CITY OF BUHLER, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2010

George, Bowerman & Noel, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Buhler, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Buhler, Kansas (City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Public Safety Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buhler's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

George, Bowerman & Noel, P.A.

Wichita, Kansas
May 9, 2011

CITY OF BUHLER, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2010

As management of the City of Buhler, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by $3,253,730 (net assets). Of this amount, $368,242 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net assets increased by $498,825 of which $297,835 is attributed to governmental activities and $200,990 is attributed to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $338,754. The total fund balances amount is unreserved and available for use within the City's designation and policies.
- At year-end, the business-type activities of the City reported net assets of $1,778,104.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $54,576 or 20% of the total General Fund 2010 expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used compensated absences).

Both of the government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public improvements, street improvement and maintenance, planning and zoning, recreation, sanitation services and other activities. The business-type activities include water and sewer utility services.

The government-wide financial statements include not only the City itself, but also the Buhler Public Library, Buhler Recreation Commission, and Buhler Economic Development Board which are legally separate entities for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself since they are considered discretely presented component units.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 14 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Public Safety, Capital Equipment Reserve, Capital Improvement Reserve, CDBG Street Project and Debt Service Funds, all of which are considered major funds. Data from the remaining 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The basic governmental fund financial statements can be found on pages 12 to 19 of this report.

Proprietary Funds – The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for both enterprise funds, which are considered major funds of the City. The proprietary fund financial statements can be found on pages 20 to 24 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets exceeded liabilities by $3,253,730 as of December 31, 2010.

The largest portion of the City's net assets (55%) reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment and construction work in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF BUHLER'S NET ASSETS
December 31, 2010
(with comparative amounts at December 31, 2009)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$1,491,123	$1,464,838	$ 359,388	$ 267,125	$ 1,850,511	$ 1,731,963
Capital assets	1,182,683	946,148	2,834,408	2,582,623	4,017,091	3,528,771
Total assets	2,673,806	2,410,986	3,193,796	2,849,748	5,867,602	5,260,734
Long-term liabilities	889,557	946,748	1,400,572	1,246,174	2,290,129	2,192,922
Other liabilities	308,623	286,447	15,120	26,460	323,743	312,907
Total liabilities	1,198,180	1,233,195	1,415,692	1,272,634	2,613,872	2,505,829
Net assets:						
Invested in capital assets, net of related debt	347,683	48,148	1,455,561	1,355,627	1,803,244	1,403,775
Restricted for debt service	838,133	848,007	136,665	50,458	974,798	898,465
Restricted for future Improvements	–	–	107,446	111,291	107,446	111,291
Unrestricted	289,810	281,636	78,432	59,738	368,242	341,374
Total net assets	$1,475,626	$1,177,791	$1,778,104	$1,577,114	$ 3,253,730	$ 2,754,905

The City's overall financial position has improved, with an increase in net assets of $498,825 for the current year. Of that increase, $297,835 can be attributed to governmental activities and $200,990 can be attributed to business-type activities. The balance of unrestricted net assets of $368,242 may be used to meet the City's ongoing obligation to citizens and creditors.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2010 and December 31, 2009.

CITY OF BUHLER'S CHANGES IN NET ASSETS

Year Ended December 31, 2010
(with comparative amounts for the year ended December 31, 2009)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 92,910	$ 114,295	$ 458,256	$ 352,919	$ 551,166	$ 467,214
Operating grants and contributions	120,101	638,141	–	–	120,101	638,141
Capital grants and contributions	279,156	170,898	95,176	53,343	374,332	224,241
General revenues:						
Property taxes	330,012	333,068	–	–	330,012	333,068
Sales taxes	151,365	143,060	–	–	151,365	143,060
Franchise fees	58,132	54,724	–	–	58,132	54,724
Investment earnings	6,592	9,382	9	25	6,601	9,407
Total revenues	1,038,268	1,463,568	553,441	406,287	1,591,709	1,869,855
Expenses:						
General government	168,656	162,114	–	–	168,656	162,114
Public safety	193,859	168,172	–	–	193,859	168,172
Highways and streets	153,986	174,976	–	–	153,986	174,976
Health and sanitation	56,925	54,310	–	–	56,925	54,310
Culture and recreation	138,136	134,417	–	–	138,136	134,417
Economic development	14,500	12,487	–	–	14,500	12,487
Interest on long-term debt	38,741	60,443	–	–	38,741	60,443
Water	–	–	159,973	140,823	159,973	140,823
Sewer	–	–	168,108	175,331	168,108	175,331
Total expenses	764,803	766,919	328,081	316,154	1,092,884	1,083,073
Increases in net assets before transfers	273,465	696,649	225,360	90,133	498,825	786,782
Transfers in (out)	24,370	26,185	(24,370)	(26,185)	–	–
Increase in net assets	297,835	722,834	200,990	63,948	498,825	786,782
Net assets, beginning of year	1,177,791	454,957	1,577,114	1,513,166	2,754,905	1,968,123
Net assets, end of year	$1,475,626	$1,177,791	$1,778,104	$1,577,114	$ 3,253,730	$ 2,754,905

Total revenues for the governmental activities decreased by $425,300 for the current year. Operating grants and contributions decreased by $518,040 with special assessments levied for 2009 ($568,001) accounting for the significant net decrease. Capital grants and contributions increased by $108,258 for the current year due primarily to additional CDBG grant proceeds received during 2010 of $248,343 for a street improvement project. However, property owner contributions decreased by $146,280 from 2009. General revenue sources increased by $5,867 for 2010 and can be attributed to decreases in property taxes of $3,056 and investment earnings of $2,790 and increases in sales taxes of $8,305 and franchise fees of $3,408. Charges for services decreased by $21,385 with municipal court operations accounting for a decrease of $7,457, Cemetery revenues decreasing $1,525 and refuse revenues decreasing $8,962 with all other governmental activity resources combining for a net decrease in revenues of only $3,441.

Total expenses for the governmental activities decreased by $2,116 for 2010. General government expenses increased by $6,542 for 2010, primarily due to increase in personnel costs for wages and benefits allocated to this functional area. Public safety increased by $25,687, which is primarily related to an appropriation for EMS services of $25,000. Highway and street expenses decreased by $20,990 for 2010 as the result of fewer streets being sealed during the year. Culture and recreation expenses increased $3,719 for 2010, which can be attributed to an increase in the

appropriations to the Library Board and increased personnel and benefit costs for 2010 for both the Library and Recreation Commission activities. Interest expense on debt decreased for 2010 by $21,702 with interest on temporary improvement notes accounting for $19,297 and general obligation bonded debt decreasing by $2,405. Economic development expenditures increase by $2,013 as a result of increased appropriations to the Buhler Economic Development Board during 2010.

The business-type activity revenues increased $105,337 for 2010 with water operations accounting for $103,323 of the increase. The water revenue increase can be attributed to an increase in rates, which were approximately 92% effective November 2009. A significant rate increase was necessary due to the water quality improvement facility currently being constructed.

The expenses for business-type activities increased $12,134 for 2010, primarily due to increases in personnel and benefit costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balances of $338,754. The total fund balances are unreserved and available for use within the City's designation and policies.

The General Fund is the primary operating fund of the City. At December 31, 2010, the total and unreserved fund balance of the General Fund was $54,576, which is a decrease of $9,086 from 2009. As a measure of the General Fund's liquidity, the total fund balance represents about 18% of the total General Fund expenditures and transfers out for 2010.

The Public Safety Fund revenues for 2010 decreased by $2,661 primarily from property taxes, and the expenditures increased by $2,248 due to nominal increases in personnel and benefit costs. Commodity purchases accounted for about 60% of the total fund expenditure increase.

The Capital Equipment Reserve Fund revenues increased by $3,695 as the result of the sale of surplus equipment. Equipment related expenditures decreased by $17,958 for 2010. Due to interfund transfers the Fund balance increased by $7,575 for 2010.

The Capital Improvement Reserve Fund reflects a decrease in fund balance for 2010 in the amount of $6,578. The revenue decrease of $100,740 for 2010 is directly related to the contribution received for the purchase of the Buhler Public Library building of $100,000 during 2009. Expenditures for 2010 decreased by $131,336, which was primarily related to the library building purchase of $100,000 and highway equipment purchases of $41,486 from 2009.

The CDBG Street Project Fund was closed in 2010 due to the completed street project. The fund received CDBG grant proceeds of $272,961 and incurred expenditures of $272,962 during 2010.

The Debt Service Fund reflects an increase of fund balance of $3,296as the result of decreased ad valorem property taxes of $36,126 but increased special assessment taxes of $44,763 for 2010. Total debt service expenditures increased by $6,287 for 2010.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Waterworks System and Sewage Treatment operating revenues increased $105,337. Water Utility revenues increased $103,323 as a result of prior year base rate changes. Sewage Treatment revenues, based partially on water usage, remained relatively flat with charges for services increasing only $2,014. Unrestricted net assets of the Waterworks System and Sewage Treatment funds were $78,432 at year-end.

General Fund Budgetary Highlights – The General Fund total actual revenues was less than the amount anticipated in the 2010 budget by $20,260, or approximately 6%. Budgetary expenditures totaled $299,071, which represented 85% of the budgeted expenditures for 2010. The result was an increase in budgetary basis fund balance for the General Fund in the amount of $404. The General Fund budgetary fund balance at year-end was $34,423 with the 2011 budget anticipating a carryover balance of $7,344.

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of December 31, 2010 amounts to $1,182,683 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, machinery and equipment. During 2010 the City added $330,625 of capital assets related to governmental activities and $331,558 of capital assets related to business-type activities. Major capital asset events during the current fiscal year included the following:

- Street paving improvements at a cost of $318,495.
- Used pickup for public works at a cost of $3,650.
- Swimming pool furniture at a cost of $4,158.
- Water quality improvement project engineering and construction improvements work in progress of $330,608.

Capital Assets at Year-End
Net of Accumulated Depreciation
December 31, 2010
(with comparative amounts at December 31, 2009)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 95,431	$ 95,431	$ 9,502	$ 9,502	$ 104,933	$ 104,933
Buildings	106,004	113,556	299,302	308,932	405,306	422,488
Improvements other than buildings	76,890	38,168	2,035,189	2,098,746	2,112,079	2,136,914
Machinery and equipment	118,165	142,775	60,227	65,863	178,392	208,638
Infrastructure	786,193	556,218	–	–	786,193	556,218
Construction work in progress	–	–	430,188	99,580	430,188	99,580
Total	$1,182,683	$ 946,148	$2,834,408	$2,582,623	$ 4,017,091	$ 3,528,771

Additional information on the City's capital assets can be found in Note 3 on pages 35 to 37 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total general obligation bonded indebtedness outstanding of $835,000. The City issued retired $63,000 of general obligation bonds during 2010. At December 31, 2010 the City had outstanding loans for sewer system improvements and water system improvements with the Kansas Department of Health and Environment in the amounts of $1,159,979 and $218,868, respectively. There was $67,017 of principal retirement on the loans during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 4 on pages 37 to 41 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2011 budget, General Fund revenues are budgeted to decrease $1,650 or .5% from the 2010 budget year. Expenditures are budgeted for 2011 at a decrease of $27,506, or approximately 7.8%, from the 2010 budgeted expenditures. The carryover budget fund balance decreased by $25,856 for the 2011 budget versus the 2010 budget. Sales taxes and franchise fees account for approximately 47% and 18%, respectively, of the revenue sources for the General Fund's 2011 budget. Certified assessed valuations, on which ad valorem property taxes are levied, decreased $22,879 or approximately .38% from the preceding year assessed valuation. The total assessed valuation for the 2011 budget year was $5,940,377. The total City mill levy for the 2011 budget as compared to the 2010 budget was 51.425 mills versus 46.552 mills.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City Clerk, at 219 North Main, P.O. Box 187, Buhler, Kansas 67522, or call (620) 543-2253.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BUHLER, KANSAS

STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	$ 312,123	$ 66,495	$ 378,618	$ 72,257
Receivables:				
Property taxes	295,332	–	295,332	–
Special assessment taxes	838,133	–	838,133	–
Sales taxes	12,505	–	12,505	–
Franchise fees	7,329	–	7,329	–
Trade accounts, net	6,797	45,632	52,429	–
Prepaid items	18,904	–	18,904	–
Restricted assets	–	247,261	247,261	–
Capital assets:				
Land	95,431	9,502	104,933	–
Buildings	249,558	514,932	764,490	–
Improvements other than buildings	397,868	3,150,180	3,548,048	–
Infrastructure	859,729	–	859,729	–
Machinery and equipment	614,051	256,528	870,579	12,669
Less accumulated depreciation	(1,033,954)	(1,526,922)	(2,560,876)	(11,738)
Construction work in progress	–	430,188	430,188	–
Total assets	2,673,806	3,193,796	5,867,602	73,188
LIABILITIES				
Customer deposits payable	–	3,150	3,150	–
Accrued interest payable	13,291	11,970	25,261	–
Unearned revenue	295,332	–	295,332	–
Noncurrent liabilities:				
Due within one year	81,806	141,544	223,350	–
Due in more than one year	807,751	1,259,028	2,066,779	–
Total liabilities	1,198,180	1,415,692	2,613,872	–
NET ASSETS				
Invested in capital assets, net of related debt	347,683	1,455,561	1,803,244	931
Restricted for:				
Debt service	838,133	136,665	974,798	–
Future improvements	–	107,446	107,446	–
Unrestricted	289,810	78,432	368,242	72,257
	$ 1,475,626	$ 1,778,104	$ 3,253,730	$ 73,188

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Governmental Activities:								
General government	$ 168,656	$ 2,707	$ 1,835	$ –	$ (164,114)	$ –	$ (164,114)	$ –
Public safety	193,859	16,512	–	–	(177,347)	–	(177,347)	–
Highways and streets	153,986	390	41,100	276,656	164,160	–	164,160	–
Health and sanitation	56,925	53,733	–	–	(3,192)	–	(3,192)	–
Culture and recreation	138,136	19,568	750	2,500	(115,318)	–	(115,318)	–
Economic development	14,500	–	–	–	(14,500)	–	(14,500)	–
Interest on long-term debt	38,741	–	76,416	–	37,675	–	37,675	–
Total Governmental Activities	$ 764,803	$ 92,910	$ 120,101	$ 279,156	(272,636)	–	(272,636)	–
Business-Type Activities:								
Waterworks system	$ 159,973	$ 255,156	$ –	$ 95,176	–	190,359	190,359	–
Sewage treatment	168,108	203,100	–	–	–	34,992	34,992	–
Total Business-Type Activities	$ 328,081	$ 458,256	$ –	$ 95,176	–	225,351	225,351	–
Component Units:								
Buhler Public Library	$ 22,072	$ 3,365	$ 12,304	$ –				(6,403)
Buhler Recreation Commission	19,565	9,507	–	–				(10,058)
Buhler Economic Development Board	13,105	–	1,795	–				(11,310)
Total Component Units	$ 54,742	$ 12,872	$ 14,099	$ –				(27,771)
General Revenues and Transfers:								
General Revenues:								
Property taxes levied for:								
General purposes					300,393	–	300,393	–
Debt service					29,619	–	29,619	–
Sales taxes					151,365	–	151,365	–
Franchise taxes					58,132	–	58,132	–
Payments from City of Buhler					–	–	–	31,322
Investment earnings					6,592	9	6,601	395
Transfers					24,370	(24,370)	–	–
Total general revenues and transfers					570,471	(24,361)	546,110	31,717
Change in net assets					297,835	200,990	498,825	3,946
Net assets at beginning of year					1,177,791	1,577,114	2,754,905	69,242
Net assets at end of year					$ 1,475,626	$ 1,778,104	$ 3,253,730	$ 73,188

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF BUHLER, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2010

	General	Public Safety	Capital Equipment Reserve	Capital Improvement Reserve	CDBG Street Project	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	$ 27,945	$ 14,812	$ 47,256	$ 168,413	$ –	$ 13,170	$ 40,527	$ 312,123
Property taxes receivable	–	121,950	–	–	–	20,896	152,486	295,332
Special assessment taxes receivable	–	–	–	–	–	838,133	–	838,133
Accounts receivable, net	6,797	–	–	–	–	–	–	6,797
Sales tax receivable	12,505	–	–	–	–	–	–	12,505
Franchise fees receivable	7,329	–	–	–	–	–	–	7,329
Total assets	$ 54,576	$ 136,762	$ 47,256	$ 168,413	$ –	$ 872,199	$ 193,013	$1,472,219
LIABILITIES AND FUND BALANCES								
Liabilities:								
Unearned revenue	$ –	$ 121,950	$ –	$ –	$ –	$ 859,029	$ 152,486	$1,133,465
Fund balances:								
Unreserved:								
Designated for subsequent years' expenditures	7,344	14,812	–	–	–	6,005	35,476	63,637
Designated for debt service	–	–	–	–	–	7,165	–	7,165
Undesignated for:								
General fund	47,232	–	–	–	–	–	–	47,232
Special revenue funds	–	–	47,256	168,413	–	–	5,051	220,720
Total fund balances	54,576	14,812	47,256	168,413	–	13,170	40,527	338,754
Total liabilities and fund balances	$ 54,576	$ 136,762	$ 47,256	$ 168,413	$ –	$ 872,199	$ 193,013	$1,472,219

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2010

Total Governmental Fund Balances		$ 338,754
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):		
Cost	$ 2,216,637	
Accumulated depreciation	(1,033,954)	
		1,182,683
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Prepaid items		18,904
Special assessments receivable		838,133
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable on general obligation bonds	13,291	
Compensated absences payable	54,557	
General obligation bonds payable	835,000	
		(902,848)
Net Assets of Governmental Activities		$ 1,475,626

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2010

	General	Public Safety	Capital Equipment Reserve	Capital Improvement Reserve	CDBG Street Project	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	$ 151,365	$ 132,732	$ –	$ –	$ –	$ 29,619	$ 167,661	$ 481,377
Special assessment taxes	–	–	–	–	–	76,416	–	76,416
Intergovernmental		–	–	–	272,961	–	41,100	314,061
Licenses and permits	58,132	–	–	–	–	–	–	58,132
Charges for services	73,468	–	–	–	–	–	4,125	77,593
Fines and forfeitures	11,187	–	–	–	–	–	–	11,187
Use of money and property	6,592	–	–	–	–	–	1,200	7,792
Miscellaneous	321	–	3,695	3,250	–	–	4,444	11,710
Total revenues	301,065	132,732	3,695	3,250	272,961	106,035	218,530	1,038,268
Expenditures:								
Current:								
General government	103,701	–	6,620	17,224	–	–	33,749	161,294
Public safety	26,353	121,757	–	–	–	–	33,009	181,119
Highways and streets	15,508	–	–	3,980	272,962	–	114,705	407,155
Health and sanitation	56,925	–	–	–	–	–	–	56,925
Culture and recreation	54,729	–	–	11,034	–	–	69,837	135,600
Economic development	14,500	–	–	–	–	–	–	14,500
Debt Service	–	–	–	–	–	102,739	–	102,739
Total expenditures	271,716	121,757	6,620	32,238	272,962	102,739	251,300	1,059,332
Revenues over (under) expenditures	29,349	10,975	(2,925)	(28,988)	(1)	3,296	(32,770)	(21,064)
Other financing sources (uses):								
Transfers in	–	–	10,500	22,410	–	–	46,470	79,380
Transfers out	(38,435)	(11,700)	–	–	–	–	(4,875)	(55,010)
Total other financing sources (uses)	(38,435)	(11,700)	10,500	22,410	–	–	41,595	24,370
Net change in fund balance	(9,086)	(725)	7,575	(6,578)	(1)	3,296	8,825	3,306
Fund balances, beginning of year	63,662	15,537	39,681	174,991	1	9,874	31,702	335,448
Fund balances (deficit), end of year	$ 54,576	$ 14,812	$ 47,256	$ 168,413	$ –	$ 13,170	$ 40,527	$ 338,754

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

Net Change in Fund Balances – Total Governmental Funds		$ 3,306
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 330,625	
Depreciation	(94,090)	
Excess of capital outlay over depreciation expense		236,535
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		998
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
General obligation bond payment		63,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Prepaid items	(195)	
Compensated absences payable	(5,809)	
Total		(6,004)
Change in Net Assets of Governmental Activities		$ 297,835

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued on next page)

Year Ended December 31, 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 155,010	$ 155,010	$ 149,991	$ (5,019)
Licenses, fees and permits	58,225	58,225	58,235	10
Charges for services	78,700	78,700	73,149	(5,551)
Fines and forfeitures	20,000	20,000	11,187	(8,813)
Use of money and property	6,800	6,800	6,592	(208)
Miscellaneous	1,000	1,000	321	(679)
Total revenues	319,735	319,735	299,475	(20,260)
Expenditures and other uses:				
General government:				
General administration:				
Personal services	69,000	69,000	64,817	4,183
Contractual services	52,000	52,000	17,661	34,339
Commodities	13,000	13,000	10,143	2,857
Capital outlay	4,000	4,000	–	4,000
Transfers out	4,225	4,225	4,225	–
Total general government	142,255	142,225	96,846	45,379
Public safety:				
Municipal Court:				
Contractual services	2,200	2,200	1,353	847
Highways and streets:				
Street lighting:				
Contractual services	14,000	14,000	15,508	(1,508)
Health and sanitation:				
Refuse service:				
Contractual services	57,600	57,600	56,925	675

CITY OF BUHLER, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and recreation:				
Swimming Pool department:				
Personal services	$ 24,500	$ 24,500	$ 22,656	$ 1,844
Contractual services	5,000	5,000	5,076	(76)
Commodities	3,400	3,400	5,215	(1,815)
Capital outlay	1,500	1,500	–	1,500
Swimming Pool department	34,400	34,400	32,947	1,453
Parks department:				
Personal services	17,200	17,200	14,924	2,276
Contractual services	4,500	4,500	4,578	(78)
Commodities	3,100	3,100	2,150	950
Capital outlay	4,000	4,000	130	3,870
Transfers out	1,300	1,300	1,300	–
Total parks department	30,100	30,100	23,082	7,018
Economic development:				
Appropriation to Economic Development Board	14,500	14,500	14,500	–
Nondepartmental:				
Appropriation to EMS	25,000	25,000	25,000	–
Transfer to Capital Improvement Reserve Fund	22,410	22,410	22,410	–
Transfer to Capital Equipment Reserve Fund	10,500	10,500	10,500	–
Nondepartmental (continued):				
Total nondepartmental	57,910	57,910	57,910	–

CITY OF BUHLER, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Total expenditures and other uses	$ 352,935	$ 352,935	$ 299,071	$ 53,864
Revenues over (under) expenditures and other uses	(33,200)	(33,200)	404	33,604
Fund balance, beginning of year	33,200	33,200	34,019	819
Fund balance, end of year	$ –	$ –	$ 34,423	$ 34,423

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

PUBLIC SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 133,762	$ 133,762	$ 132,732	$ (1,030)
Expenditures and other uses:				
Personal services	106,750	106,750	106,037	713
Contractual services	10,050	10,050	8,606	1,444
Commodities	10,700	10,700	6,832	3,868
Capital outlay	1,500	1,500	282	1,218
Transfers out	11,700	11,700	11,700	–
Total expenditures and other uses	140,700	140,700	133,457	7,243
Revenues and other sources over (under) expenditures and other uses	(6,938)	(6,938)	(725)	6,213
Fund balance, beginning of year	6,938	6,938	15,537	8,599
Fund balance, end of year	$ –	$ –	$ 14,812	$ 14,812

CITY OF BUHLER, KANSAS

STATEMENT OF NET ASSETS – ALL ENTERPRISE FUNDS

December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Waterworks System	Sewage Treatment	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	$ 39,636	$ 26,859	$ 66,495
Trade accounts receivable	23,377	22,255	45,632
Restricted cash and investments for customer deposits	3,150	–	3,150
Total current assets	66,163	49,114	115,277
Noncurrent assets:			
Restricted assets:			
Cash and investments restricted for:			
Waterworks system improvements	18,893	–	18,893
Water debt service	74,912	–	74,912
Sewer replacement	–	88,553	88,553
Sewer debt service	–	61,753	61,753
	93,805	150,306	244,111
Capital assets:			
Land	2,699	6,803	9,502
Buildings	109,004	405,928	514,932
Improvements other than buildings	1,216,137	1,934,043	3,150,180
Machinery	52,547	203,981	256,528
Construction work in progress	420,435	9,753	430,188
	1,800,822	2,560,508	4,361,330
Less accumulated depreciation	(683,735)	(843,187)	(1,526,922)
Capital assets, net	1,117,087	1,717,321	2,834,408
Total noncurrent assets	1,210,892	1,867,627	3,078,519
Total assets	1,277,055	1,916,741	3,193,796

	Business-Type Activities – Enterprise Funds		
	Waterworks System	Sewage Treatment	Total Enterprise Funds
LIABILITIES			
Current liabilities:			
Compensated absences payable	$ 1,902	$ 2,582	$ 4,484
Customer deposits payable	3,150	–	3,150
Current portion of revolving loan note payable	68,136	68,924	137,060
Accrued interest payable	1,328	10,642	11,970
Total current liabilities	74,516	82,148	156,664
Noncurrent liabilities:			
Long-term portion of compensated absences payable	7,099	10,142	17,241
Long-term portion of revolving loan note payable	150,732	1,091,055	1,241,787
Total noncurrent liabilities	157,831	1,101,197	1,259,028
Total liabilities	232,347	1,183,345	1,415,692
NET ASSETS			
Net assets:			
Invested in capital assets, net	898,219	557,342	1,455,561
Restricted	93,805	150,306	244,111
Unrestricted	52,684	25,748	78,432
Total net assets	$1,044,708	$ 733,396	$ 1,778,104

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – ALL ENTERPRISE FUNDS

Year ended December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Waterworks System	Sewage Treatment	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 255,042	$ 203,100	$ 458,142
Miscellaneous	114	–	114
Total operating revenues	255,156	203,100	458,256
Operating expenses:			
Personnel services	68,719	42,744	111,463
Contractual services	40,135	37,474	77,609
Commodities	22,186	2,982	25,168
Depreciation	27,517	52,257	79,774
Total operating expenses	158,557	135,457	294,014
Operating income	96,599	67,643	164,242
Nonoperating revenues (expense):			
Interest income	9	–	9
Interest expense	(1,416)	(32,651)	(34,067)
Total nonoperating revenue (expense)	(1,407)	(32,651)	(34,058)
Income before capital grants and transfers	95,192	34,992	130,184
Capital grants and transfers:			
Capital grants	95,176	–	95,176
Transfers to other funds	(14,149)	(10,221)	(24,370)
Total capital grants and transfers	81,027	(10,221)	70,806
Change in net assets	176,219	24,771	200,990
Net assets, beginning of year	868,489	708,625	1,577,114
Net assets, end of year	$1,044,708	$ 733,396	$ 1,778,104

The accompanying notes are an integral part of the financial statements.

CITY OF BUHLER, KANSAS

STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS
(continued on next page)

Year ended December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Waterworks System	Sewage Treatment	Total Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 252,499	$ 202,861	$ 455,360
Cash payments for materials and services	(74,557)	(40,456)	(115,014)
Cash payments to employees for services	(67,772)	(41,146)	(108,918)
Other operating cash receipts	314	–	314
Net cash provided by (used for) operating activities	110,484	121,259	231,743
Cash flows from capital and related financing activities:			
Cash received from capital grants	95,176	–	95,176
Cash received from revolving loan proceeds	218,868	–	218,868
Principal paid on revolving loan note payable	–	(67,017)	(67,017)
Interest paid on debt	(87)	(33,283)	(33,370)
Acquisition and construction of capital assets	(320,855)	(10,704)	(331,559)
Net cash provided (used) by capital and related financing activities	(6,898)	(111,004)	(117,902)
Cash flows from noncapital financing activities:			
Transfers to other funds	(14,149)	(10,221)	(24,370)
Cash flows from investing activities:			
Interest income	9	–	9
Net increase in cash and cash equivalents	89,446	34	89,480
Cash and cash equivalents, beginning of year	47,145	177,131	224,276
Cash and cash equivalents, end of year	$ 136,591	$ 177,165	$ 313,756
Cash and investments	$ 39,636	$ 26,859	$ 66,495
Restricted cash and investments	96,955	150,306	247,261
Cash and cash equivalents, end of year	$ 136,591	$ 177,165	$ 313,756

CITY OF BUHLER, KANSAS

STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS
(continued from previous page)

Year ended December 31, 2010

	Business-Type Activities – Enterprise Funds		
	Waterworks System	Sewage Treatment	Total Enterprise Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 96,799	$ 67,643	$ 164,442
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	27,517	52,257	79,774
Changes in assets and liabilities:			
Increase in accounts receivable	(2,543)	(240)	(2,783)
Decrease in accounts payable	(12,236)	–	(12,236)
Increase in compensated absences payable	947	1,599	2,546
Net cash provided by operating activities	$ 110,484	$ 121,259	$ 231,743

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The City operates under a Mayor-Council form of government consisting of an elected Mayor and five council persons and provides services to its citizens in the areas of highways and streets, water and sewer utilities, public improvement, public safety, planning and zoning, recreation and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Buhler, Kansas (the primary government) and its component units, entities for which the government is considered to be financially accountable. The component units discussed in the following paragraphs have a December 31st year-end.

Discretely presented component units

The component unit columns in the combined financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City however, the governing bodies of these component units are appointed by the City Council. The City's component units are accounted for using the same principles as the governmental fund types of the City.

1. The Buhler Public Library Board operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs.

2. The Buhler Recreation Commission operates the recreation programs in the City. The Recreation Commission may not enter into lease agreements for real and personal property without the approval of the City Council. The Recreation Commission taxes are levied under the taxing authority of the City and included as part of the City's total tax levy. These taxes are accounted for in the Recreation special revenue fund of the City. The Recreation Commission also receives funding through user fees from participants of the recreation programs.

3. The Buhler Economic Development Board was established to provide a coordinated economic development effort for the City of Buhler. The Board consists of seven members who are appointed by the City Council. The Board principally receives funding from the City of Buhler.

The following presents condensed financial information for each of the discretely presented component units. Complete fund financial statements are included in the component unit section of this annual financial report. The City's component units do not issue separate audited financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Condensed Statement of Net Assets

	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Development Board	Total
Assets:				
Cash and investments	$ 36,015	$ 29,625	$ 6,617	$ 72,257
Capital assets – equipment	12,669	–	–	12,669
Accumulated depreciation	(11,738)	–	–	(11,738)
Total assets	36,946	29,625	6,617	73,188
Liabilities:				
Accounts payable	–	–	–	–
Net Assets:				
Invested in capital assets, net	931	–	–	931
Unrestricted	36,015	29,625	6,617	72,257
Total net assets	$ 36,946	$ 29,625	$ 6,617	$ 73,188

Condensed Statement of Activities

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Develop-ment Board	Total
Buhler Public Library:								
Operating expenses	$ 21,318	$ 3,365	$12,304	$ –	(5,649)	$ –	$ –	$ (5,649)
Depreciation	754	–	–	–	(754)	–	–	(754)
Total Buhler Public Library	22,072	3,365	12,304	–	(6,403)	–	–	(6,403)
Buhler Recreation Commission:								
Operating expenses	19,565	9,507	–	–	–	(10,058)	–	(10,058)
Buhler Economic Development Board:								
Operating expenses	13,105	–	1,795	–	–	–	(11,310)	(11,310)
Total Component Units	$ 54,742	$12,872	$14,099	$ –				(27,771)
General Revenues and Transfers:								
Payment from City of Buhler					17,210	2,112	14,500	33,822
Transfer to City of Buhler					–	(2,500)	–	(2,500)
Interest earnings					112	260	23	395
Total general revenues					17,322	(128)	14,523	31,717
Change in net assets					10,919	(10,186)	3,213	3,946
Net assets, beginning of year					26,027	39,811	3,404	69,242
Net assets, end of year					$36,946	$29,625	$ 6,617	$73,188

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

The City's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net assets and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net assets presents the financial condition of the City and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected with in 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Fund – The Public Safety Fund is used to account for the resources specified for use in providing police services to the citizens of the City.

Capital Equipment Reserve Fund – The Capital Equipment Reserve Fund is used to account for the resources accumulated and payments made for the acquisition of new and replacement equipment items.

Capital Improvement Reserve Fund – The Capital Improvement Reserve Fund is used to account for the resources accumulated and payments made for the acquisition of capital assets or construction of major capital improvements not being financed by proprietary funds.

CDBG Street Project Fund – The CDBG Street Project Fund is used to account for the resources and expenditures of grant specified street improvements.

Debt Service Fund – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

Waterworks System Fund – The Waterworks System Fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

Sewage Treatment Fund – The Sewage Treatment Fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

The City also reports the following fund types:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Cash and short-term investments

Cash and short-term investments include amounts in money market accounts, savings accounts and a certificate of deposit. Investments are carried at fair value using selected basis. Cash deposits are reported at a carrying amount that approximates fair value. For purposes of the statement of cash flows, the Waterworks and Sewage Treatment funds consider all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the general fund except for investments of specific funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 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 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City and are retired from the City's Debt Service Fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund. Special assessment taxes are levied over a fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Debt Service Fund and accrued as revenues in the Statement of Net Assets. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as unearned revenue in the funds statement.

Sales tax receivable

Reno County imposes a 1% countywide local sales tax that is collected by the State and remitted to the City on a monthly basis. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end. Such taxes are available to liquidate expenditures of the current period and are accrued as revenues at year-end.

Franchise fees receivable

Franchise fees are remitted to the City on a monthly, quarterly or annual basis. Such fees are based on gross receipts by the franchisor for the remittance period. At year-end, the franchise fees based on gross receipts during the City's fiscal year have been accrued as revenues since they are considered available to liquidate expenditures of the current period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other taxes and revenues

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the state on behalf of the City at year-end are not due and receivable until the ensuing year.

Licenses, fees, fines, forfeitures, charges for services and other revenues are generally not susceptible to accrual and are recorded when received in cash.

Utility accounts receivable

The City records water revenues billed to its customers when meters are read on a monthly basis. Charges for sewage treatment and residential refuse services are billed monthly. It is not practicable to estimate unbilled service receivables at December 31, 2010 and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

Inventories and prepaid items

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenses when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of at least $500. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 2004. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Buildings and structures	40 to 50 years
Improvements other than buildings	20 to 40 years
Infrastructure (streets)	20 years
Machinery and equipment	3 to 20 years

Compensated absences

The City's policy regarding vacation permits permanent employees with two years service to earn six days vacation pay, three to ten years of service earn twelve days of vacation pay and after eleven years of service earn eighteen days vacation pay. A maximum of five days vacation time is allowed to accumulate for carryover to the next work year. Sick leave is allowed to accumulate at the rate of one half day for each full month of service with a maximum accumulation of 120 days. At termination, an employee shall be compensated for all accumulated vacation pay and all accumulated sick leave is canceled. The liabilities for accrued compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds statements only if they have matured, for example, as a result of employee termination or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount, if significant. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term liabilities for revolving loan notes payable to the Kansas Department of Health and Environment are recorded in both the Waterworks System and Sewage Treatment enterprise funds. Principal payments are deducted from the liabilities as made.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

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. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension plans

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost sharing multi-employer state-wide defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the governing body or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Reservations and designations of fund balance

The fund balance of the governmental funds include the following designations, which represent management plans that are subject to change:

Designated for subsequent year's budget – used to segregate a portion of fund balance for current resources which were included in the subsequent year's budget to be used to finance operations of the ensuing year.

Designated for debt service – used to segregate a portion of fund balance for debt service resources for the payment of general long-term debt principal and interest amounts of future years.

The net assets of the proprietary funds include the following reservations, which represent amounts that are legally segregated for a specific purpose:

Reserved for future improvements – used to segregate a portion of net assets for resources accumulated for utility system repairs and improvements.

Reserved for debt service – used to segregate a portion of net assets for resources accumulated for utility system debt service.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund and enterprise funds. The Capital Improvement Reserve, Capital Equipment Reserve, City

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Development and Centennial Program special revenue funds are exempted from budgetary requirements. 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. This process requires a notice of public hearing to amend the budget to 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 amendments to the originally adopted budget for 2010.

Kansas 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.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year. Accordingly, the actual data presented in the budgetary comparison statements can differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

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 Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

2. DEPOSITS AND INVESTMENTS (continued)

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 other policies 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. The City's allocation of investments as of December 31, 2010 is as follows:

Deposits and Investments	Percentage of Investments
Deposits with Farmers National Bank, Buhler, Kansas	100%

Custodial credit risk

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. All deposits were legally secured at December 31, 2010.

At year-end, the carrying amount of the City's deposits was $625,829 with the bank balances of such accounts being $662,914. Of the bank balances, $250,000 was covered by federal depository insurance and the remaining balance of $412,914 was covered by collateral held by the City's custodial bank in joint custody in the name of the City and its bank. The fair value of those pledged securities held by the City's custodial bank was $610,700 at December 31, 2010.

The City had cash on hand at December 31, 2010 in the amount of $50.

The City's component units' cash and investments at December 31, 2010 consisted of checking, savings and certificate of deposit accounts. At year-end, the carrying amount of the City's component units' deposits was $72,257 and the bank balances were $63,412. All of the individual component units' deposits were entirely covered by federal depository insurance at December 31, 2010.

3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2010 is as follows:

3. CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 95,431	$ –	$ –	$ 95,431
Capital assets being depreciated:				
Buildings	249,558	–	–	249,558
Improvements other than buildings	352,336	45,532	–	397,868
Infrastructure	586,767	272,962	–	859,729
Machinery and equipment	603,720	12,131	1,800	614,051
Total capital assets being depreciated	1,792,381	330,625	1,800	2,121,206
Less accumulated depreciation for:				
Buildings	136,002	7,552	–	143,554
Improvements other than buildings	314,168	6,810	–	320,978
Infrastructure	30,549	42,987	–	73,536
Machinery and equipment	460,945	36,741	1,800	495,886
Total accumulated depreciation	941,664	94,090	1,800	1,033,954
Total capital assets being depreciated, net	850,717	236,535	–	1,087,252
Governmental activities capital assets, net	$ 946,148	$ 236,535	$ –	$ 1,182,683
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 9,502	$ –	$ –	$ 9,502
Construction work in progress	99,580	330,608	–	430,188
Total capital assets not being depreciated	109,082	330,608	–	439,690
Capital assets being depreciated:				
Buildings	514,932	–	–	514,932
Improvements other than buildings	3,150,180	–	–	3,150,180
Machinery and equipment	255,580	950	–	256,528
Total capital assets being depreciated	3,920,690	950	–	3,921,640

3. CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Less accumulated depreciation for:				
Buildings	$ 206,000	$ 9,630	$ –	$ 215,630
Improvements other than buildings	1,051,433	63,558	–	1,114,991
Machinery and equipment	189,715	6,586	–	196,301
Total accumulated depreciation	1,447,148	79,774	–	1,526,922
Total capital assets being depreciated, net	2,473,542	(78,824)	–	2,394,718
Business-type activities capital assets, net	$2,582,624	$ 251,784	$ –	$2,834,408

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	$ 6,550
Public safety	9,605
Highways and streets	69,572
Culture and recreation	8,363
Total depreciation expense – governmental activities	$ 94,090
Business-type activities:	
Waterworks System	$ 27,517
Sewage Treatment	52,257
Total depreciation expense – business-type activities	$ 79,774

4. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2010:

	Outstanding January 1, 2010	Additions	Deletions	Outstanding December 31, 2010	Due Within One Year
Governmental activities					
General obligation bonds	$ 898,000	$ –	$ 63,000	$ 835,000	$ 70,000
Compensated absences	48,748	20,876	15,067	54,557	11,806
Total long-term liabilities – Governmental activities	$ 946,748	$ 20,876	$ 78,067	$ 889,557	$ 81,806

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2010	Additions	Deletions	Outstanding December 31, 2010	Due Within One Year
Business-type activities					
Revolving loan note payable	$ 237,416	$ –	$ 18,047	$ 219,369	$ 18,682
Revolving loan note payable	989,580	–	48,970	940,610	50,242
Revolving loan note payable	–	218,868	–	218,868	68,136
Compensated absences	19,178	8,197	5,650	21,725	4,484
Total long-term liabilities – Business-Type activities	$1,246,174	$ 227,065	$ 72,667	$ 1,400,572	$ 141,544

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2018. At December 31, 2010 the bonds consist of the following:

	Interest rate	Bonds outstanding
General Obligation Bonds, Series 2003, dated June 1, 2003	3.00 – 4.00%	$ 325,000
General Obligation Bonds, Series 2009, Dated May 1, 2009	2.50 – 4.50%	510,000
		$ 835,000

Remaining debt service requirements for general obligations bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31,	Principal	Interest	Total
2011	$ 70,000	$ 29,513	$ 99,513
2012	70,000	26,905	96,905
2013	80,000	24,542	104,542
2014	80,000	21,963	101,963
2015	85,000	19,542	104,542
2016	90,000	16,845	106,845
2017	95,000	13,808	108,808
2018	95,000	10,475	105,475
2019	50,000	6,975	56,975
2020	10,000	5,175	15,175
2021	10,000	4,775	14,775
2022	10,000	4,375	14,375
2023	10,000	3,975	13,975
2024	10,000	3,550	13,550
2025	10,000	3,125	13,125
2026	15,000	2,700	17,700

4. LONG-TERM DEBT (continued)

Year ending December 31,	Principal	Interest	Total
2027	$ 15,000	$ 2,025	$ 17,025
2028	15,000	1,350	16,350
2029	15,000	675	15,675
	$ 835,000	$ 202,293	$ 1,037,293

The Series 2003 bonds maturing on or after October 1, 2014 may be redeemed prior to maturity in whole or in part with selection of the bonds to be designated by the City in such equitable manner as it may determine on any interest paying date thereafter at par plus accrued interest to the date of the redemption.

The Series 2009 bonds maturing on or after October 1, 2019 may be redeemed prior to maturity in whole or in part with selection of the bonds to be designated by the City in such equitable manner as it may determine on at any time at par plus accrued interest to the date of the redemption.

Revolving loan note payable

The City Council entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing wastewater treatment plant improvements. At December 31, 2010, the principal amount of the loan agreement is $219,369 at an interest rate of 3.49%. The loan agreement provides for semiannual payments in the amount of $13,088, including principal and interest, through September 1, 2020. The debt service requirements for the loan will be provided from resources available in the Sewage Treatment Fund.

Annual debt service requirements to maturity for the loan agreement are as follows:

Year ending December 31,	Principal	Interest	Total
2011	$ 18,682	$ 7,494	$ 26,176
2012	19,340	6,836	26,176
2013	20,020	6,156	26,176
2014	20,725	5,451	26,176
2015	21,454	4,722	26,176
2016	22,210	3,966	26,176
2017	22,992	3,184	26,176
2018	23,801	2,375	26,176
2019	24,639	1,537	26,176
2020	25,506	670	26,176
	$ 219,369	$ 42,391	$ 261,760

In October 2005, the City Council entered into a second loan agreement with the KDHE for financing additional wastewater facility improvements including a new bar screen, aerated digester, sludge building, sludge dewatering equipment, and other various improvement at the wastewater plant. The maximum loan commitment under the agreement as of May 15, 2006 is $1,139,707 at an interest rate of 2.58%. The loan agreement provides for semiannual payments in the amount of $37,062, including interest, beginning September 1, 2007 with final payment due March 1, 2026. At December 31, 2010, the principal amount of the loan agreement is $940,610.

4. LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for the loan agreement are as follows:

Year ending December 31,	Principal	Interest	Total
2011	$ 50,242	$ 23,882	$ 74,124
2012	51,547	22,577	74,124
2013	52,886	21,238	74,124
2014	54,259	19,865	74,124
2015	55,668	18,456	74,124
2016	57,113	17,011	74,124
2017	58,956	15,168	74,124
2018	60,118	14,006	74,124
2019	61,679	12,445	74,124
2020	63,280	10,844	74,124
2021	64,923	9,201	74,124
2022	66,609	7,515	74,124
2023	68,339	5,785	74,124
2024	70,113	4,011	74,124
2025	71,934	2,190	74,124
2026	32,944	757	33,701
	$ 940,610	$ 204,951	$ 1,145,561

The City Council entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing waterworks system plant improvements. The total loan commitment for the water project is $2,038,095. At December 31, 2010, the principal amount of the loan agreement is $218,868 at an interest rate of 2.63%. The loan agreement provides for semiannual payments in the amount of $72,108, including principal and interest, through August 1, 2012 with a final payment due on February 1, 2013. The debt service requirements for the loan will be provided from resources available in the Waterworks System Fund.

Annual debt service requirements to maturity for the loan agreement are as follows:

Year ending December 31,	Principal	Interest	Total
2011	$ 68,136	$ 3,972	$ 72,108
2012	140,004	4,212	144,216
2013	10,728	195	10,923
	$ 218,868	$ 8,379	$ 227,247

The City has pledged future waterworks system customer revenues, sewage treatment customer revenues, or levy ad valorem taxes without limitation, to produce amounts which are sufficient to pay (a) the cost of operation and maintenance of the system, (b) pay the principal of and interest on the loans as when the same become due, and (c) pay all other amounts due at any time under the loan agreements. Annual principal and interest payments on the loans are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the loans is $1,634,568. Principal and interest paid for the current year and total customer net revenues were $100,300 and $458,256, respectively.

4. LONG-TERM DEBT (continued)

Conduit debt

The City has issued limited-obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith and credit of the City of Buhler, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2010:

	Debt Outstanding January 1, 2010	Additions	Deletions	Debt Outstanding December 31, 2010
Buhler Sunshine Home, Inc. Refunding Revenue Bond Series 2001	$ 2,671,145	$ –	$157,870	$ 2,513,275

5. CAPITAL PROJECT AUTHORIZATIONS

At December 31, 2010, individual capital project authorizations compared with project expenditures from inception, are as follows:

	Project authorization	Expenditures project inception to December 31, 2010
Water Quality Improvements	$ 2,620,095	$ 1,605,827
CDBG Street Improvements	297,579	297,579

The Water Quality Improvements activities are reported within the Waterworks System Fund the CDBG Street Improvements are reported in the CDBG Street Project Fund.

6. WATER AND SEWER REPLACEMENT RESERVES

Applicable state statutes permit the governing body to legally restrict a portion of operating revenue to be used for future replacement of the water and sewer systems. Net assets have been reserved for the portion of assets legally restricted for future water and sewer system replacements.

7. PENSION PLAN

Plan description

The City 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

7. PENSION PLAN (continued)

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 Avenue, Suite 100, Topeka, Kansas 66603.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and at 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS 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 the period from January 1, 2010 to December 31, 2010 was 7.14%. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. From April 1, 2010 through June 30, 2010 there was a moratorium on the collection of the premium for Group Death and Disability Insurance. The City's contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were $24,254, $21,496 and $19,940, respectively, equal to the statutory required contributions for each year.

8. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund is as follows:

Fund	Transfers In	Transfers Out
Major Funds:		
General	$ –	$ 38,435
Public Safety	–	11,700
Capital Equipment Reserve	10,500	–
Capital Improvement Reserve	22,410	–
Waterworks System	–	14,149
Sewage Treatment	–	10,221
Total transfers for major funds	32,910	74,505
Nonmajor Funds:		
Special Highway	–	938
Employee Benefits	46,470	–
Cemetery	–	975
Street Maintenance and Improvement	–	2,962
Total transfers for nonmajor funds	46,470	4,875
Total transfers	$ 79,380	$ 79,380

8. INTERFUND TRANSFERS (continued)

Nonroutine transfers from the General Fund to the Capital Equipment Reserve Fund and Capital Improvement Reserve Fund in the amounts of $22,410 and $10,500, respectively, reflect operating resources for establishment of reserves in the Capital Improvement Reserve and Capital Equipment Reserve funds.

Routine transfers are made from all funds to which payroll is charged for employee benefit costs and were made from the General, Public Safety, Special Highway, Cemetery, Street Maintenance and Improvement, Waterworks System and Sewage Treatment funds in the amounts of $5,525, $11,700, $938, $975, $2,962, $14,149 and $10,221, respectively.

9. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, 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 their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

10. COMMITMENTS AND CONTINGENCIES

The City has been notified by the Kansas Department of Health and Environment (KDHE) that the drinking water delivered to its customers is exceeding the maximum contaminant level established for arsenic in public water supply systems, a violation of Kansas Administrative Regulations. KDHE issued a letter dated July 11, 2008 to the City directing the City to address the violations. Only July 29, 2008, the City Council aproved an engineering firm to devleop a feasibility plan to address the aresenic contamination in the City's water supply and to provide new sources of water supply. The City Council awarded a contract for construction of a new water treatment facility, including aresenic filtering equipment, on November 9, 2010. The City has outstanding commitments for engineering and construction services at December 31, 2010 related to this project in the amount of $1,291,783.

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COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Special Highway Fund – to account for the state shared tax for the construction, reconstruction or maintenance of streets.

Employee Benefits Fund – to account for the funding of the employer portion of unemployment compensation, workers' compensation, social security taxes, Medicare taxes, health insurance, life insurance and pension contributions for employees of the City.

Recreation Fund – to account for the taxes levied for the funding for the operation of recreation programs of the Buhler Recreation Commission.

Library Fund – to account for the taxes levied for the funding for the operation of the public library.

Cemetery Fund – to account for the financing of the operations and maintenance of the City cemeteries.

Street Maintenance and Improvement Fund – to account for the taxes levied for street maintenance and improvement programs of the City.

City Development Fund – to account for public donations for use in City development activities.

Centennial Program Fund – to account for public donations specified for use in City centennial activities.

CITY OF BUHLER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Highway	Employee Benefits	Recreation	Library	Cemetery	Street Maintenance and Improvement	City Development	Centennial Program	Total Nonmajor Special Revenue Funds
ASSETS									
Cash and short-term investments	$ 4,686	$ 21,327	$ –	$ –	$ 5,164	$ 7,850	$ 1,500	$ –	$ 40,527
Taxes receivable	–	23,483	9,089	35,332	9,647	74,935	–	–	152,486
Total assets	$ 4,686	$ 44,810	$ 9,089	$ 35,332	$ 14,811	$ 82,785	$ 1,500	$ –	$ 193,013
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Deferred revenue	–	23,483	9,089	35,332	9,647	74,935	–	–	152,486
Total liabilities	–	23,483	9,089	35,332	9,647	74,935	–	–	152,486
Fund balances:									
Unreserved:									
Designated for subsequent years' expenditures	4,686	20,320	–	–	4,358	6,112	–	–	35,476
Undesignated	–	1,007	–	–	806	1,738	1,500	–	5,051
Total fund balances	4,686	21,327	–	–	5,164	7,850	1,500	–	40,527
Total liabilities and fund balances	$ 4,686	$ 44,810	$ 9,089	$ 35,332	$ 14,811	$ 82,785	$ 1,500	$ –	$ 193,013

CITY OF BUHLER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2010

	Special Highway	Employee Benefits	Recreation	Library	Cemetery	Street Maintenance and Improvement	City Development	Centennial Program	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes	$ –	$ 41,179	$ 11,827	$ 38,475	$ 10,023	$ 66,157	$ –	$ –	$ 167,661
Intergovernmental	41,100	–	–	–	–	–	–	–	41,100
Charges for services	–	–	–	–	4,125	–	–	–	4,125
Use of money and property	–	–	–	–	1,200	–	–	–	1,200
Reimbursements	–	2,554	–	–	–	390	–	–	2,944
Miscellaneous	–	–	–	–	–	–	1,500	–	1,500
Total revenues	41,100	43,733	11,827	38,475	15,348	66,547	1,500	–	218,530
Expenditures:									
General government	–	18,094	–	–	15,655	–	–	–	33,749
Public Safety	–	33,009	–	–	–	–	–	–	33,009
Highways and streets	39,846	9,280	–	–	–	65,579	–	–	114,705
Culture and recreation	–	18,662	11,984	38,870	–	–	–	321	69,837
Total expenditures	39,846	79,045	11,984	38,870	15,655	65,579	–	321	251,300
Revenues over (under) expenditures	1,254	(35,312)	(157)	(395)	(307)	968	1,500	(321)	(32,770)
Other financing sources (uses):									
Transfers in	–	46,470	–	–	–	–	–	–	46,470
Transfers out	(938)	–	–	–	(975)	(2,962)	–	–	(4,875)
Total other financing sources (uses)	(938)	46,470	–	–	(975)	(2,962)	–	–	41,595
Net change in fund balances	316	11,158	(157)	(395)	(1,282)	(1,994)	1,500	(321)	8,825
Fund balances, beginning of year	4,370	10,169	157	395	6,446	9,844	–	321	31,702
Fund balances, end of year	$ 4,686	$ 21,327	$ –	$ –	$ 5,164	$ 7,850	$ 1,500	$ –	$ 40,527

CITY OF BUHLER, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 43,680	$ 43,680	$ 41,100	$ (2,580)
Expenditures and other uses:				
Personal services	9,500	9,500	2,132	7,368
Contractual services	30,856	30,856	20	30,836
Commodities	5,000	5,000	18,038	(13,038)
Capital outlay	–	–	19,656	(19,656)
Transfers out	938	938	938	–
Total expenditures and other uses	46,294	46,294	40,784	5,510
Revenues over expenditures and other uses	(2,614)	(2,614)	316	2,930
Fund balance, beginning of year	2,614	2,614	4,370	1,756
Fund balance, end of year	$ –	$ –	$ 4,686	$ 4,686

CITY OF BUHLER, KANSAS

EMPLOYEE BENEFITS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	$ 41,373	$ 41,373	$ 41,179	$ (194)
Reimbursements	–	–	2,554	2,554
Miscellaneous	3,400	3,400	–	(3,400)
Transfers in	54,800	54,800	46,470	(8,330)
Total revenues and other sources	99,573	99,573	90,203	(9,370)
Expenditures:				
Personal services	108,320	108,320	79,045	29,275
Revenues and other sources over (under) expenditures	(8,747)	(8,747)	11,158	19,905
Fund balance, beginning of year	8,747	8,747	10,169	1,422
Fund balance, end of year	$ –	$ –	$ 21,327	$ 21,327

CITY OF BUHLER, KANSAS

RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 11,859	$ 11,859	$ 11,827	$ (32)
Expenditures:				
Personal services	10,100	10,100	9,146	954
Contractual services	–	–	104	(104)
Commodities	–	–	622	(622)
Appropriations to Recreation Commission	2,000	2,000	2,112	(112)
Total expenditures	12,100	12,100	11,984	116
Revenues over (under) expenditures	(241)	(241)	(157)	84
Fund balance, Beginning of year	241	241	157	(84)
Fund balance, end of year	$ –	$ –	$ –	$ –

CITY OF BUHLER, KANSAS

LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 38,684	$ 38,684	$ 38,475	$ (209)
Expenditures:				
Personal services	23,298	23,298	20,122	3,176
Contractual services	–	–	1,538	(1,538)
Appropriation to Library Board	16,146	16,146	17,210	(1,064)
Total expenditures	39,444	39,444	38,870	574
Revenues over (under) expenditures	(760)	(760)	(395)	365
Fund balance, Beginning of year	760	760	395	(365)
Fund balance, end of year	$ –	$ –	$ –	$ –

CITY OF BUHLER, KANSAS

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 10,155	$ 10,155	$ 10,023	$ (132)
Charges for services	7,000	7,000	4,125	(2,875)
Use of money and property	–	–	1,200	1,200
Total revenues	17,155	17,155	15,348	(1,807)
Expenditures:				
Personal services	12,000	12,000	12,194	(194)
Contractual services	2,200	2,200	1,711	489
Commodities	2,500	2,500	1,750	750
Capital outlay	3,090	3,090	–	3,090
Transfers out	975	975	975	–
Total expenditures and other uses	20,765	20,765	16,630	4,135
Revenues over (under) expenditures and other uses	(3,610)	(3,610)	(1,282)	2,328
Fund balance, beginning of year	3,610	3,610	6,446	2,836
Fund balance, end of year	$ –	$ –	$ 5,164	$ 5,164

CITY OF BUHLER, KANSAS

STREET MAINTENANCE AND IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 66,524	$ 66,524	$ 66,157	$ (367)
Reimbursements	–	–	390	390
Total revenues	66,524	66,524	66,547	23
Expenditures:				
Personal services	30,000	30,000	31,125	(1,125)
Contractual services	36,976	36,976	4,065	32,911
Commodities	5,000	5,000	2,836	2,164
Capital outlay	–	–	27,553	(27,553)
Transfers out	2,962	2,962	2,962	–
Total expenditures and other uses	74,938	74,938	68,541	6,397
Revenues over (under) expenditures and other uses	(8,414)	(8,414)	(1,994)	6,420
Fund balance, beginning of year	8,414	8,414	9,844	1,430
Fund balance, end of year	$ –	$ –	$ 7,850	$ 7,850

CITY OF BUHLER, KANSAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 29,775	$ 29,775	$ 29,619	$ (156)
Special assessments	71,800	71,800	76,416	4,616
Total revenues and other sources	101,575	101,575	106,035	4,460
Expenditures and other uses:				
Bond principal	63,000	63,000	63,000	–
Bond interest and commission	40,500	40,500	39,739	761
Cash basis reserve	5,000	5,000	–	5,000
Total expenditures and other uses	108,500	108,500	102,739	5,761
Revenues over (under) expenditures and other uses	(6,925)	(6,925)	3,296	10,221
Fund balance, beginning of year	6,925	6,925	9,874	2,949
Fund balance, end of year	$ –	$ –	$ 13,170	$ 13,170

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Waterworks System Fund – to account for the operation of municipal water utility including water supply, treatment and distribution.

Sewage Treatment Fund – to account for the operation of sewer utility including the collection and treatment of wastewater.

CITY OF BUHLER, KANSAS

WATERWORKS SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 230,500	$ 230,500	$ 252,501	$ 22,001
Use of money and property	150	150	9	(141)
Miscellaneous	250	250	145	(105)
Total revenues	230,900	230,900	252,655	21,755
Expenditures and other uses:				
Personnel services	72,000	72,000	67,773	4,227
Contractual services	36,000	36,000	38,903	(2,903)
Commodities	30,264	30,264	22,186	8,078
Capital outlay	15,075	15,075	–	15,075
Miscellaneous	350	350	–	350
Transfers out	111,200	111,200	107,181	4,019
Total expenditures and other uses	264,889	264,889	236,043	28,846
Revenues over (under) expenditures and other uses	(33,989)	(33,989)	16,612	50,601
Fund balance, beginning of year	33,989	33,989	43,859	9,870
Fund balance, end of year	$ –	$ –	$ 60,471	$ 60,471

CITY OF BUHLER, KANSAS

SEWAGE TREATMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BALANCES – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 213,010	$ 213,010	$ 202,860	$ (10,150)
Expenditures and other uses:				
Personnel services	58,500	58,500	41,146	17,354
Contractual services	28,850	28,850	25,612	3,238
Commodities	8,270	8,270	2,982	5,288
Capital outlay	15,588	15,588	–	15,588
Transfers out	139,820	139,820	131,541	8,279
Total expenditures and other uses	251,028	251,028	201,281	49,747
Revenues over (under) expenditures and other uses	(38,018)	(38,018)	1,579	39,597
Fund balance, beginning of year	38,018	38,018	47,295	9,277
Fund balance, end of year	$ –	$ –	$ 48,874	$ 48,874

COMPONENT UNITS

Buhler Public Library

The Buhler Public Library is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, charges for services and donations from the public. The following funds are used to account for the operations of the Buhler Public Library:

Library General Fund – to account for moneys held directly by the Library Board and made available as needed to assist in financing the operations of the public library.

Buhler Recreation Commission

The Buhler Recreation Commission is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Recreation Commission is appointed by the City Council and operates the recreation programs of the City. The Recreation Commission taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Recreation Commission special revenue fund of the City. The Recreation Commission also receives funding through participant fees and concession sales at the activities sponsored by the Recreation Commission. The following funds are used to account for the operations of the Buhler Recreation Commission:

Recreation Commission General Fund – to account for moneys held directly by the Recreation Commission and made available as needed to provide financing of the recreation program activities.

Buhler Economic Development Board

The Buhler Economic Development Board Commission is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Economic Development Board is appointed by the City Council and provides economic development efforts within the City. Resources are provided through City Council appropriation from the City's General Fund. The Buhler Economic Development Board also periodically receives funding form private donations and grants made available through public and private sources.

CITY OF BUHLER, KANSAS

COMBINING BALANCE SHEET – COMPONENT UNITS

December 31, 2010

	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Development Board	Total
ASSETS				
Cash and investments	$ 36,015	$ 29,625	$ 6,617	$ 72,257
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ –	$ –	$ –	$ –
Fund balances:				
Unreserved:				
Designated for subsequent years' expenditures	–	29,373	–	29,373
Undesignated	36,015	252	6,617	42,884
Total fund balances	36,015	29,625	6,617	72,257
Total liabilities and fund balances	$ 36,015	$ 29,625	$ 6,617	$ 72,257
Reconciliation to total net assets:				
Total fund balances per above				$ 72,257
Add capital assets				12,669
Less accumulated depreciation on capital assets				(11,738)
Total net assets				$ 73,188

CITY OF BUHLER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – COMPONENT UNITS

Year ended December 31, 2010

	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Development Board	Total
Revenues:				
Appropriation from City of Buhler	$ 17,210	$ 2,112	$ 14,500	$ 33,822
Intergovernmental	6,759	–	–	6,759
Charges for services	3,365	9,507	–	12,872
Use of money and property	112	260	23	395
Miscellaneous	5,545	–	1,795	7,340
Total revenues	32,991	11,879	16,318	61,188
Expenditures and other uses:				
Contractual services	7,408	–	12,897	20,305
Commodities	12,980	19,565	208	32,753
Capital outlay	1,238	–	–	1,238
Appropriation to City of Buhler	–	2,500	–	2,500
Total expenditures and other uses	21,626	22,065	13,105	56,796
Net change in fund balance	11,365	(10,186)	3,213	4,392
Fund balances, beginning of year	24,650	39,811	3,404	67,865
Fund balances, end of year	$ 36,015	$ 29,625	$ 6,617	$ 72,257

Reconciliation of change in net assets:	
Net change in fund balances per above	$ 4,392
Add current year assets capitalized	308
Less current year depreciation on capital assets	(754)
Change in net assets	$ 3,946

CITY OF BUHLER, KANSAS

BUHLER RECREATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Appropriation from City of Buhler	$ 2,100	$ 2,100	$ 2,112	$ 12
Charges for services	5,000	5,000	9,507	4,507
Interest earnings	450	450	260	(190)
Total revenues	7,550	7,550	11,879	4,329
Expenditures and other uses:				
Contractual services	3,500	3,500	–	3,500
Commodities	8,000	8,000	19,565	(11,565)
Capital outlay	30,531	30,531	–	30,531
Appropriation to City of Buhler	–	–	2,500	(2,500)
Total expenditures and other uses	42,031	42,031	22,065	19,966
Revenues over (under) expenditures	(34,481)	(34,481)	(10,186)	24,295
Fund balance, beginning of year	34,481	34,481	39,811	5,330
Fund balance, end of year	$ –	$ –	$ 29,625	$ 29,625