

BENTON MUNICIPAL LIGHT AND WATER WORKS
CITY OF BENTON, STATE OF ARKANSAS

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

Yoakum, Lovell & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

BENTON MUNICIPAL LIGHT AND WATER WORKS
 CITY OF BENTON, STATE OF ARKANSAS
 TABLE OF CONTENTS
 DECEMBER 31, 2009 AND 2008

	<u>PAGE</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-4
INDEPENDENT AUDITORS' REPORT	5-6
BALANCE SHEETS	7-8
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	9
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11-18
SUPPLEMENTARY INFORMATION	
SCHEDULE OF OPERATING, BOARD DESIGNATED AND RESTRICTED FUNDS	19
DEPARTMENTAL STATEMENTS OF REVENUES AND EXPENSES	20
SCHEDULE OF PLANT PRODUCTION AND TREATMENT EXPENSES	21
SCHEDULE OF GENERAL, DISTRIBUTION AND COLLECTION EXPENSES	22
SCHEDULE OF ADMINISTRATIVE EXPENSES	23
SUPPLEMENTAL WATER AND SEWER DISCLOSURES	24
REVENUE BOND AMORTIZATION SCHEDULE - NOVEMBER 1, 1995	25
REVENUE BOND AMORTIZATION SCHEDULE - DECEMBER 17, 1997	26
REVENUE BOND AMORTIZATION SCHEDULE - DECEMBER 1, 2001A	27
REVENUE BOND AMORTIZATION SCHEDULE - OCTOBER 1, 2002	28-29
REVENUE BOND AMORTIZATION SCHEDULE - JUNE 1, 2004A	30
REVENUE BOND AMORTIZATION SCHEDULE - JUNE 1, 2004B	31
REVENUE BOND AMORTIZATION SCHEDULE - DECEMBER 1, 2006	32-33
REVENUE BOND AMORTIZATION SCHEDULE - MARCH 6, 2009	34-35
ESTIMATED DEBT SERVICE COVERAGE	36
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS FOR BENTON UTILITIES EMPLOYEES' PENSION PLAN	37

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, 2009. 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 REPORTS 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 ON 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, 2009 AND 2008. 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 STATEMENTS 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.

2009 FINANCIAL HIGHLIGHTS

- THE UTILITY'S TOTAL REVENUES DECREASED BY \$744,705 OR 2.148% FROM \$34,668,745 AT DECEMBER 31, 2008 TO \$33,924,040 AT DECEMBER 31, 2009. THE SUMMER MONTHS WERE AGAIN WETTER AND COOLER THAN NORMAL, RESULTING IN A LOWER UTILITY UTILIZATION BY USERS, THEREFORE RESULTING IN LOWER REVENUES FOR THE SYSTEM.
- THE UTILITY'S TOTAL EXPENSES DECREASED BY \$1,026,059 OR 2.907% FROM \$35,300,676 AT DECEMBER 31, 2008 TO \$34,274,617 AT DECEMBER 31, 2009. THE PRINCIPAL COST DECREASE FACTORS WERE AN DECREASE IN WHOLESALE POWER COST AND A LOWER PLANT PRODUCTION COST.
- THE UTILITY'S TOTAL ASSETS DECREASED BY \$4,218,146 OR 4.051% FROM \$104,118,813 AT DECEMBER 31, 2008 TO \$99,900,667 AT DECEMBER 31, 2009. THE DECREASE IS DUE TO WASTEWATER CONSTRUCTION PROJECTS BEING PAID FROM RESTRICTED BOND FUNDS.
- INVESTMENT INCOME DECREASED BY \$339,079 OR 88.584% DUE TO THE SIGNIFICANTLY DECLINING INTEREST RATES.

FINANCIAL ANALYSIS OF THE UTILITY SYSTEM

THE STATEMENTS OF NET ASSETS (CONDENSED BALANCE SHEETS) AND THE 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

	2009	2008	2007
CURRENT ASSETS	\$ 10,566,717	\$ 11,944,522	\$ 12,991,274
RESTRICTED ASSETS	6,338,096	16,474,017	26,688,781
CAPITAL ASSETS, NET	82,346,302	75,012,146	63,242,341
OTHER ASSETS	649,552	688,128	746,771
TOTAL ASSETS	<u>\$ 99,900,667</u>	<u>\$104,118,813</u>	<u>\$103,669,167</u>
CURRENT LIABILITIES	\$ 6,896,272	\$ 9,029,624	\$ 7,043,998
LONG-TERM LIABILITIES	45,793,918	47,076,337	48,624,525
TOTAL LIABILITIES	<u>52,690,190</u>	<u>56,105,961</u>	<u>55,668,523</u>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	41,414,001	42,386,271	37,906,351
RESTRICTED ASSETS	630	535,645	1,955,691
UNRESTRICTED	5,795,846	5,090,936	8,138,602
TOTAL NET ASSETS	<u>47,210,477</u>	<u>48,012,852</u>	<u>48,000,644</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,900,667</u>	<u>\$104,118,813</u>	<u>\$103,669,167</u>

TOTAL NET ASSETS INCREASED BY \$802,375 FROM \$48,012,852 AT DECEMBER 31, 2008 TO \$47,210,477 AT DECEMBER 31, 2009, A DECREASE OF 1.671%. CURRENT LIABILITIES DECREASED BY \$2,133,352 OR 23.626% DUE PRIMARILY TO THE PAYMENT OF LARGE CONSTRUCTION PAYMENTS IN 2009 WHICH WERE ACCRUED ON DECEMBER 31, 2008.

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

	2009	2008	2007
OPERATING REVENUES:			
SERVICES FEES AND PENALTIES	\$ 33,548,621	\$ 34,067,536	\$ 34,545,734
OTHER REVENUE	331,720	218,431	381,530
TOTAL OPERATING REVENUES	<u>33,880,341</u>	<u>34,285,967</u>	<u>34,927,264</u>
INVESTMENT INCOME	43,699	382,778	688,312
TOTAL REVENUE	<u>33,924,040</u>	<u>34,668,745</u>	<u>35,615,576</u>
OPERATING EXPENSES:			
POWER COSTS	20,017,978	21,522,859	20,038,738
PLANT PRODUCTION EXPENSES	1,787,962	1,949,758	1,664,413
GENERAL AND DISTRIBUTION EXPENSES	4,337,629	4,261,400	3,985,131
ADMINISTRATIVE EXPENSES	2,469,342	2,433,977	2,247,749
DEPRECIATION EXPENSE	4,375,371	4,021,876	3,760,006
TOTAL OPERATING EXPENSES	<u>32,988,282</u>	<u>34,189,870</u>	<u>31,696,037</u>
INTEREST EXPENSE	1,286,335	1,110,806	989,517
TOTAL EXPENSES	<u>34,274,617</u>	<u>35,300,676</u>	<u>32,685,554</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(350,577)	(631,931)	2,930,022
CAPITAL CONTRIBUTIONS	1,314,473	2,330,125	874,432
TRANSFERS	<u>(1,766,271)</u>	<u>(1,685,986)</u>	<u>(1,766,945)</u>
CHANGE IN NET ASSETS	(802,375)	12,208	2,037,509
NET ASSETS AT BEGINNING OF YEAR	<u>48,012,852</u>	<u>48,000,644</u>	<u>45,963,135</u>
NET ASSETS AT END OF YEAR	<u>\$ 47,210,477</u>	<u>\$ 48,012,852</u>	<u>\$ 48,000,644</u>

TOTAL REVENUES FROM SERVICES, FEES AND PENALTIES REFLECT A SLIGHT DECREASE FROM 2008 TO 2009. THE DECREASE AMOUNT WAS \$518,915 OR 1.523%. THE SLIGHT

DECREASE IN REVENUES IS THE RESULT OF A COOLER AND WETTER THAN NORMAL SUMMER IN 2009.

NET LOSS OF \$350,577 BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS, PLUS CAPITAL CONTRIBUTIONS OF \$1,314,473, LESS TRANSFERS TO THE CITY OF BENTON OF \$1,766,271 WERE THE THREE ITEMS WHICH RESULTED IN AN DECREASE OF \$802,375 IN NET ASSETS FOR THE YEAR ENDING DECEMBER 31, 2009.

THE ABOVE SCHEDULE INDICATES THAT THE UTILITY'S TOTAL REVENUES DECREASED BY \$744,705 OR 2.148% FROM \$34,668,745 AT DECEMBER 31, 2008 TO \$33,924,040 AT DECEMBER 31, 2009. THE SUMMER MONTHS WERE WETTER AND COOLER THAN NORMAL, RESULTING IN A LOWER UTILITY UTILIZATION BY USERS, THEREFORE RESULTING IN LOWER REVENUES FOR THE SYSTEM.

TOTAL EXPENSES DECREASED BY \$1,026,059 OR 2.907% FROM \$35,300,676 AT DECEMBER 31, 2008 TO \$34,274,617 AT DECEMBER 31, 2009. THE PRINCIPAL COST INCREASE FACTORS WERE A DECREASE IN WHOLESALE POWER COSTS AND LOWER PLAN PRODUCTION EXPENSES.

CAPITAL ASSETS

AT DECEMBER 31, 2009 THE UTILITY HAD \$82,346,302 (NET 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 INCREASE IN THE UTILITY'S INVESTMENT IN CAPITAL ASSETS FOR THE YEAR OF 2009 WAS \$7,334,156, OR AN INCREASE OF 9.777%, DUE TO A SUBSTANTIAL AMOUNT OF CONSTRUCTION IN PROCESS ADDITIONS. A SCHEDULED SUMMARY SHOWING THE CHANGES TO THE VARIOUS CATEGORIES OF CAPITAL ASSETS DURING THE YEAR OF 2009 CAN BE FOUND IN NOTE 5 ON PAGE 21 OF THIS AUDIT REPORT.

DEBT ADMINISTRATION

AT DECEMBER 31, 2009, THE UTILITY HAD \$45,841,099 IN OUTSTANDING REVENUE BONDS PAYABLE COMPARED TO \$47,073,985 OUTSTANDING AT DECEMBER 31, 2008. THIS DECREASE OF \$1,232,886 IS THE AMOUNT OF BONDS RETIRED (PAID OFF) DURING THE YEAR. ACCUMULATED COMPENSABLE (ACCRUED VACATION AND SICK LEAVE) BALANCES OF \$374,090 AT DECEMBER 31, 2009 IS A DECREASE OF \$36,624 UNDER THE \$337,466 ACCRUED AS OF DECEMBER 31, 2008.

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. 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 MANAGERMENTS 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 REPRESENT AN INCREASE OF \$0.42656 PER KWH OVER THE PREVIOUS ENTERGY CONTRACT PRICE OF \$0.37500. THE UTILITY COMMISSION CONTINUES TO EXPLORE OPTIONS FOR LONG-TERM, LOWER COST POWER. OTHER OPTIONS ARE: (1) FORMING A JOINT ACTION AGENCY

LIGNITE COAL-FIRED GENERATING PLANT IN OR NEAR BENTON. THE UTILITY COMMISSION OPTED TO AVOID AN ELECTRIC RATE INCREASE IN THE IMMEDIATE FUTURE. THERE ARE RESERVE BALANCES AVAILABLE TO OFFSET LOSSES IN THE ELECTRIC DEPARTMENT, SHOULD WE EXPERIENCE ANOTHER ABNORMAL WE AND COOL SUMMER IN 2010.

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 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

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, 2009 AND 2008, 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, 2009 AND 2008, 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.

THE MANAGEMENT'S DISCUSSION AND ANALYSIS AND SCHEDULE OF FUNDING PROGRESS FOR BENTON UTILITIES EMPLOYEES' PENSION PLAN ON PAGES 1 THROUGH 4 AND PAGE 37, ARE NOT A REQUIRED PART OF THE BASIC FINANCIAL STATEMENTS BUT ARE SUPPLEMENTARY INFORMATION REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES. WE HAVE APPLIED CERTAIN LIMITED PROCEDURES, WHICH CONSISTED PRINCIPALLY OF INQUIRIES OF MANAGEMENT REGARDING THE METHODS OF MEASUREMENT AND PRESENTATION OF THE REQUIRED SUPPLEMENTARY INFORMATION. HOWEVER, WE DID NOT AUDIT THE INFORMATION AND EXPRESS NO OPINION ON THEM.

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. THE SUPPLEMENTARY INFORMATION PRESENTED ON PAGES 19 THROUGH 36 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 EXPRESS NO OPINION ON THEM.

Upakum, Howell & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

BENTON, ARKANSAS
FEBRUARY 26, 2009

BENTON MUNICIPAL LIGHT AND WATER WORKS
CITY OF BENTON, STATE OF ARKANSAS
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	2009	2008
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 4,145,913	\$ 6,600,735
UTILITY BILLINGS	2,553,984	2,854,788
ACCOUNTS RECEIVABLE - OTHER	175,507	6,302
PREPAID EXPENSES	107,230	105,809
SUPPLIES INVENTORY	21,749	16,944
BOARD DESIGNATED FUNDS	3,562,334	2,359,944
TOTAL CURRENT ASSETS	10,566,717	11,944,522
NON-CURRENT ASSETS		
RESTRICTED FUNDS	6,338,096	16,474,017
CAPITAL ASSETS:		
TOTAL PLANT, PROPERTY AND EQUIPMENT	138,011,704	126,444,550
LESS ACCUMULATED DEPRECIATION	(55,665,402)	(51,432,404)
DEFERRED BOND COSTS	649,552	688,128
TOTAL NON-CURRENT ASSETS	89,333,950	92,174,291
 TOTAL ASSETS	 \$ 99,900,667	 \$104,118,813

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

LIABILITIES

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 3,068,679	\$ 5,336,314
DUE TO CITY FUNDS	9,483	16,411
CUSTOMER OVERPAYMENTS	4,748	5,047
METERED DEPOSITS	1,233,801	1,078,357
ACCRUED COMPENSATION	374,090	337,466
SALES TAX PAYABLE	45,806	71,212
ACCRUED INTEREST PAYABLE	683,816	696,907
BONDS PAYABLE - CURRENT MATURITIES	1,475,849	1,487,910
TOTAL CURRENT LIABILITIES	<u>6,896,272</u>	<u>9,029,624</u>
NON-CURRENT LIABILITIES		
REVENUE BONDS PAYABLE, LESS		
CURRENT MATURITIES	44,365,250	45,586,075
PREMIUM ON REVENUE BONDS	1,548,804	1,625,910
DISCOUNT ON REVENUE BONDS	(120,136)	(135,648)
TOTAL NON-CURRENT LIABILITIES	<u>45,793,918</u>	<u>47,076,337</u>
TOTAL LIABILITIES	<u>52,690,190</u>	<u>56,105,961</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS, NET OF		
RELATED DEBTS	41,414,001	42,386,271
RESTRICTED		
FACILITIES DEVELOPMENT AND RISK		
MITIGATION FUND	630	535,645
UNRESTRICTED	5,795,846	5,090,936
TOTAL NET ASSETS	<u>47,210,477</u>	<u>48,012,852</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,900,667</u>	<u>\$104,118,813</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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
CHARGES FOR SERVICE	\$32,576,975	\$32,950,200
SERVICE CHARGES AND CONNECTION FEES	444,812	535,656
PENALTIES	435,772	356,202
FEMA - STORM DAMAGE	91,062	225,478
OTHER INCOME	331,720	218,431
TOTAL OPERATING REVENUES	<u>33,880,341</u>	<u>34,285,967</u>
EXPENSES - OPERATIONS		
POWER COSTS	20,017,978	21,522,859
PLANT PRODUCTION EXPENSES	1,787,962	1,949,758
GENERAL AND DISTRIBUTION EXPENSES	4,337,629	4,261,400
ADMINISTRATIVE EXPENSES	2,365,924	2,324,433
DEPRECIATION	4,375,371	4,021,876
TOTAL EXPENSES - OPERATIONS	<u>32,884,864</u>	<u>34,080,326</u>
OPERATING INCOME	<u>995,477</u>	<u>205,641</u>
NON-OPERATING REVENUES (EXPENSES)		
INTEREST REVENUE	43,699	382,778
INTEREST EXPENSE	(1,389,753)	(1,220,350)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,346,054)</u>	<u>(837,572)</u>
NET LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(350,577)	(631,931)
CAPITAL CONTRIBUTIONS	1,314,473	2,330,125
TRANSFERS (TO) CITY OF BENTON		
FRANCHISE FEES	(1,672,604)	(1,685,986)
APPROPRIATIONS	(93,667)	
CHANGES IN NET ASSETS	(802,375)	12,208
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>48,012,852</u>	<u>48,000,644</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$47,210,477</u>	<u>\$48,012,852</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, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS FROM CUSTOMERS	\$ 33,732,658	\$33,874,569
PAYMENTS TO SUPPLIERS	(25,641,885)	(22,979,124)
PAYMENTS TO EMPLOYEES	(5,104,845)	(5,252,812)
OTHER RECEIPTS	253,577	497,547
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,239,505	6,140,180
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
TRANSFERS (TO) FROM BOARD DESIGNATED FUNDS	(1,202,390)	1,086,651
TRANSFERS TO OTHER FUNDS	(1,773,199)	(1,660,000)
CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(2,975,589)	(573,349)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
PURCHASES OF CAPITAL ASSETS	(10,569,980)	(13,009,734)
PROCEEDS FROM REVENUE BONDS	257,000	
DEFERRED COSTS OF REVENUE BONDS	(17,735)	
PRINCIPAL PAID ON CAPITAL DEBT	(1,489,886)	(1,444,555)
INTEREST PAID ON CAPITAL DEBT	(2,179,398)	(2,199,320)
CONTRIBUTIONS FOR SYSTEM	946,197	512,635
TRANSFERS TO DESIGNATED OR RESTRICTED ACCOUNTS	10,291,365	10,310,203
NET CASH USED BY CAPITAL AND RELATED FINANCING	(2,762,437)	(5,830,771)
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST AND DIVIDENDS RECEIVED	43,699	382,778
NET CASH PROVIDED BY INVESTING ACTIVITIES	43,699	382,778
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,454,822)	118,838
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,600,735	6,481,897
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,145,913	\$ 6,600,735
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 995,477	\$ 205,641
ITEMS NOT REQUIRING CASH:		
DEPRECIATION	4,375,371	4,021,876
CHANGES IN ASSETS AND LIABILITIES:		
RECEIVABLES, NET	131,300	86,881
PREPAIDS	(1,421)	(12,638)
INVENTORIES	(4,805)	(2,977)
ACCOUNTS PAYABLE	(2,267,635)	1,886,801
ACCRUED EXPENSES	11,218	(45,404)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,239,505	\$ 6,140,180

NONCASH CAPITAL FINANCING ACTIVITIES

CAPITAL ASSETS OF \$368,276 AND \$1,817,490 WERE ACQUIRED THROUGH CONTRIBUTIONS FROM DEVELOPERS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008, 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

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 FOR THE YEAR ENDED DECEMBER 31, 2005, 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.

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. INVENTORIES - INVENTORIES ARE STATED AT THE LOWER OF COST OR MARKET ON A FIRST-IN, FIRST-OUT METHOD.
- f. 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.
- g. 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.

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)

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

- h. 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.
- i. 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.
- j. 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, 2009 AND 2008, RESPECTIVELY:

	<u>2009</u>	<u>2008</u>
ACCRUED SALARIES	\$ 121,152	\$ 55,575
ACCRUED VACATION	82,950	85,711
ACCRUED SICK	169,988	196,180
	<u>\$ 374,090</u>	<u>\$ 337,466</u>

- k. NET ASSETS - UNDER GASB 34, THE ASSOCIATION MUST REPORT 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.

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.

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)

1. 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, 2009 AND 2008:

	<u>2009</u>	<u>2008</u>
PUBLIC UTILITY RESERVOIR MITIGATION FUND	\$ 93,952	\$ 306,228
PUBLIC UTILITY RATE RESERVE FUND	1,026,303	1,024,484
PUBLIC UTILITY CONTINGENCY FUND	962,136	1,029,232
UTILITY BOND RETIREMENT FUND	1,479,862	
FEMA FUND	81	
	<u>\$ 3,562,334</u>	<u>\$ 2,359,944</u>

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

NOTE 3: RESTRICTED FUNDS

THE RESTRICTED FUNDS AS OF DECEMBER 31, 2009 AND 2008 ARE AS FOLLOWS:

	<u>2009</u>	<u>2008</u>
BOND FUNDS	\$ 1,259,562	\$ 1,277,903
DEBT SERVICE FUNDS	2,538,789	2,500,350
DEPRECIATION FUND	528,706	821,213
FACILITIES IMPROVEMENT FUNDS	2,010,409	11,338,906
FACILITIES DEVELOPMENT AND RISK MITIGATION	630	535,645
TOTAL RESTRICTED FUNDS	<u>\$ 6,338,096</u>	<u>\$ 16,474,017</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 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, 2009 AND 2008:

	<u>DECEMBER 31, 2009</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	\$ 611,454	\$ 611,454	\$

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

NOTE 3: RESTRICTED FUNDS (CONT'D)

GOLDMAN SACHS TREASURY	462,098	462,098	
TOTAL BOND FUNDS	<u>1,073,552</u>	<u>1,073,552</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	<u>528,706</u>	<u>528,706</u>	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	79,131	79,131	
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	<u>2,000,000</u>	<u>2,000,000</u>	
TOTAL DEBT SERVICE FUND	<u>2,079,131</u>	<u>2,079,131</u>	
IMPROVEMENT FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
MANAGEMENT TRUST	45,288	45,288	
GOLDMAN SACHS TREASURY			
INSTRUMENTS	<u>1,954,361</u>	<u>1,954,361</u>	
TOTAL IMPROVEMENT FUNDS	<u>1,999,649</u>	<u>1,999,649</u>	
TOTAL	<u>\$ 5,681,038</u>	<u>\$ 5,681,038</u>	<u>\$</u>

DECEMBER 31, 2008

	<u>CARRYING VALUE</u>	<u>FAIR MARKET VALUE</u>	<u>UNRECOGNIZED GAIN</u>
BOND FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	\$ 612,803	\$ 612,803	\$
GOLDMAN SACHS TREASURY	<u>463,197</u>	<u>463,197</u>	
TOTAL BOND FUNDS	<u>1,076,000</u>	<u>1,076,000</u>	
DEPRECIATION FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	<u>821,213</u>	<u>821,213</u>	
DEBT SERVICE FUND			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
CASH MANAGEMENT TRUST	78,991	78,991	
STEPHENS INSURED			
CERTIFICATES OF DEPOSIT	2,100,000	2,100,000	
U S TREASURY NOTE - MATURING			
12/15/09 3.50%	149,000	153,435	4,435
U S TREASURY NOTE - MATURING			
12/15/09 3.50%	<u>24,000</u>	<u>24,714</u>	<u>714</u>
TOTAL DEBT SERVICE FUND	<u>2,351,991</u>	<u>2,357,140</u>	<u>5,149</u>
IMPROVEMENT FUNDS			
EXTERNAL INVESTMENT POOL			
STEPHENS LOCAL GOVERNMENT			
MANAGEMENT TRUST	589,183	589,183	
STEPHENS INSURED CD'S	6,000,000	6,000,000	
GOLDMAN SACHS TREASURY			

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

NOTE 3: RESTRICTED FUNDS (CONT'D)

INSTRUMENTS	5,157,118	5,157,118	
TOTAL IMPROVEMENT FUNDS	11,746,301	11,746,301	
TOTAL	\$ 15,995,505	\$ 16,000,654	\$ 5,149

NOTE 4: SUPPLEMENTAL CASH FLOW DISCLOSURE

THE INTEREST PAID IN THE YEARS ENDED DECEMBER 31, 2009 AND 2008 WAS \$2,179,398 AND \$2,199,320, RESPECTIVELY. THE INTEREST CAPITALIZED IN THE YEARS ENDED DECEMBER 31, 2009 AND 2008 WAS \$798,629 AND \$1,041,562, RESPECTIVELY.

NOTE 5: CAPITAL ASSETS

THE FOLLOWING IS A SUMMARY OF CAPITAL ASSETS AS OF DECEMBER 31, 2009 AND 2008:

	BALANCE 12/31/08	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/09
LAND	\$ 603,289	\$	\$	\$ 4,956	\$ 608,245
BUILDINGS-ADMINISTRATIVE	674,805	16,831			691,636
VEHICLES	3,247,271	28,854	(142,373)		3,133,752
FURNITURE AND OFFICE EQUIPMENT	175,781				175,781
SERVICE FACILITIES AND EQUIPMENT	113,982,586	1,152,719		17,246,937	132,382,242
CONSTRUCTION MATERIALS	631,069	142,249			773,318
CONSTRUCTION IN PROCESS	7,129,749	10,368,874		(17,251,893)	246,730
PROPERTY AND EQUIPMENT	\$126,444,550	\$11,709,527	\$(142,373)	\$	\$138,011,704

	BALANCE 12/31/07	ADDITIONS	DELETIONS	TRANSFERS	BALANCE 12/31/08
LAND	\$ 603,289	\$	\$	\$	\$ 603,289
BUILDINGS-ADMINISTRATIVE	653,743			21,062	674,805
VEHICLES	2,934,110	313,161			3,247,271
FURNITURE AND OFFICE EQUIPMENT	75,096	100,685			175,781
SERVICE FACILITIES AND EQUIPMENT	100,186,391	2,509,836		11,286,359	113,982,586
CONSTRUCTION MATERIALS	457,188	173,881			631,069
CONSTRUCTION IN PROCESS	5,743,052	12,694,118		(11,307,421)	7,129,749
PROPERTY AND EQUIPMENT	\$110,652,869	\$15,791,681	\$	\$	\$126,444,550

NOTE 6: REVENUE BONDS PAYABLE

BONDS PAYABLE - THE INTEREST RATES AND MATURITY DATES OF THE REVENUE BONDS PAYABLE AS OF DECEMBER 31, 2009 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
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

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

NOTE 6: REVENUE BONDS PAYABLE (CONT'D)

MATURITIES OF REVENUE BONDS AS OF DECEMBER 31, 2009 ARE AS FOLLOWS:

	<u>PRINCIPAL</u>	<u>INTEREST AND SERVICE FEES</u>	<u>TOTAL</u>
2010	\$ 1,475,849	\$ 2,126,496	\$ 3,602,345
2011	1,520,403	2,076,073	3,596,476
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
2015-2019	6,791,835	8,591,410	15,383,245
2020-2024	6,691,037	7,170,643	13,861,680
2025-2029	8,520,573	5,335,227	13,855,800
2030-2034	10,882,628	2,979,922	13,862,550
2035-2039	5,189,754	395,428	5,585,182
	<u>\$45,841,099</u>	<u>\$ 34,566,135</u>	<u>\$80,407,234</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
BEGINNING BALANCE	\$ 47,073,985	\$ 48,518,540	\$ 49,925,217
ISSUED	257,000		
RETIRED	(1,489,886)	(1,444,555)	(1,406,677)
ENDING BALANCE	<u>\$ 45,841,099</u>	<u>\$ 47,073,985</u>	<u>\$ 48,518,540</u>

BOND DISCOUNT - THE SERIES 1995, 1997, 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, 2009 AND 2008, WAS \$15,512 AND \$16,828, RESPECTIVELY. THE AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES. DURING THE CONSTRUCTION PERIOD, THIS AMOUNT IS CAPITALIZED WITH THE CONSTRUCTION COSTS.

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, 2009 AND 2008 WAS \$77,105 IN BOTH YEARS. THE AMORTIZATION IS INCLUDED IN INTEREST EXPENSE ON THE STATEMENT OF REVENUES AND EXPENSES. DURING THE CONSTRUCTION PERIOD, \$49,747 AND \$60,611 WAS CAPITALIZED WITH THE CONSTRUCTION COSTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008, RESPECTIVELY.

NOTE 7: RETIREMENT PLAN

THE EMPLOYEES OF THE BENTON MUNICIPAL LIGHT AND WATER WORKS 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. AS OF THE DATE OF THIS REPORT, THE STAND-ALONE FINANCIAL REPORT FOR 2009 IS NOT AVAILABLE. MEMBERSHIP IN THE PLAN AS OF DECEMBER 31, 2008, IS AS FOLLOWS:

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

NOTE 7: RETIREMENT PLAN (CONT'D)

RETIREES AND BENEFICIARIES CURRENTLY	
RECEIVING BENEFITS	29
VESTED TERMINATED EMPLOYEES	24
DISABLED	2
CURRENT EMPLOYEES	<u>87</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 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 \$625,000 IN 2009 AND \$600,000 IN 2008 AND 2007.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
ANNUAL REQUIRED CONTRIBUTION (ARC)	\$ 508,252	\$ 504,252	\$ 519,540
INTEREST ON NPO	(21,531)	(14,404)	(8,402)
ADJUSTMENT TO ARC	<u>22,382</u>	<u>15,127</u>	<u>8,823</u>
ANNUAL PENSION COST (APC)	509,103	504,975	519,961
ACTUAL CONTRIBUTION MADE	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>
INCREASE (DECREASE) IN NPO	(90,897)	(95,025)	(80,039)
NPO - BEGINNING OF YEAR	<u>(287,084)</u>	<u>(192,059)</u>	<u>(112,020)</u>
NPO - END OF YEAR	<u>\$ (377,981)</u>	<u>\$ (287,084)</u>	<u>\$ (192,059)</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 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.

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

NOTE 7: RETIREMENT PLAN (CONT'D)

THE REMAINING AMORTIZATION PERIOD AT JANUARY 1, 2009 WAS THIRTY YEARS. THE FOLLOWING REPRESENTS THE TRENDS FOR THE LAST THREE YEARS:

	<u>APC</u>	<u>% OF APC CONTRIBUTED</u>	<u>NPO</u>
2008	\$ 509,103	117.8%	\$ (377,981)
2007	\$ 504,975	118.8%	\$ (287,084)
2006	\$ 519,961	115.3%	\$ (192,059)

NOTE 8: 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, 2009 AND 2008

	2009	2008
OPERATING FUNDS		
CASH ON HAND	\$ 2,600	\$ 2,600
DEMAND DEPOSITS - GENERAL OPERATING ACCOUNTS		
BANK OF THE OZARKS	3,379,431	4,471,711
UNION BANK	247,740	134,798
STEPHENS INVESTMENT POOL	516,142	1,991,626
TOTAL OPERATING FUNDS	4,145,913	6,600,735
BOARD DESIGNATED		
RESERVOIR MITIGATION FUND - STEPHENS INVESTMENT POOL	93,952	306,228
UTILITY RATE RESERVE FUND - STEPHENS INVESTMENT POOL	1,026,303	1,024,484
UTILITY CONTINGENCY FUND - STEPHENS INVESTMENT POOL	962,136	1,029,232
UTILITY BOND RETIREMENT FUND	1,479,862	
FEMA FUND - BANK OF THE OZARKS	81	
TOTAL BOARD DESIGNATED	3,562,334	2,359,944
RESTRICTED FUNDS		
BOND FUNDS		
11/01/95 ISSUE - ADFA	71,699	72,349
12/17/97 ISSUE - ADFA	16,191	16,338
12/01/01A ISSUE - BANK OF THE OZARKS	95,376	95,126
12/01/01B ISSUE - BANK OF THE OZARKS		18,090
10/01/02 ISSUE - STEPHENS INVESTMENT POOL	340,524	340,765
06/01/04 ISSUE - STEPHENS INVESTMENT POOL	270,930	272,038
12/01/06 ISSUE - GOLDMAN SACHS TREASURY INSTRUMENT	462,098	463,197
03/06/09 ISSUE - REGION CORPORATE TRUST DEPARTMENT	2,744	
TOTAL BOND FUNDS	1,259,562	1,277,903
DEPRECIATION FUND		
PUBLIC UTILITIES - BANK OF THE OZARKS	528,706	821,213
DEBT SERVICE ESCROW FUND		
12/01/01A ISSUE - UNION BANK	200,733	21,934
12/01/01A ISSUE - TREASURY BILL		149,000
12/01/01B ISSUE - UNION BANK		4,416
12/01/01B ISSUE - TREASURY BILL		24,000
10/01/02 ISSUE - STEPHENS CASH MANAGEMENT TRUST	79,131	78,991
10/01/02 ISSUE - STEPHENS INSURED CD'S	600,000	700,000
10/01/02 ISSUE - STEPHENS CASH ACCOUNT	148,771	40,534
10/01/02 ISSUE - METROPOLITAN NATIONAL BANK	97,771	65,786
10/01/06 ISSUE - STEPHENS INSURED CD'S	1,400,000	1,400,000
10/01/06 ISSUE - STEPHENS CASH ACCOUNT	12,383	15,689
TOTAL DEBT SERVICE ESCROW FUND	2,538,789	2,500,350
WATER SYSTEM IMPROVEMENT FUND		
WASTE WATER CAPITAL IMPROV. FUND-CASH MANAGEMENT TRUST		
WASTE WATER 2006 PROJECT CONSTRUCTION FUND:		
GOLDMAN SACHS TREASURY INVESTMENTS	1,954,361	5,157,118
STEPHENS INSURED CD'S		6,000,000
METROPOLITAN NATIONAL BANK		128,250
WASTE WATER 2009 PROJECT CONSTRUCTION FUND		
REGIONS CORPORATE TRUST DEPARTMENT	11,390	
FACILITIES DEV. AND RISK MITIGATION-STEPHENS CASH MGMT TRUST	630	535,645
WATER SYSTEM IMPROVEMENT FUND - STEPHENS CASH MGMT TRUST	44,658	53,538
TOTAL WATER SYSTEM IMPROVEMENT FUNDS	2,011,039	11,874,551
TOTAL RESTRICTED FUNDS	6,338,096	16,474,017
TOTAL OPERATING, DESIGNATED AND RESTRICTED FUNDS	\$14,046,343	\$25,434,696

BENTON MUNICIPAL LIGHT AND WATER WORKS
CITY OF BENTON, STATE OF ARKANSAS
DEPARTMENTAL STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	LIGHT DEPT.	LIGHT DEPT.	WATER DEPT.	WATER DEPT.	WASTE WTR DEPT.	WASTE WTR DEPT.	WASTE WTR DEPT.	WASTE WTR DEPT.	COMBINED TOTAL	COMBINED TOTAL
REVENUE - OPERATIONS										
FEES	\$23,759,531	\$24,763,117	\$4,492,445	\$4,188,710	\$4,324,999	\$3,998,373			\$32,576,975	\$32,950,200
SERVICE CHARGES AND CONNECTION FEES	198,179	210,913	83,513	78,839	163,120	245,904			444,812	535,656
PENALTIES	286,249	240,718	64,755	47,549	84,768	67,935			435,772	356,202
FEMA - STORM DAMAGE	30,740	24,959	6,426	2,374	53,896	198,145			91,062	225,478
OTHER INCOME	289,182	191,460	15,236	12,022	27,302	14,949			331,720	218,431
TOTAL REVENUE - OPERATIONS	24,563,881	25,431,167	4,662,375	4,329,494	4,654,085	4,525,306			33,880,341	34,285,967
EXPENSES - OPERATIONS										
POWER COSTS	20,017,978	21,522,859							20,017,978	21,522,859
PLANT PRODUCTION			942,973	1,062,706	844,989	887,052			1,787,962	1,949,758
GENERAL AND DISTRIBUTION	2,308,728	2,471,647	751,705	858,730	1,277,196	931,023			4,337,629	4,261,400
ADMINISTRATIVE	937,420	895,681	698,352	691,469	730,152	737,283			2,365,924	2,324,433
DEPRECIATION	991,146	994,242	1,467,426	1,371,619	1,916,799	1,656,015			4,375,371	4,021,876
TOTAL EXPENSES - OPERATIONS	24,255,272	25,884,429	3,860,456	3,984,524	4,769,136	4,211,373			32,884,864	34,080,326
OPERATING INCOME	308,609	(453,262)	801,919	344,970	(115,051)	313,933			995,477	205,641
NONOPERATING REVENUES (EXPENSES)										
INTEREST REVENUE	17,131	159,031	15,120	62,829	11,448	160,918			43,699	382,778
INTEREST EXPENSE	(2,575)	(5,575)	(603,495)	(634,913)	(783,683)	(579,862)			(1,389,753)	(1,220,350)
TOTAL NONOPERATING REVENUES (EXPENSES)	14,556	153,456	(588,375)	(572,084)	(772,235)	(418,944)			(1,346,054)	(837,572)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 323,165	\$ (299,806)	\$ 213,544	\$ (227,114)	\$ (887,286)	\$ (105,011)			(350,577)	(631,931)
CAPITAL CONTRIBUTIONS TRANSFERS OUT:									1,314,473	2,330,125
FRANCHISE FEES									(1,672,604)	(1,685,986)
APPROPRIATIONS									(93,667)	
CHANGE IN NET ASSETS									\$ (802,375)	\$ 12,208

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, 2009

	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$ 356,618	\$339,143	\$ 695,761
FRINGE BENEFITS	153,100	162,714	315,814
VEHICLE OPERATIONS	8,883	17,057	25,940
BUILDING MAINTENANCE	44,781	20,673	65,454
EQUIPMENT REPAIRS	79,300	60,626	139,926
OFFICE SUPPLIES	837	202	1,039
JANITORIAL SUPPLIES AND SERVICES	1,318	2,419	3,737
COMPUTER SUPPLIES	653	463	1,116
CHEMICALS	243,372	68,256	311,628
LABORATORY		35,412	35,412
MISCELLANEOUS	6,557	22,337	28,894
ELECTRIC, WATER AND WASTE WATER	737		737
HEAT - NATURAL GAS	4,720	80,193	84,913
TELEPHONE	2,965	4,574	7,539
INSTRUMENTATION AND SUPPLIES	2,864		2,864
EQUIPMENT RENTAL		434	434
SMALL TOOLS	887	405	1,292
PROFESSIONAL AND CONSULTING	10,086	4,777	14,863
INSURANCE	23,024	21,410	44,434
SMALL EQUIPMENT	2,271	3,894	6,165
TOTAL	<u>\$ 942,973</u>	<u>\$844,989</u>	<u>\$1,787,962</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, 2009

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$1,089,027	\$369,856	\$ 344,526	\$1,803,409
FRINGE BENEFITS	479,885	167,788	149,366	797,039
VEHICLE OPERATIONS	110,663	38,902	49,107	198,672
BUILDING MAINTENANCE	17,681	5,448	2,631	25,760
LINE MAINTENANCE	407,666	123,608	580,175	1,111,449
EQUIPMENT REPAIRS	6,837	4,939	4,344	16,120
LIFT STATION MAINTENANCE			84,178	84,178
OFFICE SUPPLIES	1,701	592	281	2,574
JANITORIAL SUPPLIES AND SERVICES	3,490	2,194	2,224	7,908
COMPUTER SUPPLIES	714	528	215	1,457
COMPUTER SERVICES	21,667	1,212	312	23,191
ELECTRICAL GENERATION - NATURAL GAS	8,770	5,301	525	14,596
ELECTRIC, WATER AND WASTE WATER			28,554	28,554
MISCELLANEOUS	31,886	5,128	4,726	41,740
TELEPHONE	10,223	5,247	2,653	18,123
SMALL TOOLS	12,830	2,761	736	16,327
PROFESSIONAL AND CONSULTING	57,672	3,212	3,817	64,701
INSURANCE	38,266	11,855	18,633	68,754
SMALL EQUIPMENT	9,750	3,134	193	13,077
TOTAL	<u>\$2,308,728</u>	<u>\$751,705</u>	<u>\$1,277,196</u>	<u>\$4,337,629</u>

BENTON MUNICIPAL LIGHT AND WATER WORKS
CITY OF BENTON, STATE OF ARKANSAS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	LIGHT DEPT.	WATER DEPT.	WASTE WATER DEPT.	COMBINED TOTAL
SALARIES	\$ 363,544	\$ 363,544	\$ 363,544	\$1,090,632
FRINGE BENEFITS	146,271	146,271	146,271	438,813
VEHICLE OPERATIONS	10,855	10,855	10,855	32,565
BUILDING MAINTENANCE	5,716	5,716	5,715	17,147
EQUIPMENT REPAIRS	6,544	6,544	6,545	19,633
OFFICE SUPPLIES	11,876	11,876	11,875	35,627
POSTAGE	23,613	23,613	23,613	70,839
JANITORIAL SUPPLIES AND SERVICES	4,538	4,538	4,539	13,615
COMPUTER SUPPLIES COMPUTER AND BILLING SERVICES	2,423	2,423	2,422	7,268
MISCELLANEOUS	15,434	15,434	15,434	46,302
HEAT - NATURAL GAS	19,956	19,956	19,957	59,869
TELEPHONE	2,983	2,983	2,984	8,950
PROFESSIONAL AND CONSULTING	4,660	4,660	4,659	13,979
CUSTOMER COLLECTION EXPENSE	21,618	21,618	21,617	64,853
INSURANCE	20,025	20,025	20,026	60,076
SMALL EQUIPMENT EXPENSE	9,729	9,729	9,729	29,187
ASSOCIATIONAL DUES	10,949	2,577	2,479	16,005
BAD DEBT EXPENSE	256,686	3,367	57,888	337,197
TOTAL	\$ 937,420	\$ 698,352	\$ 730,152	\$2,365,924

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, 2009:

SEWER MONTHLY RATES

- (A) 0-2 MG MINIMUM AVERAGE WATER USAGE - \$13.00
- (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>2009</u>
RESIDENTIAL	11,208
COMMERCIAL	1,278
INDUSTRIAL	21
	<u>12,507</u>

<u>ANNUAL BILLABLE WATER</u>	<u>2009</u> <u>GALLONS</u>
TOTAL ANNUAL BILLABLE WATER	893,339
LESS WATER BILLABLE TO NON-SEWERED CUSTOMERS	(37,520)
NET BILLABLE TO SEWER CUSTOMERS	<u>855,819</u>
RESIDENTIAL	712,653
COMMERCIAL	111,020
INDUSTRIAL	32,146
TOTAL WATER BILLABLE TO SEWER CUSTOMERS	<u>855,819</u>

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	1% SERVICE FEE	PRINCIPAL OUTSTANDING
				\$3,139,099
04/15/2010	\$ 160,143	\$39,239	\$15,696	2,978,956
10/15/2010	162,946	37,237	14,895	2,816,010
04/15/2011	165,797	35,200	14,081	2,650,213
10/15/2011	168,700	33,128	13,250	2,481,513
04/15/2012	171,651	31,019	12,408	2,309,862
10/15/2012	174,656	28,873	11,549	2,135,206
04/15/2013	177,712	26,690	10,676	1,957,494
10/15/2013	180,822	24,469	9,787	1,776,672
04/15/2014	183,987	22,208	8,883	1,592,685
10/15/2014	187,206	19,909	7,963	1,405,479
04/15/2015	190,482	17,569	7,027	1,214,997
10/15/2015	193,815	15,188	6,075	1,021,182
04/15/2016	197,207	12,765	5,106	823,975
10/15/2016	200,658	10,300	4,120	623,317
04/15/2017	204,169	7,792	3,117	419,148
10/15/2017	207,743	5,239	2,096	211,405
04/15/2018	211,405	2,643	1,057	
	<u>\$3,139,099</u>	<u>\$369,468</u>	<u>\$147,786</u>	

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

DECEMBER 31, 2009

<u>MATURITY DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>1% SERVICE FEE</u>	<u>PRINCIPAL OUTSTANDING</u>
				\$ 686,976
04/15/2010	\$33,972	\$11,163	\$3,435	653,004
10/15/2010	34,694	10,611	3,265	618,310
04/15/2011	35,431	10,047	3,092	582,879
10/15/2011	36,184	9,472	2,914	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>\$686,976</u>	<u>\$106,092</u>	<u>\$32,646</u>	

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
03/01/2010	\$	\$ 36,322	\$1,645,000
09/01/2010	210,000	36,322	1,435,000
03/01/2011		32,018	1,435,000
09/01/2011	215,000	32,018	1,220,000
03/01/2012		27,502	1,220,000
09/01/2012	225,000	27,502	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	6,228	
	<u>\$1,645,000</u>	<u>\$308,864</u>	

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
			\$9,405,000
03/01/2010	\$	\$ 213,635	9,405,000
09/01/2010	290,000	213,635	9,115,000
03/01/2011		208,850	9,115,000
09/01/2011	300,000	208,850	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

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
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>\$9,405,000</u>	<u>\$5,670,900</u>	

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
			\$ 2,755,000
03/01/2010	\$	\$50,259	2,755,000
09/01/2010	390,000	50,259	2,365,000
03/01/2011		44,311	2,365,000
09/01/2011	405,000	44,311	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	30,174	1,175,000
03/01/2014		23,421	1,175,000
09/01/2014	375,000	23,421	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>\$2,755,000</u>	<u>\$420,598</u>	

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

DECEMBER 31, 2009

Maturity Date	Principal	Interest	Principal Outstanding
			\$1,455,000
03/01/2010	\$	\$26,729	1,455,000
09/01/2010	190,000	26,729	1,265,000
03/01/2011		23,831	1,265,000
09/01/2011	190,000	23,831	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>\$1,455,000</u>	<u>\$231,373</u>	

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
			\$26,500,000
03/01/2010	\$	\$ 662,500	26,500,000
09/01/2010		662,500	26,500,000
03/01/2011		662,500	26,500,000
09/01/2011		662,500	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

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
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
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>\$27,056,750</u>	

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

DECEMBER 31, 2009

MATURITY DATE	PRINCIPAL	INTEREST	PRINCIPAL OUTSTANDING
			\$ 255,024
06/01/2010	\$ 2,023	\$ 6,057	253,001
12/01/2010	2,071	6,009	250,930
06/01/2011	2,120	5,960	248,810
12/01/2011	2,171	5,909	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

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

DECEMBER 31, 2009

Maturity Date	Principal	Interest	Principal Outstanding
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
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>\$ 255,024</u>	<u>\$ 221,658</u>	

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

DECEMBER 31, 2009

YEAR ENDING 12/31	DECEMBER 31, 2009											TOTAL BONDS	
	11/01/95 BONDS	12/17/97 BONDS	12/01/01A BONDS	10/01/02 BONDS	06/01/04A BONDS	06/01/04B BONDS	12/1/2006 BONDS	03/06/2009 BONDS					
2010	\$ 430,156	\$ 97,140	\$ 282,644	\$ 717,270	\$ 490,517	\$ 243,458	\$ 1,325,000	\$ 16,160	\$ 3,602,345				
2011	430,156	97,140	279,035	717,700	493,623	237,662	1,325,000	16,160	3,596,476				
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	215,105	48,589		718,010			1,775,750	16,160	2,773,614				
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				
TOTALS	\$3,656,353	\$825,714	\$1,953,864	\$15,075,900	\$3,175,598	\$1,686,373	\$53,556,750	\$ 476,682	\$80,407,234				

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		ENTRY AGE ACTUARIAL ACCRUED LIABILITY		UNFUNDED ACCRUED LIABILITY (UAL)		FUNDED RATIO (a/b)	COVERED PAYROLL		UAL AS A % OF COVERED PAYROLL ((b-a)/c)
	(a)		(b)		(b-a)			(c)		
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%	
12/31/05	\$7,066,797		\$9,824,570		\$2,757,773		71.93%	\$2,855,763	96.57%	
12/31/04	\$6,542,676		\$9,143,732		\$2,601,056		71.55%	\$2,660,630	97.76%	