

CITY OF BUCKLIN, KANSAS  
PRIMARY GOVERNMENT  
STATUTORY BASIS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

CITY OF BUCKLIN, KANSAS  
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 FOR THE YEAR ENDED DECEMBER 31, 2010

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council Members  
City of Bucklin, Kansas

We have audited the accompanying statutory basis financial statements of the City of Bucklin, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These statutory basis financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these statutory basis financial statements based on our audit. The prior year comparative information has been derived from the City's 2009 financial statements and, in our report dated June 8, 2009, we expressed an unqualified opinion on the primary government statutory basis financial statements prepared on the basis of accounting described in Note 1.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide. 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 opinion.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the aggregate discretely presented component units, although not reasonably determinable, is presumed to be material.

As described in Note 1, the City prepared these statutory basis financial statements using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects 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 omission of the discretely presented component units of the City of Bucklin, Kansas, and because of the effects of the matter discussed in the preceding paragraph, the statutory basis financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of the City of Bucklin, Kansas, as of December 31, 2010, or the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

405 North Sixth Street | P.O. Box 699  
Garden City, KS 67846  
620-275-9267 | 800-627-0636  
Fax: 620-275-8936 | www.lhd.com

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### CPAs

Charles H. Claar, Jr, CPA  
Theresa Dasenbrock, CPA, CFE  
David L. Hetrick, CPA  
Steven D. Josserand, CPA  
Donald R. Linville, CPA  
Gary A. Schlappe, CPA  
Rodney Van Norden, CPA

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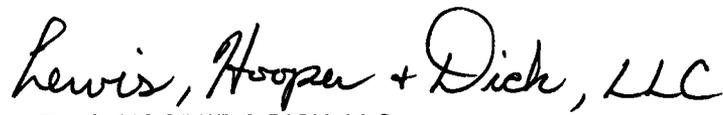
Lisa L. Axman, CPA  
Sue A. Bradley, CPA  
Susan A. Burgardt, CPA  
Shannon N. Euliss, CPA  
Tracey Homm, CPA, CSEP  
Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Laura G. Voran, CPA  
Monica J. Wilson, CPA

The Honorable Mayor and City Council Members  
City of Bucklin, Kansas  
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Further, in our opinion, the primary government statutory basis financial statements as discussed above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the City of Bucklin, Kansas, as of December 31, 2010, and its cash receipts and expenditures, and budgetary comparisons, for the year then ended, taken as a whole under the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2011, on our consideration of City of Bucklin, Kansas, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the primary government statutory basis financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the primary government statutory basis financial statements of City of Bucklin, Kansas. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the primary government statutory basis financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the statutory basis financial statements of City of Bucklin, Kansas. Such additional information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and, in our opinion, is fairly presented in all material respects, in relation to the primary government statutory basis financial statements taken as a whole on the basis of accounting described in Note 1.

  
LEWIS, HOOPER & DICK, LLC

June 6, 2011

CITY OF BUCKLIN, KANSAS  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended December 31, 2010

Funds	Unencumbered Cash (Deficit) 1/1/10	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash (Deficit) 12/31/10	Add Payables and Encumbrances	Treasurer's Cash 12/31/10
<b>Governmental Type Funds</b>						
General	\$ 148,699	\$ 402,710	\$ 401,143	\$ 150,266	\$ 8,849	\$ 159,115
Special Revenue Funds:						
Special Highway	107,755	20,344	60,508	67,591	-	67,591
Library	-	53,646	53,646	-	-	-
Equipment Reserve	82,637	5,000	45,858	41,779	-	41,779
Capital Improvement Reserve	13,022	23,300	31,226	5,096	-	5,096
Pool Development	2,078	85	-	2,163	-	2,163
Fire Equipment Reserve	40	7,200	7,212	28	-	28
Total special revenue funds	<u>205,532</u>	<u>109,575</u>	<u>198,450</u>	<u>116,657</u>	<u>-</u>	<u>116,657</u>
Debt Service Funds:						
Bond and Interest	35,188	99,771	108,520	26,439	-	26,439
<b>Enterprise Funds</b>						
Water Utility:						
General	168,980	174,098	180,026	163,052	-	163,052
Customer Deposits	3,646	2,507	1,750	4,403	-	4,403
Water Depreciation Reserve	62,289	10,000	-	72,289	-	72,289
Water Project	(82,714)	30,619	-	(52,095)	30,579	(21,516)
Sewer Utility:						
General	45,790	39,810	68,842	16,758	-	16,758
Sewer Bond and Interest	28,565	80,811	-	109,376	-	109,376
Sewer Depreciation Reserve	72,204	20,000	-	92,204	-	92,204
Waste Water Project	(53,000)	610,606	593,224	(35,618)	35,618	-
Total enterprise funds	<u>245,760</u>	<u>968,451</u>	<u>843,842</u>	<u>370,369</u>	<u>66,197</u>	<u>436,566</u>
Total all funds	<u>\$ 635,179</u>	<u>\$ 1,580,507</u>	<u>\$ 1,551,955</u>	<u>\$ 663,731</u>	<u>\$ 75,046</u>	<u>\$ 738,777</u>
Composition of Cash:						
Farmers State Bank					\$ 153,870	
Bucklin National Bank					267,043	
Outstanding checks					<u>(3,097)</u>	
Total cash in bank						\$ 417,816
Investments						320,811
Petty cash						<u>150</u>
Total cash						<u>\$ 738,777</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over (Under)</u>
<u>Governmental Type Funds</u>					
General	\$ 485,221	\$ -	\$ 485,221	\$ 401,143	\$ (84,078)
Special Revenue Funds:					
Special Highway	124,801	-	124,801	60,508	(64,293)
Library	54,850	-	54,850	53,646	(1,204)
Equipment Reserve	91,195	-	91,195	45,858	(45,337)
Capital Improvement Reserve	13,022	23,300	36,322	31,226	(5,096)
Pool Development	12,057	-	12,057	-	(12,057)
Fire Equipment Reserve	7,212	-	7,212	7,212	-
Debt Service Funds:					
Bond and Interest	199,071	-	199,071	108,520	(90,551)
<u>Enterprise Funds</u>					
Water Utility:					
General	257,738	-	257,738	180,026	(77,712)
Customer Deposits	6,846	-	6,846	1,750	(5,096)
Water Depreciation Reserve	137,289	-	137,289	-	(137,289)
Sewer Utility:					
General	70,083	-	70,083	68,842	(1,241)
Sewer Depreciation Reserve	92,204	-	92,204	-	(92,204)

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
<b>Administration:</b>				
Taxes	\$ 266,782	\$ 269,312	\$ 247,690	\$ 21,622
Franchises	26,198	38,991	25,000	13,991
Licenses and permits	530	386	600	(214)
Interest on investments	12,049	8,976	6,700	2,276
Refunds and miscellaneous	3,752	3,499	4,000	(501)
Total administration	309,311	321,164	283,990	37,174
Parks and pool	2,615	3,082	2,200	882
Refuse fees	64,974	65,313	84,000	(18,687)
Police and police court	10,672	13,151	3,900	9,251
Total cash receipts	387,572	402,710	\$ 374,090	\$ 28,620
<b>Expenditures:</b>				
<b>General administration:</b>				
Personal services	120,578	133,214	\$ 105,000	\$ 28,214
Contractual services	99,422	55,142	56,500	(1,358)
Commodities	68,766	20,069	25,000	(4,931)
Capital outlay	-	-	24,000	(24,000)
Total general administration	288,766	208,425	210,500	(2,075)
<b>Streets:</b>				
Personal services	-	-	3,700	(3,700)
Contractual services	5,128	17,183	1,500	15,683
Commodities	11,908	29,780	83,521	(53,741)
Capital outlay	-	-	5,000	(5,000)
Total streets	17,036	46,963	93,721	(46,758)
<b>Fire:</b>				
Personal services	523	(49)	-	(49)
Contractual services	-	-	-	-
Commodities	471	254	4,000	(3,746)
Capital outlay	-	-	1,500	(1,500)
Total fire	994	205	5,500	(5,295)
<b>Parks:</b>				
Personal services	15,240	12,341	17,900	(5,559)
Contractual services	2,168	3,238	2,500	738
Commodities	11,964	12,005	7,000	5,005
Capital outlay	-	-	15,000	(15,000)
Total parks	29,372	27,584	42,400	(14,816)

(continued)

CITY OF BUCKLIN, KANSAS  
 General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over Over (Under)
		Actual	Budget	
(continued)				
Expenditures:				
Street lighting:				
Contractual services	\$ 20,460	\$ 23,452	\$ 25,000	\$ (1,548)
Refuse utility:				
Contractual services	70,287	66,330	84,000	(17,670)
Commodities	147	24	-	24
Total refuse utility	70,434	66,354	84,000	(17,646)
Police:				
Personal services	7,613	10,707	10,400	307
Contractual services	3,231	5,378	1,500	3,878
Commodities	1,875	4,875	1,500	3,375
Capital outlay	-	-	3,500	(3,500)
Total police	12,719	20,960	16,900	4,060
Operating transfers out:				
Equipment Reserve	5,000	-	-	-
Fire Equipment Reserve	7,200	7,200	7,200	-
Total operating transfers out	12,200	7,200	7,200	-
Total expenditures	451,981	401,143	\$ 485,221	\$ (84,078)
Receipts over (under) expenditures	(64,409)	1,567		
Unencumbered cash, beginning of year	213,108	148,699		
Unencumbered cash, end of year	\$ 148,699	\$ 150,266		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
Special Highway Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
State of Kansas - gas tax	\$ 18,325	\$ 20,344	\$ 21,050	\$ (706)
Other receipts	1,093	-	-	-
Total cash receipts	<u>19,418</u>	<u>20,344</u>	<u>\$ 21,050</u>	<u>\$ (706)</u>
Expenditures:				
Contractual services	10,000	55,554	\$ 124,801	\$ (69,247)
Commodities	6,584	4,954	-	4,954
Total expenditures	<u>16,584</u>	<u>60,508</u>	<u>\$ 124,801</u>	<u>\$ (64,293)</u>
Receipts over (under) expenditures	2,834	(40,164)		
Unencumbered cash, beginning of year	<u>104,921</u>	<u>107,755</u>		
Unencumbered cash, end of year	<u>\$ 107,755</u>	<u>\$ 67,591</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Library Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes	\$ 44,485	\$ 53,646	\$ 54,850	\$ (1,204)
Expenditures:				
Distribution to treasurer	44,485	53,646	\$ 54,850	\$ (1,204)
Receipts over expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Equipment Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from General	\$ 5,000	\$ -	\$ -	\$ -
Transfer from Water Utility	5,000	5,000	5,000	-
Total cash receipts	10,000	5,000	\$ 5,000	\$ -
Expenditures:				
Equipment	19,461	45,858	\$ 91,195	\$ (45,337)
Receipts under expenditures	(9,461)	(40,858)		
Unencumbered cash, beginning of year	92,098	82,637		
Unencumbered cash, end of year	\$ 82,637	\$ 41,779		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Capital Improvement Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Miscellaneous	\$ -	\$ 23,300	\$ 23,300	\$ -
Expenditures:				
Capital outlay	-	31,226	\$ 36,322	\$ (5,096)
Receipts over (under) expenditures	-	(7,926)		
Unencumbered cash, beginning of year	13,022	13,022		
Unencumbered cash, end of year	\$ 13,022	\$ 5,096		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Pool Development Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Interest on investments	\$ 21	\$ 85	\$ -	\$ 85
Donations	-	-	5,000	(5,000)
Total cash receipts	<u>21</u>	<u>85</u>	<u>\$ 5,000</u>	<u>\$ (4,915)</u>
Expenditures:				
Contractual	-	-	\$ 12,057	\$ (12,057)
Receipts over expenditures	21	85		
Unencumbered cash, beginning of year	<u>2,057</u>	<u>2,078</u>		
Unencumbered cash, end of year	<u>\$ 2,078</u>	<u>\$ 2,163</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Fire Equipment Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from General	\$ 7,200	\$ 7,200	\$ 7,200	\$ -
Expenditures:				
Equipment and temporary notes	7,212	7,212	\$ 7,212	\$ -
Receipts under expenditures	(12)	(12)		
Unencumbered cash, beginning of year	52	40		
Unencumbered cash, end of year	\$ 40	\$ 28		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Bond and Interest Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes	\$ -	\$ 6,346	\$ 6,364	\$ (18)
Special assessment	25,151	-	-	-
Sewer bond fee	-	-	79,347	(79,347)
Interest on investments	-	687	-	687
Transfer from Water Utility	79,754	92,738	92,738	-
Total cash receipts	<u>104,905</u>	<u>99,771</u>	<u>\$ 178,449</u>	<u>\$ (78,678)</u>
Expenditures:				
Principal	19,525	33,707	\$ 33,707	\$ -
Interest	75,781	74,811	74,811	-
Fiscal fees	3	2	100	(98)
KDHE Sewer Bond	-	-	79,347	(79,347)
Cash basis reserve	-	-	11,106	(11,106)
Total expenditures	<u>95,309</u>	<u>108,520</u>	<u>\$ 199,071</u>	<u>\$ (90,551)</u>
Receipts over (under) expenditures	9,596	(8,749)		
Unencumbered cash, beginning of year	<u>25,592</u>	<u>35,188</u>		
Unencumbered cash, end of year	<u>\$ 35,188</u>	<u>\$ 26,439</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Water Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Charges for services	\$ 167,632	\$ 174,098	\$ 160,000	\$ 14,098
Expenditures:				
Production and transmission	71,139	72,288	\$ 135,000	\$ (62,712)
Capital outlay	-	-	15,000	(15,000)
Transfer to Equipment Reserve	5,000	5,000	5,000	-
Transfer to Bond and Interest	79,754	92,738	92,738	-
Transfer to Water Depreciation Reserve	10,000	10,000	10,000	-
Total expenditures	165,893	180,026	\$ 257,738	\$ (77,712)
Receipts over (under) expenditures	1,739	(5,928)		
Unencumbered cash, beginning of year	167,241	168,980		
Unencumbered cash, end of year	\$ 168,980	\$ 163,052		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Customer Deposits Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Customer deposits	\$ 1,950	\$ 2,507	\$ 1,500	\$ 1,007
Expenditures:				
Customer deposit refunds	3,150	1,750	\$ 6,846	\$ (5,096)
Receipts over (under) expenditures	(1,200)	757		
Unencumbered cash, beginning of year	4,846	3,646		
Unencumbered cash, end of year	\$ 3,646	\$ 4,403		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Water Depreciation Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from Water Utility	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Expenditures:				
Capital outlay	-	-	\$ 137,289	\$ (137,289)
Receipts over expenditures	10,000	10,000		
Unencumbered cash, beginning of year	52,289	62,289		
Unencumbered cash, end of year	\$ 62,289	\$ 72,289		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Water Project Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
Cash receipts:		
Interest on investments	\$ 92	\$ 40
Federal grant	129,777	30,579
Total cash receipts	<u>129,869</u>	<u>30,619</u>
Expenditures:		
Capital outlay	<u>134,236</u>	<u>-</u>
Receipts over (under) expenditures	(4,367)	30,619
Unencumbered cash (deficit), beginning of year	<u>(78,347)</u>	<u>(82,714)</u>
Unencumbered cash (deficit), end of year	<u>\$ (82,714)</u>	<u>\$ (52,095)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
Sewer Utility Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash receipts:				
Charges for services	\$ 36,122	\$ 39,810	\$ 52,500	\$ (12,690)
Expenditures:				
Operations	11,348	34,269	\$ 26,000	\$ 8,269
Capital outlay	860	-	10,000	(10,000)
KDHE principal	9,631	9,948	9,948	-
KDHE interest	4,451	4,625	4,135	490
Transfer to Sewer Depreciation Reserve	20,000	20,000	20,000	-
Total expenditures	46,290	68,842	\$ 70,083	\$ (1,241)
Receipts under expenditures	(10,168)	(29,032)		
Unencumbered cash, beginning of year	55,958	45,790		
Unencumbered cash, end of year	\$ 45,790	\$ 16,758		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Sewer Bond and Interest Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash receipts:				
Utility charge	\$ 28,565	\$ 80,811	\$ -	\$ 80,811
Expenditures:				
Principal	-	-	\$ -	\$ -
Receipts over expenditures	28,565	80,811		
Unencumbered cash, beginning of year	-	28,565		
Unencumbered cash, end of year	<u>\$ 28,565</u>	<u>\$ 109,376</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Sewer Depreciation Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from Sewer Utility	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Expenditures:				
Capital outlay	-	-	\$ 92,204	\$ (92,204)
Receipts over expenditures	20,000	20,000		
Unencumbered cash, beginning of year	52,204	72,204		
Unencumbered cash, end of year	\$ 72,204	\$ 92,204		

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
 Waste Water Project Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts:		
Federal grant	<u>\$ -</u>	<u>\$ 610,606</u>
Expenditures:		
Capital outlay	<u>53,000</u>	<u>593,224</u>
Receipts over (under) expenditures	(53,000)	17,382
Unencumbered cash (deficit), beginning of year	<u>-</u>	<u>(53,000)</u>
Unencumbered cash (deficit), end of year	<u>\$ (53,000)</u>	<u>\$ (35,618)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

1. Summary of significant accounting policies

The City of Bucklin, Kansas was incorporated under the provisions of the State of Kansas. The City operates under a Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. Other services include utilities.

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. These financial statements present the City of Bucklin (the primary government) only. The organizations, functions or activities discussed below are component units of the City's reporting entity because of the significance of their operational or financial relationships with the City; however, they are not included in the City's primary government financial statements.

The Bucklin Public Library has its own Board of Directors, who operates independently from the City even though appointed by the City Council. The Library is a separate, legal municipality that now prepares its own budget. The taxes budgeted by the Library are appropriated by the City and are required to be distributed to the Library. The Board of Directors is responsible for the management and fiscal accountability of the Library. The financial statements of the Bucklin Public Library are available through the Library.

The Bucklin Housing Authority has its own Board of Directors, who operates independently from the City even though appointed by the City Council. The Board of Directors is responsible for the management and fiscal accountability of the Housing Authority. The financial statements of the Bucklin Housing Authority are available through the Housing Authority's Board of Directors.

In addition to the above component units, the City is a participating member in a jointly governed organization that operates the Bucklin Cemetery District. The District is an independent taxing entity with a Board consisting of members from each participating municipality. No one municipality has control of the District's Board.

B. Measurement focus, basis of accounting and basis of presentation

These financial statements are presented on a 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 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.

C. Waiver of financial reporting requirements

The City's Council has determined by resolution that financial statements prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Council, the City or the members of the general public of the City. The Council approved the resolution which served as notice of the Council's election to waive the requirements for reporting of its financial data in conformity with accounting principles generally accepted in the United States of America, as provided and authorized by K.S.A. 75-1120a.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

1. Summary of significant accounting policies (continued)

D. 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, cash disbursements, 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 accounting principles generally accepted in the United States of America. Capital assets that account for 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.

E. Fund accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types and account groups are used by the City:

Governmental Funds

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Proprietary Funds

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

F. Cash and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits, time deposits and certificates of deposit. Investments of the pooled accounts consist primarily of investments with the Kansas Municipal Investment Pool and U.S. government securities carried at cost, which approximates market. Interest income earned, unless specifically designated, is allocated to the general fund.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

1. Summary of significant accounting policies (continued)

G. Property taxes and special assessments

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed to the City by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable.

H. Compensated absences

The City's policy is to recognize the costs of compensated absences when actually paid. The City has determined there is \$3,448 of accumulated leave payable at December 31, 2010.

The City's policy regarding leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year, with accumulation up to 30 days. Leave may be used for sick leave, bereavement leave and personal leave.

I. Interfund transactions

Quasi-external transactions (i.e., transactions that would be treated as revenues or expenses if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as cash receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

J. Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and have portions of it reimbursed by other funds. In accounting for such reimbursements, the City records an expenditure (or expense) in the reimbursing fund, and a reduction of expenditure (or expense) in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing and Financial Reporting*.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

1. Summary of significant accounting policies (continued)

K. Memorandum totals

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor is all required disclosures presented for these amounts.

L. Comparative data

The statutory basis financial statements include certain prior year comparative information in order to provide an understanding of the changes in the cash receipts and expenditures of the funds, but not at the level of detail required for a presentation in conformity with the statutory basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

2. Stewardship, compliance and accountability

A. 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. Although directory rather than mandatory, 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at 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 budget amendments for the year ended December 31, 2010. In addition, qualifying budget adjustments for donations and grant revenue are allowed. Qualifying budget adjustments in the Capital Improvement Reserve fund resulted in \$23,300 of additional budget authority.

The legal level of budgetary control is the fund level. 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.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and certain special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

B. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the City. No material violations were noted; however, the following immaterial violation was noted:

- A deficit cash balance per KSA 10-1113 and 10-1121 occurred in the Water Project and Waste Water Project funds at December 31, 2010, due to the expending of monies in excess of available cash by \$52,095 and \$35,618, respectively. This was a result of the projects requiring the City to expend the funds on a reimbursement basis. The City should receive the balance of monies due in 2011.

3. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash and investments as shown in the composition of cash on the summary of cash receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	\$ 150
Carrying amount of deposits	738,627
	738,627
Total cash	\$ 738,777

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City 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 City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City'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 City has no investment policy that would further limit its investment choices.

Concentration of credit risk

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City'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 City does not use designated "peak periods".

At December 31, 2010, the City's carrying amount of deposits was \$738,627 and the bank balance was \$741,724. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$503,221 was covered by federal depository insurance and \$238,503 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits by financial institution and category of coverage at year end are as follows:

	Bucklin National Bank	Farmer's State Bank
FDIC coverage	\$ 250,000	\$ 253,221
Pledged securities at market value	616,413	252,352
Total coverage	\$ 866,413	\$ 505,573
Funds on deposit	\$ 434,065	\$ 307,659
Funds at risk	\$ -	\$ -

Credit risk - investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2010.

B. Interfund transfers

Interfund operating transfers are as follows:

	<u>From</u>	<u>To</u>	<u>Statutory Authority</u>		
General		Fire Equipment Reserve	12-1117	\$	7,200
Water Utility		Equipment Reserve	12-825d		5,000
Water Utility		Bond and Interest	12-825d		92,738
Water Utility		Water Depreciation Reserve	12-825d		10,000
Sewer Utility		Sewer Depreciation Reserve	12-825d		20,000
Total					\$ 134,938

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

3. Detailed notes on all funds (continued)

C. Capital projects in process

Capital project authorizations with approved change orders compared to disbursements and accounts payable from inceptions at December 31, 2010, are as follows:

	Project Authorization	Disbursements and Accounts Payable to Date	Committed
Water Distribution Improvement Project	\$ 2,758,276	\$ 2,605,442	\$ 152,834
Waste Water Improvement Project	766,000	646,224	-
Street sealing	55,554	55,554	-
Bucklin Community Building air conditioning	30,801	30,801	-

Subsequent to December 31, 2010, the City entered into a contract for street sealing with a total project cost of \$59,757.

D. Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2010, were as follows:

	Date of Issue	Maximum Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/10	Additions	Reductions/ Payments	Net Change	Balance 12/31/10	Interest Paid
General obligation bonds payable:										
Internal Improvement -										
Series A, 2000	08/01/00	7.50%	10/01/10	\$ 129,000	\$ 15,000	-	\$ 15,000		-	\$ 780
Series A, 2008	02/27/08	4.125%	2/15/48	1,301,000	1,301,000	-	13,984		1,287,016	53,666
Series B, 2008	02/27/08	4.375%	2/27/48	470,000	465,475	-	4,723		460,752	20,365
Total general obligation bonds payable				1,900,000	1,781,475	-	33,707		1,747,768	
KDHE loans payable:										
Kansas Water Pollution										
Control Revolving Loan	03/01/01	3.01%	09/01/20	206,668	129,306	-	9,948		119,358	4,135
Kansas Water Pollution										
Control Revolving Loan	10/27/09	2.72%	03/01/21	-	572,333	-	-		572,333	490
Total KDHE loans payable				206,668	701,639	-	9,948		691,691	
Temporary notes payable:										
Firefighters Relief Association	10/12/04	1.00%	10/01/19	100,000	68,310	-	6,529		61,781	683
Capital leases payable:										
OshKosh Fire Truck	10/12/04	7.90%	10/01/19	46,278	25,779	-	4,694		21,085	1,209
Employee compensated absences payable:										
Accrued sick leave (net change)					1,604			\$ 1,844	3,448	
Total long-term debt				\$ 2,252,946	\$ 2,578,807	\$ -	\$ 54,878	\$ 1,844	\$ 2,525,773	\$ 81,328

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	
	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045		2046-2048
Principal:													
General obligation bonds payable	\$ 19,490	\$ 20,306	\$ 21,157	\$ 22,043	\$ 22,966	\$ 130,090	\$ 159,722	\$ 196,107	\$ 240,787	\$ 295,652	\$ 363,031	\$ 256,417	\$ 1,747,768
KDHE loans payable	35,910	61,779	83,528	85,328	87,179	365,562	32,405	-	-	-	-	-	891,691
Temporary notes payable	6,595	6,661	6,727	6,794	6,862	28,142	-	-	-	-	-	-	81,781
Capital leases payable	4,914	5,145	5,386	5,640	-	-	-	-	-	-	-	-	21,085
Total principal	86,909	93,891	96,798	99,805	97,007	523,794	192,127	196,107	240,787	295,652	363,031	256,417	2,522,325
Interest:													
General obligation bonds payable	73,247	72,431	71,580	70,694	69,771	333,592	305,963	267,578	222,900	168,034	100,654	21,795	1,776,239
KDHE loans payable	11,018	17,995	16,245	14,445	12,594	33,304	441	-	-	-	-	-	106,042
Temporary notes payable	618	552	485	418	350	706	-	-	-	-	-	-	3,128
Capital leases payable	989	758	517	265	-	-	-	-	-	-	-	-	2,529
Total interest	85,872	91,736	88,827	85,822	82,715	367,602	304,404	267,578	222,900	168,034	100,654	21,795	1,887,939
Total principal and interest	\$ 152,781	\$ 185,627	\$ 185,625	\$ 185,627	\$ 179,722	\$ 891,396	\$ 496,531	\$ 463,685	\$ 463,687	\$ 463,686	\$ 463,685	\$ 278,212	\$ 4,410,264

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

3. Detailed notes on all funds (continued)

D. Long-term debt (continued)

Legal debt margin

The debt limit per K.S.A. 10-308 is thirty percent of the assessed tangible valuation of the City adjusted for exempt farm property, business aircraft and motor vehicles given by the County Assessor to the County Clerk on August 25th each year. Per K.S.A. 10-309, certain bond issues are not subject to the bonded indebtedness limitation; these include the refunding bonds and the limited obligation bonds issued for the purpose of acquiring, enlarging, extending or improving any municipal utility; or to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city or school district property. The amount of debt outstanding does not exceed the statutory limit.

4. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Commitments and contingencies

Grant audits

The City participates in federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors, their representatives and/or the Single Audit Act requirements. As of December 31, 2010, there were no material questioned or disallowed costs as a result of grant audits completed or in process.

C. Post-employment health care benefits

As provided by K.S.A. 12-5040, the local City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

D. Defined benefit pension plan

Plan description: The City of Bucklin, Kansas, contributes to 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 66603-3869) or by calling 1-888-275-5737.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2010

4. Other information (continued)

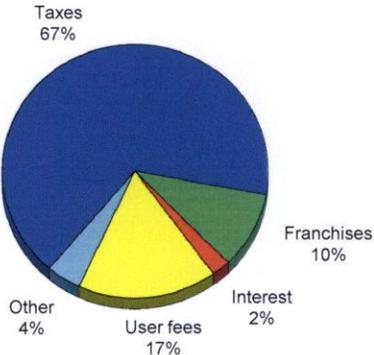
D. Defined benefit pension plan (continued)

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. 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 by statute for calendar year 2010 is 7.14%. The City of Bucklin, Kansas, employer contributions to KPERS for the years ending December 31, 2010, 2009 and 2008, were \$7,343, \$6,109, and \$6,208, respectively, equal to the required contributions for each year as set forth by the legislature.

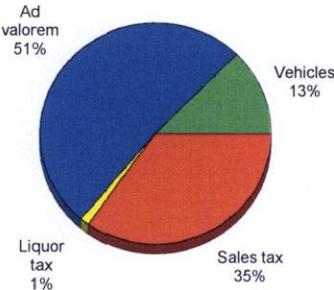
SUPPLEMENTAL SCHEDULE

CITY OF BUCKLIN, KANSAS  
 Receipts - General Fund  
 For the Year Ended December 31

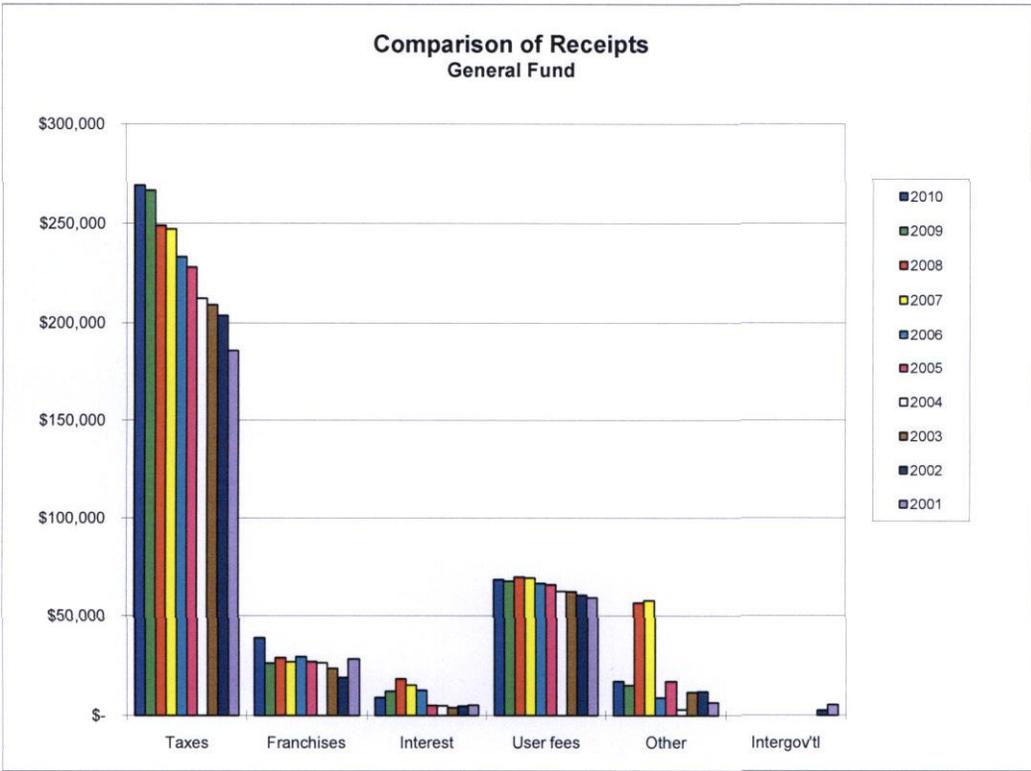
2010 Receipts  
 General Fund



2010 Taxes  
 General Fund

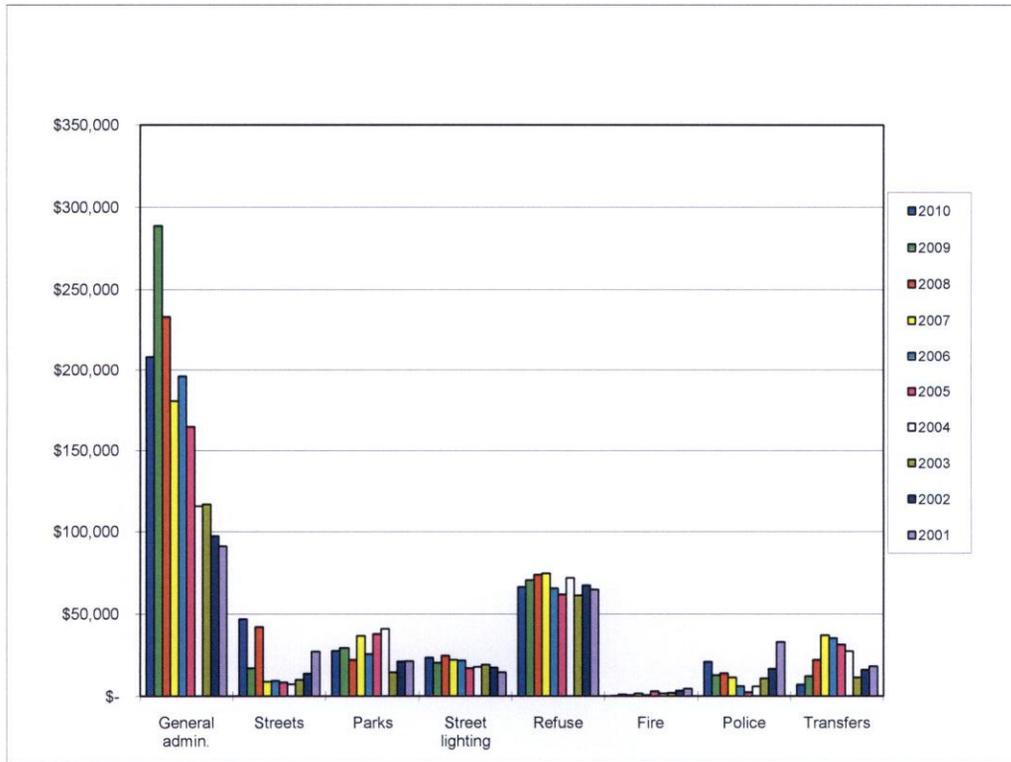
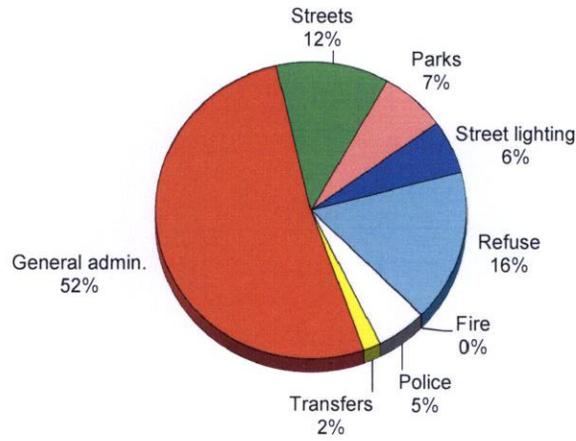


Comparison of Receipts  
 General Fund

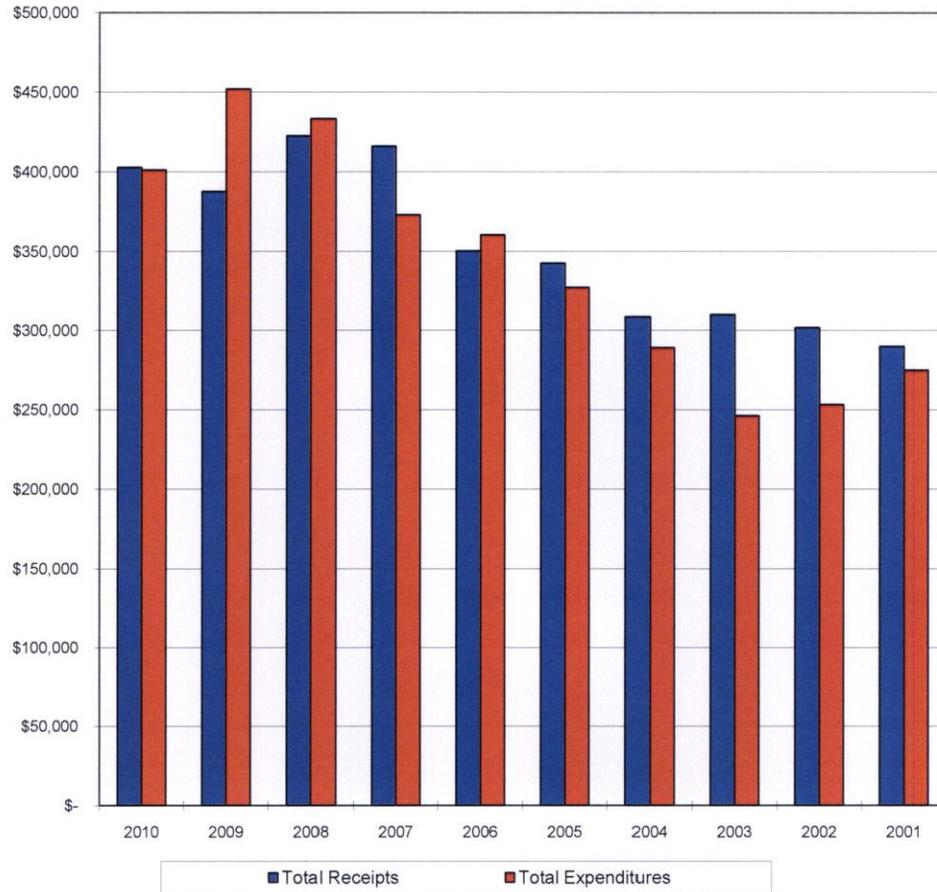


CITY OF BUCKLIN, KANSAS  
Expenditures - General Fund  
For the Year Ended December 31

2010 Expenditures  
General Fund



CITY OF BUCKLIN, KANSAS  
Comparison of Receipts and Expenditures - General Fund  
For the Year Ended December 31



CITY OF BUCKLIN, KANSAS  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2010

Grant Title	Federal CFDA Number	Federal Award Number	Disburse- ments/ Expenditures
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through:			
Kansas Department of Health and Environment:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	2W-97705301	\$ 170,154
ARRA Capitalization Grants for Clean Water State Revolving Funds	ARRA - 66.458	2W-97705301	<u>423,070</u>
 TOTAL FEDERAL GRANTS			 <u><u>\$ 593,224</u></u>

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

CITY OF BUCKLIN, KANSAS  
Notes to Schedule of Expenditure of Federal Awards  
For the Year Ended December 31, 2010

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of City of Bucklin, Kansas. The City's reporting entity is defined in Note 1 to the City's statutory basis financial statements. All expenditures of federal financial assistance received directly from federal agencies as well as expenditures of federal financial assistance passed through other government agencies is included on the Schedule.

2. Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas, which is described in Note 1 to the City's statutory basis financial statements. However, no encumbrances are included in the expenditures for federal programs.

**SINGLE AUDIT  
SECTION**



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

The Honorable Mayor and City Council Members  
City of Bucklin, Kansas

We have audited the primary government statutory basis financial statements of the City of Bucklin, Kansas, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 6, 2011. The City prepares its financial statements on a basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2007-1 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

405 North Sixth Street | P.O. Box 699  
Garden City, KS 67846  
620-275-9267 | 800-627-0636  
Fax: 620-275-8936 | www.lhd.com

CPAs

Charles H. Claar, Jr, CPA  
Theresa Dasenbrock, CPA, CFE  
David L. Hetrick, CPA  
Steven D. Josserand, CPA  
Donald R. Linville, CPA  
Gary A. Schlappe, CPA  
Rodney Van Norden, CPA

Lisa L. Axman, CPA  
Sue A. Bradley, CPA  
Susan A. Burgardt, CPA  
Shannon N. Euliss, CPA  
Tracey Homm, CPA, CSEP  
Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Laura G. Voran, CPA  
Monica J. Wilson, CPA

The Honorable Mayor and City Council Members  
City of Bucklin  
Page 2

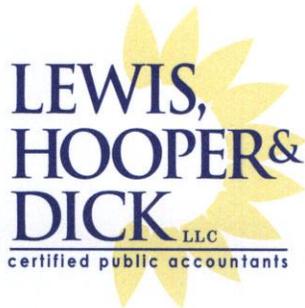
We noted certain matters that we reported to the management of the City of Bucklin, Kansas, in a separate letter dated June 6, 2011.

This report is intended solely for the information and use of the City's management, the Kansas Division of Accounts and Reports, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis, Hooper & Dick, LLC*

LEWIS, HOOPER & DICK, LLC

June 6, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and City Council Members  
City of Bucklin, Kansas

Compliance

We have audited the primary government of the City of Bucklin, Kansas, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Bucklin, Kansas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City of Bucklin, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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The Honorable Mayor and City Council Members  
City of Bucklin  
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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, the Kansas Division of Accounts and Reports, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



LEWIS, HOOPER & DICK, LLC

June 6, 2011

City of Bucklin, KANSAS  
 Schedule of Findings and Questioned Costs  
 December 31, 2010

I. SUMMARY OF AUDITORS' RESULTS

A. Financial Statements

- Type of auditors' report issued: Unqualified
  
- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:
  - Material weaknesses identified: One
  - Significant deficiencies identified: None reported
  
- Noncompliance material to financial statements noted: None

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133:
  - Material weaknesses identified: None
  - Significant deficiencies identified: None reported
  
- Type of auditors' report issued on compliance for major programs: Unqualified
  
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: None
  
- The programs tested as major programs include:

Program	CFDA	Expenditures
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 170,154
ARRA Capitalization Grants for Clean Water State Revolving Funds	ARRA - 66.458	423,070

- Dollar threshold used to distinguish between type A and B programs: \$300,000
  
- Auditee qualified as low-risk auditee: No

City of Bucklin, KANSAS  
Schedule of Findings and Questioned Costs  
December 31, 2010

II. FINANCIAL STATEMENT FINDINGS

**Finding 2007-1**

Finding: Control procedures over financial reporting were not in place.

Criteria: Control procedures over financial reporting should be in place to prevent, detect, and correct potential misstatement in the financial statements or footnotes.

Condition: Effective control procedures over financial reporting were not in place.

Context: Management is unable to detect and correct potential misstatement in the financial statements or footnotes.

Effect: This results in an inability to evaluate the likelihood of a material misstatement in the presentation and disclosure of the financial statements, including the related footnotes, occurring and not being detected by management.

Cause: Management does not possess the necessary accounting expertise to detect and correct potential misstatement in the financial statements or footnotes.

Recommendation: We recommend the Council review control procedures over financial reporting.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

# City of Bucklin

117 W. Oak, P.O. Box 458, Bucklin, Kansas 67834  
Voice: (620) 826-3581 fax: (620) 826-3894  
E-mail: [cityofbucklin@rurallink.net](mailto:cityofbucklin@rurallink.net)

June 6, 2011

The City of Bucklin, Kansas, respectfully submits the following corrective action plan for the year ended December 31, 2010.

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC  
PO Box 699  
Garden City, KS 67846

Audit period: January 1, 2010 through December 31, 2010

The findings from the December 31, 2010, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not addressed.

## II. FINANCIAL STATEMENT FINDINGS

### **Finding 2007-1**

Finding: Control procedures over financial reporting were not in place.

Criteria: Control procedures over financial reporting should be in place to prevent, detect, and correct potential misstatement in the financial statements or footnotes.

Condition: Effective control procedures over financial reporting were not in place.

Context: Management is unable to detect and correct potential misstatement in the financial statements or footnotes.

Effect: This results in an inability to evaluate the likelihood of a material misstatement in the presentation and disclosure of the financial statements, including the related footnotes, occurring and not being detected by management.

Cause: Management does not possess the necessary accounting expertise to detect and correct potential misstatement in the financial statements or footnotes.

Recommendation: We recommend the Council review control procedures over financial reporting.

Page 2

Response: The City's ability to gain the necessary competence to implement control procedures over financial reporting related to the financial statements and related footnotes is not cost effective at this time.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

If there are any questions regarding this plan, please call Michael Fisher at 620-826-3581.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R Fisher". The signature is written in a cursive style with a large initial "M".

Michael Fisher  
Mayor