

**Yoakum, Lovell & Co., PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BENTON, ARKANSAS

REGULATORY BASIS FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND OTHER REPORTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

CITY OF BENTON, ARKANSAS  
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# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE AUDITED THE ACCOMPANYING REGULATORY BASIS FINANCIAL STATEMENTS OF THE GENERAL FUND, STREET FUND, AND OTHER FUNDS IN THE AGGREGATE OF THE CITY OF BENTON, ARKANSAS, AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008, AS LISTED IN THE TABLE OF CONTENTS. THESE FINANCIAL STATEMENTS ARE THE RESPONSIBILITY OF THE CITY'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 AND THE STANDARDS APPLICABLE TO FINANCIAL AUDITS CONTAINED IN *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDIT 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 DESCRIBED MORE FULLY IN NOTE 1B AND 1C, THE CITY HAS PREPARED THESE FINANCIAL STATEMENTS USING ACCOUNTING PRACTICES PRESCRIBED OR PERMITTED BY ARKANSAS CODE, WHICH PRACTICES DIFFER FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE EFFECT ON THE FINANCIAL STATEMENTS OF THE VARIANCES BETWEEN THESE REGULATORY ACCOUNTING PRACTICES AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES, ALTHOUGH NOT REASONABLY DETERMINABLE, ARE PRESUMED TO BE MATERIAL.

IN OUR OPINION, BECAUSE OF THE EFFECTS OF THE MATTER DISCUSSED IN THE PRECEDING PARAGRAPH, THE FINANCIAL STATEMENTS REFERRED TO ABOVE DO NOT PRESENT FAIRLY, IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES, THE FINANCIAL POSITION OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2009 AND 2008, OR THE CHANGES IN FINANCIAL POSITION OR WHERE APPLICABLE, ITS CASH FLOWS, THEREOF FOR THE YEARS THEN ENDED. FURTHER, THE CITY HAS NOT PRESENTED A MANAGEMENT'S DISCUSSION AND ANALYSIS THAT ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES HAS DETERMINED IS NECESSARY TO SUPPLEMENT, ALTHOUGH NOT REQUIRED TO BE PART OF, THE BASIC FINANCIAL STATEMENTS.

THE UTILITIES FUND HAS NOT BEEN INCLUDED IN THE CITY'S REGULATORY BASIS FINANCIAL STATEMENTS. THE REGULATORY BASIS AS PRESCRIBED BY ARKANSAS CODE REQUIRES THESE FUNDS TO BE PRESENTED AS PART OF THE OTHER FUNDS PRESENTED IN THE AGGREGATE, THUS INCREASING THE COLUMN'S ASSETS, LIABILITIES, REVENUES, AND EXPENDITURES. THE AMOUNT BY WHICH THIS DEPARTMENT WOULD AFFECT THE ASSETS, LIABILITIES, REVENUES, AND EXPENDITURES OF THE OTHER FUNDS IN THE AGGREGATE COLUMN IS NOT REASONABLY DETERMINABLE. THE CITY'S REGULATORY BASIS FINANCIAL STATEMENTS ALSO DO NOT DISCLOSE ALL THE REQUIRED INFORMATION CONCERNING OTHER

POSTEMPLOYMENT BENEFITS, WHICH SHOULD BE INCLUDED IN ORDER TO CONFORM WITH THE REGULATORY BASIS OF ACCOUNTING AS DESCRIBED IN NOTE 1C.

IN OUR OPINION, BECAUSE OF THE EFFECTS ON THE FINANCIAL STATEMENTS OF THE OMISSIONS DESCRIBED IN THE PRECEDING PARAGRAPH, THE FINANCIAL STATEMENTS REFERRED TO ABOVE DO NOT PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE RESPECTIVE REGULATORY BASIS FINANCIAL POSITION OF THE OTHER FUNDS IN THE AGGREGATE OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2009 AND 2008, AND THE RESPECTIVE CHANGES IN THE REGULATORY BASIS FINANCIAL POSITION FOR THE YEARS THEN ENDED ON THE BASIS OF ACCOUNTING AS DESCRIBED IN NOTE 1C.

IN OUR OPINION, EXCEPT FOR THE EFFECTS OF NOT DISCLOSING ALL REQUIRED INFORMATION CONCERNING POSTEMPLOYMENT BENEFITS, THE FINANCIAL STATEMENTS REFERRED TO ABOVE PRESENT FAIRLY, IN ALL MATERIAL RESPECTS, THE RESPECTIVE REGULATORY BASIS FINANCIAL POSITION OF THE GENERAL FUND AND STREET FUNDS OF THE CITY OF BENTON, ARKANSAS, AS OF DECEMBER 31, 2009 AND 2008, AND THE RESPECTIVE CHANGES IN THE REGULATORY BASIS FINANCIAL POSITION, AND THE BUDGETARY RESULTS FOR THE GENERAL AND STREET FUNDS FOR THE YEARS THEN ENDED ON THE BASIS OF ACCOUNTING DESCRIBED IN NOTE 1C.

IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, WE HAVE ALSO ISSUED OUR REPORT DATED JULY 23, 2010, ON OUR CONSIDERATION OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING AND OUR TESTS OF ITS COMPLIANCE WITH CERTAIN PROVISIONS OF LAWS, REGULATIONS, CONTRACTS AND GRANT AGREEMENTS AND OTHER MATTERS. THE PURPOSE OF THAT REPORT IS TO DESCRIBE THE SCOPE OF OUR TESTING OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND THE RESULTS OF THAT TESTING AND NOT TO PROVIDE AN OPINION ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING OR ON COMPLIANCE. THAT REPORT IS AN INTEGRAL PART OF AN AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND SHOULD BE CONSIDERED IN CONJUNCTION WITH THIS REPORT IN CONSIDERING THE RESULTS OF OUR AUDITS.

OUR AUDITS WERE CONDUCTED FOR THE PURPOSE OF FORMING OPINIONS ON THE REGULATORY BASIS FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS. THE SUPPLEMENTARY INFORMATION ON PAGES 27 THROUGH 42 ARE PRESENTED FOR THE PURPOSE OF ADDITIONAL ANALYSIS, BUT ARE NOT REQUIRED AS A PART OF THE FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS. SUCH INFORMATION HAS BEEN SUBJECTED TO THE AUDITING PROCEDURES APPLIED IN THE AUDIT OF THE FINANCIAL STATEMENTS AND, IN OUR OPINION, BECAUSE OF THE EFFECTS ON THE FINANCIAL INFORMATION IN THE SUPPORTING SCHEDULES OF THE OMISSIONS DISCUSSED ABOVE, SUCH INFORMATION IS NOT PRESENTED FAIRLY IN ALL MATERIAL RESPECTS IN RELATION TO THE FINANCIAL STATEMENTS TAKEN AS A WHOLE. THE SUPPLEMENTARY INFORMATION IN THE SCHEDULE OF CAPITAL ASSETS IS REQUIRED BY THE REGULATORY BASIS OF PRESENTATION AND IS PRESENTED FOR THE PURPOSE OF ADDITIONAL ANALYSIS. WE HAVE NOT APPLIED AUDITING PROCEDURES TO THIS INFORMATION AND, ACCORDINGLY, EXPRESS NO OPINION ON THE SCHEDULE OF CAPITAL ASSETS.

*Yostcum, Duvell & Co, P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
JULY 23, 2010

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - REGULATORY BASIS  
 DECEMBER 31, 2009

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>OTHER FUNDS IN THE AGGREGATE</u>
ASSETS			
CASH AND EQUIVALENTS:			
UNDESIGNATED	\$ 538,722	\$ 1,161,172	\$ 1,411,218
COUNCIL DESIGNATED	328,138		2,842
RESTRICTED	189,548	170,922	4,434,835
INVESTMENTS-RESTRICTED			15,678,721
OTHER RECEIVABLES	259		465,852
DUE FROM OTHER FUNDS	9,483	132,019	
PREPAID EXPENSES	107,692	16,335	13,813
TOTAL ASSETS	<u>\$1,173,842</u>	<u>\$1,480,448</u>	<u>\$22,007,281</u>
 <u>LIABILITIES AND FUND BALANCE</u> 			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 233,627	\$ 95,078	\$ 34,832
ACCRUED COMPENSATION	201,951	14,979	17,338
DUE TO OTHER FUNDS	131,663		356
ASSETS HELD IN TRUST			16,626,053
TOTAL LIABILITIES	<u>567,241</u>	<u>110,057</u>	<u>16,678,579</u>
FUND BALANCES			
RESERVED FOR DEBT SERVICE			514,880
RESERVED FOR CAPITAL OUTLAY		247,860	3,386,507
RESERVED FOR OTHER ACTIVITIES	189,548		1,612
UNRESERVED:			
DESIGNATED	328,138		2,842
UNDESIGNATED	88,915	1,122,531	1,422,861
TOTAL FUND BALANCES	<u>606,601</u>	<u>1,370,391</u>	<u>5,328,702</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,173,842</u>	<u>\$1,480,448</u>	<u>\$22,007,281</u>

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

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - REGULATORY BASIS  
 DECEMBER 31, 2008

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>OTHER FUNDS IN THE AGGREGATE</u>
<b>ASSETS</b>			
CASH AND EQUIVALENTS:			
UNDESIGNATED	\$ 933,482	\$ 1,645,902	\$ 1,016,256
COUNCIL DESIGNATED	293,198		2,837
RESTRICTED	221,302	3,014,007	7,953,613
INVESTMENTS-RESTRICTED			9,045,850
OTHER RECEIVABLES	455		65,000
DUE FROM OTHER FUNDS	16,411	125,337	21,000
PREPAID EXPENSES	99,949	14,895	12,894
<b>TOTAL ASSETS</b>	<u><u>\$ 1,564,797</u></u>	<u><u>\$ 4,800,141</u></u>	<u><u>\$ 18,117,450</u></u>
<u>LIABILITIES AND FUND BALANCE</u>			
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$ 494,283	\$ 461,227	\$ 124,040
ACCRUED COMPENSATION	85,312	6,720	9,059
DUE TO OTHER FUNDS	125,337		21,000
ASSETS HELD IN TRUST			14,790,243
<b>TOTAL LIABILITIES</b>	<u><u>704,932</u></u>	<u><u>467,947</u></u>	<u><u>14,944,342</u></u>
<b>FUND BALANCES</b>			
RESERVED FOR DEBT SERVICE			506,358
RESERVED FOR CAPITAL OUTLAY		2,790,881	1,701,091
RESERVED FOR OTHER ACTIVITIES	221,302		1,771
UNRESERVED:			
DESIGNATED	293,198		2,837
UNDESIGNATED	345,365	1,541,313	961,051
<b>TOTAL FUND BALANCES</b>	<u><u>859,865</u></u>	<u><u>4,332,194</u></u>	<u><u>3,173,108</u></u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u><u>\$ 1,564,797</u></u>	 <u><u>\$ 4,800,141</u></u>	 <u><u>\$ 18,117,450</u></u>

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

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE
REVENUES			
TAX REVENUES	\$ 2,073,307	\$ 1,804,084	\$ 8,262,350
BONDS, FINES AND FEES	695,088		1,002,246
PERMITS AND LICENSES	295,625		
FEDERAL AND STATE GRANTS	235,598	31,143	532,230
INTEREST	6,111	7,222	9,553
OTHER	86,300	60,753	108,776
TOTAL REVENUES	<u>3,392,029</u>	<u>1,903,202</u>	<u>9,915,155</u>
EXPENDITURES			
HUMAN RESOURCES	8,097,279	617,479	735,954
OPERATIONS AND MAINTENANCE	891,917	511,074	513,004
UTILITIES	112,481	13,774	18,257
OUTSIDE SERVICES	951,788	23,522	428,114
EDUCATIONAL/PROFESSIONAL	181,518	20	2,289
CAPITAL OUTLAY	225,987	2,387,770	1,281,441
PRINCIPAL PAYMENTS			953,598
INTEREST PAYMENTS			138,300
TOTAL EXPENDITURES	<u>10,460,970</u>	<u>3,553,639</u>	<u>4,070,957</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(7,068,941)</u>	<u>(1,650,437)</u>	<u>5,844,198</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS	29,973	19,463	
TRANSFERS IN	7,533,946	1,468,674	6,075,254
TRANSFERS OUT	(748,242)	(2,799,503)	(9,763,858)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,815,677</u>	<u>(1,311,366)</u>	<u>(3,688,604)</u>
CHANGES IN FUND BALANCES	(253,264)	(2,961,803)	2,155,594
FUND BALANCES AT BEGINNING OF YEAR	<u>859,865</u>	<u>4,332,194</u>	<u>3,173,108</u>
FUND BALANCES AT END OF YEAR	<u>\$ 606,601</u>	<u>\$ 1,370,391</u>	<u>\$ 5,328,702</u>

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

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE
REVENUES			
TAX REVENUES	\$ 1,884,867	\$ 1,773,977	\$ 7,984,393
BONDS, FINES AND FEES	628,990		908,486
PERMITS AND LICENSES	459,070		
FEDERAL AND STATE GRANTS	110,992	36,330	88,847
INTEREST	22,705	96,209	76,008
OTHER	152,246	310,174	342,753
TOTAL REVENUES	<u>3,258,870</u>	<u>2,216,690</u>	<u>9,400,487</u>
EXPENDITURES			
HUMAN RESOURCES	7,915,624	630,841	698,787
OPERATIONS AND MAINTENANCE	754,494	357,543	423,018
UTILITIES	105,592	10,693	16,122
OUTSIDE SERVICES	953,794	26,509	627,832
EDUCATIONAL/PROFESSIONAL	148,557	68	78
CAPITAL OUTLAY	349,310	2,762,222	2,655,719
PRINCIPAL PAYMENTS			874,793
INTEREST PAYMENTS			174,748
TOTAL EXPENDITURES	<u>10,227,371</u>	<u>3,787,876</u>	<u>5,471,097</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(6,968,501)</u>	<u>(1,571,186)</u>	<u>3,929,390</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN	7,645,863	3,489,293	2,519,504
TRANSFERS OUT	(619,281)	(2,585,418)	(8,763,975)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,026,582</u>	<u>903,875</u>	<u>(6,244,471)</u>
CHANGES IN FUND BALANCES	58,081	(667,311)	(2,315,081)
FUND BALANCES AT BEGINNING OF YEAR	<u>801,784</u>	<u>4,999,505</u>	<u>5,488,189</u>
FUND BALANCES AT END OF YEAR	<u>\$ 859,865</u>	<u>\$ 4,332,194</u>	<u>\$ 3,173,108</u>

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET  
AND ACTUAL - GENERAL FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,822,116	\$ 2,073,307	\$ 251,191
BONDS, FINES AND FEES	668,868	695,088	26,220
PERMITS AND LICENSES	281,090	295,625	14,535
FEDERAL AND STATE GRANTS	142,100	235,598	93,498
INTEREST	9,000	6,111	(2,889)
OTHER	90,180	86,300	(3,880)
TOTAL REVENUES	<u>3,013,354</u>	<u>3,392,029</u>	<u>378,675</u>
EXPENDITURES			
HUMAN RESOURCES	8,128,918	8,097,279	31,639
OPERATIONS AND MAINTENANCE	827,817	891,917	(64,100)
UTILITIES	111,880	112,481	(601)
OUTSIDE SERVICES	1,003,594	951,788	51,806
EDUCATIONAL/PROFESSIONAL	181,075	181,518	(443)
CAPITAL OUTLAY	300,286	225,987	74,299
TOTAL EXPENDITURES	<u>10,553,570</u>	<u>10,460,970</u>	<u>92,600</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(7,540,216)</u>	<u>(7,068,941)</u>	<u>471,275</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS		29,973	29,973
TRANSFERS IN	7,585,411	7,533,946	(51,465)
TRANSFERS OUT	(799,438)	(748,242)	51,196
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>6,785,973</u>	<u>6,815,677</u>	<u>29,704</u>
CHANGE IN FUND BALANCE	<u>\$ (754,243)</u>	<u>\$ (253,264)</u>	<u>\$ 500,979</u>

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET  
AND ACTUAL - GENERAL FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,822,116	\$ 1,884,867	\$ 62,751
BONDS, FINES AND FEES	572,736	628,990	56,254
PERMITS AND LICENSES	588,000	459,070	(128,930)
FEDERAL AND STATE GRANTS	60,559	110,992	50,433
INTEREST	36,000	22,705	(13,295)
OTHER	51,240	152,246	101,006
TOTAL REVENUES	<u>3,130,651</u>	<u>3,258,870</u>	<u>128,219</u>
EXPENDITURES			
HUMAN RESOURCES	8,384,610	7,915,624	468,986
OPERATIONS AND MAINTENANCE	839,186	754,494	84,692
UTILITIES	106,556	105,592	964
OUTSIDE SERVICES	986,987	953,794	33,193
EDUCATIONAL/PROFESSIONAL	179,640	148,557	31,083
CAPITAL OUTLAY	662,369	349,310	313,059
TOTAL EXPENDITURES	<u>11,159,348</u>	<u>10,227,371</u>	<u>931,977</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(8,028,697)</u>	<u>(6,968,501)</u>	<u>1,060,196</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN	7,690,507	7,645,863	(44,644)
TRANSFERS OUT	(300,000)	(619,281)	(319,281)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>7,390,507</u>	<u>7,026,582</u>	<u>(363,925)</u>
CHANGE IN FUND BALANCE	<u>\$ (638,190)</u>	<u>\$ 58,081</u>	<u>\$ 696,271</u>

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET  
AND ACTUAL - STREET FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,769,223	\$ 1,804,084	\$ 34,861
FEDERAL AND STATE GRANTS	80,816	31,143	(49,673)
INTEREST	33,199	7,222	(25,977)
OTHER	346,775	60,753	(286,022)
TOTAL REVENUES	<u>2,230,013</u>	<u>1,903,202</u>	<u>(326,811)</u>
EXPENDITURES			
HUMAN RESOURCES	700,565	617,479	83,086
OPERATIONS AND MAINTENANCE	567,925	511,074	56,851
UTILITIES	12,540	13,774	(1,234)
OUTSIDE SERVICES	26,056	23,522	2,534
EDUCATIONAL/PROFESSIONAL	381	20	361
CAPITAL OUTLAY	3,011,765	2,387,770	623,995
TOTAL EXPENDITURES	<u>4,319,232</u>	<u>3,553,639</u>	<u>765,593</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(2,089,219)</u>	<u>(1,650,437)</u>	<u>438,782</u>
OTHER FINANCING SOURCES AND (USES)			
GAIN ON SALE OF ASSETS	19,490	19,463	(27)
TRANSFERS IN	1,230,671	1,468,674	238,003
TRANSFERS OUT	<u>(2,601,978)</u>	<u>(2,799,503)</u>	<u>(197,525)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,351,817)</u>	<u>(1,311,366)</u>	<u>40,451</u>
CHANGE IN FUND BALANCE	<u>\$ (3,441,036)</u>	<u>\$ (2,961,803)</u>	<u>\$ 479,233</u>

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

CITY OF BENTON, ARKANSAS  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET  
AND ACTUAL - STREET FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES			
TAX REVENUES	\$ 1,769,223	\$ 1,773,977	\$ 4,754
FEDERAL AND STATE GRANTS		36,330	36,330
INTEREST	156,000	96,209	(59,791)
OTHER	54,000	310,174	256,174
TOTAL REVENUES	<u>1,979,223</u>	<u>2,216,690</u>	<u>237,467</u>
EXPENDITURES			
HUMAN RESOURCES	748,302	630,841	117,461
OPERATIONS AND MAINTENANCE	502,455	357,543	144,912
UTILITIES	12,025	10,693	1,332
OUTSIDE SERVICES	30,620	26,509	4,111
EDUCATIONAL/PROFESSIONAL	1,100	68	1,032
CAPITAL OUTLAY	5,035,885	2,762,222	2,273,663
TOTAL EXPENDITURES	<u>6,330,387</u>	<u>3,787,876</u>	<u>2,542,511</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(4,351,164)</u>	<u>(1,571,186)</u>	<u>2,779,978</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN	3,168,899	3,489,293	320,394
TRANSFERS OUT	<u>(2,806,669)</u>	<u>(2,585,418)</u>	<u>221,251</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>362,230</u>	<u>903,875</u>	<u>541,645</u>
CHANGE IN FUND BALANCE	<u><u>\$ (3,988,934)</u></u>	<u><u>\$ (667,311)</u></u>	<u><u>\$ 3,321,623</u></u>

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

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE CITY OF BENTON, ARKANSAS (THE CITY) WAS INCORPORATED ON DECEMBER 28, 1848, UNDER THE PROVISIONS OF THE STATE OF ARKANSAS. THE CITY OPERATES UNDER A MAYOR-COUNCIL FORM OF GOVERNMENT AND PROVIDES THE FOLLOWING SERVICES AS AUTHORIZED BY ITS CHARTER: PUBLIC SAFETY (POLICE, FIRE, AND ANIMAL CONTROL), STREETS, PUBLIC IMPROVEMENTS, CULTURE-RECREATION, PLANNING AND ZONING, AND GENERAL ADMINISTRATIVE SERVICES. OTHER SERVICES INCLUDE UTILITIES.

THE FOLLOWING IS A SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES:

- A. THE REPORTING ENTITY - THE CITY, FOR FINANCIAL PURPOSES, INCLUDES ALL OF THE FUNDS RELEVANT TO THE OPERATIONS OF THE CITY. THE UTILITIES FUND IS NOT PRESENTED IN THIS REPORT. THE FINANCIAL STATEMENTS PRESENTED HEREIN DO NOT INCLUDE AGENCIES WHICH HAVE BEEN FORMED UNDER APPLICABLE STATE LAWS OR SEPARATE AND DISTINCT UNITS OF GOVERNMENT APART FROM THE CITY.
- B. BASIS OF PRESENTATION - REGULATORY FUND ACCOUNTING - THE FINANCIAL STATEMENTS ARE PRESENTED IN ACCORDANCE WITH THE REGULATORY BASIS OF PRESENTATION AS PRESCRIBED OR PERMITTED BY ARKANSAS CODE. ARKANSAS CODE REQUIRES THAT THE FINANCIAL STATEMENTS BE PRESENTED ON A FUND BASIS WITH, AS A MINIMUM, THE GENERAL FUND AND STREET FUND PRESENTED SEPARATELY WITH ALL OTHER FUNDS INCLUDED IN THE FINANCIAL STATEMENTS PRESENTED IN THE AGGREGATE. THIS LAW ALSO STIPULATES THAT THE FINANCIAL STATEMENTS CONSIST OF: A BALANCE SHEET; A STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES; A COMPARISON OF THE FINAL ADOPTED BUDGET TO THE ACTUAL EXPENDITURES FOR THE GENERAL FUND AND STREET FUND; NOTES TO THE FINANCIAL STATEMENTS; AND A SUPPLEMENTAL SCHEDULE OF CAPITAL ASSETS.

A FUND IS DEFINED AS A FISCAL AND ACCOUNTING ENTITY WITH A SELF-BALANCING SET OF ACCOUNTS, RECORDING CASH AND OTHER FINANCIAL RESOURCES, TOGETHER WITH RELATED LIABILITIES AND RESIDUAL BALANCES, AND CHANGES THEREIN, WHICH ARE SEGREGATED FOR PURPOSES OF CARRYING ON SPECIFIC ACTIVITIES OR ATTAINING CERTAIN OBJECTIVES IN ACCORDANCE WITH SPECIAL REGULATIONS, RESTRICTIONS, OR LIMITATIONS.

THE FOLLOWING TYPES OF FUNDS ARE RECOGNIZED IN THE ACCOMPANYING FINANCIAL STATEMENTS:

GENERAL FUND - THE GENERAL FUND IS THE GENERAL OPERATING FUND AND IS USED TO ACCOUNT FOR ALL FINANCIAL RESOURCES, EXCEPT THOSE REQUIRED TO BE ACCOUNTED FOR IN ANOTHER FUND. THE GENERAL FUND HEADING, AS IT APPEARS IN THE FINANCIAL STATEMENTS, INCLUDES THE FOLLOWING FUNDS: ELECTED STAFF, LEGAL, CENTRAL COMMUNICATIONS, POLICE, FIRE, COMMUNITY DEVELOPMENT, AND PROFESSIONAL TECHNICAL.

STREET FUND - THE STREET FUND IS USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY RESTRICTED TO EXPENDITURES FOR MAINTAINING AND CONSTRUCTING HIGHWAYS AND STREETS.

OTHER FUNDS IN THE AGGREGATE - OTHER FUNDS IN THE AGGREGATE CONSIST OF ALL FUNDS INCLUDED IN THE FINANCIAL STATEMENTS EXCEPT FOR THE GENERAL AND STREET FUNDS. THE FOLLOWING TYPES OF FUNDS ARE INCLUDED IN THIS COLUMN AS FOLLOWS:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

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

SPECIAL REVENUE FUNDS - SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY RESTRICTED TO EXPENDITURES FOR SPECIFIC PURPOSES. THE FOLLOWING SPECIAL REVENUE FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: ANIMAL CONTROL, PARKS AND RECREATION, CONTINGENCY, SALES TAX, AND THE ADVERTISING AND PROMOTION COMMISSION.

CAPITAL PROJECT FUNDS - CAPITAL PROJECTS FUNDS ARE USED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES. THE FOLLOWING CAPITAL PROJECTS FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: BENTON PARKWAY AND MILITARY REDESIGN.

DEBT SERVICE FUNDS - DEBT SERVICE FUNDS ARE USED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR, AND THE PAYMENT OF, GENERAL LONG-TERM DEBT PRINCIPAL, INTEREST AND RELATED COSTS. THE DEBT SERVICE FUND INCLUDED ACTIVITY FOR THE SERIES 2000 CAPITAL IMPROVEMENT BONDS, THE SERIES 2007 GENERAL REVENUE PROMISSORY NOTES, THE LEASE-PURCHASE OF A FIRE TRUCK, AND THE LEASE-PURCHASE OF POLICE VEHICLES, AND IS REPORTED WITH OTHER FUNDS IN THE AGGREGATE.

TRUST AND AGENCY FUNDS - TRUST AND AGENCY FUNDS ARE USED TO ACCOUNT FOR ASSETS HELD BY THE ENTITY IN A TRUSTEE CAPACITY, OR AS AN AGENT FOR INDIVIDUALS, PRIVATE ORGANIZATIONS, OTHER GOVERNMENTAL UNITS, AND OTHER FUNDS. NO ACTIVITY IS REPORTED FOR THESE FUNDS IN THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, AND THE TOTAL OF THESE ASSETS ARE OFFSET BY A CORRESPONDING LIABILITY (ASSETS HELD IN TRUST) ON THE BALANCE SHEET. THE FOLLOWING TRUST AND AGENCY FUNDS ARE REPORTED WITH OTHER FUNDS IN THE AGGREGATE: BENTON FIREFIGHTERS PENSION, BENTON POLICE PENSION, CITY OF BENTON EMPLOYEES PENSION, BENTON UTILITIES EMPLOYEES PENSION, MUNICIPAL COURT JUDGE AND CLERK PENSION, ADMINISTRATION OF JUSTICE, POLICE BOND AND FINE, AND DISTRICT COURT BOND AND FINE.

- C. MEASUREMENT FOCUS AND REGULATORY BASIS OF ACCOUNTING - THE FINANCIAL STATEMENTS ARE PREPARED ON THE REGULATORY BASIS OF ACCOUNTING AS PRESCRIBED OR PERMITTED BY ARKANSAS CODE. THE REGULATORY BASIS DIFFERS FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. THE FINANCIAL STATEMENTS ARE REPORTED USING THE CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. REVENUES ARE RECOGNIZED AS SOON AS THEY ARE BOTH MEASURABLE AND AVAILABLE. REVENUES ARE CONSIDERED TO BE AVAILABLE WHEN THEY ARE COLLECTED WITHIN THE CURRENT PERIOD OR SOON ENOUGH THEREAFTER TO PAY LIABILITIES OF THE CURRENT PERIOD. ALL MAJOR REVENUES ARE SUSCEPTIBLE TO ACCRUAL. EXPENDITURES GENERALLY ARE RECORDED WHEN A LIABILITY IS INCURRED, AS UNDER ACCRUAL ACCOUNTING. HOWEVER, DEBT SERVICE EXPENDITURES ARE RECORDED ONLY WHEN THE LIABILITY HAS MATURED AND PAYMENT IS DUE. GENERAL CAPITAL ASSET ACQUISITIONS THAT PROVIDE FUTURE BENEFITS ARE CONSIDERED EXPENDITURES.
- D. CASH AND EQUIVALENTS - CASH AND EQUIVALENTS CONSISTS OF ALL CASH ON HAND, DEPOSITED IN THE BANK, OR DEPOSITED IN CERTIFICATES OF DEPOSIT.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

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

- 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. INVESTMENTS - THE CITY'S ONLY INVESTMENTS WERE MAINTAINED IN TRUST FOR THE PENSION FUNDS. ALL OF THESE INVESTMENTS WERE INSURED, REGISTERED, OR SECURITIES HELD BY THE CITY OR ITS AGENT IN THE CITY'S NAME AS OF THE BALANCE SHEET DATE. ALL INVESTMENTS ARE CARRIED AT FAIR VALUE. UNDER THE AUTHORITY OF ACT 6 OF 1985, THE BOARD OF DIRECTORS OF THE FIREMAN'S PENSION FUND AND THE POLICE RELIEF AND PENSION FUND ELECTED TO DEPOSIT FUNDS WITH INVESTMENT BANKING FIRMS. THESE FUNDS ARE TO BE INVESTED IN CORPORATE STOCKS AND BONDS AND U.S. GOVERNMENT OBLIGATIONS. INCOME FROM THESE INVESTMENTS IS TO BE REINVESTED, AND AN ANNUAL MANAGEMENT FEE WILL BE DEDUCTED FROM THESE FUNDS.
- G. BUDGETS AND BUDGETARY ACCOUNTING - THE CITY FOLLOWS THESE PROCEDURES IN ESTABLISHING THE BUDGETARY DATA REFLECTED IN THE FINANCIAL STATEMENTS:
1. FORMAL BUDGETARY INTEGRATION IS EMPLOYED AS A MANAGEMENT CONTROL DEVICE DURING THE YEAR FOR THE GENERAL, STREET, ANIMAL CONTROL AND PARKS/RECREATION FUNDS. THESE BUDGETS ARE ADOPTED ON A BASIS CONSISTENT WITH THE REGULATORY BASIS OF ACCOUNTING. UNDER THE REGULATORY BASIS OF ACCOUNTING ONLY THE GENERAL AND STREET FUND BUDGETS HAVE BEEN PRESENTED IN THE BASIC FINANCIAL STATEMENTS. THE CITY COUNCIL APPROVES ALL BUDGETS. PAYABLES ARE REPORTED ON THE ACCRUAL METHOD AND THERE ARE NO ALLOWANCES MADE FOR ENCUMBRANCES. APPROPRIATIONS ARE CUT OFF AT YEAR END AND ARE NOT LAPSED INTO THE NEXT YEAR.
  2. THE BUDGET AMOUNT SHOWN IN THE BASIC FINANCIAL STATEMENTS ARE THE FINAL AUTHORIZED AMOUNTS AS REVISED DURING THE YEAR.
- H. USE OF ESTIMATES - THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH THE MODIFIED ACCRUAL BASIS OF ACCOUNTING REQUIRES MANAGEMENT TO MAKE ESTIMATES AND ASSUMPTIONS THAT AFFECT THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES AND DISCLOSURE OF CONTINGENT ASSETS AND LIABILITIES AT THE DATE OF THE FINANCIAL STATEMENTS AND THE REPORTED AMOUNTS OF REVENUES AND EXPENSES DURING THE REPORTING PERIOD. ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES.
- I. PROPERTY TAXES - PROPERTY TAXES ARE LEVIED ON THE THIRD MONDAY IN FEBRUARY AND ARE DUE AND PAYABLE AT THAT TIME THROUGH OCTOBER 10TH. UNPAID TAXES ARE DELINQUENT ON OCTOBER 11TH. PROPERTY TAX REVENUES ARE RECOGNIZED WHEN RECEIVED.
- J. FUND BALANCE - IN THE BASIC FINANCIAL STATEMENTS, FUNDS REPORT RESERVATIONS OF FUND BALANCE FOR AMOUNTS THAT ARE NOT AVAILABLE FOR APPROPRIATION OR ARE LEGALLY RESTRICTED BY OUTSIDE PARTIES FOR USE FOR A SPECIFIC PURPOSE. DESIGNATIONS OF FUND BALANCE REPRESENT TENTATIVE MANAGEMENT PLANS THAT ARE SUBJECT TO CHANGE. A DESIGNATION SHOULD BE ASSUMED FOR FUNDS THAT HAVE BEEN SEPARATELY ESTABLISHED, EVEN THOUGH SUCH FUNDS ARE REPORTED AS UNDESIGNATED.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS

- A. GOVERNMENTAL FUND TYPES - STATE LAW GENERALLY REQUIRES THAT MUNICIPAL FUNDS BE DEPOSITED IN FEDERALLY INSURED BANKS LOCATED IN THE STATE OF ARKANSAS. THE MUNICIPAL DEPOSITS MAY BE IN THE FORM OF CHECKING ACCOUNTS, SAVINGS ACCOUNTS, AND/OR TIME DEPOSITS. PUBLIC FUNDS MAY ALSO BE INVESTED IN DIRECT OBLIGATIONS OF THE UNITED STATES OF AMERICA AND OBLIGATIONS THE PRINCIPAL AND INTEREST ON WHICH ARE FULLY GUARANTEED BY THE UNITED STATES OF AMERICA.
- B. PENSION TRUST FUNDS - STATE LAW PROVIDES THAT IF THE TOTAL ASSETS OF THE PENSION TRUST FUND ARE LESS THAN ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE FUNDS MAY BE DEPOSITED OR INVESTED AS NOTED ABOVE. IF THE TOTAL ASSETS OF THE FUND EXCEED ONE HUNDRED THOUSAND DOLLARS (\$100,000), THE FUND MAY EMPLOY A PROFESSIONAL INVESTMENT ADVISOR TO INVEST THE ASSETS SUBJECT TO THE PRUDENT INVESTOR RULE AND/OR IN NO-LOAD MUTUAL FUNDS.

NOTE 3: LEGAL DEBT LIMIT - TAX SECURED BOND ISSUES

THE CITY IS SUBJECT TO A CONSTITUTIONAL LIMITATION FOR BONDED INDEBTEDNESS EQUAL TO TWENTY PERCENT (20%) OF THE TOTAL ASSESSED VALUE FOR TAX PURPOSES OF REAL AND PERSONAL PROPERTY AS DETERMINED BY THE LAST TAX ASSESSMENT. THERE WERE NO PROPERTY TAX SECURED BOND ISSUES AS OF DECEMBER 31, 2009 AND 2008.

NOTE 4: COUNCIL DESIGNATED FUNDS

THE FOLLOWING IS A SCHEDULE OF THE COUNCIL DESIGNATED FUNDS AT DECEMBER 31:

	<u>2009</u>	<u>2008</u>
GENERAL FUND		
COMMUNICATIONS SYSTEMS FUND	\$ 66,753	\$ 105,399
FIRE TRUCK RESERVE FUND	81,250	187,799
FINANCIAL STABILITY FUND	180,135	
	<u>328,138</u>	<u>293,198</u>
OTHER FUNDS IN THE AGGREGATE		
CONTINGENCY FUND	<u>2,842</u>	<u>2,837</u>
TOTAL COUNCIL DESIGNATED FUNDS	<u>\$ 330,980</u>	<u>\$ 296,035</u>

COMMUNICATION SYSTEMS FUND - THE CITY COUNCIL PASSED ORDINANCE 43 IN NOVEMBER 1997 TO CREATE A COMMUNICATIONS SYSTEM FUND FROM REVENUES PROVIDED UNDER LEASE AGREEMENTS BETWEEN THE CITY AND VARIOUS WIRELESS TELEPHONE PROVIDERS. THE FUNDS MAY ONLY BE EXPENDED WITH A TWO-THIRDS VOTE OF THE FULL CITY COUNCIL.

FIRE TRUCK RESERVE FUND - THE CITY COUNCIL VOTED IN JULY 2007 TO RESERVE \$400,000 FOR THE PURCHASE OF A FIRE TRUCK. THE TRUCK WAS PURCHASED UNDER A LEASE-PURCHASE AGREEMENT THAT WILL BE PAID OVER FOUR ANNUAL INSTALLMENTS (SEE NOTE 7), BEGINNING DECEMBER 2007.

FINANCIAL STABILITY FUND - IN ACCORDANCE WITH ORDINANCE 84 OF 2007, THE CITY DEPOSITED FIFTY PERCENT OF ANY ACTUAL UNPLEDGED REVENUES INTO THE FINANCIAL STABILITY FUND FROM ANY BUDGET YEARS THAT HAVE BEEN PREVIOUSLY CLOSED, BEGINNING WITH THE 2007 BUDGET YEAR.

CONTINGENCY FUND - IN OCTOBER 2004, THE CITY COUNCIL APPROVED THE TRANSFER OF FUNDS FROM THE UTILITY FUND TO A CONTINGENCY FUND PURSUANT TO ORDINANCE 25 OF 1998.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: RESTRICTED FUNDS

RESTRICTED FUNDS ARE CASH AND EQUIVALENTS THAT HAVE BEEN LIMITED TO USES SPECIFIED EITHER EXTERNALLY BY CREDITORS, GRANTORS, CONTRIBUTORS, OR LAWS AND REGULATIONS OF OTHER GOVERNMENTS OR INTERNALLY BY LAW THROUGH CONSTITUTIONAL PROVISIONS OR ENABLING LEGISLATION. THE FOLLOWING IS A SCHEDULE OF THE RESTRICTED FUNDS AT DECEMBER 31:

	<u>2009</u>	<u>2008</u>
GENERAL FUND		
COURT AUTOMATION FUND	\$ 147,623	\$ 119,456
POLICE DRUG CONTROL FUNDS	41,924	101,845
POLICE NUISANCE ABATEMENT FUND	1	1
	<u>189,548</u>	<u>221,302</u>
STREET FUND		
STREET PROJECTS FUND		102,263
STREET IMPROVEMENTS FUND	170,922	2,911,744
	<u>170,922</u>	<u>3,014,007</u>
OTHER FUNDS IN THE AGGREGATE		
BENTON PARKWAY FUND	10,597	1,701,091
MILITARY REDESIGN FUND	2,960,414	
DEBT SERVICE FUND	514,880	506,358
PARKS AND RECREATION FUND	1,612	1,771
AGENCY AND PENSION TRUST FUNDS	947,332	5,744,393
	<u>4,434,835</u>	<u>7,953,613</u>
 TOTAL RESTRICTED FUNDS	 <u>\$ 4,795,305</u>	 <u>\$ 11,188,922</u>

NOTE 6: INVESTMENTS

THE FOLLOWING IS A SCHEDULE OF THE INVESTMENTS AT DECEMBER 31:

	<u>2009</u>	<u>2008</u>
METROPOLITAN NATIONAL BANK		
MUTUAL FUNDS	\$ 10,436,629	\$ 3,816,564
CORPORATE BONDS	1,453,163	1,397,954
	<u>11,889,792</u>	<u>5,214,518</u>
SMITH BARNEY		
INTERNATIONAL BONDS		7,469
GOVERNMENT SECURITIES	327,520	89,482
CORPORATE STOCKS	1,181,971	2,315,767
MUTUAL FUNDS	335,278	182,670
	<u>1,844,769</u>	<u>2,595,388</u>
MERRILL LYNCH		
MUTUAL FUNDS	458,047	
GOVERNMENT SECURITIES	441,057	454,678
CORPORATE BONDS	215,761	184,478
CORPORATE STOCKS	829,295	596,788
	<u>1,944,160</u>	<u>1,235,944</u>
 TOTAL INVESTMENTS	 <u>\$ 15,678,721</u>	 <u>\$ 9,045,850</u>

NOTE 7: COMMITMENTS

LONG-TERM DEBT - THE CITY HAD OUTSTANDING COMMITMENTS FOR THE LEASE-PURCHASE AGREEMENT ON A FIRE TRUCK, THE LEASE-PURCHASE AGREEMENT ON POLICE VEHICLES, THE SERIES 2000 CAPITAL IMPROVEMENT REVENUE BONDS, AND THE SERIES 2007 GENERAL REVENUE PROMISSORY NOTES.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: COMMITMENTS (CONT'D)

THE SOVEREIGN BANK CAPITAL LEASE-PURCHASE HAD A BALANCE OF \$102,100 AND \$199,636 AT DECEMBER 31, 2009 AND 2008, RESPECTIVELY, MATURING ANNUALLY AT 3.56% THROUGH DECEMBER 2, 2010, SECURED BY THE VEHICLE PURCHASED.

THE FORD MOTOR CREDIT CAPITAL LEASE-PURCHASE HAD A BALANCE OF \$291,836 AT DECEMBER 31, 2009, MATURING ANNUALLY AT 4.60% THROUGH MAY 21, 2011, SECURED BY THE VEHICLES PURCHASED.

THE SERIES 2000 BONDS HAD A BALANCE OF \$785,000 AND \$895,000 AT DECEMBER 31, 2009 AND 2008, RESPECTIVELY. THE BONDS MATURE ANNUALLY ON NOVEMBER 1 AT VARYING AMOUNTS THROUGH 2015, WITH INTEREST DUE SEMI-ANNUALLY ON MAY 1 AND NOVEMBER 1 AT INTEREST RATES RANGING FROM 4.75-5.60%, SECURED BY A PLEDGE OF REVENUES DERIVED BY THE CITY FROM ALL FRANCHISE FEES COLLECTED FROM PUBLIC UTILITIES FOR THE PRIVILEGE OF USING THE STREETS, HIGHWAYS AND OTHER PUBLIC PLACES IN THE CITY.

THE SERIES 2007 BONDS HAD A BALANCE OF \$1,900,000 AND \$2,490,000 AT DECEMBER 31, 2009 AND 2008, RESPECTIVELY. THE BONDS MATURE ANNUALLY ON JUNE 1 AT VARYING AMOUNTS THROUGH 2012, WITH INTEREST DUE SEMI-ANNUALLY ON JUNE 1 AND DECEMBER 1 AT INTEREST RATES RANGING FROM 3.60-3.70%, SECURED BY THE GENERAL REVENUES DERIVED BY THE CITY.

THE FUTURE SCHEDULED MATURITIES OF LONG-TERM DEBT ARE AS FOLLOWS:

	PRINCIPAL	INTEREST	TOTAL
2010	\$ 969,738	\$ 119,540	\$ 1,089,278
2011	904,198	79,284	983,482
2012	780,000	42,195	822,195
2013	135,000	23,390	158,390
2014	140,000	16,100	156,100
2015	150,000	8,400	158,400
	<u>\$ 3,078,936</u>	<u>\$ 288,909</u>	<u>\$ 3,367,845</u>

THE FOLLOWING SCHEDULE DETAILS THE CHANGES IN THE CITY'S LONG-TERM DEBT FOR THE YEARS ENDING DECEMBER 31:

	2009	2008
BEGINNING BALANCE	\$ 3,584,636	\$ 4,459,429
ADDITIONS	447,898	
RETIRED	(953,598)	(874,793)
ENDING BALANCE	<u>\$ 3,078,936</u>	<u>\$ 3,584,636</u>

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 COMPENSATED ABSENCES AT DECEMBER 31, 2009 AND 2008:

	GENERAL FUND	STREET FUND	OTHER FUNDS	2009 TOTAL
UNUSED VACATION	\$ 142,226	\$ 11,741	\$ 11,075	\$ 165,042
UNUSED SICK LEAVE	62,136	41,068	54,045	157,249
	<u>\$ 204,362</u>	<u>\$ 52,809</u>	<u>\$ 65,120</u>	<u>\$ 322,291</u>
	GENERAL FUND	STREET FUND	OTHER FUNDS	2008 TOTAL
UNUSED VACATION	\$ 138,206	\$ 11,467	\$ 9,807	\$ 159,480
UNUSED SICK LEAVE	57,796	23,779	46,746	128,321
	<u>\$ 196,002</u>	<u>\$ 35,246</u>	<u>\$ 56,553</u>	<u>\$ 287,801</u>

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: COMMITMENTS (CONT'D)

LITIGATION SETTLEMENT - A CLAIM WAS FILED AGAINST THE CITY FOR BREACH OF A COLLECTIVE BARGAINING AGREEMENT THAT EXISTED BETWEEN THE CITY AND THE AFSCME UNION. RESOLUTION NO. 43 OF 2008 AUTHORIZED THE FOLLOWING SETTLEMENT OF THIS CLAIM:

GENERAL FUND	\$ 392,439
STREET FUND	23,302
OTHER FUNDS IN THE AGGREGATE	12,407
	<u>\$428,148</u>

THE COSTS INCURRED FROM THE SETTLEMENT WERE RECORDED AS HUMAN RESOURCE EXPENDITURES FOR EACH RESPECTIVE FUND IN 2008.

NOTE 8: RISK MANAGEMENT

THE CITY IS EXPOSED TO VARIOUS RISKS OF LOSS RELATED TO TORTS; THEFT OF, DAMAGE TO, AND DESTRUCTION OF ASSETS; ERRORS AND OMISSIONS; AND NATURAL DISASTERS. THESE RISKS ARE COVERED BY COMMERCIAL INSURANCE PURCHASED FROM INDEPENDENT THIRD PARTIES AND PARTICIPATION IN A PUBLIC ENTITY RISK POOL. THE AMOUNT OF SETTLEMENTS HAS NOT EXCEEDED THE INSURANCE COVERAGE FOR THE PAST THREE YEARS. THERE WERE NO SIGNIFICANT REDUCTIONS IN INSURANCE COVERAGE IN THE MAJOR CATEGORIES OF RISK FROM COVERAGE IN THE PRIOR YEAR.

THE CITY PARTICIPATES IN THE ARKANSAS MUNICIPAL LEAGUE PROGRAM (PUBLIC ENTITY RISK POOLS) FOR COVERAGE IN THE FOLLOWING AREAS:

WORKERS' COMPENSATION - THIS PROGRAM PROVIDES STATUTORY BENEFITS FOR LOSSES INCURRED BY MUNICIPAL OFFICIALS AND EMPLOYEES WHILE PERFORMING WORK FOR THE MUNICIPALITY. RATES FOR MUNICIPALITIES PARTICIPATING IN THIS PROGRAM ARE REVISED ANNUALLY BASED ON THE COST EXPERIENCE OF THE PARTICULAR MUNICIPALITY OR GROUP AS DETERMINED BY THE WORKERS' COMPENSATION COMMISSION.

MUNICIPAL LEGAL DEFENSE PROGRAM - THE PROGRAM SHALL, AT THE SOLE DISCRETION OF THE PROGRAM ADMINISTRATORS, PROVIDE EXTRAORDINARY LEGAL DEFENSE AND EXTRAORDINARY EXPENSES IN SUITS AGAINST MUNICIPAL OFFICIALS AND EMPLOYEES AND CIVIL RIGHTS SUITS AGAINST THE MUNICIPAL GOVERNMENT OF A PARTICIPATING MUNICIPALITY AND PAY EXTRAORDINARY JUDGMENTS (FOR ACTUAL DAMAGES - NOT PUNITIVE DAMAGES) IMPOSED ON MUNICIPAL OFFICIALS AND EMPLOYEES AND THE MUNICIPAL GOVERNMENT. THE PROGRAM SHALL NEVER BE LIABLE TO REIMBURSE THE MUNICIPAL GOVERNMENT, MUNICIPAL OFFICIALS AND EMPLOYEES BECAUSE OF JUDGMENT IN ANY ONE LAWSUIT FOR MORE THAN 25 PERCENT OF THE PROGRAM'S AVAILABLE FUNDS AT TIME THE LAWSUIT WAS FILED OR THE JUDGMENT BECOMES FINAL, OR \$1 MILLION, WHICHEVER IS LESS. THE CITY AGREES TO PAY INTO THE PROGRAM EACH YEAR A CHARGE ESTABLISHED BY THE STEERING COMMITTEE. EACH CITY ALSO AGREES TO PAY THE FIRST \$2,000 OF THE AGGREGATE COST FOR ALL EXPENSES ON EACH LAWSUIT. THIS COST DEPOSIT IS NOT REFUNDABLE.

THE CITY PARTICIPATES IN THE SELF-INSURED FIDELITY BOND PROGRAM ADMINISTERED BY THE GOVERNMENTAL BONDING BOARD. THIS PROGRAM COVERS ACTUAL LOSSES SUSTAINED BY THE PARTICIPATING ENTITY THROUGH ANY FRAUDULENT OR DISHONEST ACT OR ACTS COMMITTED BY ANY OF THE OFFICIALS OR EMPLOYEES, ACTING ALONE OR IN COLLUSION WITH OTHERS, DURING THE BOND PERIOD TO AN AMOUNT NOT EXCEEDING THE LESSER OF \$300,000 OR THE AMOUNT OF THE BOND. PREMIUMS FOR COVERAGE ARE DETERMINED BY THE STATE RISK MANAGER AND APPROVED BY THE BOARD. THESE PREMIUMS ARE PAID BY THE STATE TREASURER FROM FUNDS WITHHELD FROM THE MUNICIPAL AID FUND. THERE IS A \$1,000 DEDUCTIBLE PER OCCURRENCE.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RISK MANAGEMENT (CONT'D)

THE CITY PARTICIPATES IN THE CENTRAL ARKANSAS RISK MANAGEMENT ASSOCIATION (CARMA) PUBLIC ENTITY RISK POOL FOR COVERAGE IN THE FOLLOWING AREAS:

BUILDING AND CONTENTS PROGRAM - THIS PROGRAM COVERS CITY-OWNED PROPERTY AS LISTED ON THE STATEMENT OF VALUES. COVERAGE IS LIMITED TO \$50,000 LIMIT PER BUILDING /LOCATION. EXCESS LIMITS ARE PROVIDED UP TO THE ACTUAL REPLACEMENT COST LIMITS OF THE PROPERTY AS PER THE STATEMENT OF VALUES, ANNUAL AGGREGATE OF \$10,000,000 PER LOCATION FOR BUILDINGS AND CONTENTS AND ELECTRONIC DATA PROCESSING EQUIPMENT.

VEHICLE PROGRAM - THIS PROGRAM PROVIDES AUTOMOBILE LIABILITY AND AUTO PHYSICAL DAMAGE. AUTOMOBILE LIABILITY IS LIMITED TO \$25,000 FOR BODILY INJURY PER PERSON, \$50,000 FOR BODILY INJURY PER ACCIDENT AND \$25,000 FOR PROPERTY DAMAGE PER ACCIDENT. AUTO PHYSICAL DAMAGE COMPREHENSIVE/COLLISION COVERAGE IS ACTUAL CASH VALUE OF THE VEHICLE.

GENERAL LIABILITY PROGRAM - THIS PROGRAM PROVIDES GENERAL LIABILITY, POLICE PROFESSIONAL AND ERRORS AND OMISSIONS LIABILITY COVERAGE. COVERAGE IS LIMITED TO \$250,000 PER OCCURRENCE FOR BODILY INJURY AND PROPERTY DAMAGE ONLY IF IMMUNITY DOES NOT APPLY. POLICE PROFESSIONAL IS LIMITED TO \$250,000 PER OCCURRENCE IF IMMUNITY DOES NOT APPLY. ERRORS AND OMISSIONS ARE LIMITED TO \$250,000 PER OCCURRENCE. THIS PROGRAM ALSO PROVIDES FOR LOSS OF MONEY, \$50,000 EACH AND EVERY LOSS, EMPLOYEE FIDELITY, \$100,000 EACH AND EVERY LOSS, ELECTRONIC DATA PROCESSING EQUIPMENT, MEDIA AND EXTRA EXPENSE, \$100,000 EACH OCCURRENCE, MISCELLANEOUS CONTRACTORS EQUIPMENT, \$100,000 EACH AND EVERY LOSS.

PARTICIPATING MEMBERS DEDUCTIBLE IS \$1,000 FOR EACH OCCURRENCE EXCEPT AUTO COMPREHENSIVE, WHICH IS ACTUAL CASH VALUE.

THE CITY AGREES TO PAY INTO THE PROGRAM EACH YEAR A CHARGE ESTABLISHED BY THE CENTRAL ARKANSAS RISK MANAGEMENT ASSOCIATION BASED ON COST ALLOCATION FORMULAS FOR THE PARTICIPATING ENTITIES.

NOTE 9: INTERFUND TRANSFERS

TRANSFERS ARE USED TO (1) MOVE REVENUES FROM THE FUND THAT STATUTE OR BUDGET REQUIRES TO COLLECT THEM TO THE FUND THAT STATUTE OR BUDGET REQUIRES TO EXPEND THEM, (2) MOVE RECEIPTS RESTRICTED TO DEBT SERVICE FROM THE FUNDS COLLECTING THE RECEIPTS TO THE DEBT SERVICE FUND AS DEBT SERVICE PAYMENTS BECOME DUE, (3) REIMBURSE A CAPITAL PROJECT OR IMPROVEMENT FUND FOR CAPITAL EXPENDITURES, AND (4) USE UNRESTRICTED REVENUES COLLECTED IN THE GENERAL FUND TO FINANCE VARIOUS PROGRAMS ACCOUNTED FOR IN OTHER FUNDS IN ACCORDANCE WITH BUDGETARY AUTHORIZATIONS. THE FOLLOWING IS A SCHEDULE OF INTERFUND TRANSFERS FOR THE YEAR ENDING DECEMBER 31, 2009:

	<u>TRANSFERS IN FROM OTHER FUNDS</u>				TRANSFERS OUT TO OTHER FUNDS
	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>OTHER FUNDS IN THE AGGREGATE</u>	<u>UTILITIES FUND</u>	
GENERAL FUND	\$	\$	\$ 641,909	\$ 106,333	\$ 748,242
STREET FUND		227,836	2,571,667		2,799,503
OTHER FUNDS IN THE AGGREGATE	5,861,342	1,240,838	2,661,678		9,763,858
UTILITIES FUND	1,672,604		200,000		1,872,604
	<u>\$7,533,946</u>	<u>\$1,468,674</u>	<u>\$6,075,254</u>	<u>\$ 106,333</u>	<u>\$ 15,184,207</u>

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INTERFUND TRANSFERS (CONT'D)

THE FOLLOWING IS A SCHEDULE OF INTERFUND TRANSFERS FOR THE YEAR ENDING DECEMBER 31, 2008:

	TRANSFERS IN FROM OTHER FUNDS			TRANSFERS OUT TO OTHER FUNDS
	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE	
GENERAL FUND	\$	\$	\$ 619,281	\$ 619,281
STREET FUND	72,157	1,931,595	581,666	2,585,418
OTHER FUNDS IN THE AGGREGATE	5,887,720	1,557,698	1,318,557	8,763,975
UTILITIES FUND	1,685,986			1,685,986
	\$ 7,645,863	\$ 3,489,293	\$ 2,519,504	\$ 13,654,660

IN 2008, THE GENERAL FUND RECEIVED A ONE-TIME TRANSFER OF \$265,000 FROM THE CONTINGENCY FUND FOR THE LITIGATION SETTLEMENT DISCUSSED IN NOTE 7.

NOTE 10: INTERFUND BALANCES

THE FOLLOWING IS A SCHEDULE OF INTERFUND BALANCES AT DECEMBER 31, 2009:

	DUE FROM OTHER FUNDS		
	GENERAL FUND	STREET FUND	DUE TO OTHER FUNDS
GENERAL FUND	\$	\$ 131,663	\$ 131,663
OTHER FUNDS IN THE AGGREGATE		356	356
UTILITIES FUND	9,483		9,483
	\$ 9,483	\$ 132,019	\$ 141,502

THE BALANCE OF \$131,663 DUE THE STREET FUND FROM THE GENERAL FUND RESULTED FROM A LOAN OF \$197,494 TO PURCHASE TWO PARCELS OF PROPERTY. THIS LOAN WILL BE REPAID IN THREE ANNUAL INSTALLMENTS OF \$65,831. THE FINAL PAYMENT WILL BE IN 2011.

ALL REMAINING BALANCES RESULTED FROM THE TIME LAG BETWEEN THE DATES THAT (1) REIMBURSABLE EXPENDITURES OCCUR, (2) TRANSACTIONS ARE RECORDED IN THE ACCOUNTING SYSTEM, AND (3) PAYMENTS BETWEEN FUNDS ARE MADE. ALL OF THESE BALANCES ARE EXPECTED TO BE SETTLED IN 2010.

THE FOLLOWING IS A SCHEDULE OF INTERFUND BALANCES AT DECEMBER 31, 2008:

	DUE FROM OTHER FUNDS			DUE TO OTHER FUNDS
	GENERAL FUND	STREET FUND	OTHER FUNDS IN THE AGGREGATE	
GENERAL FUND	\$	\$ 125,337	\$	\$ 125,337
OTHER FUNDS IN THE AGGREGATE			21,000	21,000
UTILITIES FUND	16,411			16,411
	\$ 16,411	\$ 125,337	\$ 21,000	\$ 162,748

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTERFUND BALANCES (CONT'D)

THE BALANCE OF \$125,337 DUE THE STREET FUND FROM THE GENERAL FUND RESULTED FROM A LOAN OF \$197,494 TO PURCHASE TWO PARCELS OF PROPERTY, NET OF \$72,157 THAT WAS DUE THE GENERAL FUND FROM THE STREET FUND FOR REIMBURSEMENT OF THE BOND DEBT SERVICE.

ALL REMAINING BALANCES RESULTED FROM THE TIME LAG BETWEEN THE DATES THAT (1) REIMBURSABLE EXPENDITURES OCCUR, (2) TRANSACTIONS ARE RECORDED IN THE ACCOUNTING SYSTEM, AND (3) PAYMENTS BETWEEN FUNDS ARE MADE.

NOTE 11: RETIREMENT PLANS

CERTAIN FINANCIAL DISCLOSURES ARE REQUIRED FOR A DEFINED BENEFIT PENSION PLAN. THIS INFORMATION PROVIDES CLARIFICATION IN ASSESSING THE PRESENT AND FUTURE ABILITY OF THE PENSION PLAN TO PAY BENEFITS AS THEY BECOME DUE, HOWEVER THE INFORMATION WILL NOT CHANGE THE VALUE OR PRESENTATION OF THE FINANCIAL STATEMENTS. THESE DISCLOSURES ARE DETERMINED BY AN ACTUARY AND PRESENTED IN ADDITION TO THE FINANCIAL STATEMENTS.

- A. ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM - ACT 1374 OF 2004 CREATED THE ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM (ADJRS). ADJRS IS A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN. INFORMATION REGARDING THIS PLAN IS PROVIDED IN THE ACT. ADJRS WILL ISSUE A PUBLICLY AVAILABLE FINANCIAL REPORT THAT INCLUDES FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF THE PLAN, WHICH MAY BE OBTAINED BY CONTACTING THE FOLLOWING:

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM  
124 WEST CAPITOL, SUITE 400  
LITTLE ROCK, ARKANSAS 72201

- B. THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM - ACT 364 OF 1981 CREATED THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM (LOPFI) FOR ALL NEW HIRES OF POLICEMEN OR FIREMEN SINCE JANUARY 1, 1983. LOPFI IS A STATEWIDE AGENT MULTIPLE-EMPLOYER RETIREMENT PROGRAM THAT PROVIDES RETIREMENT, DISABILITY, AND SURVIVOR BENEFITS TO POLICE AND FIRE EMPLOYEES OF POLITICAL SUBDIVISIONS OF THE ARKANSAS. LOPFI ISSUES A PUBLICLY AVAILABLE FINANCIAL REPORT THAT INCLUDES FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF THE PLAN, WHICH MAY BE OBTAINED BY CONTACTING THE FOLLOWING:

ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM  
P.O. DRAWER 34164  
LITTLE ROCK, ARKANSAS 72203  
(501) 682-1745

EMPLOYEES ARE ENTITLED TO A MONTHLY PENSION BASED ON A FORMULA DETERMINED BY AVERAGE PAY DURING THE SIXTY CONSECUTIVE MONTHS PRIOR TO RETIREMENT AND LONGEVITY OF SERVICE. COVERED FIREMEN ARE REQUIRED TO CONTRIBUTE SIX PERCENT OF THEIR SALARY. COVERED POLICEMEN ARE NOT REQUIRED TO CONTRIBUTE TO THE PLAN. THE SYSTEM IS SUPPORTED ON THE LOCAL LEVEL BY A PORTION OF THE STATE INSURANCE TURNBACK SUBSIDY. SHOULD THE STATE INSURANCE TURNBACK AND EMPLOYEE WITHHOLDINGS BE OF AN INSUFFICIENT AMOUNT TO FUND THE STATE REQUIREMENTS, THE GENERAL FUND OF THE CITY OF BENTON IS TO PROVIDE THE ADDITIONAL REQUIRED SUPPORT.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

C. BENTON FIREFIGHTERS PENSION FUND - THE CITY HAS A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME FIREMEN HIRED PRIOR TO JANUARY 1, 1983. THE PLAN WAS ESTABLISHED IN ACCORDANCE WITH ACT 491 OF ARKANSAS CODE ANNOTATED OF 1987. THE PLAN IS ADMINISTERED BY A SEVEN-MEMBER BOARD OF TRUSTEES COMPRISED OF THE MAYOR, CITY CLERK, FIRE CHIEF AND FOUR MEMBERS OF THE FIRE DEPARTMENT. THE PLAN'S ASSETS ARE HELD BY THE CITY IN A PENSION TRUST FUND. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE ALSO AVAILABLE IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2009, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	31
CURRENT EMPLOYEES	<u>3</u>
TOTAL	<u>34</u>

EMPLOYEES WHO HAVE BEEN DULY APPOINTED AND ENROLLED AND HAVE SERVED FOR A PERIOD OF 20 YEARS OR MORE SHALL BE ENTITLED TO RETIREMENT BENEFITS. THEY ARE ENTITLED TO A MONTHLY PENSION EQUAL TO ONE HALF OF THE SALARY ATTACHED TO THE RANK, WHICH THEY MAY HAVE HELD PRECEDING RETIREMENT. FURTHER, ANY EMPLOYEE WHO VOLUNTARILY RETIRES WITH MORE THAN 20 YEARS OF CONTINUOUS SERVICE SHALL RECEIVE THE SUM OF \$5.00 PER MONTH FOR EACH YEAR OF ADDITIONAL SERVICE UP TO \$25.00 PER MONTH.

COVERED EMPLOYEES ARE REQUIRED TO CONTRIBUTE SIX PERCENT OF THEIR SALARY. THE CITY MATCHES THE EMPLOYEE'S CONTRIBUTIONS UP TO 6% OF THEIR SALARY. ANY REMAINING AMOUNT NECESSARY TO PAY BENEFITS IS RECEIVED FROM A MILLAGE TAX ON REAL ESTATE AND PERSONAL PROPERTY, STATE INSURANCE TURNBACK FUNDS, AND GENERAL REVENUES, IF NECESSARY. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2009	2008	2007
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 882,917	\$ 630,525	\$ 709,412
INTEREST ON NPO	114,488	88,510	69,541
ADJUSTMENT TO ARC	<u>(358,081)</u>	<u>(322,969)</u>	<u>(247,938)</u>
ANNUAL PENSION COST (APC)	639,324	396,066	531,015
ACTUAL CONTRIBUTION MADE	<u>(220,566)</u>	<u>(235,694)</u>	<u>(214,860)</u>
INCREASE (DECREASE) IN NPO	418,758	160,372	316,155
NPO - BEGINNING OF YEAR	<u>1,635,539</u>	<u>1,475,167</u>	<u>1,159,012</u>
NPO - END OF YEAR	<u>\$ 2,054,297</u>	<u>\$ 1,635,539</u>	<u>\$ 1,475,167</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2009 WAS DETERMINED AS PART OF THE DECEMBER 31, 2008 ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED (A) 7.0% INVESTMENT RATE OF RETURN AND (B) PROJECTED SALARY INCREASES RANGING FROM 4.2% TO 8.0% PER YEAR. BOTH (A) AND (B) INCLUDED AN INFLATION COMPONENT OF 4.0%. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFIT 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 A CLOSED BASIS. THE REMAINING AMORTIZATION PERIOD AT DECEMBER 31, 2008 WAS FIVE YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

	APC	% OF APC CONTRIBUTED	NPO
2009	\$639,234	34.5%	\$ 2,054,297
2008	\$396,066	59.5%	\$ 1,635,539
2007	\$531,015	40.5%	\$ 1,475,167

  

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ((B-A)/C)
12/31/08	\$ 2,324,871	\$ 6,272,506	\$3,947,635	37.1%	\$ 104,040	3,794.4%
12/31/07	\$ 3,497,412	\$ 6,291,940	\$2,794,528	55.6%	\$ 104,040	2,686.0%
12/31/05	\$ 3,558,752	\$ 6,754,127	\$3,195,375	52.7%	\$ 111,563	2,864.2%

D. BENTON POLICE PENSION FUND - THE CITY OF BENTON HAS A SINGLE-EMPLOYER DEFINED BENEFIT PLAN WHICH COVERS ALL FULL-TIME POLICEMEN HIRED PRIOR TO JANUARY 1, 1983. THE PLAN WAS ESTABLISHED IN ACCORDANCE WITH ACT 250 OF ARKANSAS CODE ANNOTATED OF 1987. THE PLAN ADMINISTERED BY A SEVEN-MEMBER BOARD OF TRUSTEES COMPRISED OF THE MAYOR, CITY CLERK AND THREE MEMBERS OF THE POLICE DEPARTMENT ELECTED BY PARTICIPATING MEMBERS. THESE FIVE MEMBERS SHALL THEN ELECT THE OTHER MEMBERS, ONE WHICH IS A REPUTABLE PHYSICIAN AND THE OTHER A POLICE DEPARTMENT RETIREE. THE PLAN'S ASSETS ARE HELD BY THE CITY IN A PENSION TRUST FUND. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE ALSO AVAILABLE IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2009, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	12
CURRENTLY RECEIVING BENEFITS	<u>1</u>
CURRENT EMPLOYEES	13
TOTAL	<u>13</u>

EMPLOYEES WHO HAVE BEEN DULY APPOINTED AND ENROLLED AND HAVE SERVED FOR A PERIOD OF 20 YEARS OR MORE SHALL BE ENTITLED TO RETIREMENT BENEFITS. THEY ARE ENTITLED TO AN ANNUAL BENEFIT EQUAL TO 100% OF THEIR HIGHEST YEAR'S PAY. MINIMUM BENEFIT IS \$3,000 PER YEAR. IF THEY HAVE ACQUIRED MORE THAN 20 YEARS OF SERVICE, THE BENEFIT IS INCREASED BY \$240.00 ANNUALLY FOR EACH ADDITIONAL YEAR OF SERVICE UP TO A MAXIMUM OF \$1,200 ANNUALLY.

COVERED EMPLOYEES ARE REQUIRED TO CONTRIBUTE FOUR PERCENT OF THEIR SALARY. THE CITY MATCHES THE EMPLOYEE'S CONTRIBUTIONS UP TO 4% OF THEIR SALARY. ANY REMAINING AMOUNT NECESSARY TO PAY BENEFITS, IS RECEIVED FROM A PERCENTAGE OF FINES COLLECTED THROUGH THE MUNICIPAL COURT, STATE INSURANCE TURNBACK FUNDS, AND GENERAL REVENUES, IF NECESSARY. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2009	2008	2007
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 539,229	\$ 277,795	\$ 324,126
INTEREST ON NPO	977	(2,199)	(8,093)
ADJUSTMENT TO ARC	(3,055)	8,022	28,850
ANNUAL PENSION COST (APC)	537,151	283,618	344,883
ACTUAL CONTRIBUTION MADE	(204,510)	(233,022)	(246,663)
INCREASE (DECREASE) IN NPO	332,641	50,596	98,220
NPO - BEGINNING OF YEAR	13,954	(36,642)	(134,862)
NPO - END OF YEAR	<u>\$ 346,595</u>	<u>\$ 13,954</u>	<u>\$ (36,642)</u>

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

THE ANNUAL REQUIRED CONTRIBUTION FOR 2009 WAS DETERMINED AS PART OF THE DECEMBER 31, 2008 ACTUARIAL VALUATION USING THE ENTRY AGE NORMAL COST METHOD. THE ACTUARIAL ASSUMPTIONS INCLUDED (A) 7.0% INVESTMENT RATE OF RETURN AND (B) PROJECTED SALARY INCREASES RANGING FROM 4.2% TO 8.0% PER YEAR. BOTH (A) AND (B) INCLUDED AN INFLATION COMPONENT OF 4.0%. THE ASSUMPTIONS DID NOT INCLUDE POSTRETIREMENT BENEFIT 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 A CLOSED BASIS. THE REMAINING AMORTIZATION PERIOD AT DECEMBER 31, 2008 WAS FIVE YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS AND THE SCHEDULE OF FUNDING PROGRESS:

	<u>APC</u>	<u>% OF APC CONTRIBUTED</u>	<u>NPO</u>
2009	\$ 537,151	38.1%	\$ 346,595
2008	\$ 283,618	82.2%	\$ 13,954
2007	\$ 344,883	71.5%	\$ (36,642)

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u> (A)	<u>ENTRY AGE ACTUARIAL ACCRUED LIABILITY</u> (B)	<u>UNFUNDED ACCRUED LIABILITY (UAL)</u> (B-A)	<u>FUNDED RATIO (A/B)</u>	<u>COVERED PAYROLL</u> (C)	<u>UAL AS A % OF COVERED PAYROLL</u> ((B-A)/C)
12/31/08	\$ 1,843,400	\$ 4,306,335	\$2,462,935	42.8%	\$ 0	N/A
12/31/07	\$ 2,993,848	\$ 4,262,683	\$1,268,835	70.2%	\$ 0	N/A
12/31/05	\$ 2,918,102	\$ 4,433,262	\$1,515,160	65.8%	\$ 0	N/A

E. CITY OF BENTON EMPLOYEES PENSION PLAN - THE EMPLOYEES OF THE CITY OF BENTON 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 STEPHENS CAPITAL MANAGEMENT, INC. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE INCLUDED IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF JANUARY 1, 2009, IS AS FOLLOWS:

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	19
VESTED TERMINATED EMPLOYEES	15
CURRENT EMPLOYEES	<u>65</u>
TOTAL	<u>99</u>

THE PLAN PROVIDES RETIREMENT BENEFITS AS WELL AS DISABILITY BENEFITS. PARTICIPANTS 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 PERIOD OF SERVICE. FOR SERVICES PRIOR TO OCTOBER 31, 1968, BENEFITS ARE BASED ON .5 PERCENT OF MONTHLY COMPENSATION AND .5 PERCENT 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 PERCENT OF AVERAGE MONTHLY COMPENSATION AND .75 PERCENT 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.

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

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 CITY OF BENTON CONTRIBUTION IS ACTUARIALY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$257,370 IN 2009 AND \$250,000 IN 2008. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2009	2008	2007
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 373,212	\$ 231,305	\$ 229,580
INTEREST ON NPO	(17,877)	(16,537)	(15,062)
ADJUSTMENT TO ARC	18,774	17,367	15,818
ANNUAL PENSION COST (APC)	374,109	232,135	230,336
ACTUAL CONTRIBUTION MADE	(257,370)	(250,000)	(250,000)
INCREASE (DECREASE) IN NPO	116,739	(17,865)	(19,664)
NPO - BEGINNING OF YEAR	(238,362)	(220,497)	(200,833)
NPO - END OF YEAR	<u>\$ (121,623)</u>	<u>\$ (238,362)</u>	<u>\$ (220,497)</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2009 WAS DETERMINED AS PART OF THE JANUARY 1, 2009 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 BENEFIT 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, 2009 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS AND THE SCHEDULE OF FUNDING PROGRESS:

	APC	% OF APC CONTRIBUTED	NPO
2009	\$374,109	68.8%	\$(121,623)
2008	\$232,135	107.7%	\$(238,362)
2007	\$230,336	108.5%	\$(220,497)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ((B-A)/C)
12/31/08	\$ 2,896,763	\$ 4,789,536	\$ 1,892,773	60%	\$ 1,917,169	99%
12/31/07	\$ 3,464,377	\$ 4,360,863	\$ 896,486	79%	\$ 1,422,539	63%
12/31/06	\$ 3,289,461	\$ 4,158,975	\$ 869,514	79%	\$ 1,499,393	58%

F. BENTON UTILITIES EMPLOYEES PENSION PLAN - THE EMPLOYEES OF THE CITY UTILITIES 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 STEPHENS CAPITAL MANAGEMENT, INC. THE FINANCIAL STATEMENTS AND DISCLOSURES FOR THE PLAN ARE INCLUDED IN A STAND-ALONE FINANCIAL REPORT PROVIDED BY THE ACTUARY. MEMBERSHIP IN THE PLAN AS OF JANUARY 1, 2009, IS AS FOLLOWS:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

RETIREES AND BENEFICIARIES	
CURRENTLY RECEIVING BENEFITS	29
VESTED TERMINATED EMPLOYEES	24
CURRENT EMPLOYEES	<u>89</u>
TOTAL	<u>142</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 PERIOD OF SERVICE.

FOR SERVICES PRIOR TO OCTOBER 31, 1968, BENEFITS ARE BASED ON .5 PERCENT OF MONTHLY COMPENSATION AND .5 PERCENT 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 PERCENT OF AVERAGE MONTHLY COMPENSATION AND .75 PERCENT 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 PERCENT 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 CITY UTILITIES CONTRIBUTION IS ACTUARIALY DETERMINED. THE AMOUNT CONTRIBUTED WAS \$625,000 IN 2009 AND \$600,000 IN 2008. THE FOLLOWING IS A RECONCILIATION OF THE NET PENSION OBLIGATION (NPO) FOR THE YEARS ENDING DECEMBER 31:

	2009	2008	2007
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 670,844	\$ 508,022	\$ 504,252
INTEREST ON NPO	(28,349)	(21,531)	(14,404)
ADJUSTMENT TO ARC	29,771	22,612	15,127
ANNUAL PENSION COST (APC)	672,266	509,103	504,975
ACTUAL CONTRIBUTION MADE	<u>(625,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>
INCREASE (DECREASE) IN NPO	47,266	(90,897)	(95,025)
NPO - BEGINNING OF YEAR	(377,981)	(287,084)	(192,059)
NPO - END OF YEAR	<u>\$ (330,715)</u>	<u>\$ (377,981)</u>	<u>\$ (287,084)</u>

THE ANNUAL REQUIRED CONTRIBUTION FOR 2009 WAS DETERMINED AS PART OF THE JANUARY 1, 2009 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 BENEFIT 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, 2009 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS AND THE SCHEDULE OF FUNDING PROGRESS:

CITY OF BENTON, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: RETIREMENT PLANS (CONT'D)

		APC	% OF APC CONTRIBUTED		NPO	
	2009	\$672,266	93.0%		\$(330,715)	
	2008	\$509,103	117.9%		\$(377,981)	
	2007	\$504,975	118.8%		\$(287,084)	

  

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (B)	UNFUNDED ACCRUED LIABILITY (UAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A % OF COVERED PAYROLL ((B-A)/C)
12/31/08	\$ 7,626,071	\$11,899,434	\$ 4,273,363	64%	\$ 3,268,385	131%
12/31/07	\$ 8,851,233	\$11,271,934	\$ 2,420,701	79%	\$ 3,192,087	76%
12/31/06	\$ 8,215,017	\$10,642,209	\$ 2,427,192	77%	\$ 3,131,928	77%

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS

THE DISCLOSURE OF OUTSTANDING OBLIGATIONS AND COMMITMENTS RELATED TO POSTEMPLOYMENT HEALTH BENEFITS FOR THE COLLECTIVE BARGAINING AGREEMENT, DISCUSSED IN NOTE 7, HAVE NOT BEEN PROVIDED AS REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45.

NOTE 13: SUBSEQUENT EVENT

SUBSEQUENT EVENTS WERE EVALUATED THROUGH JULY 23, 2010, WHICH IS THE DATE THE FINANCIAL STATEMENTS WERE AVAILABLE TO BE ISSUED.

CITY OF BENTON, ARKANSAS  
 SCHEDULE OF GENERAL FUND EXPENDITURES BY DEPARTMENT - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>ELECTED STAFF</u>	<u>LEGAL</u>	<u>CENTRAL COMMUNICATIONS</u>
SALARIES	\$ 217,573	\$ 66,250	\$ 421,345
RETIREMENT	13,936	30,215	44,552
FRINGE BENEFITS	31,671	5,114	86,139
VEHICLE	2,628		967
REPAIRS AND MAINTENANCE	71,775		14,265
SUPPLIES	12,361		5,327
OTHER	184		15
ELECTRICITY GENERATION			
UTILITIES	21,252		34,319
OUTSIDE SERVICES	134,736	403,517	79,415
EDUCATIONAL/PROFESSIONAL	100,890	100	1,449
CAPITAL OUTLAY	773		45,703
	<u>\$ 607,779</u>	<u>\$ 505,196</u>	<u>\$ 733,496</u>

<u>POLICE</u>	<u>FIRE</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>PROFESSIONAL TECHNICAL</u>	<u>TOTAL</u>
\$ 2,606,290	\$ 2,464,853	\$ 218,301	\$ 71,020	\$ 6,065,632
99,667	282,969	28,350	9,039	508,728
742,413	595,915	47,528	14,139	1,522,919
195,550	64,675	9,282	590	273,692
45,405	14,799	5,093	210	151,547
210,836	44,587	6,900	1,636	281,647
138,984	3,087	42,761		185,031
2,968	1,260			4,228
25,122	23,588	3,484	488	108,253
168,004	69,292	95,414	1,410	951,788
37,802	32,624	8,358	295	181,518
81,640	6,112	91,759		225,987
<u>\$ 4,354,681</u>	<u>\$ 3,603,761</u>	<u>\$ 557,230</u>	<u>\$ 98,827</u>	<u>\$ 10,460,970</u>

CITY OF BENTON, ARKANSAS  
 SCHEDULE OF GENERAL FUND EXPENDITURES BY DEPARTMENT - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>ELECTED STAFF</u>	<u>LEGAL</u>	<u>CENTRAL COMMUNICATIONS</u>
SALARIES	\$ 211,971	\$ 64,500	\$ 378,631
RETIREMENT	14,316	23,874	44,044
FRINGE BENEFITS	32,090	5,858	82,917
VEHICLE	4,784		1,293
REPAIRS AND MAINTENANCE	82,908		14,390
SUPPLIES	8,699		2,039
OTHER	27		136
ELECTRICITY GENERATION			
UTILITIES	20,839	342	26,944
OUTSIDE SERVICES	155,248	309,432	50,216
EDUCATIONAL/PROFESSIONAL	87,583	580	292
CAPITAL OUTLAY	234,418		45,081
	<u>\$ 852,883</u>	<u>\$ 404,586</u>	<u>\$ 645,983</u>

<u>POLICE</u>	<u>FIRE</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>PROFESSIONAL TECHNICAL</u>	<u>TOTAL</u>
\$ 2,414,834	\$ 2,374,910	\$ 208,509	\$ 69,144	\$ 5,722,499
42,287	240,925	27,690	9,050	402,186
814,569	788,281	58,195	9,029	1,790,939
250,456	67,707	14,989	970	340,199
44,371	28,770	3,496		173,935
63,596	68,008	7,760	642	150,744
60,199	19,025	10,229		89,616
1,744				1,744
24,883	27,291	2,975	574	103,848
144,592	67,202	225,798	1,306	953,794
30,932	22,267	5,154	1,749	148,557
22,971	4,754	40,511	1,575	349,310
<u>\$ 3,915,434</u>	<u>\$ 3,709,140</u>	<u>\$ 605,306</u>	<u>\$ 94,039</u>	<u>\$ 10,227,371</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2009

	<u>STREET OPERATING FUND</u>	<u>STREET IMPROVEMENT FUND</u>	<u>TOTAL STREET FUND</u>
<u>ASSETS</u>			
ASSETS			
CASH AND EQUIVALENTS:			
UNDESIGNATED	\$1,161,172	\$	\$1,161,172
RESTRICTED		170,922	170,922
DUE FROM OTHER FUNDS	356	131,663	132,019
PREPAID EXPENSES	16,335		16,335
TOTAL ASSETS	<u>\$1,177,863</u>	<u>\$ 302,585</u>	<u>\$1,480,448</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
ACCOUNTS PAYABLE	\$ 40,353	\$ 54,725	\$ 95,078
ACCRUED COMPENSATION	14,979		14,979
TOTAL LIABILITIES	<u>55,332</u>	<u>54,725</u>	<u>110,057</u>
FUND BALANCES			
RESERVED FOR CAPITAL OUTLAY		247,860	247,860
UNRESERVED:			
UNDESIGNATED	1,122,531		1,122,531
TOTAL FUND BALANCES	<u>1,122,531</u>	<u>247,860</u>	<u>1,370,391</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,177,863</u>	<u>\$ 302,585</u>	<u>\$1,480,448</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2008

<u>ASSETS</u>	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STREET PROJECTS FUND	TOTAL STREET FUND
ASSETS				
CASH AND EQUIVALENTS:				
UNDESIGNATED	\$ 1,645,902	\$	\$	\$ 1,645,902
RESTRICTED		2,911,744	102,263	3,014,007
DUE FROM OTHER FUNDS			125,337	125,337
PREPAID EXPENSES	14,895			14,895
TOTAL ASSETS	<u>\$ 1,660,797</u>	<u>\$ 2,911,744</u>	<u>\$ 227,600</u>	<u>\$ 4,800,141</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
ACCOUNTS PAYABLE	\$ 112,764	\$ 348,463	\$	\$ 461,227
ACCRUED COMPENSATION	6,720			6,720
TOTAL LIABILITIES	<u>119,484</u>	<u>348,463</u>		<u>467,947</u>
FUND BALANCES				
RESERVED FOR CAPITAL OUTLAY		2,563,281	227,600	2,790,881
UNRESERVED:				
UNDESIGNATED	1,541,313			1,541,313
TOTAL FUND BALANCES	<u>1,541,313</u>	<u>2,563,281</u>	<u>227,600</u>	<u>4,332,194</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,660,797</u>	<u>\$ 2,911,744</u>	<u>\$ 227,600</u>	<u>\$ 4,800,141</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - STREET FUND - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STREET PROJECTS FUND	TOTAL STREET FUND
REVENUES				
TAX REVENUES	\$1,804,084	\$	\$	\$1,804,084
FEDERAL AND STATE GRANTS	31,143			31,143
INTEREST	2,660	4,326	236	7,222
OTHER	80,753	(20,000)		60,753
TOTAL REVENUES	<u>1,918,640</u>	<u>(15,674)</u>	<u>236</u>	<u>1,903,202</u>
EXPENDITURES				
HUMAN RESOURCES	617,479			617,479
OPERATIONS AND MAINTENANCE	511,074			511,074
UTILITIES	13,774			13,774
OUTSIDE SERVICES	23,522			23,522
EDUCATIONAL/PROFESSIONAL	20			20
CAPITAL OUTLAY	721,016	1,666,754		2,387,770
TOTAL EXPENDITURES	<u>1,886,885</u>	<u>1,666,754</u>		<u>3,553,639</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>31,755</u>	<u>(1,682,428)</u>	<u>236</u>	<u>(1,650,437)</u>
OTHER FINANCING SOURCES AND (USES)				
GAIN ON SALE OF ASSETS	19,463			19,463
TRANSFERS IN		1,468,674		1,468,674
TRANSFERS OUT	(470,000)	(2,101,667)	(227,836)	(2,799,503)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(450,537)</u>	<u>(632,993)</u>	<u>(227,836)</u>	<u>(1,311,366)</u>
CHANGES IN FUND BALANCES	(418,782)	(2,315,421)	(227,600)	(2,961,803)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,541,313</u>	<u>2,563,281</u>	<u>227,600</u>	<u>4,332,194</u>
FUND BALANCES AT END OF YEAR	<u>\$1,122,531</u>	<u>\$ 247,860</u>	<u>\$</u>	<u>\$1,370,391</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - STREET FUND - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	STREET OPERATING FUND	STREET IMPROVEMENT FUND	STREET PROJECTS FUND	TOTAL STREET FUND
<b>REVENUES</b>				
TAX REVENUES	\$1,773,977	\$	\$	\$1,773,977
FEDERAL AND STATE GRANTS	36,330			36,330
INTEREST	23,621	44,082	28,506	96,209
OTHER	97,749	212,425		310,174
<b>TOTAL REVENUES</b>	<u>1,931,677</u>	<u>256,507</u>	<u>28,506</u>	<u>2,216,690</u>
<b>EXPENDITURES</b>				
HUMAN RESOURCES	630,841			630,841
OPERATIONS AND MAINTENANCE	357,543			357,543
UTILITIES	10,693			10,693
OUTSIDE SERVICES	26,509			26,509
EDUCATIONAL/PROFESSIONAL	68			68
CAPITAL OUTLAY	425,175	2,337,047		2,762,222
<b>TOTAL EXPENDITURES</b>	<u>1,450,829</u>	<u>2,337,047</u>		<u>3,787,876</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<u>480,848</u>	<u>(2,080,540)</u>	<u>28,506</u>	<u>(1,571,186)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
TRANSFERS IN	354,213	3,135,080		3,489,293
TRANSFERS OUT		(581,667)	(2,003,751)	(2,585,418)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>354,213</u>	<u>2,553,413</u>	<u>(2,003,751)</u>	<u>903,875</u>
<b>CHANGES IN FUND BALANCES</b>	835,061	472,873	(1,975,245)	(667,311)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>706,252</u>	<u>2,090,408</u>	<u>2,202,845</u>	<u>4,999,505</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$1,541,313</u>	<u>\$2,563,281</u>	<u>\$ 227,600</u>	<u>\$4,332,194</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2009

<u>ASSETS</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>DEBT</u>	<u>AGENCY AND</u>
	<u>BENTON</u>	<u>MILITARY</u>	<u>SERVICE</u>
	<u>PARKWAY</u>	<u>REDESIGN</u>	<u>FUND</u>
			<u>PENSION TRUST</u>
			<u>FUNDS</u>
<b>ASSETS</b>			
CASH AND EQUIVALENTS:			
UNDESIGNATED	\$	\$	\$
COUNCIL DESIGNATED			
RESTRICTED	10,597	2,960,414	514,880
INVESTMENTS-RESTRICTED			947,332
OTHER RECEIVABLES		415,852	
PREPAID EXPENSES			15,678,721
<b>TOTAL ASSETS</b>	<u>\$10,597</u>	<u>\$3,376,266</u>	<u>\$514,880</u>
			<u>\$16,626,053</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	\$	\$	\$
ACCRUED COMPENSATION			
DUE TO OTHER FUNDS		356	
ASSETS HELD IN TRUST			16,626,053
<b>TOTAL LIABILITIES</b>		<u>356</u>	<u>16,626,053</u>
<b>FUND BALANCES</b>			
RESERVED FOR DEBT SERVICE			514,880
RESERVED FOR CAPITAL OUTLAY	10,597	3,375,910	
RESERVED FOR OTHER ACTIVITIES			
UNRESERVED:			
DESIGNATED			
UNDESIGNATED			
<b>TOTAL FUND BALANCES</b>	<u>10,597</u>	<u>3,375,910</u>	<u>514,880</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$10,597</u>	<u>\$3,376,266</u>	<u>\$514,880</u>
			<u>\$16,626,053</u>

SPECIAL REVENUE FUNDS				TOTAL
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	A&P COMMISSION	OTHER FUNDS IN THE AGGREGATE
\$ 33,475	\$ 409,063	\$	\$ 968,680	\$ 1,411,218
		2,842		2,842
	1,612			4,434,835
				15,678,721
	50,000			465,852
3,408	10,405			13,813
<u>\$ 36,883</u>	<u>\$ 471,080</u>	<u>\$ 2,842</u>	<u>\$ 968,680</u>	<u>\$ 22,007,281</u>
\$ 1,145	\$ 17,404	\$	\$ 16,283	\$ 34,832
7,939	9,399			17,338
				356
				16,626,053
<u>9,084</u>	<u>26,803</u>		<u>16,283</u>	<u>16,678,579</u>
				514,880
				3,386,507
	1,612			1,612
		2,842		2,842
27,799	442,665		952,397	1,422,861
<u>27,799</u>	<u>444,277</u>	<u>2,842</u>	<u>952,397</u>	<u>5,328,702</u>
<u>\$ 36,883</u>	<u>\$ 471,080</u>	<u>\$ 2,842</u>	<u>\$ 968,680</u>	<u>\$ 22,007,281</u>

CITY OF BENTON, ARKANSAS  
 COMBINED BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2008

	<u>CAPITAL PROJECT FUND</u>	<u>DEBT SERVICE FUND</u>	<u>AGENCY AND PENSION TRUST FUNDS</u>
<u>ASSETS</u>			
ASSETS			
CASH AND EQUIVALENTS:			
UNDESIGNATED	\$	\$	\$
COUNCIL DESIGNATED			
RESTRICTED	1,701,091	506,358	5,744,393
INVESTMENTS-RESTRICTED			9,045,850
OTHER RECEIVABLES			
DUE FROM OTHER FUNDS			
PREPAID EXPENSES			
TOTAL ASSETS	<u>\$1,701,091</u>	<u>\$ 506,358</u>	<u>\$14,790,243</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
ACCOUNTS PAYABLE	\$	\$	\$
ACCRUED COMPENSATION			
DUE TO OTHER FUNDS			
ASSETS HELD IN TRUST			14,790,243
TOTAL LIABILITIES			<u>14,790,243</u>
 FUND BALANCES			
RESERVED FOR DEBT SERVICE		506,358	
RESERVED FOR CAPITAL OUTLAY	1,701,091		
RESERVED FOR OTHER ACTIVITIES			
UNRESERVED:			
DESIGNATED			
UNDESIGNATED			
TOTAL FUND BALANCES	<u>1,701,091</u>	<u>506,358</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$1,701,091</u>	<u>\$ 506,358</u>	<u>\$14,790,243</u>

SPECIAL REVENUE FUNDS				TOTAL
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	A&P COMMISSION	OTHER FUNDS IN THE AGGREGATE
\$ 65,058	\$ 290,362	\$	\$ 660,836	\$ 1,016,256
		2,837		2,837
	1,771			7,953,613
				9,045,850
	65,000			65,000
	21,000			21,000
3,307	9,587			12,894
<u>\$ 68,365</u>	<u>\$ 387,720</u>	<u>\$ 2,837</u>	<u>\$ 660,836</u>	<u>\$ 18,117,450</u>
\$ 4,694	\$ 67,204	\$	\$ 52,142	\$ 124,040
4,702	4,357			9,059
			21,000	21,000
				14,790,243
<u>9,396</u>	<u>71,561</u>		<u>73,142</u>	<u>14,944,342</u>
				506,358
				1,701,091
	1,771			1,771
		2,837		2,837
58,969	314,388		587,694	961,051
<u>58,969</u>	<u>316,159</u>	<u>2,837</u>	<u>587,694</u>	<u>3,173,108</u>
<u>\$ 68,365</u>	<u>\$ 387,720</u>	<u>\$ 2,837</u>	<u>\$ 660,836</u>	<u>\$ 18,117,450</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

	CAPITAL PROJECT FUNDS		DEBT SERVICE FUND
	BENTON PARKWAY	MILITARY REDESIGN	
REVENUES			
TAX REVENUES	\$	\$	\$
BONDS, FINES AND FEES			1,002,246
FEDERAL AND STATE GRANTS	64,390	415,852	
INTEREST	2,123	2,506	1,118
OTHER	68,872		
TOTAL REVENUES	<u>135,385</u>	<u>418,358</u>	<u>1,003,364</u>
EXPENDITURES			
HUMAN RESOURCES			
OPERATIONS AND MAINTENANCE			2,830
UTILITIES			
OUTSIDE SERVICES			8,689
EDUCATIONAL/PROFESSIONAL			
CAPITAL OUTLAY	386,044	589,290	
PRINCIPAL PAYMENTS			953,598
INTEREST PAYMENTS			138,300
TOTAL EXPENDITURES	<u>386,044</u>	<u>589,290</u>	<u>1,103,417</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(250,659)</u>	<u>(170,932)</u>	<u>(100,053)</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN		3,546,842	943,575
TRANSFERS OUT	(1,439,835)		(835,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,439,835)</u>	<u>3,546,842</u>	<u>108,575</u>
CHANGES IN FUND BALANCES	(1,690,494)	3,375,910	8,522
FUND BALANCE AT BEGINNING OF YEAR	<u>1,701,091</u>		<u>506,358</u>
FUND BALANCE AT END OF YEAR	<u>\$ 10,597</u>	<u>\$3,375,910</u>	<u>\$ 514,880</u>

SPECIAL REVENUE FUNDS					TOTAL
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	SALES TAX	A&P COMMISSION	OTHER FUNDS IN THE AGGREGATE
\$	\$	\$	\$ 7,445,023	\$ 817,327	\$ 8,262,350
	51,988				1,002,246
106	884	5		2,811	532,230
12,168	27,736				9,553
<u>12,274</u>	<u>80,608</u>	<u>5</u>	<u>7,445,023</u>	<u>820,138</u>	<u>108,776</u>
283,342	357,100			95,512	735,954
21,030	453,085			36,059	513,004
3,598	14,659				18,257
5,062	265,343			149,020	428,114
	117			2,172	2,289
30,412	147,023			128,672	1,281,441
					953,598
					138,300
<u>343,444</u>	<u>1,237,327</u>			<u>411,435</u>	<u>4,070,957</u>
(331,170)	(1,156,719)	5	7,445,023	408,703	5,844,198
300,000	1,284,837				6,075,254
			(7,445,023)	(44,000)	(9,763,858)
<u>300,000</u>	<u>1,284,837</u>		<u>(7,445,023)</u>	<u>(44,000)</u>	<u>(3,688,604)</u>
(31,170)	128,118	5		364,703	2,155,594
58,969	316,159	2,837		587,694	3,173,108
<u>\$ 27,799</u>	<u>\$ 444,277</u>	<u>\$ 2,842</u>	<u>\$</u>	<u>\$ 952,397</u>	<u>\$ 5,328,702</u>

CITY OF BENTON, ARKANSAS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>CAPITAL PROJECT FUNDS</u>		<u>DEBT</u>
	<u>BENTON</u>	<u>MILITARY</u>	<u>SERVICE</u>
	<u>PARKWAY</u>	<u>REDESIGN</u>	<u>FUND</u>
REVENUES			
TAX REVENUES	\$	\$	\$
BONDS, FINES AND FEES			908,486
FEDERAL AND STATE GRANTS	23,778		
INTEREST	35,730	1,372	9,967
OTHER	280,641		
TOTAL REVENUES	<u>340,149</u>	<u>1,372</u>	<u>918,453</u>
EXPENDITURES			
HUMAN RESOURCES			
OPERATIONS AND MAINTENANCE			3,096
UTILITIES			
OUTSIDE SERVICES			445
EDUCATIONAL/PROFESSIONAL			
CAPITAL OUTLAY	1,527,161		
PRINCIPAL PAYMENTS			874,793
INTEREST PAYMENTS			174,748
TOTAL EXPENDITURES	<u>1,527,161</u>	<u>1,372</u>	<u>1,053,082</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(1,187,012)</u>	<u>1,372</u>	<u>(134,629)</u>
OTHER FINANCING SOURCES AND (USES)			
TRANSFERS IN			900,947
TRANSFERS OUT	(23,778)	(354,213)	(785,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(23,778)</u>	<u>(354,213)</u>	<u>115,947</u>
CHANGES IN FUND BALANCES	(1,210,790)	(352,841)	(18,682)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,911,881</u>	<u>352,841</u>	<u>525,040</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,701,091</u>	<u>\$</u>	<u>\$ 506,358</u>

SPECIAL REVENUE FUNDS					TOTAL
ANIMAL CONTROL	PARKS AND RECREATION	CONTINGENCY	SALES TAX	A&P COMMISSION	OTHER FUNDS IN THE AGGREGATE
\$	\$	\$	\$7,220,912	\$ 763,481	\$ 7,984,393
69	65,000				908,486
976	5,551	4,674		17,738	88,847
11,035	51,077				76,008
12,080	121,628	4,674	7,220,912	781,219	342,753
287,755	360,973			50,059	698,787
24,872	365,659			29,391	423,018
3,393	12,729				16,122
6,182	255,551			365,654	627,832
3,924	474,331			650,303	78
326,126	1,469,321			1,095,407	2,655,719
					874,793
					174,748
(314,046)	(1,347,693)	4,674	7,220,912	(314,188)	5,471,097
300,000	1,318,557	(265,000)	(7,220,912)	(115,072)	3,929,390
300,000	1,318,557	(265,000)	(7,220,912)	(115,072)	2,519,504
(14,046)	(29,136)	(260,326)		(429,260)	(8,763,975)
73,015	345,295	263,163		1,016,954	(6,244,471)
\$ 58,969	\$ 316,159	\$ 2,837	\$	\$ 587,694	(2,315,081)
					5,488,189
					\$ 3,173,108

CITY OF BENTON, ARKANSAS  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
LAND AND IMPROVEMENTS	\$ 3,258,391	\$ 3,258,391
BUILDINGS AND IMPROVEMENTS	12,565,032	12,431,900
SERVICE FACILITIES AND EQUIPMENT	5,677,292	5,474,574
INFRASTRUCTURE	23,367,304	20,380,568
CONSTRUCTION IN PROGRESS	<u>1,786,074</u>	<u>1,634,798</u>
 TOTAL CAPITAL ASSETS	 <u>\$ 46,654,093</u>	 <u>\$ 43,180,231</u>

NOTE 1: UNDER THE MODIFIED ACCRUAL BASIS OF ACCOUNTING, ALL CAPITAL ASSETS ARE RECORDED AS EXPENDITURES IN THE YEAR IN WHICH THEY WERE PURCHASED. THE SCHEDULE ABOVE SUMMARIZES THOSE ASSETS THAT QUALIFY AS CAPITAL ASSETS. CAPITAL ASSETS ARE VALUED AT COST ON THE DATE OF PURCHASE, UNLESS DONATED. DONATED CAPITAL ASSETS ARE VALUED AT THEIR ESTIMATED FAIR VALUE ON THE DATE DONATED. ASSETS ARE CAPITALIZED IN ACCORDANCE WITH ORDINANCE 38 OF 2004. ANY ASSET WITH AN ESTIMATED USEFUL LIFE GREATER THAN ONE YEAR AND A VALUE THAT EXCEEDS THE FOLLOWING THRESHOLDS WILL BE RECOGNIZED AS A CAPITAL ASSET BY THE CITY:

LAND	ALL ASSETS
LAND IMPROVEMENTS	\$25,000
BUILDING	\$50,000
BUILDING IMPROVEMENTS	\$50,000
MACHINERY AND EQUIPMENT	\$5,000
VEHICLE	\$5,000
INFRASTRUCTURE	\$250,000

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE AUDITED THE FINANCIAL STATEMENTS OF THE CITY OF BENTON, ARKANSAS, AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 AND HAVE ISSUED OUR REPORT THEREON DATED JULY 23, 2010. WE CONDUCTED OUR AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES AND THE STANDARDS APPLICABLE TO FINANCIAL AUDITS CONTAINED IN GOVERNMENT AUDITING STANDARDS, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

IN PLANNING AND PERFORMING OUR AUDITS, WE CONSIDERED THE CITY OF BENTON, ARKANSAS' INTERNAL CONTROL OVER FINANCIAL REPORTING AS A BASIS FOR DESIGNING OUR AUDIT PROCEDURES FOR THE PURPOSE OF EXPRESSING OUR OPINION ON THE FINANCIAL STATEMENTS, BUT NOT FOR THE PURPOSE OF EXPRESSING AN OPINION ON THE EFFECTIVENESS OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING. ACCORDINGLY, WE DO NOT EXPRESS AN OPINION ON THE EFFECTIVENESS OF THE CITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING.

A DEFICIENCY IN INTERNAL CONTROL EXISTS WHEN THE DESIGN OR OPERATION OF A CONTROL DOES NOT ALLOW MANAGEMENT OR EMPLOYEES, IN THE NORMAL COURSE OF PERFORMING THEIR ASSIGNED FUNCTIONS, TO PREVENT, OR DETECT AND CORRECT MISSTATEMENTS ON A TIMELY BASIS. A MATERIAL WEAKNESS IS A DEFICIENCY, OR COMBINATION OF DEFICIENCIES, IN INTERNAL CONTROL, SUCH THAT THERE IS A REASONABLE POSSIBILITY THAT A MATERIAL MISSTATEMENT OF THE CITY'S FINANCIAL STATEMENTS WILL NOT BE PREVENTED, OR DETECTED AND CORRECTED ON A TIMELY BASIS.

OUR CONSIDERATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING WAS FOR THE LIMITED PURPOSE DESCRIBED IN THE FIRST PARAGRAPH OF THIS SECTION AND WAS NOT DESIGNED TO IDENTIFY ALL DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT MIGHT BE DEFICIENCIES, SIGNIFICANT DEFICIENCIES OR MATERIAL WEAKNESSES. WE DID NOT IDENTIFY ANY DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT WE CONSIDER TO BE MATERIAL WEAKNESSES, AS DEFINED ABOVE.

### COMPLIANCE

AS PART OF OBTAINING REASONABLE ASSURANCE ABOUT WHETHER THE CITY OF BENTON, ARKANSAS' FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT, WE PERFORMED TESTS OF ITS COMPLIANCE WITH CERTAIN PROVISIONS OF LAWS, REGULATIONS, CONTRACTS AND GRANT AGREEMENTS, NONCOMPLIANCE WITH WHICH COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE DETERMINATION OF FINANCIAL STATEMENT AMOUNTS. HOWEVER, PROVIDING AN OPINION ON COMPLIANCE WITH THOSE PROVISIONS WAS NOT AN OBJECTIVE OF OUR AUDITS AND, ACCORDINGLY, WE DO NOT EXPRESS SUCH AN OPINION. THE RESULTS OF OUR TESTS DISCLOSED NO INSTANCES OF NONCOMPLIANCE THAT ARE REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS.

THIS REPORT IS INTENDED FOR THE INFORMATION AND USE OF THE HONORABLE MAYOR, CITY COUNCIL, MANAGEMENT, ARKANSAS DIVISION OF LEGISLATIVE AUDIT, AND ANY FEDERAL AWARDED AGENCIES OR PASS-THROUGH ENTITIES, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

*Wakene Dorell & Co. PLLC*  
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
JULY 23, 2010

# Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH CERTAIN STATE ACTS

HONORABLE MAYOR AND CITY COUNCIL  
CITY OF BENTON, ARKANSAS

WE HAVE EXAMINED MANAGEMENT'S ASSERTIONS THAT THE CITY OF BENTON, ARKANSAS, COMPLIED WITH THE REQUIREMENTS OF ARKANSAS ACT 15 OF 1985 AND THE FOLLOWING ARKANSAS STATUTES DURING THE YEARS ENDED DECEMBER 31, 2009 AND 2008.

- A. MUNICIPAL ACCOUNTING LAW, ACT 159 OF 1973, ACT 616 OF 1979 AND ACT 308 OF 1998 (ARKANSAS STATUTES 19-5301 - 19-5317);
- B. MUNICIPAL COURTS, POLICE COURTS, CITY COURTS AND JUSTICE OF THE PEACE COURTS ACCOUNTING LAW OF 1977, ACT 332 OF 1977, ACTS 677 AND 776 OF 1985, ACT 904 OF 1991 AND ACT 1256 OF 1996 (ARKANSAS STATUTES 22-1101 - 22-1108);
- C. MUNICIPAL COURT AND POLICE DEPARTMENT UNIFORM FILING FEES AND COURT COST, ACT 1256 OF 1996;
- D. BONDING OF MUNICIPAL OFFICERS AND EMPLOYEES, ACT 338 OF 1955 AND ACT 677 OF 1975 (ARKANSAS STATUTES 13-412 - 13-412.3) (REPLACED BY ACT 5 OF 1985);
- E. IMPROVEMENT CONTRACTS OVER \$10,000, ACT 159 OF 1949, ACT 183 OF 1957, ACT 477 OF 1961, ACT 370 OF 1977, ACT 266 OF 1981, ACT 871 OF 1983, ACTS 758 AND 759 OF 1987, ACT 936 OF 1989, ACT 728 OF 1991, ACT 645 OF 1993 AND ACT 1319 OF 1995 (ARKANSAS STATUTES 14-611 - 14-614);
- F. BUDGETS, PURCHASES OVER \$2,000; PAYMENTS OF CLAIMS, ETC., ACT 28 OF 1959, ACT 154 OF 1979, ACTS 344 AND 926 OF 1981, ACT 745 OF 1985 AND ACT 812 OF 1995 (ARKANSAS STATUTES 19-4421 - 19-4430);
- G. INVESTMENT OF PUBLIC FUNDS, ACT 273 OF 1943; ACT 106 OF 1973, ACT 402 OF 1995 AND ACT 1341 OF 2000 (ARKANSAS STATUTES 13-901 - 13-904); AND
- H. DEPOSIT OF PUBLIC FUNDS, ACT 21 OF 1935, ACTS 57 AND 62 OF 1945, ACT 122 OF 1947, ACT 18 OF 1964, ACTS 89 AND 107 OF 1973, ACT 250 OF 1987, ACT 459 OF 1991 AND ACTS 232 AND 700 OF 1995 (ARKANSAS STATUTES 13-801 - 13-805).

MANAGEMENT IS RESPONSIBLE FOR THE CITY'S COMPLIANCE WITH THOSE REQUIREMENTS. OUR RESPONSIBILITY IS TO EXPRESS AN OPINION ON THE CITY'S COMPLIANCE BASED ON OUR EXAMINATION.

OUR EXAMINATION WAS MADE IN ACCORDANCE WITH ATTESTATION STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND, ACCORDINGLY INCLUDED EXAMINING, ON A TEST BASIS, EVIDENCE ABOUT THE CITY'S COMPLIANCE WITH

THOSE REQUIREMENTS AND PERFORMING SUCH OTHER PROCEDURES AS WE CONSIDERED NECESSARY IN THE CIRCUMSTANCES. WE BELIEVE THAT OUR EXAMINATION PROVIDES A REASONABLE BASIS FOR OUR OPINION. OUR EXAMINATION DOES NOT PROVIDE A LEGAL DETERMINATION ON THE CITY'S COMPLIANCE WITH SPECIFIED REQUIREMENTS.

IN OUR OPINION, THE CITY OF BENTON, ARKANSAS, COMPLIED, IN ALL MATERIAL RESPECTS, WITH THE AFOREMENTIONED REQUIREMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008.

THIS REPORT IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THE GOVERNING BODY, MANAGEMENT AND THE STATE OF ARKANSAS, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

*Joakim Sovell & Co, PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS  
JULY 23, 2010