40,414	22,452	-	449,044
Bond interest and fiscal agent charges	(177,168)	(66,303)	5,137	-	-	(238,334)
Gain on sale of capital assets	-	-	5,000	-	-	5,000
Grants	-	-	76,561	-	-	76,561
Net non-operating revenues (expenses)	1,049,051	138,469	199,325	44,316	-	1,431,161
Income (Loss) Before Contributions and Transfers	9,286,178	(2,603,288)	1,962,799	707,402	(3,691,618)	5,661,473
Capital contributions	817,936	2,555,844	1,507,520	-	-	4,881,300
Developer funded infrastructure revenue	2,206,341	30,766	8,710	-	-	2,245,817
Transfers in	-	58,983	-	-	-	58,983
Change in Net Position	<u>\$ 12,310,455</u>	<u>\$ 42,305</u>	<u>\$ 3,479,029</u>	<u>\$ 707,402</u>	<u>\$ (3,691,618)</u>	<u>\$ 12,847,573</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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City of Bentonville, Arkansas
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

Table 1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities										
Net investments in capital assets	\$ 385,756,761	\$ 334,555,966	\$ 293,728,622	\$ 279,366,430	\$ 252,689,293	\$ 232,185,202	\$ 214,744,281	\$ 195,975,422	\$ 177,894,726	\$ 162,543,988
Restricted	35,809,709	35,980,792	36,106,223	26,232,902	21,881,884	20,794,051	19,818,040	16,800,936	20,714,460	19,104,639
Unrestricted	<u>74,261,277</u>	<u>53,088,305</u>	<u>41,607,804</u>	<u>29,922,922</u>	<u>34,860,246</u>	<u>32,844,983</u>	<u>34,279,668</u>	<u>27,397,280</u>	<u>24,192,710</u>	<u>37,569,695</u>
Total governmental activities net position	<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>	<u>\$ 222,801,896</u>	<u>\$ 219,218,322</u>
Business-type activities										
Net investments in capital assets	\$ 290,827,026	\$ 283,389,764	\$ 263,586,357	\$ 208,392,983	\$ 202,310,382	\$ 196,638,875	\$ 190,003,709	\$ 177,477,573	\$ 161,108,420	\$ 155,815,515
Restricted	1,755,865	1,628,080	1,904,920	1,898,983	2,100,656	2,903,653	2,869,343	2,778,744	6,416,985	8,973,505
Unrestricted	<u>48,812,954</u>	<u>43,530,428</u>	<u>35,206,442</u>	<u>48,801,741</u>	<u>39,938,805</u>	<u>32,421,266</u>	<u>26,076,418</u>	<u>28,427,793</u>	<u>31,495,140</u>	<u>26,384,643</u>
Total business-type activities net position	<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>	<u>\$ 199,020,545</u>	<u>\$ 191,173,663</u>
Primary government										
Net investments in capital assets	\$ 676,583,787	\$ 617,945,730	\$ 557,314,979	\$ 487,759,413	\$ 454,999,675	\$ 428,824,077	\$ 404,747,990	\$ 373,452,995	\$ 339,003,146	\$ 318,359,503
Restricted	37,565,574	37,608,872	38,011,143	28,131,885	23,982,540	23,697,704	22,687,383	19,579,680	27,131,445	28,078,144
Unrestricted	<u>123,074,231</u>	<u>96,618,733</u>	<u>76,814,246</u>	<u>78,724,663</u>	<u>74,080,201</u>	<u>65,266,249</u>	<u>60,356,086</u>	<u>55,825,073</u>	<u>55,687,850</u>	<u>63,954,338</u>
Total Primary government net position	<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>	<u>\$ 421,822,441</u>	<u>\$ 410,391,985</u>

City of Bentonville, Arkansas

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
General government	\$ 10,921,383	\$ 9,243,680	\$ 10,035,028	\$ 10,764,635	\$ 11,262,376	\$ 8,199,550	\$ 8,380,920	\$ 7,838,616	\$ 7,159,267	\$ 6,878,233
Public safety	52,327,094	41,609,816	29,274,828	30,483,681	27,161,452	24,926,207	22,219,435	19,978,800	18,757,747	17,062,888
Recreation	14,512,658	11,960,540	11,555,797	11,533,775	11,908,261	10,579,540	10,239,510	9,126,620	7,469,788	5,744,250
Street department	4,577,579	4,485,584	10,648,467	11,794,878	9,571,784	8,880,453	8,522,377	7,950,435	7,405,637	7,427,751
Library	2,447,699	1,971,203	1,920,680	2,014,164	1,887,076	1,765,524	1,688,914	1,505,475	1,372,391	1,305,770
CDBG	-	-	-	-	-	184	7,147	46,716	81,941	136,825
Interest on long-term debt	1,835,177	1,902,684	1,605,676	1,464,550	1,929,130	2,297,161	2,382,481	2,011,778	2,271,497	2,462,735
Total governmental activities expenses	86,621,590	71,173,507	65,040,476	68,055,683	63,720,079	56,648,619	53,440,784	48,458,440	44,518,268	41,018,452
Business-type activities										
Electric	75,682,962	80,291,013	89,019,330	59,723,199	60,093,455	59,685,788	60,318,959	59,066,230	54,031,667	53,015,464
Water	22,246,339	18,017,830	15,903,270	14,973,111	13,871,208	13,511,887	12,918,078	11,859,994	8,297,783	8,030,105
Wastewater	11,068,758	10,820,503	9,914,062	10,096,434	9,615,262	9,372,920	9,255,683	8,396,479	10,428,470	10,421,342
Sanitation	6,777,840	6,239,748	5,788,402	5,406,151	5,109,186	4,624,380	4,197,480	3,891,758	3,614,926	3,346,211
Support	4,847,777	4,719,484	3,901,263	3,480,455	3,521,239	3,456,000	3,745,763	3,268,751	3,172,472	3,011,606
Total business-type activities expenses	120,623,676	120,088,578	124,526,327	93,679,350	92,210,350	90,650,975	90,435,963	86,483,212	79,545,318	77,824,728
Total primary government	\$ 207,245,266	\$ 191,262,085	\$ 189,566,803	\$ 161,735,033	\$ 155,930,429	\$ 147,299,594	\$ 143,876,747	\$ 134,941,652	\$ 124,063,586	\$ 118,843,180
Program Revenues										
Governmental activities										
Charges for Services:										
General government	\$ 1,145,283	\$ 1,247,311	\$ 948,989	\$ 3,070,578	\$ 3,232,206	\$ 2,660,236	\$ 411,878	\$ 311,264	\$ 315,176	\$ 311,698
Public safety	4,503,657	4,169,164	4,521,886	3,302,059	2,762,512	2,537,032	1,778,596	1,527,968	1,260,881	1,272,011
Recreation	5,238,813	4,173,275	3,159,359	1,789,880	5,781,222	4,595,838	3,568,737	3,269,930	2,221,136	979,407
Street department	55,999	1,091,287	67,442	1,510,106	2,779,600	958,771	33,259	66,379	39,940	64,336
Library	73,034	65,207	55,601	33,902	59,892	54,224	9	0		
Operating grants and contribution	10,579,766	10,631,712	5,841,361	6,119,081	660,682	3,369,266	5,402,348	7,545,636	4,924,083	2,499,028
Capital grants and contributions	19,337,604	9,518,939	4,610,177	12,434,429	5,050,131	5,513,785	5,909,573	4,795,540	3,436,893	5,787,147
Total governmental activities revenue	40,934,156	30,896,895	19,204,815	28,260,035	20,326,245	19,689,152	17,104,400	17,516,717	12,198,109	10,913,627
Business-type activities										
Charges for Services:										
Electric	83,690,683	89,258,344	78,828,519	68,092,503	70,130,577	68,494,676	66,007,652	62,539,169	58,752,316	56,079,341
Water	14,824,390	14,224,969	12,938,735	12,872,797	11,074,498	11,603,640	10,625,553	10,185,022	9,659,435	10,230,363
Wastewater	17,435,937	16,124,255	15,010,162	14,688,256	14,493,682	13,870,399	13,339,032	13,280,744	14,457,739	13,813,393
Sanitation	7,440,926	6,970,297	6,312,831	5,799,564	5,397,459	4,969,400	4,591,853	4,261,907	3,959,322	3,652,388
Support	1,150,338	1,128,968	985,394	295,496	633,512	987,220	929,561	887,122	875,159	864,817
Operating grants and contribution	76,561	223,439	6,693,949	827,105	-	150,122	11,978	137,426	-	14,391
Capital grants and contributions	7,127,117	19,816,950	44,814,654	4,459,130	2,432,863	3,150,912	4,158,642	1,203,774	852,198	1,951,232
Total business-type activities	131,745,952	147,747,222	165,584,244	107,034,851	104,162,591	103,226,369	99,664,271	92,495,164	88,556,169	86,605,925
Total primary government	\$ 172,680,108	\$ 178,644,117	\$ 184,789,059	\$ 135,294,886	\$ 124,488,836	\$ 122,915,521	\$ 116,768,671	\$ 110,011,881	\$ 100,754,278	\$ 97,519,552
Net (expense) revenue										
Governmental activities	\$ (45,687,434)	\$ (40,276,612)	\$ (45,835,661)	\$ (39,795,648)	\$ (44,438,594)	\$ (36,959,467)	\$ (36,336,384)	\$ (30,941,723)	\$ (32,320,159)	\$ (30,104,825)
Business-type activities	11,122,276	27,658,644	41,057,917	13,355,501	11,952,241	12,575,394	9,228,308	6,011,952	9,010,851	8,781,197
Total - primary government	\$ (34,565,158)	\$ (12,617,968)	\$ (4,777,744)	\$ (26,440,147)	\$ (32,486,353)	\$ (24,384,073)	\$ (27,108,076)	\$ (24,929,771)	\$ (23,309,308)	\$ (21,323,628)

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

Table 2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General revenues and other changes in net pension										
Governmental activities										
Property taxes	\$ 13,794,453	\$ 12,180,324	\$ 10,845,680	\$ 10,023,405	\$ 9,417,015	\$ 8,945,939	\$ 8,282,975	\$ 7,757,246	\$ 7,248,656	\$ 7,169,970
Sales taxes	75,243,592	61,618,775	53,399,550	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108	29,458,234	26,383,529
State turnback	6,717,895	6,635,017	5,194,343	3,050,062	3,041,751	2,941,195	2,853,363	2,756,242	2,705,936	2,758,749
Franchise fees	6,017,352	6,060,409	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966	4,599,120	4,477,679
Impact fees	2,978,848	3,569,012	4,150,437	2,858,636	-	-	-	-	-	-
Investment income	7,284,673	746,865	215,131	735,402	1,178,951	820,608	225,496	61,952	38,664	141,245
Gain on sales of capital assets	60,102	97,475	753,648	20,025	3,769,638	39,540	(30,542)	271,855	157,987	(1,475,353)
Intergovernmental	4,351,055	-	-	-	-	-	-	-	-	-
Transfers	(58,983)	-	-	(951,000)	-	(121,350)	-	(2,704,809)	(2,465,052)	(263,554)
Other	<u>1,501,131</u>	<u>1,235,068</u>	<u>1,493,098</u>	<u>1,363,288</u>	<u>4,570,586</u>	<u>2,724,433</u>	<u>10,671,030</u>	<u>5,264,905</u>	<u>5,993,549</u>	<u>8,110,308</u>
Total governmental activities	<u>117,890,118</u>	<u>92,142,945</u>	<u>81,756,056</u>	<u>65,886,479</u>	<u>67,001,021</u>	<u>56,762,330</u>	<u>65,004,735</u>	<u>48,313,465</u>	<u>47,737,094</u>	<u>47,302,573</u>
Business-type activities										
Investment income (loss)	1,587,934	(217,137)	138,253	394,011	289,274	133,581	41,398	36,505	36,685	26,111
Gain on sales of capital assets	5,000	-	69,585	-	24,061	-	272,526	634,635	246,613	448,502
Transfers	58,983	-	-	951,000	-	121,350	-	2,704,809	2,465,052	263,554
Other	<u>73,380</u>	<u>409,046</u>	<u>338,257</u>	<u>43,352</u>	<u>120,473</u>	<u>813,873</u>	<u>723,128</u>	<u>275,664</u>	<u>1,438,958</u>	<u>832,574</u>
Total business-type activities	<u>1,725,297</u>	<u>191,909</u>	<u>546,095</u>	<u>1,388,363</u>	<u>433,808</u>	<u>1,068,804</u>	<u>1,037,052</u>	<u>3,651,613</u>	<u>4,187,308</u>	<u>1,570,741</u>
Total primary government	<u>\$ 119,615,415</u>	<u>\$ 92,334,854</u>	<u>\$ 82,302,151</u>	<u>\$ 67,274,842</u>	<u>\$ 67,434,829</u>	<u>\$ 57,831,134</u>	<u>\$ 66,041,787</u>	<u>\$ 51,965,078</u>	<u>\$ 51,924,402</u>	<u>\$ 48,873,314</u>
Total change in net position										
Governmental activities	\$ 72,202,684	\$ 52,182,414	\$ 35,920,395	\$ 26,090,831	\$ 23,607,187	\$ 19,802,863	\$ 28,668,351	\$ 17,371,742	\$ 15,416,935	\$ 17,197,752
Business-type activities	<u>12,847,573</u>	<u>27,850,553</u>	<u>41,604,012</u>	<u>14,743,864</u>	<u>12,386,049</u>	<u>13,644,198</u>	<u>10,265,360</u>	<u>9,663,565</u>	<u>13,198,159</u>	<u>10,351,939</u>
Total - primary government	<u>\$ 85,050,257</u>	<u>\$ 80,032,967</u>	<u>\$ 77,524,407</u>	<u>\$ 40,834,695</u>	<u>\$ 35,993,236</u>	<u>\$ 33,447,061</u>	<u>\$ 38,933,711</u>	<u>\$ 27,035,307</u>	<u>\$ 28,615,094</u>	<u>\$ 27,549,691</u>

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

Table 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General fund										
Nonspendable										
Prepaid expenditures	\$ 1,237,319	\$ 72,835	\$ 613,590	\$ 299,237	\$ 259,023	\$ 224,713	\$ 195,064	\$ 276,989	\$ 79,621	\$ 196,545
Restricted										
General capital improvements	3,621,647	3,621,647	4,153,328	3,032,914	2,202,079	2,169,461	-	631,806	211,073	244,089
Other	45,862	44,723	86,059	86,016	85,035	457,250	-	358,250	84,490	84,450
Unassigned	<u>100,866,600</u>	<u>81,621,966</u>	<u>69,469,833</u>	<u>59,487,999</u>	<u>57,991,185</u>	<u>51,638,842</u>	<u>48,453,612</u>	<u>38,160,366</u>	<u>34,229,088</u>	<u>32,846,738</u>
Total general fund	<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>	<u>34,604,272</u>	<u>33,371,822</u>
All other governmental funds										
Nonspendable										
Prepaid expenditures	648	323	323	323	642	550	1,225	1,275	1,336	1,273
Restricted										
Debt service	11,191,216	7,329,718	10,381,088	7,956,798	7,399,511	8,285,673	8,486,688	5,475,760	5,346,817	4,846,968
General capital improvements	96,251,643	64,091,890	86,701,116	17,972,203	21,530,144	23,649,222	29,016,117	1,927,588	7,405,024	8,670,569
New growth	8,825,192	7,843,017	10,687,938	7,142,595	5,978,017	5,572,099	4,480,877	1,599,901	2,811,377	3,896,869
Street improvements	9,555,814	13,852,147	9,349,484	6,111,298	5,440,147	3,387,671	4,836,116	7,084,321	10,369,831	10,792,880
Assigned	<u>113,406</u>	<u>26,434.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<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>	<u>25,934,385</u>	<u>28,208,559</u>
Total governmental funds	<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>	<u>\$ 60,538,657</u>	<u>\$ 61,580,381</u>

City of Bentonville, Arkansas

Changes in Fund Balances – Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

Table 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property Tax	\$ 12,164,459	\$ 10,862,520	\$ 9,991,396	\$ 9,530,177	\$ 8,973,078	\$ 8,277,403	\$ 7,852,968	\$ 7,155,619	\$ 7,082,789	\$ 6,944,206
Sales Tax	75,279,515	61,656,404	53,430,685	43,279,794	39,654,947	35,758,719	37,651,052	30,117,108	29,458,234	26,383,529
State Turnback	6,717,895	6,635,017	5,194,343	4,155,203	4,007,424	3,843,744	2,853,363	2,756,242	2,705,936	2,758,749
Impact Fees	2,978,848	3,569,012	4,150,437	2,858,636	4,119,459	2,391,272	3,325,568	1,861,178	2,380,435	1,667,956
Franchise Fees	6,017,352	6,060,409	5,704,169	5,506,867	5,368,133	5,653,246	5,351,361	4,788,966	4,599,120	4,477,679
Charges for services	8,062,968	6,583,991	4,995,247	3,916,496	6,459,222	6,099,014	5,691,285	5,143,334	3,837,133	2,627,452
Fines and forfeitures	495,790	438,621	485,950	388,542	488,999	495,928	498,991	511,851	479,057	477,741
Licenses and permits	2,501,254	2,356,101	2,735,351	1,960,842	1,819,605	1,752,257	1,370,136	1,322,683	1,133,957	1,152,863
Grants	10,664,621	10,755,156	5,384,052	7,352,436	2,662,127	4,214,651	4,412,572	7,433,636	4,858,773	2,677,432
Contributions	13,642,135	2,630,861	518,580	462,068	280,763	1,126,912	2,212,553	3,594,921	1,251,106	3,163,948
Interest	6,610,850	1,420,733	220,895	539,721	1,178,951	820,608	225,370	61,952	38,677	141,245
Investment income (loss)	673,823	(673,868)	(5,764)	195,681	-	-	-	-	-	-
Intergovernmental	4,351,055	316,081								
Miscellaneous	1,140,237	801,788	1,853,126	1,903,661	1,282,201	816,284	5,441,919	1,569,948	1,979,200	4,791,275
Total revenues	151,300,802	113,412,826	94,658,467	82,050,124	76,294,909	71,250,038	76,887,138	66,317,438	59,804,417	57,264,075
Expenditures										
Current:										
General government	10,726,626	9,559,743	9,031,264	8,682,730	7,515,045	6,833,349	6,694,940	6,663,862	6,385,081	6,097,814
Public Safety	31,285,629	28,215,635	25,433,415	24,418,096	21,730,128	20,392,788	18,587,838	17,146,737	16,769,992	15,561,689
Recreation	13,151,075	11,439,318	10,558,612	9,077,193	9,582,308	8,507,693	8,163,683	7,252,049	6,009,329	4,603,727
Street Department	4,325,578	4,390,627	3,741,945	3,970,303	2,520,796	2,665,820	2,553,724	2,467,752	2,376,856	2,603,155
Library	2,305,043	1,919,436	1,683,391	1,777,953	1,609,734	1,449,844	1,386,429	1,256,940	1,168,999	1,108,606
CDBG	-	-	-	-	-	184	7,147	46,716	81,941	136,825
Capital Outlay	69,297,350	49,213,572	16,221,216	18,989,724	18,172,104	19,995,607	14,914,239	24,889,343	17,102,620	22,341,166
Debt Service										
Principal	19,935,000	19,495,000	15,728,796	11,535,000	11,516,950	9,121,959	7,970,000	7,035,000	6,245,000	5,160,000
Interest	1,575,556	2,215,029	704,303	1,464,550	1,917,180	2,285,202	2,481,252	2,481,252	2,481,252	2,481,252
Bond interest costs	689,040	-	801,490	-	-	-	-	-	-	-
Total expenditures	153,290,897	126,448,360	83,904,432	79,915,549	74,564,245	71,252,446	62,759,252	69,239,651	58,621,070	60,094,234
Excess (deficiencies) of revenues over expenditures	(1,990,095)	(13,035,534)	10,754,035	2,134,575	1,730,664	(2,408)	14,127,886	(2,922,213)	1,183,347	(2,830,159)
Other Financing Sources (Uses)										
Sale of capital assets	70,925	97,475	1,200,728	20,025	3,769,638	39,540	106,065	161,330	51,659	1,425,155
Debt proceeds	55,182,800	-	84,045,000	-	-	-	25,508,231	-	-	-
Original issue premium	-	-	5,127,487	-	-	-	-	-	-	-
Transfer to escrow agent	-	-	(11,773,874)	-	-	-	-	-	-	-
Transfers in	7,166,240	11,849,599	702,614	791,518	5,521,936	1,186,184	444,592	367,845	1,000,875	1,250,298
Transfers out	(7,225,223)	(11,849,599)	(702,614)	(1,742,518)	(5,521,936)	(1,307,534)	(444,592)	(3,072,654)	(3,465,927)	(1,513,852)
Net other financing sources (uses)	55,194,742	97,475	78,599,341	(930,975)	3,769,638	(81,810)	25,614,296	(2,543,479)	(2,413,393)	1,161,601
Net change in fund balances	\$ 53,204,647	\$ (12,938,059)	\$ 89,353,376	\$ 1,203,600	\$ 5,500,302	\$ (84,218)	\$ 39,742,182	\$ (5,465,692)	\$ (1,230,046)	\$ (1,668,558)
Debt service as a percentage of noncapital expenditures	26%	28%	24%	21%	24%	22%	22%	21%	21%	20%

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>
2014	\$ 6,944,206	\$ 26,383,529	\$ 4,477,679	\$ 122,817	\$ 2,758,749	\$ 40,686,980
2015	7,248,656	29,458,234	4,599,120	84,264	2,705,936	44,096,210
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

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		
2014	\$ 739,013,530	\$ 3,748,815,600	\$ 254,607,240	\$ 1,273,036,200	\$ 993,620,770	\$ 5,021,851,800	20%	7.21
2015	768,870,600	3,888,301,600	250,553,245	1,252,766,225	1,019,423,845	5,141,067,825	20%	7.21
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

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	
2014	0.50	5.00	1.71	7.21	6.90	46.60	2.60	63.31
2015	0.50	5.00	1.71	7.21	7.10	43.70	2.60	60.61
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

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 2023, the city sales tax generated revenue of \$58,228,306. The City's portion of the county sales tax generated revenue of \$17,015,286.

According to Arkansas State Statutes, the City is required to keep the identity of individual tax payers 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	2023			2014		
	Rank	Total Assessed Value	Percentage of Total Assessed Value	Rank	Total Assessed Value	Percentage of Total Assessed Value
WAL-MART/Sam's Club	1	\$ 160,545,666	8.45%	1	\$ 180,144,300	18.13%
Crystal Pickens LLC	2	15,047,989	0.79%			
Echo Matrix LLC	3	14,924,375	0.79%			
Crossmar Industrial LLC	4	11,184,442	0.59%			
Altus Group	5	11,088,489	0.58%			
Colliers International	6	10,099,396	0.53%			
Center City LLC	7	9,154,753	0.48%			
Walton Crossing Apartments	8	8,317,015	0.44%			
Bentonville Plaza Partners LLC	9	8,203,612	0.43%	3	7,437,090	0.75%
Links at Rainbow Curve	10	7,253,460	0.38%	8	4,268,630	0.43%
QHG of Springdale Inc D/B/A Bates Medical Center				2	15,411,045	1.55%
AT&T Mobility				4	5,708,345	0.57%
Granite Beau Terre Holdings LLC				5	4,811,420	0.48%
Vidhita LLC/DoubleTree				6	4,488,320	0.45%
Links at Bentonville LTD Partnership				7	4,365,235	0.44%
21C Bentonville LLC				9	3,582,290	0.36%
Cox Communications				10	3,350,240	0.34%

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
2014	2013	\$ 6,591,136	\$ 6,462,685	98.05%	\$ 119,911	\$ 6,582,596	99.87%
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%

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
2014	\$ 56,256,917	\$ 18,358,534	74,615,451	4.29%	2,114
2015	49,987,014	15,579,393	65,566,407	3.54%	1,857
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

(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, 2023, the City has no general bonded debt outstanding.

City of Bentonville, Arkansas
Direct and Overlapping Governmental Activities Debt
December 31, 2023

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bentonville School District (1) (2)	\$ 337,119,911	54%	\$ 182,044,752
Northwest Arkansas Community College (3) (4)	25,350,480	31%	7,858,649
Subtotal, overlapping debt			189,903,401
City of Bentonville, Arkansas direct debt			104,395,447
Total direct and overlapping debt			<u>\$ 294,298,848</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 6/30/2022 which was the most recent Audited Financial Statements available

(2) Bentonville School District is comprised of multiple cities with an estimated population of 111,126 of which Bentonville is 59,471 or 54 %

(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 189,827 of which Bentonville is 59,471 or 31 %

(4) Amount as of 6/30/2023 which was the most recent Audited Financial Statements available

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

As of December 31, 2023, 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	
2014	\$ 85,487,267	\$ 76,977,920	\$ 8,509,347	\$ 2,817,389	\$ 730,046	\$ 3,547,435	2.40
2015	88,959,008	78,826,457	10,132,551	2,779,142	718,860	3,498,002	2.90
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

(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)
2014	35,301	221,339	\$ 51,809	\$ 1,828,909,509	4.00%
2015	35,301	221,339	52,509	1,853,620,209	3.20%
2016	35,301	221,339	52,509	1,853,620,209	2.70%
2017	35,301	221,339	55,729	1,967,289,429	2.70%
2018	35,301	221,339	59,425	2,097,761,925	2.50%
2019	54,909 (a)	279,141	65,306	3,585,887,154	2.30%
2020	54,909 (a)	279,141	67,771	3,721,237,839	3.50%
2021	54,164	284,333	70,594	3,823,653,416	1.90%
2022	57,868	302,863	70,594 (b)	4,085,133,592	2.00%
2023	59,471	311,013	74,943	4,456,935,153	2.50%

(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 2022 was not available.

(1) U.S. Census Bureau

(2) Fayetteville-Springdale-Rogers MSA (of which Bentonville is a part of) information from the U.S. Federal Reserve Bank of St. Louis

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

(4) Bureau of Labor Statistics

City of Bentonville, Arkansas
Principal Employers
Last Ten Years

Table 14

Employer	2023			2014		
	Rank	Employees	Percentage of Population 59,471 (1)	Rank	Employees	Percentage of Population 35,301 (1)
Wal-Mart/Sam's Club	1	18,000+	31.11%	1	2,500 +	7.08%
Mercy Health System of Northwest Arkansas	2	2,500+	4.32%	2	1,000-2,499	2.83%
Bentonville School District	3	2,000-2,499	3.46%	2	1,000-2,499	2.83%
City of Bentonville	4	500-999	0.86%	6	300-499	0.85%
Northwest Arkansas Community College	4	500-999	0.86%	6	300-499	0.85%
Northwest Arkansas Health Systems	4	500-999	0.86%	2	1,000-2,499	2.83%
Benton County	4	500-999	0.86%	5	500-999	1.42%
Arvest Bank Group, Inc.	8	100-499	0.17%	8	200-299	0.57%
Outdoor Cap Company				8	200-299	0.57%
Consumer Testing Laboratories				8	200-299	0.14%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Function										
Governmental Activities										
General government	72.5	66.5	72.0	75.50	71.5	72.0	90.5	59.0	65.0	64.0
Public Safety	273.5	251.0	235.5	229.0	212.5	191.0	199.0	188.5	175.0	174.0
Recreation	116.0	105.0	114.0	100.5	111.5	109.0	187.0	160.0	90.0	70.0
Street Department	26.0	26.0	22.0	25.0	23.0	23.0	26.0	28.5	23.0	23.0
Library	<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>	<u>24.0</u>	<u>23.5</u>
Total	<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>	<u>377.0</u>	<u>354.5</u>
Business-Type Activities										
Electric	54.0	55.0	49.0	49.0	46.0	41.0	43.0	42.0	37.0	36.0
Water	36.0	37.0	40.0	45.0	43.0	41.0	44.0	39.0	38.0	38.0
Wastewater	37.0	37.0	22.0	22.0	22.0	23.0	26.0	25.0	22.0	21.0
Support	<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>	<u>21.0</u>	<u>21.0</u>
Total	<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>	<u>118.0</u>	<u>116.0</u>
Total Primary Government	<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>	<u>495.0</u>	<u>470.5</u>

Source: Various city departments

City of Bentonville, Arkansas

Operating Indicators by Function

Last Ten Years

Table 16

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function										
Governmental Activities										
General Government										
Building Permits Issued	1,660	1,481	1,562	1,797	1,750	1,732	1,562	1,461	1,375	1,227
Building Inspections performed	12,693	12,112	11,261	13,979	19,570	21,079	19,613	19,380	19,514	14,228
Fire										
Fire related calls for service	1,832	1,980	4,323	4,238	1,420	1,485	1,553	1,534	1,453	1,309
EMS related calls for service	4,938	5,006	6,107	5,804	5,534	5,304	4,788	4,786	4,665	4,141
Police										
Calls for service Police	50,908	45,674	51,203	69,239	70,483	66,312	59,100	57,193	53,140	48,402
Calls for service Fire/EMS	5,723	7,015	6,721	7,225	6,976	6,937	6,031	6,294	6,111	5,455
Physical arrests	3,800	3,436	3,796	3,782	3,981	3,544	3,601	3,405	3,319	2,891
9-1-1 Calls	19,217	17,570	21,773	16,429	17,336	15,642	16,078	16,779	16,907	18,779
Recreation										
Program Participants	757,632	596,332	407,459	223,237	735,491	728,955	726,364	661,897	320,655	171,563
Transportation										
Street Pavement Preservation (miles) *	11	13	10	7	2	2	3	3	2	4
Library										
Library card holders **	20,211	42,915	39,899	42,518	42,615	26,867	26,929	27,058	35,514	30,621
Visits	343,435	257,076	169,190	139,034	319,697	302,398	296,311	300,766	298,585	296,819
Circulation (checkouts or materials)	827,921	763,427	708,226	551,135	725,056	667,538	675,787	679,444	651,289	602,218
Business-Type Activities										
Electric, Water, Wastewater Support Activities										
Meters read	683,357	653,188	626,053	610,224	599,999	572,648	555,128	530,850	503,834	483,297
Payments Processed (dollars)	\$ 129,985,736	\$ 119,968,913	\$ 151,657,567	\$ 90,995,518	\$ 94,437,561	\$ 93,810,989	\$ 90,026,317	\$ 88,326,913	\$ 84,237,799	\$ 84,480,153
Payments Processed (transactions)	263,632	251,642	239,369	226,616	215,614	206,971	193,627	190,814	185,954	188,519

* 2014-2019 presents overlay miles only. 2020 - 2023 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function										
Governmental Activities										
General Government										
Number of general government buildings	5	5	5	4	4	4	4	4	4	4
Fire										
Fire Trucks available each year	9	9	9	9	8	8	8	8	8	7
Ambulances available each year	4	5	5	5	6	7	7	7	7	6
Fire Stations	7	7	7	7	6	6	6	6	6	5
Police										
Police Units (cars/trucks) that were available each year	123	103	102	103	94	91	89	85	83	80
Recreation										
Parks Acreage (*)	902	720	341	341	341	341	341	341	341	311
Number of Parks	23	23	20	20	20	20	20	20	20	19
Number of Trails	30	29	28	28	28	27	25	25	24	23
Baseball/softball fields	18	18	20	20	24	24	24	24	24	24
Soccer Fields / Football Fields	18	18	16	16	16	16	16	16	16	13
Tennis Courts	30	22	22	22	22	14	14	14	14	14
Basketball Courts	4	4	5	5	5	5	5	5	5	4
Swimming Pools / Splash Parks	5	4	4	4	4	4	4	4	4	2
Ice Rink	1	1	1	1	1	1	1	1	1	1
Indoor Rec Center	2	2	2	2	2	2	2	2	2	1
Transportation										
Total Paved Streets (miles)	329	300	297	296	284	288	274	261	250	253
Traffic Signals	60	58	53	52	50	49	45	45	41	41
Library										
Items Available for checkout	161,672	157,359	153,545	154,953	149,962	143,760	135,568	134,725	131,070	121,905
Business-Type Activities										
Electric										
Electric Substations	9	9	9	9	9	9	9	9	9	9
Electric Lines (miles)										
Distribution	1,051.00	1,031.00	1,027.00	989.00	982.10	925.50	915.68	885.88	846.25	837.40
Transmission	17.13	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32	16.32
Water										
Water Lines (miles)	383.13	377.12	343.12	336.69	330.71	325.60	321.90	314.40	307.30	301.60
Sewer Lines (miles)	361.27	355.66	322.66	314.99	311.25	308.40	305.80	300.40	294.20	289.30

(*) 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, 2023

Table 18

Per 1,000 gallons					
	Water			Wastewater	
	Residential	Irrigation	Commercial	Residential	Commercial
Inside City monthly usage rates					
First 4,000 gallons of water	\$ 3.74	N/A	N/A	N/A	N/A
Next 6,000 gallons of water	4.09	N/A	N/A	N/A	N/A
Over 10,000 gallons of water	5.59	N/A	N/A	N/A	N/A
All Consumption	N/A	\$ 4.89	\$ 3.92	\$ 8.48	\$ 9.06
Outside City monthly usage rates					
First 4,000 gallons of water	\$ 4.46	N/A	N/A	N/A	N/A
Next 6,000 gallons of water	4.88	N/A	N/A	N/A	N/A
Over 10,000 gallons of water	6.68	N/A	N/A	N/A	N/A
All Consumption	N/A	\$ 5.84	\$ 4.67	\$ 10.18	\$ 10.87

		Rate per Month					
		Water		Irrigation		Wastewater	
						Residential	Commercial
Meter rates							
5/8" meter	\$	7.71	\$	10.14	\$	14.78	\$ 15.18
3/4" meter		7.71		10.14		14.78	15.18
1" meter		19.28		25.66		48.69	52.03
1-1/2" meter		83.55		109.97		180.87	193.28
2" meter		89.98		118.52		193.10	206.35
3" meter		134.97		177.16		283.67	303.13
4" meter		385.63		507.06		795.26	849.82
6" meter		835.54		1,099.64		1,713.16	1,830.70
8" meter						3,446.29	3,681.14
10" meter						5,169.42	5,521.70

City of Bentonville, Arkansas
Schedule of Electric, Water and Wastewater Customers
And Annual Billable Water Gallons
December 31, 2023

Table 19

Type	Number of Customers
Electric	28,528
Water	25,304
Wastewater	20,191

Year Ended December 31, 2023	Gallons (in thousands)
Annual billable water gallons	3,197,945

City of Bentonville, Arkansas
Schedule of Insurance Coverage
December 31, 2023

Table 20

Policy Coverage	Policy Period	Coverage	Insurer
Property	7-8-23 to 7-8-24	\$ 286,656,131	Affiliated FM Insurance Company
Municipal vehicles - Includes property and bodily injury	1-1-23 to 1-1-24	\$25,000 for one person \$50,000 for 2 or more persons \$25,000 property	Arkansas Municipal League
Fraudulent or dishonest acts	7-1-23 to 6-30-24	\$ 300,000	Arkansas Fidelity Bond Trust Fund

Single Audit Section

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City of Bentonville, Arkansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Grant or Other Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation					
Airport Improvement Program	20.106			\$ -	\$ 2,715,346
COVID-19 Airport Improvement Program	20.106			-	82,000
				-	2,797,346
Highway Planning and Construction					
<i>Passed through Arkansas Department of Transportation</i>					
Highway Planning and Construction	20.205	AHTD #090630 LY10-3314-001	693JJ22130000Z300AR9036027 693JJ22130000Z3E1AR9036027	-	202,903
Highway Planning and Construction	20.205	AHTD #090628 LY10-3314-001	FAP: STPU-HIPU-9036(25)	-	61,999
				-	264,902
Total U.S. Department of Transportation Programs				-	3,062,248
Department of Treasury					
Coronavirus State and Local Fiscal Recovery Fund	21.027			57,546	4,351,055
Total Department of Treasury Programs				57,546	4,351,055
Total Expenditures of Federal Awards				\$ 57,546	\$ 7,413,303

City of Bentonville, Arkansas
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
June 25, 2024**

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Bentonville's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
June 25, 2024**

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal awards program:
Significant deficiency(ies) identified? ☐ Yes ☒ None reported
Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for the major federal award program:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023

7. Identification of the major federal program:

Coronavirus State and Local Fiscal Recovery Funds – 21.027

8. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as a low-risk auditee?

☐ Yes

☒ No

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable	

City of Bentonville, Arkansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Bentonville, Arkansas
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

Reference Number	Summary of Finding	Status
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No matters are reportable.

Other Required Reports

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Independent Accountant's Report on Compliance With Arkansas State Requirements

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

We have examined management's assertion that the City of Bentonville, Arkansas complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas Statutes during the year ended December 31, 2023.

- (1) Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
- (2) Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
- (3) Improvement contracts, §§ 22-9-202 – 22-9-204;
- (4) Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
- (5) Investment of public funds, § 19-1-501 et seq.; and
- (6) Deposit of public funds, §§ 19-8-101 – 19-8-107.

Management is responsible for its compliance with the aforementioned Act and State Statutes. Our responsibility is to express an opinion on management's assertion about the City's compliance with the aforementioned requirements above based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the requirements mentioned above, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with the requirements mentioned above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the requirements mentioned above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of Bentonville, Arkansas complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2023.

Forvis Mazars, LLP

**Rogers, Arkansas
June 25, 2024**