

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: (AG Insured) S&P: "AA"
(Underlying Rating) Moody's: "A1"**

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on certain individuals; however, such interest on the Bonds may be taken into account for purposes of computing the alternative minimum tax imposed on certain corporations (and the interest on the Bonds is exempt from State of Arkansas income taxes and the Bonds are exempt from property taxation in the State of Arkansas). See **LEGAL MATTERS, Tax Exemption.***

**\$14,720,000
CITY OF BENTON, ARKANSAS
PUBLIC UTILITY REFUNDING REVENUE BONDS
SERIES 2026**

Dated: Date of Delivery

Due: September 1, as shown below

The Bonds will not be general obligations of the City of Benton, Arkansas (the "City"), but will be special obligations, secured by a pledge of and payable from revenues derived from the operation of the City's electric, water and sewer facilities (a) senior to the pledge in favor of the City's outstanding Public Utility Revenue Bond, dated March 6, 2009, and (b) on a parity with the pledge in favor of the City's outstanding Public Utility Refunding Revenue Bonds, Taxable Series 2020 and Public Utility Refunding Revenue Bonds, Series 2015 that are not being refunded.

The Bonds of each maturity will be initially issued as a single registered Bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Bonds will not receive physical delivery of Bonds. Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company National Association, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Bonds, all as further described herein.

Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2026. The Bonds mature on September 1 in the years and in the amounts, bear interest at the rates and are priced to yield as follows:

MATURITY SCHEDULE

<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE(%)</u>	<u>YIELD(%)</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE(%)</u>	<u>YIELD(%)</u>
2026	\$ 125,000	5.000	2.700	2031	\$1,890,000	5.000	2.900
2027	965,000	5.000	2.700	2032	1,985,000	5.000	3.000
2028	1,020,000	5.000	2.680	2033	2,090,000	5.000	3.060*
2029	1,065,000	5.000	2.730	2034	2,190,000	4.000	3.210*
2030	1,115,000	5.000	2.810	2035	2,275,000	4.000	3.310*

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.



The Bonds are offered when, as and if issued and received by the Underwriter named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Stephens Inc.

Dated: May 4, 2026.

* Priced to first optional redemption date, March 1, 2033.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the City since the date hereof. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions in such laws from such registration and qualification.

Assured Guaranty Inc. (the "Insurer" or "AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under **BOND INSURANCE** and Exhibit C - Specimen Municipal Bond Insurance Policy.

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December 31, 2025 and 2024

EXHIBIT B - Electric, Water and Sewer Rate Schedule

EXHIBIT C - Specimen Municipal Bond Insurance Policy

OFFICIAL STATEMENT

\$14,720,000
CITY OF BENTON, ARKANSAS
PUBLIC UTILITY REFUNDING REVENUE BONDS
SERIES 2026

INTRODUCTION TO THE OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and exhibits hereto. A full review should be made of the entire Official Statement, as well as the Authorizing Ordinance described herein.

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Benton, Arkansas (the "City") of its Public Utility Refunding Revenue Bonds, Series 2026, in the aggregate principal amount of \$14,720,000 (the "Bonds"). The Bonds are being issued to refund the City's Public Utility Refunding Revenue Bonds, Series 2015 (the "2015 Bonds") that mature on September 1 in the years 2030 and 2035 (the "Bonds Refunded") and to pay costs of issuing and insuring the Bonds. See **THE BONDS, Purposes for Bonds**.

The City is a city of the first class organized under the laws of the State of Arkansas (the "State") located in Saline County, Arkansas which is in central Arkansas. The City is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 235, Subchapter 2, Title 14, Chapter 164, Subchapter 4 and Title 14, Chapter 203 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Bonds are not general obligations of the City, but are special obligations equally and ratably secured by and payable solely from the revenues derived from the operation of the City's electric, water and sewer facilities which are operated as a combined public utility system (the "System"). The pledge of System revenues in favor of the Bonds is (a) senior to the pledge in favor of the City's Public Utility Revenue Bond, dated March 6, 2009 (the "Subordinate Bond") and (b) on a parity with the pledge in favor of the City's Public Utility Refunding Revenue Bonds, Taxable Series 2020 (the "2020 Bonds") and the 2015 Bonds that are not being refunded (collectively with the 2020 Bonds, the "Parity Bonds"). See **THE BONDS, Security**. The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation and Ordinance No. 27 of 2026, adopted on April 27, 2026, (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in the Bonds purchased. See **THE BONDS, Book-Entry Only System**. The Bonds will contain such other terms and provisions as described herein. See **THE BONDS, Generally**.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable September 1, 2026, and semiannually thereafter on each March 1 and September 1. Principal is payable at the principal office of U.S. Bank Trust Company National Association, as trustee and paying agent (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS, Generally**.

The Bonds will be subject to optional redemption on and after March 1, 2033. See **THE BONDS, Redemption.**

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Assured Guaranty Inc. (the "Insurer" or "AG") simultaneously with the delivery of the Bonds. A specimen Insurance Policy is attached hereto as Exhibit C. It is expected that, based upon the commitment of the Insurer to insure the Bonds, S&P Global Ratings ("S&P") will assign a rating of "AA" (stable outlook) to the Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE and MISCELLANEOUS, Ratings.**

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for purposes of computing the alternative minimum tax imposed on certain corporations, (iii) interest on the Bonds is exempt from State income tax and (iv) the Bonds are not subject to property taxes in the State. See **LEGAL MATTERS, Tax Exemption.**

The City and the Trustee have entered into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See **CONTINUING DISCLOSURE AGREEMENT.**

It is expected that the Bonds will be available for delivery on or about June 4, 2026, through the facilities of The Depository Trust Company in New York, New York.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center St., Suite 100, Little Rock, Arkansas 72201, Attention: Public Finance.

THE BONDS

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate for each maturity date will be issued in the principal amount of the maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers

and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the City make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Authorizing Ordinance, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Authorizing Ordinance. The City and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Ordinance to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

Generally. The Bonds shall be dated, mature and bear interest and interest is payable on the Bonds as set forth on the cover page hereof. The Bonds are issuable in the form of registered Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Authorizing Ordinance. In the event any Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Authorizing Ordinance.

Each Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Bond or Bonds of the same maturity and interest rate, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any Bond for the privilege of registration, but any owner of any Bond requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the City nor the Trustee shall be required to transfer or exchange any Bonds selected for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for

redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption. The Bonds shall be subject to redemption at the option of the City, from funds from any source, on and after March 1, 2033, in whole or in part at any time at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

In the case of any redemption of Bonds prior to maturity, the Trustee shall provide notice of redemption to the registered owners of the Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption, by mailing a copy of the redemption notice by first class mail postage prepaid, or by sending a copy of the redemption notice via other standard means, including electronic or facsimile communication. After the date for redemption no further interest shall accrue on any Bond called for redemption if funds for redemption of such Bond have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Purposes for Bonds. The Bonds are being issued to provide funds to refund the Bonds Refunded and to pay the expenses of issuing and insuring the Bonds.

A portion of the proceeds of the Bonds and other available funds will be deposited with the trustee for the Bonds Refunded and used to redeem the Bonds Refunded on September 1, 2026, at a price of par plus accrued interest.

The proceeds of the Bonds plus funds from the Bonds Refunded are estimated to be expended by the City as follows:

SOURCES:	
Principal Amount of Bonds	\$14,720,000
Available Funds from Bonds Refunded	1,138,568
Original Issue Premium	<u>1,109,314</u>
Total Sources	\$16,967,882
USES:	
Costs of Refunding	\$16,664,925
Costs of Issuance and Insurance Policy Premium	181,517
Underwriter's Discount	<u>121,440</u>
Total Uses	\$16,967,882

The payment of Underwriter's discount, premium for the Insurance Policy and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriter's discount. The Underwriter will also be reimbursed certain costs of closing and delivering the Bonds.

Security. The Bonds are not general obligations of the City but are special obligations, equally and ratably secured by a pledge of System revenues. The pledge of System revenues in favor of the Bonds is on a parity with the pledge in favor of the Parity Bonds and senior to the pledge in favor of the Subordinate Bond. The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE** herein.

The City may issue additional bonds on a parity of security with the Bonds. See **THE AUTHORIZING ORDINANCE, Additional Parity Bonds**.

Debt Service Reserve. There is a debt service reserve securing the Bonds and the Parity Bonds in an amount equal to the sum of one-half of the maximum annual principal and interest requirements on the Bonds and the Parity Bonds. The debt service reserve is partially funded with cash and the balance is funded with a municipal bond debt service reserve insurance policy issued by the Insurer in connection with the issuance of the 2015 Bonds in the maximum amount of \$598,825.

THE CITY AND THE COUNTY

Location. The City is located in Saline County (the "County") and in central Arkansas, 22 miles southwest of Little Rock, Arkansas.

The Population. Resident population in the City and the County has been as follows:

<u>Year</u>	<u>City</u>	<u>County</u>
2020 ⁽¹⁾	35,014	123,416
2021 ⁽²⁾	35,688	125,338
2022 ⁽²⁾	36,589	127,419
2023 ⁽²⁾	37,540	129,566
2024 ⁽²⁾	38,088	131,252

⁽¹⁾ 2020 Census.

⁽²⁾ Estimate as of July 1.

Transportation. The City is served by Interstate Highway No. 30 and U.S. Highways Nos. 67 and 70. At least ten motor freight lines and the Union Pacific Railroad make daily shipments from the City to major cities across the United States. Saline County Regional Airport with a 5,002 foot runway serves public aircrafts. The nearest commercial airport is 22 miles away in Little Rock. A barge-rail terminal is on the Arkansas River in Little Rock.

Government. The government of the City operates under the mayor-city council form of government, pursuant to which a mayor is elected for a four-year term and ten aldermen are elected for two-year terms. The current Mayor is Tom Farmer whose term expires on December 31, 2026.

Medical Facilities. The City is served by the Saline Memorial Hospital which currently operates 177 licensed beds.

Financial Institutions. The City is served by branches of Arvest Bank, Bank OZK, First Security Bank, Gateway Bank, Merchants & Farmers Bank, Peoples Bank, Regions Bank, Relyance Bank, The Malvern National Bank and Simmons Bank.

Education. Primary and secondary education for the City's inhabitants are provided by a public school system which is fully accredited by the Arkansas State Department of Education. The University of Arkansas at Little Rock is approximately 22 miles from the City; Arkansas State University Three Rivers has a campus at the Saline County Career and Technical Campus in the City and its main

campus in Malvern is approximately 23 miles from the City; and National Park Community College in Hot Springs is approximately 31 miles from the City.

Economy. Timber is the major industry in the County. Aluminum is also an important industry in the County. Bauxite was discovered in the County in the 1930's. This area has the only bauxite in the United States. Discovery of bauxite in other parts of the world has had a negative impact on mining in the County.

Set forth below are the characteristics of the major employers in the City or within five (5) miles of the City (minimum 100 employees):

<u>Employer</u>	<u>Product or Service</u>	<u>Employees*</u>
Saline Memorial Hospital	Health Care	842
Benton School District	Education	573
Wal-Mart	Retail	450
Kroger	Grocery	431
Heritage Environmental Services, LLC	Waste Management	375
Everett	Automobile Dealership	375
Coorstek	Alumina Ceramics	325
Arkansas Health Center	Health Care	280
City of Benton	City Government	238
Saline County	County Government	230
Olive Garden	Restaurant	200
Rivendell Behavioral Health Center	Behavioral Health Services	180
US Vanadium	Chemical Production	150
Campbell Chrysler Dodge Jeep Ram	Automobile Dealership	109
First Security Bank	Bank	100+

*Approximate.

Buc-ee's is constructing a 75,000 square-foot travel center in the City that is scheduled to open in September 2026. The facility will employ approximately 200 people.

Litigation. There is no material litigation pending or threatened against the City.

Additional County Economic Data. Per capita personal income estimates for the County are as follows⁽¹⁾:

<u>Year</u>	<u>Per Capita Personal Income</u>
2020	\$47,179
2021	51,701
2022	51,281
2023	53,951
2024	56,086

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce; data for 2025 is not yet available.

Total personal income estimates for the County are as follows:⁽¹⁾

<u>Year</u>	<u>Total Personal Income</u>
2020	\$5,841,647,000
2021	6,480,149,000
2022	6,534,237,000
2023	6,990,268,000
2024	7,361,403,000

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce; data for 2025 is not yet available.

Set forth below are the annual average unemployment rates for the City, the County and the State since 2020, according to the Arkansas Department of Workforce Services:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>		
	<u>City</u>	<u>County</u>	<u>State</u>
2020	5.1	5.0	6.1
2021	3.0	3.1	4.0
2022	2.5	2.6	3.2
2023	2.4	2.6	3.1
2024	2.7	2.8	3.5
2025*	3.2	3.4	4.2

* Preliminary as of December 2025.

THE SYSTEM

General. The System, consisting of water, sewer and electric utilities, is owned by the City and operated under the control of the Benton Public Utility Commission (the "Commission"). The names, occupations and expiration dates for terms of the members of the Commission are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires (December 31)</u>
Gary Ferrell, Chairman	President, Staley, Inc.	2026
Skylyr Stott	General Contractor, GC Custom Homes, LLC	2027
Jana Hogue	Institutional Wealth Strategist, Simmons Bank	2028
Dave McCollum	Retired	2029
Kevin Perry	Retired	2030

Operation and management of the System is provided by a utility staff under the direction of a General Manager. Todd Pedersen is the General Manager of the System and has served in that capacity for three years. The System employs approximately 98 persons.

Water System. The water system supplies water to persons inside and outside the City. The water supply is obtained from the Saline River and Lake Norrell. During the low river flows, water is taken from the Chenault Reservoir.

Raw water is pumped from the Saline River to the Chenault Reservoir then to the water treatment plant or from the Saline River directly to the water treatment plant. Water treatment is conventional chemical flocculation, sedimentation, filtration and disinfection. The treated water is pumped and stored in seven (7) storage tanks in the distribution system with a total stated capacity of about 4,500,000 gallons. There are two treated water clearwells with a stated capacity of 1,750,000 gallons which store treated water.

The Commission has entered into a Raw Water Agreement with the Saline Regional Public Water Authority of the State of Arkansas (the "Saline Regional PWA"). The Saline Regional PWA was formed to facilitate the development of a new water source for the County. The City is a constituent entity of the Saline Regional PWA and has a seat on the Board of Directors. If and when the Saline Regional PWA project is completed, the City will be obligated to purchase a minimum amount of raw water from the Saline Regional PWA. The minimum amount of water to be purchased by the City will depend on the total cost of the Saline Regional PWA project, which is currently unknown. It is currently estimated that the Saline Regional PWA project will take three to five years to be completed.

The average number of retail water users by category for each of the past five (5) years is as follows:

<u>Meter Size</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
5/8"	15,258	15,580	15,693	15,753	16,038
1"	433	442	470	475	498
1 1/4"	2	2	1	1	1
1 1/2"	29	30	41	37	37
2"	150	152	158	160	173
3"	10	10	10	10	10
4"	7	7	7	7	7
6"	5	5	4	4	3
10"	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	15,894	16,228	16,385	16,447	16,769

The City sells water on a wholesale basis to the following customers (collectively, the "Wholesale Customers"): Salem Water Users Public Water Authority of the State of Arkansas ("Salem"); Southwest Water Users Public Water Authority of the State of Arkansas ("Southwest"); and the Town of Bauxite ("Bauxite").

The City currently has wholesale water contracts with Salem, Southwest and Bauxite. The contracts with Salem and Southwest expire on December 31, 2028. The contract with Bauxite expires on December 31, 2030. The current contract rate for Salem is \$2.642 per 1,000 gallons. The current contract rate for Southwest is \$2.705 per 1,000 gallons. The current contract rate for Bauxite is \$2.57 per 1,000 gallons.

The Wholesale Customers serve approximately 13,000 customers. The percentage of water purchased for which each Wholesale Customer accounted in 2025 and the revenues for which each Wholesale Customer accounted in 2025 were as follows:

<u>Wholesale Customer</u>	<u>Percentage of Water Purchased</u>	<u>Total Revenues Paid</u>
Southwest	66%	\$768,183
Salem	28	319,108
Bauxite	6	62,567

The average daily water use in gallons, the maximum daily water use in gallons and the total water use for the year in gallons for each of the past five (5) years is as follows:

<u>Year</u>	<u>Average Daily Water Use in Gallons</u>	<u>Maximum Daily Water Use in Gallons</u>	<u>Total Water Use for Year in Gallons</u>
2021	5,575,000	8,708,000	2,034,875,000
2022	5,858,000	9,639,000	2,140,543,000
2023	5,256,000	8,700,000	1,904,000,000
2024	5,260,000	9,400,000	1,814,000,000
2025	5,870,000	7,700,000	2,142,000,000

Sewer System. The sanitary sewer system, owned by the City, provides service primarily inside the corporate boundaries of the City. The sewer system is a conventional gravity collection system. Numerous sewage pumping stations are located within the collection system. Treatment consists of screening, grit removal, primary sedimentation, secondary and tertiary biological treatment by aerated sludge treatment by oxidation ditch, rotating biological contractors, secondary sedimentation and effluent disinfection. The lines, pumps and treatment plant are all integrated and used jointly by all customers who are generally dispersed over the System.

The average number of sewer users for each of the past five years is as follows:

<u>Year</u>	<u>Total</u>
2021	15,590
2022	15,864
2023	16,058
2024	16,088
2025	16,370

Electric System. The electric system, owned by the City, provides service inside the corporate boundaries of the City. The City takes delivery of power at five different locations that range from 3 to 33 megawatts, two of which are owned by the City and three of which are owned by Entergy Arkansas Inc. The City has five primary feeder circuits rated at 530 AMPS each, at a voltage of 7,620/13,200 GRD.Y. and ten primary feeder circuits rated at 800 AMPS each. The System is basically a loop feed around the entire City with the ability to transfer loads from one circuit to another if circumstances dictate. The majority of power lines are located overhead.

The City purchases electricity from Constellation Energy pursuant to a contract which expires May 31, 2027.

The average number of electric users by category for each of the past five years is as follows:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2021	12,550	2,009	14,559
2022	12,729	1,970	14,699
2023	12,906	1,836	14,742
2024	12,972	1,784	14,756
2025	13,363	1,744	15,107

Rates. The monthly rates charged for water, sewer and electric service are set forth in Exhibit B attached hereto.

Largest Users of the System. There is no user that accounts for more than 5% of the System’s electric, water and sewer revenues. The five largest users of the System for 2025 were:

1. CoorsTek, Inc.
2. Saline Memorial Hospital
3. Benton School District
4. Almatris
5. Walmart

There is no material litigation or administrative proceeding pending by or against the City relating to the System.

BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Bonds, AG will issue the Insurance Policy for the Bonds. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Insurance Policy included as an exhibit to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc. AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At December 31, 2025:

- The policyholders' surplus of AG was approximately \$3,249 million.
- The contingency reserve of AG was approximately \$1,511 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

THE AUTHORIZING ORDINANCE

The Bonds are being issued and secured pursuant to the Authorizing Ordinance to which reference may be had in its entirety for a detailed statement of its provisions, the description set forth below being a summary of certain provisions. The summary will incorporate by reference the material portions of Ordinance No. 1 of 1949 which deals comprehensively with the System and System revenues. The City will covenant as set forth below in the Authorizing Ordinance.

Rates and General Covenants to Operate. The rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set out in those ordinances, are ratified, confirmed and continued.

The City covenants that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the net revenues of the System (net revenues being defined as gross revenues less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted government accounting standards applicable to municipal electric, water and sewer facilities other than depreciation above the requirement to be funded in the Depreciation Fund, interest and amortization of deferred bond discount expenses), with the reduced rates, will always be equal to the amount required to be set aside for the Depreciation Fund (described below) and any debt service reserve for any outstanding bonds to which Revenues are pledged ("System Bonds") and to pay the insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Revenues and to leave a balance equal to at least 150% of the aggregate average annual principal and interest requirements on all System Bonds. The City further covenants that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce net revenues at least sufficient to provide the required deposit into the Depreciation Fund, to pay principal, interest and trustee's and paying agent's fees when due in connection with System Bonds, to pay the insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds and to otherwise comply with the Authorizing Ordinance and all ordinances authorizing System Bonds.

The System shall be continuously operated as a revenue producing undertaking, and all moneys received from its operation shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by the City, subject, however, to the giving of security as now or as hereafter may be required by law, and provided that such depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC").

Funds and Disposition of Revenues. (a) All revenues derived from the operation of the System shall be deposited into a special fund designated "Public Utilities Fund" (the "Revenue Fund").

(b) There shall be paid from the Revenue Fund into a fund designated "Public Utilities Depreciation Fund" (the "Depreciation Fund"), on the first day of each month while any of the Bonds are outstanding, the sum of \$10,000. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of repairs and replacements to the System made necessary by the depreciation of the System.

If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to defray the cost of the probable replacements during the then current fiscal year and next ensuing fiscal year, and which in the judgment of the City is not needed for replacements, such surplus shall be transferred into the Revenue Fund.

(c) There shall be paid from the Revenue Fund into a fund designated "Public Utilities Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), on the first day of each month, an amount sufficient to pay the operating expenses and to make reasonable provision for

maintenance of the System for such month and from which disbursements shall be made only for those purposes.

If any surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the costs of operation and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Depreciation Fund.

(d) After making the monthly deposit in the Depreciation Fund and the Operation and Maintenance Fund, there shall be transferred from the Revenue Fund into a special fund designated the "1993 Public Utility Revenue Bond Fund" (the "Bond Fund"), on the first business day of each month until all outstanding Bonds and the Parity Bonds with interest thereon have been paid in full or provision made for such payment, a sum equal to 1/6 of the next installment of interest due on the Bonds and the Parity Bonds and 1/12 of the next installment of principal due on the Bonds and the Parity Bonds; provided, however, that payments into the Bond Fund shall be adjusted in order to make the first interest and first principal payment on the Bonds.

The City shall also pay into the Bond Fund such additional sums as necessary to provide the Trustee's fees and expenses and any arbitrage rebate payment due to be paid to the United States Treasury with respect to the Parity Bonds. The City shall receive a credit against monthly deposits into the Bond Fund from Bond proceeds deposited therein and all interest earnings on moneys in the Bond Fund and for transfers into the Bond Fund derived from earnings on the Debt Service Reserve during the preceding month.

There is created, as a part of the Bond Fund, a Debt Service Reserve which shall be maintained in an amount equal to one-half of the maximum annual principal and interest requirements on the Parity Bonds and the Bonds (the "required level"). The Debt Service Reserve has been partially funded with cash and the balance with a debt service reserve insurance policy issued by the Insurer in connection with the issuance of the 2015 Bonds (the "Reserve Policy"). In the event the Debt Service Reserve becomes impaired or is reduced below the required level, the City shall make additional monthly payments from the Revenue Fund until the impairment or reduction is corrected over a twelve month period.

If for any reason there shall be a deficiency in the payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds and the Parity Bonds as the same become due, all cash then held in the Debt Service Reserve shall be withdrawn completely before any demand is made under the Reserve Policy. All cash withdrawn from the Debt Service Reserve shall be reimbursed from the Revenue Fund as described above before any moneys in the Revenue Fund shall be used for any other purpose other than the making of payments required to be made into the Operation and Maintenance Fund, the Depreciation Fund, the Bond Fund and the Subordinate Bond Fund hereinafter identified. Amounts drawn on the Reserve Policy and payment of expenses and accrued interest thereon shall be repaid to the Insurer prior to the replenishment of any cash amount to the Debt Service Reserve. The Debt Service Reserve shall be used solely as described in the Authorizing Ordinance.

(e) After making the monthly payments into the Depreciation Fund, the Operation and Maintenance Fund and the Bond Fund, there shall be paid from the Revenue Fund into the fund designated "2009 Public Utility Revenue Bond Fund" (the "Subordinate Bond Fund") on the first business day of each month an amount sufficient to pay the principal of and interest on the Subordinate Bond when due in accordance with the ordinance authorizing the Subordinate Bond.

(f) Any surplus in the Revenue Fund after making all disbursements and providing for all funds described above shall be used for the payment of any amounts owed the Insurer and the payment of any amounts owed the insurers of the System Bonds and may be used, at the option of the City, for any lawful municipal purpose authorized by the City.

Additional Parity Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of pledge on Revenues over the pledge securing the Bonds.

The City reserves the right to issue additional bonds to finance or pay the cost of constructing any future extensions, betterments or improvements to the System or to refund System Bonds, but the City shall not authorize or issue any such additional bonds ranking on a parity with the outstanding Bonds unless and until there have been procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the net revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 130% of the maximum annual principal and interest requirements on all the then outstanding System Bonds and the additional bonds then proposed to be issued. The term "net revenues" means gross Revenues of the System less the amounts required to pay the costs of operation and maintenance expenses of the System, other than depreciation, interest and amortization, determined in accordance with generally accepted accounting principles. In making the computation set forth above, the City, and the Accountant on behalf of the City, may, based upon the opinion or report of a registered professional engineer not in the regular employ of the City, treat any increase in rates for the System enacted subsequent to the first day of such preceding fiscal year as having been in effect throughout such fiscal year and may include in gross Revenues for such fiscal year the amount that would have been received, based on such opinion or report, had the increase been in effect throughout such fiscal year.

Accounts and Records. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the registered owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant at least once each year, and a copy of the audit shall be delivered to the Trustee and made available to registered owners requesting the same in writing. In the event that the City fails or refuses to make the audit, the Trustee or any registered owner of the Bonds may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Maintenance; Insurance. The City covenants and agrees that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any of the Bonds are outstanding, the City agrees that it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof, properties of the System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire and other perils included in extended coverage insurance in effect in the State. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and satisfactory evidence of said insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Revenue Fund, and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied first from moneys in the Depreciation Fund and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Revenue Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Defeasance. Any Bond shall be deemed paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make

such payment and/or (2) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Investment Securities") maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any Bonds within the meaning of the Authorizing Ordinance the Trustee will hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Investment Securities.

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance and if the Trustee has been paid its fees and expenses, the Trustee will take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City. In determining the sufficiency of the deposit of Investment Securities there will be considered the principal amount of such Investment Securities and interest to be earned thereon until the maturity of such Investment Securities.

Defaults and Remedies. (a) If there is any default in the payment of the principal of or interest on any of the Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of Arkansas. And in the case of a default in the payment of the principal of and interest on any of the Bonds, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the registered owners of the Bonds with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Bonds and interest outstanding and to apply the revenues in conformity with the laws of Arkansas and with the Authorizing Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No registered owner of any of the outstanding Bonds shall have any right in any manner whatever by his action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder, unless (i) such owner or the Trustee shall have given written notice of such default to the Insurer and (ii) such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than ten percent (10%) in principal amount of all the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Bonds and any individual rights of action or other right given to one or more of such registered owners by law are restricted by the Authorizing Ordinance to the rights and remedies therein provided.

(c) No remedy conferred upon or reserved to the Trustee, to the Insurer or to the registered owners of the Bonds is intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Authorizing Ordinance or by law.

(d) Subject to the provisions of subparagraph (f) below, the Trustee may, and upon the written request of the registered owners of not less than fifty percent (50%) in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) In any proceeding to enforce the provisions of the Authorizing Ordinance the Trustee or any plaintiff Bondholder shall be entitled to recover costs of such proceeding, including reasonable attorneys' fees.

(f) Notwithstanding the above, the Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the Bonds are entitled to take pursuant to the Authorizing Ordinance.

Amendment of Authorizing Ordinance. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth. The Trustee may consent to any variation or change in the Authorizing Ordinance in order to cure any ambiguity, defect or omission therein or any amendment thereto, or, with prior written consent of the Insurer, any other change which in the opinion of the Trustee is not materially adverse to the interests of the owners of the Bonds, without the consent of the owners of the outstanding Bonds. The Insurer and the owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the City of a supplemental ordinance as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance; provided, however, that nothing therein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge created by the Authorizing Ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the Insurer or by the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk, the Insurer and the registered owners of the Bonds. The majority in value of the registered owners of the outstanding Bonds, with the consent of the Insurer, or the City, so long as the City is not in default under the Authorizing Ordinance, upon notice to the Insurer, at any time, with or without cause, may remove the Trustee. In addition, the Insurer shall have the right to remove the Trustee for any breach by the Trustee of the terms of the Authorizing Ordinance. In the event of a vacancy in the office of Trustee, either by resignation or by removal, then the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk and with the Insurer. Every successor Trustee shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and

surplus of not less than \$75,000,000 and acceptable to the Insurer. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. Notwithstanding the above, neither the removal of the Trustee nor the resignation by the Trustee shall be effective until a successor Trustee, acceptable to the Insurer, shall have been appointed.

Investments. (a) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested pursuant to the direction of the City in Permitted Investments defined in (d) below (excluding Municipal Bonds (as hereinafter defined) and provided the Collateral Securities (as hereinafter defined) shall be limited to Government Securities (as hereinafter defined)), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, as follows: not later than the payment date for interest or principal and interest for moneys in the debt service portion of the Bond Fund; and not later than seven (7) years or the final maturity of the Bonds, whichever is earlier, for moneys in the Debt Service Reserve.

(b) Moneys held for the credit of any other fund shall be continuously invested and reinvested pursuant to the direction of the City in Permitted Investments as defined in (d) below or other investments as may, from time to time, be permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required for purposes intended.

(c) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

(d) "Permitted Investments" are defined as (i) direct or fully guaranteed obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) ("Government Securities"), (ii) demand deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or, if in excess of insurance coverage, collateralized by Collateral Securities held by a third party and in which Collateral Securities the City has a perfected security interest, (iii) savings accounts, deposit accounts or money market deposits in banks, including the Trustee, which are fully insured by the FDIC, (iv) municipal obligations rated "Aaa/AAA" or general obligations of the State with a rating of at least "A2/A" or higher by both Moody's and S&P that are eligible investments for public funds under State law ("Municipal Bonds"), or (v) money market funds comprised exclusively of Government Securities and having a rating by S&P of "AAAm-G" or "AAAm."

(e) "Collateral Securities" include Government Securities, obligations of Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration, General Services Administration, U. S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U. S. Department of Housing & Urban Development, Federal Housing Administration, Federal Financing Bank, senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, obligations of the Resolution Funding Corporation, and senior debt obligations of the Federal Home Loan Bank System. All Collateral Securities shall be securities authorized by Arkansas law to secure public deposits.

CONTINUING DISCLOSURE AGREEMENT

During the past five years, the City has been obligated to comply with continuing disclosure agreements involving seven bond issues. Such agreements require the City to file annual reports with the trustees, as dissemination agents. The dissemination agents are required to file the annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within various time periods set by those agreements. While the City has not made any determination as to materiality, the following summarizes a non-exhaustive discussion of the City's compliance with its continuing disclosure obligations over the past five years.

As part of its annual report, the City is obligated to file annual audited financial statements. For five of the bond issues, the City is required to file the audit of the general purpose financial statements of the City. The City is required to file audited financial statements of the System for two of its bond issues.

For the bond issues that require the City to file the audit of the City's general purpose financial statements, such audited financial statements were timely filed in each of the past five years.

For the bond issues that require the City to file the audit of the System's financial statements, such audited financial statements for the fiscal years ended December 31, 2020, 2021 and 2024 were timely filed. The audited financial statements of the System for the fiscal years ended December 31, 2022 and 2023 were filed 20 days late and 52 days late, respectively. A notice concerning such failures was not filed on EMMA.

All of the continuing disclosure agreements require that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies depending on the type of bond issue and how each is secured. In the past five years all supplemental financial and operating data was filed on EMMA in a timely manner.

The continuing disclosure agreements also obligate the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). The City timely filed all such notices during the past five years.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of the provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean an Annual Report provided by the City pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a:

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year (presently December 31) commencing with the report after the end of the 2026 fiscal year, provide to the Insurer and the MSRB an Annual Report with respect to the Bonds which is consistent with the requirements of the Continuing Disclosure Agreement. Each Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the Financial Statements (defined below) of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such Financial Statements shall be submitted within thirty (30) days of receipt thereof by the City. If the fiscal year of the City changes, it shall give notice of such change in the manner as for a Listed Event.

(b) Not later than five (5) days prior to the date specified in subsection (a) for providing each Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in 1 under Content of Annual Report, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB and the Insurer.

(d) The Dissemination Agent shall file a report with the City and (if the Dissemination Agent is not the Trustee), the Trustee certifying that the Annual Report (containing the information required in 1 under Content of Annual Report, below) has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

(e) As and to the extent an Annual Report or Notice of Listed Event is required to be filed under the Continuing Disclosure Agreement, the City shall submit such Annual Report or Notice of Material Event to the MSRB through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org>, or any other similar system that is acceptable to the Securities and Exchange Commission. All documents provided to the MSRB pursuant to the Continuing Disclosure Agreement shall be in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the following:

1. Information of the type set forth in this Official Statement under the caption **THE SYSTEM** with respect to (i) average daily water use in gallons, maximum daily water use in gallons and total annual water use in gallons for the preceding fiscal year and the previous four fiscal years; (ii) the water, sewer and electric users by category for the fiscal year then ended and the four previous fiscal years; and (iii) the top five users of the System for the previous fiscal year and a statement as to which users accounted for 5% or more of System revenues for the preceding fiscal year.

2. The financial statements of the System prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America ("Financial Statements").

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.
13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the City shall promptly notify the Dissemination Agent (if other than the City) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in (a)8 above), whether by notice from the Trustee or otherwise, the City shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent) and the Insurer. Each notice of the occurrence of a Listed Event shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds.

Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the City and the Trustee may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or to the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Default. In the event of a failure of the City or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the Insurer, the City or any Beneficial Owner may (and the Trustee, at the request of the Underwriter or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Trustee and Dissemination Agent and Right of Indemnity. The Dissemination Agent (if other than the Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Insurer, the Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

FINANCIAL INFORMATION

Set forth in Exhibit A to this Official Statement are the audited financial statements of the System for the fiscal years ended December 31, 2025 and 2024. These financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America. These financial statements should be read in their entirety together with any notes and supplemental information attached thereto.

Operating revenues and expenses of the System have been summarized by management of the City for the five fiscal years ended December 31, 2025 - 2021 from the audited financial statements of the System, as follows:

	<u>Fiscal Years Ended December 31</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues ⁽¹⁾	\$50,651,112	\$46,627,467	\$40,891,799	\$39,084,604	\$39,051,791
Operating Expenses Excluding Depreciation and Interest ⁽²⁾	<u>(35,103,499)</u>	<u>(32,578,950)</u>	<u>(30,320,012)</u>	<u>(29,832,640)</u>	<u>(26,883,304)</u>
Net Operating Income Before Depreciation, Interest and Bond Issuance Costs	\$15,547,613	\$14,048,517	\$10,571,787	\$9,251,964	\$12,168,487
Depreciation	(6,983,984)	(6,520,625)	(3,834,868)	(5,818,220)	(5,613,053)
Non-Operating Expenses	<u>(395,618)</u>	<u>(499,801)</u>	<u>(810,772)</u>	<u>(1,550,715)</u>	<u>(1,449,748)</u>
Net Income	\$8,168,011	\$7,028,091	\$5,926,147	\$1,883,029	\$5,105,686

⁽¹⁾Includes interest income.

⁽²⁾Included in operating expenses are franchise fees charged the Commission that are payable to the City from System revenues. Franchise fees are payable monthly and are calculated at 5.2% of System revenues for that month.

DEBT SERVICE COVERAGE

The following table shows the net revenues available for debt service on the Bonds, the Parity Bonds and the Subordinate Bond, the amount of maximum annual debt service expected to be due and the extent to which debt service is covered by such funds:

Net Revenues Available for Debt Service ⁽¹⁾	\$15,427,613
Maximum Annual Debt Service Requirements for Bonds, Parity Bonds and Subordinate Bond	3,383,418
Debt Service Coverage	4.56x

⁽¹⁾Net Revenues available for debt service are defined to mean gross revenues of the System (including interest earnings) less the expenses of operation, maintenance and repair of the System (excluding depreciation, interest and amortization expenses). Net revenues available for debt service are based on the audited financial statements of the System for the fiscal year ended December 31, 2025; less \$120,000 of total annual deposits into the Depreciation Fund.

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds for each year:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2026	\$ 125,000	\$167,076.25	\$ 292,076.25
2027	965,000	685,100.00	1,650,100.00
2028	1,020,000	636,850.00	1,656,850.00
2029	1,065,000	585,850.00	1,650,850.00
2030	1,115,000	532,600.00	1,647,600.00
2031	1,890,000	476,850.00	2,366,850.00
2032	1,985,000	382,350.00	2,367,350.00
2033	2,090,000	283,100.00	2,373,100.00
2034	2,190,000	178,600.00	2,368,600.00
2035	<u>2,275,000</u>	<u>91,000.00</u>	<u>2,366,000.00</u>
<u>TOTALS</u>	\$14,720,000	\$4,019,376.25	\$18,739,376.25

Set forth below are the debt service requirements for the Bonds, the Parity Bonds and the Subordinate Bond for each year after the Bonds are issued:

<u>Year</u>	<u>Bonds</u>	<u>Parity Bonds</u>	<u>Subordinate Bond</u>	<u>Total</u>
2026	\$ 292,076.25	\$1,986,102.50	\$16,160	\$2,294,338.75
2027	1,650,100.00	1,578,467.50	16,160	3,244,727.50
2028	1,656,850.00	1,569,067.50	16,160	3,242,077.50
2029	1,650,850.00	1,572,320.00	16,160	3,239,330.00
2030	1,647,600.00	1,578,400.00	16,160	3,242,160.00
2031	2,366,850.00	862,100.00	16,160	3,245,110.00
2032	2,367,350.00	858,860.00	16,160	3,242,370.00
2033	2,373,100.00	855,192.50	16,160	3,244,452.50
2034	2,368,600.00	855,427.50	4,709	3,228,736.50
2035	2,366,000.00	855,072.50	-	3,221,072.50
2036	-	3,383,417.50	-	3,383,417.50
TOTALS	\$18,739,376.25	\$15,954,427.50	\$133,989	\$34,827,792.75

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the legality of the Bonds or the proceedings and authority under which the Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Bonds.

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income taxes and the Bonds are exempt from property taxation in the State.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds and the System. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (ii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

Prospective purchasers of the Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

As shown on the front cover of this Official Statement, certain of the Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Underwriting. Stephens Inc., the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Bonds from the City at an aggregate purchase price of \$15,707,874.15 (principal amount plus original issue premium of \$1,109,314.15 and less an Underwriter's discount of \$121,440). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

Ratings. S&P is expected to assign a credit rating of "AA" to the Bonds with the understanding that the scheduled payment of principal of and interest on the Bonds will be guaranteed under the Insurance Policy to be issued by the Insurer. The underlying credit rating for the Bonds is "A1" by Moody's Investors Service, Inc. ("Moody's").

An explanation of the significance of such ratings may be obtained from S&P and Moody's. Generally, rating agencies base their ratings on such material and information, as well as their own investigations, studies, assumptions, and policies. It should be noted that a rating may be changed at any time and that no assurance can be given that it will not be revised or withdrawn by the rating agencies if, in their respective judgments, circumstances should warrant such action. Any downward revision or withdrawal of the ratings could have an adverse effect on market prices of the Bonds. The Underwriter and the City have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Information in the Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement on behalf of the City has been authorized by the City.

CITY OF BENTON, ARKANSAS

By /s/ Tom Farmer
Mayor

Dated: As of the Cover Page hereof.

EXHIBIT A

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2025 AND 2024



Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

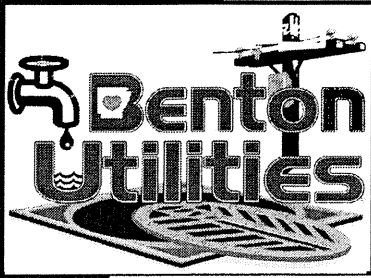
Benton Municipal Light and Water Works
City of Benton, State of Arkansas

Financial Statements
and Supplementary Information

December 31, 2025 and 2024

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

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BENTON UTILITIES

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

Management's Discussion and Analysis

The management's discussion and analysis of Benton Municipal Light and Water Works' (Utility System) financial performance provides an overview of the Utility System's financial activities for the year ended December 31, 2025. Please read it in conjunction with the Utility System's financial statements, which are presented on pages 8 through 19.

Required Financial Statements

The financial statements of the Utility System report information utilizing the full accrual basis of accounting. The financial statements conform to accounting principles generally accepted in the United States. The balance sheets include information of the Utility System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Utility System's creditors (liabilities). The statements of revenues, expenses and changes in net position identify the Utility System's revenues and expenses for the years ended December 31, 2025 and 2024. This statement provides information on the Utility System's operations over the past two years and can be used to determine whether the Utility System has recovered all of its costs through user fees and other charges. The third financial statement is the statement of cash flows. This statement provides information on the Utility System's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the statements of cash flows, the reader can obtain comparative information on the source and use of cash and the change in the cash balance for each of the last two years.

2025 Financial Highlights

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

Financial Analysis of the Utility System

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

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

Condensed Statements of Net Position

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

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

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

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

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

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

Capital Assets

At December 31, 2025, the Utility had \$75,637,833 net invested in capital assets. This investment in capital assets includes land, buildings, vehicles, equipment, utility infrastructure, construction materials and construction in progress. The total increase in the Utility's investment in capital assets for the year 2025 was \$6,736,961 or 9.78%, due to an increase in service facilities and equipment. A schedule summary showing the changes to the capital assets during the year 2025 can be found in Note 4 on page 14 of this audit report.

Debt Administration

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

Economic Factors and Next Year's Budget and Rates

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

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

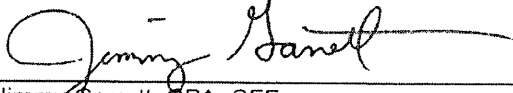
Significant progress was made on several construction and system projects in 2025. These projects were funded through operating revenues.

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

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

Contacting the Utility's Financial Management

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

A handwritten signature in black ink, reading "Jimmy Garrett", with a long horizontal line extending to the right from the end of the signature.

Jimmy Garrett, CPA, CFF
Chief Financial Officer
Benton Utilities

(Y.L.)

Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

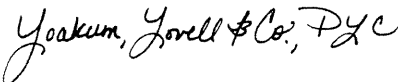
Required Supplementary Information

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

Supplementary Information

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

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



Certified Public Accountants

Benton, Arkansas
April 7, 2026

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

Assets and Deferred Outflows of Resources

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

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

Liabilities, Deferred Inflows of Resources and Net Position

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

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

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

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

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

Non-Cash Capital Financing Activities:

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

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

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

Note 1: Summary of Significant Accounting Policies

The financial statements of the Benton Municipal Light and Water Works have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of the Benton Municipal Light and Water Works' accounting policies are described below:

- A. Reporting Entity** - The Benton Municipal Light and Water Works (the Utilities) is a part of the City of Benton, State of Arkansas (the City). The City is governed by the Mayor Council form of government which operated the utility system in prior years through January 1, 2006. Effective February 1, 2006, a Utility Commission was created and granted full power to manage, operate, control, supervise, improve, extend, maintain, and contract concerning the utility system, subject to the authorizing legislation and certain conditions set from time to time by the City Council. The statements reflect the results of operations of three departments: light, water and waste water. Material transactions between the departments have been eliminated.
- B. Basis of Accounting** - The Benton Municipal Light and Water Works is a proprietary enterprise type fund. The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.
- C. Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Utilities considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- D. Cash Deposits** – All cash deposits were insured or collateralized with securities held by the pledging financial institution, trust department, or by its agent in the City's name as of the balance sheet date.
- E. Inventories** - Inventories are stated at the lower of cost or market on a first-in, first-out method.
- F. Board Designated Funds** – The Utilities Board has designated that certain funds are to be deposited into separate accounts and are to be used for certain designated purposes. The funds may only be spent with the approval of the Utilities Board.
- G. Accumulated Compensated Absences** - It is the Utilities' policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Utilities' services. It is the Utilities' policy to pay up to a maximum of 90 accumulated sick days to employees who retire from the Utilities. The following is a schedule of accrued compensation at December 31, 2025 and 2024, respectively:

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

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

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

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

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

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

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

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

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

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

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

Note 2: Restricted Funds

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

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

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

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

Note 3: Board Designated Funds

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

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

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

Note 4: Capital Assets

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

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

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

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

Note 5: Revenue Bonds Payable

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

Issue of March 6, 2009	2.75%	6/01/2034
Issue of July 1, 2015	2.00% to 5.00%	9/01/2036
Issue of February 12, 2020	1.80% to 3.05%	9/01/2036

The following schedule details the changes in revenue bonds payable for the years ending December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 32,761,696	\$ 36,008,980	\$ 39,165,934
Issued			
Retired	<u>(3,331,269)</u>	<u>(3,247,284)</u>	<u>(3,156,954)</u>
Ending Balance	<u>\$ 29,430,427</u>	<u>\$ 32,761,696</u>	<u>\$ 36,008,980</u>

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

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

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

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

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

Note 6: Related Party Transactions

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

Note 7: Supplemental Cash Flow Disclosure

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

Note 8: Retirement Plan

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

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

The plan is administered by Simmons First Trust Company. The financial statements and disclosures for the plan are included in a stand-alone financial report provided by the actuary. As of the date of this report, the stand-alone financial report for 2025 is not available.

For financial statement purposes, the Utilities has recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2024 using December 31, 2023 actuarial information and recorded net pension liability and net pension inflows and outflows for the year ending December 31, 2025 using December 31, 2024 actuarial information.

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

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

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

Note 8: Retirement Plan (Cont'd)

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

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

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

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

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

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

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

Note 8: Retirement Plan (Cont'd)

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

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

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

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

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

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

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

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

Note 8: Retirement Plan (Cont'd)

Contributions made subsequent to the measurement date will be reversed in the year ending December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in the financial statements as follows:

Years ended December 31:	2026	\$ 1,222,184
	2027	822,535
	2028	(319,873)
	2029	(230,260)
	2030	(38,212)
	Thereafter	<u>(38,210)</u>
		<u>\$ 1,418,164</u>

Note 9: Subsequent Events

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

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

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

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

	2025		2024		2025		2024		Eliminations		2025		2024	
	Light Dept.	Light Dept.	Water Dept.	Water Dept.	Waste Water Dept.	Waste Water Dept.	Waste Water Dept.	Waste Water Dept.	2025	2024	Combined Total	Combined Total		
Revenue - Operations														
Fees	\$ 28,872,316	\$ 28,007,970	\$ 9,623,517	\$ 8,741,125	\$ 10,530,410	\$ 8,898,517	\$ 8,898,517	\$ (1,041,027)	\$ (1,098,851)	\$ (1,041,027)	\$ 47,927,392	\$ 44,606,585		
Service Charges and Connection Fees	282,905	238,383	281,553	229,000	1,288,599	940,065	940,065				1,853,057	1,407,448		
Penalties	212,837	171,439	66,770	45,317	91,883	63,584	63,584				371,490	280,340		
Other Income	332,650	112,931	118,071	61,780	48,452	158,383	158,383				499,173	333,094		
Total Revenue - Operations	29,700,708	28,530,723	10,089,911	9,077,222	11,959,344	10,060,549	10,060,549	(1,098,851)	(1,098,851)	(1,041,027)	50,651,112	46,627,467		
Expenses - Operations														
Power Costs	18,302,992	17,009,211									18,302,992	17,009,211		
Plant Production			2,254,439	2,323,865	3,155,217	3,030,262	3,030,262	(936,904)	(997,069)	(936,904)	4,412,587	4,417,223		
General and Distribution	3,702,465	3,890,704	1,721,632	1,701,170	2,205,428	1,406,392	1,406,392	(98,585)	(98,585)	(100,900)	7,530,940	6,897,366		
Administrative	1,271,425	1,179,230	1,271,731	1,193,313	2,169,188	1,757,296	1,757,296	(3,197)	(3,197)	(3,223)	4,709,147	4,126,616		
Depreciation	1,340,598	1,323,415	2,473,738	2,343,485	3,169,648	2,853,725	2,853,725				6,983,984	6,520,625		
Franchise Fees	27,164	18,965	75,962	72,983	44,707	36,586	36,586				147,833	128,534		
Total Expenses - Operations	24,644,644	23,421,525	7,797,502	7,634,816	10,744,188	9,084,261	9,084,261	(1,098,851)	(1,098,851)	(1,041,027)	42,087,483	39,099,575		
Operating Income (Loss)	5,056,064	5,109,198	2,292,409	1,442,406	1,215,156	976,288	976,288				8,563,629	7,527,892		
Non-Operating Revenues (Expenses)														
Investment Income	336,952	329,180	187,072	165,135	321,950	329,887	329,887				845,974	824,202		
Interest Expense	(45,109)	(49,802)	(246,494)	(275,701)	(949,989)	(998,500)	(998,500)				(1,241,592)	(1,324,003)		
Total Non-Operating Revenues (Expenses)	291,843	279,378	(59,422)	(110,566)	(628,039)	(668,613)	(668,613)				(395,618)	(499,801)		
Net Income (Loss) Before Contributions and Transfers	\$ 5,347,907	\$ 5,388,576	\$ 2,232,987	\$ 1,331,840	\$ 587,117	\$ 307,675	\$ 307,675	\$	\$	\$	8,168,011	7,028,091		
Capital Contributions											2,282,637	1,311,484		
Change in Net Position											\$ 10,450,648	\$ 8,339,575		

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

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

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

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

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

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

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

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

Sewer Monthly Rates

- (a) 0-1 mg minimum average water usage - \$28.55
- (b) All over 1 mg minimum average water usage - \$28.55 minimum, plus \$5.625 per mg for all over 1 mg, out of city limits \$49.96 minimum and \$9.844 mg for all over 1 mg.
- (c) New residential customers charged \$28.55 per month until six (6) winter month's time frame established.
- (d) Commercial/industrial customers will be based on actual monthly water usage unless a leveled bill is approved by the utilities general manager.
- (e) Those sewer customers moving from one location to another on the city system, and having a previously established six (6) winter months usage time frame at the old location, shall have the sewer rate for their previous location continued at their new location.

Number of Sewer Users

	<u>2025</u>
Residential	15,265
Commercial	1,196
Industrial	<u>4</u>
	<u>16,465</u>

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

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 125,427
06/01/2026	12,798	3,362	112,629
12/01/2026	6,531	1,549	106,098
06/01/2027	6,621	1,459	99,477
12/01/2027	6,712	1,368	92,765
06/01/2028	6,804	1,276	85,961
12/01/2028	6,898	1,182	79,063
06/01/2029	6,993	1,087	72,070
12/01/2029	7,089	991	64,981
06/01/2030	7,187	893	57,794
12/01/2030	7,285	795	50,509
06/01/2031	7,386	694	43,123
12/01/2031	7,487	593	35,636
06/01/2032	7,590	490	28,046
12/01/2032	7,694	386	20,352
06/01/2033	7,800	280	12,552
12/01/2033	7,907	173	4,645
06/01/2034	4,645	64	
	<u>\$ 125,427</u>	<u>\$ 16,642</u>	

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 18,935,000
03/01/2026		455,775	18,935,000
09/01/2026	995,000	455,775	17,940,000
03/01/2027		435,875	17,940,000
09/01/2027	1,035,000	435,875	16,905,000
03/01/2028		410,000	16,905,000
09/01/2028	1,095,000	410,000	15,810,000
03/01/2029		382,625	15,810,000
09/01/2029	1,145,000	382,625	14,665,000
03/01/2030		354,000	14,665,000
09/01/2030	1,200,000	354,000	13,465,000
03/01/2031		324,000	13,465,000
09/01/2031	1,980,000	324,000	11,485,000
03/01/2032		274,500	11,485,000
09/01/2032	2,080,000	274,500	9,405,000
03/01/2033		222,500	9,405,000
09/01/2033	2,185,000	222,500	7,220,000
03/01/2034		167,875	7,220,000
09/01/2034	2,290,000	167,875	4,930,000
03/01/2035		110,625	4,930,000
09/01/2035	2,405,000	110,625	2,525,000
03/01/2036		50,500	2,525,000
09/01/2036	2,525,000	50,500	
	<u>\$ 18,935,000</u>	<u>\$ 6,376,550</u>	

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

December 31, 2025

Maturity Date	Principal	Interest	Principal Outstanding
	\$	\$	\$ 10,370,000
03/01/2026		139,914	10,370,000
09/01/2026	1,200,000	139,914	9,170,000
03/01/2027		126,234	9,170,000
09/01/2027	1,225,000	126,234	7,945,000
03/01/2028		111,534	7,945,000
09/01/2028	1,245,000	111,534	6,700,000
03/01/2029		95,660	6,700,000
09/01/2029	1,280,000	95,660	5,420,000
03/01/2030		78,700	5,420,000
09/01/2030	1,320,000	78,700	4,100,000
03/01/2031		60,550	4,100,000
09/01/2031	640,000	60,550	3,460,000
03/01/2032		51,430	3,460,000
09/01/2032	655,000	51,430	2,805,000
03/01/2033		42,096	2,805,000
09/01/2033	670,000	42,096	2,135,000
03/01/2034		32,214	2,135,000
09/01/2034	690,000	32,214	1,445,000
03/01/2035		22,036	1,445,000
09/01/2035	710,000	22,036	735,000
03/01/2036		11,209	735,000
09/01/2036	735,000	11,209	
	<u>\$ 10,370,000</u>	<u>\$ 1,543,154</u>	

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

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

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Benton Utilities Employees' Pension Plan

	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Total Pension Liability										
Service Cost	\$ 439,222	\$ 438,235	\$ 530,580	\$ 410,064	\$ 372,188	\$ 380,350	\$ 395,517	\$ 382,204	\$ 390,180	\$ 340,980
Service Transfer									4,256	(884,253)
Interest	1,312,814	1,282,861	1,285,138	1,268,691	1,259,156	1,226,917	1,185,906	1,136,662	1,114,521	1,144,187
Difference Between Actual and Expected Experience	334,654	(71,264)	(575,139)	(19,126)	(420,330)	(122,988)	(18,858)	71,899	(363,881)	(297,057)
Assumption Changes	(1,145,631)	(1,234,387)	(1,132,103)	1,026,608	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)
Benefit Payments	\$ 941,059	\$ 415,445	\$ 108,476	\$ 1,499,188	\$ 172,747	\$ 491,429	\$ 632,365	\$ 719,759	\$ 374,486	\$ (419,260)
Net Change in Total Pension Liability	\$ 20,330,742	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847	\$ 16,336,107
Total Pension Liability - Beginning	\$ 21,271,801	\$ 20,330,742	\$ 19,915,297	\$ 19,806,821	\$ 18,307,633	\$ 18,134,886	\$ 17,643,457	\$ 17,011,092	\$ 16,291,333	\$ 15,916,847
Total Pension Liability - Ending	\$ 41,502,543	\$ 40,246,039	\$ 39,722,118	\$ 38,114,452	\$ 36,442,519	\$ 35,778,342	\$ 34,654,549	\$ 33,302,425	\$ 32,208,180	\$ 32,252,954
Plan Fiduciary Net Position										
Contributions - Employee Mandatory	\$ 121,285	\$ 152,189	\$ 129,050	\$ 109,396	\$ 91,648	\$ 74,839	\$ 67,270	\$ 64,199	\$ 49,641	\$ 38,301
Contributions - Employer	511,637	514,900	583,975	770,444	934,041	956,004	876,337	913,740	685,000	700,012
Service Transfer									4,256	(884,253)
Net Investment Income	2,015,221	1,493,590	(3,080,597)	2,115,494	1,957,837	2,600,244	(934,373)	1,431,792	939,583	(493,083)
Benefits Payments	(1,145,631)	(1,234,387)	(1,132,103)	(1,187,049)	(1,038,267)	(992,850)	(930,200)	(871,006)	(770,590)	(723,117)
Administrative Expense	(14,578)				(6,000)					
Net Change in Plan Net Position	\$ 1,487,934	\$ 926,292	\$ (3,499,675)	\$ 1,808,285	\$ 1,939,259	\$ 2,638,237	\$ (920,966)	\$ 1,538,725	\$ 907,890	\$ (1,362,140)
Plan Fiduciary Net Position - Beginning	\$ 17,439,991	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944	\$ 13,464,084
Plan Fiduciary Net Position - Ending	\$ 18,927,925	\$ 17,439,991	\$ 16,513,699	\$ 20,013,374	\$ 18,205,089	\$ 16,265,830	\$ 13,627,593	\$ 14,548,559	\$ 13,009,834	\$ 12,101,944
Net Pension Liability - Ending	\$ 2,343,876	\$ 2,890,751	\$ 3,401,598	\$ (206,553)	\$ 102,544	\$ 1,869,056	\$ 4,015,864	\$ 2,462,533	\$ 3,281,499	\$ 3,814,903
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.98%	85.78%	82.92%	101.04%	99.44%	89.69%	77.24%	85.52%	79.86%	76.03%
Covered Payroll	\$ 4,048,863	\$ 3,920,449	\$ 3,895,993	\$ 4,552,853	\$ 3,946,975	\$ 3,536,733	\$ 3,586,865	\$ 3,790,429	\$ 3,712,310	\$ 3,758,978
Net Pension Liability as a Percentage of Payroll	57.89%	73.74%	87.31%	-4.54%	2.60%	52.85%	111.59%	64.97%	88.40%	101.49%

Benton Municipal Light and Water Works
City of Benton, State of Arkansas
Required Supplementary Information
Schedule of Contributions
Benton Utilities Employees' Pension Plan

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

EXHIBIT B

ELECTRIC, WATER AND SEWER RATE SCHEDULE

Electric Rates.

	Service Availability Charge	kW Energy	Minimum Demand	Excess Demand	
Residential	15.00	0.09008			**
Small General Service (Nondemand)	21.45	0.07620			
Small General Service (Demand)	21.45	0.06985		5.00	Per kW
Large General Service	115.00	0.06000	1,000.00	10.00	Per kW for each kW over 100 kW
Industrial/Large Power Service	655.00	0.04750	10,000.00	10.00	Per kW for each kW over 1,000 kW
Public Authority Service	10.00	0.06000			
175 Watt LED equivalent	13.92				
400 Watt LED flood equivalent	26.19				
35 foot pole	6.90				

** Senior citizens receive a ten percent (10%) discount.

Water Rates.

<u>Meter Size</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
3/4" SS	12.64	22.11
3/4"	14.04	24.56
1"	18.39	32.18
1.25"	29.79	52.12
1.5"	29.79	52.12
2"	37.29	65.25
3"	149.26	261.20
4"	277.49	485.61
6"	578.59	1,012.52
10"	729.98	1,277.46
Usage rate	5.765	10.090

Sewer Rates.

<u>Meter Size</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
3/4" SS	26.63	46.58
3/4"	29.58	51.76
1"	37.04	64.81
1.25"	45.53	79.68
1.5"	54.03	94.55
2"	71.74	125.55
3"	105.01	183.77
4"	138.99	243.23
6"	206.96	362.19
10"	246.20	430.84
Usage rate	5.828	10.198

The Ordinances establishing the City's electric, water and sewer rate schedules provide that such rates shall increase annually in the amount of 1% plus the Consumer Price Index (CPI).

EXHIBIT C
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)