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Mayor and City Council
City of Basehor, Kansas

In planning and performing our audit of the financial statements of Basehor, Kansas, as of and for the year ended December 31, 2010, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 21, 2011, on the financial statements of the City of Basehor, Kansas.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. During the audit we noted that supporting documentation is not attached to client prepared journal entries. We recommend that each journal entry have supporting documentation attached to the entry. We also recommend that an individual independent of the journal entry process review a complete list of journal entries and compare the journal entry support to the listing. Each journal entry should be signed off as approved by the independent staff member.

2. We recommend that an individual independent of the utility billing process review and approve the adjustment report generated from the utility system periodically. We also recommend that a system generated past due accounts list be periodically reviewed and assessed for potential write offs by the City's management. Part of this review process should include documenting the initials of the reviewer and date of the review on the past due and adjustment reports.

This report is intended for the use of the mayor, city council and other members of management of Basehor, Kansas and should not be used by anyone other than these specified parties.

Lowenthal, Webb & Odermann, P.A.

June 21, 2011

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AUDITOR'S COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Mayor and City Council
City of Basehor, Kansas

We have audited the financial statements of the City of Basehor, Kansas for the year ended December 31, 2010, and have issued our report thereon dated June 21, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated, January 4, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and to express an opinion about whether the financial statements are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 21, 2011.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Basehor, Kansas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended December 31, 2010. We noted no transactions entered into by the City of Basehor, Kansas during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of accumulated depreciation is based on the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have been informed that management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 21, 2011.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of the accounting principles and auditing standards, with management each year prior to retention as the City of Basehor, Kansas's auditors. However, this discussion occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the mayor, city council and management of the City of Basehor, Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

Lowenthal, Wett & Odermann, P.A.

June 21, 2011

CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2010

CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2010

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2010

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council
City of Basehor, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, 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 consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, at 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, Consolidated Highway Fund, Special Parks and Recreation Fund, Capital Improvements Reserve Fund and the Municipal Equipment Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not presented management discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements. Accounting principles generally accepted in the United States of America require that the schedule of funding progress on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, 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 statements as a whole.

Lowenthal, Wett & Odermann, P.A.

June 21, 2011

CITY OF BASEHOR, KANSAS

STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,114,670	$ 503,236	$ 4,617,906
Receivables:			
Taxes	1,503,877	-	1,503,877
Municipal court	34,668	-	34,668
Other	22,551	72,418	94,969
Due from other funds	-	207,492	207,492
Total current assets	5,675,766	783,146	6,458,912
Noncurrent assets:			
Nondepreciable capital assets:			
Land	195,628	-	195,628
Construction in progress	2,021,451	-	2,021,451
Depreciable capital assets:	16,787,590	28,510,313	45,297,903
Less: accumulated depreciation	[7,210,105]	[8,988,563]	[16,198,668]
Total noncurrent assets	11,794,564	19,521,750	31,316,314
Total assets	$ 17,470,330	$ 20,304,896	$ 37,775,226
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$ 20,405	$ 7,497	$ 27,902
Accrued liabilities	27,256	2,723	29,979
Accrued interest payable	49,961	118,958	168,919
Deferred revenue	1,503,877	-	1,503,877
Due to other funds	207,492	-	207,492
Compensated absences payable	54,022	9,225	63,247
Current portion of general obligation bonds payable	267,900	82,100	350,000
Current portion of loans payable	53,418	734,565	787,983
Total current liabilities (payable from current assets)	2,184,331	955,068	3,139,399
Noncurrent liabilities:			
Net other post employment benefit obligation	5,832	-	5,832
Capital lease payable	62,400	-	62,400
General obligation bonds payable	3,477,200	852,800	4,330,000
Temporary notes payable	3,460,000	-	3,460,000
Loans payable	1,330,802	9,918,532	11,249,334
Total noncurrent liabilities	8,336,234	10,771,332	19,107,566
Total liabilities	$ 10,520,565	$ 11,726,400	$ 22,246,965
Net Assets			
Invested in fixed assets, net of related debt	$ 3,205,244	$ 8,141,245	$ 11,346,489
Restricted for:			
Debt service	37,043	-	37,043
Unrestricted	3,707,478	437,251	4,144,729
Total net assets	$ 6,949,765	$ 8,578,496	$ 15,528,261

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

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CITY OF BASEHOR, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

		Program Revenues		Net [Expenses] Revenue and Changes in Net Assets		
				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	$ 1,410,480	$ -	$ -	$ [1,410,480]	$ -	$ [1,410,480]
Public safety	785,305	127,319	-	[657,986]	-	[657,986]
Public works	277,752	46,686	76,075	[154,991]	-	[154,991]
Culture and recreation	27,143	-	-	[27,143]	-	[27,143]
Infrastructure depreciation	676,512	-	-	[676,512]	-	[676,512]
Interest on long-term debt	236,753	-	-	[236,753]	-	[236,753]
Total governmental activities	3,413,945	174,005	76,075	[3,163,865]	-	[3,163,865]
Business-type activities:						
Sewer Utility	1,563,008	764,003	-	-	[799,005]	[799,005]
Solid Waste Utility	157,536	174,038	-	-	16,502	16,502
Total business-type activities	1,720,544	938,041	-	-	[782,503]	[782,503]
Total primary government	$ 5,134,489	$ 1,112,046	$ 76,075	[3,163,865]	[782,503]	[3,946,368]
	General Revenues:					
	Property taxes levied for					
	General purposes			1,251,389	-	1,251,389
	Debt service			486,558	-	486,558
	Franchise tax			211,521	-	211,521
	Liquor tax			15,762	-	15,762
	Sales tax			592,911	-	592,911
	Motor vehicle tax			152,969	-	152,969
	Excise tax			13,454	-	13,454
	Miscellaneous tax			115,818	-	115,818
	Investments earnings			7,942	1,039	8,981
	Miscellaneous			17,344	-	17,344
	Transfers, net			[986,801]	986,801	-
	Total general revenues			1,878,867	987,840	2,866,707
	Change in net assets			[1,284,998]	205,337	[1,079,661]
	Net assets - beginning			8,355,950	8,373,159	16,729,109
	Prior period adjustment			[121,187]	-	[121,187]
	Net assets - beginning, restated			8,234,763	8,373,159	16,607,922
	Net assets - ending			$ 6,949,765	$ 8,578,496	$ 15,528,261

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Consolidated Highway	Special Parks and Recreation	Capital Improvements Reserve
ASSETS				
Cash and cash equivalents	$ 197,654	$ 1,920,341	$ 166,804	$ 1,290,286
Receivables				
Taxes	1,347,317	-	-	-
Municipal court	34,668	-	-	-
Other	22,551	-	-	-
Total assets	$ 1,602,190	$ 1,920,341	$ 166,804	$ 1,290,286
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 20,405	$ -	$ -	$ -
Accrued liabilities	27,256	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	1,347,317	-	-	-
Total liabilities	1,394,978	-	-	-
Fund balance:				
Unreserved				
Special revenue funds	-	1,920,341	166,804	1,290,286
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
General fund	207,212	-	-	-
Total fund balance [deficit]	207,212	1,920,341	166,804	1,290,286
Total liabilities and fund balances	$ 1,602,190	$ 1,920,341	$ 166,804	$ 1,290,286

Municipal Equipment Reserve	Bond and Interest	Cedar Lakes Maintenance	Basehor Town Center Project	Wolf Creek Project	Total Governmental Funds
$ 340,555	$ 37,043	$ 26,688	$ 70,599	$ 64,700	$ 4,114,670
-	156,560	-	-	-	1,503,877
-	-	-	-	-	34,668
-	-	-	-	-	22,551
$ 340,555	$ 193,603	$ 26,688	$ 70,599	$ 64,700	$ 5,675,766
$ -	$ -	$ -	$ -	$ -	$ 20,405
-	-	-	-	-	27,256
-	-	-	207,492	-	207,492
-	156,560	-	-	-	1,503,877
-	156,560	-	207,492	-	1,759,030
340,555	-	-	-	-	3,717,986
-	37,043	-	-	-	37,043
-	-	26,688	[136,893]	64,700	[45,505]
-	-	-	-	-	207,212
340,555	37,043	26,688	[136,893]	64,700	3,916,736
$ 340,555	$ 193,603	$ 26,688	$ 70,599	$ 64,700	$ 5,675,766

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

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2010

Total Governmental Fund Balances		$ 3,916,736
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		
The cost of capital assets is	19,004,669	
Accumulated depreciation is	[7,210,105]	11,794,564
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
General obligation bonds payable	3,745,100	
Temporary notes payable	3,460,000	
Loans payable	1,384,220	
Lease payable	62,400	
Net other post employment benefit obligation	5,832	
Interest payable	49,961	
Compensated absences payable	54,022	[8,761,535]
Net Assets of Governmental Activities		$ 6,949,765

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Consolidated Highway	Special Parks and Recreation	Capital Improvements Reserve
REVENUES:				
Taxes	$ 1,613,573	$ 428,237	$ 7,881	$ 288,778
Intergovernmental	-	8,182	-	-
Special assessments	-	-	-	-
Licenses, permits and fees	35,640	-	1,400	-
Fines, forfeitures and penalties	127,319	-	-	-
Use of money and property	944	2,658	195	1,770
Reimbursed expenses	6,913	-	-	-
Miscellaneous	10,431	-	-	-
Total revenues	1,794,820	439,077	9,476	290,548
EXPENDITURES:				
Current				
General government	1,067,319	43,423	-	399,976
Public works	208,854	-	-	-
Culture and recreation	16,237	-	2,570	-
Public safety	743,638	-	-	-
Capital outlay	-	201,494	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	2,036,048	244,917	2,570	399,976
Excess [deficiency] of revenues over [under] expenditures	[241,228]	194,160	6,906	[109,428]
OTHER FINANCING SOURCES [USES]				
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers [out]	[69,000]	-	-	-
Total other financing sources [uses]	[69,000]	-	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[310,228]	194,160	6,906	[109,428]
Fund balance - Beginning of year	638,627	1,726,181	159,898	1,399,714
Prior period adjustment	[121,187]	-	-	-
Fund balance - Beginning of year, restated	517,440	1,726,181	159,898	1,399,714
Fund balance - End of year	$ 207,212	$ 1,920,341	$ 166,804	$ 1,290,286

Municipal Equipment Reserve	Bond and Interest	Cedar Lakes Maintenance	Basehor Town Center Project	Wolf Creek Project	Total Governmental Funds
$ -	$ 19,814	$ -	$ -	$ 15,355	$ 2,373,638
-	-	-	-	67,893	76,075
-	466,744	-	-	-	466,744
-	-	9,646	-	-	46,686
-	-	-	-	-	127,319
372	202	43	1,758	-	7,942
-	-	-	-	-	6,913
-	-	-	-	-	10,431
372	486,760	9,689	1,758	83,248	3,115,748
-	-	-	-	-	1,510,718
-	-	-	-	68,895	277,749
-	-	-	-	-	18,807
-	-	-	-	-	743,638
15,044	-	26,442	285,857	605,734	1,134,571
-	251,900	-	2,925,000	-	3,176,900
-	161,168	-	116,861	-	278,029
15,044	413,068	26,442	3,327,718	674,629	7,140,412
[14,672]	73,692	[16,753]	[3,325,960]	[591,381]	[4,024,664]
-	-	-	3,460,000	397,592	3,857,592
69,000	-	-	-	-	69,000
-	[118,262]	-	[868,539]	-	[1,055,801]
69,000	[118,262]	-	2,591,461	397,592	2,870,791
54,328	[44,570]	[16,753]	[734,499]	[193,789]	[1,153,873]
286,227	81,613	43,441	597,606	258,489	5,191,796
-	-	-	-	-	[121,187]
286,227	81,613	43,441	597,606	258,489	5,070,609
$ 340,555	$ 37,043	$ 26,688	$ [136,893]	$ 64,700	$ 3,916,736

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Total Net Change In Fund Balances - Governmental Funds		$ [1,153,873]
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	1,224,998	
Depreciation expense	[743,940]	481,058
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		41,275
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		[20,868]
Proceeds of a bond sale are a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		[3,857,590]
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		3,225,000
Changes In Net Assets of Governmental Activities		$ [1,284,998]

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 1,613,573	$ -	$ 1,613,573	$ 1,692,265	$ 1,692,265	$ [78,692]
Intergovernmental	-	-	-	2,000	2,000	[2,000]
Licenses and permits	35,640	-	35,640	73,473	73,473	[37,833]
Fines, forfeitures and penalties	127,319	28,848	156,167	221,362	221,362	[65,195]
Use of money and property	944	-	944	13,750	13,750	[12,806]
Federal grant	6,913	-	6,913	40,000	40,000	[33,087]
Miscellaneous	10,431	-	10,431	15,000	15,000	[4,569]
Total Revenues	1,794,820	28,848	1,823,668	2,057,850	2,057,850	[234,182]
Expenditures:						
General Administration:						
Personal services	725,574	-	725,574	819,079	819,079	93,505
Contractual services	291,077	[11,485]	279,592	293,892	293,892	14,300
Commodities	28,001	-	28,001	68,600	68,600	40,599
Capital outlay	22,667	-	22,667	10,500	10,500	[12,167]
	1,067,319	[11,485]	1,055,834	1,192,071	1,192,071	136,237
Public Safety						
Personal services	636,431	-	636,431	622,113	622,113	[14,318]
Contractual services	63,760	-	63,760	102,925	102,925	39,165
Commodities	38,877	-	38,877	68,200	68,200	29,323
Capital outlay	4,570	-	4,570	11,500	11,500	6,930
	743,638	-	743,638	804,738	804,738	61,100
Highways and Streets						
Personal services	125,659	-	125,659	134,999	134,999	9,340
Contractual services	68,291	-	68,291	57,000	57,000	[11,291]
Commodities	14,904	-	14,904	19,250	19,250	4,346
Capital outlay	-	-	-	2,000	2,000	2,000
	208,854	-	208,854	213,249	213,249	4,395
Culture and recreation						
Personal services	4,804	-	4,804	9,292	9,292	4,488
Contractual services	10,255	-	10,255	7,750	7,750	[2,505]
Commodities	1,178	-	1,178	1,300	1,300	122
	16,237	-	16,237	18,342	18,342	2,105

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Expenditures (Continued):						
Total Expenditures	$ 2,036,048	$ [11,485]	$ 2,024,563	$ 2,228,400	$ 2,228,400	$ 203,837
Excess [Deficiency] of Revenues Over [Under] Expenditures	[241,228]	40,333	[200,895]	[170,550]	[170,550]	[30,345]
Other Financing Sources [Uses]:						
Transfers [out]	[69,000]	-	[69,000]	[270,000]	[270,000]	201,000
Total Other Financing Sources [Uses]	[69,000]	-	[69,000]	[270,000]	[270,000]	201,000
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[310,228]	40,333	[269,895]	$ [440,550]	$ [440,550]	$ 170,655
Fund Balance, January 1	638,627	[219,552]	419,075			
Prior period adjustment	[121,187]	122,000	813			
Fund Balance, January 1, restated	517,440	[97,552]	419,888			
Fund Balance, December 31	$ 207,212	$ [57,219]	$ 149,993			

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

CITY OF BASEHOR, KANSAS

CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 428,237	$ -	$ 428,237	$ 497,318	$ 497,318	$ [69,081]
Reimbursements	8,182	-	8,182	-	-	8,182
Use of money and property	2,658	-	2,658	35,545	35,545	[32,887]
Total Revenues	439,077	-	439,077	532,863	532,863	[93,786]
Expenditures:						
Commodities	29,730	-	29,730	65,000	65,000	35,270
Capital outlay	201,494	-	201,494	375,000	375,000	173,506
Contractual	13,693	-	13,693	41,000	41,000	27,307
Total Expenditures	244,917	-	244,917	481,000	481,000	236,083
Excess [Deficiency] of Revenues Over [Under] Expenditures	194,160	-	194,160	$ 51,863	$ 51,863	$ 142,297
Fund Balance, January 1	1,726,181	-	1,726,181			
Fund Balance, December 31	$ 1,920,341	$ -	$ 1,920,341			

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

CITY OF BASEHOR, KANSAS

SPECIAL PARKS AND RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 7,881	$ -	$ 7,881	$ 8,016	$ 8,016	$ [135]
Licenses, permits and fees	1,400	-	1,400	6,000	6,000	[4,600]
Use of money and property	195	-	195	2,360	2,360	[2,165]
Total Revenues	9,476	-	9,476	16,376	16,376	[6,900]
Expenditures:						
Capital outlay	2,570	-	2,570	35,000	35,000	32,430
Total Expenditures	2,570	-	2,570	35,000	35,000	32,430
Excess [Deficiency] of Revenues Over [Under] Expenditures	6,906	-	6,906	$ [18,624]	$ [18,624]	$ 25,530
Fund Balance, January 1	159,898	-	159,898			
Fund Balance, December 31	$ 166,804	$ -	$ 166,804			

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

CITY OF BASEHOR, KANSAS

CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 288,778	$ -	$ 288,778	$ 326,248	$ 326,248	$ [37,470]
Use of money and property	1,770	-	1,770	13,550	13,550	[11,780]
Total Revenues	290,548	-	290,548	339,798	339,798	[49,250]
Expenditures:						
Capital outlay	399,976	-	399,976	150,000	400,000	24
Total Expenditures	399,976	-	399,976	150,000	400,000	24
Excess [Deficiency] of Revenues Over [Under] Expenditures	[109,428]	-	[109,428]	$ 189,798	$ [60,202]	$ [49,226]
Fund Balance, January 1	1,399,714	-	1,399,714			
Fund Balance, December 31	$ 1,290,286	$ -	$ 1,290,286			

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

CITY OF BASEHOR, KANSAS

MUNICIPAL EQUIPMENT RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Use of money and property	$ 372	$ -	$ 372	$ 3,500	$ 3,500	$ [3,128]
Total Revenues	372	-	372	3,500	3,500	[3,128]
Expenditures:						
Capital outlay	15,044	-	15,044	150,000	150,000	134,956
Total Expenditures	15,044	-	15,044	150,000	150,000	134,956
Excess [Deficiency] of Revenues Over [Under] Expenditures	[14,672]	-	[14,672]	[146,500]	[146,500]	131,828
Other Financing Sources [Uses]:						
Transfers in	69,000	-	69,000	95,000	95,000	[26,000]
Total Other Financing Sources [Uses]	69,000	-	69,000	95,000	95,000	[26,000]
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	54,328	-	54,328	$ [51,500]	$ [51,500]	$ 105,828
Fund Balance, January 1	286,227	-	286,227			
Fund Balance, December 31	$ 340,555	$ -	$ 340,555			

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

CITY OF BASEHOR, KANSAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 414,525	$ 88,711	$ 503,236
Receivables:			
Accounts	57,518	14,900	72,418
Due from other funds	207,492	-	207,492
Total current assets	679,535	103,611	783,146
Noncurrent assets:			
Capital assets, depreciable	28,510,313	-	28,510,313
Less: accumulated depreciation	[8,988,563]	-	[8,988,563]
Total noncurrent assets	19,521,750	-	19,521,750
Total Assets	$ 20,201,285	$ 103,611	$ 20,304,896
LIABILITIES AND NET ASSETS			
Current liabilities (payable from current assets):			
Accounts payable	$ 7,497	$ -	$ 7,497
Accrued interest	118,958	-	118,958
Accrued compensation	8,320	905	9,225
Accrued payroll	2,387	336	2,723
Current portion of general obligation payable	82,100	-	82,100
Current portion of KDHE loan payable	734,565	-	734,565
Total current liabilities (payable from current assets):	953,827	1,241	955,068
Noncurrent liabilities:			
General obligation bond payable	852,800	-	852,800
KDHE loan payable	9,918,532	-	9,918,532
Total noncurrent liabilities:	10,771,332	-	10,771,332
Total Liabilities	$ 11,725,159	$ 1,241	$ 11,726,400
Net Assets:			
Invested in capital assets, net of related debt	$ 8,141,245	$ -	$ 8,141,245
Unrestricted	334,881	102,370	437,251
Total Net Assets	$ 8,476,126	$ 102,370	$ 8,578,496

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 764,003	$ 174,038	$ 938,041
Total operating revenues	764,003	174,038	938,041
Operating expenses:			
Personnel	149,010	21,783	170,793
Contractual	170,383	132,773	303,156
Commodities	17,061	2,980	20,041
Capital outlay	3,266	-	3,266
Depreciation	812,491	-	812,491
Total operating expenses	1,152,211	157,536	1,309,747
Operating income [loss]	[388,208]	16,502	[371,706]
Nonoperating revenues [expenses]:			
Interest on long term debt	[410,797]	-	[410,797]
Interest earned	908	131	1,039
Total nonoperating revenues [expenses]	[409,889]	131	1,039
Income [loss] before transfers	[798,097]	16,633	[781,464]
Transfers from [to] other funds			
Transfers in	986,801	-	986,801
Total transfers	986,801	-	986,801
Change in net assets	188,704	16,633	205,337
Net assets, January 1	8,287,422	85,737	8,373,159
Net assets, December 31	$ 8,476,126	$ 102,370	$ 8,578,496

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	$ 764,096	$ 173,812	$ 937,908
Cash paid to suppliers and employees	[673,209]	[157,046]	[830,255]
Net Cash Provided by [Used in] Operating Activities	90,887	16,766	107,653
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	986,801	-	986,801
Net Cash Provided by [Used in] Non-Capital Financing Activities	986,801	-	986,801
Cash Flows from Capital and Related Financing Activities			
Proceeds received from notes and loans	321,902	-	321,902
Principal paid on bonds, notes and loans	[1,403,432]	-	[1,403,432]
Interest expense and fiscal charges	[389,833]	-	[389,833]
Net Cash Provided by [Used in] Capital and Related Financing Activities	[1,471,363]	-	[1,471,363]
Cash Flows from Investing Activities:			
Interest income	908	131	1,039
Net Cash Provided by [Used in] Investing Activities	908	131	1,039
Net Increase [Decrease] in Cash and Cash Equivalents	[392,767]	16,897	[375,870]
Cash and Equivalents, January 1	807,292	71,814	879,106
Cash and Equivalents, December 31	$ 414,525	$ 88,711	$ 503,236

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income [loss]	$ [388,208]	$ 16,502	$ [371,706]
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	812,491	-	812,491
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	93	[226]	[133]
Increase [decrease] in accounts payable	[332,876]	-	[332,876]
Increase [decrease] in compensated absences/accrued payroll	[613]	490	[123]
Total Adjustments	479,095	264	479,359
Net Cash Provided by [Used in] Operating Activities	$ 90,887	$ 16,766	$ 107,653

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 have been met.

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 to be 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 revenues to be available if they are collected within 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 certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's 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 revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has elected to report all funds as major and reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The consolidated highway fund is used to account for road and highway projects.

The special parks and recreation fund is used to account for park maintenance and park capital projects.

The capital improvements reserve fund is used to account for capital improvement projects.

The municipal equipment reserve fund is used to account for equipment purchases.

The bond and interest fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The cedar lakes maintenance fund is used for maintenance of pumps at Cedar Lake.

The Basehor town center project fund is used for the construction costs for the project.

The Wolf Creek project fund is used for the construction costs for the project.

The City reports the following major proprietary funds:

The sewer utility fund is used to account for the activities of the City's wastewater operations.

The solid waste utility fund is used to account for the activities of the City's refuse operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

Property taxes receivable - 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 various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2011.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay. Employees are not paid for accumulated sick leave on termination.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated vacation leave of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of business-type net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

8. Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

9. 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 City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. 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. 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 the 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 the 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. The following funds were amended in 2010: The Cedar Lakes Maintenance Fund and the Capital Improvement Reserve Fund.

The statutes permit management to transfer 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 statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City 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 project funds and certain special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds				
	General Fund	Consolidated Highway Fund	Special Parks and Recreation Fund	Capital Improvements Reserve Fund	Municipal Equipment Reserve Fund
GAAP FUND BALANCE December 31, 2010	$ 207,212	$ 1,920,341	$ 166,804	$ 1,290,286	$ 340,555
Unreserved fund balances not subject to the Kansas budget law:					
Cedar Lakes Maintenance Fund	-	-	-	-	-
Basehor Town Center Project Fund	-	-	-	-	-
Adjustments:					
Municipal court receivable	[34,668]	-	-	-	-
Other receivable	[22,551]	-	-	-	-
Total deductions	[57,219]	-	-	-	-
BUDGETARY FUND BALANCE December 31, 2010	$ 149,993	$ 1,920,341	$ 166,804	$ 1,290,286	$ 340,555

	Major Governmental Funds				
	Bond and Interest Fund	Cedar Lakes Maintenance Fund	Basehor Town Center Project Fund	Wolf Creek Project Fund	Total Governmental Funds
GAAP FUND BALANCE December 31, 2010	$ 37,043	$ 26,688	$ [136,893]	$ 64,700	$ 3,916,736
Unreserved fund balances not subject to the Kansas budget law:					
Cedar Lakes Maintenance Fund	-	[26,688]	-	-	[26,688]
Basehor Town Center Project Fund	-	-	136,893	-	136,893
Wolf Creek Project Fund	-	-	-	[64,700]	[64,700]
Adjustments:					
Municipal court receivable	-	-	-	-	[34,668]
Other receivable	-	-	-	-	[22,551]
Total deductions	-	[26,688]	136,893	[64,700]	[11,714]
BUDGETARY FUND BALANCE December 31, 2010	$ 37,043	$ -	$ -	$ -	$ 3,905,022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

	Major Business-Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total Business-Type Funds
NET ASSETS			
December 31, 2010	$ 8,476,126	$ 102,370	$ 8,578,496
Adjustments:			
Capital assets, net	[19,521,750]	-	[19,521,750]
Receivables	[57,518]	[14,900]	[72,418]
Due from other funds	[207,492]	-	[207,492]
Accrued interest	118,958	-	118,958
Accrued compensation	8,320	905	9,225
General obligation payable	934,900	-	934,900
KDHE loan payable	10,653,097	-	10,653,097
Total deductions	[8,071,485]	[13,995]	[8,085,480]
BUDGETARY NET ASSETS			
December 31, 2010	$ 404,641	$ 88,375	$ 493,016

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjoining county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statutes require that the City invest it's idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

The City does not have a formal investment policy that further limits concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402.

B. *Receivables*

Receivables at year end are as follows:

	General	Bond and Interest	Sewer Utility	Solid Waste Utility	Total
Receivables:					
Accounts	$ -	$ -	$ 57,518	$ 14,900	$ 72,418
Taxes	1,347,317	156,560	-	-	1,503,877
Municipal court	34,668	-	-	-	34,668
Other	22,551	-	-	-	22,551
Total	$ 1,404,536	$ 156,560	$ 57,518	$ 14,900	$ 1,633,514

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Retirements	Balance 12/31/10
City governmental activities:				
Capital assets, not being depreciated				
Land	$ 195,628	$ -	$ -	$ 195,628
Construction in progress	3,571,125	828,378	2,378,052	2,021,451
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	14,012,918	2,774,672	-	16,787,590
Total capital assets	17,779,671	3,603,050	2,378,052	19,004,669
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	6,466,165	743,940	-	7,210,105
Total accumulated depreciation	6,466,165	743,940	-	7,210,105
Governmental activities capital assets, net	$ 11,313,506	$ 2,859,110	$ 2,378,052	$ 11,794,564
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	$ 627,508	$ -	$ 627,508	$ -
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	27,882,805	627,508	-	28,510,313
Total capital assets	28,510,313	627,508	627,508	28,510,313
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	8,176,072	812,491	-	8,988,563
Total accumulated depreciation	8,176,072	812,491	-	8,988,563
Business-type activities capital assets, net	$ 20,334,241	$ [184,983]	$ 627,508	$ 19,521,750

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	$ 16,794
Public safety	41,667
Public works	631
Culture and recreation	8,336
Infrastructure	676,512
Total depreciation expense	$ 743,940
Business-type Activities:	
Sewer utility	$ 812,491
Total depreciation expense	$ 812,491

D. *Long-term Debt*

During the year ended December 31, 2010, the following changes occurred in long term liabilities:

Government Fund Activities	Balance January 1, 2010	Additions	Restatement/ Reductions	Balance December 31, 2010
General obligation bonds	$ 3,997,000	$ -	$ 251,900	$ 3,745,100
Temporary notes	2,967,300	3,460,000	2,967,300	3,460,000
KDOT loan	986,630	397,590	-	1,384,220
Capital lease	68,200	-	5,800	62,400
	$ 8,019,130	$ 3,857,590	$ 3,225,000	$ 8,651,720
Enterprise Fund Activities				
General obligation bonds	$ 1,013,000	$ -	$ 78,100	$ 934,900
Temporary notes	835,000	-	835,000	-
KDHE revolving loan	10,821,527	321,902	490,332	10,653,097
	$ 12,669,527	$ 321,902	$ 1,403,432	$ 11,587,997

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	Date of Issuance	Date of Final Maturity	Interest Rate	Original Amount	Outstanding Amount
Governmental Activities					
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 3,415,000	$ 2,335,000
Improvements, Series 2005	08/15/05	09/01/25	3.65-5.25%	2,840,000	2,345,000
				$ 6,255,000	$ 4,680,000

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2011	$ 350,000	$ 186,821	$ 536,821
2012	360,000	173,346	533,346
2013	370,000	159,540	529,540
2014	385,000	144,600	529,600
2015	395,000	130,230	525,230
2016-2020	1,880,000	403,565	2,283,565
2021-2025	940,000	118,608	1,058,608
Total	$ 4,680,000	$ 1,316,710	$ 5,996,710

Temporary Notes. The City issued temporary notes in the amount of $3,460,000 to provide temporary funds for the acquisition and construction of major capital facilities. The interest rate on the notes is 1.00% with a final maturity of September 1, 2012. The City plans to issue general obligation bonds to refund the temporary notes.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

State Agency Loans. The Kansas Department of Health and Environment has issued a loan to the City. The City intends to make principal and interest payments on the loans from revenue derived from wastewater and water charges to the consumer. The loan was for $8,110,368 and calls for an interest rate of 3.07%. This loan had an outstanding balance of $5,264,114 at December 31, 2010. The City will retire this loan with semi-annual payments through March 2020. Interest paid on this KDHE loan in 2010 was $173,547. Annual debt service requirements to maturity for the KDHE loan is as follows:

Year Ending December 31,	State Agency Loan
2011	$ 565,999
2012	566,000
2013	566,000
2014	566,000
2015	672,565
2016-2020	3,214,724
Total principal and interest	6,151,288
Less: interest	887,174
Total principal	$ 5,264,114

The Kansas Department of Health and Environment and the City has entered into an agreement for an additional loan. The City intends to make principal and interest payments on the loans from revenue derived from wastewater and water charges to the consumer. The loan will be for $6,417,016 and calls for an interest rate of 2.82%. This loan had an outstanding balance of $5,388,983 at December 31, 2010. The City will retire this loan with semi-annual payments through September 2030.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

Year Ending December 31,	State Agency Loan
2011	$ 421,989
2012	421,990
2013	421,989
2014	421,990
2015	421,990
2016-2020	2,109,949
2021-2025	2,109,947
2026-2030	1,898,944
Total principal and interest	8,228,788
Less: interest	1,932,287
Total principal	$ 6,296,501

The Kansas Department of Transportation and the City has entered into an agreement for an additional loan. The City intends to make principal and interest payments on the loans from tax revenue. The loan will be for $1,500,000. This loan had an outstanding balance of $1,384,220 at December 31, 2010. The City will retire this loan with semi-annual payments through August 2029. The following displays annual debt service requirements to maturity for this KDOT loan for the full proceeds amount:

Year Ending December 31,	State Agency Loan
2011	$ 115,668
2012	115,668
2013	115,668
2014	115,668
2015	115,668
2016-2020	578,339
2021-2025	578,339
2026-2029	462,672
Total principal and interest	2,197,689
Less: interest	697,689
Total principal	$ 1,500,000

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The Kansas Department of Transportation and the City have entered into a lease agreement for communication equipment. The total lease amount is for $75,600. This lease had an outstanding balance of $62,400 at December 31, 2010. The City will retire this lease with semi-annual payments through April 2020. The following displays annual lease payment requirements to maturity for this lease as follows:

Year Ending December 31,	Principal	Interest	Total
2011	$ 6,100	$ 2,831	$ 8,931
2012	6,300	2,536	8,836
2013	6,600	2,229	8,829
2014	6,900	1,908	8,808
2015	7,200	1,541	8,741
2016-2019	29,300	2,835	32,135
Total	$ 62,400	$ 13,881	$ 76,281

Special Assessments. As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

IV. 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; and natural disasters. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

IV. OTHER INFORMATION (Continued)

C. Retirement Plans

All employees employed by the City are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Hartford or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to KSA 75-5522 et seq. and KSA 75-5529 et seq. For an employee who is employed full time, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was $536,799. Total gross payroll was $1,281,160. The contribution for the year ending December 31, 2010 was $5,316 from employees and $69,032 from employer representing 12.86% of covered payroll, respectively.

The City participates in the Kansas Police and Firemen's Retirement System (KP&F) which is part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KP&F issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to Kansas Public Employees Retirement System (KPERS); 611 South Kansas Avenue, Topeka, KS 66603.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% 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 rates be determined annually based on the results of an annual actuarial valuation. KP&F is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for fiscal years beginning in 2010 is 12.86%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2010, 2009 and 2008 were $66,374, $68,982, and $53,244, respectively equal to the required contribution for each year.

D. Restatement

Governmental activities beginning net assets have been restated to adjust for the reclassification of a payroll liability account and the restatement of accounts receivable. The effects of the restatement are as follows:

Net assets - beginning	$ 8,355,950
Capital lease adjustment	[121,187]
Net assets - beginning, restated	$ 8,234,763

IV. OTHER INFORMATION (Continued)

E. Interfund Transfers

A reconciliation of all operating transfers by fund type for 2010 follows:

	In	Out
Major Funds:		
General	$ -	$ 69,000
Sewer Utility	986,801	-
Municipal Equipment Reserve	69,000	-
Bond and Interest	-	118,262
Basehor Town Center Project	-	868,539
	$ 1,055,801	$ 1,055,801

The City uses interfund transfers to share administrative costs between funds.

F. Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147th Street). Of the $1,920,341 of cash in the Consolidated Highway Fund as of December 31, 2010, $56,964 was subject to this restriction.

G. Postemployment Healthcare Plan

Plan Description. The City provides for a continuation of medical, pharmacy and dental insurance benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 100% of the total premiums to the Plan, through their required contribution of $367 per month for retiree-only coverage and $703 to $1,088, per month, for retiree and dependent coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

IV. OTHER INFORMATION (Continued)

G. *Postemployment Healthcare Plan (Continued)*

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	$ 3,065
Interest on Net OPEB Obligation	114
Adjustment to Annual Required Contribution	[206]
Annual OPEB cost (expense)	2,973
Benefit payments	-
Change in net OPEB obligation	2,973
Net OPEB obligation - beginning of year	2,859
Net OPEB obligation - end of year	$ 5,832

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	$ 2,859	$ -	$ 2,859
December 31, 2010	2,973	-	5,832

The information for the two preceding years was not available.

Funding Status and Funding Progress. As of the year ended December 31, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $11,407 and the actuarial value of asset was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $11,407. The covered payroll (annual payroll of active employees covered by the plan) was $1,020,641, and the ratio of the UAAL to the covered payroll was 1.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the year ended December 31, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 11% initially, reduced by decrements to an ultimate rate of 5% after six years. The UAAL is being amortized as a level dollar over an open thirty-year period.

CITY OF BASEHOR, KANSAS

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended December 31, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
1/1/2010	$ -	$ 11,407	$ 11,407	$ -	$ 1,020,641	1.1%

CITY OF BASEHOR, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 19,814	$ -	$ 19,814	$ 19,025	$ 19,025	$ 789
Special assessments	466,744	-	466,744	476,486	476,486	[9,742]
Use of money and property	202	-	202	2,900	2,900	[2,698]
Total Revenues	486,760	-	486,760	498,411	498,411	[11,651]
Expenditures:						
Debt service:						
Principal	251,900	-	251,900	330,000	330,000	78,100
Interest	161,168	-	161,168	201,499	201,499	40,331
Total Expenditures	413,068	-	413,068	531,499	531,499	118,431
Excess [Deficiency] of Revenues Over [Under] Expenditures	73,692	-	73,692	[33,088]	[33,088]	106,780
Other Financing Sources [Uses]:						
Transfers [out]	[118,262]	-	[118,262]	-	-	[118,262]
Total Other Financing Sources [Uses]	[118,262]	-	[118,262]	-	-	[118,262]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[44,570]	-	[44,570]	$ [33,088]	$ [33,088]	$ [11,482]
Fund Balances, January 1	81,613	-	81,613			
Fund Balances, December 31	$ 37,043	$ -	$ 37,043			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 764,003	$ 93	$ 764,096	$ 813,537	$ 813,537	$ [49,441]
Use of money and property	908	-	908	7,287	7,287	[6,379]
Total revenues	764,911	93	765,004	820,824	820,824	[55,820]
Expenditures						
Personnel	149,010	330	149,340	190,649	190,649	41,309
Contractual	170,383	-	170,383	312,400	312,400	142,017
Commodities	17,061	-	17,061	36,000	36,000	18,939
Capital outlay	3,266	-	3,266	56,500	56,500	53,234
Depreciation	812,491	[812,491]	-	-	-	-
Total expenditures	1,152,211	[812,161]	340,050	595,549	595,549	255,499
Operating income [loss]	[387,300]	812,254	424,954	225,275	225,275	199,679
Other Financing Sources [Uses]:						
Debt principal	-	[1,403,432]	[1,403,432]	[1,311,154]	[1,311,154]	[92,278]
Debt interest and fees	[410,797]	20,964	[389,833]	[261,841]	[261,841]	[127,992]
Bond proceeds	-	321,902	321,902	-	-	321,902
Transfers in	986,801	-	986,801	225,000	225,000	761,801
Total Other Financing Sources [Uses]	576,004	[1,060,566]	[484,562]	[1,347,995]	[1,347,995]	863,433
Change in net assets	188,704	[248,312]	[59,608]	$ [1,122,720]	$ [1,122,720]	$ 1,063,112
Net assets, January 1	8,287,422	[7,823,173]	464,249			
Net assets, December 31	$ 8,476,126	$ [8,071,485]	$ 404,641			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - ACTUAL AND BUDGET
For the Year Ended December 31, 2010

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 174,038	$ [226]	$ 173,812	$ 173,443	$ 173,443	$ 369
Use of money and property	131	-	131	1,275	1,275	[1,144]
Total revenues	174,169	[226]	173,943	174,718	174,718	[775]
Expenditures						
Personnel	21,783	[434]	21,349	26,080	26,080	4,731
Contractual	132,773	-	132,773	131,270	131,270	[1,503]
Commodities	2,980	-	2,980	3,750	3,750	770
Total expenditures	157,536	[434]	157,102	161,100	161,100	3,998
Operating income [loss]	16,633	208	16,841	13,618	13,618	3,223
Other Financing Sources [Uses]:						
Transfer [out]	-	-	-	[50,000]	[50,000]	50,000
Total Other Financing Sources [Uses]	-	-	-	[50,000]	[50,000]	50,000
Change in net assets	16,633	208	16,841	$ [36,382]	$ [36,382]	$ 53,223
Net assets, January 1	85,737	[14,203]	71,534			
Net assets, December 31	$ 102,370	$ [13,995]	$ 88,375			

See independent auditor's report on the financial statements