

CITY OF BUCKLIN, KANSAS  
PRIMARY GOVERNMENT  
STATUTORY BASIS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

CITY OF BUCKLIN, KANSAS  
PRIMARY GOVERNMENT STATUTORY BASIS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the summary statement of cash receipts, expenditures and unencumbered cash of the City of Bucklin, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

As described in Note 1, the City has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the discretely presented component units of the City of Bucklin, Kansas, and because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of the City of Bucklin, Kansas, as of December 31, 2011, or the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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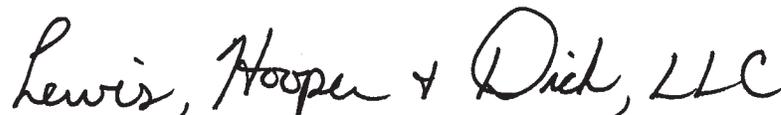
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Further, in our opinion, the primary government financial statement as discussed above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the primary government of the City of Bucklin, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the primary government financial statement. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the primary government's statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

The 2010 actual columns presented in the individual fund schedules of cash receipts and expenditures (Schedule 2's as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2010 financial statement upon which we rendered an unqualified opinion dated June 6, 2011. The 2010 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards, at the following link <http://www.da.ks.gov/ar/muniserv/EAuditAccept.htm>. Such 2010 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The 2010 comparative information was subjected to the auditing procedures applied in the audit of the 2010 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2010 financial statements or to the 2010 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2010 comparative information is fairly stated in all material respects in relation to the 2010 financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



LEWIS, HOOPER & DICK, LLC

July 3, 2012

CITY OF BUCKLIN, KANSAS  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended December 31, 2011

Funds	Unencumbered Cash (Deficit) 1/1/11	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash (Deficit) 12/31/11	Add Payables and Encumbrances	Treasurer's Cash 12/31/11
<b>Governmental Type Funds</b>						
General	\$ 150,266	\$ 403,380	\$ 446,209	\$ 107,437	\$ 10,422	\$ 117,859
Special Revenue Funds:						
Special Highway	67,591	20,629	-	88,220	-	88,220
Library	-	52,892	52,892	-	-	-
Equipment Reserve	41,779	5,000	14,103	32,676	-	32,676
Capital Improvement Reserve	5,096	-	-	5,096	-	5,096
Pool Development	2,163	-	2,163	-	-	-
Fire Equipment Reserve	28	7,200	7,212	16	-	16
Total special revenue funds	116,657	85,721	76,370	126,008	-	126,008
Debt Service Funds:						
Bond and Interest	26,439	146,623	145,334	27,728	-	27,728
<b>Enterprise Funds</b>						
Water Utility:						
General	163,052	204,770	169,334	198,488	-	198,488
Customer Deposits	4,403	1,950	2,600	3,753	-	3,753
Water Depreciation Reserve	72,289	159,997	-	232,286	-	232,286
Water Project	(52,095)	52,095	-	-	-	-
Sewer Utility:						
General	16,758	37,496	50,965	3,289	-	3,289
Sewer Bond and Interest	109,376	43,174	-	152,550	-	152,550
Sewer Depreciation Reserve	92,204	-	-	92,204	-	92,204
Waste Water Project	(35,618)	35,618	-	-	-	-
Total enterprise funds	370,369	535,100	222,899	682,570	-	682,570
Total all funds	\$ 663,731	\$ 1,170,824	\$ 890,812	\$ 943,743	\$ 10,422	\$ 954,165
Composition of Cash:						
Farmers State Bank					\$ 324,756	
Bucklin National Bank					306,793	
Deposits in transit					100	
Outstanding checks					(2,192)	
Total cash in bank						\$ 629,457
Investments						324,558
Petty cash						150
Total cash						\$ 954,165

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

1. Summary of significant accounting policies

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

A. Financial reporting entity

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

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

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

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

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

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

C. Waiver of financial reporting requirements

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

1. Summary of significant accounting policies (continued)

D. Departure from accounting principles generally accepted in the United States of America

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

E. Fund accounting

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

Governmental Funds

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

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

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

Proprietary Funds

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

F. Cash and investments

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

1. Summary of significant accounting policies (continued)

G. Property taxes and special assessments

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

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

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

H. Compensated absences

The City's policy is to recognize the costs of compensated absences when actually paid. The City has determined there is \$3,493 of accumulated leave payable at December 31, 2011.

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

I. Interfund transactions

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

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

J. Reimbursements

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

1. Summary of significant accounting policies (continued)

K. Memorandum totals

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

2. Stewardship, compliance and accountability

A. Budgetary information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2011.

The legal level of budgetary control is the fund level. The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

2. Stewardship, compliance and accountability (continued)

B. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the City. No known violations occurred.

3. Detailed notes on all funds

A. Deposits and investments

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

Cash on hand	\$ 150
Carrying amount of deposits	<u>954,015</u>
Total cash	<u><u>\$ 954,165</u></u>

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

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

Concentration of credit risk

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

Custodial credit risk - deposits

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Custodial credit risk – deposits (continued)

At December 31, 2011, the City's carrying amount of deposits was \$954,015 and the bank balance was \$956,107. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$683,751 was covered by federal depository insurance and \$272,356 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits by financial institution and category of coverage at year end are as follows:

	Bucklin National Bank	Farmer's State Bank
FDIC Coverage	\$ 430,531	\$ 253,220
Pledged securities at market value	613,791	329,677
Total coverage	\$ 1,044,322	\$ 582,897
Funds on deposit	\$ 475,626	\$ 480,481
Funds at risk	\$ -	\$ -

Credit risk - investments

Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2011.

B. Interfund transfers

Interfund operating transfers are as follows:

	From	To	Statutory Authority		
General		Fire Equipment Reserve	12-1117	\$	7,200
Water Utility		Equipment Reserve	12-825d		5,000
Water Utility		Bond and Interest	12-825d		106,820
Water Utility		Water Depreciation Reserve	12-825d		10,000
Total				\$	129,020

C. Capital projects in process

Capital project authorizations with approved change orders compared to disbursements and accounts payable from inceptions at December 31, 2011, are as follows:

	Project Authorization	Disbursements and Accounts Payable to Date	Committed
Street sealing	\$ 35,052	\$ 35,052	\$ -

Subsequent to December 31, 2011, the City entered into a contract for street sealing with a total project cost of \$40,061.

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

3. Detailed notes on all funds (continued)

D. Long-term debt

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

	Date of Issue	Maximum Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/11	Additions	Reductions/ Payments	Net Change	Balance 12/31/11	Interest Paid
General obligation bonds payable:										
Series A, 2008	02/27/08	4.125%	2/15/48	\$ 1,301,000	\$ 1,287,016	\$ -	\$ 14,561		\$ 1,272,455	\$ 53,089
Series B, 2008	02/27/08	4.375%	2/27/48	470,000	460,752	-	4,929		455,823	20,158
Total general obligation bonds payable				1,771,000	1,747,768	-	19,490		1,728,278	
KDHE loans payable:										
Kansas Water Pollution Control Revolving Loan										
	03/01/01	3.01%	09/01/20	206,668	119,358	-	10,275		109,083	3,808
Kansas Water Pollution Control Revolving Loan										
	10/27/09	2.72%	03/01/21	-	552,557	-	25,833		526,724	12,681
Total KDHE loans payable				206,668	671,915	-	36,108		635,807	
Temporary notes payable:										
Firefighters Relief Association										
	10/12/04	1.00%	10/01/19	100,000	61,781	-	6,595		55,186	618
Capital leases payable:										
OshKosh Fire Truck										
	10/12/04	7.90%	10/01/19	46,278	21,085	-	4,915		16,170	988
Employee compensated absences payable:										
Accrued sick leave (net change)										
					3,448			\$ 45	3,493	
Total long-term debt				\$ 2,123,946	\$ 2,505,997	\$ -	\$ 67,108	\$ 45	\$ 2,438,934	\$ 91,342

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

	Year										Total		
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041		2042-2046	2047-2048
Principal:													
General obligation bonds payable	\$ 20,306	\$ 21,157	\$ 22,043	\$ 22,986	\$ 23,898	\$ 135,540	\$ 166,413	\$ 204,325	\$ 250,877	\$ 308,044	\$ 378,249	\$ 174,430	\$ 1,728,278
KDHE loans payable	59,909	61,608	63,355	65,152	67,000	318,783	-	-	-	-	-	-	635,807
Temporary notes payable	6,661	6,727	6,794	6,862	6,931	21,211	-	-	-	-	-	-	55,186
Capital leases payable	5,145	5,386	5,640	-	-	-	-	-	-	-	-	-	16,171
Total principal	92,021	94,878	97,832	94,980	97,859	475,534	166,413	204,325	250,877	308,044	378,249	174,430	2,435,442
Interest:													
General obligation bonds payable	72,431	71,580	70,694	69,771	68,809	328,142	297,271	259,361	212,810	155,642	85,436	11,045	1,702,992
KDHE loans payable	17,464	15,765	14,018	12,221	10,373	22,367	-	-	-	-	-	-	92,198
Temporary notes payable	552	485	418	350	281	425	-	-	-	-	-	-	2,511
Capital leases payable	758	517	295	-	-	-	-	-	-	-	-	-	1,549
Total interest	91,205	89,347	85,395	82,342	79,463	350,924	297,271	259,361	212,810	155,642	85,436	11,045	1,799,241
Total principal and interest	\$ 183,226	\$ 183,225	\$ 183,227	\$ 177,322	\$ 177,322	\$ 826,458	\$ 463,684	\$ 463,686	\$ 463,687	\$ 463,686	\$ 463,685	\$ 185,475	\$ 4,234,683

Legal debt margin

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

4. Other information

A. Risk management

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

CITY OF BUCKLIN, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2011

4. Other information (continued)

B. Commitments and contingencies

Grant audits

The City participates in federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors, their representatives and/or the Single Audit Act requirements. As of December 31, 2011, there were no material questioned or disallowed costs as a result of grant audits completed or in process.

C. Post-employment health care benefits

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

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

D. Defined benefit pension plan

Plan description: The City of Bucklin, Kansas, participates in the Kansas Public Employees Retirement System ("KPERS"), a cost sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 is 7.74%. The City of Bucklin, Kansas, employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009, were \$8,429, \$7,343, and \$6,109, respectively, equal to the required contributions for each year as set forth by the legislature.

E. Related party transactions

The City purchases goods and services from a business operated by a City Council member. The City paid this business \$4,494 during the year ended December 31, 2011.

SUPPLEMENTAL SCHEDULES

CITY OF BUCKLIN, KANSAS  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over (Under)</u>
<u>Governmental Type Funds</u>			
General	\$ 468,471	\$ 446,209	\$ (22,262)
Special Revenue Funds:			
Special Highway	115,905	-	(115,905)
Library	55,666	52,892	(2,774)
Equipment Reserve	66,734	14,103	(52,631)
Capital Improvement Reserve	13,022	-	(13,022)
Pool Development	12,078	2,163	(9,915)
Fire Equipment Reserve	7,213	7,212	(1)
Debt Service Funds:			
Bond and Interest	238,356	145,334	(93,022)
<u>Enterprise Funds</u>			
Water Utility:			
General	251,820	169,334	(82,486)
Customer Deposits	5,646	2,600	(3,046)
Water Depreciation Reserve	72,289	-	(72,289)
Sewer Utility:			
General	70,083	50,965	(19,118)
Sewer Depreciation Reserve	112,204	-	(112,204)

CITY OF BUCKLIN, KANSAS  
 General Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
<b>Administration:</b>				
Taxes	\$ 269,312	\$ 292,096	\$ 264,003	\$ 28,093
Franchises	38,991	30,229	25,000	5,229
Licenses and permits	386	365	600	(235)
Interest on investments	8,976	7,347	6,700	647
Refunds and miscellaneous	3,499	2,168	4,000	(1,832)
<b>Total administration</b>	<b>321,164</b>	<b>332,205</b>	<b>300,303</b>	<b>31,902</b>
Parks and pool	3,082	4,759	2,200	2,559
Refuse fees	65,313	63,482	84,000	(20,518)
Police and police court	13,151	2,934	3,900	(966)
<b>Total cash receipts</b>	<b>402,710</b>	<b>403,380</b>	<b>\$ 390,403</b>	<b>\$ 12,977</b>
<b>Expenditures:</b>				
<b>General administration:</b>				
Personal services	133,214	136,828	\$ 130,000	\$ 6,828
Contractual services	55,142	59,109	56,500	2,609
Commodities	20,069	20,595	25,000	(4,405)
Capital outlay	-	-	7,500	(7,500)
<b>Total general administration</b>	<b>208,425</b>	<b>216,532</b>	<b>219,000</b>	<b>(2,468)</b>
<b>Streets:</b>				
Contractual services	17,183	44,601	1,500	43,101
Commodities	29,780	39,930	72,521	(32,591)
Capital outlay	-	-	5,000	(5,000)
<b>Total streets</b>	<b>46,963</b>	<b>84,531</b>	<b>79,021</b>	<b>5,510</b>
<b>Fire:</b>				
Personal services	(49)	97	-	97
Commodities	254	-	4,000	(4,000)
Capital outlay	-	-	1,500	(1,500)
<b>Total fire</b>	<b>205</b>	<b>97</b>	<b>5,500</b>	<b>(5,403)</b>
<b>Parks:</b>				
Personal services	12,341	26,838	16,500	10,338
Contractual services	3,238	4,230	2,500	1,730
Commodities	12,005	14,305	7,000	7,305
Capital outlay	-	1,294	15,000	(13,706)
<b>Total parks</b>	<b>27,584</b>	<b>46,667</b>	<b>41,000</b>	<b>5,667</b>

(continued)

CITY OF BUCKLIN, KANSAS  
 General Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
(continued)				
Expenditures:				
Street lighting:				
Contractual services	\$ 23,452	\$ 21,871	\$ 25,000	\$ (3,129)
Refuse utility:				
Contractual services	66,330	63,250	77,000	(13,750)
Commodities	24	-	-	-
Total refuse utility	66,354	63,250	77,000	(13,750)
Police:				
Personal services	10,707	4,314	8,250	(3,936)
Contractual services	5,378	628	1,500	(872)
Commodities	4,875	1,119	1,500	(381)
Capital outlay	-	-	3,500	(3,500)
Total police	20,960	6,061	14,750	(8,689)
Operating transfers out:				
Fire Equipment Reserve	7,200	7,200	7,200	-
Total expenditures	401,143	446,209	\$ 468,471	\$ (22,262)
Receipts over (under) expenditures	1,567	(42,829)		
Unencumbered cash, beginning of year	148,699	150,266		
Unencumbered cash, end of year	\$ 150,266	\$ 107,437		

CITY OF BUCKLIN, KANSAS  
Special Highway Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
State of Kansas - gas tax	\$ 20,344	\$ 20,629	\$ 19,950	\$ 679
Expenditures:				
Contractual services	55,554	-	\$ 104,905	\$ (104,905)
Commodities	4,954	-	11,000	(11,000)
Total expenditures	60,508	-	\$ 115,905	\$ (115,905)
Receipts over (under) expenditures	(40,164)	20,629		
Unencumbered cash, beginning of year	107,755	67,591		
Unencumbered cash, end of year	\$ 67,591	\$ 88,220		

CITY OF BUCKLIN, KANSAS  
 Library Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes	\$ 53,646	\$ 52,892	\$ 54,296	\$ (1,404)
Expenditures:				
Distribution to treasurer	53,646	52,892	\$ 55,666	\$ (2,774)
Receipts over expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

CITY OF BUCKLIN, KANSAS  
 Equipment Reserve Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from Water Utility	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Expenditures:				
Equipment	45,858	14,103	\$ 66,734	\$ (52,631)
Receipts under expenditures	(40,858)	(9,103)		
Unencumbered cash, beginning of year	82,637	41,779		
Unencumbered cash, end of year	\$ 41,779	\$ 32,676		

CITY OF BUCKLIN, KANSAS  
 Capital Improvement Reserve Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

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

CITY OF BUCKLIN, KANSAS  
 Pool Development Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Interest on investments	\$ 85	\$ -	\$ -	\$ -
Donations	-	-	5,000	(5,000)
Total cash receipts	85	-	\$ 5,000	\$ (5,000)
Expenditures:				
Contractual	-	2,163	\$ 12,078	\$ (9,915)
Receipts over (under) expenditures	85	(2,163)		
Unencumbered cash, beginning of year	2,078	2,163		
Unencumbered cash, end of year	\$ 2,163	\$ -		

CITY OF BUCKLIN, KANSAS  
 Fire Equipment Reserve Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from General	\$ 7,200	\$ 7,200	\$ 7,200	\$ -
Expenditures:				
Equipment and temporary notes	7,212	7,212	\$ 7,213	\$ (1)
Receipts under expenditures	(12)	(12)		
Unencumbered cash, beginning of year	40	28		
Unencumbered cash, end of year	\$ 28	\$ 16		

CITY OF BUCKLIN, KANSAS  
 Bond and Interest Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes	\$ 6,346	\$ 1,289	\$ 1,561	\$ (272)
Sewer bond fee	-	38,514	24,956	13,558
Interest on investments	687	-	-	-
Transfer from Water Utility	92,738	106,820	106,820	-
Total cash receipts	99,771	146,623	\$ 133,337	\$ 13,286
Expenditures:				
Principal	33,707	29,765	\$ 29,765	\$ -
Interest	74,811	77,055	77,055	-
Fiscal fees	2	-	100	(100)
KDHE Sewer Bond	-	38,514	24,956	13,558
Cash basis reserve	-	-	106,480	(106,480)
Total expenditures	108,520	145,334	\$ 238,356	\$ (93,022)
Receipts over (under) expenditures	(8,749)	1,289		
Unencumbered cash, beginning of year	35,188	26,439		
Unencumbered cash, end of year	\$ 26,439	\$ 27,728		

CITY OF BUCKLIN, KANSAS  
 Water Utility Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Charges for services	\$ 174,098	\$ 204,770	\$ 160,000	\$ 44,770
Expenditures:				
Production and transmission	72,288	47,514	\$ 115,000	\$ (67,486)
Capital outlay	-	-	15,000	(15,000)
Transfer to Equipment Reserve	5,000	5,000	5,000	-
Transfer to Bond and Interest	92,738	106,820	106,820	-
Transfer to Water Depreciation Reserve	10,000	10,000	10,000	-
Total expenditures	180,026	169,334	\$ 251,820	\$ (82,486)
Receipts over (under) expenditures	(5,928)	35,436		
Unencumbered cash, beginning of year	168,980	163,052		
Unencumbered cash, end of year	\$ 163,052	\$ 198,488		

CITY OF BUCKLIN, KANSAS  
 Customer Deposits Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Customer deposits	\$ 2,507	\$ 1,950	\$ 1,500	\$ 450
Expenditures:				
Customer deposit refunds	1,750	2,600	\$ 5,646	\$ (3,046)
Receipts over (under) expenditures	757	(650)		
Unencumbered cash, beginning of year	3,646	4,403		
Unencumbered cash, end of year	\$ 4,403	\$ 3,753		

CITY OF BUCKLIN, KANSAS  
 Water Depreciation Reserve Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Federal grant	\$ -	\$ 149,997	\$ -	\$ 149,997
Transfer from Water Utility	10,000	10,000	10,000	-
Total cash receipts	<u>10,000</u>	<u>159,997</u>	<u>\$ 10,000</u>	<u>\$ 149,997</u>
Expenditures:				
Capital outlay	-	-	\$ 72,289	\$ (72,289)
Receipts over expenditures	10,000	159,997		
Unencumbered cash, beginning of year	<u>62,289</u>	<u>72,289</u>		
Unencumbered cash, end of year	<u>\$ 72,289</u>	<u>\$ 232,286</u>		

CITY OF BUCKLIN, KANSAS  
 Water Project Fund  
 Schedule of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts:		
Interest on investments	\$ 40	\$ -
Federal grant	30,579	52,095
Total cash receipts	30,619	52,095
Expenditures:		
Capital outlay	-	-
Receipts over (under) expenditures	30,619	52,095
Unencumbered cash (deficit), beginning of year	(82,714)	(52,095)
Unencumbered cash (deficit), end of year	\$ (52,095)	\$ -

CITY OF BUCKLIN, KANSAS  
Sewer Utility Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Charges for services	\$ 39,810	\$ 37,496	\$ 52,500	\$ (15,004)
Expenditures:				
Operations	34,269	50,965	\$ 26,000	\$ 24,965
Capital outlay	-	-	10,000	(10,000)
KDHE principal	9,948	-	10,275	(10,275)
KDHE interest	4,625	-	3,808	(3,808)
Transfer to Sewer Depreciation Reserve	20,000	-	20,000	(20,000)
Total expenditures	68,842	50,965	\$ 70,083	\$ (19,118)
Receipts under expenditures	(29,032)	(13,469)		
Unencumbered cash, beginning of year	45,790	16,758		
Unencumbered cash, end of year	\$ 16,758	\$ 3,289		

CITY OF BUCKLIN, KANSAS  
 Sewer Bond and Interest Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Utility charge	\$ 80,811	\$ 43,174	\$ -	\$ 43,174
Expenditures:				
Principal	-	-	\$ -	\$ -
Receipts over expenditures	80,811	43,174		
Unencumbered cash, beginning of year	28,565	109,376		
Unencumbered cash, end of year	\$ 109,376	\$ 152,550		

CITY OF BUCKLIN, KANSAS  
 Sewer Depreciation Reserve Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from Sewer Utility	\$ 20,000	\$ -	\$ 20,000	\$ (20,000)
Expenditures:				
Capital outlay	-	-	\$ 112,204	\$ (112,204)
Receipts over expenditures	20,000	-		
Unencumbered cash, beginning of year	72,204	92,204		
Unencumbered cash, end of year	<u>\$ 92,204</u>	<u>\$ 92,204</u>		

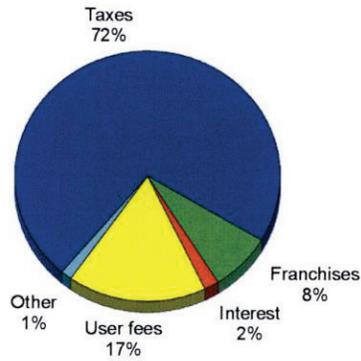
CITY OF BUCKLIN, KANSAS  
 Waste Water Project Fund  
 Schedule of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

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

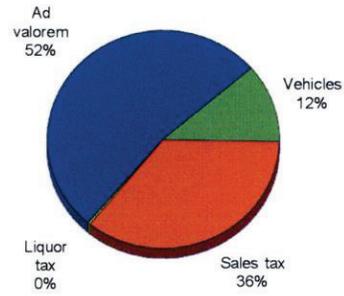
OTHER SUPPLEMENTAL INFORMATION

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

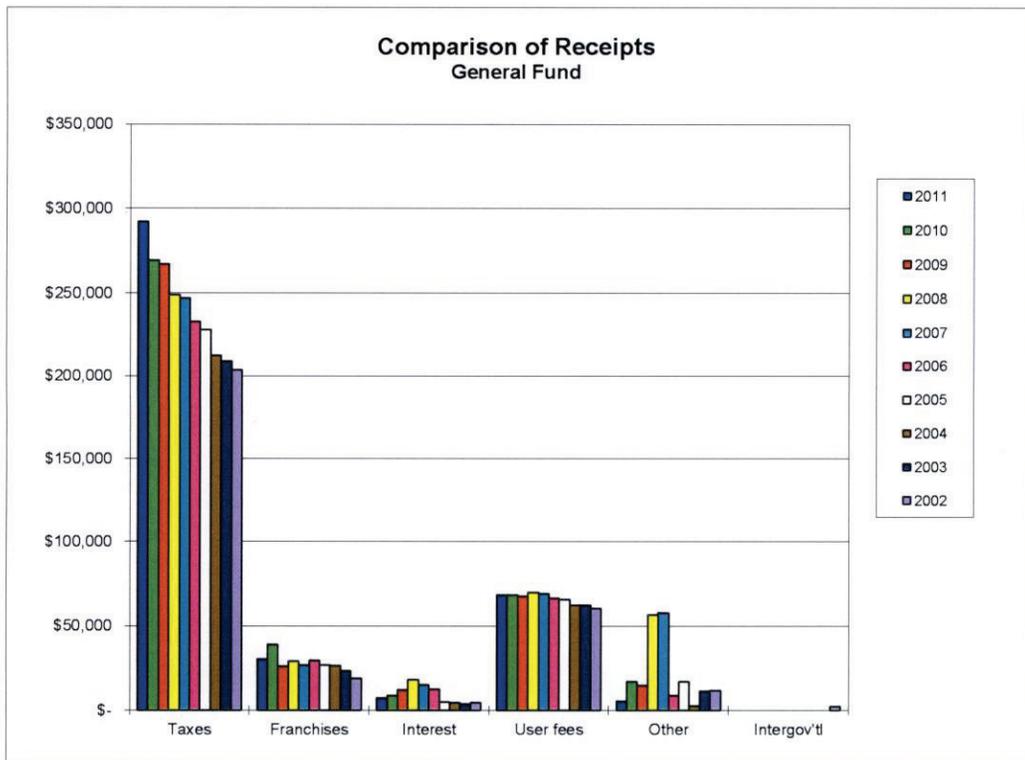
2011 Receipts  
 General Fund



2011 Taxes  
 General Fund

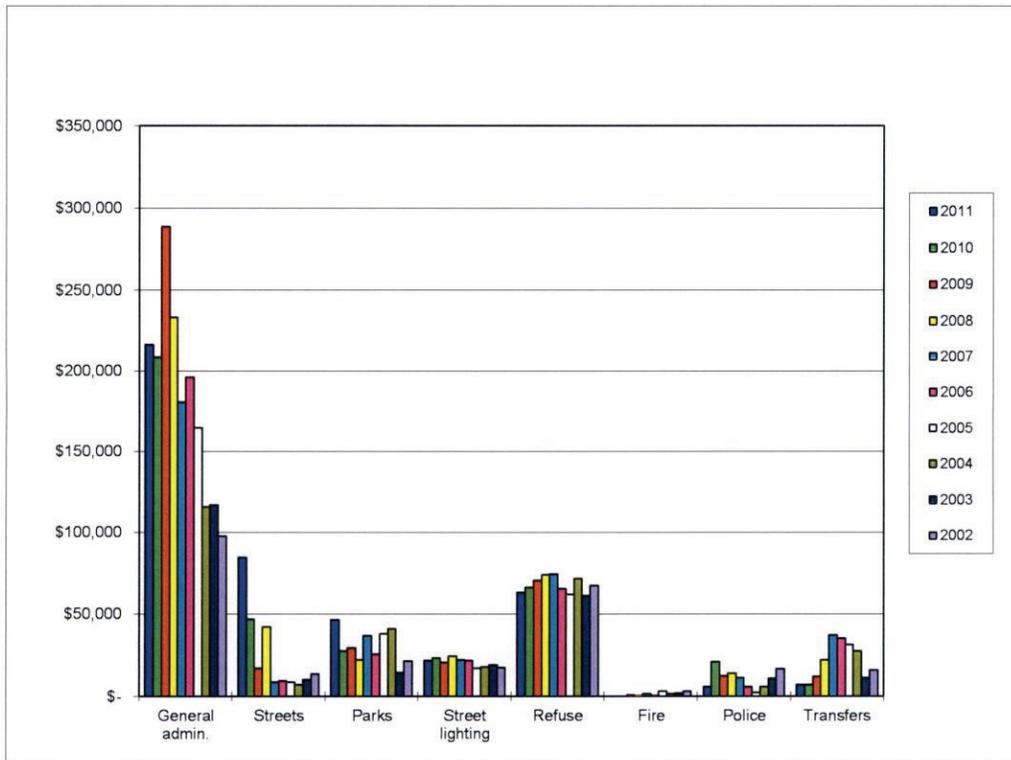
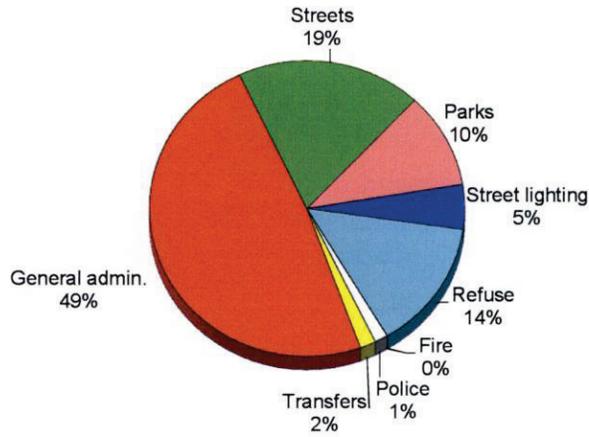


Comparison of Receipts  
 General Fund



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

2011 Expenditures  
General Fund



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

