

**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, 2011 AND 2010

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
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DECEMBER 31, 2011 AND 2010

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## 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, 2011. PLEASE READ IT IN CONJUNCTION WITH THE UTILITY SYSTEM'S FINANCIAL STATEMENTS, WHICH ARE PRESENTED ON PAGES 7 THROUGH 18.

### 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 CREDITORS (LIABILITIES). THE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS IDENTIFY THE UTILITY SYSTEM'S REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010. 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.

### 2011 FINANCIAL HIGHLIGHTS

- THE UTILITY'S TOTAL REVENUES DECREASED BY \$952,035 OR (2.481%) FROM \$38,366,193 AT DECEMBER 31, 2010 TO \$37,414,158 AT DECEMBER 31, 2011. THE WINTER MONTHS WERE SLIGHTLY COOLER THAN IN 2010 AND THE SUMMER OF 2011 WAS SLIGHTLY COOLER THAN THE SUMMER OF 2010, ALTHOUGH STILL HOTTER THAN THE SUMMERS OF 2008 AND 2009, RESULTING IN A SLIGHTLY LOWER UTILITY UTILIZATION BY USERS, THEREFORE RESULTING IN SLIGHTLY LOWER REVENUES FOR THE SYSTEM.
- THE UTILITY'S TOTAL EXPENSES DECREASED BY \$617,146 OR (1.611%) FROM \$38,314,352 AT DECEMBER 31, 2010 TO \$37,697,206 AT DECEMBER 31, 2011. THE PRINCIPAL COST DECREASE FACTORS WERE SLIGHT DECREASES IN WHOLESALE POWER COSTS, PLANT PRODUCTION EXPENSES, GENERAL AND DISTRIBUTIONS EXPENSES, AND INTEREST EXPENSE.
- THE UTILITY'S TOTAL ASSETS DECREASED BY \$1,120,874 OR (1.161%) FROM \$96,511,973 AT DECEMBER 31, 2010 TO \$95,391,099 AT DECEMBER 31, 2011. THE DECREASE IS DUE TO A DECREASE IN NET CAPITAL ASSETS. THE UTILITY COMPLETED SOME CONSTRUCTION PROJECTS IN THE WASTEWATER AND WATER DEPARTMENTS AND CONVERTED THE ASSETS FROM CONSTRUCTION WORK-IN-PROGRESS TO DEPRECIABLE ASSETS. THE ADDITIONAL ACCUMULATED DEPRECIATION FOR THESE ASSETS, AS WELL AS THE DECREASE IN RESTRICTED ASSETS (RESTRICTED CAPITAL IMPROVEMENT FUNDS USED FOR CONSTRUCTION) ACCOUNT FOR THE DECREASE IN NET CAPITAL ASSETS.
- INVESTMENT INCOME DECREASED BY \$3,338 OR (12.672%) DUE TO THE CONTINUATION OF SIGNIFICANTLY LOW INTEREST RATES.

**FINANCIAL ANALYSIS OF THE UTILITY SYSTEM**

THE STATEMENTS OF NET ASSETS (CONDENSED BALANCE SHEETS) AND CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROVIDE AN INDICATION OF THE UTILITY SYSTEM'S FINANCIAL CONDITION AND ALSO INDICATE THAT THE FINANCIAL CONDITION OF THE UTILITY SYSTEM IMPROVED DURING THE LAST TWO FISCAL YEARS. THE UTILITY SYSTEM'S NET ASSETS REFLECT THE DIFFERENCE BETWEEN ASSETS AND LIABILITIES. AN INCREASE IN NET ASSETS OVER TIME TYPICALLY INDICATES AN IMPROVEMENT IN FINANCIAL CONDITION.

**CONDENSED BALANCE SHEETS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS	\$ 10,333,440	\$ 11,008,728	\$ 10,566,717
RESTRICTED ASSETS	4,304,965	4,383,570	6,338,096
CAPITAL ASSETS, NET	80,206,578	80,523,423	82,346,302
OTHER ASSETS	546,116	596,252	649,552
TOTAL ASSETS	<u>\$ 95,391,099</u>	<u>\$ 96,511,973</u>	<u>\$ 99,900,667</u>
CURRENT LIABILITIES	\$ 6,089,936	\$ 6,011,698	\$ 6,896,272
LONG-TERM LIABILITIES	42,566,086	44,210,634	45,793,918
TOTAL LIABILITIES	<u>48,656,022</u>	<u>50,222,332</u>	<u>52,690,190</u>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	41,004,779	39,400,460	41,414,001
RESTRICTED ASSETS			630
UNRESTRICTED	5,730,298	6,889,181	5,795,846
TOTAL NET ASSETS	<u>46,735,077</u>	<u>46,289,641</u>	<u>47,210,477</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 95,391,099</u>	<u>\$ 96,511,973</u>	<u>\$ 99,900,667</u>

TOTAL NET ASSETS INCREASED BY \$445,436 FROM \$46,289,641 AT DECEMBER 31, 2010 TO \$46,735,077 AT DECEMBER 31, 2011, AN INCREASE OF 0.962%. CURRENT LIABILITIES INCREASED BY \$78,238 OR (1.301%) DUE PRIMARILY TO THE INCREASED AMOUNT OF BONDS PAYABLE IN 2011 COMPARED TO 2010, AS WELL AS SALES TAX PAYABLE.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:			
SERVICES FEES AND PENALTIES	\$ 37,107,087	\$ 37,498,798	\$ 33,548,621
OTHER REVENUE	284,067	841,053	331,720
TOTAL OPERATING REVENUES	<u>37,391,154</u>	<u>38,339,851</u>	<u>33,880,341</u>
INVESTMENT INCOME	23,004	26,342	43,699
TOTAL REVENUE	<u>37,414,158</u>	<u>38,366,193</u>	<u>33,924,040</u>
OPERATING EXPENSES:			
POWER COSTS	21,842,799	21,997,066	20,028,978
PLANT PRODUCTION EXPENSES	2,032,247	2,231,020	1,787,962
GENERAL AND DISTRIBUTION EXPENSES	4,483,043	4,782,304	4,337,629
ADMINISTRATIVE EXPENSES	2,521,653	2,368,209	2,469,342
DEPRECIATION EXPENSE	4,766,670	4,824,942	4,375,371
TOTAL OPERATING EXPENSES	<u>35,646,412</u>	<u>36,203,541</u>	<u>32,988,282</u>
INTEREST EXPENSE	2,050,794	2,110,811	1,286,335
TOTAL EXPENSES	<u>37,697,206</u>	<u>38,314,352</u>	<u>34,274,617</u>

NET INCOME (LOSS) BEFORE			
CONTRIBUTIONS AND TRANSFERS	(283,048)	51,841	(350,577)
CAPITAL CONTRIBUTIONS	2,324,427	893,536	1,314,473
TRANSFERS	(1,595,943)	(1,866,213)	(1,766,271)
CHANGE IN NET ASSETS	445,436	(920,836)	(802,375)
NET ASSETS AT BEGINNING OF YEAR	46,289,641	47,210,477	48,012,852
NET ASSETS AT END OF YEAR	\$ 46,735,077	\$ 46,289,641	\$ 47,210,477

TOTAL REVENUES FROM SERVICES, FEES AND PENALTIES REFLECT A DECREASE FROM 2010 TO 2011. THE DECREASE AMOUNT WAS \$391,711, OR (1.0446%). THE DECREASE IN REVENUES IS THE RESULT OF A SLIGHTLY COOLER SUMMER IN 2011, COMPARED TO 2010.

NET LOSS OF \$283,048 BEFORE CAPITAL CONTRIBUTIONS, TRANSFERS, AND EXTRAORDINARY ITEMS, PLUS CAPITAL CONTRIBUTIONS OF \$2,324,427, LESS TRANSFERS TO THE CITY OF BENTON OF \$1,595,943 WERE THE THREE ITEMS WHICH RESULTED IN AN INCREASE OF \$445,436 IN NET ASSETS FOR THE YEAR ENDING DECEMBER 31, 2011.

THE ABOVE SCHEDULE INDICATES THAT THE UTILITY'S TOTAL REVENUES DECREASED BY \$952,035 OR (2.481%) FROM \$38,366,193 AT DECEMBER 31, 2010 TO \$37,414,158 AT DECEMBER 31, 2011. THE WINTER MONTHS WERE SLIGHTLY COOLER THAN NORMAL BUT THE SUMMER MONTHS WERE SLIGHTLY COOLER THAN 2010, RESULTING IN A SLIGHTLY LOWER UTILITY UTILIZATION BY USERS.

TOTAL EXPENSES DECREASED BY \$617,146 OR (1.611%) FROM \$38,314,352 AT DECEMBER 31, 2010 TO \$37,697,206 AT DECEMBER 31, 2011. THE PRINCIPAL COST DECREASES WERE IN WHOLESALE POWER COSTS, PLANT PRODUCTION EXPENSES, AND GENERAL AND DISTRIBUTION EXPENSES.

#### CAPITAL ASSETS

AT DECEMBER 31, 2011 THE UTILITY HAD \$80,206,578 (NET OF DEPRECIATION) INVESTED IN CAPITAL ASSETS. THIS INVESTMENT IN CAPITAL ASSETS INCLUDES LAND, BUILDINGS, VEHICLES, EQUIPMENT, UTILITY INFRASTRUCTURE, CONSTRUCTION MATERIALS AND CONSTRUCTION IN PROGRESS. THE TOTAL DECREASE IN THE UTILITY'S INVESTMENT IN CAPITAL ASSETS FOR THE YEAR OF 2011 WAS \$316,845, OR 0.393%, DUE TO A SUBSTANTIAL INCREASE IN ACCUMULATED DEPRECIATION FOR THE WASTEWATER AND WATER PROJECTS THAT WERE CONVERTED FROM CONSTRUCTION WORK-IN-PROGRESS TO DEPRECIABLE ASSETS. A SCHEDULED SUMMARY SHOWING THE CHANGES TO THE VARIOUS CATEGORIES OF CAPITAL ASSETS DURING THE YEAR OF 2011 CAN BE FOUND IN NOTE 5 ON PAGE 15 OF THIS AUDIT REPORT.

#### DEBT ADMINISTRATION

AT DECEMBER 31, 2011, THE UTILITY HAD \$42,844,846 IN OUTSTANDING REVENUE BONDS PAYABLE COMPARED TO \$44,365,249 OUTSTANDING AT DECEMBER 31, 2010. THIS DECREASE OF \$1,520,403 IS THE AMOUNT OF BONDS RETIRED (PAID OFF) DURING THE YEAR. ACCUMULATED COMPENSABLE (ACCRUED VACATION AND SICK LEAVE) BALANCES OF \$461,196 AT DECEMBER 31, 2011 IS AN INCREASE OF \$30,293 OVER THE \$430,903 ACCRUED AS OF DECEMBER 31, 2010.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

THE UTILITY COMMISSION ISSUED \$26,500,000 IN UTILITY REVENUE BONDS IN LATE DECEMBER 2006 FOR MAJOR WASTEWATER INFRASTRUCTURE IMPROVEMENTS AND REPAIRS TO ADDRESS GROWTH AND AN AGING SYSTEM. IN ALL, SEVEN PROJECTS WERE SCHEDULED AND ALL OF THEM WERE COMPLETED IN 2007 AND 2008 WITH THE EXCEPTION OF THE 5 MGD WASTEWATER TREATMENT PLANT EXPANSION, WHICH WAS SUBSTANTIALLY COMPLETED IN SEPTEMBER, 2009 AT COST OF \$15.29 MILLION. THE UTILITY COMMISSION SOUGHT AND GAINED APPROVAL OF A WASTEWATER RATE INCREASE IN JUNE, 2009. THERE WAS ALSO

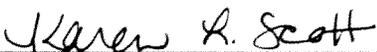
A WATER RATE INCREASE SOUGHT AND APPROVED IN JANUARY, 2009 WHICH INCLUDES AN AUTOMATIC 2% ANNUAL RATE INCREASE THROUGH THE YEAR 2015. THE RATE INCREASES ARE PROJECTED TO RESULT IN SUFFICIENT REVENUES TO OPERATE AND MAINTAIN THE SYSTEM AND COVER DEBT SERVICE REQUIREMENTS.

AS EXPLAINED IN THE FY2007 MANAGEMENT'S DISCUSSION AND ANALYSIS, THE UTILITY BEGAN RECEIVING ITS WHOLESALE ELECTRIC POWER SUPPLY FROM THE CONSTELLATION ENERGY GROUP ON APRIL 1, 2007. THE CONTRACTED PURCHASE PRICE REPRESENTS AN INCREASE OF \$0.042656 PER KWH OVER PREVIOUS ENTERGY CONTRACT PRICE OF \$0.037500 THE UTILITY COMMISSION CONTINUES TO EXPLORE OPTIONS FOR LONG-TERM, LOWER COST POWER. THE COMMISSION WILL ISSUE A REQUEST FOR PROPOSALS (RFP) IN LATE FEBRUARY, 2012 OR EARLY MARCH, 2012 WITH THE ASSISTANCE OF CONSULTING ENGINEER GDS IN ORDER TO SOLICIT BIDS FROM WHOLESALE ENERGY PROVIDERS TO PROVIDE POWER TO THE CITY OF BENTON BEGINNING IN APRIL, 2014. SEVERAL ALTERNATIVES WILL BE CONSIDERED INCLUDING (1) A FULL REQUIREMENTS CONTRACT; (2) A CONTRACT WITH ONE PRICE FOR BASE LOAD POWER AND DIFFERENT PRICING FOR THE INTERMEDIATE AND PEAKING POWER NEEDS; OR (3) ENTERING INTO A LONG-TERM PURCHASE POWER AGREEMENT WITH A PROVIDER THAT MAY OR MAY NOT INCLUDE OWNERSHIP IN THE POWER PLANT. THE UTILITY COMMISSION CONTINUES TO PROJECT NO ELECTRIC RATE INCREASE IN THE IMMEDIATE FUTURE, RELYING ON RESERVE BALANCES AVAILABLE TO OFFSET LOSSES IN THE ELECTRIC DEPARTMENT, SHOULD WE EXPERIENCE ANOTHER ABNORMAL WET AND COOL SUMMER IN 2012 AND TO OFFSET THE HIGHER COST OF WHOLESALE POWER IN FISCAL YEAR 2012, WHICH IS ALREADY IN PLACE IN THE CURRENT CONTRACT WITH CONSTELLATION, WHICH REFLECTS A 2.77% INCREASE OVER THE COST OF WHOLESALE POWER IN 2011.

THE PUBLIC UTILITY COMMISSION VOTED TO ASK THE BENTON CITY COUNCIL TO APPROVE A BOND REFINANCING PACKAGE IN EARLY 2012 THAT WILL INCLUDE AN ADDITIONAL \$11.2 MILLION DOLLARS FOR NEW CONSTRUCTION PROJECTS IN THE ELECTRIC, WATER AND WASTEWATER DEPARTMENTS. THESE PROJECTS WILL PROVIDE NEEDED SERVICES FOR NEW CUSTOMER GROWTH ON THE SYSTEM INCLUDING THE NEW EVENTS CENTER BEING BUILT BY THE BENTON ADVERTISING & PROMOTION COMMISSION BEGINNING IN THE SUMMER OF 2012. THERE IS ALSO POTENTIAL GROWTH FROM A LARGE INDUSTRIAL CUSTOMER AND A POTENTIAL 5-STORY HOTEL TO BE BUILT BESIDE THE EVENTS CENTER. THE TOTAL AMOUNT OF THE BOND ISSUE IS GOING TO BE APPROXIMATELY \$26,080,000 MILLION AND IS PROJECTED TO GO TO MARKET MARCH 26, 2012. THE ANNUAL DEBT SERVICE REQUIREMENT WILL NOT INCREASE WITH THIS REFINANCING AND WILL NOT EXTEND PAST THE CURRENT NUMBER OF YEARS TO RETIRE EXISTING DEBT. THE BOND ISSUES TO BE REFINANCED ARE THE 1995, 1997, 2001A, 2002, 2004A, AND 2004B ISSUES. THE 2006 AND 2009 ISSUES WILL NOT BE INCLUDED IN THE REFINANCING.

#### CONTACTING THE CITY'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 DEPARTMENT OF FINANCE, ATTN: KAREN SCOTT, AT P. O. BOX 607, BENTON, ARKANSAS 72018-0607, CALL (501) 776-5917, OR E-MAIL AT KARENS@BENTONAR.ORG.



KAREN L. SCOTT  
DIRECTOR OF FINANCE & ADMINISTRATION  
BENTON UTILITIES

# 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

WE HAVE AUDITED THE ACCOMPANYING BALANCE SHEETS OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS OF THE CITY OF BENTON, STATE OF ARKANSAS, AS OF DECEMBER 31, 2011 AND 2010, AND THE RELATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS AND CASH FLOWS FOR THE YEARS THEN ENDED. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS OF THE CITY OF BENTON, STATE OF ARKANSAS'S MANAGEMENT. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THESE FINANCIAL STATEMENTS BASED ON OUR AUDITS.

WE CONDUCTED OUR AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDITS TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT. AN AUDIT INCLUDES EXAMINING, ON A TEST BASIS, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. AN AUDIT ALSO INCLUDES ASSESSING THE ACCOUNTING PRINCIPLES USED AND SIGNIFICANT ESTIMATES MADE BY MANAGEMENT, AS WELL AS EVALUATING THE OVERALL FINANCIAL STATEMENT PRESENTATION. WE BELIEVE THAT OUR AUDITS PROVIDE A REASONABLE BASIS FOR OUR OPINION.

AS DISCUSSED IN NOTE 1, THE FINANCIAL STATEMENTS PRESENT ONLY THE BENTON MUNICIPAL LIGHT AND WATER WORKS AND ARE NOT INTENDED TO PRESENT FAIRLY THE FINANCIAL POSITION OF THE CITY OF BENTON, STATE OF ARKANSAS, AND THE RESULTS OF ITS OPERATIONS AND CASH FLOWS OF ITS GOVERNMENTAL ACTIVITIES IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES.

IN OUR OPINION, THE FINANCIAL STATEMENTS REFERRED TO ABOVE PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE FINANCIAL POSITION OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS, CITY OF BENTON, STATE OF ARKANSAS, AS OF DECEMBER 31, 2011 AND 2010, AND THE RESULTS OF ITS OPERATIONS AND ITS CASH FLOWS FOR THE YEARS THEN ENDED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES.

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES REQUIRE THAT THE MANAGEMENT'S DISCUSSION AND ANALYSIS AND SCHEDULE OF FUNDING PROGRESS FOR BENTON UTILITIES EMPLOYEES' PENSION PLAN ON PAGES 1 THROUGH 4 AND PAGE 36 BE PRESENTED TO SUPPLEMENT THE BASIC FINANCIAL STATEMENTS. SUCH INFORMATION, 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 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.

OUR AUDIT WAS CONDUCTED FOR THE PURPOSE OF FORMING AN OPINION ON THE FINANCIAL STATEMENTS OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS OF THE CITY OF BENTON, STATE OF ARKANSAS TAKEN AS A WHOLE. THE SUPPLEMENTARY INFORMATION PRESENTED ON PAGES 19 THROUGH 35 ARE PRESENTED FOR PURPOSES OF ADDITIONAL ANALYSIS AND ARE NOT A REQUIRED PART OF THE BASIC FINANCIAL STATEMENTS. THIS INFORMATION HAS NOT BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN THE AUDIT OF THE BASIC FINANCIAL STATEMENTS AND, ACCORDINGLY, WE DO NOT EXPRESS AN OPINION OR PROVIDE ANY ASSURANCE ON THEM.

*Upakum. Lovell & Co. P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
FEBRUARY 16, 2012

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
BALANCE SHEETS  
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 4,528,553	\$ 3,982,821
UTILITY BILLINGS, NET OF ALLOWANCE FOR UNCOLLECTIBLES	2,812,358	2,845,167
ACCOUNTS RECEIVABLE	88,958	69,113
DUE FROM CITY FUNDS	25,905	9,836
PREPAID EXPENSES	126,539	110,670
SUPPLIES INVENTORY	20,200	19,754
BOARD DESIGNATED FUNDS	2,730,927	3,971,367
TOTAL CURRENT ASSETS	<u>10,333,440</u>	<u>11,008,728</u>
NON-CURRENT ASSETS		
RESTRICTED FUNDS - NOTE 3	4,304,965	4,383,570
CAPITAL ASSETS:		
TOTAL PLANT, PROPERTY AND EQUIPMENT	145,300,523	140,920,842
LESS ACCUMULATED DEPRECIATION	(65,093,945)	(60,397,419)
DEFERRED BOND COSTS	546,116	596,252
TOTAL NON-CURRENT ASSETS	<u>85,057,659</u>	<u>85,503,245</u>
TOTAL ASSETS	<u><u>\$ 95,391,099</u></u>	<u><u>\$ 96,511,973</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

LIABILITIES

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 1,881,269	\$ 1,986,969
DUE TO CITY FUNDS		
CUSTOMER OVERPAYMENTS	7,747	8,512
METERED DEPOSITS	1,457,095	1,352,561
ACCRUED COMPENSATION	461,196	430,903
SALES TAX PAYABLE	50,291	42,877
ACCRUED INTEREST PAYABLE	651,843	669,473
BONDS PAYABLE - CURRENT MATURITIES	1,580,495	1,520,403
TOTAL CURRENT LIABILITIES	<u>6,089,936</u>	<u>6,011,698</u>
NON-CURRENT LIABILITIES		
REVENUE BONDS PAYABLE, LESS		
CURRENT MATURITIES	41,264,351	42,844,846
PREMIUM ON REVENUE BONDS	1,394,593	1,471,699
DISCOUNT ON REVENUE BONDS	(92,858)	(105,911)
TOTAL NON-CURRENT LIABILITIES	<u>42,566,086</u>	<u>44,210,634</u>
TOTAL LIABILITIES	<u>48,656,022</u>	<u>50,222,332</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS, NET OF		
RELATED DEBTS	41,004,779	39,400,460
UNRESTRICTED	5,730,298	6,889,181
TOTAL NET ASSETS	<u>46,735,077</u>	<u>46,289,641</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 95,391,099</u>	<u>\$ 96,511,973</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
CHARGES FOR SERVICE	\$36,064,131	\$36,202,932
SERVICE CHARGES AND CONNECTION FEES	537,859	602,833
PENALTIES	505,097	510,556
FEMA - STORM DAMAGE		182,477
CONSTRUCTION REVENUE		573,945
OTHER INCOME	284,067	267,108
TOTAL OPERATING REVENUES	<u>37,391,154</u>	<u>38,339,851</u>
EXPENSES - OPERATIONS		
POWER COSTS	21,842,799	21,997,066
PLANT PRODUCTION EXPENSES	2,032,247	2,231,020
GENERAL AND DISTRIBUTION EXPENSES	4,483,043	4,610,659
ADMINISTRATIVE EXPENSES	2,521,653	2,368,209
CONSTRUCTION COSTS		171,645
DEPRECIATION	4,766,670	4,824,942
TOTAL EXPENSES - OPERATIONS	<u>35,646,412</u>	<u>36,203,541</u>
OPERATING INCOME	<u>1,744,742</u>	<u>2,136,310</u>
NON-OPERATING REVENUES (EXPENSES)		
INTEREST REVENUE	23,004	26,342
INTEREST EXPENSE	(2,050,794)	(2,110,811)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,027,790)</u>	<u>(2,084,469)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(283,048)	51,841
CAPITAL CONTRIBUTIONS	2,324,427	893,536
TRANSFERS (TO) CITY OF BENTON		
FRANCHISE FEES	(1,858,453)	(1,866,213)
APPROPRIATIONS	262,510	
CHANGES IN NET ASSETS	445,436	(920,836)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>46,289,641</u>	<u>47,210,477</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$46,735,077</u>	<u>\$46,289,641</u>

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, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS FROM CUSTOMERS	\$ 37,146,545	\$37,599,918
PAYMENTS TO SUPPLIERS	(25,772,885)	(27,238,959)
PAYMENTS TO EMPLOYEES	(5,198,579)	(5,165,982)
OTHER RECEIPTS	264,222	555,979
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,439,303	5,750,956
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
TRANSFERS (TO) BOARD DESIGNATED FUNDS	1,240,440	(409,033)
TRANSFERS TO CITY FUNDS	(1,612,012)	(1,885,532)
CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(371,572)	(2,294,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
PURCHASES OF CAPITAL ASSETS	(2,177,952)	(2,307,228)
PRINCIPAL PAID ON CAPITAL DEBT	(1,520,403)	(1,475,850)
INTEREST PAID ON CAPITAL DEBT	(2,082,341)	(2,132,377)
CONTRIBUTIONS FROM DEVELOPERS	52,554	196,344
TRANSFERS TO DESIGNATED OR RESTRICTED ACCOUNTS	183,139	2,073,286
NET CASH USED BY CAPITAL AND RELATED FINANCING	(5,545,003)	(3,645,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST AND DIVIDENDS RECEIVED	23,004	26,342
NET CASH PROVIDED BY INVESTING ACTIVITIES	23,004	26,342
NET CHANGE IN CASH AND CASH EQUIVALENTS	545,732	(163,092)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,982,821	4,145,913
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,528,553	\$ 3,982,821
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 1,744,742	\$ 2,136,310
ITEMS NOT REQUIRING CASH:		
DEPRECIATION	4,766,670	4,824,942
CHANGES IN ASSETS AND LIABILITIES:		
RECEIVABLES, NET	12,199	(181,025)
PREPAIDS	(15,869)	(3,440)
INVENTORIES	(446)	1,995
ACCOUNTS PAYABLE	(105,700)	(1,081,710)
ACCRUED EXPENSES	37,707	53,884
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 6,439,303	\$ 5,750,956

NONCASH CAPITAL FINANCING ACTIVITIES

CAPITAL ASSETS OF \$2,271,873 AND \$697,192 WERE ACQUIRED THROUGH CONTRIBUTIONS FROM STREET PROJECTS AND DEVELOPERS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010, RESPECTIVELY.

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 FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS - MANAGEMENT HAS EVALUATED SUBSEQUENT EVENTS THROUGH, FEBRUARY 16, 2012, THE DATE WHICH THE FINANCIAL STATEMENTS WERE AVAILABLE TO BE ISSUED.

- a. ORGANIZATION - THE BENTON MUNICIPAL LIGHT AND WATER WORKS 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 HAS OPERATED THE UTILITY SYSTEM THROUGH JANUARY 2006, AND PRIOR YEARS. 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 PRESENTATION - THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE CITY'S REPORTING ENTITY APPLIES ALL RELEVANT GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS AND APPLICABLE FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) PRONOUNCEMENTS AND ACCOUNTING PRINCIPAL BOARD (APB) OPINIONS ISSUED ON OR BEFORE NOVEMBER 30, 1989, UNLESS THEY CONFLICT WITH GASB PRONOUNCEMENTS OR APB OPINIONS ISSUED AFTER NOVEMBER 30, 1989.
- c. BASIS OF ACCOUNTING - THE BENTON MUNICIPAL LIGHT AND WATER WORKS, CITY OF BENTON, STATE OF ARKANSAS, 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.
- d. CASH AND CASH EQUIVALENTS - FOR PURPOSES OF THE STATEMENTS OF CASH FLOWS, THE CITY CONSIDERS ALL HIGHLY LIQUID INVESTMENTS WITH AN INITIAL MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.
- e. CASH DEPOSITS - ALL CASH DEPOSITS WERE INSURED OR COLLATERALIZED WITH SECURITIES HELD BY THE CITY, BY THE PLEDGING FINANCIAL INSTITUTION'S TRUST DEPARTMENT OR BY ITS AGENT IN THE CITY'S NAME AS OF THE BALANCE SHEET DATE.
- f. INVENTORIES - INVENTORIES ARE STATED AT THE LOWER OF COST OR MARKET ON A FIRST-IN, FIRST-OUT METHOD.
- g. BOARD DESIGNATED FUNDS - THE BENTON PUBLIC 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 BENTON PUBLIC UTILITIES BOARD.
- h. DEFERRED BOND COST - THE COST OF ACQUIRING BONDS IS CAPITALIZED WHEN INCURRED. THE COST IS BEING AMORTIZED BY VARIOUS METHODS OVER THE LIFE OF THE RELATED BOND ISSUE.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 NOTES TO 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. CAPITALIZED INTEREST - INTEREST COSTS ARE CAPITALIZED WHEN INCURRED BY THE CITY ON DEBT WHERE PROCEEDS WERE USED TO FINANCE THE CONSTRUCTION OF ASSETS. SEE NOTE 4 FOR THE INTEREST CAPITALIZED DURING THE YEAR.
- k. ACCUMULATED COMPENSATED ABSENCES - IT IS THE CITY'S 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 CITY'S SERVICES. IT IS THE CITY'S POLICY TO PAY UP TO A MAXIMUM OF 90 ACCUMULATED SICK DAYS TO EMPLOYEES WHO RETIRE FROM THE CITY. THE FOLLOWING IS A SCHEDULE OF ACCRUED COMPENSATION AT DECEMBER 31, 2011 AND 2010, RESPECTIVELY:

	<u>2011</u>	<u>2010</u>
ACCRUED SALARIES	\$ 136,960	\$ 136,787
ACCRUED VACATION	82,836	88,245
ACCRUED SICK	241,400	205,871
	<u>\$ 461,196</u>	<u>\$ 430,903</u>

- l. NET ASSETS - THE UTILITY SYSTEM REPORTS ITS NET ASSETS AS EITHER RESTRICTED, UNRESTRICTED, OR INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT. THESE COMPONENTS OF NET ASSETS ARE DEFINED BELOW:

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT - THIS COMPONENT OF NET ASSETS 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, NET OF ANY FUNDS THAT HAVE BEEN RESTRICTED FOR THE PAYMENT OF THOSE BORROWINGS, ANY FUNDS SET ASIDE FOR THE PURCHASE OF CAPITAL ASSETS, OR ANY UNAMORTIZED ASSETS ORIGINATING FROM THE ISSUANCE OF DEBT.

RESTRICTED - THIS COMPONENT OF NET ASSETS 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.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

UNRESTRICTED - THIS COMPONENT OF NET ASSETS CONSISTS OF NET ASSETS THAT DO NOT MEET THE DEFINITION OF RESTRICTED OR INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT.

- m. 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: BOARD DESIGNATED FUNDS

THE BENTON PUBLIC UTILITIES BOARD HAS DESIGNATED THE FOLLOWING FUNDS AS OF DECEMBER 31, 2011 AND 2010:

	<u>2011</u>	<u>2010</u>
PUBLIC UTILITY RESERVOIR MITIGATION FUND	\$ 90,160	\$ 91,827
PUBLIC UTILITY RESERVOIR CONTINGENT FUND	1,031,047	1,028,494
PUBLIC UTILITY RATE RESERVE FUND	966,678	964,190
PUBLIC UTILITY CONTINGENCY FUND	245,735	1,483,566
PUBLIC UTILITY EMERGENCY FUND	214,004	400,073
UTILITY BOND RETIREMENT FUND	180,076	
WATER SYSTEM CAPITAL IMPROVEMENT FUND	2	
ELECTRIC CAPITAL IMPROVEMENT FUND	3,225	3,217
FACILITIES CAPITAL IMPROVEMENT FUND	<u>\$ 2,730,927</u>	<u>\$ 3,971,367</u>
WASTEWATER CAPITAL IMPROVEMENT FUND		
FEMA FUND		

THE ACCOUNTS FOR THESE FUNDS ARE INVESTED IN THE STEPHENS LOCAL GOVERNMENT CASH MANAGEMENT TRUST AND BANK ACCOUNTS. THE CARRYING VALUE IS THE MARKET VALUE FOR THESE ACCOUNTS.

NOTE 3: RESTRICTED FUNDS

THE RESTRICTED FUNDS AS OF DECEMBER 31, 2011 AND 2010 ARE AS FOLLOWS:

	<u>2011</u>	<u>2010</u>
BOND FUNDS	\$ 1,418,924	\$ 1,421,562
DEBT SERVICE FUNDS	2,379,763	2,379,128
DEPRECIATION FUND	461,414	362,558
FACILITIES IMPROVEMENT FUNDS	44,864	220,322
TOTAL RESTRICTED FUNDS	<u>\$ 4,304,965</u>	<u>\$ 4,383,570</u>

RESTRICTED FUNDS CONSIST OF FUNDS IN DEPOSITORY ACCOUNTS, TREASURY NOTES, CERTIFICATES OF DEPOSIT AND STEPHENS LOCAL GOVERNMENT CASH MANAGEMENT TRUST. IT IS MANAGEMENT'S INTENT TO HOLD THE TREASURY NOTES TO MATURITY, THEREFORE THE NOTES ARE CARRIED AT COST. THE EXTERNAL INVESTMENT POOLS ARE CASH MANAGEMENT TRUSTS INVESTED IN U. S. TREASURY SECURITIES OR CERTAIN APPROVED OBLIGATIONS OF U. S. GOVERNMENT AGENCIES OR INSTRUMENTALITIES, CERTIFICATES OF DEPOSITS INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED FUNDS (CONT'D)

COLLATERALIZED BY GOVERNMENT SECURITIES, WRITTEN REPURCHASE AGREEMENTS COLLATERALIZED BY GOVERNMENT SECURITIES, OR COMMERCIAL PAPER. THE FOLLOWING IS A SUMMARY OF THE RESTRICTED FUNDS INVESTMENTS AS OF DECEMBER 31, 2011 AND 2010:

	<u>DECEMBER 31, 2011</u>		
	<u>CARRYING VALUE</u>	<u>FAIR MARKET VALUE</u>	<u>UNRECOGNIZED GAIN</u>
BOND FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	\$ 723,169	\$ 723,169	\$
GOLDMAN SACHS TREASURY	474,945	474,945	
TOTAL BOND FUNDS	<u>1,198,114</u>	<u>1,198,114</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	461,414	461,414	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	79,497	79,497	
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	1,385,000	1,385,000	
GOLDMAN SACHS TREASURY	128,024	128,024	
TOTAL DEBT SERVICE FUND	<u>1,592,521</u>	<u>1,592,521</u>	
IMPROVEMENT FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
MANAGEMENT TRUST	44,864	44,864	
TOTAL IMPROVEMENT FUNDS	<u>44,864</u>	<u>44,864</u>	
TOTAL	<u>\$ 3,296,913</u>	<u>\$ 3,296,913</u>	<u>\$</u>
	<u>DECEMBER 31, 2010</u>		
	<u>CARRYING VALUE</u>	<u>FAIR MARKET VALUE</u>	<u>UNRECOGNIZED GAIN</u>
BOND FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	\$ 724,752	\$ 724,752	\$
GOLDMAN SACHS TREASURY	476,174	476,174	
TOTAL BOND FUNDS	<u>1,200,926</u>	<u>1,200,926</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	362,558	362,558	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	79,300	79,300	
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	1,385,000	1,385,000	
GOLDMAN SACHS TREASURY	128,012	128,012	
TOTAL DEBT SERVICE FUND	<u>1,592,312</u>	<u>1,592,312</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED FUNDS (CONT'D)

IMPROVEMENT FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	44,753	44,753	
GOLDMAN SACHS TREASURY	<u>175,569</u>	<u>175,569</u>	
TOTAL IMPROVEMENT FUNDS	<u>220,322</u>	<u>220,322</u>	
TOTAL	<u>\$ 3,376,118</u>	<u>\$ 3,376,118</u>	<u>\$</u>

NOTE 4: SUPPLEMENTAL CASH FLOW DISCLOSURE

THE INTEREST PAID IN THE YEARS ENDED DECEMBER 31, 2011 AND 2010 WAS \$2,082,341 AND \$2,132,377, RESPECTIVELY.

NOTE 5: CAPITAL ASSETS

THE FOLLOWING IS A SUMMARY OF CAPITAL ASSETS AS OF DECEMBER 31, 2011 AND 2010:

	BALANCE 12/31/10	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/11
LAND	\$ 608,245	\$	\$	\$	\$ 608,245
BUILDINGS-ADMINISTRATIVE	691,636				691,636
VEHICLES	3,105,806	249,691	(70,144)		3,285,353
FURNITURE AND OFFICE EQUIPMENT	175,781				175,781
SERVICE FACILITIES AND EQUIPMENT	135,154,713	3,309,914		823,828	139,288,455
CONSTRUCTION MATERIALS	1,008,405	93,547			1,101,952
CONSTRUCTION IN PROCESS	<u>176,256</u>	<u>796,673</u>		<u>(823,828)</u>	<u>149,101</u>
	<u>\$140,920,842</u>	<u>\$4,449,825</u>	<u>\$ (70,144)</u>	<u>\$</u>	<u>\$145,300,523</u>
	BALANCE 12/31/09	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/10
LAND	\$ 608,245	\$	\$	\$	\$ 608,245
BUILDINGS-ADMINISTRATIVE	691,636				691,636
VEHICLES	3,133,752	64,979	(92,925)		3,105,806
FURNITURE AND OFFICE EQUIPMENT	175,781				175,781
SERVICE FACILITIES AND EQUIPMENT	132,382,242	1,945,845		826,626	135,154,713
CONSTRUCTION MATERIALS	773,318	235,087			1,008,405
CONSTRUCTION IN PROCESS	<u>246,730</u>	<u>756,152</u>		<u>(826,626)</u>	<u>176,256</u>
PROPERTY AND EQUIPMENT	<u>\$138,011,704</u>	<u>\$3,002,063</u>	<u>\$ (92,925)</u>	<u>\$</u>	<u>\$140,920,842</u>

NOTE 6: REVENUE BONDS PAYABLE

BONDS PAYABLE - THE INTEREST RATES AND MATURITY DATES OF THE REVENUE BONDS PAYABLE AS OF DECEMBER 31, 2011 ARE AS FOLLOWS:

ISSUE OF NOVEMBER 01, 1995	2.50%	4/15/2018
ISSUE OF DECEMBER 15, 1997	3.25%	4/15/2018
ISSUE OF DECEMBER 01, 2001A	2.45% TO 4.70%	9/01/2016
ISSUE OF OCTOBER 01, 2002	2.50% TO 5.00%	9/01/2030
ISSUE OF JUNE 01, 2004A	1.30% TO 4.10%	9/01/2016

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: REVENUE BONDS PAYABLE (CONT'D)

ISSUE OF JUNE	01, 2004B	1.90% TO 4.10%	9/01/2016
ISSUE OF DECEMBER	01, 2006	5.00%	9/01/2036
ISSUE OF MARCH	03, 2009	4.75%	6/01/2039

MATURITIES OF REVENUE BONDS AS OF DECEMBER 31, 2011 ARE AS FOLLOWS:

	<u>PRINCIPAL</u>	<u>INTEREST AND SERVICE FEES</u>	<u>TOTAL</u>
2012	\$ 1,580,495	\$ 2,022,117	\$ 3,602,612
2013	1,561,146	1,963,929	3,525,075
2014	1,627,379	1,904,890	3,532,269
2015	1,694,209	1,841,587	3,535,796
2016	1,751,666	1,773,801	3,525,467
2017-2021	5,834,368	8,033,958	13,868,326
2022-2026	7,364,585	6,493,820	13,858,405
2027-2031	9,395,058	4,461,992	13,857,050
2032-2036	11,998,301	1,864,749	13,863,050
2037-2039	37,639	2,723	40,362
	<u>\$ 42,844,846</u>	<u>\$ 30,363,566</u>	<u>\$ 73,208,412</u>

THE FOLLOWING SCHEDULE DETAILS THE CHANGES IN REVENUE BONDS PAYABLE FOR THE YEARS ENDING DECEMBER 31:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
BEGINNING BALANCE	\$ 44,365,249	\$ 45,841,099	\$ 47,073,985
ISSUED			257,000
RETIRED	(1,520,403)	(1,475,850)	(1,489,886)
ENDING BALANCE	<u>\$ 42,844,846</u>	<u>\$ 44,365,249</u>	<u>\$ 45,841,099</u>

BOND DISCOUNT - THE SERIES 2001, 2002, AND 2004 REVENUE BONDS WERE ISSUED AT DISCOUNTS. THE INTEREST METHOD OF AMORTIZATION IS USED TO AMORTIZE THE DISCOUNTS, BASED ON THE EFFECTIVE INTEREST RATE ON EACH ISSUE. THE AMOUNT AMORTIZED FOR THE YEARS ENDING DECEMBER 31, 2011 AND 2010, WAS \$13,053 AND \$14,226, RESPECTIVELY. THE AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES.

BOND PREMIUM - THE SERIES 2007 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, 2011 AND 2010 WAS \$77,105 IN BOTH YEARS. THE AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES.

THE BENTON UTILITIES COMMISSION ON DECEMBER 12, 2011 REQUESTED AND RECEIVED A RESOLUTION DATED DECEMBER 19, 2011 FROM THE BENTON CITY COUNCIL FOR THE ISSUANCE OF A 2012 REFUNDING AND IMPROVEMENT BOND ISSUE. THE BONDS ARE SCHEDULED TO BE ISSUED MARCH 26, 2012. THE PROCEEDS OF THE ESTIMATED \$26,080,000 ISSUE ARE SCHEDULED TO REFUND THE 1995, 1997, 2001A, 2002, 2004A AND 2004B BONDS OUTSTANDING. THE TOTAL PRINCIPAL OUTSTANDING ON THESE ISSUES AT DECEMBER 31, 2010 IS \$16,098,207. IT IS ESTIMATED THAT AN ADDITIONAL \$11,200,000 OF FUNDS WILL BE GENERATED BY THE BONDS TO BE USED FOR NEW PROJECTS AND REPAIRS AND REPLACEMENT PROJECTS IN THE ELECTRIC, WATER AND WASTEWATER DEPARTMENTS. THE BONDS ARE EXPECTED TO HAVE INTEREST RATES FROM ONE PERCENT (1.00%) TO FOUR AND ONE QUARTER PERCENT (4.25%). THE FINAL PAYMENT ON THE 2012 ISSUE IS IN 2036.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RETIREMENT PLAN

THE EMPLOYEES OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS ARE COVERED BY A SINGE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME EMPLOYEES WHO HAVE SIX MONTHS OF SERVICE.

THE PLAN IS ADMINISTERED BY STEPHENS CAPITAL MANAGEMENT, INC. 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 2011 IS NOT AVAILABLE. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2010, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES CURRENTLY	
RECEIVING BENEFITS	36
VESTED TERMINATED EMPLOYEES	24
DISABLED	1
CURRENT EMPLOYEES	<u>82</u>
TOTAL	<u>143</u>

THE PLAN PROVIDES RETIREMENT BENEFITS AS WELL AS DISABILITY BENEFITS. BENEFITS BEGIN VESTING AT FIVE YEARS OF SERVICE AND ARE 100 PERCENT VESTED AT FIFTEEN YEARS OF SERVICE. ALL EMPLOYEES ARE ENTITLED TO A RETIREMENT BENEFIT BASED ON THEIR PERIOD OF SERVICE.

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.

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 MAKE NO CONTRIBUTION TO THE PLAN. THE BENTON MUNICIPAL LIGHT AND WATER WORKS' CONTRIBUTION IS ACTUARIALLY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$750,000 IN 2011, \$750,005 IN 2010 AND \$625,000 IN 2009.

THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 603,732	\$ 670,844	\$ 508,252
INTEREST ON NPO	(24,804)	(28,349)	(21,531)
ADJUSTMENT TO ARC	<u>26,048</u>	<u>29,771</u>	<u>22,382</u>
ANNUAL PENSION COST (APC)	604,976	672,266	509,103
ACTUAL CONTRIBUTION MADE	<u>(750,005)</u>	<u>(625,000)</u>	<u>(600,000)</u>
INCREASE (DECREASE) IN NPO	(145,029)	47,266	(90,897)
NPO - BEGINNING OF YEAR	<u>(330,715)</u>	<u>(377,981)</u>	<u>(287,084)</u>
NPO - END OF YEAR	<u>\$ (475,744)</u>	<u>\$ (330,715)</u>	<u>\$ (377,981)</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: RETIREMENT PLAN (CONT'D)

THE ANNUAL REQUIRED CONTRIBUTION FOR 2011 WAS DETERMINED AS PART OF THE JANUARY 1, 2011, ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED 7.5% 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 UNFUNDED ACTUARIAL ACCRUED LIABILITY IS BEING AMORTIZED AS A LEVEL PERCENTAGE OF PROJECTED PAYROLL ON AN OPEN BASIS.

THE REMAINING AMORTIZATION PERIOD AT JANUARY 1, 2011 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS:

	<u>APC</u>	<u>% OF APC CONTRIBUTED</u>	<u>NPO</u>
2010	\$ 604,976	124.0%	\$ (475,744)
2009	\$ 672,266	93.0%	\$ (330,715)
2008	\$ 509,103	117.8%	\$ (377,981)

NOTE 8: CONSTRUCTION REVENUE/COSTS

THE BENTON PUBLIC UTILITIES BOARD CONTRACTED WITH THE STATE OF ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT FOR THE RELOCATION OF ELECTRICAL UTILITIES FOR THE MILITARY ROAD PROJECT FOR THE YEAR ENDED DECEMBER 31, 2010. THE ELECTRIC DEPARTMENT RECEIVED \$573,945 FOR THE PROJECT. THE ELECTRIC DEPARTMENT INCURRED \$171,645 FOR MATERIAL COSTS FOR THE PROJECT. WAGES, BENEFITS, OVERHEAD AND EQUIPMENT COSTS INCURRED FOR THE PROJECT WERE NOT ALLOCATED TO THE JOB COST. MANAGEMENT BELIEVES THIS PROJECT DID NOT SIGNIFICANTLY INCREASE PAYROLL, OVERHEAD OR OTHER OPERATING COSTS AND CHOSE TO NOT RECLASSIFY THE EXPENSES TO CONSTRUCTION COSTS. THE PROJECT WAS COMPLETED IN 2010. THERE WERE NO REVENUES OR COSTS FOR THE YEAR ENDED DECEMBER 31, 2011.

NOTE 9: RECLASSIFICATIONS

CERTAIN ACCOUNTS IN THE PRIOR-YEAR FINANCIAL STATEMENTS HAVE BEEN RECLASSIFIED FOR COMPARATIVE PURPOSES TO CONFORM WITH THE PRESENTATION IN THE CURRENT-YEAR FINANCIAL STATEMENTS. THE RECLASSIFICATIONS DID NOT AFFECT THE AMOUNT OF TOTAL ASSETS, LIABILITIES OR CHANGE IN NET ASSETS FROM THE PRIOR-YEAR.

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF OPERATING, BOARD DESIGNATED  
AND RESTRICTED FUNDS  
DECEMBER 31, 2011 AND 2010

	2011	2010
<b>OPERATING FUNDS</b>		
CASH ON HAND	\$ 2,600	\$ 2,600
DEMAND DEPOSITS - GENERAL OPERATING ACCOUNTS		
BANK OF THE OZARKS	3,261,957	3,205,985
UNION BANK	745,468	256,993
STEPHENS INVESTMENT POOL	518,528	517,243
TOTAL OPERATING FUNDS	4,528,553	3,982,821
<b>BOARD DESIGNATED</b>		
RESERVOIR MITIGATION FUND - STEPHENS INVESTMENT POOL		91,827
RESERVOIR CONTINGENT FUND - STEPHENS INVESTMENT POOL	90,160	
UTILITY RATE RESERVE FUND - STEPHENS INVESTMENT POOL	1,031,047	1,028,494
UTILITY CONTINGENCY FUND - STEPHENS INVESTMENT POOL		964,190
UTILITY EMERGENCY FUND - STEPHENS INVESTMENT POOL	966,678	
UTILITY BOND RETIREMENT FUND		1,483,566
WATER SYSTEM CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	245,735	400,073
ELECTRIC CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	214,004	
FACILITIES CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	180,076	
WASTEWATER CAPITAL IMPROVEMENT FUND - BANK OF THE OZARKS	2	
FEMA FUND - BANK OF THE OZARKS	3,225	3,217
TOTAL BOARD DESIGNATED	2,730,927	3,971,367
<b>RESTRICTED FUNDS</b>		
<b>BOND FUNDS</b>		
11/01/95 ISSUE - ADFA	71,702	71,700
12/17/97 ISSUE - ADFA	16,191	16,191
12/01/01A ISSUE - BANK OF THE OZARKS	130,297	130,125
10/01/02 ISSUE - STEPHENS INVESTMENT POOL	455,455	455,658
06/01/04 ISSUE - STEPHENS INVESTMENT POOL	267,714	269,094
12/01/06 ISSUE - GOLDMAN SACHS TREASURY INSTRUMENTS	474,945	476,174
03/06/09 ISSUE - REGION CORPORATE TRUST DEPARTMENT	2,620	2,620
TOTAL BOND FUNDS	1,418,924	1,421,562
<b>DEPRECIATION FUND</b>		
PUBLIC UTILITIES - BANK OF THE OZARKS	461,414	362,558
<b>DEBT SERVICE ESCROW FUND</b>		
12/01/01A ISSUE - FIRST SECURITY BANK	144,264	142,967
10/01/02 ISSUE - STEPHENS CASH MANAGEMENT TRUST	79,497	79,300
10/01/02 ISSUE - STEPHENS CASH ACCOUNT	640,794	642,222
10/01/06 ISSUE - GOLDMAN SACHS TREASURY INSTRUMENTS	128,024	128,018
10/01/06 ISSUE - STEPHENS INSURED CD'S	1,385,000	1,385,000
10/01/06 ISSUE - STEPHENS CASH ACCOUNT	2,184	1,621
TOTAL DEBT SERVICE ESCROW FUND	2,379,763	2,379,128
<b>WATER SYSTEM IMPROVEMENT FUND</b>		
WASTE WATER CAPITAL IMPROV. FUND-CASH MANAGEMENT TRUST		
WASTE WATER 2006 PROJECT CONSTRUCTION FUND:		
GOLDMAN SACHS TREASURY INVESTMENTS		175,569
WATER SYSTEM IMPROVEMENT FUND - STEPHENS CASH MGMT TRUST	44,864	44,753
TOTAL WATER SYSTEM IMPROVEMENT FUNDS	44,864	220,322
TOTAL RESTRICTED FUNDS	4,304,965	4,383,570
TOTAL OPERATING, DESIGNATED AND RESTRICTED FUNDS	\$11,564,445	\$12,337,758

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
DEPARTMENTAL STATEMENTS OF REVENUES AND EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		2010		2011		2010		ELIMINATIONS		2011		2010	
	DEPT.	LIGHT DEPT.	WATER DEPT.	WATER DEPT.	WATER DEPT.	WASTE WATER	WATER DEPT.	WASTE WATER	2011	2010	COMBINED TOTAL	COMBINED TOTAL		
REVENUE - OPERATIONS	\$27,373,473	\$27,517,096	\$5,549,695	\$5,490,006	\$ 4,712,872	\$ 4,758,725			\$(1,571,909)	\$(1,562,895)	\$ 36,064,131	\$ 36,202,932		
Fees														
SERVICE CHARGES AND CONNECTION FEES	313,934	279,835	67,748	76,310	156,177	246,688					537,859	602,833		
PENALTIES	328,818	334,778	75,516	73,649	100,763	102,129					505,097	510,556		
FEMA - STORM DAMAGE				132,795		49,682						182,477		
CONSTRUCTION REVENUE		573,945										573,945		
OTHER INCOME	225,943	206,188	18,336	26,252	39,788	34,668					284,067	267,108		
TOTAL REVENUE - OPERATIONS	28,242,168	28,911,842	5,711,295	5,799,012	5,009,600	5,191,892			(1,571,909)	(1,562,895)	37,391,154	38,339,851		
EXPENSES - OPERATIONS														
POWER COSTS	21,842,799	21,997,066												
PLANT PRODUCTION			1,570,906	1,755,872	1,867,294	1,885,607			(1,405,953)	(1,410,459)	21,842,799	21,997,066		
GENERAL AND DISTRIBUTION	2,665,785	2,717,368	799,316	778,044	1,164,655	1,247,756			(146,713)	(132,509)	2,032,247	2,231,020		
ADMINISTRATIVE	915,292	885,841	806,636	736,864	818,968	765,431			(19,243)	(19,927)	4,483,043	4,610,659		
CONSTRUCTION COSTS		171,645									2,521,653	2,368,209		
DEPRECIATION	937,496	979,074	1,332,640	1,425,378	2,496,534	2,420,490					4,766,670	4,824,942		
TOTAL EXPENSES - OPERATIONS	26,361,372	26,750,994	4,509,498	4,696,158	6,347,451	6,319,284			(1,571,909)	(1,562,895)	35,646,412	36,203,541		
OPERATING INCOME	1,880,796	2,160,848	1,201,797	1,102,854	(1,337,851)	(1,127,392)					1,744,742	2,136,310		
NONOPERATING REVENUES (EXPENSES)														
INTEREST REVENUE	18,067	16,916	3,914	4,907	1,023	4,519					23,004	26,342		
INTEREST EXPENSE			(529,212)	(568,497)	(1,521,582)	(1,542,314)					(2,050,794)	(2,110,811)		
TOTAL NONOPERATING REVENUES (EXPENSES)	18,067	16,916	(525,298)	(563,590)	(1,520,559)	(1,537,795)					(2,027,790)	(2,084,469)		
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 1,898,863	\$ 2,177,764	\$ 676,499	\$ 539,264	\$ (2,858,410)	\$ (2,665,187)					(283,048)	51,841		
CAPITAL CONTRIBUTIONS														
TRANSFERS OUT:														
FRANCHISE FEES											2,324,427	893,536		
REIMBURSEMENT FOR ADMINISTRATIVE COSTS											(1,858,453)	(1,866,213)		
CHANGE IN NET ASSETS											445,436	(920,836)		

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, 2011

	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$ 365,513	\$ 306,460	\$ 671,973
FRINGE BENEFITS	161,135	160,186	321,321
VEHICLE OPERATIONS	10,383	21,425	31,808
BUILDING MAINTENANCE	195,275	53,765	249,040
EQUIPMENT REPAIRS	88,540	150,263	238,803
RESERVOIR REPAIRS	1,345		1,345
OFFICE SUPPLIES	210	533	743
JANITORIAL SUPPLIES AND SERVICES	2,665	4,539	7,204
COMPUTER SUPPLIES	1,758	557	2,315
CHEMICALS	191,844	42,623	234,467
LABORATORY	4,481	31,286	35,767
MISCELLANEOUS	10,702	26,279	36,981
ELECTRIC, WATER AND WASTE WATER	480,461	926,264	1,406,725
HEAT - NATURAL GAS	3,436	97,457	100,893
TELEPHONE	2,990	4,630	7,620
INSTRUMENTATION AND SUPPLIES	188		188
EQUIPMENT RENTAL	157		157
SMALL TOOLS	2,119	240	2,359
PROFESSIONAL AND CONSULTING	12,047	15,041	27,088
INSURANCE	20,099	25,437	45,536
SMALL EQUIPMENT	15,558	309	15,867
TOTAL	<u>\$1,570,906</u>	<u>\$1,867,294</u>	<u>\$3,438,200</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF GENERAL, DISTRIBUTION AND COLLECTIONS EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$1,077,935	\$353,562	\$ 348,928	\$1,780,425
FRINGE BENEFITS	500,596	161,364	175,513	837,473
VEHICLE OPERATIONS	139,142	52,038	65,154	256,334
BUILDING MAINTENANCE	7,586	4,204	7,575	19,365
LINE MAINTENANCE	374,253	152,680	237,589	764,522
EQUIPMENT REPAIRS	7,016	1,096	8,507	16,619
STREET LIGHT REPAIRS	33,805			33,805
LIFT STATION MAINTENANCE			94,092	94,092
OFFICE SUPPLIES	1,639	340	4,054	6,033
JANITORIAL SUPPLIES AND SERVICES	3,947	2,693	3,637	10,277
COMPUTER SUPPLIES	2,822	358	1,232	4,412
COMPUTER SERVICES	11,740		389	12,129
ELECTRICAL GENERATION - NATURAL GAS	5,029	3,703	1,212	9,944
ELECTRIC, WATER AND WASTE WATER	11,292	11,125	152,422	174,839
MISCELLANEOUS	35,555	5,773	14,278	55,606
TELEPHONE	11,427	5,702	3,238	20,367
EQUIPMENT RENTAL		86		86
SMALL TOOL EXPENSE	12,177	5,355	870	18,402
PROFESSIONAL AND CONSULTING	382,091	17,645	20,039	419,775
INSURANCE	34,731	12,011	18,661	65,403
SMALL EQUIPMENT EXPENSE	13,002	9,581	7,265	29,848
TOTAL	<u>\$2,665,785</u>	<u>\$799,316</u>	<u>\$1,164,655</u>	<u>\$4,629,756</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$373,646	\$373,646	\$373,647	\$1,120,939
FRINGE BENEFITS	165,581	165,581	165,582	496,744
VEHICLE OPERATIONS	14,725	14,725	14,725	44,175
BUILDING MAINTENANCE	9,423	9,423	9,422	28,268
EQUIPMENT REPAIRS	8,314	8,314	8,315	24,943
OFFICE SUPPLIES	12,369	12,369	12,369	37,107
POSTAGE	22,975	22,975	22,975	68,925
JANITORIAL SUPPLIES AND SERVICES	5,061	5,061	5,061	15,183
COMPUTER SUPPLIES COMPUTER AND BILLING SERVICES	2,922	2,922	2,922	8,766
	47,236	47,236	47,235	141,707
ELECTRICITY, WATER AND WATER	6,414	6,414	6,415	19,243
MISCELLANEOUS	22,319	22,319	22,318	66,956
HEAT - NATURAL GAS	760	760	761	2,281
TELEPHONE	5,293	5,293	5,294	15,880
PROFESSIONAL AND CONSULTING	34,694	34,694	34,695	104,083
CUSTOMER COLLECTION EXPENSE	22,298	22,298	22,298	66,894
INSURANCE	9,730	9,730	9,729	29,189
SMALL EQUIPMENT EXPENSE	8,283		2,901	11,184
ASSOCIATIONAL DUES		16,338		16,338
BAD DEBT EXPENSE	143,249	26,538	52,304	222,091
 TOTAL	 <u>\$915,292</u>	 <u>\$806,636</u>	 <u>\$818,968</u>	 <u>\$2,540,896</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, 2011:

SEWER MONTHLY RATES

- (A) 0-2 MG MINIMUM AVERAGE WATER USAGE - \$13.10
- (B) ALL OVER 2 MG MINIMUM AVERAGE WATER USAGE - \$13.10 MINIMUM, PLUS \$4.80 PER MG FOR ALL OVER 2 MG, OUT OF CITY LIMITS \$22.93 MINIMUM AND \$8.40 MG FOR ALL OVER 2 MG.
- (C) NEW RESIDENTIAL CUSTOMERS CHARGED \$30.00 PER MONTH UNTIL SIX (6) WINTER MONTHS TIME FRAME ESTABLISHED.
- (D) COMMERCIAL/INDUSTRIAL CUSTOMERS WILL BE BASED ON ACTUAL MONTHLY WATER USAGE UNLESS A LEVELIZED 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>2011</u>
RESIDENTIAL	12,349
COMMERCIAL	436
INDUSTRIAL	15
	<u>12,800</u>

<u>ANNUAL BILLABLE WATER</u>	<u>2011</u> <u>GALLONS (000s)</u>
TOTAL ANNUAL BILLABLE WATER	1,091,650
LESS WATER BILLABLE TO NON-SEWERED CUSTOMERS	(46,224)
NET BILLABLE TO SEWER CUSTOMERS	<u>1,045,426</u>
RESIDENTIAL	668,780
COMMERCIAL	156,008
INDUSTRIAL	220,638
TOTAL WATER BILLABLE TO SEWER CUSTOMERS	<u>1,045,426</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 REVENUE BOND AMORTIZATION SCHEDULE  
 ISSUE DATED NOVEMBER 1, 1995

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	1% SERVICE FEE	PRINCIPAL OUTSTANDING
	\$	\$	\$	\$
				2,481,512
04/15/2012	171,651	31,019	12,408	2,309,861
10/15/2012	174,656	28,873	11,549	2,135,205
04/15/2013	177,712	26,690	10,676	1,957,493
10/15/2013	180,822	24,469	9,787	1,776,671
04/15/2014	183,987	22,208	8,883	1,592,684
10/15/2014	187,206	19,909	7,963	1,405,478
04/15/2015	190,482	17,569	7,027	1,214,996
10/15/2015	193,815	15,188	6,075	1,021,181
04/15/2016	197,207	12,765	5,106	823,974
10/15/2016	200,658	10,300	4,120	623,316
04/15/2017	204,169	7,792	3,117	419,147
10/15/2017	207,743	5,239	2,096	211,404
04/15/2018	211,404	2,643	1,057	
	<u>\$2,481,512</u>	<u>\$224,664</u>	<u>\$ 89,864</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED DECEMBER 17, 1997

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	1% SERVICE FEE	PRINCIPAL OUTSTANDING
	\$	\$	\$	\$
				546,695
04/15/2012	36,953	8,884	2,733	509,742
10/15/2012	37,738	8,283	2,549	472,004
04/15/2013	38,540	7,670	2,360	433,464
10/15/2013	39,359	7,044	2,167	394,105
04/15/2014	40,196	6,404	1,971	353,909
10/15/2014	41,050	5,751	1,770	312,859
04/15/2015	41,922	5,084	1,564	270,937
10/15/2015	42,813	4,402	1,355	228,124
04/15/2016	43,723	3,707	1,141	184,401
10/15/2016	44,652	2,996	922	139,749
04/15/2017	45,601	2,271	699	94,148
10/15/2017	46,570	1,530	471	47,578
04/15/2018	47,578	773	238	
	<u>\$546,695</u>	<u>\$ 64,799</u>	<u>\$19,940</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 REVENUE BOND AMORTIZATION SCHEDULE  
 ISSUE DATED DECEMBER 1, 2001A

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$1,220,000
03/01/2012		27,502	1,220,000
09/01/2012	225,000	27,503	995,000
03/01/2013		22,665	995,000
09/01/2013	230,000	22,665	765,000
03/01/2014		17,605	765,000
09/01/2014	245,000	17,605	520,000
03/01/2015		12,093	520,000
09/01/2015	255,000	12,092	265,000
03/01/2016		6,227	265,000
09/01/2016	265,000	6,227	
	<u>\$1,220,000</u>	<u>\$172,184</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED OCTOBER 1, 2002

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	
			\$8,815,000
03/01/2012		203,750	8,815,000
09/01/2012	310,000	203,750	8,505,000
03/01/2013		198,325	8,505,000
09/01/2013	320,000	198,325	8,185,000
03/01/2014		192,525	8,185,000
09/01/2014	335,000	192,525	7,850,000
03/01/2015		186,160	7,850,000
09/01/2015	345,000	186,160	7,505,000
03/01/2016		179,260	7,505,000
09/01/2016	360,000	179,260	7,145,000
03/01/2017		171,880	7,145,000
09/01/2017	375,000	171,880	6,770,000
03/01/2018		164,005	6,770,000
09/01/2018	390,000	164,005	6,380,000
09/01/2019		155,620	6,380,000
03/01/2019	410,000	155,620	5,970,000
09/01/2020		146,600	5,970,000
03/01/2020	425,000	146,600	5,545,000
09/01/2021		137,037	5,545,000
03/01/2021	445,000	137,038	5,100,000
09/01/2022		126,802	5,100,000
03/01/2022	465,000	126,803	4,635,000
09/01/2023		115,875	4,635,000
03/01/2023	485,000	115,875	4,150,000
09/01/2024		103,750	4,150,000
03/01/2024	510,000	103,750	3,640,000
09/01/2025		91,000	3,640,000
03/01/2025	535,000	91,000	3,105,000
09/01/2026		77,625	3,105,000
03/01/2026	565,000	77,625	2,540,000
09/01/2027		63,500	2,540,000
03/01/2027	590,000	63,500	1,950,000
09/01/2028		48,750	1,950,000
03/01/2028	615,000	48,750	1,335,000
09/01/2029		33,375	1,335,000
03/01/2029	650,000	33,375	685,000
09/01/2030		17,125	685,000
03/01/2030	685,000	17,125	
	<u>\$8,815,000</u>	<u>\$4,825,930</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED JUNE 1, 2004A

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$ 1,960,000
03/01/2012		37,629	1,960,000
09/01/2012	420,000	37,629	1,540,000
03/01/2013		30,174	1,540,000
09/01/2013	365,000	30,173	1,175,000
03/01/2014		23,421	1,175,000
09/01/2014	375,000	23,422	800,000
03/01/2015		16,203	800,000
09/01/2015	395,000	16,202	405,000
03/01/2016		8,303	405,000
09/01/2016	405,000	8,302	
	<u>\$1,960,000</u>	<u>\$231,458</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED JUNE 1, 2004B

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$1,075,000
03/01/2012		20,697	1,075,000
09/01/2012	200,000	20,696	875,000
03/01/2013		17,146	875,000
09/01/2013	205,000	17,146	670,000
03/01/2014		13,354	670,000
09/01/2014	215,000	13,354	455,000
03/01/2015		9,215	455,000
09/01/2015	225,000	9,215	230,000
03/01/2016		4,715	230,000
09/01/2016	230,000	4,715	
	<u>\$1,075,000</u>	<u>\$130,253</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED DECEMBER 1, 2006

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$26,500,000
03/01/2012		662,500	26,500,000
09/01/2012		662,500	26,500,000
03/01/2013		662,500	26,500,000
09/01/2013		662,500	26,500,000
03/01/2014		662,500	26,500,000
09/01/2014		662,500	26,500,000
03/01/2015		662,500	26,500,000
09/01/2015		662,500	26,500,000
03/01/2016		662,500	26,500,000
09/01/2016		662,500	26,500,000
03/01/2017		662,500	26,500,000
09/01/2017	185,000	662,500	26,315,000
03/01/2018		657,875	26,315,000
09/01/2018	460,000	657,875	25,855,000
03/01/2019		646,375	25,855,000
09/01/2019	745,000	646,375	25,110,000
03/01/2020		627,750	25,110,000
09/01/2020	785,000	627,750	24,325,000
03/01/2021		608,125	24,325,000
09/01/2021	820,000	608,125	23,505,000
03/01/2022		587,625	23,505,000
09/01/2022	865,000	587,625	22,640,000
03/01/2023		566,000	22,640,000
09/01/2023	905,000	566,000	21,735,000
03/01/2024		543,375	21,735,000
09/01/2024	950,000	543,375	20,785,000
03/01/2025		519,625	20,785,000
09/01/2025	1,000,000	519,625	19,785,000
03/01/2026		494,625	19,785,000
09/01/2026	1,045,000	494,625	18,740,000
03/01/2027		468,500	18,740,000
09/01/2027	1,100,000	468,500	17,640,000
03/01/2028		441,000	17,640,000
09/01/2028	1,160,000	441,000	16,480,000
03/01/2029		412,000	16,480,000
09/01/2029	1,215,000	412,000	15,265,000
03/01/2030		381,625	15,265,000
09/01/2030	1,275,000	381,625	13,990,000
03/01/2031		349,750	13,990,000
09/01/2031	2,055,000	349,750	11,935,000

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 REVENUE BOND AMORTIZATION SCHEDULE  
 ISSUE DATED DECEMBER 1, 2006 (CONT'D)

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
03/01/2032		298,375	11,935,000
09/01/2032	2,160,000	298,375	9,775,000
03/01/2033		244,375	9,775,000
09/01/2033	2,270,000	244,375	7,505,000
03/01/2034		187,625	7,505,000
09/01/2034	2,380,000	187,625	5,125,000
03/01/2035		128,125	5,125,000
09/01/2035	2,500,000	128,125	2,625,000
03/01/2036		65,625	2,625,000
09/01/2036	2,625,000	65,625	
	<u>\$26,500,000</u>	<u>\$24,406,750</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED MARCH 6, 2009

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
	\$	\$	\$
			246,639
06/01/2012	2,222	5,858	244,417
12/01/2012	2,275	5,805	242,142
06/01/2013	2,329	5,751	239,813
12/01/2013	2,384	5,696	237,429
06/01/2014	2,441	5,639	234,988
12/01/2014	2,499	5,581	232,489
06/01/2015	2,558	5,522	229,931
12/01/2015	2,619	5,461	227,312
06/01/2016	2,681	5,399	224,631
12/01/2016	2,745	5,335	221,886
06/01/2017	2,810	5,270	219,076
12/01/2017	2,877	5,203	216,199
06/01/2018	2,945	5,135	213,254
12/01/2018	3,015	5,065	210,239
06/01/2019	3,087	4,993	207,152
12/01/2019	3,160	4,920	203,992
06/01/2020	3,235	4,845	200,757
12/01/2020	3,312	4,768	197,445
06/01/2021	3,391	4,689	194,054
12/01/2021	3,471	4,609	190,583
06/01/2022	3,554	4,526	187,029
12/01/2022	3,638	4,442	183,391
06/01/2023	3,724	4,356	179,667
12/01/2023	3,813	4,267	175,854
06/01/2024	3,903	4,177	171,951
12/01/2024	3,996	4,084	167,955
06/01/2025	4,091	3,989	163,864
12/01/2025	4,188	3,892	159,676
06/01/2026	4,288	3,792	155,388
12/01/2026	4,390	3,690	150,998
06/01/2027	4,494	3,586	146,504
12/01/2027	4,601	3,479	141,903
06/01/2028	4,710	3,370	137,193
12/01/2028	4,822	3,258	132,371
06/01/2029	4,936	3,144	127,435
12/01/2029	5,053	3,027	122,382
06/01/2030	5,173	2,907	117,209
12/01/2030	5,296	2,784	111,913
06/01/2031	5,422	2,658	106,491

BENTON MUNICIPAL LIGHT AND WATER WORKS  
CITY OF BENTON, STATE OF ARKANSAS  
REVENUE BOND AMORTIZATION SCHEDULE  
ISSUE DATED MARCH 6, 2009 (CONT'D)

DECEMBER 31, 2011

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
12/01/2031	5,551	2,529	100,940
06/01/2032	5,683	2,397	95,257
12/01/2032	5,818	2,262	89,439
06/01/2033	5,956	2,124	83,483
12/01/2033	6,097	1,983	77,386
06/01/2034	6,242	1,838	71,144
12/01/2034	6,390	1,690	64,754
06/01/2035	6,542	1,538	58,212
12/01/2035	6,697	1,383	51,515
03/01/2036	6,857	1,223	44,658
12/01/2036	7,019	1,061	37,639
06/01/2037	7,186	894	30,453
12/01/2037	7,357	723	23,096
06/24/2038	7,531	549	15,565
12/01/2038	7,710	370	7,855
06/01/2039	7,855	187	
	<u>\$ 246,639</u>	<u>\$ 197,723</u>	

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 ESTIMATED DEBT SERVICE COVERAGE

DECEMBER 31, 2011

YEAR	11/01/95	12/17/97	12/01/01A	10/01/02	06/01/04A	06/01/04B	12/1/2006	03/06/2009	TOTAL
ENDING 12/31	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS	BONDS
2012	\$ 430,156	\$ 97,140	\$ 280,005	\$ 717,500	\$ 495,258	\$ 241,393	\$ 1,325,000	\$ 16,160	\$ 3,602,612
2013	430,156	97,140	275,330	716,650	425,347	239,292	1,325,000	16,160	3,525,075
2014	430,156	97,142	280,210	720,050	421,843	241,708	1,325,000	16,160	3,532,269
2015	430,156	97,140	279,185	717,320	427,405	243,430	1,325,000	16,160	3,535,796
2016	430,156	97,141	277,455	718,520	421,605	239,430	1,325,000	16,160	3,525,467
2017	430,156	97,142		718,760			1,510,000	16,160	2,772,218
2018	215,104	48,589		718,010			1,775,750	16,160	2,773,613
2019				721,240			2,037,750	17,160	2,776,150
2020				718,200			2,040,500	16,160	2,774,860
2021				719,075			2,036,250	16,160	2,771,485
2022				718,605			2,040,250	16,160	2,775,015
2023				716,750			2,037,000	16,160	2,769,910
2024				717,500			2,036,750	16,160	2,770,410
2025				717,000			2,039,250	16,160	2,772,410
2026				720,250			2,034,250	16,160	2,770,660
2027				717,000			2,037,000	16,160	2,770,160
2028				712,500			2,042,000	16,160	2,770,660
2029				716,750			2,039,000	16,160	2,771,910
2030				719,250			2,038,250	16,160	2,773,660
2031							2,754,500	16,160	2,770,660
2032							2,756,750	16,160	2,772,910
2033							2,758,750	16,160	2,774,910
2034							2,755,250	15,160	2,770,410
2035							2,756,250	16,160	2,772,410
2036							2,756,250	16,160	2,772,410
2037								16,160	16,160
2038								16,160	16,160
2039								8,042	8,042
<b>TOTALS</b>	<b>\$2,796,040</b>	<b>\$631,434</b>	<b>\$1,392,185</b>	<b>\$13,640,930</b>	<b>\$2,191,458</b>	<b>\$1,205,253</b>	<b>\$50,906,750</b>	<b>\$ 444,362</b>	<b>\$73,208,412</b>

BENTON MUNICIPAL LIGHT AND WATER WORKS  
 CITY OF BENTON, STATE OF ARKANSAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR  
 BENTON UTILITIES EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ENTRY AGE ACTUARIAL		UNFUNDED ACCRUED LIABILITY (UAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAL AS A % OF COVERED PAYROLL ( (b-a) / c )
		ACCRUED LIABILITY (b)	FUNDED RATIO (a/b)				
12/31/10	\$ 10,145,005	\$ 13,191,285		\$ 3,046,280	76.91%	\$ 3,358,173	90.71%
12/31/09	\$ 8,965,792	\$ 12,539,395		\$ 3,573,603	71.50%	\$ 3,236,853	110.40%
12/31/08	\$ 7,626,071	\$ 11,899,434		\$ 4,273,363	64.09%	\$ 3,268,385	130.75%
12/31/07	\$ 8,851,233	\$ 11,271,934		\$ 2,420,701	78.52%	\$ 3,192,087	75.83%
12/31/06	\$ 8,215,017	\$ 10,642,209		\$ 2,427,192	77.19%	\$ 3,131,928	77.50%