

CITY OF OAKLEY, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF OAKLEY, KANSAS
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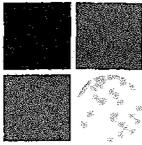
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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Oakley, Kansas
Oakley, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Oakley, Kansas**, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entity

The financial statement referred to above does not include financial data for the City's legally separate related municipal entity Oakley Housing Authority. Accounting principles generally accepted in the United States of America require financial data for the related municipal entity 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 related municipal entities. The City has not issued such reporting entity financial statements. The effect on the financial statements of this departure from accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Aggregate Discretely Presented Related Municipal Entity

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of City of Oakley, Kansas, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by City of Oakley, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Aggregate Remaining Fund Information

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of City of Oakley, Kansas as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Oakley, Kansas** as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts, expenditures and unencumbered cash (basic financial statement) as a whole. The summary of expenditures – actual and budget, individual fund schedules of receipts and expenditures, and summary of receipts and disbursements (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic 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 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 05, 2013, on our consideration of **City of Oakley, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Oakley, Kansas**' internal control over financial reporting and compliance.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

August 05, 2013

CITY OF OAKLEY, KANSAS
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 626,745	-	2,442,987	2,224,047	845,685	46,128	891,813
Special Purpose Funds							
Library Fund	3,347	-	144,082	143,015	4,414	-	4,414
Special Highway Fund	10,423	-	53,460	61,786	2,097	933	3,030
Special Parks and Recreation Fund	17,077	-	6,365	-	23,442	-	23,442
Convention and Tourism Fund	42,344	-	86,824	60,038	69,130	-	69,130
Equipment Reserve Fund	105,083	-	182,756	249,392	38,447	7,802	46,249
Capital Improvement Fund	1,877,130	-	27,865	287,766	1,617,229	-	1,617,229
Capital Improvement - Streets Fund	87,209	-	260,226	227,888	119,547	-	119,547
911 Fund	4,531	-	118,516	13,211	109,836	-	109,836
Bond and Interest Fund							
Bond and Interest Fund	9,229	-	14,843	13,174	10,898	-	10,898
Capital Project Funds							
CDBG Fund	-	-	1,750	1,750	-	-	-
Kansas Water PCRF Fund	(1,143)	-	1,143	-	-	-	-
CDBG Street Fund	-	-	309,974	311,873	(1,899)	-	(1,899)
Fick Museum Fund	-	-	300,021	14,721	285,300	-	285,300
Oakley Library Fund	-	-	300,021	14,721	285,300	-	285,300
Business Funds							
Water Utility Fund	97,079	-	494,680	404,542	187,217	5,740	192,957
Water Reserve Fund	101,783	-	-	-	101,783	-	101,783
Electric Utility Fund	195,121	-	26,513	56,549	165,085	-	165,085
Electric Reserve Fund	165,282	-	-	-	165,282	-	165,282
Sanitation Utility Fund	367,920	-	698,598	651,480	415,038	29,151	444,189
Sanitation Reserve Fund	208,055	-	50,000	-	258,055	-	258,055
Trust Funds							
Museum Fund	110,834	-	14,804	2,780	122,858	-	122,858
Museum Store Fund	55,500	-	3,183	2,221	56,462	-	56,462
Cemetery Trust Fund	6,500	-	-	-	6,500	-	6,500
Prosecutor's Charitable Trust Fund	763	-	546	621	688	-	688
Total Primary Government	\$ 4,090,812	-	5,539,157	4,741,575	4,888,394	89,754	4,978,148

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

CITY OF OAKLEY, KANSAS
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Related Municipal Entity							
Library - General Fund	\$ 129,296	-	152,215	146,452	135,059	-	135,059
Library - Capital Improvement Fund	40,152	-	6,518	-	46,670	-	46,670
Library - Flexible Spending Plan Fund	1,883	-	2,520	2,084	2,319	-	2,319
Library - Edna M. Hood Estate Bequest Fund	80,000	-	96	96	80,000	-	80,000
Total Related Municipal Entity	251,331	-	161,349	148,632	264,048	-	264,048
Total Primary Government (Excluding Agency Funds)	\$ 4,342,143	-	5,700,506	4,890,207	5,152,442	89,754	5,242,196
			Composition of Cash				
					Certificates of Deposits	\$	3,834,353
					Checking Accounts		1,143,495
					Cash on Hand		300
					Total Primary Government		4,978,148
					Total Component Unit Funds		264,048
					Agency Funds per Statement 4		-
					Total Primary Government (Excluding Agency Funds)	\$	5,242,196

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

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Oakley, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and five elected council members. This financial statement presents the City (the municipality) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, Oakley Housing Authority, as shown below.

Oakley Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. This has not been included in the financial statements of the City. Financial statements can be obtained by contacting the housing authority's office and the City Clerk for further information.

Oakley Public Library

The Oakley Public Library Board is organized under Kansas statutes for the purpose of operating a public library for the benefit of the City. The Board's members are appointed by the City Council. The City substantially funds the Board's operations by levying tax dollars for the Library. The Library's audited financial statements are included in the City's audit report. *The Library does not issue a separate audit report.* Contact the City Clerk for further information.

The City is the primary government as defined in GASB #61. The City council is elected by the public. The council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.).

Trust Fund – fund used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Departure From Accounting Principles Generally Accepted in the United States of America

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

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City for special purposes.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 - BUDGETARY INFORMATION

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Equipment Reserve Fund, Capital Improvement Fund, Capital Improvement – Streets Fund, and 911 Fund.

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

NOTE 3 - DEPOSITS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

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 other policies that would further limit its investment choices.

Concentration of Credit Risk

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

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 did not use "peak periods" during 2012. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$4,978,148 and the bank balance was \$5,104,091. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$458,256 was covered by federal depository insurance and \$4,645,835 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2012, The Public Library's carrying amount of deposits was \$264,048 and the bank balance was \$214,764. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2012.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Oakley, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General – Government	Equipment Reserve	K.S.A. 12-1,117	\$ 34,492
General – Government	Cap. Imp. Street Imp.	K.S.A. 12-1,118	260,226
Electric Utility	Cap. Imp. Reserve	K.S.A. 12-1,118	27,865
Water Utility	General – Government	K.S.A. 12-825d	176,753
Water Utility	Equipment Reserve	K.S.A. 12-1,117	39,174
Sanitation Utility	Sanitation Reserve	K.S.A. 12-825d	50,000
Sanitation Utility	General – Government	K.S.A. 12-825d	182,327
Sanitation Utility	Equipment Reserve	K.S.A. 12-1,117	109,090
Convention and Tourism	Water Utility	Board Approved	6,400
Convention and Tourism	Sanitation Utility	Board Approved	1,600
Related Municipal Entity - Interfund Transfers			
Edna M. Hood Estate Bequest	Library - General	K.S.A 79-2925	96
Library - General	Library - Capital Improvement	K.S.A 12-1258	6,262

NOTE 5 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable To Date</u>
Oakley Municipal Airport/Truck Wash Demo	\$ 127,134	-
2 nd Street CDBG Project	315,956	-

NOTE 6 – LITIGATION

City of Oakley, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 7 – RISK MANAGEMENT

City of Oakley, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, and employee dishonesty. The City does not carry comprehensive collision insurance on all motor vehicles. The City has elected not to provide for a reserve on this risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 8 – GRANTS AND SHARED REVENUES

City of Oakley, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 - DEFERRED COMPENSATION PLAN

City of Oakley, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 11 - COMPENSATED ABSENCES

Vacation

The City allows a maximum of 10 days vacation for full-time employees for each year for the first 10 years of employment with a maximum of 20 days accumulation. For each year after 10 years, an additional day of vacation is added up to 20 years. Employees may accumulate twice the yearly vacation allowance up to a maximum of 40 days. Upon termination, employees will be compensated for all earned but unused vacation. The potential liability for vacation at December 31, 2012 was \$51,400. This is not reflected in the financial statement.

Sick Leave

The City allows employees to accumulate a maximum of 12 days of sick leave per year based upon the anniversary of their employment. No employee may accrue more than 120 days of sick leave. An employee will not be paid for unused sick leave upon termination for reasons other than retirement or death, and will be

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

paid only if the employee has been employed for 10 years or longer. The maximum benefit paid for eligible employees is one-third of total accumulated leave. The potential liability for sick leave at December 31, 2012 was \$135,880. This is not reflected in the financial statement.

Public Library Vacation

The Library allows full-time employees 3 days vacation for the first year, 5 days vacation for the second year, 10 days vacation after year 2 of employment, 15 days of vacation after 10 years of employment and an additional day per year will be added to a maximum total of 20 days for every year after 10 years of employment. Employees are not allowed to accumulate and carry over any vacation from year to year.

Public Library Sick Leave

The Library allows full-time employees 12 days paid sick leave per year with accumulation up to 60 days, available only after it has been earned. No sick leave will be paid out upon the termination of an employee. The potential liability for sick leave at December 31, 2012 was \$6,739. This is not reflected in the financial statement.

NOTE 12 – LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require City of Oakley, Kansas to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has a potential liability for a portion of this closure and post-closure care costs in each period based on the landfill capacities used as of each year end. The estimated closure cost is \$178,648 and the estimated post-closure cost is \$902,700. These figures comprise the estimated closure and post-closure cost of \$1,081,348. At December 31, 2012, the permit for 2013 identifies that the remaining volume capacity of the site is 92% of the original capacity and that the remaining life of the landfill is 10.6 years. The City is also required by regulations to provide financial assurance for the closure and post-closure costs. The allowable mechanisms for this financial assurance are as follows: 1) trust fund, 2) surety bond guaranteeing payment or performance, 3) letter of credit, 4) insurance certificate, and 5) a financial test for local governments. The City has elected to use the financial test to provide financial assurance. The City is in compliance with the financial test as of December 31, 2012.

The above figures have been estimated and the potential for change due to inflation or deflation, technology, or applicable laws or regulations, exists to affect the above calculations.

NOTE 13 – LONG-TERM DEBT

General Obligation Bonds

The City issued general obligation bonds to provide funds to construct a main sewer line, to install a water line and to construct a main sewer extension.

KDHE Revolving Loan

The City entered into a grant agreement with the Kansas Department of Commerce to fund a portion of the wastewater treatment facility improvements with Community Development Block Grant funds not to exceed \$500,000. As part of the grant agreement, the City must provide \$2,409,070 in other sources of funds to this community development program. The City entered into a loan agreement with the Kansas Department of Health and Environment to fund a portion of the wastewater treatment facility improvements in an amount not to exceed \$2,724,752. The City has increased the sewer rates in order to provide loan repayment.

Lease Obligations

The City has entered into lease agreements with an option to purchase at the expiration of the lease term. The leases contain a fiscal funding clause.

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

Changes in long-term liabilities for the City for the year ended December 31, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bond Series 2003	4.42%	2/20/2003	\$ 121,000	12/1/2018	\$ 70,000	-	(10,000)	60,000	3,068
KDHE Loans									
Kansas Water Pollution Control Revolving Loan	2.58%	4/15/10	2,724,752	3/1/2031	1,510,806	-	(78,768)	1,432,038	33,942
Capital Leases									
2008 Komatsu Wheel Loader	3.95%	9/24/2008	135,713	9/24/2013	57,488	-	(28,182)	29,306	1,995
2012 Freightliner	3.29%	9/12/2011	92,472	9/12/2015	72,761	-	(17,316)	55,445	2,394
2012 Freightliner	3.49%	10/26/2011	137,315	10/26/2015	107,936	-	(25,612)	82,324	3,767
(3) 2012 Dodge Chargers	3.40%	12/17/2012	67,809	12/17/2014	-	67,809	(23,363)	44,446	-
2012 John Deere 444K Loader	3.15%	4/2/2012	101,096	4/2/2016	-	101,096	(21,492)	79,604	-
Total Contractual Indebtedness					\$ 1,818,991	168,905	(204,733)	1,783,163	45,166

CITY OF OAKLEY, KANSAS
Notes to Financial Statement
December 31, 2012

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
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2031	
Principal									
General Obligation Bond - Series 2003	\$ 10,000	10,000	10,000	10,000	10,000	10,000	-	-	60,000
Kansas Water Pollution Revolving Loan	72,879	74,771	76,713	78,705	80,748	436,301	495,967	115,954	1,432,038
Capital Leases	114,535	88,083	67,671	20,836	-	-	-	-	291,125
Total Principal	197,414	172,854	154,384	109,541	90,748	446,301	495,967	115,954	1,783,163
Interest									
General Obligation Bond - Series 2003	3,065	2,665	2,250	1,820	1,380	1,400	-	-	12,580
Kansas Water Pollution Revolving Loan	43,472	41,580	39,639	37,647	35,603	145,454	85,787	20,228	449,410
Capital Leases	9,587	5,862	2,911	656	-	-	-	-	19,016
Total Interest	56,124	50,107	44,800	40,123	36,983	146,854	85,787	20,228	481,006
Total Principal and Interest	\$ 253,538	222,961	199,184	149,664	127,731	593,155	581,754	136,182	2,264,169



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

To the City Council
City of Oakley, Kansas
Oakley, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Accounting and Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of Oakley, Kansas**, as of and for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 05, 2013. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered City of Oakley, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Oakley, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Oakley, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs (2012-1) to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs (2012-1) that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Oakley, Kansas' Response to Findings

City of Oakley, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **City of Oakley, Kansas'** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

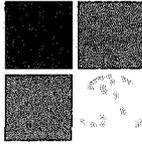
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adam J. Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 05, 2013



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY OMB CIRCULAR A-133**

To the City Council
City of Oakley, Kansas
Oakley, Kansas

Report on Compliance for Each Major Federal Program

We have audited **City of Oakley, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **City of Oakley, Kansas'** major federal programs for the year ended December 31, 2012. **City of Oakley, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **City of Oakley, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of Oakley, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **City of Oakley, Kansas'** compliance.

Opinion on Each Major Federal Program

In our opinion, **City of Oakley, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

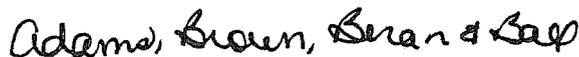
Report on Internal Control Over Compliance

Management of **City of Oakley, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **City of Oakley, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City of Oakley, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 05, 2013

CITY OF OAKLEY, KANSAS

Regulatory-Required Supplementary Information

CITY OF OAKLEY, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 2,192,955	134,366	2,327,321	2,224,047	(103,274)
Special Purpose Funds					
Library Fund	143,015	-	143,015	143,015	-
Special Highway Fund	64,353	-	64,353	61,786	(2,567)
Special Parks and Recreation Fund	12,416	-	12,416	-	(12,416)
Convention and Tourism Fund	71,016	-	71,016	60,038	(10,978)
Bond and Interest Fund					
Bond and Interest Fund	16,163	-	16,163	13,174	(2,989)
Business Funds					
Water Utility Fund	412,200	-	412,200	404,542	(7,658)
Electric Utility Fund	60,000	-	60,000	56,549	(3,451)
Sanitation Utility Fund	724,700	-	724,700	651,480	(73,220)

CITY OF OAKLEY, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 748,947	773,351	778,357	(5,006)
Delinquent Tax	6,087	5,408	-	5,408
Vehicle Tax	134,923	135,341	128,773	6,568
Sales Tax	467,316	531,040	350,000	181,040
Excise Tax	183	143	-	143
Total Taxes	<u>1,357,456</u>	<u>1,445,283</u>	<u>1,257,130</u>	<u>188,153</u>
Intergovernmental				
Alcohol-Liquor Distribution	5,252	6,365	3,000	3,365
Federal Aid	26,593	134,366	-	134,366
Total Intergovernmental	<u>31,845</u>	<u>140,731</u>	<u>3,000</u>	<u>137,731</u>
Licenses and Permits				
Franchise Fees	160,895	183,362	90,000	93,362
Permits and Inspections	4,875	7,060	3,000	4,060
Dog Tags and Fees	1,090	530	700	(170)
Total Licenses and Permits	<u>166,860</u>	<u>190,952</u>	<u>93,700</u>	<u>97,252</u>
Charges for Services				
Sale of Cemetery Lots	3,566	5,155	2,200	2,955
Fines, Forfeitures, and Penalties				
Municipal Court	45,386	48,083	20,000	28,083
Use of Money and Property				
Swimming Pool	27,081	27,198	20,000	7,198
Interest on Investments	49,036	37,111	35,000	2,111
Dispatch	73,269	96,750	60,000	36,750
Airport Revenue	5,622	5,666	3,500	2,166
Total Use of Money and Property	<u>155,008</u>	<u>166,725</u>	<u>118,500</u>	<u>48,225</u>
Transfers In	<u>423,000</u>	<u>359,080</u>	<u>441,000</u>	<u>(81,920)</u>
Miscellaneous				
Reimbursed Expense	19,493	14,369	5,000	9,369
Oil and Crop Revenue	2,570	2,700	3,500	(800)
Miscellaneous	9,906	6,723	-	6,723
Insurance - Reimbursed Expense	3,875	-	-	-
Insurance - Not Reimbursed Expense	22,408	52,559	-	52,559
Sale of Property	24,849	10,627	-	10,627
Total Miscellaneous	<u>83,101</u>	<u>86,978</u>	<u>8,500</u>	<u>78,478</u>
Total Cash Receipts	<u>\$ 2,266,222</u>	<u>2,442,987</u>	<u>1,944,030</u>	<u>498,957</u>

CITY OF OAKLEY, KANSAS
General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 594,302	628,760	627,600	1,160
Contractual Services	56,589	64,351	80,500	(16,149)
Commodities	62,903	56,450	61,450	(5,000)
Capital Outlay	-	-	2,000	(2,000)
Other Appropriations	27,652	11,066	20,325	(9,259)
Neighborhood Revitalization Rebate	8,609	12,822	11,830	992
Transfers Out	301,813	294,718	280,000	14,718
Total General Government	<u>1,051,868</u>	<u>1,068,167</u>	<u>1,083,705</u>	<u>(15,538)</u>
Police Department				
Personal Services	527,884	542,067	527,300	14,767
Contractual Services	15,114	16,176	36,700	(20,524)
Commodities	49,253	49,060	43,200	5,860
Capital Outlay	-	16,689	5,000	11,689
Total Police Department	<u>592,251</u>	<u>623,992</u>	<u>612,200</u>	<u>11,792</u>
Fire Department				
Personal Services	10,975	12,497	16,200	(3,703)
Contractual Services	8,186	8,429	10,900	(2,471)
Commodities	7,165	5,853	5,800	53
Capital Outlay	-	10,529	6,000	4,529
Total Fire Department	<u>26,326</u>	<u>37,308</u>	<u>38,900</u>	<u>(1,592)</u>
Street Department				
Personal Services	94,351	113,097	124,000	(10,903)
Contractual Services	1,051	-	14,000	(14,000)
Commodities	47,142	34,868	40,000	(5,132)
Total Street Department	<u>142,544</u>	<u>147,965</u>	<u>178,000</u>	<u>(30,035)</u>
Parks and Cemetery				
Personal Services	154,908	150,184	153,500	(3,316)
Contractual Services	12,814	20,538	29,400	(8,862)
Commodities	35,669	37,881	55,050	(17,169)
Capital Outlay	420	6,872	4,000	2,872
Total Parks and Cemetery	<u>\$ 203,811</u>	<u>215,475</u>	<u>241,950</u>	<u>(26,475)</u>

CITY OF OAKLEY, KANSAS
General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Airport Operations				
Personal Services	\$ 2,888	1,142		
Contractual Services	7,101	8,764	8,700	64
Commodities	25,474	25,207	19,500	5,707
Capital Outlay	24,654	95,672	10,000	85,672
Total Airport Operations	<u>60,117</u>	<u>130,785</u>	<u>38,200</u>	<u>91,443</u>
Civil Defense	<u>478</u>	<u>355</u>	<u>-</u>	<u>355</u>
Nonoperating Expenses				
(a) Adjustment for Qualifying Budget Credit	<u>-</u>	<u>-</u>	<u>134,366</u>	<u>(134,366)</u>
Total Expenditures	<u>2,077,395</u>	<u>2,224,047</u>	<u>2,327,321</u>	<u>(104,416)</u>
Cash Receipts Over (Under) Expenditures	188,827	218,940		
Unencumbered Cash - Beginning	<u>437,918</u>	<u>626,745</u>		
Unencumbered Cash - Ending	<u>\$ 626,745</u>	<u>845,685</u>		
(a) Adjustment for Qualifying Budget Credit				
Federal Grant Over Amount Budgeted			<u>\$ 134,366</u>	

CITY OF OAKLEY, KANSAS
Library Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 118,913	121,775	122,567	(792)
Delinquent Tax	990	862	-	862
Vehicle Tax	21,379	21,422	20,445	977
Excise Tax	30	23	-	23
Total Cash Receipts	<u>141,312</u>	<u>144,082</u>	<u>143,012</u>	<u>1,070</u>
Expenditures				
Appropriations	139,071	140,996	141,150	(154)
Neighborhood Revitalization Rebate	1,367	2,019	1,865	154
Total Expenditures	<u>140,438</u>	<u>143,015</u>	<u>143,015</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	874	1,067		
Unencumbered Cash - Beginning	<u>2,473</u>	<u>3,347</u>		
Unencumbered Cash - Ending	\$ <u>3,347</u>	<u>4,414</u>		

CITY OF OAKLEY, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
State Aid	\$ 50,345	53,255	50,430	2,825
Reimbursed Expense	2,678	205	-	205
Total Cash Receipts	<u>53,023</u>	<u>53,460</u>	<u>50,430</u>	<u>3,030</u>
Expenditures				
Contractual Services	3,387	4,771	5,000	(229)
Commodities	67,557	57,015	50,850	6,165
Capital Outlay	11,679	-	8,503	(8,503)
Total Expenditures	<u>82,623</u>	<u>61,786</u>	<u>64,353</u>	<u>(2,567)</u>
Cash Receipts Over (Under) Expenditures	(29,600)	(8,326)		
Unencumbered Cash - Beginning	<u>40,023</u>	<u>10,423</u>		
Unencumbered Cash - Ending	\$ <u>10,423</u>	<u>2,097</u>		

CITY OF OAKLEY, KANSAS
Special Parks and Recreation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Private Club and Liquor Tax	\$ 5,252	6,365	3,000	3,365
Reimbursed Expense	5,959	-	-	-
Total Cash Receipts	11,211	6,365	3,000	3,365
Expenditures				
Capital Outlay	12,620	-	12,416	(12,416)
Cash Receipts Over (Under) Expenditures	(1,409)	6,365		
Unencumbered Cash - Beginning	18,486	17,077		
Unencumbered Cash - Ending	\$ 17,077	23,442		

CITY OF OAKLEY, KANSAS
Convention and Tourism Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Transient Guest Tax	\$ 65,945	86,184	56,000	30,184
Reimbursed Expense	-	640	-	640
Total Cash Receipts	<u>65,945</u>	<u>86,824</u>	<u>56,000</u>	<u>30,824</u>
Expenditures				
Contractual Services	6,250	18,000	-	18,000
Commodities	56,852	34,038	50,300	(16,262)
Capital Outlay	-	-	20,716	(20,716)
Transfers Out	8,000	8,000	-	8,000
Total Expenditures	<u>71,102</u>	<u>60,038</u>	<u>71,016</u>	<u>(10,978)</u>
Cash Receipts Over (Under) Expenditures	(5,157)	26,786		
Unencumbered Cash - Beginning	<u>47,501</u>	<u>42,344</u>		
Unencumbered Cash - Ending	\$ <u>42,344</u>	<u>69,130</u>		

CITY OF OAKLEY, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 165,000	182,756
Expenditures		
Capital Outlay	107,985	249,392
Cash Receipts Over (Under) Expenditures	57,015	(66,636)
Unencumbered Cash - Beginning	48,068	105,083
Unencumbered Cash - Ending	\$ 105,083	38,447

CITY OF OAKLEY, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 8,436	27,865
Expenditures		
Phase I Construction	-	259,901
Capital Outlay	-	27,865
Total Expenditures	-	287,766
Cash Receipts Over (Under) Expenditures	8,436	(259,901)
Unencumbered Cash - Beginning	1,868,694	1,877,130
Unencumbered Cash - Ending	\$ 1,877,130	1,617,229

CITY OF OAKLEY, KANSAS
Capital Improvement - Streets Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 243,377	260,226
Expenditures		
Contractual Services	131	-
Capital Outlay	156,037	227,888
Total Expenditures	156,168	227,888
Cash Receipts Over (Under) Expenditures	87,209	32,338
Unencumbered Cash - Beginning	-	87,209
Unencumbered Cash - Ending	\$ 87,209	119,547

CITY OF OAKLEY, KANSAS
911 Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Payments	\$ 4,531	118,434
Interest on Investments	-	82
Total Cash Receipts	<u>4,531</u>	<u>118,516</u>
Expenditures		
Contractual Services	-	138
Commodities	-	11,317
Capital Outlay	-	1,756
Total Expenditures	<u>-</u>	<u>13,211</u>
Cash Receipts Over (Under) Expenditures	4,531	105,305
Unencumbered Cash - Beginning	-	4,531
Unencumbered Cash - Ending	<u>\$ 4,531</u>	<u>109,836</u>

CITY OF OAKLEY, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 10,027	6,377	6,423	(46)
Delinquent Tax	76	68	-	68
Motor Vehicle Tax	1,304	1,686	1,723	(37)
Excise Tax	2	2	-	2
Special Assessments	6,903	6,710	3,000	3,710
Total Cash Receipts	<u>18,312</u>	<u>14,843</u>	<u>11,146</u>	<u>3,697</u>
Expenditures				
Principal	10,000	10,000	10,000	-
Interest	3,443	3,068	3,065	3
Neighborhood Revitalization Rebate	116	106	98	8
Cash Basis Reserve	-	-	3,000	(3,000)
Total Expenditures	<u>13,559</u>	<u>13,174</u>	<u>16,163</u>	<u>(2,989)</u>
Cash Receipts Over (Under) Expenditures	4,753	1,669		
Unencumbered Cash - Beginning	<u>4,476</u>	<u>9,229</u>		
Unencumbered Cash - Ending	\$ <u>9,229</u>	<u>10,898</u>		

CITY OF OAKLEY, KANSAS
CDBG Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 450,933	1,750
Expenditures		
Contractual Services	-	1,750
Total Expenditures	-	1,750
Cash Receipts Over (Under) Expenditures	450,933	-
Unencumbered Cash - Beginning	(452,683)	-
Prior Year Cancelled Encumbrances	1,750	-
Unencumbered Cash - Ending	\$ -	-

CITY OF OAKLEY, KANSAS
Kansas Water PCRF Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Loan Proceeds	\$ 1,378,338	1,143
Expenditures		
Contractual Services	126,486	-
Cash Receipts Over (Under) Expenditures	1,251,852	1,143
Unencumbered Cash - Beginning	(1,252,995)	(1,143)
Unencumbered Cash - Ending	\$ (1,143)	-

CITY OF OAKLEY, KANSAS
CDBG Street Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ -	309,974
Expenditures		
Contractual Services	-	19,185
Construction	-	292,688
Total Expenditures	-	311,873
Cash Receipts Over (Under) Expenditures	-	(1,899)
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	(1,899)

CITY OF OAKLEY, KANSAS
Fick Museum Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Funds From Estate	\$ -	300,000
Interest on Investments	-	21
Total Cash Receipts	<u>-</u>	<u>300,021</u>
Expenditures		
Contractual Services	-	14,691
Miscellaneous	-	30
Total Expenditures	<u>-</u>	<u>14,721</u>
Cash Receipts Over (Under) Expenditures	-	285,300
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>285,300</u>

CITY OF OAKLEY, KANSAS
Oakley Library Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Funds From Estate	\$ -	300,000
Interest on Investments	-	21
Total Cash Receipts	<u>-</u>	<u>300,021</u>
Expenditures		
Contractual Services	-	14,691
Miscellaneous	-	30
Total Expenditures	<u>-</u>	<u>14,721</u>
Cash Receipts Over (Under) Expenditures	-	285,300
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>285,300</u>

CITY OF OAKLEY, KANSAS
Water Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Sales	\$ 383,575	451,371	360,000	91,371
Penalties	4,074	4,736	3,000	1,736
Service Connections	6,780	6,572	6,000	572
Water Taps	515	1,123	500	623
Use of Money and Property				
Water Tower Rent	20	-	500	(500)
Taxes				
Sales Tax	33	127	500	(373)
Miscellaneous				
Reimbursed Expense	4,395	17,919	500	17,419
State Water Protection Fee	4,999	6,140	5,000	1,140
Miscellaneous	17	292	1,500	(1,208)
Transfers In	1,600	6,400	-	6,400
Total Cash Receipts	406,008	494,680	377,500	117,180
Expenditures				
Water Production				
Contractual Services	56,931	33,002	22,000	11,002
Commodities	1,063	996	1,500	(504)
Capital Outlay	-	2,281	5,000	(2,719)
Total Water Production	57,994	36,279	28,500	7,779
Water Transmission and Distribution				
Contractual Services	1,615	2,539	1,600	939
Commodities	28,982	47,195	38,000	9,195
Capital Outlay	14,713	-	10,000	(10,000)
Total Water Trans. and Dist.	45,310	49,734	49,600	134
Water Commercial and General				
Contractual Services	52,233	58,771	52,000	6,771
Commodities	25,193	29,176	28,100	1,076
Capital Outlay	354	-	2,000	(2,000)
Total Water Comm. and Gen.	\$ 77,780	87,947	82,100	5,847

CITY OF OAKLEY, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Nonoperating Expenses				
Commodities	\$ 4,749	991	-	991
Transfers Out	197,000	215,927	242,000	(26,073)
State Water Fee and Sales Tax	11,551	13,664	10,000	3,664
Total Nonoperating Expenses	<u>213,300</u>	<u>230,582</u>	<u>252,000</u>	<u>(21,418)</u>
Total Expenditures	<u>394,384</u>	<u>404,542</u>	<u>412,200</u>	<u>(7,658)</u>
Cash Receipts Over (Under) Expenditures	11,624	90,138		
Unencumbered Cash - Beginning	<u>85,455</u>	<u>97,079</u>		
Unencumbered Cash - Ending	\$ <u>97,079</u>	<u>187,217</u>		

CITY OF OAKLEY, KANSAS
Water Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 25,000	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	25,000	-
Unencumbered Cash - Beginning	76,783	101,783
Unencumbered Cash - Ending	\$ <u>101,783</u>	<u>101,783</u>

CITY OF OAKLEY, KANSAS
Electric Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Sales	\$ 635	447	-	447
Miscellaneous				
Reimbursed Expense	36,802	9,422	-	9,422
Capital Credit Refunds	14,367	16,576	-	16,576
Insurance Proceeds	189,518	-	-	-
Miscellaneous	104	68	-	68
Total Cash Receipts	<u>241,426</u>	<u>26,513</u>	<u>-</u>	<u>26,513</u>
Expenditures				
Electric Production				
Contractual Services	67,839	28,264	-	28,264
Commodities	8,729	420	-	420
Capital Outlay	3,361	-	-	-
Total Electric Production	<u>79,929</u>	<u>28,684</u>	<u>-</u>	<u>28,684</u>
Nonoperating Expenses				
Transfers Out	98,000	27,865	60,000	(32,135)
Total Expenditures	<u>177,929</u>	<u>56,549</u>	<u>60,000</u>	<u>(3,451)</u>
Cash Receipts Over (Under) Expenditures	63,497	(30,036)		
Unencumbered Cash - Beginning	<u>131,624</u>	<u>195,121</u>		
Unencumbered Cash - Ending	\$ <u>195,121</u>	<u>165,085</u>		

CITY OF OAKLEY, KANSAS
Electric Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>165,282</u>	<u>165,282</u>
Unencumbered Cash - Ending	<u>\$ 165,282</u>	<u>165,282</u>

CITY OF OAKLEY, KANSAS
Sanitation Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Charges for Services				
Refuse Collection	\$ 335,899	347,123	265,000	82,123
Sewer Charges	332,159	342,790	337,000	5,790
Penalties	6,909	6,862	5,000	1,862
Uses of Money and Property				
Interest on Investments	-	-	500	(500)
Miscellaneous				
Reimbursed Expense	2,475	197	13,000	(12,803)
Miscellaneous	172	26	-	26
Transfers In	6,400	1,600	-	1,600
Total Cash Receipts	<u>684,014</u>	<u>698,598</u>	<u>620,500</u>	<u>78,098</u>
Expenditures				
Refuse Collection				
Contractual Services	6,533	8,099	6,200	1,899
Commodities	85,852	77,314	71,000	6,314
Capital Outlay	97,197	41,127	45,000	(3,873)
Total Refuse Collection	<u>189,582</u>	<u>126,540</u>	<u>122,200</u>	<u>4,340</u>
Sewage Treatment				
Personal Services	185	320	-	320
Contractual Services	22,385	6,398	21,000	(14,602)
Commodities	87,388	176,805	27,500	149,305
Capital Outlay	21,082	-	10,000	(10,000)
Total Sewage Treatment	<u>131,040</u>	<u>183,523</u>	<u>58,500</u>	<u>125,023</u>
Nonoperating Expenses				
Transfers Out	358,000	341,417	544,000	(202,583)
Total Expenditures	<u>678,622</u>	<u>651,480</u>	<u>724,700</u>	<u>(73,220)</u>
Cash Receipts Over (Under) Expenditures	5,392	47,118		
Unencumbered Cash - Beginning	<u>362,528</u>	<u>367,920</u>		
Unencumbered Cash - Ending	\$ <u>367,920</u>	<u>415,038</u>		

CITY OF OAKLEY, KANSAS
Sanitation Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 90,000	50,000
Expenditures		
Administrative	1,000	-
Land Acquisition	500	-
Total Expenditures	1,500	-
Cash Receipts Over (Under) Expenditures	88,500	50,000
Unencumbered Cash - Beginning	119,555	208,055
Unencumbered Cash - Ending	\$ 208,055	258,055

CITY OF OAKLEY, KANSAS
Museum Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 2,490	13,293
Interest on Investments	2,314	1,511
Total Cash Receipts	4,804	14,804
Expenditures		
Commodities	4,928	2,780
Cash Receipts Over (Under) Expenditures	(124)	12,024
Unencumbered Cash - Beginning	110,958	110,834
Unencumbered Cash - Ending	\$ 110,834	122,858

CITY OF OAKLEY, KANSAS
Museum Store Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Sales and Commissions	\$ 3,742	2,986
Interest on Investments	300	197
Total Cash Receipts	4,042	3,183
Expenditures		
Supplies and Inventory	1,988	2,221
Cash Receipts Over (Under) Expenditures	2,054	962
Unencumbered Cash - Beginning	53,446	55,500
Unencumbered Cash - Ending	\$ 55,500	56,462

CITY OF OAKLEY, KANSAS
Cemetery Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>6,500</u>	<u>6,500</u>
Unencumbered Cash - Ending	<u>\$ 6,500</u>	<u>6,500</u>

CITY OF OAKLEY, KANSAS
Special Law Enforcement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ -	-
Expenditures		
Commodities	758	-
Cash Receipts Over (Under) Expenditures	(758)	-
Unencumbered Cash - Beginning	758	-
Unencumbered Cash - Ending	\$ -	-

CITY OF OAKLEY, KANSAS
Prosecutor's Charitable Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Fines and Fees	\$ 763	546
Expenditures	-	621
Cash Receipts Over (Under) Expenditures	763	(75)
Unencumbered Cash - Beginning	-	763
Unencumbered Cash - Ending	\$ 763	688

CITY OF OAKLEY, KANSAS
Library - General Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Appropriations From City Library Fund	\$ 143,454	140,996
Intergovernmental		
Grants	166	5,133
Uses of Money and Property		
Interest on Investments	1,108	792
Miscellaneous		
Fines and Fees	2,325	2,280
Contributions and Memorials	329	1,441
Book Sales	1,115	982
Miscellaneous	110	495
Transfers In	881	96
Total Cash Receipts	<u>149,488</u>	<u>152,215</u>
Expenditures		
Personal Services	114,226	113,670
Contractual Services	5,470	4,854
Commodities	13,869	18,431
Capital Outlay	761	3,235
Transfers Out	5,553	6,262
Total Expenditures	<u>139,879</u>	<u>146,452</u>
Cash Receipts Over (Under) Expenditures	9,609	5,763
Unencumbered Cash - Beginning	<u>119,687</u>	<u>129,296</u>
Unencumbered Cash - Ending	<u>\$ 129,296</u>	<u>135,059</u>

CITY OF OAKLEY, KANSAS
Library - Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Investments	\$ 261	256
Transfers In	5,553	6,262
Total Cash Receipts	5,814	6,518
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	5,814	6,518
Unencumbered Cash - Beginning	34,338	40,152
Unencumbered Cash - Ending	\$ 40,152	46,670

CITY OF OAKLEY, KANSAS
Library - Flexible Spending Plan Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Collections	\$ 2,965	2,520
Expenditures		
Flexible Plan Premiums	2,541	2,084
Cash Receipts Over (Under) Expenditures	424	436
Unencumbered Cash - Beginning	1,459	1,883
Unencumbered Cash - Ending	\$ 1,883	2,319

CITY OF OAKLEY, KANSAS
Library - Edna M. Hood Estate Bequest Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Investments	\$ 881	96
Expenditures		
Transfers Out	881	96
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	80,000	80,000
Unencumbered Cash - Ending	\$ 80,000	80,000

CITY OF OAKLEY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Flexible Spending Plan Fund	\$ <u>277</u>	<u>38,832</u>	<u>39,109</u>	<u>-</u>

CITY OF OAKLEY, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2012

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weakness identified? X Yes No
- Significant deficiency identified? X Yes No
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF OAKLEY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness in Internal Control
Significant Deficiency in Internal Control

2012-1

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of the problems or irregularities within a timely manner.

Cause

The City is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the City implements segregation of duties in the receipts and expenditures cycles and implements additional internal control.

Views of responsible officials and planned corrective actions

The City is aware that employees have incompatible duties; however, due to the size of the City, it would not be feasible to hire additional personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

No Material findings or questioned costs are required to be disclosed under OMB Circular A-133.

CITY OF OAKLEY, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

CITY OF OAKLEY, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Direct Funding			
Airport Improvement Program	20.106	3-20-0060-08	\$ 1,646
Airport Improvement Program	20.106	3-20-0060-09	58,858
Airport Improvement Program	20.106	3-20-0060-10	73,862
Passed through the Kansas Department of Transportation	20.600	N/A	<u>612</u>
Total Department of Transportation			<u>134,978</u>
U.S. Department of Commerce			
Passed through the Kansas Department of Commerce			
Community Development Block Grant/State's Program	14.228	12-PF-031	136,739
Community Development Block Grant/State's Program	14.228	11-PF-037	<u>311,873</u>
Total Department of Commerce			<u>448,612</u>
Total			<u>\$ 583,590</u>

CITY OF OAKLEY, KANSAS
Notes Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Oakley, Kansas** and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than general accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.