

CITY OF BENNINGTON  
Bennington, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
December 31, 2011

CLUBINE AND RETTELE, CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS  
Salina, Kansas

CITY OF BENNINGTON  
Bennington, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Bennington, Kansas

We have audited the accompanying financial statements of the City of Bennington, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City of Bennington as listed in the table of contents. These financial statements are the responsibility of the City of Bennington management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City of Bennington financial statements and, in our report dated November 4, 2012, we expressed an unqualified opinion on the respective financial statements which were prepared using accounting practices prescribed or permitted by the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide* prescribed by the Division of Accounts and Reports of the State of Kansas. 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 audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the City of Bennington has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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 of America, the financial position of The City of Bennington as of December 31, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, the City of Bennington has not presented a management's discussion and analysis that accounting principles generally accepted in the United States have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of The City of Bennington as of December 31, 2011, and their respective cash receipts and disbursements, and the respective budgetary comparison for the General Fund and budgeted Special Revenue Funds for the year then ended, on the basis of accounting described in Note 2.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Bennington financial statements for the year ended December 31, 2010, from which such partial information was derived.

Clubine and Rettele, Chartered

Salina, Kansas  
November 26, 2012

City of Bennington, Kansas  
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Statutory Basis  
 For the Year Ended December 31, 2011

Statement 1

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>						
<b>General Fund</b>						
General	\$ 1,167.80	\$ 163,340.01	\$ 155,932.33	\$ 8,575.48	\$ 1,064.12	\$ 9,639.60
<b>Special Revenue Funds</b>						
Employee Benefits	613.43	2,694.78	3,089.92	218.29	-	218.29
Recreation	-	11,784.48	11,784.48	-	-	-
Special Highway	1,328.20	16,888.71	16,475.35	1,741.56	165.54	1,907.10
Equipment Reserve	1,630.51	3.06	-	1,633.57	-	1,633.57
Capital Improvement	52,834.16	44,184.31	40,037.48	56,980.99	-	56,980.99
<b>Debt Service Fund</b>						
Bond and Interest	7,258.11	4,860.67	11,913.75	205.03	-	205.03
<b>Capital Projects Fund</b>						
Northview Addition Improvement	17,080.33	105.97	12,884.20	4,302.10	0.44	4,302.54
<b>Proprietary Type Funds:</b>						
<b>Enterprise Funds</b>						
Landfill Utility	9,943.27	28,684.91	38,416.21	211.97	0.88	212.85
Sewer Utility	588.44	100,548.35	94,142.76	6,994.03	717.46	7,711.49
Water Utility	317.02	102,689.95	101,466.71	1,540.26	6,277.72	7,817.98
<b>Total Reporting Entity</b>	<u>\$ 92,761.27</u>	<u>\$ 475,785.20</u>	<u>\$ 486,143.19</u>	<u>\$ 82,403.28</u>	<u>\$ 8,226.16</u>	<u>\$ 90,629.44</u>
<b>Composition of Cash:</b>						
				Checking Accounts		\$ 33,930.83
				Certificates of Deposit		56,698.61
				<b>Total Reporting Entity</b>		<u>\$ 90,629.44</u>

The notes to the financial statements are an integral part of this statement.

City of Bennington, Kansas  
 Summary of Expenditures, Actual and Budget - Statutory Basis  
 For the Year Ended December 31, 2011

Statement 2

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment For Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
<b>Governmental Type Funds:</b>					
<b>General Fund</b>					
General	\$ 199,648.00	\$ -	\$ 199,648.00	\$ 155,932.33	\$ (43,715.67)
<b>Special Revenue Funds</b>					
Employee Benefits	4,840.00	-	4,840.00	3,089.92	(1,750.08)
Recreation	12,071.00	-	12,071.00	11,784.48	(286.52)
Special Highway	18,286.00	-	18,286.00	16,475.35	(1,810.65)
<b>Debt Service Fund</b>					
Bond and Interest	12,915.00	-	12,915.00	11,913.75	(1,001.25)
<b>Proprietary Type Funds:</b>					
<b>Enterprise Funds</b>					
Landfill Utility	46,358.00	-	46,358.00	38,416.21	(7,941.79)
Sewer Utility	100,175.00	-	100,175.00	94,142.76	(6,032.24)
Water Utility	99,252.00	-	99,252.00	101,466.71	2,214.71

The notes to the financial statements are an integral part of this statement.

City of Bennington, Kansas  
General Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 42,169.11	\$ 48,404.76	\$ 50,263.00	\$ (1,858.24)
Delinquent	1,093.86	868.33	-	868.33
Motor Vehicle	8,886.38	8,690.66	8,944.00	(253.34)
Recreational Vehicle	206.19	185.45	238.00	(52.55)
16/20M Vehicle	196.14	220.99	199.00	21.99
Sales and Use Tax	20,627.46	23,030.16	26,000.00	(2,969.84)
Ambulance Reimbursements	7,686.13	1,029.68	35,000.00	(33,970.32)
Rural Fire	3,036.33	16,532.24	6,500.00	10,032.24
Fines	-	525.00	2,000.00	(1,475.00)
Franchise Fees	28,438.11	28,953.85	27,500.00	1,453.85
Licenses	270.00	320.00	250.00	70.00
Pool Receipts	10,232.20	9,377.01	12,025.00	(2,647.99)
Donations and Grants	2,690.00	1,100.00	2,750.00	(1,650.00)
Interest	1,085.91	833.64	2,750.00	(1,916.36)
Reimbursed Expense	14,893.01	6,269.35	16,500.00	(10,230.65)
Other	3,194.00	16,998.89	8,303.00	8,695.89
Operating Transfers	16,000.00	-	-	-
<b>Total Cash Receipts</b>	<u>160,704.83</u>	<u>163,340.01</u>	<u>\$ 199,222.00</u>	<u>\$ (35,881.99)</u>
<b>Expenditures</b>				
Salaries and Benefits	27,697.80	27,515.63	\$ 26,750.00	\$ 765.63
Hired Labor and Contractual Services	23,882.35	6,761.98	6,000.00	761.98
Office Supplies	3,540.43	3,510.85	2,250.00	1,260.85
Repairs and Maintenance	668.48	609.33	2,750.00	(2,140.67)
Operating Supplies	2,683.18	868.25	1,250.00	(381.75)
Utilities	11,758.70	11,231.05	10,250.00	981.05
Legal and Publication	4,031.42	6,202.15	6,250.00	(47.85)
Insurance	9,877.90	4,122.46	12,000.00	(7,877.54)
Swimming Pool	33,664.22	39,557.47	37,500.00	2,057.47
Ambulance	8,607.12	4,728.77	35,000.00	(30,271.23)
Equipment and Improvements	1,310.77	1,732.66	25,064.00	(23,331.34)
Rural Fire	9,363.00	14,122.01	6,500.00	7,622.01
Recreation	6,901.92	3,656.48	10,000.00	(6,343.52)
Lease Interest	4,304.99	0.61	-	0.61
Other	8,303.22	7,312.63	9,084.00	(1,771.37)
Operating Transfers	6,507.95	24,000.00	9,000.00	15,000.00
<b>Total Expenditures</b>	<u>163,103.45</u>	<u>155,932.33</u>	<u>\$ 199,648.00</u>	<u>\$ (43,715.67)</u>
Receipts Over (Under) Expenditures	(2,398.62)	7,407.68		
Unencumbered Cash, Beginning	<u>3,566.42</u>	<u>1,167.80</u>		
Unencumbered Cash, Ending	<u>\$ 1,167.80</u>	<u>\$ 8,575.48</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Employee Benefits Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 2,256.36	\$ 2,061.82	\$ 2,142.00	\$ (80.18)
Delinquent	74.91	55.47	-	55.47
Motor Vehicle	392.02	543.97	478.00	65.97
Recreational Vehicle	219.68	11.53	13.00	(1.47)
16 and 20M Vehicle	8.89	19.48	11.00	8.48
Operating Transfers	7.95	-	-	-
Interest	2.87	2.51	40.00	(37.49)
<b>Total Cash Receipts</b>	<u>2,962.68</u>	<u>2,694.78</u>	<u>\$ 2,684.00</u>	<u>\$ 10.78</u>
<b>Expenditures</b>				
Payroll Taxes and Benefits	<u>3,956.94</u>	<u>3,089.92</u>	<u>\$ 4,840.00</u>	<u>\$ (1,750.08)</u>
Receipts Over (Under) Expenditures	(994.26)	(395.14)		
Unencumbered Cash, Beginning	<u>1,607.69</u>	<u>613.43</u>		
Unencumbered Cash, Ending	<u>\$ 613.43</u>	<u>\$ 218.29</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Recreation Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>(Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 9,434.55	\$ 9,604.75	\$ 9,973.00	\$ (368.25)
Delinquent	225.07	186.74	-	186.74
Motor Vehicle	1,811.15	1,906.51	2,001.00	(94.49)
Recreational Vehicle	41.96	40.71	53.00	(12.29)
16 and 20M Vehicle	38.44	45.77	44.00	1.77
Total Cash Receipts	<u>11,551.17</u>	<u>11,784.48</u>	<u>\$ 12,071.00</u>	<u>\$ (286.52)</u>
Expenditures				
Recreation Programs	<u>11,551.17</u>	<u>11,784.48</u>	<u>\$ 12,071.00</u>	<u>\$ (286.52)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Special Highway Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenue:</b>				
Special Highway	\$ 16,397.02	\$ 16,755.19	\$ 16,570.00	\$ 185.19
Interest	23.57	13.26	60.00	(46.74)
Other	2.75	120.26	750.00	(629.74)
<b>Total Cash Receipts</b>	<u>16,423.34</u>	<u>16,888.71</u>	<u>\$ 17,380.00</u>	<u>\$ (491.29)</u>
<b>Expenditures</b>				
Street Maintenance and Repairs	12,071.43	4,552.88	\$ 13,400.00	\$ (8,847.12)
Operating Supplies	3,995.23	3,419.03	3,000.00	419.03
Insurance	385.00	489.90	900.00	(410.10)
Sales Tax	-	-	30.00	(30.00)
Other	9.72	13.54	956.00	(942.46)
Operating Transfers	-	8,000.00	-	8,000.00
<b>Total Expenditures</b>	<u>16,461.38</u>	<u>16,475.35</u>	<u>\$ 18,286.00</u>	<u>\$ (1,810.65)</u>
Receipts Over (Under) Expenditures	(38.04)	413.36		
Unencumbered Cash, Beginning	<u>1,366.24</u>	<u>1,328.20</u>		
Unencumbered Cash, Ending	<u>\$ 1,328.20</u>	<u>\$ 1,741.56</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Equipment Reserve Fund

Statement 3

Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Interest	\$ 5.71	\$ 3.06
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	5.71	3.06
Unencumbered Cash, Beginning	<u>1,624.80</u>	<u>1,630.51</u>
Unencumbered Cash, Ending	<u>\$ 1,630.51</u>	<u>\$ 1,633.57</u>

Capital Improvement Fund

Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Interest	\$ 180.79	\$ 107.01
Other	2,278.57	4,153.55
Storm Sewer Utility Collections	3,375.00	3,351.00
Sewer Rehabilitation Utility Collections	16,800.00	16,572.75
Operating Transfers	<u>-</u>	<u>14,000.00</u>
Total Cash Receipts	<u>22,634.36</u>	<u>38,184.31</u>
Expenditures		
Improvements and Acquisitions	10,989.05	23,970.82
Operating Supplies	665.00	66.66
Operating Transfers	<u>-</u>	<u>10,000.00</u>
Total Expenditures	<u>11,654.05</u>	<u>34,037.48</u>
Receipts Over (Under) Expenditures	10,980.31	4,146.83
Unencumbered Cash, Beginning	<u>41,853.85</u>	<u>52,834.16</u>
Unencumbered Cash, Ending	<u>\$ 52,834.16</u>	<u>\$ 56,980.99</u>

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
 Bond and Interest Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 246.49	\$ 736.36	\$ 764.00	\$ (27.64)
Delinquent	72.57	28.23	-	28.23
Motor Vehicle	244.92	118.61	55.00	63.61
Recreational Vehicle	88.82	2.46	1.00	1.46
16 and 20M Vehicle	9.36	7.70	1.00	6.70
Interest	48.45	9.81	-	9.81
Operating Transfers	1,168.75	3,957.50	3,000.00	957.50
<b>Total Cash Receipts</b>	<u>1,879.36</u>	<u>4,860.67</u>	<u>\$ 3,821.00</u>	<u>\$ 1,039.67</u>
<b>Expenditures</b>				
Principal	10,000.00	10,000.00	\$ 10,000.00	\$ -
Interest	2,337.50	1,912.50	1,913.00	(0.50)
Bond Fees	1.69	1.25	2.00	(0.75)
Cash Basis Reserve	-	-	1,000.00	(1,000.00)
<b>Total Expenditures</b>	<u>12,339.19</u>	<u>11,913.75</u>	<u>\$ 12,915.00</u>	<u>\$ (1,001.25)</u>
Receipts Over (Under) Expenditures	(10,459.83)	(7,053.08)		
Unencumbered Cash, Beginning	<u>17,717.94</u>	<u>7,258.11</u>		
Unencumbered Cash, Ending	<u>\$ 7,258.11</u>	<u>\$ 205.03</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
 Northview Addition Improvement Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Statement 3

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Interest	\$ 722.54	\$ 105.97
 Expenditures		
Addition Costs	38,700.56	8,926.70
Operating Transfers	<u>1,168.75</u>	<u>3,957.50</u>
Total Expenditures	<u>39,869.31</u>	<u>12,884.20</u>
 Receipts Over (Under) Expenditures	 (39,146.77)	 (12,778.23)
 Unencumbered Cash, Beginning	 <u>56,227.10</u>	 <u>17,080.33</u>
 Unencumbered Cash, Ending	 <u>\$ 17,080.33</u>	 <u>\$ 4,302.10</u>

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Landfill Utility Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over Under
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Landfill and Recycling Fees	\$ 28,376.36	\$ 28,663.53	\$ 40,000.00	\$ (11,336.47)
Interest	67.74	21.38	175.00	(153.62)
Other	-	-	10.00	(10.00)
<b>Total Cash Receipts</b>	<u>28,444.10</u>	<u>28,684.91</u>	<u>\$ 40,185.00</u>	<u>\$ (11,500.09)</u>
<b>Expenditures</b>				
Contractual Services	23,334.06	30,354.17	\$ 35,050.00	\$ (4,695.83)
Operating Transfers	8,000.00	8,000.00	4,500.00	3,500.00
Other	3,619.19	62.04	6,808.00	(6,745.96)
<b>Total Expenditures</b>	<u>34,953.25</u>	<u>38,416.21</u>	<u>\$ 46,358.00</u>	<u>\$ (7,941.79)</u>
Receipts Over (Under) Expenditures	(6,509.15)	(9,731.30)		
Unencumbered Cash, Beginning	<u>16,452.42</u>	<u>9,943.27</u>		
Unencumbered Cash, Ending	<u>\$ 9,943.27</u>	<u>\$ 211.97</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Sewer Utility Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over Under
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Sewer Service Charges	\$ 84,832.63	\$ 81,543.08	\$ 95,025.00	\$ (13,481.92)
Interest	14.80	5.27	-	5.27
Operating Transfers	3,500.00	19,000.00	-	19,000.00
Other	<u>29.42</u>	<u>-</u>	<u>1,350.00</u>	<u>(1,350.00)</u>
<b>Total Cash Receipts</b>	<u>88,376.85</u>	<u>100,548.35</u>	<u>\$ 96,375.00</u>	<u>\$ 4,173.35</u>
<b>Expenditures</b>				
Salaries and Benefits	34,770.52	37,789.91	\$ 39,395.00	\$ (1,605.09)
Equipment	5,244.97	4,146.53	7,500.00	(3,353.47)
Repairs and Maintenance	965.86	1,703.18	2,500.00	(796.82)
Other Operating Expense	11,249.15	6,802.91	6,250.00	552.91
Utilities	4,272.03	4,174.43	4,025.00	149.43
Insurance	564.05	3,583.60	1,750.00	1,833.60
Office Supplies	1,403.25	1,895.39	1,275.00	620.39
Contractual Services	9,778.12	3,877.51	7,500.00	(3,622.49)
Permits	185.00	185.00	250.00	(65.00)
Revolving Loan Principal	18,262.64	20,477.70	17,000.00	3,477.70
Revolving Loan Interest	4,143.32	7,790.12	-	7,790.12
Revolving Loan Fees	640.03	590.16	-	590.16
Other	2,340.89	1,126.32	2,730.00	(1,603.68)
Operating Transfers	<u>-</u>	<u>-</u>	<u>10,000.00</u>	<u>(10,000.00)</u>
<b>Total Expenditures</b>	<u>93,819.83</u>	<u>94,142.76</u>	<u>\$ 100,175.00</u>	<u>\$ (6,032.24)</u>
<b>Receipts Over (Under) Expenditures</b>	<b>(5,442.98)</b>	<b>6,405.59</b>		
<b>Unencumbered Cash, Beginning</b>	<u>6,031.42</u>	<u>588.44</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 588.44</u>	<u>\$ 6,994.03</u>		

The notes to the financial statements are an integral part of this statement

City of Bennington, Kansas  
Water Utility Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Taxes and Shared Revenue:				
Other State Payments	\$ 2,814.59	\$ -	\$ -	\$ -
Customer Service Charges	80,708.84	82,657.96	87,500.00	(4,842.04)
Interest	16.61	6.89	200.00	(193.11)
Operating Transfers	3,000.00	17,000.00	-	17,000.00
Reimbursed Expense	<u>1,440.88</u>	<u>3,025.10</u>	<u>5,000.00</u>	<u>(1,974.90)</u>
Total Cash Receipts	<u>87,980.92</u>	<u>102,689.95</u>	<u>\$ 92,700.00</u>	<u>\$ 9,989.95</u>
<b>Expenditures</b>				
Salaries and Benefits	34,770.52	39,034.60	\$ 39,470.00	\$ (435.40)
Contractual Services	13,697.34	17,220.14	5,500.00	11,720.14
Equipment and Capital Improvements	5,266.89	2,496.53	10,000.00	(7,503.47)
Other Operating Expense	14,310.71	12,433.27	13,707.00	(1,273.73)
Office Supplies	1,642.46	2,355.21	1,500.00	855.21
Utilities	9,703.24	9,400.47	7,750.00	1,650.47
Insurance	753.05	4,405.60	2,500.00	1,905.60
Sales Tax	1,383.59	931.16	1,500.00	(568.84)
Other	3,844.83	13,189.73	2,325.00	10,864.73
Operating Transfers	<u>8,000.00</u>	<u>-</u>	<u>15,000.00</u>	<u>(15,000.00)</u>
Total Expenditures	<u>93,372.63</u>	<u>101,466.71</u>	<u>\$ 99,252.00</u>	<u>\$ 2,214.71</u>
Receipts Over (Under) Expenditures	(5,391.71)	1,223.24		
Unencumbered Cash, Beginning	<u>5,708.73</u>	<u>317.02</u>		
Unencumbered Cash, Ending	<u>\$ 317.02</u>	<u>\$ 1,540.26</u>		

The notes to the financial statements are an integral part of this statement

CITY OF BENNINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1 Reporting Entity

The City of Bennington is a municipal corporation governed by a citizen elected mayor and five council members.

Note 2 Basis of Accounting

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

*Departure from Accounting Principles Generally Accepted in the United States of America.* The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

The financial statements include partial-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Bennington's financial statements for the year ended December 31, 2010, from which such partial information was derived.

CITY OF BENNINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2011

Note 3 Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures. There was a budget violation in the Water Utility Fund of \$2,214.71.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds:

Equipment Reserve Fund

Capital Improvement Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF BENNINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2011

Note 4 Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices. As of December 31, 2011 the Government had no investments.

*Concentration of credit risk.* State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Government has not designated a "peak period." All deposits were legally secured at December 31, 2011.

*Deposits.* At December 31, 2011, the Government's carrying amount of deposits was \$90,629.44 and the bank balance was \$104,727.33. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$104,727.33 was covered by federal depository insurance.

Note 5 Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Cash Disbursements and Accounts Payable to Date
Northview Addition Improvement Fund	<u>\$ 337,121.88</u>	<u>\$ 326,411.72</u>

CITY OF BENNINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2011

Note 6 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Northview Addition Improvement Fund	Bond and Interest Fund	Local Authority	\$ 3,957.50
Landfill Utility Fund	Sewer Utility Fund	K.S.A. 12-825d	1,000.00
Landfill Utility Fund	Water Utility Fund	K.S.A. 12-825d	7,000.00
General Fund	Sewer Utility Fund	K.S.A. 12-825d	18,000.00
General Fund	Capital Improvement Fund	K.S.A. 12-1, 118	6,000.00
Special Highway Fund	Capital Improvement Fund	K.S.A. 12-1, 118	8,000.00
Capital Improvement Fund	Water Utility Fund	K.S.A. 12-1, 118	10,000.00

Note 7 Defined Benefit Pension Plan

*Plan Description.* The municipality participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary, or 6% if hired on or after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for calendar year 2011 is 7.74%. The employer contributions to KPERs for the years ending December 31, 2011, 2010, and 2009 were \$4,938.85, \$4,361.01, and \$3,933.78, respectively, equal to the required contributions for each year.

Note 8 Compensated Absences

The municipality provides compensation for absences. For an in depth understanding, the policy in its entirety should be reviewed. As of December 31, 2011 and 2010, unused leave and vacation totaled \$3,675.47 and \$7,092.64, respectively.

Note 9 Subsequent Events

The municipalities management has evaluated events and transactions occurring after December 31, 2011 through November 26, 2012. The aforementioned date represents the date the financial statements were available to be issued.

CITY OF BENNINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)  
December 31, 2011

Note 10 Long-Term Debt

Changes in long-term liabilities for the municipality for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds Northview Addition Imp.	4.00%	11/15/2005	\$ 95,000.00	9/1/2014	\$ 45,000.00	\$ -	\$ 10,000.00	\$ -	\$ 35,000.00	\$ 1,912.50
Water Pollution Control Revolving Loan Program	3.55%	1/24/2000	414,097.00	9/1/2020	241,138.73	-	20,477.70	-	220,661.03	7,790.12
Capital Leases Payable Water Line Project	4.55%	8/19/2009	55,000.00	10/15/2019	50,895.54	-	4,693.05	-	46,202.49	2,262.75
2008 Ford F-350 Truck	6.25%	8/31/2007	25,000.00	9/15/2012	9,634.51	-	5,394.19	-	4,240.32	465.05
Total Contractual Indebtedness					346,668.78	-	40,564.94	-	306,103.84	12,430.42
Compensated Absences	N/A	N/A	N/A	N/A	7,092.64	-	-	(3,417.17)	3,675.47	-
Total Long-Term Debt					\$ 353,761.42	\$ -	\$ 40,564.94	\$ (3,417.17)	\$ 309,779.31	\$ 12,430.42

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year						Total
	2012	2013	2014	2015	2016	2017-2020	
Principal:							
General Obligation Bonds Northview Addition Imp.	\$ 10,000.00	\$ 10,000.00	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 35,000.00
Water Pollution Control Revolving Loan Program	21,211.10	21,970.78	22,757.66	23,572.73	24,416.99	106,731.77	220,661.03
Capital Leases Payable Water Line Project	4,903.12	5,134.65	5,370.92	5,618.09	5,873.40	19,302.31	46,202.49
2008 Ford F-350 Truck	4,240.32	-	-	-	-	-	4,240.32
Total Principal	40,354.54	37,105.43	43,128.58	29,190.82	30,290.39	126,034.08	306,103.84
Interest:							
General Obligation Bonds Northview Addition Imp.	1,487.50	1,062.50	637.50	-	-	-	3,187.50
Water Pollution Control Revolving Loan Program	7,108.36	6,402.18	5,670.72	4,913.04	4,128.24	8,091.37	36,313.91
Capital Leases Payable Water Line Project	2,052.68	1,821.15	1,584.88	1,337.71	1,082.40	1,565.09	9,443.91
2008 Ford F-350 Truck	109.78	-	-	-	-	-	109.78
Total Interest	10,758.32	9,285.83	7,893.10	6,250.75	5,210.64	9,656.46	49,055.10
Total Principal and Interest	\$ 51,112.86	\$ 46,391.26	\$ 51,021.68	\$ 35,441.57	\$ 35,501.03	\$ 135,690.54	\$ 355,158.94