

2024



POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended
December 31, 2024

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Key Terms

2

Deferred Inflows of resources – Amounts pending recognition as revenues in future periods.

Deferred Outflows of resources – Amounts pending recognition as expenses in future periods.

Net Position – Equal to the city assets and deferred outflows reduced by liabilities and deferred inflows.

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, reduced by outstanding capital related debt.

Restricted Net Position – Funds included in net position that are restricted for spending purpose either by 1) external groups such as creditors, grantors or contributors or 2) law.

Unassigned Net Position – Net position that is not “restricted” or “net invested in capital assets.”



Thaden Field

About the Popular Annual Financial Report

The Popular Annual Financial Report (PAFR) is designed to provide a better financial understanding of our city government, local economic conditions and where the City's financial position stands. This report is presented in accordance with guidelines from the Government Financial Officers Association (GFOA) and contains information from the City's 2024 Annual Comprehensive Financial Report (ACFR).

The PAFR is presented in an understandable and user-friendly manner. It is not intended to be a replacement for the ACFR which can be found by visiting the City's website or by scanning the QR code below.



Maverick
the Goose Dog
at Thaden Field





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

City of Bentonville
Arkansas

For its Annual Financial Report
For the Fiscal Year Ended
December 31, 2023

Christopher P. Monell
Executive Director/CEO

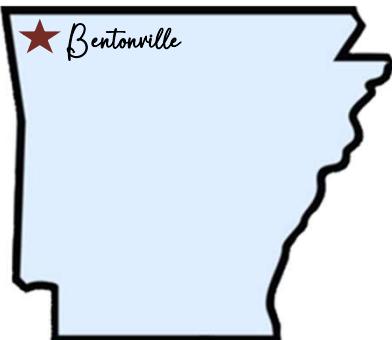
A Message from the Finance Director

The City of Bentonville is pleased to present our Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2024.

Maintaining infrastructure and amenities are key to the quality of life for Bentonville's residents. The City continues to complete construction projects from the 2021 voter approved bond referendum and is working to address infrastructure needs as growth continues. Our financial position continues to remain strong and the City's AA rating was reaffirmed by Standard & Poor's.

Thank you for taking interest in your local government. Our Finance team takes our responsibility as stewards of the City's financial resources seriously. We invite you to share any questions, concerns or comments with us.

Patrick D. Johndrow
Finance Director



Elected Officials

Stephanie Orman

Mayor

Email: sorman@bentonvillear.com

Beckie Seba
Council Member
Ward 1, Position 1

Email: bseba@bentonvillear.com

Aubrey Patterson
Council Member
Ward 3, Position 1

Email: apatterson@bentonvillear.com

Gayatri Agnew
Council Member
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Bill Burkart
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Cindy Acree
Council Member
Ward 2, Position 1
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Octavio Sanchez
Council Member
Ward 4, Position 1
Email: osanchez@bentonvillear.com

Chris Sooter
Council Member
Ward 2, Position 2
Email: csooter@bentonvillear.com

Holly Hook
Council Member
Ward 4, Position 2
Email: hhook@bentonvillear.com

City Statistics for 2024

1,354
Building permits issued

5,389
EMS related calls for service

50,386
Police calls for service

755,506
Recreation program participants

24,089
Library card holders

26,564
Electric Meters

12,150
Building inspections performed

History of Bentonville

Named after Benton County, the City of Bentonville was incorporated in January of 1873. By 1900, Bentonville had a city-owned light and water plant and was working on a sewer program. In the early days, agriculture was the backbone of the local and regional economy. In May of 1950, Sam Walton opened Walton's 5 and 10 store on the Bentonville square. Over time, Wal-Mart has grown to be the nation's largest retailer and Bentonville has grown into a thriving business and tourist community.

In May 2020, the U.S. Census Bureau recognized Bentonville as the 5th fastest growing large city in the United States. With ongoing announcements of a variety of new housing options and businesses, along with an inspiring entrepreneurial spirit, a focus on expansive trail systems and natural open spaces for all to enjoy, the City continues to receive awards and recognition as one of the best places in the United States to live, work and play.



Bentonville Square

Mission Statement

The mission of the Bentonville City Government is to preserve, promote and sustain an excellent quality of life within our city. In partnership with the community, we pledge to deliver municipal services in a professional, personal, responsive manner.

Demographics

(2020 U.S. Census Data)

- ❖ Total population: 54,164
- ❖ 34% of the total population is a minority.
- ❖ Total # of housing units: 22,436
- ❖ 91% of all housing units are occupied
- ❖ Median value of owner-occupied household unit: \$281,800
- ❖ Median Household Income: \$89,653

Top Employers

| | |
|---|-----------|
| Wal-Mart/Sam's Club | 18,000+ |
| Bentonville School District | 2,500+ |
| Mercy Health System of Northwest Arkansas | 1000-2499 |
| City of Bentonville | 500-999 |
| Northwest Arkansas Community College | 500-999 |
| Northwest Arkansas Health Systems | 500-999 |
| Benton County | 500-999 |
| Arvest Bank Group | 100-499 |



Severe Weather - May 26, 2024

On the morning of Sunday, May 26th, 2024, Bentonville was hit by the largest natural disaster in over two decades. The tornadoes prompted nearly every City department to immediately cut short their holiday weekend and respond with incredible urgency. During this event, City of Bentonville owned properties sustained approximately \$12.7 million in damage.

In the first 48 hours, the Fire department reported more than 200 locations of damage, including downed power lines and blocked streets. Within just 15 hours of the storm, the emergency communications center had handled over 850 9-1-1 calls and nearly 800 non-emergency calls.

The Bentonville Electric Utility Department faced an unprecedented challenge in restoring power. With over 11,000 meters down, the department worked around the clock, restoring 90% of power within 5 days and 98% within a week. Additionally, staff at the City's Compost facility worked relentlessly through 12-hour shifts, 7 days a week, throughout the month of June 2024, helping citizens and contractors with storm debris clean-up.

While recovery continues, the work done by all city departments and countless volunteer hours by residents demonstrate the incredible teamwork and resilience that defines Bentonville.



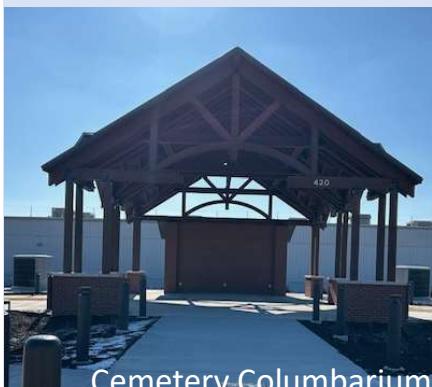
Financial Highlights – Governmental Activities

Governmental funds are used to account for tax-supported activities. Bentonville's governmental funds include the General Fund, Street Fund, Capital Project Fund, Federal Grant fund, Debt Service Fund and other Nonmajor Governmental Funds.

The City's basic services, including police and fire protection, parks and recreation, streets, community and economic development services, maintenance and capital improvements are accounted for in these funds.

In 2024, Bentonville again experienced increased revenues in property tax, state turnback and charges for services due to population growth in the City as more people choose to make Northwest Arkansas their home. Additionally, the City has begun participating in the Community Development Block Grant Program (CDBG).

Our expenditures were greater than our revenue due to capital projects being funded by bond proceeds and grant revenues collected in prior periods.



Cemetery Columbarium

Bomb Squad Truck

Financial Activity Statement for Years Ended December 31

| REVENUES | 2022 | 2023 | 2024 |
|----------------------------------|-----------------------|----------------------|-----------------------|
| Property tax | 10,862,520 | 12,164,459 | 12,958,249 |
| Sales tax | 61,656,404 | 75,279,515 | 69,399,794 |
| State turnback | 6,635,017 | 6,717,895 | 6,750,189 |
| Impact fees | 3,569,012 | 2,978,848 | 2,461,928 |
| Franchise taxes | 6,060,409 | 6,017,352 | 6,499,636 |
| Charges for services | 6,087,290 | 8,062,968 | 8,481,327 |
| Fines and forfeitures | 438,621 | 495,790 | 537,235 |
| Licenses and permits | 2,356,101 | 2,501,254 | 1,585,026 |
| Grants | 9,996,085 | 10,664,621 | 34,931,233 |
| Contributions | 2,630,861 | 13,642,135 | 8,650,381 |
| Interest | 1,420,733 | 6,610,850 | 9,054,911 |
| Investment income | (673,868) | 673,823 | 697,234 |
| Miscellaneous | 2,373,641 | 5,491,292 | 2,243,637 |
| TOTAL REVENUES | \$113,412,826 | \$151,300,802 | \$164,250,780 |
| EXPENDITURES | | | |
| General government | 9,559,743 | 10,726,626 | 17,381,672 |
| Public safety | 28,215,635 | 31,285,629 | 36,403,040 |
| Recreation | 11,439,318 | 13,151,075 | 15,431,354 |
| Street Department | 4,390,627 | 4,325,578 | 4,519,405 |
| Library | 1,919,436 | 2,305,043 | 2,377,159 |
| CDBG | | | 30,378 |
| Capital outlay | 49,213,572 | 69,297,350 | 105,665,610 |
| Debt service | | | |
| Principal | 19,495,000 | 19,935,000 | 18,540,000 |
| Interest | 2,215,029 | 1,575,556 | 3,415,866 |
| Bond issue costs | - | 689,040 | 137,713 |
| TOTAL EXPENDITURES | \$126,448,360 | \$153,290,897 | \$203,902,197 |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of capital assets | 97,475 | 70,925 | 21,818 |
| Debt proceeds | | 55,182,800 | 2,676,350 |
| Original issue premium | | | |
| Transfer to Escrow Agent | | | |
| Transfers in | 11,849,599 | 7,166,240 | 2,765,652 |
| Transfers out | (11,849,599) | (7,225,223) | (10,138,938) |
| NET CHANGE IN FUND BALANCES | (\$12,938,059) | \$53,204,647 | (\$44,326,535) |
| Fund Balances, Beginning of Year | 191,442,759 | 178,504,700 | 231,709,347 |
| FUND BALANCES, END OF YEAR | \$178,504,700 | \$231,709,347 | \$187,382,812 |

FUND BALANCE BREAKDOWN AS OF DECEMBER 31, 2024

| | |
|------------------------------|--------------------|
| Nonspendable | |
| Prepaid expenditures | 1,068,581 |
| Restricted | |
| Debt service | 10,625,073 |
| General capital improvements | 48,665,552 |
| Recreation | 5,574,173 |
| New growth | 8,548,623 |
| Street improvements | 11,341,089 |
| Other | 46,763 |
| Assigned | 133,889 |
| Unassigned | 101,379,069 |
| TOTAL FUND BALANCE | 187,382,812 |

Financial Highlights – Governmental Activities

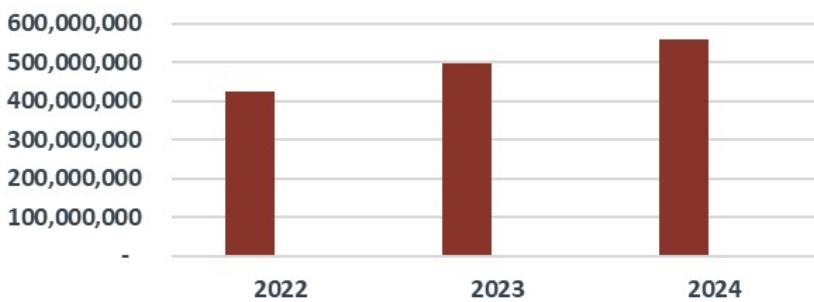
Statement of Net Position

The statement of net position presents all the City of Bentonville's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as the net position.

Bentonville's fiscal year runs January 1 to December 31. The City's statement of net position and statement of activities for fiscal years ended December 31, 2022-2024 are shown in the charts below.

| ASSETS | 2022 | 2023 | 2024 |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| Current and Other Assets | 218,733,085 | 280,974,168 | 234,160,026 |
| Capital Assets | 339,816,823 | 398,702,504 | 494,378,334 |
| TOTAL ASSETS | \$ 558,549,908 | \$ 679,676,672 | \$ 728,538,360 |
| Deferred Outflows of Resources | | | |
| TOTAL LIABILITIES | \$ 137,034,224 | \$ 203,401,880 | \$ 184,357,234 |
| Deferred Inflows of Resources | | | |
| NET POSITION | \$ 423,625,063 | \$ 495,827,747 | \$ 558,684,007 |

Net Position



Activities/Changes in Net Position

| | 2022 | 2023 | 2024 |
|--|-----------------------|-----------------------|-----------------------|
| Revenues | 123,355,921 | 158,824,274 | 164,596,393 |
| Less: Expenses | 71,173,507 | 86,621,590 | 101,740,133 |
| Transfers | | | |
| INCREASE (DECREASE) IN NET POSITION | \$ 52,182,414 | \$ 72,202,684 | \$ 62,856,260 |
| Net Position, Beginning of Year | 371,442,649 | 423,625,063 | 495,827,747 |
| NET POSITION, END OF YEAR | \$ 423,625,063 | \$ 495,827,747 | \$ 558,684,007 |



Over time, increases or decreases in the City's *net position* may be an indicator of whether the financial situation of the City is improving or deteriorating.

The City of Bentonville's overall net position **increased 12.7% or \$62.9 million** from the prior fiscal year. The three components of net position are:

NET INVESTMENT IN CAPITAL ASSETS

The most significant portion of net position (**79.5% or \$443.9 million**) is invested in capital assets. Bentonville uses these capital assets to provide a variety of services to its citizens (street construction, park improvements, etc...). For that reason, these assets are not available for future spending. Bentonville's investment in capital assets is reported net of related debt.

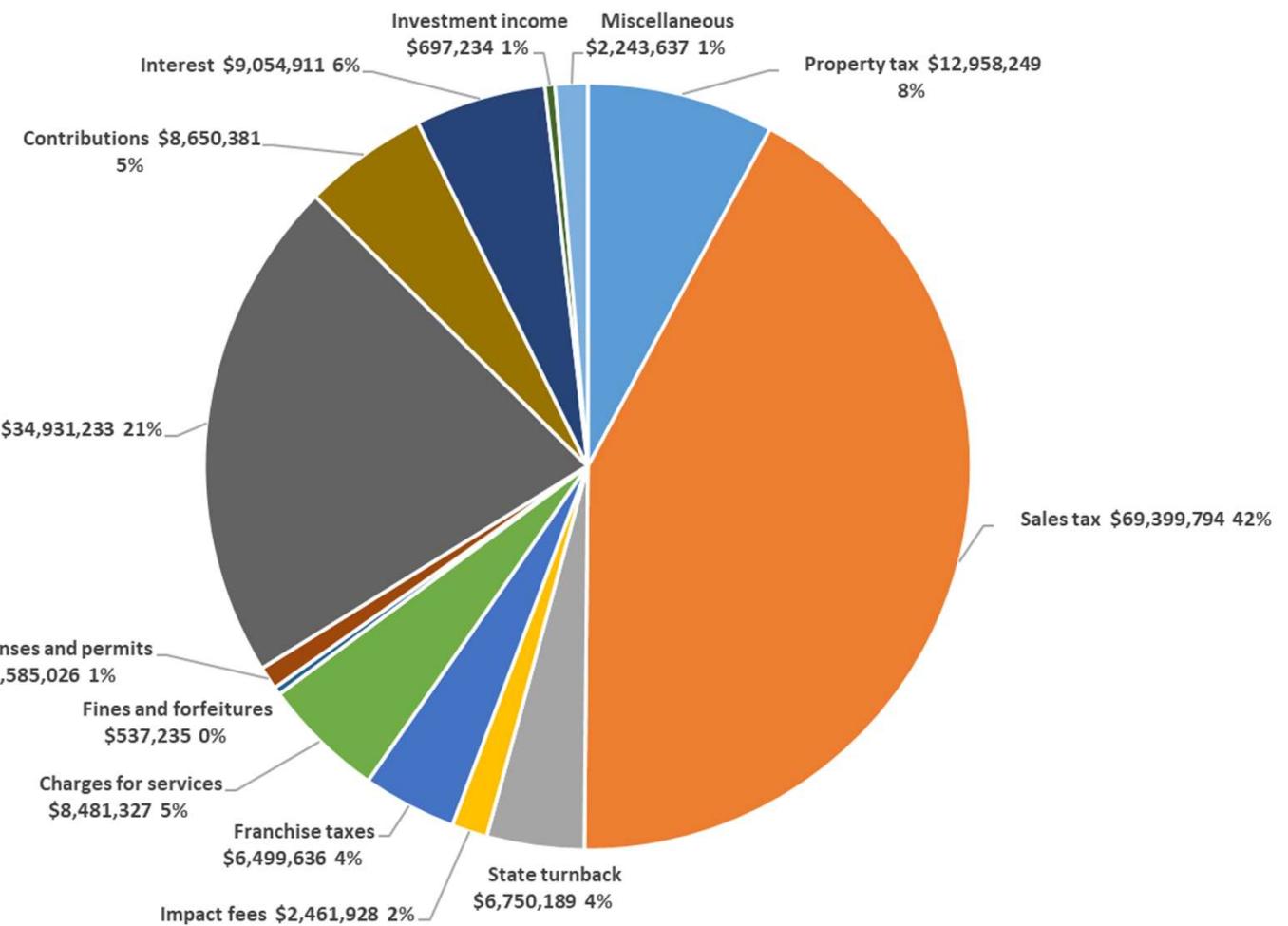
RESTRICTED NET POSITION

This portion of net position (**7.6% or \$42.5 million**) is restricted, representing funds that are limited to construction activities, payment of debt or specific programs by law. Examples include street projects paid with bond funds and grant monies received to fund special City projects.

UNRESTRICTED NET POSITION

The remaining portion of net position (**13% or \$72.2 million**) is unrestricted, representing resources which are available for services.

Governmental Revenues – Where Does the Money Come From?

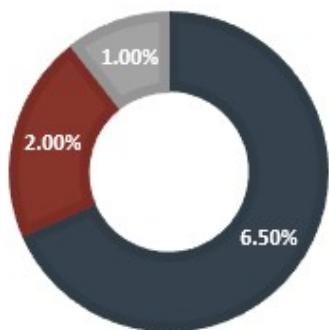


Below are brief descriptions of a selection of the City's revenue sources:

- **Sales Taxes** are taxes paid to a governing body for the sales of certain goods and services. The City receives a 2% sales tax and also receives an allocation based on population of Benton County's 1% sales tax.
- **Property Taxes** are levied on the assessed value of all real property and certain personal property located within the City.
- **State Turnback** funds are a portion of revenues the City receives from the State of Arkansas highway funds.
- **Impact Fees** are one-time payments made by developers to help fund the financial impact that new development places on public infrastructure.
- **Franchise Taxes** include revenue received from utility (telecommunication) companies for the right to operate within the City. The City owned utilities (Electric, Water and Wastewater) also pay a 5% franchise fee.
- **Charges for Services** includes revenues received from services and/or programs provided by the City such as recreation programs.
- **Licenses and Permits** include revenues from building permits, business licenses and liquor licenses.
- **Contributions** include donations, sponsorships and development agreements.

CITY OF BENTONVILLE SALES TAX RATE (9.5%)

■ State of Arkansas ■ City of Bentonville ■ Benton County



Sales and Use Tax

Sales tax is the largest source of revenue for the City's general government funds. The sales tax rate in the City of Bentonville is 9.5%. The City receives 2% of this total distributed as follows:

- 1% comes back to the City to fund operations
- 1% is distributed to our trustee for debt services. Of this amount, 80% is applied to debt obligations and 20% is returned to the City to fund capital purchases.

The City continues to experience strong sales tax revenues year over year as our population increases and events continue to draw visitors from outside our area.

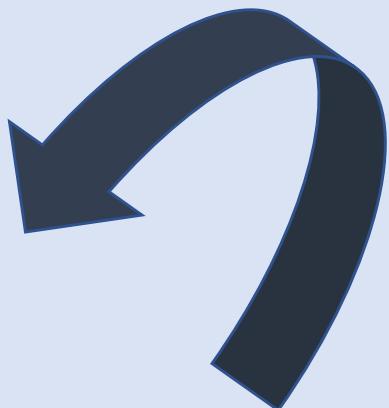
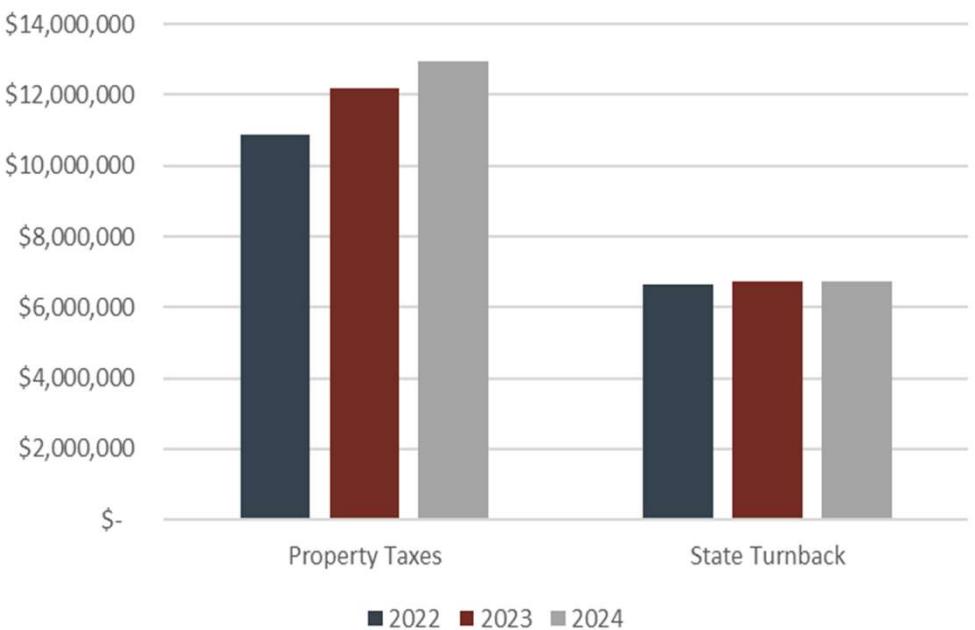
42%

SALES AND USE TAX IS
THE LARGEST SINGLE SOURCE OF
GOVERNMENTAL FUND REVENUE

SALES TAX REVENUE 2022 - 2024

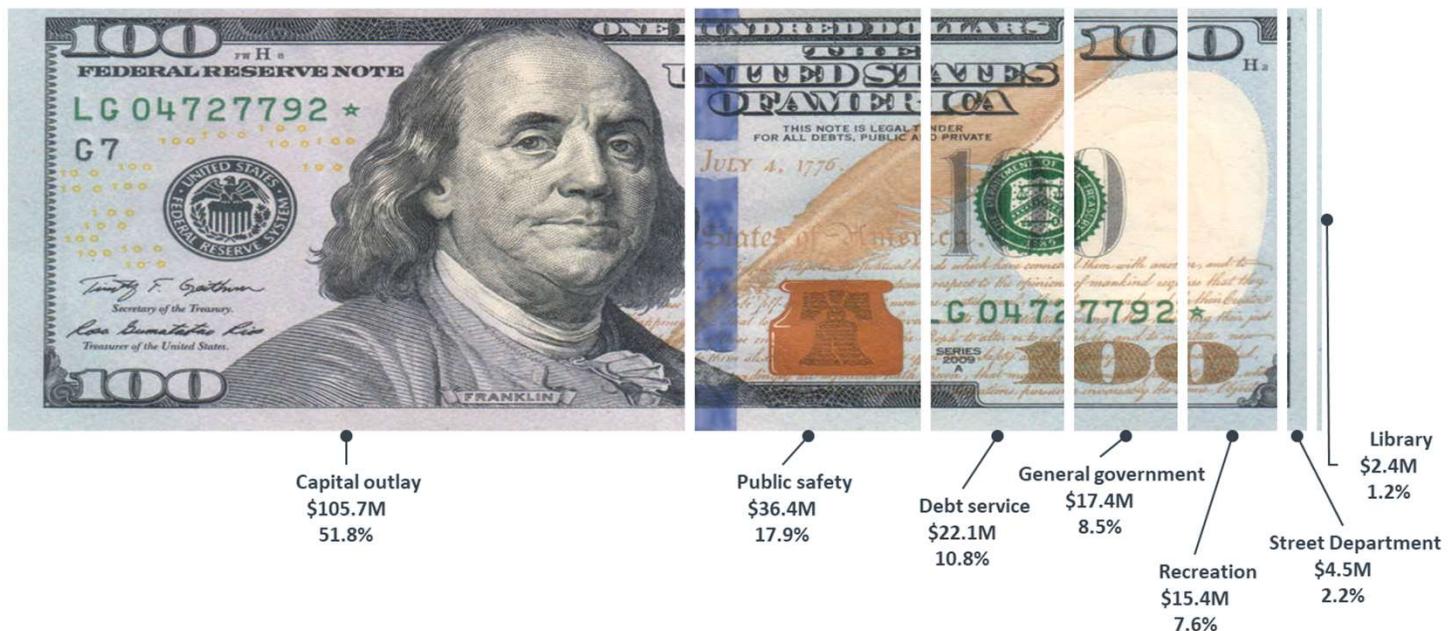


Other Highlighted Revenues



PROPERTY TAXES AND STATE
TURNBACK ACCOUNT FOR A
COMBINED TOTAL OF 12.00%
OF TOTAL GOVERNMENTAL
FUND REVENUE

Governmental Expenditures – Where Does the Money Go?

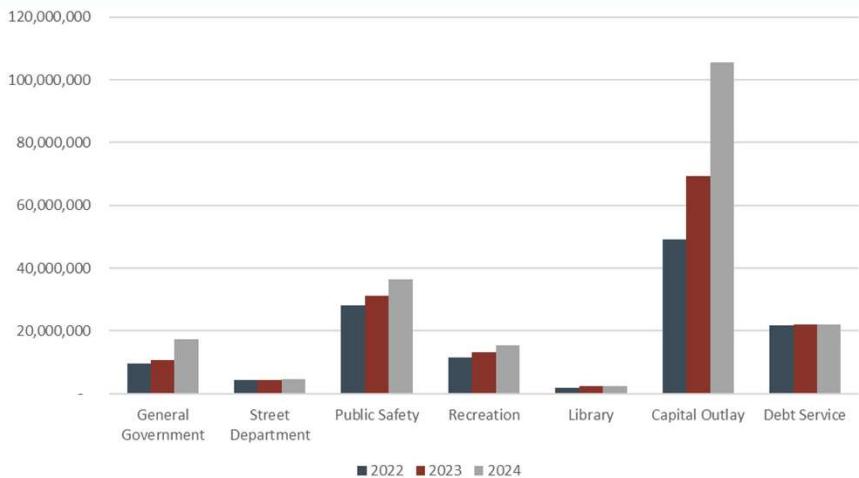


The City is organized into various departments and functions to provide services to its citizens, businesses and visitors.

- **General Government** includes expenditures for the administrative departments of the City, such as Mayor and City Council, Human Resources, Accounting and Finance, Legal and Information Technology.
- **Public Safety** expenditures are related to providing Police and Fire services and protection.
- **Recreation** includes program administration and facility maintenance for the community center and parks.
- **Street Department** expenditures are associated with the maintenance of streets, keeping the streets passable in inclement weather and keeping them clean.
- **Library** expenditures help to engage our community, encourage discovery and promote literacy by offering lifelong learning opportunities.
- **Capital outlay** expenditures are related to construction of capital projects within the City, such as streets, building and parks improvements.
- **Debt service** expenditures include principal and interest payments on general and special obligation debts.

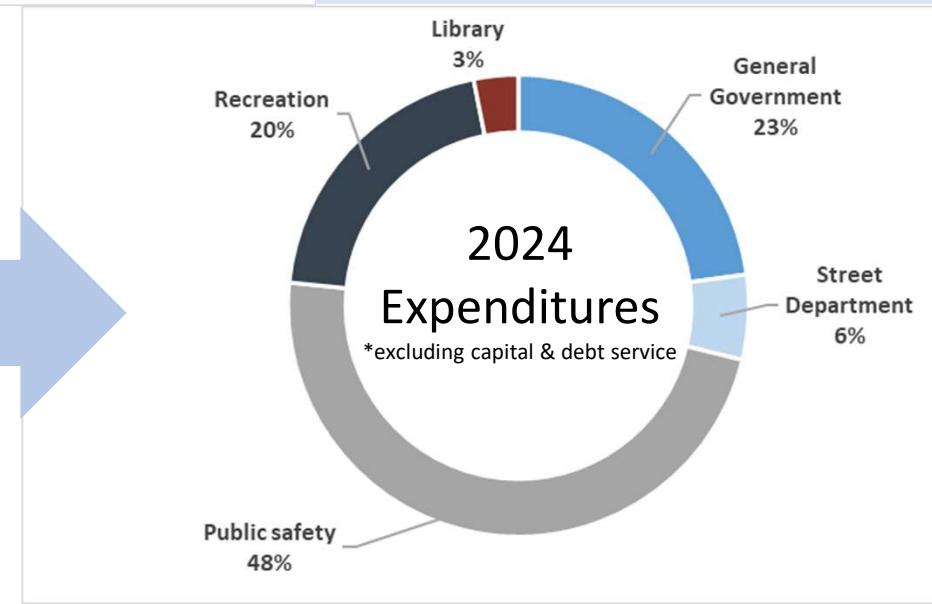


Major Governmental Expenditures



Over the past 3 years, the City has seen increases in all expenditure categories. The significant increase in capital outlay is attributable to projects related to the 2021 bond issuance and numerous recreation and infrastructure improvements ongoing throughout the City.

Excluding capital outlay and debt service, 48% of governmental funds go towards funding **Police and Fire**



Financial Highlights – Proprietary Funds

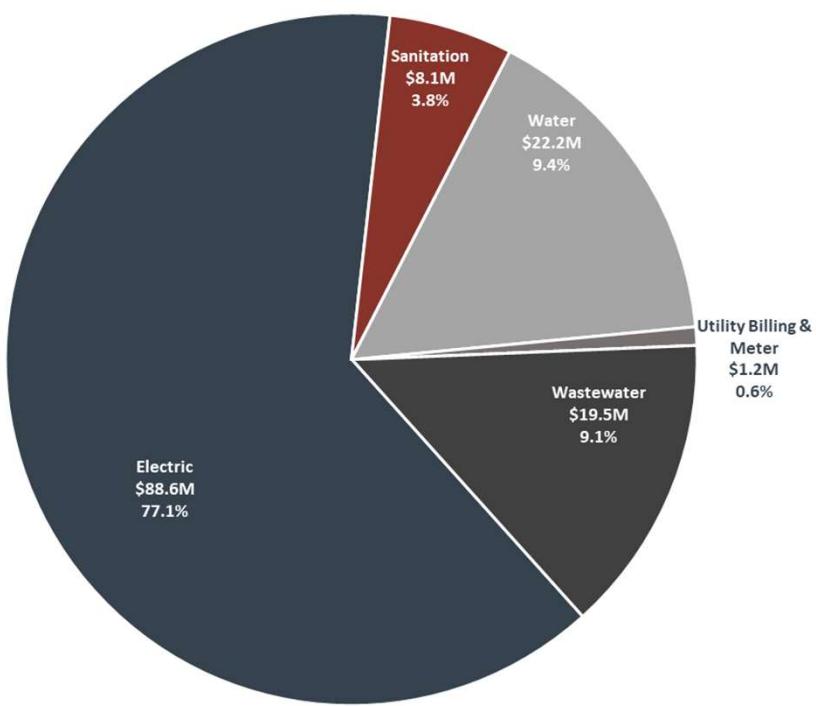
Proprietary funds (also known as Enterprise funds) are used to report the same functions as presented as *business-type activities* in the government-wide financial statements. These funds are a self-supporting government fund that sell goods and services to the public for a fee and should be supported by these fees rather than by taxes or other outside revenue sources. The business-type activities of the City include Electric, Water, Wastewater, Sanitation and related support departments which comprise the Utility fund.



DID YOU KNOW?

Over the past 10 years, Bentonville Electric has consistently maintained a **99.99%** reliability rate.

2024 Proprietary Fund Revenue



Statistics

| | | | |
|---|-------|----------------------|---------|
| # Electric Substations | 9 | # Meters Read | 656,752 |
| Total Electric Distribution Lines (Miles) | 1,065 | # Payments Processed | 273,978 |
| Total Water Line Miles | 385 | | |

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds for Years Ended December 31

| OPERATING REVENUES | 2022 | 2023 | 2024 |
|--|----------------------|----------------------|----------------------|
| Charges for services | 127,087,773 | 124,279,299 | 129,775,142 |
| Other, net | 412,949 | 80,916 | 140,265 |
| TOTAL OPERATING REVENUES | \$127,500,722 | \$124,360,215 | \$129,915,407 |
| OPERATING EXPENSES | | | |
| Salary and fringe benefits | 14,801,264 | 16,581,237 | 18,964,294 |
| Contract purchases | 84,423,831 | 78,073,306 | 83,946,022 |
| Maintenance | 2,094,033 | 2,433,314 | 1,040,926 |
| Depreciation and amortization | 8,341,767 | 12,603,298 | 10,100,025 |
| Materials and supplies | 1,410,327 | 1,873,679 | 1,804,940 |
| Other services and charges | 7,950,409 | 8,565,069 | 10,909,022 |
| TOTAL OPERATING EXPENSES | \$119,021,631 | \$120,129,903 | \$126,765,229 |
| OPERATING INCOME (LOSS) | \$8,479,091 | \$4,230,312 | \$3,150,178 |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Interest income | 222,928 | 1,138,890 | 1,459,420 |
| Investment income | (440,065) | 449,044 | 454,415 |
| Bond interest and fiscal agent charges | (451,790) | (238,334) | (266,501) |
| Gain on sale of capital assets | | 5,000 | 122,614 |
| Grants | 223,439 | 76,561 | 763,929 |
| NET NONOPERATING REVENUES (EXPENSES) | (445,488) | 1,431,161 | 2,533,877 |
| INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | \$8,033,603 | \$5,661,473 | \$5,684,055 |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | | |
| Capital contributions | 7,051,584 | 4,881,300 | 6,081,007 |
| Capital grants | 2,565,148 | | |
| Transfers In | | 58,983 | 7,373,286 |
| Developer funded infrastructure revenue | 10,200,218 | 2,245,817 | 2,746,720 |
| CHANGE IN NET POSITION | \$27,850,553 | \$12,847,573 | \$21,885,068 |
| Net Position, Beginning of Year | 300,697,719 | 328,548,272 | 341,395,845 |
| Net Position, Restatement | | | |
| NET POSITION, END OF YEAR | \$328,548,272 | \$341,395,845 | \$363,280,913 |

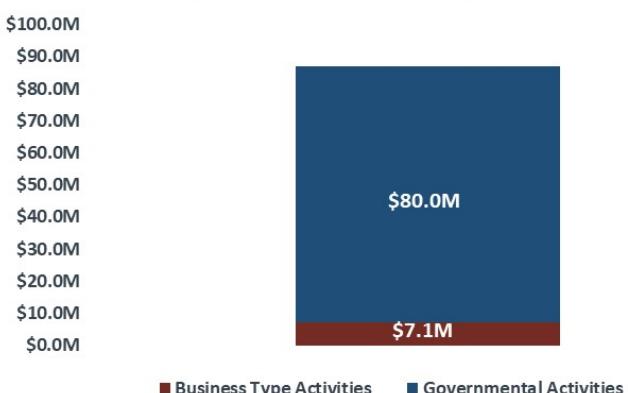
Debt Obligations

In June 2021, the City issued \$84,045,000 in Sales and Use Tax Bonds. These bonds were used to refund the series 2009, 2010 and 2017 Bonds and to fund a portion of the costs of various capital improvements for the City. An additional \$54,119,532 in Sales and Use Tax Bonds were issued in December 2023 to continue funding capital projects voted on by the citizens in February 2021. Bonds are a great way for financially strong cities such as Bentonville to get the funding needed for important capital improvements by using existing tax revenue instead of increasing taxes.

In April 2022, the City issued \$12,255,000 in revenue bonds. These bonds were used to refund the series 2000, 2006A and 2006B bonds and to recover a portion of the cost the City incurred during the Winter 2021 storm.

In October 2024, the City issued revenue bonds totaling \$97,759,381. These will be used to fund the cost of improvements to the Water Resource Recovery Facility

City of Bentonville's Long-term Debt



Governmental Activities – Long-term Debt Obligations

| | Interest Rates | Final Maturity Date | Principal at December 31, 2024 |
|--|----------------|---------------------|--------------------------------|
| Sales and Use Tax bonds, Series 2021A | .32%-1.10% | 2025 | \$ 580,000 |
| Sales and Use Tax bonds, Series 2021B | 1.05%-5.00% | 2046 | \$ 32,945,000 |
| Sales and Use Tax bonds, Series 2023 | 4.125-5.00% | 2046 | \$ 46,440,000 |
| Governmental Activities Total Bonds | | | \$ 79,965,000 |

The table above shows the General Obligation bonds which were issued for the Governmental Activity funds. These bonds are backed by the credit and taxpaying power of the city and require a public vote to issue. These bonds are secured by the pledge of and are payable from the capital tax.

Business Type Activities – Long-term Debt Obligations

| | Interest Rates | Final Maturity Date | Principal at December 31, 2024 |
|---|----------------|---------------------|--------------------------------|
| Revenue bonds, Series 2022A | 2.44% | 2028 | \$ 5,105,000 |
| Revenue bonds, Series 2022B | 2.01% | 2028 | \$ 1,920,000 |
| Revenue bonds, Series 2024 | 0.75% | 2048 | \$ 63,000 |
| Business Type Activities Total Bonds | | | \$ 7,088,000 |

The table above shows the Revenue bonds which were issued for the Business Type Activities funds. These bonds are secured by future income streams, such as utility revenues.

SCAN ME



Visit the City's website for information about City services, community events, employment opportunities, public safety tips and more.



Please refer all questions, comments or suggestions regarding the 2024 Popular Annual Financial Report to:

City of Bentonville, Arkansas
Finance Department
1000 SW 14th Street
Bentonville, AR 72712